

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

AN ORDER OF THE BOARD

NO. A.I. 14(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 The Dominion of Canada General
8 Insurance Company for approval to
9 implement a revised rating program
10 for its Private Passenger Automobiles
11 category of automobile insurance.
12
13

14 **WHEREAS** on February 9, 2021 The Dominion of Canada General Insurance Company
15 (“Dominion”) applied to the Board for approval of a revised rating program under the Mandatory
16 filing option for its Private Passenger Automobiles category of automobile insurance; and
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18 **WHEREAS** Dominion filed an overall rate level indication of +17.2% and proposed an overall
19 rate level change of +0.0%; and
20

21 **WHEREAS** Dominion proposed the following rating program changes:

- 22 (a) Adoption of 2021 CLEAR; and
23 (b) Various rating segmentation changes across multiple rating variables; and
24

25 **WHEREAS** Dominion’s proposed rating program changes were off-balanced to achieve a +0.0%
26 impact by coverage; and
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28 **WHEREAS** on April 22, 2021 the Board's actuarial consultants, Oliver Wyman Limited (“Oliver
29 Wyman”), filed a report of findings with the Board; and
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31 **WHEREAS** Oliver Wyman found the rating segmentation changes proposed by Dominion to be
32 reasonable and supported under the circumstances of limited data; and
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34 **WHEREAS** Oliver Wyman identified issues for the Board’s consideration with respect to
35 Dominion’s assumptions for complement of credibility, expense provision, profit provision,
36 COVID-19 and endorsement data; and

1 **WHEREAS** Oliver Wyman reported that substituting alternative assumptions that it found to be
2 more reasonable and in accordance with the Board's filing guidelines would reduce Dominion's
3 overall rate level indication to a range of -4.7% to -1.6%; and
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5 **WHEREAS** on April 27, 2021 Dominion filed comments in response to the Oliver Wyman report
6 and provided additional rationale for its selected assumptions; and
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8 **WHEREAS** Dominion noted that the main purpose of the filing was to introduce better
9 segmentation and that the proposed overall rate level change of +0.0% was within the reasonable
10 range of actuarial indications derived by Dominion and Oliver Wyman; and
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12 **WHEREAS** the Board acknowledges that a wide range of outcomes are possible in any
13 prospective ratemaking exercise but is not satisfied that Dominion has fully supported its overall
14 rate level indication of +17.2%; and
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16 **WHEREAS** the Board notes that Dominion's proposed overall rate level change of +0.0% is
17 significantly less than its overall indication and finds that the +0.0% proposal is within the range
18 of reasonableness established by the analyses conducted by Dominion and Oliver Wyman; and
19


20 **WHEREAS** the Board is satisfied that Dominion's proposed rating segmentation changes are
21 reasonable and supported; and
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23 **WHEREAS** the Board is satisfied that the proposed rates are just and reasonable in the
24 circumstances, do not impair the solvency of the insurer, are not excessive in relation to the
25 financial circumstances of the insurer, and do not violate the *Automobile Insurance Act* or the
26 *Insurance Companies Act* or the respective regulations thereunder.
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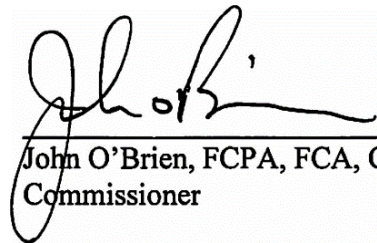
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29 **IT IS THEREFORE ORDERED THAT:**
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- 31 1. The revised rating program received on February 9, 2021 from The Dominion of Canada
32 General Insurance Company for its Private Passenger Automobiles category of automobile
33 insurance is approved to be effective no sooner than July 12, 2021 for new business and August
34 14, 2021 for renewals.

DATED at St. John's, Newfoundland and Labrador, this 6th day of May, 2021.



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



John O'Brien, FCPA, FCA, CISA
Commissioner



Cheryl Blundon
Board Secretary