

October 22, 2021

**Undertaking #22**

MPI to confirm the calculations and the reasons for the change in future severity trend from 4.25 percent to 2.26 percent.

**RESPONSE:**

The collision total loss severity for accident year 2021 was based on the exponential trend from 2016-2020. This is the same methodology used in the 2022 GRA and the rate update. The selected severity growth factors for forecasting beyond 2021 were based on the 2015-2019 average in the 2022 GRA, which supported a 4.25% severity growth. Following the rate update, MPI selected a lower severity growth of 2.26% based on the 2016-2020 accident years. The large drop was a result of the exclusion of accident year 2015 which had abnormal severity growth of 7.11%.