



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

Email: jhepburn@facilityassociation.com

2014-08-29

Ms. Jill Hepburn
Facility Association
777 Bay Street, Suite 2400
P.O. Box 121
Toronto, Ontario M5G 2C8

Dear Ms. Hepburn:

**Re: Facility Association – Category 2 - Taxi and Limousine Rate Application –
Requests for Information (RFIs)**

Enclosed are Information Requests PUB-FA-1 to PUB-FA-16 regarding the above-noted matter.

If you have any questions, please do not hesitate to contact the Board's Director of Regulatory and Advisory Services, Mr. Robert Byrne by email rbyrne@pub.nl.ca or telephone (709) 726- 0742.

Yours truly,

Cheryl Blundon
Board Secretary

Encl.
c.c.c.

Facility Association

General e-mail: mail@facilityassociation.com

Consumer Advocate

Mr. Thomas Johnson, E-mail: tjohnson@odeaearle.ca

Mr. Thomas Williams, E-mail: twilliams@odeaearle.ca

Ms. Colleen Lacey, E-mail: clacey@odeaearle.ca

1 **IN THE MATTER OF** the *Automobile*
2 *Insurance Act*, RSNL 1990, c. A-22 (the "*Act*"),
3 as amended, and regulations thereunder; and
4

5 **IN THE MATTER OF** an application by Facility
6 Association for approval of a rate revision for Taxis
7 and Limousines in the Province of Newfoundland
8 and Labrador.

**PUBLIC UTILITIES BOARD
REQUESTS FOR INFORMATION**

PUB-FA-1 to PUB-FA-16

Issued: August 29, 2014

1 In its report on the filing the Board's Actuarial Consultants Oliver Wyman notes the impact on
 2 premiums of the Servicing Carrier operating cost provision of 9% of written premium and
 3 Servicing Carrier fees of 1% of written premiums (for a combined total of 10% of written
 4 premium) to process and write Taxi policies as provided in the Plan of Operation.

5
 6 **PUB-FA-1** Please provide, on a per written vehicle basis, the actual expense incurred
 7 by each Servicing Carrier in the processing and writing of Taxis through
 8 the Facility Association Residual Market in Newfoundland and Labrador.

9
 10 **PUB-FA-2** Please provide, on a per written vehicle basis at current rates, the expense
 11 reimbursed to each Servicing Carrier in the processing and writing of
 12 Taxis through the Facility Association Residual Market in Newfoundland
 13 and Labrador.

14
 15 **PUB-FA-3** Please provide, on a per written vehicle basis at the proposed rates, the
 16 expense to be reimbursed to each Servicing Carrier in the writing of Taxis
 17 through the Facility Association Residual Market in Newfoundland and
 18 Labrador.

19
 20 **PUB-FA-4** Please provide, on a per written vehicle basis the industry average actual
 21 expense incurred by each Servicing Carrier in the writing of regular market
 22 Private Passenger Vehicles in Newfoundland and Labrador.

23
 24 **PUB-FA-5** Please provide a detailed explanation as to how the writing and processing
 25 of Taxis through the Facility Association Residual Market varies
 26 significantly from the writing of regular market Private Passenger Vehicles
 27 by each Servicing Carrier.

28
 29 **PUB-FA-6** Please provide a detailed description of the increase in Servicing Carrier
 30 activities and cost to write and process Taxis that would justify an increase
 31 in this expense item on a per vehicle basis as a result of the current
 32 application.

33
 34 In its report on the filing the Board's Actuarial Consultants Oliver Wyman notes the impact on
 35 premiums of the broker commission provision of 6% of written premium as provided in the Plan
 36 of Operation.

37
 38 **PUB-FA-7** Please provide, on a per written vehicle basis at current rates, the average
 39 commission paid to brokers in the writing of Taxis through the Facility
 40 Association Residual Market in Newfoundland and Labrador.

41
 42 **PUB-FA-8** Please provide, on a per written vehicle basis at the proposed rates, the
 43 average commission to be paid to brokers in the writing of Taxis through
 44 the Facility Association Residual Market in Newfoundland and Labrador.

1 **PUB-FA-9** Please provide, on a per written vehicle basis by rating territory the
2 average commission paid to brokers by each Servicing Carrier in the
3 writing of regular market Private Passenger Vehicles in Newfoundland and
4 Labrador.

5
6 **PUB-FA-10** Please provide a detailed description of the increase in broker activities
7 and cost in the writing of Taxis that would justify an increase in this
8 expense item as a result of the current application.
9

10 The filing includes a provision for the determination of Loss Adjustment Expenses (LAE) on a
11 percent of premium basis of, 9.4% for Uninsured Motorist (UIM), Accident Benefits (AB) and
12 Third Party Liability (TPL), plus an additional 3.7% of incurred losses for TPL.
13

14 **PUB-FA-11** Please provide, on a per written vehicle basis the actual LAE incurred for
15 each of UIM, AB and TPL for each Servicing Carrier in the writing of
16 Taxis through the Facility Association Residual Market in Newfoundland
17 and Labrador.
18

19 **PUB-FA-12** Please provide, on a per written vehicle basis at current rates for each of
20 UIM, AB and TPL, the average LAE included in premiums charged Taxis
21 through the Facility Association Residual Market in Newfoundland and
22 Labrador.
23

24 **PUB-FA-13** Please provide, on a per written vehicle basis at the proposed rates for each
25 of UIM, AB and TPL, the average LAE to be included in premiums
26 charged Taxis through the Facility Association Residual Market in
27 Newfoundland and Labrador.
28

29 **PUB-FA-14** Please provide, on a per written vehicle basis and by rating territory for
30 each of UIM, AB and TPL, the average LAE included in rates by each
31 Servicing Carrier in the writing of regular market Private Passenger
32 Vehicles in Newfoundland and Labrador.
33

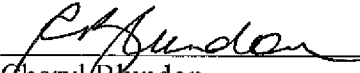
34 **PUB-FA-15** Please provide a detailed description of the increase in claims handling
35 activities and cost incurred by each Servicing Carrier in handling claims
36 for Taxis that would justify an increase in this expense item as a result of
37 the current application.
38

39 In respect to loss information:
40

41 **PUB-FA-16** For each of the past five Accident Years please provide by statistical
42 territory code the Written Premium, Written Vehicles and Reported
43 Incurred Losses for Taxis written through the Facility Association
44 Residual Market in Newfoundland and Labrador.

DATED at St. John's, Newfoundland this 29th day of August, 2014.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Per  _____
Cheryl Blundon
Board Secretary