

Facility Association (FA)**Taxi, Jitneys, and Liveries Automobile Rate Application - Category 2****Province: Newfoundland and Labrador****August 8, 2018****General**

1. As presented in Exhibit D, the 2017 TPL ultimate loss cost per taxi is \$6,611, an approximate increase of +38.5% from the 2016 value at \$4,771 per taxi. Is FA aware of any reasons (such as a large loss or change in reserving) for this increase in the average TPL loss cost per taxi?
2. In the prior review (data ending Dec 2015) the TPL 12 to ultimate factor was 1.41; and for this review the TPL 12 to ultimate factor has increased to 1.74. Explain how this increase in the LDF factor contributes to the increase in the ultimate loss cost per taxi noted in the question above.

It is our understanding that the driver abstract costs were \$86 per taxi in the prior filing, and this estimate has increased to \$123 per taxi in this filing. FA states that it applies a reconciling adjustment factor of 1.43 to reconcile the driver abstract fees to the actual costs incurred by the servicing carriers; and this may contribute to the increase.

We understand the MVR cost is \$17, \$27.50 and \$22.50 in NL, NS and NB respectively, and AutoPlus is \$7.19 in NL, NS and NB. (Given this, we would expect the driver abstract cost to be less in NL than in NS and NB.) Provide a comparison of FA's estimate of the per taxi driver abstract costs estimated for each of NS and NB compared to NL's fee of \$123; and if the NL fee for each taxi is higher than in NS or NB, provide the rationale for this.

3. FA is proposing to increase its average current rate level premiums (\$7,228) by +10.2% to \$7,965; an increase of \$737. Included in the rate level is a 10% servicing carrier fee for underwriting and handling (9% +1%); which is \$796 (= 10% x \$7,965) for the proposed premiums. While we understand there are different average premiums in other provinces for taxis, the same 10% of premium fee to the servicing carriers applies. (i) What is the comparable cost (to the \$796 in NL) included in the current average rate level for taxis in NS and NB? (ii) Is there any supporting data to show the actual costs per taxi incurred by the servicing carriers support these differences between the provinces?
4. In the Board's recent Decision for PPV (A.I. 21), the Board found different HST factors for Bodily Injury and Accident Benefits to be reasonable than those FA selected for PPV, which FA has again used for this filing. Provide the rate indications based on the HST adjustment factors that that Board found to be reasonable in the prior PPV filing; and no other changes

in assumptions.

5. FA states (in Section 2, page 32) that finance fee revenues for payment plans are collected by two of the servicing carriers for Taxis. In the Board's recent Decision for PPV (A.I. 21) it found the consideration of finance fee revenues in the rate level indications calculations to be appropriate. Provide (i) the (net of bad debt) finance fee revenues as a percentage of premiums for taxis in NL, and (ii) the rate indications that include this provision; and no other changes in assumptions.
6. FA has not provided an update to its indicated territory differentials. Is an updated analysis using the experience through to December 2017 available?

FA Experience Loss Development Factors (Ultimate Claim Amount Selections)

7. Explain why the Weighted Method was selected for some accident-half years instead of the BF Method for Bodily Injury and Accident Benefits coverages.
8. As a sensitivity test, provide the rate indications by substituting the B-F Method instead of the Weighted Method, for Bodily Injury and Accident Benefits; and no other changes in assumptions.

Loss Trend Rates

9. As a sensitivity measure, provide the rate indications based on the Board's Guideline commercial vehicle loss trend rates as of June 30, 2017 instead of those selected by FA.