

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

**AN ORDER OF THE BOARD**

**NO. A.I. 9(2024)**

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

6 **IN THE MATTER OF** an application by  
7 Co-operators General Insurance  
8 Company for approval to implement  
9 a revised rating program for its  
10 Commercial Vehicles category of  
11 automobile insurance.  
12  
13

14 **WHEREAS** on October 27, 2023 Co-operators General Insurance Company (Co-op) applied to the  
15 Board for approval of a revised rating program under the Mandatory filing option for its  
16 Commercial Vehicles category of automobile insurance; and  
17

18 **WHEREAS** Co-op filed an overall rate level indication of -1.7% and proposed an overall rate level  
19 change of 0%; and  
20

21 **WHEREAS** Co-op proposed the following rating program changes which are included in the  
22 overall rate level change of 0.0%:

- 23 a) Base rate changes by coverage designed to achieve the proposed overall rate level  
24 change;
- 25 b) Update of the CLEAR rate group table; and
- 26 c) Continuation of existing capping provisions; and  
27

28 **WHEREAS** the filing was sent to the Board's actuarial consultants, Oliver Wyman Limited (Oliver  
29 Wyman) for review and report; and  
30

31 **WHEREAS** on January 29, 2024 Oliver Wyman filed a report of findings which identified areas of  
32 concern for the Board's consideration, specifically with respect to Co-op's assumptions for its  
33 Uninsured Auto analysis, return on investment (ROI), and complement of credibility; and  
34

35 **WHEREAS** Oliver Wyman noted that substituting alternative assumptions that it found to be  
36 more reasonable than those used by Co-op in the above noted areas would result in an overall  
37 rate level indication of -3.6%; and

1 **WHEREAS** on February 6, 2024 Co-op noted that it was not in agreement with the alternative  
2 assumption for ROI filed by Oliver Wyman, but accepted its alternative assumption for the  
3 complement of credibility;<sup>1</sup> and  
4

5 **WHEREAS** Co-op estimated its revised overall rate level indication to be -3.0% but noted that it  
6 was continuing to propose an overall rate level change of 0%, and no changes to any coverage,  
7 as the internal experience underlying the indication was volatile, lacked credibility and was  
8 mainly driven by the complement of credibility; and  
9

10 **WHEREAS** Co-op provided additional information to supplement its rate analysis and support its  
11 proposed rate level change of 0%, including closing ratios, retention rates and a comparison of  
12 industry average premiums; and  
13

14 **WHEREAS** Oliver Wyman did not provide any follow-up commentary on the additional  
15 information filed by Co-op; and  
16

17 **WHEREAS** the Board acknowledges that a wide range of outcomes are possible in any prospective  
18 ratemaking exercise and that the variance in the overall rate level indications produced by Co-op  
19 and Oliver Wyman results primarily from differing actuarial judgements and assumptions related  
20 to Uninsured Auto analysis and ROI; and  
21

22 **WHEREAS** the Board acknowledges that the overall rate level indications filed by Co-op and Oliver  
23 Wyman were largely impacted by the complement of credibility and that the underlying internal  
24 data used in the rate analysis was volatile and lacked credibility; and  
25

26 **WHEREAS** the Board is satisfied that the additional information provided by Co-op to supplement  
27 its rate analysis supported the proposed rate level change of 0% and is reasonable in the  
28 circumstances; and  
29

30 **WHEREAS** the Board accepts Co-op's other proposed rating program changes including the  
31 CLEAR rate group update and continuation of existing capping provisions; and  
32

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

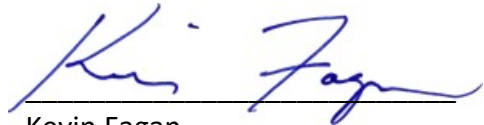
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<sup>1</sup> Co-op did not provide any further commentary on the Uninsured Auto analysis as Oliver Wyman acknowledged that its alternative assumptions would have an immaterial impact of -0.3% on the overall rate level indication.

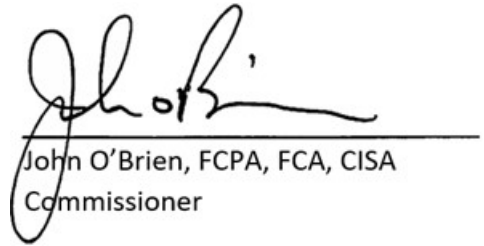
1 **IT IS THEREFORE ORDERED THAT:**  
2

- 3 1. The revised rating program received October 27, 2023 from Co-operators General  
4 Insurance Company for its Commercial Vehicles category of automobile insurance is  
5 approved to be effective no sooner than June 5, 2024 for new business and July 5, 2024  
6 for renewals.

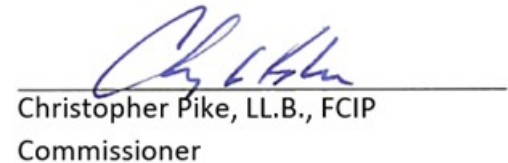
**DATED** at St. John's, Newfoundland and Labrador, this 21<sup>st</sup> day of February, 2024.



Kevin Fagan  
Chair and Chief Executive Officer



John O'Brien, FCPA, FCA, CISA  
Commissioner



Christopher Pike, LL.B., FCIP  
Commissioner



Jo-Anne Galarneau  
Executive Director and Board Secretary