

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

AN ORDER OF THE BOARD

NO. A.I. 20(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 Traders 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 May 12, 2020 Traders General Insurance Company (“Traders”) applied to the
15 Board for approval of a revised rating program under the Expedited Approval option for its Private
16 Passenger Automobiles category of automobile insurance; and
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18 **WHEREAS** Traders filed an overall rate level indication of +2.5% and proposed an overall rate
19 level change of +2.0% that varied by coverage; and
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21 **WHEREAS** Traders currently has a temporary 0% cap related to COVID-19 in effect from June
22 15, 2020 to September 14, 2020 and proposes to apply a +15% upper bound cap thereafter; and
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24 **WHEREAS** Traders estimates its proposed overall average rate level change on a capped basis to
25 be +2.0%, the same as the uncapped basis; and
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27 **WHEREAS** on May 27, 2020 the Board's actuarial consultants, Oliver Wyman Limited (“Oliver
28 Wyman”), filed a report of findings with the Board which identified key areas of the filing for the
29 Board's consideration; and
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31 **WHEREAS** Oliver Wyman found Traders’ rate level indication of +2.5% and proposed rate level
32 change of +2.0% to be reasonable and supported in the circumstances; and
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34 **WHEREAS** the Board finds the proposed rate change to be in accordance with the Expedited
35 Approval Filing Guidelines as it does not exceed +3.0% in one year, does not cumulatively exceed

1 +6.0% in three years, and does not result in dislocation to any vehicle premium greater than
2 +10.0% overall after capping; and
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4 **WHEREAS** the Board is satisfied that the proposed rates are just and reasonable in the
5 circumstances, do not impair the solvency of the insurer, are not excessive in relation to the
6 financial circumstances of the insurer, and do not violate the *Automobile Insurance Act* or the
7 *Insurance Companies Act* or the respective regulations thereunder.
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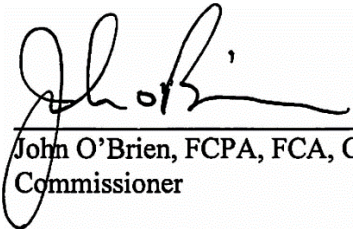
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10 **IT IS THEREFORE ORDERED THAT:**
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- 12 1. The revised rating program received on May 12, 2020 from Traders General Insurance
13 Company for its Private Passenger Automobiles category of automobile insurance is approved
14 to be effective no sooner than September 1, 2020 for new business and renewals.


DATED at St. John’s, Newfoundland and Labrador, this 5th day of June, 2020.



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



John O'Brien, FCPA, FCA, CISA
Commissioner



Cheryl Blundon
Board Secretary