

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

AN ORDER OF THE BOARD

NO. A.I. 1(2024)

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 by
7 S&Y Insurance Company for approval of
8 a revised rating program for its Private
9 Passenger Automobiles category of
10 automobile insurance.
11

12
13 **WHEREAS** on December 18, 2023 S&Y Insurance Company (“S&Y”) applied to the Board for
14 approval of a revised rating program under the Expedited Approval filing option for its Private
15 Passenger Automobiles category of automobile insurance; and
16

17 **WHEREAS** S&Y filed an overall average rate level indication of +6.1% and proposed an overall
18 average rate level change of +3.0%; and
19

20 **WHEREAS** the proposed changes were limited to base rate changes only; and
21

22 **WHEREAS** the rate filing was forwarded to the Board’s actuarial consultants, Oliver Wyman
23 Limited (“Oliver Wyman”), for review and report; and
24

25 **WHEREAS** on January 4, 2024 Oliver Wyman filed a report of findings with the Board; and
26

27 **WHEREAS** Oliver Wyman found S&Y’s proposed overall average rate level change of +3.0% to be
28 reasonable and supported in the circumstances, but was not in agreement with the overall
29 average rate level indication of +6.1% due to concerns with the proposed contingent
30 commissions provision and discount rate on cashflow; and
31

32 **WHEREAS** Oliver Wyman found the proposed contingent commissions provision to be high in
33 comparison to historical expenses and the proposed discount rate to be low in comparison to
34 current government risk-free bond rates; and

1 **WHEREAS** on January 9, 2024 S&Y filed a response to the Oliver Wyman report in which it
2 confirmed that it had no comments on the Oliver Wyman findings; and

3
4 **WHEREAS** the Board does not accept S&Y’s filed rate level indication of +6.1%, but is satisfied
5 that S&Y has supported its proposed overall rate level change of +3.0%; and

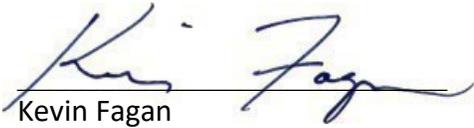
6
7 **WHEREAS** the revised rating program is filed in accordance with the Expedited Approval Filing
8 Guidelines; and

9
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.

14
15
16 **IT IS THEREFORE ORDERED THAT:**

- 17
18 1. The revised rating program received December 18, 2023 from S&Y Insurance Company for its
19 Private Passenger Automobiles category of automobile insurance is approved to be effective
20 no sooner than May 1, 2024 for new business and renewals.

DATED at St. John’s, Newfoundland and Labrador, this 12th day of January 2024.


Kevin Fagan
Chair and Chief Executive Officer


John O'Brien, FCPA, FCA, CISA
Commissioner


Christopher Pike, LL.B., FCIP
Commissioner


Jo-Anne Galarneau
Executive Director and Board Secretary