

NOTES TO USERS REGARDING USE OF DATA

1. The Green Book exhibits are published on an Accident Year basis. In Accident Year statistics, the experience of all policies which are in-force (or exposed) at some time during the period is grouped together. The accident years are defined as the calendar period January to December for each of the stated years. Only the portion of the experience related to the overlap of the given period and the policy term is included.

Earned premium and exposure are taken as the portion (usually pro-rata) of written premium and exposure on these policies which relates only to that part of the policy term which falls within the given period. All claims having date-of-loss within the given period are included in the loss experience, regardless of whether the policy effective date of the policy is within the given period or a prior one. Of course, for such a claim to have been incurred, there must have been a policy which was in-force at the date-of-loss, and so there is a proper matching of premium and losses.

Accident Year statistics tie less closely to written premium and the rates in effect at any given time, but tie more closely to traditional calendar year results.

2. **The Actual Loss Ratio, Territorial, Classification and Driver/Vehicle Classification Exhibits display the historical general level statistics on a factored basis. The adjustments made to the loss experience consist of factors for Loss Development, and Unallocated Loss Adjustment Expenses, but not for expenses incurred under the Ontario Health Levy. The Unallocated Loss Adjustment Factors for the years 2005 through 2009 are based on aggregate data collected under the IBC Automobile Expense Survey. These factors are provided by IBC for use in certain factored exhibits. Since the underlying data and calculations of the 2008 and 2009 factors were not disclosed to GISA, the Unallocated Loss Adjustment Factors for years 2008 and 2009 were not approved by GISA. Trend factors have not been applied to the claims experience to project it to a common level in time.**

Please note also that amounts exhibited do not contain any adjustments to reflect other expenses incurred by insurance companies, such as commissions, premium taxes (if any) and general operating expenses.

It is strongly recommended that a proper analysis with appropriate adjustments be made to the data for ratemaking purposes. Users are also warned that other technical exhibits are required to complete a ratemaking analysis.

3. **Development factors have been applied to the number of claims and claim amounts to project them to the estimated ultimate level. The selected factors are based on the results of an actuarial report that was commissioned by GISA. Please note that the introduction of the Ontario Motorist Protection Plan (OMPP), Bill 164 and Bill 59 on June 22, 1990, January 1, 1994 and November 1, 1996 respectively, necessitated changes in the methodology used to calculate these factors. In the absence of a fully credible base of Bill 59 and now Bill 198 loss development experience, some of the selected factors continue to rely on actuarial judgment.**

NOTES TO USERS REGARDING USE OF DATA

Starting October 1, 2003 Bill 198 reforms and associated initiatives began to be phased in, and it is to be expected that these reforms may produce significant changes in the payment patterns and case incurred development patterns in the data, which makes the projection of appropriate ultimate claim counts and amounts a more difficult task. The loss projections for the 2005 and subsequent accident periods presented in the exhibits are therefore subject to an even greater than usual degree of uncertainty, especially with respect to those long-tailed sub-coverages such as Bodily Injury, Disability Income and Medical/Rehabilitation, which have undergone significant changes under Bill 198 and associated reforms.

The projections will become more reliable over time as more of the claims are reported and closed but technical users should exercise caution when interpreting the estimated ultimate loss experience for the 2005 and subsequent accident years.

A new Statutory Accident Benefits Schedule (“SABS”) will be effective September 1, 2010. The new SABS will not apply to the calculation of benefit entitlements for accidents occurring before September 1, 2010. The new SABS will, however, govern most claims processing and most calculations of amounts payable to establish benefit entitlements as of September 1, 2010 regardless of the date of accident. The expectation is that the ultimate severity for certain AB+UM sub-coverage groups, examinations (Kinds of Loss 86 and 96) in particular, may be lower under the new SABS. No adjustment to selected incurred claim amount factors was made to estimate the impact of the new SABS.

See Loss Development Factors section for details on the methodology used.

The following table outlines the application of loss development factors to all categories of vehicles:

<u>Vehicle Category</u>	<u>Development Factors</u>
a. Private Passenger excluding Farmer	Private Passenger
b. Commercial Automobile	Commercial
c. Private Passenger Motorcycles	P.P. Motorcycle including All Terrain Vehicles
d. All Terrain Vehicles	P.P. Motorcycle including All Terrain Vehicles
e. Farmers	Private Passenger
f. Snow Vehicles	Private Passenger
g. Antiques and Motorhomes	Private Passenger
h. All Other Types of Vehicles	Commercial

Development factors for categories a., b., c. including d. above are derived from the underlying data for the category. These factors are applied to all other types of vehicles (i.e., categories e. to h.) because of the limited volume of the data underlying these other vehicle types and therefore the volatility of loss development factors derived from their experience.

NOTES TO USERS REGARDING USE OF DATA

4. All claim (loss) and allocated claim (loss) adjustment expense amounts are included in the amounts reported under the ASP. No attempt has been made to adjust these values for the time value of money to discount them from their actual date paid or payable to an earlier average date of receipt of premium within the accident year. Differences between the displayed undiscounted amounts and corresponding discounted amounts which might be appropriate for some other purposes such as gauging relative profitability may be significant for long-tailed coverages such as Third Party Liability.

Note, however, that Disability Income loss reserve amounts under Accident Benefits coverage may commonly be reported on an already discounted basis and that some Bodily Injury and Disability Income losses may ultimately be settled by means of a structured settlement, at which point reserves will usually be reported on a discounted basis.

All ratios derived from the claim (loss) amounts (i.e. claim (loss) ratios, claim (loss) costs per car insured, average costs per claim) are similarly on an as-reported and factored basis, unadjusted for the time value of money.

5. Every effort has been made to ensure the accuracy and completeness of the data. However, the responsibility for any errors or omissions in the data submitted under the statistical plan and presented in these exhibits remains with the reporting companies.

Some edit validation and verification, consistency and reasonability checks have been performed which led to some data exclusions (see the Data Exclusions section for details).

Other potential data quality problems are currently being investigated and technical users need to review these exhibits with caution.

An independent data audit is not currently mandated or performed.

6. Effective January 1st, 1994, coverage provided under all in-force and new contracts of Automobile insurance in Ontario (for claims occurring on or after January 1st, 1994), was changed to the new basis provided under Bill 164. Therefore, claims occurring on or after January 1st, 1994 are required to be coded under the revised Statistical Plan requirements which expand the set of Kind of Loss codes. The same codes (with limited exceptions) continue to apply under Bill 59, which came into effect for claims occurring on or after November 1, 1996, and under Bill 198 reforms and associated initiatives which began phasing in starting October 1, 2003.

In the short to medium term, in order to make claim counts for the statistics coded under OMPP, Bill 164, Bill 59 and Bill 198 relatively comparable to those under the prior system, transactions relating to some of the Bill 164 new Kind of Loss codes have been mapped to appropriate Tort Kind of Loss codes, with suppression of the claim counts (but not the claim amounts) where required as follows:

NOTES TO USERS REGARDING USE OF DATA

Mapping of OMPP and Bill 164 Kind of Loss codes to Tort Kind of Loss codes

<u>Coverage</u>	Bill 164 Kind of Loss <u>Code</u>	OMPP Kind of Loss <u>Code</u>	Mapped to Tort Kind of Loss <u>Code</u>
Third Party Liability	03, 05	03, 05	01
	04, 06	04, 06	02
	07	07	See Below
	12, 14*, 15, 16, 17*, 18*, 19*	12, 14*, 15, 16 17*, 18*, 19*	09
Accident Benefits	40, 60*	40, 60*	30
	41, 43*, 45*, 46*, 61*, 63*, 65*, 66*, 83*, 84*, 85*, 86*, 87*, 94*, 95*, 96*, 97*	41, 43*, 45*, 46*, 49*, 61*, 63*, 65*, 66*, 69*	31
	42, 62*	42, 62*	32
	80, 81, 82, 90*, 91*, 92*, 48*, 68*	44, 48*, 64*, 68*	34
Uninsured Automobile	36*, 38	39	39

* Claim Count Suppressed

Please note that the experience reported for Loss Transfer Provisions (Kind of Loss Code "07") is exhibited under the Third Party Liability coverage.

In order to make claim counts for the statistics coded under Bill 164 and Bill 59 comparable, the claim counts for some Bill 164, Bill 59 and Bill 198 codes have been suppressed while the amount of losses remain unchanged. The following mapping of codes is used for the Accident Benefits coverage.

NOTES TO USERS REGARDING USE OF DATA

Mapping of Bill 164, Bill 59 and Bill 198 Kind of Loss codes to OMPP Kind of Loss codes

<u>Coverage</u>	<u>Bill 164, 59, 198 Kind of Loss Code</u>	<u>Mapped to OMPP Kind of Loss Code</u>
Accident	41, 83*, 84*	41
Benefits	85*, 86*	
	61, 93*, 94*, 95*, 96*	61
	87	49
	97	69
	80, 81, 82,	44
	90, 91, 92	64

* Claim Count Suppressed

It is clearly to be expected that claims statistics under Bill 164, Bill 59 and Bill 198 for Third Party Bodily Injury Liability, Loss Transfer, and Accident Benefits coverages should show changes from those under any of the prior environments because of the changes to these coverages in the products under these Bills. Loss development patterns may differ under these products, even at the Kind of Loss level for these coverages.

A Supplementary Loss Development Exhibit is also produced that provides all the detailed experience reported under OMPP, Bill 164 and Bill 59 Kind of Loss codes.

Claims statistics under OMPP, Bill 164, Bill 59 and Bill 198 for Third Party Liability and Accident Benefits coverages should also be expected to show a change from those under the prior Tort environment because of the major changes to these coverages under OMPP, Bill 164, Bill 59 and Bill 198. Loss development patterns may differ under OMPP, Bill 164, Bill 59 and Bill 198, even at the Kind of Loss level for these coverages. The development patterns for the Collision coverage (and the Collision portion of All Perils coverage) should also be expected to differ under OMPP, Bill 164, Bill 59 and Bill 198 compared to the prior Tort system, because of the near elimination of subrogation.

7. **It should be noted that a portion of the premiums earned in the 2004-1 and next few accident periods will be derived from policies written prior to the introduction of Bill 198 reforms and its associated initiatives, and may therefore not be at a comparable level to premiums earned on policies written after mid-April 2004, when new lower rates for Private Passenger began phasing in. This makes interpretation of loss ratios for the 2005 and subsequent accident years presented in the exhibits rather difficult, especially for the Third Party Liability and Accident Benefits coverages.**

NOTES TO USERS REGARDING USE OF DATA

8. From June 1, 1987, until December 31, 1994, written premiums for the Facility Association were reported on a net of commission basis. Beginning from January 1, 1995 the said Written Premiums are reported on the gross basis, and users should take note of the possible predominance of the Facility Association in the total Ontario experience for some categories of insurance in some years.
9. For Private Passenger excluding Farmers for the Accident Benefits coverage, one writer had reporting problems in connection with claim counts and amounts for most kinds of loss. The Accident Benefits data of this company has been excluded for the 1990-2 through 2001-2 half years.
10. **The average written premiums per vehicle in 2005 and subsequent accident years presented in the exhibits, reflect some moderate changes for some coverages in response to the product reforms implemented starting in the fall of 2003 and in response to evolving claims experience. For Direct Compensation and other physical damage coverages, rate reductions as a result of the rate filing processes (including CLEAR) continue to be somewhat offset by the additional premium amounts induced by the rate group assignments under the CLEAR and MSRP methodologies..**
11. Users are cautioned that the exposure and premium data shown here may be expected to change a little over time until it becomes ultimate. Analysis of recent data indicates that such exposure and premium development on accident half year data is negligible beyond the twelve month development level, but also indicates that the expected development for Private Passenger on written exposure and written premium for the latest accident half year is less than 1%.

Other classes of the business beside Private Passenger may be expected to be similarly affected, with Commercial showing somewhat higher development, about 3%, probably because of deposit and audit premium transactions on fleets.

12. The Automobile Statistical Plan required the reporting of "Actual Values" for Physical Damage Deductibles effective January 1, 2008. For exhibit purposes, the actual value data has been "mapped back" to the old three digit deductible codes.

IBC has detected some reporting issues with the All Perils, Collision and Comprehensive Full Coverage deductible codes 410, 310 and 810, respectively, for Accident Year 2008 and 2009. Users should exercise caution when reviewing these deductible codes in the accompanying flat file exhibit.

IBC continues to investigate this issue and is following up with the companies to rectify the reporting.