

CAC (MPI) Pre-Ask 4

- 1) Please give the calculation (with figures and the source of those figures) for the 3,082 figure shown on page 36 of the Claims Incurred section of the rate application as the 2014/15 severity ultimate forecast.
- 2) Please indicate where in the rate application the forecasted HTA units are derived for years 2014/15 to 2018/19 and the forecasted HTA units are shown. If these are not in the rate application please give the HTA forecast for those years.

RESPONSE:

- 1) The 3,082 figure is calculated as follows,

$$[2014/15 \text{ Ultimate Severity}] = [2014/15 \text{ Ultimate Incurred}] / ([2014/15 \text{ Claim Frequency}] * [2014/15 \text{ HTA Earned Units}])$$

Using the figures in the table.

$$3,082 = 347,495,000 / (0.1347 * 837,074)$$

Please note that 0.1347 is rounded to 0.135 in the table.

- 2) The forecasted HTA units for 2014/15 to 2018/19 are located in Volume II Revenues, section R.1.1 Volume Factor.