

**CAC (MPI) Pre-Ask 3**

<b>Volume:</b>		<b>Page No.:</b>	<b>Property Damage (Claims Incurred Section page 48)</b>
<b>Topic:</b>			
<b>Sub Topic:</b>			
<b>Issue:</b>			

**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 .050 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	42,810	45,359	-2,549
2	Claims Frequency projection set equal to MPI's of .050, 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	45,964	45,359	605
3	Claims Frequency projection set equal to MPI's of .050, Claim Severity for 2015/16 and 2016/17 calced using linear trend factor All Years used in trend	45,336	45,359	-23

**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 Property Damage Ultimate	MPI Projected 2016/17 Property Damage Ultimate	Difference
1	42,814	45,359	(2,545)
2	45,972	45,359	613
3	46,346	45,359	987

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

