

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

**AN ORDER OF THE BOARD**

**NO. A.I. 51(2020)**

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

6 **IN THE MATTER OF** an application  
7 by Co-operators General Insurance  
8 Company for approval to implement a  
9 revised rating program for its Private  
10 Passenger Automobiles category of  
11 automobile insurance.  
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14 **WHEREAS** on May 14, 2020 Co-operators General Insurance Company (“Co-operators”) applied  
15 to the Board for approval of a revised rating program under the Mandatory filing option for its  
16 Private Passenger Automobiles category of automobile insurance; and  
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18 **WHEREAS** Co-operators filed an overall rate level indication of +7.6% and proposed an overall  
19 rate level change of +7.6% that varied by coverage; and  
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21 **WHEREAS** Co-operators’ proposed overall rate level changes included the following:  
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- 23 (a) base rate changes by coverage;
- 24 (b) changes to current differentials;
- 25 (c) CLEAR update from 2019 to 2020;
- 26 (d) changes to the Multi-Product discount;
- 27 (e) changes to the Snow Tire discount;
- 28 (f) changes to the Welcome discount;
- 29 (g) changes to the More Vehicle Than Driver discount;
- 30 (h) changes to endorsement 43R; and
- 31 (i) introduction of a new capping structure; and  
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33 **WHEREAS** Co-operators proposed a vehicle level cap of +25% for principal operators for a  
34 period of one year and estimated its proposed overall rate level change to be +6.8% on a capped  
35 basis; and

1 **WHEREAS** on June 30, 2020 the Board's actuarial consultants, Oliver Wyman Limited (“Oliver  
2 Wyman”), filed a report of findings with the Board which identified key areas of the filing for the  
3 Board's consideration; and

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5 **WHEREAS** Oliver Wyman noted that Co-operators made changes to its assumptions for loss  
6 development and profit from its prior rate filing; and

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8 **WHEREAS** Oliver Wyman found that substituting alternative reasonable assumptions for loss  
9 development and profit consistent with Co-operators’ prior filing would reduce the overall rate  
10 level need from +7.6% to +5.0%; and

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12 **WHEREAS** Oliver Wyman found all of Co-operators’ other rating program changes to be  
13 reasonable and supported; and

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15 **WHEREAS** on July 3, 2020 the Oliver Wyman report was sent to Co-operators for comment; and

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17 **WHEREAS** on July 9, 2020 Co-operators filed comments on the Oliver Wyman report in which  
18 it provided additional support and commentary for its proposed changes to loss development and  
19 profit; and

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21 **WHEREAS** on July 14, 2020 Oliver Wyman filed a response to the comments filed by Co-  
22 operators; and

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24 **WHEREAS** the Board is satisfied that Co-operators has supported its proposed method for  
25 selecting loss development factors and also that Co-operators’ profit provisions are within the  
26 range as set out in the Board’s guidelines; and

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

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34 **IT IS THEREFORE ORDERED THAT:**

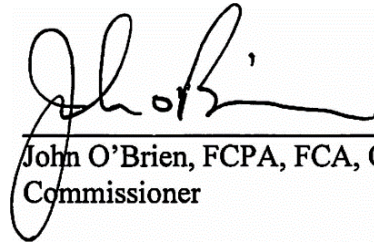
- 35  
36 1. The revised rating program received on May 14, 2020 from Co-operators General Insurance  
37 Company for its Private Passenger Automobiles class of business is approved to be effective  
38 no sooner than September 16, 2020 for new business and October 31, 2020 for renewals.

**DATED** at St. John's, Newfoundland and Labrador, this 23<sup>rd</sup> day of July, 2020.



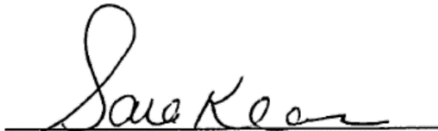
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Darlene Whalen, P. Eng., FEC  
Chair and Chief Executive Officer



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John O'Brien, FCPA, FCA, CISA  
Commissioner



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Sara Kean  
Assistant Board Secretary