

CMMG (MPI) Pre-Ask 1

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PUB Approved Issue No:			
Topic:			
Sub Topic:			

Preamble to IR:

Question:

Provide the same information for the Motorcycle class as provided for other Major classes in Figure 13 (Pg. 22 of Application)

Rationale for Question:

RESPONSE:

Figure 13 from the 2021 Special Rebate Application has been updated to include the Motorcycle major class per the figure shown below.

Figure 1 Average Rate by Major Class

Line No.	Major Class	2021 Rate Model			2019 Average Rate	Avg Rate for Policies-in Force on Mar 15, 2020	Avg \$ Rebate for Policies-in Force on Mar 15, 2020
		Number of Vehicles	2020 Total Premiums	2020 Average Rate			
1	[1]	[2]	[3]	[4]	[5]	[6]	[7]
2	Private Passenger	812,577	962,170,215	1,184	1,195	1,194	67
3	Commercial	46,597	38,585,701	828	823	823	46
4	Public	12,562	26,896,699	2,141	1,940	1,949	110
5	Motorcycle	17,694	14,986,833	847	806	808	0
6	[5] = [4] / (1 + Major Class average change from the 2020 GRA compliance filing)						
7	[6] = 11.5/12 * [5] + 0.5/12 * [4] based on the assumption of uniform renewals throughout the year						
8	[7] = [6] * 5.63% , except for Motorcycle.						

April 30, 2020

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However, the Motorcycle major class is not receiving a rebate due to the following:

- The Motorcycle major class has no in-force policies earning premium as of March 15, 2020, which is the basis for determining the rebate. While some policies may have be in-force on this date, the premiums on those policies are only earned during the riding season.
- MPI assumes the Motorcycle major class does not contribute significantly to the lower claims frequency between March 15, 2020 and May 15, 2020 (the reason for issuing the rebate). In making this assumption, MPI further assumes that the annual riding season for the Motorcycle major class begins on May 1st and ends on September 30th.
- MPI cannot confirm that the same volume of policies in the Motorcycle major class will be in-force between May 1 to May 15 given the current environment. Any savings resulting from this will already be accounted for since no premiums are collected if the policy is not in-force.
- The first \$29 million of the rebate is based upon observed claims savings between March 16, 2020 and April 15, 2020, a timeframe when no motorcycles contributed to the savings. The second \$29 million of the rebate is a replication of the savings from the first period to the second period (April 16, 2020 to May 15, 2020) and again no motorcycle contributions are considered in this amount.