NEWFOUNDLAND AND LABRADOR
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

AN ORDER OF THE BOARD

NO. A.I. 40(2026)

IN THE MATTER OF the **Automobile Insurance Act**, RSNL 1990, c. A-22, as amended, and regulations thereunder; and

IN THE MATTER OF an application by Definity Insurance Company for approval to implement a rating program for the Private Passenger Automobiles category of automobile insurance.

WHEREAS on June 8, 2026 Definity Insurance Company ("Definity") applied to the Board for approval of a rating program under the Mandatory filing option for the Private Passenger Automobiles category of automobile insurance; and

WHEREAS Definity proposed to enter the Newfoundland and Labrador market through its acquisition of Travelers (operating under The Dominion of Canada General Insurance Company); and

WHEREAS Definity filed an overall rate level indication of +8.9% and proposed an overall rate level change of -5.0% (as compared to the Travelers rating program and book of business); and

WHEREAS Definity proposed the following:

- Introduce a new rating structure;
- Introduce a new underwriting manual; and
- Introduce a capping/cupping structure; and

WHEREAS the filing was sent to the Board's actuarial consultants, Risk Consulting Services, Inc. ("RCS") for review and report; and

WHEREAS on August 3, 2026 RCS filed a report of findings which identified issues with certain assumptions used by Definity to estimate its overall rate level indication; and

WHEREAS RCS found Definity's proposed overall rate level change of -5.0% to be supported, as substituting alternative assumptions it found to be more reasonable for new normal factors, inflation adjustment, premium trends and return on investment resulted in an alternative overall rate level indication of +7.8%, which is higher than Definity's rate proposal; and

WHEREAS RCS found Definity's underwriting manual and capping structure reasonable; and

WHEREAS RCS found that no variable in Definity's proposed rating structure is prohibited by legislation; and

WHEREAS the Board acknowledges that a wide range of outcomes are possible in any prospective ratemaking exercise and that the variance in the overall rate level indications produced by Definity and RCS result primarily from differing actuarial judgements on a number of rate analysis assumptions; and

WHEREAS the Board finds that Definity has provided adequate support for its proposed overall rate level change of -5.0% and is satisfied that it falls within the range of reasonable outcomes in the prospective ratemaking exercise; and

WHEREAS the Board does not accept Definity's overall rate level indication of +8.9% for consideration as residual rate level inadequacy in future filings; and

WHEREAS the Board accepts Definity's new rating structure, underwriting manual and capping structure; and

WHEREAS the Board accepts Definity's cupping structure as a one-time accommodation to help manage the Travelers book transfer; and

WHEREAS the Board does not accept Definity's cupping structure to apply to future renewals following the Travelers book transfer; and

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

<u>IT IS THEREFORE ORDERED THAT:</u>

1. The rating program received on June 8, 2026 from Definity Insurance Company for the Private Passenger Automobiles category of automobile insurance is approved to be effective no sooner than November 1, 2026 for new business and January 1, 2027 for renewals.

DATED at St. John's, Newfoundland and Labrador, this 31st day of August, 2026.

Kevin Fagan
Chair and Chief Executive Officer

Christopher Pike, LL.B., FCIP
Commissioner

Mike McNiven
Board Secretary