

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

**AN ORDER OF THE BOARD**

**NO. A.I. 56(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  
7 by Belair Insurance Company for  
8 approval to implement a revised rating  
9 program for its Private Passenger  
10 Automobiles category of automobile  
11 insurance.  
12  
13

14 **WHEREAS** on June 12, 2024 Belair Insurance Company (“Belair”) 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  
17

18 **WHEREAS** Belair filed an overall rate level indication of +13.4% and proposed an overall rate level  
19 change of +9.5%; and  
20

21 **WHEREAS** Belair also proposed the following changes:

- 22 • Adoption of the 2024 CLEAR rate group table;
- 23 • Changes to discounts and endorsements;
- 24 • Changes to its rate capping structure; and  
25

26 **WHEREAS** the filing was sent to the Board’s actuarial consultants, Oliver Wyman Limited (“Oliver  
27 Wyman”) for review and report; and  
28

29 **WHEREAS** on September 9, 2024 Oliver Wyman filed a report of findings which identified issues  
30 with certain assumptions used by Belair to estimate its overall rate level indication; and  
31

32 **WHEREAS** Oliver Wyman noted that substituting alternative assumptions that it found to be  
33 more reasonable for loss development, loss trends, COVID-19 adjustments, return on  
34 investment, complement of credibility and the rate level indication formula would result in an  
35 overall rate level indication of +3.3%, which was lower than Belair’s proposed overall rate level  
36 change of +9.5%; and

1 **WHEREAS** Oliver Wyman found Belair’s proposed changes to its rate group table, discounts and  
2 endorsements to be reasonable, but did not opine on the rate capping structure; and  
3

4 **WHEREAS** on September 20, 2024 Belair filed revised assumptions to address the issues raised  
5 by Oliver Wyman which resulted in an amended overall rate level indication of +8.9% and a  
6 proposed overall rate level change of +8.8%; and  
7

8 **WHEREAS** on September 27, 2024 Oliver Wyman filed a report addendum which identified  
9 further issues with Belair’s assumptions for loss trends and complement of credibility and noted  
10 that substituting alternative assumptions that it found to be more reasonable would result in an  
11 overall rate level indication of +6.4%; and  
12

13 **WHEREAS** on October 4, 2024 Belair amended its complement of credibility assumption and  
14 provided additional rational for its selected loss trends; and  
15

16 **WHEREAS** on October 9, 2024 Belair filed an amended overall rate level indication of +8.5% and  
17 proposed an overall rate level change of +8.5% to reflect its October 4, 2024 assumptions; and  
18

19 **WHEREAS** the Board acknowledges that a wide range of outcomes are possible in any prospective  
20 ratemaking exercise and that the variance in the overall rate level indications produced by Belair  
21 and Oliver Wyman results primarily from differing actuarial judgements and assumptions related  
22 to loss trend rates and complement of credibility; and  
23

24 **WHEREAS** the Board finds that Belair has provided adequate support for its proposed  
25 assumptions and is satisfied that the proposed overall rate level change of +8.5% is within the  
26 range of reasonable outcomes in the prospective ratemaking exercise; and  
27

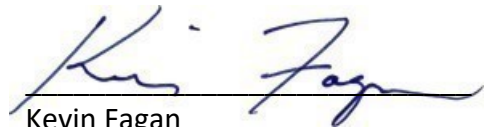
28 **WHEREAS** the Board accepts Belair’s proposed rating program changes, including adopting the  
29 2024 CLEAR rate group table, discount and surcharge changes and rate capping structure; and  
30

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

1 **IT IS THEREFORE ORDERED THAT:**  
2

- 3 1. The revised rating program amended on October 9, 2024 from Belair Insurance Company for  
4 its Private Passenger Automobiles category of automobile insurance is approved to be  
5 effective no sooner than November 3, 2024 for new business and January 3, 2025 for  
6 renewals.

**DATED** at St. John's, Newfoundland and Labrador, this 18<sup>th</sup> day of October, 2024.



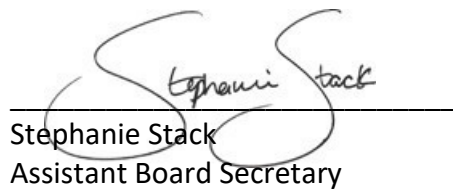
Kevin Fagan  
Chair and Chief Executive Officer



John O'Brien, FCPA, FCA, CISA  
Commissioner



Christopher Pike, LL.B., FCIP  
Commissioner



Stephanie Stack  
Assistant Board Secretary