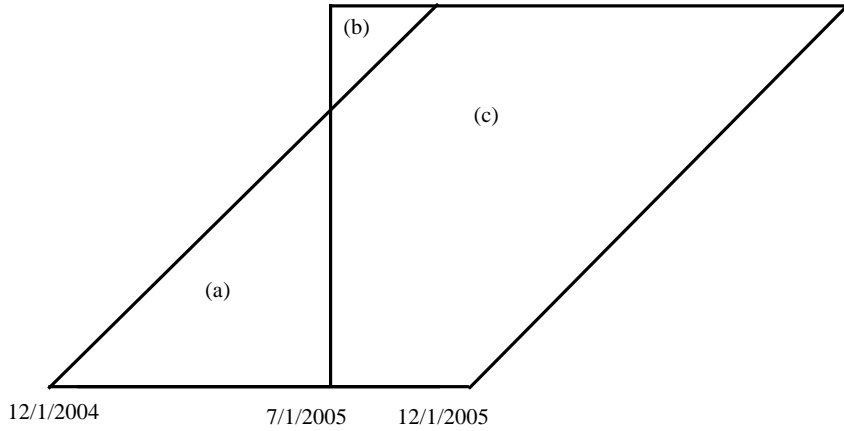


DELAWARE COMPENSATION RATING BUREAU, INC.

Effect of 7/1/05 Benefit Change

EXHIBIT III

Effect of 7/1/2005 Benefit Change on a 12/1/04 Effective Date



(a) This portion of the graph reflects the exposure of the 5/21/2004 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 7/1/2005 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 7/1/2005 Benefit Level on new and renewal policies as respects the current loss cost filing. This area covers 0.82986 policy years.

(d) Benefit Change (Exhibit III-2) = 1.0055

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

(f) Overall effect of 7/1/2005 Benefit Change (1+(e)[(d)-1.0]) = 1.0050

EXHIBIT III-2

DELAWARE BENEFIT CHANGES

<u>Injury Type</u>	<u>Five Year Losses From Table II (1)</u>	<u>Increase Factor (2)</u>	<u>Losses at 7/01/05 Level (1)*(2) (3)</u>
DEATH	\$8,656,400	1.0063	\$8,710,935
PERMANENT TOTAL	38,794,500	1.0145	39,357,020
MAJOR			
Specific Loss	218,064,797	1.0145	221,226,737
Loss of Earnings	19,587,803	1.0006	19,599,556
MINOR			
Specific Loss	71,435,100	1.0145	72,470,909
Loss of Earnings	4,462,700	0.9999	4,462,254
TEMPORARY	102,499,900	1.0145	103,986,149
INDEMNITY	463,501,200	1.0136	469,813,560
MEDICAL	678,746,100	1.0000	678,746,100
TOTAL	\$1,142,247,300		\$1,148,559,660

Total Effect of 07/01/2005 Benefit Change:

[Total of (3) ÷ Total of (1)] = 1.0055

EXHIBIT III-3

Calculation of Delaware Statewide Average Weekly Wage

<u>Calendar Year</u>	<u>Quarter</u>		<u>Average(+) Quarterly Wages</u>
2002	1	Actual	10,547
2002	2	Actual	9,420
2002	3	Actual	9,386
2002	4	Actual	10,201
2003	1	Actual	10,685
2003	2	Actual	9,710
2003	3	Actual	9,756
2003	4	Actual	10,722
2004	1	Projected	11,033 = \$10,685.00 * 1.0326 (++)
2004	2	Projected	10,027 = \$9,710.00 * 1.0326 (++)
2004	3	Projected	10,074 = \$9,756.00 * 1.0326 (++)
2004	4	Projected	11,072 = \$10,722.00 * 1.0326 (++)

Calendar Year 2004 Projected Average Annual Wage =	\$11,033.00
	10,027.00
	10,074.00
	11,072.00
	<hr/>
	\$42,206.00

Calendar Year 2004 Projected Average Weekly Wage = $\$42,206.00 / 52 = 811.65$

(+) 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

(++) 1.0326 is an estimate for annual rate of wage inflation.

EXHIBIT III-4

STATEWIDE AVERAGE WEEKLY WAGE REVISION - 07/01/2005

EFFECT ON SECTION 2330 BENEFITS - DEATH CASES

Statewide Average Weekly Wage = 811.65

	PRESENT	2005
(I) Workers Capped at Maximum > 2/3 SAWW		
(1) Maximum Weekly Compensation	527.43	541.10
(2) Statewide Average Weekly Wage	811.65	811.65
(3) Min. Wage to be Limited to Maximum Benefit	791.16	811.66
(4) Ratio: (3) ÷ (2)	0.9748	1.0000
(5) (4) to Nearest 5%	0.95	1.00
(6) (A) for (5)	60.0300	63.5500
(7) 100 - (6)	39.9700	36.4500
(8) [(1)] * (7) ÷ 100	210.8138	197.2310
(II) Workers at 2/3 Wages		
(9) Maximum Wage; SAWW	791.15	811.65
(10) Minimum Wage; 1/3 SAWW	263.73	270.56
(11) (9) ÷ (2)	0.9747	1.0000
(12) (10) ÷ (2)	0.3249	0.3333
(13) (11) to Nearest 5%	0.95	1.00
(14) (12) to Nearest 5%	0.30	0.35
(15) (B) for (13)	39.8100	43.4800
(16) (B) for (14)	0.9300	1.6100
(17) (15) - (16)	38.8800	41.8700
(18) [2/3 * (2)] * (17) ÷ 100	210.3797	226.5586
(III) Workers Raised to Minimum < 2/9 SAWW		
(19) Minimum Weekly Compensation	175.81	180.37
(20) Maximum Wage to be Limited to Minimum Benefit	263.72	270.55
(21) (19) ÷ (2)	0.2166	0.2222
(22) (21) to Nearest 5%	0.20	0.20
(23) (A) for (22)	1.3600	1.3600
(24) [(19)] * (23) ÷ 100	2.3910	2.4530
(25) [(8) + (18) + (24)]	423.5845	426.2426

Effect of Change: 426.24 ÷ 423.58 =

1.0063

EXHIBIT III-5

**STATEWIDE AVERAGE WEEKLY WAGE REVISION - 07/01/2005
EFFECT ON SECTION 2324 and 2326 BENEFITS - TOTAL DISABILITY CASES
(TEMPORARY & PERMANENT), and PERMANENT PARTIAL SCHEDULED CASES**

Statewide Average Weekly Wage = 811.65

	PRESENT	2005
(I) Workers Capped at Maximum > 2/3 SAWW		
(1) Maximum Weekly Compensation	527.43	541.10
(2) Statewide Average Weekly Wage	811.65	811.65
(3) Min. Wage to be Limited to Maximum Benefit	791.16	811.66
(4) Ratio: (3) ÷ (2)	0.9748	1.0000
(5) (4) to Nearest 5%	0.95	1.00
(6) (A) for (5)	60.0300	63.5500
(7) 100 - (6)	39.9700	36.4500
(8) [(1)] * (7) ÷ 100	210.8138	197.2310
(II) Workers at 2/3 Wages		
(9) Maximum Wage; SAWW	791.15	811.65
(10) Minimum Wage; 1/3 SAWW	263.73	270.56
(11) (9) ÷ (2)	0.9747	1.0000
(12) (10) ÷ (2)	0.3249	0.3333
(13) (11) to Nearest 5%	0.95	1.00
(14) (12) to Nearest 5%	0.30	0.35
(15) (B) for (13)	39.8100	43.4800
(16) (B) for (14)	0.9300	1.6100
(17) (15) - (16)	38.8800	41.8700
(18) [2/3 * (2)] * (17) ÷ 100	210.3797	226.5586
(III) Workers at Intermediate Minimum < 2/9 SAWW		
(19) Intermediate Minimum Weekly Compensation	175.81	180.37
(20) Maximum Wage; 1/3 SAWW	263.72	270.55
(21) Minimum Wage; 2/9 SAWW	175.82	180.38
(22) (20) ÷ (2)	0.3249	0.3333
(23) (21) ÷ (2)	0.2166	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	6.0000
(27) (A) for (25)	1.3600	1.3600
(28) (26) - (27)	2.7200	4.6400
(29) [(19)] * (28) ÷ 100	4.7820	8.3692
(IV) Workers at 100% of Wages		
(30) Maximum Wage;> 2/9 SAWW	175.81	180.37
(31) (30) ÷ (2)	0.2166	0.2222
(32) (31) to Nearest 5%	0.20	0.20
(33) (B) for (32)	0.1900	0.1900
(34) [1.0 * (2)] * (33) ÷ 100	1.5421	1.5421
(35) [(8) + (18) + (29) + (34)]	427.5176	433.7009

Effect of Change: 433.70 ÷ 427.52 = 1.0145

EXHIBIT III-6

STATEWIDE AVERAGE WEEKLY WAGE REVISION - 07/01/2005

EFFECT OF SECTION 2325 BENEFITS - MAJOR CASES

Statewide Average Weekly Wage = 811.65

	PRESENT	2005
(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	527.43	541.10
(5) Eff. Wkly. Wage for Max. Benefits: (4)÷(3)	1975.39	2026.59
(6) Average Weekly Wage	811.65	811.65
(7) Ratio to Average %: (5)÷(6)	2.4338	2.4969
(8) Line (7) adjusted to nearest 5%	2.45	2.50
(9) (B) for (8) from Wage Table	96.5400	96.7900
(10) (A) for (8) from Wage Table	99.0800	99.1800
(11) Difference: 100.00-(10)	0.9200	0.8200
(12) Product: (7)*(11)	2.2391	2.0475
(13) Limit Factor: [(9)+(12)] %	98.7791	98.8375
(14) Effective Average Weekly Wage: (13)*(6)÷100	801.74	802.21
(15) Average Benefit: (14)*(3)	214.06	214.19

Effect of Change: $214.19 \div 214.06 = 1.0006$

EXHIBIT III-7

STATEWIDE AVERAGE WEEKLY WAGE REVISION - 07/01/2005

EFFECT OF SECTION 2325 BENEFITS - MINOR CASES

Statewide Average Weekly Wage = 811.65

	PRESENT	2005
(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	527.43	541.10
(5) Eff. Wkly. Wage for Max. Benefits: (4)÷(3)	3158.26	3240.12
(6) Average Weekly Wage	811.65	811.65
(7) Ratio to Average %: (5)÷(6)	3.8912	3.9920
(8) Line (7) adjusted to nearest 5%	3.90	4.00
(9) (B) for (8) from Wage Table	98.9400	98.9600
(10) (A) for (8) from Wage Table	99.8900	99.9000
(11) Difference: 100.00-(10)	0.1100	0.1000
(12) Product: (7)*(11)	0.4280	0.3992
(13) Limit Factor: [(9)+(12)] %	99.3680	99.3592
(14) Effective Average Weekly Wage: (13)*(6)÷100	806.52	806.45
(15) Average Benefit: (14)*(3)	134.69	134.68
 Effect of Change: 134.68 ÷ 134.69 =	 0.9999	

EXHIBIT III-8
STANDARD WAGE DISTRIBUTION TABLE
(1991 DCI STATES)

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	0.2400	0.0100	2.40	98.9500	96.2100	4.75	100.0000	100.0000
0.10	0.3900	0.0200	2.45	99.0800	96.5400	4.80	100.0000	100.0000
0.15	0.7100	0.0600	2.50	99.1800	96.7900	4.85	100.0000	100.0000
0.20	1.3600	0.1900	2.55	99.2700	97.0400	4.90	100.0000	100.0000
0.25	2.6100	0.4900	2.60	99.3500	97.2500	4.95	100.0000	100.0000
0.30	4.0800	0.9300	2.65	99.4100	97.4100	5.00	100.0000	100.0000
0.35	6.0000	1.6100	2.70	99.4800	97.6000	5.05	100.0000	100.0000
0.40	8.8000	2.7600	2.75	99.5200	97.7100	5.10	100.0000	100.0000
0.45	13.1000	4.7400	2.80	99.5700	97.8700	5.15	100.0000	100.0000
0.50	17.6600	7.1000	2.85	99.6100	97.9900	5.20	100.0000	100.0000
0.55	22.4100	9.7900	2.90	99.6400	98.0800	5.25	100.0000	100.0000
0.60	27.6600	13.0700	2.95	99.6700	98.1700	5.30	100.0000	100.0000
0.65	32.7900	16.5200	3.00	99.7000	98.2600	5.35	100.0000	100.0000
0.70	37.8200	20.2000	3.05	99.7300	98.3500	5.40	100.0000	100.0000
0.75	42.7100	24.0300	3.10	99.7600	98.4300	5.45	100.0000	100.0000
0.80	47.4600	28.0000	3.15	99.7700	98.4900	5.50	100.0000	100.0000
0.85	52.0300	32.0700	3.20	99.7900	98.5700	5.55	100.0000	100.0000
0.90	56.2400	36.0400	3.25	99.8000	98.6100	5.60	100.0000	100.0000
0.95	60.0300	39.8100	3.30	99.8100	98.6500	5.65	100.0000	100.0000
1.00	63.5500	43.4800	3.35	99.8200	98.6800	5.70	100.0000	100.0000
1.05	66.8200	47.0500	3.40	99.8400	98.7300	5.75	100.0000	100.0000
1.10	69.7500	50.3900	3.45	99.8400	98.7500	5.80	100.0000	100.0000
1.15	72.5100	53.7300	3.50	99.8500	98.7800	5.85	100.0000	100.0000
1.20	75.1200	56.9900	3.55	99.8600	98.8000	5.90	100.0000	100.0000
1.25	77.6400	60.2900	3.60	99.8600	98.8200	5.95	100.0000	100.0000
1.30	79.9700	63.4400	3.65	99.8700	98.8500	6.00	100.0000	100.0000
1.35	82.0200	66.3300	3.70	99.8800	98.8900	6.05	100.0000	100.0000
1.40	83.9600	69.1500	3.75	99.8800	98.9000	6.10	100.0000	100.0000
1.45	85.6300	71.6700	3.80	99.8900	98.9200	6.15	100.0000	100.0000
1.50	87.2000	74.1200	3.85	99.8900	98.9400	6.20	100.0000	100.0000
1.55	88.6700	76.4900	3.90	99.8900	98.9400	6.25	100.0000	100.0000
1.60	90.0900	78.8400	3.95	99.8900	98.9500	6.30	100.0000	100.0000
1.65	91.3100	80.9100	4.00	99.9000	98.9600	6.35	100.0000	100.0000
1.70	92.4600	82.9400	4.05	100.0000	100.0000	6.40	100.0000	100.0000
1.75	93.3900	84.6300	4.10	100.0000	100.0000	6.45	100.0000	100.0000
1.80	94.2200	86.1800	4.15	100.0000	100.0000	6.50	100.0000	100.0000
1.85	94.9000	87.4900	4.20	100.0000	100.0000	6.55	100.0000	100.0000
1.90	95.5500	88.7600	4.25	100.0000	100.0000	6.60	100.0000	100.0000
1.95	96.1800	90.0300	4.30	100.0000	100.0000	6.65	100.0000	100.0000
2.00	96.6900	91.1000	4.35	100.0000	100.0000	6.70	100.0000	100.0000
2.05	97.1700	92.1000	4.40	100.0000	100.0000	6.75	100.0000	100.0000
2.10	97.5500	92.9400	4.45	100.0000	100.0000	6.80	100.0000	100.0000
2.15	97.9300	93.7700	4.50	100.0000	100.0000	6.85	100.0000	100.0000
2.20	98.2200	94.4400	4.55	100.0000	100.0000	6.90	100.0000	100.0000
2.25	98.4600	95.0000	4.60	100.0000	100.0000	6.95	100.0000	100.0000
2.30	98.6600	95.4800	4.65	100.0000	100.0000	7.00	100.0000	100.0000
2.35	98.8300	95.9000	4.70	100.0000	100.0000			