



Newfoundland & Labrador

Commercial Vehicles

Oliver Wyman Selected Loss Trend Rates

Based on Industry Data Through December 31, 2011

Loss Trend Rates

Loss trend rates are factors that are used to determine rate level indications. They are applied to the experience period incurred losses to adjust for the cost levels that are anticipated during the policy period covered under the proposed rate program.

The selection and application of trend rates is, essentially, a two-step process. The data in the experience period under consideration must be adjusted to reflect changes in cost conditions that have taken place (i.e., "past trend"), and then the data must be further adjusted to reflect changes in cost conditions that are expected to take place between the present time and the time during which the new premiums will be in effect (i.e., "future trend").

Therefore, past trend rates should reflect the underlying trend patterns that occurred during the experience period, which we have assumed to be the five years ending December 31, 2011. Future trend rates should reflect those same patterns that occurred during the experience period, as well as the likelihood that those patterns may change.

The identification of the underlying trend patterns over the experience period, which is a matter of actuarial judgment, is challenging because factors such as statistical fluctuation in the data points, changes in the underlying exposures, or abnormal weather conditions, etc., can make the underlying trend patterns difficult to discern. In addition, the data points analyzed are estimates that change over time as the claim experience matures. For this reason, we model the data several different ways in an attempt to identify the underlying trends during the experience period: with and without certain data points that are considered to be statistical outliers, and over time periods that are longer than the experience period as a means of increasing the stability/reliability of the data being analyzed.

We select trend rates based on Industry Newfoundland & Labrador data – as published by the General Insurance Statistical Agency (GISA) - to determine appropriate loss trends for use in deriving the rate level indications. We derive annual loss trend rates based on a regression model using Industry historical accident year loss and loss adjustment expense data that we project to ultimate cost level (when all claims are reported and settled) using the Industry loss development factors we select.

We generally consider the Industry Newfoundland & Labrador data for the ten year period spanning 2002-1 through 2011-2 for purposes of selecting trend rates.

Estimation of Industry Ultimate Claim Counts and Loss Amounts

The Industry Newfoundland & Labrador experience upon which the loss trend rates are based must be adjusted to an ultimate claim count and loss amount level. We do so through the application of what are referred to as development factors to the reported claim counts and claim amounts as of December 31, 2011. We select development factors based on a review of the Industry Newfoundland & Labrador loss development patterns; we do this by coverage¹. Our selected development factors are generally based on: (a) the volume weighted average of the last four observed development factors for the half-years ending June (for development period 6 months to 12 months); and (b) the volume weighted average of the last six observed development factors (for the development periods beyond 12 months). However, due to the limited commercial automobile data for Newfoundland & Labrador, we select a longer-term average based on the latest 12 accident half-year development factors for all development periods as our general selection approach. The exceptions are as follows.

¹ *Our review of Third Party Liability is split between Bodily Injury and Property Damage.*

<u>Coverage</u>	<u>Count/Amount</u>	<u>Interval (in months)</u>	<u>Selected Factor</u>
Bodily Injury	Claim Count	84-ultimate	1.00
Bodily Injury	Claim Amount	114-ultimate	1.00
Property Damage	Claim Count	54-ultimate	1.00
Property Damage	Claim Amount	90-ultimate	1.00
Accident Benefits Including UA	Claim Count	90-ultimate	1.00
Accident Benefits Including UA	Claim Amount	42-90, 90-ultimate	All period average excluding high/low; 1.00
Collision	Claim Count	30-ultimate	1.00
Collision	Claim Amount	30-ultimate	1.00
Comprehensive	Claim Count	30-ultimate	1.00
Comprehensive	Claim Amount	30-ultimate	1.00

Exhibit II, Page 1 and Exhibit II, Page 2 attached present our selected cumulative claim count and claim amount development factors, respectively. We note that as a result of these selected development factors and the actual emerged data, our estimated ultimate claim amounts have changed from our last study, and these changes contribute to the changes in our selected trend rates.

Consideration of Severity, Frequency, and Loss Cost Trend Patterns

In selecting past and future trend rates by coverage, we typically examine the separate trend patterns for claim severity and claim frequency, and then combine the selected severity and frequency trend rates to arrive at a selected loss cost trend rate. However, our review of the severity and frequency trend patterns over the recent past suggests to us that we may not fully reflect the correlation that seemingly exists between severity and frequency if we separately select severity and frequency trend rates over different time periods. For this reason we tend to select past and future trend rates by directly examining the trend pattern for loss cost.

Selection of Past Trend Rates

The Time Period We Considered

In our judgment, a ten-year period is, generally, a reasonable time period for determining the underlying trend rates for the Bodily Injury and Accident Benefits coverages, while the five-year period is a reasonable time period for determining the underlying trend rates for the Property Damage, Collision, and Comprehensive coverages.

However, we also consider the indicated loss cost trend over the five-year period ending December 31, 2011 for the Bodily Injury and Accident Benefits coverages. And due to volatility of the data, and the limited number of claims, in this review we also consider the indicated loss cost trend over the ten-year period ending December 31, 2011 in selecting loss trend rates for the Property Damage, Collision, and Comprehensive coverages. While the five-year period is generally more responsive to changing patterns, due to the small number of claims and continuing volatility, we do not find the five-year results sufficiently stable and, therefore give consideration to the ten-year period.

The Data Points We Considered

We recognize that the indicated trends produced by the regression model (particularly those over a five-year period) can be sensitive to one or two of the data points. And since the points represent estimates of ultimate claim frequency rates, or in the case of severity, estimates of ultimate average loss amounts per claim, errors in estimation could lead to over or under estimation of the underlying trend rates. We also recognize that consideration must be given to how closely the regression model fits the data points, and that adjustments may be necessary for outlying data points. For these reasons in selecting what we believe to be appropriate past severity and frequency trend rates we consider the indicated trends with the exclusion of various data points.

Seasonality

In analyzing the trend patterns, we reflect the seasonality (difference between the frequency and/or severity during the first half of the year versus the second half of the year) of the data points for the Comprehensive coverage only. We refer to the first half of accident year XXXX, as XXXX-1 and the second half as XXXX-2.

Our Selected Past Trend Rates

Bodily Injury

Based on data as of June 30, 2011, we selected a past loss cost trend rate of -0.5%.

The data through December 31, 2011 shows the percentage change in the loss cost for accident half-year 2011-2 versus 2010-2 to be +114%, and the accident year 2011 loss cost to be 58% higher than the accident year 2010 loss cost. These increases are primarily due to an increase in severity – seemingly the occurrence of one or more very large claims in the second half of 2011.

This coverage has exhibited a high degree of loss cost volatility as indicated from the year-to-year loss cost changes:

2006 to 2007: +28%
2007 to 2008: -12%
2008 to 2009: -6%
2009 to 2010: +3%
2010 to 2011: +58%

Our estimated past loss cost trends based on Industry data as of December 31, 2011 are as follows:

Ten-year period ending June 11, excluding the two highest/lowest values:	-2.9%
Five-year period ending June 11, excluding the highest/lowest values:	+0.4%
Ten-year period ending December 11, excluding the two highest/lowest values:	-2.9%
Five-year period ending December 11, excluding the highest/lowest values:	-9.0%

Following the same approach we applied in our last trend study, we would select a past loss cost trend rate of -2.0% (the approximate average of (a) the average of the above four trends and (b) our prior selection of -0.5%). However, even with the exclusion of the highest and lowest values, the -9.0% five-year trend ending December 2011 is seemingly distorted due to a relatively high 2007-2 data point. And the ten-year trends are affected by a sharp decline in frequency that has moderated over the more recent past.

Based on these considerations, we select a past trend rate of +0.0%.

Property Damage

Based on data as of June 30, 2011, we selected a past loss cost trend rate of +1.5%.

The data through December 31, 2011 shows the loss cost for accident half-year 2011-2 to have decreased, by approximately 12% compared to 2010-2. This follows the 15% increase in the loss cost for 2011-1 compared to 2010-1. The accident year 2011 loss cost is 2% more than the accident year 2010 loss cost.

Our estimated past loss cost trends based on Industry data as of December 31, 2011 are as follows:

Ten-year period ending June 11, excluding the two highest/lowest values:	+0.6%
Five-year period ending June 11, excluding the highest/lowest values:	+2.3%
Ten-year period ending December 11, excluding the two highest/lowest values:	-0.9%
Five-year period ending December 11, excluding the highest/lowest values:	-3.4%

We select a past trend rate of +0.5%, which is the approximate average of (a) these four trend rates and (b) our previous past trend rate selection.

Accident Benefits

Based on data as of June 30, 2011, we selected a past loss cost trend rate of +5.0%.

The data through December 31, 2011 shows the loss cost for accident half-year 2011-2 to have sharply increased, by approximately 114% compared to 2010-2, with increases in both frequency

and severity. This follows the 118% increase in the loss cost for 2010-2 compared to 2009-2 and the 40% decrease in the loss cost for 2009-2 compared to 2008-2. The accident year 2011 loss cost is 67% more than the accident year 2010 loss cost. These period to period changes are illustrative of the high degree of volatility for this coverage.

Our estimated past loss cost trends based on Industry data as of December 31, 2011 are as follows:

Ten-year period ending June 11, excluding the two highest/lowest values:	-5.4%
Five-year period ending June 11, excluding the highest/lowest values:	+9.6%
Ten-year period ending December 11, excluding the two highest/lowest values:	-3.8%
Five-year period ending December 11, excluding the highest/lowest values:	+6.3%

Given the limited and highly volatile data, we continue to select a past loss cost trend rate of +5.0%.

Collision

Based on data as of June 30, 2011, we selected a past loss cost trend rate of +1.0%.

The data through December 31, 2011 shows the loss cost for accident half-year 2011-2 to have increased, by approximately 31% compared to 2010-2; and the majority of this increase is due to an increase in frequency. This follows the 3% decrease in the loss cost for 2010-2 compared to 2009-2, and the 46% decrease in the loss cost for 2009-2 compared to 2008-2. The accident year 2011 loss cost is 11% higher than the 2010 loss cost. Like the other coverages, the Collision loss cost has been quite volatile – hence we consider longer-term trends excluding outlying data points.

Our estimated past loss cost trends based on Industry data as of December 31, 2011 are as follows:

Ten-year period ending June 11, excluding the two highest/lowest values:	+0.8%
Five-year period ending June 11, excluding the highest/lowest values:	-4.5%
Ten-year period ending December 11, excluding the two highest/lowest values:	+1.6%
Five-year period ending December 11, excluding the highest/lowest values:	-6.1%

We select a past trend rate of -0.5%, which is the approximate average of (a) these four trend rates and (b) our previous past trend rate selection.

Comprehensive

Based on data as of June 30, 2011, we selected a past loss cost trend rate of +1.0%.

The data through December 31, 2011 shows the loss cost for accident half-year 2011-2 to have increased, by approximately 98% compared to 2010-2. This follows the 26% decrease in the loss cost for 2011-1 compared to 2010-1. The accident year 2011 loss cost is 19% more than the accident year 2010 loss cost. Like the other coverages, the year-to-year change in loss cost has been volatile.

Our estimated past loss cost trends (including the time and seasonality parameters) based on Industry data as of December 31, 2011 are as follows:

Ten-year period ending June 11, excluding the two highest/lowest values:	+1.2%
Five-year period ending June 11, excluding the highest/lowest values:	-10.2%
Ten-year period ending December 11, excluding the two highest/lowest values:	+3.4%
Five-year period ending December 11, excluding the highest/lowest values:	-11.4%

Following the same approach we applied in our last trend study, we would select a past loss cost trend rate of -1.5% (the approximate average of (a) the average of the above four trends and (b) our prior selection of +1.0%). However, even with the exclusion of the one or two highest and lowest values, there is considerable volatility among the remaining data points.

As a way to further remove the inherent volatility, we consider the Comprehensive loss costs over the past five and ten years on an annual basis. On this basis, the ten-year trend, excluding the two highest and lowest data points is +2.7%; and the five-year trend excluding the highest and lowest data points is +2.7%.

We select a past trend rate of +3.0%, which is the approximate average of above noted five and ten year trends on an annual basis.

Specified Perils

Due to insufficient data, we select the same past loss cost trend rate as we do for Comprehensive, +3.0%.

Selection of Future Trend Rates

In our view, it is not yet clear from the data that the economy is having an effect on the loss costs in the province. Hence, for all coverages we select a future trend rate that is the same as our selected past trend rate. However, we do acknowledge that the economic climate increases the uncertainty in the future loss trend rates.

Selected Trend Rates - Summary

The following table presents our selected past and future loss cost trend rates based on industry data through to December 31, 2011.

Coverage	Past Loss Cost	Future Loss Cost
Bodily Injury	+0.0%	+0.0%
Property Damage	+0.5%	+0.5%
Accident Benefits	+5.0%	+5.0%
Collision	-0.5%	-0.5%
Comprehensive	+3.0%	+3.0%
Specified Perils	+3.0%	+3.0%

Exhibit I, Pages 1 through 5 attached present a summary of our loss cost trend rate analysis by coverage.

The following table presents our selected past and future loss cost trend rates we selected in our *prior* review based on industry data through to June 30, 2011.

Coverage	Past Loss Cost	Future Loss Cost
Bodily Injury	-0.5%	-0.5%
Property Damage	+1.5%	+1.5%
Accident Benefits	+5.0%	+5.0%
Collision	+1.0%	+1.0%
Comprehensive	+1.0%	+1.0%
Specified Perils	+1.0%	+1.0%

Reform Factor

For reasons of data credibility, we select a reform factor for Bodily Injury of 0.0% that is the same as the reform factor selected for Newfoundland & Labrador private passenger vehicles.

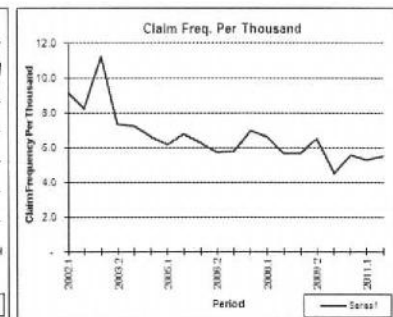
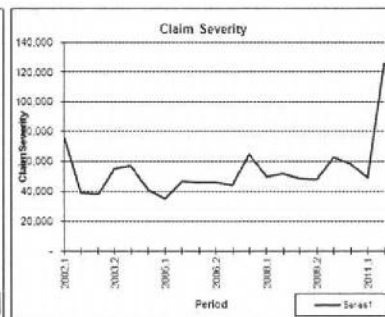
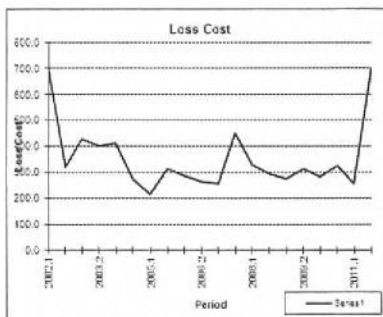
Province of Newfoundland
Commercial Automobile (excl. Farmers)

Exhibit 1
Page 1

Third Party Liability - Bodily Injury

Semi-Annual Basis

Excluded Points		Trend			R Squared		
		Loss Cost	Severity	Freq	Loss Cost	Severity	Freq
None	Last 10 yrs	-1.70%	3.94%	-5.43%	0.0265	0.1631	0.6434
2002.1, 2011.2, 2005.1, 2007.1	10 yrs excl. HH/LC	-2.83%	2.95%	-5.72%	0.2146	0.2692	0.6345
2011.2, 2002.1, 2005.1, 2003.1	10 yrs excl. HH/LC Sev	-2.22%	2.37%	-4.48%	0.1178	0.1756	0.6538
2003.1, 2002.1, 2010.1, 2011.1	10 yrs excl. HH/LC Freq	3.24%	6.85%	-3.40%	0.0894	0.3599	0.5916
None	Last 6 yrs	6.29%	9.80%	-3.20%	0.1458	0.3438	0.2635
2011.2, 2007.1	6 yrs excl. H/L LC	-1.60%	2.53%	-4.02%	0.0281	0.1056	0.2994
2011.2, 2007.1	6 yrs excl. H/L Sev	-1.60%	2.53%	-4.02%	0.0281	0.1056	0.2994
2007.2, 2010.1	6 yrs excl. H/L Freq	8.82%	10.94%	-1.91%	0.2999	0.4094	0.2441
None	Last 5 yrs	6.33%	11.31%	-4.48%	0.0914	0.2876	0.3169
2011.2, 2007.1	5 yrs excl. H/L LC	-9.02%	-1.45%	-7.68%	0.4648	0.0212	0.4965
2011.2, 2007.1	5 yrs excl. H/L Sev	-9.02%	-1.45%	-7.68%	0.4648	0.0212	0.4965
2007.2, 2010.1	5 yrs excl. H/L Freq	12.18%	15.19%	-2.62%	0.3090	0.4246	0.2685
None	Last 4 yrs	12.52%	18.17%	-4.78%	0.2130	0.3985	0.2559
2011.2, 2011.1	4 yrs excl. H/L LC	-0.42%	8.00%	-7.80%	0.0031	0.4307	0.3129
2011.2, 2009.2	4 yrs excl. H/L Sev	-3.60%	3.23%	-6.62%	0.2124	0.1270	0.4349
2009.1, 2010.1	4 yrs excl. H/L Freq	19.37%	22.73%	-2.74%	0.3321	0.4179	0.2169
None	Last 3 yrs	27.04%	31.32%	-3.26%	0.3728	0.4755	0.0704
2011.2, 2011.1	3 yrs excl. H/L LC	8.06%	18.16%	-8.55%	0.4445	0.6372	0.1604
2011.2, 2009.2	3 yrs excl. H/L Sev	-0.16%	2.29%	-2.40%	0.0002	0.0228	0.0408
2009.2, 2010.1	3 yrs excl. H/L Freq	28.87%	31.50%	-2.00%	0.3609	0.4303	0.4203
None	Last 2 yrs	53.57%	45.58%	11.59%	0.4952	0.3573	0.5562
None	10 yrs thru 11-1	-5.64%	-0.46%	-5.20%	0.3258	0.0035	0.6044
2002.1, 2001.2, 2005.1, 2007.1	10 yrs thru 11-1 excl. HH/LC	-2.93%	2.96%	-5.72%	0.2146	0.2692	0.6345
2001.2, 2002.1, 2005.1, 2003.1	10 yrs thru 11-1 excl. HH/LC Sev	-2.22%	2.37%	-4.48%	0.1178	0.1756	0.6538
2003.1, 2002.1, 2010.1, 2011.1	10 yrs thru 11-1 excl. HH/LC Freq	-3.81%	-0.63%	-3.19%	0.1507	0.0856	0.5503
None	Last 6 yrs thru 11-1	-0.74%	3.30%	-3.91%	0.0076	0.2056	0.3534
2007.2, 2007.1	6 yrs thru 11-1 excl. H/L LC	-0.96%	3.62%	-3.84%	0.0068	0.4140	0.3827
2007.2, 2007.1	6 yrs thru 11-1 excl. H/L Sev	-0.36%	3.62%	-3.84%	0.0066	0.4140	0.3827
2007.2, 2010.1	6 yrs thru 11-1 excl. H/L Freq	0.32%	2.96%	-2.57%	0.0040	0.4550	0.3379
None	Last 5 yrs thru 11-1	-1.23%	2.77%	-3.90%	0.0122	0.0969	0.2408
2007.2, 2007.1	5 yrs thru 11-1 excl. H/L LC	0.37%	3.95%	-3.44%	0.0033	0.2750	0.1858
2007.2, 2007.1	5 yrs thru 11-1 excl. H/L Sev	0.37%	3.95%	-3.44%	0.0033	0.2750	0.1858
2007.2, 2010.1	5 yrs thru 11-1 excl. H/L Freq	1.88%	3.55%	-1.63%	0.0789	0.4052	0.1122
None	Last 4 yrs thru 11-1	-9.02%	-1.45%	-7.68%	0.4548	0.0212	0.4965
2007.2, 2011.1	4 yrs thru 11-1 excl. H/L LC	-0.42%	8.00%	-7.80%	0.0031	0.4307	0.3129
2007.2, 2009.2	4 yrs thru 11-1 excl. H/L Sev	-3.60%	3.23%	-6.62%	0.2124	0.1270	0.4349
2007.2, 2010.1	4 yrs thru 11-1 excl. H/L Freq	-3.41%	1.78%	-5.10%	0.1785	0.0747	0.4417
None	Last 3 yrs thru 11-1	-1.57%	3.13%	-4.56%	0.0325	0.0666	0.1375
2010.2, 2011.1	3 yrs thru 11-1 excl. H/L LC	0.02%	11.44%	-10.25%	0.0000	0.3183	0.2186
2010.1, 2009.2	3 yrs thru 11-1 excl. H/L Sev	-1.09%	1.60%	-2.65%	0.0182	0.0481	0.7617
2009.2, 2010.1	3 yrs thru 11-1 excl. H/L Freq	-1.09%	1.60%	-2.65%	0.0182	0.0481	0.7617
None	Last 2 yrs thru 11-1	-8.10%	0.14%	-8.22%	0.2892	0.0000	0.1395



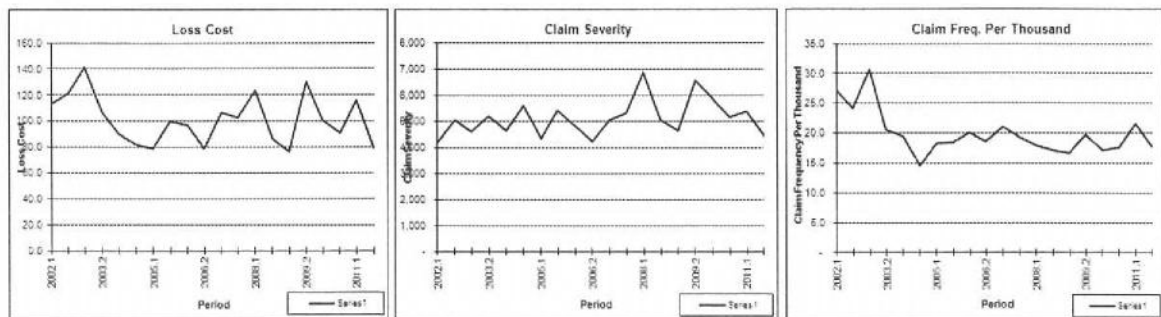
Province of Newfoundland
Commercial Automobile (excl. Farmers)

Exhibit 1
Page 2

Third Party Liability - Property Damage

Semi-Annual Basis

Excluded Points		Trend			R Squared		
		Loss Cost	Severity	Freq	Loss Cost	Severity	Freq
None	Last 10 yrs	-1.38%	1.69%	-2.93%	0.0507	0.1208	0.2662
2003.1, 2009.2, 2009.1, 2006.2	10 yrs excl. HH/LL LC	-0.88%	1.25%	-2.10%	0.0339	0.0949	0.1957
2006.1, 2009.2, 2002.1, 2006.2	10 yrs excl. HH/LL Sev	-2.02%	0.43%	-2.44%	0.1286	0.0222	0.1888
2003.1, 2002.1, 2004.2, 2009.1	10 yrs excl. HH/LL Freq	-0.19%	1.42%	-1.69%	0.0011	0.0841	0.2291
None	Last 6 yrs	0.14%	1.25%	-1.05%	0.0002	0.0233	0.0549
2009.2, 2009.1	6 yrs excl. HL LC	-0.31%	0.64%	-1.14%	0.0017	0.0145	0.0750
2008.1, 2006.2	6 yrs excl. HL Sev	-0.85%	0.65%	-1.45%	0.0089	0.0104	0.0656
2011.1, 2009.1	6 yrs excl. HL Freq	-0.88%	1.43%	-2.25%	0.0091	0.0276	0.3553
None	Last 5 yrs	-2.77%	-1.98%	-0.80%	0.0558	0.0469	0.0185
2009.2, 2009.1	5 yrs excl. HL LC	-3.41%	-2.41%	-1.02%	0.1597	0.1030	0.0380
2008.1, 2011.2	5 yrs excl. HL Sev	1.47%	2.25%	-0.75%	0.0151	0.0870	0.0125
2011.1, 2009.1	5 yrs excl. HL Freq	-5.03%	-2.44%	-2.65%	0.2293	0.0699	0.3229
None	Last 4 yrs	-3.28%	-5.76%	2.63%	0.0408	0.2157	0.1360
2009.2, 2009.1	4 yrs excl. HL LC	-4.66%	-6.88%	2.38%	0.1493	0.4522	0.1457
2008.1, 2011.2	4 yrs excl. HL Sev	10.13%	3.14%	6.78%	0.2156	0.0543	0.3657
2011.1, 2009.1	4 yrs excl. HL Freq	-0.42%	-8.27%	-0.16%	0.3271	0.4430	0.0015
None	Last 3 yrs	-1.62%	-5.12%	3.69%	0.0054	0.1128	0.1192
2009.2, 2009.1	3 yrs excl. HL LC	-8.77%	-14.60%	6.82%	0.1359	0.7627	0.1660
2009.2, 2011.2	3 yrs excl. HL Sev	19.36%	6.80%	11.75%	0.7595	0.3154	0.6565
2011.1, 2009.1	3 yrs excl. HL Freq	-20.55%	-17.75%	-3.40%	0.8842	0.9802	0.2166
None	Last 2 yrs	-8.77%	-14.60%	6.82%	0.1359	0.7627	0.1660
None	10 yrs thru 11-1	-0.14%	2.97%	-3.03%	0.0005	0.3301	0.2809
2003.1, 2009.2, 2009.1, 2006.2	10 yrs thru 11-1 excl. HH/LL LC	0.57%	2.97%	-2.33%	0.0145	0.3701	0.2281
2008.1, 2009.2, 2001.2, 2002.1	10 yrs thru 11-1 excl. HH/LL Sev	-1.55%	1.06%	-2.69%	0.0619	0.0979	0.1781
2003.1, 2002.1, 2004.2, 2009.1	10 yrs thru 11-1 excl. HH/LL Freq	1.47%	3.37%	-1.84%	0.0707	0.3717	0.2939
None	Last 6 yrs thru 11-1	1.82%	2.45%	-0.62%	0.0392	0.1004	0.0178
2009.2, 2009.1	6 yrs thru 11-1 excl. HL LC	1.52%	2.10%	-0.57%	0.0471	0.0953	0.0182
2006.1, 2006.2	6 yrs thru 11-1 excl. HL Sev	0.89%	1.68%	-0.77%	0.0130	0.0974	0.0260
2011.1, 2009.1	6 yrs thru 11-1 excl. HL Freq	1.71%	3.76%	-1.97%	0.0368	0.1904	0.2415
None	Last 5 yrs thru 11-1	2.87%	3.23%	-0.35%	0.0556	0.1049	0.0035
2009.2, 2009.1	5 yrs thru 11-1 excl. HL LC	2.25%	2.71%	-0.42%	0.0634	0.1055	0.0064
2009.1, 2006.2	5 yrs thru 11-1 excl. HL Sev	1.47%	2.28%	-0.75%	0.0151	0.0870	0.0125
2011.1, 2009.1	5 yrs thru 11-1 excl. HL Freq	2.33%	5.01%	-2.56%	0.0360	0.2021	0.2641
None	Last 4 yrs thru 11-1	0.70%	-1.19%	1.01%	0.0022	0.0118	0.0687
2009.2, 2009.1	4 yrs thru 11-1 excl. HL LC	-0.56%	-2.04%	1.51%	0.0035	0.0664	0.0590
2008.1, 2006.1	4 yrs thru 11-1 excl. HL Sev	2.65%	1.17%	1.46%	0.0503	0.0232	0.0416
2011.1, 2009.1	4 yrs thru 11-1 excl. HL Freq	-2.65%	-0.94%	-1.73%	0.0379	0.0072	0.1122
None	Last 3 yrs thru 11-1	10.13%	3.14%	6.78%	0.2156	0.0543	0.3657
2009.2, 2009.1	3 yrs thru 11-1 excl. HL LC	9.36%	2.20%	7.00%	0.5531	0.1185	0.4406
2009.2, 2009.1	3 yrs thru 11-1 excl. HL Sev	9.36%	2.20%	7.00%	0.5531	0.1185	0.4406
2011.1, 2009.1	3 yrs thru 11-1 excl. HL Freq	1.96%	1.91%	0.05%	0.0083	0.0170	0.0000
None	Last 2 yrs thru 11-1	-8.54%	-13.54%	5.77%	0.1313	0.7600	0.1156

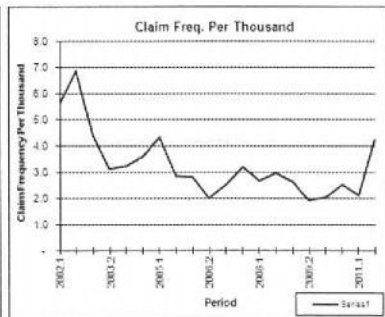
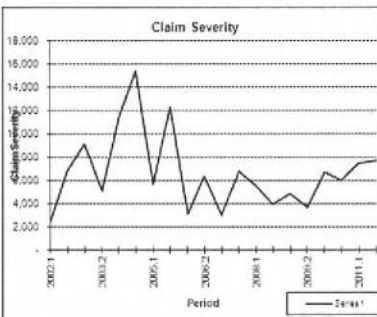
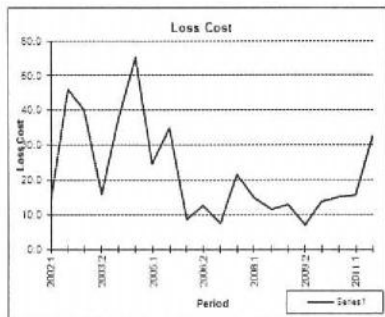


Province of Newfoundland
Commercial Automobile (excl. Farmers)

Accident Benefits

Semi-Annual Basis

Excluded Points		Trend			R Squared		
		Loss Cost	Severity	Freq	Loss Cost	Severity	Freq
None	Last 10 yrs	-8.39%	-1.23%	-7.25%	0.1809	0.0059	0.4217
2004.2, 2002.2, 2009.2, 2007.1	10 yrs excl. HH/LL LC	-3.82%	1.57%	-5.31%	0.0624	0.0122	0.3084
2004.2, 2005.2, 2002.1, 2007.1	10 yrs excl. HH/LL Sev	-8.66%	-2.14%	-5.67%	0.2383	0.0356	0.3518
2002.2, 2002.1, 2009.2, 2006.2	10 yrs excl. HH/LL Freq	-8.00%	-4.00%	-4.16%	0.1602	0.0598	0.2581
None	Last 6 yrs	12.42%	11.15%	1.14%	0.2447	0.3196	0.0091
2011.2, 2009.2	6 yrs excl. HL LC	8.38%	11.73%	-2.99%	0.2150	0.3345	0.1058
2011.2, 2007.1	6 yrs excl. HL Sev	2.95%	7.31%	-4.03%	0.0243	0.1545	0.1415
2011.2, 2009.2	6 yrs excl. HL Freq	8.38%	11.73%	-2.99%	0.2150	0.3345	0.1058
None	Last 5 yrs	13.91%	13.96%	-0.04%	0.1938	0.3735	0.0000
2011.2, 2009.2	5 yrs excl. HL LC	6.34%	14.27%	-6.94%	0.0916	0.3946	0.4742
2011.2, 2007.1	5 yrs excl. HL Sev	-5.15%	5.69%	-10.42%	0.0403	0.0707	0.5396
2011.2, 2009.2	5 yrs excl. HL Freq	6.34%	14.27%	-6.94%	0.0916	0.3946	0.4742
None	Last 4 yrs	21.42%	17.47%	3.36%	0.3146	0.4502	0.0257
2011.2, 2009.2	4 yrs excl. HL LC	5.64%	15.92%	-8.87%	0.3182	0.5637	0.5702
2011.2, 2009.2	4 yrs excl. HL Sev	5.64%	15.92%	-8.87%	0.3182	0.5637	0.5702
2011.2, 2009.2	4 yrs excl. HL Freq	5.64%	15.92%	-8.87%	0.3182	0.5637	0.5702
None	Last 3 yrs	50.48%	28.12%	17.45%	0.6041	0.6530	0.2715
2011.2, 2009.2	3 yrs excl. HL LC	10.90%	20.87%	-8.25%	0.9522	0.7811	0.3279
2011.2, 2009.2	3 yrs excl. HL Sev	10.90%	20.87%	-8.25%	0.9522	0.7811	0.3279
2011.2, 2009.2	3 yrs excl. HL Freq	10.90%	20.87%	-8.25%	0.9522	0.7811	0.3279
None	Last 2 yrs	68.23%	13.39%	48.37%	0.7248	0.5248	0.5797
None	10 yrs thru 11-1	-9.65%	-1.11%	-8.64%	0.2544	0.0048	0.6253
2004.2, 2002.2, 2009.2, 2007.1	10 yrs thru 11-1 excl. HH/LL LC	-5.36%	1.77%	-7.01%	0.1426	0.0157	0.5906
2004.2, 2005.2, 2002.1, 2007.1	10 yrs thru 11-1 excl. HH/LL Sev	-9.70%	-1.76%	-8.07%	0.3514	0.0267	0.5806
2002.2, 2002.1, 2009.2, 2006.2	10 yrs thru 11-1 excl. HH/LL Freq	-8.82%	-2.92%	-6.05%	0.2200	0.0323	0.6533
None	Last 6 yrs thru 11-1	-3.79%	0.26%	-4.04%	0.0249	0.0001	0.1907
2005.2, 2009.2	6 yrs thru 11-1 excl. HL LC	8.38%	11.73%	-2.99%	0.2180	0.3345	0.1058
2005.2, 2007.1	6 yrs thru 11-1 excl. HL Sev	2.95%	7.31%	-4.03%	0.0243	0.1545	0.1415
2007.2, 2009.2	6 yrs thru 11-1 excl. HL Freq	-0.60%	2.29%	-2.82%	0.0008	0.0106	0.1452
None	Last 5 yrs thru 11-1	2.86%	6.45%	-3.38%	0.0162	0.0967	0.0871
2007.2, 2009.2	5 yrs thru 11-1 excl. HL LC	9.58%	10.71%	-1.02%	0.4191	0.3006	0.0130
2011.1, 2009.2	5 yrs thru 11-1 excl. HL Sev	-5.87%	-3.56%	-2.40%	0.0550	0.0402	0.0298
2007.2, 2009.2	5 yrs thru 11-1 excl. HL Freq	9.58%	10.71%	-1.02%	0.4191	0.3006	0.0130
None	Last 4 yrs thru 11-1	-5.15%	5.69%	-10.42%	0.0403	0.0707	0.5396
2007.2, 2009.2	4 yrs thru 11-1 excl. HL LC	5.64%	15.92%	-8.87%	0.3182	0.5637	0.5702
2011.1, 2009.2	4 yrs thru 11-1 excl. HL Sev	-6.95%	2.77%	-9.45%	0.1534	0.0222	0.5811
2007.2, 2009.2	4 yrs thru 11-1 excl. HL Freq	5.64%	15.92%	-8.87%	0.3182	0.5637	0.5702
None	Last 3 yrs thru 11-1	16.62%	29.28%	-9.79%	0.2331	0.6721	0.3147
2011.1, 2009.2	3 yrs thru 11-1 excl. HL LC	13.00%	26.85%	-10.92%	0.9533	0.8175	0.4680
2011.1, 2009.2	3 yrs thru 11-1 excl. HL Sev	13.00%	26.85%	-10.92%	0.9533	0.8175	0.4680
2008.2, 2009.2	3 yrs thru 11-1 excl. HL Freq	10.90%	20.87%	-8.25%	0.9522	0.7811	0.3279
None	Last 2 yrs thru 11-1	65.76%	50.33%	10.26%	0.7286	0.6904	0.2821

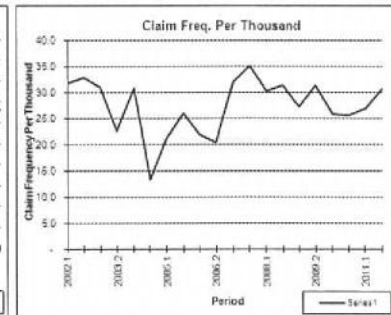
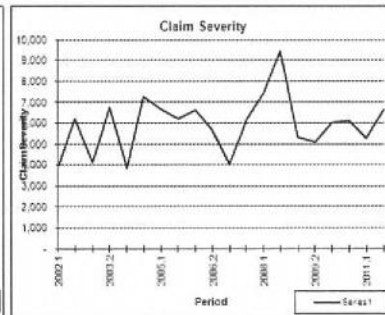
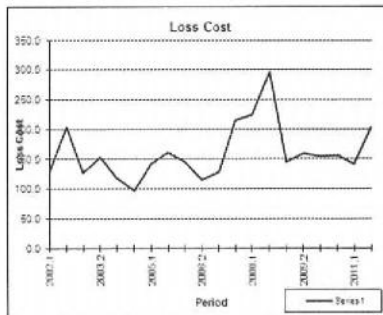


Province of Newfoundland
Commercial Automobile (excl. Farmers)

Collision

Semi-Annual Basis

Excluded Points		Trend			R Squared		
		Loss Cost	Severity	Freq	Loss Cost	Severity	Freq
None	Last 10 yrs	3.21%	2.17%	1.01%	0.1252	0.0742	0.0173
2006.2, 2003.1, 2004.2, 2006.2	10 yrs excl. HHLL LC	1.64%	1.87%	-0.23%	0.0880	0.0851	0.0023
2008.2, 2003.1, 2004.1, 2002.1	10 yrs excl. HHLL Sev	1.64%	-0.38%	2.02%	0.0533	0.0042	0.0598
2007.2, 2002.2, 2004.2, 2006.2	10 yrs excl. HHLL Freq	3.62%	3.24%	0.38%	0.2115	0.1469	0.0067
None	Last 6 yrs	2.46%	0.33%	2.13%	0.0265	0.0003	0.0555
2008.2, 2006.2	6 yrs excl. H/L LC	0.74%	0.65%	0.09%	0.0049	0.0047	0.0001
2008.2, 2007.1	6 yrs excl. H/L Sev	1.52%	-1.43%	3.40%	0.0293	0.0537	0.1472
2007.2, 2006.2	6 yrs excl. H/L Freq	1.08%	0.00%	1.08%	0.0054	0.0000	0.0237
None	Last 5 yrs	-3.02%	1.24%	-4.21%	0.0318	0.0066	0.3865
2008.2, 2007.1	5 yrs excl. H/L LC	-6.13%	-2.02%	-4.20%	0.2305	0.0511	0.3002
2008.2, 2007.1	5 yrs excl. H/L Sev	-6.13%	-2.02%	-4.20%	0.2305	0.0511	0.3002
2007.2, 2010.2	5 yrs excl. H/L Freq	-0.78%	1.79%	-2.53%	0.0018	0.0106	0.2124
None	Last 4 yrs	-9.55%	-7.19%	-2.64%	0.2243	0.1946	0.1293
2008.2, 2011.1	4 yrs excl. H/L LC	-1.74%	-0.76%	-0.99%	0.0149	0.0045	0.0176
2008.2, 2009.2	4 yrs excl. H/L Sev	-4.13%	-3.21%	-0.95%	0.0328	0.1062	0.0254
2009.2, 2010.2	4 yrs excl. H/L Freq	-9.25%	-7.74%	-1.64%	0.2166	0.2538	0.0813
None	Last 3 yrs	7.70%	7.15%	0.51%	0.2892	0.3976	0.0030
2011.2, 2011.1	3 yrs excl. H/L LC	3.38%	11.90%	-7.61%	0.2850	0.6981	0.2927
2011.2, 2009.2	3 yrs excl. H/L Sev	-0.39%	1.23%	-1.60%	0.0050	0.0189	0.1936
2009.2, 2010.2	3 yrs excl. H/L Freq	9.48%	5.46%	3.81%	0.3657	0.2961	0.3155
None	Last 2 yrs	15.55%	3.29%	11.87%	0.3534	0.0487	0.7478
None	10 yrs thru 11-1	2.48%	1.25%	1.22%	0.0801	0.0243	0.0246
2008.2, 2003.1, 2004.2, 2006.2	10 yrs thru 11-1 excl. HHLL LC	0.75%	0.51%	0.24%	0.0227	0.0063	0.0021
2008.2, 2008.1, 2004.1, 2002.1	10 yrs thru 11-1 excl. HHLL Sev	0.48%	-1.47%	1.98%	0.0058	0.0562	0.0596
2007.2, 2002.2, 2004.2, 2006.2	10 yrs thru 11-1 excl. HHLL Freq	2.77%	1.88%	0.87%	0.1416	0.0517	0.0326
None	Last 6 yrs thru 11-1	1.02%	-0.79%	1.82%	0.0048	0.0046	0.0415
2008.2, 2006.2	6 yrs thru 11-1 excl. H/L LC	-1.13%	-1.31%	0.19%	0.0147	0.0223	0.0007
2008.2, 2007.1	6 yrs thru 11-1 excl. H/L Sev	-0.16%	-2.57%	2.47%	0.0003	0.1967	0.0884
2007.2, 2006.2	6 yrs thru 11-1 excl. H/L Freq	-0.24%	-1.14%	0.91%	0.0003	0.0066	0.0196
None	Last 5 yrs thru 11-1	-0.31%	0.50%	-0.80%	0.0003	0.0011	0.0062
2008.2, 2006.2	5 yrs thru 11-1 excl. H/L LC	-4.54%	1.81%	-6.24%	0.1171	0.0212	0.6634
2008.2, 2007.1	5 yrs thru 11-1 excl. H/L Sev	-1.71%	-2.45%	0.81%	0.0151	0.1079	0.0060
2007.2, 2006.2	5 yrs thru 11-1 excl. H/L Freq	-4.83%	0.53%	-5.35%	0.0560	0.0008	0.6106
None	Last 4 yrs thru 11-1	-14.55%	-7.94%	-7.21%	0.5339	0.2422	0.6666
2008.2, 2011.1	4 yrs thru 11-1 excl. H/L LC	-12.50%	-4.45%	-6.39%	0.6977	0.1545	0.6792
2008.2, 2009.2	4 yrs thru 11-1 excl. H/L Sev	-11.70%	-4.85%	-7.19%	0.7354	0.3171	0.7614
2007.2, 2010.2	4 yrs thru 11-1 excl. H/L Freq	-18.03%	-13.77%	-4.95%	0.5295	0.4324	0.4083
None	Last 3 yrs thru 11-1	-18.27%	-12.54%	-6.55%	0.4617	0.3008	0.4632
2008.2, 2011.1	3 yrs thru 11-1 excl. H/L LC	3.36%	11.90%	-7.61%	0.2850	0.6981	0.2927
2008.2, 2009.2	3 yrs thru 11-1 excl. H/L Sev	-0.39%	1.23%	-1.60%	0.0050	0.0189	0.1936
2009.2, 2010.2	3 yrs thru 11-1 excl. H/L Freq	-19.87%	-15.32%	-5.38%	0.4875	0.4524	0.5183
None	Last 2 yrs thru 11-1	-7.13%	2.32%	-9.24%	0.7720	0.0276	0.4319



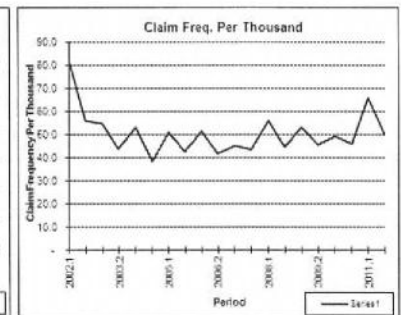
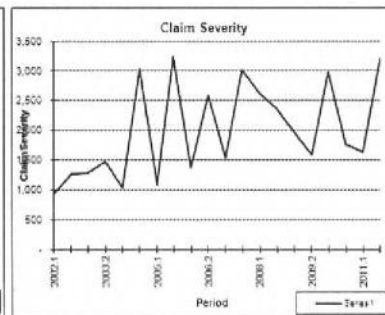
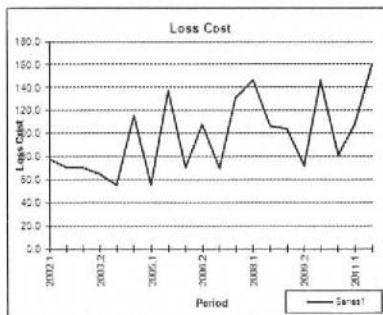
Province of Newfoundland
Commercial Automobile (excl. Farmers)

Exhibit 1
Page 5

Comprehensive

Semi-Annual Basis (with seasonality)

Excluded Points		Trend			R Squared		
		Loss Cost	Severity	Freq	Loss Cost	Severity	Freq
None	Last 10 yrs	6.31%	7.01%	-0.66%	0.3398	0.4574	0.3945
2011.2, 2010.1, 2004.1, 2005.1	10 yrs excl. HHLL LC	3.41%	4.66%	-1.20%	0.1324	0.3255	0.4854
2005.2, 2011.2, 2002.1, 2004.1	10 yrs excl. HHLL Sev	5.87%	5.58%	0.28%	0.2439	0.2465	0.4205
2002.1, 2011.1, 2004.2, 2006.2	10 yrs excl. HHLL Freq	8.05%	8.65%	-0.51%	0.3878	0.4501	0.3731
None	Last 6 yrs	6.13%	2.38%	3.66%	0.1269	0.1295	0.6976
2011.2, 2007.1	6 yrs excl. H/L LC	0.65%	-2.12%	2.73%	0.0691	0.0392	0.7769
2011.2, 2006.1	6 yrs excl. H/L Sev	-1.51%	-5.59%	4.32%	0.0727	0.1193	0.7161
2011.1, 2006.2	6 yrs excl. H/L Freq	10.50%	8.40%	1.93%	0.2040	0.2013	0.5394
None	Last 5 yrs	5.15%	0.43%	4.69%	0.0694	0.0350	0.6782
2011.2, 2007.1	5 yrs excl. H/L LC	-11.36%	-13.06%	2.90%	0.6163	0.4755	0.7294
2011.2, 2007.1	5 yrs excl. H/L Sev	-11.36%	-13.06%	2.90%	0.6163	0.4755	0.7294
2011.1, 2007.2	5 yrs excl. H/L Freq	17.60%	14.45%	2.75%	0.3693	0.3241	0.4743
None	Last 4 yrs	4.02%	0.22%	3.80%	0.1568	0.0063	0.6787
2011.2, 2009.2	4 yrs excl. H/L LC	-7.63%	-10.57%	3.29%	0.6175	0.3575	0.6318
2011.2, 2009.2	4 yrs excl. H/L Sev	-7.63%	-10.57%	3.29%	0.6175	0.3575	0.6318
2011.1, 2009.2	4 yrs excl. H/L Freq	22.26%	23.15%	-0.76%	0.4957	0.5136	0.6681
None	Last 3 yrs	23.49%	14.25%	8.05%	0.4626	0.1509	0.7179
2011.2, 2009.2	3 yrs excl. H/L LC	2.05%	-0.26%	11.23%	0.6016	0.1885	0.6979
2011.2, 2009.2	3 yrs excl. H/L Sev	2.05%	-0.26%	11.23%	0.6016	0.1885	0.6979
2011.1, 2009.2	3 yrs excl. H/L Freq	67.35%	66.48%	0.52%	0.9058	0.9713	0.4146
None	Last 2 yrs	20.72%	0.14%	20.55%	0.1567	0.0162	0.8642
None	10 yrs thru 11-1	3.93%	6.34%	-2.27%	0.1717	0.3921	0.3366
2010.1, 2006.1, 2004.1, 2005.1	10 yrs thru 11-1 excl. HHLL LC	1.32%	3.93%	-2.51%	0.1384	0.4124	0.3770
2005.2, 2004.2, 2002.1, 2004.1	10 yrs thru 11-1 excl. HHLL Sev	3.91%	5.72%	-1.71%	0.1257	0.2915	0.2060
2002.1, 2001.2, 2004.2, 2006.2	10 yrs thru 11-1 excl. HHLL Freq	5.97%	6.97%	0.01%	0.3040	0.3364	0.3879
None	Last 6 yrs thru 11-1	-0.06%	-3.05%	3.08%	0.0000	0.1445	0.7144
2010.1, 2007.1	6 yrs thru 11-1 excl. H/L LC	-3.66%	-6.57%	3.11%	0.0703	0.3613	0.9212
2005.2, 2006.1	6 yrs thru 11-1 excl. H/L Sev	-1.51%	-5.59%	4.32%	0.0727	0.1193	0.7161
2011.1, 2006.2	6 yrs thru 11-1 excl. H/L Freq	-0.34%	-1.68%	1.34%	0.0004	0.0623	0.6656
None	Last 5 yrs thru 11-1	-1.51%	-5.59%	4.32%	0.0727	0.1193	0.7161
2010.1, 2007.1	5 yrs thru 11-1 excl. H/L LC	-10.18%	-13.25%	3.54%	0.6350	0.7516	0.9268
2007.2, 2007.1	5 yrs thru 11-1 excl. H/L Sev	-7.63%	-10.34%	3.02%	0.6721	0.4625	0.7538
2011.1, 2006.2	5 yrs thru 11-1 excl. H/L Freq	0.22%	-1.62%	1.87%	0.0825	0.0114	0.5566
None	Last 4 yrs thru 11-1	-11.36%	-13.06%	2.90%	0.6168	0.4755	0.7294
2010.1, 2009.2	4 yrs thru 11-1 excl. H/L LC	-11.39%	-14.75%	3.95%	0.7530	0.9407	0.9068
2007.2, 2009.2	4 yrs thru 11-1 excl. H/L Sev	-7.63%	-10.57%	3.29%	0.6175	0.3575	0.6318
2011.1, 2007.2	4 yrs thru 11-1 excl. H/L Freq	-6.52%	-4.06%	-2.57%	0.6745	0.4129	0.8660
None	Last 3 yrs thru 11-1	-5.59%	-10.99%	6.08%	0.5657	0.2583	0.7137
2010.1, 2009.2	3 yrs thru 11-1 excl. H/L LC	-5.59%	-10.99%	6.08%	0.5612	0.9514	0.9042
2010.1, 2009.2	3 yrs thru 11-1 excl. H/L Sev	-5.59%	-10.99%	6.08%	0.5612	0.9514	0.9042
2011.1, 2009.2	3 yrs thru 11-1 excl. H/L Freq	26.32%	30.42%	-3.15%	0.9572	0.8929	0.8854
None	Last 2 yrs thru 11-1	-0.87%	-21.54%	16.15%	0.8511	0.5252	0.7897



Oliver Wyman Selected Age-to-Ultimate Development Factors
As of December 31, 2011
Newfoundland and Labrador
Commercial Automobile (Excluding Farmers)

As of 2011-2
Age-to-Ultimate Factors
Incurred Claim Amount

	Bodily Injury	Property Damage	Accident Benefits	Collision	Comprehensive
180-Ult	1.000	1.000	1.000	1.000	1.000
174-Ult	1.000	1.000	1.000	1.000	1.000
168-Ult	1.000	1.000	1.000	1.000	1.000
162-Ult	1.000	1.000	1.000	1.000	1.000
156-Ult	1.000	1.000	1.000	1.000	1.000
150-Ult	1.000	1.000	1.000	1.000	1.000
144-Ult	1.000	1.000	1.000	1.000	1.000
138-Ult	1.000	1.000	1.000	1.000	1.000
132-Ult	1.000	1.000	1.000	1.000	1.000
126-Ult	1.000	1.000	1.000	1.000	1.000
120-Ult	1.000	1.000	1.000	1.000	1.000
114-Ult	1.000	1.000	1.000	1.000	1.000
108-Ult	1.004	1.000	1.000	1.000	1.000
102-Ult	1.007	1.000	1.000	1.000	1.000
96-Ult	1.007	1.000	1.000	1.000	1.000
90-Ult	1.007	1.000	1.000	1.000	1.000
84-Ult	1.006	1.001	0.994	1.000	1.000
78-Ult	1.003	1.001	0.994	1.000	1.000
72-Ult	1.007	1.004	0.993	1.000	1.000
66-Ult	1.002	1.003	0.992	1.000	1.000
60-Ult	1.026	1.011	0.982	1.000	1.000
54-Ult	1.009	1.010	0.961	1.000	1.000
48-Ult	1.022	1.007	0.948	1.000	1.000
42-Ult	1.061	1.010	0.932	1.000	1.000
36-Ult	1.082	1.015	0.941	1.000	1.000
30-Ult	1.097	1.010	0.911	1.000	1.000
24-Ult	1.160	1.010	0.950	1.000	1.009
18-Ult	1.254	1.006	0.933	0.990	1.010
12-Ult	1.396	1.026	0.881	0.964	1.009
6-Ult	2.010	1.139	0.990	0.976	1.180

Oliver Wyman Selected Age-to-Ultimate Development Factors
As of December 31, 2011
Newfoundland and Labrador
Commercial Automobile (Excluding Farmers)

As of 2011-2
Age-to-Ultimate Factors
Incurred Claim Count

	Bodily Injury	Property Damage	Accident Benefits	Collision	Comprehensive
180-Ult	1.000	1.000	1.000	1.000	1.000
174-Ult	1.000	1.000	1.000	1.000	1.000
168-Ult	1.000	1.000	1.000	1.000	1.000
162-Ult	1.000	1.000	1.000	1.000	1.000
156-Ult	1.000	1.000	1.000	1.000	1.000
150-Ult	1.000	1.000	1.000	1.000	1.000
144-Ult	1.000	1.000	1.000	1.000	1.000
138-Ult	1.000	1.000	1.000	1.000	1.000
132-Ult	1.000	1.000	1.000	1.000	1.000
126-Ult	1.000	1.000	1.000	1.000	1.000
120-Ult	1.000	1.000	1.000	1.000	1.000
114-Ult	1.000	1.000	1.000	1.000	1.000
108-Ult	1.000	1.000	1.000	1.000	1.000
102-Ult	1.000	1.000	1.000	1.000	1.000
96-Ult	1.000	1.000	1.000	1.000	1.000
90-Ult	1.000	1.000	1.000	1.000	1.000
84-Ult	1.000	1.000	1.000	1.000	1.000
78-Ult	1.001	1.000	1.000	1.000	1.000
72-Ult	1.001	1.000	0.995	1.000	1.000
66-Ult	1.002	1.000	0.995	1.000	1.000
60-Ult	0.999	1.000	0.987	1.000	1.000
54-Ult	0.996	1.000	0.984	1.000	1.000
48-Ult	0.987	1.000	0.981	1.000	1.000
42-Ult	0.980	0.999	0.973	1.000	1.000
36-Ult	0.973	0.996	0.973	1.000	1.000
30-Ult	0.960	0.996	0.952	1.000	1.000
24-Ult	0.953	0.996	0.943	1.003	1.001
18-Ult	0.959	0.992	0.946	0.999	1.002
12-Ult	0.964	0.993	0.891	0.976	1.023
6-Ult	1.058	1.087	0.938	0.957	1.298



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