

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

AN ORDER OF THE BOARD

NO. A.I. 19(2015)

1 **IN THE MATTER OF** the *Automobile*
2 *Insurance Act*, RSNL 1990, c. A-22 (the "*Act*"),
3 as amended, and regulations thereunder; and
4

5 **IN THE MATTER OF** an application by
6 Traders General Insurance Company
7 to implement a revised rating program for its
8 Private Passenger Automobiles class of business.
9

10
11 **WHEREAS** on April 6, 2015 Traders General Insurance Company applied to the Board for
12 approval of a revised rating program for its Private Passenger Automobiles class of business; and
13

14 **WHEREAS** the purpose of the application is to develop a combined rating program upon the
15 transfer of the business of Scottish & York Insurance Company to Traders General Insurance
16 Company; and
17

18 **WHEREAS** Scottish & York Insurance Company and Traders General Insurance Company are
19 members of Aviva Canada Inc.; and
20

21 **WHEREAS** the revised rating program for Traders General Insurance Company proposes rates
22 for certain coverages that are higher than those currently approved by the Board; and
23

24 **WHEREAS** the revised rating program proposes a +10% upper bound cap to apply to the
25 current premium level of policyholders for two years to help reduce dislocation and after two
26 years all policyholders would be written at the uncapped book rates; and
27

28 **WHEREAS** in year three following removal of the cap some policyholders may experience a
29 premium increase greater than 10%; and
30

31 **WHEREAS** on May 19, 2015 the Board's consulting actuaries, Oliver Wyman Limited, filed a
32 report of findings with the Board which identified key areas of the filing for the Board's
33 consideration; and

1 **WHEREAS** Oliver Wyman Limited states in its report that it finds the calculated indications and
2 proposed rate level changes for the combined rating program to be reasonable and supported; and
3

4 **WHEREAS** the Board finds that the transfer of business from Scottish & York Insurance
5 Company to Traders General Insurance Company should commence on or before the
6 implementation of the combined rating program and that Scottish & York Insurance Company
7 should not issue any new business or renewal policies following implementation of the combined
8 rating program; and
9

10 **WHEREAS** the Board finds that notice should be provided to policyholders that there may be
11 some premium increases greater than 10% following removal of the cap; and
12

13 **WHEREAS** the Board is satisfied that the proposed rates for the combined rating program are
14 not too high in the circumstances, and should be approved effective with the transfer of the
15 business of Scottish & York Insurance Company and with appropriate notice of the proposed
16 changes.
17

18
19 **IT IS THEREFORE ORDERED THAT:**
20

- 21 1. The revised rating program received April 6, 2015 from Traders General Insurance Company
22 is approved to be effective no sooner than the commencement of the transfer of business
23 from Scottish & York Insurance Company to Traders General Insurance Company.
24
- 25 2. Traders General Insurance Company will be required to pay the costs of the Board associated
26 with this filing, including the costs of the actuarial review.

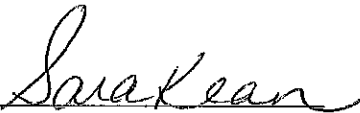
DATED at St. John's, Newfoundland and Labrador, this 19th day of June, 2015.



Darlene Whalen, P.Eng.
Vice-Chair



Dwanda Newman, LL.B.
Commissioner



Sara Kean
Assistant Board Secretary