

DELAWARE COMPENSATION RATING BUREAU, INC.
F CLASS FILING

ANALYSIS OF EXPERIENCE

The following pages present an analysis of Delaware “F” class experience. The analysis is based on data reported to the Bureau under the Unit Statistical Plan.

Reported Premium and Losses - Pages 1 and 2 present reported standard earned premiums and incurred losses by policy year separately for indemnity (page 1) and medical (page 2). Losses are shown through 10th report which is the latest report currently available under the Unit Statistical Plan.

Indicated Loss Development Factors - Page 3 (indemnity) and page 4 (medical) show age-to-age development factors based on reported losses. An average based on all available data points was calculated and formed the basis for the factors ultimately selected. The process for calculation of selected loss development factors and a tail factor are shown on pages 5 and 6. Factors to ultimate are calculated by compounding the age-to-age and 10th-to-ultimate factors.

Selected Loss Development Factors - Pages 5 (indemnity) and page 6 (medical) show the derivation of selected age-to-age and 10th-to-ultimate development factors. The residuals of all years available average indicated age-to-age development factors from pages 3 and 4 were fitted to a curve of the form $y = a * (1 + x)^b$ for indemnity and $y = a + b * \log(x) / x$ for medical. A value of 1.0000 was selected from 9th to 10th and 10th to 11th for medical to ensure a more reasonable shape for the final fitted curve. These factors became the “selected” values on pages 3 and 4.

Loss Ratios - Indemnity and medical ultimate loss ratios are calculated on page 7.

Graphs - Indemnity, medical and total ultimate loss ratio graphs for policy years 1994 through 2003 are shown on page 8.

Trend Summary - An analysis of loss ratio trend is summarized on page 9. Linear trend lines were used to project trended loss ratios for indemnity and medical using combinations of policy years ranging from four to ten points. Exponential curves were also considered but the lack of data points left the results meaningless. Three year average loss ratios, and 0% annual trend, were selected for both indemnity and medical losses. The resulting trended loss ratios are 46.40% for indemnity and 11.71% for medical.

DELAWARE COMPENSATION RATING BUREAU
"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE
REPORTED STANDARD EARNED PREMIUM AND INDEMNITY INCURRED LOSSES

Policy Year	Standard Earned Premium	Reported Indemnity Incurred Losses Report Level									
		1	2	3	4	5	6	7	8	9	10
90	35,614	0	0	0	0	0		0	0	0	0
91	78,613	0	0	0	0	0	0	0	0	0	0
92	56,087	95,532	127,989	150,623	150,624	132,476	132,476	132,476	132,476	132,476	132,476
93	62,218	0	0	0	0	0	0	0	0	0	0
94	165,218	0	0	0	0	0	0	0	0	0	0
95	180,644	79,814	622,787	622,787	83,681	83,681	83,681	83,681	83,681	83,681	
96	1,320,294	244,297	187,592	149,250	143,642	139,346	139,347	139,347	139,347		
97	889,932	157,409	165,047	150,694	150,694	150,695	150,695	150,695			
98	266,646	193,633	255,825	6,842	6,842	6,842	6,842				
99	122,888	255,451	0	0	0	0					
00	729,382	98,351	93,587	116,565	240,363						
01	1,682,660	348,057	348,057	378,299							
02	911,913	131,206	459,669								
03	364,405	79,831									

DELAWARE COMPENSATION RATING BUREAU
"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE
REPORTED STANDARD EARNED PREMIUM AND MEDICAL INCURRED LOSSES

Policy Year	Standard Earned Premium	Reported Medical Incurred Losses Report Level									
		1	2	3	4	5	6	7	8	9	10
90	35,614	0	0	0	0	0	0	0	0	0	0
91	78,613	0	0	0	0	0	0	0	0	0	0
92	56,087	51,599	78,320	86,078	86,079	80,465	80,465	80,465	80,465	80,465	80,465
93	62,218	0	0	0	0	0	0	0	0	0	0
94	165,218	0	0	0	0	0	0	0	0	0	0
95	180,644	51,473	53,941	54,788	54,239	54,260	54,830	54,830	54,830	54,830	
96	1,320,294	101,206	96,782	88,831	98,433	92,113	92,113	92,113	92,113		
97	889,932	98,501	94,212	71,469	71,469	66,156	66,156	67,156			
98	266,646	94,774	86,408	16,256	10,112	10,112	10,112				
99	122,888	156,937	0	0	0	0					
00	729,382	35,653	36,434	42,765	36,948						
01	1,682,660	142,049	142,049	124,393							
02	911,913	100,036	154,749								
03	364,405	55,147									

DELAWARE COMPENSATION RATING BUREAU
"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE
INDEMNITY INCURRED LOSS DEVELOPMENT FACTORS

Age-to-Age Development Factors

Policy Year	Report									
	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	6 - 7	7 - 8	8 - 9	9 - 10	10 - ULT
90	*	*	*	*	*	*	*	*	*	
91	*	*	*	*	*	*	*	*	*	
92	****	1.1768	1.0000	0.8795	1.0000	1.0000	1.0000	1.0000	1.0000	
93	*	*	*	*	*	*	*	*	*	
94	*	*	*	*	*	*	*	*	*	
95	7.8030	1.0000	0.1344	1.0000	1.0000	1.0000	1.0000	1.0000		
96	0.7679	****	0.9624	0.9701	1.0000	1.0000	1.0000			
97	****	0.9130	1.0000	1.0000	1.0000	1.0000				
98	1.3212	****	1.0000	1.0000	1.0000					
99	****	*	*	*						
00	0.9516	1.2455	2.0621							
01	1.0000	1.0869								
02	3.5034									
3 Yr Average	1.8183	1.1662	1.5311	1.0000	1.0000	1.0000	1.0000			
Average (All available)	2.5579	1.0844	1.0265	0.9699	1.0000	1.0000	1.0000	1.0000	1.0000	
Selected (All available)	2.5579	1.0859	1.011	1.0022	1.0006	1.0002	1.0001	1.0000	1.0000	1.0000

Development Factors to Ultimate

	1-ULT	2-ULT	3-ULT	4-ULT	5-ULT	6-ULT	7-ULT	8-ULT	9-ULT	10-ULT
3 Yr Average										
Average (All available)	2.7615	1.0796	0.9956	0.9699	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Selected (All available)	2.8145	1.1003	1.0133	1.0023	1.0001	0.9995	0.9993	1.0000	1.0000	1.0000

* No reported losses.

**** Loss development factor not used

DELAWARE COMPENSATION RATING BUREAU
"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE
MEDICAL INCURRED LOSS DEVELOPMENT FACTORS

Age-to-Age Development Factors										
Policy Year	Report									
	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	6 - 7	7 - 8	8 - 9	9 - 10	10 - ULT
90	*	*	*	*	*	*	*	*	*	
91	*	*	*	*	*	*	*	*	*	
92	****	1.0991	1.0000	0.9348	1.0000	1.0000	1.0000	1.0000	1.0000	
93	*	*	*	*	*	*	*	*	*	
94	*	*	*	*	*	*	*	*	*	
95	1.0479	1.0157	0.9900	1.0004	1.0105	1.0000	1.0000	1.0000		
96	0.9563	****	1.1081	0.9358	1.0000	1.0000	1.0000			
97	****	0.7586	1.0000	0.9257	1.0000	1.0151				
98	0.9117	****	0.6220	1.0000	1.0000					
99	****	*	*	*						
00	1.0219	1.1738	0.8640							
01	1.0000	0.8757								
02	1.5469									
3 Yr Average	1.1896	1.0248	0.7430	0.9629	1.0000	1.0050	1.0000			
Average (All available)	1.0808	0.9846	0.9307	0.9593	1.0021	1.0038	1.0000	1.0000	1.0000	
Selected (All available)	1.0840	0.9709	0.9645	0.9709	0.9789	0.9865	0.9933	0.9992	1.0000	1.0000
Development Factors to Ultimate										
3 Yr Average	1-ULT	2-ULT	3-ULT	4-ULT	5-ULT	6-ULT	7-ULT	8-ULT	9-ULT	10-ULT
Average (All available)	0.9558	0.8843	0.8981	0.9650	1.0059	1.0038	1.0000	1.0000	1.0000	1.0000
Selected (All available)	0.9446	0.8714	0.8975	0.9306	0.9585	0.9791	0.9925	0.9992	1.0000	1.0000

* No reported losses.

**** Loss development factor not used

DELAWARE COMPENSATION RATING BUREAU, INC.

"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE

FITTED DEVELOPMENT FACTORS

INDEMNITY INCURRED LOSSES

$$Y = a \cdot (1+x)^b$$

$$a = 220.8891$$

$$b = (7.1476)$$

$$R^2 = 0.9993$$

<u>Incurred Development</u>	<u>All Year Average</u>	<u>All Year Average - 1</u>	<u>Fitted Value</u>	<u>Fitted Value + 1</u>	<u>Selected</u>
1st to 2nd	2.5579	1.5579	1.5579	2.5579	2.5579
2nd to 3rd	1.0844	0.0844	0.0859	1.0859	1.0859
3rd to 4th	1.0265	0.0265	0.0110	1.0110	1.0110
4th to 5th	0.9699	(0.0301)	0.0022	1.0022	1.0022
5th to 6th	1.0000	-	0.0006	1.0006	1.0006
6th to 7th	1.0000	-	0.0002	1.0002	1.0002
7th to 8th	1.0000	-	0.0001	1.0001	1.0001
8th to 9th	1.0000	-	-	1.0000	1.0000
9th to 10th	1.0000	-	-	1.0000	1.0000
10th to 11th	1.0000	-	-	1.0000	1.0000
10th to Ultimate					1.0000

DELAWARE COMPENSATION RATING BUREAU, INC.

"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE

FITTED DEVELOPMENT FACTORS

MEDICAL INCURRED LOSSES

$$Y = a + b \cdot \log(x)/x$$

$$a = 0.0840$$

$$b = (0.3266)$$

$$R^2 = 0.7894$$

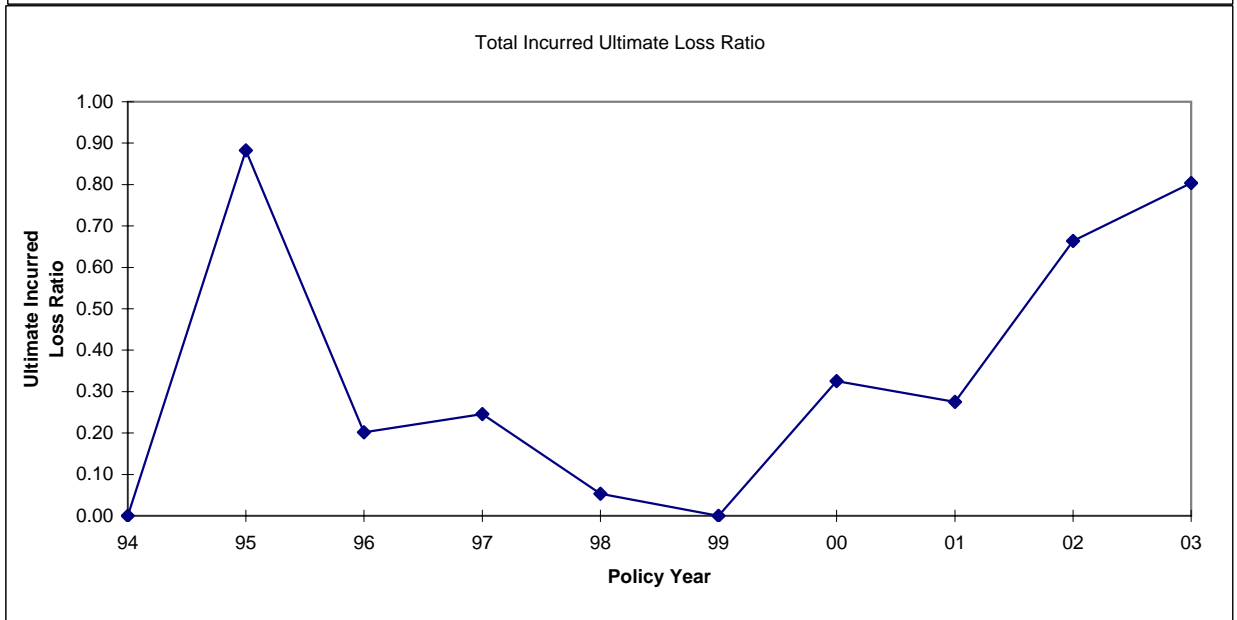
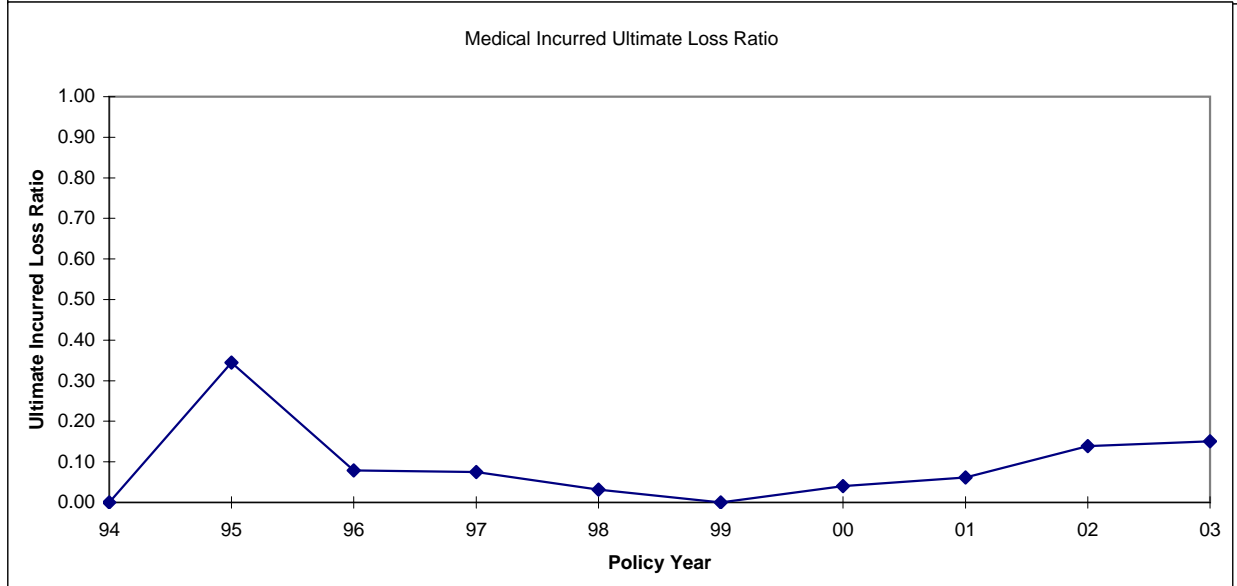
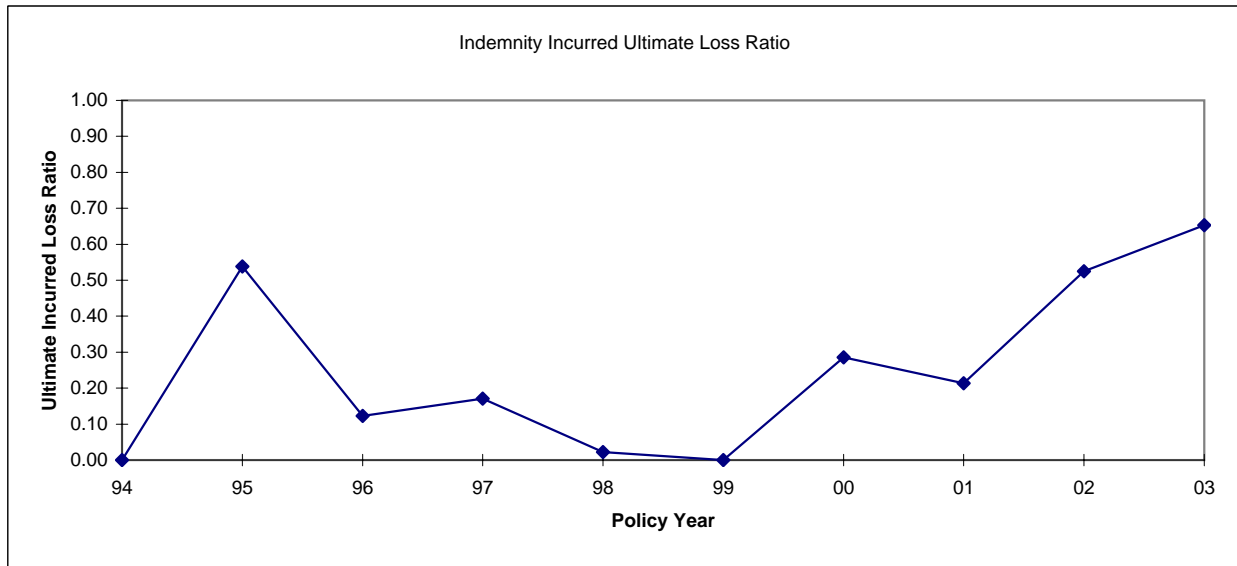
<u>Incurred Development</u>	<u>All Year Average</u>	<u>All Year Average - 1</u>	<u>Fitted Value</u>	<u>Fitted Value + 1</u>	<u>Selected</u>
1st to 2nd	1.0808	0.0808	0.0840	1.0840	1.0840
2nd to 3rd	0.9846	(0.0154)	(0.0291)	0.9709	0.9709
3rd to 4th	0.9307	(0.0693)	(0.0355)	0.9645	0.9645
4th to 5th	0.9593	(0.0407)	(0.0291)	0.9709	0.9709
5th to 6th	1.0021	0.0021	(0.0211)	0.9789	0.9789
6th to 7th	1.0038	0.0038	(0.0135)	0.9865	0.9865
7th to 8th	1.0000	-	(0.0067)	0.9933	0.9933
8th to 9th	1.0000	-	(0.0008)	0.9992	0.9992
9th to 10th	1.0000	-	0.0043	1.0043	1.0000 *
10th to 11th	1.0000	-	0.0089	1.0089	1.0000 *
10th to Ultimate					1.0000 *

DELAWARE COMPENSATION RATING BUREAU

"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE

ULTIMATE LOSS RATIOS

	Policy Year	Standard Earned Premium	Premium On-Level Factor	Adjusted Premium	Reported Incurred Loss	Report Level	Loss Development Factor	Loss On-Level Factor	Ultimate Incurred Loss	Loss Ratio
		(1)	(2)	(3) = (1) * (2)	(4)	(5)	(6)	(7)	(8)=(4)*(6)*(7)	(9)=(8)/(3)
Indemnity	1994	165,218	0.8813	145,607	0	10	1.0000	1.0266	0	0.0000
	1995	180,644	0.8813	159,202	83,681	9	1.0000	1.0244	85,723	0.5385
	1996	1,320,294	0.8813	1,163,575	139,347	8	0.9992	1.0225	142,368	0.1224
	1997	889,932	1.0031	892,691	150,695	7	0.9925	1.0197	152,511	0.1708
	1998	266,646	1.1789	314,349	6,842	6	0.9995	1.0169	6,954	0.0221
	1999	122,888	1.1789	144,873	0	5	1.0001	1.0145	0	0.0000
	2000	729,382	1.1714	854,398	240,363	4	1.0023	1.0117	243,735	0.2853
	2001	1,682,660	1.0757	1,810,037	378,299	3	1.0133	1.0096	387,010	0.2138
	2002	911,913	1.0639	970,184	459,669	2	1.1003	1.0075	509,567	0.5252
	2003	364,405	0.9492	345,893	79,831	1	2.8145	1.0052	225,853	0.6530
	10 Year Total	6,633,982		6,800,809	1,538,727				1,753,721	0.2579
	3 Year Average									0.4640
Medical	1994	165,218	0.8813	145,607	0	10	1.0000		0	0.0000
	1995	180,644	0.8813	159,202	54,830	9	1.0000		54,830	0.3444
	1996	1,320,294	0.8813	1,163,575	92,113	8	0.9992		92,039	0.0791
	1997	889,932	1.0031	892,691	67,156	7	0.9925		66,652	0.0747
	1998	266,646	1.1789	314,349	10,112	6	0.9791		9,901	0.0315
	1999	122,888	1.1789	144,873	0	5	0.9585		0	0.0000
	2000	729,382	1.1714	854,398	36,948	4	0.9306		34,384	0.0402
	2001	1,682,660	1.0757	1,810,037	124,393	3	0.8975		111,643	0.0617
	2002	911,913	1.0639	970,184	154,749	2	0.8714		134,848	0.1390
	2003	364,405	0.9492	345,893	55,147	1	0.9446		52,092	0.1506
	10 Year Total	6,633,982		6,800,809	595,448				556,389	0.0818
	3 Year Average									0.1171
Total	1994	165,218	0.8813	145,607	0	10			0	0.0000
	1995	180,644	0.8813	159,202	138,511	9			140,553	0.8829
	1996	1,320,294	0.8813	1,163,575	231,460	8			234,407	0.2015
	1997	889,932	1.0031	892,691	217,851	7			219,163	0.2455
	1998	266,646	1.1789	314,349	16,954	6			16,855	0.0536
	1999	122,888	1.1789	144,873	0	5			0	0.0000
	2000	729,382	1.1714	854,398	277,311	4			278,119	0.3255
	2001	1,682,660	1.0757	1,810,037	502,692	3			498,653	0.2755
	2002	911,913	1.0639	970,184	614,418	2			644,415	0.6642
	2003	364,405	0.9492	345,893	134,978	1			277,945	0.8036
	10 Year Total	6,633,982		6,800,809	2,134,175				2,310,110	0.3397
	3 Year Average									0.5811



		3 points	4 points	5 points	6 points	7 points	8 points	9 points	10 points
INDEMNITY									
LINEAR	Average Loss Ratio	0.4640	0.4193	0.3355	0.2832	0.2672	0.2491	0.2812	0.2531
	Trended Loss Ratio	1.3241	1.0441	1.0955	1.0042	0.8307	0.7339	0.5136	0.5481
	Trend Factor	2.8537	2.4901	3.2653	3.5459	3.1089	2.9462	1.8265	2.1655
	Annual. Trend Factor	1.1939	1.1410	1.1612	1.1525	1.1212	1.1040	1.0519	1.0616
EXPONENTIAL	R^2	0.9450	0.7939	0.8961	0.8896	0.7067	0.6348	0.1498	0.2494
	Trended Loss Ratio	3.7270	1.6944	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!
MEDICAL									
LINEAR	Average Loss Ratio	0.1171	0.0979	0.0783	0.0705	0.0711	0.0721	0.1024	0.0921
	Trended Loss Ratio	0.2912	0.2783	0.2750	0.2305	0.1777	0.1449	0.0317	0.0784
	Trend Factor	2.4868	2.8427	3.5121	3.2695	2.4993	2.0097	0.3096	0.8512
	Annual. Trend Factor	1.1665	1.1631	1.1720	1.1421	1.0968	1.0660	0.9063	0.9876
	R^2	0.8460	0.9163	0.9541	0.8214	0.4882	0.2895	0.0740	0.0030
TOTAL									
LINEAR	Average Loss Ratio	0.5811	0.5172	0.4138	0.3537	0.3383	0.3212	0.3836	0.3452
	Trended Loss Ratio	1.6153	1.3224	1.3705	1.2347	1.0084	0.8788	0.5453	0.6265
EXPONENTIAL	Trended Loss Ratio	4.3521	2.3937	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!