

August 13, 2020

CLEAN

2021 GRA Round 1 Information Requests
PUB (MPI) 1-14 – Clean

August 5, 2020

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| Part and Chapter: | Part V – RM Appendix 9 | Page No.: | 28, 29 |
| PUB Approved Issue No: | 1. Requested Vehicle Rate and Any Changes to Other Fees and Discounts 11. Claims forecasting (including PIPP) | | |
| Topic: | Ratemaking | | |
| Sub Topic: | | | |

Preamble to IR:

For Accident Benefits Other – Indexed and for Accident Benefits – IRI, for each of Private Passenger, Commercial, and Public, the adjusted pure premium for Serious claims uses different loss development factors than for Other claims. The depiction of the calculation of the loss development factors does not appear to be in the 2021 GRA.

Question:

Please provide (in Excel) the loss development factor calculation for Serious and Other claims for these coverages for these three categories of vehicles.

Rationale for Question:

The analysis underlying the loss development factor calculation for Serious versus Other claims provides insight into the appropriateness of these factors.

RESPONSE:

The calculation and selection of the loss development factors for Serious and Other claims were done on an overall basis. MPI did not perform this calculation at the major class level because the data for smaller major classes (e.g. Motorcycles) would not

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result in statistically reliable selections. Please see [Appendix 1](#) for the calculation on an overall basis.

Please note that MPI determines loss development factors for non-serious losses based on historical indications. Per the Appointed Actuary Report, MPI uses the ultimates for the non-serious losses and the ultimates for total (by coverage) to determine the loss development factors for serious losses. MPI uses this methodology to ensure that the ultimates match with the Appointed Actuary Report.

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