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Newfoundland & Labrador  
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

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AUTOMOBILE INSURANCE  
FILING GUIDELINES

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EXPEDITED APPROVAL FILINGS  
JANUARY 1, 2020

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## 1.0 GENERAL INFORMATION

Section 11 of Newfoundland and Labrador Regulation 56/19 (“NLR 56/19”) provides for an expedited review of proposed rates where certain criteria are met. The Board has established the Expedited Approval Filing Guidelines to be used by all insurers, including Facility Association, to propose rate changes for all types of vehicles where:

- a) no more than three years have passed since the insurer last filed its rates under the former regulations or Section 9 of NLR 56/19.
- b) the overall average rate change<sup>1</sup> does not result in an overall average rate increase that:
  - (i) exceeds 3.0% in one year; or
  - (ii) cumulatively exceeds 6.0% in three years.
- c) the proposed changes in each filing do not result in dislocation to any vehicle premium greater than +10.0% overall after capping.

The types of rating program changes permitted under the Expedited Approval Filing Guidelines is limited, as outlined in Section 2.0 of this document.

Proposed rates filed under the Expedited Approval Filing Guidelines require prior approval of the Board **within 30 days** from the date the Board receives the filing. The Board will prohibit the rates where it determines, as per Section 11(4) of NLR 56/19, that the proposed rates:

- a) are not just and reasonable in the circumstances;
- b) would impair the solvency of the insurer;
- c) are excessive in relation to the financial circumstances of the insurer; or
- d) violate the *Automobile Insurance Act*, the *Insurance Companies Act* or the respective regulations under these Acts.

The Board maintains a Benchmark Schedule which includes guideline assumptions which may be used by insurers in the rate filing process. Insurers must confirm they are referencing the most recent accepted Benchmark Schedule when proposing to adopt any of the Board’s guideline assumptions. Insurers are not required to use the Board’s guideline assumptions but justification for the use of alternate assumptions must be provided.

The Expedited Approval Filing Guidelines and all associated exhibits may be downloaded from the Board’s website at [www.pub.nl.ca/insurance.htm](http://www.pub.nl.ca/insurance.htm).

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<sup>1</sup> The 3.0% and 6.0% thresholds are prior to rate capping.

## 1.1 Board Mandate

The Board has regulatory responsibilities related to automobile insurance with respect to:

- a) rates;
- b) risk classification systems; and
- c) underwriting guidelines.

These filing requirements were established to collect the information required for the Board to carry out its mandate.

Sections 49 and 51 of the *Automobile Insurance Act* require insurers to file the rates and rate changes it proposes to charge for automobile insurance with the Board. Section 50 of the *Automobile Insurance Act* prohibits insurers from charging rates that have not been approved by the Board.

Section 96.2(4) of the *Insurance Companies Act* requires an insurer to file with the Board the risk classification system it intends to use in determining rates for each coverage and category of automobile insurance with the Board. Where the Board determines that an insurer's risk classification system, or an element of the risk classification system, is prohibited under Section 96.2(3) of the *Insurance Companies Act*, the insurer will be ordered to bring its risk classification system or its filing into compliance.

Section 96.1(4) of the *Insurance Companies Act* requires an insurer to file the underwriting rules it intends to use to decline to issue, terminate or refuse to renew a contract, or refuse to provide or continue a coverage or endorsement. Where the Board determines that any underwriting rule is prohibited under Sections 96.2(2) or Section 96.2(5) of the *Insurance Companies Act*, the insurer will be notified that it is prohibited from using the rule.

## 1.2 Categories of Automobile Insurance

The following categories of automobile insurance are used for the purposes of the Expedited Approval Filing Guidelines as per Section 2 of NLR 56/19:

Private Passenger Automobiles - means an automobile used for the purposes listed under the heading "Type of Use-Private Passenger" in the Automobile Statistical Plan prepared under Section 82 of the *Insurance Companies Act*.

Commercial Vehicles - means a vehicle designed or used primarily to transport materials, goods, tools or equipment in connection with an occupation or business.

Miscellaneous Vehicles - means any of the following vehicles when used for personal use only: (i) motorcycles, (ii) all-terrain vehicles, (iii) mopeds, (iv) snowmobiles, (v) trailer homes, (vi) antique cars, and (vii) classic cars.

Public Vehicles - means an automobile used primarily to provide transportation services to the public and includes ambulances, daily rental vehicles, funeral hearses, private buses, public buses, school buses and taxis.

Other Vehicles - means any vehicle type that does not meet the definition of Private Passenger Automobiles, Commercial Vehicles, Miscellaneous Vehicles or Public Vehicles as defined above.

**A separate filing must be submitted for each category of automobile insurance.**

Proposed changes to the various types of vehicles included under Miscellaneous Vehicles, Public Vehicles and Other Vehicles may be filed separately, or bundled and submitted as a single filing under each respective category. For example, a single Miscellaneous Vehicles filing could include changes to multiple vehicle types including motorcycles, all-terrain vehicles and snowmobiles.

As per Section 9(6) of NLR 56/19, insurers are not required to file the rates proposed to be charged for automobile insurance relating to a fleet<sup>2</sup>.

### **1.3 Mandatory Filing Schedule**

The Board has established a mandatory rate filing schedule in accordance with Section 9(1) of NLR 56/19. Insurers are required to file for approval of its rates and risk classification system within **three years of the date of last filed rates** for each category of automobile insurance it writes and **every three years thereafter**. Filings are required under the mandatory schedule even if the proposal is for no change in rates.

The date of the last filed rates refers to:

- a) the date of the most recent Board Order for a Category 2 or Category 3 IAO rate filing approved under the former regulations, or
- b) the date of the most recent Board Order for a Mandatory or Mandatory Simplified rate filing under the current regulations.

**Rates approved by the Board under the Expedited Approval filing category do not qualify for the purposes of the mandatory filing schedule.**

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<sup>2</sup> "Fleet" refers to a group of at least 5 automobiles that meet the criteria as set out in Section 2(c) of NLR 56/19.

## 1.4 Prohibited Elements

### 1.4.1 Underwriting Rules

Section 96.1 of the *Insurance Companies Act* and associated regulations prohibit insurers from using underwriting rules based on the following:

- a) age, sex or marital status;
- b) not at fault losses;
- c) insured has inquired as to coverage or has advised of an accident for which no payment of indemnity was made;
- d) nonpayment of premium, other than first payment, where a dishonored payment was replaced within 30 days of its original date;
- e) insured has been declined or refused insurance by another insurer;
- f) lapses in insurance coverage of less than 24 months, with specific exceptions;
- g) insured does not have another insurance policy of any kind with the insurer;
- h) insured is or was insured through Facility Association;
- i) vehicle age, except that the insurer may require a satisfactory inspection certificate be provided where the vehicle is eight years or older;
- j) the length of time the applicant or a person insured under a contract has held a valid driver's license for the type of vehicle being insured;
- k) the lack of a driver training program unless otherwise required by law; and
- l) credit information.

In addition, an insurer is prohibited from using any underwriting rule which;

- a) is subjective;
- b) is arbitrary;
- c) bears little or no relationship to the risk to be borne by the insurer in respect of an insured; or
- d) is contrary to public policy.

The Board may from time to time notify insurers in a general circular of specific underwriting rules it deems to be in violation of these legislative provisions.

### 1.4.2 Risk Classification System

Section 96.2 of the *Insurance Companies Act* and associated regulations prohibit insurers from using the following as elements in any risk classification system:

- a) age, sex, and marital status with the exception of discounts to insureds aged 55 years and older;
- b) not at fault losses;
- c) insured has inquired as to coverage or has advised of an accident for which no payment of indemnity was made;
- d) nonpayment of premium, other than the first payment, if amount is paid within 30 days it was due;
- e) insured has been declined or refused insurance by another insurer;
- f) lapse in insurance coverage of less than 24 months, with specific exceptions;
- g) any element associated with an excluded driver or the claim of a driver subsequently excluded; and
- h) credit information.

In addition, insurers are prohibited from using a risk classification system that:

- a) is not just and reasonable in the circumstances;
- b) is not reasonably predictive of the risk;
- c) does not distinguish fairly between risks; or
- d) is otherwise prohibited in the regulations.

The Board may from time to time notify insurers in a general circular of specific elements of the risk classification system it deems to be in violation of these legislative provisions.

### **1.5 Confidentiality**

Rate filings will be treated as confidential in view of existing privacy legislation and will only be released in accordance with the *Access to Information and Protection of Privacy Act* ("ATIPPA"). In particular, a person seeking the release of information not subject to routine disclosure must make a request under ATIPPA within the context of the provisions of the legislation.

### **1.6 Review Timeline**

As per section 11(2) of NLR 56/19 the Board shall approve, prohibit or vary rates under the Expedited Approval filing process **within 30 days** from the date the Board received the filing.

The review timeline will commence on the day the filing is received by the Board provided it is found to be complete. A filing will not be considered complete until all required documentation



and information sufficient to permit a full review has been filed in accordance with the Expedited Approval Filing Guidelines. Incomplete filings may result in a delay in the review process or the filing being returned to the insurer.

### **1.7 Effective Dates**

The proposed effective dates for both new business and renewals must be no earlier than 30 days following receipt of the filing by the Board.

In the event an insurer requires a change to its proposed effective dates following the issuance of a Board Order, the Board must be notified of this change in advance.

### **1.8 Costs**

All costs associated with the rate review process will be recovered as part of the Board's annual assessments to Industry. The Board will no longer invoice insurers for company specific rate filings on a case-by-case basis.

### **1.9 Filing Submission**

Filings made under the Expedited Approval Filing Guidelines must be submitted electronically to [ito@pub.nl.ca](mailto:ito@pub.nl.ca). A hard copy is not required.

Board staff will determine if the filing requires actuarial review and will forward the filing documentation to its consulting actuaries accordingly. Insurers are not required to copy the Board's consulting actuaries when filings are initially submitted.

## 2.0 APPLICABILITY OF EXPEDITED APPROVAL FILING GUIDELINES

Section 11 of NLR 56/19 provides for an expedited review of proposed rates where certain criteria are met. Insurers may file the rates it proposes to charge for automobile insurance under the Expedited Approval process where:

- a) no more than three years have passed since the insurer last filed its rates under the former regulations or Section 9 of NLR 56/19.
- b) the overall average rate change<sup>3</sup> does not result in an overall average rate increase that:
  - (i) exceeds 3.0% in one year; or
  - (ii) cumulatively exceeds 6.0% in three years.
- c) the proposed changes in each filing do not result in dislocation to any vehicle premium greater than +10.0% overall after capping.

The following table provides a summary of the permitted and prohibited changes under the Expedited Approval Filing Guidelines:

PERMITTED CHANGES	PROHIBITED CHANGES
<ul style="list-style-type: none"> <li>• Average rate changes that vary by coverage and, when combined, are within overall rate change parameters.</li> <li>• Changes to levels of differentials for <b>existing</b> risk classification factors.</li> <li>• Changes, additions and deletions to:                             <ol style="list-style-type: none"> <li>a. Discounts,</li> <li>b. Surcharges,</li> <li>c. Endorsements,</li> <li>d. Capping, and</li> <li>e. Underwriting rules.</li> </ol> </li> <li>• Vehicle rate group updates.</li> <li>• Implementation of reform changes.</li> </ul>	<ul style="list-style-type: none"> <li>• Average overall rate increases in excess of guideline parameters.</li> <li>• Risk classification system changes (with the exception of changes to levels of differentials for existing risk classification factors).</li> <li>• Rating rule changes.</li> <li>• Rating algorithm changes.</li> <li>• Changes resulting in dislocation to any vehicle premium greater than +10.0% overall after capping<sup>4</sup>.</li> </ul>

<sup>3</sup> The 3.0% and 6.0% thresholds are prior to rate capping.

<sup>4</sup> If proposed changes result in premium dislocation of greater than +10.0% to any vehicle, insurers may cap vehicle premium increases at +10.0% and still avail of the Expedited Approval process.

Additional rules pertaining to the applicability of the Expedited Approval process are as follows:

- The timing of the Expedited Approval rate change thresholds (i.e. 3.0% in one year and 6.0% cumulatively in three years) are determined by individual insurer and commence on the date of approval of the first Expedited Approval filing submitted by each insurer.
- The 3.0% and 6.0% rate increase thresholds are exclusive to the Expedited Approval process. Rate increases approved through the Mandatory or Mandatory Simplified process do not count towards the 3.0% and 6.0% Expedited Approval thresholds.
- Insurers may file for approval of an Expedited Approval at any time provided that no more than three years have passed since the insurer last filed a Mandatory or Mandatory Simplified filing and that the Expedited Approval rate change thresholds have not been exceeded (e.g. an Expedited Approval filing can be filed immediately following the approval of either a Mandatory or Mandatory Simplified filing).
- The filing of either a Mandatory or Mandatory Simplified filing does not “reset” the Expedited Approval threshold figures. Under no circumstances can an insurer file for rate increases under the Expedited Approval process that exceeds 3.0% in one year or 6.0% cumulatively in three years, regardless of the number or timing of Mandatory or Mandatory Simplified filings approved for the insurer by the Board.
- If the only change in the rate application is for a CLEAR vehicle rate group table update, then the CLEAR updates can be filed separately as part of the CLEAR Simplified filing option.
- Any of the changes permitted under the Expedited Approval process can be combined and filed in a single filing for each category of automobile insurance.
- Insurers wishing to make any changes prohibited under the Expedited Approval process must do so as part of a Mandatory or Mandatory Simplified rate filing.

### 3.0 FILING FORMAT

All expedited approval rate filings must be submitted in the following format:

Section	Description
1	Cover Letter
2	Table of Contents
3	Certificate of the Officer
4	Rate Filing Support
5	Underwriting Rule Changes
6	Rate Exhibits
7	Dependent Categories (if applicable)
8	Rate Manual Pages
Appendix A	Rate Filing Summary
Appendix B	Rating Examples

#### **Section 1 – Cover Letter**

The cover letter should provide details on the filing being submitted including, but not limited to, a summary of the proposed changes by coverage, the rationale for the proposed changes, the overall rate level impact with and without capping, and the proposed effective dates.

#### **Section 2 – Table of Contents**

The table of contents must show the main headings noted above plus the key headings within each of the sections. It must be detailed enough to allow the reader to quickly isolate key information.

#### **Section 3 – Certificate of the Officer**

A scan of an original signed certificate of an authorized officer of the insurer must be included in each filing. Authorized officers are the President, CEO, COO, CFO, any Vice-President, the Treasurer, or the Corporate Secretary or Chief Agent for Canada, for the insurer.

The Certificate of the Officer must identify a person authorized by the insurer to act as the contact person for the insurer. All filing correspondence will occur between this person, Board staff and the Board’s consulting actuaries.

## **Section 4 – Rate Filing Support**

All support information provided in this section must reconcile with the information provided in Appendix A - Rate Filing Summary.

### **4.a. Average Rate Changes**

Where a change to the rates are proposed, rate indications are required for each and every coverage regardless of whether an overall average rate level increase, rate level decrease, or no change is proposed for any coverage. Support from the most recent Mandatory or Mandatory Simplified filing may be used for the proposal if Board approval was within 6 months of the submission date of the Expedited Approval filing.<sup>5</sup> Otherwise, rate indication support for each coverage should be based on the most recent data available.

Expedited Approval rate filings are not to include changes to risk classification rating variables, rating rules or rating algorithms. Insurers must file any such change under the Mandatory or Mandatory Simplified Filing Guidelines. However, the level of differentials for existing risk classification rating variables, discounts and surcharges can be changed under the Expedited Approval option provided rationale and support is included. In such cases, rate indications are only required for the variables for which differential changes are proposed. For example, if an insurer proposes to change territory differentials only, then indications are only required for the territory differentials.

The Board acknowledges that in certain circumstances actuarial data on which to base proposed rate level changes may be limited. In such circumstances, other forms of support such as market surveys, competitive position analyses, and supportive information from other jurisdictions may be provided. The Board will only consider the forms of support presented by the insurer within the filing documentation.

Insurers must clearly describe and show how current territorial base rates are transformed into proposed territorial base rates through the application of the proposed rate change in combination with any off-balancing performed. For each coverage, insurers must also demonstrate how the rate level impacts of the proposed changes, in combination with any off-balancing, are used to calculate the overall rate level change and change per coverage.

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<sup>5</sup> For example, if an insurer proposes an average rate change by coverage in a Mandatory filing that is less than its indicated need by coverage, the insurer can use the same Mandatory filing support to request approval of the difference between the indication and proposal in an Expedited Approval filing provided that: (a) the indication was deemed to be reasonable and supported by the Board in the Mandatory filing, and (b) the Expedited Approval filing is submitted within 6 months of the approval date of the Mandatory filing.

The Board expects that insurers will utilize the same methodologies and consistently derived assumptions in each filing. Where methodologies or the process for developing assumptions are changed from prior filings, the insurer must provide the reasons for any changes in assumptions, as well as the impact of the changes on the indicated rate levels. If judgment was applied, then an explanation as to why a particular factor was judgmentally selected must be provided. The Board is unlikely to approve significant changes in methodologies and assumptions as part of an Expedited Approval filing.

#### **4.b. Discount/Surcharge Changes**

Where an insurer proposes to change, add or delete a discount or surcharge the ratemaking process must be outlined and the insurer must demonstrate that the proposal is reasonable in the circumstances. Where possible, insurers must provide company-specific loss experience to support discount and/or surcharge changes. If company-specific experience is not available, insurers are required to provide the information and rationale used in its decision-making process to propose the discount and/or surcharge changes.

The current and proposed distribution of the insurer's book of business that is affected by any discount and/or surcharge changes must be provided to determine the average premium changes. All assumptions and detailed calculations must be provided to support the discount or surcharge change, and any associated rate level change.

The aggregate premium may be increased or decreased through the introduction of new discounts or surcharges, or changes to existing ones. If the insurer intends to off-balance all or part of the impact, a description of the off-balancing procedures and the calculations of the changes, if any, to base rates must be included.

#### **4.c. Endorsement Changes**

The required information for proposed endorsement changes include:

- a) endorsement wording (including approval from the Superintendent of Insurance, where applicable);
- b) current (if applicable) and proposed premium;
- c) qualification criteria; and,
- d) supporting justification.

If non-standard endorsement form wording is being used, the Board will require approval of that wording by the Superintendent of Insurance before addressing any proposed endorsement premium. If an insurer uses a Standard Endorsement Form, no approval from the Superintendent of Insurance is needed. Where an approval letter from the Superintendent of Insurance is not

included but is required, the rate filing will be deemed incomplete and will be returned to the insurer.

Insurers must provide support for any endorsement premiums that will be charged and explain why the proposed premium or premium calculation is reasonable in the circumstances. Where possible, insurers must provide company-specific loss experience to support the proposed endorsement premiums. If company-specific experience is not available, insurers are required to provide the information used in its decision-making to set the rates and the insurer must demonstrate why the proposed changes to endorsements are reasonable in the circumstances.

The aggregate premium may be increased or decreased through the introduction of new endorsements, or changes to existing ones. If the insurer intends to off-balance all or part of the impact, a description of the off-balancing procedures and the calculations of the changes, if any, to base rates must be included.

#### **4.d. Implementation of a New Vehicle Rate Group Table, including CLEAR**

The procedures used for replacing the insurer's current vehicle rate group methodology and implementing a new methodology must be fully described in this section.

If the insurer is requesting changes to the vehicle rate group table, the ratemaking process must be outlined in detail in this section.

This section should indicate the insurer's approach for implementing the new vehicle rate group methodology. The vehicle rate group table that is being used, any modifications to a standard VICC table, and capping procedures, if any, should be described in this section.

Any changes to the differentials assigned to a vehicle rate group should be described and supported in this section.

The aggregate premium may be increased or decreased through the introduction of a new vehicle rate group table and/or changes to vehicle rate group differentials. The filing must account for these through the use of off-balance procedures or by accounting for the premium change in its rate level.

All data used in the process of calculating the off-balance must be exhibited and labeled. The calculation of the off-balance amount must be shown. All judgments associated with the process of calculating the off-balance must be disclosed and supported.

Off-balance calculations must make use of the insurer's own distribution of business. Should the insurer find it necessary to include outside data or a different source of internal data, the filing

must identify the source of the data and provide an explanation of its applicability in the circumstances.

#### **4.e. Reform Changes**

Insurers must implement Direct Compensation Property Damage (“DCPD”) and Bodily Injury Deductible reforms, as outlined in Directive A.I. 2019-06, by July 15, 2020. Specific filing requirements associated with the DCPD and Bodily Injury deductible reforms can be found in the Reform Filing Guidelines document on the Board’s website at the following link: [www.pub.nl.ca/insurance.htm](http://www.pub.nl.ca/insurance.htm).

Insurers filing DCPD and Bodily Injury deductible reform changes should refer to the Reform Filing Guidelines while preparing an Expedited Approval rate filing that includes these changes.

### **Section 5 – Underwriting Rule Changes**

Underwriting rules are those rules used to govern the decision to accept or decline a risk or a coverage, deductible level, or liability limit.

All additions, deletions and/or changes to underwriting rules must be filed in this section. Underwriting rules are subject to review, but are not “approved” by the Board. Insurers will be notified if any proposed underwriting rule is found to be non-compliant, otherwise they are accepted as filed.

Section 96.1 of the *Insurance Companies Act* and associated regulations prohibits insurers from using certain underwriting rules in the Province. Please refer to section 1.4 of this document for additional details.

### **Section 6 – Rate Exhibits**

Exhibits illustrating current and proposed rating algorithms, base rates, discounts/surcharges, and differentials, clearly identified as either current or proposed, must be disclosed in this section, including any explanatory material in support of the proposed changes.

To facilitate the review process, all of 6.a. - 6.d. **must be included** even if there are no proposed changes to the element.

#### **6.a. Algorithm**

Exhibits illustrating current and proposed algorithms must be disclosed in this section.



**6.b. Base Rates**

Exhibits illustrating current and proposed base rates must be disclosed in this section.

**6.c. Differentials**

Exhibits illustrating current and proposed differentials must be disclosed in this section.

**6.d. Discounts and Surcharges**

Exhibits illustrating current and proposed discounts and surcharges must be disclosed in this section.

**6.e. Calculation of Final Rates**

The filing must clearly describe and show how current manual territorial base rates are transformed into proposed manual territorial base rates through the application of the proposed rate change in combination with any off-balance.

**6.f. Calculation of Rate Level Change**

The filing must clearly describe and show how the rate level impact of changes to base rates, differentials and discounts or surcharges, in combination with any off-balance, are used to calculate the overall rate level change on a per coverage basis. This calculation must reconcile with the Proposed Overall Rate Level Change in Appendix A – Rate Filing Summary before any renewal capping.

**6.g. Dislocation and Capping**

Rate capping may be considered in minimizing rate dislocation for renewal policyholders. Any capping procedure and associated rules for eligibility must be fully described in this section. The disclosure should include the rationale for imposing the cap, how the cap is applied, the length of time the cap will apply, how long it will take for the impact of the cap to be exhausted, and how the cap will be removed.

Insurers are encouraged to review other options regarding their proposal and avoid rate capping procedures, where appropriate.

Any proposed capping procedures should generally be applied on a vehicle premium basis and no negative rate capping is permitted.

Capping procedures should generally apply for a maximum of two annual renewal cycles, however insurers can request a longer capping period provided that justification for the longer period is provided.

Insurers must take into account the impact that proposed rate changes will have on consumers. Information on rate dislocation is required in Appendix A - Rate Filing Summary.

Insurers must provide the “uncapped” overall rate level change along with the “capped” overall proposed rate level change in a filing where capping is proposed.

Insurers are required to track all policies where capping has been applied, along with the reason for the capping.

### **Section 7 – Dependent Categories (If applicable)**

For those categories of automobile insurance or vehicles types that are dependent on the rate filing submitted, please provide the following:

- a) a list of all dependent categories impacted by the proposed changes;
- b) the rate level effects of the proposed changes;
- c) the calculations that validate the rate level effect of the proposed changes; and
- d) a copy of the rating rule that stipulates the linkage to the category of automobile insurance.

Insurers should state whether the relationship between the dependent category and the category being filed has changed or not. If the relationship has changed, the insurer should explain the rationale for and the impact of the proposed change.

### **Section 8 – Rate Manual Pages**

A proposed set of manual pages with rule, discount, surcharge, endorsement or definition changes must be provided with the filing. Any changes in the proposed rate manual should be denoted by a sidebar.

A final rate manual must be submitted electronically to [ito@pub.nl.ca](mailto:ito@pub.nl.ca) within 30 days after the rate filing has been approved.

## **Appendix A – Rate Filing Summary**

The “Rate Filing Summary – Expedited Approval” Excel template is available for download on the Board’s website. This file should be sent as a separate document in the rate filing package and identified as Appendix A in the file name.

### **Rate Filing Summary**

The Rate Filing Summary is an Excel document that contains certain key information on the nature of the proposed rate level and/or rating program changes. All data used in the Rate Filing Support section (Section 4) should reconcile to the information presented in the Rate Filing Summary.

A separate Rate Filing Summary must be completed for each vehicle type, even if submitting filings for two or more vehicle types are submitted on the same date.

For Miscellaneous Vehicles, Public Vehicles and Other Vehicles, where more than one vehicle type may be included in the filing submission, a separate Rate Filing Summary must be completed for each type of vehicle for which there are changes proposed. For example, for Miscellaneous Vehicles, a separate Rate Filing Summary would be required for motorcycles, all-terrain vehicles, snowmobiles, etc.

### **Publication**

Section 13 of NLR 56/19 requires the Board to publish specific information pertaining to rate applications within 30 days of approving, prohibiting or varying rates. This information has been included in the “Publication” tab included in the Rate Filing Summary Excel document. The information in the Publication tab will be exported to pdf format and published to the Board’s website with the corresponding Board Order.

A separate publication form must be completed for each vehicle type for which a Rate Filing Summary form is required.

## **Appendix B – Rating Examples**

The rating examples Excel templates are available for download on the Board’s website. The applicable files should be sent as separate documents in the rate filing package and identified as Appendix B in the file name.

This section sets out rating examples covering the categories of automobile insurance using the Canadian Automobile Insurance Rate Regulators' harmonized profiles. There are separate templates for Private Passenger, Commercial, Miscellaneous and Taxi.

These profiles are to be used for all filings that require rating examples. Insurers must file with the Board those rating examples that would be affected by the filing. These profiles will be published to the Board's website, with the accompanying Board Order, in accordance with Section 13 of NLR 56/19.

The rating examples must be completed according to the risk description specified. Insurers must provide both current and proposed rating criteria for each of the rating examples as required. Rating territories must be those as defined in the insurer's Automobile Insurance Manual.

Any additional information pertaining to the rating example must be disclosed with a detailed description for each affected rating example.

Specific instructions and key assumptions that must be adopted when completing these rating examples are:

- All rates are to be stated on an annual basis. If annual policies are not issued, the rates must be converted to an annual basis.
- All risks must be rated strictly according to the information provided. DO NOT provide preferred rates unless the criteria as stated fit the eligibility rules for a preferred class. If so, provide only the preferred rates, and state so.
- Clearly identify all applicable surcharges/discounts that apply to each of the coverages.
- If the insurer does not write a particular limit or deductible level for a described profile, provide the premiums using the closest limit/deductible and note the applicable limit/deductible on the profile.
- If the insurer provides group discounts, provide the individual non-group rate plus the rates with the highest discount applied.
- For multiple operator risks, provide premiums by coverage by operator using separate sheets. Also, the total policy premium combining all operators must be submitted.
- If, based on the insurer's underwriting rules, a risk profile described in a specified rating example is not written, that fact is to be indicated, and rates need not be provided for that example. However, the insurer must explain why the rating example is not appropriate under the circumstances.
- If a rating example does not describe a unique rate, the insurer is to provide the highest and lowest rate that could be charged on the described risk, and disclose the assumption underlying the difference.

- Include the premiums for all perils only if collision and comprehensive are not offered.
- Unless stated explicitly in the profile, do not assume the operator has progressed through the graduated licensing system.