

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

AN ORDER OF THE BOARD

NO. A.I. 24(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 Aviva Insurance Company of Canada
8 for approval to implement a revised
9 rating program for its Commercial
10 Vehicles category of automobile
11 insurance.
12
13

14 **WHEREAS** on December 19, 2023 Aviva Insurance Company of Canada (Aviva) applied to the
15 Board for approval of a revised rating program under the Mandatory filing option for its
16 Commercial Vehicles category of automobile insurance; and
17

18 **WHEREAS** Aviva filed an overall rate level indication of +6.02% and proposed an overall rate level
19 change of +1.18%; and
20

21 **WHEREAS** Aviva proposed to maintain its existing capping provisions of +15% for renewal
22 business and estimated its overall rate level change to be +1.15% on a capped basis; and
23

24 **WHEREAS** Aviva proposed to introduce deductibles for DCPD coverage and proposed various
25 changes to surcharges, endorsements and underwriting rules; and
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27 **WHEREAS** Aviva noted that certain types of Public Vehicles are dependent on rates for
28 Commercial Vehicles and that the proposed changes above would result in a combined overall
29 rate level impact of +1.42% for the following:
30

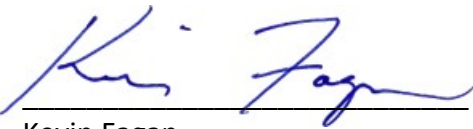
- 31 ○ Public Service Vehicles
- 32 ○ Hotel, Golf and Country Club Buses
- 33 ○ Private Buses
- 34 ○ Driver Training Schools

1 **WHEREAS** on February 21, 2024 Aviva filed an amendment to withdraw its proposed
2 endorsement changes; and
3
4 **WHEREAS** the filing was sent to the Board’s actuarial consultants, Oliver Wyman Limited (Oliver
5 Wyman) for review and report; and
6
7 **WHEREAS** on March 15, 2024 Oliver Wyman filed a report of findings; and
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9 **WHEREAS** Oliver Wyman found that it was not in full agreement with certain assumptions and
10 calculations used by Aviva to estimate its rate level indication of +6.02% including its COVID-19
11 adjustment factors, accident year weights and health levy;
12
13 **WHEREAS** Oliver Wyman noted that substituting alternative assumptions that it found to be
14 more reasonable than those used by Aviva would result in an overall rate level indication of
15 +1.84%, which was higher than Aviva’s proposed overall change of +1.18%; and
16
17 **WHEREAS** Oliver Wyman found Aviva’s proposal to introduce DCPD deductibles to be reasonable
18 in the circumstances; and
19
20 **WHEREAS** Oliver Wyman noted that it was unable to opine on the reasonableness of Aviva’s
21 proposed surcharge changes due to the minimal credibility of the data provided, but
22 acknowledged that the proposed changes would make the surcharges consistent with Aviva’s
23 approach in other jurisdictions and may be reasonable on that basis; and
24
25 **WHEREAS** the Board acknowledges that a wide range of outcomes are possible in any prospective
26 ratemaking exercise and that the variance in the overall rate level indications produced by Aviva
27 and Oliver Wyman results primarily from differing actuarial judgements and assumptions related
28 to COVID-19 adjustment factors, accident year weights and health levy; and
29
30 **WHEREAS** the Board notes that Aviva’s proposed rate level change of +1.18% is lower than its
31 indicated need of +6.02% and lower than the alternative indication of +1.84% calculated by Oliver
32 Wyman; and
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34 **WHEREAS** the Board accepts Aviva’s proposed rating program changes including DCPD
35 deductibles, surcharges, underwriting rules and capping provisions; and
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37 **WHEREAS** the Board accepts the proposed rate level impacts to the dependent types of Public
38 Vehicles; and
39
40 **WHEREAS** the Board is satisfied that the proposed rates are just and reasonable in the
41 circumstances, do not impair the solvency of the insurer, are not excessive in relation to the
42 financial circumstances of the insurer, and do not violate the **Automobile Insurance Act** or the
43 **Insurance Companies Act** or the respective regulations thereunder.


1 **IT IS THEREFORE ORDERED THAT:**
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- 3 1. The revised rating program amended February 21, 2024 from Aviva Insurance Company
4 of Canada for its Commercial Vehicles category of automobile insurance is approved to
5 be effective no sooner than May 1, 2024 for new business and June 1, 2024 for renewals.


DATED at St. John's, Newfoundland and Labrador, this 9th day of April, 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