

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

AN ORDER OF THE BOARD

NO. A.I. 47(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 Co-operators General Insurance
8 Company for approval of a revised
9 rating program for its Private Passenger
10 Automobiles category of automobile
11 insurance.
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14 **WHEREAS** On July 22, 2024 Co-operators General Insurance Company (“CGIC”) applied to the
15 Board for approval of a revised rating program for its Private Passenger Automobiles category of
16 automobile insurance in response to Order No. A.I. 28(2024); and
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18 **WHEREAS** CGIC filed an overall average rate level indication of +3.6% and proposed an overall
19 average rate level change of +3.6%; and
20

21 **WHEREAS** CGIC proposed the following rating program changes:

- 22 • Rate level changes by coverage,
- 23 • Territorial differential changes,
- 24 • Rating variable changes,
- 25 • Vehicle classification table update,
- 26 • Discount changes,
- 27 • Changes to for SEF 20 - Loss of Use, and
- 28 • Introduction of SEF 1-45 - Restricted Permission to Drive for an Insured Transportation
29 Network
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31 **WHEREAS** CGIC also proposed changes to its capping provisions which use gap factors and
32 estimated its proposed overall rate level change to be +3.5% on a capped basis; and

1 **WHEREAS** the rate filing was forwarded to the Board’s actuarial consultants, Oliver Wyman
2 Limited (“Oliver Wyman”), for review and report; and
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4 **WHEREAS** on August 14, 2024 Oliver Wyman filed a report of findings with the Board which
5 identified key areas of the filing for the Board’s consideration; and
6

7 **WHEREAS** Oliver Wyman found CGIC’s proposed changes to differentials, rating variables, vehicle
8 classification, discounts, SEF 20 and capping provisions to be reasonable and supported; and
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10 **WHEREAS** Oliver Wyman noted that it could not opine the reasonableness of CGIC’s proposed
11 SEF 1-45 endorsement due to limited available data; and
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13 **WHEREAS** Oliver Wyman identified issues for the Board’s consideration with respect to CGIC’s
14 loss trends and premium trends and noted that substituting alternate assumptions that it found
15 to be more reasonable than those used by CGIC would reduce the overall rate level indication to
16 -0.1%; and
17

18 **WHEREAS** on August 22, 2024 CGIC filed comments which noted that its overall rate level
19 indication and proposed change of +3.6% was just, reasonable and actuarially supported in
20 accordance with the Board’s direction in Order No. A.I. 28(2024) and that the alternative
21 indication filed by Oliver Wyman was the result of a difference in actuarial opinion;
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23 **WHEREAS** on August 27, 2024 Oliver Wyman filed a report addendum which noted that
24 correcting an error in the premium trends and adjusting the effective dates of the rating program
25 would result in an alternative rate level indication of +1.7%; and
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27 **WHEREAS** the Board notes that CGIC’s proposed changes to differentials, rating variables, vehicle
28 classification, discounts, endorsement and capping provisions are consistent with those accepted
29 in Order No. A.I. 28(2024) and therefore the Board continues to accept them as reasonable; and
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31 **WHEREAS** the Board acknowledges that a wide range of outcomes are possible in any prospective
32 ratemaking exercise and that the variance in the overall rate level indications produced by CGIC
33 and Oliver Wyman result from differing actuarial judgements and assumptions for loss trend
34 rates and premium trends; and
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36 **WHEREAS** the Board is satisfied that CGIC has provided adequate support for its rate analysis
37 assumptions, including loss trend rates and premium trends, and that the overall rate level
38 proposal of +3.6% is within a reasonable range; and

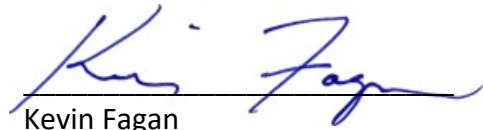
1 **WHEREAS** the Board is satisfied that the proposed rates are just and reasonable in the
2 circumstances, do not impair the solvency of the insurer, are not excessive in relation to the
3 financial circumstances of the insurer, and do not violate the **Automobile Insurance Act** or the
4 **Insurance Companies Act** or the respective regulations thereunder.
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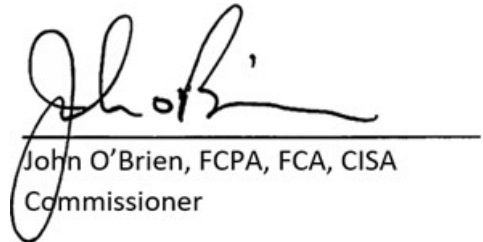
IT IS THEREFORE ORDERED THAT:

- 9 1. The revised rating program received July 22, 2024 from Co-operators General Insurance
10 Company for its Private Passenger Automobiles category of automobile insurance is approved
11 to be effective no sooner than November 13, 2024 for new business and December 13, 2024
12 for renewals.

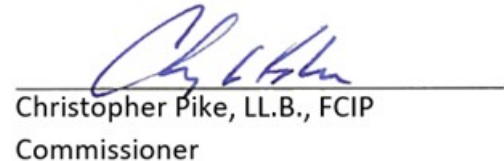
DATED at St. John's, Newfoundland and Labrador, this 5th day of September, 2024.



Kevin Fagan
Chair and Chief Executive Officer



John O'Brien, FCPA, FCA, CISA
Commissioner



Christopher Pike, LL.B., FCIP
Commissioner



Jo-Anne Galarnreau
Executive Director and Board Secretary