Exhibit 16
As Filed

DELAWARE COMPENSATION RATING BUREAU, INC.

Small Deductible Program

The attached exhibits review the impact of deductibles on loss costs and residual market manual rates. Indications suggest that, due to the effect of Senate Bill 1, we are no longer seeing the reductions in loss elimination ratios that we had seen in the past. Therefore, staff has proposed continuing with the loss elimination ratios and premium credit factors currently in effect.

2008 DELAWARE DEDUCTIBLE STUDY

Proposed Effective Date 12/1/08

Deduct. Level	Effect of Deductible on Losses	Selected	Loss Elimination Ratio	Current Loss Elimination Ratio
		(12)	(13)	(14)
500	0.9811	0.980	0.020	0.020
1,000	0.9652	0.965	0.035	0.035
1,500	0.9527	0.955	0.045	0.045
2,000	0.9424	0.945	0.055	0.055
2,500	0.9337	0.935	0.065	0.065
3,000	0.9261	0.930	0.070	0.070
3,500	0.9192	0.920	0.080	0.080
4,000	0.9129	0.915	0.085	0.085
4,500	0.9071	0.910	0.090	0.090
5,000	0.9017	0.905	0.095	0.095

Deduct. Level	Effect of Deductible on Man.Rate	Selected	Premium Credit	Current Premium Credit
		(15)	(16)	(17)
500	0.9845	0.985	0.0150	0.0150
1,000	0.9714	0.970	0.0300	0.0300
1,500	0.9611	0.960	0.0400	0.0400
2,000	0.9527	0.955	0.0450	0.0450
2,500	0.9455	0.945	0.0550	0.0550
3,000	0.9393	0.940	0.0600	0.0600
3,500	0.9336	0.935	0.0650	0.0650
4,000	0.9285	0.930	0.0700	0.0700
4,500	0.9237	0.925	0.0750	0.0750
5,000	0.9193	0.920	0.0800	0.0800

2008 DELAWARE DEDUCTIBLE STUDY

Loss Range		Total Incurred Losses (1)	Adj Factor (2) a	Adj Factor (3) b	Adjusted Losses (1)*(2)*(3) (4)
0 -	499	2,416,232	1.000	0.9996	2,415,266
500 -	999	7,889,075	0.995	0.9996	7,846,490
1,000 -	1,499	8,580,232	0.990	0.9996	8,491,032
1,500 -	1,999	8,574,896	0.985	0.9996	8,442,894
2,000 -	2,499	7,027,162	0.980	0.9996	6,883,864
2,500 -	2,999	6,336,111	0.975	0.9996	6,175,237
3,000 -	3,499	5,552,063	0.970	0.9996	5,383,347
3,500 -	3,999	4,848,054	0.965	0.9996	4,676,501
4,000 -	4,499	4,471,504	0.960	0.9996	4,290,927
4,500 -	4,999	4,236,115	0.955	0.9996	4,043,872
5,000 -	& UP	916,093,031	0.950	0.9996	869,940,264

Deduct. Level (5)	# Claims >= Deduct Level (6)	Adj Losses < Deduct. Level (7) c	[(2)*(3)* (5)*(6)] (8)	Adj Tot Ded Collected (7)+(8) (9)
500	48,495	2,415,266	24,116,612	26,531,878
1,000	37,736	10,261,756	37,343,697	47,605,453
1,500	30,783	18,752,788	45,463,690	64,216,478
2,000	25,831	27,195,682	50,608,508	77,804,190
2,500	22,691	34,079,546	55,287,189	89,366,735
3,000	20,373	40,254,783	59,261,716	99,516,499
3,500	18,658	45,638,130	62,992,188	108,630,318
4,000	17,360	50,314,631	66,635,735	116,950,366
4,500	16,305	54,605,558	70,042,709	124,648,267
5,000	15,412	58,649,430	73,177,717	131,827,147

Deduct. Level (5)	Effect of Deductible on Losses (10) d	Effect of Deductible on Manual Rate (11) e
500	0.9811	0.9845
1,000	0.9652	0.9714
1,500	0.9527	0.9611
2,000	0.9424	0.9527
2,500	0.9337	0.9455
3,000	0.9261	0.9393
3,500	0.9192	0.9336
4,000	0.9129	0.9285
4,500	0.9071	0.9237
5,000	0.9017	0.9193

2008 DELAWARE DEDUCTIBLE STUDY

a   Adjustment factor for the amount of the deductible which will actually be reimbursed to the insurer by the insured.

b   Adjustment factor to put deductibles on a per occurrence basis instead of a per claim basis =   0.9996

c   Downward accumulation of Column (4).

d   Effect of deductible on Losses
$$= [\ A/B - Col(9) + P*C*Col(3)\ ]\ /(A/B)$$

A = Total incurred indemnity on death claims plus total incurred medical on all claims =
sum of Column (4) =   928,589,694

B = Death indemnity losses plus all medical losses as a % of all losses =   0.700
    Per Table II 2008 , Sect C

1.All Losses	1,606,686,871
2.Death Indem (00)	146,885
3.All Medical (00)	11,095,005
4.[((2)+(3))/(1)] *100	0.700

C = # of death indemnity claims plus # of claims with some medical portion =   56,747

P = Processing expense per claim =
    25.00

e   Total effect of deductible
$$= [(Column\ (10) * permissible\ loss\ ratio) + fixed\ expenses]\ /\ (\ 1 - variable\ expenses\ )$$

Fixed expenses = LAE + General + Admin
    =   0.1398
Variable expenses = Acquisition + P&C + Prem Tax + Workers' Comp. Fund + Misc. Tax + Prem Discount + Uncollectible Premium =   0.2172
Permissible Loss Ratio =   0.6430