

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

AN ORDER OF THE BOARD

NO. A.I. 10(2020)

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
7 by Aviva General Insurance Company
8 for approval to implement a revised
9 rating program for its Private Passenger
10 Automobiles category of automobile
11 insurance.
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14 **WHEREAS** on January 27, 2020 Aviva General Insurance Company (“Aviva General”) applied
15 to the Board for approval of a revised rating program under the Mandatory filing option for its
16 Private Passenger Automobiles category of automobile insurance; and
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18 **WHEREAS** Aviva General filed an overall rate level indication of +21.8% and proposed an
19 overall rate level change of +18.4% that varied by coverage; and
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21 **WHEREAS** Aviva General’s proposed overall rate level change included the following: (i)
22 introduction of Direct Compensation Property Damage coverage, (ii) increase in the bodily injury
23 deductible applicable to non-pecuniary loss amounts to \$5,000; and (iii) changes to class and
24 driving record differentials; and
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26 **WHEREAS** on March 11, 2020 the Board’s actuarial consultants, Oliver Wyman Limited (“Oliver
27 Wyman”), filed a report of findings with the Board which identified key areas of the filing for the
28 Board’s consideration; and
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30 **WHEREAS** Oliver Wyman reported that Aviva General’s proposed overall rate level change of
31 +18.4% was higher than the indicated overall rate level need of +14.0% calculated by Oliver
32 Wyman based on alternate assumptions that it had tested; and
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34 **WHEREAS** on March 11, 2020 the Oliver Wyman report of findings was forwarded to Aviva
35 General for comment; and
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37 **WHEREAS** Aviva General filed a number of revisions to its rate level indication and proposal
38 during March and April in response to the Oliver Wyman findings; and

1 **WHEREAS** on April 15, 2020 Aviva General filed a revised overall rate level indication of
2 +14.0% and proposed an overall rate level change of +12.4% that varied by coverage; and

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4 **WHEREAS** Aviva General also proposed to introduce an upper bound cap of +10.0% and
5 estimated its proposed overall rate level change to be +7.5% on a capped basis; and

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7 **WHEREAS** on April 15, 2020 Oliver Wyman reported that Aviva General’s proposed overall rate
8 level change was less than its supported overall rate level need of +14.0%; and

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10 **WHEREAS** Oliver Wyman reported that Aviva General’s proposals to introduce Direct
11 Compensation Property Damage coverage, increase the bodily injury deductible for non-
12 pecuniary loss amounts and change class and driving record differentials were supported; and

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

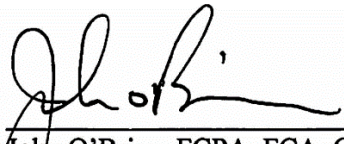
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20 **IT IS THEREFORE ORDERED THAT:**

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22 1. The revised rating program received April 15, 2020 from Aviva General Insurance Company
23 for its Private Passenger Automobiles category of automobile insurance is approved to be
24 effective no sooner than July 1, 2020 for new business and for renewals.


DATED at St. John’s, Newfoundland and Labrador, this 23rd day of April, 2020.



Darlene Whalen, P. Eng., FEC
Chair and Chief Executive Officer



John O'Brien, FCPA, FCA, CISA
Commissioner



Cheryl Blundon
Board Secretary