

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

AN ORDER OF THE BOARD

NO. A.I. 12(2021)

1 **IN THE MATTER OF** the *Automobile*
2 *Insurance Act*, RSNL 1990, c. A-22,
3 as amended, and regulations
4 thereunder; and
5

6 **IN THE MATTER OF** an application
7 by Facility Association for approval
8 to “read-in” deductibles changes for
9 its Commercial Vehicles category
10 of automobile insurance.
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13 **WHEREAS** on March 18, 2021 Facility Association applied to the Board for approval to adopt
14 deductible changes under the Supplemental filing option for its Commercial Vehicles category of
15 automobile insurance; and
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17 **WHEREAS** the proposed changes included a reduction to the optional physical damage
18 deductible from 10% of List Price new to 5% of List Price new on Light Commercial Vehicles
19 with a rate group of 22 or more, as well as reductions to the deductible structure for Heavy
20 Commercial Vehicles; and
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22 **WHEREAS** on April 1, 2021 the Board issued Order No. A.I. 10(2021) approving the requested
23 deductible changes with an effective date no sooner than 100 days post approval for new business
24 and renewals; and
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26 **WHEREAS** on April 7, 2021 Facility Association applied to the Board for approval to “read-in”
27 the deductible changes approved in Order No. A.I. 10(2021) on all commercial policies with
28 physical damage coverage beginning April 1, 2021; and
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30 **WHEREAS** Facility Association proposed that the “read-in” remain in place until the end of the
31 policy term and that on renewal the policy declarations will reflect the approved deductible
32 structure; and
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34 **WHEREAS** Facility Association noted that the “read-in” would reinforce its commitment to
35 discontinue the higher deductibles as quickly as possible while allowing Servicing Carriers an
36 effective date of August 1, 2021 to complete the necessary technical system changes; and

1 **WHEREAS**, with respect to claims, Facility Association proposed that:

- 2 (a) Any newly reported loss with a date of loss on or after April 1, 2020 is to be adjusted based
- 3 on “read-in” deductibles, if the policy term carries an effective date before August 1, 2021;
- 4 (b) Any open claim as of April 1, 2021, where a physical damage loss exists, is to be adjusted
- 5 based on “read-in” deductibles and reimbursed a difference in deductible where required;
- 6 and
- 7 (c) Any closed claims that were reported between October 1, 2020 and April 1, 2021 are not
- 8 subject to “read-in” coverage or a reimbursement of the difference in deductible; and
- 9


10 **WHEREAS** Facility Association noted that the proposed changes will be communicated to all
11 Agents/Brokers and Servicing Carriers by Bulletin; and

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13 **WHEREAS** the Board is satisfied that the proposed changes are just and reasonable in the
14 circumstances, do not impair the solvency of the insurer, are not excessive in relation to the
15 financial circumstances of the insurer, and do not violate the *Automobile Insurance Act* or the
16 *Insurance Companies Act* or the respective regulations thereunder.


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19 **IT IS THEREFORE ORDERED THAT:**

- 20
- 21 1. The proposal received April 7, 2021 from Facility Association to “read-in” deductible changes
- 22 for its Commercial Vehicles category of automobile of insurance is approved.


DATED at St. John’s, Newfoundland and Labrador, this 13th day of April, 2021.



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



 John O'Brien, FCPA, FCA, CISA
 Commissioner



 Cheryl Blundon
 Board Secretary