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ISSUED: April 10, 2008

**TO: ALL INSURERS, INCLUDING FACILITY ASSOCIATION,
TRANSACTIONING THE BUSINESS OF AUTOMOBILE INSURANCE
IN THE PROVINCE OF NEWFOUNDLAND AND LABRADOR.**

**SUBJECT: Revised Loss Trend Rates, Development Factors and Reform Factor –
Private Passenger and Commercial Auto.**

The Board advises that the Loss Trend Rates, Development Factors and Reform Factor for use in the making of private passenger and commercial automobile rate filings have been updated. The update for private passenger includes Industry data to 2007-01 and while commercial includes Industry data to 2006-02.

Insurers contemplating a Category 2 Rate Filing should have reference to the revised factor posted on the Board's website at <http://www.pub.nl.ca/insurance.htm> .

Questions regarding the foregoing may be directed to the undersigned.

Robert S. Byrne, B.Comm. A.I.I.C., CD.
Director Regulatory and Advisory Services

Newfoundland & Labrador
Private Passenger Vehicles
Oliver Wyman Selected Loss Trend Rates
and
Reform Factor
Based on Industry Data Through June 30, 2007

Loss Trend Rates

Loss trend rates are factors that are applied to the experience period incurred losses to adjust for the cost levels that are anticipated during the policy period covered under the proposed rate program.

The selection and application of trend rates is, essentially, a two-step process. The data in the experience period under consideration must be adjusted to reflect changes in cost conditions that have taken place (i.e., “past trend”), and then the data must be further adjusted to reflect changes in cost conditions that are expected to take place between the present time and the time during the new premiums will be in effect (i.e., “future trend”).

Therefore, past trend rates should reflect the underlying trend patterns that occurred during the experience period, which we have assumed to be the five years ending June 30, 2007. Future trend rates should reflect those same patterns that occurred during the experience period, as well as the likelihood that those patterns may change.

The identification of the underlying trend patterns over the experience period, which is a matter of actuarial judgment, is challenging because factors such as statistical fluctuation in the data points, changes in the underlying exposure, or abnormal weather conditions, etc., can make the underlying trend patterns difficult to discern. For this reason, we model the data several different ways in an attempt to identify the underlying trends during the experience period: with and without certain data points that are considered to be statistical outliers, and over time periods that are longer than the experience period as a means of increasing the stability/reliability of the data being analyzed.

We select trend rates based on Industry Newfoundland & Labrador data to determine appropriate loss trends for use in deriving the rate level indications. We derive annual loss trend rates based on a regression model using Industry historical accident year loss and loss adjustment expense data that we project to ultimate cost level (when all claims are reported and settled) using the Industry loss development factors we select.

We generally consider the Industry Newfoundland & Labrador data for the accident years spanning 1997-2 through 2007-1 for purposes of selecting trend rates.

Estimation of Industry Ultimate Loss and Claim Amounts

The Industry Newfoundland & Labrador experience upon which the loss trend rates are based must be adjusted to an ultimate claim count and loss amount level. We do so through the application of what are referred to as development factors to the reported claim counts and claim amounts as of June 30, 2007. We select development factors based on a review of the Industry Newfoundland & Labrador loss development patterns; we do this by coverage. Our selected development factors are generally based on: (a) the volume weighted average of the last four observed development factors for the half-years ending June (for development period 6 months to 12 months); and (b) the volume weighted average of the last six observed development factors (for the development periods beyond 12 months). The exceptions are as follows:

Bodily Injury	Claim Amount	6-12	6 point volume weighted average
Accident Benefits	Claim Count	6-12	6 point volume weighted average
Accident Benefits	Claim Amount	6-12	6 point volume weighted average
Accident Benefits	Claim Amount	84-90; 102-108	1.00
Collision	Claim Amount	6-12	6 point volume weighted average
Specified Perils	Claim Amount	102-108	1.00
All Perils	Claim Amount	30-36	.999
Uninsured Auto	Claim Count	All except 106-126	All Year volume weighted average
Uninsured Auto	Claim Count	106-126	1.00
Uninsured Auto	Claim Amount	All except 106-144	All Year volume weighted average
Uninsured Auto	Claim Amount	106-144	1.00

A chart is attached that presents our cumulative selected claim count and claim amount development factors.

Consideration of Severity, Frequency, and Loss Cost Trend Patterns

In selecting past and future trend rates by coverage, we typically examine the separate trend patterns for claim severity and claim frequency, and then combine the selected severity and frequency trend rates to arrive at a selected loss cost trend rate. However, our review of the severity and frequency trend patterns over the recent past suggests to us that we may not fully reflect the correlation that seemingly exists between severity and frequency if we separately select severity and frequency trend rates. For this reason we tend to select past and future trend rates by directly examining the trend pattern for loss cost.

Selection of Past Trend Rates

The Time Period We Considered

In our judgment, a ten-year period is, generally, a reasonable time period for determining the underlying trend rates for the Bodily Injury and Accident Benefits coverages, while the five-year period is a reasonable time period for determining the underlying trend rates for the property damage, collision, and comprehensive coverages. However, based on our review of the Industry claim experience, in general we find the trend for the Bodily Injury and Accident Benefits coverages over the recent past years ending June 30, 2007 to be sufficiently different from the trend over the ten-year period ending June 30, 2007 that we believe it is most appropriate to also consider the loss cost trend for the experience over a three to five year time period.

The Data Points We Considered

We recognize that the indicated trends produced by the regression model (particularly those over a five-year period) can be sensitive to one or two of the data points. And since the points represent estimates of ultimate claim frequency rates, or in the case of severity, estimates of ultimate average loss amounts per claim, errors in estimation could lead to over or under estimation of the underlying trend rates. We also recognize that consideration must be given to how closely the regression model fits the data points, and

that adjustments may be necessary for outlying data points. For these reasons in selecting what we believe to be appropriate past severity and frequency trend rates we consider the indicated trends with the exclusion of various data points.

Our Selected Past Trend Rates

Bodily Injury

The five-year period ending June 30, 2007 appears to reflect a leveling off of what had been a downward trend in loss costs. The average annual loss cost trend rates over the five-year period ending June 30, 2007 has been -1.3% (regression coefficient of 59%); the average annual loss cost trend over the three-year period ending June 30, 2007 has been -0.7% (regression coefficient of 97%); and the average annual loss cost trend over the three-year period ending December 31, 2006 has been +5.3% (regression coefficient of 80%). We select a past loss cost trend rate of +0.0%.

Property Damage

Over the five, four, and three year periods ending June 30, 2007, the average annual loss cost trend rates have been +1.9% (regression coefficient of 17%), +4.1% (regression coefficient of 52%), and +3.6% (regression coefficient of 43%). We select a past loss cost trend rate of +2.5%.

Accident Benefits

The loss cost has exhibited both upward and downward movement over the past five and ten years, but the average loss cost trend has been flat. Over the five-year period ending June 30, 2007, the average annual loss cost trend has been +0.2% (regression coefficient of 19%), over the ten-year period ending June 30, 2007 the trend has been -0.4% (regression coefficient of 7%). We select a past loss cost trend rate of +0.0%.

Uninsured Automobile

The loss cost has been volatile over the past ten years. We select a past loss cost trend of +1.0%, which is about equal to the observed loss cost trend over the five-year period ending June 30, 2007.

Collision

There has been little difference in the loss cost trend over the past five years (+1.2%, regression coefficient of 59%) and over the past ten years (+0.5%, regression coefficient

of 51%). However, over the past three years ending June 30, 2007, the observed loss cost trend has been +3.7% (regression coefficient of 80%). We select a past loss cost trend rate of +3.5%.

Comprehensive

Like Collision, there has been little difference in the loss cost trend over the past five years (-1.7%, regression coefficient of 65%) and over the past ten years (-1.5%, regression coefficient of 42%). The change in loss cost over the past three years and two years has been erratic (loss cost trend over the past three years of +0.2% and over the past 2 years of -6.4%). We select a past loss cost trend rate of -1.5%.

Specified Perils

Due to insufficient data, we select the same past loss cost trend rate as we do for Comprehensive, -1.5%.

All Perils

Due to insufficient data, we select a weighted average of the selected Collision and Comprehensive trends, +1.5%.

SEF 44

Due to insufficient data, we select the observed Bodily Injury ten-year severity trend, +1.0%.

Selection of Future Trend Rates

The lost costs over the recent one to three years suggest that loss cost trends for certain coverages are beginning to rise more sharply. Hence, in selecting future trend rates for those coverages with credible data, we adjust our selected past trend rates after giving consideration to the changes in lost cost that have occurred over the past one to three years.

Our Selected Future Trend Rates

Bodily Injury

Our selected past loss cost trend rate is 0%. The more recent data points do not provide clear evidence of a change in the trend pattern. The average annual loss cost trend over

the 3.5 year period ending June 30, 2007 has been +3.1%, over the three-year period ending June 30, 2007 has been -0.7%, over the three-year period ending December 31, 2006 has been +5.3%, and over the two-year period ending June 30, 2007 has been -2.9%. We select a future loss cost trend rate of +0.0%.

Property Damage

Our selected past loss cost trend rate is +2.5%. But the 2007-1 data point shows a rather sharp increase over the 2006-2 and 2006-1 data points. We select a future loss cost trend rate of +3.0%.

Accident Benefits

The loss costs over the past two to three years suggest an increase in the trend. Recognizing the historical movement in the loss costs, we select a future loss cost trend rate of +1.0%.

Uninsured Automobile

Our selected past loss cost trend rate is +1.0%. Considering the instability of the loss cost for this coverage, we select a future trend of +1.0%.

Collision

Our selected past loss cost trend rate is +3.5%. The loss cost trend over the past two years has been higher (+9.0%), but this trend is largely driven by the 2007-1 data point. The trend over the two-year period ending December 31, 2006 has been +2.3%. We select a future loss cost trend rate of +3.5%.

Comprehensive

Our selected past loss cost trend rate is -1.5%. With no clear evidence of a change in the trend pattern, we select a future loss cost trend rate of -1.5%.

Specified Perils

Due to insufficient data, we select the same future loss cost trend rate as we do for Comprehensive, -1.5%.

All Perils

Due to insufficient data, we select a weighted average of the selected Collision and Comprehensive trends, +1.5%.

SEF 44

Due to insufficient data, we select the same future loss cost trend as our selected past loss cost trend, +1.0%.

Selected Trend Rates - Summary

The following table presents our selected past and future annual frequency, severity, and loss cost (the product of frequency and severity) trend rates.

Coverage	Past Loss Cost	Future Loss Cost
Bodily Injury	+0.0%	+0.0%
Property Damage	+2.5%	+3.0%
Accident Benefits	+0.0%	+1.0%
Uninsured Automobile	+1.0%	+1.0%
Collision	+3.5%	+3.5%
Comprehensive	-1.5%	-1.5%
Specified Perils	-1.5%	-1.5%
All Perils	+1.5%	+1.5%
SEF 44	+1.0%	+1.0%

Reform Factor

Our regression model includes a parameter to measure the effect of the 2004 reform measures (deductible). The regression model combines the underlying loss trend rate and the reform factor to develop a regression-best estimate of the frequency, severity and loss cost per vehicle. The loss trend factor and reform factor are linked within the regression model, such that as one decreases, the other increases to achieve the regression-best fit estimate. Based on the regression that underlies our selected loss cost trend, we select a reform factor for Bodily Injury of -7%.

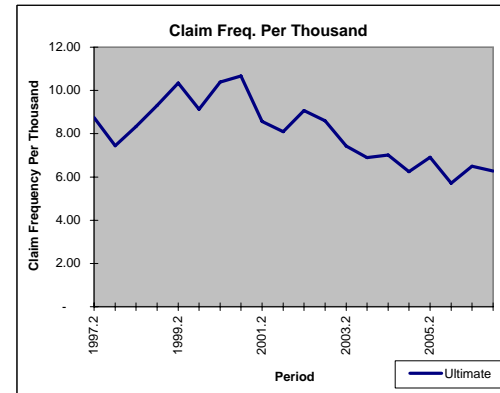
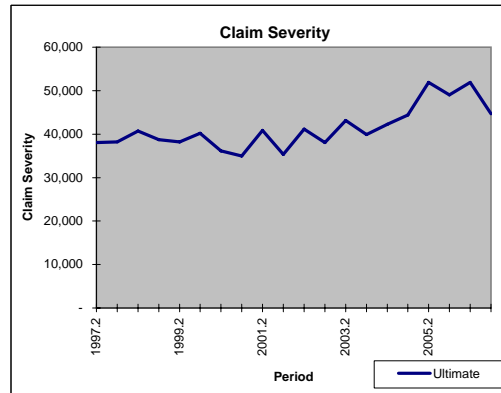
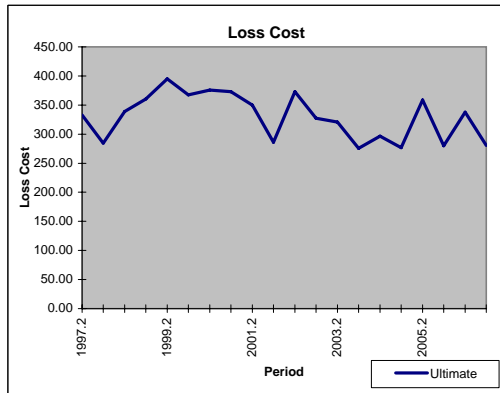
**Province of Newfoundland
Private Passenger Automobile (excl. Farmers)**

Bodily Injury

Semi-Annual Basis (reform included; with seasonality)

Excluded Points		Trend			R Squared		
		Loss Cost	Severity	Freq	Loss Cost	Severity	Freq
None	Last 5 yrs	-1.28%	4.37%	-5.41%	0.5947	0.7846	0.7885
2004.1	5 yrs excl. lowest for LC	0.30%	4.37%	-3.90%	0.6100	0.7546	0.8322
2003.1	5 yrs excl. lowest for Sev	0.24%	4.27%	-3.86%	0.7089	0.7101	0.8307
2006.1	5 yrs excl. lowest for Freq	-1.29%	4.47%	-5.51%	0.5478	0.8235	0.7681
2002.2	5 yrs excl. highest for LC	0.05%	4.54%	-4.30%	0.4989	0.7714	0.6981
2006.2	5 yrs excl. highest for Sev	-2.69%	3.74%	-6.20%	0.5919	0.7136	0.7866
2002.2	5 yrs excl. highest for Freq	0.05%	4.54%	-4.30%	0.4989	0.7714	0.6981
None	Last 10 yrs	-0.84%	0.89%	-1.72%	0.4182	0.7541	0.6769
2004.1	10 yrs excl. lowest for LC	0.02%	0.67%	-0.65%	0.4262	0.7582	0.7165
2001.1	10 yrs excl. lowest for Sev	-0.86%	0.90%	-1.74%	0.4858	0.7534	0.7371
2006.1	10 yrs excl. lowest for Freq	-0.85%	0.90%	-1.74%	0.3630	0.7359	0.6216
1999.2	10 yrs excl. highest for LC	-0.66%	0.83%	-1.47%	0.3685	0.7528	0.6661
2006.2	10 yrs excl. highest for Sev	-0.95%	0.79%	-1.73%	0.4311	0.7004	0.6538
2001.1	10 yrs excl. highest for Freq	-0.86%	0.90%	-1.74%	0.4858	0.7534	0.7371
None	5 yrs prior to 2002-1	6.43%	1.04%	5.34%	0.5909	0.1874	0.4306
None	10 yrs prior to 2002-1						
None	Last 3.5 yrs.	3.09%	4.44%	-1.29%	0.7838	0.6569	0.7775
None	Last 3 yrs.	-0.68%	0.31%	-0.99%	0.9704	0.8408	0.7472
None	Last 3 yrs. (ending 12/31/06)	5.28%	10.21%	-4.47%	0.8021	0.8885	0.9418
None	Last 2 yrs.	-2.87%	-4.46%	1.66%	0.9802	0.8567	0.6838
None	Last 2 yrs. (ending 12/31/06)	-2.42%	5.12%	-7.17%	0.9752	0.8516	0.9901

Selections:		<u>Loss Cost</u>
Past		0.0%
Future		0.0%



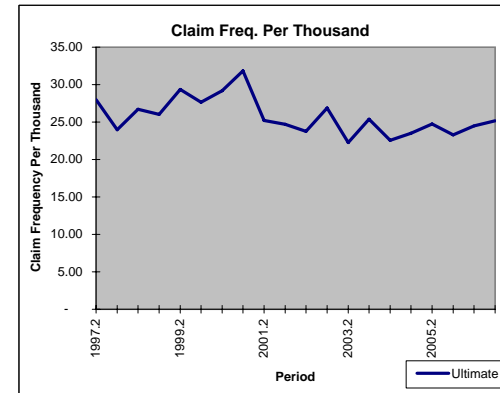
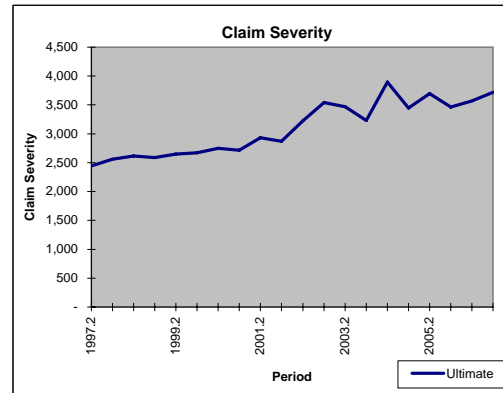
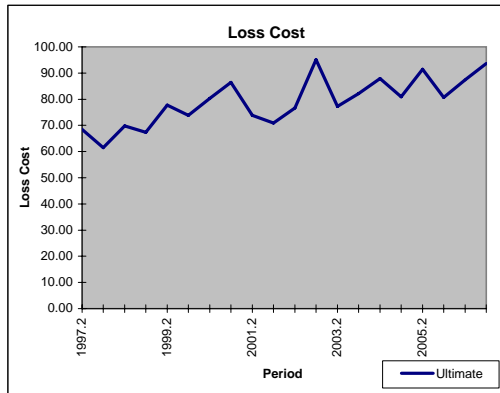
**Province of Newfoundland
Private Passenger Automobile (excl. Farmers)**

Property Damage

Semi-Annual Basis (with seasonality)

Excluded Points		Trend			R Squared		
		Loss Cost	Severity	Freq	Loss Cost	Severity	Freq
None	Last 5 yrs	1.92%	2.18%	-0.26%	0.1652	0.3436	0.2342
2002.2	5 yrs excl. lowest for LC	1.04%	1.23%	-0.19%	0.0385	0.3321	0.2272
2002.2	5 yrs excl. lowest for Sev	1.04%	1.23%	-0.19%	0.0385	0.3321	0.2272
2003.2	5 yrs excl. lowest for Freq	1.49%	2.15%	-0.65%	0.0933	0.3399	0.1819
2003.1	5 yrs excl. highest for LC	4.25%	3.24%	0.98%	0.6304	0.5440	0.2168
2004.2	5 yrs excl. highest for Sev	1.92%	2.18%	-0.26%	0.1963	0.4611	0.1627
2003.1	5 yrs excl. highest for Freq	4.25%	3.24%	0.98%	0.6304	0.5440	0.2168
None	Last 10 yrs	3.16%	4.95%	-1.70%	0.6061	0.8907	0.2919
1998.1	10 yrs excl. lowest for LC	2.78%	5.10%	-2.21%	0.5514	0.8871	0.4446
1997.2	10 yrs excl. lowest for Sev	3.16%	4.89%	-1.65%	0.5733	0.8758	0.2571
2003.2	10 yrs excl. lowest for Freq	3.23%	4.90%	-1.59%	0.6242	0.8919	0.2853
2003.1	10 yrs excl. highest for LC	3.10%	4.90%	-1.72%	0.6924	0.9269	0.2997
2004.2	10 yrs excl. highest for Sev	3.10%	4.74%	-1.57%	0.5904	0.9120	0.2611
2001.1	10 yrs excl. highest for Freq	3.31%	4.90%	-1.51%	0.6818	0.8919	0.3283
None	5 yrs prior to 2002-1	5.24%	3.57%	1.61%	0.6171	0.9229	0.0937
None	10 yrs prior to 2002-1						
None	Last 3.5 yrs.	2.75%	1.82%	0.91%	0.4750	0.4908	0.0921
None	Last 3 yrs.	3.56%	-0.25%	3.82%	0.4304	0.3232	0.6491
None	Last 3 yrs. (ending 12/31/06)	-0.57%	-0.46%	-0.11%	0.9077	0.6749	0.0056
None	Last 2 yrs.	5.36%	1.91%	3.38%	0.2735	0.1498	0.4201
None	Last 2 yrs. (ending 12/31/06)	-2.41%	-1.46%	-0.97%	0.9632	0.8776	0.9998

Selections:		<u>Loss Cost</u>
Past		2.5%
Future		3.0%



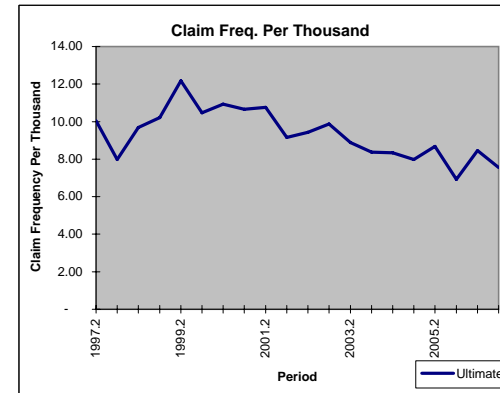
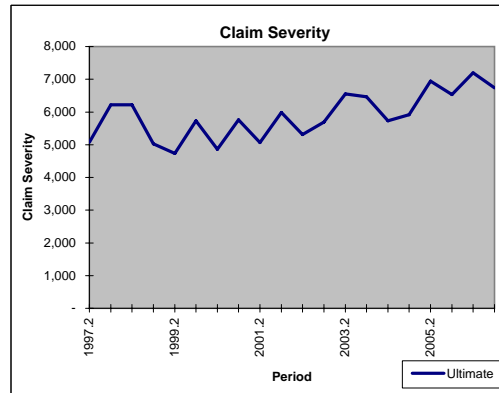
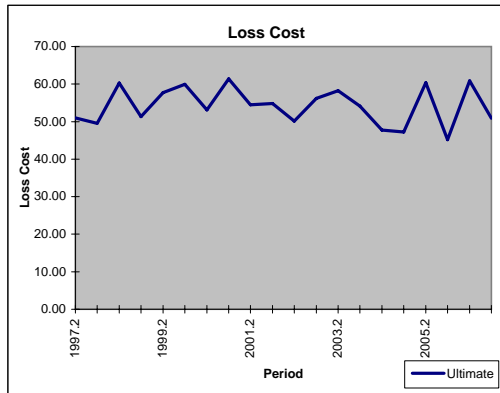
**Province of Newfoundland
Private Passenger Automobile (excl. Farmers)**

Accidental Benefits - Total

Semi-Annual Basis (with seasonality)

Excluded Points		Trend			R Squared		
		Loss Cost	Severity	Freq	Loss Cost	Severity	Freq
None	Last 5 yrs	0.24%	5.20%	-4.71%	0.1863	0.5882	0.6547
2006.1	5 yrs excl. lowest for LC	1.01%	5.24%	-4.02%	0.1278	0.5805	0.6695
2002.2	5 yrs excl. lowest for Sev	-1.27%	3.98%	-5.05%	0.3010	0.5060	0.6018
2006.1	5 yrs excl. lowest for Freq	1.01%	5.24%	-4.02%	0.1278	0.5805	0.6695
2006.2	5 yrs excl. highest for LC	-1.31%	4.65%	-5.69%	0.1409	0.4845	0.7223
2006.2	5 yrs excl. highest for Sev	-1.31%	4.65%	-5.69%	0.1409	0.4845	0.7223
2003.1	5 yrs excl. highest for Freq	2.09%	5.32%	-3.06%	0.3558	0.5317	0.7721
None	Last 10 yrs	-0.40%	2.71%	-3.03%	0.0737	0.4470	0.5108
2006.1	10 yrs excl. lowest for LC	-0.04%	2.73%	-2.70%	0.0249	0.4209	0.4417
1999.2	10 yrs excl. lowest for Sev	-0.34%	2.50%	-2.77%	0.0557	0.4094	0.4721
2006.1	10 yrs excl. lowest for Freq	-0.04%	2.73%	-2.70%	0.0249	0.4209	0.4417
2001.1	10 yrs excl. highest for LC	-0.26%	2.71%	-2.89%	0.1230	0.4465	0.5443
2006.2	10 yrs excl. highest for Sev	-0.81%	2.31%	-3.05%	0.0963	0.4092	0.5002
1999.2	10 yrs excl. highest for Freq	-0.34%	2.50%	-2.77%	0.0557	0.4094	0.4721
None	5 yrs prior to 2002-1	8.70%	2.80%	5.74%	0.4337	0.0714	0.6449
None	10 yrs prior to 2002-1						
None	Last 3.5 yrs.	1.88%	4.99%	-2.97%	0.3564	0.4398	0.6099
None	Last 3 yrs.	8.29%	9.38%	-1.00%	0.7597	0.8208	0.6918
None	Last 3 yrs. (ending 12/31/06)	1.61%	6.20%	-4.32%	0.3531	0.4467	0.6169
None	Last 2 yrs.	6.61%	3.38%	3.13%	0.9511	0.9981	0.8982
None	Last 2 yrs. (ending 12/31/06)	-1.73%	7.03%	-8.19%	0.9905	0.9549	0.8907

Selections:		<u>Loss Cost</u>
Past		0.0%
Future		1.0%



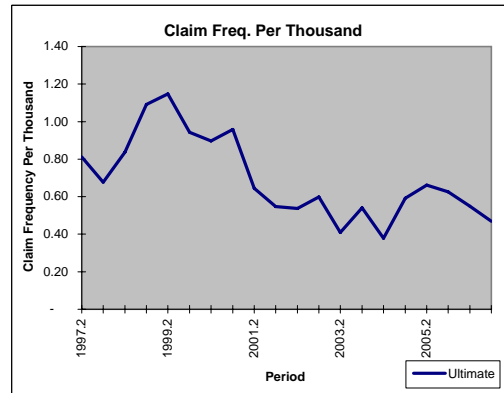
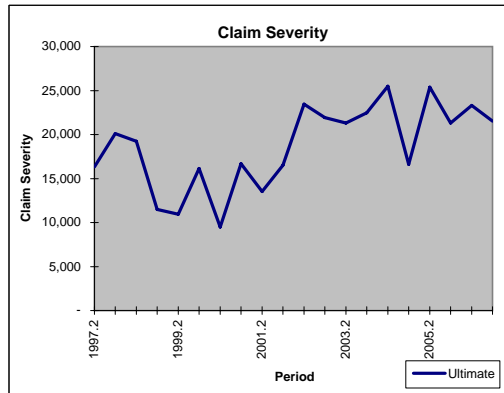
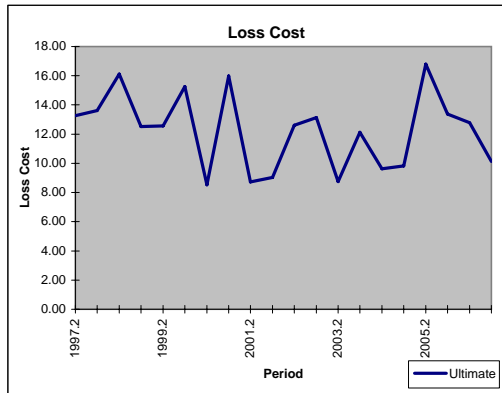
**Province of Newfoundland
Private Passenger Automobile (excl. Farmers)**

Uninsured

Semi-Annual Basis (with seasonality)

Excluded Points		Trend			R Squared		
		Loss Cost	Severity	Freq	Loss Cost	Severity	Freq
None	Last 5 yrs	1.29%	0.37%	0.92%	0.0108	0.3704	0.1343
2003.2	5 yrs excl. lowest for LC	-0.63%	-0.32%	-0.30%	0.0719	0.4738	0.0575
2005.1	5 yrs excl. lowest for Sev	1.29%	0.37%	0.92%	0.0157	0.4116	0.1027
2004.2	5 yrs excl. lowest for Freq	1.29%	0.37%	0.92%	0.0410	0.3014	0.0493
2005.2	5 yrs excl. highest for LC	-0.98%	-0.06%	-0.93%	0.0680	0.3006	0.3549
2004.2	5 yrs excl. highest for Sev	1.29%	0.37%	0.92%	0.0410	0.3014	0.0493
2005.2	5 yrs excl. highest for Freq	-0.98%	-0.06%	-0.93%	0.0680	0.3006	0.3549
None	Last 10 yrs	-1.74%	5.80%	-7.12%	0.0726	0.3393	0.4922
2000.2	10 yrs excl. lowest for LC	-2.08%	5.21%	-6.92%	0.0931	0.3875	0.4931
2000.2	10 yrs excl. lowest for Sev	-2.08%	5.21%	-6.92%	0.0931	0.3875	0.4931
2004.2	10 yrs excl. lowest for Freq	-1.49%	5.40%	-6.53%	0.0477	0.3176	0.4785
2005.2	10 yrs excl. highest for LC	-2.81%	5.38%	-7.78%	0.2113	0.3018	0.5416
2004.2	10 yrs excl. highest for Sev	-1.49%	5.40%	-6.53%	0.0477	0.3176	0.4785
1999.2	10 yrs excl. highest for Freq	-1.68%	5.15%	-6.50%	0.0714	0.3154	0.4986
None	5 yrs prior to 2002-1	4.95%	1.58%	3.32%	0.0382	0.0054	0.0582
None	10 yrs prior to 2002-1						
None	Last 3.5 yrs.	2.38%	-0.40%	2.79%	0.1210	0.5123	0.0641
None	Last 3 yrs.	8.13%	4.33%	3.63%	0.2330	0.6712	0.0668
None	Last 3 yrs. (ending 12/31/06)	9.97%	-3.49%	13.95%	0.2206	0.5834	0.4658
None	Last 2 yrs.	-24.04%	-3.72%	-21.11%	0.9999	0.8825	0.9625
None	Last 2 yrs. (ending 12/31/06)	1.76%	8.53%	-6.24%	0.4199	0.7195	0.2241

Selections:		<u>Loss Cost</u>
Past		1.0%
Future		1.0%



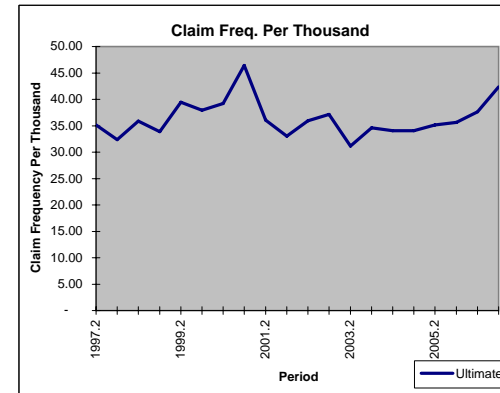
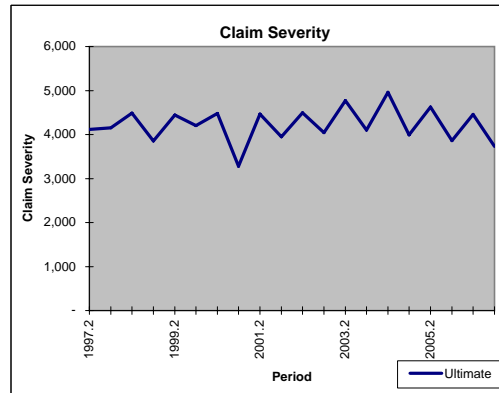
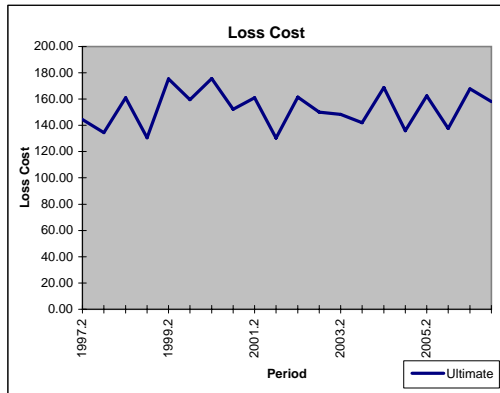
**Province of Newfoundland
Private Passenger Automobile (excl. Farmers)**

Collision

Semi-Annual Basis (with seasonality)

Excluded Points		Trend			R Squared		
		Loss Cost	Severity	Freq	Loss Cost	Severity	Freq
None	Last 5 yrs	1.23%	-1.31%	2.57%	0.5904	0.8792	0.3464
2005.1	5 yrs excl. lowest for LC	1.23%	-1.31%	2.57%	0.5538	0.8725	0.4378
2007.1	5 yrs excl. lowest for Sev	0.12%	-0.84%	0.96%	0.7087	0.8597	0.0825
2003.2	5 yrs excl. lowest for Freq	0.73%	-1.24%	2.00%	0.7088	0.8594	0.2371
2004.2	5 yrs excl. highest for LC	1.23%	-1.31%	2.57%	0.5451	0.9145	0.3269
2004.2	5 yrs excl. highest for Sev	1.23%	-1.31%	2.57%	0.5451	0.9145	0.3269
2007.1	5 yrs excl. highest for Freq	0.12%	-0.84%	0.96%	0.7087	0.8597	0.0825
None	Last 10 yrs	0.51%	0.35%	0.16%	0.5071	0.6241	0.0115
2002.1	10 yrs excl. lowest for LC	0.48%	0.36%	0.12%	0.4809	0.6157	0.0263
2001.1	10 yrs excl. lowest for Sev	0.58%	0.18%	0.41%	0.5407	0.6999	0.0309
2003.2	10 yrs excl. lowest for Freq	0.61%	0.30%	0.31%	0.5675	0.6005	0.0108
2000.2	10 yrs excl. highest for LC	0.60%	0.35%	0.25%	0.4921	0.6150	0.0284
2004.2	10 yrs excl. highest for Sev	0.46%	0.21%	0.26%	0.4775	0.6049	0.0103
2001.1	10 yrs excl. highest for Freq	0.58%	0.18%	0.41%	0.5407	0.6999	0.0309
None	5 yrs prior to 2002-1	3.38%	-0.49%	3.89%	0.6747	0.5127	0.3242
None	10 yrs prior to 2002-1						
None	Last 3.5 yrs.	2.36%	-3.69%	6.27%	0.7896	0.9863	0.7341
None	Last 3 yrs.	3.71%	-4.22%	8.29%	0.7961	0.9907	0.8124
None	Last 3 yrs. (ending 12/31/06)	-0.91%	-4.05%	3.27%	0.9711	0.9839	0.7012
None	Last 2 yrs.	8.99%	-3.47%	12.91%	0.8765	1.0000	0.8730
None	Last 2 yrs. (ending 12/31/06)	2.27%	-3.34%	5.81%	0.9971	0.9998	0.9709

Selections:	Past	Loss Cost
	Future	3.5%
		3.5%



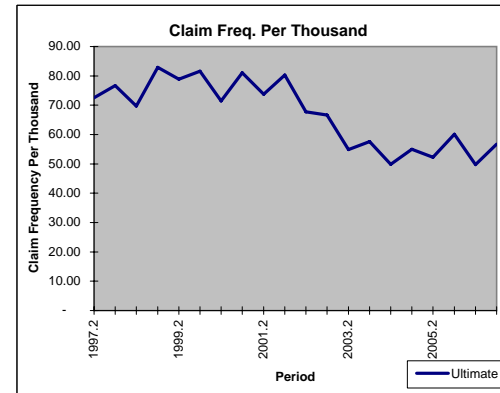
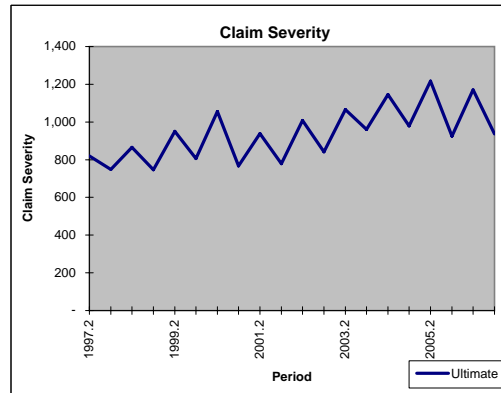
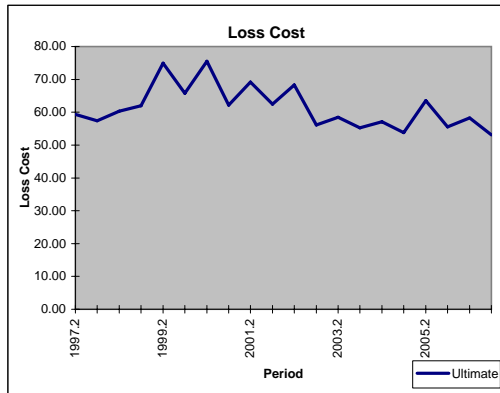
**Province of Newfoundland
Private Passenger Automobile (excl. Farmers)**

Comprehensive

Semi-Annual Basis (with seasonality)

Excluded Points		Trend			R Squared		
		Loss Cost	Severity	Freq	Loss Cost	Severity	Freq
None	Last 5 yrs	-1.69%	3.09%	-4.63%	0.6461	0.8560	0.5846
2007.1	5 yrs excl. lowest for LC	-1.75%	3.95%	-5.49%	0.5866	0.8821	0.6311
2003.1	5 yrs excl. lowest for Sev	-1.85%	2.47%	-4.22%	0.6425	0.8125	0.4412
2006.2	5 yrs excl. lowest for Freq	-1.49%	3.36%	-4.69%	0.6503	0.8299	0.4910
2002.2	5 yrs excl. highest for LC	-0.38%	2.35%	-2.66%	0.6241	0.8810	0.7376
2005.2	5 yrs excl. highest for Sev	-2.07%	2.72%	-4.66%	0.6671	0.8418	0.5523
2002.2	5 yrs excl. highest for Freq	-0.38%	2.35%	-2.66%	0.6241	0.8810	0.7376
None	Last 10 yrs	-1.47%	3.66%	-4.95%	0.4202	0.8944	0.7782
2007.1	10 yrs excl. lowest for LC	-1.38%	3.87%	-5.06%	0.3572	0.9043	0.7711
1999.1	10 yrs excl. lowest for Sev	-1.44%	3.67%	-4.93%	0.4203	0.8810	0.7557
2006.2	10 yrs excl. lowest for Freq	-1.36%	3.74%	-4.91%	0.4190	0.8794	0.7420
2000.2	10 yrs excl. highest for LC	-1.32%	3.76%	-4.90%	0.3873	0.9133	0.7800
2005.2	10 yrs excl. highest for Sev	-1.57%	3.52%	-4.92%	0.4264	0.8811	0.7548
19991	10 yrs excl. highest for Freq	-1.44%	3.67%	-4.93%	0.4203	0.8810	0.7557
None	5 yrs prior to 2002-1	3.00%	3.73%	-0.71%	0.4175	0.8572	0.5979
None	10 yrs prior to 2002-1						
None	Last 3.5 yrs.	-0.32%	-0.61%	0.29%	0.6431	0.9572	0.8236
None	Last 3 yrs.	0.19%	-0.56%	0.75%	0.6436	0.9528	0.8060
None	Last 3 yrs. (ending 12/31/06)	0.64%	-0.41%	1.05%	0.5978	0.9499	0.8287
None	Last 2 yrs.	-6.37%	-1.20%	-5.23%	0.9740	0.9890	0.9989
None	Last 2 yrs. (ending 12/31/06)	-2.72%	-4.71%	2.08%	0.7741	0.9982	0.7535

Selections:		<u>Loss Cost</u>
Past		-1.5%
Future		-1.5%



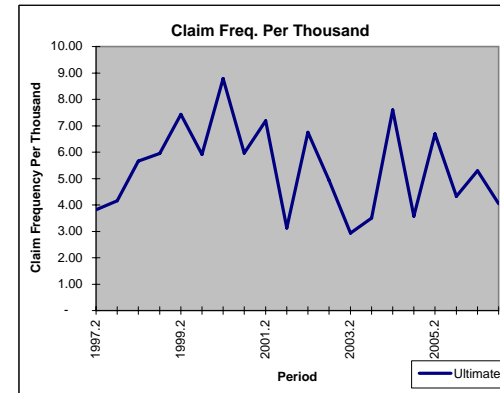
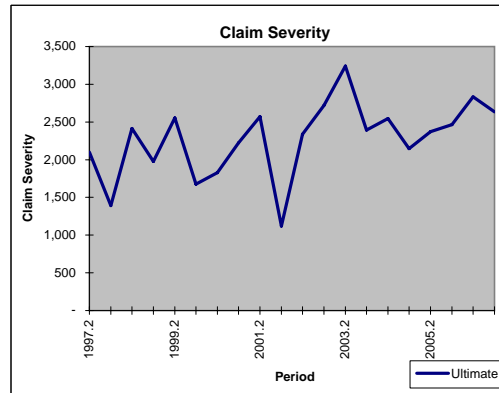
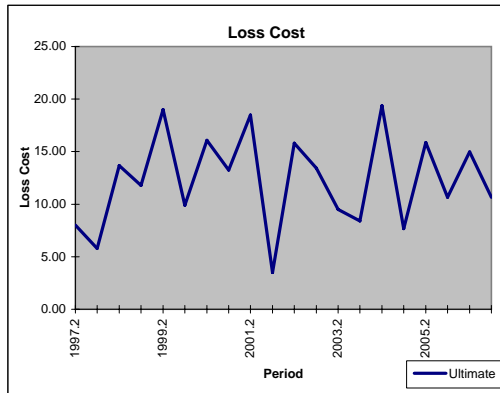
**Province of Newfoundland
Private Passenger Automobile (excl. Farmers)**

Specified Perils

Semi-Annual Basis (with seasonality)

Excluded Points		Trend			R Squared		
		Loss Cost	Severity	Freq	Loss Cost	Severity	Freq
None	Last 5 yrs	0.93%	0.18%	0.75%	0.4470	0.1057	0.2777
2005.1	5 yrs excl. lowest for LC	0.93%	0.18%	0.75%	0.3786	0.0352	0.2232
2005.1	5 yrs excl. lowest for Sev	0.93%	0.18%	0.75%	0.3786	0.0352	0.2232
2003.2	5 yrs excl. lowest for Freq	-1.91%	1.56%	-3.42%	0.7117	0.0931	0.8085
2004.2	5 yrs excl. highest for LC	0.93%	0.18%	0.75%	0.3793	0.1205	0.1932
2003.2	5 yrs excl. highest for Sev	-1.91%	1.56%	-3.42%	0.7117	0.0931	0.8085
2004.2	5 yrs excl. highest for Freq	0.93%	0.18%	0.75%	0.3793	0.1205	0.1932
None	Last 10 yrs	2.62%	4.27%	-1.58%	0.3729	0.4170	0.2348
2002.1	10 yrs excl. lowest for LC	2.30%	4.07%	-1.70%	0.3838	0.5088	0.2028
2002.1	10 yrs excl. lowest for Sev	2.30%	4.07%	-1.70%	0.3838	0.5088	0.2028
2003.2	10 yrs excl. lowest for Freq	3.11%	4.04%	-0.89%	0.4363	0.3821	0.4003
2004.2	10 yrs excl. highest for LC	2.22%	4.39%	-2.08%	0.3329	0.4114	0.2191
2003.2	10 yrs excl. highest for Sev	3.11%	4.04%	-0.89%	0.4363	0.3821	0.4003
2000.2	10 yrs excl. highest for Freq	2.76%	4.02%	-1.21%	0.3561	0.4496	0.1870
None	5 yrs prior to 2002-1	17.25%	4.59%	12.10%	0.6989	0.5398	0.5578
None	10 yrs prior to 2002-1						
None	Last 3.5 yrs.	3.88%	4.67%	-0.76%	0.8442	0.4956	0.8252
None	Last 3 yrs.	1.83%	8.11%	-5.81%	0.8120	0.6966	0.8370
None	Last 3 yrs. (ending 12/31/06)	-0.40%	3.44%	-3.72%	0.8647	0.4724	0.8299
None	Last 2 yrs.	-2.84%	12.99%	-14.01%	0.9947	0.8324	0.9558
None	Last 2 yrs. (ending 12/31/06)	14.70%	17.14%	-2.08%	0.8905	0.9907	0.7917

Selections:		<u>Loss Cost</u>
Past		-1.5%
Future		-1.5%



**Oliver Wyman Selected Age-to-Ultimate Development Factors
As of June 30, 2007
Newfoundland and Labrador
Private Passenger Automobile (Excluding Farmers)**

Exhibit II
Page 1

**As of 2007-1
Age-to-Ultimate Factors
Incurred Claim Amount**

	Bodily Injury	Property Damage	Accident Benefits	Collision	Compre- hensive	Specified Perils	All Perils	Uninsured
180-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
174-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
168-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
162-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
156-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
150-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
144-Ult	1.0010	0.9997	1.0000	0.9999	1.0000	1.0000	1.0000	1.0000
138-Ult	1.0011	1.0002	0.9999	0.9999	1.0000	1.0000	1.0022	1.0000
132-Ult	1.0017	1.0023	0.9960	0.9999	1.0000	1.0000	0.9965	1.0000
126-Ult	0.9995	1.0023	0.9952	1.0001	1.0000	1.0000	0.9965	1.0000
120-Ult	0.9958	1.0023	0.9939	1.0001	1.0000	1.0000	0.9965	1.0000
114-Ult	0.9947	1.0027	0.9971	1.0002	1.0000	1.0000	0.9965	1.0000
108-Ult	0.9939	1.0023	0.9932	1.0002	1.0000	1.0000	0.9965	1.0000
102-Ult	0.9936	1.0019	0.9932	1.0001	1.0000	0.9978	0.9965	1.0000
96-Ult	0.9937	1.0016	0.9985	0.9999	1.0000	0.9978	0.9965	1.0074
90-Ult	0.9948	1.0015	0.9940	0.9997	0.9999	0.9978	0.9965	0.9868
84-Ult	0.9985	1.0017	0.9940	0.9996	0.9999	0.9978	0.9951	0.9813
78-Ult	0.9998	1.0012	1.0005	0.9994	0.9997	0.9978	0.9950	0.9952
72-Ult	1.0060	1.0010	1.0023	0.9989	0.9992	0.9932	0.9950	1.0068
66-Ult	1.0043	0.9986	0.9902	0.9981	0.9991	0.9932	0.9947	1.0087
60-Ult	1.0043	0.9990	0.9879	0.9966	0.9984	0.9932	0.9947	1.0167
54-Ult	1.0170	0.9975	0.9759	0.9957	0.9982	0.9932	0.9947	1.0196
48-Ult	1.0214	0.9975	0.9602	0.9953	0.9981	0.9932	0.9949	1.0344
42-Ult	1.0283	0.9992	0.9499	0.9950	0.9978	0.9932	0.9949	1.0636
36-Ult	1.0324	1.0032	0.9411	0.9933	0.9985	0.9932	0.9910	1.0553
30-Ult	1.0510	1.0073	0.9423	0.9917	0.9983	0.9932	0.9904	1.0991
24-Ult	1.0618	1.0138	0.9340	0.9873	0.9982	0.9932	0.9868	1.1660
18-Ult	1.0980	1.0189	0.9493	0.9797	0.9977	0.9973	0.9820	1.2357
12-Ult	1.1198	1.0148	0.9121	0.9596	1.0072	0.9852	0.9593	1.3827
6-Ult	1.4957	1.0322	0.9803	0.9063	1.2027	0.9568	0.9429	1.9713

**Oliver Wyman Selected Age-to-Ultimate Development Factors
As of June 30, 2007
Newfoundland and Labrador
Private Passenger Automobile (Excluding Farmers)**

Exhibit II
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As of 2007-1
Age-to-Ultimate Factors
Incurred Claim Count

	Bodily Injury	Property Damage	Accident Benefits	Collision	Compre- hensive	Specified Perils	All Perils	Uninsured
180-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
174-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
168-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
162-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
156-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
150-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
144-Ult	0.9998	1.0000	0.9997	0.9999	1.0000	1.0000	1.0000	1.0000
138-Ult	0.9993	0.9999	0.9997	0.9998	1.0000	1.0000	1.0000	1.0000
132-Ult	0.9986	0.9999	1.0000	0.9999	1.0000	1.0000	0.9988	1.0000
126-Ult	0.9982	0.9999	1.0000	1.0000	1.0000	1.0000	0.9988	1.0000
120-Ult	0.9968	0.9999	0.9992	1.0000	1.0000	1.0000	0.9988	1.0000
114-Ult	0.9950	0.9998	0.9986	1.0000	1.0000	1.0000	0.9988	1.0000
108-Ult	0.9918	0.9995	0.9986	1.0000	1.0000	1.0000	0.9988	1.0000
102-Ult	0.9910	0.9995	0.9989	0.9999	1.0000	1.0000	0.9988	1.0000
96-Ult	0.9894	0.9994	0.9982	0.9999	1.0000	1.0000	0.9988	0.9975
90-Ult	0.9865	0.9992	0.9964	1.0000	1.0000	1.0000	0.9988	0.9965
84-Ult	0.9787	0.9990	0.9946	1.0002	0.9999	1.0000	0.9988	0.9926
78-Ult	0.9697	0.9989	0.9927	1.0001	0.9998	1.0000	0.9988	0.9891
72-Ult	0.9625	0.9986	0.9909	1.0000	0.9998	1.0000	0.9988	0.9883
66-Ult	0.9539	0.9981	0.9867	0.9999	0.9998	1.0000	0.9988	0.9852
60-Ult	0.9433	0.9974	0.9840	0.9996	0.9996	1.0000	0.9988	0.9816
54-Ult	0.9276	0.9965	0.9768	0.9995	0.9995	1.0000	0.9988	0.9734
48-Ult	0.9128	0.9955	0.9622	0.9993	0.9994	1.0000	0.9988	0.9650
42-Ult	0.8998	0.9946	0.9538	0.9994	0.9995	1.0000	0.9988	0.9644
36-Ult	0.8827	0.9937	0.9361	0.9989	0.9998	1.0000	0.9988	0.9609
30-Ult	0.8598	0.9903	0.9131	0.9976	0.9997	1.0000	0.9942	0.9603
24-Ult	0.8369	0.9849	0.8877	0.9943	1.0004	1.0000	0.9873	0.9581
18-Ult	0.8169	0.9790	0.8598	0.9870	1.0029	0.9908	0.9895	0.9534
12-Ult	0.8031	0.9629	0.8085	0.9730	1.0234	1.0001	0.9749	0.9534
6-Ult	0.8866	0.9540	0.8377	0.9421	1.4103	1.0668	1.0539	1.0874