

December 12, 2019

Cheryl Blundon
Board Secretary
Board of Commissioners of Public Utilities
120 Torbay Road, P.O. Box 21040
St. John's, NL A1A 5B2

Dear Ms. Blundon:

Re: Facility Association (FA) Rate Refiling for Taxi

On behalf of the Facility Association, I am pleased to submit for approval a revised Facility Association rate application for Taxi in the Province of Newfoundland and Labrador. The Facility Association has revised its rate application to incorporate the following:

- Alternative credibility assumptions based on prior Board decisions;
- A recognition of FA finance fee revenues.

The FA has approximately **496** Taxi exposures. FA is proposing an overall rate change of **+0.3%**. The impact of the revised proposed rate change will be an average annual per vehicle cost impact of **+\$23**, which would have an overall impact to FA's Taxi book of business by **+\$9,592**. The following table highlights the Facility Association's rate indications for Taxi vehicles:

Taxi	TPL	AB	UA	UM	Coll	Comp	SP	Overall
PUB Indication (0% CoC, 2.8% Net RoI)	+0.1%	+1.1%	+0.7%	n/a	+4.4%	-1.2%	-1.2%	+0.3%
Proposed	+0.1%	+1.1%	+0.7%	n/a	+4.4%	-1.2%	-1.2%	+0.3%
Average dollar impact \$	+7	+6	+2	n/a	+41	-5	-2	+23
Dollar impact on total book \$	+3,291	+2,024	+914	n/a	+4,312	-619	-333	+9,592

Included with this filing, FA proposes to expand the maximum available driving record to **Driving Record 5** and differentiate to three rating territories.

As well, the FA proposed rate changes on Physical Damage includes the impact of our recent rate change on Private Passenger Vehicles.

In accordance with filing requirements, included are copies of the Taxi base rates, differentials and rate pages for review.

December 12, 2019

Ms. Cheryl Blundon – Facility Association Rate Refiling for Taxi

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Rule Changes

The Facility Association also includes the proposed rule change in the Newfoundland and Labrador Rules and Rates manual in this filing:

- Wording change to clarify that Taxis may qualify for up to a **Driving Record 5**.

Compliance

A disciplined review process is in place to ensure that the Facility Association rates and rules in use are those currently approved. Servicing Carriers have documented written procedures to ensure adequate testing on implemented approved rates and rules. As well, Facility Association auditors conduct comprehensive audit tests to provide reasonable assurance on approved rates and rules on all classes of business.

If anything further is required with respect to this application, please contact our internal pricing actuary, Ms. Liqing Yang at (416) 863-1750, ext. 4813 or by e-mail at lyang@facilityassociation.com.

Regards,



Colin George, MBA, GDM, FCIP, CRM
Vice President, Underwriting and Claims

Facility Association
Newfoundland and Labrador
Taxi Re-Filing

Original Filing Submitted
on September 16, 2019

FA Actuarial
12/12/2019

Section 0 – Table of Contents

Section 1 – Rate Pages

Section 2 – Rate Exhibits

Section 3 – Actuarial Support

Section 1 – Rates and Rate Pages

The Facility Association's revised base rates and rating variable differentials for Taxi can be found on pages 2.

The Facility Association's revised rate pages and rule page for Taxi can be found on pages 3 - 4.

FACILITY ASSOCIATION

BASE PREMIUMS, CONSTANTS, DIFFERENTIALS & FACTORS

TAXIS**1. BASE PREMIUMS & PHYSICAL DAMAGE MULTIPLIERS**

Territory	Base Premiums					Physical Damage Multipliers		
	Road Hazard	Passenger Hazard		Accident Benefits	Uninsured Auto	to be applied to Private Passenger Class 07, Driving Record 0, 1, 2 or 3		
		Bodily Injury	Property Damage			Collision	Comp.	S. P.
1	5154.14	1898.23	154.45	626.72	269.48	1.45	1.44	1.93
2	3171.85	1168.17	95.05	444.21	269.48	1.45	1.44	1.93
3	3646.77	1343.08	109.27	460.36	269.48	1.45	1.44	1.93

2. THIRD PARTY LIABILITY FACTORS

DRIVING RECORD FACTORS					
5	4	3	2	1	0
0.52	0.58	0.66	0.81	0.90	1.00

LIMIT FACTORS

Road Hazard

Limit up to \$1,000,000						Limit over \$1,000,000		
						apply to \$1,000,000 premium.		
Coverage	Limit:	200,000	300,000	500,000	1,000,000	2,000,000	3,000,000	5,000,000
Factor		1.000	1.042	1.110	1.220	1.136	1.245	1.396

Passenger Bodily Injury

Limit up to \$1,000,000						Limit over \$1,000,000		
						apply to \$1,000,000 premium.		
Coverage	Limit:	200,000	300,000	500,000	1,000,000	2,000,000	3,000,000	5,000,000
Factor		1.000	1.060	1.167	1.333	1.218	1.400	1.686

Passenger Property Damage

Coverage	Limit:	5,000	10,000	25,000	50,000
Factor		0.500	0.625	0.875	1.00

3. OWNER OPERATOR FACTOR (all coverages)

Exclusively driven by owner	0.90	Other	1.00
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4. U.S. EXPOSURE - Applicable to all Taxis with any U.S. exposure.

Liability, AB, and UA = .010 for each percentage point of U.S. exposure.

Physical Damage = .005 for each percentage point of U.S. exposure.

Effective 100 days post approval

ANNUAL PREMIUMS - All Territories

TAXIS Class 77

		Liability (limit in 000's)									
		Road Hazard per vehicle				Passenger Hazard per vehicle					
						END 6c					
Territory	DR					Bodily Injury				Property Damage	
		200	500	1000	2000	200	500	1000	2000	5	50
1	5	2,680	2,975	3,270	3,715	987	1,152	1,316	1,603	40	80
	4	2,989	3,318	3,647	4,143	1,101	1,285	1,468	1,788	45	90
	3	3,402	3,776	4,150	4,714	1,253	1,462	1,670	2,034	51	102
	2	4,175	4,634	5,093	5,786	1,538	1,794	2,050	2,497	63	125
	1	4,639	5,149	5,659	6,429	1,708	1,994	2,277	2,773	70	139
	0	5,154	5,721	6,288	7,143	1,898	2,215	2,530	3,082	77	154
2	5	1,649	1,831	2,012	2,286	607	709	810	987	25	49
	4	1,840	2,042	2,244	2,549	678	791	903	1,100	28	55
	3	2,093	2,324	2,554	2,901	771	900	1,028	1,252	31	63
	2	2,569	2,852	3,134	3,560	946	1,104	1,261	1,536	38	77
	1	2,855	3,169	3,483	3,957	1,051	1,227	1,401	1,706	43	86
	0	3,172	3,521	3,870	4,396	1,168	1,363	1,557	1,896	48	95
3	5	1,896	2,105	2,314	2,629	698	815	931	1,134	28	57
	4	2,115	2,348	2,580	2,931	779	909	1,038	1,264	32	63
	3	2,407	2,672	2,936	3,335	886	1,034	1,182	1,440	36	72
	2	2,954	3,279	3,604	4,094	1,088	1,270	1,450	1,766	44	89
	1	3,282	3,643	4,004	4,549	1,209	1,411	1,611	1,962	49	98
	0	3,647	4,048	4,449	5,054	1,343	1,567	1,790	2,180	55	109

Territory	Accident Benefits 7 seats or less
1	627
2	444
3	460

Uninsured Automobile	269
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Collision	145% of Class 07 premium (Driving Record 0, 1, 2 or 3)
Comprehensive	144% of Private Passenger premium
Specified Perils	193% of Private Passenger premium

Over 7 Seats: For each seat over seven, charge applicable Public Bus Seat Rate for Passenger Hazard BI, PD, Accident Benefits and UA. Contact your Servicing Carrier for applicable rate.

Owner Driver Taxi - A 10% discount shall be applied to each coverage.

Effective 100 days post approval

**FACILITY ASSOCIATION NEWFOUNDLAND & LABRADOR RULES AND RATES MANUAL
SUMMARY OF PROPOSED DRIVING RECORD RULE CHANGE DECEMBER 2019 REFILE**

Rule	Current Wording	Proposed Wording	Change from Current	Premium Impact
PUBLIC SECTION				
309.B Driving Record, Driving Record Entitlement	NEW	6. Taxi and Limousine maximum driving record entitlement is Driving Record 5. Driving Record entitlement is based on period of confirmed claims-free experience and vehicle ownership immediately preceding the commencement date of the period of insurance.	Clarifies that only Taxis are entitled to a maximum Driving Record 5.	This may impact premiums.

Section 2 – Rate Exhibits

The Facility Association's revised rate exhibits for Taxi can be found on pages 2-6.

There is no rating profiles outlined by the Newfoundland and Labrador PUB for Taxi.

Province of Newfoundland and Labrador
Board of Commissioners of Public Utilities
Current Taxi Base Rate Summary

	Territory 1	Territory 2	Territory 3
<u>Taxi</u> ¹			
Road Hazard	5,067.98	4,098.33	4,315.06
Passenger Hazard - BI ²	1,866.50	1,509.38	1,589.20
Passenger Hazard - PD	151.87	122.81	129.30
Accident Benefits	603.20	460.71	477.46
Uninsured Motorist	267.61	267.61	267.61
Collision (CLEAR)	1.38	1.38	1.38
Comprehensive (CLEAR)	1.60	1.60	1.60
Specified Perils (CLEAR)	2.15	2.15	2.15

Territorial Definitions

Territory 1 - Avalon District, Statistical Plan Code 004

Consisting of the City of St. John's, including that part of the Island east of Highway 202, being a line between the communities of Old Shop and Chapel Arm in Trinity Bay to the North and between Long Harbour and Ship Harbour in Placentia Bay in the South.

Territory 2 - Bonavista and Burin District, Statistical Plan Code 005

Consisting of that Territory east of a line drawn from Port Blandford in Bonavista Bay to English Harbour East in Fortune Bay, excluding the Avalon District.

Territory 2 - Remainder of the Province, Statistical Plan Code 007

Consisting of those parts of the Province of Newfoundland and Labrador, excluding the Avalon, Labrador and Burin and Bonavista Districts.

Territory 3 - Labrador District, Statistical Plan Code 006

The entire area of Labrador

1. Third Party Liability rates are based upon: Driving Record 0 and \$200,000 Limit. 2. Collision, Comprehensive and Specified Perils rates are dependent on PPV and shown as a percentage of PPV rates. 3. All Perils and SEF 44 are not offered.

2. Passenger Hazard - BI rates shown are the "current" re-based rates - See Section 2.1 of the Actuarial Memo.

Province of Newfoundland and Labrador
Board of Commissioners of Public Utilities
Proposed Taxi Base Rate Summary

	Territory 1	Territory 2	Territory 3
<u>Taxi</u> ¹			
Road Hazard	5,154.14	3,171.85	3,646.77
Passenger Hazard - BI	1,898.23	1,168.17	1,343.08
Passenger Hazard - PD	154.45	95.05	109.27
Accident Benefits	626.72	444.21	460.36
Uninsured Motorist	269.48	269.48	269.48
Collision (CLEAR)	1.45	1.45	1.45
Comprehensive (CLEAR)	1.44	1.44	1.44
Specified Perils (CLEAR)	1.93	1.93	1.93

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The entire area of Labrador

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Province of Newfoundland and Labrador
Board of Commissioners of Public Utilities
Taxi Base Rate/Adjusted Base Rate Calculation Form

Coverage Territory	Proposed Base Rate	Differential Off Balance Factor	Discount Off Balance Factor	Adjusted Proposed Base Rate
<u>Road Hazard:</u>				
Territory 1	5,154.14	1.000	1.000	5,154.14
Territory 2	3,171.85	1.000	1.000	3,171.85
Territory 3	3,646.77	1.000	1.000	3,646.77
<u>Passenger Hazard - BI:</u>				
Territory 1	1,898.23	1.000	1.000	1,898.23
Territory 2	1,168.17	1.000	1.000	1,168.17
Territory 3	1,343.08	1.000	1.000	1,343.08
<u>Passenger Hazard - PD:</u>				
Territory 1	154.45	1.000	1.000	154.45
Territory 2	95.05	1.000	1.000	95.05
Territory 3	109.27	1.000	1.000	109.27
<u>Accident Benefits:</u>				
Territory 1	626.72	1.000	1.000	626.72
Territory 2	444.21	1.000	1.000	444.21
Territory 3	460.36	1.000	1.000	460.36
<u>Uninsured Motorist:</u>				
Territory 1	269.48	1.000	1.000	269.48
Territory 2	269.48	1.000	1.000	269.48
Territory 3	269.48	1.000	1.000	269.48
<u>Collision:</u>				
Territory 1	1.45	1.000	1.000	1.45
Territory 2	1.45	1.000	1.000	1.45
Territory 3	1.45	1.000	1.000	1.45
<u>Comprehensive:</u>				
Territory 1	1.44	1.000	1.000	1.44
Territory 2	1.44	1.000	1.000	1.44
Territory 3	1.44	1.000	1.000	1.44
<u>Specified Perils:</u>				
Territory 1	1.93	1.000	1.000	1.93
Territory 2	1.93	1.000	1.000	1.93
Territory 3	1.93	1.000	1.000	1.93

NOTE: All Perils is not offered for Taxi. Collision, Comprehensive and Specified Perils rates are dependent on PPV and shown as percentages of PPV rates.

Newfoundland and Labrador
Taxi Differentials

A. Third Party

Territory 1, 2, 3

Driving Record	2018 Written Premium	Current Differential	Proposed Differential
Other	151,613	1.000	1.000
3	815,496	0.600	0.600
2	399,246	0.750	0.750
1	429,378	0.850	0.850
0	1,199,729	1.000	1.000

Avg. D.R. Differential	<u>0.828</u>	<u>0.828</u>
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Inclusive Limit	2018 Written Premium	Current Differential	Proposed Differential
\$200,000	37,032	1.000	1.000
\$300,000	0	1.042	1.042
\$500,000	60,220	1.110	1.110
\$1,000,000	2,808,648	1.220	1.220
\$2,000,000	89,562	1.386	1.386
Other*	0	1.519	1.519

Avg. Limit Differential	<u>1.220</u>	<u>1.220</u>
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Note: the road hazard limit differentials are used.

**Other includes the limits over \$2,000,000, and \$3,000,000 road hazard differential is used for "Other".*

Province of Newfoundland and Labrador Taxi Premium Summary Information

Stat Terr.	Table 1 - Current Written Premium (\$) - 2017						
	TPL	SEF 44	AB	UIM	Coll	Comp	S.P.
004	2,257,009	n/a	109,039	80,271	74,337	29,545	26,436
005	135,333	n/a	11,998	6,490	3,345	1,121	80
006	78,151	n/a	5,464	3,209	4,132	1,781	
007	524,969	n/a	46,360	25,143	5,077	5,922	541

Note: Coll written premium include All Perils written premium.

Stat Terr.	Table 2 - Current Average Premium						
	TPL	SEF 44	AB	UIM	Coll	Comp	S.P.
004	6,492	n/a	564	231	883	362	165
005	5,139	n/a	446	246	692	228	160
006	6,090	n/a	462	250	840	271	0
007	4,798	n/a	428	230	476	210	81

Stat Terr.	Table 3 - Proposed Average Premium						
	TPL	SEF 44	AB	UIM	Coll	Comp	S.P.
004	6,602	n/a	586	233	929	325	148
005	3,978	n/a	430	248	728	205	144
006	5,146	n/a	445	252	884	243	0
007	3,714	n/a	413	232	501	189	73

Stat Terr.	Table 4 - Proposed Average Change (+/-) in Average Premium						
	TPL	SEF 44	AB	UIM	Coll	Comp	S.P.
004	1.7%	n/a	3.9%	0.7%	5.2%	-10.2%	-10.2%
005	-22.6%	n/a	-3.6%	0.7%	5.2%	-10.2%	-10.2%
006	-15.5%	n/a	-3.6%	0.7%	5.2%	-10.2%	-10.2%
007	-22.6%	n/a	-3.6%	0.7%	5.2%	-10.2%	-10.2%

Note: SEF 44 is not offered for Public Vehicles - Taxi.

Section 3 – Actuarial Support

Based on the Newfoundland & Labrador Board of Commissioners of Public Utilities Alternative Assumptions (reference: Oliver Wyman Report November 26, 2019, p.20):

- 2. FA’s credibility complement basis to consider the credibility weighted loss ratio from the prior filing based on the Board’s Decision;
- 3. FA’s recognition of finance fee revenues.

The revised indication is attached as “FA NL 2019 Q2 TX indications - coverage (PUB alt).xlsx”.

The table below shows how the proposed base rate changes are derived based on the proposed overall rate changes and the impact of proposed differentials changes.

Coverage	Territory	Overall Proposed Rate Level Change	Impact of Proposed Territory Differential Changes	Impact of Proposed DR Differential Changes	Impact of Proposed PPV Change on Dependent Category	Proposed Base Rate Change
[1]	[2]	[3]	[4]	[5]	[6]	[7]
		<i>Exh C-1</i>	<i>see note (1)</i>	<i>see note (1)</i>	<i>see PPV Proposed Change</i>	$= (1 + [3]) / ((1 + [4]) * (1 + [5]) * (1 + [6])) - 1$
Road Hazard						
TPL	All	0.1%	(5.7%)	4.4%		1.7%
Passenger Hazard						
Bodily Injury	All	0.1%	(5.7%)	4.4%		1.7%
Property Damage	All	0.1%	(5.7%)	4.4%		1.7%
Accident Benefits	All	1.1%	(2.7%)			3.9%
Uninsured Automobile	All	0.7%				0.7%
Collision	All	4.4%			(0.8%)	5.2%
Comprehensive	All	(1.2%)			10.0%	(10.2%)
Specified Perils	All	(1.2%)			10.0%	(10.2%)

Note:

(1) See Rating Variable Differential Analysis Exhibits.

The proposed manual base rate is calculated by multiplying the current manual base rate by the proposed base rate changes, the table at the top of the next page calculates the proposed territory base rates by coverage.

Coverage	Territory	Current Terr Base Rate (\$)	Proposed Base Rate Change	Proposed Terr Differential Change	Proposed Terr Base Rate (\$)	Proposed Terr BR Change
[1]	[2]	[3]	[4]	[5]	[6]	[7]
			<i>FA Selected</i>		= [3]*(1+[4])*(1+[5])	= (1+[4])*(1+[5])-1
Road Hazard						
TPL	1	5,067.98	1.7%	-	5,154.14	1.7%
	2	4,098.33	1.7%	(23.9%)	3,171.85	(22.6%)
	3	4,315.06	1.7%	(16.9%)	3,646.77	(15.5%)
Passenger Hazard						
Bodily Injury	1	1,866.50	1.7%	-	1,898.23	1.7%
	2	1,509.38	1.7%	(23.9%)	1,168.17	(22.6%)
	3	1,589.20	1.7%	(16.9%)	1,343.08	(15.5%)
Property Damage	1	151.87	1.7%	-	154.45	1.7%
	2	122.81	1.7%	(23.9%)	95.05	(22.6%)
	3	129.30	1.7%	(16.9%)	109.27	(15.5%)
Accident Benefits	1	603.20	3.9%	-	626.72	3.9%
	2	460.71	3.9%	(7.2%)	444.21	(3.6%)
	3	477.46	3.9%	(7.2%)	460.36	(3.6%)
Uninsured Automobile	1	267.61	0.7%		269.48	0.7%
	2	267.61	0.7%		269.48	0.7%
	3	267.61	0.7%		269.48	0.7%
Multipliers						
Collision	1	1.38	5.2%		1.45	5.2%
	2	1.38	5.2%		1.45	5.2%
	3	1.38	5.2%		1.45	5.2%
Comprehensive	1	1.60	(10.2%)		1.44	(10.2%)
	2	1.60	(10.2%)		1.44	(10.2%)
	3	1.60	(10.2%)		1.44	(10.2%)
Specified Perils	1	2.15	(10.2%)		1.93	(10.2%)
	2	2.15	(10.2%)		1.93	(10.2%)
	3	2.15	(10.2%)		1.93	(10.2%)