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2022 GENERAL RATE APPLICATION
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MPI to provide detail on the hail and collision forecast assumption changes in respect of the decrease of \$11 million.

RESPONSE:

The collision total loss severity forecast uses the exponential trend from 2016-2020. The methodology was unchanged from the 2022 GRA to the Rate Update. Severity for 2020 developed favourably over the following months, which lowered the trend rate from 4.25% to 2.26% in 2022/23. The figure below shows the ultimate forecast for the 2022 GRA and the rate update.

Figure 1 Collision Total Loss Ultimate Forecasts - 2022 GRA vs Rate Update

Line No.	Accident Insurance Year	Claim Count			Severity			Incurred (\$000)		
		Rate Update	2022 GRA	Difference	Rate Update	2022 GRA	Difference	Rate Update	2022 GRA	Difference
1	2007	17,886	17,886	0	\$4,739	\$4,739	\$0	\$84,770	\$84,770	\$0
2	2008	18,659	18,659	0	\$4,667	\$4,667	\$0	\$87,084	\$87,084	\$0
3	2009	18,378	18,380	-2	\$4,725	\$4,725	\$0	\$86,831	\$86,849	(\$18)
4	2010	21,642	21,642	0	\$4,729	\$4,729	\$0	\$102,347	\$102,347	\$0
5	2011	20,371	20,370	1	\$4,928	\$4,928	\$0	\$100,382	\$100,385	(\$3)
6	2012	22,375	22,374	1	\$5,113	\$5,113	\$0	\$114,401	\$114,397	\$4
7	2013	24,087	24,089	-2	\$5,394	\$5,393	\$0	\$129,917	\$129,921	(\$4)
8	2014	21,143	21,143	0	\$5,617	\$5,617	\$0	\$118,758	\$118,758	\$0
9	2015	23,676	23,673	3	\$6,016	\$6,017	(\$1)	\$142,437	\$142,437	\$1
10	2016	24,709	24,708	2	\$6,140	\$6,140	\$0	\$151,716	\$151,698	\$18
11	2017	25,076	25,071	5	\$6,486	\$6,487	(\$1)	\$162,634	\$162,627	\$7
12	2018	23,892	23,886	6	\$6,512	\$6,514	(\$3)	\$155,576	\$155,603	(\$27)
13	2019	22,377	22,349	29	\$6,867	\$6,874	(\$7)	\$153,675	\$153,635	\$40
14	2020	16,830	17,016	-186	\$6,672	\$6,714	(\$42)	\$112,291	\$114,246	(\$1,955)
15	2021	20,255	24,473	-4,218	\$6,849	\$7,023	(\$174)	\$141,760	\$171,873	(\$30,113)
16	2022	24,824	24,708	117	\$7,141	\$7,322	(\$180)	\$177,282	\$180,899	(\$3,617)
17	2023	25,088	24,971	118	\$7,303	\$7,633	(\$330)	\$183,216	\$190,594	(\$7,378)
18	2024	25,355	25,236	119	\$7,468	\$7,957	(\$489)	\$189,349	\$200,808	(\$11,459)
19	2025	25,625	25,505	120	\$7,637	\$8,295	(\$659)	\$195,687	\$211,570	(\$15,882)

Comprehensive hail uses a rolling ten year average of claim counts to forecast. The methodology was unchanged from the 2022 GRA to the Rate Update. For the Rate Update, MPI moved the ten year average forward one year. This now includes experience from 2012 to 2021. The favourable experience in 2021 resulted in a

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reduced forecast for comprehensive hail. The figure below shows the ultimate forecast for the 2022 GRA and the rate update.

Figure 2 Comprehensive Hail Ultimate Forecasts - 2022 GRA vs Rate Update

Line No.	Accident Insurance Year	Claim Count			Severity			Incurred (\$000)		
		Rate Update	2022 GRA	Difference	Rate Update	2022 GRA	Difference	Rate Update	2022 GRA	Difference
1	2007	18,346	18,345	1	\$3,201	\$3,201	\$0	\$58,729	\$58,726	\$3
2	2008	1,685	1,685	0	\$3,167	\$3,167	\$0	\$5,336	\$5,336	\$0
3	2009	10,958	10,958	0	\$3,017	\$3,017	\$0	\$33,065	\$33,065	\$0
4	2010	7,228	7,227	1	\$3,346	\$3,346	\$0	\$24,183	\$24,182	\$1
5	2011	7,499	7,499	0	\$3,842	\$3,842	\$0	\$28,809	\$28,809	\$0
6	2012	6,981	6,980	1	\$3,051	\$3,051	\$0	\$21,296	\$21,295	\$1
7	2013	6,241	6,239	2	\$3,530	\$3,531	(\$1)	\$22,032	\$22,030	\$2
8	2014	3,187	3,186	1	\$3,661	\$3,661	\$0	\$11,667	\$11,664	\$3
9	2015	11,602	11,614	-12	\$4,086	\$4,085	\$1	\$47,407	\$47,448	(\$41)
10	2016	9,674	9,703	-29	\$4,064	\$4,063	\$2	\$39,319	\$39,417	(\$98)
11	2017	1,831	1,827	4	\$3,325	\$3,325	\$0	\$6,088	\$6,074	\$14
12	2018	9,604	9,427	177	\$4,242	\$4,270	(\$28)	\$40,739	\$40,253	\$486
13	2019	2,649	2,658	-9	\$2,988	\$2,977	\$11	\$7,915	\$7,911	\$4
14	2020	1,978	1,965	13	\$3,696	\$3,686	\$10	\$7,310	\$7,242	\$68
15	2021	1,877	6,110	-4,233	\$3,441	\$4,044	(\$603)	\$6,458	\$24,709	(\$18,250)
16	2022	5,562	6,110	-547	\$4,002	\$4,178	(\$176)	\$22,261	\$25,526	(\$3,265)
17	2023	5,562	6,110	-547	\$4,135	\$4,316	(\$182)	\$22,998	\$26,371	(\$3,373)
18	2024	5,562	6,110	-547	\$4,271	\$4,459	(\$188)	\$23,759	\$27,244	(\$3,485)
19	2025	5,562	6,110	-547	\$4,413	\$4,607	(\$194)	\$24,546	\$28,146	(\$3,600)