

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

AN ORDER OF THE BOARD

NO. A.I. 50(2024)

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 CUMIS General Insurance Company for
8 approval to implement a revised rating
9 program for its Private Passenger
10 Automobiles category of automobile
11 insurance.
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14 **WHEREAS** on May 22, 2024 CUMIS General Insurance Company (“CUMIS”) applied to the Board
15 for approval of a revised rating program under the Mandatory filing option for its Private
16 Passenger Automobiles category of automobile insurance; and
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18 **WHEREAS** CUMIS filed an overall rate level indication of +1.5% and proposed an overall rate level
19 change of +1.5%; and
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21 **WHEREAS** CUMIS also proposed to adopt the 2024 CLEAR rate group table; and
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23 **WHEREAS** the filing was sent to the Board’s actuarial consultants, Oliver Wyman Limited (Oliver
24 Wyman) for review and report; and
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26 **WHEREAS** on September 5, 2024 Oliver Wyman filed a report of findings with the Board which
27 noted that it was not in full agreement with certain assumptions used by CUMIS to estimate its
28 overall rate level indication; and
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30 **WHEREAS** Oliver Wyman noted that substituting alternative assumptions that it found to be
31 more reasonable for COVID-19 adjustments, return on investment and profit provision would
32 result in an overall rate level indication of -0.5%; and

1 **WHEREAS** Oliver Wyman found the proposal to adopt the 2024 CLEAR rate group table to be
2 reasonable; and

3
4 **WHEREAS** on September 13, 2024 CUMIS submitted that there was no evidence to demonstrate
5 that its assumptions were any less valid than the alternatives suggested by Oliver Wyman given
6 the uncertainty and actuarial judgement underlying the ratemaking exercise; and

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8 **WHEREAS** CUMIS maintained that its overall rate level indication and proposed change of +1.5%
9 was supported in accordance with the Board’s Filing Guidelines and was therefore reasonable;
10 and

11
12 **WHEREAS** the Board acknowledges that a wide range of outcomes are possible in any prospective
13 ratemaking exercise and that the variance in the overall rate level indications produced by CUMIS
14 and Oliver Wyman results primarily from differing actuarial judgements and assumptions related
15 to COVID-19 adjustments, return on investment and profit provision; and

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17 **WHEREAS** the Board is satisfied that CUMIS’ overall rate level indication and proposed change of
18 +1.5% is within the range of reasonable outcomes in the prospective ratemaking exercise; and

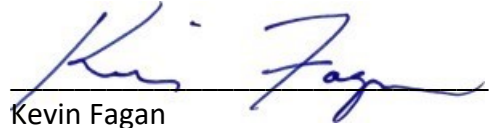
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20 **WHEREAS** the Board accepts CUMIS’ proposed rating program changes including its proposal to
21 adopt the 2024 CLEAR rate group table; and

22
23 **WHEREAS** the Board is satisfied that the proposed rates are just and reasonable in the
24 circumstances, do not impair the solvency of the insurer, are not excessive in relation to the
25 financial circumstances of the insurer, and do not violate the **Automobile Insurance Act** or the
26 **Insurance Companies Act** or the respective regulations thereunder.

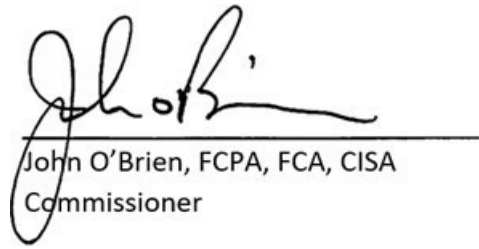
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29 **IT IS THEREFORE ORDERED THAT:**

- 30
31 1. The revised rating program received May 22, 2024 from CUMIS General Insurance Company
32 for its Private Passenger Automobiles category of automobile insurance is approved to be
33 effective no sooner than February 1, 2025 for new business and March 1, 2025 for renewals.

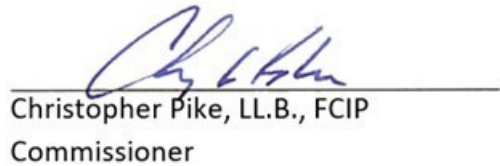
DATED at St. John's, Newfoundland and Labrador, this 26th day of September, 2024.



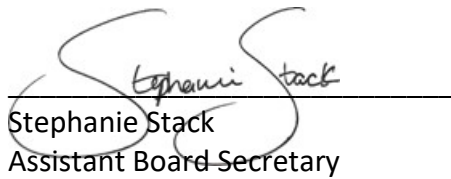
Kevin Fagan
Chair and Chief Executive Officer



John O'Brien, FCPA, FCA, CISA
Commissioner



Christopher Pike, LL.B., FCIP
Commissioner



Stephanie Stack
Assistant Board Secretary