



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

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**DIRECTIVE A.I. 2010-05**

**ISSUED: October 26, 2010**

**TO: All insurers, including Facility Association, transacting the business of automobile insurance in the province of Newfoundland and Labrador**

**SUBJECT: 2010 CLEAR Rate Group Table**

The Board advises that the 2010 CLEAR rate group table has been approved for use for insurers writing automobile insurance business in the province.

Insurers wishing to utilize the 2010 CLEAR rate group table (or any rate group assignment based on the 2010 table) must first apply to the Board for approval in a comprehensive Category 2 actuarially justified filing, or by submitting a CLEAR Category 1 filing. Instructions for each of these filing categories are located in the Filing Guidelines found on the Board's website at [www.pub.nl.ca/insurance.htm](http://www.pub.nl.ca/insurance.htm).

Where the filing company has made and received approval from the Board for a Category 2 actuarially justified filing with a renewal effective date between January 26, 2010 and October 26, 2010, the 2010 CLEAR rate group table may be adopted with no base rate adjustment required.

Where the filing company has not made and received approval from the Board for a Category 2 actuarially justified filing with a renewal effective date within the above noted timeframe, the 2010 CLEAR table may be adopted with a base rate adjustment for Collision, Comprehensive and Specified Perils to offset the anticipated premium drift as a result of the upward drift in the average vehicle rate groups. The Board's actuarial consultants, Oliver Wyman, have prepared the following base rate adjustment factors to be applied:

Coverage	Rate Group Drift	Loss Trend	Base Rate Adjustment
Collision	6.2%	4.0%	-3.3%
Comprehensive	6.7%	9.0%	0.6%
Specified Perils	6.7%	9.0%	0.6%

Insurers may apply the above adjustment factors to the respective base rates, or, must provide a detailed calculation of their own adjustment estimates of the upward drift for their portfolio based on their own experience. Adjustments other than those provided in the table will be subject to review by the Board's actuarial consultants.

Where an insurer has not updated rate group tables for more than a year, an annual adjustment must be made to the base rates for each year. In such cases, direct contact with Oliver Wyman is recommended to determine the appropriate annual adjustment factor to be applied.

Should you have any questions regarding this matter please contact the Board's Director of Regulatory and Advisory Services, Mr. Robert Byrne, [rbyrne@pub.nl.ca](mailto:rbyrne@pub.nl.ca), or the Board's Compliance Auditor, Mr. Ryan Oake, [roake@pub.nl.ca](mailto:roake@pub.nl.ca).

Yours truly,



Barbara Thistle  
Assistant Board Secretary