

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

**AN ORDER OF THE BOARD**

**NO. A.I. 1(2013)**

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

4  
5 **AND**

6  
7 **IN THE MATTER OF** an application by  
8 Royal and Sun Alliance Insurance Company  
9 of Canada for approval to implement revised  
10 rates for its Commercial Automobiles class of business.

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12  
13 **WHEREAS** on October 24, 2012 Royal and Sun Alliance Insurance Company of Canada  
14 applied to the Board for approval of a revised automobile insurance rating program for its  
15 Commercial 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 November 7, 2012 Royal and Sun Alliance Insurance Company of Canada filed  
21 a revised rate proposal with the Board following the exchange of information with the Board’s  
22 consulting actuaries, Oliver Wyman; and

23  
24 **WHEREAS** on November 29, 2012 Oliver Wyman filed a report of findings with the Board  
25 which identified key areas of the filing for the Board’s consideration; and

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27 **WHEREAS** based on the record the Board finds that several proposed changes have not been  
28 fully justified; and

29  
30 **WHEREAS** the Board accepts the proposals of Royal and Sun Alliance Insurance Company of  
31 Canada with the exception of: (1) the total expense ratio; (2) the profit provision; (3) the Driving  
32 Record differentials; (4) the Territory differential; and (5) the Multi-Line discount; and

33  
34 **WHEREAS** the Board will require Royal and Sun Alliance Insurance Company of Canada to  
35 file a revised rate proposal for its Commercial Automobiles class of business incorporating the  
36 findings of the Board as set out in the Reasons for Decision to be issued separately.

1 **IT IS THEREFORE ORDERED THAT:**

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- 3 1. The application is denied.
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- 5 2. Royal and Sun Alliance Insurance Company of Canada shall submit for the approval of the
- 6 Board, within 30 days of receipt of the Reasons for Decision, a revised rate proposal for its
- 7 Commercial Automobiles class of business that reflects the findings of the Board as set out in
- 8 the Reasons for Decision.
- 9
- 10 3. Pursuant to section 57 of the *Automobile Insurance Act* and section 90 of the *Public Utilities*
- 11 *Act*, Royal and Sun Alliance Insurance Company of Canada will be required to pay the costs
- 12 of the Board associated with this filing, including the costs of the actuarial review.

**DATED** at St. John's, Newfoundland and Labrador, this 3<sup>rd</sup> day of January 2013.

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Darlene Whalen, P.Eng.  
Vice-Chair

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Dwanda Newman, LL.B.  
Commissioner

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Cheryl Blundon  
Board Secretary