

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

AN ORDER OF THE BOARD

NO. A.I. 17(2023)

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 by
7 Belair Insurance Company Inc. for
8 approval to implement a rating program
9 for its Miscellaneous Vehicles category
10 of automobile insurance.
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13 **WHEREAS** on January 17, 2023 Belair Insurance Company Inc. (“Belair) applied to the Board
14 under the Mandatory filing option for approval to implement a new rating program for its
15 Miscellaneous Vehicles category of automobile insurance; and
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17 **WHEREAS** Belair is owned by Intact Financial Corporation and is a new entity in the province that
18 will replace its affiliates Novex Insurance Company (“Novex”) and Unifund Assurance Company
19 (“Unifund”) as underwriters for Miscellaneous Vehicles; and
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21 **WHEREAS** this is Belair’s first Miscellaneous Vehicles rate filing in the province; and
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23 **WHEREAS** the filing proposed to implement rates for the following types of Miscellaneous
24 Vehicles:

- 25 a) Motorcycles and Mopeds;
- 26 b) All-Terrain Vehicles;
- 27 c) Snow Vehicles;
- 28 d) Camper Units; and
- 29 e) Travel Trailers and Other Trailers; and
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31 **WHEREAS** Belair requested to file its initial rates without rate level indications to help facilitate
32 the replacement of Novex and Unifund with Belair; and

1 **WHEREAS** Belair proposed to use the Novex rating program for Miscellaneous Vehicles, along
2 with the following changes, as the starting point for the Belair rating program:

- 3 a) Structural adjustment of the current rating algorithm;
- 4 b) Addition of new rating variables and discounts; and
- 5 c) Modification of existing rating variables and discounts; and

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7 **WHEREAS** Belair proposed to off-balance the impact of the above-noted rating program changes
8 through bases rates; and

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10 **WHEREAS** Belair proposed to implement capping provisions to help achieve rate neutrality on an
11 overall basis; and

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13 **WHEREAS** Belair filed the following overall rate level proposals by vehicle type:

Vehicle Class	Overall Rate Level Proposal (Uncapped)	Overall Rate Level Proposal (Capped)
Motorcycles and Mopeds	-0.4%	-2.4%
All-Terrain Vehicles	+0.0%	-1.4%
Snow Vehicles	+0.0%	-0.3%
Camper Units	+0.0%	NA
Travel Trailers and Other Trailers	+0.0%	NA

14 **WHEREAS** on April 20, 2023 the Board's actuarial consultants, Oliver Wyman Limited ("Oliver
15 Wyman"), filed a report of findings with the Board; and

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17 **WHEREAS** Oliver Wyman found the proposed rating program structure to be reasonable but
18 noted that there were wide differences in the current average rates between Novex and Unifund
19 that would result in significant dislocation to individual policyholders being renewed through
20 Belair; and

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22 **WHEREAS** Oliver Wyman acknowledged that Belair was attempting to minimize dislocation to
23 individual policyholders through the use capping provisions and that the overall average rate
24 level proposal for each vehicle type was approximately revenue neutral; and

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26 **WHEREAS** Oliver Wyman found that the revenue neutral approach would ensure that the overall
27 average rate level was reasonable for the transition to Belair and therefore found the rate
28 proposal to be reasonable in the circumstances; and

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30 **WHEREAS** the Board accepts the proposed rating program structure including the rating
31 algorithms, rating variables and discounts; and

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

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IT IS THEREFORE ORDERED THAT:

9 1. The proposed rating program received on January 17, 2023 from Belair Insurance Company
10 Inc. for its Miscellaneous Vehicles category of automobile insurance is approved to be
11 effective no sooner than September 11, 2023 for new business and January 2, 2024 for
12 renewals.

DATED at St. John's, Newfoundland and Labrador, this 19th day of May, 2023.



John O'Brien, FCPA, FCA, CISA
Commissioner



Christopher Pike, LL.B., FCIP
Commissioner



Cheryl Blundon
Board Secretary