

BENCHMARKS

The following benchmark assumptions are provided for your information. The benchmarks are being released to facilitate the preparation of filings and are based on the most recent data available. The cost estimates have been reviewed by a group of industry actuaries. As loss experience emerges following the reforms, relevant benchmarks will be reviewed and updated as necessary.

1. Benchmark Reform Rate Adjustment Factors

The following automobile insurance reform rate adjustment factors can be used to reflect the impact of the Five -Year Review reforms on *premiums*. The factors apply, in full, to the current rates in effect on August 31, 2010; adjusted further for the effect of past coverage cost trends to the renewal effective date of the new rating program (i.e. September 1, 2010).

Coverage	Benchmark Rate Adjustment Factors New Standard Product
Bodily Injury	$1.26 \times (1.023^{\text{time period}})^*$
Standard Accident Benefits – Total (Excluding Uninsured Automobile Coverage)	$0.63 \times (1.132^{\text{time period}})^*$

*Additional rate factor adjustment due to the effect of past coverage cost trends for the length of time (time period in years) between effective dates of current rating program and new rating program.

2. Benchmark Loss Trends

Loss trends should reflect the expected changes in loss costs in the future period that new rates will be effective after reforms. The following loss trends for a new standard product are generally considered to be reasonable by FSCO. The benchmark loss trends have taken into consideration the expected impact of reforms on the loss cost trends. These loss trend rates should apply to loss costs for the standard policy coverages effective on and after September 1, 2010.

Standard Coverage	Benchmark Loss Trends New Standard Product
Bodily Injury	2.5
Accident Benefits – Medical/Rehab	8.2
Accident Benefits-Long Term Care (LTC)	6.0
AB-Medical/Rehab/LTC -combined	7.8
Accident Benefits-Disability Income	6.1
Accident Benefits-Death	0.0
Accident Benefits-Funeral	0.0
Accident Benefits – Total (Excluding Uninsured Automobile Coverage)	7.1

3. Benchmark Reform Loss Cost Adjustment Factors

The following automobile insurance reform loss cost adjustment factors are provided for use in adjusting loss costs for accidents occurring in the pre-reform period (1/1/2004-8/31/2010). These benchmark factors take into consideration the expected loss cost changes on a per vehicle basis, for accident periods prior to September 1, 2010.

Coverages	Benchmark Loss Cost Adjustment Factors New Standard Product
Bodily Injury	1.26
Accident Benefits – Medical/Rehab	0.62
Accident Benefits – Long Term Care (LTC)	0.88
AB Medical/Rehab/LTC – combined	0.66
Accident Benefits – Disability Income	0.81
Accident Benefits – Death	1.00
Accident Benefits- Funeral	1.00
Accident Benefits – Total (Excluding Uninsured Automobile)	0.69

4. Benchmark Loss Cost Changes for Optional Benefits, Tort Deductible and DCPD Deductible

Optional Benefit/Deductible	% Change to New Standard Coverage Loss Cost
Medical/Rehabilitation to \$100,000	+9.2% of AB (Excluding Uninsured Automobile Coverage)
Attendant Care to \$72,000	+0.6% of AB (Excluding Uninsured Automobile Coverage)
Caregiver, Housekeeping and Home Maintenance	+15.0% of AB (Excluding Uninsured Automobile Coverage)
Tort deductible decrease to \$20,000	+6.1% of Bodily Injury
Direct Comp/Property Damage from \$0 to \$500	-10.0% of DCPD