

CMMG (MPI)

CMMG (MPI) 2-1

Part and Chapter:		Page No.:	
PUB Approved Issue No:			
Topic:			
Sub Topic:			

Preamble to IR (If Any):

When the 2017 actual losses as indicated in Fig. 1 of CMMG IR 1-4 are compared to the 2017. PIPP incurred motorcycle losses in Fig. 2 of MCCM IR 1 - 7, there is a substantial difference in the amount of the losses (\$10,004,678.00 v. \$5,623,016).

Question:

Given that PIPP losses make up almost all of motorcyclists incurred losses, why is the CMMG IR 1 - 7 number almost half? Even if the Fig. 2 numbers are not ultimate, this should not explain the magnitude of the discrepancy.

Rationale for Question:**RESPONSE:**

The difference between the \$10.0M and the \$5.6M is a result of multiple factors:

- The \$10.0M figure reflects total ultimate losses for the motorcycle major class based on the PUB approved PIPP claims cost allocation. Of this \$10.0M, \$8.4M relates to PIPP ultimate losses.
- The table below presents the derivation of the \$8.4M in PIPP ultimate losses. Actual PIPP losses as of February 28, 2018 (i.e. before consideration of loss development) are \$4.2M.

Figure 1: Motorcycle Major Class PIPP Losses

Line No.	Loss Ins Year	Inurred Claims [a]	Loss Devt Factor [a]	Ultimate Inurred Claim
1	Accident Benefits - Other (Indexed)	1,833,768	1.1729	2,150,839
2	Accident Benefits - Other (Non-Indexed)	1,434,503	1.5794	2,265,642
3	Accident Benefits - IRI	950,074	4.1410	3,934,279
4	Total	4,218,345		8,350,759

5 Notes:

6 [a] Per Part V, Ratemaking, RM Appendix 9, pages 60 to 62

- The PUB-approved PIPP claims cost allocation explains the remaining difference between the \$4.2M in actual PIPP losses as of February 28, 2018 and the \$5.6M amount found at Fig. 2 of MCCM IR 1 - 7 (i.e. \$1.4M). Specifically, the \$5.6M figure reflects actual PIPP losses as of February 28, 2018 before the cost allocation and the \$4.2M figure reflects actual PIPP losses as of February 28, 2018 after the cost allocation.

CMMG (MPI) 2-2

Part and Chapter:		Page No.:	
PUB Approved Issue No:			
Topic:			
Sub Topic:			

Preamble to IR (If Any):

Referencing CMMG (MPI) 1 - 11, Appendix 1

Question:

Please explain interest transfer from retained earnings from 2009 to 2013, explaining the significance of the brackets or lack of same and explaining the abbreviations "ITF" and "ITOF".

Rationale for Question:**RESPONSE:**

From 2009/10 to 2013/14, in column (f), the amounts in brackets depict that amount transferred from the Rate Stabilization Reserve (RSR) to the Basic Retained Earnings. Amounts were transferred from RSR to Retained Earnings if the balance exceeded the RSR target. The amounts not in brackets in column (f) depict amounts that had to be transferred back from Basic Retained Earnings to the RSR if the RSR balance did not exceed the RSR target.

The abbreviation "IIF", as defined in column (k), is Immobilizer Incentive Fund. The abbreviation "ITOF", as defined in column (l), is Information Technology Optimization Fund.

In columns (g) & (h), the amounts in brackets depict a transfer from the Rate Stabilization Reserve to IIF or ITOF. The amounts not in brackets in column (g) depict a utilization of the fund. The amounts not in brackets in column (h) depict the closing of the ITOF as it was not utilized.

CMMG (MPI) 2-3

Part and Chapter:		Page No.:	
PUB Approved Issue No:			
Topic:			
Sub Topic:			

Preamble to IR (If Any):

CMMG/MPI 1 - 9 indicates that the Alberta rates were based upon the average of several private insurers.

Question:

Kindly provide each of the rates that were averaged together.

Rationale for Question:**RESPONSE:**

A third party is used to obtain coverage and premium information for private insurers under agreement for the purposes of comparing vehicle rates. The names of the specific companies and the individual rates used in the analysis are considered to be proprietary information and can be used only for the purposes of publishing aggregated comparative vehicle rate information. A dispersion analysis of the rates, including the minimum, maximum, 25th percentile, and 75th percentile dispersion, is provided in the following table.

2004 GMC Sierra 1500 Extended CAB 50 year old male primary driver, claims and convictions free, and no secondary driver	Calgary
Minimum	\$1,044
Maximum	\$1,811
Median	\$1,408
25 th percentile	\$1,107
75 th percentile	\$1,494
Average	\$1,362

Currently, there is no single third-party data service that provides comparative rates from private insurers for motorcycles in Canada. The Alberta rate is a single rate quote.