

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

AN ORDER OF THE BOARD

NO. A.I. 6(2012)

1 **IN THE MATTER OF** the *Automobile*
2 *Insurance Act*, RSNL 1990, c. A-22, as
3 amended (the “*Act*”);
4

AND

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6
7 **IN THE MATTER OF** an application by
8 Federation Insurance Company of Canada
9 to implement revised rates for its Private
10 Passenger Automobiles class of business.
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12
13 **WHEREAS** on February 3, 2012 Federation Insurance Company of Canada applied to the Board
14 for approval of a revised automobile insurance rating program for its Private Passenger
15 Automobiles class of business; and
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17 **WHEREAS** the rating program proposes rates that are higher than those currently approved by
18 the Board; and
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20 **WHEREAS** on March 5, 2012 the Board’s consulting actuaries, Oliver Wyman, filed a report of
21 findings with the Board which identified key areas of the filing for the Board’s consideration;
22 and
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24 **WHEREAS** on March 9, 2012 Federation Insurance Company of Canada filed written response
25 to Oliver Wyman’s report which provided clarifications to a number of the company’s
26 assumptions; and
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28 **WHEREAS** on March 12, 2012 Oliver Wyman filed comments in response to the March 9,
29 2012 submission of Federation Insurance Company of Canada; and
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31 **WHEREAS** based on the record the Board finds that several proposed changes have not been
32 fully justified; and

1 **WHEREAS** the Board accepts the proposals of Federation Insurance Company of Canada with
2 the exception of: i) Health Levy; ii) Bodily Injury loss development; iii) return on investment
3 provision; and iv) contingent commission provision; and
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5 **WHEREAS** the Board will require Federation Insurance Company of Canada to file a revised
6 rate proposal for its Private Passenger Automobiles class of business incorporating the findings
7 of the Board as set out in the Reasons for Decision issued separately.
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9 **IT IS THEREFORE ORDERED THAT:**

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- 11 1. The application is denied.
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 - 13 2. Federation Insurance Company of Canada shall submit, for the approval of the Board, within
14 30 days of receipt of the Board's Reasons for Decision, a revised rate proposal for its Private
15 Passenger Automobiles class of business with the changes in parameters outlined therein.
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 - 17 3. Federation Insurance Company of Canada shall pay the expenses of the Board incurred in
18 connection with this matter.

Dated at St. John's, Newfoundland and Labrador, this 20th day of April 2012

Darlene Whalen, P.Eng.
Vice-Chair

James Oxford
Commissioner

Cheryl Blundon
Board Secretary