

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

AN ORDER OF THE BOARD

NO. A.I. 42(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 Royal & Sun Alliance Insurance
8 Company of Canada for approval to
9 implement a revised rating program for
10 its Commercial Vehicles category of
11 automobile insurance.
12
13

14 **WHEREAS** on June 2, 2020 Royal & Sun Alliance Insurance Company of Canada (“RSA”) applied to the Board for approval of a revised rating program under the Expedited Approval option for its Commercial Vehicles category of automobile insurance; and
15
16
17

18 **WHEREAS** RSA filed an overall rate level indication of +2.5% and proposed an overall rate level change of +1.9% that varied by coverage; and
19
20

21 **WHEREAS** on June 23, 2020 the Board's actuarial consultants, Oliver Wyman Limited (“Oliver Wyman”), filed a report of findings with the Board which identified key areas of the filing for the Board's consideration; and
22
23
24

25 **WHEREAS** the Oliver Wyman report identified issues with the assumptions made by RSA with respect to its loss development factors, health levy provision, reform adjustment calculations and profit provision; and
26
27
28

29 **WHEREAS** Oliver Wyman did not find the proposed overall rate level change of +1.9% to be supported; and
30
31

32 **WHEREAS** on June 23, 2020 the Oliver Wyman report was forwarded to RSA for review; and
33

34 **WHEREAS** on June 26, 2020 RSA filed a revised overall rate level indication of +1.6% and proposed an overall rate level change of +1.5% that varied by coverage; and
35

1 **WHEREAS** on June 30, 2020 Oliver Wyman filed a report addendum to address the June 26,
2 2020 revisions; and

3
4 **WHEREAS** Oliver Wyman found RSA’s proposed overall rate level change of +1.5% to be
5 supported; and

6
7 **WHEREAS** the Board finds the June 26, 2020 proposed rate change is in accordance with the
8 Expedited Approval Filing Guidelines as it does not exceed +3.0% in one year, does not
9 cumulatively exceed +6.0% in three years, and does not result in dislocation to any vehicle
10 premium greater than +10.0% overall after capping; and

11
12 **WHEREAS** the Board is satisfied that the proposed rates are just and reasonable in the
13 circumstances, do not impair the solvency of the insurer, are not excessive in relation to the
14 financial circumstances of the insurer, and do not violate the *Automobile Insurance Act* or the
15 *Insurance Companies Act* or the respective regulations thereunder.

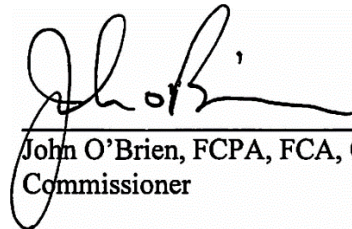
16
17
18 **IT IS THEREFORE ORDERED THAT:**

- 19
20 1. The revised rating program received on June 26, 2020 from Royal & Sun Alliance Insurance
21 Company of Canada for its Commercial Vehicles category of automobile insurance is
22 approved to be effective no sooner than November 16, 2020 for new business and renewals.

DATED at St. John’s, Newfoundland and Labrador, this 30th day of June, 2020.



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



John O'Brien, FCPA, FCA, CISA
Commissioner



Cheryl Blundon
Board Secretary