

Filings - Sample Information Request (IR) Questions:

Added July 1, 2016

Please note that there are usually 2-3 rounds of questions. The last round is usually asking for a combined alternative indication based on the assumptions that are still not in agreement after the previous rounds of IRs.

The questions below are sample questions and are not exclusive due to confidentiality.

Data

1. Are the premiums used in indication capped or not?
2. How are the Catastrophe claims treated when developing claims and trends?
3. The triangles are based on jurisdiction combined data, please provide Alberta-specific data to support your proposed rate level change.

Development:

1. Has there been any change that would affect the triangles? E.g., reserving strengthening, data reporting change, etc.
2. For each coverage, please explain what the “judgment” selections are based on
3. What is the rationale for picking XXX for development period XXX of a certain coverage
 - a. What is the alternative indication if XXX is selected
4. Collision loss development: given collision is short-tailed coverage, please provide the alternative indication based on XXX for the XXX development period.

Expense:

5. What’s the standard commission ratio that you have in contract?
6. Does COMPANY NAME charge finance fees? If yes, how are they treated in the indication?
 - a. What percentage of premiums do the fees represent?
 - b. If it was not included in the indication, please provide alternative indication by treating it as either additional premium or negative expense
7. Has there been any shift in % of claims being adjusted in-house or externally?
8. Has there been any shift in % of claims being handled by in-house legal team or externally?
9. How was ULAE treated in prior years? What is the reason for the change? What is the estimated impact to the selected ULAE provision?
10. Why is the budgeted fixed expense ratio different from the historical level?
11. Please explain the difference between the file expense ratio and the one in the Automobile Insurance Financial Information Survey.
12. Please provide the updated indication using the latest Health levy of XXX%.
13. Please provide 3 years history of marketing expenses as a % of premiums that are included in Other Operating Expenses
14. Does COMPANY NAME provide contingent commission? If yes, please provide details.

Premium:

15. Has there been any shift in mix of business? Eg, age, territory distribution due to marketing? Has the premium drift taken into consideration of liability limit change and deductible change?
16. Does COMPANY NAME provide any unfiled discounts for competition reason? If yes, are the premiums used in the indication on an un-discounted basis?
17. When the premiums were brought to the current level, were Grid rate changes taken into account?
 - a. If yes, please provide details of the adjustment.
 - b. If not, please provide updated indication with the adjustment.

Adjustments:

18. How are the thresholds for large losses selected?
 - a. What is alternative indication if the large loss adjustment procedure is removed?
19. How is the catastrophe provision selected?
 - a. What is the catastrophe definition
 - b. Please provide the company's catastrophe experience

Indication:

20. What is the rationale for the proposed rate level changes?

Rating Variable:

21. Have the new rating variables been approved for use by the Superintendent's Office yet?
 - a. If yes, please provide a copy of approval.
 - b. If not, it cannot be used until an approval is received.
22. ILF/Deductible: Please make sure there is no reversal in the relativities.
23. Please explain why the proposed relativity changes are different from the indications