Responses to Questions Submitted by IBC Board

1. a): We relied on financial year data because these were the data provided to us. Over a period of time, any year-to-year differences should net out to zero.

b): The loss ratio we reported for 2016 was 74%. Oliver Wyman's loss ratio was 85%.

2. a): Comparison of operating expense ratios

	2012	2013	2014	2015	2016
GISA					
Total operating expense ratio	28.1%	26.5	26.7	26.7	26.8
General expense ratio	5.7	4.8	5.8	5.6	6.0
Commissions & tax expense ratio	22.4	21.7	20.9	21.1	20.8
OW					
Total operating expense ratio	28.1	23.3	25.0	23.9	25.7
General expense ratio	8.2	7.2	8.5	7.7	9.1
Commissions & tax expense ratio	16.1	13.0	12.9	12.9	12.2

b): We started with the Oliver Wyman direct aggregate expense ratios. The general expense ratios in the direct aggregate ratios were consistently greater than the general expense ratios in the GISA data. So we combined the Oliver Wyman estimates for commissions and premium taxes and fees with the GISA estimates for general expenses to generate our aggregate expense ratios. We used the Oliver Wyman estimates for commissions because we believed that they more accurately reflected what was happening in the auto insurance market. We used the GISA estimates for general expenses because we believed that they more accurately reflected cost cutting initiatives by the insurance companies.

3: Yes, we calculated the ROIs we report in Table 9 in our report. While there may be differences in the data that Oliver Wyman and we used, we both were measuring a return on invested assets.

4: We excluded five companies when we estimated the potential premium overpayments, at least for the rows entitled “All positive ROEs” in Tables 16, 17 and 18. The market share of these five companies (based on premium revenues) can be derived from Table 15 in our report. The market shares are as follows:

2011 – 18.4%
2012 – 21.3%
2013 – 20.8%
2014 – 21.1%
2015 – 28.6%
2016 – 34.4%