



NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
120 Torbay Road, P.O. Box 21040, St. John's, Newfoundland and Labrador, Canada, A1A 5B2

E-mail: cgeorge@facilityassociation.com

2018-06-29

Colin George
Vice President, Underwriting and Claims
Facility Association
777 Bay Street – Suite 2400
P.O. Box 121
Toronto, ON M5G 2C8

Dear Mr. George:

Re: 2017 Automobile Insurance Review - Request for Additional Information

The Board is requesting that Facility Association provide additional information to assist in the Board's review of the issues related to taxi insurance in the province.

As you may be aware the Board has been directed to review, among other things, issues related to taxi claim costs and rates. As the organization which administers the residual market in which substantially all the taxi operators in the province are placed, Facility Association is uniquely positioned to provide information with regard to these issues.

The specific questions that the Board would like Facility Association to address are set out in the attached list. To the extent that some of this information cannot be provided by Facility Association, the Board asks that you advise if it may be available from another source.

If you have any questions or concerns please do not hesitate to contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read 'Cheryl Blundon'.

Cheryl Blundon
Board Secretary

CB/cj
Enclosure

**2017 Automobile Insurance Review
Additional Information**

1. How many taxi drivers/taxi vehicles were insured with Facility Association in Newfoundland and Labrador each year over the period 2012 to 2016?
2. Prior to 2013, when was the last Facility Association rate application for its Taxis, Jitneys and Liveries (“Taxis”) class of business in Newfoundland and Labrador? What was the annual loss ratio in the years between rate filings?
3. It would be helpful if Facility Association could provide some information in relation to its Taxis class of business, comparing Newfoundland and Labrador, Nova Scotia, New Brunswick and Prince Edward Island. In particular please provide the following for each province:
 - i) a comparison for each territory of the average premium, the premium for a clean driver (i.e. Driving Record 3), and the premium for a driver with multiple accidents and convictions (i.e. Driving Record 0);
 - ii) whether there is a profit provision reflected in rates and if so, what percentage/amount;
 - iii) the annual loss ratios, written premiums and rate filing history over the period 2012 to 2016;¹
 - iv) the percentage of the Taxis insurance market which is placed with Facility Association and where the rest of the market may be placed; and
 - v) any significant differences in underwriting.
4. Does Facility Association have any suggestions to reduce claim costs and rates for its Taxis class of business in Newfoundland and Labrador?
5. Does Facility Association have any comments in relation to the following issues:
 - i) rating the driver not the vehicle;
 - ii) increased recognition of driver experience;
 - iii) reflecting kilometers driven;
 - iv) increased recognition of territory differences;
 - v) a discount for risk management by taxis, i.e. monitoring of driving;
 - vi) rating Limousines separately from taxis reflecting the risk characteristics of the Limousine business;
 - vii) limiting the amount of a rate increase in a year; and
 - viii) mandating regular rate filings?

¹Newfoundland and Labrador need not be provided as it is set out in the Oliver Wyman Taxi Report.