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NO. A. I. 14 (2007)

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

AND

IN THE MATTER OF an application by IAO Actuarial Consulting Service on behalf of Liberty Mutual Insurance Company (the “Applicant”) applied to the Board to adopt IAO advisory rates for its Private Passenger, Commercial, Interurban and Miscellaneous classes of automobile insurance business written in the Province.

On July 24, 2007 IAO Actuarial Consulting Service, on behalf of the Applicant, applied to the Board to adopt IAO advisory rates for its Private Passenger, Commercial, Interurban and Miscellaneous classes of automobile insurance business written in the Province.

The IAO is an industry organization that compiles loss data from its member companies and prepares actuarially based rate schedules for various classes of automobile insurance. The purpose of IAO filings is to provide member companies with a schedule of actuarially based rates without the requirement and expense of having to prepare actuarially based rates on individual company experience. All IAO filings are subjected to an analysis by the Board’s consulting actuaries in the same manner as Category 2 filings by an individual insurer. If found to be reasonable based on the applicable filing instructions, IAO filings are accepted as filed or as amended as a result of the review process. Once accepted by the Board the filed rates become the latest advisory rates for member companies of the organization.

At the time this application was received the Board was considering revised advisory rates for two of the classes of insurance included with the filing, namely the Commercial and Interurban Truck advisory rates. Given revised rates were under consideration this application was held in abeyance until the Board dealt with those revisions.

1 Only member companies of the IAO are permitted to utilize IAO advisory rates. Each member company
 2 must apply to the Board for approval to adopt the latest IAO rates. Advisory rates for the classes of
 3 business affected by this application were last accepted by the Board as follows:

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5	Private Passenger	August 15, 2002
6	Commercial	August 15, 2007
7	Interurban	August 15, 2007
8	Miscellaneous	August 15, 2002
9		

10 The Applicant is a member company of the IAO and is an insurer with a small volume of written
 11 premium in the province. Its 2005 Direct Premiums Written for automobile insurance in the Province are
 12 shown in the Report of the Superintendent of Insurance as \$125,000.00. As such the Applicant does not
 13 possess sufficient company-specific loss experience to prepare an independent actuarially based filing.
 14 The Board is satisfied that the advisory rates of the IAO, which are based on member company data, are
 15 acceptable for use by the Applicant in the current circumstances.

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 17 **IT IS THEREFORE ORDERED THAT:**

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 19 The application by IAO Actuarial Consulting Service, on behalf of Liberty Mutual Insurance Company,
 20 to adopt IAO advisory rates for its Private Passenger, Commercial, Interurban and Miscellaneous classes
 21 of automobile insurance business is approved with effect from September 7, 2007.

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

Robert Noseworthy
 Chairperson & Chief Executive Officer

Darlene Whalen, P.Eng.
 Vice-Chairperson

G. Cheryl Blundon,
 Board Secretary