



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

DIRECTIVE A.I. 2015-03

ISSUED: December 22, 2015

TO: All insurers, including Facility Association, transacting the business of automobile insurance in the province of Newfoundland and Labrador

**SUBJECT: Revised Loss Trends and Development Factors
Private Passenger Automobiles and Commercial Automobiles**

The Board advises that the loss trends and development factors accepted for use by insurers in making Category 2 automobile insurance rate filings have been updated to include industry data to December 31, 2014.

Insurers may use these factors as published without requirement for supporting data or rationale. Insurers opting to use factors other than those accepted by the Board will be required to provide satisfactory data supporting their chosen factors and rationale why their selected factors are more appropriate for use by the insurer.

Insurers contemplating a Category 2 automobile insurance rate filing should reference the attached, or refer to the Board's website at www.pub.nl.ca/insurance.htm.

Should you have any questions regarding this matter please contact Mr. Travis Fisher, Regulatory Analyst, at tfisher@pub.nl.ca.

Yours truly,

A handwritten signature in blue ink that reads "C. Blundon".

Cheryl Blundon
Board Secretary

Attachment

**Oliver Wyman Selected Loss Trend Rates
As of December 31, 2014
Newfoundland and Labrador
Private Passenger Automobiles (Excluding Farmers)**

| Coverage | Past Loss Cost | Future Loss Cost |
|----------------------|---------------------------|-----------------------------|
| Bodily Injury | +4.0% | +4.0% |
| Property Damage | +5.5% | +5.5% |
| Accident Benefits | +4.0% | +4.0% |
| Uninsured Automobile | +2.0% | +2.0% |
| Collision | +6.5% | +6.5% |
| Comprehensive | +6.5% | +6.5% |
| Specified Perils | +6.5% | +6.5% |
| All Perils | +6.5% | +6.5% |
| SEF 44 | +5.0% | +5.0% |

Oliver Wyman Selected Age-to-Ultimate Development Factors
As of December 31, 2014
Newfoundland and Labrador
Private Passenger Automobile (Excluding Farmers)

As of 2014-2
Age-to-Ultimate Factors
Incurred Claim Amount

| | Bodily Injury | Property Damage | Accident Benefits | Collision | Compre- hensive | Specified Perils | All Perils | Uninsured |
|---------|--------------------------|----------------------------|------------------------------|------------------|----------------------------|-----------------------------|-------------------|------------------|
| 180-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 174-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 168-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 162-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 156-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 150-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 144-Ult | 0.9998 | 1.0000 | 1.0003 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 0.9972 |
| 138-Ult | 1.0000 | 0.9982 | 0.9992 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 0.9940 |
| 132-Ult | 1.0002 | 1.0003 | 1.0024 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 0.9896 |
| 126-Ult | 0.9994 | 0.9996 | 1.0024 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 0.9927 |
| 120-Ult | 1.0028 | 0.9994 | 1.0027 | 0.9998 | 1.0000 | 1.0000 | 1.0000 | 0.9948 |
| 114-Ult | 1.0021 | 0.9987 | 1.0026 | 0.9999 | 0.9999 | 1.0000 | 1.0000 | 0.9913 |
| 108-Ult | 0.9988 | 0.9990 | 1.0058 | 0.9998 | 0.9999 | 1.0000 | 1.0000 | 0.9948 |
| 102-Ult | 1.0035 | 0.9989 | 1.0047 | 0.9998 | 0.9999 | 1.0000 | 1.0000 | 0.9895 |
| 96-Ult | 1.0042 | 0.9988 | 1.0035 | 0.9993 | 0.9999 | 1.0000 | 1.0000 | 0.9402 |
| 90-Ult | 1.0078 | 0.9988 | 1.0042 | 0.9992 | 0.9999 | 1.0000 | 1.0000 | 0.9481 |
| 84-Ult | 1.0120 | 0.9986 | 0.9953 | 0.9992 | 0.9999 | 1.0000 | 1.0000 | 0.9287 |
| 78-Ult | 1.0134 | 0.9979 | 1.0037 | 0.9992 | 0.9999 | 1.0000 | 1.0000 | 0.9225 |
| 72-Ult | 1.0116 | 0.9974 | 1.0016 | 0.9996 | 0.9999 | 1.0000 | 1.0000 | 0.8842 |
| 66-Ult | 1.0234 | 0.9983 | 0.9976 | 0.9995 | 0.9999 | 1.0000 | 0.9996 | 0.9130 |
| 60-Ult | 1.0319 | 0.9978 | 1.0062 | 0.9993 | 0.9998 | 1.0000 | 0.9996 | 0.9183 |
| 54-Ult | 1.0321 | 0.9965 | 1.0049 | 0.9989 | 0.9980 | 1.0000 | 0.9996 | 0.9256 |
| 48-Ult | 1.0459 | 0.9971 | 0.9963 | 0.9986 | 0.9980 | 1.0000 | 0.9995 | 0.9154 |
| 42-Ult | 1.0587 | 0.9941 | 1.0026 | 0.9980 | 0.9979 | 1.0000 | 0.9985 | 0.9108 |
| 36-Ult | 1.0949 | 0.9911 | 0.9909 | 0.9964 | 0.9963 | 1.0000 | 0.9939 | 0.9697 |
| 30-Ult | 1.1195 | 0.9895 | 0.9640 | 0.9940 | 0.9959 | 1.0000 | 0.9768 | 0.9909 |
| 24-Ult | 1.1633 | 0.9837 | 0.9670 | 0.9854 | 0.9971 | 1.0000 | 0.9662 | 1.1100 |
| 18-Ult | 1.2045 | 0.9885 | 0.9512 | 0.9680 | 0.9992 | 0.9766 | 0.9483 | 1.1813 |
| 12-Ult | 1.2858 | 0.9966 | 0.8902 | 0.9206 | 1.0105 | 0.7009 | 0.8674 | 1.1822 |
| 6-Ult | 1.7263 | 1.1361 | 0.8651 | 0.8052 | 1.1531 | 1.2208 | 0.7443 | 1.7222 |

**Oliver Wyman Selected Age-to-Ultimate Development Factors
As of December 31, 2014
Newfoundland and Labrador
Private Passenger Automobile (Excluding Farmers)**

**As of 2014-2
Age-to-Ultimate Factors
Incurred Claim Count**

| | Bodily Injury | Property Damage | Accident Benefits | Collision | Compre- hensive | Specified Perils | All Perils | Uninsured |
|---------|--------------------------|----------------------------|------------------------------|------------------|----------------------------|-----------------------------|-------------------|------------------|
| 180-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 174-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 168-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 162-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 156-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 150-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 144-Ult | 1.0000 | 1.0000 | 1.0002 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 0.9978 |
| 138-Ult | 1.0000 | 0.9999 | 1.0002 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0001 |
| 132-Ult | 1.0003 | 0.9999 | 1.0002 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 0.9950 |
| 126-Ult | 1.0002 | 0.9999 | 1.0002 | 0.9999 | 1.0000 | 1.0000 | 1.0000 | 0.9921 |
| 120-Ult | 1.0003 | 0.9999 | 1.0002 | 0.9999 | 1.0000 | 1.0000 | 1.0000 | 0.9921 |
| 114-Ult | 0.9998 | 0.9999 | 1.0002 | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 0.9891 |
| 108-Ult | 0.9991 | 0.9999 | 1.0000 | 0.9999 | 1.0000 | 1.0000 | 1.0000 | 0.9835 |
| 102-Ult | 0.9991 | 0.9999 | 0.9997 | 0.9999 | 1.0000 | 1.0000 | 1.0000 | 0.9835 |
| 96-Ult | 0.9991 | 0.9998 | 0.9995 | 0.9999 | 1.0000 | 1.0000 | 1.0000 | 0.9835 |
| 90-Ult | 0.9992 | 0.9998 | 0.9995 | 0.9998 | 1.0001 | 1.0000 | 1.0000 | 0.9835 |
| 84-Ult | 0.9994 | 0.9998 | 0.9995 | 0.9998 | 1.0001 | 1.0000 | 1.0000 | 0.9835 |
| 78-Ult | 0.9977 | 0.9998 | 0.9997 | 0.9998 | 1.0001 | 1.0000 | 1.0000 | 0.9757 |
| 72-Ult | 0.9939 | 0.9995 | 1.0000 | 0.9997 | 1.0000 | 1.0000 | 1.0000 | 0.9730 |
| 66-Ult | 0.9948 | 0.9994 | 0.9986 | 0.9996 | 1.0001 | 1.0000 | 1.0000 | 0.9916 |
| 60-Ult | 0.9924 | 0.9990 | 0.9977 | 0.9996 | 1.0001 | 1.0000 | 1.0000 | 0.9970 |
| 54-Ult | 0.9955 | 0.9986 | 0.9971 | 0.9994 | 1.0001 | 1.0000 | 1.0000 | 0.9894 |
| 48-Ult | 0.9937 | 0.9980 | 0.9963 | 0.9990 | 1.0001 | 1.0000 | 1.0000 | 0.9821 |
| 42-Ult | 0.9994 | 0.9977 | 0.9946 | 0.9988 | 1.0001 | 1.0000 | 1.0000 | 0.9776 |
| 36-Ult | 1.0027 | 0.9969 | 0.9955 | 0.9983 | 1.0001 | 1.0000 | 1.0000 | 0.9997 |
| 30-Ult | 0.9991 | 0.9953 | 0.9907 | 0.9975 | 1.0002 | 1.0000 | 1.0000 | 1.0162 |
| 24-Ult | 1.0099 | 0.9951 | 0.9880 | 0.9950 | 1.0013 | 1.0000 | 0.9980 | 1.0608 |
| 18-Ult | 1.0168 | 0.9960 | 0.9831 | 0.9900 | 1.0033 | 0.9583 | 1.0017 | 1.0656 |
| 12-Ult | 1.0017 | 0.9982 | 0.9456 | 0.9726 | 1.0254 | 0.7912 | 0.9908 | 1.0984 |
| 6-Ult | 1.0480 | 1.1221 | 0.8579 | 0.9452 | 1.2935 | 1.1578 | 0.9764 | 1.3790 |

**Oliver Wyman Selected Loss Trend Rates
As of December 31, 2014
Newfoundland and Labrador
Commercial Automobiles (Excluding Farmers)**

| Coverage | Past Loss Cost | Future Loss Cost |
|-------------------|---------------------------|-----------------------------|
| Bodily Injury | +3.0% | +3.0% |
| Property Damage | +3.0% | +3.0% |
| Accident Benefits | +7.0% | +7.0% |
| Collision | +0.0% | +0.0% |
| Comprehensive | +1.5% | +1.5% |
| Specified Perils | +1.5% | +1.5% |

Oliver Wyman Selected Age-to-Ultimate Development Factors
As of December 31, 2014
Newfoundland and Labrador
Commercial Automobile (Excluding Farmers)

As of 2014-2
Age-to-Ultimate Factors
Incurred Claim Amount

| | Bodily Injury | Property Damage | Accident Benefits | Collision | Comprehensive |
|---------|----------------------|------------------------|--------------------------|------------------|----------------------|
| 180-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 174-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 168-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 162-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 156-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 150-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 144-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 138-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 132-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 126-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 120-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 114-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 108-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 102-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 96-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 90-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 84-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 78-Ult | 1.0000 | 1.0000 | 1.0020 | 1.0000 | 1.0000 |
| 72-Ult | 0.9990 | 1.0010 | 1.0030 | 1.0000 | 1.0000 |
| 66-Ult | 1.0060 | 1.0000 | 1.0030 | 1.0000 | 1.0000 |
| 60-Ult | 1.0150 | 1.0010 | 0.9990 | 1.0000 | 1.0000 |
| 54-Ult | 1.0230 | 0.9870 | 0.9570 | 1.0000 | 1.0000 |
| 48-Ult | 1.0480 | 0.9910 | 0.9650 | 1.0000 | 1.0000 |
| 42-Ult | 1.0620 | 0.9900 | 0.9320 | 1.0000 | 1.0000 |
| 36-Ult | 1.0780 | 0.9970 | 0.9710 | 0.9970 | 1.0000 |
| 30-Ult | 1.1180 | 0.9810 | 0.9450 | 0.9920 | 1.0000 |
| 24-Ult | 1.1400 | 0.9830 | 0.9000 | 0.9910 | 1.0210 |
| 18-Ult | 1.2260 | 0.9810 | 0.8850 | 0.9670 | 1.0270 |
| 12-Ult | 1.3140 | 1.0250 | 0.7970 | 0.9200 | 1.0260 |
| 6-Ult | 1.8020 | 1.1880 | 0.8760 | 0.8340 | 1.1460 |

Oliver Wyman Selected Age-to-Ultimate Development Factors
As of December 31, 2014
Newfoundland and Labrador
Commercial Automobile (Excluding Farmers)

As of 2014-2
Age-to-Ultimate Factors
Incurred Claim Count

| | Bodily Injury | Property Damage | Accident Benefits | Collision | Comprehensive |
|---------|----------------------|------------------------|--------------------------|------------------|----------------------|
| 180-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 174-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 168-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 162-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 156-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 150-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 144-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 138-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 132-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 126-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 120-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 114-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 108-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 102-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 96-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 90-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 84-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 78-Ult | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 72-Ult | 0.9990 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 66-Ult | 0.9990 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 60-Ult | 1.0010 | 1.0000 | 0.9930 | 1.0000 | 1.0000 |
| 54-Ult | 1.0000 | 1.0000 | 0.9870 | 1.0000 | 1.0000 |
| 48-Ult | 0.9990 | 1.0000 | 0.9900 | 1.0000 | 1.0000 |
| 42-Ult | 0.9990 | 1.0000 | 0.9860 | 1.0000 | 1.0000 |
| 36-Ult | 0.9950 | 0.9990 | 0.9930 | 1.0000 | 1.0000 |
| 30-Ult | 0.9930 | 1.0000 | 0.9830 | 0.9950 | 1.0000 |
| 24-Ult | 0.9880 | 1.0000 | 0.9510 | 0.9970 | 1.0020 |
| 18-Ult | 0.9930 | 0.9990 | 0.9530 | 0.9880 | 1.0050 |
| 12-Ult | 0.9910 | 1.0050 | 0.9020 | 0.9730 | 1.0210 |
| 6-Ult | 1.0620 | 1.1230 | 0.9410 | 0.9340 | 1.2750 |