

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

**AN ORDER OF THE BOARD**

**NO. A.I. 9(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 The Personal 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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13

14 **WHEREAS** on December 7, 2020 The Personal Insurance Company (“The Personal”) applied to  
15 the Board for approval of a revised rating program under the Mandatory filing option for its Private  
16 Passenger Automobiles category of automobile insurance; and  
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18 **WHEREAS** The Personal filed an overall rate level indication of +16.6% and proposed an overall  
19 rate level change of +15.0% that varied by coverage; and  
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21 **WHEREAS** the proposed overall rate level change included the following:

- 22 (a) Update to the CLEAR table from the 2016 to 2020 version;  
23 (b) Removal of the number of years at current address rating variable; and  
24 (c) Removal of the aftermarket anti-theft device rating variable; and  
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26 **WHEREAS** The Personal proposed to cap increases at +10.0% on a vehicle level and estimated  
27 its proposed overall rate level change on a capped basis to be +9.48%; and  
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29 **WHEREAS** on March 1, 2021 the Board's actuarial consultants, Oliver Wyman Limited (“Oliver  
30 Wyman”), filed a report of findings with the Board which identified key areas of the filing for the  
31 Board's consideration; and  
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33 **WHEREAS** Oliver Wyman identified concerns with The Personal’s assumptions for the selection  
34 of ultimate loss amounts, complement of credibility, return on investment on cash flow and health  
35 levy; and

1 **WHEREAS** Oliver Wyman reported that substituting alternative judgements and assumptions that  
2 it found to be more reasonable would reduce The Personal's overall rate level indication to a range  
3 of +10.8% to +11.9%; and  
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5 **WHEREAS** Oliver Wyman noted that it could not opine on the reasonableness of the removal of  
6 the number of years at current address rating variable as The Personal did not provide any statistical  
7 exhibits to justify this change; and  
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9 **WHEREAS** on March 10, 2021 The Personal filed comments on the Oliver Wyman report in  
10 which it provided additional justification for the removal of the number of years at current address  
11 rating variable; and  
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13 **WHEREAS** the Board acknowledges that a wide range of possible outcomes are possible in any  
14 prospective ratemaking exercise and that the variance in the overall rate level indications produced  
15 by The Personal and Oliver Wyman results from differing actuarial judgements on a number of  
16 the assumptions included in the rate analysis; and  
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18 **WHEREAS** the Board notes that The Personal's proposed overall rate level change on a capped  
19 basis of +9.48% is lower than the estimated need calculated by Oliver Wyman using alternative  
20 judgements and assumptions; and  
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22 **WHEREAS** the Board is satisfied that The Personal has justified the removal of the number of  
23 years at current address rating variable; and  
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25 **WHEREAS** the Board is satisfied that the proposed rates are just and reasonable in the  
26 circumstances, do not impair the solvency of the insurer, are not excessive in relation to the  
27 financial circumstances of the insurer, and do not violate the *Automobile Insurance Act* or the  
28 *Insurance Companies Act* or the respective regulations thereunder.  
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31 **IT IS THEREFORE ORDERED THAT:**  
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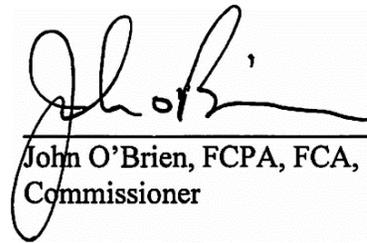
- 33 1. The revised rating program received on December 7, 2020 from The Personal Insurance  
34 Company for its Private Passenger Automobiles class of business is approved to be effective  
35 no sooner than April 23, 2021 for new business and June 22, 2021 for renewals.

**DATED** at St. John's, Newfoundland and Labrador, this 29<sup>th</sup> day of March, 2021.



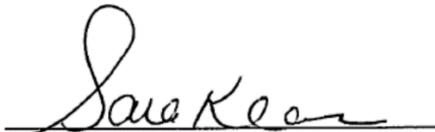
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Darlene Whalen, P. Eng., FEC  
Chair and Chief Executive Officer



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John O'Brien, FCPA, FCA, CISA  
Commissioner



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Sara Kean  
Assistant Board Secretary