



# Newfoundland and Labrador Board of Commissioners of Public Utilities

## Automobile Insurance Filing Guidelines

September 1, 2011

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Newfoundland Labrador Automobile Insurance Filing Guidelines

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## 1.0 GENERAL INFORMATION

These Filing Guidelines are issued under the authority of the *Automobile Insurance Act* and the *Insurance Companies Act* and are based on the legislative provisions in effect as of **September 1, 2011**. The current statutes and regulations governing automobile insurance may be found on the Provincial Government's website at [www.gov.nl.ca](http://www.gov.nl.ca), or on the Board's website at [www.pub.nl.ca/laws.htm](http://www.pub.nl.ca/laws.htm).

These guidelines take effect for filings made on or after **September 1, 2011** and outline the information requirements that must accompany all filings for Private Passenger, Commercial and Miscellaneous automobile insurance rates. These guidelines are to be used by all insurers providing automobile insurance in the province, including Facility Association.

These Filing Guidelines, Filing Tabs and Exhibits may be downloaded from the Board's website by following the "Insurance" link at [www.pub.nl.ca](http://www.pub.nl.ca).

Failure by an insurer to adhere to the filing requirements set out herein may result in the filing being returned to the insurer or, in the alternative, the Board may set the rates for the insurer. To facilitate the filing process and to ensure the shortest review time for a filing and decision of the Board, insurers are strongly encouraged to dialogue with Board staff and the Board's actuarial consultants prior to, during, and following any rate filing preparation where necessary or appropriate.

Current legislation does not provide for fixed filing dates. Insurers may file at any time and the number of filings **is not** limited by calendar year or twelve-month period from the date of last filing. Where an insurer has not made application for a rate increase in the past 12 months, the Board requests that the insurer provide a letter confirming that there have been no rate changes in the preceding 12-month period.

In accordance with legislation, filings for a decrease in a rate will generally be on a file and use basis, subject to review by Board staff. Such filings do not require approval of the Board provided there is no increase to any rate. A rate filing for an overall reduction in rates with some rate increases and some rate decreases does not constitute file and use.

All filings for an increase in a rate will be on a prior-approval basis. Such filings require supporting actuarial justification for all proposed increases. **In no case will the Board accept a rate proposal for a coverage that is higher than the supported rate level need for that coverage.**

A separate filing must be submitted for each of the following classes of automobile insurance: Private Passenger, Commercial, and Miscellaneous (i.e., Motorcycles, ATV, Snowmobiles, Motorhomes, Public Buses, Garage, Fleet, etc).

All electronic correspondence associated with a rate filing must be copied to PUB Records: [ito@pub.nl.ca](mailto:ito@pub.nl.ca).

## 1.1 Board Responsibility

The Board has regulatory responsibilities in the following areas related to automobile insurance:

- 1) rates;
- 2) risk classification system; and
- 3) underwriting guidelines.

## 1.2 Legislation

### 1.2.1 Automobile Insurance Act

- a) General Supervision
  - Section 48 confers upon the Board the general supervision of rates which an insurer charges or proposes to charge for automobile insurance.
- b) Rates Defined
  - Section 2(1) defines rates as being any rates, surcharges, premiums or another amount payable by an insured for automobile insurance. This includes rates for **ALL** classes of automobile insurance including, but not limited to: Private Passenger, Commercial, Motorcycles, ATV, Snowmobiles, Recreational Vehicles, Public Buses, Garage, Fleet, etc.
- c) Insurer Shall Apply for Approval
  - Section 49 requires an insurer to apply to the Board for approval of the rates it intends to charge. This section applies where the insurer does not have a rate previously approved by the Board.
- d) Unapproved Rates Not to be Charged
  - Section 50 prohibits the use of a rate that has not been approved by the Board or considered to have been approved under the Act.
- e) Rate Changes
  - Section 51 and associated regulations permits an insurer to decrease a rate previously approved by the Board no earlier than 30 days after filing the rate with the Board, and requires as set out in the regulations that the insurer apply for and justify any increase in a rate based on its projected loss experience, expenses and investment income for its automobile business in the province or any other element determined by the Board.

1.2.1 Insurance Companies Act

- a) Underwriting Guidelines and Risk Classification
  - Sections 96.1 and 96.2 and associated regulations set out requirements and prohibitions with respect to an insurer's underwriting guidelines and risk classification system.

**1.3 Filing Categories**

1.3.1 Category 1

Filings where there are reductions and/or no changes to base rates and/or differentials. To qualify as a Category 1 filing there must be no increase in any rate for any insured and there must be no increase in any rate that would have been charged under the prior approved rating schedule.

Please see section 3.1 for complete instructions for submitting a Category 1 filing.

1.3.2 CLEAR Category 1 Simplified

Filings for CLEAR rate group table updates, as published by the Insurance Bureau of Canada (IBC), will be processed as Category 1 filings where the requirements outlined in section 3.2 of these Filing Guidelines are met. Where these requirements are not met the insurer must provide an actuarially based Category 2 filing for its CLEAR updates.

Please see section 3.2 for complete instructions for submitting a CLEAR Category 1 Simplified filing.

1.3.3 Category 2

Filings where there is an introduction of a new rate and/or any increase to any rate for any insured as a result of:

- a) an increase to a base rate or differential;
- b) the reduction or elimination of a discount;
- c) an increase or introduction of a surcharge;
- d) an increase or introduction of a rate associated with an endorsement;
- e) the introduction of new rating variables or elements that increase rates;
- f) any other changes that result in a rate increase.

**In no case will the Board accept a rate proposal for a coverage that is higher than the supported rate level need for that coverage.**

Please see section 3.3 for complete instructions for submitting a Category 2 filing.

### 1.3.4 Category 3

Filings by IAO member companies to adopt the most recent IAO Advisory Rates for any line of automobile insurance for which the Board has accepted an IAO rate schedule. All IAO Advisory base rates and differentials for a given class of business must be adopted without deviation in order to avail of the Category 3 option.

Please see section 3.4 for complete instructions for submitting a Category 3 filing.

## **1.4 Prohibited Elements**

### 1.4.1 Underwriting Rules

Section 96.1 of the *Insurance Companies Act* and associated regulations prohibits insurers from using underwriting rules based on the following:

- a) age, sex or marital status;
- b) not at fault losses;
- c) insured has inquired as to coverage or has advise of an accident for which no payment of indemnity was made;
- d) nonpayment of premium, other than first payment, where a dishonored payment was replaced within 30 days of its original date;
- e) insured has been declined or refused insurance by another insurer;
- f) lapses in insurance coverage of less than 24 months, with specific exceptions;
- g) insured does not have another insurance policy of any kind with the insurer;
- h) insured is or was insured through Facility Association;
- i) vehicle age, except that the insurer may require a satisfactory inspection certificate be provided where the vehicle is 8 years or older;
- j) the length of time the applicant or a person insured under a contract has held a valid driver's license for the type of vehicle being insured;
- k) the lack of a driver training program unless otherwise required by law;
- l) credit information.

In addition, an insurer is prohibited from using any underwriting rule which;

- a) is subjective;
- b) is arbitrary;
- c) bears little or no relationship to the risk to be borne by the insurer in respect of an insured; or
- d) is contrary to public policy.

The Board may from time to time notify insurers in a general circular of specific underwriting rules it deems to be in violation of these legislative provisions.

Please refer to the *Automobile Insurance Prohibited Underwriting Regulations* under the *Insurance Companies Act* for a listing of all underwriting rules prohibited from use in the province.

#### 1.4.2 Risk Classification System

Section 96.2 of the *Insurance Companies Act* and associated regulations prohibit insurers from using the following as elements in any risk classification system:

- a) age, sex, and marital status with the exception of discounts to insureds aged 55 years and older;
- b) not at fault losses;
- c) insured has inquired as to coverage or has advised of an accident for which no payment of indemnity was made;
- d) nonpayment of premium, other than the first payment, if amount is paid within 30 days it was due;
- e) insured has been declined or refused insurance by another insurer;
- f) lapse in insurance coverage of less than 24 months, with specific exceptions;
- g) any element associated with an excluded driver or the claim of a driver subsequently excluded;
- h) credit information.

In addition, insurers are prohibited from using a risk classification system that:

- a) is not just and reasonable in the circumstances;
- b) is not reasonably predictive of the risk;
- c) does not distinguish fairly between risks; or
- d) is otherwise prohibited in the regulations.

The Board may from time to time notify insurers in a general circular of specific elements of the risk classification system it deems to be in violation of these legislative provisions.

### **1.5 Group Rating**

The establishment of group rating schedules, or group rating based on a discount which result in rates lower than an insurer's currently filed or approved rates constitute rate reductions for the purposes of Section 9 of the *Automobile Insurance Regulations*. Such group rate schedules or group rate discounts as filed by insurers will be processed as a Category 1 filing on a file and use basis in the same manner as other rate reductions. Such filings must clearly state all qualifying criterion used by the insurer on which the group rate or group discount is provided, and contain a complete group rate schedule or group discount level(s).

Insurers are advised that once established, group rates cannot be increased or group discount levels reduced except upon the filing of a Category 2 actuarially justified filing.



## **2.0 RATE FILING INFORMATION REQUIREMENTS**

### **2.1 Contact Information**

The Company must set out the name, title, company name, business address, telephone number, fax number and e-mail address of the individual authorized to act as contact on behalf of the Company. The named contact person must be prepared to respond to questions from the Board and its actuarial consultants relating to the filing.

*All contact information must be provided in Tabs 1 and 2 of the filing.*

### **2.2 Underwriting Rules**

Underwriting rules deal with coverage that will or will not be provided. Underwriting rules are those rules that a company uses to decline all coverage to a risk, deny certain coverage to a risk, or limit coverage in some way.

All additions, deletions and/or changes to underwriting rules must be filed with the Board prior to implementation. Underwriting rules are subject to review, but are not “approved” by the Board. If any rule is found to be non compliant, the insurer will be notified that they are prohibited from using the rule. Otherwise, they are accepted as filed.

*All proposed changes to underwriting rules must be provided in Tab 3 of the filing*

### **2.3 Risk Classification System**

A risk classification system is defined as any element used in the determination of a rate for a coverage or category of insurance, including the variables, criteria, rules and procedures used for that purpose (i.e., Class of Use definition, Driving Record definitions, etc.). Insurers are required to file with the Board the risk classification system used in determining the rates for each coverage of insurance.

The Board requires that the insurers utilize the Class of Use Definitions established by the Superintendent of Insurance. Insurers may subdivide risks within a class where a complete explanation and rationale for the subclasses are provided with the filing. In addition, insurers must show how the statistical data for subclasses will be mapped to the standard classes of the Statistical Plan.

Changes to elements of the risk classification system that result in any increase in any rate for any insured must be filed as an actuarially justified Category 2 filing.

*All proposed changes to the risk classification system must be provided in Tab 4 of the filing.*

## 2.4 Discounts

All discounts offered by the company must be included in the filing.

The elimination of or reduction in the amount of a discount, or a restriction on the applicability or availability of an approved discount will be considered to result in a rate increase and must be filed as a Category 2 filing.

*All current discounts and proposed changes must be provided in Tab 5 of the filing.*

## 2.5 Surcharges

All surcharges, including *Highway Traffic Act* or *Criminal Code* convictions, are subject to Board approval. The word surcharge or surcharges as used in these Filing Guidelines includes those surcharges levied by an insurer against insured for *Highway Traffic Act* or *Criminal Code* convictions. Surcharges of this nature should be summarized on a separate form, and submitted with the rate filing if not already included in the company's filed rating manual. Surcharges, other than those identified above, such as accident or conviction surcharges must also be included in the filing.

The introduction of or increase in the amount of a surcharge, or an expansion on the applicability of a surcharge, will be considered to result in a rate increase and must be filed as a Category 2 filing.

*All current surcharges and proposed changes must be provided in Tab 6 of the filing.*

## 2.6 Endorsements

Insurers are required to file a complete list of all Standard Endorsements used in the writing of automobile insurance in the Province along with the associated premiums. The Superintendent of Insurance must approve all endorsement wordings and a confirmation of such approval must accompany any endorsement filing made to the Board.

Filings for the introduction of a new endorsement, introduction of a new rate, increase in a rate, reduction in coverage, elimination of an endorsement, or any other change which results in an increase in any rate for any insured must be filed as a Category 2 filing. Provided a filing proposes no changes other than those to endorsements, it can be made by way of a letter delivered to the Board including the following:

- endorsement wording (including approval from Superintendent where applicable);
- proposed premium;
- qualification criteria;
- supporting justification; and
- proposed effective date.

## **2.7 Rate Group Tables**

Rate group tables are used to assign appropriate vehicle rate group classification for determination of own damage (Section C) coverage premiums. Insurers must indicate which rate group tables they are currently using as well as any proposed changes in TAB 8 of the filing.

Filings for CLEAR rate group table updates, as published by the Insurance Bureau of Canada (IBC), will be processed as Category 1 filings where the requirements outlined in section 3.2 of these Filing Guidelines are met. Where these requirements are not met the insurer must provide an actuarially based Category 2 filing for its CLEAR rate group updates.

Updates to price based rate group tables (i.e. MSRP) may be filed as Category 1 filings where new vehicles are added and there are no reclassifications to higher rate groups from the prior tables utilized. The filing should include a dislocation analysis canvassing the insurer's current book of business, showing in 5% increments, the number of policyholders affected.

Updates to price based rate group tables where any vehicles are reclassified to a higher rate group from a prior rate group table require a Category 2 filing.

When an insurer receives approval from the Board to utilize the most recent rate group tables, this approval extends to include the use of any new vehicle rate group assignments added to the table during the year. Insurers are not required to file for approval of each vehicle update issued by IBC provided they have received Board approval to use the most recent set of tables available.

Where a company is proposing to adopt the MSRP or CLEAR rate group tables as published by IBC, it is not necessary to provide a hard copy of the tables as the Board has access to these tables electronically. The company can simply identify which tables it intends to use.

Where a company is proposing to alter the MSRP or CLEAR rate group tables, or intends to adopt some other rate group table (i.e. Price Based Table for Commercial Vehicles), a hard copy of the proposed table(s) must be provided with the filing.

*All information and proposed changes relating to rate group tables must be provided in Tab 8 of the filing.*

## **2.8 Base Rate Information and Rate Exhibits**

The Board requires that each Private Passenger, Commercial and Miscellaneous automobile insurance rate filing include a list of proposed base rates and rate differentials, together with a comparison against the insurer's previous base rates and

differentials. The filing of base rates and differentials should be made using the criteria as set out in the following Exhibits:

***Private Passenger Automobile***

Exhibit PPA-1	Current and Proposed Base Rate Summary
Exhibit PPA-2	Adjusted Proposed Base Rates
Exhibit PPA-3	Current Differential versus Proposed Differentials
Exhibit PPA-4	Premium Summary Information
Exhibit PPA-5	Risk Profiles

***Commercial Automobile***

Exhibit CA-1	Current and Proposed Base Rate Summary
Exhibit CA-2	Adjusted Proposed Base Rates
Exhibit CA-3	Current Differential versus Proposed Differentials
Exhibit CA-4	Premium Summary Information
Exhibit CA-5	Risk Profiles

***Miscellaneous***

There are no standardized exhibits for miscellaneous classes of vehicles.

*All base rate information must be provided in Tab 9 of the using the applicable Exhibits above located on the Board website at: [www.pub.nl.ca/insurance.htm](http://www.pub.nl.ca/insurance.htm).*

## **2.9 Risk Profiles**

In order to determine the impact on insureds of changes proposed in a rate filing, risk profiles are to be completed for all Private Passenger and Commercial rate filings. The rating of each profile is to be completed in the following manner:

- All rates provided are to be the manual rates prior to the application of any surcharges, discounts, or capping provisions proposed by the insurer.
- In the “Current Rates” section each insured is to be rated in accordance with the Class of Use definitions currently in use by the insurer.
- In the “Proposed Rates” section each insured is to be rated in accordance with the revised rates and/or Class of Use definitions intended to be used by the insurer arising from the filing.
- In the “Percentage Change” section the difference on a percentage basis of the previously accepted or approved rates and the proposed rates is to be shown.
- Any applicable discounts or surcharges are to be itemized in the appropriate section on each rating profile and must state the discount/surcharge, the percentage, and the coverages to which they apply.

*Risk Profiles for Private Passenger Automobiles and Commercial Automobiles can be found in Exhibit PPA-5 and Exhibit CA-5 respectively located on the Board’s website at [www.pub.nl.ca/insurance.htm](http://www.pub.nl.ca/insurance.htm).*

## 2.10 Automobile Rate Manual

All automobile insurers writing business in the province are required to provide the Board with a copy of their rate manual. Updated rate manual pages must be submitted to the Board prior to the implementation of any of the following changes:

- Definitions;
- Base rates and/or differentials;
- Risk classification system (including discounts and surcharges);
- Endorsements;
- Underwriting/declination rules;
- Rate group tables.

All rate manual pages must be numbered and include section references and effective dates. Failure to submit a rate manual can be treated as a compliance matter and the insurer may be subject to further regulatory action by the Board.

Rate manual pages can be submitted electronically to: [ito@pub.nl.ca](mailto:ito@pub.nl.ca)

### **Or**

By hard copy to:

Board of Commissioners of Public Utilities  
Cheryl Blundon, Board Secretary  
120 Torbay Road, P.O. Box 21040  
St. John's, NL A1A 5B2

### 3.0 FILING CATEGORIES

#### 3.1 Category 1: File and Use

An insurer is considered to have made a Category 1 filing where the filed base rates and/or differentials are reduced or remain unchanged from those previously approved by the Board or accepted as file and use. The proposed rating program must result in no rate increase for any coverage for any insured.

For greater clarity, the following **do not** qualify as Category 1 filings:

- a) A revenue neutral or a 0% rate change on an “All Coverages Combined” basis with increases in some rates and offsetting reductions in others.
- b) A capped filing where base rates increase but are capped at 0% for existing insureds and are capped at more than 0% or are uncapped for new insureds.

A Category 1 filing requires that an insurer file the proposed rating program along with a signed covered letter outlining the proposed changes. All Category 1 filings must be submitted in the following format:

<b>TAB 1</b>	Company Contact Information
<b>TAB 2</b>	Contact Information for Current Filing
<b>TAB 3</b>	Underwriting Guidelines
<b>TAB 4</b>	Risk Classification System
<b>TAB 5</b>	Discounts
<b>TAB 6</b>	Surcharges
<b>TAB 7</b>	Endorsement Wordings and Premiums
<b>TAB 8</b>	Rate Group Table Information
<b>TAB 9</b>	Rate Exhibits
<b>TAB 10</b>	Proposed Rate Pages

There will be a 30-day minimum period between the Board receiving a complete filing and the implementation date of a Category 1 filing. Board staff will review such filings for compliance and issue an acceptance letter when the review is complete.

One indexed and tabbed hard copy of the rate filing must be provided to the Board at the following mailing address:

Board of Commissioners of Public Utilities  
Cheryl Blundon, Board Secretary  
120 Torbay Road, P.O. Box 21040  
St. John's, NL A1A 5B2

One indexed and tabbed electronic copy of the rate filing must be provided to the Board to:

[ito@pub.nl.ca](mailto:ito@pub.nl.ca)

### 3.2 CLEAR Category 1 Simplified

Filings for CLEAR rate group table updates as published by the Insurance Bureau of Canada (IBC) are processed as Category 1 filings where the requirements outlined below are met:

- 1) A formal filing to the Board consisting of:
  - a) A statement of the current rate group tables in effect and the date on which they were implemented;
  - b) A copy of the new rate group tables and their effective dates;
  - c) A dislocation analysis canvassing the insurer's current book of business, showing in 5% increments, the number of policyholders affected and the percentage of increase or decrease for these policyholders;
  - d) Capping considerations, if any, to mitigate the impact of possible changes in rate group assignment on current policyholders with regard to premiums charged for physical damage coverages.

**↑ - Above should be included in TAB 8 – Rate Group Table Information**

- 2) Where the filing company has made and received approval from the Board for a Category 2 actuarially justified filing with a renewal effective date within the nine months immediately prior to the Board's acceptance of new CLEAR rate group tables, the tables may be adopted with no base rate adjustment required.
  - *Companies that have a Category 2 actuarially justified filing with a renewal effective date between **September 1, 2010** and **June 1, 2011** may adopt the 2011 tables without adjusting base rates.*
- 3) Where the filing company has not made and received approval from the Board for a Category 2 actuarially justified filing with a renewal effective date within the nine months immediately prior to the Board's acceptance of new CLEAR rate group tables, the tables may be adopted with appropriate base rate adjustments for Collision, Comprehensive, All Perils, and/or Specified Perils. These adjustments are necessary to offset the anticipated premium drift as a result of the upward drift in the average vehicle rate groups. This should include the amount of the adjustment and the data source on which the adjustment is based.

The estimated average premium drift for Newfoundland and Labrador arising from the introduction of the 2011 CLEAR rate groups is listed in the table below along with a Base Rate Adjustment Factor calculated by the Board's actuarial consultants, Oliver Wyman. Insurers may apply these adjustment factors to the respective base rates or they must provide the detailed calculation of their own adjustment estimates of the upward drift for their portfolio based on their own experience. Adjustments other than those provided in the table below will be subject to review by the Board's actuarial consultants.

<b>Newfoundland and Labrador Private Passenger Automobile 2011 CLEAR Base Rate Adjustment Factors</b>			
Coverage	Rate Group Drift	Loss Trend	Base Rate Adjustment
Collision	8.755%	2.5%	-6.9%
Comprehensive	9.698%	10.0%	-1.4%
Specified Perils	9.698%	10.0%	-1.4%

**Where an insurer has not updated rate group tables for more than a year, an annual adjustment to the base rates may be required for each year. In such cases, direct contact with the Board's actuarial consultants is recommended to determine the appropriate annual adjustment factor to be applied.**

A CLEAR Category 1 Simplified filing requires than an insurer file the proposed rating program along with a signed covered letter outlining the proposed changes. All CLEAR Category 1 Simplified filings must be submitted in the following format:

<b>TAB 1</b>	Company Contact Information
<b>TAB 2</b>	Contact Information for Current Filing
<b>TAB 3</b>	Risk Classification System
<b>TAB 4</b>	Discounts
<b>TAB 5</b>	Surcharges
<b>TAB 6</b>	Underwriting Guidelines
<b>TAB 7</b>	Endorsement Wordings and Premiums
<b>TAB 8</b>	Rate Group Table Information
<b>TAB 9</b>	Rate Exhibits
<b>TAB 10</b>	Proposed Rate Pages

There will be a 30-day minimum period between the Board receiving a complete filing and the implementation date of a CLEAR Category 1 Simplified filing. Board staff will review such filings for compliance and issue an acceptance letter when the review is complete. Where deemed necessary by Board staff, CLEAR Category 1 filings may be subject to review by the Board's consulting actuarial consultants.

One indexed and tabbed hard copy of the rate filing must be provided to the Board at the following mailing address:

Board of Commissioners of Public Utilities  
Cheryl Blundon, Board Secretary  
120 Torbay Road, P.O. Box 21040  
St. John's, NL A1A 5B2

One indexed and tabbed electronic copy of the rate filing must be provided to the Board to:

[ito@pub.nl.ca](mailto:ito@pub.nl.ca)



### 3.3 Category 2: Prior Approval

Where a rate filing contemplates changes to base rates or other factors that result in an increase in any rate for any coverage for any insured, the filing will be considered a Category 2 filing. **In no case will the Board accept a rate proposal for a coverage that is higher than the supported rate level need for that coverage.**

Insurers filing Category 2 filings can shorten the review period by providing complete and accurate information at the time of filing. Incomplete submissions will delay the review and may lead to increased costs. Pursuant to s.57 of the *Automobile Insurance Act* and s.90 of the *Public Utilities Act*, the costs associated with a Category 2 filing will be recovered from the insurer

In addition to the specific information requirements set out herein, insurers must provide with their electronic filing, copies of all calculations, excel spreadsheets and/or other information used in determining their rate levels. All data must be provided in an excel format that can be fully manipulated by the Board's actuarial consultant and must be provided with all formulas intact. Otherwise, the filing will not be deemed to be complete. This information will be treated as confidential and will not be released to any party without the insurer being so notified and provided an opportunity to address any concerns associated with the release of the information.

In preparing a Category 2 filing, insurers should reference the "Guidance for Preparing Rate Level Indicators" attached to these Filing Guidelines as Appendix A. Insurers should note this document provides guidance on completion requirements and various assumptions for such parameters as the trend rate, loss development factors, credibility, ROE, ROI and premium to surplus ratio. To the extent that insurers vary from the guidance documents, they will be required to provide complete justification for consideration by the Board. Insurers should note that the Board may have reference to advice from its consultants or may hold a hearing to consider these proposals.

The filing must show a reconciliation of the premium, exposure and loss cost data underlying the rate indications to the company's data submitted in accordance with the Statistical Plan. This requirement can usually be satisfied by including the actual loss ratio exhibits for the company (prepared by GISA each year) and either showing that the data in those exhibits match the data in the filing, or explaining the differences. This reconciliation should be completed for the overall rate change indications by coverage. This should demonstrate that the company's filing reflects its total experience in the Province rather than reflecting only a segment of its book of business.

It is recognized that in some cases it may not be possible to show an exact reconciliation due to differences in data sources used for ratemaking versus reporting. However, it should be possible to reconcile the sources sufficiently to demonstrate that the filing does not omit any significant segment of the company's experience in Newfoundland and Labrador. It is not necessary to reconcile the data used for territory differentials, class differentials, etc.

A Category 2 filing requires that an insurer file the proposed rating program along with a signed cover letter outlining the proposed changes. All Category 2 filings must be submitted in the following format unless otherwise stated in the Filing Guidelines:

<b>TAB 1</b>	Company Contact Information
<b>TAB 2</b>	Contact Information for Current Filing
<b>TAB 3</b>	Underwriting Guidelines
<b>TAB 4</b>	Risk Classification System
<b>TAB 5</b>	Discounts
<b>TAB 6</b>	Surcharges
<b>TAB 7</b>	Endorsement Wordings and Premiums
<b>TAB 8</b>	Rate Group Table Information
<b>TAB 9</b>	Rate Exhibits
<b>TAB 10</b>	Proposed Rate Pages
<b>TAB 11</b>	Supporting Actuarial Information

Insurers are prohibited from proposing an implementation date earlier than 90 days after the filing of a complete filing with the Board. A filing will not be considered complete until all required documentation and information sufficient to permit a full review of the filing has been received by the Board. This will include any external expert reports or evidence relied on by the insurer to support its assumptions and its actuarial findings. It is expected that up to 90 days will be required to permit sufficient time for proper review of the filing and issuance of an Order by the Board. In no case shall an insurer implement an increase in a rate without the prior approval of the Board. In no case, where an Order has been issued by the Board specifying the dates for implementation of a revised rating program, shall an insurer delay or advance the implementation of the revised rating program without the prior approval of the Board.

**Appendix C contains a timeline for review of Category 2 filings adopted by the Board which will be strictly followed. Insurers are encouraged to dialogue with Board staff and the Board's Actuarial Consultants during any rate filing preparation when questions or problems arise. Delays in the review process could result in the filing being returned to the insurer or denied by the Board.**

One indexed and tabbed hard copy of the rate filing must be provided to **both** the Board and their consulting actuaries, Oliver Wyman, as follows:

Board of Commissioners of Public Utilities  
Cheryl Blundon, Board Secretary  
120 Torbay Road, P.O. Box 21040  
St. John's, NL A1A 5B2

Oliver, Wyman Limited  
Paula Elliott  
Brookfield Place, 161 Bay Street  
Toronto, ON M5J 2S5

One indexed and tabbed electronic copy of the rate filing must be provided to **both** the Board and their consulting actuaries, Oliver Wyman, as follows:

Board of Commissioners of Public Utilities  
[ito@pub.nl.ca](mailto:ito@pub.nl.ca)

Oliver, Wyman Limited  
[paula.elliott@oliverwyman.com](mailto:paula.elliott@oliverwyman.com)  
[ted.zubulake@oliverwyman.com](mailto:ted.zubulake@oliverwyman.com)

### 3.4 Category 3: IAO

Filings by IAO member companies to adopt the most recent IAO Advisory Rates for any line of automobile insurance for which the Board has accepted an IAO rate schedule will be considered a Category 3 filing. **All IAO Advisory base rates and differentials for a given class of business must be adopted without deviation in order to avail of the Category 3 option.**

A Category 3 filing requires than an insurer file the proposed rating program along with a signed covered letter outlining the proposed changes, as well as a statement of reasons why use of IAO Advisory Rates is appropriate. All Category 3 filings must be submitted in the following format:

<b>TAB 1</b>	Company Contact Information
<b>TAB 2</b>	Contact Information for Current Filing
<b>TAB 3</b>	Underwriting Guidelines
<b>TAB 4</b>	Risk Classification System
<b>TAB 5</b>	Discounts
<b>TAB 6</b>	Surcharges
<b>TAB 7</b>	Endorsement Wordings and Premiums
<b>TAB 8</b>	Rate Group Table Information
<b>TAB 9</b>	Rate Exhibits
<b>TAB 10</b>	Proposed Rate Pages

Insurers are prohibited from proposing an implementation date earlier than 90 days after the filing of a complete filing with the Board. A filing will not be considered complete unless and until all required documentation and information sufficient to permit a full review of the filing has been received by the Board. In no case shall an insurer implement IAO Advisory Rates without the prior approval of the Board. In no case, where an Order has been issued by the Board specifying the dates for implementation of a revised rating program, shall an insurer advance the implementation of the revised rating program without the prior approval of the Board.

One indexed and tabbed hard copy of the rate filing must be provided to the Board at the following mailing address:

Board of Commissioners of Public Utilities  
Cheryl Blundon, Board Secretary  
120 Torbay Road, P.O. Box 21040  
St. John's, NL A1A 5B2

One indexed and tabbed electronic copy of the rate filing must be provided to the Board at:

[ito@pub.nl.ca](mailto:ito@pub.nl.ca)

**APPENDIX “A”**

**GUIDANCE FOR PREPARING RATE LEVEL INDICATIONS**

## GUIDANCE FOR PREPARING RATE LEVEL INDICATIONS

### Content, Organization, and Presentation of Rate Level Indications

#### Actuarial Memorandum

- The filing should include an actuarial memorandum that provides a general description of the rate indication methodology as well as a discussion of each consideration in the rate indication methodology (e.g., loss trend, loss development, experience period weights, rate group drift, return on investments, etc.). The discussion of each consideration should include a clear explanation of the approach and data used, the rationale for each key assumption made (e.g., the basis for the selection of each loss development factor, the basis for the selection of trend factors, the basis for the experience period selected and the weights that are applied, etc. – if judgment was applied, then an explanation must be provided as to why a particular factor was judgmentally selected as opposed to some other factor), the reasons for any changes in methodology and/or judgments that are made from those used/made in the Company's last approved rate filing in Newfoundland & Labrador, including the rate level impact of any significant changes, and appropriate exhibit references. The actuarial memorandum should include all relevant information upon which the proposed changes are based.
- Ensure that all exhibit references in the actuarial memorandum are accurate and that the referenced exhibits are included in the filing.
- Number each page in the actuarial memorandum.

#### Exhibits

- Clearly identify all the information presented in each exhibit, including the source of the data and the formula(s) for any numbers that are calculated.
- Label each exhibit. Exhibits that span multiple pages should be labeled appropriately, e.g., Exhibit 10, Sheet 1, Exhibit 10, Sheet 2, etc.
- Number all exhibit pages in sequential order. This is in addition to labeling of the exhibits.
- Ensure that all exhibit footnotes and references are correct.
- Do not shade any portions of any exhibits.
- Use legible font sizes; the preference is no smaller than Times New Roman 12 point.

## Overall Rate Level Indications

### General

- Rate level indications are to be developed by type of vehicle: Private Passenger, Commercial, and for each of the various types of Miscellaneous vehicles that are rated independently of other vehicle types.
- Rate level indications are to be developed by coverage: TPL, Accident Benefits, Collision, Comprehensive, Uninsured Motorists, Underinsured Motorist, All Perils, and Specified Perils. All Perils and Specified Perils may be combined with Collision or Comprehensive, as appropriate. The overall rate level indication is to be derived based on the distribution of written premiums by coverage adjusted to the current rate level.
- Rate level indications must be based on Newfoundland & Labrador experience: Company experience to the extent credible or Industry experience. As deemed appropriate, Company or Industry experience from the Atlantic or other provinces may be considered; however, an explanation as to the relevance of such external data must be provided.
- Company premium or loss/claim experience used in deriving rate level indications should be through the most recent quarter-end, and no older than six months from the date of the filing. Industry experience should be based on the latest release by GISA – typically May for prior year-end, and November for mid-year.
- Either the loss ratio or pure premium method is acceptable. If the loss ratio method is used, the premium must be placed at current rate level (for which various methods are acceptable, e.g., extension of exposures, parallelogram).
- Any change(s) in the general methodology from that used in the Company's last approved rate filing in Newfoundland & Labrador must be identified and explained, and the impact on the rate level indication must be provided.

### Experience Period and Weights

- Rate level indications are to be based on the most recent quarter-ending three to five accident years of experience. This is subject to data availability – it is recognized that some companies compile data by accident half-year.
- The weight assigned to each year a matter of judgment. It is expected that more weight will be given to the more recent years.

- The rationale for the particular weights that are applied must be provided. Any changes from the weights used in the Company's last approved rate filing in Newfoundland & Labrador must be identified, explained, and the impact of the change in weights on the rate level indication must be provided.

#### Estimation of Ultimate Accident Year Losses

- It is expected that standard actuarial loss projection methodologies will be used to derive ultimate accident year losses.
- TPL losses must be developed by sub-coverage. Accident Benefits losses may be developed by sub-coverage.
- All assumptions, and the rationale for all selections, must be fully documented and explained. (For example, the rationale for each selected incurred loss development link ratio must be provided if this method is used.)
- Company specific Newfoundland & Labrador loss development experience must be considered. To the extent it is not considered to be fully credible, Company loss development experience from other Atlantic provinces (first consideration) or other provinces may be considered, subject to appropriate adjustments for product differences. An explanation as to why the Company's Newfoundland & Labrador loss development experience is not considered to be credible and an explanation as to why the external data that is used is relevant to the Company's loss development experience in Newfoundland & Labrador must be provided.
- If Company loss development experience in another province(s) is also not considered to be credible, or is not considered to be relevant, Industry loss development experience for Newfoundland & Labrador (first consideration), other Atlantic provinces (second consideration), or other provinces may be considered, but an explanation as to why this external loss development experience is considered to be relevant for the Company's loss development patterns in Newfoundland & Labrador must be provided.
- Loss development experience for another coverage may be considered (e.g., Comprehensive for Specified Perils), but an explanation as to the other coverage's relevance must be provided.
- As respects Industry loss development factors, the Board's actuarial consultants will review the Industry Newfoundland & Labrador loss development experience as it is released by GISA and will advise the Board of its selected guideline incurred and claim count development factors. Companies are not required to use the guideline factors, but full rationale for the use of different factors must be provided and supported.



- Loss development factors should be based on the most recently available half-year ending data.
- In estimating ultimate incurred losses (or as a general adjustment in deriving the rate level indication), losses may be capped, and a large loss loading may be applied. The derivation of the large loss loading must be included in the filing. If losses are capped, the loss development factors applied to those capped losses must be based on an analysis of capped historical experience too.
- To the extent possible, a reconciliation between the selected ultimate losses presented in the rate filing and the selected ultimate losses made by the appointed actuary for the Company's financial statements should be provided.
- Any changes in methodology from that used in the Company's last approved rate filing in Newfoundland & Labrador must be identified, explained, and the impact of the change in methodology on the rate level indication must be provided.

#### Loss Trends

- To the extent feasible, loss trends should be based on Industry Newfoundland & Labrador claim frequency and claim severity data, with claims and losses developed to ultimate. Company specific loss trend experience may be considered, but Companies relying on their own experience must explain why their data is considered to be credible for loss trend purposes, and must provide an explanation for material differences from the Industry-based trend rates.
- Loss trends are to be separated between past and future loss trends, with the cut-off point being the midpoint of latest accident half year of the experience period.
- The effect of reform measures on loss trend is to be considered and the rationale for any adjustments must be provided.
- The Board's actuarial consultants will review the Industry Newfoundland & Labrador loss trend experience every six months as it is released and will advise the Board of its selected guideline past and future loss trend rates by coverage. The selected trend rates will then be posted on the Board's website. It is expected that the selected factors will be updated in July and January. Companies are not required to use the guideline factors, but full rationale for use of different factors must be provided and supported.

#### ULAE

- Company-based ULAE ratios must be supported with at least the three most recent years of Company experience. If Industry ULAE ratios are used, an explanation must

be provided as to why such ratios are relevant for the Company. The Industry ULAE ratio should always apply to the Industry data.

#### Premium Trend

- Premiums should be adjusted to the rate level anticipated at the mid-point of the proposed program due to shifts in rate group, deductibles and increased limits.
- Rate group drift factors must be fully supported based on company experience.
- In the absence of credible Company data for determining rate group drift factors, the factors published annually by IBC may be considered.
- Consideration for the rate level effects caused by shifts in TPL limits and physical damage deductibles should be based on the Company's experience or Industry experience to the extent Company experience is not determined to be credible. Selected factors must be supported.

#### Credibility Standards

##### *Based on Claim Counts*

- Credibility standards based on claim counts are acceptable.
- Claim counts should be developed to ultimate.
- Claim counts from only the accident years considered in deriving the rate level indications should be used to measure credibility.
- Rate level indications can vary significantly based on the credibility standards that are selected and while credibility standards have some theoretical basis the selection of credibility standards is largely a matter of judgment. Therefore, in order to review filings on a consistent basis the Board's actuarial consultants suggest the following full credibility standards are acceptable:
  - 1,082 claims for each of the Collision, Comprehensive, All Perils, and Specified Perils coverages
  - 2,164 claims for Accident Benefits
  - 3,246 claims for each of the Uninsured Motorist and Underinsured Motorist coverages
  - 3,246 claims for the Bodily Injury subcoverage and 1,082 for the Property Damage subcoverage.
- Other full credibility standards based on claim counts will be considered, but the rationale for any alternate standard must be provided, and the Company must provide

a comparison of the filed standard with the standard(s) used by the Company in preparing filed rate level indications for other provinces.

- TPL should be analyzed by subcoverage. The TPL credibility weighted loss cost/loss ratio is calculated by adding the credibility weighted Bodily Injury loss cost/loss ratio and the credibility weighted Property Damage loss cost/loss ratio. In the case of a loss ratio analysis, the premium for TPL is not split between the subcoverages.
- If TPL cannot be analyzed by subcoverage, contact the Board's consulting actuaries for guidance.
- If Accident Benefits indications are determined by sub-coverage, the amount of credibility assigned to each subcoverage should be that which is determined for the Accident Benefits coverage in total. Other approaches for determining the credibility for the Accident Benefits sub-coverages will be considered, but the rationale for any alternate calculation must be provided.
- Any changes in the claim count based credibility standards from those used in the Company's last approved rate filing in Newfoundland & Labrador must be identified and fully explained, and the impact of the change in standard on the rate level indication must be provided.

#### *Not Based on Claim Counts*

- Credibility standards not based on claim counts will be considered (whether they are based on premium, exposures, or some other criteria), but the rationale for any alternate standard must be provided, and the Company must provide a comparison of the filed standard with the standard(s) used by the Company in preparing filed rate level indications for other provinces.
- Any changes in the standards from those used in the Company's last approved rate filing in Newfoundland & Labrador must be identified and fully explained, and the impact of the change in standard on the rate level indication must be provided.

#### Complement of Credibility

- Reasonable methods in determining the complement of credibility will be considered. However, the Company must provide complete rationale for the particular method that is selected.
- If an Industry-based indication (or loss ratio, or pure premium, etc.) is used as the basis for the complement of credibility, the Industry data (premiums and losses) must be appropriately adjusted to reflect the Company's distribution of business and rate level. The calculations underlying the adjustments must be provided and explained.

- If a prior rate level indication or prior projected loss ratio or pure premium serves as the basis for the complement of credibility, that indication, loss ratio, or pure premium must be based on the rate level indication that was accepted by the Board. As appropriate, consideration should be given to any subsequent rate level change, any changes in profit margins and expenses, as well as any tort reform measures that may have been enacted. It is expected that the net loss/premium trend period that is applied to the prior (adjusted) rate level indication would be one year (or less, if the prior rate change effective date is less than one year from the proposed effective date).
- Any changes in the complement of credibility from that used in the Company's last approved rate filing in Newfoundland & Labrador must be identified and fully explained, and the impact of the change on the rate level indication must be provided.

#### Expenses

- A general expense provision of 27% will be accepted by the Board for use by insurers filing Category 2 rate filings. This expense provision will generally be accepted as reasonable by the Board.
- The selected general expense provision includes a standard commission rate of 12.5%.
- Use of an expense provision or a standard commission component higher than the guideline will require the filing company provide documentary evidence and full justification to support the selected expense level as reasonable.
- In determining the appropriateness of an individual company's expense provision the Board will also consider the type of distribution channel that a company uses to assess an appropriate expense provision.
- Selected expense levels must be fully supported with at least three most recent years of Company experience. In particular, selected expense levels that are not in line with Company experience must be fully explained.
- Companies must explain how Company expenses are allocated to Newfoundland and Labrador automobile and state when the allocation was last performed.
- Recognitions should be given to the fixed nature of certain expenses.
- The Board will not accept contingent commissions in any form as part of a filing unless it is demonstrated through documentary evidence and full justification that inclusion of the expense is reasonable.

- The Board will not accept the inclusion of reinsurance expenses in any form as part of a filing unless it can be demonstrated through documentary evidence and full justification that inclusion of the expense is reasonable.
- The Board will not accept the loading of all or a majority of expenses into a single coverage or select coverages. Expenses must be distributed equitably among all coverages offered by the insurer and the manner by which the distribution is effected must be explained.

#### Profit Margin Guidelines (Excluding FA)

- The Board accepts the following as reasonable for use in rate filings:
  - target after-tax return on equity of 10.0%;
  - premium to surplus ratio of 2.0:1; and
  - return on investment in the range of 2.8%-4.0%.
- Other return on equity, premium to surplus and return on investment assumptions or calculations will be considered if documentary evidence and full justification is provided. The Company must provide a comparison of the assumptions or calculations with those made by the Company in preparing filed rate level indications for other coverages and lines of business in Newfoundland and Labrador as well as other provinces.

#### **Territory Differentials**

- Companies must fully explain the methodology they are using to derive rate level indications by territory.
- Proposed changes are expected to follow the credibility weighted indicated changes, subject to possible capping to control rate dislocation. Rationale must be provided for every case where the proposed change to a differential differs from the indicated change.

#### **Risk Classification Differentials – Applicable to Existing Rating Variables or Proposed New Rating Variables**

- Companies must fully explain the methodology they are using to derive rate level indications by classification.
- It is expected that indications will be based on multiple-regression models of the nature of Generalized Linear Models.

- Proposed changes are expected to follow the credibility weighted indicated changes, subject to possible capping to control rate dislocation and illogical relationships. Rationale must be provided where the proposed changes to a differential differs from the indicated change.

### **Discounts/Surcharges**

- Companies must fully explain the methodology they use to derive discounts or surcharges. Where the implementation of, or change to, a discount/surcharge results in an increase in rate to any insured, the filing must provide full justification.

### **Miscellaneous Vehicles that are Not Independently Rated**

- Companies should provide premium/loss experience (such as GISA loss ratio exhibits) or other information that supports the current or proposed rates for such miscellaneous vehicles.

**APPENDIX “B”**

**OLIVER WYMAN SELECTED LOSS TREND RATES**

**Oliver Wyman Selected Loss Trend Rates  
As of December 31, 2010  
Newfoundland and Labrador  
Private Passenger Automobile (Excluding Farmers)**

<b>Coverage</b>	<b>Past Loss Cost</b>	<b>Future Loss Cost</b>
Bodily Injury	0.0%	+2.0%
Property Damage	+2.0%	+2.0%
Accident Benefits	0.0%	+5.0%
Uninsured Automobile	0.0%	0.0%
Collision	+2.0%	+2.0%
Comprehensive	+9.5%	+9.5%
Specified Perils	+9.5%	+9.5%
All Perils	+4.0%	+4.0%
SEF 44	+5.0%	+5.0%



**Oliver Wyman Selected Age-to-Ultimate Development Factors  
As of December 31, 2010  
Newfoundland and Labrador  
Private Passenger Automobile (Excluding Farmers)**

**As of 2010-2  
Age-to-Ultimate Factors  
Incurred Claim Amount**

	<b>Bodily Injury</b>	<b>Property Damage</b>	<b>Accident Benefits</b>	<b>Collision</b>	<b>Compre- hensive</b>	<b>Specified Perils</b>	<b>All Perils</b>	<b>Uninsured</b>
180-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
174-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
168-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
162-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
156-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
150-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
144-Ult	1.0004	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
138-Ult	1.0010	1.0000	1.0000	0.9998	1.0000	1.0000	1.0000	1.0000
132-Ult	0.9997	0.9998	1.0000	0.9998	0.9999	1.0000	1.0000	1.0000
126-Ult	0.9997	0.9998	1.0000	0.9998	0.9999	1.0000	1.0000	1.0000
120-Ult	1.0031	0.9996	1.0000	0.9998	0.9999	1.0000	1.0000	1.0000
114-Ult	1.0042	0.9995	1.0027	0.9995	0.9999	1.0000	1.0000	1.0000
108-Ult	1.0008	0.9995	1.0021	0.9999	0.9995	1.0000	1.0000	1.0001
102-Ult	1.0057	0.9995	1.0009	0.9987	0.9995	1.0000	1.0000	0.9625
96-Ult	1.0041	0.9992	0.9992	0.9985	0.9995	1.0000	1.0000	0.9575
90-Ult	1.0073	1.0007	0.9957	0.9973	0.9995	1.0000	1.0000	0.9505
84-Ult	1.0049	1.0008	1.0034	0.9986	0.9995	1.0000	1.0000	0.9396
78-Ult	1.0077	1.0005	1.0039	0.9984	0.9995	1.0000	1.0000	0.9438
72-Ult	1.0038	1.0006	1.0034	0.9983	0.9996	1.0000	1.0000	0.9321
66-Ult	1.0061	1.0002	1.0006	0.9978	0.9995	1.0000	1.0015	0.9193
60-Ult	1.0109	1.0010	0.9949	0.9976	0.9996	1.0000	1.0015	0.9225
54-Ult	1.0153	1.0002	0.9684	0.9977	0.9993	1.0000	1.0049	0.9176
48-Ult	1.0146	1.0001	0.9427	0.9980	0.9986	1.0000	1.0050	0.9333
42-Ult	1.0360	0.9979	0.9324	0.9980	0.9987	1.0000	1.0050	0.9643
36-Ult	1.0427	0.9949	0.9212	0.9976	0.9982	1.0000	1.0031	0.9557
30-Ult	1.0555	0.9920	0.9044	0.9942	0.9986	1.0000	0.9959	0.9843
24-Ult	1.0674	0.9891	0.9042	0.9895	0.9975	1.0000	0.9960	1.0564
18-Ult	1.0893	0.9872	0.9051	0.9801	0.9996	1.0000	0.9856	1.1446
12-Ult	1.1329	0.9749	0.8303	0.9480	1.0093	0.9816	0.9328	1.2839
6-Ult	1.5333	1.0973	0.8575	0.8777	1.1319	0.9622	0.9032	1.8587

**Oliver Wyman Selected Age-to-Ultimate Development Factors  
As of December 31, 2010  
Newfoundland and Labrador  
Private Passenger Automobile (Excluding Farmers)**

**As of 2010-2  
Age-to-Ultimate Factors  
Incurred Claim Count**

	<b>Bodily Injury</b>	<b>Property Damage</b>	<b>Accident Benefits</b>	<b>Collision</b>	<b>Compre- hensive</b>	<b>Specified Perils</b>	<b>All Perils</b>	<b>Uninsured</b>
180-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
174-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
168-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
162-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
156-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
150-Ult	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
144-Ult	0.9998	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
138-Ult	1.0000	1.0000	1.0003	1.0000	1.0000	1.0000	1.0000	1.0000
132-Ult	0.9998	0.9999	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
126-Ult	0.9996	0.9999	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
120-Ult	0.9987	0.9997	0.9998	1.0000	1.0000	1.0000	1.0000	1.0000
114-Ult	0.9989	0.9996	0.9998	0.9999	1.0000	1.0000	1.0000	1.0000
108-Ult	0.9962	0.9996	0.9991	1.0001	1.0000	1.0000	1.0000	0.9981
102-Ult	0.9959	0.9995	0.9982	1.0001	1.0000	1.0000	1.0000	0.9942
96-Ult	0.9951	0.9992	0.9984	1.0001	1.0001	1.0000	1.0000	0.9912
90-Ult	0.9940	0.9991	0.9977	1.0000	1.0001	1.0000	1.0000	0.9853
84-Ult	0.9938	0.9990	0.9977	1.0000	1.0001	1.0000	1.0000	0.9833
78-Ult	0.9936	0.9990	0.9959	0.9999	1.0001	1.0000	1.0000	0.9761
72-Ult	0.9879	0.9983	0.9949	0.9998	1.0002	1.0000	1.0000	0.9677
66-Ult	0.9833	0.9979	0.9956	0.9998	1.0001	1.0000	1.0000	0.9677
60-Ult	0.9797	0.9977	0.9922	0.9997	1.0000	1.0000	1.0000	0.9665
54-Ult	0.9773	0.9968	0.9903	0.9995	0.9999	1.0000	1.0000	0.9605
48-Ult	0.9716	0.9962	0.9826	0.9996	0.9999	1.0000	1.0000	0.9363
42-Ult	0.9625	0.9955	0.9779	0.9996	0.9999	1.0000	1.0000	0.9251
36-Ult	0.9500	0.9940	0.9713	0.9990	1.0000	1.0000	1.0000	0.9105
30-Ult	0.9383	0.9914	0.9655	0.9976	1.0005	1.0000	1.0000	0.9022
24-Ult	0.9180	0.9897	0.9384	0.9956	1.0022	1.0000	0.9952	0.8767
18-Ult	0.8997	0.9850	0.9046	0.9922	1.0063	1.0000	0.9942	0.8568
12-Ult	0.8673	0.9766	0.8454	0.9812	1.0296	0.9950	0.9786	0.8676
6-Ult	0.9646	1.0673	0.8458	0.9626	1.3063	1.0900	1.0213	1.0211

**Oliver Wyman Selected Loss Trend Rates  
As of December 31, 2010  
Newfoundland and Labrador  
Commercial Automobile (Excluding Farmers)**

<b>Coverage</b>	<b>Past Loss Cost</b>	<b>Future Loss Cost</b>
Bodily Injury	0.0%	0.0%
Property Damage	+1.5%	+1.5%
Accident Benefits	+5.0%	+5.0%
Collision	+2.0%	+2.0%
Comprehensive	+3.0%	+3.0%
Specified Perils	+3.0%	+3.0%

**Oliver Wyman Selected Age-to-Ultimate Development Factors  
As of December 31, 2010  
Newfoundland and Labrador  
Commercial Automobile (Excluding Farmers)**

**As of 2010-2  
Age-to-Ultimate Factors  
Incurred Claim Amount**

	<b>Bodily Injury</b>	<b>Property Damage</b>	<b>Accident Benefits</b>	<b>Collision</b>	<b>Comprehensive</b>
180-Ult	1.000	1.000	1.000	1.000	1.000
174-Ult	1.000	1.000	1.000	1.000	1.000
168-Ult	1.000	1.000	1.000	1.000	1.000
162-Ult	1.000	1.000	1.000	1.000	1.000
156-Ult	1.000	1.000	1.000	1.000	1.000
150-Ult	1.000	1.000	1.000	1.000	1.000
144-Ult	1.000	1.000	1.000	1.000	1.000
138-Ult	1.000	1.000	1.000	1.000	1.000
132-Ult	1.000	1.000	1.000	1.000	1.000
126-Ult	1.000	1.000	1.000	1.000	1.000
120-Ult	1.000	1.000	1.000	1.000	1.000
114-Ult	1.000	1.000	1.000	1.000	1.000
108-Ult	1.000	1.000	1.000	1.000	1.000
102-Ult	1.000	1.000	1.000	1.000	1.000
96-Ult	1.000	1.000	1.000	1.000	1.000
90-Ult	0.998	1.000	0.992	1.000	1.000
84-Ult	0.997	1.000	0.985	1.000	1.000
78-Ult	0.995	1.000	0.985	1.000	1.000
72-Ult	1.002	1.000	0.978	1.000	1.000
66-Ult	0.996	1.000	0.947	1.000	1.000
60-Ult	1.020	1.008	0.992	1.000	1.000
54-Ult	1.010	1.003	0.965	1.000	1.000
48-Ult	1.012	1.005	0.982	1.000	1.000
42-Ult	1.041	1.008	0.991	1.000	1.000
36-Ult	1.073	1.012	0.981	1.000	1.000
30-Ult	1.088	1.008	0.961	0.998	1.000
24-Ult	1.067	1.001	0.956	0.997	1.010
18-Ult	1.257	0.997	0.957	0.988	1.010
12-Ult	1.399	1.034	0.962	0.969	1.009
6-Ult	2.085	1.156	1.226	1.007	1.166

**Oliver Wyman Selected Age-to-Ultimate Development Factors  
As of December 31, 2010  
Newfoundland and Labrador  
Commercial Automobile (Excluding Farmers)**

**As of 2010-2  
Age-to-Ultimate Factors  
Incurred Claim Count**

	<b>Bodily Injury</b>	<b>Property Damage</b>	<b>Accident Benefits</b>	<b>Collision</b>	<b>Comprehensive</b>
180-Ult	1.000	1.000	1.000	1.000	1.000
174-Ult	1.000	1.000	1.000	1.000	1.000
168-Ult	1.000	1.000	1.000	1.000	1.000
162-Ult	1.000	1.000	1.000	1.000	1.000
156-Ult	1.000	1.000	1.000	1.000	1.000
150-Ult	1.000	1.000	1.000	1.000	1.000
144-Ult	1.000	1.000	1.000	1.000	1.000
138-Ult	1.000	1.000	1.000	1.000	1.000
132-Ult	1.000	1.000	1.000	1.000	1.000
126-Ult	1.000	1.000	1.000	1.000	1.000
120-Ult	1.000	1.000	1.000	1.000	1.000
114-Ult	1.000	1.000	1.000	1.000	1.000
108-Ult	1.000	1.000	1.000	1.000	1.000
102-Ult	1.000	1.000	1.000	1.000	1.000
96-Ult	1.000	1.000	1.000	1.000	1.000
90-Ult	1.000	1.000	0.994	1.000	1.000
84-Ult	0.995	1.000	0.994	1.000	1.000
78-Ult	0.998	1.000	0.994	1.000	1.000
72-Ult	0.999	1.000	0.988	1.000	1.000
66-Ult	0.999	1.000	0.986	1.000	1.000
60-Ult	0.993	1.000	0.988	1.000	1.000
54-Ult	0.991	1.000	0.988	1.000	1.000
48-Ult	0.978	1.000	0.985	1.000	1.000
42-Ult	0.966	1.000	0.975	1.000	1.000
36-Ult	0.962	0.995	0.967	1.000	1.000
30-Ult	0.949	0.995	0.940	0.997	1.000
24-Ult	0.948	0.991	0.934	0.999	1.001
18-Ult	0.952	0.987	0.946	0.994	1.001
12-Ult	0.958	0.989	0.892	0.972	1.022
6-Ult	1.090	1.075	1.003	0.954	1.293

**APPENDIX C”**

**CATEGORY 2 REVIEW TIMELINE**

## Newfoundland Labrador Automobile Insurance Filing Guidelines

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### Category 2 Review Timeline

Event	Target Time (Elapsed Time)
Filing Received	0
Board Actuary confirms that filing was received and advises if target profit assumptions are different than guideline assumptions.	1
Determination made if target profit review required and filing sent to economic consultant.	2
Board actuary to advise Board if there are significant information deficiencies that may result in the rejection of the filing.	5
Cost estimate for review received from Board actuary.	5
Letter to insurer advising of estimated review costs.	6
If required, meeting/conference with Board staff, and/or Board actuary, and/or insurer.	12
First round of questions sent to insurer.	14
Insurer's response to first round of questions.	21
If all responses and supporting information are not filed, one-day notice of review suspension issued.	22
If all responses and supporting information are not filed, Board staff will provide formal written notice that the 90-day deadline will not be met. A new fixed deadline will be established and the original time schedule will no longer apply.	23
Second round questions sent to insurer.	26
Insurer's response to second round of questions.	31
If all responses and supporting information are not filed, one-day notice of review suspension issued.	32
If all responses and supporting information are not filed, Board staff will provide formal written notice that the 90-day deadline will not be met. A new fixed deadline will be established and the original time schedule will no longer apply.	33
Board actuary and any other experts/consultants provide final reports.	45
Report(s) forwarded to insurer for review and comment. If report(s) note significant unresolved discrepancies in the filing, Board staff will advise that the 90-day deadline will not be met. A new fixed deadline will be established and the original time schedule will no longer apply.	46
If required, technical conference with insurer, Board staff, Board actuary, and other experts.	48
Insurer files comments on report(s) with the Board and sends copies to BA and other appropriate experts.	55
Supplemental report(s) of Board actuary, other Board experts or confirmation that supplemental reports are not necessary.	59
Supplemental report(s), if any, are sent to insurer.	60
Supplementary comments from insurer.	63
If the record is not complete, Board staff will provide formal written notice that the 90-day deadline will not be met. A new fixed deadline will be established and the original time schedule will no longer apply.	65
Order Issued	85

**APPENDIX “D”**

**FILING TABS AND EXHIBITS**



**General Contact Information**

**Name of Insurer:**

**Mailing Address:**

Contact Person For:

**Actuarial**

Name:

Telephone #:

Email Address:

**Administration**

Name:

Telephone #:

Email Address:

**Underwriting**

Name:

Telephone #:

Email Address:

**Type of automobile insurance written in Newfoundland and Labrador:**

Private Passenger

Commercial

Miscellaneous

**Chief Agent in Newfoundland and Labrador:**

Name:

Mailing Address:

**Listing of Company Agents, Brokers or Representatives in Province:**

Please attach a complete list of all companies acting as agents, brokers or representatives of your company who are authorized to write automobile insurance business on your behalf in the province of Newfoundland and Labrador.

Contact Sheet and Information for Current Filing

Name of Insurer:

Name of Agent/Person Making Filing:

Title/Position with Insurer:

Telephone Number:

Fax Number:

Email Address:

Type of Rate Filed:

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Private Passenger: Category 1  Category 2  Category 2: IAO

Effective Dates: New Business: Renewals:

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Commercial: Category 1  Category 2  Category 2: IAO

Effective Dates: New Business: Renewals:

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Miscellaneous: Category 1  Category 2  Category 2: IAO

Effective Dates: New Business: Renewals:

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**TAB 3**

**Underwriting Guidelines**

**TAB 4**

**Risk Classification System**

**Discounts**

Insurers may use this format or such other format they deem appropriate

<b>Discount:</b> <b>Coverage:</b> <b>Classes:</b>				
<b>Amount:</b>	<b>Current:</b>		<b>Proposed:</b>	

<b>Discount:</b> <b>Coverage:</b> <b>Classes:</b>				
<b>Amount:</b>	<b>Current:</b>		<b>Proposed:</b>	

<b>Discount:</b> <b>Coverage:</b> <b>Classes:</b>				
<b>Amount:</b>	<b>Current:</b>		<b>Proposed:</b>	

<b>Discount:</b> <b>Coverage:</b> <b>Classes:</b>				
<b>Amount:</b>	<b>Current:</b>		<b>Proposed:</b>	

<b>Discount:</b> <b>Coverage:</b> <b>Classes:</b>				
<b>Amount:</b>	<b>Current:</b>		<b>Proposed:</b>	

<b>Discount:</b> <b>Coverage:</b> <b>Classes:</b>				
<b>Amount:</b>	<b>Current:</b>		<b>Proposed:</b>	

**Surcharges**

Insurers may use this format or such other format they deem appropriate

<b>Surcharge:</b> <b>Coverage:</b> <b>Classes:</b>				
<b>Amount:</b>	<b>Current:</b>		<b>Proposed:</b>	

<b>Surcharge:</b> <b>Coverage:</b> <b>Classes:</b>				
<b>Amount:</b>	<b>Current:</b>		<b>Proposed:</b>	

<b>Surcharge:</b> <b>Coverage:</b> <b>Classes:</b>				
<b>Amount:</b>	<b>Current:</b>		<b>Proposed:</b>	

<b>Surcharge:</b> <b>Coverage:</b> <b>Classes:</b>				
<b>Amount:</b>	<b>Current:</b>		<b>Proposed:</b>	

<b>Surcharge:</b> <b>Coverage:</b> <b>Classes:</b>				
<b>Amount:</b>	<b>Current:</b>		<b>Proposed:</b>	

<b>Surcharge:</b> <b>Coverage:</b> <b>Classes:</b>				
<b>Amount:</b>	<b>Current:</b>		<b>Proposed:</b>	

**TAB 7**

**Endorsement Wordings and Premiums**

**Rate Group Table Information**

Where a company is proposing to adopt the MSRP or CLEAR rate group tables as published by IBC, it is not necessary to provide a hard copy of the tables as the Board has access to these tables electronically. The company can simply identify which tables it intends to use.

Where a company is proposing to alter the MSRP or CLEAR rate group tables, or intends to adopt some other rate group table (i.e. Price Based Table for Commercial Vehicles), a hard copy of the proposed table(s) must be provided with the filing.



## Rate Exhibits

The following Exhibits are available in Excel format on the Board's website at:

[www.pub.nl.ca/insurance.htm](http://www.pub.nl.ca/insurance.htm)

### Exhibits for Private Passenger Filings

<b>Exhibit PPA-1</b>	Current and Proposed Base Rate Summary
<b>Exhibit PPA-2</b>	Adjusted Proposed Base Rates
<b>Exhibit PPA-3</b>	Current Differentials vs. Filed Differentials
<b>Exhibit PPA-4</b>	Premium Summary Information
<b>Exhibit PPA-5</b>	Risk Profiles

### Exhibits for Commercial Filings

<b>Exhibit CA-1</b>	Current and Proposed Base Rate Summary
<b>Exhibit CA-2</b>	Adjusted Proposed Base Rates
<b>Exhibit CA-3</b>	Current Differentials vs. Proposed Differentials
<b>Exhibit CA-4</b>	Premium Summary Information
<b>Exhibit CA-5</b>	Risk Profiles

### Exhibits for Miscellaneous Filings

There are no standardized exhibits for Miscellaneous Vehicles. Insurers are to use their own judgment in developing appropriate exhibits when submitting a rate filing for Miscellaneous classes of business.

**Proposed Rate Pages**

**Supporting Actuarial Information**

**TAB 11a and 11b located on the Board's website at [www.pub.nl.ca/insurance.htm](http://www.pub.nl.ca/insurance.htm) must be provided to the Board's consulting actuaries in Excel format.**