

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, 2014 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, House Bill 175 and House Bill 373 on Delaware average costs.

The bottom of the exhibit presents the approved December 1, 2013 relativities.

**Derivation of State Hazard Group Relativities  
Delaware December 1, 2014 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	56,950	2.236	0.983	33,165	1.687	705	0.067	34,759	1.610	1.610
B	90,664	1.404	0.617	43,451	1.288	1,713	0.105	48,408	1.156	1.156
C	109,380	1.164	0.512	49,480	1.131	3,662	0.154	58,705	0.953	0.953
D	112,480	1.132	0.497	54,759	1.022	965	0.079	59,319	0.943	0.943
E	175,932	0.724	0.318	63,626	0.879	2,081	0.116	76,653	0.730	0.730
F	212,445	0.599	0.263	78,636	0.712	830	0.073	88,404	0.633	0.633
G	281,537	0.452	0.199	99,716	0.561	134	0.029	104,989	0.533	0.533
All	127,326		0.439	55,954		10,090	0.255	74,154		

\* Credibility = [ # claims by TOI / 155,000 ]<sup>0.5</sup>

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

**Delaware December 1, 2013 Filing**

Hazard Group	Approved Relativity
A	1.824
B	1.299
C	1.055
D	1.021
E	0.860
F	0.708
G	0.635