



NEWFOUNDLAND AND LABRADOR  
**BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**  
120 Torbay Road, P.O. Box 21040, St. John's, Newfoundland and Labrador, Canada, A1A 5B2

**INFORMATION BULLETIN A.I. 2019-01**

**ISSUED: October 03, 2019**

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

**SUBJECT: Automobile Insurance Reforms effective January 1, 2020**

The Board advises that changes to the *Automobile Insurance Act* (the “Act”) and associated Automobile Insurance Regulations (“NLR 56/19”) come into effect on January 1, 2020. This Bulletin contains general information about the reforms applicable to the Board’s rate filing processes and is provided for the convenience and guidance of automobile insurers. It is for informational purposes only and is not meant to serve as the Board’s filing guidelines.

Changes to the *Act* can be found at:

<https://www.assembly.nl.ca/HouseBusiness/Bills/ga48session4/bill1903.htm>

NLR 56/19 can be found starting on page 21 at:

<https://www.assembly.nl.ca/legislation/sr/annualregs/2019/nr190056.htm>

New filing guidelines will be released by the Board in future Directives and will contain specific instructions and filing requirements to address the reform changes.

**No reform rate filings should be submitted until further direction of the Board. Any reform rate filings received in advance of the applicable Directives will be returned to the filing insurer.**

**Mandatory Rate Filings**

Section 9 of NLR 56/19 sets out the requirements of the new filing schedule as follows:

*Private Passenger Automobiles* - a rate filing must be submitted within 3 years of the date of last filed rates relating to private passenger automobile insurance under the former regulations and at least every 3 years thereafter.

*Commercial Vehicles* - a rate filing must be submitted within 3 years of the date of last filed rates relating to commercial vehicle insurance under the former regulations and at least every 3 years thereafter.

Miscellaneous Vehicles - a rate filing must be submitted within a time period to be determined by the Board.

All Other Classes of Automobile Insurance - a rate filing must be submitted within 3 years of the date of last filed rates relating to that type of automobile insurance under the former regulations and at least every 3 years thereafter. This requirement is applicable to any vehicle type that does not meet the definition of Private Passenger Automobile, Commercial Vehicle or Miscellaneous Vehicles as defined in the regulations.

Rates Greater than Three Years Old - insurers that have not filed rates for a vehicle class within the last 3 years prior to January 1, 2020 will be required to submit a full filing within a time period to be determined by the Board.

The Board will introduce a new mandatory rate filing process effective January 1, 2020 for all classes of automobile insurance in the province. Filing guidelines and schedules for mandatory filings will be communicated in a future Directive.

### **Expedited Approval Rate Filings**

Section 11 of NLR 56/19 provides for the expedited approval of a proposed rate change where:

- a) no more than 3 years have passed since the insurer last filed its rates; and
- b) the rate change does not result in an overall rate increase that:
  - i) exceeds 3.0% in 1 year; or
  - ii) cumulatively exceeds 6.0% in 3 years.

The Board will introduce a new expedited approval rate filing process to be effective January 1, 2020. Filing guidelines for the expedited approvals will be communicated in a future Directive.

### **Direct Compensation for Property Damage (DCPD)**

Section 32.1 of the *Act* provides for the implementation of DCPD coverage in the province. Effective January 1, 2020 motorists will deal with their own insurance company directly on property damage claims where they are not at-fault rather than the insurer of the driver who was at-fault.

The Board acknowledges, that due to time constraints, it may not be feasible for insurers to implement DCPD rates by January 1, 2020. The Board will work with insurers to ensure that sufficient time is permitted for the filing and implementation of DCPD rates. Insurers should continue to use current approved Third Party Liability rates until new DCPD rates are approved.

The implementation of DCPD rates beyond January 1, 2020 does not constitute a delay in the DCPD requirements as set out in Section 32.1 of the *Act*. Insurers will still be required to settle property damage claims in accordance with the legislated DCPD coverage requirements effective January 1, 2020 even if the insurer has not received Board approval of DCPD rates.

The Board will issue filing guidelines and time periods for DCPD rate implementation in a future Directive.

## **Deductible Increase**

Section 8 of NLR 56/19 provides for an increase in the deductible applicable to all pain and suffering awards from \$2,500 to \$5,000 effective January 1, 2020. Insurers will be required to address the Third Party Liability – Bodily Injury deductible shift from \$2,500 to \$5,000 in its future rate filings in a manner to be determined by the Board and communicated in a future Directive.

## **Winter Tire Discount**

Section 16 of NLR 56/19 provides that insurers must offer a reduction in the rate of insurance for any private passenger automobile equipped with winter tires. This provision applies to any insurance contracts issued or renewed on or after January 1, 2020.

The Board is currently accepting rate filings for winter tire discounts. Please see Directive A.I. 2019-05 for additional details.

## **Usage Based Technology**

Section 15 of NLR 56/19 provides regulations for the introduction of usage based technology for automobile insurance purposes in the province. In accordance with the regulations, usage based technology may be used solely to:

- a) reduce the rate for automobile insurance;
- b) review rating criteria; and
- c) manage claims.

All usage based technology programs must be filed and approved by the Board prior to implementation. The form and manner of usage based technology filings, including the required information and documentation, will be communicated in a future Directive.

## **Fleets**

Effective January 1, 2020 insurers will no longer be required to file rates for fleet business with the Board as per Section 9(6) of NLR 56/19.

## **Questions**

Should you have any questions or concerns regarding any of the above please contact Mr. Ryan Oake, Regulatory Advisor, at 709-726-1097 or [roake@pub.nl.ca](mailto:roake@pub.nl.ca)

Yours truly,



Cheryl Blundon  
Board Secretary