

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

AN ORDER OF THE BOARD

NO. A.I. 8(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 Aviva 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 November 29, 2024 Aviva General Insurance Company (“Genco”) 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** Genco filed an overall rate level indication of +25.4% and proposed an overall rate
19 level change of +15.0%; and
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21 **WHEREAS** Genco 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 • Endorsement changes;
- 27 • Capping provision changes; and
- 28 • Underwriting rule updates.
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30 **WHEREAS** the filing was sent to the Board’s actuarial consultants, Oliver Wyman Limited (“Oliver
31 Wyman”) for review and report; and
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33 **WHEREAS** on February 20, 2025 Oliver Wyman filed a report of findings which identified issues
34 with certain assumptions used by Genco to estimate its overall rate level indication; and

1 **WHEREAS** Oliver Wyman noted that substituting alternative assumptions that it found to be
2 more reasonable for accident year weights, loss trends, COVID-19 adjustments, contingent
3 commissions, complement of credibility and the rate level indication formula would result in an
4 overall rate level indication of +11.1%, which was lower than Genco's proposed overall rate level
5 change of +15.0%; and

6
7 **WHEREAS** Oliver Wyman found Genco's proposed changes to its rate group table, discounts and
8 surcharges, endorsements, capping provisions and underwriting rules to be reasonable, but did
9 not opine on the Years Licensed differential changes as this was primarily a business decision of
10 the company; and

11
12 **WHEREAS** on February 28, 2025, Genco filed an amended overall rate level indication of +18.6%
13 and proposed an overall rate level change of +13.0% based on alternate assumptions for loss
14 trends, COVID-19 adjustments, contingent commissions and complement of credibility; and

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16 **WHEREAS** Genco also proposed to withdraw its Years Licensed differential changes; and

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18 **WHEREAS** on March 5, 2025 Oliver Wyman filed an addendum to its report of findings which
19 amended its alternative rate level indication to +11.8%, but still found its alternative assumptions
20 for accident year weights, loss trends and contingent commissions to be more reasonable than
21 those used by Genco in its amended proposal; and

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23 **WHEREAS** on March 6, 2025 Genco advised it had no further comments; and

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25 **WHEREAS** the Board acknowledges that a wide range of outcomes are possible in any prospective
26 ratemaking exercise and that the variance in the overall rate level indications produced by Genco
27 and Oliver Wyman result primarily from differing actuarial judgements on a number of the rate
28 analysis assumptions; and

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30 **WHEREAS** the Board finds that Genco has provided adequate support for its proposed overall
31 rate level change of +13.0% and is satisfied that it falls within the range of reasonable outcomes
32 in the prospective ratemaking exercise; and

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34 **WHEREAS** the Board does not accept Genco's amended overall rate level indication of +18.6%
35 for consideration as residual rate level inadequacy in future filings due to the uncertainty of a
36 number of the underlying assumptions used to calculate the indication; and

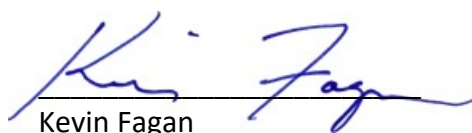
37
38 **WHEREAS** the Board accepts Genco's proposed rating program changes including base rates, rate
39 groups, discounts, surcharges, endorsements, capping provisions and underwriting rules; and

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

1 **IT IS THEREFORE ORDERED THAT:**

- 2
- 3 1. The revised rating program amended on February 28, 2025 from Aviva General Insurance
- 4 Company for its Private Passenger Automobiles category of automobile insurance is approved
- 5 to be effective no sooner than June 1, 2025 for new business and for renewals.

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



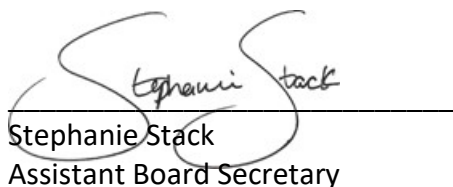
Kevin Fagan
Chair and Chief Executive Officer



John O'Brien, FCPA, FCA, CISA
Commissioner



Christopher Pike, LL.B., FCIP
Commissioner



Stephanie Stack
Assistant Board Secretary