

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

AN ORDER OF THE BOARD

NO. A.I. 6(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 Private Passenger Automobiles class of business.

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13 **WHEREAS** on January 14, 2013 Royal and Sun Alliance Insurance Company of Canada
14 applied to the Board for approval of a revised automobile insurance rating program for its Private
15 Passenger Automobiles class of business (the “*Application*”); 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** the *Application* also proposes base rate changes to the Motorhomes and Historic
21 Vehicles rating program as these classes are rated based on Private Passenger Automobile rates;
22 and

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24 **WHEREAS** on February 6, 2013 Oliver Wyman, the Board’s actuarial consultants, filed a report
25 of findings with the Board which identified key areas of the filing for the Board’s consideration;
26 and

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

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31 **WHEREAS** the Board accepts the proposed changes to the Private Passenger Automobiles
32 rating program with the exception of: (1) the Health Levy; (2) the expense provision; and (3) the
33 profit provision; and

1 **WHEREAS** the Board finds that the proposed changes to the Motorhomes and Historic Vehicles
2 rating programs are not fully supported and will result in rates that are too high in the
3 circumstances; and
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5 **WHEREAS** the Board will require Royal and Sun Alliance Insurance Company of Canada to
6 file a revised rate proposal for its Private Passenger Automobiles class of business incorporating
7 the findings of the Board as set out in the Reasons for Decision to be 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. Royal and Sun Alliance Insurance Company of Canada shall submit for the approval of the
14 Board, within 30 days of receipt of the Reasons for Decision, a revised rate proposal for its
15 Private Passenger Automobiles class of business that reflects the findings of the Board as set
16 out in the Reasons for Decision.
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 - 18 3. Pursuant to section 57 of the *Automobile Insurance Act* and section 90 of the *Public Utilities*
19 *Act*, Royal and Sun Alliance Insurance Company of Canada will be required to pay the costs
20 of the Board associated with this filing, including the costs of the actuarial review.

DATED at St. John's, Newfoundland and Labrador, this 6th day of March 2013.

Darlene Whalen, P.Eng.
Vice-Chair

James Oxford
Commissioner

Sara Kean
Assistant Board Secretary