

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

AN ORDER OF THE BOARD

NO. A.I. 10(2025)

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 Traders 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 December 13, 2024 Traders General Insurance Company (“Traders”) applied to the
15 Board 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** Traders filed an overall rate level indication of +31.2% and proposed an overall rate
19 level change of +15.0%; and
20

21 **WHEREAS** Traders proposed the following rating program changes:

- 22 • Base rate changes by coverage;
- 23 • Years Licensed differential changes;
- 24 • CLEAR rate group table updates;
- 25 • Discount and surcharge changes;
- 26 • Changes to endorsements 16, 19, 19A and 43(L/R);
- 27 • Removal of endorsement 36;
- 28 • Capping provision changes; and
- 29 • Underwriting rule updates.
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31 **WHEREAS** the filing was sent to the Board’s actuarial consultants, Oliver Wyman Limited (“Oliver
32 Wyman”) for review and report; and
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34 **WHEREAS** on February 20, 2025 Oliver Wyman filed a report of findings which identified issues
35 with certain assumptions used by Traders to estimate its overall rate level indication; and

1 **WHEREAS** Oliver Wyman found Traders proposed overall rate level change of +15.0% to be
2 supported, as substituting alternative assumptions that it found to be more reasonable for
3 accident year weights, loss trends, COVID-19 adjustments, contingent commissions, rate
4 indication formula and complement of credibility resulted in an overall rate level indication of
5 +16.7%, which was higher than Traders' rate proposal; and

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7 **WHEREAS** Oliver Wyman found Traders' proposed changes to its CLEAR rate group table,
8 discounts, surcharges, endorsements 16, 19, 19A and 43(L/R), capping provisions and
9 underwriting rules to be reasonable; and

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11 **WHEREAS** Oliver Wyman did not opine on Traders' proposed Years Licensed differential changes
12 or removal of endorsement 36 as these changes were primarily business decisions of the
13 company; and

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15 **WHEREAS** on February 28, 2025, Traders filed an amended overall rate level indication of +24.3%
16 and proposed an overall rate level change of +15.0% based on alternate assumptions for loss
17 trends, COVID-19 adjustments, contingent commissions and complement of credibility; and

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19 **WHEREAS** Traders also proposed to withdraw the removal of endorsement 36, but opted to
20 maintain its proposed Years Licensed differential changes on the basis that they were customer-
21 friendly and resulted in rate reductions; and

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23 **WHEREAS** on March 5, 2025 Oliver Wyman filed an addendum to its report of findings which
24 amended its alternative rate level indication to +17.5%, which is higher than Traders' rate
25 proposal; and

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27 **WHEREAS** on March 6, 2025 Traders advised it had no further comments; and

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29 **WHEREAS** the Board acknowledges that a wide range of outcomes are possible in any prospective
30 ratemaking exercise and that the variance in the overall rate level indications produced by
31 Traders and Oliver Wyman result primarily from differing actuarial judgements on a number of
32 the rate analysis assumptions; and

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34 **WHEREAS** the Board finds that Traders has provided adequate support for its proposed overall
35 rate level change of +15.0% and is satisfied that it falls within the range of reasonable outcomes
36 in the prospective ratemaking exercise; and

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38 **WHEREAS** the Board does not accept Traders amended overall rate level indication of +24.3% for
39 consideration as residual rate level inadequacy in future filings due to the uncertainty of a
40 number of the underlying assumptions used to calculate the indication; and

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42 **WHEREAS** the Board accepts Traders' proposed rating program changes including base rates, rate
43 groups, discounts, surcharges, endorsements, capping provisions and underwriting rules; and

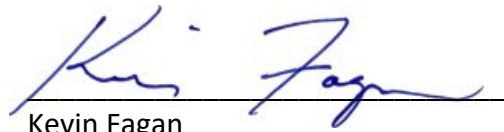
1 **WHEREAS** the Board is satisfied that Traders has provided sufficient rationale for its proposed
2 Years Licensed differential changes; and

3
4 **WHEREAS** the Board is satisfied that the proposed rates are just and reasonable in the
5 circumstances, do not impair the solvency of the insurer, are not excessive in relation to the
6 financial circumstances of the insurer, and do not violate the **Automobile Insurance Act** or the
7 **Insurance Companies Act** or the respective regulations thereunder.

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10 **IT IS THEREFORE ORDERED THAT:**

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12 1. The revised rating program amended on February 28, 2025 from Traders General Insurance
13 Company for its Private Passenger Automobiles category of automobile insurance is approved
14 to be effective no sooner than July 1, 2025 for new business and renewals.

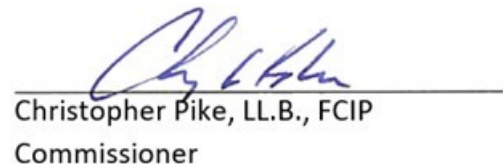
DATED at St. John's, Newfoundland and Labrador, this 10th day of March, 2025.



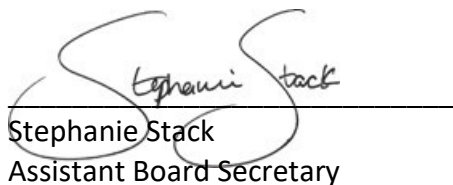
Kevin Fagan
Chair and Chief Executive Officer



John O'Brien, FCPA, FCA, CISA
Commissioner



Christopher Pike, LL.B., FCIP
Commissioner



Stephanie Stack
Assistant Board Secretary