

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

**AN ORDER OF THE BOARD**

**NO. A.I. 1(2023)**

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 by  
7 Intact Insurance Company for approval  
8 of a revised rating program for its  
9 Private Passenger Automobiles category  
10 of automobile insurance.  
11  
12

13 **WHEREAS** on July 13, 2022 Intact Insurance Company (“Intact”) applied to the Board for approval  
14 of a revised rating program under the Mandatory filing option for its Private Passenger  
15 Automobiles category of automobile insurance; and  
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17 **WHEREAS** Intact filed an overall rate level indication of +6.3% and proposed an overall rate level  
18 change of +5.8%; and  
19

20 **WHEREAS** Intact proposed the following rating program changes:

- 21 • base rate changes by coverage uniform by territory;
- 22 • adoption of the CLEAR 2022 Rate Group Table;
- 23 • introduction of a new rating variable;
- 24 • revision to an endorsement;
- 25 • revision to default deductibles; and
- 26 • revision of capping provisions; and  
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28 **WHEREAS** the rate filing was forwarded to the Board’s actuarial consultants, Oliver Wyman  
29 Limited (“Oliver Wyman”), for review and report; and  
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31 **WHEREAS** on November 7, 2022 Oliver Wyman filed a report of findings with the Board which  
32 identified key areas of the filing for the Board’s consideration; and

1 **WHEREAS** on November 14, 2022 Intact filed comments and an amended overall average rate  
2 level indication of +7.0% for which Oliver Wyman filed a report addendum on December 2, 2022;  
3 and  
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5 **WHEREAS** on December 12, 2022 Intact filed additional comments and an amended overall  
6 average rate level indication of +6.8% for which Oliver Wyman filed a second report addendum  
7 on December 16, 2022; and  
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9 **WHEREAS** based on the information on the record Oliver Wyman continued to have issues with  
10 Intact's proposed assumptions for its loss trend rates and inflation adjustment; and  
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12 **WHEREAS** Oliver Wyman found that Intact's internal loss trend analysis did not satisfy the  
13 credibility requirements outlined in the Board's Filing Guidelines and that the selected trend rates  
14 were not supported; and  
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16 **WHEREAS** Oliver Wyman found that Intact's inflation adjustment was too high based on Oliver  
17 Wyman's own independent analysis of relevant Consumer Price Index metrics; and  
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19 **WHEREAS** Oliver Wyman noted that substituting alternative assumptions that it found to be  
20 more reasonable than those used by Intact for the loss trend rates and inflation adjustment  
21 resulted in an alternative rate level need of -2.6%; and  
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23 **WHEREAS** the Board finds that Intact failed to adequately justify its selected loss trend rates and  
24 inflation adjustment and is not satisfied that the proposed rates are just and reasonable in the  
25 circumstances based on the evidence filed; and  
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27 **WHEREAS** Intact must file a revised rate proposal for its Private Passenger Automobiles class of  
28 business reflecting the findings of the Board as set out in the Reasons for Decision to be issued  
29 separately.  
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31  
32 **IT IS THEREFORE ORDERED THAT:**  
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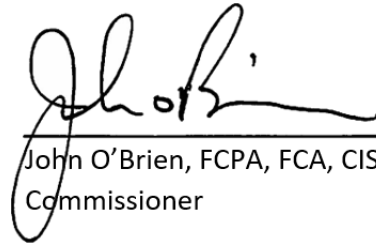
34 1. The application is denied.

**DATED** at St. John's, Newfoundland and Labrador, this 6<sup>th</sup> day of January, 2023.



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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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Cheryl Blundon  
Board Secretary