

DELAWARE COMPENSATION RATING BUREAU, INC.

Delaware Insurance Plan

The following pages present a review of the experience for the Delaware Insurance Plan.

Page 19.1 compares the reported loss ratio for a five-year period of the assigned risk and voluntary markets by the premium size range. The second page shows similar detail but by year rather than premium size.

The bottom portion of page 19.2 also shows the calculation of a manual rate offset for a residual market surcharge program applicable to rated Residual Market risks with debit experience modification factors. It is contemplated that these risks would be subject to a surcharge ranging from 0 to +50%, with a maximum set at the value of the modification factor less unity, and that the surcharge would be calculated by multiplying 50% times the complement of the risk's experience rating credibility. The offset is applicable to voluntary market risks.

The residual market share calculation is given on page 19.3.

Page 19.4 contains the calculation of the average surcharge based on the above methodology.

The assigned risk subsidy is derived as shown on page 19.5.

DELAWARE INSURANCE PLAN EXPERIENCE  
Manual Years 2018 - 2022

SIZE OF STANDARD PREMIUM	STATEWIDE			DIP			STATEWIDE - DIP			INDICATED DIFFERENCE FACTOR DIP/(SW-DIP)
	TOTAL PREMIUM*	TOTAL LOSS	LOSS RATIO	TOTAL PREMIUM*	TOTAL LOSS	LOSS RATIO	TOTAL PREMIUM*	TOTAL LOSS	LOSS RATIO	
1-1,000	26,826,074	12,524,933	46.7	1,513,238	2,292,960	151.5	25,312,836	10,231,973	40.4	3.750
1,001-2,000	24,865,313	7,917,688	31.8	3,962,495	3,162,903	79.8	20,902,818	4,754,785	22.7	3.515
2,001-3,000	20,269,951	9,659,782	47.7	2,341,894	1,310,262	55.9	17,928,057	8,349,520	46.6	1.200
3,001-4,000	19,244,566	9,524,041	49.5	2,306,176	2,314,939	100.4	16,938,390	7,209,102	42.6	2.357
4,001-5,000	17,221,929	18,218,935	105.8	2,070,484	1,311,272	63.3	15,151,445	16,907,663	111.6	0.567
5,001-7,500	36,396,210	34,629,650	95.1	3,786,572	3,442,066	90.9	32,609,638	31,187,584	95.6	0.951
7,501-10,000	31,007,502	16,308,920	52.6	3,201,434	1,267,396	39.6	27,806,068	15,041,524	54.1	0.732
10,001-12,500	25,631,397	18,073,072	70.5	2,174,013	1,055,774	48.6	23,457,384	17,017,298	72.5	0.670
12,501-15,000	22,609,540	10,877,698	48.1	1,806,848	1,250,465	69.2	20,802,692	9,627,233	46.3	1.495
15,001-20,000	38,075,409	18,713,363	49.1	2,881,975	3,745,763	130.0	35,193,434	14,967,600	42.5	3.059
20,001-25,000	32,437,731	13,376,976	41.2	2,225,027	924,194	41.5	30,212,704	12,452,782	41.2	1.007
25,001-50,000	119,144,270	55,075,262	46.2	6,402,390	3,631,937	56.7	112,741,880	51,443,325	45.6	1.243
50,001-75,000	80,918,475	38,249,834	47.3	3,644,028	784,850	21.5	77,274,447	37,464,984	48.5	0.443
75,001-100,000	66,988,251	28,645,624	42.8	1,882,173	2,479,623	131.7	65,106,078	26,166,001	40.2	3.276
100,001-200,000	181,022,926	82,085,756	45.3	3,888,928	2,055,254	52.8	177,133,998	80,030,502	45.2	1.168
200,001-300,000	109,612,044	43,094,561	39.3	1,665,275	320,266	19.2	107,946,769	42,774,295	39.6	0.485
300,001-400,000	80,739,472	38,184,885	47.3	655,214	206,559	31.5	80,084,258	37,978,326	47.4	0.665
400,001-500,000	71,380,471	26,754,761	37.5	400,767	7,137	1.8	70,979,704	26,747,624	37.7	0.048
500,001-1,000,000	142,049,899	53,145,333	37.4	577,461	268,246	46.5	141,472,438	52,877,087	37.4	1.243
1,000,001 & higher	273,081,916	122,193,459	44.7	0	0	N/A	273,081,916	122,193,459	44.7	N/A
TOTALS	1,419,523,346	657,254,533	46.3	47,386,392	31,831,866	67.2	1,372,136,954	625,422,667	45.6	1.474

\* Premium calculated based on DCRB voluntary market loss cost level.

DELAWARE INSURANCE PLAN EXPERIENCE  
Manual Years 2018 - 2022

MANUAL YEAR	STATEWIDE			DIP			STATEWIDE - DIP		
	STANDARD PREMIUM WITH CONSTANTS *	DEVELOPED INCURRED LOSS	LOSS RATIO	STANDARD PREMIUM WITH CONSTANTS *	DEVELOPED INCURRED LOSS	LOSS RATIO	STANDARD PREMIUM WITH CONSTANTS *	DEVELOPED INCURRED LOSS	LOSS RATIO
2018	313,647,173	127,602,795	40.7	13,000,495	7,547,911	58.1	300,646,678	120,054,884	39.9
2019	304,246,739	141,662,859	46.6	10,297,003	7,829,883	76.0	293,949,736	133,832,976	45.5
2020	288,707,995	120,837,531	41.9	9,331,523	3,331,755	35.7	279,376,472	117,505,776	42.1
2021	276,952,716	129,367,495	46.7	7,568,169	8,167,199	107.9	269,384,547	121,200,296	45.0
2022	235,968,723	137,783,853	58.4	7,189,202	4,955,118	68.9	228,779,521	132,828,735	58.1
TOTALS	1,419,523,346	657,254,533	46.3	47,386,392	31,831,866	67.2	1,372,136,954	625,422,667	45.6

MANUAL YEAR	INDICATED DIFFERENCE FACTOR DIP/(SW-DIP)
2018	1.456
2019	1.670
2020	0.848
2021	2.398
2022	1.186
TOTAL 2018 - 2022	1.474

INDICATED MANUAL LOSS COST OFFSET

LOSS RATIO DIFFERENTIAL (for page 19.5)

(1) D I P MARKET SHARE	0.0387	(4) D I P LOSS RATIO	67.2
(2) AVERAGE SURCHARGE	0.035	(5) VOLUNTARY MKT LOSS RATIO	45.6
(3) MANUAL LOSS COST OFFSET APPLICABLE TO VOLUNTARY MARKET RISKS [ 1 - (1)*{1+(2)} ] / [ 1 - (1) ]	0.9986	(6) D I P SURCHARGE FACTOR	1.035
		(7) L R D [ (4) / (5) ] / (6)	1.42

\* Premium calculated based on DCRB voluntary market loss cost level.

**RESIDUAL MARKET SHARE (using financial data)**

Policy Year Accumulated Standard Earned Premium @ 12/31/24

**Residual Market Share excluding Large Deductible**

Policy Year	(1) Call #1	(2) Call #12	(3) = (1)-(2) Difference	(4) LCM	(5) = (3)*(4) VM @ RM DSR Level	(6) = (2)+(5) Total @ DSR	(7) = (2)/(6) Ratio
2015	146,259,231	25,836,093	120,423,138	1.4327	172,530,230	198,366,323	0.1302
2016	166,067,485	24,731,293	141,336,192	1.4259	201,531,276	226,262,569	0.1093
2017	179,292,572	22,527,622	156,764,950	1.4383	225,475,028	248,002,650	0.0908
2018	177,708,406	19,782,673	157,925,733	1.3461	212,583,829	232,366,502	0.0851
2019	169,460,166	15,452,195	154,007,971	1.3493	207,802,955	223,255,150	0.0692
2020	158,194,784	14,119,394	144,075,390	1.3593	195,841,678	209,961,072	0.0672
2021	151,900,149	11,636,856	140,263,293	1.3986	196,172,242	207,809,098	0.0560
2022	128,525,046	11,001,764	117,523,282	1.4097	165,672,571	176,674,335	0.0623
2023	112,914,350	8,767,505	104,146,845	1.3279	138,296,595	147,064,100	0.0596
2024	59,068,057	3,631,314	55,436,743	1.2741	70,631,954	74,263,268	0.0489

**Residual Market Share including Large Deductible (net basis)**

Policy Year	(8) Call #8	(9) = (8)*(4) VM @ RM DSR Level	(10) = (6)+(9) Total @ DSR	(11) = (2)/(10) Ratio
2015	41,397,128	59,309,665	257,675,988	0.1003
2016	45,350,937	64,665,901	290,928,470	0.0850
2017	46,946,102	67,522,579	315,525,229	0.0714
2018	43,721,011	58,852,853	291,219,355	0.0679
2019	44,091,330	59,492,432	282,747,582	0.0547
2020	43,293,706	58,849,135	268,810,207	0.0525
2021	41,905,039	58,608,388	266,417,486	0.0437
2022	40,118,965	56,555,705	233,230,040	0.0472
2023	32,544,894	43,216,365	190,280,465	0.0461
2024	15,413,553	19,638,408	93,901,676	0.0387

**DELAWARE COMPENSATION RATING BUREAU, INC.  
DELAWARE INSURANCE PLAN**

**CALCULATION OF AVERAGE SURCHARGE  
 $0.50 * (1 - C)$ , max = Mod Factor Less Unity**

	<u>Risk Count</u>	<u>Premium 2023</u>	<u>% Total Count</u>	<u>% Total Premium</u>
1 Risks with Credit Mod ( $\leq 1.0$ )	252	2,522,671	34.47%	54.87%
2 Risks with Debit Mod ( $> 1.0$ )	59	1,097,208	8.07%	23.86%
3 Total - Rated Risks	311	3,619,879	42.54%	78.73%
4 Non-Rated Risks	420	978,034	57.46%	21.27%
5 Total - All Assigned Risks	731	4,597,913	100.00%	100.00%

	<u>Surcharged Premium</u>	<u>Average Surcharge</u>	<u>% Total Premium</u>
1 Risks with Credit Mod ( $\leq 1.0$ )	2,522,671	0.000	53.03%
2 Risks with Debit Mod ( $> 1.0$ )	1,256,269	0.145	26.41%
3 Total - Rated Risks	3,778,940	0.044	79.44%
4 Non-Rated Risks	978,034	0.000	20.56%
5 Total - All Assigned Risks	4,756,974	0.035	100.00%

Surcharge =  $50\% * (1 - cred)$ , not exceeding the modification factor less unity and applies to risks with debit modification factors.

DELAWARE INSURANCE PLAN  
ASSIGNED RISK SUBSIDY

Calculation of residual market subsidy multiplier to be added to Retro Rating Plan tax multiplier.

1	ARMS	Delaware Insurance Plan Market Share	0.0387
2	VMS	Voluntary Market Share (1 - ARMS)	0.9613
3	LRD	Loss Ratio Differential	1.42
4	PLR	Permissible Loss Ratio	0.5800
5	ARLR	Assigned Risk Loss Ratio	
6	VLR	Voluntary Loss Ratio	
7	S	Subsidy	

$$\text{ARLR} * \text{ARMS} + \text{VLR} * \text{VMS} = \text{PLR}$$

$$\text{VLR} * 1.42 * 0.0387 + \text{VLR} * 0.9613 = 0.58$$

$$\text{VLR} = 0.5707$$

$$\text{ARLR} = 1.42 * \text{VLR} = 0.8104$$

$$\text{DIFF} = \text{ARLR} - \text{VLR} = 0.2397$$

$$S = (0.8) * (\text{ARLR} - \text{VLR}) * (\text{ARMS} / \text{VMS})$$

$$= (0.8) * (23.97\%) * (0.0387 / 0.9613)$$

$$= (0.8) * (23.97\%) * (0.0403)$$

$$= 0.77\%$$