

CAC (MPI) 2-17

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|-------------------------------|---|------------------|----------------------|
| Part and Chapter: | PART V – CI CAC (MPI) 1-45 | Page No.: | Page 24 of 95 |
| PUB Approved Issue No: | 9. Claims Forecasting | | |
| Topic: | Weekly Indemnity | | |
| Sub Topic: | | | |

Preamble to IR (If Any):

Figure 2 of the response to CAC (MPI) 1-45 includes an average severity for three claim groupings and the overall average.

Question:

Please provide the claim counts underlying each of the averages presented in Figure 2 of the response to CAC (MPI) 1-45.

Please provide a narrative discussion as to the process used to develop the average severity values in Figure 2 of the response to CAC (MPI) 1-45. Please include MPI's approach to considering development in the response.

Rationale for Question:

Clarity in approach and methodology used by MPI.

RESPONSE:

The underlying claim counts are provided below:

Figure 1 Weekly Indemnity Claim Counts by Size

| Line No. | Accident Year | Claim Counts | | | |
|----------|---------------|------------------|------------------------|-------------------------|-----------------------|
| | | HTA Earned Units | Third-Party Deductible | Third-Party Loss-of-Use | Other-Property Damage |
| | | \$0-\$100,000 | \$100,000-\$250,000 | \$250,000+ | \$0+ |
| 1 | 2004/05 | 1,974 | 38 | 48 | 2,060 |
| 2 | 2005/06 | 1,848 | 44 | 57 | 1,949 |
| 3 | 2006/07 | 1,967 | 38 | 81 | 2,086 |
| 4 | 2007/08 | 1,935 | 49 | 79 | 2,063 |
| 5 | 2008/09 | 1,766 | 42 | 77 | 1,885 |
| 6 | 2009/10 | 1,748 | 43 | 70 | 1,861 |
| 7 | 2010/11 | 1,810 | 39 | 99 | 1,948 |
| 8 | 2011/12 | 1,714 | 42 | 87 | 1,843 |
| 9 | 2012/13 | 1,870 | 52 | 85 | 2,007 |
| 10 | 2013/14 | 1,751 | 47 | 77 | 1,875 |
| 11 | 2014/15 | 1,585 | 28 | 71 | 1,684 |
| 12 | 2015/16 | 1,653 | 45 | 87 | 1,785 |
| 13 | 2016/17 | 1,668 | 33 | 107 | 1,808 |
| 14 | 2017/18 | 1,792 | 35 | 104 | 1,931 |
| 15 | 2018/19 | 1,783 | 16 | 99 | 1,898 |
| 16 | 2019/20 | 1,620 | 20 | 110 | 1,750 |
| 17 | 2020/21 | 1,111 | 99 | 61 | 1,271 |
| 18 | 2021/22 | 1,384 | 137 | 34 | 1,555 |

To derive the average severity values, each claims incurred amount is developed to ultimate, and claims are categorized based on these amounts. Then, average severities are calculated as total ultimate incurred (for the given group and year) divided by the number of claims.

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|----------|---------------|---------------|---------------------|------------|-------|
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