

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

**AN ORDER OF THE BOARD**

**NO. A.I. 4 (2014)**

1 **IN THE MATTER OF** the *Automobile*  
2 *Insurance Act*, RSNL 1990, c. A-22 (the “*Act*”),  
3 as amended, and regulations thereunder; and  
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5 **IN THE MATTER OF** an application by  
6 Dominion of Canada General Insurance Company  
7 for approval to implement a revised rating program  
8 for its individually rated Commercial Automobiles  
9 and Interurban Trucks class of business.  
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12 **WHEREAS** on January 17, 2014 Dominion of Canada General Insurance Company applied to  
13 the Board for approval of a revised rating program for its individually rated Commercial  
14 Automobiles and Interurban Trucks class of business; and  
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16 **WHEREAS** the rating program proposes rates that are higher than those currently approved by  
17 the Board; and  
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19 **WHEREAS** on February 19, 2014 the Board’s consulting actuaries, Oliver Wyman, filed a  
20 report of findings with the Board which identified key areas for the Board’s consideration; and  
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22 **WHEREAS** on February 26, 2014 Dominion of Canada General Insurance Company filed  
23 comments in response to the Oliver Wyman report; and  
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25 **WHEREAS** on March 3, 2014 the Board issued information requests regarding a number of  
26 outstanding issues; and  
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28 **WHEREAS** on March 4, 2014 Dominion of Canada General Insurance Company provided  
29 responses; 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 the Commercial Automobiles rating program  
2 with the exception of: i) the premium mix of business adjustment; ii) the Health Levy; and iii)  
3 the contingent commission provision; and  
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5 **WHEREAS** the rate proposal for Commercial Automobiles is less than or equal to the indicated  
6 rate level need by coverage calculated by Oliver Wyman using alternative reasonable  
7 assumptions for: i) the premium mix of business adjustment; ii) the Health Levy; and iii) the  
8 contingent commission provision; and  
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10 **WHEREAS** the Board is satisfied that the proposed rates for Commercial Automobiles are not  
11 too high in the circumstances; and  
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13 **WHEREAS** the rate proposal for Interurban Trucks is based on an analysis of current Facility  
14 Association rates and gives no consideration to projected loss experience; and  
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16 **WHEREAS** the Board does not accept marketing considerations or competitive analysis as  
17 support for a rate proposal; and  
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19 **WHEREAS** Dominion of Canada General Insurance Company may file a revised rate proposal  
20 for Interurban Trucks incorporating projected loss experience in the Province.  
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22 **IT IS THEREFORE ORDERED THAT:**  
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- 24 1. The Commercial Automobiles rate proposal received January 17, 2014 from Dominion of  
25 Canada General Insurance Company is approved to be effective no sooner than May 15,  
26 2014 for new business and June 15, 2014 for renewals.  
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- 28 2. The Interurban Trucks rate proposal received January 17, 2014 from Dominion of Canada  
29 General Insurance Company is not approved.  
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- 31 3. Dominion of Canada General Insurance Company will be required to pay the costs of the  
32 Board associated with this filing, including the costs of the actuarial review.

**DATED** at St. John's, Newfoundland and Labrador, this 26th day of March 2014.

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Darlene Whalen, P.Eng.  
Vice-Chair

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James Oxford  
Commissioner

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Cheryl Blundon  
Board Secretary