

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

AN ORDER OF THE BOARD

NO. A.I. 18(2012)

1 **IN THE MATTER OF** the *Automobile*
2 *Insurance Act*, RSNL 1990, c. A-22, as
3 amended (the “Act”);

4
5 **AND**

6
7 **IN THE MATTER OF** an application by
8 The Personal Insurance Company for approval
9 to implement revised rates for its Private
10 Passengers Automobiles class of business

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13 **WHEREAS** on October 23, 2012 The Personal Insurance Company applied to the Board for
14 approval of a revised automobile insurance rating program for its Private Passenger Automobiles
15 class of business; and

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17 **WHEREAS** the rating program proposes rates that are higher than those currently approved by
18 the Board; and

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20 **WHEREAS** on November 6, 2012 The Personal Insurance Company filed a revised rate
21 proposal with the Board following the exchange of information with the Board’s consulting
22 actuaries, Oliver Wyman; and

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24 **WHEREAS** on November 13, 2012 Oliver Wyman filed a report of findings with the Board
25 which identified key areas of the filing for the Board’s consideration; and

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27 **WHEREAS** based on the record the Board finds that several proposed changes have not been
28 fully justified; and

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30 **WHEREAS** the Board accepts the proposals of The Personal Insurance Company with the
31 exception of: (1) the complement of credibility; (2) the total expense ratio; and, (3) the rating
32 program effective period; and

1 **WHEREAS** the Board will require The Personal Insurance Company to file a revised rate
2 proposal for its Private Passenger Automobiles class of business incorporating the findings of the
3 Board as set out in the Reasons for Decision to be issued separately.

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5 **IT IS THEREFORE ORDERED THAT:**

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7 1. The application is denied.
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9 2. On or before January 21, 2013, The Personal Insurance Company shall submit for the
10 approval of the Board a revised rate proposal for its Private Passenger Automobiles class of
11 business that reflects the findings of the Board as set out in the Reasons for Decision.
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13 3. Pursuant to section 57 of the *Automobile Insurance Act* and section 90 of the *Public Utilities*
14 *Act*, The Personal Insurance Company shall pay the costs of the Board associated with this
15 filing, including the costs of the actuarial review.

DATED at St. John's, Newfoundland and Labrador, this 21st day of December 2012.

Darlene Whalen, P.Eng.
Vice-Chair

Dwanda Newman, LL.B.
Commissioner

Cheryl Blundon
Board Secretary