

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

AN ORDER OF THE BOARD

NO. A.I. 25(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 The Dominion of Canada General
8 Insurance Company for approval to
9 implement a revised rating program for
10 its Private Passenger Automobiles
11 category of automobile insurance.
12
13

14 **WHEREAS** on February 1, 2024 The Dominion of Canada General Insurance Company (Dominion)
15 applied to the Board for approval of a revised rating program under the Mandatory filing option
16 for its Private Passenger Automobiles category of automobile insurance; and
17

18 **WHEREAS** Dominion filed an overall rate level indication of +13.4% and proposed an overall rate
19 level change of +5.1%; and
20

21 **WHEREAS** Dominion proposed rating program changes including base rates, rate group
22 elements, segmentation elements, discounts and surcharges; and
23

24 **WHEREAS** the filing was sent to the Board's actuarial consultants, Oliver Wyman Limited (Oliver
25 Wyman), for review and on March 27, 2024 Oliver Wyman filed a report of findings; and
26

27 **WHEREAS** Oliver Wyman noted that substituting alternative assumptions that it found to be
28 more reasonable than those used by Dominion for loss trends, COVID-19 frequency adjustments,
29 return on investment and complement of credibility would result in an overall rate level
30 indication of +7.0%, which is higher than the overall rate level change of +5.1% proposed by
31 Dominion;
32

33 **WHEREAS** Oliver Wyman noted that it could not opine on the reasonableness of Dominion's
34 proposed surcharge changes due to data limitations, but acknowledged that Dominion provided
35 loss ratio relativities and competitive considerations as support; and

1 **WHEREAS** Oliver Wyman found Dominion’s proposed changes to rate group elements,
2 segmentation elements and discounts to be reasonable; and
3

4 **WHEREAS** on April 3, 2024 Dominion noted that its proposed changes were supported as filed
5 based on the findings in the Oliver Wyman report; and
6

7 **WHEREAS** the Board acknowledges that a wide range of outcomes are possible in any prospective
8 ratemaking exercise and that the variance in the overall rate level indications produced by
9 Dominion and Oliver Wyman result primarily from differing actuarial judgements and
10 assumptions related to loss trends, COVID-19 frequency adjustments, return on investment and
11 complement of credibility; and
12

13 **WHEREAS** the Board acknowledges the concerns raised by Oliver Wyman regarding certain of
14 the assumptions underlying Dominion’s overall rate level indication of +13.4% and notes that
15 substituting alternative reasonable assumptions in accordance with the Board’s Filing Guidelines
16 would lower Dominion’s overall rate level indication; and
17

18 **WHEREAS** the Board does not accept Dominion’s overall rate level indication of +13.4% but finds
19 the proposed overall rate level change of +5.1% to be reasonable in the circumstances; and
20

21 **WHEREAS** the Board finds the support provided by Dominion for its proposed surcharge changes
22 including loss ratio relativities and competitive considerations to be reasonable in the
23 circumstances; and
24

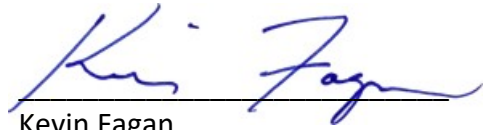
25 **WHEREAS** the Board accepts Dominion’s proposed rating program changes including base rates,
26 rate group elements, segmentation elements, discounts and surcharges
27

28 **WHEREAS** the Board is satisfied that the proposed rates are just and reasonable in the
29 circumstances, do not impair the solvency of the insurer, are not excessive in relation to the
30 financial circumstances of the insurer, and do not violate the **Automobile Insurance Act** or the
31 **Insurance Companies Act** or the respective regulations thereunder.
32

33
34 **IT IS THEREFORE ORDERED THAT:**
35

- 36 1. The rating program received February 1, 2024 from The Dominion of Canada General
37 Insurance Company for its Private Passenger Automobiles category of automobile
38 insurance is approved to be effective no sooner than July 9, 2024 for new business and
39 August 11, 2024 for renewals.

DATED at St. John's, Newfoundland and Labrador, this 12th 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