

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

**AN ORDER OF THE BOARD**

**NO. A.I. 100(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 Co-operators General Insurance  
8 Company for approval to implement a  
9 revised rating program for its  
10 Commercial Vehicles class of  
11 automobile insurance.  
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14 **WHEREAS** on September 1, 2020 Co-operators General Insurance Company (“Co-operators”)  
15 applied to the Board for approval of a revised rating program under the Mandatory filing option  
16 for its Commercial Vehicles class of automobile insurance; and  
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18 **WHEREAS** Co-operators filed an overall rate level indication of +1.5% and proposed an overall  
19 rate level change of +0.80% that varied by coverage; and  
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21 **WHEREAS** on September 30, 2020 the Board's actuarial consultants, Oliver Wyman Limited  
22 (“Oliver Wyman”), filed a report of findings with the Board; and  
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24 **WHEREAS** comments were filed in response by Co-operators on October 6, 2020; and  
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26 **WHEREAS** on October 7, 2020 Oliver Wyman filed questions on the comments filed by Co-  
27 operators, which were responded to by Co-operators on October 8, 2020; and  
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29 **WHEREAS** on October 9, 2020 Oliver Wyman filed a revised report of findings with the Board;  
30 and  
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32 **WHEREAS** Oliver Wyman reported that substituting alternative assumptions for the complement  
33 of credibility that it found to be more reasonable would reduce the overall rate level indication  
34 from +1.5% to -0.9%; and

1 **WHEREAS** Oliver Wyman noted that there was considerable uncertainty in the calculation of the  
2 rate level change need due to the sparse data for Commercial Vehicles and that the rate level  
3 indications were highly dependent on the complement of credibility approach utilized; and  
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5 **WHEREAS** Co-operators provided additional justification in response to the Oliver Wyman  
6 report to explain why its proposed complement of credibility assumptions were reasonable in the  
7 circumstances; and  
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9 **WHEREAS** the Board acknowledges that there is a wide range of possible outcomes in any  
10 prospective ratemaking exercise and that the variance in the overall rate level indication produced  
11 by Co-operators and Oliver Wyman was the result of differing actuarial judgements regarding the  
12 complement of credibility approach utilized; and  
13

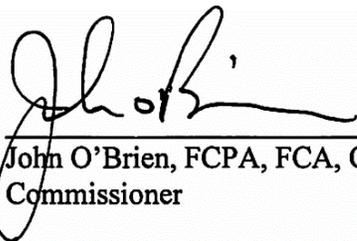
14 **WHEREAS** the Board is satisfied that the proposed rates are just and reasonable in the  
15 circumstances, do not impair the solvency of the insurer, are not excessive in relation to the  
16 financial circumstances of the insurer, and do not violate the *Automobile Insurance Act* or the  
17 *Insurance Companies Act* or the respective regulations thereunder.  
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19  
20 **IT IS THEREFORE ORDERED THAT:**  
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- 22 1. The revised rating program received on September 1, 2020 from Co-operators General  
23 Insurance Company for its Commercial Vehicles class of automobile insurance is approved to  
24 be effective no sooner than December 16, 2020, for new business and January 30, 2021 for  
25 renewals.

**DATED** at St. John’s, Newfoundland and Labrador, this 28<sup>th</sup> day of October, 2020.

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

  
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John O'Brien, FCPA, FCA, CISA  
Commissioner

  
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Cheryl Blundon  
Board Secretary