

DELAWARE COMPENSATION RATING BUREAU, INC.

Claim Frequencies

The attached exhibits examine historical Workers Compensation claim frequencies in Delaware.

Claim frequencies per \$1 million of expected losses are shown on page 1 based on statistics gathered by the DCRB. The second page shows a graph of the frequencies appearing in column (5) of page 1.

The third page shows annual changes in average quarterly wages over the last eight available calendar quarters.

Delaware W.C. - Claim Frequencies

DCRB Unit Statistical Plan
Excluding Deductible Business

| Policy Year | # of Claim Indemnity (1) | % Change Counts (2) | Expected Losses (3) | % Change Exp Loss (4) | Claim Frequency (#Claims per \$1 million) (5) | % Change Frequency (6) |
|-------------|--------------------------|---------------------|---------------------|-----------------------|---|------------------------|
| 2000 | 2,301 | | 159,662,506 | | 14.41 | |
| 2001 | 1,973 | -14.3% | 159,836,867 | 0.1% | 12.34 | -14.4% |
| 2002 | 1,930 | -2.2% | 154,686,443 | -3.2% | 12.48 | 1.1% |
| 2003 | 1,845 | -4.4% | 154,624,314 | 0.0% | 11.93 | -4.4% |
| 2004 | 1,734 | -6.0% | 165,014,937 | 6.7% | 10.51 | -11.9% |
| 2005 | 1,648 | -5.0% | 175,165,354 | 6.2% | 9.41 | -10.5% |
| 2006 | 1,601 | -2.9% | 180,812,358 | 3.2% | 8.85 | -6.0% |
| 2007 | 1,479 | -7.6% | 179,629,944 | -0.7% | 8.23 | -7.0% |
| 2008 | 1,286 | -13.1% | 175,845,192 | -2.1% | 7.31 | -11.2% |
| 2009 | 1,244 | -3.3% | 170,528,561 | -3.0% | 7.29 | -0.3% |
| 2010 | 1,332 | 7.1% | 182,476,569 | 7.0% | 7.30 | 0.1% |
| 2011 | 1,280 | -3.9% | 186,764,254 | 2.3% | 6.85 | -6.2% |
| 2012 | 1,179 | -7.9% | 191,552,195 | 2.6% | 6.15 | -10.2% |
| 2013 | 1,259 | 6.8% | 194,910,643 | 1.8% | 6.46 | 5.0% |
| 2014 * | 743 * | -41.0% | 136,065,106 * | -30.2% | 5.46 * | -15.5% |
| 2014 ** | | | | | 5.22 | -19.2% |

| Period | Annual % Change In Claim Frequency | Period | Annual % Change In Claim Frequency |
|-----------|------------------------------------|-----------|------------------------------------|
| PY00-PY14 | -6.4% | PY00-PY13 | -6.3% |
| PY01-PY14 | -6.2% | PY01-PY13 | -6.1% |
| PY02-PY14 | -6.3% | PY02-PY13 | -6.2% |
| PY03-PY14 | -6.1% | PY03-PY13 | -5.9% |
| PY04-PY14 | -5.7% | PY04-PY13 | -5.3% |
| PY05-PY14 | -5.4% | PY05-PY13 | -4.8% |
| PY06-PY14 | -5.3% | PY06-PY13 | -4.5% |
| PY07-PY14 | -5.1% | PY07-PY13 | -4.0% |
| PY08-PY14 | -5.0% | PY08-PY13 | -3.3% |
| PY09-PY14 | -5.9% | PY09-PY13 | -4.0% |
| PY10-PY14 | -7.0% | PY10-PY13 | -4.6% |
| PY11-PY14 | -7.4% | PY11-PY13 | -2.9% |
| PY12-PY14 | -7.9% | PY12-PY13 | 5.0% |
| PY13-PY14 | -19.2% | | |

* Includes approximately 1st 7 months of PY2014.

** Projected value for complete PY 2014 is 5.22 based on an annual change in claim frequency of -19.1%.

| Policy Year | SAWW | % Change SAWW | SAWW Index | Adj Claim Freq. (1) (#Claims per \$1 million) | % Change Adj Claim Frequency |
|-------------|----------|---------------|------------|---|------------------------------|
| 2000 | 720.50 | | 1.0000 | 14.41 | |
| 2001 | 748.78 | 3.9% | 1.0393 | 12.82 | -11.0% |
| 2002 | 772.98 | 3.2% | 1.0728 | 13.39 | 4.4% |
| 2003 | 800.52 | 3.6% | 1.1111 | 13.26 | -1.0% |
| 2004 | 836.38 | 4.5% | 1.1608 | 12.20 | -8.0% |
| 2005 | 872.92 | 4.4% | 1.2115 | 11.40 | -6.6% |
| 2006 | 898.06 | 2.9% | 1.2464 | 11.03 | -3.2% |
| 2007 | 911.87 | 1.5% | 1.2656 | 10.42 | -5.5% |
| 2008 | 915.37 | 0.4% | 1.2705 | 9.29 | -10.8% |
| 2009 | 923.91 | 0.9% | 1.2823 | 9.35 | 0.6% |
| 2010 | 950.30 | 2.9% | 1.3189 | 9.63 | 3.0% |
| 2011 | 979.36 | 3.1% | 1.3593 | 9.31 | -3.3% |
| 2012 | 994.77 | 1.6% | 1.3807 | 8.49 | -8.8% |
| 2013 | 1,008.90 | 1.4% | 1.4003 | 9.05 | 6.6% |
| 2014 (2) | 1,020.99 | 1.2% | 1.4171 | 7.74 | |
| 2014 | 1,024.19 | | 1.4215 | 7.42 | -18.0% |

| Period | Annual % Change In Adjusted Claim Frequency | Period | Annual % Change in SAWW |
|-----------|---|-----------|-------------------------|
| PY00-PY14 | -4.1% | PY00-PY14 | 2.5% |
| PY01-PY14 | -4.0% | PY01-PY14 | 2.4% |
| PY02-PY14 | -4.2% | PY02-PY14 | 2.2% |
| PY03-PY14 | -4.2% | PY03-PY14 | 2.1% |
| PY04-PY14 | -3.9% | PY04-PY14 | 1.9% |
| PY05-PY14 | -3.7% | PY05-PY14 | 1.8% |
| PY06-PY14 | -3.6% | PY06-PY14 | 1.8% |
| PY07-PY14 | -3.3% | PY07-PY14 | 1.9% |
| PY08-PY14 | -3.0% | PY08-PY14 | 2.0% |
| PY09-PY14 | -4.0% | PY09-PY14 | 2.1% |
| PY10-PY14 | -5.3% | PY10-PY14 | 1.8% |
| PY11-PY14 | -6.0% | PY11-PY14 | 1.5% |
| PY12-PY14 | -6.5% | PY12-PY14 | 1.5% |
| PY13-PY14 | -18.0% | PY13-PY14 | 1.5% |

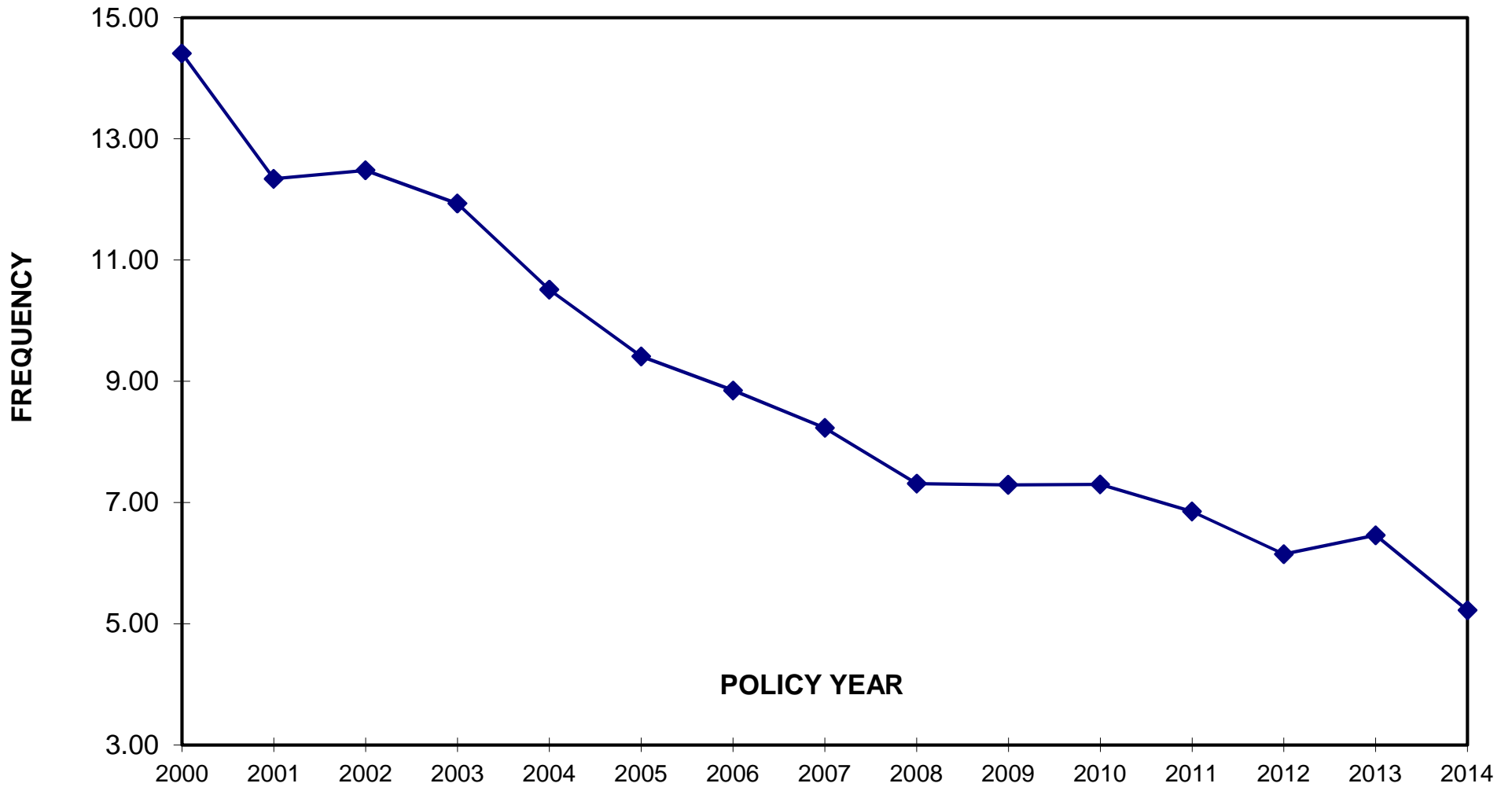
(1) Adjusted claim frequency is claim frequency per \$1 million expected losses at constant (2000) wages

(2) Includes approximately 1st 7 months of PY 2014. (Full Year=1024.19-Average of CY 2014 and 2015)

DE W.C. - CLAIM FREQUENCIES

DCRB Unit Statistical Plan

(Excluding Deductible Business)



—◆— Claim Freq per \$1 Million

**DELAWARE COMPENSATION RATING BUREAU, INC.
DERIVATION OF WAGE TREND**

| YEAR | QUARTER | SOURCE* | STATEWIDE AVERAGE QUARTERLY WAGE | ESTIMATE FOR YEARLY RATE OF WAGE INFLATION |
|-------------|----------------|----------------|---|---|
| 2013 | 1 | ACTUAL | 13,858 | |
| | 2 | ACTUAL | 12,509 | |
| | 3 | ACTUAL | 12,147 | |
| | 4 | ACTUAL | 13,429 | |
| 2014 | 1 | ACTUAL | 14,382 | 1.0378 |
| | 2 | ACTUAL | 12,645 | 1.0109 |
| | 3 | ACTUAL | 12,410 | 1.0217 |
| | 4 | ACTUAL | 13,613 | 1.0137 |
| 2015 | 1 | ACTUAL | 14,307 | 0.9948 |
| | 2 | ACTUAL | 12,910 | 1.0210 |
| | 3 | ACTUAL | 12,508 | 1.0079 |
| | 4 | ACTUAL | 14,081 | 1.0344 |

Latest Eight Quarter Average = 1.0178

Selected Annual Wage Trend = 1.0178

* Delaware Department of Labor