

25 July 2011

Addendum to Report: Actuarial
Analysis for Industry-Wide Rate
Adjustment

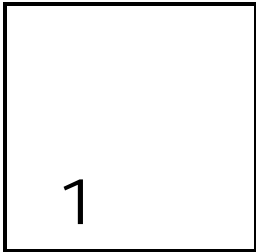
Effective November 1, 2011

Prepared for the Alberta Automobile
Insurance Rate Board

OLIVER WYMAN

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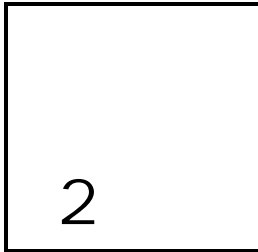
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Introduction

This is an Addendum to the June 1, 2011 report prepared by Oliver, Wyman Limited (Oliver Wyman) for the Alberta Automobile Insurance Rate Board (the Board) titled, “Actuarial Analysis for Industry-Wide Rate Adjustment, November 1, 2011” (the OW IWA Report).

In this Addendum we provide our comments on certain of the information that was presented and views that were expressed during the Public Meeting that was held in Edmonton on June 14, 2011, and we provide our final finding to the Board as respects the Industry-Wide Rate Adjustment to become effective November 1, 2011.



Background

At the Public Meeting we presented, as a range, the indicated 2011 IWA that results from the methodology, assumptions, factors, and provisions that we had initially selected and applied for the Board's consideration:

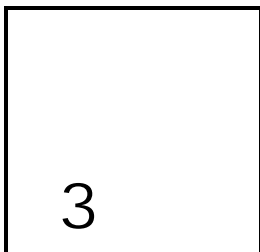
“Low Range”: +5.5%

“Mid Range”: +8.1%

“High Range”: +10.9%

The range of estimates reflected differences in the underlying selected future claim cost trend rates for the Bodily Injury coverage. The “Low Range” estimate was based on a selected future claim cost trend rate of -4.0%; the “Mid Range” estimate was based on a selected future claim cost trend rate of -1.0%; and the “High Range” estimate was based on a selected future claim cost trend rate of +2.0%. The rationale for this variation in selected trend rates was presented at the meeting and in the OW IWA Report.

In the following sections we discuss the additional consideration we have given to certain of the components of the range of indicated adjustments that we had initially presented to the Board, and present our final 2011 IWA findings.



Indicated IWA – Additional Considerations

As was the case for the 2010 IWA, no party presented alternative IWA calculations to those we presented. However, some parties did comment on certain aspects of our analysis.

Claim Costs

Property Damage Claim Cost Trend

In the OW IWA report we presented our selected Property Damage coverage claim cost trend rate of +1.5%. The selection of this rate was based on various measures of trend patterns that we calculated based on Industry claim experience over the years 2006 through 2010, including an estimated 6.2% decline in Property Damage frequency in 2010. In its written submission, TD Insurance commented that unusually mild weather conditions (as measured by snow precipitation) in 2010 may have contributed to the decline in frequency and that under more normal weather conditions the Property Damage claim frequency may have risen in 2010 as it had in each of the prior six years. There was some discussion of this issue during the Public Meeting.

We gave this further consideration following the Public Meeting by adding a “snow precipitation” parameter to our trend regression analysis for the Property Damage coverage. The parameter was based on the relative (to the average) amount of snowfall in Edmonton and Calgary, by half year, over the past ten years.¹ The result of introducing the parameter, which tested as being significant for frequency, was an improved trend line “fit” and an indicated trend rate of +2.5% (following the same calculations set forth in the OW IWA report).

¹ The source of this information is Environment Canada’s “National Climate Data and Information Archive.”

However, our attempt to consider weather conditions is, admittedly, simplistic (a number of factors that are more difficult to quantify are not accounted for) and the correlation between Property Damage frequency and snowfall is not consistent throughout the time period that was considered. As a result we believe it is reasonable to temper the indicated +2.5% trend rate and select a Property Damage claim cost trend rate of +2.0%.

This change, only, causes the indicated IWA to increase by approximately 0.7 percentage points (leaving all other of our assumptions and calculations as they were originally presented in the OW IWA Report).

Economy

As stated in our IWA report and at the Public Meeting, we did not explicitly consider the Alberta economic conditions in projecting claim costs in preparing our IWA indications. In its written submission, and at the Public Meeting, Allstate re-stated the position it had expressed at both the 2009 and 2010 Public Meetings "...that the economy has an impact (on claim costs), not so much because of the economic variables themselves, but through their influence on attitude and behavior." Allstate also discussed what it believes to be a growing concern: the impact of "hard fraud" (i.e., staged accidents, fake injuries) and "soft fraud" (i.e., inflated costs, unnecessary medical treatments) – citing a recent study conducted in Florida that found Personal Injury coverage (a coverage similar to Accident Benefits) fraud increased by 41% in 2008/09.

Our position on this complex issue remains unchanged from that which we have taken in the 2009 and 2010 IWA's: we make no further adjustments, but again note the higher than normal degree of uncertainty surrounding any estimate of future claim costs due to the changing economic conditions.

Investment Rate

In deriving the range of indications that we presented to the Board, we selected an investment rate of 1.85% based on a weighted average of the 3-Year Government of Canada Bond rate of 1.93% and the 2-Year Government of Canada Bond rate of 1.60% as of May 14, 2011. This was consistent with the manner in which investment rates have been generally selected in prior IWA's (the exception being the Board's decision for the 2010 IWA).

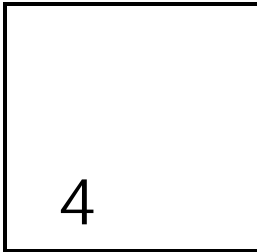
Since May 14, 2011, interest rates have fallen. As of July 21, 2011 the 3-Year Government of Canada Bond rate was 1.81% and the 2-Year Government of Canada Bond rate was 1.55%. Based on these rates, and consistent with the Board's general practice, we select an investment rate of 1.75%.

This change, only, causes the indicated IWA to increase by approximately 0.3 percentage points (leaving all other of our assumptions and calculations as they were originally presented in the OW IWA Report).

We note, though, as we stated at the Public Meeting, that the Alberta Government's forecast is for mid-term bond rates to rise over the next two years (the approximate time period the policies impacted by the 2011 IWA will be in effect) to levels that are more in-line with the 3.0% investment rate selected by the Board for the 2010 IWA. Should the Board, instead, take a position that is consistent with its 2010 IWA decision and select an investment rate of 3.0%, the indicated IWA would decrease by approximately 2.6 percentage points (leaving all other of our assumptions and calculations as they were originally presented in the OW IWA Report).

Health Levy

Following the Public Meeting, the Ministry of Health and Wellness announced its decision to increase the Health Services Levy from \$90 million to \$95 million for 2012. The \$95 million is consistent with our working assumption; as a result no adjustment to our calculations is necessary.



Findings

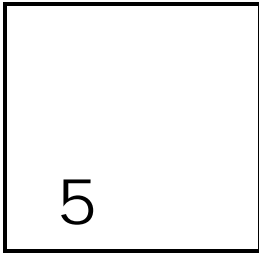
Based on the aforementioned changes to the Property Damage trend rate (from 1.5% to 2.0%) and the Investment Rate (from 1.85% to 1.75%) – and leaving all other assumptions and calculations the same as they are presented in the OW IWA Report – we estimate the Indicated IWA to be within the following range:

“Low Range”: +6.4%

“Mid Range”: +9.0%

“High Range”: +11.8%

Based on this range of indications, we recommend an IWA of +9.0% for the policy period beginning November 1, 2011.



Exhibits

Province of Alberta
Alberta Automobile Insurance Rate Board
2011 Private Passenger Industry-Wide Review

Projected Loss Cost Calculation
Third Party Liability

LOW RANGE BODILY INJURY ESTIMATE

Bodily Injury

Accident Year (1)	Earned Cars (2)	Reported Losses & ALAE (3)	Reported Losses & ALAE Cost per Car (4)	LDF (5)	ULAE (6)	Reform Adjustment (7)	GST Adjustment (8)	Adjusted Ultimate Losses & LAE per Car (9)	Past Trend to Oct 1, 2010 (10)	Future Trend to Nov 1, 2012 (11)	Projected Ultimate Losses & LAE per Car (12)	Weights (13)
2006	1,945,195	392,019,816	201.53	1.037	1.087	2.051	1.000	229.07	0.841	0.918	176.88	5%
2007	2,057,308	366,619,581	178.20	1.077	1.089	0.342	1.000	209.31	0.876	0.918	168.36	10%
2008	2,153,418	344,855,325	160.14	1.169	1.084	0.000	1.000	202.94	0.912	0.918	170.04	15%
2009	2,209,120	289,680,721	131.13	1.302	1.105	0.000	1.000	188.69	0.950	0.918	164.69	30%
2010	2,251,515	282,182,412	125.33	1.453	1.102	0.000	1.000	200.69	0.990	0.918	182.45	40%
Weighted Average											173.57	

Property Damage

Accident Year (1)	Earned Cars (2)	Reported Losses & ALAE (3)	Reported Losses & ALAE Cost per Car (4)	LDF (5)	ULAE (6)	Reform Adjustment (7)	GST Adjustment (8)	Adjusted Ultimate Losses & LAE per Car (9)	Past Trend to Oct 1, 2010 (10)	Future Trend to Nov 1, 2012 (11)	Projected Ultimate Losses & LAE per Car (12)	Weights (13)
2006	1,945,195	229,262,486	117.86	1.000	1.087	1.000	0.986	126.21	1.088	1.042	143.07	0%
2007	2,057,308	277,552,817	134.91	0.998	1.089	1.000	0.991	145.21	1.066	1.042	161.39	10%
2008	2,153,418	297,635,592	138.22	0.995	1.084	1.000	1.000	149.02	1.046	1.042	162.37	20%
2009	2,209,120	299,481,217	135.57	1.019	1.105	1.000	1.000	152.73	1.025	1.042	163.15	30%
2010	2,251,515	264,627,586	117.53	1.188	1.102	1.000	1.000	153.87	1.005	1.042	161.14	40%
Weighted Average											162.02	

Notes:

- (2), (3) From AIX70A 2010-2
- (4) = (3) / (2)
- (5) From Exhibit 6
- (6) From 2010 AIX05
- (7) Reflects AB offset for BI; Not applicable for PD
- (8) GST change from 7% to 6% effective July 1, 2006
and from 6% to 5% effective January 1, 2008
- (9) = (4) x (5) x (6) x (8) + (7) for BI; (4) x (5) x (6) x (7) x (8) for PD
- (10) From Exhibit 4 (refer to text)
- (11) From Exhibit 4 (refer to text)
- (12) = (9) x (10) x (11)
- (13) Judgment

Province of Alberta
Alberta Automobile Insurance Rate Board
2011 Private Passenger Industry-Wide Review

Projected Loss Cost Calculation
Third Party Liability

MID RANGE BODILY INJURY ESTIMATE

Bodily Injury

Accident Year (1)	Earned Cars (2)	Reported Losses & ALAE (3)	Reported Losses & ALAE Cost per Car (4)	LDF (5)	ULAE (6)	Reform Adjustment (7)	GST Adjustment (8)	Adjusted Ultimate Losses & LAE per Car (9)	Past Trend to Oct 1, 2010 (10)	Future Trend to Nov 1, 2012 (11)	Projected Ultimate Losses & LAE per Car (12)	Weights (13)
2006	1,945,195	392,019,816	201.53	1.037	1.087	2.051	1.000	229.07	0.841	0.979	188.59	5%
2007	2,057,308	366,619,581	178.20	1.077	1.089	0.342	1.000	209.31	0.876	0.979	179.51	10%
2008	2,153,418	344,855,325	160.14	1.169	1.084	0.000	1.000	202.94	0.912	0.979	181.30	15%
2009	2,209,120	289,680,721	131.13	1.302	1.105	0.000	1.000	188.69	0.950	0.979	175.59	30%
2010	2,251,515	282,182,412	125.33	1.453	1.102	0.000	1.000	200.69	0.990	0.979	194.53	40%
Weighted Average											185.07	

Property Damage

Accident Year (1)	Earned Cars (2)	Reported Losses & ALAE (3)	Reported Losses & ALAE Cost per Car (4)	LDF (5)	ULAE (6)	Reform Adjustment (7)	GST Adjustment (8)	Adjusted Ultimate Losses & LAE per Car (9)	Past Trend to Oct 1, 2010 (10)	Future Trend to Nov 1, 2012 (11)	Projected Ultimate Losses & LAE per Car (12)	Weights (13)
2006	1,945,195	229,262,486	117.86	1.000	1.087	1.000	0.986	126.21	1.088	1.042	143.07	0%
2007	2,057,308	277,552,817	134.91	0.998	1.089	1.000	0.991	145.21	1.066	1.042	161.39	10%
2008	2,153,418	297,635,592	138.22	0.995	1.084	1.000	1.000	149.02	1.046	1.042	162.37	20%
2009	2,209,120	299,481,217	135.57	1.019	1.105	1.000	1.000	152.73	1.025	1.042	163.15	30%
2010	2,251,515	264,627,586	117.53	1.188	1.102	1.000	1.000	153.87	1.005	1.042	161.14	40%
Weighted Average											162.02	

Notes:

- (2), (3) From AIX70A 2010-2
- (4) = (3) / (2)
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- (6) From 2010 AIX05
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- (10) From Exhibit 4 (refer to text)
- (11) From Exhibit 4 (refer to text)
- (12) = (9) x (10) x (11)
- (13) Judgment

Province of Alberta
Alberta Automobile Insurance Rate Board
2011 Private Passenger Industry-Wide Review

Projected Loss Cost Calculation
Third Party Liability

HIGH RANGE BODILY INJURY ESTIMATE

Bodily Injury

Accident Year (1)	Earned Cars (2)	Reported Losses & ALAE (3)	Reported Losses & ALAE Cost per Car (4)	LDF (5)	ULAE (6)	Reform Adjustment (7)	GST Adjustment (8)	Adjusted Ultimate Losses & LAE per Car (9)	Past Trend to Oct 1, 2010 (10)	Future Trend to Nov 1, 2012 (11)	Projected Ultimate Losses & LAE per Car (12)	Weights (13)
2006	1,945,195	392,019,816	201.53	1.037	1.087	2.051	1.000	229.07	0.841	1.042	200.70	5%
2007	2,057,308	366,619,581	178.20	1.077	1.089	0.342	1.000	209.31	0.876	1.042	191.03	10%
2008	2,153,418	344,855,325	160.14	1.169	1.084	0.000	1.000	202.94	0.912	1.042	192.93	15%
2009	2,209,120	289,680,721	131.13	1.302	1.105	0.000	1.000	188.69	0.950	1.042	186.86	30%
2010	2,251,515	282,182,412	125.33	1.453	1.102	0.000	1.000	200.69	0.990	1.042	207.02	40%
Weighted Average											196.94	

Property Damage

Accident Year (1)	Earned Cars (2)	Reported Losses & ALAE (3)	Reported Losses & ALAE Cost per Car (4)	LDF (5)	ULAE (6)	Reform Adjustment (7)	GST Adjustment (8)	Adjusted Ultimate Losses & LAE per Car (9)	Past Trend to Oct 1, 2010 (10)	Future Trend to Nov 1, 2012 (11)	Projected Ultimate Losses & LAE per Car (12)	Weights (13)
2006	1,945,195	229,262,486	117.86	1.000	1.087	1.000	0.986	126.21	1.088	1.042	143.07	0%
2007	2,057,308	277,552,817	134.91	0.998	1.089	1.000	0.991	145.21	1.066	1.042	161.39	10%
2008	2,153,418	297,635,592	138.22	0.995	1.084	1.000	1.000	149.02	1.046	1.042	162.37	20%
2009	2,209,120	299,481,217	135.57	1.019	1.105	1.000	1.000	152.73	1.025	1.042	163.15	30%
2010	2,251,515	264,627,586	117.53	1.188	1.102	1.000	1.000	153.87	1.005	1.042	161.14	40%
Weighted Average											162.02	

Notes:

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- (12) = (9) x (10) x (11)
- (13) Judgment

Province of Alberta
Alberta Automobile Insurance Rate Board
2011 Private Passenger Industry-Wide Review

Projected Loss Cost Calculation
Accident Benefit

Funeral

Accident Year (1)	Earned Cars (2)	Reported Losses & ALAE (3)	Reported Losses & ALAE Cost per Car (4)	LDf (5)	ULAE (6)	Reform Adjustment (7)	GST Adjustment (8)	Adjusted Ultimate Losses & LAE per Car (9)	Past Trend to Oct 1, 2010 (10)	Future Trend to Nov 1, 2012 (11)	Projected Ultimate Losses & LAE per Car (12)	Weights (13)
2006	1,944,171	582,009	0.30	0.998	1.087	2.500	1.000	0.81	0.954	0.977	0.76	5%
2007	2,056,632	1,039,909	0.51	0.986	1.089	1.250	1.000	0.68	0.965	0.977	0.64	10%
2008	2,154,733	1,183,978	0.55	0.977	1.084	1.000	1.000	0.58	0.975	0.977	0.55	15%
2009	2,209,998	1,125,983	0.51	0.957	1.105	1.000	1.000	0.54	0.986	0.977	0.52	30%
2010	2,252,298	1,151,373	0.51	0.995	1.102	1.000	1.000	0.56	0.997	0.977	0.55	40%
Weighted Average											0.56	

Death Benefit

Accident Year (1)	Earned Cars (2)	Reported Losses & ALAE (3)	Reported Losses & ALAE Cost per Car (4)	LDf (5)	ULAE (6)	Reform Adjustment (7)	GST Adjustment (8)	Adjusted Ultimate Losses & LAE per Car (9)	Past Trend to Oct 1, 2010 (10)	Future Trend to Nov 1, 2012 (11)	Projected Ultimate Losses & LAE per Car (12)	Weights (13)
2006	1,944,171	2,810,882	1.45	1.000	1.087	1.000	1.000	1.57	0.898	0.949	1.34	5%
2007	2,056,632	2,636,955	1.28	0.993	1.089	1.000	1.000	1.39	0.921	0.949	1.21	10%
2008	2,154,733	3,094,037	1.44	0.983	1.084	1.000	1.000	1.53	0.945	0.949	1.37	15%
2009	2,209,998	3,321,091	1.50	0.976	1.105	1.000	1.000	1.62	0.969	0.949	1.49	30%
2010	2,252,298	2,521,305	1.12	1.088	1.102	1.000	1.000	1.34	0.994	0.949	1.26	40%
Weighted Average											1.35	

Medical Rehabilitation

Accident Year (1)	Earned Cars (2)	Reported Losses & ALAE (3)	Reported Losses & ALAE Cost per Car (4)	LDf (5)	ULAE (6)	Reform Adjustment (7)	GST Adjustment (8)	Adjusted Ultimate Losses & LAE per Car (9)	Past Trend to Oct 1, 2010 (10)	Future Trend to Nov 1, 2012 (11)	Projected Ultimate Losses & LAE per Car (12)	Weights (13)
2006	1,944,171	43,109,147	22.17	1.008	1.087	1.000	0.986	23.93	1.230	1.129	33.25	5%
2007	2,056,632	44,421,515	21.60	1.005	1.089	1.000	0.991	23.42	1.172	1.129	30.99	10%
2008	2,154,733	48,515,455	22.52	0.999	1.084	1.000	1.000	24.37	1.116	1.129	30.70	15%
2009	2,209,998	53,220,759	24.08	0.965	1.105	1.000	1.000	25.69	1.063	1.129	30.83	30%
2010	2,252,298	74,116,535	32.91	0.771	1.102	1.000	1.000	27.95	1.012	1.129	31.94	40%
Weighted Average											31.39	

Disability Income

Accident Year (1)	Earned Cars (2)	Reported Losses & ALAE (3)	Reported Losses & ALAE Cost per Car (4)	LDf (5)	ULAE (6)	Reform Adjustment (7)	GST Adjustment (8)	Adjusted Ultimate Losses & LAE per Car (9)	Past Trend to Oct 1, 2010 (10)	Future Trend to Nov 1, 2012 (11)	Projected Ultimate Losses & LAE per Car (12)	Weights (13)
2006	1,944,171	17,188,838	8.84	1.019	1.087	1.350	1.000	13.21	0.898	0.949	11.25	5%
2007	2,056,632	20,950,929	10.19	1.022	1.089	1.058	1.000	12.00	0.921	0.949	10.48	10%
2008	2,154,733	22,751,555	10.56	1.029	1.084	1.000	1.000	11.77	0.945	0.949	10.55	15%
2009	2,209,998	21,845,992	9.89	1.041	1.105	1.000	1.000	11.38	0.969	0.949	10.46	30%
2010	2,252,298	14,994,564	6.66	1.329	1.102	1.000	1.000	9.75	0.994	0.949	9.19	40%
Weighted Average											10.01	

Supplementary

Accident Year (1)	Earned Cars (2)	Reported Losses & ALAE (3)	Reported Losses & ALAE Cost per Car (4)	LDf (5)	ULAE (6)	Reform Adjustment (7)	GST Adjustment (8)	Adjusted Ultimate Losses & LAE per Car (9)	Past Trend to Oct 1, 2010 (10)	Future Trend to Nov 1, 2012 (11)	Projected Ultimate Losses & LAE per Car (12)	Weights (13)
2006	1,944,171	0	0.00	1.000	1.087	1.000	1.000	0.00	1.000	1.000	0.00	5%
2007	2,056,632	0	0.00	1.000	1.089	1.000	1.000	0.00	1.000	1.000	0.00	10%
2008	2,154,733	0	0.00	1.000	1.084	1.000	1.000	0.00	1.000	1.000	0.00	15%
2009	2,209,998	0	0.00	1.000	1.105	1.000	1.000	0.00	1.000	1.000	0.00	30%
2010	2,252,298	0	0.00	1.000	1.102	1.000	1.000	0.00	1.000	1.000	0.00	40%
Weighted Average											0.00	

Uninsured Motorist

Accident Year (1)	Earned Cars (2)	Reported Losses & ALAE (3)	Reported Losses & ALAE Cost per Car (4)	LDf (5)	ULAE (6)	Reform Adjustment (7)	GST Adjustment (8)	Adjusted Ultimate Losses & LAE per Car (9)	Past Trend to Oct 1, 2010 (10)	Future Trend to Nov 1, 2012 (11)	Projected Ultimate Losses & LAE per Car (12)	Weights (13)
2006	1,944,171	827,878	0.43	0.881	1.087	1.497	1.000	0.61	1.065	1.032	0.67	5%
2007	2,056,632	1,667,227	0.81	0.912	1.089	1.000	1.000	0.80	1.050	1.032	0.87	10%
2008	2,154,733	661,717	0.31	1.038	1.084	1.000	1.000	0.35	1.034	1.032	0.37	15%
2009	2,209,998	1,046,681	0.47	1.509	1.105	1.000	1.000	0.79	1.019	1.032	0.83	30%
2010	2,252,298	28,289	0.01	2.937	1.102	1.000	1.000	0.04	1.004	1.032	0.04	40%
Weighted Average											0.44	

Notes:

- (2), (3) From AIX70A 2010-2
- (4) = (3) / (2)
- (5) From Exhibit 6
- (6) From 2010 AIX05
- (7) Refer to text
- (8) GST change from 7% to 6% effective July 1, 2006 and from 6% to 5% effective January 1, 2008
- (9) = (4) x (5) x (6) x (7) x (8)
- (10) From Exhibit 4 (refer to text)
- (11) From Exhibit 4 (refer to text)
- (12) = (9) x (10) x (11)
- (13) Judgment

**Province of Alberta
Alberta Automobile Insurance Rate Board
2011 Private Passenger Industry-Wide Review**

Indicated Average Premium - Low Range

		(1) Projected Average Loss Cost	(2) Present Value Discount Factor	(3) Premium Delay Factor	(4) Expense	(5) Health Levy	(6) Profit Provision	(7) Indicated Average Premium
TPL	Bodily Injury	173.57	0.927	1.0050	20.8%	6.290%	7.0%	245.26
	Property Damage	162.02	0.982	1.0050	20.8%	6.290%	7.0%	242.41
	TPL Total							487.67
AB	Funeral	0.56	0.981	1.0050	20.8%	0.0%	7.0%	0.76
	Death Benefit	1.35	0.975	1.0050	20.8%	0.0%	7.0%	1.83
	Medical Rehab	31.39	0.978	1.0050	20.8%	0.0%	7.0%	42.69
	Disability Income	10.01	0.972	1.0050	20.8%	0.0%	7.0%	13.53
	Supplementary	-	1.000	1.0050	20.8%	0.0%	7.0%	-
	Uninsured	0.44	0.927	1.0050	20.8%	0.0%	7.0%	0.57
	AB Total	43.75						59.38
	Fixed Expense	26.29	1.000	1.0050	20.8%	0.00%	7.0%	36.57
	(8) Total							\$584
	(9) Estimated Street Premium							\$549
	(10) Indicated IWA							6.4%

Notes:

- (1) From Addendum Exhibits 1 & 4
- (2) From Exhibit 4
- (3) Assume 90 day delay in receipt of premium
- (4) From Exhibit 3
- (5) Judgment
- (6) Provided by the Board
- (7) = (1) x (2) x (3) / [1 - (4) - (5) - (6)]

**Province of Alberta
Alberta Automobile Insurance Rate Board
2011 Private Passenger Industry-Wide Review**

Indicated Average Premium - Mid Range

		(1) Projected Average Loss Cost	(2) Present Value Discount Factor	(3) Premium Delay Factor	(4) Expense	(5) Health Levy	(6) Profit Provision	(7) Indicated Average Premium
TPL	Bodily Injury	185.07	0.927	1.0050	20.8%	6.100%	7.0%	260.74
	Property Damage	162.02	0.982	1.0050	20.8%	6.100%	7.0%	241.72
	TPL Total							502.46
AB	Funeral	0.56	0.981	1.0050	20.8%	0.0%	7.0%	0.76
	Death Benefit	1.35	0.975	1.0050	20.8%	0.0%	7.0%	1.83
	Medical Rehab	31.39	0.978	1.0050	20.8%	0.0%	7.0%	42.69
	Disability Income	10.01	0.972	1.0050	20.8%	0.0%	7.0%	13.53
	Supplementary	-	1.000	1.0050	20.8%	0.0%	7.0%	-
	Uninsured	0.44	0.927	1.0050	20.8%	0.0%	7.0%	0.57
	AB Total	43.75						59.38
	Fixed Expense	26.29	1.000	1.0050	20.8%	0.00%	7.0%	36.57
	(8) Total							\$598
	(9) Estimated Street Premium							\$549
	(10) Indicated IWA							9.0%

Notes:

- (1) From Addendum Exhibits 2 & 4
- (2) From Exhibit 4
- (3) Assume 90 day delay in receipt of premium
- (4) From Exhibit 3
- (5) Judgment
- (6) Provided by the Board
- (7) = (1) x (2) x (3) / [1 - (4) - (5) - (6)]

**Province of Alberta
Alberta Automobile Insurance Rate Board
2011 Private Passenger Industry-Wide Review**

Indicated Average Premium - High Range

		(1) Projected Average Loss Cost	(2) Present Value Discount Factor	(3) Premium Delay Factor	(4) Expense	(5) Health Levy	(6) Profit Provision	(7) Indicated Average Premium
TPL	Bodily Injury	196.94	0.927	1.0050	20.8%	5.920%	7.0%	276.72
	Property Damage	162.02	0.982	1.0050	20.8%	5.920%	7.0%	241.06
	TPL Total							517.78
AB	Funeral	0.56	0.981	1.0050	20.8%	0.0%	7.0%	0.76
	Death Benefit	1.35	0.975	1.0050	20.8%	0.0%	7.0%	1.83
	Medical Rehab	31.39	0.978	1.0050	20.8%	0.0%	7.0%	42.69
	Disability Income	10.01	0.972	1.0050	20.8%	0.0%	7.0%	13.53
	Supplementary	-	1.000	1.0050	20.8%	0.0%	7.0%	-
	Uninsured	0.44	0.927	1.0050	20.8%	0.0%	7.0%	0.57
	AB Total	43.75						59.38
	Fixed Expense	26.29	1.000	1.0050	20.8%	0.00%	7.0%	36.57
	(8) Total							\$614
	(9) Estimated Street Premium							\$549
	(10) Indicated IWA							11.8%

Notes:

- (1) From Addendum Exhibits 3 & 4
- (2) From Exhibit 4
- (3) Assume 90 day delay in receipt of premium
- (4) From Exhibit 3
- (5) Judgment
- (6) Provided by the Board
- (7) = (1) x (2) x (3) / [1 - (4) - (5) - (6)]

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