

October 31, 2020

Undertaking #30

MPI to provide the build-up for the amounts shown for all DSR levels from the information shown in Figures RM-11 and RM-12, and MPI to advise as to whether the amounts shown in figures RM-11 and RM-12 reflect the same data exclusions as applied for the pricing examination.

RESPONSE:

Figure 1 below shows the derivation of the average loss costs for 'All DSR Levels' as presented in *DSR Appendix 1, Figure 3*. Figure 1 is based on the initial GRA filed on June 17, 2020. Using the updated GRA filing on October 9, 2020 results in very marginal changes. Figure 2 below shows the calculated discounts and surcharges based on the initial GRA filing and the updated GRA filing, and the variances between the two filings.

MPI used the average loss costs for Major Class 1 since all the merit eligible passenger vehicles and light trucks used in the DSR analysis are in Major Class 1. Further, MPI did not make any adjustments to the average loss costs for Major Class 1 since the merit eligible passenger vehicles and light trucks used in the DSR analysis reflect almost 99% ($= 801,088 / 812,577$) of total vehicles in Major Class 1.

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Undertaking #30 Transcript Page 1501**Figure 1 Derivation of Average Loss Cost**

Line No.	Vehicle Type	Source	Average Loss Cost
1	<u>Average Loss Cost - Collision, Comprehensive, Property Damage and Bodily Injury</u>		
2	Bodily Injury	Figure RM-11 - Major Class 1	5.09
3	Impact of Product Change	Figure RM-11 - Major Class 1	1.22
4	Collision	Figure RM-11 - Major Class 1	543.91
5	Impact of Product Change	Figure RM-11 - Major Class 1	-18.09
6	Comprehensive	Figure RM-11 - Major Class 1	117.50
7	Impact of Product Change	Figure RM-11 - Major Class 1	-18.32
8	Property Damage	Figure RM-11 - Major Class 1	46.19
9	Impact of Product Change	Figure RM-11 - Major Class 1	0.25
10	Total		677.75
11	Total incl Claims Expenses*		795.44
12	<u>Average Loss Cost - PIPP</u>		
13	Accident Benefits - Other (Indexed)	Figure RM-11 - Major Class 1	87.31
14	Accident Benefits - Other (Non-Ind)	Figure RM-11 - Major Class 1	25.31
15	Income Replacement Indemnity	Figure RM-11 - Major Class 1	73.99
16	"Pool" Costs	Figure RM-11 - Major Class 1	
17	Accident Benefits - Other (Indexed)	Figure RM-11 - Major Class 1	24.95
18	Accident Benefits - Other (Non-Ind)	Figure RM-11 - Major Class 1	9.78
19	Income Replacement Indemnity	Figure RM-11 - Major Class 1	20.22
20	Total		241.56
21	Total incl Claims Expenses*		283.51
22	<u>Average Loss Cost - Other Loss Cost and Expenses</u>		
23	Road Safety/Loss Prev	Figure RM-12 - Major Class 1	14.96
24	Operating Expense	Figure RM-12 - Major Class 1	82.26
25	Regulatory Appeal	Figure RM-12 - Major Class 1	5.71
26	Comm & Prem Tax (Drivers)	Figure RM-12 - Major Class 1	4.76
27	Commission Flat Fee	Figure RM-12 - Major Class 1	8.31
28	Reinsurance (Casualty)	Figure RM-12 - Major Class 1	1.46
29	Reinsurance (Catastrophe)	Figure RM-12 - Major Class 1	11.48
30	Fleet Rebates	Figure RM-12 - Major Class 1	19.68
31	Anti-Theft Discount	Figure RM-12 - Major Class 1	1.96
32	Driver Prem	Figure RM-12 - Major Class 1	-76.02
33	Service Fees	Figure RM-12 - Major Class 1	-33.99
34	Total		40.55
35	*Claims Expense is 17.37% (= 159.64 / 919.31 per Figure RM-12 - Major Class 1) of Claims		

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Figure 2 Calculated Discounts and Surcharges

Line No.	DSR	Calculated Discount			Calculated Surcharge		
		Initial GRA Filing	Updated GRA Filing	Variance	Initial GRA Filing	Updated GRA Filing	Variance
1	15	57.6%	57.8%	0.1%			
2	14	47.5%	47.6%	0.1%			
3	13	46.0%	46.1%	0.1%			
4	12	44.2%	44.3%	0.1%			
5	11	42.2%	42.2%	0.1%			
6	10	39.8%	39.9%	0.0%			
7	9	37.2%	37.3%	0.0%			
8	8	34.4%	34.4%	0.0%			
9	7	31.2%	31.3%	0.0%			
10	6	27.8%	27.8%	0.0%			
11	5	24.1%	24.1%	0.0%			
12	4	20.1%	20.1%	0.0%			
13	3	15.8%	15.8%	0.0%			
14	2	11.2%	11.2%	0.0%			
15	1	6.3%	6.3%	0.0%			
16	0	0.0%	0.0%	0.0%			
17	-1				\$143.89	\$143.79	-\$0.10
18	-2				\$209.49	\$209.78	\$0.29
19	-3				\$277.48	\$278.20	\$0.72
20	-4				\$347.94	\$349.14	\$1.20
21	-5				\$420.98	\$422.72	\$1.73
22	-6				\$496.72	\$499.03	\$2.32
23	-7				\$575.26	\$578.21	\$2.96
24	-8				\$656.73	\$660.39	\$3.66
25	-9				\$741.27	\$745.69	\$4.42
26	-10				\$829.00	\$834.26	\$5.26
27	-11				\$920.08	\$926.25	\$6.17
28	-12				\$1,014.67	\$1,021.82	\$7.15
29	-13				\$1,112.92	\$1,121.15	\$8.23
30	-14				\$1,215.02	\$1,224.41	\$9.39
31	-15				\$1,321.15	\$1,331.80	\$10.65
32	-16				\$1,431.50	\$1,443.51	\$12.01
33	-17				\$1,546.29	\$1,559.77	\$13.48
34	-18				\$1,665.73	\$1,680.80	\$15.07
35	-19				\$1,790.06	\$1,806.84	\$16.78
36	-20				\$1,919.53	\$1,938.15	\$18.62