

DELAWARE COMPENSATION RATING BUREAU, INC.

Indicated Residual Market Rate Change

This exhibit shows the indicated change in overall rate level for the Delaware residual market rate and loss cost revision.

**INDICATED CHANGE IN RATE LEVEL**

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
<b>(1a)</b> Policy Year 1999 Loss and Loss Adjustment Expense Ratio	0.3344	0.3994	0.7338
<b>(1b)</b> Policy Year 2000 Loss and Loss Adjustment Expense Ratio	0.3782	0.4390	0.8172
<b>(1c)</b> Policy Year 2001 Loss and Loss Adjustment Expense Ratio	0.2982	0.3663	0.6645
<b>(1d)</b> Policy Year 2002 Loss and Loss Adjustment Expense Ratio	0.3207	0.4027	0.7234
<b>(1e)</b> Average (Midpoint = 7/1/2001)	0.3329	0.4019	0.7348
<b>(2a)</b> Policy Year 1999 Loss and LAE Ratio Trended to 12/1/2005	0.3227	0.4469	
<b>(2b)</b> Policy Year 2000 Loss and LAE Ratio Trended to 12/1/2005	0.3671	0.4820	
<b>(2c)</b> Policy Year 2001 Loss and LAE Ratio Trended to 12/1/2005	0.2912	0.3946	
<b>(2d)</b> Policy Year 2002 Loss and LAE Ratio Trended to 12/1/2005	0.3151	0.4256	
<b>(2e)</b> Average at 12/1/2005	0.3240	0.4373	0.7613
<b>(3a)</b> Excess Loss Factor at \$1,500,000			0.0757
<b>(3b)</b> Provision for Excess Loss (4a)-(2e)			0.0624
<b>(4a)</b> Total Trended Loss and LAE Ratio (2e)/(1.0-(3a))	0.3113	0.5124	0.8237
<b>(4b)</b> Percentage of Total	37.8%	62.2%	
<b>(5)</b> Permissible Loss and Loss Adjustment Ratio			0.7291
<b>(6)</b> Indicated Change in Rates (4a) / (5)			1.1297
<b>(7)</b> Estimated Effect of the 7/1/05 Benefit Change			1.0050
<b>(8)</b> Change in Residual Market Rate Level (6) * (7)			1.1353
<b>(9)</b> Change in Voluntary Market Loss Costs (8) * [0.7552 / 0.7347]			1.1670

**CHANGES IN MANUAL PREMIUM LEVEL BY INDUSTRY GROUP**

	<b>Mfg.</b>	<b>Cont.</b>	<b>Other</b>	<b>Total</b>
<b>(10)</b> Current Collectible Premium Ratio	1.1699	1.1257	1.0532	
<b>(11)</b> Proposed Collectible Premium Ratio	1.1388	1.1212	1.0596	
<b>(12)</b> Change in Collectible Premium Ratio (11) / (10)	0.9734	0.9960	1.0061	0.9978
<b>(13)</b> Change in Residual Market Manual Rate Level (8) * (12)	1.1051	1.1308	1.1422	1.1328
<b>(14)</b> Change in Voluntary Market Manual Loss Cost Level (9) * (12)	1.1360	1.1623	1.1741	1.1644
<b>(15)</b> Offset for Residual Market Surcharge				0.9783
<b>(16)</b> Adjusted Change in Voluntary Market Manual Loss Cost Level (14) * (15)	1.1113	1.1371	1.1486	1.1391