

1 **Public Utilities Board PUB-FA-12:** *Please provide, on a per written vehicle basis at current rates for*
2 *each of UIM, AB and TPL, the average LAE included in the premiums charged to Taxis through the*
3 *Facility Association Residual Market in Newfoundland and Labrador.*

4 **FA Response to PUB-FA-12:**

5 Consistent with our 2014 Taxi rate filing, the estimated average written premium per taxi at current rates
6 is \$3,045. LAE consists of two parts: “excess legal” (i.e. allowed claims adjustment expenses or
7 professional expenses) and a claims expense reimbursement which is a sliding scale based on the
8 recorded claims activity loss ratio at 72 months.

9 Excess legal applies only to TPL and is assumed to be 3.7% of indemnity (it is paid on an actual
10 reimbursement level on claims settlement). As a function of indemnity, the excess legal cost is
11 independent of rate level, and as calculated, is assumed to be \$120.60 per vehicle.

12 The Servicing Claims Fee ratio is estimated at 15.2% (and applicable on a total coverages basis) if rates
13 were left unchanged - at this level and with current average written premium, fees are shown below:

- 14 • TPL @ \$2,834 – fee of \$431
- 15 • AccBen @ \$80 – fee of \$12
- 16 • UA @ \$14 – fee of \$2