

DELAWARE COMPENSATION RATING BUREAU, INC.

ACTUARIAL COMMITTEE

**Summary of Material for Modification of Experience
December 1, 2009 Residual Market Rate and Voluntary Market Loss Cost Revision**

As Filed

DELAWARE 2009 RESIDUAL MARKET RATE AND VOLUNTARY MARKET LOSS COST FILING

PROPOSED EFFECTIVE DATE - DECEMBER 1, 2009

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EXHIBIT I

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
(10) Indicated Change in Voluntary Market Loss Costs (9) * [0.7574 / 0.7511]			0.9478

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 (9) * (13)	0.9226	0.9172	0.9026	0.9092
(15) Change in Voluntary Market Manual Loss Cost Level (10) * (13)	0.9304	0.9250	0.9102	0.9168
(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)	0.9325	0.9271	0.9122	0.9188

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

EXHIBIT II
EXPENSE LOADING

	<u>Current %</u>	<u>Proposed %</u>
LOSS AND LOSS ADJUSTMENT EXPENSE		
Losses	64.30	64.28
Loss Adjustment Expense	7.97	8.87 a
Loss & Loss Adjustment	72.27	73.15
UNDERWRITING EXPENSES		
Commission	6.82	6.53
Other Acquisition	2.76	2.88
General Expenses	3.17	2.97
Premium Discount	8.33	8.33
State Premium Tax	2.00	2.00
Other State Tax	0.36	0.39
Uncollectible Premium	2.00	3.00
Administrative Assessment	2.84	2.59 b
Workers Compensation Fund	2.00	2.00
Deviations	0.00	0.00
Policyholder Dividends	0.00	0.00
Underwriting Profit	-2.55	-3.84
Underwriting Expense Total	27.73	26.85

a - As ratio to loss, Loss Adjustment Expense = 0.1380
b - As ratio to loss, Administrative Assessment = 0.0403

RESIDUAL MARKET MINIMUM PREMIUM:

It is proposed that the Minimum Premium formula remain at

$$(235 * \text{Rate}) + \text{Expense Constant}$$

It is proposed that the Minimum Premium be subject to a Maximum Minimum Premium of \$3650. It is proposed to use a multiplier of 117.50 in the Minimum Premium formula for the Farm Classes, (0006, 0016, 0034, 0036, 0083).

RESIDUAL MARKET EXPENSE CONSTANT:

It is proposed that the expense constant decrease from \$270 to \$265.

EXHIBIT III
INTERNAL RATE OF RETURN ANALYSIS
STATE OF DELAWARE - 2009
TABLE I: INPUTS, ASSUMPTIONS & OUTPUTS

Section 1: Inputs & Assumptions		
(1)	Commissions *	6.53
(2)	Other Expenses	6.24
(2A)	Other Acquisitions *	2.88
(2B)	General Expenses *	2.97
(2C)	Other Tax **	0.39
(3)	State Premium Taxes & Uncollectible Premium	
(3A)	Tax1 - Premium Tax **	2.00
(3B)	Uncollectible Premium **	3.00
(3C)	Tax3 - Workers Compensation Fund **	2.00
(4)	Premium Discount ***	8.33
(5)	Deviations	0.00
(6)	Dividends to Policyholders	0.00
(7)	Premium Written	1,000,000
Investment Income		
(8A)	Pre-Tax Return on Assets	4.95
(8B)	Investment Income Tax Rate	1.01
(8C)	Post-Tax Return on Assets	3.95
(10)	Reserve to Surplus Ratio	2.36
(11)	Internal Rate of Return (Cost of Capital)	9.30
* Applies to standard premium at Bureau level (before premium discount)		
** Applies to net premium at company level (after deviations and premium discounts)		
*** Applies to standard premium at company level (after deviations)		

Section 2: Outputs		
(1)	Loss Ratio - including loss adjustment expense & loss based assessments	75.74
(2)	Profit & Contingencies	-3.84

EXHIBIT IV - 1

POLICY YEAR LOSS RATIO 2007*

(1) Standard Earned Premium Reported (Table I)			197,502,407
(2) Factor to 12/1/08 Rate Level (Exhibit V-1)			0.8288
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9961
(4) Expense Constant Removal Factor			0.9974
(5) DCCPAP On-Level Factor			0.9960
(6) Residual Market Offset Factor			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			161,977,159
Losses - Paid-to-20th Methoc	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	8,521,617	25,426,599	33,948,216
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	4.8504	2.6926	
(10) Ultimate Incurred Losses (8) * (9)	41,333,251	68,463,662	109,796,913
Losses - Incurred Methoc			
(11) Incurred Losses Reported (Table I-B & I-C)	22,989,923	35,647,927	58,637,850
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.7840	2.0862	
(13) Ultimate Incurred Losses (11) * (12)	41,014,023	74,368,705	115,382,728
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	41,173,637	71,416,184	112,589,821
(15) Factor to 6/4/09 Benefit Level (Exhibit V-3)	1.0216	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1380	1.1380	
(17) Adjusted Losses (14) * (15) * (16)	47,867,680	81,271,617	129,139,297
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2955	0.5017	0.7972
(19) Normalized Claim Frequency (Exhibit VII-3)	0.3831	0.3831	
(20) Severity Ratio** (18)/(19)	0.7713	1.3096	2.0809

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

** Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 2

POLICY YEAR LOSS RATIO 2006*

(1)	Standard Earned Premium Reported (Table I)			201,817,661
(2)	Factor to 12/1/08 Rate Level (Exhibit V-1)			0.8058
(3)	Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9938
(4)	Expense Constant Removal Factor			0.9974
(5)	DCCPAP On-Level Factor			0.9960
(6)	Residual Market Offset Factor			1.0000
(7)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			160,551,411
Losses - Paid-to-20th Method		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8)	Paid Losses Reported (Table I-D & I-E)	16,173,264	32,940,443	49,113,707
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	2.4746	2.0125	
(10)	Ultimate Incurred Losses (8) * (9)	40,022,359	66,292,641	106,315,000
Losses - Incurred Method				
(11)	Incurred Losses Reported (Table I-B & I-C)	29,294,389	40,250,456	69,544,845
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.3719	1.8055	
(13)	Ultimate Incurred Losses (11) * (12)	40,188,972	72,672,198	112,861,170
Losses - Average of Incurred and Paid-to-20th				
(14)	Ultimate Incurred Losses ((10) + (13))/2	40,105,666	69,482,420	109,588,086
(15)	Factor to 6/4/09 Benefit Level (Exhibit V-3)	1.0493	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1380	1.1380	
(17)	Adjusted Losses (14) * (15) * (16)	47,890,312	79,070,994	126,961,306
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.2983	0.4925	0.7908
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.4319	0.4319	
(20)	Severity Ratio** (18)/(19)	0.6907	1.1403	1.8310

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

** Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 3

POLICY YEAR LOSS RATIO 2005*

(1) Standard Earned Premium Reported (Table I)			183,855,910
(2) Factor to 12/1/08 Rate Level (Exhibit V-1)			0.8437
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9956
(4) Expense Constant Removal Factor			0.9968
(5) DCCPAP On-Level Factor			0.9985
(6) Residual Market Offset Factor			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			153,711,595
Losses - Paid-to-20th Methoc	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	23,657,160	38,397,945	62,055,105
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.7575	1.7704	
(10) Ultimate Incurred Losses (8) * (9)	41,577,459	67,979,721	109,557,180
Losses - Incurred Methoc			
(11) Incurred Losses Reported (Table I-B & I-C)	33,955,693	46,876,886	80,832,579
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1986	1.6120	
(13) Ultimate Incurred Losses (11) * (12)	40,699,294	75,565,540	116,264,834
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	41,138,377	71,772,631	112,911,008
(15) Factor to 6/4/09 Benefit Level (Exhibit V-3)	1.0714	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1380	1.1380	
(17) Adjusted Losses (14) * (15) * (16)	50,158,098	81,677,254	131,835,352
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3263	0.5314	0.8577
(19) Normalized Claim Frequency (Exhibit VII-3)	0.4547	0.4547	
(20) Severity Ratio** (18)/(19)	0.7176	1.1687	1.8863

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

** Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 4

POLICY YEAR LOSS RATIO 2004*

(1)	Standard Earned Premium Reported (Table I)			150,778,929
(2)	Factor to 12/1/08 Rate Level (Exhibit V-1)			0.9596
(3)	Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9971
(4)	Expense Constant Removal Factor			0.9963
(5)	DCCPAP On-Level Factor			0.9999
(6)	Residual Market Offset Factor			1.0000
(7)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			143,719,702
Losses - Paid-to-20th Method		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8)	Paid Losses Reported (Table I-D & I-E)	28,486,423	42,228,663	70,715,086
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.5081	1.6314	
(10)	Ultimate Incurred Losses (8) * (9)	42,960,375	68,891,840	111,852,215
Losses - Incurred Method				
(11)	Incurred Losses Reported (Table I-B & I-C)	35,570,766	50,735,930	86,306,696
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1503	1.4769	
(13)	Ultimate Incurred Losses (11) * (12)	40,917,052	74,931,895	115,848,947
Losses - Average of Incurred and Paid-to-20th				
(14)	Ultimate Incurred Losses ((10) + (13))/2	41,938,714	71,911,868	113,850,582
(15)	Factor to 6/4/09 Benefit Level (Exhibit V-3)	1.0865	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1380	1.1380	
(17)	Adjusted Losses (14) * (15) * (16)	51,854,578	81,835,706	133,690,284
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.3608	0.5694	0.9302
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.5065	0.5065	
(20)	Severity Ratio** (18)/(19)	0.7123	1.1242	1.8365

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

** Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 5

POLICY YEAR LOSS RATIO 2003*

(1)	Standard Earned Premium Reported (Table I)			133,878,452
(2)	Factor to 12/1/08 Rate Level (Exhibit V-1)			0.9223
(3)	Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9978
(4)	Expense Constant Removal Factor			0.9966
(5)	DCCPAP On-Level Factor			1.0010
(6)	Residual Market Offset Factor			1.0000
(7)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			122,908,339
Losses - Paid-to-20th Method		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8)	Paid Losses Reported (Table I-D & I-E)	30,931,229	39,234,268	70,165,497
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.3816	1.5353	
(10)	Ultimate Incurred Losses (8) * (9)	42,734,586	60,236,372	102,970,958
Losses - Incurred Method				
(11)	Incurred Losses Reported (Table I-B & I-C)	37,065,414	48,923,122	85,988,536
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1174	1.3816	
(13)	Ultimate Incurred Losses (11) * (12)	41,416,894	67,592,185	109,009,079
Losses - Average of Incurred and Paid-to-20th				
(14)	Ultimate Incurred Losses ((10) + (13))/2	42,075,740	63,914,279	105,990,019
(15)	Factor to 6/4/09 Benefit Level (Exhibit V-3)	1.0994	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1380	1.1380	
(17)	Adjusted Losses (14) * (15) * (16)	52,641,682	72,734,450	125,376,132
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.4283	0.5918	1.0201
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.5750	0.5750	
(20)	Severity Ratio** (18)/(19)	0.7449	1.0292	1.7741

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

** Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 6

POLICY YEAR LOSS RATIO 2002*

(1)	Standard Earned Premium Reported (Table I)			119,944,412
(2)	Factor to 12/1/08 Rate Level (Exhibit V-2)			0.9833
(3)	Premium Development Factor to Ultimate Level (Exhibit VI-1)			0.9987
(4)	Expense Constant Removal Factor			0.9976
(5)	DCCPAP On-Level Factor			0.9982
(6)	Residual Market Offset Factor			1.0000
(7)	Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			117,293,816
Losses - Paid-to-20th Method		<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8)	Paid Losses Reported (Table I-D & I-E)	31,024,562	38,908,820	69,933,382
(9)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.3026	1.4623	
(10)	Ultimate Incurred Losses (8) * (9)	40,412,594	56,896,368	97,308,962
Losses - Incurred Method				
(11)	Incurred Losses Reported (Table I-B & I-C)	36,073,287	47,072,180	83,145,467
(12)	Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0914	1.3138	
(13)	Ultimate Incurred Losses (11) * (12)	39,370,385	61,843,429	101,213,814
Losses - Average of Incurred and Paid-to-20th				
(14)	Ultimate Incurred Losses ((10) + (13))/2	39,891,490	59,369,899	99,261,389
(15)	Factor to 6/4/09 Benefit Level (Exhibit V-3)	1.1266	1.0000	
(16)	Factor to Include Loss Adjustment Expense	1.1380	1.1380	
(17)	Adjusted Losses (14) * (15) * (16)	51,143,714	67,562,945	118,706,659
(18)	Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.4360	0.5760	1.0120
(19)	Normalized Claim Frequency (Exhibit VII-3)	0.6017	0.6017	
(20)	Severity Ratio** (18)/(19)	0.7246	0.9573	1.6819

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

** Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 7

POLICY YEAR LOSS RATIO 2001*

(1) Standard Earned Premium Reported (Table I)			96,659,636
(2) Factor to 12/1/08 Rate Level (Exhibit V-2)			1.1733
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0000
(4) Expense Constant Removal Factor			0.9982
(5) DCCPAP On-Level Factor			0.9956
(6) Residual Market Offset Factor			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			112,708,502
Losses - Paid-to-20th Methoc	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	30,401,205	34,489,359	64,890,564
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2467	1.4039	
(10) Ultimate Incurred Losses (8) * (9)	37,901,182	48,419,611	86,320,793
Losses - Incurred Methoc			
(11) Incurred Losses Reported (Table I-B & I-C)	34,285,293	43,610,824	77,896,117
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0708	1.2651	
(13) Ultimate Incurred Losses (11) * (12)	36,712,692	55,172,053	91,884,745
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	37,306,937	51,795,832	89,102,769
(15) Factor to 6/4/09 Benefit Level (Exhibit V-3)	1.1524	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1380	1.1380	
(17) Adjusted Losses (14) * (15) * (16)	48,925,481	58,943,657	107,869,138
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.4341	0.5230	0.9571
(19) Normalized Claim Frequency (Exhibit VII-3)	0.5963	0.5963	
(20) Severity Ratio** (18)/(19)	0.7280	0.8771	1.6051

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

** Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 8

POLICY YEAR LOSS RATIO 2000*

(1) Standard Earned Premium Reported (Table I)			95,722,561
(2) Factor to 12/1/08 Rate Level (Exhibit V-2)			1.1158
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0000
(4) Expense Constant Removal Factor			0.9988
(5) DCCPAP On-Level Factor			0.9929
(6) Residual Market Offset Factor			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			105,921,644
Losses - Paid-to-20th Methoc	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	37,942,122	41,953,778	79,895,900
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.2046	1.3555	
(10) Ultimate Incurred Losses (8) * (9)	45,705,080	56,868,346	102,573,426
Losses - Incurred Methoc			
(11) Incurred Losses Reported (Table I-B & I-C)	42,345,172	53,330,080	95,675,252
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0544	1.2295	
(13) Ultimate Incurred Losses (11) * (12)	44,648,749	65,569,334	110,218,083
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	45,176,915	61,218,840	106,395,755
(15) Factor to 6/4/09 Benefit Level (Exhibit V-3)	1.1799	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1380	1.1380	
(17) Adjusted Losses (14) * (15) * (16)	60,660,227	69,667,040	130,327,267
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.5727	0.6577	1.2304
(19) Normalized Claim Frequency (Exhibit VII-3)	0.6834	0.6834	
(20) Severity Ratio** (18)/(19)	0.8380	0.9624	1.8004

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

** Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 9

POLICY YEAR LOSS RATIO 1999*

(1) Standard Earned Premium Reported (Table I)			88,647,923
(2) Factor to 12/1/08 Rate Level (Exhibit V-2)			1.1304
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0000
(4) Expense Constant Removal Factor			0.9989
(5) DCCPAP On-Level Factor			0.9959
(6) Residual Market Offset Factor			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			99,686,985
Losses - Paid-to-20th Methoc	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	29,850,181	35,056,447	64,906,628
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1713	1.3146	
(10) Ultimate Incurred Losses (8) * (9)	34,963,517	46,085,206	81,048,723
Losses - Incurred Methoc			
(11) Incurred Losses Reported (Table I-B & I-C)	31,598,410	41,816,689	73,415,099
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0416	1.2028	
(13) Ultimate Incurred Losses (11) * (12)	32,912,904	50,297,114	83,210,018
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	33,938,211	48,191,160	82,129,371
(15) Factor to 6/4/09 Benefit Level (Exhibit V-3)	1.2097	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1380	1.1380	
(17) Adjusted Losses (14) * (15) * (16)	46,720,651	54,841,540	101,562,191
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.4687	0.5501	1.0188
(19) Normalized Claim Frequency (Exhibit VII-3)	0.7523	0.7523	
(20) Severity Ratio** (18)/(19)	0.6230	0.7312	1.3542

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

** Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

EXHIBIT IV - 10

POLICY YEAR LOSS RATIO 1998*

(1) Standard Earned Premium Reported (Table I)			94,576,206
(2) Factor to 12/1/08 Rate Level (Exhibit V-2)			0.9811
(3) Premium Development Factor to Ultimate Level (Exhibit VI-1)			1.0000
(4) Expense Constant Removal Factor			0.9986
(5) DCCPAP On-Level Factor			1.0001
(6) Residual Market Offset Factor			1.0000
(7) Standard Earned Premium on Level (1) * (2) * (3) * (4) * (5) * (6)			92,668,077
Losses - Paid-to-20th Methoc	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(8) Paid Losses Reported (Table I-D & I-E)	25,350,663	30,938,566	56,289,229
(9) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.1444	1.2797	
(10) Ultimate Incurred Losses (8) * (9)	29,011,299	39,592,082	68,603,381
Losses - Incurred Methoc			
(11) Incurred Losses Reported (Table I-B & I-C)	27,314,835	34,270,850	61,585,685
(12) Loss Development Factor to Ultimate Valuation (Exhibit VI-2 & VI-4)	1.0316	1.1820	
(13) Ultimate Incurred Losses (11) * (12)	28,177,984	40,508,145	68,686,129
Losses - Average of Incurred and Paid-to-20th			
(14) Ultimate Incurred Losses ((10) + (13))/2	28,594,642	40,050,114	68,644,756
(15) Factor to 6/4/09 Benefit Level (Exhibit V-3)	1.2386	1.0000	
(16) Factor to Include Loss Adjustment Expense	1.1380	1.1380	
(17) Adjusted Losses (14) * (15) * (16)	40,304,914	45,577,030	85,881,944
(18) Policy Year Loss and Loss Adjustment Expense Ratio (17) / (7)	0.4349	0.4918	0.9267
(19) Normalized Claim Frequency (Exhibit VII-3)	0.7620	0.7620	
(20) Severity Ratio** (18)/(19)	0.5707	0.6454	1.2161

* Projected losses limited on a per claim basis, with the loss limitation varying by policy year.

** Severity ratio represents loss and loss adjustment expense ratio adjusted to a common level of frequency.

**EXHIBIT V - 1
POLICY YEARS 2003 - 2007
PREMIUM ON-LEVEL FACTORS**

POLICY YEAR		(1) RATE CHANGE DATE	(2) RATE CHANGE	(3) CUM. INDEX OF COL (2)		(4) PORTION OF YEAR ON-LEVEL	(5) PRODUCT (3) * (4)	FACTOR TO ADJUST TO 12/1/08 RATE LEVEL	
2007	VOL+	12/01/06	BASE	0.7292	*	0.8302	0.6054		
		12/01/07	0.8225	0.5998		0.0347	0.0208		
		10/01/08	0.8843	0.6448		0.0128	0.0083		
		12/01/07& 10/01/08	0.7273	0.5304		0.0092	0.0049		
		12/01/08	0.8887	0.4713		-----	-----		
						0.8869	0.6394		
	RM++	12/01/06	BASE	1.0000		0.1069	0.1069		
		12/01/07	0.7800	0.7800		0.0036	0.0028		
		10/01/08	0.8843	0.8843		0.0016	0.0014		
		12/01/07& 10/01/08	0.6898	0.6898		0.0010	0.0007		
12/01/08		0.9026	0.6226		-----	-----			
					0.1131	0.1118			
*	Loss, LAE and LBA portion of 12/1/06 rate.					TOTAL	0.7512	0.8288	
2006	VOL	12/01/05	BASE	0.7479	**	0.7731	0.5782		
		12/01/06	1.0000	0.7479		0.0509	0.0381		
		12/01/07	0.6464	0.4834		-----	-----		
		TO 12/1/08				0.8240	0.6163		
	RM	12/01/05	BASE	1.0000		0.1666	0.1666		
		12/01/06	1.0257	1.0257		0.0094	0.0096		
		12/01/07	0.6226	0.6386		-----	-----		
		TO 12/1/08				0.1760	0.1762		
	**	Loss, LAE and LBA portion of 12/1/05 rate.					TOTAL	0.7925	0.8058
	2005	VOL	12/01/04	BASE	0.7552	***	0.7039	0.5316	
12/01/05			1.0710	0.8088		0.0557	0.0451		
12/01/06			0.6464	0.5228		-----	-----		
TO 12/1/08						0.7596	0.5767		
RM		12/01/04	BASE	1.0000		0.2263	0.2263		
		12/01/05	1.0810	1.0810		0.0141	0.0152		
		12/01/06	0.6386	0.6903		-----	-----		
		TO 12/1/08				0.2404	0.2415		
***		Loss & LAE and LBA portion of 12/1/04 rate.					TOTAL	0.8182	0.8437
2004		VOL	12/01/03	BASE	0.7347	****	0.6673	0.4903	
	12/01/04		1.1670	0.8574		0.0632	0.0542		
	12/01/05		0.6923	0.5936		-----	-----		
	TO 12/1/08					0.7305	0.5445		
	RM	12/01/03	BASE	1.0000		0.2495	0.2495		
		12/01/04	1.1353	1.1353		0.0200	0.0227		
		12/01/05	0.6903	0.7837		-----	-----		
		TO 12/1/08				0.2695	0.2722		
	****	Loss & LAE and LBA portion of 12/1/03 rate.					TOTAL	0.8167	0.9596
	2003	VOL	12/01/02	BASE	0.7318	*****	0.7117	0.5208	
12/01/03			0.9328	0.6826		0.0583	0.0398		
12/01/04			0.8079	0.5515		-----	-----		
TO 12/1/08						0.7700	0.5606		
RM		12/01/02	BASE	1.0000		0.2128	0.2128		
		12/01/03	0.9291	0.9291		0.0172	0.0160		
		12/01/04	0.7837	0.7281		-----	-----		
		TO 12/1/08				0.2300	0.2288		
*****		Loss & LAE and LBA portion of 12/1/02 rate.					TOTAL	0.7894	0.9223

+ Voluntary Market Adjustment for Outstanding Change

.7292 * .8225 = 0.5998
.7292 * .8843 = 0.6448
.7292 * .8225 * .8843 = 0.5304
.7292 * .8225 * .8843 * .8887 = 0.4713

++ Residual Market Adjustment for Outstanding Change

1.0000 * 0.7800 = 0.7800
1.0000 * 0.8843 = 0.8843
1.0000 * 0.7880 * 0.8843 = 0.6898
1.0000 * 0.7880 * 0.8843 * .9026 = 0.6226

**EXHIBIT V - 2
POLICY YEARS 1998 - 2002
PREMIUM ON-LEVEL FACTORS**

POLICY YEAR		(1) RATE CHANGE DATE	(2) RATE CHANGE	(3) CUM. INDEX OF COL (2)		(4) PORTION OF YEAR ON-LEVEL	(5) PRODUCT (3) * (4)	FACTOR TO ADJUST TO 12/1/08 RATE LEVEL
2002	VOL	12/01/01	BASE	0.7352	*	0.7381	0.5427	
		12/01/02	1.0618	0.7806		0.0708	0.0553	
		12/01/03	0.7536	0.5883		-----	-----	
		TO 12/1/08				0.8089	0.5980	
	RM	12/01/01	BASE	1.0000		0.1797	0.1797	
		12/01/02	1.0667	1.0667		0.0114	0.0122	
		12/01/03	0.7281	0.7767		-----	-----	
		TO 12/1/08				0.1911	0.1919	
	*	Loss & LAE and LBA portion of 12/1/01 rate.				TOTAL	0.7899	0.9833
2001	VOL	12/01/99	BASE	0.7849	**	0.2046	0.1606	
		3/01/01	0.9079	0.7126		0.6269	0.4467	
		12/01/01	1.1780	0.8394		0.0739	0.0620	
		12/01/02	0.8002	0.6717		-----	-----	
		TO 12/1/08				0.9054	0.6693	
	RM	12/01/99	BASE	1.0000		0.0112	0.0112	
		3/01/01	0.8885	0.8885		0.0788	0.0700	
		12/01/01	1.2850	1.1417		0.0046	0.0053	
		12/01/02	0.7767	0.8868		-----	-----	
		TO 12/1/08				0.0946	0.0865	
	**	Loss & LAE and LBA portion of 12/1/99 rate.				TOTAL	0.7558	1.1733
2000	VOL	12/01/99	BASE	0.7849	**	0.9541	0.7489	
		3/01/01	0.9079	0.7126		-----	-----	
		12/01/01	0.9426	0.6717		-----	-----	
		TO 12/1/08				0.9541	0.7489	
	RM	12/01/99	BASE	1.0000		0.0459	0.0459	
		3/01/01	0.8885	0.8885		-----	-----	
		12/01/01	0.9981	0.8868		-----	-----	
		TO 12/1/08				0.0459	0.0459	
	**	Loss & LAE and LBA portion of 12/1/99 rate.				TOTAL	0.7948	1.1158
1999	VOL	10/01/98	BASE	0.7821	***	0.9079	0.7101	
		12/01/99	1.0086	0.7888		0.0653	0.0515	
		3/01/01	0.8558	0.6751		-----	-----	
		TO 12/1/08				0.9732	0.7616	
	RM	10/01/98	BASE	1.0000		0.0260	0.0260	
		12/01/99	1.0050	1.0050		0.0008	0.0008	
		3/01/01	0.8868	0.8912		-----	-----	
		TO 12/1/08				0.0268	0.0268	
	***	Loss, LAE and LBA portion of 10/1/98 rate.				TOTAL	0.7884	1.1304
1998	VOL	8/01/97	BASE	0.7818	****	0.7905	0.6180	
		10/01/98	0.8503	0.6648		0.1615	0.1074	
		12/01/99	0.8631	0.5738		-----	-----	
		TO 12/1/08				0.9520	0.7254	
	RM	8/01/97	BASE	1.0000		0.0390	0.0390	
		10/01/98	0.8500	0.8500		0.0090	0.0077	
		12/01/99	0.8912	0.7575		-----	-----	
		TO 12/1/08				0.0480	0.0467	
	****	Loss, LAE and LBA portion of 8/1/97 rate.				TOTAL	0.7721	0.9811

EXHIBIT V - 3
POLICY YEARS 1998 - 2007
INDEMNITY LOSS ON-LEVEL FACTORS

POLICY YEAR	(1) LAW AMENDMENT DATE	(2) BENEFIT CHANGE	(3) CUM. INDEX OF COL (2)	(4) PORTION OF YEAR ON-LEVEL	(5) PRODUCT (3) * (4)	FACTOR TO ADJUST TO 6/04/09 BENEFIT LEVEL
2007	6/07/06	BASE	1.0000	0.0938	0.0938	
	6/07/07	1.0297	1.0297	0.7399	0.7619	
	6/03/08	1.0189	1.0492	0.1663	0.1745	
	6/04/09	1.0031	1.0525	----- 1.0000	----- 1.0302	
2006	6/06/05	BASE	1.0000	0.0951	0.0951	
	6/07/06	1.0200	1.0200	0.7396	0.7544	
	6/07/07	1.0297	1.0503	0.1653	0.1736	
	6/03/08 TO 6/04/09	1.0221	1.0735	----- 1.0000	----- 1.0231	
2005	5/21/04	BASE	1.0000	0.0939	0.0939	
	6/06/05	1.0136	1.0136	0.7471	0.7573	
	6/07/06	1.0200	1.0339	0.1590	0.1644	
	6/07/07 TO 6/04/09	1.0524	1.0881	----- 1.0000	----- 1.0156	
2004	6/04/03	BASE	1.0000	0.0767	0.0767	
	5/21/04	1.0094	1.0094	0.7627	0.7699	
	6/06/05	1.0136	1.0231	0.1606	0.1643	
	6/07/06 TO 6/04/09	1.0735	1.0983	----- 1.0000	----- 1.0109	
2003	6/14/02	BASE	1.0000	0.0915	0.0915	
	6/04/03	1.0284	1.0284	0.7235	0.7440	
	5/21/04	1.0094	1.0381	0.1850	0.1920	
	6/06/05 TO 6/04/09	1.0881	1.1296	----- 1.0000	----- 1.0275	
2002	6/20/01	BASE	1.0000	0.1038	0.1038	
	6/14/02	1.0207	1.0207	0.7325	0.7477	
	6/04/03	1.0284	1.0497	0.1637	0.1718	
	5/21/04 TO 6/04/09	1.0983	1.1529	----- 1.0000	----- 1.0233	
2001	6/12/00	BASE	1.0000	0.1115	0.1115	
	6/20/01	1.0242	1.0242	0.7403	0.7582	
	6/14/02	1.0207	1.0454	0.1482	0.1549	
	6/04/03 TO 6/04/09	1.1295	1.1808	----- 1.0000	----- 1.0246	
2000	6/15/99	BASE	1.0000	0.1013	0.1013	
	6/12/00	1.0260	1.0260	0.7594	0.7791	
	6/20/01	1.0242	1.0508	0.1393	0.1464	
	6/14/02 TO 6/04/09	1.1529	1.2115	----- 1.0000	----- 1.0268	
1999	6/11/98	BASE	1.0000	0.1050	0.1050	
	6/15/99	1.0237	1.0237	0.7437	0.7613	
	6/12/00	1.0260	1.0503	0.1513	0.1589	
	6/20/01 TO 6/04/09	1.1808	1.2402	----- 1.0000	----- 1.0252	
1998	6/18/97	BASE	1.0000	0.1000	0.1000	
	6/11/98	1.0221	1.0221	0.7533	0.7699	
	6/15/99	1.0237	1.0463	0.1467	0.1535	
	6/12/00 TO 6/04/09	1.2115	1.2676	----- 1.0000	----- 1.0234	

EXHIBIT VI - 1

DEVELOPMENT FACTORS

PREMIUM

<u>Reports in Ratio</u>	<u>Calendar Years 04-05</u>	<u>Calendar Years 05-06</u>	<u>Calendar Years 06-07</u>	<u>Calendar Years 07-08</u>	<u>Unweighted Average</u>	<u>Cumulative Average</u>
2nd to 1st	0.9995	1.0063	1.0140	0.9893	1.0023	0.9961
3rd to 2nd	0.9959	1.0002	0.9992	0.9974	0.9982	0.9938
4th to 3rd	0.9975	0.9991	0.9998	0.9974	0.9985	0.9956
5th to 4th	0.9973	1.0001	1.0005	0.9993	0.9993	0.9971
6th to 5th	0.9982	1.0012	0.9971	0.9999	0.9991	0.9978
7th to 6th	0.9995	1.0007	0.9999	0.9946	0.9987	0.9987
8th to 7th	1.0000	1.0002	0.9999	0.9999	1.0000	1.0000
9th to 8th	1.0000	0.9997	0.9999	1.0004	1.0000 *	1.0000
10th to 9th	1.0000	0.9999	0.9998	0.9998	1.0000 *	1.0000
11th to 10th	1.0000	1.0000	1.0000	1.0023	1.0000 *	1.0000
12th to 11th	0.9999	1.0001	1.0000	1.0000	1.0000 *	1.0000
13th to 12th	1.0000	0.9995	1.0001	1.0000	1.0000 *	1.0000
14th to 13th	1.0002	0.9946	1.0000	1.0002	1.0000 *	1.0000
15th to 14th	1.0019	0.9989	1.0000	0.9999	1.0000 *	1.0000
16th to 15th	1.0000	1.0062	1.0004	0.9998	1.0000 *	1.0000
17th to 16th	1.0000	1.0035	1.0001	1.0005	1.0000 *	1.0000
18th to 17th	1.0000	0.9993	1.0004	1.0000	1.0000 *	1.0000
19th to 18th	1.0000	1.0000	1.0006	1.0001	1.0000 *	1.0000
20th to 19th	1.0000	0.9997	1.0002	1.0001	1.0000 *	1.0000
Beyond 20th	1.0000	1.0007	1.0000	1.0005	1.0000 *	1.0000

* Selected

EXHIBIT VI - 2

DEVELOPMENT FACTORS

**INDEMNITY LOSSES
PAID METHOD - LIMITED LOSS BASIS**

Reports in Ratio		Calendar Years <u>04-05</u>	Calendar Years <u>05-06</u>	Calendar Years <u>06-07</u>	Calendar Years <u>07-08</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	a	1.8426	2.1728	1.9525	1.8724	1.9601	1.9601	4.8504
3rd to 2nd	a	1.3539	1.4474	1.4089	1.4283	1.4096	1.4080	2.4746
4th to 3rd	a	1.1720	1.1380	1.1620	1.1544	1.1566	1.1654	1.7575
5th to 4th	a	1.1013	1.1160	1.0909	1.0890	1.0993	1.0915	1.5081
6th to 5th	a	1.0583	1.0912	1.0636	1.0530	1.0665	1.0607	1.3816
7th to 6th	a	1.0414	1.0524	1.0489	1.0281	1.0427	1.0448	1.3026
8th to 7th	a	1.0599	1.0302	1.0216	1.0439	1.0389	1.0350	1.2467
9th to 8th	a	1.0158	1.0470	1.0262	1.0301	1.0298	1.0284	1.2046
10th to 9th	a	1.0150	1.0109	1.0272	1.0197	1.0182	1.0235	1.1713
11th to 10th	a	1.0203	1.0144	1.0118	1.0135	1.0150	1.0197	1.1444
12th to 11th	a	1.0176	1.0025	1.0137	1.0066	1.0101	1.0167	1.1223
13th to 12th	a	1.0108	1.0149	1.0028	1.0021	1.0077	1.0141	1.1039
14th to 13th	a	1.0092	1.0021	1.0536	1.0141	1.0198	1.0120	1.0885
15th to 14th	a	1.0101	1.0067	1.0000	1.0174	1.0086	1.0101	1.0756
16th to 15th	a	1.0039	1.0131	1.0053	1.0016	1.0060	1.0085	1.0649
17th to 16th	a	1.0111	1.0026	1.0042	1.0068	1.0062	1.0070	1.0559
18th to 17th	a	1.0040	1.0217	1.0024	1.0165	1.0112	1.0058	1.0485
19th to 18th	a	1.0101	1.0020	1.0225	1.0013	1.0090	1.0046	1.0425
20th to 19th	b	1.0263	1.0473	1.0203	1.0273	1.0303	1.0303	1.0377
Beyond 20th	c	0.9941	1.0206	0.9999	1.0142	1.0072	1.0072	1.0072

INCURRED METHOD

Reports in Ratio		Calendar Years <u>04-05</u>	Calendar Years <u>05-06</u>	Calendar Years <u>06-07</u>	Calendar Years <u>07-08</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	c	1.3025	1.3445	1.2354	1.3193	1.3004	1.3004	1.7840
3rd to 2nd	c	1.1414	1.1462	1.1298	1.1612	1.1447	1.1446	1.3719
4th to 3rd	c	1.0310	1.0701	1.0330	1.0275	1.0404	1.0420	1.1986
5th to 4th	c	1.0562	1.0315	1.0094	1.0468	1.0360	1.0294	1.1503
6th to 5th	c	1.0085	1.0301	1.0161	1.0065	1.0153	1.0238	1.1174
7th to 6th	c	1.0217	1.0293	1.0071	0.9980	1.0140	1.0193	1.0914
8th to 7th	c	1.0840	1.0253	1.0158	1.0183	1.0359	1.0155	1.0708
9th to 8th	c	1.0262	0.9915	1.0131	0.9940	1.0062	1.0123	1.0544
10th to 9th	c	0.9900	0.9925	1.0123	1.0066	1.0004	1.0097	1.0416
11th to 10th	c	1.0061	0.9979	0.9961	1.0099	1.0025	1.0076	1.0316
12th to 11th	c	1.0176	1.0243	0.9999	1.0015	1.0108	1.0059	1.0238
13th to 12th	c	1.0065	1.0070	0.9938	1.0063	1.0034	1.0044	1.0178
14th to 13th	c	0.9925	0.9971	1.0439	1.0041	1.0094	1.0032	1.0134
15th to 14th	c	1.0010	1.0107	0.9962	1.0099	1.0045	1.0022	1.0101
16th to 15th	c	1.0092	1.0063	1.0014	0.9999	1.0042	1.0014	1.0079
17th to 16th	c	1.0040	0.9980	0.9992	1.0029	1.0010	1.0007	1.0065
18th to 17th	c	0.9988	1.0001	0.9983	0.9794	0.9942	1.0000	1.0058
19th to 18th	c	0.9926	1.0019	1.0007	0.9941	0.9973	0.9995	1.0058
20th to 19th	c	1.0014	1.0013	1.0038	0.9954	1.0005	0.9991	1.0063
Beyond 20th	c	0.9941	1.0206	0.9999	1.0142	1.0072	1.0072	1.0072

- a** From Table I-D
- b** 19th (Paid - Table I-D) to 20th (Incurred - Table 1-B)
- c** From Table I-B

EXHIBIT VI - 3

**FITTED DEVELOPMENT FACTORS
INDEMNITY LOSSES**

Paid Development

	<u>4 Year Average</u>	<u>4 Year Average - 1</u>	<u>Fitted Value</u>	<u>Fitted Value + 1</u>
2nd to 1st	1.9601	0.9601	0.9601	1.9601
3rd to 2nd	1.4096	0.4096	0.4080	1.4080
4th to 3rd	1.1566	0.1566	0.1654	1.1654
5th to 4th	1.0993	0.0993	0.0915	1.0915
6th to 5th	1.0665	0.0665	0.0607	1.0607
7th to 6th	1.0427	0.0427	0.0448	1.0448
8th to 7th	1.0389	0.0389	0.0350	1.0350
9th to 8th	1.0298	0.0298	0.0284	1.0284
10th to 9th	1.0182	0.0182	0.0235	1.0235
11th to 10th	1.0150	0.0150	0.0197	1.0197
12th to 11th	1.0101	0.0101	0.0167	1.0167
13th to 12th	1.0077	0.0077	0.0141	1.0141
14th to 13th	1.0198	0.0198	0.0120	1.0120
15th to 14th	1.0086	0.0086	0.0101	1.0101
16th to 15th	1.0060	0.0060	0.0085	1.0085
17th to 16th	1.0062	0.0062	0.0070	1.0070
18th to 17th	1.0112	0.0112	0.0058	1.0058
19th to 18th	1.0090	0.0090	0.0046	1.0046
20th to 19th *	1.0303	0.0303	0.0303	1.0303

$$Y = a+b/x+c/x^2+d/x^3+e/x^4$$

$$a = -0.018179 \quad b = 0.487994 \quad c = -1.821639 \quad d = 7.889506 \quad e = -5.577552$$

* Paid-Incurred 4 year average

Incurred Development

	<u>4 Year Average</u>	<u>4 Year Average - 1</u>	<u>Fitted Value</u>	<u>Fitted Value + 1</u>
2nd to 1st	1.3004	0.3004	0.3004	1.3004
3rd to 2nd	1.1447	0.1447	0.1446	1.1446
4th to 3rd	1.0404	0.0404	0.0420	1.0420
5th to 4th	1.0360	0.0360	0.0294	1.0294
6th to 5th	1.0153	0.0153	0.0238	1.0238
7th to 6th	1.0140	0.0140	0.0193	1.0193
8th to 7th	1.0359	0.0359	0.0155	1.0155
9th to 8th	1.0062	0.0062	0.0123	1.0123
10th to 9th	1.0004	0.0004	0.0097	1.0097
11th to 10th	1.0025	0.0025	0.0076	1.0076
12th to 11th	1.0108	0.0108	0.0059	1.0059
13th to 12th	1.0034	0.0034	0.0044	1.0044
14th to 13th	1.0094	0.0094	0.0032	1.0032
15th to 14th	1.0045	0.0045	0.0022	1.0022
16th to 15th	1.0042	0.0042	0.0014	1.0014
17th to 16th	1.0010	0.0010	0.0007	1.0007
18th to 17th	0.9942	-0.0058	0.0000	1.0000
19th to 18th	0.9973	-0.0027	-0.0005	0.9995
20th to 19th	1.0005	0.0005	-0.0009	0.9991
Beyond 20th +	1.0072	0.0072	0.0072	1.0072

$$Y = a+b/x+c/x^2+d/x^3+e/x^4+f/x^5$$

$$a = -0.004584 \quad b = -0.046882 \quad c = 2.939254 \quad d = -15.425756 \quad e = 30.874118 \quad f = -18.035770$$

+ Selected four year average

EXHIBIT VI - 4

DEVELOPMENT FACTORS

**MEDICAL LOSSES
PAID METHOD - LIMITED LOSS BASIS**

Reports in Ratio		Calendar Years <u>04-05</u>	Calendar Years <u>05-06</u>	Calendar Years <u>06-07</u>	Calendar Years <u>07-08</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	a	1.3288	1.3390	1.3232	1.3561	1.3368	1.3379	2.6926
3rd to 2nd	a	1.1553	1.1522	1.1384	1.1364	1.1456	1.1368	2.0125
4th to 3rd	a	1.0627	1.0830	1.0428	1.0861	1.0687	1.0852	1.7704
5th to 4th	a	1.1013	1.0720	1.0548	1.0600	1.0720	1.0626	1.6314
6th to 5th	a	1.0515	1.0627	1.0439	1.0547	1.0532	1.0499	1.5353
7th to 6th	a	1.0318	1.0529	1.0500	1.0320	1.0417	1.0416	1.4623
8th to 7th	a	1.0274	1.0240	1.0268	1.0438	1.0305	1.0357	1.4039
9th to 8th	a	1.0237	1.0366	1.0271	1.0252	1.0282	1.0311	1.3555
10th to 9th	a	1.0187	1.0300	1.0341	1.0232	1.0265	1.0273	1.3146
11th to 10th	a	1.0206	1.0333	1.0376	1.0175	1.0273	1.0242	1.2797
12th to 11th	a	1.0156	1.0299	1.0336	1.0295	1.0272	1.0215	1.2494
13th to 12th	a	1.0082	1.0137	1.0309	1.0166	1.0174	1.0190	1.2231
14th to 13th	a	1.0107	1.0070	1.0172	1.0184	1.0133	1.0168	1.2003
15th to 14th	a	1.0109	1.0215	1.0115	1.0217	1.0164	1.0148	1.1805
16th to 15th	a	1.0119	1.0207	1.0104	1.0104	1.0134	1.0129	1.1633
17th to 16th	a	1.0086	1.0094	1.0109	1.0112	1.0100	1.0111	1.1485
18th to 17th	a	1.0158	1.0051	1.0128	1.0059	1.0099	1.0094	1.1359
19th to 18th	a	1.0037	1.0099	1.0059	1.0113	1.0077	1.0078	1.1253
20th to 19th	b	1.0563	1.0468	1.0593	1.0406	1.0508	1.0508	1.1166
Beyond 20th+	c	1.0528	1.0347	1.1050	1.0579	1.0626	1.0626	1.0626

INCURRED METHOD

Reports in Ratio		Calendar Years <u>04-05</u>	Calendar Years <u>05-06</u>	Calendar Years <u>06-07</u>	Calendar Years <u>07-08</u>	Unweighted Average	Fitted Value	Cumulative Average
2nd to 1st	c	1.1921	1.1267	1.1282	1.1818	1.1572	1.1555	2.0862
3rd to 2nd	c	1.1279	1.1161	1.0904	1.1548	1.1223	1.1200	1.8055
4th to 3rd	c	1.0612	1.0930	1.0633	1.0908	1.0771	1.0915	1.6120
5th to 4th	c	1.1314	1.0954	1.0326	1.0753	1.0837	1.0690	1.4769
6th to 5th	c	1.0474	1.0608	1.0230	1.0428	1.0435	1.0516	1.3816
7th to 6th	c	1.0474	1.0560	1.0474	1.0203	1.0428	1.0385	1.3138
8th to 7th	c	1.0240	1.0313	1.0613	1.0157	1.0331	1.0289	1.2651
9th to 8th	c	1.0500	0.9982	1.0093	1.0261	1.0209	1.0222	1.2295
10th to 9th	c	1.0163	1.0242	1.0090	0.9874	1.0092	1.0176	1.2028
11th to 10th	c	1.0264	1.0053	0.9926	1.0405	1.0162	1.0147	1.1820
12th to 11th	c	1.0399	0.9999	1.0171	1.0422	1.0248	1.0129	1.1649
13th to 12th	c	0.9906	1.0123	1.0006	1.0110	1.0036	1.0119	1.1501
14th to 13th	c	1.0082	1.0116	1.0146	1.0053	1.0099	1.0113	1.1365
15th to 14th	c	1.0007	1.0174	1.0041	1.0144	1.0092	1.0109	1.1238
16th to 15th	c	1.0183	1.0206	0.9984	1.0142	1.0129	1.0105	1.1117
17th to 16th	c	1.0024	1.0102	1.0115	1.0157	1.0100	1.0099	1.1002
18th to 17th	c	1.0059	1.0166	0.9992	1.0190	1.0102	1.0092	1.0894
19th to 18th	c	1.0169	1.0034	1.0111	1.0049	1.0091	1.0084	1.0795
20th to 19th	c	1.0140	1.0036	1.0080	0.9997	1.0063	1.0074	1.0705
Beyond 20th	c	1.0528	1.0347	1.1050	1.0579	1.0626	1.0626	1.0626

- a** From Table I-E
- b** 19th (Paid - Table I-E) to 20th (Incurred - Table 1-C)
- c** From Table I-C

EXHIBIT VI - 5

FITTED DEVELOPMENT FACTORS

MEDICAL LOSSES

Paid Development

	<u>4 Year Average</u>	<u>4 Year Average - 1</u>	<u>Fitted Value</u>	<u>Fitted Value + 1</u>
2nd to 1st	1.3368	0.3368	0.3379	1.3379
3rd to 2nd	1.1456	0.1456	0.1368	1.1368
4th to 3rd	1.0687	0.0687	0.0852	1.0852
5th to 4th	1.0720	0.0720	0.0626	1.0626
6th to 5th	1.0532	0.0532	0.0499	1.0499
7th to 6th	1.0417	0.0417	0.0416	1.0416
8th to 7th	1.0305	0.0305	0.0357	1.0357
9th to 8th	1.0282	0.0282	0.0311	1.0311
10th to 9th	1.0265	0.0265	0.0273	1.0273
11th to 10th	1.0273	0.0273	0.0242	1.0242
12th to 11th	1.0272	0.0272	0.0215	1.0215
13th to 12th	1.0174	0.0174	0.0190	1.0190
14th to 13th	1.0133	0.0133	0.0168	1.0168
15th to 14th	1.0164	0.0164	0.0148	1.0148
16th to 15th	1.0134	0.0134	0.0129	1.0129
17th to 16th	1.0100	0.0100	0.0111	1.0111
18th to 17th	1.0099	0.0099	0.0094	1.0094
19th to 18th	1.0077	0.0077	0.0078	1.0078
20th to 19th *	1.0508	0.0508	0.0508	1.0508

$$Y = a+b*x5*\log(x)+c/x^{1.5}$$

$$a = 0.030085 \quad b = -0.002146 \quad c = 0.307840$$

* Paid-Incurred 4 year average

Incurred Development

	<u>4 Year Average</u>	<u>4 Year Average - 1</u>	<u>Fitted Value</u>	<u>Fitted Value + 1</u>
2nd to 1st	1.1572	0.1572	0.1555	1.1555
3rd to 2nd	1.1223	0.1223	0.1200	1.1200
4th to 3rd	1.0771	0.0771	0.0915	1.0915
5th to 4th	1.0837	0.0837	0.0690	1.0690
6th to 5th	1.0435	0.0435	0.0516	1.0516
7th to 6th	1.0428	0.0428	0.0385	1.0385
8th to 7th	1.0331	0.0331	0.0289	1.0289
9th to 8th	1.0209	0.0209	0.0222	1.0222
10th to 9th	1.0092	0.0092	0.0176	1.0176
11th to 10th	1.0162	0.0162	0.0147	1.0147
12th to 11th	1.0248	0.0248	0.0129	1.0129
13th to 12th	1.0036	0.0036	0.0119	1.0119
14th to 13th	1.0099	0.0099	0.0113	1.0113
15th to 14th	1.0092	0.0092	0.0109	1.0109
16th to 15th	1.0129	0.0129	0.0105	1.0105
17th to 16th	1.0100	0.0100	0.0099	1.0099
18th to 17th	1.0102	0.0102	0.0092	1.0092
19th to 18th	1.0091	0.0091	0.0084	1.0084
20th to 19th	1.0063	0.0063	0.0074	1.0074
Beyond 20th +	1.0626	0.0626	0.0626	1.0626

$$Y = a*x^4+b*x^3+c*x^2+d*x+e$$

$$a = 0.000003 \quad b = -0.000194 \quad c = 0.004598 \quad d = -.048012 \quad e = .199138$$

+ Selected four year average

EXHIBIT VII - 1

DETERMINATION OF TREND

INDEMNITY

Policy Year	2001	2002	2003	2004	2005	2006	2007
Actual Loss Ratio	0.4341	0.4360	0.4283	0.3608	0.3263	0.2983	0.2955
Normalized Frequency	0.5963	0.6017	0.5750	0.5065	0.4547	0.4319	0.3831
Severity Loss Ratio	0.7280	0.7246	0.7449	0.7123	0.7176	0.6907	0.7713
x	1	2	3	4	5	6	7
y	0.7280	0.7246	0.7449	0.7123	0.7176	0.6907	0.7713

7 Point Exponential Regression: $y = 0.722519 * 1.001435 ^ x$

Policy Year	Fitted Value @ Midpoint of PY (1)	Fitted Value @ 12/1/09 (2)	Severity Trend Factor (3) = (2) / (1)	Frequency Trend Factor (4) #
2004	0.7267	0.7329	1.0085	0.6265
2005	0.7277	0.7329	1.0071	0.6780
2006	0.7288	0.7329	1.0056	0.7337
2007	0.7298	0.7329	1.0042	0.7941

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5) * (6)
2004	0.3608	0.6318	0.2280
2005	0.3263	0.6828	0.2228
2006	0.2983	0.7378	0.2201
2007	0.2955	0.7974	0.2356

See Exhibit VII-3 for column (4).

EXHIBIT VII - 2

DETERMINATION OF TREND

MEDICAL

Policy Year	2001	2002	2003	2004	2005	2006	2007
Actual Loss Ratio	0.5230	0.5760	0.5918	0.5694	0.5314	0.4925	0.5017
Normalized Frequency	0.5963	0.6017	0.5750	0.5065	0.4547	0.4319	0.3831
Severity Loss Ratio	0.8771	0.9573	1.0292	1.1242	1.1687	1.1403	1.3096
x	1	2	3	4	5	6	7
y	0.8771	0.9573	1.0292	1.1242	1.1687	1.1403	1.3096

7 Point Exponential Regression: $y = 0.848311 * 1.061819^x$

Policy Year	Fitted Value @ Midpoint of PY (1)	Fitted Value @ 12/1/09 (2)	Severity Trend Factor (3) = (2) / (1)	Frequency Trend Factor (4) #
2004	1.0783	1.5378	1.4260	0.6265
2005	1.1450	1.5378	1.3430	0.6780
2006	1.2158	1.5378	1.2648	0.7337
2007	1.2909	1.5378	1.1912	0.7941

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5) * (6)
2004	0.5694	0.8934	0.5087
2005	0.5314	0.9106	0.4839
2006	0.4925	0.9280	0.4570
2007	0.5017	0.9459	0.4746

See Exhibit VII-3 for column (4).

EXHIBIT VII - 3

DETERMINATION OF TREND

Claim Frequency

Policy Year Frequency per \$1 million of Expected Losses
{1 = PY 1995, 13 = PY 2007}

Policy Year	Claim Frequency	Normalized Frequency
1995	25.84	1.0000
1996	24.31	0.9408
1997	22.10	0.8553
1998	19.69	0.7620
1999	19.44	0.7523
2000	17.66	0.6834
2001	15.41	0.5963
2002	15.55	0.6017
2003	14.86	0.5750
2004	13.09	0.5065
2005	11.75	0.4547
2006	11.16	0.4319
2007	9.90	0.3831

Policy Year	2001	2002	2003	2004	2005	2006
x	1	2	3	4	5	6
y	0.5963	0.6017	0.5750	0.5065	0.4547	0.4319

7 Point Exponential Regression: $y = 0.687726 * 0.923604 ^ x$

SELECTED FREQUENCY TREND FACTOR

-7.6%

Policy Year	Frequency Trend Factor (1)	# of years to 12/1/10 (2)	Frequency Trend to 12/1/10 (3) = (1)^(2)
2004	0.9240	5.9167	0.6265
2005	0.9240	4.9167	0.6780
2006	0.9240	3.9167	0.7337
2007	0.9240	2.9167	0.7941

TABLE I

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

ACCUMULATED STANDARD EARNED PREMIUM

Policy Year Valued	As of 12/31/04	As of 12/31/05	Ratio to Prior Year	Policy Year Valued	As of 12/31/05	As of 12/31/06	Ratio to Prior Year
Prior				Prior			
to 1985	411,530,545	411,530,545	1.0000	to 1986	470,469,262	470,520,746	1.0001
1985	58,945,026	58,945,026	1.0000	1986	70,662,802	70,642,703	0.9997
1986	70,662,878	70,662,878	1.0000	1987	82,211,765	82,212,725	1.0000
1987	82,211,641	82,211,641	1.0000	1988	98,361,301	98,290,364	0.9993
1988	98,358,405	98,358,405	1.0000	1989	106,128,025	106,496,998	1.0035
1989	106,098,405	106,098,916	1.0000	1990	93,537,296	94,117,228	1.0062
1990	93,359,040	93,535,763	1.0019	1991	92,964,855	92,864,993	0.9989
1991	92,940,119	92,960,348	1.0002	1992	86,386,679	85,921,187	0.9946
1992	86,377,584	86,375,862	1.0000	1993	86,984,577	86,945,402	0.9995
1993	86,989,474	86,984,577	0.9999	1994	83,903,080	83,907,387	1.0001
1994	83,902,268	83,903,080	1.0000	1995	80,761,029	80,758,868	1.0000
1995	80,763,835	80,761,029	1.0000	1996	85,206,686	85,199,703	0.9999
1996	85,205,097	85,206,686	1.0000	1997	88,899,092	88,872,668	0.9997
1997	88,897,437	88,899,092	1.0000	1998	94,807,782	94,826,083	1.0002
1998	94,856,565	94,807,782	0.9995	1999	88,621,444	88,680,449	1.0007
1999	88,781,739	88,621,444	0.9982	2000	95,760,743	95,875,733	1.0012
2000	96,023,457	95,760,743	0.9973	2001	98,540,790	98,551,423	1.0001
2001	98,785,582	98,540,790	0.9975	2002	119,937,152	119,825,276	0.9991
2002	120,434,706	119,937,152	0.9959	2003	134,178,663	134,204,821	1.0002
2003	134,241,592	134,178,663	0.9995	2004	150,132,349	151,074,651	1.0063
2004	75,867,272	150,132,349	1.9789	2005	92,880,627	181,617,380	1.9554
2005		92,862,490		2006		109,352,562	

Policy Year Valued	As of 12/31/06	As of 12/31/07	Ratio to Prior Year	Policy Year Valued	As of 12/31/07	As of 12/31/08	Ratio to Prior Year
Prior				Prior			
to 1986	470,520,746	470,521,010	1.0000	to 1986	470,521,010	470,559,557	1.0001
1986	70,642,703	70,643,392	1.0000	1986	70,643,392	70,642,472	1.0000
1987	82,212,725	82,225,750	1.0002	1987	82,225,750	82,227,859	1.0000
1988	98,290,364	98,345,982	1.0006	1988	98,345,982	98,353,934	1.0001
1989	106,496,998	106,535,459	1.0004	1989	106,535,459	106,541,098	1.0001
1990	94,117,228	94,130,902	1.0001	1990	94,130,697	94,129,938	1.0000
1991	92,864,993	92,904,056	1.0004	1991	92,903,378	92,950,710	1.0005
1992	85,921,187	85,919,982	1.0000	1992	85,919,314	85,901,934	0.9998
1993	86,945,402	86,944,981	1.0000	1993	86,944,306	86,935,228	0.9999
1994	83,907,387	83,912,349	1.0001	1994	83,911,939	83,927,927	1.0002
1995	80,758,868	80,759,982	1.0000	1995	80,730,408	80,728,566	1.0000
1996	85,199,703	85,197,215	1.0000	1996	85,000,807	85,000,067	1.0000
1997	88,872,668	88,853,555	0.9998	1997	88,717,417	88,919,030	1.0023
1998	94,826,083	94,812,033	0.9999	1998	94,598,052	94,576,206	0.9998
1999	88,680,449	88,669,578	0.9999	1999	88,614,874	88,647,923	1.0004
2000	95,875,733	95,862,477	0.9999	2000	95,736,482	95,722,561	0.9999
2001	98,551,423	98,266,463	0.9971	2001	97,187,850	96,659,636	0.9946
2002	119,825,276	119,887,918	1.0005	2002	119,954,047	119,944,412	0.9999
2003	134,204,821	134,172,879	0.9998	2003	133,975,961	133,878,452	0.9993
2004	151,074,651	150,956,672	0.9992	2004	151,175,213	150,778,929	0.9974
2005	181,617,380	184,153,780	1.0140	2005	184,326,780	183,855,910	0.9974
2006	109,352,562	203,918,092	1.8648	2006	203,994,244	201,817,661	0.9893
2007		109,719,184		2007	109,941,806	197,502,407	
				2008		94,480,978	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

TABLE I - A - Individual Losses Limited to \$2,370,000 *

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/04	As of 12/31/05	Ratio to Prior Year	Policy Year Valued	As of 12/31/05	As of 12/31/06	Ratio to Prior Year
Prior				Prior			
to 1985	249,934,959	250,643,320	1.0028	to 1986	288,222,789	289,310,734	1.0038
1985	37,327,924	37,579,469	1.0067	1986	41,182,198	41,274,236	1.0022
1986	41,081,108	41,182,198	1.0025	1987	50,068,573	50,197,118	1.0026
1987	49,975,639	50,068,573	1.0019	1988	49,281,411	49,651,287	1.0075
1988	49,122,065	49,281,411	1.0032	1989	55,166,478	55,366,538	1.0036
1989	54,436,910	55,166,478	1.0134	1990	55,184,921	55,904,919	1.0130
1990	55,137,830	55,184,921	1.0009	1991	56,529,748	57,323,113	1.0140
1991	56,513,232	56,529,748	1.0003	1992	52,007,400	52,249,133	1.0046
1992	52,100,621	52,006,065	0.9982	1993	57,702,313	58,264,621	1.0097
1993	56,081,932	57,702,313	1.0289	1994	50,734,686	51,295,888	1.0111
1994	49,886,639	50,734,686	1.0170	1995	54,564,465	54,669,110	1.0019
1995	54,340,700	54,564,465	1.0041	1996	64,800,100	65,407,852	1.0094
1996	62,381,200	64,800,100	1.0388	1997	63,561,446	63,241,436	0.9950
1997	60,402,200	63,561,446	1.0523	1998	59,466,423	61,170,865	1.0287
1998	57,402,433	59,466,423	1.0360	1999	66,779,749	69,708,638	1.0439
1999	64,876,821	66,779,749	1.0293	2000	87,342,548	91,423,906	1.0467
2000	79,724,017	87,342,548	1.0956	2001	70,930,773	75,602,655	1.0659
2001	67,745,187	70,930,773	1.0470	2002	73,178,519	79,224,169	1.0826
2002	64,533,554	73,178,519	1.1340	2003	68,466,888	77,321,628	1.1293
2003	55,296,883	68,466,888	1.2382	2004	60,644,987	73,292,172	1.2085
2004	23,645,495	60,644,987	2.5648	2005	20,196,679	59,650,840	2.9535
2005		20,196,679		2006		22,451,323	

Policy Year Valued	As of 12/31/06	As of 12/31/07	Ratio to Prior Year	Policy Year Valued	As of 12/31/07	As of 12/31/08	Ratio to Prior Year
Prior				Prior			
to 1986	289,310,734	290,764,267	1.0050	to 1986	290,764,267	291,392,331	1.0022
1986	41,274,236	41,593,688	1.0077	1986	41,593,688	41,483,590	0.9974
1987	50,197,118	50,477,564	1.0056	1987	50,477,564	51,512,332	1.0205
1988	49,651,287	49,920,056	1.0054	1988	50,253,827	50,123,409	0.9974
1989	55,366,538	55,294,677	0.9987	1989	55,443,010	55,393,178	0.9991
1990	55,904,919	56,186,031	1.0050	1990	56,186,031	56,093,857	0.9984
1991	57,323,113	57,314,587	0.9999	1991	57,314,587	57,848,349	1.0093
1992	52,249,133	52,265,065	1.0003	1992	52,390,630	52,777,974	1.0074
1993	58,264,621	59,948,567	1.0289	1993	60,204,250	60,937,414	1.0122
1994	51,295,888	51,165,643	0.9975	1994	51,165,643	51,410,387	1.0048
1995	54,669,110	55,173,895	1.0092	1995	55,173,895	55,662,747	1.0089
1996	65,407,852	65,031,889	0.9943	1996	65,031,889	66,556,869	1.0234
1997	63,241,436	63,913,809	1.0106	1997	63,913,809	65,553,723	1.0257
1998	61,170,865	61,842,535	1.0110	1998	61,842,535	61,585,685	0.9958
1999	69,708,638	72,558,566	1.0409	1999	72,540,683	73,415,099	1.0121
2000	91,423,906	94,091,935	1.0292	2000	94,091,211	95,675,252	1.0168
2001	75,602,655	77,108,688	1.0199	2001	77,097,644	77,896,117	1.0104
2002	79,224,169	80,983,111	1.0222	2002	80,978,321	83,145,467	1.0268
2003	77,321,628	81,172,519	1.0498	2003	80,904,611	85,988,536	1.0628
2004	73,292,172	81,125,232	1.1069	2004	81,130,903	86,306,696	1.0638
2005	59,650,840	69,834,742	1.1707	2005	69,834,742	80,832,579	1.1575
2006	22,451,323	56,260,129	2.5059	2006	56,264,941	69,544,845	1.2360
2007		19,904,958		2007	19,905,896	58,637,850	2.9458
				2008		22,674,225	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

* Losses limited on a per-claim basis, with the actual limitation varying by policy year as described in Exhibit 1a. Losses are expressed on a pre-Senate Bill 1 basis.

TABLE I - B - Individual Losses Limited to \$2,370,000 *

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

INDEMNITY INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/04	As of 12/31/05	Ratio to Prior Year	Policy Year Valued	As of 12/31/05	As of 12/31/06	Ratio to Prior Year
Prior				Prior			
to 1985	160,196,434	160,070,335	0.9992	to 1986	181,728,790	182,229,049	1.0032
1985	21,525,222	21,555,742	1.0014	1986	24,267,594	24,298,562	1.0006
1986	24,447,561	24,267,594	0.9926	1987	28,445,233	28,499,715	1.0032
1987	28,479,939	28,445,233	0.9988	1988	27,148,707	27,151,457	1.0011
1988	27,041,563	27,148,707	1.0040	1989	29,634,495	29,574,888	1.0038
1989	29,364,859	29,634,495	1.0092	1990	29,133,330	29,317,490	1.0088
1990	29,103,454	29,133,330	1.0010	1991	28,266,746	28,568,062	1.0073
1991	28,480,544	28,266,746	0.9925	1992	24,977,801	24,905,202	0.9955
1992	24,816,549	24,977,801	1.0065	1993	28,223,964	28,422,697	1.0083
1993	27,735,856	28,223,964	1.0176	1994	23,222,300	23,787,447	1.0284
1994	23,082,123	23,222,300	1.0061	1995	24,943,817	24,890,358	1.0055
1995	25,194,596	24,943,817	0.9900	1996	30,282,987	30,056,817	0.9933
1996	29,508,572	30,282,987	1.0262	1997	30,878,966	30,617,886	0.9945
1997	28,485,565	30,878,966	1.0840	1998	26,125,298	26,785,095	1.0234
1998	25,569,599	26,125,298	1.0217	1999	30,407,675	31,299,813	1.0235
1999	30,150,518	30,407,675	1.0085	2000	40,083,699	41,291,573	1.0369
2000	37,951,960	40,083,699	1.0562	2001	32,779,118	33,811,519	1.0314
2001	31,794,525	32,779,118	1.0310	2002	33,173,595	35,500,197	1.0567
2002	29,064,623	33,173,595	1.1414	2003	30,064,652	34,460,399	1.1457
2003	23,082,823	30,064,652	1.3025	2004	22,788,309	30,639,353	1.3514
2004	8,864,663	22,788,309	2.5707	2005	7,113,116	23,669,244	3.3979
2005		7,113,116		2006		8,718,635	

Policy Year Valued	As of 12/31/06	As of 12/31/07	Ratio to Prior Year	Policy Year Valued	As of 12/31/07	As of 12/31/08	Ratio to Prior Year
Prior				Prior			
to 1986	182,229,049	181,997,000	0.9987	to 1986	181,997,000	182,543,705	1.0035
1986	24,298,562	24,529,391	1.0095	1986	24,529,391	24,270,052	0.9839
1987	28,499,715	28,606,834	1.0038	1987	28,606,834	28,683,502	1.0076
1988	27,151,457	27,170,511	1.0007	1988	27,328,274	27,203,758	0.9959
1989	29,574,888	29,523,490	0.9983	1989	29,664,219	29,488,848	0.9962
1990	29,317,490	29,292,974	0.9992	1990	29,292,974	28,690,286	0.9709
1991	28,568,062	28,606,976	1.0014	1991	28,606,976	28,689,750	1.0035
1992	24,905,202	24,809,796	0.9962	1992	24,888,504	24,886,215	1.0012
1993	28,422,697	29,670,575	1.0439	1993	29,827,315	30,123,021	1.0134
1994	23,787,447	23,640,597	0.9938	1994	23,640,597	23,738,153	1.0060
1995	24,890,358	24,886,742	0.9999	1995	24,886,742	25,043,402	1.0108
1996	30,056,817	29,940,715	0.9961	1996	29,940,715	29,985,561	1.0032
1997	30,617,886	30,995,037	1.0123	1997	30,995,037	31,301,001	1.0111
1998	26,785,095	27,135,523	1.0131	1998	27,135,523	27,314,835	1.0019
1999	31,299,813	31,794,355	1.0158	1999	31,787,942	31,598,410	0.9944
2000	41,291,573	41,585,759	1.0071	2000	41,585,759	42,345,172	1.0210
2001	33,811,519	34,354,962	1.0161	2001	34,354,376	34,285,293	0.9980
2002	35,500,197	35,834,800	1.0094	2002	35,838,889	36,073,287	1.0347
2003	34,460,399	35,597,352	1.0330	2003	35,408,187	37,065,414	1.0467
2004	30,639,353	34,616,444	1.1298	2004	34,620,233	35,570,766	1.0464
2005	23,669,244	29,241,332	1.2354	2005	29,241,332	33,955,693	1.1561
2006	8,718,635	22,203,106	2.5466	2006	22,205,238	29,294,389	1.3193
2007		6,755,098		2007	6,755,368	22,989,923	3.4112
				2008		7,517,977	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

* Losses limited on a per-claim basis, with the actual limitation varying by policy year as described in Exhibit 1a. Losses are expressed on a pre-Senate Bill 1 basis.

TABLE I - C - Individual Losses Limited to \$2,370,000 *

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

MEDICAL INCURRED LOSSES EXCLUDING BULK AND IBNR RESERVES

Policy Year Valued	As of 12/31/04	As of 12/31/05	Ratio to Prior Year	Policy Year Valued	As of 12/31/05	As of 12/31/06	Ratio to Prior Year
Prior				Prior			
to 1985	89,738,525	90,572,985	1.0093	to 1986	106,493,999	107,081,685	1.0055
1985	15,802,702	16,023,727	1.0140	1986	16,914,604	16,975,674	1.0036
1986	16,633,547	16,914,604	1.0169	1987	21,623,340	21,697,403	1.0034
1987	21,495,700	21,623,340	1.0059	1988	22,132,704	22,499,830	1.0166
1988	22,080,502	22,132,704	1.0024	1989	25,531,983	25,791,650	1.0102
1989	25,072,051	25,531,983	1.0183	1990	26,051,591	26,587,429	1.0206
1990	26,034,376	26,051,591	1.0007	1991	28,263,002	28,755,051	1.0174
1991	28,032,688	28,263,002	1.0082	1992	27,029,599	27,343,931	1.0116
1992	27,284,072	27,028,264	0.9906	1993	29,478,349	29,841,924	1.0123
1993	28,346,076	29,478,349	1.0399	1994	27,512,386	27,508,441	0.9999
1994	26,804,516	27,512,386	1.0264	1995	29,620,648	29,778,752	1.0053
1995	29,146,104	29,620,648	1.0163	1996	34,517,113	35,351,035	1.0242
1996	32,872,628	34,517,113	1.0500	1997	32,682,480	32,623,550	0.9982
1997	31,916,635	32,682,480	1.0240	1998	33,341,125	34,385,770	1.0313
1998	31,832,834	33,341,125	1.0474	1999	36,372,074	38,408,825	1.0560
1999	34,726,303	36,372,074	1.0474	2000	47,258,849	50,132,333	1.0608
2000	41,772,057	47,258,849	1.1314	2001	38,151,655	41,791,136	1.0954
2001	35,950,662	38,151,655	1.0612	2002	40,004,924	43,723,972	1.0930
2002	35,468,931	40,004,924	1.1279	2003	38,402,236	42,861,229	1.1161
2003	32,214,060	38,402,236	1.1921	2004	37,856,678	42,652,819	1.1267
2004	14,780,832	37,856,678	2.5612	2005	13,083,563	35,981,596	2.7501
2005		13,083,563		2006		13,732,688	

Policy Year Valued	As of 12/31/06	As of 12/31/07	Ratio to Prior Year	Policy Year Valued	As of 12/31/07	As of 12/31/08	Ratio to Prior Year
Prior				Prior			
to 1986	107,081,685	108,767,267	1.0157	to 1986	108,767,267	108,848,626	1.0007
1986	16,975,674	17,064,297	1.0052	1986	17,064,297	17,213,538	1.0087
1987	21,697,403	21,870,730	1.0080	1987	21,870,730	22,828,830	1.0438
1988	22,499,830	22,749,545	1.0111	1988	22,925,553	22,919,651	0.9997
1989	25,791,650	25,771,187	0.9992	1989	25,778,791	25,904,330	1.0049
1990	26,587,429	26,893,057	1.0115	1990	26,893,057	27,403,571	1.0190
1991	28,755,051	28,707,611	0.9984	1991	28,707,611	29,158,599	1.0157
1992	27,343,931	27,455,269	1.0041	1992	27,502,126	27,891,759	1.0142
1993	29,841,924	30,277,992	1.0146	1993	30,376,935	30,814,393	1.0144
1994	27,508,441	27,525,046	1.0006	1994	27,525,046	27,672,234	1.0053
1995	29,778,752	30,287,153	1.0171	1995	30,287,153	30,619,345	1.0110
1996	35,351,035	35,091,174	0.9926	1996	35,091,174	36,571,308	1.0422
1997	32,623,550	32,918,772	1.0090	1997	32,918,772	34,252,722	1.0405
1998	34,385,770	34,707,012	1.0093	1998	34,707,012	34,270,850	0.9874
1999	38,408,825	40,764,211	1.0613	1999	40,752,741	41,816,689	1.0261
2000	50,132,333	52,506,176	1.0474	2000	52,505,452	53,330,080	1.0157
2001	41,791,136	42,753,726	1.0230	2001	42,743,268	43,610,824	1.0203
2002	43,723,972	45,148,311	1.0326	2002	45,139,432	47,072,180	1.0428
2003	42,861,229	45,575,167	1.0633	2003	45,496,424	48,923,122	1.0753
2004	42,652,819	46,508,788	1.0904	2004	46,510,670	50,735,930	1.0908
2005	35,981,596	40,593,410	1.1282	2005	40,593,410	46,876,886	1.1548
2006	13,732,688	34,057,023	2.4800	2006	34,059,703	40,250,456	1.1818
2007		13,149,860		2007	13,150,528	35,647,927	2.7108
				2008		15,156,248	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

* Losses limited on a per-claim basis, with the actual limitation varying by policy year as described in Exhibit 1a. Losses are expressed on a pre-Senate Bill 1 basis.

TABLE I - D - Individual Losses Limited to \$2,370,000 *

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

INDEMNITY PAID LOSSES

Policy Year Valued	As of 12/31/04	As of 12/31/05	Ratio to Prior Year	Policy Year Valued	As of 12/31/05	As of 12/31/06	Ratio to Prior Year
Prior				Prior			
to 1985	154,891,111	155,354,719	1.0030	to 1986	176,547,241	177,363,525	1.0046
1985	21,004,031	21,063,110	1.0028	1986	23,200,692	23,317,396	1.0050
1986	22,968,803	23,200,692	1.0101	1987	27,982,289	28,038,015	1.0020
1987	27,871,736	27,982,289	1.0040	1988	25,348,539	25,898,980	1.0217
1988	25,070,865	25,348,539	1.0111	1989	28,804,034	28,879,463	1.0026
1989	28,692,519	28,804,034	1.0039	1990	26,723,899	27,074,689	1.0131
1990	26,456,122	26,723,899	1.0101	1991	27,000,763	27,180,648	1.0067
1991	26,754,576	27,000,763	1.0092	1992	24,425,443	24,477,650	1.0021
1992	24,165,137	24,425,443	1.0108	1993	26,382,188	26,775,126	1.0149
1993	25,925,341	26,382,188	1.0176	1994	22,208,109	22,264,471	1.0025
1994	21,766,184	22,208,109	1.0203	1995	23,186,562	23,519,390	1.0144
1995	22,844,564	23,186,562	1.0150	1996	27,446,527	27,745,983	1.0109
1996	27,019,375	27,446,527	1.0158	1997	25,718,357	26,927,544	1.0470
1997	24,264,738	25,718,357	1.0599	1998	23,516,914	24,227,170	1.0302
1998	22,582,421	23,516,914	1.0414	1999	26,960,937	28,373,214	1.0524
1999	25,474,522	26,960,937	1.0583	2000	31,757,362	34,652,939	1.0912
2000	28,835,652	31,757,362	1.1013	2001	24,915,684	27,804,785	1.1160
2001	21,259,953	24,915,684	1.1720	2002	23,733,730	27,008,622	1.1380
2002	17,529,272	23,733,730	1.3539	2003	17,000,415	24,606,808	1.4474
2003	9,226,464	17,000,415	1.8426	2004	8,061,155	17,515,376	2.1728
2004	1,984,115	8,061,155	4.0628	2005	1,944,100	8,483,069	4.3635
2005		1,944,100		2006		2,041,025	

Policy Year Valued	As of 12/31/06	As of 12/31/07	Ratio to Prior Year	Policy Year Valued	As of 12/31/07	As of 12/31/08	Ratio to Prior Year
Prior				Prior			
to 1986	177,363,525	178,354,469	1.0056	to 1986	178,354,469	179,186,884	1.0047
1986	23,317,396	23,440,503	1.0053	1986	23,440,503	23,551,745	1.0047
1987	28,038,015	28,221,719	1.0066	1987	28,221,719	28,198,072	0.9992
1988	25,898,980	26,481,375	1.0225	1988	26,481,375	26,552,607	1.0027
1989	28,879,463	28,949,331	1.0024	1989	28,949,331	28,986,010	1.0013
1990	27,074,689	27,187,316	1.0042	1990	27,187,316	27,634,910	1.0165
1991	27,180,648	27,323,874	1.0053	1991	27,323,874	27,510,845	1.0068
1992	24,477,650	24,477,065	1.0000	1992	24,477,065	24,516,502	1.0016
1993	26,775,126	28,211,093	1.0536	1993	28,211,093	28,702,407	1.0174
1994	22,264,471	22,326,915	1.0028	1994	22,326,915	22,642,813	1.0141
1995	23,519,390	23,841,525	1.0137	1995	23,841,525	23,891,496	1.0021
1996	27,745,983	28,072,192	1.0118	1996	28,072,192	28,257,649	1.0066
1997	26,927,544	27,660,768	1.0272	1997	27,660,768	28,034,403	1.0135
1998	24,227,170	24,861,435	1.0262	1998	24,861,435	25,350,663	1.0197
1999	28,373,214	28,984,959	1.0216	1999	28,978,546	29,850,181	1.0301
2000	34,652,939	36,347,864	1.0489	2000	36,347,864	37,942,122	1.0439
2001	27,804,785	29,572,380	1.0636	2001	29,570,309	30,401,205	1.0281
2002	27,008,622	29,463,585	1.0909	2002	29,462,854	31,024,562	1.0530
2003	24,606,808	28,594,219	1.1620	2003	28,402,781	30,931,229	1.0890
2004	17,515,376	24,677,057	1.4089	2004	24,677,057	28,486,423	1.1544
2005	8,483,069	16,562,899	1.9525	2005	16,562,899	23,657,160	1.4283
2006	2,041,025	8,637,506	4.2319	2006	8,637,506	16,173,264	1.8724
2007		1,923,848		2007	1,923,848	8,521,617	4.4295
				2008		1,847,919	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

* Losses limited on a per-claim basis, with the actual limitation varying by policy year as described in Exhibit 1a. Losses are expressed on a pre-Senate Bill 1 basis.

TABLE I - E - Individual Losses Limited to \$2,370,000 *

POLICY YEAR DATA ACCUMULATED TO END OF CALENDAR YEAR

MEDICAL PAID LOSSES

Policy Year Valued	As of 12/31/04	As of 12/31/05	Ratio to Prior Year	Policy Year Valued	As of 12/31/05	As of 12/31/06	Ratio to Prior Year
Prior				Prior			
to 1985	84,257,147	84,978,621	1.0086	to 1986	100,079,743	100,939,562	1.0086
1985	15,169,957	15,230,534	1.0040	1986	16,216,790	16,295,823	1.0049
1986	16,156,365	16,216,790	1.0037	1987	20,445,038	20,647,195	1.0099
1987	20,126,140	20,445,038	1.0158	1988	21,784,746	21,896,216	1.0051
1988	21,599,229	21,784,746	1.0086	1989	24,004,060	24,229,437	1.0094
1989	23,720,768	24,004,060	1.0119	1990	23,947,799	24,443,547	1.0207
1990	23,690,108	23,947,799	1.0109	1991	25,946,633	26,504,028	1.0215
1991	25,671,818	25,946,633	1.0107	1992	26,164,304	26,346,479	1.0070
1992	25,951,000	26,162,969	1.0082	1993	26,442,599	26,806,044	1.0137
1993	26,036,667	26,442,599	1.0156	1994	23,488,730	24,190,631	1.0299
1994	23,015,304	23,488,730	1.0206	1995	25,760,421	26,617,580	1.0333
1995	25,288,443	25,760,421	1.0187	1996	28,832,598	29,697,251	1.0300
1996	28,166,362	28,832,598	1.0237	1997	27,767,038	28,782,331	1.0366
1997	27,027,468	27,767,038	1.0274	1998	28,748,550	29,438,712	1.0240
1998	27,863,230	28,748,550	1.0318	1999	31,640,472	33,314,518	1.0529
1999	30,091,439	31,640,472	1.0515	2000	36,020,836	38,279,985	1.0627
2000	32,707,082	36,020,836	1.1013	2001	29,874,880	32,026,913	1.0720
2001	28,112,093	29,874,880	1.0627	2002	32,304,423	34,987,001	1.0830
2002	27,960,994	32,304,423	1.1553	2003	30,872,774	35,572,715	1.1522
2003	23,234,230	30,872,774	1.3288	2004	25,507,428	34,153,416	1.3390
2004	5,899,326	25,507,428	4.3238	2005	6,162,882	25,536,079	4.1435
2005		6,162,882		2006		6,255,230	

Policy Year Valued	As of 12/31/06	As of 12/31/07	Ratio to Prior Year	Policy Year Valued	As of 12/31/07	As of 12/31/08	Ratio to Prior Year
Prior				Prior			
to 1986	100,939,562	101,788,665	1.0084	to 1986	101,788,665	102,695,263	1.0089
1986	16,295,823	16,428,850	1.0082	1986	16,428,850	16,482,077	1.0032
1987	20,647,195	20,798,747	1.0073	1987	20,798,747	20,988,190	1.0091
1988	21,896,216	22,025,902	1.0059	1988	22,025,902	22,203,776	1.0081
1989	24,229,437	24,539,477	1.0128	1989	24,539,477	24,817,065	1.0113
1990	24,443,547	24,710,352	1.0109	1990	24,710,352	24,855,728	1.0059
1991	26,504,028	26,779,154	1.0104	1991	26,779,154	27,078,759	1.0112
1992	26,346,479	26,648,573	1.0115	1992	26,648,573	26,926,699	1.0104
1993	26,806,044	27,267,418	1.0172	1993	27,267,418	27,860,285	1.0217
1994	24,190,631	24,938,219	1.0309	1994	24,938,219	25,397,855	1.0184
1995	26,617,580	27,512,084	1.0336	1995	27,512,084	27,967,730	1.0166
1996	29,697,251	30,815,205	1.0376	1996	30,815,205	31,724,727	1.0295
1997	28,782,331	29,764,895	1.0341	1997	29,764,895	30,285,303	1.0175
1998	29,438,712	30,237,904	1.0271	1998	30,237,904	30,938,566	1.0232
1999	33,314,518	34,205,739	1.0268	1999	34,194,269	35,056,447	1.0252
2000	38,279,985	40,193,260	1.0500	2000	40,192,536	41,953,778	1.0438
2001	32,026,913	33,432,012	1.0439	2001	33,419,460	34,489,359	1.0320
2002	34,987,001	36,903,929	1.0548	2002	36,891,413	38,908,820	1.0547
2003	35,572,715	37,095,764	1.0428	2003	37,014,066	39,234,268	1.0600
2004	34,153,416	38,879,660	1.1384	2004	38,879,660	42,228,663	1.0861
2005	25,536,079	33,788,447	1.3232	2005	33,788,447	38,397,945	1.1364
2006	6,255,230	24,290,621	3.8832	2006	24,290,621	32,940,443	1.3561
2007		5,725,866		2007	5,725,866	25,426,599	4.4407
				2008		7,937,248	

NOTE: So as to maximize the use of available data, the companies used in one stage of development were allowed to be independent of those used in the other stage of development; therefore, the figures shown at each valuation may vary.

* Losses limited on a per-claim basis, with the actual limitation varying by policy year as described in Exhibit 1a. Losses are expressed on a pre-Senate Bill 1 basis.

EXHIBIT VIII
DELAWARE COMPENSATION RATING BUREAU, INC.
RATE AND LOSS COST FORMULAE

The experience used for classification relativities for the December 1, 2009 revision will include all available risks. It is proposed that catastrophes be limited in accordance with the procedure previously employed in other Bureau filings. The experience period will be five (5) years for all classifications regardless of whether a classification might meet the full credibility requirements with less than five years of data. Credibility will be based on reported payrolls for classifications using payroll as the exposure base. For non-payroll classifications, expected losses will be used as the basis for credibility. Thus, two credibility tables will be prepared for use in the December 1, 2009 filing. The values for these respective tables will be established such that the credibilities assigned to a payroll-based classification having the same portion of total statewide expected losses and payrolls attributable to its experience using each table would be equal. All occupational disease losses will be included in the exhibit of classification experience, with the total amount of such losses by type of injury being shown on a separate line on the classification rate worksheets.

Most classifications are subject to standard procedures as described below. However, circumstances will sometimes require that some classifications' rating procedure be modified to recognize situations where the normal rating process would not be appropriate. Such classifications, and the manner in which their rates or loss costs have been derived, are separately identified within the filing material.

The calculation of assigned risk classification rates will be made in accordance with the following procedure:

- (1) Determine the pure premiums underlying present Manual Residual Market Rates by category (serious, non-serious, medical only and total) for each classification.
- (2) Adjust the present pure premiums by category (serious, non-serious, medical-only and total) to the December 1, 2009 on-rate-level to obtain present on-rate-level pure premiums.
- (3) Determine Expected Losses (serious, non-serious, medical-only and total) for each classification by multiplying the exposures from the experience period by the pure premiums underlying present Manual Rates.
- (4) Determine the indicated pure premiums (serious, non-serious, medical-only and total) from the exposures and losses from the experience period.
- (5) Test the indicated total pure premiums by multiplying the exposures of the latest three years for each classification and obtaining the total Actual Losses for all classifications combined.
- (6) Calculate Expected Losses by multiplying the present pure premiums by the exposures from the last three years for each classification and by the overall average rate change.
- (7) Obtain correction factors by category of loss (serious, non-serious and medical-only) by dividing the Expected Losses derived in (6) by the Actual Losses derived in (5).
- (8) Multiply the indicated (pre-test) pure premiums from (4) times the correction factors derived in (7) to obtain indicated (post-test) pure premiums.

RATE AND LOSS COST FORMULAE (continued)

- (9) Determine “formula” pure premiums from (2) and (8) above for each type of loss (serious, non-serious and medical-only), with credibility for each category of loss corresponding to either the amount of reported payroll (for all classifications in which payroll is the exposure base) or to the amount of Expected Losses (for all “non-payroll” classifications). Credibility weights will be taken from exhibits appearing in the Class Book. The complement of credibility is in each case to be assigned to the present on December 1, 2009 level pure premiums for each category of loss.
- (10) Select proposed total pure premiums for each classification, using the middle value from the total pure premiums derived in (2), (8) and (9) above. If the proposed pure premium selected on this basis is different from the formula pure premium derived in (9) above, partial pure premiums are to be allocated between categories (serious, non-serious and medical-only) in the same proportion as the partial pure premiums comprising the formula pure premium.
- (11) Test the proposed total pure premiums selected in (10) by multiplying by the exposures of the three latest years for each classification and obtaining the total Expected Losses for all classifications combined.
- (12) Obtain a correction factor by dividing the Expected Losses derived in (6) above by the Expected Losses derived in (11) above.
- (13) Calculate the “composite pure premium multipliers” for each industry group as the product of the following items:
 - (a) The pure premium correction factor determined in (12) above.
 - (b) The proposed experience rating plan off-balance factor (Collectible Premium Ratio).
 - (c) The inverse of the permissible loss and loss adjustment ratio.
 - (d) The estimated effect of the July 1, 2010 benefit change.
- (14) Apply the composite pure premium multiplier obtained in (13) above to the proposed total pure premiums to obtain Manual Rates.
- (15) Test to assure that the maximum departure of the Manual Rates derived in (14) above from current Manual Rates is in accordance with the following parameters:

Maximum Change in Rates:
Upward: The industry group average change plus 25% rounded to the nearest 1%.
Downward: The industry group average change minus 25% rounded to the nearest 1%.
- (16) Manual rates are to be rounded to the nearest \$.01.
- (17) Test the Manual Rates derived in (16) above to determine if balance has been achieved within 0.0005 of the indicated change in rate level by industry group. If such balance has not been achieved, calculate the necessary correction factor to adjust the composite pure premium multipliers derived in (13) above to achieve the necessary balance. Perform steps (14) through (17) iteratively until the desired balance is achieved.

RATE AND LOSS COST FORMULAE (continued)

Non-reviewed Classifications

- (18) For classifications with insufficient credibility (non-reviewed classifications), an alternative calculation is used to derive indicated rates.

Insufficient credibility is defined as having five-year payroll of less than that necessary to achieve 5% credibility for the non-serious component of pure premium. For non-payroll based classifications, expected losses replace payrolls.

For these non-reviewed classes, the indicated rate is calculated as follows:

- a) An average loss cost using Pennsylvania loss cost values and the Delaware distribution of business by class is calculated.
- b) Classification relativities are then calculated that relate the Pennsylvania loss cost by classification to the average overall loss cost calculated in (a) above.
- c) Indicated average loss costs are calculated by class by multiplying the relativities in (b) above times the average Delaware loss cost value for all classes combined times the average manual change in rates times the indicated composite pure premium multiplier.
- d) A second indicated rate is calculated by applying the average manual change in rates by industry group to the current Delaware rate for the class.
- e) A final indicated rate, subject to capping and balancing criteria previously described, is calculated by applying one-third weight to (c) above plus two-thirds weight to (d) above.

Loss Costs

The calculation of non-assigned risk classification loss costs will be made in accordance with the following procedure:

- (19) Multiply the proposed assigned risk Manual Rates by classification by the permissible loss, loss adjustment expense and loss based assessment ratio.

EXHIBIT IX

COLLECTIBLE PREMIUM RATIOS*

Manual Years 2004 to 2006 Unit Data

Manual Year	Premium at Manual Rates	Collected Premium (Excluding Constants)	Collectible Premium Ratio (2)/(3)
(1)	(2)	(3)	(4)
ALL INDUSTRIES			
2004	240,994,762	242,416,571	0.9941
2005	291,556,115	293,456,170	0.9935
2006	315,224,307	331,043,726	0.9522
TOTAL	847,775,184	866,916,467	0.9779
MANUFACTURING AND UTILITIES			
2004	36,187,411	32,387,922	1.1173
2005	42,465,542	38,328,567	1.1079
2006	44,322,895	42,778,237	1.0361
TOTAL	122,975,848	113,494,726	1.0835
CONTRACTING AND QUARRYING			
2004	54,889,510	53,483,232	1.0263
2005	68,840,227	66,279,271	1.0386
2006	74,103,861	72,724,770	1.0190
TOTAL	197,833,598	192,487,273	1.0278
OTHER INDUSTRIES			
2004	149,917,841	156,545,417	0.9577
2005	180,250,346	188,848,332	0.9545
2006	196,797,551	215,540,719	0.9130
TOTAL	526,965,738	560,934,468	0.9394

* Excludes classifications and coverages not subject to experience rating.

EXHIBIT X

EXPECTED LOSS RATE FACTORS

CALCULATION OF EXPECTED LOSS RATE FACTORS

Policy Year Beginning 12/1 (1)	Average Law Multiplier (2)	Adjustment Factor (3)	Loss Ratio Development Factor (4)	Expense Allowance ** 1 / (PLR/CPR) (5)	Trend Factor (6)	Product (2) * (3) * (4) * (5) * (6) (7)	Expected Loss Rate Factor 1.0 / (7) (8)
<u>Manufacturing and Utilities</u>							
2005	0.9223	1.0000	1.7997	1.6856	1.1808	3.3037	0.3027
2006	0.9315	1.0000	1.9849	1.6856	1.1315	3.5264	0.2836
2007	0.9618	1.0000	2.5859	1.6856	1.0850	4.5486	0.2198
<u>Contracting and Quarrying</u>							
2005	0.9223	1.0000	1.8220	1.5989	1.1808	3.1726	0.3152
2006	0.9315	1.0000	2.1098	1.5989	1.1315	3.5555	0.2813
2007	0.9618	1.0000	2.7182	1.5989	1.0850	4.5354	0.2205
<u>Other Industries</u>							
2005	0.9223	1.0000	1.6979	1.4614	1.1808	2.7023	0.3701
2006	0.9315	1.0000	1.9363	1.4614	1.1315	2.9825	0.3353
2007	0.9618	1.0000	2.5937	1.4614	1.0850	3.9555	0.2528

** Permissible Loss Ratio = 0.6428
 Selected Collectible Premium Ratios
 Manufacturing = 1.0835
 Contracting = 1.0278
 All Other = 0.9394

Indicated Manual Rate Level
 MFG 0.9226
 Cont 0.9172
 Other 0.9026

EXHIBIT XI

**CALCULATION OF TAX MULTIPLIER FOR USE IN RETROSPECTIVE RATING PLANS
(O/T U.S.L. & H.W. Act Coverages)**

Expense Provisions for O/T U.S.L. & H.W. Classes

Losses	64.28
Loss Adjustment Expense	8.87
Loss & Loss Adjustment	73.15
Premium Discount	8.33
Acquisition	9.41
General Expenses	2.97
Profit and Contingencies	(3.84)
Taxes	2.39
Uncollectible Premium	3.00
Workers' Compensation Fund	2.00
Administrative Assessment	2.59
	26.85

If

- T = Tax multiplier
- E = Expense provision in rates (General, Acquisition, and Profit), less premium discount
- L = Loss provision in rates
- C = Loss conversion factor
- B = Assessments made on premiums
- A = Assessments made on losses (adjusted so as not to collect profit and general expense dollars on the extra premium generated by the assessments)

Using average discount (Schedule Y) this yields:

$$E = 0.0021 = \frac{ACQ}{0.0941} + \frac{GEN}{0.0297} + \frac{PROFIT}{(0.0384)} - \frac{PREM DISC}{0.0833}$$

$$A = 0.0414 = 0.0403 \times \frac{1 - 0.0021 - 0.0739}{1 - 0.0267 - 0.0739}$$

Then

$$T = \frac{E + L(1 + C + A)}{E + L(1 + C)} \times \frac{1}{1 - B - S}$$

$$S = \text{Delaware Insurance Plan Subsidy} = 0.0057$$

$$T = \frac{0.0021 + 0.6428(1 + 0.1380 + 0.0414)}{0.0021 + 0.6428(1 + 0.1380)} \times \frac{1}{1 - 0.0739 - 0.0057} = 1.1259$$

EXHIBIT XII

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 =	0.6167
Second Adjustment	RDF =	0.4945
Third Adjustment	RDF =	0.4245

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:

$$\text{\$25,000 limit Hazard Group C ELF} = 0.663$$

$$\text{First Adjustment RDF} = (1 - 0.663) * 0.6167 = 0.2078$$

* The use of retrospective development factors is optional.