

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

AN ORDER OF THE BOARD

NO. A.I. 1(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 Miscellaneous Vehicles
10 category of automobile insurance.
11
12

13 **WHEREAS** on October 5, 2020 Novex Insurance Company (“Novex”) applied to the Board for
14 approval of a revised rating program under the Mandatory filing option for its Miscellaneous
15 Vehicles category of automobile insurance; and
16

17 **WHEREAS** the rate filing proposed changes to the Motorcycles and All-Terrain Vehicles classes
18 of business; and
19

20 **WHEREAS** Novex filed an overall rate level indication of -56.1% for Motorcycles and -55.6%
21 for All-Terrain Vehicles and proposed an overall rate level change of 0.0% for both classes of
22 business; and
23

24 **WHEREAS** on December 11, 2020 the Board's actuarial consultants, Oliver Wyman Limited
25 (“Oliver Wyman”), filed a report of findings with the Board; and
26

27 **WHEREAS** Oliver Wyman identified concerns with Novex’s assumptions for the complement of
28 credibility, the bodily injury reform adjustment and the premium trend factors and noted that
29 substituting alternative assumptions would increase the rate level indications to -16.4% for
30 Motorcycles and -22.9% for All-Terrain Vehicles; and
31

32 **WHEREAS** Oliver Wyman acknowledged that there was considerable uncertainty in the
33 calculation of rate indications for Motorcycles and All-Terrain Vehicles due to the sparse data and
34 low credibility, but found that Novex’s proposed overall rate level change of 0% was not
35 supported; and

1 **WHEREAS** on December 21, 2020 Novex filed an amended rate filing which proposed overall
2 rate level decreases of -16.4% for Motorcycles and -22.9% for All-Terrain Vehicles in accordance
3 with the Oliver Wyman findings; and
4

5 **WHEREAS** the Board is satisfied that the proposed rates are just and reasonable in the
6 circumstances, do not impair the solvency of the insurer, are not excessive in relation to the
7 financial circumstances of the insurer, and do not violate the *Automobile Insurance Act* or the
8 *Insurance Companies Act* or the respective regulations thereunder.
9

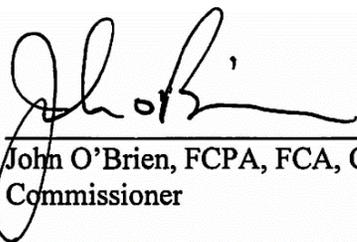
10
11 **IT IS THEREFORE ORDERED THAT:**
12

- 13 1. The revised rating program received on December 21, 2020 from Novex Insurance Company
14 for its Miscellaneous Vehicles category of automobile insurance is approved to be effective no
15 sooner than July 1, 2021 for new business and August 1, 2021 for renewals.

DATED at St. John’s, Newfoundland and Labrador, this 8th day of January, 2021.



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



John O'Brien, FCPA, FCA, CISA
Commissioner



Cheryl Blundon
Board Secretary