

DECISION

2018 NSUARB 190
M08921

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE INSURANCE ACT



- and -

IN THE MATTER OF AN APPLICATION by ALLSTATE INSURANCE COMPANY OF CANADA for approval to modify its rates for private passenger vehicles

BEFORE: Roberta J. Clarke, Q.C., Member

APPLICANT: ALLSTATE INSURANCE COMPANY OF CANADA

FINAL SUBMISSIONS: October 3, 2018

DECISION DATE: October 10, 2018

DECISION: Application is approved.

I INTRODUCTION

[1] Allstate Insurance Company of Canada (Allstate or Company) filed supporting documents and materials (Application) with the Nova Scotia Utility and Review Board (Board) for approval to modify its rates for private passenger vehicles. The Application, dated October 1, 2018, was filed electronically on that date.

[2] Information Requests (IRs) were not required to be sent to the Company.

[3] As a result of a review by Board staff, a staff report dated October 3, 2018 (Staff Report), was prepared. The Staff Report was provided to the Company for review on the same date. The Company responded later on that date, indicating that it had reviewed the Staff Report and had no comments.

[4] The Board did not deem it necessary to hold an oral hearing on the Application.

II ISSUE

[5] The issue in this Application is whether the proposed rates are just and reasonable and in compliance with the *Insurance Act (Act)* and its *Regulations*.

III ANALYSIS

[6] The Company sought approval to change its rates for private passenger vehicles. The Application was made under s. 155H of the *Insurance Act*, R.S.N.S. 1989, c 231, and the Board's *Rate Filing Requirements for Automobile Insurance – Section 155H Expedited Approval (Rate Filing Requirements)*.

[7] Section 155H of the *Insurance Act* permits an insurer to apply for rates to be approved on an expedited basis if the average of the proposed rates for each coverage and category of automobile insurance does not exceed an amount that is prescribed by the Board. The Board currently permits expedited approval applications for changes to rates for private passenger vehicles that are less than or equal to 4% on an all coverage combined basis. Changes to risk-classification systems cannot be made with an expedited approval application.

[8] An application for expedited approval does not qualify to reset the mandatory filing date.

[9] The proposed effective date is January 1, 2019, for new and renewal business.

Rate Level Changes

[10] The Company proposed an overall rate level increase of 4% to its rates.

[11] An application for expedited approval under the *Rate Filing Requirements* does not require the production of updated actuarial indications. An insurer is still required to provide support for its proposed changes to base rates, but in doing so may compare its proposed rates to the indications and approved rate changes from its most recent mandatory filing or a more recent set of indications, if available. In some circumstances, other forms of justification for the proposed rates may also be permitted.

[12] In this case, Allstate compared its proposed rates to the indications it provided in its last application for changes to its rates and risk-classification system for private passenger vehicles (2018 NSUARB 111). That application resulted in an

approved overall rate level increase of 9.9%, although the indicated overall rate level change was much higher.

[13] The overall rate level increase requested by Allstate in this Application, combined with the previously approved increase, is still below the Board allowed indications in the Company's recently approved application. As a result, the return on equity under the proposed rates would be lower than the 10% Board ordered target.

[14] Board staff have recommended the approval of the rates proposed by Allstate in this Application, and the Board agrees.

Automobile Insurance Manual

[15] Board staff have reviewed the Automobile Insurance Manual on file and found no instances where the Company is in violation of the *Regulations*. The Company proposed no changes to its Automobile Insurance Manual. Because the only changes requested in the Application are to rates, the Board does not require a new copy of the Automobile Insurance Manual.

IV FINDINGS

[16] The Board finds that the Application complies with the *Act* and *Regulations*, as well as the *Rate Filing Requirements*.

[17] The financial information submitted by the Company satisfies the Board, pursuant to Section 155l(1)(c) of the *Act*, that the proposed changes are unlikely to impair the solvency of the Company.

[18] The Board finds the proposed rates are just and reasonable.

[19] The mandatory filing date for private passenger vehicles for the Company remains as March 1, 2020.

[20] The Board approves the effective date of January 1, 2019, for new and renewal business.

[21] An Order will issue accordingly.

DATED at Halifax, Nova Scotia, this 10th day of October, 2018.



Roberta J. Clarke .