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7 **NO. A. I. 11 (2007)**

8 **IN THE MATTER OF** THE *Automobile,*  
9 *Insurance Act*, RSNL 1990, c. A-22, as  
10 amended (the “*Act*”)

11 **AND**

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13 **IN THE MATTER OF** an application by  
14 TD Home and Auto Insurance Company  
15 (the “Applicant”) to implement revised rates  
16 for one endorsement and to introduce two new endorsements  
17 for its Private Passenger class of automobile insurance  
18 (the “Application”).  
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21 On March 28, 2007 the Applicant applied to the Board to implement revised rates for one endorsement  
22 and to introduce two new endorsements for its Private Passenger class of automobile insurance business  
23 written in the Province.  
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25 Pursuant to s. 4 of the *Act* all endorsement forms must be approved by the Superintendent of Insurance for  
26 the Province (the “Superintendent”). The Applicant did not seek the approval of the Superintendent of  
27 the wordings of the new endorsements prior to applying to the Board and thus the Board could not  
28 consider the application until the Superintendent’s approval was provided by the Applicant. The Board  
29 received confirmation of the Superintendent’s approval on August 22, 2007. The Board’s determination  
30 in respect of the Application was made on September 7, 2007 and is set out below.  
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32 The Applicant’s proposed rates were not supported with actuarial analysis. It is often difficult to  
33 actuarially support endorsement pricing given that the experience in relation to most endorsements is too  
34 small to be credible. The Board accepts that it is appropriate in the circumstances to consider other  
35 elements and factors in determining whether the proposed rates are too high for each of the three  
36 proposed endorsements.  
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38 The Applicant proposes to introduce a new endorsement - Endorsement 27 S - Grand Touring which  
39 combines coverage previously available through the purchase of three separate endorsements, SEF 20,  
40 SEF 27 and SEF 35. The rate for the proposed endorsement is lower than the total premium cost for the  
41 three separate endorsements. The Board is satisfied that the proposed rate is not too high in the  
42 circumstances.

1 The Applicant also proposes to introduce Endorsement 43S – 5 Year Replacement Cost which provides  
2 for full payment of the original vehicle purchase price in the event of a total loss without deduction for  
3 depreciation for a period of five years. The premium is calculated as a percentage of the base premium for  
4 Collision and Comprehensive and increases as the vehicle ages. The endorsement is beneficial to the  
5 insured in that over the first five years of ownership of the vehicle it is insured for its full original  
6 purchase price without deduction for depreciation. The proposed rate for this endorsement is minor in  
7 relation to the amount of insurance offered. The Board is satisfied that the rate is not too high in the  
8 circumstances.

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10 The Applicant proposes to increase the rate for the SEF 20 – Loss of Use Endorsement. This endorsement  
11 provides limited coverage for a replacement vehicle in the event the insured vehicle is unusable and under  
12 repair due to an insured peril. The proposed rate is similar to rates charged for this endorsement by other  
13 insurers and the Board is satisfied that the rate is not too high.

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15 **IT IS THEREFORE ORDERED THAT:**

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17 With effect from September 7, 2007:

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19 1. The proposed rate for the new Endorsement 27 S-Grand Touring is approved.  
20 2. The proposed rate for the new Endorsement 43S-5 Year Replacement Cost is approved.  
21 3. The revised rate for the SEF 20 Loss of Use endorsement is approved.

**DATED** at St. John's, Newfoundland and Labrador, this 7th day of September 2007.

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Robert Noseworthy  
Chairperson & Chief Executive Officer

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Darlene Whalen, P.Eng.  
Vice-Chairperson

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G. Cheryl Blundon,  
Board Secretary