June 17, 2021

Oliver Wyman

120 Bremner Boulevard, Suite 800,

Toronto, Ontario

M5J 0A8

Attention: Paula Elliott

RE: FA NL **Private Passenger Vehicle Automobile Rate Application – Category 2** – Response to email June 7, 2021

Dear Ms. Elliott,

Facility Association (FA) received questions in regard to FA Newfoundland and Labrador Private Passenger Vehicles Rate Filing in 2021. Our responses to the questions are provided on the pages that follow.

Best regards

Liqing Yang, FCIA, FCAS

Pricing Actuary

General

OW Question 1 *Can FA provide data from its servicing carriers of the actual general expense costs (for each of 2018 to 2020 years) to support that the 10% of premiums (9% operating costs and 1% fees) provision is reasonable for general expenses.*

FA Response to OW Question 1

FA requested the Servicing Carriers to provide the actual incurred operating costs in September 2020 for NL CV & IU filings, the responses from the Servicing Carriers were provides below.

The response from RSA:

> *As mentioned earlier we do not track general expenses by province or line of business. We have one operating cost center for the FA service carrier team that captures all our expenses and fees.*
>
> *Expenses for 2020 will be much higher for NL where we spent a great deal of money implementing the NL reform changes and the required programming to deliver that regulatory change. Those costs are captured under a project code and will be allocated out to the business areas when completed. NL regulators need to see that as a large expense that we need to have the ongoing fees to cover.*

The response from Novex:

> *We cannot provide the actual general expenses to support the fees we receive. Because we have no dedicated FA department which could give us exact expense for our FA business, we use broad allocations to estimate the costs like salaries, rent, mail and so on.*

It is important to emphasize that the compensation arrangement with the Servicing Carriers is established in the **Plan of Operation**, as approved by the **FA membership** and the **Newfound & Labrador Superintendent of Insurance**. As the Plan of Operation[1] carries the force of law, Servicing Carriers will be compensated through the approved formula. Considering that the compensation is a known fixed proportion of premium set by law, the associated provision assumption in the FA rates is necessary to ensure adequacy of FARM rates. FA does not require Servicing Carriers to provide actual costs for provision of their services, as the compensation arrangement is not on a "cost recovery" basis. It should be noted that the corollary is equally true, and a shortfall in expense provision for any given line of business or territory is not compensable to the Servicing Carriers.

We believe that it is important to reiterate our position on the ***Expense Provision:***

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[1] Plan of Operation is the legislative framework, under which FA and all member companies must abide and operate.

(Please note that this position has been expressed in previous filings in NL but also in other jurisdictions)

FA now offers two mechanisms for residual market risks in the majority of jurisdictions including the province of Newfound & Labrador. There is the Facility Association Residual Market ("FARM"), which is designed for risks unable to obtain insurance in the regular market, and there is the Risk Sharing Pool ("RSP"), designed for private passenger risks that insurers determine represent a higher risk than the premium that is chargeable for that risk.

Private passenger risks in the RSP are able to benefit from regular market prices even in the face of presenting higher risks. The industry subsidizes the cost of the RSP, and that subsidy is intended to be included in the overall private passenger rates for the province.

The FARM's role as the market for higher risk vehicles continues. FA creates rates and makes available coverage for every class of vehicle, and every motorist or vehicle owner who is required by law to be insured. FA's Servicing Carriers program and maintain systems, organize payment plans, and service every such vehicle. It is immaterial if there is one PPV which requires coverage in NL, or 1,300, the Servicing Carriers must have and must continue to support the capacity to write, service, and pay claims on any and all such vehicles.

In that environment, the cost of writing the last school bus, or ATV, or gravel truck or taxi may appear to be minimal, and well covered by the contracted 9% of premium, however the cost of the first of each of those classes, and the cost of maintaining the system and presence is not.

Servicing Carriers must maintain provincially specific rules and product support, but are able to share some infrastructure and billing system costs across different regions. As a result, each of the smaller provinces benefits from the cost spreading of the system support through the larger volume provinces i.e. Ontario and Alberta. If the full cost of maintaining the FARM system in NL was attributed to that province, the expense provision would necessarily be higher than the current 9%.

Product changes, regardless of how welcome they are at the design and customer level, represent significant systems costs across the industry, and in FA, those costs are necessarily required in every single subclass of business. Servicing Carriers do not have the option to cease writing a minor class, such as for example ambulances, when the system cost to support product change runs hundreds and perhaps thousands of times higher than the expense provision for that sub-class of business. These costs are undertaken as they occur, and the investment is made as required, and the Servicing Carriers must be able to rely upon the compensation available across classes, and across years to be able to balance those necessary investments. The appropriateness of the 9% expense provision in a single year must be determined in conjunction with the decade of system costs and support that must be available every year for all classes.

During the last 30 years, FA has steadily lost Servicing Carriers, some through amalgamation, and many more as companies determined that the higher proportion of their costs represented by fixed system cost, and ongoing investment was simply not justifiable in the face of smaller and volatile FA volumes of business. Many Servicing Carriers have left when faced with the decision of whether to invest in system upgrades to maintain FA service levels.

In 2020, Co-operators has tendered their withdrawal from Facility Association Servicing Carrier status for precisely this reason. Perhaps more telling than even the steady departure of Servicing Carriers over the last decades is the simple fact that **no Carrier has been appointed as a Servicing Carrier**, or even pursued the possibility to become one. The contractual compensation available for Servicing Carriers is simply insufficient to incent any company to take on the fixed costs of building and then supporting the full extent of FA classes, rules and rates.

Considering this, we respectfully request the Board to accept FA's 9% Servicing Carrier operating cost and 1% Servicing Carrier fee as per the Plan of Operation, Article IX, 2(a) to be used in FA's Expense provision.

OW Question 2 *As If FA's proposed overall premium increase of +8.9% is approved, there would be a commensurate increase in the fees paid to the servicing carriers, all else being equal. As a large portion of the +8.9% increase is attributed to a higher profit provision and a lower pre-tax return on investment rate than assumed in the current rates, explain why it is reasonable to increase the fees paid to the servicing carriers?*

FA Response to OW Question 2

Please refer to the responses to question 1, as the Plan of Operation is the legislative framework, under which FA and all member companies must abide and operate by, FA has to pay the scheduled expense provisions. In addition, as the general expense is not based on the individual line of business or jurisdiction, we are unable to provide an additional comment on the calculated dollar change of general expense associated with the proposed PPV rate changes.

OW Question 3 (consists of 2 questions) *FA states in its cover letter dated May 31, 2021, that for 18% of the risks, the primary reason for submission to the FA is due to the lower FA premium.*

3.1 Does FA agree or know if it is possible that some of those risks (i.e., the 18%) could have been placed with another insurer whose rates would have been lower than FA's?

FA Response to OW Question 3.1 Facility Association is unable to provide commentary on the eligibility criteria, pricing models and loss experience of other available markets and their ability to provide rates lower than what is available through the FARM.

The information provided on the "Monthly Report of Business Placed With or Renewed through Facility Association Residual Market" ("Monthly Report") is completed by Agents and Brokers licensed to place insurance in the Province of Newfoundland & Labrador, on behalf of consumers. We trust that the information recorded and reported is an accurate representation, given that Agents and Brokers are required to adhere to Section 7.(1) of the *Consumer Protection and Business Practices Act*, and are prevented from representing, conducting or failing to disclose a material fact (such as a lower available rate), that has the effect or might reasonably have the effect of deceiving or misleading the consumer.

We recognize that Brokers may have access to the different markets and Agents are limited to a single market for the purposes of comparing pricing to Facility Association. Agents and Brokers who complete the Monthly Report are only able to provide a response for the reason to place with FA based on the standard markets available in their respective offices.

OW Question 3 (continued)

3.2 Each insurer determines its rate level need independently from other insurers using their unique loss experience and operating expense profile, and as result, there can be a wide range of rates amongst insurers. Given independent rate setting and different portfolios of risks, does FA find it unreasonable for some insurers to have higher rates than those of FA for some risks? If so, explain why this is unreasonable?

FA Response to OW Question 3.2

We acknowledge that Insurers determine their rate needs and rates independently using their unique loss experience and operating expense profile. We further acknowledge that this practice allows consumers the benefits of a healthy and competitive standard insurance market, which Facility Association strives to enhance by minimizing our market presence. The observation around the volume of business with primary reason for submission to FA being "Premium Lower than Other Markets" is concerning as it does not support FA's purpose and puts FA in a competitive position with the standard and grey markets. Furthermore, we recognize that the absence of a Profit Provision is one of the contributing factors to the observed lower FA rates in the marketplace.

The "Monthly Report of Business Placed With or Renewed through Facility Association Residual Market" was established as a non-monetary entry barrier to the Residual Market, similar to the control currently in place in New Brunswick and Nova Scotia. While this is a useful tool to understand the types of risks that are encountering difficulty in obtaining coverage in the voluntary market, the report alone does not prevent risks from being bound in the Residual Market, as outlined in our response under 3.1. In provinces like Ontario a refusal letter indicating the reason for rejection by another insurer is required to gain entry to the FARM and acts as a deterrent to attracting a private passenger

risk based on price. In Newfoundland, there is only a requirement to state the reason for placement to gain entry into the FARM.

Finance Fee

OW Question 4 *Consistent with FA's prior filing, FA has included a finance fee provision of 0.75% as an offset against other variable expenses. Can FA state the fees and net associated expenses as a percentage of premiums for each of the last three years?*

FA Response to OW Question 4

Facility Association does not directly engage in providing premium financing to policyholders insured through the FARM. Any such arrangements are strictly between the policyholder and the FA Servicing Carrier. As such, FA does not collect finance fee revenue data from Servicing Carriers.

However, based on the information provided by the Servicing Carriers, FA policyholders pay finance fees to the Servicing Carriers for private passenger vehicles. The table below provides the payment plan programs provided by FA's Servicing Carriers.

Newfoundland Payment Plan Eligibility and Charged Finance Fee

Newfoundland			
Criteria	**RSA Payment Plan Eligibility & Fee**	**Nordic/Novex Payment Plan Eligibility & Fee**	**Co-operators Payment Plan Eligibility & Fee**
Private Passenger Vehicles	Yes	Yes	Yes
ATV's	Yes	No	Yes
Motorhomes/Campers	Yes	No	Yes
Personal Use Trailers	Yes	No	Yes
Motorcycles/Mopeds	Yes	No	Yes
Snow Vehicles	Yes	No	Yes
Individually Rated Commercial (Excluding US)	Yes	Yes	Yes
Interurban	Yes	Yes	Yes
Garage	No	No	Yes
Fleet	No	No	Yes
Vehicles with US Exposure	No	No	Yes
Taxi	No	Yes	Yes
Buses, Ambulance, Funeral	No	Yes	Yes
Antique Vehicles	No	No	Yes
Premium Finance Fee	**3%**	**3%**	**0%**

It is important to emphasize that the premium finance fees are charged to reflect returns to capital providers in relation to the risk presented. Returns, by definition, are cash flows after taking into consideration costs, where risks reflect the uncertainty of the cash flows, and the amount of capital to support the service reflects the acceptable level of default of the capital provider, due to losses incurred in providing the service. In this particular case, the service is effectively the provision of a loan

to a policyholder in the amount of the insurance policy premium, with loan repayment scheduled over the course of the policy term. The direct costs incurred by the loan provider include: the direct costs of administering the program, the uncertainty of the cash flows that reflect the credit risk that is borne by the loan provider (i.e. that the loan is not repaid either on time, or completely), and the investment income opportunity cost of the funds (i.e. the investment income that could have been earned on the funds, had they not been used to provide a loan to the policyholder). This arrangement is no different than if the insured engaged a premium finance company to finance the premium. It is not part of the insurance premium as is considered a loan to finance the premium.

To acknowledge prior decisions from the NLPUB, we decided to reflect this assumption in our indication used for our rate filing.

Profit Provision

OW Question 5 *To show the rate level impact of the inclusion of the 6% of premium profit provision in the indicated rate level change estimate, as a sensitivity test, provide the rate indication based on a profit provision of 0% of premium instead of 6%, and no other changes in assumptions?*

FA Response to OW Question 5

The table below shows the alternative rate indications based on a profit provision of 0% of premium instead of 6%, no other changes.

NL PPV alternative indications with 0% RoP, no other change

	Per Submitted Filing			OW Question 5
Coverage	mgmt assumps @ 12% ROE [1]	mgmt assumps @ 6% ROP [2]	mgmt assumps @ 6% ROP Proposed Rate Change [3]	mgmt assumps @ 6% ROP & + alternative RoP 0.0% [4]
Bodily Injury	19.1%	15.5%	12.0%	5.9%
Property Damage	19.1%	15.5%	12.0%	5.9%
DCPD	19.1%	15.5%	12.0%	5.9%
Third Party Liability				
Accident Benefits	11.9%	8.4%	8.4%	(0.6%)
Uninsured Automobile	14.8%	11.3%	11.3%	2.0%
Underinsured Motorist	6.7%	3.5%	3.5%	(5.2%)
Collision	2.4%	(0.7%)	-	(9.0%)
Comp	(3.4%)	(6.3%)	-	(14.1%)
Specified Perils	29.8%	25.9%	-	15.4%
All Perils	n/a	n/a	n/a	n/a
Total	**14.1%**	**10.7%**	**8.9%**	**1.5%**

OW Question 6 (consists of 3 questions) *As sensitivity tests:*

6.1 Provide the rate indications based on the Board's prior pre-tax ROI guideline (minimum) of 2.8% instead of 1.44%; and no other changes in assumptions

FA Response to OW Question 6.1

The table below shows the alternative rate indications based on a 2.8% pre-tax RoI, no other changes.

NL PPV alternative indications with 2.8% RoI, no other change

	Per Submitted Filing			OW Question 6.1
Coverage	mgmt assumps [1]	mgmt assumps [2]	mgmt assumps & @ 6% ROP Proposed Rate Change [3]	mgmt assumps @ 6% ROP + alternative RoI 2.8% [4]
Bodily Injury	19.1%	15.5%	12.0%	10.7%
Property Damage	19.1%	15.5%	12.0%	10.7%
DCPD	19.1%	15.5%	12.0%	10.7%
Third Party Liability				
Accident Benefits	11.9%	8.4%	8.4%	5.0%
Uninsured Automobile	14.8%	11.3%	11.3%	7.7%
Underinsured Motorist	6.7%	3.5%	3.5%	(1.8%)
Collision	2.4%	(0.7%)	-	(1.5%)
Comp	(3.4%)	(6.3%)	-	(7.3%)
Specified Perils	29.8%	25.9%	-	24.4%
All Perils	n/a	n/a	n/a	n/a
Total	**14.1%**	**10.7%**	**8.9%**	**6.9%**

OW Question 6 (continued)

6.2 Provide the rate indications based on a pre-tax ROI of 2.44% instead of 1.44%; and no other changes in assumptions.

FA Response to OW Question 6.2

The table at the top of the next page shows the alternative rate indications based on a 2.44% pre-tax RoI, no other changes.

NL PPV alternative indications with 2.44% RoI, no other change

	Per Submitted Filing			OW Question 6.2
Coverage	mgmt assumps [1]	mgmt assumps [2]	mgmt assumps & @ 6% ROP Proposed Rate Change [3]	mgmt assumps @ 6% ROP + alternative RoI 2.44% [4]
Bodily Injury	19.1%	15.5%	12.0%	11.9%
Property Damage	19.1%	15.5%	12.0%	11.9%
DCPD	19.1%	15.5%	12.0%	11.9%
Third Party Liability				
Accident Benefits	11.9%	8.4%	8.4%	5.9%
Uninsured Automobile	14.8%	11.3%	11.3%	8.6%
Underinsured Motorist	6.7%	3.5%	3.5%	(0.6%)
Collision	2.4%	(0.7%)	-	(1.3%)
Comp	(3.4%)	(6.3%)	-	(7.1%)
Specified Perils	29.8%	25.9%	-	24.7%
All Perils	n/a	n/a	n/a	n/a
Total	**14.1%**	**10.7%**	**8.9%**	**7.8%**

OW Question 6 (continued)

6.3 Provide the rate indications by combining Questions 5 and 6.1; and no other changes in assumptions.

FA Response to OW Question 6.3

The table below shows the alternative rate indications based on a 0% RoP and 2.8% pre-tax RoI, no other changes.

NL PPV alternative indications with 0% RoP and 2.8% RoI, no other change

	Per Submitted Filing			OW Question 6.3
Coverage	mgmt assumps [1]	mgmt assumps [2]	mgmt assumps & @ 6% ROP Proposed Rate Change [3]	mgmt assumps + alternative RoI 2.8% & 0.0% RoP [4]
Bodily Injury	19.1%	15.5%	12.0%	1.5%
Property Damage	19.1%	15.5%	12.0%	1.5%
DCPD	19.1%	15.5%	12.0%	1.5%
Third Party Liability				
Accident Benefits	11.9%	8.4%	8.4%	(3.7%)
Uninsured Automobile	14.8%	11.3%	11.3%	(1.3%)
Underinsured Motorist	6.7%	3.5%	3.5%	(10.0%)
Collision	2.4%	(0.7%)	-	(9.7%)
Comp	(3.4%)	(6.3%)	-	(15.1%)
Specified Perils	29.8%	25.9%	-	14.0%
All Perils	n/a	n/a	n/a	n/a
Total	**14.1%**	**10.7%**	**8.9%**	**(2.0%)**

OW Question 7 *Based on the reporting in the P&C-1 financial statements, in the Province of Newfoundland and Labrador, the written premium weighted average pre-tax return on investment rate*

for automobile insurers operating in the province was approximately 2.00%, 3.61% and 3.48%, respectively for 2018 to 2020; an average of 3.03%. As a sensitivity test, provide the rate indication based on a pre-tax ROI of 3.0%, instead of 1.44%, and no other changes in assumptions.

FA Response to OW Question 7

The table below shows the alternative rate indications based on a 3.0% pre-tax RoI, no other changes.

NL PPV alternative indications with 3.0% RoI, no other change

	Per Submitted Filing			OW Question 7
Coverage	mgmt assumps [1]	mgmt assumps [2]	mgmt assumps & @ 6% ROP Proposed Rate Change [3]	mgmt assumps @ 6% ROP + alternative RoI 3.0% [4]
Bodily Injury	19.1%	15.5%	12.0%	10.1%
Property Damage	19.1%	15.5%	12.0%	10.1%
DCPD	19.1%	15.5%	12.0%	10.1%
Third Party Liability				
Accident Benefits	11.9%	8.4%	8.4%	4.4%
Uninsured Automobile	14.8%	11.3%	11.3%	7.2%
Underinsured Motorist	6.7%	3.5%	3.5%	(2.6%)
Collision	2.4%	(0.7%)	-	(1.8%)
Comp	(3.4%)	(6.3%)	-	(7.6%)
Specified Perils	29.8%	25.9%	-	24.3%
All Perils	n/a	n/a	n/a	n/a
Total	**14.1%**	**10.7%**	**8.9%**	**6.4%**

OW Question 8 *As directed by the Board's filing guidelines, insurers are to assume a pre-tax ROI based on the expected total ROI for all investment assets – aligned with the ROI rates noted in Question 7 above - in their rate applications. Specifically, the guidelines state: "While the expected investment return selected should consider new money rates, the Board anticipates that the selected expected investment return will be close to the actual investment return the insurer earned within the recent past and reflect the mix of all investment assets expected to be held by the insurer." Given this, explain why it is reasonable for FA to propose an ROI of 1.44% based on an approach that does not consider all assets held by insurers, but instead only government bonds.*

FA Response to OW Question 8

The FA status within the automobile insurance industry is **unique** and we would respectfully argue that our new methodology is not inconsistent with the Board's guidelines as it reflect its reality.

As stated in Section 4, page 31 to 33 of the current filing:

> *"Considering that the members of FA hold the capital supporting FARM business as well as the assets supporting its insurance cash flows, we would agree that their actual return on those investments should be included in the calculation of the appropriate rate level and should reflect the long-term investment yields. However, we also* ***need to consider the environment in which***

***FA operates the FARM business**. The following considerations should be kept in mind when deciding the appropriate methodology to use*:

FA Bulletin F05-031 (included in Appendix A) which had for subject: TRANSFER OF FACILITY ASSOCIATION RESIDUAL MARKET (FARM) RELATED FUNDS TO MEMBER COMPANIES and its excerpts below:

1. ***Purpose of Transfer of Funds***
   a. *Transferring these funds to Members will allow them to invest these funds based upon their own investment plans and policies.* ***Please note that any investment losses on these funds will be borne solely by your company.*** *Also, since 100% of all FARM policyholder payments will eventually be made directly by Facility Association**,*** ***FARM policyholder funds held by Members will eventually need to be returned to the Facility Association*** *to enable it to pay the policyholder claims to which these funds relate.*

2. ***Timing of Repayment to the Facility Association***
   a. *While the Facility Association will make every effort to provide a full quarter advance notice before requesting the return of any of these funds from Members, this may not always be possible since cash flows can be quite volatile within the residual markets. <u>All members must remain prepared to return funds within the timeframe requested by the Facility Association, since all requests will be solely as a result of an impending need to pay claims and/or return unearned premiums to policyholders insured through the FARM</u>.*

3. ***Accounting for this Transfer of Funds***
   a. *Be sure to maintain the balance "<u>FARM Funds due to Facility Association" separately in your books</u> since there should be no interaction whatsoever with any other Facility Association account maintained within the books of your company. Facility Association will administer both the payment of these funds to your company and the eventual recollection of same from your company, i.e. to allow Facility Association to pay the FARM policyholder claims to which these funds relate.*

As well as **Article XV** of our Plan of Operations:

ARTICLE XV – JOINT LIABILITY FOR ASSOCIATION BUSINESS

1. *In the event of failure of any member, through insolvency or otherwise, to pay promptly its portion of any loss or expense after the Board shall have made written demand upon the member to pay such loss or expense, the Board shall report the delinquency to all members.*

2. *If the loss or expense remains unpaid beyond a reasonable period all of the other members, upon notification by the Board, shall promptly pay their respective shares of such loss or expense, each contributing its respective share as provided in Article V with the basis of sharing adjusted to exclude the car years or premiums earned of the member in default. Members having made such contributions shall have the right of recovery therefor against the member in default, provided, however, that the Board may enter into an agreement with any such member in default, or with the legal representative thereof, or, in the case of a member who has or is withdrawing from business in one or more jurisdictions, in connection with prospective shares of loss or expense in future years as to an amount which shall constitute a full settlement of all of the obligations of said member to the remaining members. The Board may authorize the commencement of a representative action to be taken in the name of the Association for the full amount of such unpaid loss or expense.*

Considering these, we believe that the RoI used should be between the one based on a Risk-free methodology (such as the one used in the current filing of 0.1%) and an industry methodology (such as the NBIB methodology). Indeed, one can argue that the funds (i.e. capital supporting FARM business as well as the assets supporting its insurance cash flows) should theoretically be invested in less risky investments than the funds backing their regular portfolio. For these reasons, we decided to use what we called the "**Government Bond methodology**."

As such, we believe the proposed methodology "Government Bond methodology" is reasonable.

Loss Development – FA Experience

OW Question 9 *In Appendix A, Part 1, page 3 of 56, under the Incurred Development Method summary it references "incl Loss adj" within the title. Confirm this is incorrect, and that the data only includes indemnity amounts. (This title is presented for all coverages.) Otherwise, explain why additional provisions for loss adjustment expenses are included separately.*

FA Response to OW Question 9

This is a column title from our valuation template. "Loss adj" here doesn't refer to loss adjustment expenses, rather it refers to any portion of the reported claims we want to exclude from the loss development calculation. The purpose of doing this would be to exclude large losses, which are at or near policy limits from the loss development calculation.

At this time, we are not applying any adjustment to any of our coverages.

OW Question 10 *Provide the rationale for selecting the Net Zero Incurred method, rather than the Incurred Method*.

FA Response to OW Question 10

This method, "Incurred (zero IBNR)" sets the ultimate claims equal to incurred claims, where IBNR equal to zero.

This method is generally used in the following situations:

1. If our selected development pattern implies negative claim development (negative IBNR) which we do not believe is justified, and especially in cases when the incurred claims are already higher than our expected loss ratio estimate of ultimate claims;
2. Sometimes it is used in situations where it is equal to the incurred loss development method (i.e. we believe the claims are fully developed), just because the "zero IBNR method" had been used previously.

Loss Trend - General

OW Question 11 *As a sensitivity test, provide the rate indications based on the Board's guideline loss trend rates as of June 30, 2020. Please include excel indication model with this response.*

FA Response to OW Question 11

The table below shows the alternative rate indications based on the Board's guideline loss trend rates as of June 30, 2020, no other changes. The indication excel file is attached as "*FA NL 2021 Q2 PPV indications - coverage v03 (Q11).xlsx*"

NL PPV alternative indications with Board's loss trend rates as of June 30, 2020, no other change

	Per Submitted Filing			OW Question 11
Coverage	mgmt assumps [1]	mgmt assumps [2]	mgmt assumps & @ 6% ROP Proposed Rate Change [3]	mgmt assumps @ 6% ROP + alternative PUB Benchmark Trends at 2020H1 [4]
Bodily Injury	19.1%	15.5%	12.0%	15.7%
Property Damage	19.1%	15.5%	12.0%	15.7%
DCPD	19.1%	15.5%	12.0%	15.7%
Third Party Liability				
Accident Benefits	11.9%	8.4%	8.4%	6.3%
Uninsured Automobile	14.8%	11.3%	11.3%	12.9%
Underinsured Motorist	6.7%	3.5%	3.5%	9.6%
Collision	2.4%	(0.7%)	-	6.1%
Comp	(3.4%)	(6.3%)	-	(2.9%)
Specified Perils	29.8%	25.9%	-	30.7%
All Perils	n/a	n/a	n/a	n/a
Total	**14.1%**	**10.7%**	**8.9%**	**12.1%**