

DELAWARE COMPENSATION RATING BUREAU, INC.  
F CLASS FILING

ANALYSIS OF EXPERIENCE

The following pages present an analysis of Delaware “F” class experience. The analysis is based on data reported to the DCRB under the Unit Statistical Plan.

Reported Premium and Losses - Pages 1 and 2 present reported standard earned premiums and incurred losses by policy year separately for indemnity (page 1) and medical (page 2). Losses are shown through 10th report which is the latest report currently available under the Unit Statistical Plan.

Indicated Loss Development Factors - Page 3 (indemnity) and page 4 (medical) show age-to-age development factors based on reported losses. An average based on all available data points was calculated and formed the basis for the factors ultimately selected. The process for calculation of selected loss development factors and a tail factor are shown on pages 5 and 6. Factors to ultimate are calculated by compounding the age-to-age and 10th-to-ultimate factors.

Selected Loss Development Factors - Page 5 (indemnity) and page 6 (medical) show the derivation of selected age-to-age and 10th-to-ultimate development factors. The residuals of all years available average indicated age-to-age development factors from pages 3 and 4 were fitted to a curve of the form  $y = a + (b/(x^{.5})) + (c * \ln(x)/(x^2))$  for indemnity and  $y = x/(a * x + b)$  for medical.

Loss Ratios - Indemnity and medical ultimate loss ratios are calculated on page 7.

Graphs - Indemnity, medical and total ultimate loss ratio graphs for policy years 2005 through 2014 are shown on page 8.

Trend Summary - An analysis of loss ratio trend is summarized on page 9. Linear trend lines were used to project trended loss ratios for indemnity and medical using combinations of policy years ranging from three to ten points. Exponential curves were also considered but the lack of data points left the results meaningless. Eight-year average loss ratios, and 0% annual trend, were selected for both indemnity and medical losses. The resulting trended loss ratios are 52.74% for indemnity and 21.98% for medical.

DELAWARE COMPENSATION RATING BUREAU

"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE

REPORTED STANDARD EARNED PREMIUM AND INDEMNITY INCURRED LOSSES

Policy Year	Standard Earned Premium	Reported Indemnity Incurred Losses									
		Report Level									
		1	2	3	4	5	6	7	8	9	10
99	122,888	255,451	0	0	0	0	0	0	0	0	0
00	729,382	98,351	93,587	116,565	240,363	240,363	240,363	240,363	240,363	240,363	240,363
01	1,682,660	348,057	348,057	356,873	401,561	402,101	402,099	402,099	402,099	402,099	402,099
02	350,922	131,206	459,669	275,146	505,102	505,103	505,103	505,103	505,103	505,103	505,103
03	362,857	79,831	55,340	54,887	54,887	54,887	54,887	54,887	54,887	54,887	54,887
04	98,094	19,831	78,278	79,623	79,623	79,623	79,623	79,623	79,623	79,623	79,623
05	58,268	28,679	11,546	11,546	11,546	11,546	11,546	11,546	11,546	11,546	11,546
06	60,391	24,302	63,269	63,269	63,269	100,202	111,096	132,507	148,484	148,484	
07	48,666	-	-	-	-	-	-	-	-	-	
08	48,825	-	-	-	-	-	-	-	-	-	
09	57,944	11,096	11,096	11,096	11,096	11,096	11,096				
10	50,384	-	-	-	-	-					
11	56,401	-	-	-	-						
12	392,236	460,298	688,913	691,413							
13	387,510	415,686	407,219								
14	664,372	21,729									

DELAWARE COMPENSATION RATING BUREAU

"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE

REPORTED STANDARD EARNED PREMIUM AND MEDICAL INCURRED LOSSES

Policy Year	Standard Earned Premium	Reported Medical Incurred Losses									
		Report Level									
		1	2	3	4	5	6	7	8	9	10
99	122,888	159,749	56	56	56	56	56	56	56	56	56
00	729,382	39,180	38,112	44,443	38,626	38,626	38,626	39,431	39,431	39,431	39,431
01	1,682,660	148,676	148,676	120,360	124,672	122,672	120,940	120,940	120,940	125,000	120,940
02	350,922	100,501	155,214	148,338	185,603	187,894	187,889	187,889	187,889	187,889	187,889
03	362,857	56,385	50,531	42,175	42,175	43,551	43,551	43,551	62,530	62,530	62,530
04	98,094	53,461	59,659	55,932	56,807	56,807	56,807	56,807	56,807	56,807	56,807
05	58,268	37,037	34,694	34,694	34,694	34,694	34,694	34,694	34,694	34,694	34,694
06	60,391	36,593	63,593	82,957	81,768	75,628	84,886	92,386	94,664	94,664	
07	48,666	-	-	-	-	-	-	-	-	-	
08	48,825	-	-	-	-	-	-	-	-	-	
09	57,944	37,131	37,131	37,131	37,131	37,131	37,131				
10	50,384	-	-	-	-	-					
11	56,401	39	39	39	39						
12	392,236	128,335	214,965	206,570							
13	387,510	126,996	154,352								
14	664,372	29,090									

**DELAWARE COMPENSATION RATING BUREAU**  
**"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE**  
**INDEMNITY INCURRED LOSS DEVELOPMENT FACTORS**

**Age-to-Age Development Factors**

Policy Year	Report									
	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	6 - 7	7 - 8	8 - 9	9 - 10	10 - ULT
99	****	*	*	*	*	*	*	*	*	*
00	0.9516	1.2455	2.0621	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
01	1.0000	****	1.1252	1.0013	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
02	3.5034	****	1.8358	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
03	0.6932	0.9918	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
04	3.9473	1.0172	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
05	0.4026	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
06	****	1.0000	1.0000	1.5837	1.1087	1.1927	1.1206	1.0000		
07	*	*	*	*	*	*	*			
08	*	*	*	*	*	*				
09	1.0000	1.0000	1.0000	1.0000	1.0000					
10	*	*	*	*						
11	*	*	*							
12	1.4967	1.0036								
13	0.9796									
<b>3 Yr Average</b>	1.1588	1.0012	1.0000	1.1946	1.0362	1.0642	1.0000	1.0000	1.0000	
<b>Average (All available)</b>	1.5527	1.0369	1.2529	1.0731	1.0136	1.0275	1.0172	1.0000	1.0000	
<b>Selected (All available)</b>	1.5516	1.1330	1.0888	1.0679	1.0516	1.0375	1.0251	1.0141	1.0043	1.0000

**Development Factors to Ultimate**

	1-ULT	2-ULT	3-ULT	4-ULT	5-ULT	6-ULT	7-ULT	8-ULT	9-ULT	10-ULT
<b>3 Yr Average</b>										
<b>Average (All available)</b>	2.2932	1.4769	1.4243	1.1368	1.0594	1.0452	1.0172	1.0000	1.0000	1.0000
<b>Selected (All available)</b>	2.3284	1.5006	1.3245	1.2164	1.1390	1.0831	1.0440	1.0185	1.0043	1.0000

\* No reported losses.

\*\*\*\* Loss development factor not used

**DELAWARE COMPENSATION RATING BUREAU**  
**"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE**  
**MEDICAL INCURRED LOSS DEVELOPMENT FACTORS**

**Age-to-Age Development Factors**

Policy Year	Report									
	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	6 - 7	7 - 8	8 - 9	9 - 10	10 - ULT
99	****	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
00	0.9727	1.1661	0.8691	1.0000	1.0000	1.0208	1.0000	1.0000	1.0000	1.0000
01	1.0000	****	1.0358	0.9840	0.9859	1.0000	1.0000	1.0336	0.9675	
02	1.5444	0.9557	1.2512	1.0123	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
03	0.8962	0.8346	1.0000	1.0326	1.0000	1.0000	1.4358	1.0000	1.0000	1.0000
04	1.1159	0.9375	1.0156	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
05	0.9367	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
06	1.7378	1.3045	0.9857	0.9249	1.1224	1.0884	1.0247	1.0000		
07	*	*	*	*	*	*	*			
08	*	*	*	*	*	*				
09	1.0000	1.0000	1.0000	1.0000	1.0000					
10	*	*	*	*						
11	1.0000	1.0000	1.0000							
12	1.6750	0.9609								
13	1.2154									
<b>3 Yr Average</b>	1.2968	0.9870	0.9952	0.9750	1.0408	1.0295	1.0082	1.0000	1.0000	
<b>Average (All available)</b>	1.1904	1.0159	1.0157	0.9949	1.0120	1.0137	1.0576	1.0042	0.9954	
<b>Selected (All available)</b>	1.1904	1.0192	1.0148	1.0132	1.0125	1.0120	1.0117	1.0115	1.0113	1.0000

**Development Factors to Ultimate**

3 Yr Average	1-ULT	2-ULT	3-ULT	4-ULT	5-ULT	6-ULT	7-ULT	8-ULT	9-ULT	10-ULT
<b>Average (All available)</b>	1.3254	1.1134	1.0960	1.0791	1.0846	1.0717	1.0572	0.9996	0.9954	1.0000
<b>Selected (All available)</b>	1.3227	1.1112	1.0903	1.0744	1.0604	1.0473	1.0349	1.0229	1.0113	1.0000

\* No reported losses.

\*\*\*\* Loss development factor not used

DELAWARE COMPENSATION RATING BUREAU, INC.

"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE

FITTED DEVELOPMENT FACTORS

INDEMNITY INCURRED LOSSES

$$Y = a + (b/(x^{0.5})) + (c \cdot \ln(x)/(x^2))$$

$$a = (0.2244)$$

$$b = 0.7760$$

$$c = (1.1044)$$

$$R^2 = 0.8764$$

<u>Incurred Development</u>	<u>All Year Average</u>	<u>All Year Average - 1</u>	<u>Fitted Value</u>	<u>Fitted Value + 1</u>	<u>Selected</u>
1st to 2nd	1.5527	0.5527	0.5516	1.5516	1.5516
2nd to 3rd	1.0369	0.0369	0.1330	1.1330	1.1330
3rd to 4th	1.2529	0.2529	0.0888	1.0888	1.0888
4th to 5th	1.0731	0.0731	0.0679	1.0679	1.0679
5th to 6th	1.0136	0.0136	0.0516	1.0516	1.0516
6th to 7th	1.0275	0.0275	0.0375	1.0375	1.0375
7th to 8th	1.0172	0.0172	0.0251	1.0251	1.0251
8th to 9th	1.0000	-	0.0141	1.0141	1.0141
9th to 10th	1.0000	-	0.0043	1.0043	1.0043
10th to Ultimate					1.0000 *

\* Selected

**DELAWARE COMPENSATION RATING BUREAU, INC.**

**"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE**

**FITTED DEVELOPMENT FACTORS**

**MEDICAL INCURRED LOSSES**

$Y = x/(a*x+b)$

a 98.940346  
b (93.687662)

R ^ 2 = 0.7110

<u>Incurred Development</u>	<u>All Year Average</u>	<u>All Year Average - 1</u>	<u>Fitted Value</u>	<u>Fitted Value + 1</u>	<u>Selected</u>
1st to 2nd	1.1904	0.1904	0.1904	1.1904	1.1904
2nd to 3rd	1.0159	0.0159	0.0192	1.0192	1.0192
3rd to 4th	1.0157	0.0157	0.0148	1.0148	1.0148
4th to 5th	0.9949	(0.0051)	0.0132	1.0132	1.0132
5th to 6th	1.0120	0.0120	0.0125	1.0125	1.0125
6th to 7th	1.0137	0.0137	0.0120	1.0120	1.0120
7th to 8th	1.0576	0.0576	0.0117	1.0117	1.0117
8th to 9th	1.0042	0.0042	0.0115	1.0115	1.0115
9th to 10th	0.9954	(0.0046)	0.0113	1.0113	1.0113
10th to Ultimate					1.0000 *

\* Selected

DELAWARE COMPENSATION RATING BUREAU

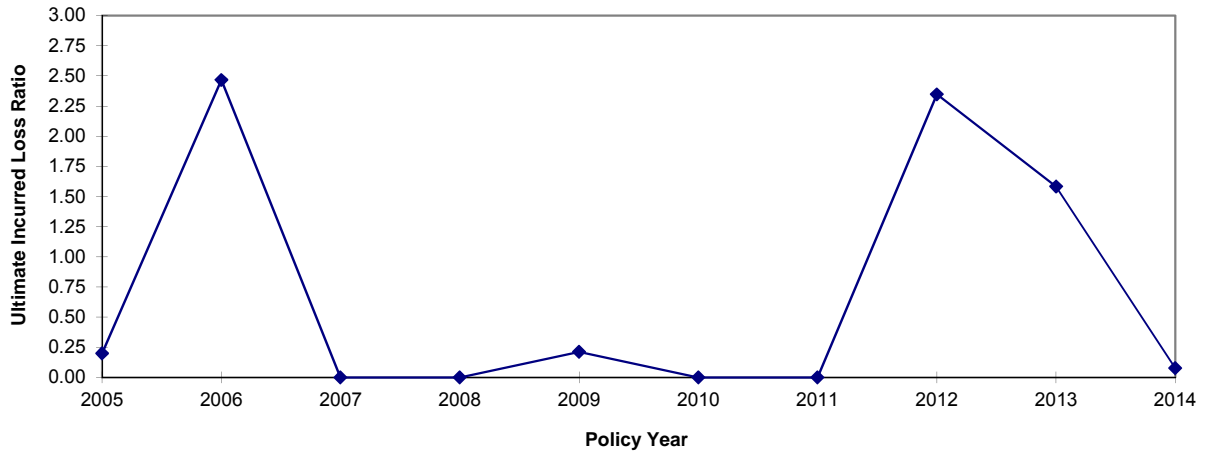
"F" CLASS UNIT STATISTICAL PLAN EXPERIENCE

ULTIMATE LOSS RATIOS

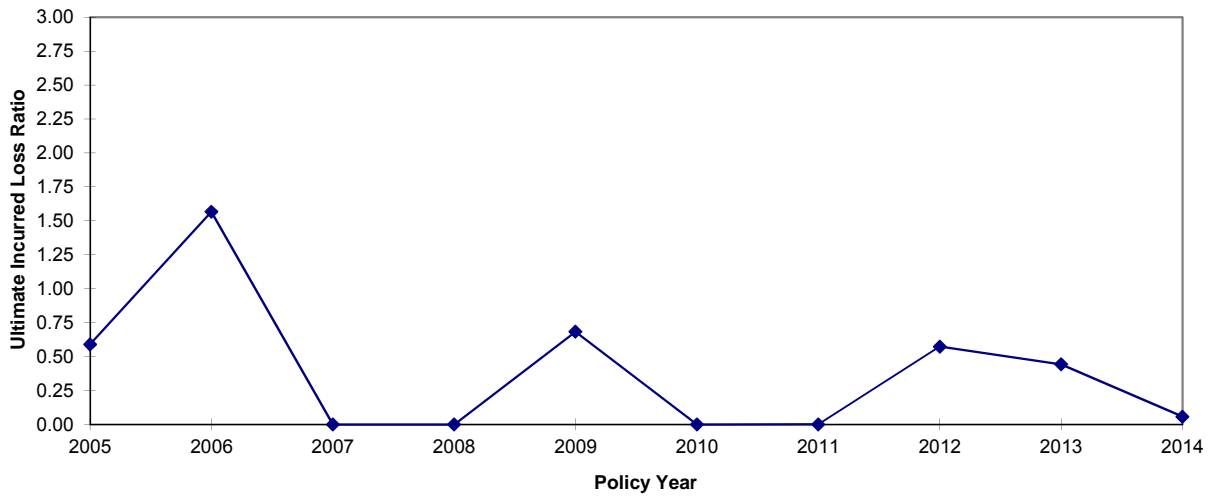
Policy Year	Standard Earned Premium (1)	Premium On-Level Factor (2)	Adjusted Premium (3) = (1) * (2)	Reported Incurred Loss (4)	Report Level (5)	Loss Development Factor (6)	Loss On-Level Factor (7)	Ultimate Incurred Loss (8)=(4)*(6)*(7)	Loss Ratio (9)=(8)/(3)
<b>Indemnity</b>									
2005	58,268	1.0095	58,822	11,546	10	1.0000	1.0113	11,676	0.1985
2006	60,391	1.0112	61,067	148,484	9	1.0043	1.0102	150,644	2.4669
2007	48,666	1.0387	50,549	0	8	1.0185	1.0091	0	0.0000
2008	48,825	1.0354	50,553	0	7	1.0440	1.0071	0	0.0000
2009	57,944	0.9821	56,907	11,096	6	1.0831	1.0048	12,076	0.2122
2010	50,384	0.9834	49,548	0	5	1.1390	1.0042	0	0.0000
2011	56,401	1.0000	56,401	0	4	1.2164	1.0053	0	0.0000
2012	392,236	1.0000	392,236	691,413	3	1.3245	1.0051	920,447	2.3467
2013	387,510	1.0000	387,510	407,219	2	1.5006	1.0042	613,639	1.5835
2014	664,372	1.0000	664,372	21,729	1	2.3284	1.0033	50,761	0.0764
<b>10 Year Total</b>	<b>1,824,997</b>		<b>1,827,965</b>	<b>1,291,487</b>				<b>1,759,243</b>	<b>0.9624</b>
<b>8 Year Average</b>									<b>0.5274</b>
<b>Medical</b>									
2005	58,268	1.0095	58,822	34,694	10	1.0000		34,694	0.5898
2006	60,391	1.0112	61,067	94,664	9	1.0113		95,734	1.5677
2007	48,666	1.0387	50,549	0	8	1.0229		0	0.0000
2008	48,825	1.0354	50,553	0	7	1.0349		0	0.0000
2009	57,944	0.9821	56,907	37,131	6	1.0473		38,887	0.6833
2010	50,384	0.9834	49,548	0	5	1.0604		0	0.0000
2011	56,401	1.0000	56,401	39	4	1.0744		42	0.0007
2012	392,236	1.0000	392,236	206,570	3	1.0903		225,223	0.5742
2013	387,510	1.0000	387,510	154,352	2	1.1112		171,516	0.4426
2014	664,372	1.0000	664,372	29,090	1	1.3227		38,477	0.0579
<b>10 Year Total</b>	<b>1,824,997</b>		<b>1,827,965</b>	<b>556,540</b>				<b>604,573</b>	<b>0.3307</b>
<b>8 Year Average</b>									<b>0.2198</b>
<b>Total</b>									
2005	58,268	1.0095	58,822	46,240	10			46,370	0.7883
2006	60,391	1.0112	61,067	243,148	9			246,378	4.0346
2007	48,666	1.0387	50,549	0	8			0	0.0000
2008	48,825	1.0354	50,553	0	7			0	0.0000
2009	57,944	0.9821	56,907	48,227	6			50,963	0.8955
2010	50,384	0.9834	49,548	0	5			0	0.0000
2011	56,401	1.0000	56,401	39	4			42	0.0007
2012	392,236	1.0000	392,236	897,983	3			1,145,670	2.9209
2013	387,510	1.0000	387,510	561,571	2			785,155	2.0262
2014	664,372	1.0000	664,372	50,819	1			89,238	0.1343
<b>10 Year Total</b>	<b>1,824,997</b>		<b>1,827,965</b>	<b>1,848,027</b>				<b>2,363,816</b>	<b>1.2931</b>
<b>8 Year Average</b>									<b>0.7472</b>



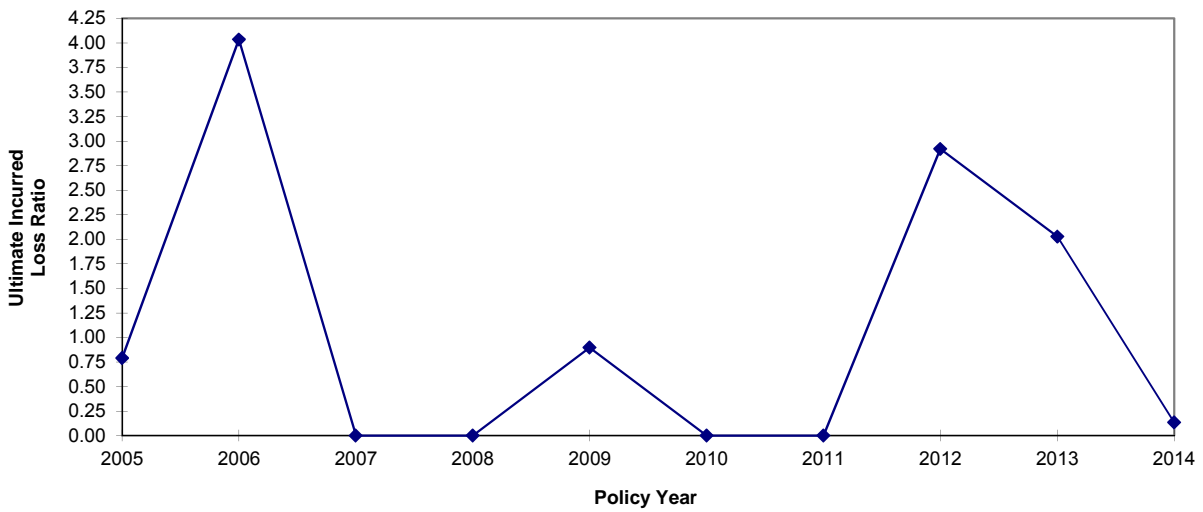
Indemnity Incurred Ultimate Loss Ratio



Medical Incurred Ultimate Loss Ratio



Total Incurred Ultimate Loss Ratio



		3 points	4 points	5 points	6 points	7 points	8 points	9 points	10 points
<b>INDEMNITY</b>									
LINEAR	Average Loss Ratio	1.3355	1.0017	0.8013	0.7031	0.6027	0.5274	0.7429	0.6884
	Trended Loss Ratio	(3.1105)	0.7658	1.6550	1.6964	1.7265	1.6622	0.7048	0.8789
	Trend Factor	(2.3291)	0.7645	2.0654	2.4127	2.8646	3.1517	0.9487	1.2767
	Annual. Trend Factor	#NUM!	0.9619	1.0959	1.1038	1.1120	1.1109	0.9956	1.0191
EXPONENTIAL	R^2	0.9654	0.0036	0.0627	0.1154	0.1829	0.2249	0.0002	0.0058
	Trended Loss Ratio	0.0008	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!
	Trend Factor	0.0006	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!
	Annual. Trend Factor	0.2854	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!
	R^2	0.8349	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!
<b>MEDICAL</b>									
LINEAR	Average Loss Ratio	0.3582	0.2689	0.2151	0.2931	0.2512	0.2198	0.3696	0.3916
	Trended Loss Ratio	(0.6529)	0.2865	0.4893	0.1034	0.3076	0.3949	(0.1198)	(0.0791)
	Trend Factor	(1.8227)	1.0655	2.2748	0.3528	1.2245	1.7966	(0.3241)	(0.2020)
	Annual. Trend Factor	#NUM!	1.0092	1.1094	0.8897	1.0206	1.0551	#NUM!	#NUM!
EXPONENTIAL	R^2	0.9258	0.0003	0.1045	0.0447	0.0046	0.0513	0.1351	0.1466
	Trended Loss Ratio	0.0027	17.5426	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!
	Trend Factor	0.0075	65.2384	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!
	Annual. Trend Factor	0.4374	1.8295	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!
	R^2	0.8339	0.2918	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!
<b>TOTAL</b>									
LINEAR	Average Loss Ratio	1.6937	1.2706	1.0164	0.9962	0.8539	0.7472	1.1125	1.0800
	Trended Loss Ratio	(3.7634)	1.0523	2.1443	1.7998	2.0341	2.0571	0.5850	0.7998
EXPONENTIAL	Trended Loss Ratio	0.0035	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!	#NUM!