



Information Bulletin 06-05

December 15, 2006

This bulletin highlights determinations by the Nova Scotia Insurance Review Board (the Board) that affect industry. This publication is not a legal document. It contains general information and is provided for convenience and guidance in applying the *Insurance Act* (Chapter 231 of the Revised Statutes of Nova Scotia, 1989, as amended), and Regulations. In all circumstances reference should be made to the legislation.

Simplified Filing Requirements Inexperienced Drivers & Risk Sharing Pool

The Board is responsible for regulating automobile insurance rates in the province of Nova Scotia. On January 1, 2007, Facility Association will introduce a Risk Sharing Pool for private passenger automobile operators with less than 6 years experience who have a "clean"/"clear" record.

The Board has developed the attached simplified filing requirements for use by a company applying to reduce its current rates for these operators. The application will be reviewed and an Order issued. Until the Order is issued, the company is not allowed to use the new rates.

These simplified filing requirements are available for use when the **only** change contemplated is a reduction in rates associated with inexperienced drivers (i.e. drivers licensed for less than six years). Such a change would also include any modifications to rates for the six to ten years of experience category to manage dislocation. For other changes, the Board requires a complete filing in accordance with published filing requirements. For greater clarity, a company wishing to increase its rates for these operators will be required to submit an application under the regular rate filing guidelines found on the Board's website.

Seven hard copies of the complete package should be mailed to:

**Nova Scotia Insurance Review Board
5151 Terminal Road, 2nd floor
PO Box 2251
Halifax, NS B3J 3C8**

As well, an electronic copy should be sent to NSIRB@gov.ns.ca.

Per its September 28, 2004 ruling on confidentiality, the Board views sections 4, 5, 6 and 7 of these guidelines to be information filed under sections 8 and 14 of the then current filing requirements and thus would not be routinely disclosed

Donna Boutilier
Executive Officer

Nova Scotia Insurance Review Board

Simplified Filing Requirements for Inexperienced Driver Rate Changes in Response to Facility Association Risk Sharing Pool

1. A letter from the company explaining the change being made and the implementation date of the new rates for New Business and Renewals. A **minimum of 20 days notice** of the implementation date must be given.
2. An original signed certificate of an authorized officer of the Company must accompany each filing. A form of the Certificate of Officer is attached as Appendix B1. Authorized officers are the President, CEO, COO, CFO, any vice-president, the treasurer, or the corporate secretary or Chief Agent for Canada, for the Company. Also, the key contact person for the filing must be identified.
3. A set of completed Inexperienced Operator Rating Profiles (both principal and occasional operator versions) that compare the proposed rates with those of Facility Association. These profiles will be available on the Board website (www.gov.ns.ca/nsirb). The Facility Association rates will be completed in the current rate category.
4. A detailed description of the methodology used to determine the proposed rates for inexperienced operators and the rationale for adopting this method. Where available, a demonstration of application of the methodology should be provided. Because current Facility Association rates do not use gender as a rating variable, a company proposing to maintain a gender difference must fully support the chosen differentials.
5. A description of any capping mechanism that the company envisions being used and an example of the application of the same.
6. A description or depiction of how the rates transition from the under 6 years of experience category through the 6+ years of experience category and how the company intends to manage the dislocation at that 6 year point. Note, the Board is concerned with the potential for dislocation as a driver moves past 6 years of experience and becomes ineligible for the pool and this requirement will help address these concerns.
7. A description of the process for determining which risks will be ceded to the risk sharing pool. Also, an estimate of the volume of business the company is likely to attract and the volume it will likely cede to the pool.
8. The proposed revised rate manual pages reflecting the change to the inexperienced operator rates.