

FOR RELEASE: November 14, 2000

PRESS RELEASE

The Public Utilities Board has issued its 2001 Automobile Insurance Benchmark rates. While these Benchmarks take effect immediately, most consumers will not experience a change in premiums until mid 2001.

Under authority of the Automobile Insurance Act, the Board is responsible for the general supervision of rates charged by companies for all categories of automobile insurance. The 2001 Benchmark Rates are issued in relation to the Private Passenger and Commercial categories of automobile insurance.

Benchmarks are used by the Board to establish adequate ranges within which automobile insurance companies may file their rates. For each line of coverage there is an upper and lower limit within which rates must be filed for approval by the Board, unless an individual company's loss experience dictates otherwise.

The Benchmark ranges are sufficiently wide to allow competition to take place among companies so as to ensure that rates are fair and reasonable to consumers and sufficient for companies to meet their obligations in the payment of claims. The annual adjustment to the Benchmarks is based on the industry's claims experience over the previous two (2) to four (4) years, with projections of loss costs for the year during which the Benchmarks are effective.

New rates have been set for each territory by line of coverage. For purposes of rating Private Passenger automobile insurance, the Province of Newfoundland and Labrador is segmented into three rating territories: Territory 1 includes the Avalon Peninsula and that part of the island portion of the

province east of Highway 202, being a line between the communities of Old Shop and Chapel Arm in Trinity Bay to the North, and Long Harbour and Ship Harbour in Placentia Bay to the South. Territory 2 covers the remainder of the island, and Territory 3 covers the Labrador portion of the province. Rates for certain lines of coverage have declined, while for other lines the rates have increased.

Attached to this Release are Schedules A and B, which show the Benchmark ranges for Private Passenger and Commercial Automobile Insurance. Schedules C1 to C3 contain examples of how these rate changes may impact upon the average consumer of Private Passenger Automobile Insurance in the Province. Certain assumptions have been made regarding driving classification, driving record, lines of coverage and territory of residence for each of these examples. The rating classifications used to determine the driver profiles are outlined in the notes attached to Schedule C. Individual drivers will experience different levels of rate changes depending on the classification assigned by their insurer and the lines of coverage purchased.

For purposes of the rate comparisons attached, full coverage refers to \$200,000 Third Party Liability, Collision with a \$250 deductible, Comprehensive with a \$50 deductible, Accident Benefits and Uninsured Motorist. The Minimum mandatory coverage, which all insureds must carry in the province, is \$200,000 Third Party Liability and Uninsured Motorist.

For Driver Profile "A" residing in Territory 1, the overall impact of the Benchmark adjustments will be an increase in annual automobile insurance costs of .48%. Drivers carrying mandatory coverage only will experience a decrease of 2.2%. For Driver Profile "A" living in the remainder of the Island portion of the Province there will be an increase in annual premium costs on full coverage of 6.94%. Drivers carrying mandatory coverage only will experience an increase of 2.6%. Driver Profile "A" living in Labrador will experience an increase in annual insurance costs on full coverage of 10.71%. Drivers carrying mandatory coverage only, will experience an increase of 6.74%.

For Driver Profile "B" residing in Territory 1, the overall impact of the Benchmark adjustments will be an increase in annual automobile insurance costs of 3.64%, where such drivers carry full coverage. Drivers carrying mandatory coverage only, will experience an increase of 1.78%. For Driver Profile "B" living in the remainder of the Island portion of the Province there will be an increase in annual premium costs on full coverage of 1.24%. Drivers carrying mandatory coverage only will experience a decrease of 2.99%. Driver Profile "B" living in Labrador will experience an increase in annual insurance costs on full coverage of 4.74%. Drivers carrying mandatory coverage only, will experience an increase of 0.48%.

Any person interested in examining the Benchmark report are invited to do so at the Board's Offices located in The Prince Charles Building at 120 Torbay Road, St. John's.

Enquiries may be directed to the Board's Director, Regulatory & Advisory Services, Mr. Robert Byrne, B.Comm., A.I.I.C., at 709 726-0742. or by email to rbyrne@pub.nf.ca.

Schedule A

**Province of Newfoundland and Labrador
Board of Commissioners of Public Utilities
2001 Private Passenger Benchmark Base Rate Ranges**

	Territory 1	Territory 2	Territory 3
<u>Private Passenger</u>¹			
Third Party Liability	\$ 693 - 847	\$384 - 470	\$278 - 376
Accident Benefits	49 - 115	49 - 115	49 - 115
Uninsured Motorist	19 - 43	10 - 24	7 - 19
Collision (MSRP)	174 - 212	212 - 259	215 - 291
Comprehensive (MSRP)	106 - 130	85 - 103	102 - 138
Specified Perils (MSRP)	31 - 47	17 - 25	16 - 24
All Perils (MSRP)	257 - 314	279 - 340	295 - 399
Collision (CLEAR)	183 - 223	223 - 273	227 - 307
Comprehensive (CLEAR)	111 - 136	89 - 108	106 - 114
Specified Perils (CLEAR)	28 - 43	16 - 23	15 - 22
All Perils (CLEAR)	270 - 330	293 - 358	310 - 396

Territorial Definitions

Territory 1 - Avalon District, Statistical Plan Code 004

Consisting of the City of St. John's, including that part of the Island east of Highway 202, being a line between the communities of Old Shop and Chapel Arm in Trinity Bay to the North and between Long Harbour and Ship Harbour in Placentia Bay in the South

Territory 2 - Bonavista and Burin District, Statistical Plan Code 005

Consisting of that Territory east of a line drawn from Port Blandford in Bonavista Bay to English Harbour East in Fortune Bay, excluding the Avalon District.

Territory 2 - Remainder of the Province, Statistical Plan Code 007

Consisting of those parts of the Province of Newfoundland and Labrador, excluding the Avalon, Labrador and Burin and Bonavista Districts.

Territory 3 - Labrador District, Statistical Plan Code 006

The entire area of Labrador

1. Third Part Liability rates are based upon: Class 02, Driving Record 5, \$200,000 Limit. **Collision** rates are based upon: Class 02, Driving Record 5, Rate Group 9, \$250 Deductible. **Comprehensive** and **Specified Perils** rates are based upon: Rate Group 9, \$50 Deductible. **All Perils** rates are based on the sum of the Collision and Comprehensive rates for the same rate group, adjusted to the \$250 Deductible level.

Schedule B

**Province of Newfoundland and Labrador
Board of Commissioners of Public Utilities
2001 Commercial Benchmark Base Rate Ranges**

Entire Province

Commercial¹

Third Party Liability	\$ 531 - 649
Collision	179 - 219
Comprehensive	115 - 141
Specified Perils	46 - 70
All Perils*	257 - 315
Accident Benefits	16 - 36
Uninsured Motorist	5 - 13

Territorial Definitions

For purposes of Commercial coverage, the province is not sub-divided into separate territories

1. Commercial Rates are based upon Premium Table 1: **Third Part Liability** rates are based upon: Class 36, Driving Record 3, \$200,000 Limit. Collision - \$250 Deductible, Rate Group 9. **Comprehensive** and **Specified Perils** - \$50 Deductible, Rate Group 9. **All Perils** rates are based on the sum of the Collision and Comprehensive rates for the same rate group, adjusted to the \$250 Deductible level.

Schedule C1
Territory 1 Rate Change Comparison Table
2001 Benchmark Minimum vs. 1998 Benchmark Minimum

Driver Profile "A" Rating Classification : Class 02, DR 5, RG 09, Ded \$250

DRIVER A	1998	2001	\$CHANGE	%change
Full Coverage				
3rd. Party Liability	709.00	693.00	-16.00	-2.26
Collision, \$250 Deductible	167.00	174.00	7.00	4.19
Comprehensive \$50 Deductible	95.00	106.00	11.00	11.58
Accident Benefits	46.00	49.00	3.00	6.52
Uninsured Motorist	19.00	19.00	0.00	0.00
TOTAL	1036.00	1041.00	5.00	0.48
Partial Coverage				
3rd. Party Liability	709.00	693.00	-16.00	-2.26
Collision, \$250 Deductible	167.00	174.00	7.00	4.19
Uninsured Motorist	19.00	19.00	0.00	0.00
TOTAL	895.00	886.00	-9.00	-1.01
Mandatory Coverage Only				
3rd. Party Liability	709.00	693.00	-16.00	-2.26
Uninsured Motorist	19.00	19.00	0.00	0.00
TOTAL	728.00	712.00	-16.00	-2.20

Driver Profile "B" Rating Classification : Class 01, DR 6, RG 09, Ded \$250

DRIVER B	1998	2001	\$CHANGE	%change
Full Coverage				
3rd. Party Liability	486.00	495.00	9.00	1.85
Collision, \$250 Deductible	124.00	129.00	5.00	4.03
Comprehensive \$50 Deductible	95.00	106.00	11.00	11.58
Accident Benefits	46.00	49.00	3.00	6.52
Uninsured Motorist	19.00	19.00	0.00	0.00
TOTAL	770.00	798.00	28.00	3.64
Partial Coverage				
3rd. Party Liability	486.00	495.00	9.00	1.85
Collision, \$250 Deductible	124.00	129.00	5.00	4.03
Uninsured Motorist	19.00	19.00	0.00	0.00
TOTAL	629.00	643.00	14.00	2.23
Mandatory Coverage Only				
3rd. Party Liability	486.00	495.00	9.00	1.85
Uninsured Motorist	19.00	19.00	0.00	0.00
TOTAL	505.00	514.00	9.00	1.78

Schedule C2
Territory 2 Rate Change Comparison Table
2001 Benchmark Minimum vs. 1998 Benchmark Minimum

1st. Revised, September 14, 2000

Driver Profile "A" Rating Classification : Class 02, DR 5, RG 09, Ded \$250

DRIVER A	1998	2001	\$CHANGE	%change
Full Coverage				
3rd. Party Liability	374.00	384.00	10.00	2.67
Collision, \$250 Deductible	186.00	212.00	26.00	13.98
Comprehensive \$50 Deductible	76.00	85.00	9.00	11.84
Accident Benefits	46.00	49.00	3.00	6.52
Uninsured Motorist	10.00	10.00	0.00	0.00
TOTAL	692.00	740.00	48.00	6.94
Partial Coverage				
3rd. Party Liability	374.00	384.00	10.00	2.67
Collision, \$250 Deductible	186.00	212.00	26.00	13.98
Uninsured Motorist	10.00	10.00	0.00	0.00
TOTAL	570.00	606.00	36.00	6.32
Mandatory Coverage Only				
3rd. Party Liability	374.00	384.00	10.00	2.67
Uninsured Motorist	10.00	10.00	0.00	0.00
TOTAL	384.00	394.00	10.00	2.60

Driver Profile "B" Rating Classification : Class 01, DR 6, RG 09, Ded \$250

DRIVER B	1998	2001	\$CHANGE	%change
Full Coverage				
3rd. Party Liability	291.00	282.00	-9.00	-3.09
Collision, \$250 Deductible	140.00	144.00	4.00	2.86
Comprehensive \$50 Deductible	76.00	85.00	9.00	11.84
Accident Benefits	46.00	49.00	3.00	6.52
Uninsured Motorist	10.00	10.00	0.00	0.00
TOTAL	563.00	570.00	7.00	1.24
Partial Coverage				
3rd. Party Liability	291.00	282.00	-9.00	-3.09
Collision, \$250 Deductible	140.00	144.00	4.00	2.86
Uninsured Motorist	10.00	10.00	0.00	0.00
TOTAL	441.00	436.00	-5.00	-1.13
Mandatory Coverage Only				
3rd. Party Liability	291.00	282.00	-9.00	-3.09
Uninsured Motorist	10.00	10.00	0.00	0.00
TOTAL	301.00	292.00	-9.00	-2.99

Schedule C3
Territory 3 Rate Change Comparison Table
2001 Benchmark Minimum vs. 1998 Benchmark Minimum

1 st. Revised September 14, 2000

Driver Profile "A" Rating Classification : Class 02, DR 5, RG 09, Ded \$250

DRIVER A	1998	2001	\$CHANGE	%change
Full Coverage				
3rd. Party Liability	260.00	278.00	18.00	6.92
Collision, \$250 Deductible	184.00	215.00	31.00	16.85
Comprehensive \$50 Deductible	91.00	102.00	11.00	12.09
Accident Benefits	46.00	49.00	3.00	6.52
Uninsured Motorist	7.00	7.00	0.00	0.00
TOTAL	588.00	651.00	63.00	10.71
Partial Coverage				
3rd. Party Liability	260.00	278.00	18.00	6.92
Collision, \$250 Deductible	184.00	215.00	31.00	16.85
Uninsured Motorist	7.00	7.00	0.00	0.00
TOTAL	451.00	500.00	49.00	10.86
Mandatory Coverage Only				
3rd. Party Liability	260.00	278.00	18.00	6.92
Uninsured Motorist	7.00	7.00	0.00	0.00
TOTAL	267.00	285.00	18.00	6.74

Driver Profile "B" Rating Classification : Class 01, DR 6, RG 09, Ded \$250

DRIVER B	1998	2001	\$CHANGE	%change
Full Coverage				
3rd. Party Liability	203.00	204.00	1.00	0.49
Collision, \$250 Deductible	138.00	146.00	8.00	5.80
Comprehensive \$50 Deductible	91.00	102.00	11.00	12.09
Accident Benefits	46.00	49.00	3.00	6.52
Uninsured Motorist	7.00	7.00	0.00	0.00
TOTAL	485.00	508.00	23.00	4.74
Partial Coverage				
3rd. Party Liability	203.00	204.00	1.00	0.49
Collision, \$250 Deductible	138.00	146.00	8.00	5.80
Uninsured Motorist	7.00	7.00	0.00	0.00
TOTAL	348.00	357.00	9.00	2.59
Mandatory Coverage Only				
3rd. Party Liability	203.00	204.00	1.00	0.49
Uninsured Motorist	7.00	7.00	0.00	0.00
TOTAL	210.00	211.00	1.00	0.48

DRIVER PROFILE "A"

Class 2:

- a. Principal Operator is 25 years of age and over.
- b. If automobile used for driving to and from work, one way mileage not to exceed 16 kilometres.
- c. No male driver under 25 years of age; no unmarried female driver under 25 years of age without Driver Training.
- d. Not more than two (2) drivers, per automobile, in the household.

Driving Record 5:

Risks rated as having five (5) years licensed driving experience, without a claim or major Highway Traffic Act or Criminal Code conviction relative to the operation of an automobile.

Rating Group 9:

Sample Rate-Group 9 vehicles include:

Examples: 1997 Ford Escort LX Wagon
 1994 Mercury Sable LS, 4-door
 1996 Plymouth Breeze, 4-door
 1994 Chevrolet Caprice Classic, 4-door,
 1994 Buick Century Custom, 4-door,
 1995 Buick Skylark Limited, 4-door,
 1995 Honda Accord LX, 4-door,
 1997 Nissan Sentra GLE, 4-door,
 1997 Pontiac Firefly, 4-door,
 1999 Saturn SL(1), 4-door,
 1997 Toyota Corolla LE, 5-door

Limit of Liability:

\$200,000.00

DRIVER PROFILE "B"

Class 1:

- a. Principal Operator is 25 years of age and over.
- b. Automobile used for pleasure only. No driving to and from work - no business, professional or vocational use.
- c. Annual mileage not to exceed 16,000 kilometres.
- d. No male driver under 25 years of age; no unmarried female driver under 25 years of age, without Driver Training.
- e. Not more than two (2) drivers, per automobile, in the household, each of whom has held a valid operators license for the past three (3) years.

Driving Record 6:

Risks rated as having six (6) years licensed driving experience, without a claim or major Highway Traffic Act or Criminal Code conviction relative to the operation of an automobile.

Rating Group 9:

Sample Rate-Group 9 vehicles include:

Examples: 1997 Ford Escort LX Wagon
 1994 Mercury Sable LS, 4-door
 1996 Plymouth Breeze, 4-door
 1994 Chevrolet Caprice Classic, 4-door,
 1994 Buick Century Custom, 4-door,
 1995 Buick Skylark Limited, 4-door,
 1995 Honda Accord LX, 4-door,
 1997 Nissan Sentra GLE, 4-door,
 1997 Pontiac Firefly, 4-door,
 1999 Saturn SL(1), 4-door,
 1997 Toyota Corolla LE, 5-door

Limit of Liability:

\$200,000.00

TERRITORIAL DEFINITIONS

Territory 1

Consisting of that part of the island east of Highway 202, being a line between the communities of Old Shop and Chapel Arm in Trinity Bay to the north, and Long Harbour and Ship Harbour in Placentia Bay to the south.

Territory 2

The Remainder of the Island Portion of the Province.

Territory 3

The entire area of Labrador.

FACTORS AFFECTING RATING

Third Party Liability

The following factors will affect the Third Party Liability Premium:

Class of use.

Driving Record, determined by number of years: licensed; conviction free; and claims free.

Limit of Liability chosen.

Collision

The following factors will affect the Collision Premium:

Class of use.

Driving Record, determined by number of years: licensed; conviction free; and claims free.

Vehicle Rating Group Classification.

Deductible Level.

Comprehensive

The following factors will affect the Comprehensive Premium:

Vehicle Rating Group Classification.

Deductible Level.

Accident Benefits & Uninsured Motorists

In general premiums for these coverages are not varied by any factors.