

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

AN ORDER OF THE BOARD

NO. A.I. 22(2023)

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 Facility Association for approval
8 to implement rule changes applicable
9 to its various lines of business.
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12 **WHEREAS** on March 27, 2023 Facility Association (“Facility”) applied to the Board under the
13 Supplemental filing option for approval of rule changes applicable to its various lines of business;
14 and
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17 **WHEREAS** Facility proposed changes to its methodology for rating U.S. exposure on Interurban
18 Vehicles that would allow it to divide the U.S. into three regions and apply a different surcharge
19 rate based on the region where the majority of exposure exists; and
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22 **WHEREAS** Facility also proposed other various rule changes applicable to all lines of business for
23 clarification processes, to align Facility with industry practice, and/or to harmonize across all
24 jurisdictions; and
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27 **WHEREAS** on May 16, 2023 Facility filed an amendment to correct an error and provided
28 additional support for its U.S. surcharge methodology on Interurban Vehicles; and
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31 **WHEREAS** Facility noted that external sources were used to help define the three U.S. regions
32 and that a Facility U.S. incurred indemnity severity analysis was used to determine the proposed
33 surcharge rates; and
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36 **WHEREAS** Facility further noted that premiums developed using the proposed U.S. surcharge
37 methodology would better reflect where Interurban Vehicles most frequently travel in the U.S.,
38 and that the methodology could be reviewed and adjusted when experience changes emerge;
39 and
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1 **WHEREAS** the proposal is filed in accordance with the Supplemental Filing Guidelines; and

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

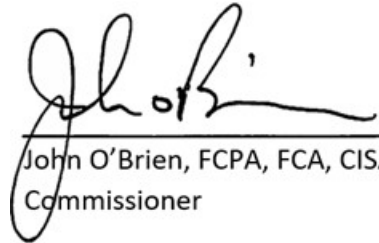
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9 **IT IS THEREFORE ORDERED THAT:**


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- 11 1. The proposal received March 27, 2023 from Facility Association for approval to implement
12 rule changes is approved to be effective no sooner than November 1, 2023 for new business
13 and renewals.


DATED at St. John's, Newfoundland and Labrador, this 30th day of June, 2023.



John O'Brien, FCPA, FCA, CISA
Commissioner



Christopher Pike, LL.B., FCIP
Commissioner



Cheryl Blundon
Board Secretary