

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

**AN ORDER OF THE BOARD**

**NO. A.I. 49(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 Personal Insurance Company for  
8 approval to implement a revised rating  
9 program for its Private Passenger  
10 Automobiles category of automobile  
11 insurance.  
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14 **WHEREAS** on May 27, 2024 The Personal Insurance Company (“TPIC”) applied to the Board for  
15 approval of a revised rating program under the Mandatory filing option for its Private Passenger  
16 Automobiles category of automobile insurance; and  
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18 **WHEREAS** TPIC filed an overall rate level indication of +12.6% and proposed an overall rate level  
19 change of +12.0%; and  
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21 **WHEREAS** TPIC also proposed to increase its rate capping parameter from +10% to +20% and  
22 estimated its overall rate level change to be +12.0% on a capped basis; and  
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24 **WHEREAS** the filing was sent to the Board’s actuarial consultants, Oliver Wyman Limited (Oliver  
25 Wyman) for review and report; and  
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27 **WHEREAS** on August 28, 2024 Oliver Wyman filed a report of findings which noted that it was  
28 not in full agreement with certain assumptions used by TPIC to estimate its rate level indication;  
29 and  
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31 **WHEREAS** Oliver Wyman noted that substituting alternative assumptions that it found to be  
32 more reasonable for inflation, loss trends, COVID-19 adjustments, return on investment and  
33 complement of credibility would result in an overall rate level indication of +13.0%, which was  
34 higher than TPIC’s proposed overall change of +12.0%; and

1 **WHEREAS** Oliver Wyman found TPIC’s proposed overall rate level change of +12.0% to be  
2 reasonable, but noted there were individual coverages in which Oliver Wyman’s alternative  
3 indication was lower than TPIC’s proposed change; and  
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5 **WHEREAS** on September 12, 2024 TPIC provided additional support for its rate proposals; and  
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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 TPIC  
9 and Oliver Wyman results primarily from differing actuarial judgements and assumptions related  
10 to inflation, loss trends, COVID-19 adjustments, return on investment and complement of  
11 credibility; and  
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13 **WHEREAS** the Board notes that TPIC’s proposed rate level change of +12.0% is lower than its  
14 indicated need of +12.6% and lower than the alternative indication of +13.0% calculated by Oliver  
15 Wyman; and  
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17 **WHEREAS** the Board is satisfied that TPIC’s proposed changes by coverage are reasonable when  
18 considering the differing actuarial judgements and the range of reasonable outcomes in the  
19 prospective ratemaking exercise; and  
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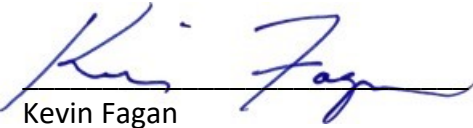
21 **WHEREAS** the Board accepts TPIC’s proposed rating program changes including its capping  
22 provisions; and  
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24 **WHEREAS** the Board is satisfied that the proposed rates are just and reasonable in the  
25 circumstances, do not impair the solvency of the insurer, are not excessive in relation to the  
26 financial circumstances of the insurer, and do not violate the **Automobile Insurance Act** or the  
27 **Insurance Companies Act** or the respective regulations thereunder.  
28  
29

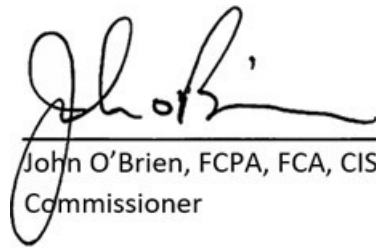
30 **IT IS THEREFORE ORDERED THAT:**  
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- 32 1. The revised rating program received May 27, 2024 from The Personal Insurance Company  
33 for its Private Passenger Automobiles category of automobile insurance is approved to be  
34 effective no sooner than November 29, 2024 for new business and January 28, 2025 for  
35 renewals.

**DATED** at St. John's, Newfoundland and Labrador, this 25<sup>th</sup> day of September, 2024.



Kevin Fagan  
Chair and Chief Executive Officer



John O'Brien, FCPA, FCA, CISA  
Commissioner



Christopher Pike, LL.B., FCIP  
Commissioner



Jo-Anne Galarneau  
Board Secretary