

Delaware Compensation Rating Bureau, Inc.



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December 28, 2012

**VIA E-MAIL & OVERNIGHT DELIVERY**

The Honorable Karen Weldin-Stewart, CIR-ML  
Insurance Commissioner  
Department of Insurance  
State of Delaware  
841 Silver Lake Boulevard  
Dover, DE 19904-2465

Attention: Gene Reed

RE: Amendment to Bureau Filing No. 1201  
Workers Compensation Residual Market Rate and Voluntary Market Loss Cost Filing  
**Proposed Effective December 1, 2012**

Dear Commissioner Weldin-Stewart:

Consistent with discussions held between representatives of the Insurance Department and the Delaware Compensation Rating Bureau, Inc. (DCRB), I am filing herewith revisions to residual market rates and voluntary market loss costs on behalf of the members of the DCRB. This filing amends and supersedes our original submission of DCRB Filing No. 1201.

Prior to the impact of the Chancery Court's Memorandum Opinion and Order of July 24, 2009 (hereafter, the Opinion and Order), the schedules of rating values presented herewith reflect overall average increase of 19.0 percent in residual market rates and 14.6 percent in voluntary market loss costs. These changes, which differ from DCRB Filing No. 1201's original proposals (overall average increases of 43.53 percent in residual market rates and 38.27 percent in voluntary market loss costs), were arrived at in settlement discussions between the DCRB and the Insurance Department.

The Opinion and Order required reduction of indicated December 1, 2011 rates and loss costs by 5.0 percent of December 1, 2008 rates and loss costs. The Opinion and Order does not affect December 1, 2012 or later rating values.

Thus, recognizing the impact of the Opinion and Order on December 1, 2011 rating values and the fact that December 1, 2012 rating values are not subject to the Opinion and Order, this filing will result in overall average increases of 26.1 percent in residual market rates and 21.7 percent in voluntary market loss costs, effective on a new and renewal basis as of December 1, 2012.

But for the values presented herewith as being additions to or revisions from the original form of DCRB Filing No. 1201, all other components of DCRB Filing No. 1201, as originally filed, are incorporated herein by reference.

The exhibits submitted with this amendment to DCRB Filing No. 1201 reflect adjustments to rating values arising from a compromise between the DCRB and the Insurance Department concerning the rating value changes indicated by an analysis of the most current available experience.

The following exhibits, reflecting revisions to originally filed documents, are included in support of the December 1, 2012 rate and loss cost levels arrived at in negotiations between the DCRB and the Insurance Department.

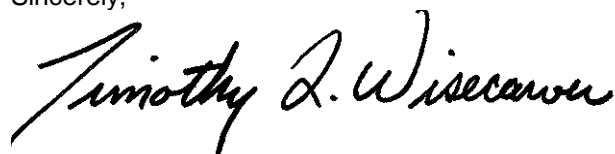
- Summary of Material for Modification of Experience (Brown Book)
- Class Book
- Exhibit 12 - Indicated Change in Residual Market Rates and Voluntary Market Loss Costs
- Exhibit 20 - Review of Experience Rating Plan Parameters
- Exhibit 27 – Manual Rates, Loss Costs and Expected Loss Rates
- Exhibit 28 – Index and Supporting Classification Exhibits
- Exhibit 30 – Distribution of Residual Market Changes
- Exhibit 31a – Summary of Indicated and Proposed Residual Market Rates by Class Code
- Exhibit 31b - Summary of Indicated and Proposed Residual Market Rates by Percentage Change

Other materials provided in support of this filing are enclosed as described below:

- The following completed Property & Casualty Filing Forms:
  - Filing Fee Form
  - State Specific Requirements
  - Property & Casualty Transmittal Document
  - Property & Casualty Rate / Rule Filing Schedule

The DCRB looks forward to a prompt approval of this amendment to DCRB Filing No. 1201 and will be happy to answer any questions that you or your staff may have about this matter.

Sincerely,



Timothy L. Wisecarver  
President

TLW  
Enclosures

- c: Ann Lyon, Delaware Insurance Department  
Bob Gardner, INS Consultants, Inc.  
Allan I. Schwartz, AIS Risk Consultants, Inc.  
W. Harding Drane, DAG, c/o Delaware Insurance Department (*electronic copy only*)  
Seth Cooley, Duane Morris LLP (*electronic copy only*)