**Response to IBC questions re: Review of Data and Analysis for the 2018 Public Utilities Board Automobile Insurance Review**

**By:** Kelly Blidook
**Date:** Aug 6, 2018

Thank you for the opportunity to provide clarification on the review I submitted. I hope these responses to the three questions directed to me are useful.

*Question 1*: I was retained by the Campaign to Protect Accident Victims, which is advocating against setting caps on minor injuries. While I have no financial interests in the PUB outcome, I recognize that the information I have provided matters to those who do have financial interests in the outcome.

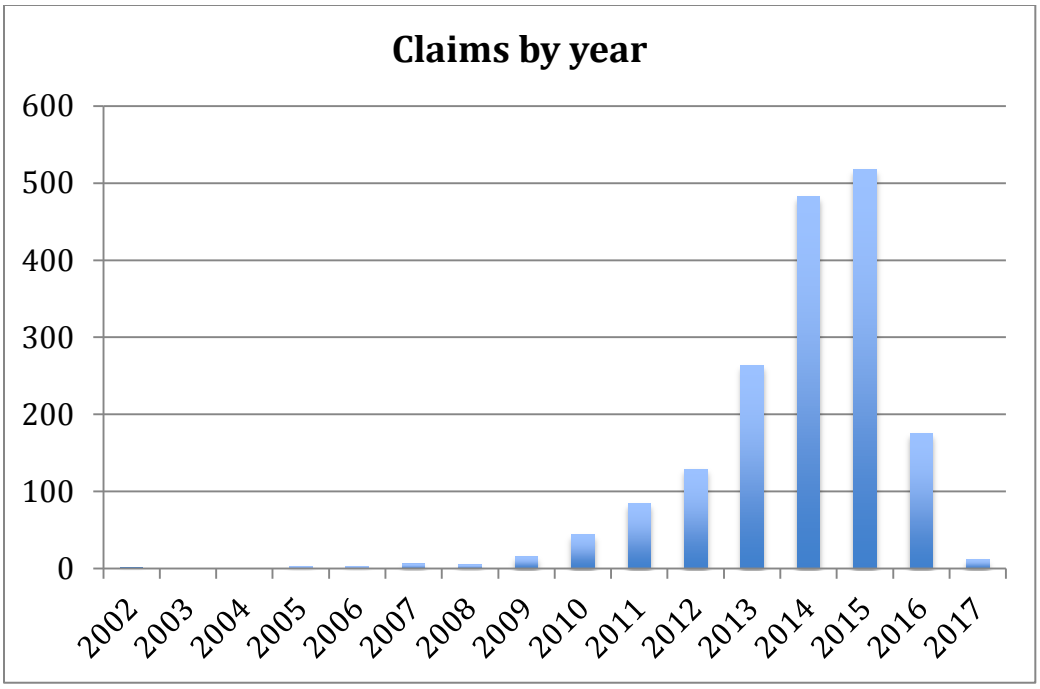
*Question 2*: I am not aware if Statistics Canada, as the independent arm of government responsible for collecting data for government purposes, conducts audits on its survey data. I'm comfortable to simply assume that they don't for the purpose of responding to the question. However, I don't see a relevant comparison between that body and the IBC, because the latter has a clear interest in a given outcome. There is no reason to expect an interested body to provide information unless that information aids their interests. Statistics Canada, on the other hand, is not an organization with interests that are served by the information it collects. If Statistics Canada had set the protocols for data collection and collected the data for the study currently under review, I would not be questioning the credibility of the data based on a lack of an audit because the data collection would be considered independent.

*Question 3*: My explanation regarding the discrepancy between expected and actual parameters of the data was meant to respond to the IBC statement. To be entirely clear in what is being compared, I've provided both below.

1) The IBC statement of expectation:

"It is assumed that the average TPL-BI claims duration from the date of accident to the claim closure date is approximately four to five (4 - 5) years, so the majority of the selected claimants should have their accident dates in 2012"

2) The actual distribution of collected/analyzed data:




The statement differs notably from what is observed, and this was my reason for highlighting it. Indeed, no single year includes a majority of claimants, though my statement responds directly in terms of where the majority of claims do occur (2014-2015), along with the year that has the highest number of claims (which is 2015, not 2012).

It is correct that the IBC statement also refers to "average" in advance of setting the expectation that I directly responded to, and perhaps I should have addressed this in my initial review. I will do so in more detail here. However, I would have cautioned then, and will do so now, against using the average (or mean) for the data employed (and I probably should have addressed the IBC expectation that "average" and "majority" would be connected, which they clearly are not in this case). This is because in cases where the tail of the distribution is continuous in only one direction, the mean can be significantly influenced by a small number of outlying values. The IBC statement implies that a "normal" (or "bell curve") distribution would occur, which clearly is not the case.

That said, if we accept that a 2017 claim is calculated as zero years (as the IBC statement appears to, so I have done the same) then the "average TPL-BI claims duration" is 3.1 years, not 4-5 years. We could be more accurate if using months, but the outcome of this calculation likely would not change much given the small number of cases in 2017, and if we assume claims are equally distributed in other years. Lacking this information, I fully accept that the mean could at least be slightly higher, but the value is going to be much closer to 3 than 4 under any logical circumstances.

Choosing to report the mean simply as a given year is not something I would have done, not only because the IBC statement doesn't express an expectation in this

manner, but also because it minimizes this discrepancy (i.e. it aims to suggest that the average duration remains near the 4-5 year range, which it is not). The further problem with average expressed in this manner is that it overlooks the fact that only 17% of cases come before 2013, while 68% of cases come after 2013. Again, returning to the IBC reference of "majority", the cases are overwhelmingly skewed toward a shorter time period than the expected amount of time.