



Insurance Bureau of Canada

**Instruction
on Newfoundland and
Labrador PPAxF TPL BI
Closed Claims Study
2017**





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1. Purpose

The purpose of this study is to capture the most recent available patterns and trends of PPAXF TPL-BI claims in Newfoundland and Labrador, in order to be able to study such things as:

- the impact of possible reforms on the cost of bodily injury claims
- the proportion of different injury categories across the TPL-BI claims
- the correlation between claimant injury and settlement amount
- the correlation between claimant injury and settlement duration
- the distribution of the settlement amount across different heads of damage

2. Sample Definitions

The survey sample is defined as the following and should be selected and reported accordingly:

- It includes Private Passenger excluding Farmers (PPAXF) automobile insurance only.
- It includes Third Party Liability (TPL) only. Claims covered by the Uninsured Motorist or Underinsured Motorist coverage are excluded in this survey.
- It includes bodily injury (BI) claims only. Claims on property damage are excluded in this survey.
- It includes automobile insurance policies issued in the province of Newfoundland and Labrador (NL) only.
- It includes direct written policies only. Claims arising on assumed policies from other insurance companies are excluded in this survey.
- It includes closed claims only. For a TPL-BI claim to be closed, **all** claimant files under the same policy and arising from the same automobile accident occurrence must be closed. A claim may have one or more claimants. Claimant files become closed when all direct basis reserves (i.e. excluding any industry pool or reinsurance recovery reserves), including any for allocated loss adjustment expense become zero, which should be expected to happen once a court/arbitration/mediation decision is in effect, or, a settlement agreement has been signed by both parties, or, a full release has been signed by the claimant or their representative, and all allocated loss adjustment expenses have been paid.
- Claimant settlement date is defined as the date when a specific claimant file became closed.
- Claim settlement date for a TPL-BI claim is defined as the latest date when **all** the claimants in the same claim become closed.
- All settlement amounts must be reported on a direct basis. Collateral payments and subrogation recoveries should be included if they reduce the automobile insurance settlement. The reduced automobile insurance settlement amount should be reported in this survey. Recoveries from industry pools or reinsurance are not included in this survey even if they reduce the actual payment of the participating insurance company. The settlement amount does not include the insurer's internal Allocated Loss Adjustment Expense (ALAE) which should be reported separately in the attached reporting template.



3. Sample Size, Reporting Companies and Representing Market Share

This survey is designed to collect a total of around 2,000 rated PPAXF TPL-BI claimant cases closed between July 1, 2016 and June 30, 2017. 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. Based on GISA exhibit AUTO0002-ATL 2016 there were 2,066 PPA TPL-BI claims in Newfoundland and Labrador in 2012. Assume a claimant to claim ratio of 1.2, there were a total of 2,479 claimants in 2012 which are expected to be closed between July 1, 2016 and June 30, 2017. However, this expected number of claimants will be reduced by the following factors.

The companies selected to participate in this survey are the six (6) largest underwriters of the PPAXF insurance and the largest Facility Association service carrier in Newfoundland and Labrador in 2012. Combined, these companies represent 93.56% of the PPAXF insurance market in Newfoundland and Labrador. Due to this company selection the expected number of claimants will be reduced to 2,320 (=2,479 x0.9356).

The following chart shows the companies selected for the participation in this survey and their corresponding market share. The data is obtained from the Automobile Statistical Plan for PPAXF TPL coverage with special permit from GISA.

Group Name	Company Name	Company ID	Direct Written Premium	Market Share
	Dominion	7	9,814,616	5.15%
Travelers	Subtotal		9,814,616	5.15%
	AVIVA	31	2,727,601	1.43%
	AVIVA	78	380,747	0.20%
	S&Y	86	17,347,247	9.10%
	Traders	346	471,652	0.25%
	Scottish & York	446	6,675,845	3.50%
	Elite	511	4,606,575	2.42%
AVIVA	Subtotal		32,209,667	16.89%
	Intact	167	3,597,268	1.89%
	AXA	459	27,909,868	14.64%
	Metro	729	8,621,500	4.52%
	AXA - FA	916	4,417,471	2.32%
Intact	Subtotal		44,546,107	23.36%
	RSA	487	10,198,924	5.35%
	L'Union	554	9,256,796	4.86%
	Unifund	731	36,607,487	19.20%
	RSA - FA	911	10,037,465	5.26%
	Unifund - FA	919	2,318,542	1.22%
RSA	Subtotal		68,419,214	35.89%
	Co-Operators	361	13,246,494	6.95%
	COSECO	899	2,345,364	1.23%
	Co-operators - FA	906	1,194,793	0.63%
Co-Operators	Subtotal		16,786,651	8.80%
	TD H&A	12	202,630	0.11%
	Security National	614	3,254,938	1.71%
	Primum	896	3,134,788	1.64%
TD	Subtotal		6,592,356	3.46%
Sample Total			178,368,611	93.56%
Market Total			190,655,256	



Based on IBC's experience with past closed claim studies, around 15% of the eligible claimants may be excluded from the study due to data quality issues, missing claimant files, etc. So overall we expect 1,972 ($=2,320 \times 0.85$) +/- claimants being reported at the end of this study. If the actual reported number of claimants is significantly below this expected target, IBC would ask participating companies to report additional claimant files to fill the gap.

4. Claimant Selection and Reporting

Each participating company should select and report on claimant cases in the following way:

1. Select the time frame between July 1, 2016 and June 30, 2017.
2. Locate all the PPAXF TPL-BI **claims** (not claimants) which became closed within this time frame. The closed claim files including all their claimants' files should be complete and available for reporting purposes. Exclude claims and claimants within claims which closed with zero indemnity payment and zero allocated loss adjustment expense, but include claims and claimants which closed with zero indemnity amounts but non-zero allocated loss adjustment expense.
3. Report the required **claimant** and settlement information in the attached data collection template labeled "claimant". Each claimant should be reported in a single row. All claimants' files within the same claim should be reported in consecutive rows with the same policy/claim ID but different claimant ID.
4. All cells in the row must include a response corresponding to the requested data.
5. Submit the completed "claimant" data collection template to IBC.
6. Maintain all the working materials and claimant files on site for eventual verification from IBC. Please do not dispose any of the materials until IBC notifies you to do so.

5. Timeline

October 2017

Participating companies are expected to begin identifying and reporting on claimants' files.

At the beginning of this phase, IBC will provide these instructions and a data collection template in Excel to each participating company. IBC will also provide training sessions to all staff responsible for data entry as identified by each company. Each session will provide instruction on the identification of closed claims, data to be reported and specific data quality standards as outlined below and on the data collection template.

Throughout the data collection process, IBC will provide continuous support. Companies are encouraged to submit their first 25 claimant files to IBC for review to identify any data quality issues early and provide appropriate feedback.

January 2018

Participating companies should submit their completed "claimant" data collection template.

February 2018



IBC will review each completed template for data quality and contact participating companies with any questions concerning their specific data.

March 2018

IBC will provide the complete data set to the consulting actuary for summary and analysis.

6. Survey Template

Participating companies should report all selected claimants using the attached survey template. The template is in Excel and includes one [1] reporting sheet, one [1] injury definition sheet and one [1] type of use definition sheet. Each selected claimant should be reported in one [1] row in the reporting sheet "claimant". It includes 29 questions. All questions should be answered as instructed below. In case of any questions, please call IBC staff. Contact information is provided at the end of this instruction.

#1 IBC Company Number

Please use the company number under which the company reports its ASP data to IBC.

#2 Company Policy Identification Number

Please report the policy number under which the PPA TPL-BI coverage is provided.

#3 Company Claim Identification Number

Please report the claim number under which the reported claimant is filed. There could be multiple claimants filed under one [1] claim number. All claimants under the same claim should have the same claim ID.

#4 Claim Settlement Date, Numeric 8, Right Justified, YYYYMMDD

This is the date when all claimants of a claim are settled. It is the same as the settlement date of the last claimant of a claim. All claimants under the same claim should have the same claim settlement date. If there is at least one [1] unsettled claimant of the claim, all the claimants of this claim should be excluded.

#5 Company Claimant Identification Number, Numeric 2, Right Justified

Please report the claimant number under which the reported claimant is identified under one [1] claim. Please note one [1] claim may have multiple claimants. Each claimant should have a unique claimant identification number within the same claim ID reported under #3.

#6 Claimant Settlement Date, Numeric 8, Right Justified, YYYYMMDD

This is the date when the claim of a specific claimant is settled (closed). This date should be on or before the date reported under #4.

#7 Accident Date, Numeric 8, Right Justified, YYYYMMDD

#8 Accident Location, Character 2, Right Justified

NL= Newfoundland and Labrador, NB = New Brunswick, NS = Nova Scotia, PE = Prince Edward Island, QC = Quebec, CA = Remainder of Canada, US = United States, AE = anywhere else



#9 Claimant Date of Notice of Claim, Numeric 8, Right Justified, YYYYMMDD

#10 Claimant Year of Birth, Numeric 4, Right Justified, YYYY

#11 Claimant Male/Female, Character 1, Right Justified

M = Male or F = Female

#12 Claimant Marital Status, Character 1, Right Justified

Y = married, including common law partner or N = not married

#13 Claimant Employment Status, Character 1, Right Justified

Y = employed (all paid work including part-time and self-employed) and N = not employed

#14 Claimant % Degree of Innocence, Numeric 3, Right Justified, No % Sign

Your assessment of the percentage of innocence of this claimant in the accident (e.g. complement of percentage reduction in damages based on contributory negligence, when relevant; must be between 1 and 100)

#15 Claimant Involvement, Numeric 1, Right Justified

1 = driver of a third party vehicle, 2 = passenger of a third party vehicle, 3 = passenger of insured vehicle, 4 = pedestrian, 5 = bicyclist, 6 = others

#16 1st Party Vehicle Territory, Numeric 3, Right Justified

004 = Metropolitan St. John's including Avalon district, 005 = Bonavista and Burin, 006 = Labrador District, 007 = Remainder of province of Newfoundland and Labrador

#17 1st Party Vehicle Type of Use Class, Numeric 2, Right Justified

Please refer to the worksheet "type of use" included in the survey template

#18 Independent Medical Exam Initiated by the Insurer, Numeric 1, Right Justified

1 = Not requested
2 = Requested but not conducted
3 = Requested and conducted

#19 Claimant Legal Representation, Character 1, Right Justified

Y = Claimant represented by legal counsel or N = Claimant not represented by legal counsel

#20 Date of First Indemnity Payment, Numeric 8, Right Justified, YYYYMMDD

Date of first indemnity payment for this claimant. If there is no payment before the settlement, please insert the date of settlement

#21 Method of Settlement, Numeric 1, Right Justified

1 = Settled by parties-with or without legal counsel
2 = Settled by mediation
3 = Settled by binding arbitration
4 = Settled at pre-trial settlement conference
5 = Settled by court trial, no appeal
6 = Settled by court trial, after claimant appeal
7 = Settled by court trial, after insurer appeal



#22 Claimant Injury Profile, Numeric 1, Right Justified

- 0 = Claimant did **not** suffer this injury
- 1 = Claimant did suffer this injury

There are a total of 35 specific questions under this injury profile. **Please refer to the worksheet “injury definition” included in the survey template.** Injuries reported under this section are those relevant to the negotiation and/or payment of the claims settlement. Do not report injuries that were immaterial to the negotiated/paid settlement amounts. If there were conflicting medical opinions, select the injury relevant to the settlement; e.g. if WAD III was diagnosed by a health practitioner but an IME diagnosed WAD II and the settlement included payments for WAD II, code WAD II.

#23 Impairment Assessment, Numeric 1, Right Justified

- 0 = Claimant was **not** assessed in order to make a determination of serious impairment(s) as a result of an automobile accident
- 1 = Claimant was assessed in order to make a determination of serious impairment(s) as a result of an automobile accident
- 2 = Do not know

In Newfoundland and Labrador, it is not required to assess the claimants on their impairments as a result of an automobile accident to determine their TPL-BI benefits. If the claimant was not assessed or there is no information regarding assessment in the claimant’s file, please select answer 0 or 2 accordingly. Only when an assessment is documented in the claimant’s file, answer 1 should be selected.

#24 Claimant Impairment, Numeric 1, Right Justified

- 0 = **No** serious impairment
- 1 = **Yes** serious impairment
- 2 = Not assessed or do not know

Serious impairment means an impairment of a physical or cognitive function that

- (a) results in a substantial inability to perform
 - i. the essential tasks of the plaintiff’s regular employment, occupation or profession, despite the plaintiff’s reasonable efforts to use any accommodation provided to assist the plaintiff in performing those tasks,
 - ii. the essential tasks of the plaintiff’s training or education in a program or course in which the plaintiff was enrolled or had been accepted for enrolment at the time of the accident, despite the plaintiff’s reasonable efforts to use any accommodation provided to assist the plaintiff in performing those tasks, or
 - iii. the plaintiff’s normal activities of daily living,
- (b) has been ongoing since the accident, and
- (c) is not expected to improve substantially.



Please answer this question with 0 or 1 only when your answer to the question 23 is 1. Otherwise please select 2 as your answer to this question.

Only when the claimant's file contains a finding of serious impairment, should answer 1 be selected. Similarly, only when the claimant's file states a finding of no serious impairment, should answer 0 be selected. If there is no documentation in the claimant file regarding the outcome of an assessment to determine serious impairment, answer 2 should be selected.

If a claimant has serious impairments as a result of an automobile accident, he/she would be normally determined as having a non-minor injury based on corresponding regulations in New Brunswick and Nova Scotia.

#25 Claimant Settlement Special Damage Amounts, Numeric 7, Right Justified, whole \$ without \$ sign

- #25-1 Past Loss of Employment Income
- #25-2 Past Loss of Other Income
- #25-3 Past Medical/Rehabilitation/Care (including prescription drug and transportation)
- #25-4 Past Replacement Services (including Housekeeping)
- #25-5 Funeral Expense
- #25-6 Other
- #25-7 Total Special Damage (= Sum of above 6). This is a calculated field for balancing purpose.

#26 Claimant Settlement General Damage Amounts, Numeric 7, Right Justified, whole \$

- #26-1 Non-Pecuniary net paid (including Pain & Suffering, Loss of Amenities, Loss of Expectation of Life, and Loss of Consortium)
- #26-2 Non-Pecuniary gross amount before current deductible of \$2,500
- #26-3 Future Loss of Employment Income (including Loss of Competitive Advantage/opportunity)
- #26-4 Future Medical/Rehabilitation/Care (including prescription drug and transportation)
- #26-5 Future Replacement Services (including housekeeping)
- #26-6 Other
- #26-7 Total General (= Sum of above excluding 26-2). This is a calculated field for balancing purpose.

#27 Claimant Total Settlement Amount, Numeric 7, Right Justified, whole \$

- #27-1 Total Special (= #23-7 above). This is a carry-over field for balancing purpose.
- #27-2 Total General (= #24-7 above). This is a carry-over field for balancing purpose.
- #27-3 Punitive Damages
- #27-4 Prejudgment Interest
- #27-5 Post-judgment Interest
- #27-6 Party and Party Costs
- #27-7 Auto No-Fault (Section B) Offset. This number should be negative or zero.
- #27-8 Total Settlement Amount (= Sum of above 7). This is a calculated field for balancing purpose.

#28 Claimant Allocated Loss Adjustment Expenses, Numeric 7, Right Justified, whole \$

- #28-1 Legal Fees (Internal/External)
- #28-2 Independent (External) Adjuster Fees
- #28-3 Expert Fees (including Medical)
- #28-4 Other
- #28-5 Total ALAE (= Sum of above 4). This is a calculated field for balancing purpose.



#29 Claimant Auto No-Fault (Section B) Benefits, Numeric 7, Right Justified, whole \$

#29-1 Medical and Rehabilitation Benefits

#29-2 Income Replacement Benefits

TPL-BI insurers may not know the section B benefits a TPL-BI claimant receives from his/her own insurer. In this case please insert UK (=unknown) in these fields. Only when reliable information on claimant section B benefits is available on file, please insert the benefits amount accordingly.

#30 Claimant Minor Injury Determination, Numeric 1, Right Justified

#30-1 Based on New Brunswick Minor Injury Regulations

0 = Not minor injury

1 = Yes minor injury

2 = Do not know

#30-2 Based on Nova Scotia Minor Injury Regulations

0 = Not minor injury

1 = Yes minor injury

2 = Do not know

This is a hypothetical question asking for an after the fact judgment whether the claimant would be determined of having a minor injury in the scenario if the claimant would be adjusted under the New Brunswick / Nova Scotia regulations based on a closed claim file for a claimant in Newfoundland and Labrador.

The minor injury regulation in New Brunswick can be found in:

http://laws.gnb.ca/en/showfulldoc/cr/2003-20/#anchorga:l_2

The minor injury regulation in Nova Scotia can be found in:

<https://novascotia.ca/just/regulations/regs/iminor.htm>

The underlying claim file may not provide sufficient information for a claim adjuster to make this determination. Reporting companies are cautioned not to answer this question with “yes” or “no” unless there is evidence on the file to support this judgment. Otherwise, please answer this question with “do not know”.



7. IBC Contact List

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