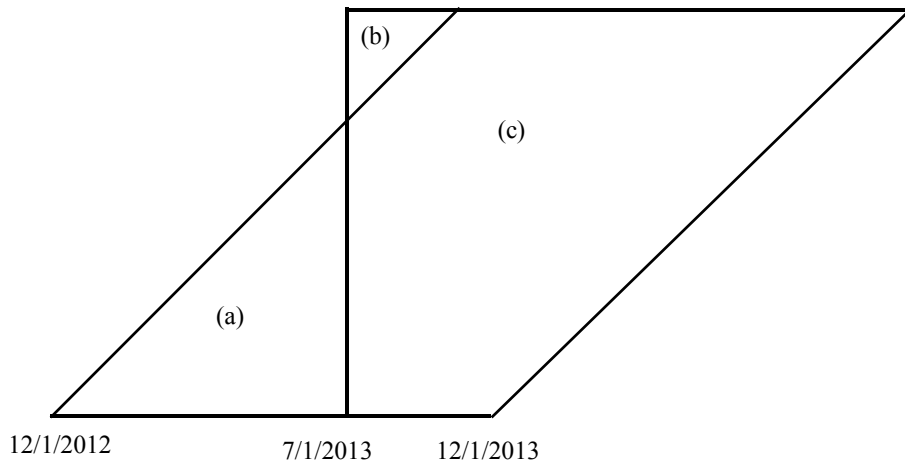


DELAWARE COMPENSATION RATING BUREAU, INC.

Effect of 7/1/13 Benefit Change

Effect of 7/1/2013 Benefit Change on a 12/1/12 Effective Date



(a) This portion of the graph reflects the exposure of the 7/1/2012 Benefit Level on new and renewal policies as respects the current loss cost filing. This area covers 0.17014 policy years.

(b) This portion of the graph reflects the exposure of the 7/1/2013 Benefit Level on outstanding policies as respects the current loss cost filing. This area covers 0.08681 policy years.

(c) This portion of the graph reflects the exposure of the 7/1/2013 Benefit Level on new and renewal policies as respects the current loss cost filing. This area covers 0.82986 policy years.

(d) Benefit Change (Page 10.2) = 1.0068

(e) Adjustment to reflect one-year period available to collect premium on 0.9167 years of exposure = 0.9167

(f) Overall effect of 7/1/2013 Benefit Change (1+(e)[(d)-1.0]) = 1.0062

DELAWARE BENEFIT CHANGES

<u>Injury Type</u>	Five Year Losses From Table II <u>(1)</u>	Increase Factor <u>(2)</u>	Losses at 7/01/10 Level (1)*(2) <u>(3)</u>
DEATH	\$21,088,600	1.0158	\$21,421,800
PERMANENT TOTAL	59,401,400	1.0260	60,945,836
MAJOR			
Specific Loss	227,695,513	1.0260	233,615,596
Loss of Earnings	20,452,887	1.0024	20,501,974
MINOR			
Specific Loss	90,875,894	1.0260	93,238,667
Loss of Earnings	5,677,206	1.0001	5,677,774
TEMPORARY	44,877,600	1.0260	46,044,418
INDEMNITY	470,069,100	1.0242	481,446,065
MEDICAL	1,212,486,000	1.0000	1,212,486,000
TOTAL	\$1,682,555,100		\$1,693,932,065

Total Effect of 07/01/2013 Benefit Change:

$$\text{[Total of (3) } \div \text{ Total of (1)]} = 1.0068$$

Calculation of Delaware Statewide Average Weekly Wage

<u>Calendar Year</u>	<u>Quarter</u>		<u>Average Quarterly Employment (+)</u>	<u>Total Quarterly Wages (+)</u>
2010	1	Actual	380,330	4,783,046,607
2010	2	Actual	394,973	4,465,332,237
2010	3	Actual	400,120	4,670,161,607
2010	4	Actual	398,334	5,171,266,702
2011	1	Actual	387,194	5,164,848,143
2011	2	Actual	400,007	4,791,495,569
2011	3	Actual	401,673	4,928,707,914
2011	4	Actual	399,319	5,090,922,653
2012	1	Projected	387,194	5,316,178,194 = \$5,164,848,143.00 * 1.0293 (++)
2012	2	Projected	400,007	4,931,886,389 = \$4,791,495,569.00 * 1.0293 (++)
2012	3	Projected	401,673	5,073,119,056 = \$4,928,707,914.00 * 1.0293 (++)
2012	4	Projected	399,319	5,240,086,687 = \$5,090,922,653.00 * 1.0293 (++)

(1) Sum of Qtrs 1 Through 4 of Projected Total Qtrly Wages for Calendar Year 2012 = 20,561,270,326

(2) Average of Qtrs 1 Through 4 of Projected Average Qtrly Employment for CY 2012 = 397,048

(3) Calendar Year 2012 Projected Average Weekly Wage = (1)/((2)*52) = 995.87

(+) Source: Office of Occupational and Labor Market Information, ES202 data underlying the Statewide Average Weekly Wage set forth in June by the Secretary of Labor

(++) 1.0293 is an estimate for annual rate of wage inflation.

STATEWIDE AVERAGE WEEKLY WAGE REVISION - 07/01/2013

EFFECT ON SECTION 2330 BENEFITS - DEATH CASES

Statewide Average Weekly Wage = 995.87

(I) Workers Capped at Maximum > 2/3 SAWW	PRESENT	2011
(1) Maximum Weekly Compensation	627.90	663.91
(2) Statewide Average Weekly Wage	995.87	995.87
(3) Min. Wage to be Limited to Maximum Benefit	941.86	995.88
(4) Ratio: (3) ÷ (2)	0.9458	1.0000
(5) (4) to Nearest 5%	0.95	1.00
(6) (A) for (5)	70.2500	73.6600
(7) 100 - (6)	29.7500	26.3400
(8) [(1)] * (7) ÷ 100	186.8003	174.8739
(II) Workers at 2/3 Wages		
(9) Maximum Wage; SAWW	941.85	995.87
(10) Minimum Wage; 1/3 SAWW	313.96	331.97
(11) (9) ÷ (2)	0.9458	1.0000
(12) (10) ÷ (2)	0.3153	0.3333
(13) (11) to Nearest 5%	0.95	1.00
(14) (12) to Nearest 5%	0.30	0.35
(15) (B) for (13)	51.7000	55.6800
(16) (B) for (14)	1.0800	2.0400
(17) (15) - (16)	50.6200	53.6400
(18) [2/3 * (2)] * (17) ÷ 100	336.0729	356.1231
(III) Workers Raised to Minimum < 2/9 SAWW		
(19) Minimum Weekly Compensation	209.30	221.30
(20) Maximum Wage to be Limited to Minimum Benefit	313.95	331.96
(21) (19) ÷ (2)	0.2102	0.2222
(22) (21) to Nearest 5%	0.20	0.20
(23) (A) for (22)	1.3500	1.3500
(24) [(19)] * (23) ÷ 100	2.8256	2.9876
(25) [(8) + (18) + (24)]	525.6988	533.9846

Effect of Change: 533.98 ÷ 525.70 = 1.0158

STATEWIDE AVERAGE WEEKLY WAGE REVISION - 07/01/2013
EFFECT ON SECTION 2324 and 2326 BENEFITS - TOTAL DISABILITY CASES
(TEMPORARY & PERMANENT), and PERMANENT PARTIAL SCHEDULED CASES

Statewide Average Weekly Wage = 995.87

(I) Workers Capped at Maximum > 2/3 SAWW	PRESENT	2011
(1) Maximum Weekly Compensation	627.90	663.91
(2) Statewide Average Weekly Wage	995.87	995.87
(3) Min. Wage to be Limited to Maximum Benefit	941.86	995.88
(4) Ratio: (3) ÷ (2)	0.9458	1.0000
(5) (4) to Nearest 5%	0.95	1.00
(6) (A) for (5)	70.2500	73.6600
(7) 100 - (6)	29.7500	26.3400
(8) [(1)] * (7) ÷ 100	186.8003	174.8739
(II) Workers at 2/3 Wages		
(9) Maximum Wage; SAWW	941.85	995.87
(10) Minimum Wage; 1/3 SAWW	313.96	331.97
(11) (9) ÷ (2)	0.9458	1.0000
(12) (10) ÷ (2)	0.3153	0.3333
(13) (11) to Nearest 5%	0.95	1.00
(14) (12) to Nearest 5%	0.30	0.35
(15) (B) for (13)	51.7000	55.6800
(16) (B) for (14)	1.0800	2.0400
(17) (15) - (16)	50.6200	53.6400
(18) [2/3 * (2)] * (17) ÷ 100	336.0729	356.1231
(III) Workers at Intermediate Minimum < 2/9 SAWW		
(19) Intermediate Minimum Weekly Compensation	209.30	221.30
(20) Maximum Wage; 1/3 SAWW	313.95	331.96
(21) Minimum Wage; 2/9 SAWW	209.31	221.31
(22) (20) ÷ (2)	0.3153	0.3333
(23) (21) ÷ (2)	0.2102	0.2222
(24) (22) to Nearest 5%	0.30	0.35
(25) (23) to Nearest 5%	0.20	0.20
(26) (A) for (24)	4.0800	6.5000
(27) (A) for (25)	1.3500	1.3500
(28) (26) - (27)	2.7300	5.1500
(29) [(19)] * (28) ÷ 100	5.7139	11.3970
(IV) Workers at 100% of Wages		
(30) Maximum Wage;> 2/9 SAWW	209.30	221.30
(31) (30) ÷ (2)	0.2102	0.2222
(32) (31) to Nearest 5%	0.20	0.20
(33) (B) for (32)	0.2300	0.2300
(34) [1.0 * (2)] * (33) ÷ 100	2.2905	2.2905
(35) [(8) + (18) + (29) + (34)]	530.8776	544.6845

Effect of Change: 544.68 ÷ 530.88 = 1.0260

STATEWIDE AVERAGE WEEKLY WAGE REVISION - 07/01/2013

EFFECT OF SECTION 2325 BENEFITS - MAJOR CASES

Statewide Average Weekly Wage = 995.87

	PRESENT	2011
(1) % of Lost Earnings Compensated	2/3	2/3
(2) Average Loss of Earning Power	0.40	0.40
(3) Nominal % of Compensation: (1)*(2)	0.267	0.267
(4) Maximum Weekly Compensation	627.90	663.91
(5) Eff. Wkly. Wage for Max. Benefits: (4)÷(3)	2351.69	2486.55
(6) Average Weekly Wage	995.87	995.87
(7) Ratio to Average %: (5)÷(6)	2.3614	2.4969
(8) Line (7) adjusted to nearest 5%	2.35	2.50
(9) (B) for (8) from Wage Table	96.7700	97.6000
(10) (A) for (8) from Wage Table	99.0200	99.3100
(11) Difference: 100.00-(10)	0.9800	0.6900
(12) Product: (7)*(11)	2.3142	1.7229
(13) Limit Factor: [(9)+(12)] %	99.0842	99.3229
(14) Effective Average Weekly Wage: (13)*(6)÷100	986.75	989.13
(15) Average Benefit: (14)*(3)	263.46	264.10

Effect of Change: $264.10 \div 263.46 = 1.0024$

STATEWIDE AVERAGE WEEKLY WAGE REVISION - 07/01/2013

EFFECT OF SECTION 2325 BENEFITS - MINOR CASES

Statewide Average Weekly Wage = 995.87

	PRESENT	2011
(1) % of Lost Earnings Compensated	2/3	2/3
(2) Average Loss of Earning Power	0.25	0.25
(3) Nominal % of Compensation: (1)*(2)	0.167	0.167
(4) Maximum Weekly Compensation	627.90	663.91
(5) Eff. Wkly. Wage for Max. Benefits: (4)÷(3)	3759.88	3975.51
(6) Average Weekly Wage	995.87	995.87
(7) Ratio to Average %: (5)÷(6)	3.7755	3.9920
(8) Line (7) adjusted to nearest 5%	3.80	4.00
(9) (B) for (8) from Wage Table	99.9200	100.0000
(10) (A) for (8) from Wage Table	99.9800	100.0000
(11) Difference: 100.00-(10)	0.0200	0.0000
(12) Product: (7)*(11)	0.0755	0.0000
(13) Limit Factor: [(9)+(12)] %	99.9955	100.0000
(14) Effective Average Weekly Wage: (13)*(6)÷100	995.83	995.87
(15) Average Benefit: (14)*(3)	166.30	166.31

Effect of Change: $166.31 \div 166.30 = 1.0001$

DELAWARE WAGE DISTRIBUTION TABLE*

R = Ratio to Average Wage

A = Percentage of workers receiving not more than the percentage of the average wage indicated by Column R

B = Percentage of wages received by the percentage of workers in Column A

R	A	B	R	A	B	R	A	B
0.05	0.1100	0.0000	2.40	99.1300	97.0700	4.75	100.0000	100.0000
0.10	0.3100	0.0200	2.45	99.2200	97.3500	4.80	100.0000	100.0000
0.15	0.6900	0.0800	2.50	99.3100	97.6000	4.85	100.0000	100.0000
0.20	1.3500	0.2300	2.55	99.3800	97.8300	4.90	100.0000	100.0000
0.25	2.4200	0.5200	2.60	99.4500	98.0300	4.95	100.0000	100.0000
0.30	4.0800	1.0800	2.65	99.5100	98.2200	5.00	100.0000	100.0000
0.35	6.5000	2.0400	2.70	99.5600	98.3900	5.05	100.0000	100.0000
0.40	9.8200	3.5500	2.75	99.6100	98.5500	5.10	100.0000	100.0000
0.45	14.1500	5.7800	2.80	99.6500	98.6900	5.15	100.0000	100.0000
0.50	19.4600	8.8200	2.85	99.6900	98.8200	5.20	100.0000	100.0000
0.55	25.6000	12.7100	2.90	99.7300	98.9400	5.25	100.0000	100.0000
0.60	32.3200	17.3700	2.95	99.7600	99.0400	5.30	100.0000	100.0000
0.65	39.2600	22.5900	3.00	99.7800	99.1400	5.35	100.0000	100.0000
0.70	46.0300	28.0800	3.05	99.8100	99.2300	5.40	100.0000	100.0000
0.75	52.2500	33.5000	3.10	99.8300	99.3100	5.45	100.0000	100.0000
0.80	57.6600	38.5300	3.15	99.8500	99.3800	5.50	100.0000	100.0000
0.85	62.2700	43.1000	3.20	99.8700	99.4500	5.55	100.0000	100.0000
0.90	66.4600	47.5000	3.25	99.8800	99.5100	5.60	100.0000	100.0000
0.95	70.2500	51.7000	3.30	99.9000	99.5700	5.65	100.0000	100.0000
1.00	73.6600	55.6800	3.35	99.9100	99.6200	5.70	100.0000	100.0000
1.05	76.7000	59.4300	3.40	99.9200	99.6700	5.75	100.0000	100.0000
1.10	79.4100	62.9200	3.45	99.9300	99.7100	5.80	100.0000	100.0000
1.15	81.8300	66.1700	3.50	99.9400	99.7500	5.85	100.0000	100.0000
1.20	83.9600	69.1800	3.55	99.9500	99.7800	5.90	100.0000	100.0000
1.25	85.8500	71.9500	3.60	99.9600	99.8200	5.95	100.0000	100.0000
1.30	87.5200	74.5000	3.65	99.9700	99.8500	6.00	100.0000	100.0000
1.35	88.9900	76.8300	3.70	99.9700	99.8800	6.05	100.0000	100.0000
1.40	90.2800	78.9700	3.75	99.9800	99.9000	6.10	100.0000	100.0000
1.45	91.4300	80.9200	3.80	99.9800	99.9200	6.15	100.0000	100.0000
1.50	92.4300	82.6900	3.85	99.9900	99.9500	6.20	100.0000	100.0000
1.55	93.3200	84.3100	3.90	99.9900	99.9700	6.25	100.0000	100.0000
1.60	94.1000	85.7800	3.95	100.0000	99.9800	6.30	100.0000	100.0000
1.65	94.7800	87.1100	4.00	100.0000	100.0000	6.35	100.0000	100.0000
1.70	95.3900	88.3200	4.05	100.0000	100.0000	6.40	100.0000	100.0000
1.75	95.9200	89.4200	4.10	100.0000	100.0000	6.45	100.0000	100.0000
1.80	96.3900	90.4100	4.15	100.0000	100.0000	6.50	100.0000	100.0000
1.85	96.8000	91.3200	4.20	100.0000	100.0000	6.55	100.0000	100.0000
1.90	97.1600	92.1300	4.25	100.0000	100.0000	6.60	100.0000	100.0000
1.95	97.4800	92.8700	4.30	100.0000	100.0000	6.65	100.0000	100.0000
2.00	97.7700	93.5400	4.35	100.0000	100.0000	6.70	100.0000	100.0000
2.05	98.0200	94.1500	4.40	100.0000	100.0000	6.75	100.0000	100.0000
2.10	98.2400	94.7000	4.45	100.0000	100.0000	6.80	100.0000	100.0000
2.15	98.4400	95.2000	4.50	100.0000	100.0000	6.85	100.0000	100.0000
2.20	98.6100	95.6500	4.55	100.0000	100.0000	6.90	100.0000	100.0000
2.25	98.7600	96.0600	4.60	100.0000	100.0000	6.95	100.0000	100.0000
2.30	98.9000	96.4300	4.65	100.0000	100.0000	7.00	100.0000	100.0000
2.35	99.0200	96.7700	4.70	100.0000	100.0000			

*Based on Data from the Delaware Department of Labor from 2007 through 2011.