

DELAWARE COMPENSATION RATING BUREAU, INC.

Closure Rates, Payout Ratios and Average Claim Costs

Page 1 lists the indemnity closure rates - the ratio of number of claims closed to number of claims reported - by policy year and report level. Page 2 lists the claim frequency per \$1,000,000 of payroll - the ratio of number of indemnity claims reported to payroll. These values are taken from the unit statistical data.

Pages 3 thru 6 list the ratios of reported paid losses to incurred losses, by policy year and maturity level separately for indemnity and medical losses. Pages 3 and 4 relate paid losses to reported case incurred losses. Losses on page 3 are unlimited and losses on page 4 are limited. Pages 5 and 6 relate payments to projected ultimate incurred losses with ultimate losses derived using the average of paid and incurred methods for indemnity and medical which is the basis for staff loss development projections in this proposal. Losses on page 5 are unlimited and losses on page 6 are limited.

Pages 7 and 8 show the average costs for open, closed and incurred claims by policy year and report level. Page 7 is for indemnity and page 8 is for medical on indemnity. These values are calculated from the unit statistical data.

DELAWARE COMPENSATION RATING BUREAU, INC.

RATIO OF NUMBER OF CLOSED INDEMNITY CLAIMS  
TO NUMBER OF REPORTED INDEMNITY CLAIMS

POLICY					
YEAR	FIRST	SECOND	THIRD	FOURTH	FIFTH
1991	0.7209	0.8197	0.8789	0.9155	0.9423
1992	0.6917	0.8102	0.8747	0.9217	0.9483
1993	0.6598	0.7997	0.8682	0.9133	0.9380
1994	0.6689	0.8047	0.8883	0.9270	0.9461
1995	0.6579	0.8021	0.8794	0.9214	0.9460
1996	0.6525	0.8059	0.8771	0.9110	0.9315
1997	0.6702	0.8160	0.8816	0.9235	0.9410
1998	0.6541	0.8128	0.8815	0.9137	0.9324
1999	0.6092	0.7865	0.8682	0.9145	
2000	0.6151	0.7730	0.8494		
2001	0.5956	0.7607			
2002	0.6226				

DELAWARE COMPENSATION RATING BUREAU, INC.

CLAIM FREQUENCY PER \$1,000,000 OF PAYROLL

<b>POLICY</b>					
<b>YEAR</b>	<b>FIRST</b>	<b>SECOND</b>	<b>THIRD</b>	<b>FOURTH</b>	<b>FIFTH</b>
1991	0.7811	0.7922	0.7958	0.7976	0.7974
1992	0.7254	0.7343	0.7403	0.7390	0.7405
1993	0.7301	0.7436	0.7467	0.7478	0.7490
1994	0.6783	0.6876	0.6906	0.6928	0.6926
1995	0.6500	0.6580	0.6447	0.6442	0.6442
1996	0.5894	0.5971	0.5896	0.5919	0.5924
1997	0.5130	0.5234	0.5278	0.5301	0.5318
1998	0.4332	0.4436	0.4502	0.4516	0.4515
1999	0.4316	0.4362	0.4393	0.4399	
2000	0.4047	0.4158	0.4199		
2001	0.3465	0.3505			
2002	0.3398				

DELAWARE COMPENSATION RATING BUREAU, INC.

RATIO OF PAID LOSSES TO REPORTED INCURRED LOSSES - UNLIMITED LOSSES

Policy	Maturity (in months)																					
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240	252	
<b>INDEMNITY</b>																						
Prior																		0.9123	0.9184	0.9237	NA	
1984																	0.9360	0.9094	0.9257	0.9284	0.9257	
1985																0.9385	0.9292	0.9534	0.9565	0.9539		
1986															0.9096	0.9094	0.9085	0.9058	0.9175			
1987														0.9388	0.9460	0.9538	0.9652	0.9671				
1988													0.9282	0.9348	0.9403	0.9375	0.9471					
1989												0.9496	0.9443	0.9468	0.9582	0.9586						
1990											0.9468	0.9263	0.9620	0.9615	0.9568							
1991										0.9199	0.9304	0.9321	0.9373	0.9373								
1992									0.9017	0.9241	0.9326	0.9262	0.9453									
1993							0.8486	0.8883	0.8938	0.9167	0.9243											
1994							0.8794	0.8905	0.9194	0.9562	0.9449											
1995						0.8793	0.9035	0.9044	0.9112	0.9124												
1996					0.7692	0.8272	0.8745	0.8934	0.9045													
1997				0.7145	0.8176	0.8627	0.8449	0.8221														
1998			0.6434	0.7996	0.8386	0.8597	0.8740															
1999		0.4411	0.6254	0.7237	0.8306	0.8374																
2000	0.3032	0.4088	0.5610	0.6884	0.7667																	
2001	0.2533	0.3997	0.5740	0.6787																		
2002	0.2147	0.3695	0.5998																			
2003	0.2435	0.3992																				
2004	0.2107																					
<b>MEDICAL</b>																						
Prior																		0.9331	0.9372	0.9245	NA	
1984																		0.7577	0.7569	0.7585	0.7601	0.7671
1985																0.8417	0.8482	0.8589	0.8668	0.8825		
1986															0.9239	0.9367	0.9310	0.9261	0.9214			
1987														0.8705	0.8988	0.8845	0.9209	0.8891				
1988													0.9721	0.9711	0.9715	0.8980	0.9054					
1989												0.8874	0.8770	0.8684	0.8709	0.8682						
1990												0.9539	0.9558	0.9538	0.9191	0.9041						
1991											0.9481	0.9460	0.9416	0.9271	0.9103							
1992									0.8117	0.8180	0.8072	0.8068	0.7576									
1993								0.8966	0.8993	0.9056	0.8688	0.8476										
1994								0.9464	0.9341	0.9362	0.8939	0.8177										
1995						0.9030	0.9004	0.9261	0.8272	0.7688												
1996						0.8897	0.8886	0.8700	0.8508	0.8353												
1997						0.8896	0.9045	0.9078	0.8441	0.8324												
1998			0.8142	0.8490	0.8847	0.8802	0.8676															
1999		0.7428	0.8631	0.8874	0.8888	0.8648																
2000	0.3242	0.7024	0.8211	0.8326	0.7670																	
2001	0.3269	0.6965	0.8263	0.7794																		
2002	0.3150	0.5159	0.6084																			
2003	0.4736	0.7112																				
2004	0.3885																					

DELAWARE COMPENSATION RATING BUREAU, INC.

RATIO OF PAID LOSSES TO REPORTED INCURRED LOSSES - LIMITED LOSSES

Policy	Maturity (in months)																					
	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240	252	
<b>INDEMNITY</b>																						
Prior																		0.9276	0.9259	0.9422	NA	
1984																		0.9600	0.9450	0.9662	0.9765	0.9709
1985																0.9905	0.9778	0.9931	0.9985	0.9815		
1986														0.9129	0.9155	0.9208	0.9220	0.9366				
1987													0.9469	0.9542	0.9650	0.9727	0.9764					
1988													0.9320	0.9399	0.9468	0.9465	0.9576					
1989												0.9589	0.9602	0.9679	0.9741	0.9756						
1990											0.9737	0.9530	0.9679	0.9619	0.9571							
1991										0.9248	0.9399	0.9454	0.9513	0.9517								
1992									0.9309	0.9440	0.9564	0.9570	0.9742									
1993								0.8831	0.9215	0.9183	0.9254	0.9334										
1994							0.8794	0.8905	0.9194	0.9562	0.9488											
1995						0.8989	0.9215	0.9211	0.9317	0.9369												
1996					0.7692	0.8272	0.8745	0.8934	0.9087													
1997				0.7215	0.8174	0.8626	0.8477	0.8256														
1998			0.6439	0.8000	0.8405	0.8617	0.8764															
1999		0.4780	0.6665	0.7571	0.8283	0.8433																
2000	0.3175	0.4088	0.5610	0.6901	0.7672																	
2001	0.2604	0.3997	0.5740	0.6793																		
2002	0.2348	0.4065	0.6132																			
2003	0.2597	0.4064																				
2004	0.2465																					
<b>MEDICAL</b>																						
Prior																		0.9464	0.9504	0.9422	NA	
1984																		0.9597	0.9626	0.9715	0.9647	0.9470
1985																0.9703	0.9700	0.9894	0.9936	0.9667		
1986															0.9524	0.9619	0.9610	0.9611	0.9652			
1987														0.9363	0.9383	0.9316	0.9343	0.9308				
1988													0.9779	0.9792	0.9832	0.9708	0.9765					
1989												0.9628	0.9586	0.9585	0.9522	0.9318						
1990											0.9570	0.9607	0.9608	0.9348	0.9171							
1991										0.9496	0.9504	0.9474	0.9420	0.9245								
1992									0.9582	0.9540	0.9622	0.9478	0.9493									
1993								0.9406	0.9442	0.9409	0.9001	0.9129										
1994							0.9464	0.9341	0.9384	0.9257	0.8596											
1995						0.9274	0.9224	0.9379	0.9010	0.8768												
1996					0.8897	0.8886	0.8700	0.8508	0.8476													
1997				0.8987	0.9016	0.9050	0.8462	0.8343														
1998			0.8158	0.8508	0.8879	0.8833	0.8713															
1999		0.7380	0.8615	0.8939	0.8978	0.8673																
2000	0.3888	0.7024	0.8211	0.8368	0.7798																	
2001	0.4028	0.6965	0.8263	0.7811																		
2002	0.3574	0.6653	0.7824																			
2003	0.4640	0.7107																				
2004	0.4301																					

DELAWARE COMPENSATION RATING BUREAU, INC.

RATIOS OF REPORTED PAID LOSSES TO PROJECTED ULTIMATE INCURRED LOSSES - UNLIMITED LOSSES

INDEMNITY - AVERAGE OF INCURRED AND PAID TO 20th																			
Policy	Maturity (in months)																		
Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228
1986															0.8819	0.8903	0.8988	0.9051	0.9166
1987														0.9072	0.9124	0.9183	0.9288	0.9362	
1988													0.8855	0.8937	0.9083	0.9128	0.9207		
1989												0.8817	0.8949	0.9090	0.9137	0.9197			
1990										0.8772	0.8837	0.8879	0.8941	0.9118					
1991										0.8462	0.8593	0.8693	0.8891	0.8946					
1992									0.8250	0.8461	0.8568	0.8632	0.8893						
1993								0.7740	0.8070	0.8219	0.8484	0.8690							
1994							0.7882	0.8063	0.8332	0.8583	0.8667								
1995						0.7524	0.7796	0.8059	0.8240	0.8381									
1996					0.6522	0.7102	0.7719	0.7960	0.8179										
1997				0.5296	0.6162	0.6587	0.7208	0.7604											
1998			0.4272	0.5804	0.6533	0.7204	0.7592												
1999		0.2159	0.3884	0.5529	0.6501	0.7114													
2000	0.0459	0.1920	0.3727	0.5120	0.6372														
2001	0.0407	0.1845	0.3774	0.5347															
2002	0.0390	0.1919	0.3951																
2003	0.0450	0.1979																	

MEDICAL - AVERAGE OF INCURRED AND PAID TO 20th																			
Policy	Maturity (in months)																		
Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228
1986															0.7068	0.7140	0.7226	0.7353	0.7501
1987														0.6835	0.6939	0.7038	0.7195	0.7277	
1988													0.6846	0.6916	0.7022	0.7168	0.7239		
1989												0.6490	0.6584	0.6722	0.6837	0.6977			
1990										0.6692	0.6752	0.6827	0.6880	0.6993					
1991										0.6562	0.6625	0.6730	0.6796	0.6880					
1992									0.5427	0.5577	0.5749	0.5936	0.6116						
1993								0.5939	0.6060	0.6107	0.6214	0.6335							
1994							0.5484	0.5642	0.5838	0.5941	0.6050								
1995						0.5054	0.5194	0.5346	0.5569	0.5677									
1996					0.5060	0.5262	0.5484	0.5641	0.5743										
1997				0.4511	0.4761	0.5032	0.5297	0.5521											
1998			0.4214	0.4613	0.4905	0.5163	0.5409												
1999		0.3016	0.4046	0.4595	0.4930	0.5137													
2000	0.0508	0.2468	0.3521	0.4122	0.4519														
2001	0.0668	0.2677	0.3702	0.4217															
2002	0.0541	0.2365	0.3233																
2003	0.0829	0.2824																	

DELAWARE COMPENSATION RATING BUREAU, INC.

RATIOS OF REPORTED PAID LOSSES TO PROJECTED ULTIMATE INCURRED LOSSES - LIMITED LOSSES

INDEMNITY - AVERAGE OF INCURRED AND PAID TO 20th																			
Policy	Maturity (in months)																		
Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228
1986															0.9117	0.9194	0.9271	0.9314	0.9405
1987														0.9289	0.9337	0.9391	0.9493	0.9569	
1988													0.9088	0.9164	0.9313	0.9356	0.9431		
1989												0.9135	0.9261	0.9394	0.9425	0.9469			
1990										0.8986	0.9051	0.9091	0.9256	0.9328					
1991									0.8743	0.8878	0.8982	0.9182	0.9239						
1992									0.8767	0.8937	0.9022	0.9046	0.9277						
1993								0.8118	0.8443	0.8572	0.8793	0.9004							
1994							0.8178	0.8365	0.8645	0.8906	0.8985								
1995						0.8026	0.8279	0.8527	0.8685	0.8815									
1996					0.6808	0.7413	0.8058	0.8310	0.8538										
1997				0.5539	0.6447	0.6892	0.7543	0.7957											
1998			0.4474	0.6079	0.6843	0.7546	0.7951												
1999		0.2293	0.4124	0.5777	0.6808	0.7459													
2000	0.0478	0.1997	0.3875	0.5324	0.6627														
2001	0.0420	0.1903	0.3891	0.5515															
2002	0.0430	0.2112	0.4143																
2003	0.0471	0.2071																	

MEDICAL - AVERAGE OF INCURRED AND PAID TO 20th																			
Policy	Maturity (in months)																		
Year	12	24	36	48	60	72	84	96	108	120	132	144	156	168	180	192	204	216	228
1986															0.8257	0.8326	0.8411	0.8513	0.8581
1987														0.7953	0.8038	0.8106	0.8261	0.8361	
1988													0.8059	0.8133	0.8252	0.8419	0.8486		
1989												0.7801	0.7870	0.8000	0.8097	0.8206			
1990											0.7716	0.7784	0.7866	0.7925	0.8047				
1991										0.7611	0.7685	0.7807	0.7878	0.7975					
1992									0.7324	0.7477	0.7656	0.7818	0.7965						
1993									0.7271	0.7398	0.7432	0.7534	0.7678						
1994							0.6630	0.6821	0.7058	0.7183	0.7300								
1995						0.6549	0.6700	0.6860	0.7100	0.7213									
1996					0.6080	0.6322	0.6589	0.6778	0.6900										
1997				0.5381	0.5690	0.6024	0.6351	0.6628											
1998			0.5090	0.5571	0.5925	0.6236	0.6533												
1999		0.3680	0.4962	0.5518	0.5946	0.6219													
2000	0.0621	0.3015	0.4302	0.5036	0.5522														
2001	0.0809	0.3245	0.4487	0.5111															
2002	0.0798	0.3485	0.4569																
2003	0.0976	0.3462																	

**DELAWARE COMPENSATION RATING BUREAU, INC.**

**AVERAGE CLOSED, OPEN & INCURRED INDEMNITY CLAIMS**

<u>POLICY YEAR</u>	<u>AVERAGE CLOSED</u>	<u>% CHANGE</u>	<u>AVERAGE OPEN</u>	<u>% CHANGE</u>	<u>AVERAGE INCURRED</u>	<u>% CHANGE</u>
<b>FIRST REPORT</b>						
95	1,283		15,792		6,247	
96	1,460	13.80%	16,710	5.81%	6,759	8.20%
97	1,510	3.42%	15,928	-4.68%	6,265	-7.31%
98	1,603	6.16%	16,722	4.98%	6,832	9.05%
99	1,795	11.98%	16,102	-3.71%	7,386	8.11%
00	1,905	6.13%	19,401	20.49%	8,640	16.98%
01	2,169	13.86%	21,956	13.17%	10,170	17.71%
02	2,369	9.22%	22,475	2.36%	9,956	-2.10%
<b>SECOND REPORT</b>						
94	2,299		30,332		7,774	
95	2,665	15.92%	30,015	-1.05%	8,077	3.90%
96	3,065	15.01%	32,587	8.57%	8,796	8.90%
97	2,957	-3.52%	32,434	-0.47%	8,382	-4.71%
98	3,168	7.14%	30,742	-5.22%	8,331	-0.61%
99	3,540	11.74%	33,076	7.59%	9,847	18.20%
00	3,808	7.57%	40,654	22.91%	12,174	23.63%
01	4,676	22.79%	42,294	4.03%	13,678	12.35%
<b>THIRD REPORT</b>						
93	3,831		46,153		9,409	
94	4,032	5.25%	41,422	-10.25%	8,210	-12.74%
95	4,384	8.73%	47,175	13.89%	9,545	16.26%
96	4,526	3.24%	47,677	1.06%	9,829	2.98%
97	4,594	1.50%	47,218	-0.96%	9,640	-1.92%
98	4,504	-1.96%	46,890	-0.69%	9,526	-1.18%
99	5,162	14.61%	53,996	15.15%	11,596	21.73%
00	5,731	11.02%	62,892	16.48%	14,341	23.67%
<b>FOURTH REPORT</b>						
92	4,468		60,613		8,865	
93	5,197	16.32%	60,193	-0.69%	9,966	12.42%
94	4,791	-7.81%	58,451	-2.89%	8,710	-12.60%
95	5,330	11.25%	64,759	10.79%	10,001	14.82%
96	5,679	6.55%	59,056	-8.81%	10,428	4.27%
97	5,947	4.72%	57,757	-2.20%	9,909	-4.98%
98	5,496	-7.58%	62,829	8.78%	10,446	5.42%
99	7,074	28.71%	71,928	14.48%	12,621	20.82%
<b>FIFTH REPORT</b>						
91	5,263		73,689		9,208	
92	5,074	-3.59%	79,457	7.83%	8,921	-3.12%
93	5,899	16.26%	77,324	-2.68%	10,325	15.74%
94	5,660	-4.05%	67,335	-12.92%	8,981	-13.02%
95	6,077	7.37%	84,575	25.60%	10,316	14.86%
96	6,420	5.64%	69,135	-18.26%	10,717	3.89%
97	6,679	4.03%	66,916	-3.21%	10,236	-4.49%
98	6,238	-6.60%	77,423	15.70%	11,050	7.95%

SOURCE: UNIT STATISTICAL DATA



**DELAWARE COMPENSATION RATING BUREAU, INC.**

**AVERAGE CLOSED, OPEN & INCURRED MEDICAL CLAIMS  
(EXCLUDING "MEDICAL ONLY" CLAIMS)**

<u>POLICY YEAR</u>	<u>AVERAGE CLOSED</u>	<u>% CHANGE</u>	<u>AVERAGE OPEN</u>	<u>% CHANGE</u>	<u>AVERAGE INCURRED</u>	<u>% CHANGE</u>
<b>FIRST REPORT</b>						
95	2,325		15,828		6,945	
96	2,321	-0.17%	16,621	5.01%	7,289	4.95%
97	2,703	16.46%	16,365	-1.54%	7,209	-1.10%
98	2,621	-3.03%	19,336	18.15%	8,403	16.56%
99	2,903	10.76%	19,166	-0.88%	9,258	10.17%
00	3,223	11.02%	19,682	2.69%	9,559	3.25%
01	3,815	18.37%	23,016	16.94%	11,579	21.13%
02	4,530	18.74%	34,758	51.02%	15,937	37.64%
<b>SECOND REPORT</b>						
94	3,365		21,998		7,004	
95	3,536	5.08%	24,178	9.91%	7,621	8.81%
96	3,996	13.01%	26,710	10.47%	8,405	10.29%
97	3,937	-1.48%	26,022	-2.58%	8,001	-4.81%
98	4,116	4.55%	32,369	24.39%	9,406	17.56%
99	4,520	9.82%	33,935	4.84%	10,800	14.82%
00	4,788	5.93%	34,987	3.10%	11,645	7.82%
01	5,925	23.75%	39,471	12.82%	13,953	19.82%
<b>THIRD REPORT</b>						
93	4,141		31,416		7,736	
94	4,377	5.70%	28,883	-8.06%	7,116	-8.01%
95	4,720	7.84%	36,082	24.92%	8,503	19.49%
96	4,912	4.07%	39,891	10.56%	9,211	8.33%
97	4,766	-2.97%	37,252	-6.62%	8,612	-6.50%
98	5,261	10.39%	45,389	21.84%	10,016	16.30%
99	6,171	17.30%	49,949	10.05%	11,939	19.20%
00	6,036	-2.19%	54,915	9.94%	13,399	12.23%
<b>FOURTH REPORT</b>						
92	4,569		55,260		8,539	
93	5,068	10.92%	42,162	-23.70%	8,285	-2.97%
94	4,959	-2.15%	37,393	-11.31%	7,328	-11.55%
95	5,418	9.26%	45,448	21.54%	8,565	16.88%
96	5,744	6.02%	46,832	3.05%	9,400	9.75%
97	6,146	7.00%	45,344	-3.18%	9,144	-2.72%
98	6,286	2.28%	54,547	20.30%	10,453	14.32%
99	7,243	15.22%	69,740	27.85%	12,589	20.43%
<b>FIFTH REPORT</b>						
91	4,617		49,890		7,228	
92	4,991	8.10%	77,720	55.78%	8,753	21.10%
93	5,679	13.78%	55,008	-29.22%	8,736	-0.19%
94	5,501	-3.13%	43,443	-21.02%	7,544	-13.64%
95	5,832	6.02%	70,126	61.42%	9,304	23.33%
96	6,335	8.62%	58,890	-16.02%	9,936	6.79%
97	6,605	4.26%	58,491	-0.68%	9,669	-2.69%
98	6,977	5.63%	68,384	16.91%	11,128	15.09%

SOURCE: UNIT STATSTICAL DATA