

New Brunswick Insurance Board

DECISION WITHOUT REASONS (Reasons to Follow)

IN THE MATTER:

Of a rate revision application for Trafalgar Insurance Company

With respect to automobile insurance rates for

Private Passenger Vehicles

Written hearing date: March 01, 2016

Oral cross-examination date: March 02, 2016

Heard at Saint John, New Brunswick

Board:

Mr. Jean LeBlanc	Panel Chair
Ms. Francine Kanhai	Member
Mr. Roy Therrien	Member

Appearances: Applicant:

Intact Insurance Company

Mr. Todd Orrett	Vice President & COO
Ms. Nadia McPhee	Legal Counsel

Formal Interveners:

Office of The Attorney General

Mr. Michael Hynes	Solicitor
Ms. Paula Elliott	Consulting Actuary

Consumer Advocate for Insurance

Mr. Ronald Godin	Consumer Advocate
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Date of Written Hearing: March 01, 2016

Date of Oral Cross-examination: March 02, 2016
Decision Rendered: March 23, 2016

Time is of the essence given the amount of time which has lapsed since the Applicant filed the rate application under consideration. As a result the Panel hearing this matter is issuing this decision without reasons at this time in order to allow the Applicant the opportunity to implement the approved rates. The decision with reasons will be issued as soon as possible.

The Panel orders the Applicant to modify the following portions of its Filing, and to provide an updated rate filing that incorporates these changes with revised rate indications:

- 1) The Applicant must modify its approach to complement of credibility equivalent to 0% rate change. This change will lower the overall average rate change indication from +11.85% to +9.95%.
- 2) The Applicant must modify its target return on equity to 12% and must adopt a premium to surplus ratio of 2:1. This change will change the overall rate change indication from +11.85% to +8.46%.
- 3) The combined impact of the two changes above will lower the overall average rate change indication from +11.85% to +6.56% (prior to proposed capping).

The impact of the changes so ordered will be to lower overall average rate change indications from +11.85% to an average increase of +6.56%. The Applicant had proposed to adopt a selected average rate change of +6.86% (prior to proposed capping).

The Applicant is ordered to adopt the rate application as modified above with an approved rate change of +6.56%. The Applicant is further ordered to apply capping as previously proposed.

The approved rates will be effective May 17, 2016 for new business and June 17, 2016 for renewal business.

Dated at Saint John, NB March 23, 2016

(Signed as per original)

Jean LeBlanc, Panel Chair
Vice-Chairman, New Brunswick Insurance Board

WE CONCUR:

Signed as per original
Francine Kanhai

Signed as per original
M. Roy Therrien