

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>
(1a) Policy Year 2004 Loss and Loss Adjustment Expense Ratio	0.3608	0.5694	0.9302
(1b) Policy Year 2005 Loss and Loss Adjustment Expense Ratio	0.3263	0.5314	0.8577
(1c) Policy Year 2006 Loss and Loss Adjustment Expense Ratio	0.2983	0.4925	0.7908
(1d) Policy Year 2007 Loss and Loss Adjustment Expense Ratio	0.2955	0.5017	0.7972
(1e) Average (Midpoint = 7/1/2006)	0.3202	0.5238	0.8440
(2a) Policy Year 2004 Loss and LAE Ratio Trended to 12/1/2010	0.2280	0.5087	
(2b) Policy Year 2005 Loss and LAE Ratio Trended to 12/1/2010	0.2228	0.4839	
(2c) Policy Year 2006 Loss and LAE Ratio Trended to 12/1/2010	0.2201	0.4570	
(2d) Policy Year 2007 Loss and LAE Ratio Trended to 12/1/2010	0.2356	0.4746	
(2e) Average at 12/1/2010	0.2266	0.4811	0.7077
(3a) Senate Bill 1 Adjustment	1.0000	0.8260	
(3b) Average Trended Loss and LAE Ratio Post-SB1 (2e)*(3a)	0.2266	0.3974	0.6240
(4a) Excess Loss Factor at \$1,979,331 (Post-SB1 Basis) *			0.0932
(4b) Provision for Excess Loss (5a)-(3b)			0.0641
(5a) Total Trended Loss and LAE Ratio (3b)/(1.0-(4a))	0.2340	0.4541	0.6881
(5b) Percentage of Total	34.0%	66.0%	
(6) Permissible Loss and Loss Adjustment Ratio			0.7315
(7) Indicated Change in Rates (5a) / (6)			0.9407
(8) Estimated Effect of the 7/1/10 Benefit Change			0.9992
(9) Indicated Change in Residual Market Rate Level (7) * (8)			0.9399
(9a) Factor to Adjust for Compromise With Insurance Department			0.9736
(9b) Change in Residual Market Rate Level to Reflect Compromise (9) * (9a)			0.9151
(10) Indicated Change in Voluntary Market Loss Costs (9) * [0.7574 / 0.7511]			0.9478
(10a) Factor to Adjust for Compromise With Insurance Department			0.9736
(10b) Change in Voluntary Market Loss Cost Level to Reflect Compromise (10) * (10a)			0.9228

CHANGES IN MANUAL PREMIUM LEVEL BY INDUSTRY GROUP

	Mfg.	Cont.	Other	Total
(11) Current Collectible Premium Ratio	1.1038	1.0532	0.9782	
(12) Proposed Collectible Premium Ratio	1.0835	1.0278	0.9394	
(13) Change in Collectible Premium Ratio (12) / (11)	0.9816	0.9759	0.9603	0.9673
(14) Change in Residual Market Manual Rate Level (9b) * (13)	0.8983	0.8930	0.8788	0.8852
(15) Change in Voluntary Market Manual Loss Cost Level (10b) * (13)	0.9058	0.9006	0.8862	0.8926
(16) Current Offset for Residual Market Surcharge				0.9925
(17) Proposed Offset for Residual Market Surcharge				0.9947
(18) Adjusted Change in Voluntary Market Manual Loss Cost Level (15) * (17)/(16)	0.9078	0.9026	0.8882	0.8946

* \$2,370,000 on a pre-Senate Bill 1 basis.