



Volume II – Summary Table of Contents

EXECUTIVE SUMMARY..... V

INFORMATION FILING

CHAPTER 4. ACTUARIAL AND FINANCIAL INFORMATION

| | | |
|----------|--|---------------|
| I | ACTUARIAL RATE LEVEL INDICATION | |
| 1 | INTRODUCTION..... | 4-I-1 |
| 2 | OVERVIEW OF APPROACH..... | 4-I-2 |
| 2.1 | OVERVIEW..... | 4-I-2 |
| 2.2 | ACCIDENT YEAR/POLICY YEAR/CALENDAR YEAR RELATIONSHIPS..... | 4-I-3 |
| 2.3 | ACTUARIAL DATABASE..... | 4-I-3 |
| 2.4 | METHODOLOGY..... | 4-I-5 |
| 3 | LOSS AND LOSS ADJUSTMENT EXPENSES..... | 4-I-6 |
| 3.1 | DATA SOURCES..... | 4-I-6 |
| 3.2 | DEVELOPMENT (EXHIBIT A)..... | 4-I-7 |
| 3.3 | TREND (EXHIBIT B)..... | 4-I-11 |
| 3.4 | OTHER LOSS ADJUSTMENTS..... | 4-I-15 |
| 4 | EXPENSES (EXHIBIT C)..... | 4-I-17 |
| 4.1 | FIXED EXPENSES..... | 4-I-17 |
| 4.2 | EXPOSURE – VARIABLE EXPENSES..... | 4-I-17 |
| 4.3 | PREMIUM – VARIABLE EXPENSES..... | 4-I-18 |
| 4.3 | PROVISION TO BUILD RETAINED EARNINGS..... | 4-I-18 |
| 5 | INVESTMENT INCOME (EXHIBIT D)..... | 4-I-19 |
| 5.1 | CASH FLOW MODELLING..... | 4-I-19 |
| 5.2 | PAYMENT PATTERNS..... | 4-I-19 |
| 5.3 | DISCOUNT RATE OF INTEREST..... | 4-I-21 |
| 6 | PERMISSIBLE LOSS RATIO (EXHIBITS E AND H)..... | 4-I-23 |



| | | |
|------------|--|-------------------|
| 7 | CHANGE IN AVERAGE RATE LEVEL (EXHIBITS F,G,I,J AND Q) | 4-I-24 |
| 7.1 | CREDIBILITY..... | 4-I-24 |
| 7.2 | CURRENT AVERAGE RATE LEVEL..... | 4-I-24 |
| 7.3 | PREMIUM TREND..... | 4-I-24 |
| 7.4 | INDICATED CHANGE IN AVERAGE RATE LEVEL..... | 4-I-25 |
| 8 | FILING ACTUARY’S OPINION | 4-I-27 |
| II | CONTROLLABLE COSTS | |
| 1 | CONTROLLABLE COSTS | 4-II-1 |
| 1.1 | ICBC’S PLANNING AND BUDGETING PROCESS..... | 4-II-1 |
| 1.2 | ICBC CONTROLLABLE COSTS (CORPORATE)..... | 4-II-3 |
| 1.3 | BASIC INSURANCE BUSINESS CONTROLLABLE COSTS..... | 4-II-3 |
| III | CAPITAL REQUIREMENTS | |
| 1 | ICBC CAPITAL REQUIREMENTS | 4-III-1 |
| | APPENDIX 4.III.A – SPECIAL DIRECTION IC2 | 4-III-7 |
| IV | PERFORMANCE MEASURES | |
| 1 | PERFORMANCE MEASURES – BACKGROUND | 4-IV-1 |
| 2 | ICBC’S PERFORMANCE MEASURES | 4-IV-2 |
| 2.1 | SERVICE MEASURES..... | 4-IV-2 |
| 2.2 | FINANCIAL MEASURES..... | 4-IV-10 |
| 2.3 | EFFICIENCY MEASURES..... | 4-IV-16 |
| 2.4 | DIRECTIONAL INDICATORS..... | 4-IV-19 |
| | APPENDIX 4.IV.A | 4-IV-22 |
| | APPENDIX 4.IV.B | 4-IV-23 |
| | APPENDIX 4.IV.C | 4-IV-24 |
| | ADDENDUM TO FINANCIAL ALLOCATION METHODOLOGY | ADDENDUM 1 |
| | (CHAPTER 1, VOLUME I) | |