

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

**AN ORDER OF THE BOARD**

**NO. A.I. 40(2021)**

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 Novex Insurance Company for  
8 approval to implement a revised rating  
9 program for its Private Passenger  
10 Automobiles category of automobile  
11 insurance.  
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14 **WHEREAS** on April 27, 2021 Novex Insurance Company (“Novex”) applied to the Board for  
15 approval of a revised rating program under the Mandatory filing option for its Private Passenger  
16 Automobiles category of automobile insurance; and  
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18 **WHEREAS** Novex initially filed an overall average rate level indication and proposed change of  
19 -6.4% that varied by coverage; and  
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21 **WHEREAS** on July 23, 2021 Novex filed an amended overall average rate level indication and  
22 proposed change of -7.7% to correct issues identified during the review; and  
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24 **WHEREAS** Novex’s rate level proposal included i) base rate changes by coverage uniform by  
25 territory and ii) adoption of the 2021 CLEAR rate group table; and  
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27 **WHEREAS** Novex proposed rate capping of +15% and estimated its overall rate level change on  
28 a capped basis to be the same as the uncapped basis; and  
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30 **WHEREAS** on August 23, 2021 Oliver Wyman filed a report of findings which identified  
31 concerns with Novex’s selection of ultimate losses and return on investment rate assumptions; and  
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33 **WHEREAS** Oliver Wyman reported that substituting alternative assumptions that it found to be  
34 more reasonable for the selection of ultimate losses and return on investment rate would reduce  
35 Novex’s overall rate level indication from -7.7% to -9.8%; and

1 **WHEREAS** on August 25, 2021 Novex filed comments in response to the Oliver Wyman report  
2 which included additional justification to support its selection of ultimate losses and return on  
3 investment rate assumptions; and  
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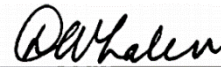
5 **WHEREAS** the Board acknowledges that a wide range of outcomes are possible in any  
6 prospective ratemaking exercise and that the variance in the overall rate level indications produced  
7 by Novex and Oliver Wyman results from differing actuarial judgements on a number of the  
8 assumptions included in the rate analysis; and  
9

10 **WHEREAS** the Board is satisfied that the proposed rates are just and reasonable in the  
11 circumstances, do not impair the solvency of the insurer, are not excessive in relation to the  
12 financial circumstances of the insurer, and do not violate the *Automobile Insurance Act* or the  
13 *Insurance Companies Act* or the respective regulations thereunder.  
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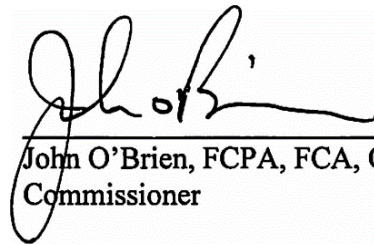
15  
16 **IT IS THEREFORE ORDERED THAT:**  
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- 18 1. The revised rating program received on July 23, 2021 from Novex Insurance Company for its  
19 Private Passenger Automobiles category of automobile insurance is approved to be effective  
20 no sooner than November 5, 2021 for new business and December 5, 2021 for renewals.

**DATED** at St. John's, Newfoundland and Labrador, this 14<sup>th</sup> day of September, 2021.



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



John O'Brien, FCPA, FCA, CISA  
Commissioner



Cheryl Blundon  
Board Secretary