

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

AN ORDER OF THE BOARD

NO. A.I. 9(2025)

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 S&Y Insurance Company for approval to
8 implement a revised rating program for
9 its Private Passenger Automobiles
10 category of automobile insurance.
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12
13 **WHEREAS** on December 13, 2024 S&Y Insurance Company (“S&Y”) applied to the Board for
14 approval of a revised rating program under the Mandatory filing option for its Private Passenger
15 Automobiles category of automobile insurance; and
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17 **WHEREAS** S&Y filed an overall rate level indication of +27.8% and proposed an overall rate level
18 change of +15.0%; and
19

20 **WHEREAS** S&Y proposed the following rating program changes:

- 21 • Base rate changes by coverage;
- 22 • Years Licensed differential changes;
- 23 • CLEAR rate group table updates;
- 24 • Discount and surcharge changes;
- 25 • Changes to endorsements 16, 19, 19A and 43(L/R);
- 26 • Removal of endorsement 36;
- 27 • Capping provision changes; and
- 28 • Underwriting rule updates.
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30 **WHEREAS** the filing was sent to the Board’s actuarial consultants, Oliver Wyman Limited (“Oliver
31 Wyman”) for review and report; and
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33 **WHEREAS** on February 20, 2025 Oliver Wyman filed a report of findings which identified issues
34 with certain assumptions used by S&Y to estimate its overall rate level indication; and

1 **WHEREAS** Oliver Wyman found S&Y's proposed overall rate level change of +15.0% to be
2 supported, as substituting alternative assumptions that it found to be more reasonable for
3 accident year weights, loss trends, COVID-19 adjustments, rate indication formula and
4 complement of credibility resulted in an overall rate level indication of +15.2%, which was higher
5 than S&Y's rate proposal; and

6
7 **WHEREAS** Oliver Wyman found S&Y's proposed changes to its CLEAR rate group table, discounts,
8 surcharges, endorsements 16, 19, 19A and 43(L/R), capping provisions and underwriting rules to
9 be reasonable; and

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11 **WHEREAS** Oliver Wyman did not opine on S&Y's proposed Years Licensed differential changes or
12 removal of endorsement 36 as these changes were primarily business decisions of the company;
13 and

14
15 **WHEREAS** on February 28, 2025, S&Y filed an amended overall rate level indication of +22.2%
16 and proposed an overall rate level change of +15.0% based on alternate assumptions for loss
17 trends, COVID-19 adjustments and complement of credibility; and

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19 **WHEREAS** S&Y also proposed to withdraw the removal of endorsement 36, but opted to maintain
20 its proposed Years Licensed differential changes on the basis that they were customer-friendly
21 and resulted in rate reductions; and

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23 **WHEREAS** on March 5, 2025 Oliver Wyman filed an addendum to its report of findings which
24 amended its alternative rate level indication to +17.3%, which is higher than S&Y's rate proposal;
25 and

26
27 **WHEREAS** on March 6, 2025 S&Y advised it had no further comments; and

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29 **WHEREAS** the Board acknowledges that a wide range of outcomes are possible in any prospective
30 ratemaking exercise and that the variance in the overall rate level indications produced by S&Y
31 and Oliver Wyman result primarily from differing actuarial judgements on a number of the rate
32 analysis assumptions; and

33
34 **WHEREAS** the Board finds that S&Y has provided adequate support for its proposed overall rate
35 level change of +15.0% and is satisfied that it falls within the range of reasonable outcomes in
36 the prospective ratemaking exercise; and

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38 **WHEREAS** the Board does not accept S&Y's amended overall rate level indication of +22.2% for
39 consideration as residual rate level inadequacy in future filings due to the uncertainty of a
40 number of the underlying assumptions used to calculate the indication; and

41
42 **WHEREAS** the Board accepts S&Y's proposed rating program changes including base rates, rate
43 groups, discounts, surcharges, endorsements, capping provisions and underwriting rules; and

1 **WHEREAS** the Board is satisfied that S&Y has provided sufficient rationale for its proposed Years
2 Licensed differential changes; and

3
4 **WHEREAS** the Board is satisfied that the proposed rates are just and reasonable in the
5 circumstances, do not impair the solvency of the insurer, are not excessive in relation to the
6 financial circumstances of the insurer, and do not violate the **Automobile Insurance Act** or the
7 **Insurance Companies Act** or the respective regulations thereunder.

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10 **IT IS THEREFORE ORDERED THAT:**


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- 12 1. The revised rating program amended on February 28, 2025 from S&Y Insurance Company for
13 its Private Passenger Automobiles category of automobile insurance is approved to be
14 effective no sooner than July 1, 2025 for new business and renewals.

DATED at St. John's, Newfoundland and Labrador, this 10th day of March, 2025.


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