

October 25, 2018

2019 GENERAL RATE APPLICATION
Undertaking #17 Transcript Page 800**Undertaking #17**

MPI to provide a fiscal year-to-date account of the actual revenue impact of the change, the rate level change and how close it is to being in line with the original estimate of a million dollars per year. And provide the premium and claims information and loss ratio for the four (4) vehicle for hire categories, latest available information MPI has.

RESPONSE:

MPI assumed that Taxi VFH would experience a \$1 million reduction in premium relative to a written premium base of \$5.7 million (before reduction). This adjustment reflects an approximately 17.5% reduction in premium. To-date, the average Taxi VFH has received a DSR discount of approximately 20.6%, which is slightly larger than anticipated by MPI. However, as outlined below, the claims costs for Taxi VFH have tracked closely with the premium reductions.

The table below shows the reported-to-date earned premium, claims incurred, and loss ratio for the four vehicle for hire categories. Although there are some general trends observed in the data, the reported-to-date experience should not be considered credible for the determination of 2019 rates. MPI will apply for updated rates for vehicle for hire categories using the existing PUB approved ratemaking methodology in the 2020 GRA.

Figure 1: Data as of September 1, 2018

	Policies	Earned Premiums	Claims	Claims Incurred	Loss Ratio
Accessible VFH	111	\$56,247	25	\$59,870	106.40%
Limo VFH	79	\$76,832	9	\$45,167	58.80%
Passenger VFH	497	\$322,658	116	\$406,380	125.90%
Taxicab VFH	554	\$1,796,478	370	\$1,294,321	72.00%
Grand Total	1,241	\$2,252,215	520	\$1,805,738	80.20%