

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

**AN ORDER OF THE BOARD**

**NO. A.I. 72(2020)**

1 **IN THE MATTER OF** the *Automobile*  
2 *Insurance Act*, RSNL 1990, c. A-22,  
3 as amended, and regulations  
4 thereunder; and  
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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 All-Terrain  
10 Vehicles class of automobile insurance.  
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13 **WHEREAS** on July 3, 2020 Co-operators General Insurance Company (“Co-operators”) applied  
14 to the Board for approval of a revised rating program under the Mandatory filing option for its All-  
15 Terrain Vehicles (“ATV”) class of automobile insurance; and  
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17 **WHEREAS** Co-operators filed an overall rate level indication of -12.7% and proposed an overall  
18 rate level change of -6.2% that varied by coverage; and  
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20 **WHEREAS** Co-operators noted that it proposed half of its calculated rate level indication due to  
21 the small volume of ATV business, the low credibility of the company’s own experience and the  
22 heavy influence that Industry data placed on the indication; and  
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24 **WHEREAS** on July 16, 2020 the Board's actuarial consultants, Oliver Wyman Limited (“Oliver  
25 Wyman”), filed a report of findings with the Board; and  
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27 **WHEREAS** comments were filed in response by Co-operators on July 23, 2020; and  
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29 **WHEREAS** on July 28, 2020 Oliver Wyman filed questions on the comments filed by Co-  
30 operators, which were responded to by Co-operators on July 31, 2020; and  
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32 **WHEREAS** on August 12, 2020 Oliver Wyman filed a revised report of findings with the Board;  
33 and

1 **WHEREAS** comments were filed in response by Co-operators on August 17, 2020; and

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3 **WHEREAS** Oliver Wyman found that substituting alternative assumptions for the profit  
4 provision, the complement of credibility and the effective period of the rating program would  
5 reduce the overall rate level indication from -12.7% to -17.8%; and

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7 **WHEREAS** Oliver Wyman noted that Co-operators' ATV portfolio was relatively small and that  
8 the limited volume of risks added to the uncertainty of the rate indications; and

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10 **WHEREAS** Co-operators provided rationale in response to Oliver Wyman explaining why the  
11 alternative assumptions for the complement of credibility and the effective period of the rating  
12 program were not sound options in the circumstances; and

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14 **WHEREAS** Co-operators further noted that its proposed profit provision assumptions were  
15 consistent with those from the company's most recent Private Passenger Automobiles filing  
16 approved by the Board in Order No. A.I. 51(2020); and

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18 **WHEREAS** the Board acknowledges the data limitations associated with Co-operators' ATV  
19 book of business and is satisfied that Co-operators has reasonably supported its selected  
20 assumptions for the profit provision, the complement of credibility and the effective period of the  
21 rating program; and

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

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29 **IT IS THEREFORE ORDERED THAT:**

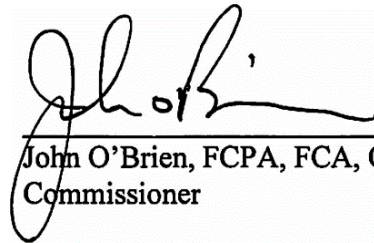
- 30  
31 1. The revised rating program received on July 3, 2020 from Co-operators General Insurance  
32 Company for its All-Terrain Vehicles class of automobile insurance is approved to be effective  
33 no sooner than November 18, 2020 for new business and January 2, 2021 for renewals.

**DATED** at St. John's, Newfoundland and Labrador, this 4<sup>th</sup> day of September, 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