



1 **2014 11 07 e:**

2 Transcript page 105, lines 22 to 25 and page 106, lines 1 to 6 Ms. Glynn “*Okay, perfect. That clears*
3 *that up. Mr. Doherty, I’m going to move into the development periods and I’d like to bring up page*
4 *157 of the memorandum and there was two periods for accident benefits where Oliver -- yeah,*
5 *Oliver Wyman felt that Facility selected loss development factors that were higher than what the*
6 *data indicated. But I need your help again with this, Mr. Doherty. Can you explain the top part of*
7 *this graph to us?” Page 108, lines 4 to 6, Mr. Doherty “*I’m not exactly clear on the basis for that*
8 *selection, but I can undertake to get that from the appointed actuary.” **Undertaking is to provide***
9 **the basis for the link ratio selections for Dec. 31, 2012 valuation of Industry NL CV Accident**
10 **Benefits.***

11 **FA Response:**

12 The basis of selection of NL industry commercial vehicle selected link ratios for accident benefits was
13 the GISA selected factors as at December 31, 2012. The GISA factors (selected at sub-coverage within
14 accident benefits, and on the basis of indemnity and ALAE) were weighted on recorded indemnity to
15 arrive at the total level. With respect to the main accident benefits sub-coverages (i.e. medical and
16 disability income), the GISA selected factors were based on the experience of all Atlantic provinces
17 combined for commercial vehicles (more detail is available from the GISA portal product AUTO003-
18 ATL_2012.pdf). In discussing this undertaking with our Appointed Actuary, Mr. Liam McFarlane (who
19 is also GISA’s actuary), he indicated that he, for the GISA report, combined the Atlantic provinces
20 experience for the medical and disability sub-coverages to improve the credibility of the data underlying
21 the selections. On an all Atlantic provinces combined basis, the ultimate number of claims in the
22 medical sub-coverage is less than 200 per accident year and in the disability coverage it is in the range
23 of 50 per accident year, and in Mr. McFarlane’s view, combining the experience of the provinces
24 improved the credibility of his estimates.