

**NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**

AN ORDER OF THE BOARD

NO. A.I. 31(2020)

1 **IN THE MATTER OF** the *Automobile*
2 *Insurance Act*, RSNL 1990, c. A-22,
3 as amended, and regulations
4 thereunder; and
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6 **IN THE MATTER OF** an application
7 by Royal & Sun Alliance Insurance
8 Company of Canada for approval to
9 implement a revised rating program for
10 its Private Passenger Automobiles
11 category of automobile insurance.
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14 **WHEREAS** on June 1, 2020 Royal & Sun Alliance Insurance Company of Canada (“RSA”) applied to the Board for approval of a revised rating program under the Expedited Approval option for its Private Passenger Automobiles category of automobile insurance; and
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18 **WHEREAS** RSA filed an overall rate level indication of +3.0% and proposed an overall rate level change of +2.0% that varied by coverage; and
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21 **WHEREAS** the proposed overall rate level change of +2.0% included rate changes by coverage, the introduction of Direct Compensation Property Damage coverage, adjustments to reflect the increased Bodily Injury deductible and implementation of the 2020 CLEAR rate group table; and
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25 **WHEREAS** RSA currently has a temporary 0% cap related to COVID-19 in effect from July 1, 2020 to September 30, 2020 and proposed to apply an upper bound cap of +10% thereafter; and
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28 **WHEREAS** RSA estimated its proposed overall average rate level change on a capped basis to be +1.4%; and
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31 **WHEREAS** on June 16, 2020 the Board's actuarial consultants, Oliver Wyman Limited (“Oliver Wyman”), filed a report of findings with the Board which identified key areas of the filing for the Board's consideration; and
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35 **WHEREAS** Oliver Wyman calculated RSA’s rate level need to be +2.5% based on alternate assumptions for the increased Bodily Injury deductible; and
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1 **WHEREAS** Oliver Wyman found RSA’s proposed overall rate level change of +2.0% to be
2 generally reasonable and supported in the circumstances as it was less than both the indication
3 calculated by RSA and the alternative indication calculated by Oliver Wyman; and
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5 **WHEREAS** the Board finds the proposed rate change is in accordance with the Expedited
6 Approval Filing Guidelines as it does not exceed +3.0% in one year, does not cumulatively exceed
7 +6.0% in three years, and does not result in dislocation to any vehicle premium greater than
8 +10.0% overall after capping; and
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10 **WHEREAS** the Board is satisfied that the proposed rates are just and reasonable in the
11 circumstances, do not impair the solvency of the insurer, are not excessive in relation to the
12 financial circumstances of the insurer, and do not violate the *Automobile Insurance Act* or the
13 *Insurance Companies Act* or the respective regulations thereunder.
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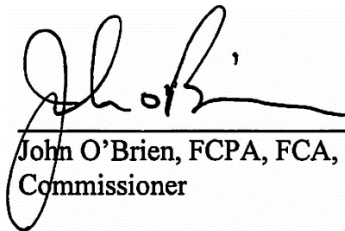
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16 **IT IS THEREFORE ORDERED THAT:**
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- 18 1. The revised rating program received on June 1, 2020 from Royal & Sun Alliance Insurance
19 Company of Canada for its Private Passenger Automobiles category of automobile insurance
20 is approved to be effective no sooner than November 16, 2020 for new business and renewals.

DATED at St. John’s, Newfoundland and Labrador, this 18th day of June, 2020.



Darlene Whalen, P. Eng., FEC
Chair and Chief Executive Officer



John O'Brien, FCPA, FCA, CISA
Commissioner



Cheryl Blundon
Board Secretary