

DELAWARE COMPENSATION RATING BUREAU, INC.  
F CLASS FILING

Calculation of Expected Loss Rate Factors

The attached exhibit contains Expected Loss Rate Factors. They are applied to residual market rates by classification to produce Table A (Expected Loss Factors) which are the basis for the calculation of Expected Losses in the Experience Rating Plan.

**CALCULATION OF EXPECTED LOSS RATE FACTORS**

<b>Policy Year Beginning 10/1</b>	<b>Average Law Multiplier</b>	<b>Adjust- ment Factor</b>	<b>Loss Ratio Development Factor</b>	<b>Expense Allowance* 1.0 / (PLR/CPR)</b>	<b>Trend Factor</b>	<b>Product (2) * (3) * (4) * (5) * (6)</b>	<b>Expected Loss Rate Factor 1.0 / (7)</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>	<b>(7)</b>	<b>(8)</b>
2013	1.0015	1.0000	1.2358	1.6676	1.0000	2.0639	0.4845
2014	1.0012	1.0000	1.3538	1.6676	1.0000	2.2603	0.4424
2015	1.0009	1.0000	1.9412	1.6676	1.0000	3.2401	0.3086
<b>Average of (8):</b>							<b>0.4118</b>

\* Permissible Loss Ratio = 0.5815  
 Collectible Premium Ratio = 0.9697