

TC (MPI) Pre-Ask 5

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Preamble to IR:

Question:

Please confirm that the analysis provided in TC(MPI) 2-7 does not include the PUB’s directed rate increases to Passenger VFH. If not confirmed please provide details of where/how the 20-20-20 rate increase was included in the analysis.

Rationale for Question:

RESPONSE:

Per TC (MPI) 2-7 Appendix 1 Order 1/21, Order #8(g): Vehicle-for-Hire Major Class, “MPI used the same ratemaking methodology presented in Ratemaking Chapter.” Further, per the Ratemaking Chapter, “For the Passenger VFH (Passenger Vehicle) insurance use, MPI did not apply the credibility formula as discussed above. Per PUB Order 1/21, Order #3, “There shall be consecutive rate increases of 20% for the Passenger VFH Major Class in the 2022/23 and 2023/24 GRAs, unless MPI can demonstrate that the Passenger VFH Major Class is no longer being subsidized.” In response to this PUB Order, and given that the raw relativity (2.8181) is 19.6% higher than the current relativity (2.3558), **MPI applied the full 100% credibility to the raw relativity (and 0% to the current relativity).**”

MPI used the same approach of applying the full 100% credibility to the raw relativity for the Passenger VFH (Passenger Vehicle) insurance use as shown in TC (MPI) 2-7

Appendix 2 New Relativity Calculation. In doing so, per *TC (MPI) 2-7 Appendix 3 Indicated Rate Calculation*, the balance indicated change for the Passenger VFH (Passenger Vehicle) insurance use ranges from -18% to +16%, i.e. there is no indication that a 20% rate increase is required for the 2022/23 rates.