

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

**AN ORDER OF THE BOARD**

**NO. A.I. 11(2020)**

1 **IN THE MATTER OF** the *Automobile*  
2 *Insurance Act*, RSNL 1990, c. A-22,  
3 as amended, and regulations  
4 thereunder; and  
5

6 **IN THE MATTER OF** an application  
7 by Intact Insurance Company for  
8 approval to implement a revised rating  
9 program for its Private Passenger  
10 Automobiles category of automobile  
11 insurance.  
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14 **WHEREAS** on March 3, 2020 Intact Insurance Company (“Intact”) applied to the Board for  
15 approval of a revised rating program under the Mandatory filing option for its Private Passenger  
16 Automobiles category of automobile insurance; and  
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18 **WHEREAS** Intact filed an overall rate level indication of +1.9% and proposed an overall rate  
19 level change of -0.1% that varied by coverage; and  
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21 **WHEREAS** Intact’s proposed overall rate level change includes the following: (i) base rate  
22 changes by coverage that are uniform by territory; (ii) changes to current rating factor differentials  
23 for chargeable claims, minor convictions and years licensed; (iii) changes to the non-payment  
24 cancellation surcharge; and (iv) the introduction of a new rating variable; and  
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26 **WHEREAS** on March 20, 2020 Intact amended its overall rate indication from +1.9% to +1.6%  
27 based on adjustments and corrections it discovered; and  
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29 **WHEREAS** on April 8, 2020 the Board's actuarial consultants, Oliver Wyman Limited (“Oliver  
30 Wyman”), filed a report of findings with the Board which identified key areas of the filing for the  
31 Board's consideration; and  
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33 **WHEREAS** on April 14, 2020 the Oliver Wyman report of findings was forwarded to Intact for  
34 comment; and

1 **WHEREAS** on April 14, 2020 Intact confirmed that it had no comments in response to the Oliver  
2 Wyman findings; and

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4 **WHEREAS** Oliver Wyman estimated Intact's rate level need to be -0.6% based on alternative  
5 assumptions for the complement of credibility and the profit provision; and

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7 **WHEREAS** Oliver Wyman found Intact's proposed overall rate change of -0.1% to be reasonable  
8 due to the general uncertainty of the assumptions required to estimate the rate level indication and  
9 the relatively small difference between Intact's proposed change and Oliver Wyman's alternative  
10 indication; and

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12 **WHEREAS** Oliver Wyman reported that Intact's analysis and proposed changes to its current  
13 rating factor differentials and non-payment cancellation surcharge were supported; and

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15 **WHEREAS** Oliver Wyman did not comment on the reasonableness of Intact's proposed new  
16 rating variable as it was based on a competitive analysis which was not included in the filing  
17 documentation; and

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19 **WHEREAS** the Board notes that Intact's proposed new rating variable utilizes elements already  
20 found in Intact's current rating algorithm and will result in a discount for qualifying risks; and

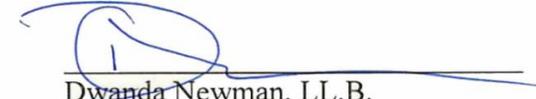
21  
22 **WHEREAS** the Board finds that Intact's proposals to change current rating factor differentials,  
23 change the non-payment cancellation surcharge and introduce a new rating variable are just and  
24 reasonable in the circumstances; and

25  
26 **WHEREAS** the Board is satisfied that the proposed rates are just and reasonable in the  
27 circumstances, do not impair the solvency of the insurer, are not excessive in relation to the  
28 financial circumstances of the insurer, and do not violate the *Automobile Insurance Act* or the  
29 *Insurance Companies Act* or the respective regulations thereunder.

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32 **IT IS THEREFORE ORDERED THAT:**

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34 1. The revised rating program received on March 3, 2020 from Intact Insurance Company for its  
35 Private Passenger Automobiles category of automobile insurance is approved to be effective  
36 no sooner than June 3, 2020 for new business and July 3, 2020 for renewals.

**DATED** at St. John's, Newfoundland and Labrador, this 27<sup>th</sup> day of April, 2020.



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Dwanda Newman, LL.B.  
Vice Chair



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Christopher Pike, LL.B., FCIP  
Commissioner



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Cheryl Blundon  
Board Secretary