

CAC (MPI) Pre-Ask 2

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Question:

Please confirm the figures in the table below. If they cannot be confirmed please produce the correct figures with the assumptions given.

Method	Assumptions	2016/17 Projected Collision Ultimate - Various Methods	MPI Projected 2016/17 Collision Ultimate	Difference
1	Claims Frequency projection set equal to MPI's of .064/.063 Claim Severity for 2015/16 calced as average of 2006/07 to 2013/14 years, increase of 3% to 2016/17 severity to account for inflation and increasing costs 2005/06 excluded because frequency was so low 2014/15 excluded because of the backlog claims issue	76,909	76,010	899
2	Claims Frequency projection set equal to MPI's of .064/.063, Claim Severity for 2015/16 and 2016/17 calced using linear trend factor based on 2006/07 to 2013/14 years 2005/06 excluded because frequency was so low 2014/15 excluded because of the backlog claims issue	68,131	76,010	-7,879
3	Claims Frequency projection set equal to MPI's of .064/.063, Claim Severity for 2015/16 and 2016/17 calced using linear trend factor All Years used in trend	71,629	76,010	-4,381

RESPONSE:

Under the assumptions given the Corporation can confirm the following figures in the table below. For method 3, years 2000/01 through 2014/15 were used to calculate the linear trend.

Method	2016/17 Projected Comprehensive Ultimate	MPI Projected 2016/17 Comprehensive Ultimate	Difference
1	77,419	76,010	1,409
2	69,920	76,010	(6,090)
3	81,441	76,010	5,431

The following graph shows the 2016/17 Comprehensive severities of the different methods in relation to the historical data and the Corporation’s forecast.

