

1 **Information Request PUB-FA-24:** *Using the correction to the rate indications made in response to*
 2 *the Consumer Advocate's September 22, 2104 Information Request CA-FA-1, please provide an updated*
 3 *response to Oliver Wyman's April 9, 2014, Question #15.*

4 **FA Response:**

5 For ease of reference, we have reproduced the Oliver Wyman April 9, 2014 Question #15:

6 *Provide the rate level indications based on the following combination of alternative*
 7 *assumptions: a) TPL full credibility claim count standard of 5,410 (as used in the prior filing), b)*
 8 *ROI of 2.8%, c) net trend as the basis for the complement of credibility – from the renewal*
 9 *effective date of the current rate program to the proposed renewal effective date of the rate*
 10 *application, and d) the Board's guideline loss trend rates for Commercial Vehicles.*

11 The rate level indications based upon the above alternate assumptions are summarized in the table below
 12 (shown in the last highlighted row “**Alternate rate change basis**”).

13 *Indication Summary Consistent Exh C-2 Correction; TPL full cred standard of 5,410; ROI 2.8%; OW*
 14 *net trend for basis of complement of credibility (for 396 days); Board guideline loss trend rates for CV*

Analysis Summary (NB eff 1-Aug-2014; RN eff 1-Aug-2014)	Third Party Liability	Accident Benefits	Uninsured Automobile	Collision	Comp	Specified Perils	All Perils	TOTAL
Indication Summary								
FA Average Written Premium, Rolling 12, \$s	1,889	40	7	1,242	291	126	1,879	2,079
Indicated target rate change (12.0% ROE, leverage 2.0)	29.4%	215.9%	225.3%	-	16.9%	15.6%	5.6%	33.2%
AWP dollar change for Indicated target rate change (12.0% ROE, leverage 2.0)	833	173	32	-	44	18	95	1,011
Indicated Average Written Premium	2,722	213	39	1,242	335	144	1,974	3,090
Rate change selected by FA	50.0%	294.3%	329.3%	-	-	-	-	54.1%
AWP dollar change for Rate change selected by FA	1,417	235	46	-	-	-	-	1,647
Selected Average Written Premium	3,306	275	53	1,242	291	126	1,879	3,726
Alternate rate change basis (0.0% Cost of Capital, leverage 2.0)	17.4%	186.7%	195.3%	(9.2%)	6.1%	5.0%	(4.1%)	20.8%
AWP dollar change for Alternate rate change basis (0.0% Cost of Capital, leverage 2.0)	493	149	27	(103)	16	6	(69)	633
Average Written Premium @ Alternate Return Assumption	2,382	189	34	1,139	307	132	1,810	2,712

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