

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

AN ORDER OF THE BOARD

NO. A.I. 13(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 January 20, 2023 Intact Insurance Company (“Intact”) applied to the Board for
14 approval of a revised rating program for its Private Passenger Automobiles category of
15 automobile insurance in response to Order No. A.I. 1(2023); and

16

17 **WHEREAS** Intact filed an overall rate level indication of +12.3% and proposed an overall rate level
18 change of +8.7%; 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 2023 Rate Group Table;

23 • introduction of a new rating variable;

24 • revision to an endorsement; and

25 • revision to default deductibles; and

26

27 **WHEREAS** Intact also proposed changes to its capping provisions and estimated its proposed
28 overall rate level change on a capped basis to be +7.7%; and

29

30 **WHEREAS** the rate filing was forwarded to the Board’s actuarial consultants, Oliver Wyman
31 Limited (“Oliver Wyman”), for review and report; and

32

33 **WHEREAS** on March 2, 2023 Oliver Wyman filed a report of findings with the Board which
34 identified key areas of the filing for the Board’s consideration; and

1 **WHEREAS** Oliver Wyman identified issues for the Board’s consideration with respect to Intact’s
2 assumptions for the inflation adjustment, premium on-level and trend factors, complement of
3 credibility and contingent commission expense; and
4

5 **WHEREAS** Oliver Wyman noted that substituting alternate assumptions that it found to be more
6 reasonable in the above noted areas would result in an overall rate level indication of +0.6%; and
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8 **WHEREAS** on March 17, 2023 Intact filed comments in response to the Oliver Wyman report and
9 provided additional justification to support the use of its own assumptions; and
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11 **WHEREAS** Intact noted that its assumptions were fully supported based on actuarial judgement
12 and comprehensive data and that the resulting rate level indication of +12.3% was reasonable
13 and in accordance with the Board’s Filing Guidelines; and
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15 **WHEREAS** Intact further noted that its selected rate level proposal of +8.7% was less than the
16 indicated need and therefore reflective of the divergence in opinions on various assumptions
17 between Oliver Wyman and Intact; and
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19 **WHEREAS** on March 23, 2023 Oliver Wyman noted that it continued to find an overall rate level
20 indication of +0.6% based on alternative assumptions to be fair and appropriate in the
21 circumstances based on the findings in its March 2, 2023 report; and
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23 **WHEREAS** the Board acknowledges that a wide range of outcomes are possible in any prospective
24 ratemaking exercise and that the variance in the overall rate level indications produced by Intact
25 and Oliver Wyman results primarily from differing actuarial judgements and assumptions related
26 to inflation adjustment, premium on-level and trend factors, complement of credibility, and
27 contingent commission expense; and
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29 **WHEREAS** the Board is satisfied that Intact has provided adequate support for the assumptions
30 underlying its selected rate level proposed, including the inflation adjustment, premium on-level
31 and trend factors, complement of credibility and contingent commission expense; and
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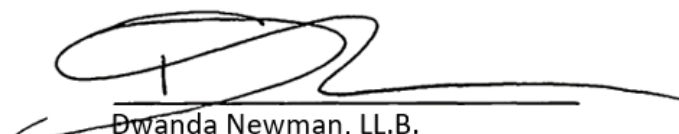
33 **WHEREAS** the Board accepts Intact’s proposed changes to its rating variables, endorsements,
34 deductibles, rate group factors and capping provisions; and
35

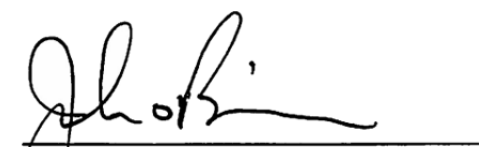
36 **WHEREAS** the Board is satisfied that the proposed rates are just and reasonable in the
37 circumstances, do not impair the solvency of the insurer, are not excessive in relation to the
38 financial circumstances of the insurer, and do not violate the **Automobile Insurance Act** or the
39 **Insurance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

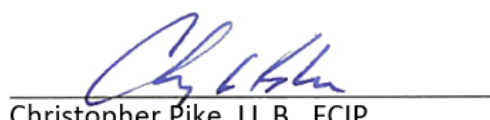
1 **IT IS THEREFORE ORDERED THAT:**


- 2
- 3 1. The revised rating program received January 20, 2023 from Intact Insurance Company for its
- 4 Private Passenger Automobiles category of automobile insurance is approved to be effective
- 5 no sooner than June 7, 2023 for new business and July 7, 2023 for renewals.

DATED at St. John's, Newfoundland and Labrador, this 1st day of May, 2023.


Dwanda Newman, LL.B.
Vice-Chair


John O'Brien, FCPA, FCA, CISA
Commissioner


Christopher Pike, LL.B., FCIP
Commissioner


Cheryl Blundon
Board Secretary