

Delaware Compensation Rating Bureau, Inc.



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April 3, 2008

VIA OVERNIGHT DELIVERY

The Honorable Matthew Denn
Insurance Commissioner
State of Delaware
Department of Insurance
841 Silver Lake Boulevard
Dover, DE 19901

Attention: Gene Reed

RE: Bureau Filing No. 0803 – ***Proposed Effective June 1, 2008***
Manual Revisions – Sections 1, 2 and 5
Code 818, Automobile Or Automobile Truck Dealer

Dear Commissioner Denn:

On behalf of the members of the Delaware Compensation Rating Bureau, Inc. (DCRB) I am filing herewith proposed revisions to Sections 1, 2 and 5 of the Manual. These revisions are proposed to become effective as of **12:01 a.m., June 1, 2008** with respect to new and renewal business only.

The Bureau last reviewed Code 818, Automobile Or Automobile Truck Dealer, in 2005. That review was undertaken to determine whether the scope of Code 818 was sound. The study found the scope to be sound except for the inclusion of automobile auctions, and the Bureau subsequently proposed and the Department of Insurance approved separating such businesses from Code 818 and placing them into a new, separate classification, Code 820.

The current review was initiated in response to recent and ongoing discussions regarding how to classify selected automobile dealership personnel, including a recent written request from the Delaware Automobile and Truck Dealers Association pertaining to the classification of a broader range of selected automobile dealership employees.

The Bureau views the Association's request as raising significant and problematic issues within the uniform classification system and as being founded upon some popular misconceptions concerning classification and the pricing of workers compensation insurance. After a careful and complete study of the issue, staff has developed an alternative proposal to resolve the present ongoing classification discussions and to concurrently level the playing field within the automobile dealership industry and between that industry and other types of businesses as much as possible. The Bureau proposes to make Code 818 applicable to "all employees

including office,” revising the scope to make it applicable for any and all employees of businesses assigned to Code 818 regardless of individual employee job duties. While this proposal will not impact overall premium costs for automobile dealerships, it will eliminate potential errors in the allocation of payroll to classification within this industry.

The proposed Manual revisions are shown below with deleted wording bracketed and new wording underlined:

SECTION 1

CHANGE

RULE IV - CLASSIFICATIONS

B. CLASSIFICATIONS

2. Standard Exception Classification

- c. **SALESPERSONS – OUTSIDE, Code 951** – are employees..... except office.

[Automobile]Mobile, self-propelled factory, farm or construction equipment
Salespersons – Code 819 are employees engaged in selling such [duties]
equipment, or auctioning automobiles or instructing persons how to drive an
automobile or truck on and away from the insured’s premises. [Such
classification] The separate Code 819 shall be treated as Salespersons – Outside,
Code 951 for the purposes of this rule [but are assigned to Code 819].

SECTION 2

CHANGES

- 818 AUTOMOBILE** or Automobile Truck **DEALER** – [including service counter and parts department]All Employees Including Office.

[Please see the Auditing Ruling and Interpretation – “Automobile Dealerships,”
Section 5 for further information.]

Also includes but is not necessarily limited to: inland boat dealers, mobile home dealers, recreational vehicle dealers or specialist contractors performing mobile home set-up or warranty service.

OPERATIONS NOT INCLUDED:

1. Assign Code 652 to modular home setup or erection, warranty service, remodeling or repair.

CHANGES (continued)

819 [AUTOMOBILE or Automobile Truck]MOBILE, SELF-PROPELLED factory, farm or construction EQUIPMENT SALESPERSON

| CODE | PROPOSED | PROPOSED | RESIDUAL | EXPERIENCE RATING | | | HAZARD GROUP |
|------|-------------|-------------|----------|------------------------------|--------|--------|--------------|
| | EFF. 6/1/08 | EFF. 6/1/08 | MARKET | PLAN | | | |
| | RESIDUAL | LOSS | MINIMUM | <u>Expected Loss Factors</u> | | | |
| | MKT. RATE | COST | PREMIUM | <u>Table</u> | | | |
| | | | | A-1 | A-2 | A-3 | |
| 818 | \$2.66 | \$2.01 | \$ 880 | \$0.49 | \$0.62 | \$0.68 | III |
| 819 | 1.40 | 1.06 | 590 | 0.26 | 0.33 | 0.36 | III |

**SECTION 5
 RULINGS & INTERPRETATIONS**

CHANGES

RENTAL CLERKS – AUTOMOBILE/TRUCK RENTAL AGENCIES

[As a general rule..... or Code 953.]

DELETION

AUTOMOBILE DEALERSHIPS

This Ruling and Interpretation shall be deleted in its entirety.

UNDERWRITING GUIDE

CHANGES

Automobile Rental – No Drivers [(Rental Clerks To Be Assigned To Code 819)]..... 818
 Truck Rental – Without Drivers [(Rental Clerks To Be Assigned To Code 819)]..... 818

DELETION

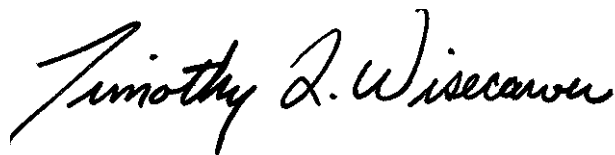
Rental Clerk Employed By An Automobile Or Truck Rental Agency..... 819

The Honorable Matthew Denn
State of Delaware
April 3, 2008
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Two Bureau staff memoranda dated February 8, 2008 and related exhibits are enclosed.

The DCRB stands ready to respond to any questions which the Department may have regarding any part of this filing and respectfully requests a timely approval allowing the maximum possible advance notice of approved changes for the benefit of our members and their insured employers.

Sincerely,

A handwritten signature in black ink that reads "Timothy L. Wisecarver". The signature is written in a cursive style with a large, sweeping initial 'T'.

Timothy L. Wisecarver
President

TLW/kg
Enclosures



TO: Delaware Classification and Rating Committee

FROM: David T. Rawson
Technical Director, Classification & Field Operations

DATE: February 8, 2008

RE: **Executive Summary** - Code 818, Automobile or Automobile Truck Dealer
A Proposal to Revise Class to Become Applicable to "All Employees Including Office"

For the second time in three years the Bureau has reviewed Code 818. The previous review, done in 2005, was initiated by staff to determine whether Code 818's scope was sound. That review found that the scope was sound except for the inclusion of automobile auctions. The Bureau proposed and the Delaware Department of Insurance approved separating such businesses from Code 818 and placing them into a new, separate classification.

Staff initiated this second review in response to recent and ongoing discussions regarding how to classify selected automobile dealership personnel, including a recent written request from the Delaware Automobile and Truck Dealers Association pertaining to the classification of a broader range of selected automobile dealership employees.

The Bureau views the Association's request as raising significant and problematic issues within the uniform classification system and as being founded upon some popular misconceptions concerning classification and pricing of workers compensation insurance. Upon reflection, staff has developed an alternative proposal to resolve the present ongoing classification discussions and to concurrently level the playing field within the automobile dealership industry and between that industry and other types of businesses as much as possible. Staff proposes to make Code 818 applicable to "all employees including office," revising Code 818's scope to make it applicable for any and all employees of businesses assigned to Code 818 regardless of individual employee job duties. While this alternative proposal will not impact overall premium costs for automobile dealerships, it will eliminate potential errors in the allocation of payroll to classification within this industry.

Staff proposes to revise Code 818 to an "all employees including office" basis effective beginning new and renewal policies of June 1, 2008 and later. This proposal results in the following classification rating values:

- The proposed Code 818 voluntary market loss cost is \$2.01, and the proposed residual market rate is \$2.66.
- The revisions to Code 819 result in a proposed voluntary market loss cost of \$1.06 and a proposed residual market rate of \$1.40. The proposed voluntary market change is \$0.02 higher than the approved December 1, 2007 voluntary market loss cost. The proposed residual market rate is \$0.03 higher than the approved December 1, 2007 proposed residual market rate. Both proposed rating values are still substantially lower than the approved \$1.25 and \$1.76 approved December 1, 2006 Code 819 voluntary and residual market rates.
- The Bureau does not propose any revision to the Code 953 voluntary and residual market rating values of \$0.45 and \$0.60, respectively.



TO: Delaware Classification and Rating Committee

FROM: David T. Rawson
Technical Director, Classification & Field Operations

DATE: February 8, 2008

RE: Code 818, Automobile or Automobile Truck Dealer
A Proposal to Revise Class to Become Applicable to “All Employees Including Office”

This is the second time in three years that Bureau staff has reviewed the scope of Code 818. The previous review was undertaken in 2005 and completed in early 2006. Staff initiated that earlier review to determine whether Code 818’s scope was overly broad and, if so, whether specific pieces of Code 818 (e.g., auto and/or truck rental, motorcycle dealers, automobile auctions) could be placed into new, separate classifications. Staff found the scope of Code 818 to be sound except for the inclusion of automobile auctions in the class. The Delaware Department of Insurance approved the resultant Bureau proposal to place automobile auctions into a new, separate classification, Code 820, Automobile Auction, effective for new and renewal policies of August 1, 2006 and later.

The current review was also staff-initiated, in response to recent and ongoing discussions regarding the classification applicable to selected automobile dealership personnel. The classification applicable to cashiers and service advisors is the most popular question arising in this regard. This issue has surfaced in Bureau test audits of automobile dealers and in classification inquiries from other automobile dealers. The inquiries from automobile dealers typically suggest that a competitor has had certain of their personnel assigned to Code 819, Automobile Salesperson, or Code 953, Office, but the automobile dealer raising the question states that their personnel performing the same duties have been included in Code 818. The inquiring employer wants the same assignment for such personnel as the competitor allegedly enjoys.

The question of how to classify a broader range of selected automobile dealership personnel also surfaced in a recent written request from the Delaware Automobile and Truck Dealers Association (Association) that the Bureau review what their request characterizes as the “restrictions” placed upon the use of Codes 819 and Code 953 within the dealerships’ operations.

In considering the Association’s request, the Bureau is mindful of the Delaware Classification Plan’s objective of classifying each business, rather than the individual employments, occupations or operations that constitute the business. The Association’s request would conflict with other Manual rules as filed with and approved by the Department and would, if accepted and then equitably extended to other types of business assigned to other

Memorandum of February 8, 2008

RE: Code 818, Automobile or automobile Truck Dealer

A Proposal To Revise Code 818 to "All Employees Including Office"

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classifications, require systemic revision to the Manual rules (e.g., a revised and broader Manual definition of clerical). Finally, because any classification's rating value is an average of the various occupational exposures subsumed therein, proposals such as that advanced by the Association can only reallocate premiums among individual employers, rather than accomplishing any net reduction of those premiums.

Workers' compensation classification systems are designed and intended to equitably assign shares of the cost of providing injured workers benefits to various kinds of businesses. The objectives of this system include grouping businesses with similar loss potential, providing industry-based incentives for accident prevention, establishing self-supporting levels of rating values and promoting an active and competitive market among insurers for each class of business. While this process can and does adjust the relative shares of system cost borne by groups of employers defined as being included in separate classifications, it does not and cannot in and of itself raise or lower the cost of work-related injuries occurring in Delaware.

In pondering this question, Bureau staff has developed an alternative proposal to revise Code 818's scope that will put to an end the present ongoing classification disputes and level the playing field as much as possible. This alternative proposal is to revise Code 818 into an "all employees including office" classification. Such a classification scope would mean that all personnel of a business assigned to Code 818 would be assigned to the same classification regardless of their individual job duties or whether any employee works in a physically separate work area or department. The overall collectible premium from businesses assigned to Code 818 would be unchanged by adopting an "all employees including office" scope, but each employer's future workers' compensation policy audits would be uniform, with each employer's entire annual auditable payroll being assigned to one classification. Under this approach, there can be no error in the allocation of payroll to classification (as there would be one classification in place instead of the present three classes), and all incurred losses would be (correctly) assigned to that classification.

Staff submits that this is also an opportune time to propose to revise Code 818 to "all employees including office," as the previous classification study completed in 2006 found that the class' scope was sound except for automobile auctions, which are now subject to a separate classification.

The Code 818 historical experience exhibit was developed on the basis of the Bureau's December 1, 2007 comprehensive rating values revision, as approved by the Insurance Commissioner. Six historical experience exhibits are attached hereto including copies of the Codes 818, 819 and 953 December 1, 2007 Class Book pages.

The proposed rating values for an "all employees including office" Code 818 and the revised Codes 819 and 953 (minus the sales and clerical experience of businesses assigned to Code 818) have been balanced so that the proposed classification revisions for a June 1, 2008 effective date will generate the same premium volume as the Bureau's approved December 1, 2007 rating values. In other words and as noted above, these classification revision proposals are collectively revenue-neutral.

Memorandum of February 8, 2008

RE: Code 818, Automobile or automobile Truck Dealer

A Proposal To Revise Code 818 to "All Employees Including Office"

Page 3

Exhibit 16, "Code 818 – All Employees including Office," represents the combined five-year Codes 818, 819 and 953 payroll and loss dollars of the employers assigned to Code 818. For the record, staff's file-by-file review of employers assigned to Code 818 for this report resulted in finding several employers to be misclassified to Code 818. Staff has reclassified those employers to their proper classification(s) pursuant to the Manual and has also reassigned their Code 818 and/or Code 819 historical experience to the proper classification(s).

Payrolls reflected in Exhibit 16 are constituted in the following manner: Code 818 – 43.32 percent; Code 819 – 29.60 percent; and Code 953 – 27.08 percent. The exhibit shows the indicated residual market rating value of \$2.56. The balanced indicated residual market rating value is \$2.58. The balanced residual market indication is multiplied by a factor of .7560 to produce the indicated voluntary market loss cost, which is \$1.95. The balanced indicated voluntary market loss cost (\$1.95) and indicated residual market rate (\$2.58) are separately multiplied by a surcharge factor of 1.0293 to recognize the workplace safety and merit rating programs, producing the revised/proposed Codes 818, 819 and 953 rating values for an effective date of new and renewal policies of June 1, 2008 and later. The proposed June 1, 2008 Code 818 "all employees including office" rating values are \$2.01 for voluntary market loss costs and \$2.66 for residual market rate.

Exhibit 14, "Code 819 Minus The Code 818 Businesses Code 819 Experience," shows that the Bureau proposes to reassign 92.6 percent of the December 1, 2007 Code 819 Class Book page five-year payroll and 85.8 percent of the five-year reported Code 819 loss to Code 818. The revised Code 819 shown in Exhibit 14 produces an indicated residual market rate of \$1.35. The balanced Code 819 indicated residual market rate is \$1.36, and, when multiplied by the two factors cited above, results in the proposed June 1, 2008 revised Code 819 rating values of voluntary market loss cost at \$1.06 and residual market rate at \$1.40. The proposed June 1, 2008 Code 819 voluntary market loss cost of \$1.06 is \$0.02 higher in relation to the approved December 1, 2007 voluntary market loss cost. The proposed June 1, 2008 Code 819 residual market rate of \$1.40 is \$0.03 higher in relation to the approved December 1, 2007 Code 819 residual market rate of \$1.37. The proposed June 1, 2008 voluntary and residual market rating values remain substantially lower than the approved December 1, 2006 Code 819 voluntary and residual market rating values of \$1.25 and \$1.76, respectively.

The Bureau does not propose any revision to the approved December 1, 2007 Code 953 voluntary and residual market rating values of \$0.45 and \$0.60, respectively.

Staff reiterates that the classification revisions proposed herein are proposed to become effective beginning new and renewal policies of June 1, 2008 and later. The enabling Manual language amendments are attached.

MANUAL REVISIONS

SECTION 1

CHANGE

RULE IV - CLASSIFICATIONS

B. CLASSIFICATIONS

2. Standard Exception Classification

- c. **SALESPERSONS – OUTSIDE, Code 951** – are employees..... except office.

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equipment, or auctioning automobiles or instructing persons how to drive an
automobile or truck on and away from the insured's premises. [Such classification]
The separate Code 819 shall be treated as Salespersons – Outside, Code 951 for
the purposes of this rule [but are assigned to Code 819].

SECTION 2

CHANGES

- 818** **AUTOMOBILE** or Automobile Truck **DEALER** – [including service counter and parts department]All Employees Including Office.

[Please see the Auditing Ruling and Interpretation – “Automobile Dealerships,”
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construction **EQUIPMENT SALESPERSON**

**SECTION 5
RULINGS & INTERPRETATIONS**

CHANGES

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[As a general rule..... or Code 953.]

OPERATIONS NOT INCLUDED:

1. Assign Code 652 to modular home setup or erection, warranty service, remodeling or repair.

DELETION

AUTOMOBILE DEALERSHIPS

This Ruling and Interpretation shall be deleted in its entirety.

UNDERWRITING GUIDE

CHANGES

Automobile Rental – No Drivers [(Rental Clerks To Be Assigned To Code 819)]..... 818
Truck Rental – Without Drivers [(Rental Clerks To Be Assigned To Code 819)]..... 818

DELETION

Rental Clerk Employed By An Automobile Or Truck Rental Agency..... 819

| MANUAL YEAR | PAYROLL IN THOUS | TOTAL REPT. LOSSES | PURE PREM. REPORTED | NUMBER OF CASES | | | | | | |
|--------------|------------------|--------------------|---------------------|-----------------|----------|-----------|-----------|------------|------------|--|
| | | | | DEATH | P . T . | MAJOR | MINOR | TEMP | ALL | |
| 2000 | 89,641 | 3,307,552 | 3.689 | | | 6 | 2 | 52 | 60 | |
| 2001 | 96,513 | 1,896,429 | 1.964 | | | 3 | 2 | 44 | 49 | |
| 2002 | 102,417 | 1,604,528 | 1.566 | | | 3 | 6 | 40 | 49 | |
| 2003 | 106,582 | 2,589,890 | 2.429 | | 1 | 7 | 4 | 59 | 71 | |
| 2004 | 111,582 | 5,534,404 | 4.959 | | | 4 | 5 | 64 | 73 | |
| TOTAL | 506,735 | 14,932,803 | 2.947 | | 1 | 23 | 19 | 259 | 302 | |

| REPORTED LOSSES | | | | | | | | | | | |
|-----------------|--------------|---------|------------------|----------------|------------------|--------------|---------|------------------|----------------|------------------|----------------|
| MANUAL YEAR | INDEMNITY | | | | | MEDICAL | | | | | |
| | DEATH | P . T . | MAJOR | MINOR | TEMP | DEATH | P . T . | MAJOR | MINOR | TEMP | MED. ONLY |
| 2000 | | | 1,061,399 | 60,550 | 287,076 | | | 1,314,683 | 28,887 | 421,163 | 133,794 |
| 2001 | | | 349,082 | 25,882 | 265,154 | | | 670,002 | 29,320 | 418,930 | 138,059 |
| 2002 | | | 335,428 | 62,682 | 276,326 | | | 346,819 | 144,753 | 302,413 | 136,107 |
| 2003 | 3,500 | | 868,497 | 92,422 | 340,667 | 1,723 | | 420,106 | 127,346 | 574,563 | 161,066 |
| 2004 | | | 861,402 | 114,512 | 318,204 | | | 3,249,302 | 109,447 | 716,135 | 165,402 |
| TOTAL | 3,500 | | 3,475,808 | 356,048 | 1,487,427 | 1,723 | | 6,000,912 | 439,753 | 2,433,204 | 734,428 |

| TRANSLATED LOSSES | | | | | | | | | | | |
|-------------------|---------------|----------------|------------------|----------------|------------------|---------------|------------------|-------------------|------------------|------------------|----------------|
| MANUAL YEAR | INDEMNITY | | | | | MEDICAL | | | | | |
| | DEATH | P . T . | MAJOR | MINOR | TEMP | DEATH | P . T . | MAJOR | MINOR | TEMP | MED. ONLY |
| 2000 | | | 1,098,457 | 93,428 | 356,546 | | | 4,413,642 | 103,993 | 1,203,686 | 188,516 |
| 2001 | | 20,489 | 528,204 | 46,006 | 281,758 | | 124,849 | 1,769,062 | 129,206 | 1,000,786 | 190,936 |
| 2002 | 2,593 | 47,730 | 613,515 | 109,044 | 304,882 | | 140,165 | 2,304,685 | 472,876 | 656,762 | 185,922 |
| 2003 | 16,922 | 232,275 | 1,818,536 | 198,510 | 414,696 | 38,621 | 589,232 | 4,019,676 | 566,475 | 1,193,654 | 201,172 |
| 2004 | 11,900 | 161,055 | 1,293,765 | 217,817 | 354,037 | 4,610 | 633,166 | 4,186,367 | 636,780 | 1,220,019 | 221,142 |
| TOTAL | 31,415 | 461,549 | 5,352,477 | 664,805 | 1,711,919 | 43,332 | 1,487,412 | 16,693,432 | 1,909,330 | 5,274,907 | 987,688 |

| | SERIOUS | NON-SERIOUS | MED. ONLY | TOTAL |
|--------------------------|------------|-------------|-----------|-------|
| TOTAL TRANS. LOSSES PG B | 24,069,617 | 9,560,961 | 987,688 | |
| TOTAL TRANS. LOSSES PG A | | | | |
| IBNR + FREQUENCY ADJUST. | -578,546 | -297,082 | 8,945 | |
| TOTAL LOSSES | 23,491,071 | 9,263,879 | 996,633 | |
| EXPECTED LOSSES | 9,242,847 | 9,769,851 | 881,720 | |
| CREDIBILITY | .10 | .34 | .35 | |
| PURE PREMIUMS | | | | |
| INDICATED (PRE-TEST) | 4.636 | 1.828 | .197 | 6.661 |
| INDICATED (POST-TEST) | 2.898 | 1.143 | .123 | 4.164 |
| PRES. ON RATE LEVEL | 1.494 | 1.579 | .143 | 3.216 |
| DERIVED BY FORMULA | 1.634 | 1.431 | .136 | 3.201 |
| UNDERLYING PRES. RATE | 1.824 | 1.928 | .174 | 3.926 |
| PROPOSED | 1.642 | 1.438 | .136 | 3.216 |

| YEAR | 12-1-05 | 8-1-06 | 12-1-06 | 12-1-07 | IND. RATE | 4.549 |
|------------|---------|--------|---------|---------|-----------------|-------|
| IND. RATES | | | | 4.55 | MINIMUM PREMIUM | 1180 |
| MAN. RATES | 5.79 | 5.79 | 5.84 | + 4.55 | PRESENT | 1580 |

+PROPOSED

| MANUAL YEAR | PAYROLL IN THOUS | TOTAL REPT. LOSSES | PURE PREM. REPORTED | NUMBER OF CASES | | | | | | |
|--------------|------------------|--------------------|---------------------|-----------------|---------|----------|----------|------|-----------|-----------|
| | | | | DEATH | P . T . | MAJOR | MINOR | TEMP | ALL | |
| 2000 | 64,687 | 116,536 | .180 | | | | | | 10 | 10 |
| 2001 | 67,847 | 559,427 | .824 | | | 2 | | | 3 | 5 |
| 2002 | 75,253 | 349,424 | .464 | | | 1 | 2 | | 8 | 11 |
| 2003 | 77,527 | 378,161 | .487 | | | 1 | 4 | | 9 | 14 |
| 2004 | 84,918 | 288,091 | .339 | | | | | | 8 | 8 |
| TOTAL | 370,232 | 1,691,639 | .457 | | | 4 | 6 | | 38 | 48 |

| REPORTED LOSSES | | | | | | | | | | | |
|-----------------|-----------|---------|----------------|---------------|----------------|---------|---------|----------------|----------------|----------------|----------------|
| MANUAL YEAR | INDEMNITY | | | | | MEDICAL | | | | | |
| | DEATH | P . T . | MAJOR | MINOR | TEMP | DEATH | P . T . | MAJOR | MINOR | TEMP | MED. ONLY |
| 2000 | | | | | 27,492 | | | | | 65,687 | 23,357 |
| 2001 | | | 198,854 | | 4,975 | | | 319,380 | | 12,548 | 23,670 |
| 2002 | | | 90,043 | 42,159 | 25,117 | | | 56,059 | 47,274 | 56,548 | 32,224 |
| 2003 | | | 73,587 | 20,996 | 22,537 | | | 70,625 | 80,252 | 48,846 | 61,318 |
| 2004 | | | | | 87,766 | | | | | 165,233 | 35,092 |
| TOTAL | | | 362,484 | 63,155 | 167,887 | | | 446,064 | 127,526 | 348,862 | 175,661 |

| TRANSLATED LOSSES | | | | | | | | | | | |
|-------------------|--------------|---------------|----------------|----------------|----------------|--------------|----------------|------------------|----------------|----------------|----------------|
| MANUAL YEAR | INDEMNITY | | | | | MEDICAL | | | | | |
| | DEATH | P . T . | MAJOR | MINOR | TEMP | DEATH | P . T . | MAJOR | MINOR | TEMP | MED. ONLY |
| 2000 | | | | | 34,144 | | | | | 187,732 | 32,910 |
| 2001 | | 12,221 | 292,191 | 2,049 | 5,754 | | 128,480 | 1,688,994 | 14,858 | 33,120 | 32,736 |
| 2002 | 601 | 12,956 | 172,579 | 55,516 | 30,019 | 21 | 27,496 | 461,948 | 141,755 | 125,437 | 44,018 |
| 2003 | 830 | 21,500 | 170,188 | 28,298 | 29,397 | 741 | 107,192 | 765,016 | 200,353 | 122,442 | 76,586 |
| 2004 | 1,109 | 15,899 | 139,529 | 29,708 | 87,769 | 254 | 46,944 | 415,397 | 87,710 | 258,390 | 46,918 |
| TOTAL | 2,540 | 62,576 | 774,487 | 115,571 | 187,083 | 1,016 | 310,112 | 3,331,355 | 444,676 | 727,121 | 233,168 |

| | SERIOUS | NON-SERIOUS | MED. ONLY | TOTAL |
|--------------------------|-----------|-------------|-----------|-------|
| TOTAL TRANS. LOSSES PG B | 4,482,086 | 1,474,451 | 233,168 | |
| TOTAL TRANS. LOSSES PG A | | | | |
| IBNR + FREQUENCY ADJUST. | -179,427 | -35,777 | 1,843 | |
| TOTAL LOSSES | 4,302,659 | 1,438,674 | 235,011 | |
| EXPECTED LOSSES | 2,873,001 | 1,203,255 | 177,712 | |
| CREDIBILITY | .08 | .28 | .29 | |
| PURE PREMIUMS | | | | |
| INDICATED (PRE-TEST) | 1.162 | .389 | .063 | 1.614 |
| INDICATED (POST-TEST) | .726 | .243 | .039 | 1.008 |
| PRES. ON RATE LEVEL | .636 | .266 | .039 | .941 |
| DERIVED BY FORMULA | .643 | .260 | .039 | .942 |
| UNDERLYING PRES. RATE | .776 | .325 | .048 | 1.149 |
| PROPOSED | .643 | .260 | .039 | .942 |

| YEAR | 12-1-04 | 12-1-05 | 12-1-06 | 12-1-07 | IND. RATE | 1.332 |
|------------|---------|---------|---------|---------|-----------------|-------|
| IND. RATES | | | | 1.33 | MINIMUM PREMIUM | 535 |
| MAN. RATES | 1.64 | 1.69 | 1.71 | + 1.33 | PRESENT | 645 |

+PROPOSED

| MANUAL YEAR | PAYROLL IN THOUS | TOTAL REPT. LOSSES | PURE PREM. REPORTED | NUMBER OF CASES | | | | | |
|--------------|-------------------|--------------------|---------------------|-----------------|---------|-----------|------------|------------|-------------|
| | | | | DEATH | P . T . | MAJOR | MINOR | TEMP | ALL |
| 2000 | 2,564,914 | 8,104,647 | .315 | | | 19 | 50 | 206 | 275 |
| 2001 | 2,801,586 | 9,372,654 | .334 | 1 | | 13 | 58 | 209 | 281 |
| 2002 | 2,735,572 | 7,733,877 | .282 | | | 12 | 38 | 170 | 220 |
| 2003 | 2,980,613 | 6,524,170 | .218 | | | 14 | 26 | 131 | 171 |
| 2004 | 3,140,605 | 3,127,227 | .099 | | | 2 | 24 | 111 | 137 |
| TOTAL | 14,223,290 | 34,862,575 | .245 | 1 | | 60 | 196 | 827 | 1084 |

| REPORTED LOSSES | | | | | | | | | | | |
|-----------------|--------------|---------|------------------|------------------|------------------|---------|---------|------------------|------------------|------------------|------------------|
| MANUAL YEAR | INDEMNITY | | | | | MEDICAL | | | | | |
| | DEATH | P . T . | MAJOR | MINOR | TEMP | DEATH | P . T . | MAJOR | MINOR | TEMP | MED. ONLY |
| 2000 | | | 1,665,100 | 638,443 | 1,204,390 | | | 1,272,121 | 1,128,471 | 1,524,102 | 672,020 |
| 2001 | 3,500 | | 1,704,826 | 1,013,436 | 1,135,382 | | | 1,154,500 | 2,014,853 | 1,543,639 | 802,518 |
| 2002 | | | 1,503,583 | 586,624 | 1,180,325 | | | 1,006,041 | 791,196 | 2,103,396 | 562,712 |
| 2003 | | | 1,545,627 | 623,588 | 614,648 | | | 1,437,224 | 589,365 | 1,216,828 | 496,890 |
| 2004 | | | 202,003 | 296,511 | 616,322 | | | 58,178 | 413,474 | 1,011,553 | 529,186 |
| TOTAL | 3,500 | | 6,621,139 | 3,158,602 | 4,751,067 | | | 4,928,064 | 4,937,359 | 7,399,518 | 3,063,326 |

| TRANSLATED LOSSES | | | | | | | | | | | |
|-------------------|---------------|----------------|-------------------|------------------|------------------|---------------|------------------|-------------------|-------------------|-------------------|------------------|
| MANUAL YEAR | INDEMNITY | | | | | MEDICAL | | | | | |
| | DEATH | P . T . | MAJOR | MINOR | TEMP | DEATH | P . T . | MAJOR | MINOR | TEMP | MED. ONLY |
| 2000 | | | 2,599,265 | 985,118 | 1,495,852 | | | 7,145,404 | 4,062,496 | 4,355,883 | 946,876 |
| 2001 | 5,264 | 100,478 | 2,671,992 | 1,351,877 | 1,214,280 | | 339,046 | 5,455,251 | 4,151,218 | 3,751,704 | 1,109,883 |
| 2002 | 11,391 | 215,866 | 2,826,730 | 849,777 | 1,315,093 | 477 | 497,062 | 7,798,478 | 2,558,639 | 4,483,574 | 768,665 |
| 2003 | 15,512 | 395,550 | 3,155,343 | 768,184 | 773,775 | 11,155 | 1,447,200 | 10,007,391 | 1,883,743 | 2,615,696 | 620,616 |
| 2004 | 13,915 | 208,872 | 1,860,993 | 432,997 | 671,193 | 2,532 | 498,615 | 4,539,086 | 1,137,931 | 1,755,308 | 707,522 |
| TOTAL | 46,082 | 920,766 | 13,114,323 | 4,387,953 | 5,470,193 | 14,164 | 2,781,923 | 34,945,610 | 13,794,027 | 16,962,165 | 4,153,562 |

| | SERIOUS | NON-SERIOUS | MED. ONLY | TOTAL | | |
|--------------------------|------------|-------------|-----------|---------|-----------------|------|
| TOTAL TRANS. LOSSES PG B | 51,822,868 | 40,614,338 | 4,153,562 | | | |
| TOTAL TRANS. LOSSES PG A | | | | | | |
| IBNR + FREQUENCY ADJUST. | -2,804,503 | -1,135,146 | 34,603 | | | |
| TOTAL LOSSES | 49,018,365 | 39,479,192 | 4,188,165 | | | |
| EXPECTED LOSSES | 45,087,829 | 37,549,485 | 3,413,589 | | | |
| CREDIBILITY | .95 | 1.00 | 1.00 | | | |
| PURE PREMIUMS | | | | | | |
| INDICATED (PRE-TEST) | .345 | .278 | .029 | .652 | | |
| INDICATED (POST-TEST) | .216 | .174 | .018 | .408 | | |
| PRES. ON RATE LEVEL | .260 | .216 | .020 | .496 | | |
| DERIVED BY FORMULA | .218 | .174 | .018 | .410 | | |
| UNDERLYING PRES. RATE | .317 | .264 | .024 | .605 | | |
| PROPOSED | .218 | .174 | .018 | .410 | | |
| IND. RATES | | | | | | |
| YEAR | 12-1-04 | 12-1-05 | 12-1-06 | 12-1-07 | IND. RATE | .580 |
| IND. RATES | | | | .58 | MINIMUM PREMIUM | 385 |
| MAN. RATES | .73 | .82 | .90 | + .58 | PRESENT | 460 |

+PROPOSED

CLASSIFICATION STUDY - DELAWARE

CLASS: INDUSTRY GROUP:

CODE:

819

3

Exhibit 14-ClassBook 819 minus exhibit 2 and 6.

| Manual Year | Payroll in Thous. | Total Rept Losses | Total Trans Losses | Pure Prem Reported | Claim Severity | Claim Frequency | Number of Cases | | | | | |
|-------------|-------------------|-------------------|--------------------|--------------------|----------------|-----------------|-----------------|------|-------|-------|------|-----|
| | | | | | | | Death | P.T. | Major | Minor | Temp | All |
| 2000 | 4,274 | 31,910 | 72,975 | 0.747 | 27,524 | 0.234 | 0 | 0 | 0 | 0 | 1 | 1 |
| 2001 | 5,384 | 5,288 | 11,224 | 0.098 | 3,555 | 0.186 | 0 | 0 | 0 | 0 | 1 | 1 |
| 2002 | 5,567 | 164,377 | 602,204 | 2.953 | 53,963 | 0.539 | 0 | 0 | 1 | 0 | 2 | 3 |
| 2003 | 5,611 | 36,738 | 78,384 | 0.655 | 4,959 | 0.535 | 0 | 0 | 0 | 1 | 2 | 3 |
| 2004 | 6,610 | 2,477 | 3,312 | 0.037 | 0 | 0.000 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 27,446 | 240,790 | 768,099 | 0.877 | 25,981 | 0.291 | 0 | 0 | 1 | 1 | 6 | 8 |
| O.D. | | 0 | | 0.000 | | | 0 | 0 | 0 | 0 | 0 | 0 |

| Manual Year | REPORTED LOSSES | | | | | | | | | | |
|-------------|-----------------|------|--------|-------|--------|---------|------|--------|-------|--------|-----------|
| | Indemnity | | | | | Medical | | | | | |
| | Death | P.T. | Major | Minor | Temp | Death | P.T. | Major | Minor | Temp | Med. Only |
| 2000 | 0 | 0 | 0 | 0 | 7,344 | 0 | 0 | 0 | 0 | 20,180 | 4,386 |
| 2001 | 0 | 0 | 0 | 0 | 590 | 0 | 0 | 0 | 0 | 2,965 | 1,733 |
| 2002 | 0 | 0 | 90,043 | 0 | 9,004 | 0 | 0 | 56,059 | 0 | 6,782 | 2,489 |
| 2003 | 0 | 0 | 0 | 2,180 | 4,337 | 0 | 0 | 0 | 3,495 | 4,866 | 21,860 |
| 2004 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,477 |
| TOTAL | 0 | 0 | 90,043 | 2,180 | 21,275 | 0 | 0 | 56,059 | 3,495 | 34,793 | 32,945 |
| O.D. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| Manual Year | TRANSLATED LOSSES | | | | | | | | | | |
|-------------|-------------------|--------|---------|-------|--------|---------|--------|---------|--------|--------|-----------|
| | Indemnity | | | | | Medical | | | | | |
| | Death | P.T. | Major | Minor | Temp | Death | P.T. | Major | Minor | Temp | Med. Only |
| 2000 | 0 | 0 | 0 | 0 | 9,121 | 0 | 0 | 0 | 0 | 57,674 | 6,180 |
| 2001 | 0 | 0 | 81 | 20 | 625 | 0 | 0 | 843 | 209 | 7,049 | 2,397 |
| 2002 | 543 | 11,771 | 151,185 | 3,486 | 11,065 | 12 | 22,117 | 373,303 | 8,698 | 16,624 | 3,400 |
| 2003 | 32 | 691 | 5,576 | 2,848 | 4,973 | 26 | 2,331 | 15,538 | 8,871 | 10,195 | 27,303 |
| 2004 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,312 |
| TOTAL | 575 | 12,462 | 156,842 | 6,354 | 25,784 | 38 | 24,448 | 389,684 | 17,778 | 91,542 | 42,592 |
| O.D. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | SERIOUS | NON-SER | MED ONLY | TOTAL |
|-----------------------------|-----------------|----------------|----------------|-------|
| TOTAL TRANSLATED LOSSES | 584,049 | 141,458 | 42,592 | |
| IBNR + FREQ. ADJUSTMENT | (12,610) | (2,482) | 140 | |
| TOTAL LOSSES | 571,439 | 138,976 | 42,732 | |
| EXPECTED LOSSES CREDIBILITY | 212,981 0.01 | 89,200 0.05 | 13,174 0.05 | |
| PURE PREMIUMS | | | | |
| INDICATED (PRE-TEST) | 2.082 | 0.506 | 0.156 | 2.744 |
| INDICATED (POST-TEST) | 1.301 | 0.316 | 0.098 | 1.715 |
| PRES. ON RATE LEVEL | 0.636 | 0.266 | 0.039 | 0.941 |
| DERIVED BY FORMULA | 0.643 | 0.269 | 0.042 | 0.954 |
| UNDERLYING PRES. RATE | 0.776 | 0.325 | 0.048 | 1.149 |
| PROPOSED | 0.643 | 0.269 | 0.042 | 0.954 |

| | | | | |
|-----------|----------|----------|-------------|-------|
| YEAR | 12-01-06 | 12-01-07 | IND. RATE = | 1.350 |
| IND. RATE | | | | 1.35 |
| MAN. RATE | 1.71 | 1.35 | ADJ. RATE = | 1.35 |

CLASSIFICATION STUDY - DELAWARE

CLASS: 953
 INDUSTRY GROUP: 3

CODE: Exhibit15-Class book953 minus Ex3 and12

| Manual Year | Payroll in Thous. | Total Rept Losses | Total Trans Losses | Pure Prem Reported | Claim Severity | Claim Frequency | Number of Cases | | | | | |
|-------------|-------------------|-------------------|--------------------|--------------------|----------------|-----------------|-----------------|------|-------|-------|------|------|
| | | | | | | | Death | P.T. | Major | Minor | Temp | All |
| 2000 | 2,501,496 | 8,077,788 | 21,553,846 | 0.323 | 27,109 | 0.110 | 0 | 0 | 19 | 50 | 205 | 274 |
| 2001 | 2,727,400 | 9,350,476 | 20,088,059 | 0.343 | 30,756 | 0.102 | 1 | 0 | 13 | 56 | 208 | 278 |
| 2002 | 2,676,717 | 7,442,614 | 20,573,319 | 0.278 | 32,038 | 0.080 | 0 | 0 | 12 | 37 | 166 | 215 |
| 2003 | 2,921,898 | 6,512,274 | 21,660,264 | 0.223 | 35,611 | 0.058 | 0 | 0 | 14 | 26 | 129 | 169 |
| 2004 | 3,082,225 | 2,969,862 | 11,199,187 | 0.096 | 18,144 | 0.044 | 0 | 0 | 2 | 24 | 109 | 135 |
| TOTAL | 13,909,736 | 34,353,014 | 95,074,675 | 0.247 | 29,257 | 0.077 | 1 | 0 | 60 | 193 | 817 | 1071 |
| O.D. | | 0 | | 0.000 | | | 0 | 0 | 0 | 0 | 0 | 0 |

| Manual Year | REPORTED LOSSES | | | | | | | | | | |
|-------------|-----------------|------|-----------|-----------|-----------|---------|------|-----------|-----------|-----------|-----------|
| | Indemnity | | | | | Medical | | | | | |
| | Death | P.T. | Major | Minor | Temp | Death | P.T. | Major | Minor | Temp | Med. Only |
| 2000 | 0 | 0 | 1,665,100 | 638,443 | 1,199,640 | 0 | 0 | 1,272,121 | 1,128,471 | 1,524,102 | 649,911 |
| 2001 | 3,500 | 0 | 1,704,826 | 1,010,862 | 1,135,299 | 0 | 0 | 1,154,500 | 2,002,779 | 1,538,385 | 800,325 |
| 2002 | 0 | 0 | 1,503,583 | 560,935 | 1,076,596 | 0 | 0 | 1,006,041 | 712,607 | 2,028,484 | 554,368 |
| 2003 | 0 | 0 | 1,545,627 | 623,588 | 611,415 | 0 | 0 | 1,437,224 | 589,365 | 1,211,038 | 494,017 |
| 2004 | 0 | 0 | 202,003 | 296,511 | 555,228 | 0 | 0 | 58,178 | 413,474 | 924,082 | 520,386 |
| TOTAL | 3,500 | 0 | 6,621,139 | 3,130,339 | 4,578,178 | 0 | 0 | 4,928,064 | 4,846,696 | 7,226,091 | 3,019,007 |
| O.D. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| Manual Year | TRANSLATED LOSSES | | | | | | | | | | |
|-------------|-------------------|---------|------------|-----------|-----------|---------|-----------|------------|------------|------------|-----------|
| | Indemnity | | | | | Medical | | | | | |
| | Death | P.T. | Major | Minor | Temp | Death | P.T. | Major | Minor | Temp | Med. Only |
| 2000 | 0 | 0 | 2,599,265 | 985,118 | 1,489,953 | 0 | 0 | 7,145,405 | 4,062,496 | 4,355,884 | 915,725 |
| 2001 | 5,264 | 100,543 | 2,671,603 | 1,348,310 | 1,214,151 | 0 | 338,993 | 5,448,612 | 4,115,265 | 3,738,469 | 1,106,849 |
| 2002 | 10,999 | 211,838 | 2,776,087 | 809,523 | 1,202,151 | 564 | 489,396 | 7,658,583 | 2,338,116 | 4,318,795 | 757,267 |
| 2003 | 15,516 | 394,904 | 3,152,753 | 767,810 | 770,158 | 11,775 | 1,446,911 | 9,996,924 | 1,881,848 | 2,604,638 | 617,027 |
| 2004 | 13,181 | 197,988 | 1,763,909 | 412,343 | 610,075 | 2,380 | 473,965 | 4,319,289 | 1,091,981 | 1,618,320 | 695,756 |
| TOTAL | 44,960 | 905,273 | 12,963,617 | 4,323,104 | 5,286,488 | 14,719 | 2,749,265 | 34,568,813 | 13,489,706 | 16,636,106 | 4,092,624 |
| O.D. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | SERIOUS | NON-SER | MED ONLY | TOTAL |
|-------------------------|-------------|-------------|-----------|-------|
| TOTAL TRANSLATED LOSSES | 51,246,647 | 39,735,404 | 4,092,624 | |
| IBNR + FREQ. ADJUSTMENT | (2,742,424) | (1,107,142) | 33,917 | |
| TOTAL LOSSES | 48,504,223 | 38,628,262 | 4,126,541 | |
| EXPECTED LOSSES | 44,093,863 | 36,721,703 | 3,338,337 | |
| CREDIBILITY | 0.94 | 1.00 | 1.00 | |
| PURE PREMIUMS | | | | |
| INDICATED (PRE-TEST) | 0.349 | 0.278 | 0.030 | 0.657 |
| INDICATED (POST-TEST) | 0.218 | 0.174 | 0.019 | 0.411 |
| PRES. ON RATE LEVEL | 0.260 | 0.216 | 0.020 | 0.496 |
| DERIVED BY FORMULA | 0.221 | 0.174 | 0.019 | 0.414 |
| UNDERLYING PRES. RATE | 0.317 | 0.264 | 0.024 | 0.605 |
| PROPOSED | 0.221 | 0.174 | 0.019 | 0.414 |

| | | | | |
|-----------|----------|----------|-------------|-------|
| YEAR | 12-01-06 | 12-01-07 | IND. RATE = | 0.586 |
| IND. RATE | | | | 0.59 |
| MAN. RATE | 0.90 | 0.59 | ADJ. RATE = | 0.59 |

CLASSIFICATION STUDY - DELAWARE

INDUSTRY GROUP:

3

CODE:

CLASS:
818+819+953

Exhibit 16 : 818 - All employees Including Office.

| Manual Year | Payroll in Thous. | Total Rept Losses | Total Trans Losses | Pure Prem Reported | Claim Severity | Claim Frequency | Number of Cases | | | | | |
|-------------|-------------------|-------------------|--------------------|--------------------|----------------|-----------------|-----------------|------|-------|-------|------|-----|
| | | | | | | | Death | P.T. | Major | Minor | Temp | All |
| 2000 | 212,150 | 3,158,276 | 6,645,098 | 1.489 | 43,238 | 0.325 | 0 | 0 | 5 | 2 | 62 | 69 |
| 2001 | 231,928 | 2,470,041 | 6,345,757 | 1.065 | 41,961 | 0.237 | 0 | 0 | 5 | 4 | 46 | 55 |
| 2002 | 229,900 | 2,063,833 | 6,018,686 | 0.898 | 30,979 | 0.265 | 0 | 0 | 3 | 9 | 49 | 61 |
| 2003 | 236,394 | 2,930,449 | 10,737,506 | 1.240 | 32,923 | 0.351 | 1 | 0 | 8 | 7 | 67 | 83 |
| 2004 | 247,547 | 5,977,374 | 10,699,339 | 2.415 | 69,525 | 0.335 | 0 | 0 | 4 | 5 | 74 | 83 |
| TOTAL | 1,157,919 | 16,599,973 | 40,446,386 | 1.434 | 44,684 | 0.303 | 1 | 0 | 25 | 27 | 298 | 351 |
| O.D. | | 0 | | 0.000 | | | 0 | 0 | 0 | 0 | 0 | 0 |

| Manual Year | REPORTED LOSSES | | | | | | | | | | |
|-------------|-----------------|------|-----------|---------|-----------|---------|------|-----------|---------|-----------|-----------|
| | Indemnity | | | | | Medical | | | | | |
| | Death | P.T. | Major | Minor | Temp | Death | P.T. | Major | Minor | Temp | Med. Only |
| 2000 | 0 | 0 | 926,120 | 60,550 | 311,974 | 0 | 0 | 1,189,201 | 28,887 | 466,670 | 174,874 |
| 2001 | 0 | 0 | 547,936 | 28,456 | 269,289 | 0 | 0 | 989,382 | 41,394 | 431,395 | 162,189 |
| 2002 | 0 | 0 | 335,428 | 130,530 | 388,379 | 0 | 0 | 346,819 | 270,616 | 417,923 | 174,138 |
| 2003 | 3,500 | 0 | 942,084 | 111,238 | 359,539 | 1,723 | 0 | 490,731 | 204,103 | 619,723 | 197,808 |
| 2004 | 0 | 0 | 861,402 | 114,512 | 467,055 | 0 | 0 | 3,249,302 | 109,447 | 968,839 | 206,817 |
| TOTAL | 3,500 | 0 | 3,612,970 | 445,286 | 1,796,236 | 1,723 | 0 | 6,265,435 | 654,447 | 2,904,550 | 915,826 |
| O.D. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| Manual Year | TRANSLATED LOSSES | | | | | | | | | | |
|-------------|-------------------|---------|-----------|---------|-----------|---------|-----------|------------|-----------|-----------|-----------|
| | Indemnity | | | | | Medical | | | | | |
| | Death | P.T. | Major | Minor | Temp | Death | P.T. | Major | Minor | Temp | Med. Only |
| 2000 | 0 | 0 | 870,511 | 93,429 | 387,472 | 0 | 0 | 3,609,553 | 103,993 | 1,333,743 | 246,397 |
| 2001 | 0 | 32,731 | 820,589 | 51,380 | 286,645 | 0 | 253,285 | 3,463,013 | 179,486 | 1,034,321 | 224,307 |
| 2002 | 2,949 | 52,564 | 682,552 | 200,610 | 428,300 | 141 | 153,203 | 2,525,304 | 823,873 | 911,317 | 237,873 |
| 2003 | 17,743 | 252,947 | 1,983,739 | 224,237 | 439,836 | 39,495 | 695,002 | 4,770,797 | 758,409 | 1,308,239 | 247,062 |
| 2004 | 13,795 | 188,243 | 1,530,460 | 268,207 | 502,928 | 5,699 | 706,407 | 4,820,830 | 771,533 | 1,614,723 | 276,514 |
| TOTAL | 34,487 | 526,485 | 5,887,851 | 837,863 | 2,045,181 | 45,335 | 1,807,897 | 19,189,497 | 2,637,294 | 6,202,343 | 1,232,153 |
| O.D. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| | SERIOUS | NON-SER | MED ONLY | TOTAL |
|-------------------------|------------|------------|-----------|-------|
| TOTAL TRANSLATED LOSSES | 27,491,552 | 11,722,681 | 1,232,153 | |
| IBNR + FREQ. ADJUSTMENT | (800,500) | (361,577) | 11,040 | |
| TOTAL LOSSES | 26,691,052 | 11,361,104 | 1,243,193 | |
| EXPECTED LOSSES | 12,795,005 | 11,613,928 | 1,111,602 | |
| CREDIBILITY | 0.18 | 0.60 | 0.61 | |
| PURE PREMIUMS | | | | |
| INDICATED (PRE-TEST) | 2.305 | 0.981 | 0.107 | 3.393 |
| INDICATED (POST-TEST) | 1.441 | 0.613 | 0.067 | 2.121 |
| PRES. ON RATE LEVEL | 0.905 | 0.822 | 0.079 | 1.806 |
| DERIVED BY FORMULA | 1.001 | 0.697 | 0.072 | 1.770 |
| UNDERLYING PRES. RATE | 1.105 | 1.003 | 0.096 | 2.204 |
| PROPOSED | 1.021 | 0.711 | 0.073 | 1.806 |

| YEAR | 12-01-06 | 12-01-07 | IND. RATE = | 2.555 |
|-----------|----------|----------|-------------|-------|
| IND. RATE | | 2.56 | | |
| MAN. RATE | 3.28 | 2.56 | ADJ. RATE = | 2.56 |