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August 24, 2018

Ms. Darlene Whalen, P. Eng.
Chair and CEO
Newfoundland and Labrador
Board of Commissioners of Public Utilities
120 Torbay Road, P.O. Box 21040
St. John's NL A1A 5B2

Dear Ms. Whalen:

Having reviewed hearing transcripts of the Automobile Insurance Review being conducted by the Newfoundland and Labrador Board of Commissioners of Public Utilities, some ambiguity concerning the mandate of the General Insurance Statistical Agency (GISA) has been observed. I am writing to clarify GISA's mandate and the reliability of the exhibits GISA produces.

GISA is an independent, federally incorporated, not-for-profit, non-share capital corporation that acts as the statistical agent for nine jurisdictions in Canada, including Newfoundland and Labrador. The Insurance Act in each of the nine jurisdictions requires that every licensed insurer that carries on the business of automobile insurance, prepare and file with the Superintendent of that jurisdiction, or with such statistical agency as such Superintendent designates, regular information returns respecting the experience of the insurer's business in such jurisdiction.

GISA's mandate is to collect, analyze, and make available, timely statistical and financial information to support an accessible and responsive marketplace for property and casualty insurance. As agent for each member regulator, GISA requires all participating automobile insurers to submit their data in the form of the Automobile Statistical Plan (ASP). GISA has engaged the Insurance Bureau of Canada (IBC) Data Services Division, to act as Statistical Service Provider for the collection and analysis of the ASP data under GISA's direction. IBC provides technology, data management and exhibit production services to support the collection, analysis and reporting of statistical plan information.

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The independence of IBC in its role as GISA's Statistical Service Provider is assured through the oversight of the GISA Operations Unit, which is staffed by public servants through a Memorandum of Understanding with GISA, and GISA's Statistical Plan Committee.

GISA has developed and utilizes a number of electronic means to promote data integrity in the data collection and validation process. In addition, ASP data is subject to review by GISA's analysts and consulting actuary, insurance regulators and rate boards, including validation of the data by cross-referencing with other external data sources such as the Office of the Superintendent of Financial Institutions.

National written automobile premiums are over \$37 billion with less than 2% of the data excluded from the GISA Actual Loss Ratio exhibit. Most data exclusions are related to completeness and timeliness, where data submissions are not received in time for exhibit production. The statistical exhibits including the selected factors published by GISA are an accurate representation of the automobile insurance industry in aggregate for each jurisdiction.

However, users of GISA's statistical exhibits and reports are advised that additional analysis and adjustments are required if GISA data is used for the purposes of ratemaking. Moreover, the selected GISA factors may not be representative of a single company or a single line of business. Caution must be exercised if any of GISA's statistical exhibits or reports are used for any purpose other than an overall representation of the automobile industry as a whole in each jurisdiction.

I trust that this clarifies GISA's mandate, focus on data integrity and nature of its statistical exhibits and reports. We would be pleased to address any questions you or any other representatives of the Newfoundland and Labrador Board of Commissioners of Public Utilities may have about GISA.

Yours truly,



Peter Burston
Director, GISA Operations

Copy: Brian Mills
Chair, General Insurance Statistical Agency