

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

AN ORDER OF THE BOARD

NO. A.I. 45(2023)

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 by
7 Co-operators General Insurance
8 Company for approval to implement
9 a revised rating program for its
10 Miscellaneous Vehicles category of
11 automobile insurance.
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14 **WHEREAS** on September 12, 2023 Co-operators General Insurance Company (Co-op) applied to
15 the Board for approval of a revised rating program under the Mandatory filing option for its
16 Miscellaneous Vehicles category of automobile insurance including All-Terrain Vehicles (ATV) and
17 Snowmobiles; and
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19 **WHEREAS** for ATV, Co-op filed an overall rate level indication of -18.85% and proposed an overall
20 rate level change of -7.52%; and
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22 **WHEREAS** for Snowmobiles, Co-op filed an overall rate level indication of -10.35% and proposed
23 an overall rate level change of -3.53%; and
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25 **WHEREAS** the proposed overall rate level changes were achieved through base rate changes by
26 coverage, uniform by territory; and
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28 **WHEREAS** Co-op noted that it lacked sufficient credible loss experience to consider the full
29 magnitude of its overall rate level indications and therefore proposed a more conservative,
30 gradual approach by only adopting a portion of its indications; and
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32 **WHEREAS** the filing was sent to the Board actuarial consultants, Oliver Wyman Limited (Oliver
33 Wyman) for review and report; and

1 **WHEREAS** on October 23, 2023 Oliver Wyman filed a report of findings which identified areas of
2 concern for the Board's consideration, specifically with respect to Co-op's assumptions for large
3 and catastrophe loads, return on investment, and complement of credibility; and

4 **WHEREAS** Oliver Wyman noted that substituting alternative assumptions that it found to be
5 more reasonable than those used by Co-op would result in an overall rate level indication of
6 -3.45% for ATV and -0.32% for Snowmobiles; and

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8 **WHEREAS** Oliver Wyman noted that Co-op's rate level indications and proposed changes were
9 lower than those estimated by Oliver Wyman using alternative assumptions and therefore found
10 Co-op's proposal to be supported; and

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12 **WHEREAS** the Board acknowledges that a wide range of outcomes are possible in any prospective
13 ratemaking exercise and that the variance in the overall rate level indications produced by Co-op
14 and Oliver Wyman results primarily from differing actuarial judgements and assumptions related
15 to large and catastrophes loads, return on investment, and complement of credibility; and

16
17 **WHEREAS** the Board is satisfied that the proposed rates are just and reasonable in the
18 circumstances, do not impair the solvency of the insurer, are not excessive in relation to the
19 financial circumstances of the insurer, and do not violate the **Automobile Insurance Act** or the
20 **Insurance Companies Act** or the respective regulations thereunder.

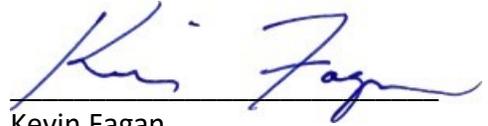
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23 **IT IS THEREFORE ORDERED THAT:**

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- 25 1. The revised rating program received September 12, 2023 from Co-operators General
26 Insurance Company for its Miscellaneous Vehicles category of automobile insurance is
27 approved to be effective no sooner than February 14, 2024 for new business and March
28 14, 2024 for renewals.

DATED at St. John's, Newfoundland and Labrador, this 6th day of November, 2023.



Kevin Fagan
Chair and Chief Executive Officer



John O'Brien, FCPA, FCA, CISA
Commissioner



Christopher Pike, LL.B., FCIP
Commissioner



Jo-Anne Galarneau
Executive Director and Board Secretary