

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

AN ORDER OF THE BOARD

NO. A.I. 16(2016)

1 **IN THE MATTER OF** the *Automobile*
2 *Insurance Act*, RSNL 1990, c. A-22, as
3 amended (the “*Act*”);
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5 **IN THE MATTER OF** an application by
6 Facility Association for approval of revised
7 rates for its Newfoundland and Labrador
8 Garage class of business.
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11 **WHEREAS** on March 29, 2016 Facility Association applied to the Board for approval of a
12 revised rating program for its Newfoundland and Labrador Garage class of business; and
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14 **WHEREAS** on May 31, 2016 the Board’s consulting actuaries, Oliver Wyman Limited, filed a
15 report of findings with the Board which identified an issue with the rate proposal; and
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17 **WHEREAS** on May 31, 2016 the Oliver Wyman report was provided to Facility Association for
18 comments; and
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20 **WHEREAS** on June 8, 2016 Facility Association filed comments in response to the Oliver
21 Wyman report; and
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23 **WHEREAS** on June 23, 2016 the Board advised Facility Association that the 90-day timeline
24 for review of the filing had been extended to allow for adequate time to review the rating
25 program; and
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27 **WHEREAS** on June 23, 2016 the Board provided a response to Facility Association’s comments
28 on the Oliver Wyman report; and
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30 **WHEREAS** based on the record the Board finds that some proposals used by Facility
31 Association in calculating its rate level indications have not been fully justified; and
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33 **WHEREAS** the Board accepts Facility Association’s proposals for its Garage rating program
34 with the exception of the full credibility standards; and
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36 **WHEREAS** substituting alternative assumptions for the full credibility standards will not reduce
37 the rate indications below the proposed rates; and

1 WHEREAS the Board is satisfied that the proposed rates are not too high in the circumstances,
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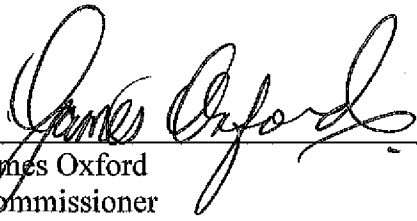
4 **IT IS THEREFORE ORDERED THAT:**
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- 6 1. The revised rating program received March 29, 2016 from Facility Association for its Garage
7 class of business is approved to be effective no sooner than February 1, 2017 for new
8 business and for renewals.
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10 2. Facility Association shall pay the costs of the Board associated with this filing, including the
11 costs of the actuarial review.

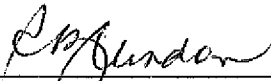
DATED at St. John's, Newfoundland and Labrador, this 17th day of October, 2016.



 Darlene Whalen, P.Eng.
 Vice-Chair



 James Oxford
 Commissioner



 Cheryl Blundon
 Board Secretary