

Paula Elliott

October 18, 2004

Ms. Dwanda Newman
Legal Counsel
Newfoundland and Labrador Board of Commissioners of Public Utilities
120 Torbay Road
P.O. Box 21040
St John's Newfoundland and Labrador

Dear Ms. Newman

Newfoundland and Labrador Supplemental Report

Further to our recent 2005 Benchmark Report, as requested, we have estimated the indicated rate level changes, based on three alternative return on equity (ROE) assumptions (11%, 12.5% and 14%) as stated in your letter of October 14 2004.

In preparing these alternatives, there are no other changes in our assumptions or methods. Attached are three tables for each of Private Passenger and Commercial Automobile, for the three ROE tests.

I hope this provides the additional information you require.

If you have any questions, please contact me at 416-868-2358

Yours truly,



Paula L. Elliott F.C.A.S., F.C.I.A.

The following tables presents average percentage changes to the current benchmark rates implemented by the Board in September 2004, by coverage and territory, for Private Passenger Automobile for both CLEAR and MSRP based on three alternative ROE tests:

Private Passenger Automobile:

11% ROE Test				
Coverage	Territory 1	Territory 2	Territory 3	Private Passenger
Third Party Liability	2.1%	-6.8%	-11.4%	-1.3%
Collision (CLEAR)	-8.9%	-12.8%	-9.7%	-10.6%
Collision (MSRP)	-8.0%	-16.0%	-8.8%	-11.4%
Comprehensive (CLEAR)	-20.7%	-20.7%	-20.7%	-20.7%
Comprehensive (MSRP)	-22.0%	-22.0%	-22.0%	-22.0%
Specified Perils (CLEAR)	-18.9%	-18.9%	-8.8%	-18.7%
Specified Perils (MSRP)	-19.9%	-19.9%	-19.9%	-19.9%
Accident Benefits	-5.6%	-12.7%	-12.7%	-8.7%
Uninsured Automobile	-15.0%	-15.0%	-15.0%	-15.0%
Total (CLEAR)	-1.9%	-9.5%	-12.1%	-4.9%
Total(MSRP)	-1.8%	-10.2%	-12.1%	-5.1%

12.5% ROE Test				
Coverage	Territory 1	Territory 2	Territory 3	Private Passenger
Third Party Liability	3.6%	-5.5%	-10.1%	0.1%
Collision (CLEAR)	-7.6%	-11.6%	-8.4%	-9.3%
Collision (MSRP)	-6.7%	-14.8%	-7.5%	-10.1%
Comprehensive (CLEAR)	-20.7%	-20.7%	-20.3%	-20.7%
Comprehensive (MSRP)	-22.0%	-22.0%	-22.0%	-22.0%
Specified Perils (CLEAR)	-18.9%	-18.9%	-7.5%	-18.6%
Specified Perils (MSRP)	-19.9%	-19.9%	-19.9%	-19.9%
Accident Benefits	-4.3%	-12.7%	-12.7%	-7.9%
Uninsured Automobile	-15.0%	-15.0%	-15.0%	-15.0%
Total (CLEAR)	-0.6%	-8.4%	-11.1%	-3.7%
Total(MSRP)	-0.6%	-9.1%	-11.0%	-3.9%

14% ROE Test

Coverage	Territory 1	Territory 2	Territory 3	Private Passenger
Third Party Liability	5.1%	-4.1%	-8.8%	1.6%
Collision (CLEAR)	-6.2%	-10.3%	-7.1%	-7.9%
Collision (MSRP)	-5.3%	-13.5%	-6.1%	-8.8%
Comprehensive (CLEAR)	-20.7%	-20.7%	-19.2%	-20.6%
Comprehensive (MSRP)	-22.0%	-22.0%	-22.0%	-22.0%
Specified Perils (CLEAR)	-18.9%	-18.9%	-6.2%	-18.6%
Specified Perils (MSRP)	-19.9%	-19.9%	-19.9%	-19.9%
Accident Benefits	-2.9%	-12.7%	-12.7%	-7.1%
Uninsured Automobile	-15.0%	-15.0%	-15.0%	-15.0%
Total (CLEAR)	0.8%	-7.2%	-9.9%	-2.4%
Total (MSRP)	0.8%	-7.9%	-10.0%	-2.6%

Based on available data, the following three tables presents our recommended average percentage changes to the current benchmark rates, by coverage, for Commercial Automobile based on the three alternative ROE tests:

Commercial Automobile**11% ROE Test**

Coverage	Commercial Automobile
Third Party Liability	23.5%
Collision	-11.4%
Comprehensive	-11.9%
Specified Perils	-18.8%
Accident Benefits	32.3%
Uninsured Automobile	-0.6%
Total	19.3%

12.5% ROE Test

Coverage	Commercial Automobile
Third Party Liability	23.5%
Collision	-10.1%
Comprehensive	-10.6%
Specified Perils	-18.8%
Accident Benefits	32.3%
Uninsured Automobile	0.8%
Total	19.4%

14% ROE Test

Coverage	Commercial Automobile
Third Party Liability	23.5%
Collision	-8.8%
Comprehensive	-9.3%
Specified Perils	-18.8%
Accident Benefits	32.3%
Uninsured Automobile	2.3%
Total	19.6%
