

**BEFORE THE INSURANCE COMMISSIONER  
FOR THE STATE OF DELAWARE**

**IN THE MATTER OF:**

**Delaware Compensation Rating Bureau**

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**Docket No. 2275-2013**

**PREPARED WRITTEN TESTIMONY OF TIMOTHY L. WISECARVER**

I am the President of the Delaware Compensation Rating Bureau, Inc. ("DCRB"). On behalf of the DCRB, I submit this testimony pertaining to DCRB Filing No. 1305 (hereinafter, either "Filing 1305" or "the December 1, 2013 Filing").

The DCRB is a non-profit corporation formed in 1917 in accordance with the insurance laws of Delaware and is not affiliated with state government. The DCRB's enabling statute specifies that classification of employers, underwriting rules, policy forms, loss cost values and rating plans for workers compensation shall be proposed by a rating bureau. The DCRB is subject to supervision and examination by the Delaware Insurance Commissioner, who must approve its ability to compile loss costs and assigned risk rates on an equitable and impartial basis. The DCRB membership is comprised of insurance carriers authorized to sell workers compensation insurance in Delaware.

The DCRB is the licensed rating organization for workers compensation insurance in the State of Delaware (the DCRB is an "advisory organization" as that term is used in Title 18, Chapter 26 of the Delaware Code). In this capacity the DCRB is required to file a "rating plan" at least annually. Filing 1305, proposed to be effective December 1, 2013, is the most recent rating plan filing submitted to the Delaware Insurance Department by the DCRB.

**My Qualifications as an Expert Witness**

I graduated from Whitman College in 1972 with a Bachelor's degree in a combined major of mathematics and physics. I am a Fellow in the Casualty Actuarial Society (a designation that I have held since 1980), a Member of the American Academy of Actuaries (since 1986), a Member of the Conference of Consulting Actuaries (since 1991), a Fellow in Insurance Data Management (since 2007) and a Workers Compensation Professional (since 2011).

I was employed from 1972 to 1987 by the Washington State Department of Labor and Industries, the exclusive writer of workers compensation insurance business in the State of Washington. In that capacity I was responsible for ratemaking including derivation of overall rate level indications, classification rate relativities and individual risk rating plans. I also performed evaluations of loss and loss adjustment reserves, general expense reserves and other liabilities for the financial statements of the Department.

From 1987 to 1989 I was employed as a Senior Consultant at Coopers & Lybrand's Actuarial, Benefits and Compensation practice in Seattle, Washington. My employment with this firm focused on the estimation of loss reserves and associated liabilities for workers compensation insurers and/or self-insurers.

I have been the President of the DCRB, and President of the Pennsylvania Compensation Rating Bureau, since 1989. During my tenure here I have overseen the preparation, submission and defense of more than 40 rating value filings similar in nature to Filing 1305.

Terminology Used in This Testimony

The following words and/or topics are used in this testimony, and have the meaning set forth with each item:

**Indemnity Benefits:** Delaware workers compensation law provides for payments to partially offset wages lost by injured or ill workers while they are unable to work as a result of a work-related injury or illness. In addition, Delaware's workers compensation system provides for payments to compensate injured or ill workers for the residual, permanent effects of work-related accidents or diseases once their recovery is complete. In combination, these wage-loss and disability payments are often referred to as "indemnity" benefits. Indemnity benefits are usually computed as a function of the injured worker's pre-injury wage, subject to limits on how high and/or low those benefits can be. For ratemaking purposes, indemnity benefit schedules are generally applicable to claims based on the accident or illness date assigned to a claim, and then do not change for the life of a claim.

**Medical Benefits:** Delaware workers compensation law provides that costs of medical goods and services required to treat the effects of a work-related injury or illness are paid with no time limit or cap on total costs, and without any participation by the employee in the form of a deductible, co-payment percentage or other similar features. Unlike indemnity benefits that are related to the date of injury or illness, prices paid for medical goods and services are determined when those goods and services are provided to the injured or ill worker.

**Reported Losses:** Workers compensation insurers continually monitor the costs of all claims filed by workers that were employed by employers to which the insurer sold an insurance policy or policies covering the dates of injury or illness for those employees. At specified points in time, insurers are required to provide accountings or summaries of their records of such costs to the DCRB. The amounts of benefit costs reflected in such data submissions are often referred to as "reported losses."

Reported losses can encompass various types of data, but some of the partitions especially significant for this discussion are those listed below:

**Paid Losses:** As the name suggests, paid losses are the amounts that have been spent for indemnity and/or medical benefits to, or for, injured workers. Often for purposes of analyses such as those included in Filing 1305 and the reviews conducted of that filing by other actuaries, paid losses are reported on a cumulative basis, reflecting the total amount paid through a given report date. Paid losses can be stated by claim, by accident year (all payments for injuries or illnesses that happened in a given annual period) or policy year (all payments for injuries or illnesses covered by all insurance policies that had their first effective date within a given annual period).

**Case Reserves:** Professional staff employed by insurance companies or by third-party administrators with which insurance companies contract for services manage the benefit payments, treatment plans and dispute resolution functions associated with workers compensation claims. As a part of the planning, workload management and financial

accounting for such cases, these claims professionals routinely establish “case reserves” on a file by file basis. Case reserves are projections of the remaining future costs of claims that are still open and eligible for future indemnity and/or medical benefits. Case reserves can be stated or organized in the same ways noted above for payments – i.e., by claim, accident year or policy year.

**Case Incurred Losses:** Adding the payments already made on a claim to its most current case reserve produces an estimate of the total cost of that claim, referred to as the case incurred loss amount for the claim. Case incurred losses can also be reported by claim, by accident year or by policy year.

**Loss Development:** This term refers to changes occurring in loss amounts over time. For example, claim payments for a given claim will grow as additional periods of wage loss are compensated and as additional medical treatments and services are rendered on the claim. Across all claims included in an accident year or policy year, a similar accumulation will take place over the extended period of time that any claims remain active and eligible for additional payments.

Case reserves, and case incurred loss amounts, also “develop” or change over time as claims mature, claimants receive more indemnity and medical benefits, and claims move closer to their final resolutions. While claim payments ordinarily increase as they develop, case reserves and case incurred loss amounts can either increase or decrease depending on the extent to which case reserve estimates established at given points in time need to be adjusted upward or downward based on new information as it becomes available.

Because it is easier to anticipate and predict smaller, near-term events and payments than those that may occur many years in the future, case incurred loss amounts often tend to increase over time. As a result, the case incurred loss amounts established by an insurer or group of insurers tend to be an inadequate estimate of the full and final cost of a claim, accident year or policy year.

**Loss Development Methods:** Insurers, regulators and other interested parties want to know what the liabilities are likely to be for indemnity and medical benefits on an accident year, policy year or complete portfolio of all claims insured by a given company. Actuaries utilize statistical data that becomes available as payments are made and case reserves are established, monitored and revised over time to estimate these obligations. By studying the rates at which payments have historically accumulated, and the extent and timing with which case reserve estimates change, currently-available amounts of claim payments, case reserves and/or case incurred loss amounts can be used to develop projections or estimates of what the eventual cost of a group of claims will be. These techniques are most often applied to significant groups of claims, such as all claims falling within an accident year or policy year, because individual claim changes can be very large and irregular in nature.

The use of past patterns of changes in selected loss measures in order to predict future or total costs for groups of claims is generally referred to as “loss development” analysis. Depending on the kind of historical data that is included in these endeavors, this may be described as a “**Paid Loss Development**” approach (a method using past experience for the payment of benefits on workers compensation claims), or a “**Case Incurred Loss Development**” method (one that studies the changes in case incurred loss estimates recorded on groups of claims at periodic intervals as the claims mature and move toward final resolution).

In loss development analysis, the known results for older groups of claims are used to derive estimates of what is likely to occur in the future for more recent groups of claims.

**Ultimate Losses:** This term refers to the full and final cost of all claims included in a given accident year(s) or policy year(s). In concept this is an absolute and unchanging number. In practice, however, ultimate losses must be estimated (usually many times, over an extended period of time) until all the claims involved in the time period of interest have been resolved, paid and closed.

For ratemaking purposes, estimated ultimate losses are key variables because premiums collected from policies issued in a specified period must be adequate to pay for all of the benefits and expenses arising from claims insured under those policies. If this "adequacy" can be obtained then the insurer or insurers involved will remain financially viable. If this adequacy is not accomplished then the insurer must apply funds from its equity or surplus account for the payment of losses, and may eventually fail as a business enterprise. Accordingly, future rates are intended to cover the ultimate cost of future claims, not just a partial or interim portion of those losses.

**Loss Ratio:** This term refers to the ratio of losses attributable to a group of claims to the premiums available from policyholders for the time period in which the claims giving rise to those losses happened. While loss ratios can be computed using a variety of loss and premium data, the loss ratios of greatest interest in pricing are ultimate losses divided by earned premiums.

**On-Level:** Historical loss and premium data reflects a variety of benefit provisions and/or rate levels. In insurance pricing, the question of interest is how current rates should be changed in order to appropriately respond to expected future conditions.

In order to obtain as much information as possible toward answering that question, actuaries include numerous past periods of experience in their ratemaking analyses. However, in order to make that broad historical review pertinent to the matter of current rates, past benefits are commonly adjusted to be consistent with current benefit schedules, and past premiums are adjusted to reflect current rates. In effect, the actuary modifies past years of data as if current conditions had been in effect in each of them, and thus over an extended period of time.

The revision of historical data to be consistent with current benefit provisions and rates is referred to as putting historical data "on-level."

**Trend:** Even with the benefit of on-level adjustments, an actuary trying to establish a future schedule of rates can only obtain a body of historical data that stops some time before his or her analysis is being performed, and that is thus even further removed from the future period in which the rates being promulgated will apply than the time at which the analysis is being performed. In order to properly bridge this gap between available historical data and a future rating period, actuaries study the year-to-year changes in such parameters as loss ratios, claim frequency and/or average claim size (claim severity). Based on this study, historical data can be "trended" forward to reflect expected future changes in results arising from demonstrated tendencies within a state or a carrier's own book of business.

Background for this Proceeding and Filing 1305

Filing 1305 is a proposal to revise residual market rates and voluntary market loss costs for Delaware workers compensation insurance effective December 1, 2013.

Delaware law requires that a "rating plan" be filed with the Insurance Commissioner by the advisory organization (the DCRB). The residual market rates proposed in Filing 1305 are key components of that rating plan. Residual market workers compensation insurance coverage is provided under the auspices of the Delaware Workers Compensation Insurance Plan ("Plan"). Employers unable to obtain workers compensation insurance in the voluntary market may apply to the Plan, whereupon an insurance carrier is assigned to administer coverage for that employer, either as a servicing carrier on behalf of the Plan or on a direct-assignment basis. The rates approved by the Insurance Commissioner in response to each annual DCRB rating plan filing are the rates that must be used for all employers insured in the Plan.

A great majority of Delaware employers obtain their required workers compensation insurance coverage through the voluntary market, purchasing a policy from one of over 300 competing insurers. The voluntary market loss costs included in Filing 1305 – which include only the loss component (as opposed to expense, profit and contingency components, among others) of rates -- provide a starting point for pricing and competition in the workers compensation insurance marketplace. Each of those insurers files its own schedule of rates with the Delaware Insurance Department, often, but not necessarily, using the loss costs approved as a result of each DCRB rating plan filing as a component of its rates.

Consistent with rating laws across the country, Delaware's applicable law requires that workers compensation insurance rates "...not be excessive, inadequate or unfairly discriminatory" (18 Del. Code § 2604(a)). These three standards for rates are not prioritized, and are equally important in terms of compliance with the law.

Filing 1305 proposes schedules of classification rates and loss costs (i.e., rates and loss costs that are specific to the many "classifications" of employers that have been established under the Uniform Classification Plan maintained in accordance with Delaware law, such as contractors, attorneys, clerical workers, and hundreds of others), an Experience Rating Plan and a Merit Rating Plan. The relativities of classification rates and loss costs, the parameters and rules of the Experience Rating Plan and the parameters and rules of the Merit Rating Plan meet the requirement that rates not be unfairly discriminatory. These aspects of Filing 1305 are not in dispute. Accordingly, this proceeding is about whether Filing 1305 meets the statutory requirements that rates not be excessive or inadequate.

In Delaware, rates in a competitive market are statutorily defined as not being excessive (18 Del. Code § 2604(a)(1)).

Under Delaware law, the Delaware workers compensation insurance market shall not be deemed noncompetitive if the market concentration of the 50 largest insurers satisfies the United States Department of Justice merger guidelines for an unconcentrated market (18 Del. Code § 2603(b)(2)).

The United States Department of Justice merger guidelines for an unconcentrated market read in pertinent part as follows\*:

Market concentration is a function of the number of firms in a market and their respective market shares. As an aid to the interpretation of market data, the Agency will use the Herfindahl-Hirschman Index ("HHI") of market concentration. The HHI is calculated by summing the squares of the individual market shares of all the participants. Unlike the four-firm concentration ratio, the HHI reflects both the distribution of the market shares of the top four firms and the composition of the market outside the top four firms. It also gives proportionately greater weight to the market shares of the larger firms, in accord with their relative importance in competitive interactions.

The Agency divides the spectrum of market concentration as measured by the HHI into three regions that can be broadly characterized as unconcentrated (HHI below 1000), moderately concentrated (HHI between 1000 and 1800), and highly concentrated (HHI above 1800). Although the resulting regions provide a useful framework for merger analysis, the numerical divisions suggest greater precision than is possible with the available economic tools and information. Other things being equal, cases falling just above and just below a threshold present comparable competitive issues.

- \* Horizontal Merger Guidelines – U.S. Department of Justice and the Federal Trade Commission Issued April 2, 1992, Revised April 8, 1994. Section 1, Market Definition, Measurement and Concentration, subsection 1.5 Concentration and Market Shares

Based on a calculation of market concentration by insurer groups (an insurer group is a set of two or more affiliated insurance companies) using calendar year 2011 data (the most recent available calendar year report), the HHI for Delaware workers compensation business is 790 (See Exhibit A). Arithmetically, calculating the HHI for insurers instead of insurer groups, and/or limiting the calculation to the 50 largest groups or insurers, would necessarily produce lower values than this calculated value. Accordingly, the Delaware workers compensation market is clearly unconcentrated per the applicable standards. Thus, the Delaware workers compensation market meets the applicable statutory test for a competitive market, in which rates cannot be found to be excessive.

Each of the parties to this proceeding (DCRB, Delaware Insurance Department, and Delaware Ratepayer Advocate) has already stated a position as to the expected future costs of Delaware workers compensation business to be written commencing December 1, 2013 (the policy period for which Filing 1305 proposes loss costs and residual market rates). The DCRB's position is reflected in Filing 1305. The position of the Delaware Insurance Department is reflected in the October 21, 2013 report of its expert witness, John Pedrick of INS Consultants, Inc. ("INS"), and the position of the Ratepayer Advocate is reflected in the November 8, 2013 report of Allan I. Schwartz of AIS Risk Consultants, Inc. ("AIS"), the Ratepayer Advocate's expert witness. The parties agree that rates and loss costs need to increase, for policies to be written during the policy year commencing December 1, 2013, in order to avoid being inadequate. The parties disagree as to the extent of the needed increase. My testimony will focus on Filing 1305 and the opinions rendered by other parties' experts, as presented in their respective reports.

### Delineation of the Key Issue for Filing 1305

Filing 1305 proposes overall average increases of 38.52 percent in residual market rates and 41.75 percent in voluntary market loss costs, based on the most recent available Delaware experience data and the DCRB's analysis thereof.

Mr. Pedrick's report presents alternative indications to those submitted in Filing 1305, specifically an overall average increase of 20.98 percent in residual market rates and an overall average increase of 23.80 percent in voluntary market loss costs.

Mr. Schwartz's report also presents alternative indications to those submitted in Filing 1305, specifically an overall average increase of 14.40 percent in residual market rates and an overall average increase of 17.10 percent in voluntary market loss costs.

It is important in the context of this proceeding to note and understand that Filing 1305 addresses a broad spectrum of technical issues. Despite having produced materially different indications from those submitted by the DCRB in Filing 1305, both the Insurance Department's and the Ratepayer Advocate's retained actuaries have either accepted or closely approximated the DCRB's methods and/or results in most aspects of Filing 1305. Examples of such acceptance or close agreement between the actuaries include the database applied to the analysis, most of the expense provisions incorporated in Filing 1305, and the evaluations of the effects of Senate Bill 238 and House Bill 175.

In fact, virtually all of the differences between the loss cost and rate indications put forward by the DCRB, Mr. Pedrick and Mr. Schwartz concern a very specific and limited aspect of Filing 1305 – namely, the estimate of ultimate losses for the two most recent completed policy years (2010 and 2011).

Much of the analytical effort required in workers compensation insurance ratemaking is devoted to the evaluation of loss experience from prior periods of time. The following points are important in considering this aspect of workers compensation ratemaking:

- Results of past loss experience form a vitally important base of knowledge from which prospective estimates of future losses are generally made.
- Because workers compensation losses may be paid out over an extended period of time after the occurrence of an accident and the filing of a claim, results of recent periods of experience must themselves be estimated before ratemaking analysis based on those prior periods of time may proceed.

Estimated results from prior years provide a perspective on the prevailing level of losses associated with a given volume of premium, and guidance on the extent to which those losses appear to be changing over time. In Filing 1305, all of the parties have estimated losses associated with past policy years, used those estimates to project future losses and, in turn, derived indicated changes in overall residual market rates and voluntary market loss costs effective December 1, 2013.

Exhibit B attached hereto shows two summaries of illustrative adaptations of Filing 1305. Each of these summaries shows rating value change indications that result from the substitution of policy year 2010 and policy year 2011 ultimate loss estimates from either Mr. Pedrick's report or

Mr. Schwartz's report into the DCRB's original analysis. Based only upon those limited substitutions into the methods and inputs otherwise applied in Filing 1305, the revised rating value change indications computed on Exhibit B are extremely close to the independent analyses provided by Mr. Pedrick and Mr. Schwartz. The comparisons provided in Exhibit B are summarized below:

	<u>Residual Market Rate Change %</u>	<u>Voluntary Market Loss Cost Change %</u>
Mr. Pedrick	+20.98%	+23.80%
DCRB using Pedrick PY 2010 and PY 2011 Loss Ratios	+20.67%	+23.48%
Mr. Schwartz	+14.40%	+17.10%
DCRB Using Schwartz PY 2010 and PY 2011 Loss Ratios	+14.52%	+17.19%

As the above comparisons show, the differences between the policy year 2010 and 2011 loss estimates produced by the DCRB, Mr. Pedrick and Mr. Schwartz account for virtually all of the differences between the parties with respect to indicated December 1, 2013 changes in residual market rates and voluntary market loss costs. For this reason, the Insurance Commissioner's decision on Filing 1305 must turn almost entirely on her findings concerning the merits of the estimates of the different policy year 2010 and 2011 loss estimates put forward by each of the actuaries. Accordingly, my testimony will address that subject in detail.

Discussion of Key Issue in Filing 1305

Over the past several years, the actuaries (or, in the case of INS, actuarial firm) for each of the parties in this matter have either prepared (in the case of the DCRB) or reviewed (in the cases of INS and Mr. Schwartz) each of the past several annual DCRB rating plan filings. As a result, there is a history of past methods employed, estimates presented, and recommendations advanced by each actuary (in the case of INS, actuarial firm) with regard to estimation of losses for past policy years.

In the preparation of Filing 1305, the DCRB has employed both (a) a paid loss development method applied over as long a development period as was available from the DCRB's data, with case incurred loss development used for remaining development to an ultimate basis, and (b) a case incurred loss development method. The ultimate loss estimates used in Filing 1305 were derived using the average of the losses developed using those two methods, an approach that the DCRB has consistently used in each annual rating plan filing since and including 2002.

In its review of the December 1, 2010 and December 1, 2011 DCRB filings, INS also used the average of the paid loss and case incurred loss development methods to estimate ultimate losses and loss ratios. There were some technical differences in the application of these common methodologies between the DCRB's filings and INS's reviews, but these differences had only nominal impacts on the results obtained.

In reviewing the December 1, 2012 filing, INS retained its previous approach for policy years where the development factors were below 2.0000.<sup>1</sup> In loss development analyses, ultimate losses are estimated by applying factors called “development factors” to reported losses. Paid loss development methods calculate appropriate development factors to apply to cumulative paid loss amounts, while case incurred loss development methods compute development factors to apply to case incurred loss amounts.

Generally, development factors decline as claims become older and successively more claims from a given accident year or policy year are fully paid and therefore not eligible for additional future payment.

For indemnity loss in INS’s review of the December 1, 2012 filing, all policy years except 2009 and 2010 had paid and case incurred loss development factors below 2.0000. For those two policy years, the paid loss development factors were above 2.0000, while the case incurred loss development factors were less than 2.0000. INS relied exclusively on the case incurred loss development method to estimate ultimate indemnity losses and loss ratios for policy years 2009 and 2010. For medical loss in INS’s review, all policy years except 2010 had paid and case incurred loss development factors below 2.0000, but for policy year 2010 both the paid and case incurred loss development factors exceeded 2.0000. For policy year 2010 only, INS used a “Bornhuetter-Ferguson” method applied to paid and incurred values to estimate ultimate medical losses and loss ratios.

INS’s selection of 2.0000 as the development factor threshold for applying either its traditional loss development method (i.e., the average of the paid loss and case incurred loss development methods), the case incurred loss development method, or a Bornhuetter-Ferguson method was judgmental, in the sense that accepted actuarial standards<sup>2</sup> do not suggest the selection of any specific loss development factor threshold when applying multiple methods to estimate ultimate losses or loss ratios in the fashion adopted by INS.

In addition to earned premium data and reported losses, the Bornhuetter-Ferguson method requires two inputs for each policy year to which it is to be applied. Those inputs are an expected loss ratio and the portion of ultimate loss expected to be reported subsequent to the evaluation being used in the calculation.

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<sup>1</sup> A development factor of 2.0000 can be described as follows: If a development factor is equal to 2.0000, the reported data (paid or case incurred amount, depending on the kind of loss development method being applied) will be doubled (multiplied times 2.0000) in order to estimate the ultimate loss for the accident year or policy year in question. Where a development factor is greater than 2.0000, reported losses must be more than doubled to derive estimated ultimate losses. Where development factors are below 2.0000, the leverage to estimate ultimate losses is less than a doubling of reported losses.

<sup>2</sup> “Accepted actuarial standards” is defined by 18 Del. Code § 2602(a) to mean “the standards adopted by the Casualty Actuarial Society in its Statement of Principles Regarding Property and Casualty Insurance Ratemaking, and the Standards of Practice adopted by the Actuarial Standards Board.”

Using the Bornhuetter-Ferguson method, ultimate losses for each policy year are computed as follows:

$$\text{Premium} \times \text{Expected Loss Ratio} \times \frac{\text{Portion of Ultimate Loss Expected to Emerge After Current Calculation}}{\text{Expected Loss Ratio}} + \text{Reported Losses}$$

In the above equation, Premium and Reported Losses are known, while the Expected Loss Ratio and the Portion of Ultimate Loss Expected to Emerge After Current Calculation are estimated or selected by the actuary.

By way of contrast, paid and incurred loss development methods – used consistently by the DCRB since 2002, and used or accepted by both INS and Mr. Schwartz in their respective review of DCRB rating plan filings until their respective reviews of the DCRB's December 1, 2012 rating plan filing – compute ultimate losses as follows:

$$\text{Reported Losses} \times \text{Loss Development Factor}$$

In the above equation, Reported Losses are known and the Loss Development Factor is estimated or selected by the actuary.

The Bornhuetter-Ferguson method is described by Mr. Pedrick as being particularly appropriate for immature years where loss development factors may be large. Mr. Schwartz states that the Bornhuetter-Ferguson method is less responsive and less variable than loss development methods.

What neither Mr. Pedrick nor Mr. Schwartz discuss is the fact that the Bornhuetter-Ferguson approach is highly dependent upon the expected loss ratio(s) selected by the actuary. In their respective applications of the Bornhuetter-Ferguson method, Mr. Pedrick and Mr. Schwartz have each selected expected loss ratios significantly lower than those suggested by their own and/or the DCRB's loss development methods. Those selections necessarily result in lower estimates of ultimate loss than the loss development approaches each of them uses to estimate the portions of ultimate loss expected to be reported subsequent to the most recent available evaluation.

The Bornhuetter-Ferguson method ignores the reported losses to date as a basis for estimating future reported losses, effectively assuming that future reported losses are independent of the magnitude of losses that have already been reported. The DCRB believes that future emergence of losses is reasonably related to the existing level of reported loss, and that the leverage in loss development methods avoided by Mr. Pedrick and the responsiveness of loss development methods eschewed by Mr. Schwartz are necessary results of such an intrinsic relationship. INS's and AIS's adoption of the Bornhuetter-Ferguson method has had the effect of "stabilizing" (reducing) loss ratios for the more recent policy years. However, "stability" is not a statutory requirement for rates. If, and to the extent that, the loss ratios selected by INS and Mr. Schwartz for use in applying the Bornhuetter-Ferguson approach in the name of stability prove to have understated the actual results for those experience periods, then their estimates of needed changes in rating values will be understated as well, and thus inadequate.

In its review of Filing 1305, INS used the average of its paid loss and case incurred loss development approaches to estimate ultimate losses and loss ratios for all policy years through 2009. For policy year 2010, INS's paid loss development factors were above 2.0000, while its

case incurred loss development factors were below 2.0000. Instead of relying on the case incurred loss development method, as INS had done under those same circumstances in reviewing the December 1, 2012 filing, INS used the average of four methods: paid loss development, case incurred loss development, paid Bornhuetter-Ferguson and case incurred Bornhuetter-Ferguson. This change in approach had a significant impact on INS's medical loss ratio estimate for policy year 2010. In fact, had INS used its own case incurred loss development method for policy year 2010 in its review of this Filing (as it had done under identical conditions for policy years 2009 and 2010 for indemnity losses in reviewing the December 1, 2012 filing), its medical loss ratio would have been over 5.5 points higher than the estimate that it used in its review of Filing 1305, and more than 2 points higher than the DCRB's estimate in Filing 1305. For policy year 2011, all of INS's loss development factors were above 2.0000, and (as it had done in reviewing the December 1, 2012 filing under these same circumstances) INS used the average of its paid and case incurred Bornhuetter-Ferguson approaches to estimate ultimate indemnity and medical losses and loss ratios.

In his review of the December 1, 2010 and December 1, 2011 DCRB filings, Mr. Schwartz used the DCRB's estimates of ultimate indemnity and medical losses. Differences between the rate and loss cost indications in DCRB's filing and those selected by Mr. Schwartz arose from differences in the approaches that DCRB and Mr. Schwartz used in trending historical loss ratios forward to the proposed effective date of each of those filings.

In his review of the December 1, 2012 filing, Mr. Schwartz used a Bornhuetter-Ferguson method (which he referred to as a "B-F Procedure") to estimate ultimate losses for all policy years. Mr. Schwartz stated, and DCRB agrees, that the ultimate losses developed by the methods used by the DCRB, on the one hand, and by Mr. Schwartz, on the other, for the 2012 filing were different by less than one percent for most policy years, different by about two percent for policy year 2009 and different by approximately 17 percent for the then most recent available policy year, policy year 2010.

In his review of Filing 1305, Mr. Schwartz again used a Bornhuetter-Ferguson method to estimate ultimate losses for all policy years. Mr. Schwartz stated, and DCRB agrees, that the ultimate losses and loss ratios developed by the methods used by the DCRB, on the one hand, and by Mr. Schwartz, on the other, for Filing 1305 were different by less than one percent for most policy years, different by about six percent for policy year 2010 and different by approximately 21 percent for the most recent available policy year, policy year 2011.

Very modest differences exist in the mechanics of the applications, by the DCRB and INS respectively, of the paid loss and case incurred loss development methods to estimate ultimate losses and loss ratios, and when the DCRB and INS have employed those common methods, the results that have been obtained have been in very close agreement. Mr. Schwartz has not recently proffered his own execution of paid and/or case incurred loss development methods, but he accepted the DCRB's results thus obtained in his review of the DCRB filings for December 1, 2010 and December 1, 2011. For more recent filings Mr. Schwartz has used alternative methods but has continued to utilize factors derived in the DCRB's filings as a basis for estimating emergence patterns in support of his selected methodology. Accordingly, meaningful differences between estimates of ultimate losses and loss ratios made by the actuaries (in the case of INS, actuarial firm) and, in particular, the differences between those estimates for the most recent policy years in Filing 1305, have arisen when the actuaries (in the case of INS, actuarial firm) have adopted different methods for the purpose of deriving such estimates. As shown above, those differences in estimates for recent policy years account for

virtually all of the differences in the changes in rate and loss cost levels recommended by the parties.

In each filing, loss ratios are evaluated and/or estimated consistent with the current schedules of residual market rates and benefits in effect in Delaware at the time the filing is prepared. This approach is used in all of the actuarial analyses and evaluations pertaining to any filing, and is a practice that facilitates the use of historical experience in the enterprise of estimating future rating values.

Consistent with the above-described practice, account must be taken of changes that have occurred over time in rate levels and indemnity benefit levels in order to appropriately use data and estimates from a prior filing(s) in considering Filing 1305. The adjustments made to data or estimates from previous filings to state them on the same basis presented in Filing 1305 are described as "on-level" calculations.

Exhibit C attached hereto provides data derived from DCRB filings effective December 1, 2010, December 1, 2011, December 1, 2012 and December 1, 2013, and from reports prepared by INS and Mr. Schwartz concerning each of those four successive filings.

Exhibit C reflects data pertaining to policy years 2005 and later, for DCRB filings effective December 1, 2010, December 1, 2011, December 1, 2012 and December 1, 2013 (the last proposal being Filing 1305). In each rating plan filing, the indicated changes in residual market rates and/or voluntary market loss costs are derived by comparing (a) a projection of what the future results would be, absent any such changes, to (b) the desired result to maintain defined relationships between premiums and losses (achieving a fair level of profit for insurance rates, and covering all benefit costs expected to be incurred for loss costs). In projecting those future results without any change in existing rating values, the DCRB, INS and Mr. Schwartz have all used the most recent four policy years as starting points from which each party's estimated trends in loss ratios, claim frequency and/or claim severity have been applied. Under this approach, shared by all of the actuaries testifying in this proceeding, the way in which ultimate losses are developed for these most recent four policy years has a critically important influence on the indicated changes in rating values because these four policy years are used both as starting points for trending and as a part of the experience from which the future trend rates are derived. Accordingly, the policy years shown on Exhibit C include the most recent four policy years from each of the December 1, 2010 filing, December 1, 2011 filing, December 1, 2012 filing and Filing 1305. The content and interpretation of Exhibit C are described in the following narrative.

The section designated as "Indemnity As Reported" on page 1 of Exhibit C shows reported incurred indemnity loss ratios for policy years 2005 through 2011 as used in the DCRB's December 1, 2010, December 1, 2011, December 1, 2012 and December 1, 2013 filings. The reported incurred indemnity loss ratios shown on Exhibit C were derived by aggregating information submitted to the DCRB by all insurers writing Delaware workers compensation business. In each filing shown on a row of this section, the policy year reported incurred indemnity loss ratios represent the ratios of (a) indemnity losses that had been paid plus indemnity case reserves (estimates of future indemnity benefit payments) that had been established by claims professionals at, or working for, each Delaware writer of workers compensation insurance business for claims arising from policies becoming effective in the designated policy years adjusted to the current indemnity benefit level, divided by (b) premiums stated at the existing rate level for the Delaware residual market in effect at the time each filing was prepared.

The section designated as "Indemnity Reported On-Level" on page 1 of Exhibit C shows adjustment of the reported incurred indemnity loss ratios for each previous filing to be "on level" for Filing 1305. The indemnity benefit change factors and rate change factors used in those calculations are shown as part of the illustrative adjustments on page 1 of Exhibit C.

The section designated as "Medical As Reported" on page 1 of Exhibit C is analogous to the indemnity section as described above, but addresses medical instead of indemnity losses. Because medical benefits are based on date of service rather than date of injury, there is not a benefit change adjustment for medical as was applied for indemnity losses.

With the benefit of the on-level adjustments made on page 1 of Exhibit C, the reported incurred loss ratios are comparable across filing evaluations, and change only if and because the paid and/or case reserve amounts have changed over time as the claims involved are managed by the responsible insurers.

In 2010 for the December 1, 2010 filing, in 2011 for the December 1, 2011 filing, in 2012 for the December 1, 2012 filing and in 2013 for Filing 1305, the DCRB, INS and Mr. Schwartz, respectively, estimated ultimate loss ratios for indemnity and medical benefits for several then past policy years. Those estimates were derived using the same data but, as discussed above, applying different actuarial methods. The actuarial methods used have differed between the actuaries (in the case of INS, actuarial firm) for particular filings and, in the case of INS and Mr. Schwartz, have changed from filing to filing (the DCRB has maintained consistency in its approach to estimating ultimate loss ratios). It is instructive to review the results of those analyses, and such a review is facilitated by pages "2, 3 and 4 of Exhibit C.

Page 2 of Exhibit C shows a history of the DCRB's estimated indemnity and medical ultimate loss ratios from the December 1, 2010, December 1, 2011, December 1, 2012 and December 1, 2013 filings.

In the section of Page 2 of Exhibit C labelled "DCRB Indemnity," the DCRB's estimates of policy year indemnity ultimate loss ratios are shown. In the section of Page 2 of Exhibit C labelled "DCRB Indemnity on 12/01/2013 Level," the same indemnity benefit and rate on-level factors used on page 1 of Exhibit C have been applied to put all of the historical DCRB indemnity estimates on the level of Filing 1305.

In the section of Page 2 of Exhibit C labelled "DCRB Medical," the DCRB's estimates of policy year medical ultimate loss ratios are shown. In the section of Page 2 of Exhibit C labelled "DCRB Medical on 12/01/2013 Level," the same rate on-level factors used on page 1 of Exhibit C for reported medical incurred loss ratios have been applied to put historical DCRB medical estimates all on the level of Filing 1305.

Page 3 of Exhibit C is formatted the same as page 2, but instead of using the DCRB's filing estimates, page 3 provides the actual and on-level history of INS's estimated ultimate loss ratios. Page 4 of Exhibit C shows the same kind of presentation for Mr. Schwartz's estimated ultimate loss ratios.

With the benefit of the on-level adjustments made on pages 2, 3 and 4 of Exhibit C, the estimates of ultimate loss ratios made with respect to each of the four most recent DCRB filings by the DCRB, INS and Mr. Schwartz are comparable across filing evaluations, and change only if and because each of the actuaries' (in the case of INS, actuarial firm's) estimates of the

amounts that will eventually be paid for a given policy year(s) have changed over the years since those estimates were first made.

The data shown in Exhibit C can be used to accomplish two reviews of the actuaries' (in the case of INS, actuarial firm's) past performance in estimating ultimate losses for Delaware workers compensation business. The first of these reviews tracks each actuary's (in the case of INS, actuarial firm's) estimate(s) of ultimate losses for a specific policy year (or years) over a period of time. This involves reading the on-level loss ratios shown for each actuary (in the case of INS, actuarial firm) down each policy year column on Exhibit C, which shows a series of successively more recent estimates made by each actuary or actuarial firm pertaining to specific DCRB filings. The second review tracks the implied maturity of case incurred loss reports for each policy year at different points in time, and compares those implied maturities for different policy years at the same points in time after the inception of each year, or at comparable "ages."

The following narrative will describe observations arising from each of the two described analyses of Exhibit C, separately for indemnity and medical losses.

With respect to the comparison of serial estimates of loss ratio for the same policy year(s), Exhibit C includes three filing-to-filing changes for each of the policy years 2005 through 2008, two such changes for policy year 2009 and one such change for policy year 2010. Policy year 2011 is the newest policy year available for Filing 1305, and thus there are no subsequent changes available to be reviewed for that policy year at this point in time.

For the 15 filing-to-filing changes in policy year estimates of indemnity loss ratios, the DCRB, INS and Schwartz estimates produce the changes shown in detail on page 1 of Exhibit D and summarized below:

DCRB	12 Increases	3 Decreases
INS	12 Increases	3 Decreases
Schwartz	12 Increases	3 Decreases
Combined for All Parties	36 Increases	9 Decreases

For the 15 filing-to-filing changes in policy year estimates of medical loss ratios, the DCRB, INS and Schwartz estimates produce the changes shown in detail on page 2 of Exhibit D and summarized below:

DCRB	7 Increases	8 Decreases
INS	9 Increases	6 Decreases
Schwartz	9 Increases	6 Decreases
Combined for All Parties	25 Increases	20 Decreases

The review of policy year development can also reasonably omit interim changes and simply compare estimates from the earliest filing on Exhibit C to the estimates from Filing 1305. This produces six comparisons, one for each of the policy years 2005 through 2010.

This review produces the changes shown in detail on page 1 of Exhibit D and summarized below for indemnity loss:

DCRB	4 Increases	2 Decreases
INS	5 Increases	1 Decrease
Schwartz	5 Increases	1 Decrease
Combined for All Parties	14 Increases	4 Decreases

For medical loss, the review produces the changes shown in detail on page 2 of Exhibit D and summarized as follows:

DCRB	4 Increases	2 Decreases
INS	5 Increases	1 Decrease
Schwartz	6 Increases	0 Decreases
Combined for All Parties	15 Increases	3 Decreases

Collectively, the above reviews show that historical estimates of indemnity and/or medical loss have predominantly been revised upward by each actuary (in the case of INS, actuarial firm) making the previous estimate, rather than remaining stable or decreasing. Put another way, as additional experience data has become available, each of the actuaries (in the case of INS, actuarial firm), to a greater or lesser degree, has acknowledged that their original estimates of ultimate losses for past policy years appeared to have been too low.

Workers compensation benefits address (a) wage loss that workers suffer when they are unable to work as a result of injuries or illnesses occurring as a result of their work, (b) compensation for permanent levels of disability that remain as after-effects of work injuries or illnesses when further medical and/or vocational improvement is not feasible, and (c) costs of medical treatment and products required to treat the effects of work injuries or illnesses. The nature of injuries and illnesses covered by workers compensation insurance and the benefits provided therefor require that, for some claims, in particular the more serious cases, payments of indemnity (wage loss and permanent disability awards) and medical benefits extend many years, in some cases many decades, after the injury occurs or the illness is contracted.

As a result of the above-described process, when the costs of benefits for all claims associated with policies that became effective in a given policy year are accounted for, the payments made are a protracted series of varying annual expenditures as claimants are treated, settlements are negotiated and processed, and litigated issues are resolved. Insurers and/or third party administrators who manage these cases establish "case reserves" on each active file, which represent their expectations for future indemnity and medical payments on each claim. Periodically, as new information becomes available, these case reserves are updated. Adding the cumulative amounts of benefits that have already been paid on each claim to the current case reserve estimate produces a "case incurred" amount. Insurers report cumulative payments and case incurred amounts known as of each December 31 evaluation date to the DCRB, and summaries of that data are used by all the actuaries in their preparation and/or review of rating plan filings.

There are certainly individual claims for which case incurred amounts prove to be adequate (or even accurate) forecasts of final liability. However, the vagaries of incomplete or imperfect information coupled with uncertainties of the claims administration process (including, but not

limited to, the possibility of closed claims (for which no case reserve is typically carried) re-opening at some future date and beginning to require additional indemnity benefit payments and/or payments for medical treatment) generally cause aggregate amounts of case incurred losses to change, or "develop," upward over time. All of the parties to this proceeding – the DCRB, the Delaware Insurance Department, and the Ratepayer Advocate – agree on this fact, which is amply supported by the financial data summaries presented in Filing 1305. Where the parties disagree, particularly for certain policy years, is the extent to which the most recent paid and/or case incurred amounts will need to be increased in order to reach the ultimate, final values on all claims residing within a given policy year.

Comparing reported case incurred amounts to estimates of ultimate loss reveals the perspective that the authors of those estimates hold with regard to how close to the estimated policy year ultimate loss value the case incurred loss amounts have become at various points in time. Exhibit C provides a basis for such comparisons. Page 5 of Exhibit C shows the ratios of case incurred amounts for indemnity loss to estimated ultimate indemnity losses by policy year and DCRB filing for each of the actuaries (or, in the case of INS, actuarial firm). The top section of page 5 pertains to the DCRB, the middle section pertains to INS and the bottom section pertains to Mr. Schwartz.

The two policy years with respect to which the actuaries disagree most significantly are 2010 and 2011. In Filing 1305, all financial data was valued as of December 31, 2012. Thus, policy year 2010 was valued as of 36 months after the inception of the policy year and policy year 2011 was valued as of 24 months after the inception of the policy year.

On page 5 of Exhibit C, there are four policy years with ratios shown as of 36 months after the inception of the policy year. Those are as follow:

Policy Year 2007 (from the December 1, 2010 filing)  
Policy Year 2008 (from the December 1, 2011 filing)  
Policy Year 2009 (from the December 1, 2012 filing)  
Policy Year 2010 (from Filing 1305)

For the DCRB, INS and Mr. Schwartz, respectively, the ratios of reported indemnity case incurred loss to estimated ultimate indemnity loss for these policy years in the respective filings for which they were valued as of 36 months after inception are as follow:

DCRB: PY 2007 – 0.71, PY 2008 – 0.69, PY 2009 – 0.71, PY 2010 – 0.69  
INS: PY 2007 – 0.73, PY 2008 – 0.69, PY 2009 – 0.70, PY 2010 – 0.69  
Schwartz: PY 2007 – 0.71, PY 2008 – 0.69, PY 2009 – 0.71, PY 2010 – 0.70

The above comparisons are unremarkable, in that the ratios of reported indemnity case incurred losses to each of the actuaries' (in the case of INS, actuarial firm's) estimates of ultimate indemnity losses as of 36 months after inception across the four filings presented in Exhibit C are very similar. The differences for policy year 2010 (which, at an evaluation of 36 months, is the value used by each actuary (in the case of INS, actuarial firm) in preparing or reviewing Filing 1305) are thus not a material factor in the divergence of proposed indications for rating value changes in Filing 1305.

On page 5 of Exhibit C, there are four policy years with ratios shown as of 24 months after the inception of the policy year. Those are as follow:

Policy Year 2008 (from the December 1, 2010 filing)  
Policy Year 2009 (from the December 1, 2011 filing)  
Policy Year 2010 (from the December 1, 2012 filing)  
Policy Year 2011 (from Filing 1305)

For the DCRB, INS and Mr. Schwartz, respectively, the ratios of reported indemnity case incurred loss to estimated ultimate indemnity loss for these policy years in the respective filings for which they were valued as of 24 months after inception are as follow:

DCRB: PY 2008 – 0.51, PY 2009 – 0.54, PY 2010 – 0.50, PY 2011 – 0.48  
INS: PY 2008 – 0.52, PY 2009 – 0.54, PY 2010 – 0.51, PY 2011 – 0.56  
Schwartz: PY 2008 – 0.51, PY 2009 – 0.54, PY 2010 – 0.55, PY 2011 – 0.58

The above comparisons show that the ratios of each of the actuaries' (in the case of INS, actuarial firm's) estimates of ultimate indemnity loss as of 24 months after inception across the four filings presented in Exhibit C were the same or very similar in the December 1, 2010 and December 1, 2011 filings (the first two entries on each of the above lines). For the DCRB and INS, these estimates for the December 1, 2012 filing (the third entry on the above lines) were also very close together. For policy year 2010 in the December 1, 2012 filing, Mr. Schwartz's ratio is higher than those of either the DCRB or INS. For policy year 2011 in Filing 1305, the DCRB's ratio declined somewhat in comparison to the previous policy years while the ratios for INS and Mr. Schwartz increased somewhat from those of their own estimates the previous policy years.

These differences, while not the most important area of disagreement between the parties, do contribute to the differences in proposed indications for Filing 1305. In essence, these ratios show that the DCRB believes that the reported indemnity case incurred amounts for policy year 2011 as of 24 months in particular represent a somewhat lower percentage of its estimated ultimate losses for that policy year than in comparable prior evaluations, while INS and Mr. Schwartz believe that those reported case incurred amounts represent somewhat higher percentages of their respective estimates of ultimate losses than had been the case in comparable prior evaluations.

Similar comparisons can be derived for medical loss from page 6 of Exhibit C, and those are summarized below in the same format as was used previously for indemnity loss:

On page 5 of Exhibit C, there are four policy years with ratios shown as of 36 months after the inception of the policy year. Those are as follow:

Policy Year 2007 (from the December 1, 2010 filing)  
Policy Year 2008 (from the December 1, 2011 filing)  
Policy Year 2009 (from the December 1, 2012 filing)  
Policy Year 2010 (from Filing 1305)

For the DCRB, INS and Mr. Schwartz, respectively, the ratios of reported medical case incurred loss to estimated ultimate medical loss for these policy years in the respective filings for which they were valued as of 36 months after inception are as follow:

DCRB: PY 2007 – 0.58, PY 2008 – 0.59, PY 2009 – 0.58, PY 2010 – 0.59  
INS: PY 2007 – 0.58, PY 2008 – 0.58, PY 2009 – 0.60, PY 2010 – 0.63  
Schwartz: PY 2007 – 0.58, PY 2008 – 0.59, PY 2009 – 0.59, PY 2010 – 0.63

For policy years 2007, 2008 and 2009, the actuaries (in the case of INS, actuarial firm) are in close agreement. For policy year 2010, the DCRB's ratio implies that medical case incurred amounts represent a comparable percentage of estimated ultimate losses as compared to those of prior policy years at the same evaluation age or maturity. INS's and Mr. Schwartz's ratios imply that medical case incurred amounts for policy year 2010 represent significantly greater percentages of their respective estimates of ultimate losses than did the medical case incurred amounts in prior policy years at the same age or maturity.

For the DCRB, INS and Mr. Schwartz, the ratios of reported medical case incurred loss to estimated ultimate medical loss for the policy years in the respective filings for which they were valued as of 24 months after inception are as follow:

DCRB: PY 2008 – 0.48, PY 2009 – 0.47, PY 2010 – 0.47, PY 2011 – 0.46  
INS: PY 2008 – 0.49, PY 2009 – 0.46, PY 2010 – 0.57, PY 2011 – 0.53  
Schwartz: PY 2008 – 0.48, PY 2009 – 0.47, PY 2010 – 0.58, PY 2011 – 0.56

Here, the ratios are comparable between the actuaries (in the case of INS, actuarial firm) for policy years 2008 and 2009, but then become markedly different for 2010 and 2011. For the DCRB, the 2010 and 2011 ratios are very similar to those for policy years 2008 and 2009 from previous filings, which would mean that the reported medical case incurred amounts for each of those policy years as of 24 months represented consistent percentages of the estimated ultimate medical loss. For INS and Mr. Schwartz, the ratios increase sharply for policy years 2010 and 2011, meaning that the reported medical case incurred amounts represent substantially higher proportions of their estimates of ultimate medical losses compared with recent prior policy years. These differences are a material reason for the differences between the parties' proposed rating value changes.

In summary, the DCRB's estimates of ultimate loss imply that for very recent policy years (especially policy year 2011), reported indemnity case incurred amounts represent lower proportions of the DCRB's estimated ultimate losses than had previously been the case, and that reported medical case incurred amounts for policy years 2010 and 2011 represent proportions of the DCRB's estimated ultimate losses that are comparable to those of previous policy years at the same stage of development. The INS and Schwartz estimates, in contrast, imply that for very recent policy years (especially policy year 2011 for indemnity and policy years 2010 and 2011 for medical) case incurred amounts represent much higher proportions of their estimates of ultimate losses than was the case for previous policy years at the same stages of development.

The DCRB has publicly observed and commented upon an extended period of time during which the rate at which Delaware workers compensation claims are resolved and closed has been slowing down in a persistent and significant fashion. Exhibit E attached hereto provides a summary of that experience. Each cell in Exhibit E shows the portion of reported indemnity claims that remained open at a specific point in time. Each row of Exhibit E is related to policies effective in the calendar year for each row. Each column of Exhibit E provides the portion of reported indemnity claims that were still open at the "Report Level" identified in the column heading for each policy year. "First Report" is an evaluation made as of 18 months after the beginning of each policy. "Second Report" is an evaluation made 12 months after the First

Report or 30 months after the beginning of each policy, and each successive Report Level is valued as of a date 12 months later than the prior Report Level.

The portions of reported indemnity claims that are open for policies effective in any given year tend to decline across Report Levels. This reflects the fact that claims are eventually resolved by claimants becoming able to return to work, receiving final settlement payments on their cases or, in some instances, dying. However, reading down each column compares the rates at which claims remained open at the same points in the history of each policy year, with the successively newer policy years seen as one reads toward the bottom of each column. In Exhibit E this review shows a persistent tendency for larger and larger portions of reported indemnity claims to remain open at the same Report Level (i.e., at the same average age of claims) for newer policy years.

In general, as claims remain open longer they receive more indemnity benefits, require more medical services and are more likely to involve litigation and result in costly permanent disability awards. In an environment of lengthening claim duration, payments would be expected to continue for longer periods of time and to accumulate in greater amounts than if claims were closing as rapidly, or even faster, than had previously been the case. Where claims are systematically remaining open for increasing periods of time, identifying future payments when case reserves are established becomes more challenging and difficult. Under such conditions, case reserve estimates become likely to omit or understate future payments (which begin to emerge in larger amounts and/or at later times than claims examiners are used to seeing) to a greater extent than would have been the case before the claim durations increased.

In fact, the behaviors of the DCRB ratios on pages 5 and 6 of Exhibit C for policy years 2010 and 2011 are much more consistent with Exhibit E's implications for Delaware experience (with continuing increases in claim durations) than are the comparable ratios for INS and Mr. Schwartz.

Based on the results shown in Exhibit C, it is likely that the policy year 2010 and 2011 loss ratio estimates for all the actuaries will deteriorate in future evaluations, as many recent prior policy years have already done.

#### Summary of My Testimony

Estimates of policy year 2010 and 2011 loss ratios differ between the DCRB, Mr. Pedrick and Mr. Schwartz. (See Exhibit C).

Those policy year 2010 and 2011 loss ratio differences are the predominant reason for the differences in indicated changes in residual market rates and voluntary market loss costs contained in Filing 1305, Mr. Pedrick's report and Mr. Schwartz's report. (See Exhibit B).

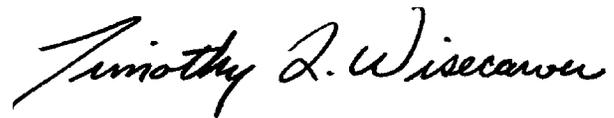
Estimation of loss ratios for prior policy years for Delaware workers compensation business is difficult for a variety of reasons including the small size of the data base, the incidence of large claims that are incurred for this state and type of insurance coverage, and adverse underlying trends such as the slowing of claim closure rates over time. (See Exhibit E). In recent filings, all of the actuaries testifying in this proceeding have successively and cumulatively tended to raise their estimates of policy year loss ratios in response to newer and more complete information obtained through annual reports of Delaware insurers. (See Exhibits C and D).

Assessment of the adequacy of proposed residual market rates and voluntary market loss costs requires consideration of the volatility and ongoing deterioration of prior policy year results in Delaware.

A decision on Filing 1305 which would adopt rate change indications based on policy year loss ratio estimates at the low end of the range in evidence would be inconsistent with a substantial body of recent and pertinent experience data which indicates that the chances of such favorable estimates proving to be accurate or overstated are very remote.

Filing 1305, in addition to having been filed of record, is hereby incorporated by reference in its entirety in my testimony. Filing 1305 was prepared in accordance with accepted actuarial standards. Filing 1305 as submitted by the DCRB is based on a consistent methodology. Further, the DCRB's estimates are more consistent with available metrics of Delaware workers compensation system performance, such as changes in claim closure rates over time, than are the alternative evaluations in evidence in this proceeding.

For all the above reasons, it is my expert opinion that Filing 1305 includes proposed changes in voluntary market loss costs and residual market rates that are not excessive, inadequate or unfairly discriminatory, and should be approved as filed.



February 4, 2014

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Timothy L. Wisecarver, President

Name (1)	Delaware 2011 WC Direct Written Premium (2)	Market Share (%) (3)	(3)^2 (4)	Sum (4) Down (5)
LIBERTY MUTUAL GROUP	28,909,578	21.07	443.96	444
THE TRAVELERS COMPANIES INC	13,524,266	9.86	97.16	541
HARTFORD INS GROUP	11,975,913	8.73	76.19	617
ZURICH U S	8,896,866	6.48	42.05	659
CNA GROUP	7,014,039	5.11	26.13	685
ACE USA GROUP	6,975,520	5.08	25.85	711
DONEGAL INSURANCE GROUP	5,604,815	4.08	16.69	728
WESTFIELD GROUP	4,847,102	3.53	12.48	740
SELECTIVE INS GROUP	3,334,337	2.43	5.91	746
PMA INSURANCE GROUP	3,332,752	2.43	5.90	752
GUARD INSURANCE GROUP	3,309,155	2.41	5.82	758
EASTERN ALLIANCE INS GROUP EML	2,762,705	2.01	4.05	762
CINCINNATI FIN GROUP	2,605,543	1.90	3.61	766
W R BERKLEY MID ATLANTIC GROUP	2,454,457	1.79	3.20	769
CHUBB GROUP OF INS COS	2,381,335	1.74	3.01	772
AMTRUST GROUP	2,237,846	1.63	2.66	775
UTICA NATIONAL GROUP	2,028,758	1.48	2.19	777
AMERIHEALTH GROUP	1,879,116	1.37	1.88	779
HARFORD MUTUAL INSURANCE	1,660,546	1.21	1.46	780
AMERISAFE INSURANCE GROUP	1,603,713	1.17	1.37	782
PENN NATIONAL INSURANCE	1,492,273	1.09	1.18	783
ARCH CAPITAL GROUP	1,305,746	0.95	0.91	784
HARLEYSVILLE INS GROUP	1,218,869	0.89	0.79	784
NATIONWIDE GROUP	1,153,754	0.84	0.71	785
PATRIOT NATIONAL INSURANCE GROUP	998,325	0.73	0.53	786
SEA BRIGHT INSURANCE HOLDINGS IN	911,330	0.66	0.44	786
OLD REPUBLIC GROUP	858,330	0.63	0.39	786
FARM FAMILY INSURANCE COS	811,094	0.59	0.35	787
FEDERATED MUTUAL	782,842	0.57	0.33	787
FAIRFAX FINANCIAL GROUP	686,314	0.50	0.25	787
STATE FARM GROUP	683,339	0.50	0.25	788
QBE AMERICAS	676,160	0.49	0.24	788
CHURCH MUTUAL INSURANCE	674,870	0.49	0.24	788
COMPANION PROP AND CAS GRP	571,845	0.42	0.17	788
MAIN STREET AMERICA GROUP MSA	521,075	0.38	0.14	788
MEADOWBROOK INSURANCE GROUP	503,654	0.37	0.13	789
ZENITH NATIONAL INSURANCE CORP	489,569	0.36	0.13	789
ULLICO INSURANCE GROUP	476,218	0.35	0.12	789
REPUBLIC COMPANIES INC	445,295	0.32	0.11	789
BERKSHIRE HATHAWAY INS GROUP	429,601	0.31	0.10	789
TOWER GROUP	414,638	0.30	0.09	789
GREAT AMERICAN INSURANCE COS	362,331	0.26	0.07	789
ALLMERICA P&C / HANOVER GROUP	254,511	0.19	0.03	789
XL AMERICA GROUP	248,429	0.18	0.03	789
BALDWIN AND LYONS GROUP	236,873	0.17	0.03	789
SENTRY INS GROUP	229,885	0.17	0.03	789
CUMBERLAND INSURANCE GROUP	213,376	0.16	0.02	789
MARKEL CORPORATION GROUP	209,928	0.15	0.02	789
EVEREST RE GROUP	172,767	0.13	0.02	789
ONEBEACON INSURANCE GROUP	154,679	0.11	0.01	789

Name (1)	Delaware 2011 WC Direct Written Premium (2)	Market Share (%) (3)	(3)^2 (4)	Sum (4) Down (5)
AMERISURE COS GROUP	149,756	0.11	0.01	789
FEDERATED RURAL ELECTRIC	143,387	0.10	0.01	789
SPARTA INSURANCE GROUP	137,238	0.10	0.01	789
ACCIDENT FUND INS CO OF AMERICA	127,145	0.09	0.01	789
MITSUI SUMITOMO INS GROUP	127,136	0.09	0.01	789
SOUTHERN STATES INSURANCE	119,526	0.09	0.01	789
MAGNA CARTA COMPANIES	107,106	0.08	0.01	789
LUMBERMENS UNDERWRITING	98,732	0.07	0.01	789
ELECTRIC INS GROUP	98,207	0.07	0.01	789
VANLINER INSURANCE - UNIGROUP IN	96,779	0.07	0.00	789
GUIDEONE INSURANCE	91,155	0.07	0.00	790
ALLIANZ OF AMERICA FIREMANS	89,983	0.07	0.00	790
TRANSGUARD GROUP	80,184	0.06	0.00	790
SAFETY NATIONAL DELPHI FINANCIA	73,963	0.05	0.00	790
AMERICAN CONTRACTORS INS GROUP	73,302	0.05	0.00	790
SOMPO JAPAN - YASUDA	55,729	0.04	0.00	790
DALLAS NATIONAL GROUP	45,197	0.03	0.00	790
FRONT ROYAL GROUP	42,818	0.03	0.00	790
WORK FIRST CASUALTY GROUP	32,734	0.02	0.00	790
CHEROKEE INSURANCE GROUP	32,196	0.02	0.00	790
TOKIO MARINE AND FIRE GROUP	27,186	0.02	0.00	790
DELOS/SIRIUS AMERICA GROUP	21,721	0.02	0.00	790
PHARMACISTS INSURANCE GROUP	21,256	0.02	0.00	790
MOTORISTS GROUP (AMER HARDWARE)	18,717	0.01	0.00	790
MEMIC GROUP	18,587	0.01	0.00	790
EMC INSURANCE COMPANIES	16,134	0.01	0.00	790
HORTICA - FLORISTS MUTUAL INSURA	10,320	0.01	0.00	790
GREATER NY GROUP	6,036	0.00	0.00	790
SUNZ INSURANCE	5,476	0.00	0.00	790
FRANK WINSTON CRUM	5,114	0.00	0.00	790
BROTHERHOOD MUTUAL INSURANCE	2,287	0.00	0.00	790
HARCO NATIONAL INSURANCE	1,977	0.00	0.00	790
T H E INSURANCE	1,855	0.00	0.00	790
ADVANTAGE WORKERS COMP INS CO	1,301	0.00	0.00	790
BANCINSURE GROUP	959	0.00	0.00	790
ICW GROUP	718	0.00	0.00	790
SYNERGY INSURANCE GROUP	0	-	-	790
SECURA GROUP	0	-	-	790
FREEDOM ADVANTAGE GROUP	0	-	-	790
BRETHREN MUTUAL INS GROUP	0	-	-	790
HOUSING AND REDEVELOPMENT INS EX	0	-	-	790
FIRST NONPROFIT COMPANIES	0	-	-	790
PREFERRED PROFESSIONAL INS GROUP	0	-	-	790
MERCER INSURANCE GROUP	0	-	-	790
ACUITY A MUTUAL INSURANCE CO	0	-	-	790
LEBANON VALLEY INSURANCE	0	-	-	790
AMERICAN MINING INSURANCE CO GRO	0	-	-	790
NATIONAL AMERICAN CHANDLER INS G	0	-	-	790
BRICKSTREET INSURANCE	0	-	-	790
PROSIGHT SPECIALTY INS HOLDINGS	0	-	-	790

Name (1)	Delaware 2011 WC Direct Written Premium (2)	Market Share (%) (3)	(3)^2 (4)	Sum (4) Down (5)
SBIC PSBA GROUP	0	-	-	790
TREAN - BENCHMARK GROUP	0	-	-	790
EMPLOYERS HOLDINGS INC	0	-	-	790
UPMC HEALTH INSURANCE GROUP	0	-	-	790
LEADING INSURANCE GROUP	0	-	-	790
ECM INSURANCE GROUP	0	-	-	790
STATE NATIONAL COMPANIES	0	-	-	790
AUTO-OWNERS INSURANCE	0	-	-	790
BUILDERS INSURANCE GROUP	0	-	-	790
GRANGE MUTUAL CASUALTY GROUP	0	-	-	790
MUTUAL BENEFIT INSURANCE	0	-	-	790
UNITED AMERICA INSURANCE GROUP	0	-	-	790
PENN MILLERS INSURANCE GROUP	0	-	-	790
NJM INSURANCE GROUP	0	-	-	790
ALLIANCE NATIONAL GROUP	0	-	-	790
MILLERS INSURANCE GROUP	0	-	-	790
MERCHANTS INS GROUP	0	-	-	790
HM INSURANCE GROUP	0	-	-	790
LACKAWANNA INS GROUP	0	-	-	790
LAUNDRY OWNERS MUTUAL	0	-	-	790
STATE WORKERS INS FUND	0	-	-	790
ERIE INS GROUP	0	-	-	790
HDI-GERLING (HANNOVER) GROUP	0	-	-	790
GATEWAY INSURANCE GROUP	-3,982	(0.00)	0.00	790
MUNICH RE AMERICA GROUP	-5,721	(0.00)	0.00	790
SWISS REINSURANCE GROUP	-6,330	(0.00)	0.00	790
STATE AUTO GROUP	-14,567	(0.01)	0.00	790
ARGONAUT GROUP INC	-34,572	(0.03)	0.00	790
CHARTIS	-237,690	(0.17)	0.03	790
	137,205,337			

The sum of the squares of Market Shares is the HHI.

DCRB Indication using INS PY 2010 and 2011 Loss Ratios

INDICATED CHANGE IN RATE LEVEL

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(1a) Policy Year 2008 Loss and Loss Adjustment Expense Ratio	0.2544	0.4603	0.7147
(1b) Policy Year 2009 Loss and Loss Adjustment Expense Ratio	0.2732	0.5157	0.7889
(1c) Policy Year 2010 Loss and Loss Adjustment Expense Ratio	0.2578	0.5924	0.8502
(1d) Policy Year 2011 Loss and Loss Adjustment Expense Ratio	0.2742	0.6196	0.8938
(1e) Average (Midpoint = 7/1/2010)	0.2649	0.5470	0.8119
(2a) Policy Year 2008 Loss and LAE Ratio Trended to 12/1/2014	0.2223	0.5950	
(2b) Policy Year 2009 Loss and LAE Ratio Trended to 12/1/2014	0.2442	0.6377	
(2c) Policy Year 2010 Loss and LAE Ratio Trended to 12/1/2014	0.2358	0.7009	
(2d) Policy Year 2011 Loss and LAE Ratio Trended to 12/1/2014	0.2566	0.7014	
(2e) Average at 12/1/2014	0.2397	0.6588	0.8985
(3ai) Senate Bill 1 Adjustment	1.0000	0.8260	
(3aii) Senate Bill 238 Adjustment	1.0000	0.9958	
(3aiii) House Bill 175 Adjustment	1.0000	0.9289	
(3a) Combined Legislative Adjustment	1.0000	0.7640	
(3b) Average Trended Loss and LAE Ratio Legislation (2e)*(3a)	0.2397	0.5033	0.7430
(4a) Excess Loss Factor at \$1,940,101 (Post-Legislative Basis) *			0.1187
(4b) Provision for Excess Loss (5a)-(3b)			0.1001
(5a) Total Trended Loss and LAE Ratio (3b)/(1.0-(4a))	0.2516	0.5915	0.8431
(5b) Percentage of Total	29.84%	70.16%	
(6) Permissible Loss and Loss Adjustment Ratio			0.7009
(7) Indicated Change in Rates (5a) / (6)			1.2029
(8) Estimated Effect of the 7/1/14 Benefit Change			1.0032
(9) Indicated Change in Residual Market Rate Level (7) * (8)			1.2067
(10) Indicated Change in Voluntary Market Loss Costs (9) * [0.7239 / 0.7074]			1.2348

CHANGES IN MANUAL PREMIUM LEVEL BY INDUSTRY GROUP

	<u>Mfg.</u>	<u>Cont.</u>	<u>Other</u>	<u>Total</u>
(11) Current Collectible Premium Ratio	0.8705	0.9489	0.8331	
(12) Proposed Collectible Premium Ratio	0.9171	0.9579	0.8393	
(13) Change in Collectible Premium Ratio (12) / (11)	1.0535	1.0095	1.0074	1.1721
(14) Change in Residual Market Manual Rate Level (9) * (13)	1.2713	1.2182	1.2156	1.4144
(15) Change in Voluntary Market Manual Loss Cost Level (10) * (13)	1.3009	1.2465	1.2439	1.4473
(16) Current Offset for Residual Market Surcharge				0.9910
(17) Proposed Offset for Residual Market Surcharge				0.9902
(18) Adjusted Change in Voluntary Market Manual Loss Cost Level (15) * (17)/(16)	1.2998	1.2455	1.2429	1.4461

\* \$2,630,000 on a Pre-Legislative basis.

**DETERMINATION OF TREND**

**INDEMNITY**

Policy Year	2005	2006	2007	2008	2009	2010	2011
Actual Loss Ratio	0.3059	0.2954	0.2846	0.2544	0.2732	0.2578	0.2742
Normalized Frequency	0.6041	0.5686	0.5276	0.4692	0.4719	0.4714	0.4354
Severity Loss Ratio	0.5064	0.5195	0.5394	0.5422	0.5789	0.5469	0.6298
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.5064	0.5195	0.5394	0.5422	0.5789	0.5469	0.6298

**7 Point Exponential Regression:  $y = 0.468731 * 1.046793 ^ x$**

**Selected Annual Trend Factor to 12/1/14** 3.0%

Policy Year	Annual Trend (1)	Trend Period # Years (2)	Severity Trend Factor (3) = (1)^(2)	Frequency Trend Factor (4) #
2008	1.030	5.9167	1.1911	0.7337
2009	1.030	4.9167	1.1564	0.7731
2010	1.030	3.9167	1.1227	0.8146
2011	1.030	2.9167	1.0900	0.8584

**Trended Loss Ratio**

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5)*(6)
2008	0.2544	0.8739	0.2223
2009	0.2732	0.8940	0.2442
2010	0.2578	0.9146	0.2358
2011	0.2742	0.9357	0.2566
Average			0.2397

DETERMINATION OF TREND

MEDICAL

Policy Year	2005	2006	2007	2008	2009	2010	2011
Actual Loss Ratio	0.4560	0.4346	0.4791	0.4603	0.5157	0.5924	0.6196
Normalized Frequency	0.6041	0.5686	0.5276	0.4692	0.4719	0.4714	0.4354
Severity Loss Ratio	0.7548	0.7643	0.9081	0.9810	1.0928	1.2567	1.4231
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.7548	0.7643	0.9081	0.9810	1.0928	1.2567	1.4231

7 Point Exponential Regression:  $y = 0.611671 * 1.139711956 ^ x$

Selected Annual Trend Factor to 9/1/08 = 11.6%

Annual Senate Bill 1 Adjustment to Severity Trend

From 9/1/08 to 1/31/13 = -1.5%  
After 1/31/13 = -1.8%

Selected Annual Trend Factor

From 9/1/08 to 1/31/13 = 10.1%  
After 1/31/13 = 9.8%

Policy Year	Annual Trend Factor to 1/31/13 (1)	Trend Period # Years (2)	Severity Trend Factor to 1/31/13 (3) = (1)^(2)	Annual Trend Factor From 2/1/13 to 12/1/14 (4)	Trend Period # Years (5)	Severity Trend Factor 2/1/13 to 12/1/14 (6) = (4)^(5)	Frequency Trend Factor (7) #
2008	1.101	4.0833	1.4833	1.098	1.8333	1.1877	0.7337
2009	1.101	3.0833	1.3467	1.098	1.8333	1.1877	0.7731
2010	1.101	2.0833	1.2228	1.098	1.8333	1.1877	0.8146
2011	1.101	1.0833	1.1103	1.098	1.8333	1.1877	0.8584

Trended Loss Ratio

Policy Year	Actual Loss Ratio (8)	Combined Trend Factor (9) = (3)*(6)*(7)	Trended Loss Ratio (10) = (8)*(9)
2008	0.4603	1.2926	0.5950
2009	0.5157	1.2366	0.6377
2010	0.5924	1.1831	0.7009
2011	0.6196	1.1320	0.7014

Average

0.6588

DCRB Indication using AIS PY 2010 and 2011 Loss Ratios

INDICATED CHANGE IN RATE LEVEL

	<u>Indemnity</u>	<u>Medical</u>	<u>Total</u>
(1a) Policy Year 2008 Loss and Loss Adjustment Expense Ratio	0.2544	0.4603	0.7147
(1b) Policy Year 2009 Loss and Loss Adjustment Expense Ratio	0.2732	0.5157	0.7889
(1c) Policy Year 2010 Loss and Loss Adjustment Expense Ratio	0.2509	0.5845	0.8354
(1d) Policy Year 2011 Loss and Loss Adjustment Expense Ratio	0.2583	0.5858	0.8441
(1e) Average (Midpoint = 7/1/2010)	0.2592	0.5366	0.7958
(2a) Policy Year 2008 Loss and LAE Ratio Trended to 12/1/2014	0.2116	0.5705	
(2b) Policy Year 2009 Loss and LAE Ratio Trended to 12/1/2014	0.2344	0.6158	
(2c) Policy Year 2010 Loss and LAE Ratio Trended to 12/1/2014	0.2221	0.6725	
(2d) Policy Year 2011 Loss and LAE Ratio Trended to 12/1/2014	0.2359	0.6495	
(2e) Average at 12/1/2014	0.2260	0.6271	0.8531
(3ai) Senate Bill 1 Adjustment	1.0000	0.8260	
(3aii) Senate Bill 238 Adjustment	1.0000	0.9958	
(3aiii) House Bill 175 Adjustment	1.0000	0.9289	
(3a) Combined Legislative Adjustment	1.0000	0.7640	
(3b) Average Trended Loss and LAE Ratio Legislation (2e)*(3a)	0.2260	0.4791	0.7051
(4a) Excess Loss Factor at \$1,940,101 (Post-Legislative Basis) *			0.1187
(4b) Provision for Excess Loss (5a)-(3b)			0.1149
(5a) Total Trended Loss and LAE Ratio (3b)/(1.0-(4a))	0.2422	0.5778	0.8001
(5b) Percentage of Total	29.54%	70.46%	
(6) Permissible Loss and Loss Adjustment Ratio			0.7009
(7) Indicated Change in Rates (5a) / (6)			1.1415
(8) Estimated Effect of the 7/1/14 Benefit Change			1.0032
(9) Indicated Change in Residual Market Rate Level (7) * (8)			1.1452
(10) Indicated Change in Voluntary Market Loss Costs (9) * [0.7239 / 0.7074]			1.1719

CHANGES IN MANUAL PREMIUM LEVEL BY INDUSTRY GROUP

	<u>Mfg.</u>	<u>Cont.</u>	<u>Other</u>	<u>Total</u>
(11) Current Collectible Premium Ratio	0.8705	0.9489	0.8331	
(12) Proposed Collectible Premium Ratio	0.9171	0.9579	0.8393	
(13) Change in Collectible Premium Ratio (12) / (11)	1.0535	1.0095	1.0074	1.2351
(14) Change in Residual Market Manual Rate Level (9) * (13)	1.2065	1.1561	1.1537	1.4144
(15) Change in Voluntary Market Manual Loss Cost Level (10) * (13)	1.2346	1.1830	1.1806	1.4474
(16) Current Offset for Residual Market Surcharge				0.9910
(17) Proposed Offset for Residual Market Surcharge				0.9902
(18) Adjusted Change in Voluntary Market Manual Loss Cost Level (15) * (17)/(16)	1.2336	1.1820	1.1796	1.4462

\* \$2,630,000 on a Pre-Legislative basis.

DETERMINATION OF TREND

INDEMNITY

Policy Year	2005	2006	2007	2008	2009	2010	2011
Actual Loss Ratio	0.3059	0.2954	0.2846	0.2544	0.2732	0.2509	0.2583
Normalized Frequency	0.6041	0.5686	0.5276	0.4692	0.4719	0.4714	0.4354
Severity Loss Ratio	0.5064	0.5195	0.5394	0.5422	0.5789	0.5322	0.5932
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.5064	0.5195	0.5394	0.5422	0.5789	0.5322	0.5932

7 Point Exponential Regression:  $y = 0.468731 * 1.046793 ^ x$

Selected Annual Trend Factor to 12/1/14 2.1%

Policy Year	Annual Trend (1)	Trend Period # Years (2)	Severity Trend Factor (3) = (1)^(2)	Frequency Trend Factor (4) #
2008	1.021	5.9167	1.1336	0.7337
2009	1.021	4.9167	1.1099	0.7731
2010	1.021	3.9167	1.0866	0.8146
2011	1.021	2.9167	1.0638	0.8584

Trended Loss Ratio

Policy Year	Actual Loss Ratio (5)	Combined Trend Factor (6) = (3)*(4)	Trended Loss Ratio (7) = (5)*(6)
2008	0.2544	0.8317	0.2116
2009	0.2732	0.8581	0.2344
2010	0.2509	0.8851	0.2221
2011	0.2583	0.9132	0.2359
Average			0.2260

**DETERMINATION OF TREND**

**MEDICAL**

Policy Year	2005	2006	2007	2008	2009	2010	2011
Actual Loss Ratio	0.4560	0.4346	0.4791	0.4603	0.5157	0.5845	0.5858
Normalized Frequency	0.6041	0.5686	0.5276	0.4692	0.4719	0.4714	0.4354
Severity Loss Ratio	0.7548	0.7643	0.9081	0.9810	1.0928	1.2399	1.3454
<b>x</b>	1	2	3	4	5	6	7
<b>y</b>	0.7548	0.7643	0.9081	0.9810	1.0928	1.2399	1.3454

7 Point Exponential Regression:  $y = 0.611671 * 1.139711956 ^ x$

Selected Annual Trend Factor to 9/1/08 = 10.9%

Annual Senate Bill 1 Adjustment to Severity Trend  
 From 9/1/08 to 1/31/13 = -1.5%  
 After 1/31/13 = -1.8%

Selected Annual Trend Factor  
 From 9/1/08 to 1/31/13 = 9.4%  
 After 1/31/13 = 9.1%

Policy Year	Annual Trend Factor to 1/31/13 (1)	Trend Period # Years (2)	Severity Trend Factor to 1/31/13 (3) = (1)^(2)	Annual Trend Factor From 2/1/13 to 12/1/14 (4)	Trend Period # Years (5)	Severity Trend Factor 2/1/13 to 12/1/14 (6) = (4)^(5)	Frequency Trend Factor (7) #
2008	1.094	4.0833	1.441	1.091	1.8333	1.1723	0.7337
2009	1.094	3.0833	1.3177	1.091	1.8333	1.1723	0.7731
2010	1.094	2.0833	1.2049	1.091	1.8333	1.1723	0.8146
2011	1.094	1.0833	1.1018	1.091	1.8333	1.1723	0.8584

**Trended Loss Ratio**

Policy Year	Actual Loss Ratio (8)	Combined Trend Factor (9) = (3)*(6)*(7)	Trended Loss Ratio (10) = (8)*(9)
2008	0.4603	1.2394	0.5705
2009	0.5157	1.1942	0.6158
2010	0.5845	1.1506	0.6725
2011	0.5858	1.1087	0.6495
Average			0.6271

DELAWARE COMPENSATION RATING BUREAU, INC.

Reported Incurred Loss Ratios

Indemnity As Reported

DCRB Filing Effective Date	Policy Year						
	2005	2006	2007	2008	2009	2010	2011
12/01/2010 *	0.2651	0.2374	0.2208	0.1261			
12/01/2011 *	0.3039	0.2705	0.2740	0.1917	0.1606		
12/01/2012 *	0.2677	0.2495	0.2364	0.1951	0.1822	0.1333	
12/01/2013 *	0.2360	0.2242	0.2086	0.1767	0.1875	0.1489	0.1276

Indemnity Reported on 12/01/2013 Level

12/01/2010	0.2651	0.2374	0.2208	0.1261			
12/01/2013 Benefit On-level factor	1.0341	1.0340	1.0341	1.0340			
12/01/2013 Rate On-level factor	1.3345	1.3347	1.3344	1.3393			
12/01/2010 Filing on 12/01/2013 level	0.2054	0.1839	0.1711	0.0974			
12/01/2011	0.3039	0.2705	0.2740	0.1917	0.1606		
12/01/2013 Benefit On-level factor	1.0407	1.0407	1.0407	1.0407	1.0406		
12/01/2013 Rate On-level factor	1.3863	1.3868	1.3865	1.3872	1.4102		
12/01/2011 Filing on 12/01/2013 level	0.2281	0.2030	0.2057	0.1438	0.1185		
12/01/2012	0.2677	0.2495	0.2364	0.1951	0.1822	0.1333	
12/01/2013 Benefit On-level factor	1.0242	1.0241	1.0242	1.0241	1.0241	1.0241	
12/01/2013 Rate On-level factor	1.1901	1.1901	1.1899	1.1901	1.1957	1.1948	
12/01/12 Filing on 12/01/2013 level	0.2304	0.2147	0.2035	0.1679	0.1561	0.1143	
12/01/2013	0.2360	0.2242	0.2086	0.1767	0.1875	0.1489	0.1276

\* Source: Exhibit 2 DCRB Filings, Calculated using On-Level SEP (page 2) and Indemnity Benefit Level (page 3) \* Incurred Losses (page 4)

Medical As Reported

DCRB Filing Effective Date	Policy Year						
	2005	2006	2007	2008	2009	2010	2011
12/01/2010 **	0.3526	0.2997	0.3120	0.2370			
12/01/2011 **	0.4156	0.3523	0.3766	0.3204	0.2701		
12/01/2012 **	0.3659	0.3285	0.3542	0.3026	0.2993	0.3157	
12/01/2013 **	0.3186	0.2904	0.3057	0.2763	0.2826	0.3119	0.2751

Medical Reported on 12/01/2013 Level

12/01/2010	0.3526	0.2997	0.3120	0.2370			
12/01/2013 Rate On-level factor	1.3345	1.3347	1.3344	1.3393			
12/01/2010 Filing on 12/01/2013 level	0.2642	0.2245	0.2338	0.1770			
12/01/2011	0.4156	0.3523	0.3766	0.3204	0.2701		
12/01/2013 Rate On-level factor	1.3863	1.3868	1.3865	1.3872	1.4102		
12/01/2011 Filing on 12/01/2013 level	0.2998	0.2540	0.2716	0.2310	0.1915		
12/01/2012	0.3659	0.3285	0.3542	0.3026	0.2993	0.3157	
12/01/2013 Rate On-level factor	1.1901	1.1901	1.1899	1.1901	1.1957	1.1948	
12/01/2012 Filing on 12/01/2013 level	0.3075	0.2760	0.2977	0.2543	0.2503	0.2642	
12/01/2013	0.3186	0.2904	0.3057	0.2763	0.2826	0.3119	0.2751

\*\* Source: Exhibit 2 DCRB Filings, Calculated using On-Level SEP (page 2) and Incurred Losses (page 16)

DELAWARE COMPENSATION RATING BUREAU, INC.

DCRB Loss Ratio Estimates

DCRB Indemnity

DCRB Filing Effective Date	Policy Year						
	2005	2006	2007	2008	2009	2010	2011
12/01/2010 *	0.3148	0.2935	0.3104	0.2456			
12/01/2011 *	0.3371	0.3130	0.3259	0.2783	0.2960		
12/01/2012 *	0.2987	0.2809	0.2741	0.2448	0.2581	0.2681	
12/01/2013 *	0.2555	0.2467	0.2377	0.2125	0.2282	0.2171	0.2650

DCRB Indemnity on 12/01/2013 Level

12/01/2010	0.3148	0.2935	0.3104	0.2456			
12/01/2013 Benefit On-level factor	1.0341	1.0340	1.0341	1.0340			
12/01/2013 Rate On-level factor	1.3345	1.3347	1.3344	1.3393			
12/01/2010 Filing on 12/01/2013 level	0.2439	0.2274	0.2405	0.1896			
12/01/2011	0.3371	0.3130	0.3259	0.2783	0.2960		
12/01/2013 Benefit On-level factor	1.0407	1.0407	1.0407	1.0407	1.0406		
12/01/2013 Rate On-level factor	1.3863	1.3868	1.3865	1.3872	1.4102		
12/01/2011 Filing on 12/01/2013 level	0.2531	0.2349	0.2446	0.2088	0.2184		
12/01/2012	0.2987	0.2809	0.2741	0.2448	0.2581	0.2681	
12/01/2013 Benefit On-level factor	1.0242	1.0241	1.0242	1.0241	1.0241	1.0241	
12/01/2013 Rate On-level factor	1.1901	1.1901	1.1899	1.1901	1.1957	1.1948	
12/01/12 Filing on 12/01/2013 level	0.2571	0.2417	0.2359	0.2107	0.2211	0.2298	
12/01/2013	0.2555	0.2467	0.2377	0.2125	0.2282	0.2171	0.2650

\* Source: Exhibit 2 DCRB Filings, Calculated using On-Level SEP (page 2) and Indemnity Benefit Level (page 3) \* Proj Ult Incurred Losses (page 4)

DCRB Medical

DCRB Filing Effective Date	Policy Year						
	2005	2006	2007	2008	2009	2010	2011
12/01/2010 **	0.5010	0.4702	0.5347	0.4891			
12/01/2011 **	0.5351	0.4882	0.5679	0.5410	0.5740		
12/01/2012 **	0.4558	0.4301	0.4908	0.4629	0.5188	0.6763	
12/01/2013 **	0.3809	0.3630	0.4002	0.3845	0.4307	0.5305	0.5994

DCRB Medical on 12/01/2013 Level

12/01/2010	0.5010	0.4702	0.5347	0.4891			
12/01/2013 Rate On-level factor	1.3345	1.3347	1.3344	1.3393			
12/01/2010 Filing on 12/01/2013 level	0.3754	0.3523	0.4007	0.3652			
12/01/2011	0.5351	0.4882	0.5679	0.5410	0.5740		
12/01/2013 Rate On-level factor	1.3863	1.3868	1.3865	1.3872	1.4102		
12/01/2011 Filing on 12/01/2013 level	0.3860	0.3520	0.4096	0.3900	0.4070		
12/01/2012	0.4558	0.4301	0.4908	0.4629	0.5188	0.6763	
12/01/2013 Rate On-level factor	1.1901	1.1901	1.1899	1.1901	1.1957	1.1948	
12/01/2012 Filing on 12/01/2013 level	0.3830	0.3614	0.4125	0.3890	0.4339	0.5660	
12/01/2013	0.3809	0.3630	0.4002	0.3845	0.4307	0.5305	0.5994

\*\* Source: Exhibit 2 DCRB Filings, Calculated using On-Level SEP (page 2) and Proj Ult Incurred Losses (page 16)

DELAWARE COMPENSATION RATING BUREAU, INC.

INS Loss Ratio Estimates

INS Indemnity

DCRB Filing Effective Date	Policy Year						
	2005	2006	2007	2008	2009	2010	2011
12/01/2010 *	0.3117	0.2884	0.3045	0.2407			
12/01/2011 *	0.3330	0.3103	0.3215	0.2765	0.2953		
12/01/2012 *	0.2933	0.2745	0.2698	0.2400	0.2592	0.2619	
12/01/2013 *	0.2543	0.2463	0.2368	0.2130	0.2281	0.2153	0.2290

INS Indemnity on 12/01/2013 Level

12/01/2010	0.3117	0.2884	0.3045	0.2407			
12/01/2013 Benefit On-level factor	1.0341	1.0340	1.0341	1.0340			
12/01/2013 Rate On-level factor	1.3345	1.3347	1.3344	1.3393			
12/01/2010 Filing on 12/01/2013 level	0.2415	0.2234	0.2360	0.1858			
12/01/2011	0.3330	0.3103	0.3215	0.2765	0.2953		
12/01/2013 Benefit On-level factor	1.0407	1.0407	1.0407	1.0407	1.0406		
12/01/2013 Rate On-level factor	1.3863	1.3868	1.3865	1.3872	1.4102		
12/01/2011 Filing on 12/01/2013 level	0.2500	0.2329	0.2413	0.2074	0.2179		
12/01/2012	0.2933	0.2745	0.2698	0.2400	0.2592	0.2619	
12/01/2013 Benefit On-level factor	1.0242	1.0241	1.0242	1.0241	1.0241	1.0241	
12/01/2013 Rate On-level factor	1.1901	1.1901	1.1899	1.1901	1.1957	1.1948	
12/01/12 Filing on 12/01/2013 level	0.2524	0.2362	0.2322	0.2065	0.2220	0.2245	
12/01/2013	0.2543	0.2463	0.2368	0.2130	0.2281	0.2153	0.2290

\* Source: For the 12/01/2010 and 12/01/2011 filings, Exhibit III, Page 1 INS Review dated 09/08/2010 & 09/29/2011, respectively, Selected Ult. Loss Ratio  
For the 12/01/2012 and 12/01/2013 filings, Exhibit 4, Page 1 dated 09/24/2012 & 11/07/2013, respectively, Selected Ult. Loss Ratio.

INS Medical

DCRB Filing Effective Date	Policy Year						
	2005	2006	2007	2008	2009	2010	2011
12/01/2010 **	0.5009	0.4711	0.5351	0.4864			
12/01/2011 **	0.5401	0.4968	0.5811	0.5519	0.5886		
12/01/2012 **	0.4361	0.4092	0.4719	0.4480	0.4986	0.5511	
12/01/2013 **	0.3773	0.3594	0.3950	0.3813	0.4269	0.4948	0.5175

INS Medical on 12/01/2013 Level

12/01/2010	0.5009	0.4711	0.5351	0.4864			
12/01/2013 Rate On-level factor	1.3345	1.3347	1.3344	1.3393			
12/01/2010 Filing on 12/01/2013 level	0.3753	0.3530	0.4010	0.3632			
12/01/2011	0.5401	0.4968	0.5811	0.5519	0.5886		
12/01/2013 Rate On-level factor	1.3863	1.3868	1.3865	1.3872	1.4102		
12/01/2011 Filing on 12/01/2013 level	0.3896	0.3582	0.4191	0.3978	0.4174		
12/01/2012	0.4361	0.4092	0.4719	0.4480	0.4986	0.5511	
12/01/2013 Rate On-level factor	1.1901	1.1901	1.1899	1.1901	1.1957	1.1948	
12/01/2012 Filing on 12/01/2013 level	0.3664	0.3438	0.3966	0.3765	0.4170	0.4612	
12/01/2013	0.3773	0.3594	0.3950	0.3813	0.4269	0.4948	0.5175

\*\* Source: For the 12/01/2010 and 12/01/2011 filings, Exhibit III, Page 1 INS Review dated 09/08/2010 & 09/29/2011, respectively, Selected Ult. Loss Ratio

DELAWARE COMPENSATION RATING BUREAU, INC.

AIS Loss Ratio Estimates

AIS Indemnity

DCRB Filing Effective Date	Policy Year						
	2005	2006	2007	2008	2009	2010	2011
12/01/2010 *	0.3148	0.2935	0.3104	0.2456			
12/01/2011 *	0.3371	0.3130	0.3259	0.2783	0.2960		
12/01/2012 *	0.2977	0.2792	0.2762	0.2430	0.2571	0.2416	
12/01/2013 *	0.2556	0.2458	0.2374	0.2108	0.2258	0.2123	0.2186

AIS Indemnity on 12/01/2013 Level

12/01/2010	0.3148	0.2935	0.3104	0.2456			
12/01/2013 Benefit On-level factor	1.0341	1.0340	1.0341	1.0340			
12/01/2013 Rate On-level factor	1.3345	1.3347	1.3344	1.3393			
12/01/2010 Filing on 12/01/2013 level	0.2439	0.2274	0.2405	0.1896			
12/01/2011	0.3371	0.3130	0.3259	0.2783	0.2960		
12/01/2013 Benefit On-level factor	1.0407	1.0407	1.0407	1.0407	1.0406		
12/01/2013 Rate On-level factor	1.3863	1.3868	1.3865	1.3872	1.4102		
12/01/2011 Filing on 12/01/2013 level	0.2531	0.2349	0.2446	0.2088	0.2184		
12/01/2012	0.2977	0.2792	0.2762	0.2430	0.2571	0.2416	
12/01/2013 Benefit On-level factor	1.0242	1.0241	1.0242	1.0241	1.0241	1.0241	
12/01/2013 Rate On-level factor	1.1901	1.1901	1.1899	1.1901	1.1957	1.1948	
12/01/12 Filing on 12/01/2013 level	0.2562	0.2403	0.2377	0.2091	0.2202	0.2071	
12/01/2013	0.2556	0.2458	0.2374	0.2108	0.2258	0.2123	0.2186

\* Source: For the 12/01/2010 and 12/01/2011 filings, AIS used DCRB loss ratio estimates. For the 12/01/2012 and 12/01/2013 filings, AIS Reviews dated 09/24/2012 & 11/08/2013, respectively, Schedule AIS-3, Sheet 1 calculated using AIS Selected \* Indemnity Benefit Level (DCRB) and Developed Premium \* Premium factors (DCRB - On-level, DCCPAP, ECRF and Chancery Court)

AIS Medical

DCRB Filing Effective Date	Policy Year						
	2005	2006	2007	2008	2009	2010	2011
12/01/2010 **	0.5010	0.4702	0.5347	0.4891			
12/01/2011 **	0.5351	0.4882	0.5679	0.5410	0.5740		
12/01/2012 **	0.4578	0.4275	0.4906	0.4640	0.5041	0.5416	
12/01/2013 **	0.3827	0.3625	0.4044	0.3868	0.4276	0.4945	0.4957

AIS Medical on 12/01/2013 Level

12/01/2010	0.5010	0.4702	0.5347	0.4891			
12/01/2013 Rate On-level factor	1.3345	1.3347	1.3344	1.3393			
12/01/2010 Filing on 12/01/2013 level	0.3754	0.3523	0.4007	0.3652			
12/01/2011	0.5351	0.4882	0.5679	0.5410	0.5740		
12/01/2013 Rate On-level factor	1.3863	1.3868	1.3865	1.3872	1.4102		
12/01/2011 Filing on 12/01/2013 level	0.3860	0.3520	0.4096	0.3900	0.4070		
12/01/2012	0.4578	0.4275	0.4906	0.4640	0.5041	0.5416	
12/01/2013 Rate On-level factor	1.1901	1.1901	1.1899	1.1901	1.1957	1.1948	
12/01/2012 Filing on 12/01/2013 level	0.3847	0.3592	0.4123	0.3899	0.4216	0.4533	
12/01/2013	0.3827	0.3625	0.4044	0.3868	0.4276	0.4945	0.4957

\*\* Source: For the 12/01/2010 and 12/01/2011 filings, AIS used DCRB loss ratio estimates. For the 12/01/2012 and 12/01/2013 filings, AIS Reviews dated 09/24/2012 & 11/08/2013, respectively, Schedule AIS-3, Sheet 1 calculated using AIS Selected \* Indemnity Benefit Level (DCRB) and Developed Premium \* Premium factors (DCRB - On-level, DCCPAP, ECRF and Chancery Court)

DELAWARE COMPENSATION RATING BUREAU, INC.

Case Incurred Loss / Ultimate Loss

DCRB Filing Effective Date	Indemnity						
	2005	2006	2007	2008	2009	2010	2011
<b>DCRB</b>	12/01/2010	0.84	0.81	0.71	0.51		
	12/01/2011	0.90	0.86	0.84	0.69	0.54	
	12/01/2012	0.90	0.89	0.86	0.80	0.71	0.50
	12/01/2013	0.92	0.91	0.88	0.83	0.82	0.69
<b>INS</b>	12/01/2010	0.85	0.82	0.73	0.52		
	12/01/2011	0.91	0.87	0.85	0.69	0.54	
	12/01/2012	0.91	0.91	0.88	0.81	0.70	0.51
	12/01/2013	0.93	0.91	0.88	0.83	0.82	0.69
<b>AIS</b>	12/01/2010	0.84	0.81	0.71	0.51		
	12/01/2011	0.90	0.86	0.84	0.69	0.54	
	12/01/2012	0.90	0.89	0.86	0.80	0.71	0.55
	12/01/2013	0.92	0.91	0.88	0.84	0.83	0.70

**DELAWARE COMPENSATION RATING BUREAU, INC.**

**Case Incurred Loss / Ultimate Loss**

DCRB Filing Effective Date	Medical						
	2005	2006	2007	2008	2009	2010	2011
<b>DCRB</b>	12/01/2010	0.70	0.64	0.58	0.48		
	12/01/2011	0.78	0.72	0.66	0.59	0.47	
	12/01/2012	0.80	0.76	0.72	0.65	0.58	0.47
	12/01/2013	0.84	0.80	0.76	0.72	0.66	0.59
<b>INS</b>	12/01/2010	0.70	0.64	0.58	0.49		
	12/01/2011	0.77	0.71	0.65	0.58	0.46	
	12/01/2012	0.84	0.80	0.75	0.68	0.60	0.57
	12/01/2013	0.84	0.81	0.77	0.72	0.66	0.63
<b>AIS</b>	12/01/2010	0.70	0.64	0.58	0.48		
	12/01/2011	0.78	0.72	0.66	0.59	0.47	
	12/01/2012	0.80	0.77	0.72	0.65	0.59	0.58
	12/01/2013	0.83	0.80	0.76	0.71	0.66	0.63

Delaware Compensation Rating Bureau, Inc.  
Changes in Indemnity On-Level Ultimate Loss Ratios  
DCRB Filings from December 1, 2010 through December 1, 2013

DCRB						
DCRB Filing Effective Dates	Policy Year 2005	Policy Year 2006	Policy Year 2007	Policy Year 2008	Policy Year 2009	Policy Year 2010
12/01/2010 - 12/01/2011	Increase	Increase	Increase	Increase	---	---
12/01/2011 - 12/01/2012	Increase	Increase	Decrease	Increase	Increase	---
12/01/2012 - 12/01/2013	Decrease	Increase	Increase	Increase	Increase	Decrease
Total to 12/01/2013*	Increase	Increase	Decrease	Increase	Increase	Decrease

INS						
DCRB Filing Effective Dates	Policy Year 2005	Policy Year 2006	Policy Year 2007	Policy Year 2008	Policy Year 2009	Policy Year 2010
12/01/2010 - 12/01/2011	Increase	Increase	Increase	Increase	---	---
12/01/2011 - 12/01/2012	Increase	Increase	Decrease	Decrease	Increase	---
12/01/2012 - 12/01/2013	Increase	Increase	Increase	Increase	Increase	Decrease
Total to 12/01/2013*	Increase	Increase	Increase	Increase	Increase	Decrease

AIS						
DCRB Filing Effective Dates	Policy Year 2005	Policy Year 2006	Policy Year 2007	Policy Year 2008	Policy Year 2009	Policy Year 2010
12/01/2010 - 12/01/2011	Increase	Increase	Increase	Increase	---	---
12/01/2011 - 12/01/2012	Increase	Increase	Decrease	Increase	Increase	---
12/01/2012 - 12/01/2013	Decrease	Increase	Decrease	Increase	Increase	Increase
Total to 12/01/2013*	Increase	Increase	Decrease	Increase	Increase	Increase

Source - Exhibit C, pages 2, 3 and 4, Indemnity (top) sections

\* - For policy years 2005 through 2008, the starting point for the total change is the 12/01/2010 filing  
For policy year 2009, the starting point for the total change is the 12/01/2011 filing  
For policy year 2010, the starting point for the total change is the 12/01/2012 filing

Delaware Compensation Rating Bureau, Inc.  
Changes in Medical On-Level Ultimate Loss Ratios  
DCRB Filings from December 1, 2010 through December 1, 2013

DCRB						
DCRB Filing Effective Dates	Policy Year 2005	Policy Year 2006	Policy Year 2007	Policy Year 2008	Policy Year 2009	Policy Year 2010
12/01/2010 - 12/01/2011	Increase	Decrease	Increase	Increase	---	---
12/01/2011 - 12/01/2012	Decrease	Increase	Increase	Decrease	Increase	---
12/01/2012 - 12/01/2013	Decrease	Increase	Decrease	Decrease	Decrease	Decrease
Total to 12/01/2013*	Increase	Increase	Decrease	Increase	Increase	Decrease

INS						
DCRB Filing Effective Dates	Policy Year 2005	Policy Year 2006	Policy Year 2007	Policy Year 2008	Policy Year 2009	Policy Year 2010
12/01/2010 - 12/01/2011	Increase	Increase	Increase	Increase	---	---
12/01/2011 - 12/01/2012	Decrease	Decrease	Decrease	Decrease	Decrease	---
12/01/2012 - 12/01/2013	Increase	Increase	Decrease	Increase	Increase	Increase
Total to 12/01/2013*	Increase	Increase	Decrease	Increase	Increase	Increase

AIS						
DCRB Filing Effective Dates	Policy Year 2005	Policy Year 2006	Policy Year 2007	Policy Year 2008	Policy Year 2009	Policy Year 2010
12/01/2010 - 12/01/2011	Increase	Decrease	Increase	Increase	---	---
12/01/2011 - 12/01/2012	Decrease	Increase	Increase	Decrease	Increase	---
12/01/2012 - 12/01/2013	Decrease	Increase	Decrease	Decrease	Increase	Increase
Total to 12/01/2013*	Increase	Increase	Increase	Increase	Increase	Increase

Source - Exhibit C, pages 2, 3 and 4 Medical (bottom) sections

\* - For policy years 2005 through 2008, the starting point for the total change is the 12/01/2010 filing  
For policy year 2009, the starting point for the total change is the 12/01/2011 filing  
For policy year 2010, the starting point for the total change is the 12/01/2012 filing

DELAWARE COMPENSATION RATING BUREAU, INC.

RATIO OF NUMBER OF OPEN INDEMNITY CLAIMS  
TO NUMBER OF REPORTED INDEMNITY CLAIMS

POLICY YEAR	FIRST	SECOND	THIRD	FOURTH	FIFTH	SIXTH	SEVENTH	EIGHTH	NINTH	TENTH
1997	0.3302	0.1838	0.1181	0.0761	0.0583	0.0493	0.0409	0.0360	0.0314	0.0280
1998	0.3439	0.1856	0.1160	0.0840	0.0649	0.0550	0.0429	0.0364	0.0315	0.0274
1999	0.3885	0.2104	0.1286	0.0819	0.0638	0.0502	0.0384	0.0353	0.0308	0.0280
2000	0.3839	0.2264	0.1494	0.1077	0.0820	0.0655	0.0552 *	0.0464 *	0.0392	0.0359 *
2001	0.4023	0.2381	0.1498	0.1015	0.0805	0.0643	0.0539	0.0448	0.0399 *	0.0357
2002	0.3743	0.2261	0.1372	0.1011	0.0719	0.0586	0.0478	0.0382	0.0341	
2003	0.3670	0.2346	0.1423	0.1002	0.0761	0.0615	0.0531	0.0444		
2004	0.3721	0.2309	0.1535	0.1020	0.0863 *	0.0671	0.0534			
2005	0.3847	0.2353	0.1653	0.1089	0.0850	0.0710 *				
2006	0.3997	0.2671	0.1593	0.1115	0.0832					
2007	0.4205	0.2525	0.1623	0.1264 *						
2008	0.4333	0.2720	0.1824 *							
2009	0.4563 *	0.2857 *								
2010	0.4297									

Denotes lowest open claim rate shown for each report level.

Denotes highest open claim rate shown for each report level.

\*