Exhibit 12
As Filed

DELAWARE COMPENSATION RATING BUREAU, INC.

Indicated Residual Market Rate Change

Page 1 presents the overall indicated changes in rates and loss costs.

Derivation of the indemnity and medical trend factors and trended loss ratios shown on page 1 is presented on pages 2 and 3.

Page 4 shows the derivation of overall frequency trend factors for each of the latest four policy years.

For the 2011 Filing, the Bureau has made an adjustment to the frequency trend to recognize the pattern shown in the most recent DCRB data. Frequency trend prior to 1/1/2009 and subsequent to 21/31/09 is based on a 7 point (2002 – 2008) exponential trend of -8.6% per year. For the period 1/1/09 – 12/31/09, frequency trend is equal to +1.5%.

Due to the impact of Senate Bill 1 and consistent with an adjustment to medical severity trend that was a part of the compromise reached with the Insurance Department for the 2009 Filing, medical severity trend is separated between pre-Senate Bill 1 and Post Senate Bill 1 trends. The difference between the two trend rates is a reduction of 1.8 points in medical trend attributed in the resolution of the 2009 filing to effects of the implementation of a medical fee schedule which was substantially operational beginning 9/1/2008.

## INDICATED CHANGE IN RATE LEVEL

| | | Indemnity | Medical | Total |
|---|---|---|---|---|
| **(1a)** | Policy Year 2006 Loss and Loss Adjustment Expense Ratio | 0.3673 | 0.5729 | 0.9402 |
| **(1b)** | Policy Year 2007 Loss and Loss Adjustment Expense Ratio | 0.3824 | 0.6664 | 1.0488 |
| **(1c)** | Policy Year 2008 Loss and Loss Adjustment Expense Ratio | 0.3266 | 0.6348 | 0.9614 |
| **(1d)** | Policy Year 2009 Loss and Loss Adjustment Expense Ratio | 0.3474 | 0.6735 | 1.0209 |
| **(1e)** | Average  (Midpoint = 7/1/2008) | 0.3559 | 0.6369 | 0.9928 |
| | | | | |
| **(2a)** | Policy Year 2006 Loss and LAE Ratio Trended to 12/1/2012 | 0.2783 | 0.5640 | |
| **(2b)** | Policy Year 2007 Loss and LAE Ratio Trended to 12/1/2012 | 0.3091 | 0.6615 | |
| **(2c)** | Policy Year 2008 Loss and LAE Ratio Trended to 12/1/2012 | 0.2816 | 0.6354 | |
| **(2d)** | Policy Year 2009 Loss and LAE Ratio Trended to 12/1/2012 | 0.2877 | 0.6121 | |
| **(2e)** | Average at 12/1/2012 | 0.2892 | 0.6183 | 0.9075 |
| | | | | |
| **(3a)** | Senate Bill 1 Adjustment | 1.0000 | 0.8260 | |
| **(3b)** | Average Trended Loss and LAE Ratio Post-SB1 (2e)*(3a) | 0.2892 | 0.5107 | 0.7999 |
| | | | | |
| **(4a)** | Excess Loss Factor at $2,221,303 (Post-SB1 Basis) * | | | 0.0747 |
| **(4b)** | Provision for Excess Loss (5a)-(3b) | | | 0.0646 |
| | | | | |
| **(5a)** | Total Trended Loss and LAE Ratio  (3b)/(1.0-(4a)) | 0.2942 | 0.5703 | 0.8645 |
| **(5b)** | Percentage of Total | 34.0% | 66.0% | |
| | | | | |
| **(6)** | Permissible Loss and Loss Adjustment Ratio | | | 0.7101 |
| | | | | |
| **(7)** | Indicated Change in Rates  (5a) / (6) | | | 1.2174 |
| | | | | |
| **(8)** | Estimated Effect of the 7/1/12 Benefit Change | | | 1.0046 |
| | | | | |
| **(9)** | Indicated Change in Residual Market Rate Level (7) * (8) | | | 1.2230 |
| | | | | |
| **(10)** | Indicated Change in Voluntary Market Loss Costs (9) * [0.7343 / 0.7688] | | | 1.1681 |

## CHANGES IN MANUAL PREMIUM LEVEL BY INDUSTRY GROUP

| | | Mfg. | Cont. | Other | Total |
|---|---|---|---|---|---|
| **(11)** | Current Collectible Premium Ratio | 1.0354 | 1.0186 | 0.9301 | |
| **(12)** | Proposed Collectible Premium Ratio | 0.8690 | 0.9585 | 0.8402 | |
| **(13)** | Change in Collectible Premium Ratio (12) / (11) | 0.8393 | 0.9410 | 0.9033 | 0.9023 |
| | | | | | |
| **(14)** | Change in Residual Market Manual Rate Level  (9) * (13) | 1.0265 | 1.1508 | 1.1047 | 1.1035 |
| | | | | | |
| **(15)** | Change in Voluntary Market Manual Loss Cost Level  (10) * (13) | 0.9804 | 1.0992 | 1.0551 | 1.0540 |
| | | | | | |
| **(16)** | Current Offset for Residual Market Surcharge | | | | 0.9954 |
| **(17)** | Proposed Offset for Residual Market Surcharge | | | | 0.9955 |
| | | | | | |
| **(18)** | Adjusted Change in Voluntary Market Manual Loss Cost Level (15) * (17)/(16) | 0.9805 | 1.0993 | 1.0552 | 1.0541 |

\* $2,630,000 on a pre-Senate Bill 1 basis.

## DETERMINATION OF TREND

### INDEMNITY

| Policy Year | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|---|---|
| Actual Loss Ratio | 0.4945 | 0.4196 | 0.3956 | 0.3673 | 0.3824 | 0.3266 | 0.3474 |
| Normalized Frequency | 0.6732 | 0.5941 | 0.5320 | 0.5008 | 0.4660 | 0.4113 | 0.4173 |
| Severity Loss Ratio | 0.7346 | 0.7063 | 0.7436 | 0.7334 | 0.8206 | 0.7941 | 0.8325 |
| **x** | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| **y** | 0.7346 | 0.7063 | 0.7436 | 0.7334 | 0.8206 | 0.7941 | 0.8325 |

**7 Point Exponential Regression: y = 0.691500 * 1.025615 ^ x**

**Selected Annual Trend Factor**      2.6%

| Policy Year | Fitted Value @ Midpoint of PY (1) | Fitted Value @ 12/1/11 (2) | Severity Trend Factor (3) = (2)/(1) | Frequency Trend Factor (4) # |
|---|---|---|---|---|
| 2006 | 0.7651 | 0.8886 | 1.1614 | 0.6523 |
| 2007 | 0.7847 | 0.8886 | 1.1324 | 0.7137 |
| 2008 | 0.8048 | 0.8886 | 1.1041 | 0.7808 |
| 2009 | 0.8254 | 0.8886 | 1.0766 | 0.7693 |

**Trended Loss Ratio**

| Policy Year | Actual Loss Ratio (5) | Combined Trend Factor (6) = (3)*(4) | Trended Loss Ratio (7) = (5)*(6) |
|---|---|---|---|
| 2006 | 0.3673 | 0.7576 | 0.2783 |
| 2007 | 0.3824 | 0.8082 | 0.3091 |
| 2008 | 0.3266 | 0.8621 | 0.2816 |
| 2009 | 0.3474 | 0.8282 | 0.2877 |
| Average | | | 0.2892 |

\# See Page 12.4 for column (4).

12.2

**DETERMINATION OF TREND**

**MEDICAL**

| Policy Year | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** | **2009** |
|---|---|---|---|---|---|---|---|
| Actual Loss Ratio | 0.6791 | 0.6555 | 0.6280 | 0.5729 | 0.6664 | 0.6348 | 0.6735 |
| Normalized Frequency | 0.6732 | 0.5941 | 0.5320 | 0.5008 | 0.4660 | 0.4113 | 0.4173 |
| Severity Loss Ratio | 1.0088 | 1.1033 | 1.1805 | 1.1440 | 1.4300 | 1.5434 | 1.6139 |
| | | | | | | | |
| **x** | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| **y** | 1.0088 | 1.1033 | 1.1805 | 1.1440 | 1.4300 | 1.5434 | 1.6139 |

**7 Point Exponential Regression: y = 0.918522 * 1.084555908 ^ x**

**Selected Annual Trend Factor to 9/1/08 =** | **8.5%**

**Annual Senate Bill I Adjustment to Severity Trend =**     **-1.8%**
   **Based on Compromise from 2009 Filing**

**Selected Annual Trend Factor 9/1/08 to 12/1/12 =** | **6.7%**
   **8.5% - 1.8% = 6.7%**

| Policy Year | Trend Factor to 9/1/08 (1) | Trend Factor 9/1/08-12/1/12 (2) | Severity Trend Factor (3) = (1)*(2) | Frequency Trend Factor (4) # |
|---|---|---|---|---|
| 2006 | 1.1456 | 1.3173 | 1.5091 | 0.6523 |
| 2007 | 1.0559 | 1.3173 | 1.3909 | 0.7137 |
| 2008 | 0.9732 | 1.3173 | 1.2820 | 0.7808 |
| 2009 | 0.8969 | 1.3173 | 1.1815 | 0.7693 |

**Trended Loss Ratio**

| Policy Year | Actual Loss Ratio (5) | Combined Trend Factor (6) = (3)*(4) | Trended Loss Ratio (7) = (5)*(6) |
|---|---|---|---|
| 2006 | 0.5729 | 0.9844 | 0.5640 |
| 2007 | 0.6664 | 0.9927 | 0.6615 |
| 2008 | 0.6348 | 1.0010 | 0.6354 |
| 2009 | 0.6735 | 0.9089 | 0.6121 |
| Average | | | 0.6183 |

12.3

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**DETERMINATION OF TREND**

**Claim Frequency**
Policy Year Frequency per $1 million of Expected Losses
{1 = PY 1997, 13 = PY 2009}

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| Policy Year | Claim Frequency | Normalized Frequency |
|---|---|---|
| 1997 | 28.18 | 1.0000 |
| 1998 | 25.09 | 0.8903 |
| 1999 | 24.79 | 0.8797 |
| 2000 | 22.49 | 0.7981 |
| 2001 | 19.61 | 0.6959 |
| 2002 | 19.86 | 0.7048 |
| 2003 | 18.97 | 0.6732 |
| 2004 | 16.74 | 0.5941 |
| 2005 | 14.99 | 0.5320 |
| 2006 | 14.11 | 0.5008 |
| 2007 | 13.13 | 0.4660 |
| 2008 | 11.59 | 0.4113 |
| 2009 | 11.76 | 0.4173 |

| Policy Year | **2002** | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** | **2009** |
|---|---|---|---|---|---|---|---|---|
| **x** | 1 | 2 | 3 | 4 | 5 | 6 | 7 | |
| **y** | 0.7048 | 0.6732 | 0.5941 | 0.5320 | 0.5008 | 0.4660 | 0.4113 | 0.4173 |

7 Point (2002 - 2008) Exponential Regression: $y = 0.782303 * 0.9138552 \char`\^ x$

**Selected Frequency Trend Factor to 1/1/09  =**      **-8.6%**
**Selected Frequency Trend Factor from 1/1/09 to 1/1/10  =**      **1.5%**
**Selected Frequency Trend Factor 1/1/10 to 12/1/12  =**      **-8.6%**

| Policy Year | Frequency Trend to 1/1/09 (1) | Frequency Trend 1/1/09 to 1/1/10 (2) | Frequency Trend 1/1/10 to 12/1/12 (3) | Total Frequency Trend to 12/1/12 (4) = (1)*(2)*(3) |
|---|---|---|---|---|
| 2006 | 0.8354 | 1.0150 | 0.7693 | 0.6523 |
| 2007 | 0.9140 | 1.0150 | 0.7693 | 0.7137 |
| 2008 | N/A | 1.0150 | 0.7693 | 0.7808 |
| 2009 | N/A | N/A | 0.7693 | 0.7693 |