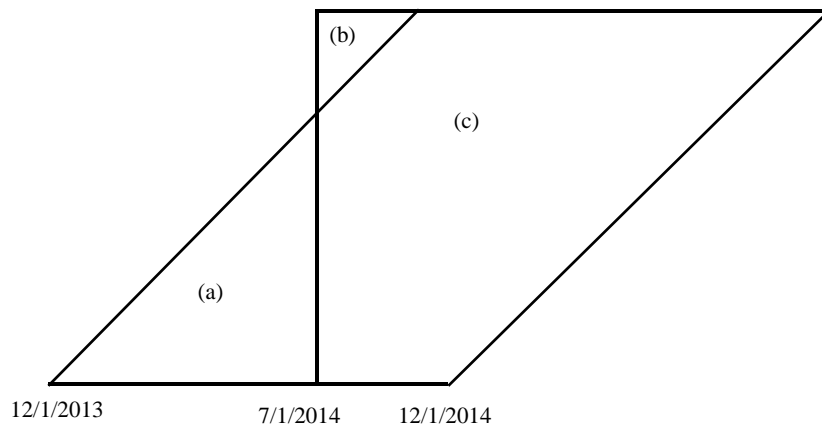


DELAWARE COMPENSATION RATING BUREAU, INC.

Effect of 7/1/14 Benefit Change

Effect of 7/1/2014 Benefit Change on a 12/1/13 Effective Date



(a) 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 0.17014 policy years.

(b) This portion of the graph reflects the exposure of the 7/1/2014 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 7/1/2014 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) = 1.0035

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

(f) Overall effect of 7/1/2014 Benefit Change (1+(e)[(d)-1.0]) = 1.0032

DELAWARE BENEFIT CHANGES

<u>Injury Type</u>	<u>Five Year Losses From Table II (1)</u>	<u>Increase Factor (2)</u>	<u>Losses at 7/01/10 Level (1)*(2) (3)</u>
DEATH	\$21,088,600	1.0111	\$21,322,683
PERMANENT TOTAL	59,401,400	1.0132	60,185,498
MAJOR			
Specific Loss	227,695,513	1.0132	230,701,094
Loss of Earnings	20,452,887	1.0012	20,477,430
MINOR			
Specific Loss	90,875,894	1.0132	92,075,456
Loss of Earnings	5,677,206	1.0000	5,677,206
TEMPORARY	44,877,600	1.0132	45,469,984
INDEMNITY	470,069,100	1.0124	475,909,351
MEDICAL	1,212,486,000	1.0000	1,212,486,000
TOTAL	\$1,682,555,100		\$1,688,395,351

Total Effect of 07/01/2014 Benefit Change:

$$[\text{Total of (3)} \div \text{Total of (1)}] = 1.0035$$

Calculation of Delaware Statewide Average Weekly Wage

<u>Calendar Year</u>	<u>Quarter</u>		<u>Average Quarterly Employment (+)</u>	<u>Total Quarterly Wages (+)</u>
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	Actual	389,529	5,411,536,017
2012	2	Actual	400,858	4,908,655,707
2012	3	Actual	403,685	4,813,885,198
2012	4	Actual	404,535	5,464,874,804
2013	1	Projected	389,529	5,579,834,787 = \$5,411,536,017.00 * 1.0311 (++)
2013	2	Projected	400,858	5,061,314,899 = \$4,908,655,707.00 * 1.0311 (++)
2013	3	Projected	403,685	4,963,597,028 = \$4,813,885,198.00 * 1.0311 (++)
2013	4	Projected	404,535	5,634,832,410 = \$5,464,874,804.00 * 1.0311 (++)

- (1) Sum of Qtrs 1 Through 4 of Projected Total Qtrly Wages for Calendar Year 2013 = 21,239,579,124
- (2) Average of Qtrs 1 Through 4 of Projected Average Qtrly Employment for CY 2013 = 399,652
- (3) Calendar Year 2013 Projected Average Weekly Wage = (1)/((2)*52) = 1,022.02

(+) 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

(++) 1.0311 is an estimate for annual rate of wage inflation.

STATEWIDE AVERAGE WEEKLY WAGE REVISION - 07/01/2014

EFFECT ON SECTION 2330 BENEFITS - DEATH CASES

Statewide Average Weekly Wage = 1022.02

	PRESENT	2014
(I) Workers Capped at Maximum > 2/3 SAWW		
(1) Maximum Weekly Compensation	663.91	681.35
(2) Statewide Average Weekly Wage	1022.02	1022.02
(3) Min. Wage to be Limited to Maximum Benefit	995.88	1022.03
(4) Ratio: (3) ÷ (2)	0.9744	1.0000
(5) (4) to Nearest 1%	0.97	1.00
(6) (A) for (5)	72.0000	74.0100
(7) 100 - (6)	28.0000	25.9900
(8) [(1)] * (7) ÷ 100	185.8948	177.0829
(II) Workers at 2/3 Wages		
(9) Maximum Wage; SAWW	995.87	1022.02
(10) Minimum Wage; 1/3 SAWW	331.97	340.68
(11) (9) ÷ (2)	0.9744	1.0000
(12) (10) ÷ (2)	0.3248	0.3333
(13) (11) to Nearest 1%	0.97	1.00
(14) (12) to Nearest 1%	0.32	0.33
(15) (B) for (13)	53.6160	55.9800
(16) (B) for (14)	1.5260	1.7240
(17) (15) - (16)	52.0900	54.2560
(18) [2/3 * (2)] * (17) ÷ 100	354.9135	369.6714
(III) Workers Raised to Minimum < 2/9 SAWW		
(19) Minimum Weekly Compensation	221.30	227.12
(20) Maximum Wage to be Limited to Minimum Benefit	331.96	340.67
(21) (19) ÷ (2)	0.2165	0.2222
(22) (21) to Nearest 1%	0.22	0.22
(23) (A) for (22)	1.8580	1.8580
(24) [(19)] * (23) ÷ 100	4.1118	4.2199
(25) [(8) + (18) + (24)]	544.9201	550.9742

Effect of Change: 550.97 ÷ 544.92 = 1.0111

STATEWIDE AVERAGE WEEKLY WAGE REVISION - 07/01/2014
EFFECT ON SECTION 2324 and 2326 BENEFITS - TOTAL DISABILITY CASES
(TEMPORARY & PERMANENT), and PERMANENT PARTIAL SCHEDULED CASES

Statewide Average Weekly Wage = 1022.02

(I) Workers Capped at Maximum > 2/3 SAWW	PRESENT	2014
(1) Maximum Weekly Compensation	663.91	681.35
(2) Statewide Average Weekly Wage	1022.02	1022.02
(3) Min. Wage to be Limited to Maximum Benefit	995.88	1022.03
(4) Ratio: (3) ÷ (2)	0.9744	1.0000
(5) (4) to Nearest 1%	0.97	1.00
(6) (A) for (5)	72.0000	74.0100
(7) 100 - (6)	28.0000	25.9900
(8) [(1)] * (7) ÷ 100	185.8948	177.0829
(II) Workers at 2/3 Wages		
(9) Maximum Wage; SAWW	995.87	1022.02
(10) Minimum Wage; 1/3 SAWW	331.97	340.68
(11) (9) ÷ (2)	0.9744	1.0000
(12) (10) ÷ (2)	0.3248	0.3333
(13) (11) to Nearest 1%	0.97	1.00
(14) (12) to Nearest 1%	0.32	0.33
(15) (B) for (13)	53.6160	55.9800
(16) (B) for (14)	1.5260	1.7240
(17) (15) - (16)	52.0900	54.2560
(18) [2/3 * (2)] * (17) ÷ 100	354.9135	369.6714
(III) Workers at Intermediate Minimum < 2/9 SAWW		
(19) Intermediate Minimum Weekly Compensation	221.30	227.12
(20) Maximum Wage; 1/3 SAWW	331.96	340.67
(21) Minimum Wage; 2/9 SAWW	221.31	227.13
(22) (20) ÷ (2)	0.3248	0.3333
(23) (21) ÷ (2)	0.2165	0.2222
(24) (22) to Nearest 1%	0.32	0.33
(25) (23) to Nearest 1%	0.22	0.22
(26) (A) for (24)	5.2460	5.7440
(27) (A) for (25)	1.8580	1.8580
(28) (26) - (27)	3.3880	3.8860
(29) [(19)] * (28) ÷ 100	7.4976	8.8259
(IV) Workers at 100% of Wages		
(30) Maximum Wage;> 2/9 SAWW	221.30	227.12
(31) (30) ÷ (2)	0.2165	0.2222
(32) (31) to Nearest 1%	0.22	0.22
(33) (B) for (32)	0.3640	0.3640
(34) [1.0 * (2)] * (33) ÷ 100	3.7202	3.7202
(35) [(8) + (18) + (29) + (34)]	552.0261	559.3004

Effect of Change: 559.30 ÷ 552.03 = 1.0132

STATEWIDE AVERAGE WEEKLY WAGE REVISION - 07/01/2014

EFFECT OF SECTION 2325 BENEFITS - MAJOR CASES

Statewide Average Weekly Wage = 1022.02

	PRESENT	2014
(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	663.91	681.35
(5) Eff. Wkly. Wage for Max. Benefits: (4)÷(3)	2486.55	2551.87
(6) Average Weekly Wage	1022.02	1022.02
(7) Ratio to Average %: (5)÷(6)	2.4330	2.4969
(8) Line (7) adjusted to nearest 1%	2.43	2.50
(9) (B) for (8) from Wage Table	97.2020	97.5700
(10) (A) for (8) from Wage Table	99.1800	99.3000
(11) Difference: 100.00-(10)	0.8200	0.7000
(12) Product: (7)*(11)	1.9951	1.7478
(13) Limit Factor: [(9)+(12)] %	99.1971	99.3178
(14) Effective Average Weekly Wage: (13)*(6)=100	1013.81	1015.05
(15) Average Benefit: (14)*(3)	270.69	271.02
Effect of Change: 271.02 ÷ 270.69 =	1.0012	

STATEWIDE AVERAGE WEEKLY WAGE REVISION - 07/01/2014

EFFECT OF SECTION 2325 BENEFITS - MINOR CASES

Statewide Average Weekly Wage = 1022.02

	PRESENT	2014
(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	663.91	681.35
(5) Eff. Wkly. Wage for Max. Benefits: (4)÷(3)	3975.51	4079.94
(6) Average Weekly Wage	1022.02	1022.02
(7) Ratio to Average %: (5)÷(6)	3.8899	3.9920
(8) Line (7) adjusted to nearest 1%	3.89	3.99
(9) (B) for (8) from Wage Table	99.9560	99.9960
(10) (A) for (8) from Wage Table	99.9900	100.0000
(11) Difference: 100.00-(10)	0.0100	0.0000
(12) Product: (7)*(11)	0.0389	0.0000
(13) Limit Factor: [(9)+(12)] %	99.9949	99.9960
(14) Effective Average Weekly Wage: (13)*(6)÷100	1021.97	1021.98
(15) Average Benefit: (14)*(3)	170.67	170.67
Effect of Change: 170.67 ÷ 170.67 =	1.0000	

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	99.1200	97.0400	4.75	100.0000	100.0000
0.10	0.3300	0.0300	2.45	99.2200	97.3100	4.80	100.0000	100.0000
0.15	0.7300	0.0900	2.50	99.3000	97.5700	4.85	100.0000	100.0000
0.20	1.4100	0.2400	2.55	99.3800	97.8000	4.90	100.0000	100.0000
0.25	2.5300	0.5500	2.60	99.4500	98.0000	4.95	100.0000	100.0000
0.30	4.2500	1.1300	2.65	99.5100	98.1900	5.00	100.0000	100.0000
0.35	6.7400	2.1200	2.70	99.5600	98.3700	5.05	100.0000	100.0000
0.40	10.1500	3.6800	2.75	99.6100	98.5200	5.10	100.0000	100.0000
0.45	14.5700	5.9700	2.80	99.6500	98.6700	5.15	100.0000	100.0000
0.50	19.9700	9.0800	2.85	99.6900	98.8000	5.20	100.0000	100.0000
0.55	26.2000	13.0500	2.90	99.7200	98.9100	5.25	100.0000	100.0000
0.60	32.9700	17.7700	2.95	99.7500	99.0200	5.30	100.0000	100.0000
0.65	39.9300	23.0300	3.00	99.7800	99.1200	5.35	100.0000	100.0000
0.70	46.6900	28.5400	3.05	99.8100	99.2100	5.40	100.0000	100.0000
0.75	52.8800	33.9600	3.10	99.8300	99.2900	5.45	100.0000	100.0000
0.80	58.2300	38.9700	3.15	99.8500	99.3700	5.50	100.0000	100.0000
0.85	62.7900	43.5100	3.20	99.8700	99.4400	5.55	100.0000	100.0000
0.90	66.9200	47.8700	3.25	99.8800	99.5000	5.60	100.0000	100.0000
0.95	70.6600	52.0400	3.30	99.9000	99.5600	5.65	100.0000	100.0000
1.00	74.0100	55.9800	3.35	99.9100	99.6100	5.70	100.0000	100.0000
1.05	77.0100	59.6900	3.40	99.9200	99.6600	5.75	100.0000	100.0000
1.10	79.6800	63.1500	3.45	99.9300	99.7000	5.80	100.0000	100.0000
1.15	82.0500	66.3600	3.50	99.9400	99.7400	5.85	100.0000	100.0000
1.20	84.1500	69.3400	3.55	99.9500	99.7800	5.90	100.0000	100.0000
1.25	86.0100	72.0800	3.60	99.9600	99.8100	5.95	100.0000	100.0000
1.30	87.6500	74.6000	3.65	99.9700	99.8400	6.00	100.0000	100.0000
1.35	89.1000	76.9100	3.70	99.9700	99.8700	6.05	100.0000	100.0000
1.40	90.3800	79.0300	3.75	99.9800	99.9000	6.10	100.0000	100.0000
1.45	91.5000	80.9600	3.80	99.9800	99.9200	6.15	100.0000	100.0000
1.50	92.5000	82.7200	3.85	99.9900	99.9400	6.20	100.0000	100.0000
1.55	93.3700	84.3200	3.90	99.9900	99.9600	6.25	100.0000	100.0000
1.60	94.1400	85.7800	3.95	100.0000	99.9800	6.30	100.0000	100.0000
1.65	94.8100	87.1000	4.00	100.0000	100.0000	6.35	100.0000	100.0000
1.70	95.4100	88.3100	4.05	100.0000	100.0000	6.40	100.0000	100.0000
1.75	95.9400	89.4000	4.10	100.0000	100.0000	6.45	100.0000	100.0000
1.80	96.4000	90.3900	4.15	100.0000	100.0000	6.50	100.0000	100.0000
1.85	96.8100	91.2800	4.20	100.0000	100.0000	6.55	100.0000	100.0000
1.90	97.1700	92.1000	4.25	100.0000	100.0000	6.60	100.0000	100.0000
1.95	97.4900	92.8400	4.30	100.0000	100.0000	6.65	100.0000	100.0000
2.00	97.7700	93.5100	4.35	100.0000	100.0000	6.70	100.0000	100.0000
2.05	98.0200	94.1100	4.40	100.0000	100.0000	6.75	100.0000	100.0000
2.10	98.2400	94.6600	4.45	100.0000	100.0000	6.80	100.0000	100.0000
2.15	98.4300	95.1600	4.50	100.0000	100.0000	6.85	100.0000	100.0000
2.20	98.6100	95.6100	4.55	100.0000	100.0000	6.90	100.0000	100.0000
2.25	98.7600	96.0200	4.60	100.0000	100.0000	6.95	100.0000	100.0000
2.30	98.8900	96.3900	4.65	100.0000	100.0000	7.00	100.0000	100.0000
2.35	99.0200	96.7300	4.70	100.0000	100.0000			

*Based on Data from the Delaware Department of Labor from 2008 through 2012.