

FACILITY ASSOCIATION

Newfoundland --- Private Passenger Vehicles

Derivation of Adjusted Industry Loss Costs

Bodily Injury						
<u>Acc Yr.</u>	<u>Earned Exposures</u> [1]	<u>Incurred Losses</u> [2]	<u>Ultimate LDF</u> [3]	<u>Projection Factor</u> [4]	<u>Projected Ultimate LC</u> [5]	<u>Avg Wt</u>
1998	208,117	54,930,108	1.0606	1.5071	421.89	0.20
1999	203,798	66,492,805	1.0939	1.4189	506.41	0.20
2000	208,768	67,868,727	1.1633	1.3358	505.17	0.20
2001	219,915	69,327,817	1.2520	1.2576	496.36	0.20
2002	216,689	47,876,142	1.5793	1.1840	413.14	0.20
					468.59	

Note: [1],[2],[3],[4] taken 2002 AIX provincial analysis  
[5] = (([2] / [1])x[3])x[4]

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Property Damage						
<u>Acc Yr.</u>	<u>Earned Exposures</u> [1]	<u>Incurred Losses</u> [2]	<u>Ultimate LDF</u> [3]	<u>Projection Factor</u> [4]	<u>Projected Ultimate LC</u> [5]	<u>Avg Wt</u>
1998	208,117	12,073,711	1.0000	1.1642	67.54	0.20
1999	203,798	13,481,245	0.9984	1.1120	73.44	0.20
2000	208,768	14,841,893	0.9934	1.1308	79.86	0.20
2001	219,915	16,408,611	0.9777	1.1284	82.32	0.20
2002	216,689	14,990,006	0.9635	1.1478	76.50	0.20
					75.93	

Note: [1],[2],[3],[4] taken 2002 AIX provincial analysis  
[5] =  $((2) / [1]) \times [3] \times [4]$

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## Third Party Liability

<u>Acc Yr.</u>	<u>Projected LC</u> [1]	<u>ULAE</u> [2]	<u>Distn.</u> [3]	<u>Risk Fac</u> [4]	<u>Adjusted LC</u> [5]	<u>Avg Wt</u> [6]
1998	1,196.00	1.145	1.2105	1.7631	489.42	0.20
1999	1,368.86	1.106	1.2105	1.7631	579.91	0.20
2000	1,364.65	1.093	1.2105	1.7631	585.00	0.20
2001	1,336.38	1.082	1.2105	1.7631	578.71	0.20
2002	1,130.75	1.082	1.2105	1.7631	489.66	0.20
				Average =	544.54	

Note: [1],[2],[3],[4] taken 2002 AIX provincial analysis  
[5] = [1] / ([2]x[3]x[4])

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## Accident Benefits

<u>Acc Yr.</u>	<u>Projected LC</u> [1]	<u>ULAE</u> [2]	<u>Distn.</u> [3]	<u>Risk Fac</u> [4]	<u>Adjusted LC</u> [5]	<u>Avg Wt</u> [6]
1998	94.52	1.145	0.957	2.0802	41.47	0.20
1999	101.35	1.106	0.957	2.0802	46.03	0.20
2000	106.67	1.093	0.957	2.0802	49.02	0.20
2001	99.79	1.082	0.957	2.0802	46.33	0.20
2002	103.42	1.082	0.957	2.0802	48.01	0.20
				Average =	46.17	

Note: [1],[2],[3],[4] taken 2002 AIX provincial analysis  
[5] = [1] / ([2]x[3]x[4])

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Uninsured Automobile

<u>Acc Yr.</u>	<u>Projected LC</u> [1]	<u>ULAE</u> [2]	<u>Distn.</u> [3]	<u>Risk Fac</u> [4]	<u>Adjusted LC</u> [5]	<u>Avg Wt</u> [6]
1998	33.28	1.145	0.9570	1.8221	16.67	0.20
1999	32.48	1.106	0.9570	1.8221	16.84	0.20
2000	31.52	1.093	0.9570	1.8221	16.54	0.20
2001	34.70	1.082	0.9570	1.8221	18.39	0.20
2002	27.84	1.082	0.9570	1.8221	14.76	0.20
				Average =	16.64	

Note: [1],[2],[3],[4] taken 2002 AIX provincial analysis  
[5] = [1] / ([2]x[3]x[4])

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Collision

<u>Acc Yr.</u>	<u>Projected LC</u> [1]	<u>ULAE</u> [2]	<u>Distn.</u> [3]	<u>Risk Fac</u> [4]	<u>Adjusted LC</u> [5]	<u>Avg Wt</u> [6]
1998	466.44	1.145	1.4771	1.5619	176.57	0.20
1999	446.54	1.106	1.4771	1.5619	175.00	0.20
2000	490.12	1.093	1.4771	1.5619	194.37	0.20
2001	445.11	1.082	1.4771	1.5619	178.31	0.20
2002	413.07	1.082	1.4771	1.5619	165.48	0.20
				Average =	177.95	

Note: [1],[2],[3],[4] taken 2002 AIX provincial analysis  
[5] = [1] / ([2]x[3]x[4])

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Comprehensive

<u>Acc Yr.</u>	<u>Projected LC</u> [1]	<u>ULAE</u> [2]	<u>Distn.</u> [3]	<u>Risk Fac</u> [4]	<u>Adjusted LC</u> [5]	<u>Avg Wt</u> [6]
1998	111.47	1.145	0.9286	1.656	63.31	0.20
1999	125.71	1.106	0.9286	1.656	73.91	0.20
2000	126.69	1.093	0.9286	1.656	75.38	0.20
2001	114.33	1.082	0.9286	1.656	68.71	0.20
2002	110.61	1.082	0.9286	1.656	66.48	0.20
				Average =	69.56	

Note: [1],[2],[3],[4] taken 2002 AIX provincial analysis  
[5] = [1] / ([2]x[3]x[4])

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Derivation of Adjusted Industry Loss Costs

Specified Perils

<u>Acc Yr.</u>	<u>Projected LC</u> [1]	<u>ULAE</u> [2]	<u>Distn.</u> [3]	<u>Risk Fac</u> [4]	<u>Adjusted LC</u> [5]	<u>Avg Wt</u> [6]
1998	28.13	1.145	1.0931	2.1005	10.70	0.20
1999	42.39	1.106	1.0931	2.1005	16.69	0.20
2000	37.25	1.093	1.0931	2.1005	14.84	0.20
2001	46.38	1.082	1.0931	2.1005	18.67	0.20
2002	31.52	1.082	1.0931	2.1005	12.69	0.20
				Average =	14.72	

Note: [1],[2],[3],[4] taken 2002 AIX provincial analysis  
[5] = [1] / ([2]x[3]x[4])

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**Newfoundland --- Private Passenger Vehicles**  
**Derivation of Adjusted Loss Ratios**

Computation of Weighted Average LAE to Ultimate Losses- All Coverages combined

<u>Acc Yr.</u>	<u>ULAE</u>	<u>Ult. ALAE</u>	<u>Ult. Loss</u>	<u>Ratio of</u>	<u>Average</u>	<u>Average</u>
<u>as at 31 December 2002</u>	<u>at 31 December 2002</u>	<u>as at 31 December 2002</u>	<u>as at 31 December 2002</u>	<u>LAE to Ult. Loss</u>	<u>Weights</u>	<u>Weights</u>
	[2]	[3]	[4]	[5]*	[6]	[7]
1998	777,105	450,888	6,594,232	0.1862	0.10	0.20
1999	919,249	433,036	7,894,582	0.1713	0.15	0.20
2000	1,002,397	473,626	9,192,204	0.1606	0.20	0.20
2001	864,675	530,383	9,291,526	0.1501	0.25	0.20
2002	1,369,561	628,653	12,468,276	0.1603	0.30	0.20
				Weighted Average	0.1621	0.1657

\*Note: [5] = ( [2] + [3] ) / [4]

Source: 2002 AIX Derivation of ULAE Loading

Calculation of Adjusted Loss Ratios

<u>Coverage</u>	<u>Discounted Proj.</u>	<u>Wt. Avg.</u>	<u>Approved Average</u>	<u>Adjusted Disc.</u>
	<u>Loss Ratio</u>	<u>LAE</u>	<u>Rate Level Changes</u>	<u>Proj. Loss Ratio</u>
	[2]	[3]	[4]	[5]**
Bodily Injury	62.04%	16.21%	-13.6%	61.75%
Property Damage	10.06%	16.21%	-13.6%	10.01%
Liability	72.10%	16.21%	-13.6%	71.77%
Accident Benefits ex UA	91.04%	16.57%	-5.0%	82.21%
Uninsured Automobile	73.49%	16.57%	-15.5%	74.56%
Collision	72.63%	16.21%	-35.0%	96.18%
Comprehensive	73.35%	16.57%	-23.1%	81.77%
Specified Perils	68.43%	16.57%	-20.2%	73.56%

\*\*\*Note: [5] = [2] / { ( 1 + [3] ) x ( 1 + [4] ) }

TPL Loss Ratio split according to discounted projected BI and PD Loss Costs.

[4] Reflects August 2004 and August 2005 average rate level changes.

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Derivation of Facility Association Loss Costs to Split TPL Loss Ratio

Bodily Injury						
<u>Acc Yr.</u>	<u>Earned Exposures</u> [1]	<u>Incurred Losses</u> [2]	<u>Ultimate LDF</u> [3]	<u>Projection Factor</u> [4]	<u>Projected Ultimate LC</u> [5]	<u>Avg Wt</u>
1998	9,846	5,066,745	1.0226	1.5071	793.08	0.10
1999	9,270	5,972,736	1.0295	1.4189	941.18	0.15
2000	8,579	6,675,226	1.0860	1.3358	1,128.76	0.20
2001	7,617	5,882,284	1.2162	1.2576	1,181.16	0.25
2002	11,191	6,696,019	1.4349	1.1840	1,016.53	0.30
					1,046.49	

Note: [1],[2],[3],[4] taken 2002 AIX provincial analysis  
[5] = ([2] / [1])x[3]x[4]

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Derivation of Facility Association Loss Costs to Split TPL Loss Ratio

Property Damage						
<u>Acc Yr.</u>	<u>Earned Exposures</u> [1]	<u>Incurred Losses</u> [2]	<u>Ultimate LDF</u> [3]	<u>Projection Factor</u> [4]	<u>Projected Ultimate LC</u> [5]	<u>Avg Wt</u>
1998	9,846	1,049,522	0.9890	1.1642	122.73	0.10
1999	9,270	1,206,008	0.9848	1.1120	142.47	0.15
2000	8,579	1,212,950	0.9814	1.1308	156.91	0.20
2001	7,617	1,154,877	0.9583	1.1284	163.95	0.25
2002	11,191	1,547,114	0.9402	1.1478	149.19	0.30
					150.77	

Note: [1],[2],[3],[4] taken 2002 AIX provincial analysis  
[5] =  $([2] / [1]) \times [3] \times [4]$