

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

AN ORDER OF THE BOARD

NO. A.I. 13(2016)

1 **IN THE MATTER OF** the *Automobile*
2 *Insurance Act*, RSNL 1990, c. A-22, (the
3 "*Act*"), as amended and regulations
4 thereunder; and
5

6 **IN THE MATTER OF** an application
7 by The Dominion of Canada General
8 Insurance Company for approval to
9 implement a revised rating program
10 for its Private Passenger Automobiles
11 class of business.
12
13

14 **WHEREAS** on March 9, 2016 The Dominion of Canada General Insurance Company applied to
15 the Board for approval of a revised rating program for its Private Passenger Automobiles class of
16 business; and
17

18 **WHEREAS** the rating program proposed rates for certain coverages that are higher than those
19 currently approved by the Board; and
20

21 **WHEREAS** on May 31, 2016, the Board's consulting actuaries, Oliver Wyman Limited
22 ("Oliver Wyman") filed a report of findings with the Board which identified key areas of the
23 filing for the Board's consideration; and
24

25 **WHEREAS** on June 2, 2016 the Board extended the 90-day filing timeline to allow adequate
26 time to review the revised rate proposal; and
27

28 **WHEREAS** on June 2, 2016 Oliver Wyman's report was provided to The Dominion of Canada
29 General Insurance Company for comments; and
30

31 **WHEREAS** on June 8, 2016 The Dominion of Canada General Insurance Company filed a
32 revised rate proposal in response to Oliver Wyman's report; and
33

34 **WHEREAS** on June 22, 2016 The Dominion of Canada General Insurance Company filed
35 additional commentary and another revised rate proposal; and

1 **WHEREAS** on June 22, 2016 Oliver Wyman filed an addendum to its report of findings with
2 the Board; and

3
4 **WHEREAS** based on the record the Board finds that several proposals used by The Dominion
5 of Canada General Insurance Company in calculating its rate level indications have not been
6 fully justified; and

7
8 **WHEREAS** the Board accepts The Dominion of Canada General Insurance Company's
9 proposals for its Private Passenger Automobiles rating program with the exception of the
10 complement of credibility, the expense provision and the profit provision; and

11
12 **WHEREAS** the proposed rate level changes by coverage filed by The Dominion of Canada
13 General Insurance Company on June 22, 2016 are less than the rate level indications by
14 coverage; and

15
16 **WHEREAS** substituting alternative assumptions for the complement of credibility, the expense
17 provision and the profit provision based on the Board's Filing Guidelines will not reduce the rate
18 indications below the proposed rates; and

19
20 **WHEREAS** the Board is satisfied that the proposed rates are not too high in the circumstances.

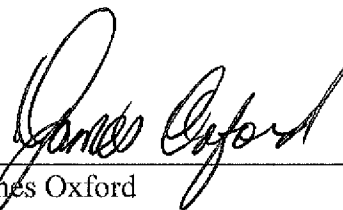
21
22
23 **IT IS THEREFORE ORDERED THAT:**

- 24
25 1. The revised rating program received June 22, 2016 from The Dominion of Canada General
26 Insurance Company is approved to be effective no sooner than October 1, 2016 for new
27 business and November 1, 2016 for renewals.
28
29 2. The Dominion of Canada General Insurance Company will be required to pay the costs of the
30 Board associated with this filing, including the costs of the actuarial review.

DATED at St. John's, Newfoundland and Labrador, this 14th day of July, 2016.



Darlene Whalen, P.Eng.
Vice-Chair



James Oxford
Commissioner



Cheryl Blundon
Board Secretary