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7 **NO. A. I. 12 (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 Security National Insurance Company (the “Applicant”)  
15 to implement revised rates for two endorsements and  
16 to introduce one new endorsement  
17 (the “Application”).  
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20 On March 28, 2007 the Applicant applied to the Board to implement revised rates for two endorsements  
21 and to introduce one new endorsement for its Private Passenger class of automobile insurance business  
22 written in the Province.  
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24 Pursuant to s. 4 of the Act all endorsement forms must be approved by the Superintendent of Insurance  
25 for the Province (the “Superintendent”). The Applicant did not seek the approval of the Superintendent of  
26 the wordings of the new endorsements prior to applying to the Board and thus the Board could not  
27 consider the application until the Superintendent’s approval was provided by the Applicant. The Board  
28 received confirmation of the Superintendent’s approval on August 22, 2007. The Board’s determination  
29 in respect of the Application was made on September 7, 2007 and is set out below.  
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31 The Applicant’s proposed rates were not supported with actuarial analysis. It is often difficult to  
32 actuarially support endorsement pricing given that the experience in relation to most endorsements is too  
33 small to be credible. The Board accepts that it is appropriate in the circumstances to consider other  
34 elements and factors in determining whether the proposed rates are too high for each of the three  
35 proposed endorsements.  
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37 The Applicant proposes to increase the rate for its Endorsement 27 S - Grand Touring which combines  
38 coverage previously available through the purchase of three separate endorsements, SEF 20, SEF 27 and  
39 SEF 35. The rate for the proposed endorsement is lower than the total premium cost for the three separate  
40 endorsements. The Board is satisfied that the proposed rate is not too high in the 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 SEF 43R/43L – Limited Waiver of Depreciation. This is an existing endorsement providing for full  
11 payment of the original vehicle value in the event of a total loss without deduction for depreciation for a  
12 period of two years. The proposed rate is similar to rates of other insurers and the Board is satisfied that  
13 the proposed 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 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 Endorsement SEF 43R/43L- Limited Waiver of Depreciation 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