

October 27, 2020

2021 GENERAL RATE APPLICATION  
Undertaking #16 Transcript Page 601**Undertaking #16**

MPI to undertake to provide an estimate of the amount of claims that would be transferred between property damage third-party deductible transfer and collision.

**RESPONSE:**

MPI reviewed all claims with a property damage third-party deductible (PDTPD) incurred for loss years 2013 to 2019. *Figure 1* below shows the claim count and incurred amount as of February 29, 2020 for claims with a PDTPD incurred of \$500. Based on the assumption that the amounts transferred from PDTPD to collision will increase from \$500 to \$750 per claim, MPI estimates an additional transfer of approximately \$8 million per loss year. MPI notes that this is simply a transfer from one Basic coverage to another Basic coverage. Per the response to PUB (MPI) 2-4,

*"MPI did not calculate the amount transferable from PDTPD to Collision given that there is no effect (to MPI) on overall loss costs."*

**Figure 1 Property Damage Third-Party Deductible Claims**

Line No.	Loss Year	Claim Count	Incurred	Estimated Additional Transfer*
1	2013	35,804	\$17,902,000	\$8,951,000
2	2014	31,150	\$15,575,000	\$7,787,500
3	2015	31,349	\$15,674,500	\$7,837,250
4	2016	32,132	\$16,066,000	\$8,033,000
5	2017	32,874	\$16,437,000	\$8,218,500
6	2018	31,761	\$15,880,500	\$7,940,250
7	2019	30,722	\$15,361,000	\$7,680,500
8	<b>Average</b>	<b>32,256</b>	<b>\$16,128,000</b>	<b>\$8,064,000</b>
9	*Estimated Additional Transfer = Incurred / 2			