

DELAWARE COMPENSATION RATING BUREAU, INC.

Retrospective Development Factors

DELAWARE RETROSPECTIVE DEVELOPMENT FACTORS *

Retrospective development factors for first, second and third adjustments are calculated below. They are intended for use in retrospective plans with no loss limitation and applicable to the expected loss portion of premium.

| | | |
|-------------------|-------|--------|
| First Adjustment | RDF = | 0.6069 |
| Second Adjustment | RDF = | 0.4790 |
| Third Adjustment | RDF = | 0.3997 |

For those companies using retrospective development factors with loss limitations, the following formula may be used.

$$\text{RDF(LIM)} = (1.0 - \text{ELF}) \times \text{RDF}$$

RDF(LIM) = Retrospective Development Factors at limited basis
ELF = Excess Loss (Pure Premium) Factors exclusive of allocated loss adjustment expenses for given Hazard Group and Loss Limitation
RDF = Retrospective Development Factors without Loss Limitation

For Example:

$$\text{\$25,000 limit Hazard Group II ELF} = 0.6490$$

$$\text{First Adjustment RDF} = (1 - 0.6490) \times 0.6069 = 0.2130$$

* The use of retrospective development factors is optional.