

1 **Consumer Advocate RfI CA-FA-07:** *In the 2013 filing, the full credibility standard for TPL was 5,410*  
 2 *claims. In the 2014 filing, the full credibility standard is 3,246 for TPL. Why is the full credibility*  
 3 *standard different in the two filings?*

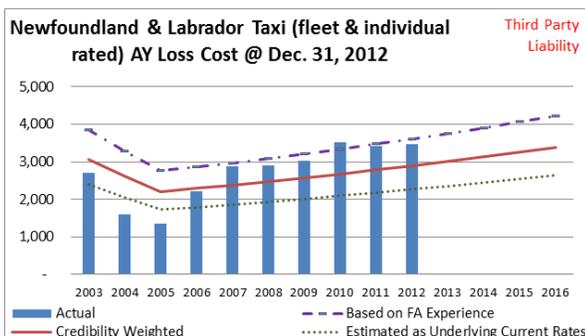
4 **FA Response to RfI CA-FA-07:**

5 This question was raised by Oliver Wyman in their March 21, 2014 correspondence, question 16 and  
 6 was addressed in our response dated March 31, 2014. We have reproduced our response below:

7 *The full credibility standards in this filing were derived based on an analysis of 2003 AIX*  
 8 *Industry Atlantic Commercial size of loss experience, this credibility standard is widely accepted*  
 9 *by insurance industry. The previous credibility standard for TPL appears to have been the sum*  
 10 *of two times the standard for BI and the standard for PD. For this filing, we sum BI and PD (i.e.*  
 11 *BI is not counted twice). This is consistent with the FA standard elsewhere, where TPL is not*  
 12 *divisible. We believe the standard used this filing is appropriate.*

13 We provide the three projected loss costs (consistent with the three projected loss ratios) below. The  
 14 resulting credibility-weighted implied loss costs are below the loss costs for the 2007-2012 period when  
 15 projected back over time as indicated in the charts at the top of the next page. Adjusting the amount of  
 16 “credibility” assigned to the experience period simply moves the “red line” up or down between the two  
 17 basis. The estimated loss costs using underlying rates are below the actual experience for all but two of  
 18 the last 10 accident years, challenging the assumption that this basis is representative of the underlying  
 19 long term expected loss costs of this class. In our opinion, the credibility we assigned to the experience  
 20 loss cost is appropriate.

21 *TPL Loss Cost by Accident Year Consistent with 2014 Filing*



22  
 23 In our opinion, the charts above highlight the consistency of our trend model structure with the historical  
 24 loss cost levels, including the change in trend identified in the NL CV industry results at 2005, which  
 25 appears to be consistent in general with the FA NL taxi results.