

DELAWARE COMPENSATION RATING BUREAU, INC.

State and Hazard Group Relativities

The attached exhibit pages present an analysis of Delaware State and Hazard Group relativities.

The exhibit shows the derivation of the December 1, 2013 proposed relativities. DCRB and NCCI average costs are shown by hazard group and in total. A credibility weight is calculated for each hazard group based on the number of claims. A credibility weighted average cost is then calculated and these average costs are related to the NCCI overall average cost to generate the indicated (and selected) relativities. An adjustment has been made to recognize the impact of Senate Bill 1, Senate Bill 238 and House Bill 175 on Delaware average costs.

The bottom of the exhibit presents the approved December 1, 2012 relativities.

**Derivation of State Hazard Group Relativities
Delaware December 1, 2013 Filing**

Hazard Group	DCRB Average Cost (1)	Ratio to DCRB Total (2)=(1)All/(1)i	Ratio to NCCI Total (3)=(4)All/(4)i	NCCI Average Cost (4)	Ratio to NCCI Total (5)=(4)All/(4)i	# Claims (6)	Credibility * (7)	Cred Wtd Average Cost** (8)	Ratio to NCCI Total (9)=(4)All/(8)i	Selected St & HG Relativity (10)
A	71,239	1.866	0.784	32,849	1.699	789	0.071	30,594	1.824	1.824
B	97,736	1.360	0.571	43,281	1.290	1,874	0.110	42,985	1.299	1.299
C	114,094	1.165	0.489	49,211	1.134	4,011	0.161	52,919	1.055	1.055
D	123,483	1.076	0.452	54,488	1.024	1,038	0.082	51,982	1.074	1.021
E	168,435	0.789	0.331	63,398	0.880	2,349	0.123	67,244	0.830	0.860
F	230,071	0.578	0.243	78,350	0.712	1,028	0.081	78,888	0.708	0.708
G	247,644	0.537	0.225	99,220	0.563	144	0.030	87,966	0.635	0.635
All	132,912		0.420	55,818		11,233	0.269	69,897		

* Credibility = [# claims by TOI / 155,000]^{0.5}

** DCRB Avg Cost * Cred + NCCI Avg Cost * (1-Cred) * 0.8368

Delaware December 1, 2012 Filing

Hazard Group	Approved Relativity
A	1.791
B	1.229
C	1.006
D	0.972
E	0.819
F	0.674
G	0.588