

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE INSURANCE ACT

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- and -

IN THE MATTER OF AN APPLICATION by **AVIVA INSURANCE COMPANY OF CANADA** for approval to introduce a new endorsement for motorcycles

BEFORE: David J. Almon, Member

APPLICANT: AVIVA INSURANCE COMPANY OF CANADA

FINAL SUBMISSIONS: March 29, 2016

DECISION DATE: April 22, 2016

DECISION: Application is approved.

I INTRODUCTION

[1] Aviva Insurance Company of Canada (“Aviva” or “Company”) electronically filed an application (“Application”) with the Nova Scotia Utility and Review Board (“Board”) on March 17, 2016, to introduce a new endorsement for motorcycles.

[2] As a result of a review by Board staff, a staff report dated March 29, 2016 (“Staff Report”) was prepared and provided to the Company for review. The Company responded on March 29, 2016, indicating that it had reviewed the Staff Report and had no comments.

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

[4] The Application was made in accordance with the Board’s *Rate Filing Requirements for Automobile Insurance – Section 155G, Endorsements* (“*Rate Filing Requirements*”).

[5] Two sister companies to Aviva, namely, Traders General Insurance Company and Elite Insurance Company have requested in concurrent applications that they be granted the same endorsement offering as Aviva.

[6] The effective dates are May 1, 2016, for new business and June 1, 2016, for renewal business.

II ISSUE

[7] Aviva proposes to introduce the Satellite Roadside Assistance Endorsement for motorcycles. The Company has offered a similar endorsement for

private passenger vehicles although the pricing is proposed to change based on a private passenger vehicles filing that is currently before the Board.

[8] The proposal will provide for access to a limited number of services (Emergency Road Services, Travel Services, “Ask an Expert” service) for a \$50 premium per motorcycle.

[9] The issue in this Application is whether the proposed endorsement offering is just and reasonable and in compliance with the *Insurance Act* (“Act” and “Regulations”).

III ANALYSIS

[10] Aviva indicates that this endorsement provides for similar coverage to that provided under the private passenger vehicle version of the endorsement. It gives the client access to emergency road services, such as towing, flat tire service, battery boost, fuel delivery, lock-out service, extrication or winch service (e.g. out of a ditch). The endorsement allows for up to four such claims per policy term.

[11] The endorsement also provides access to travel services such as trip planning. Only two such claims per policy term are available.

[12] In the private passenger vehicle application before the Board, Aviva simplified the pricing structure to charge \$70 for each vehicle covered.

[13] Aviva indicated that the frequency of claims under the motorcycle version of the endorsement is expected to be much lower. However, the impact of the lower frequency is offset in part by the higher towing costs because motorcycles must use the more costly flatbed towing service. Aviva proposes to charge \$50 for each motorcycle to reflect these differences.

[14] Given this is a new endorsement, there is no impact associated with offering the endorsement.

[15] Aviva expects a fairly small uptake (1%) based on the uptake for private passenger vehicles.

[16] The Superintendent of Insurance has approved the endorsement form for use. A copy of the approval was provided with the Application, as required.

[17] Board staff state that Aviva has provided sufficient support for its proposal to introduce the Satellite Roadside Assistance Endorsement and the \$50 premium for motorcycle.

[18] The Board agrees and approves the endorsement as filed.


IV FINDINGS

[19] The Board finds that the Application is in compliance with the *Act* and *Regulations*.

[20] The Board approves the proposed introduction of the Satellite Roadside Assistance Endorsement including the proposed \$50 premium for motorcycle risk. The Board approves the effective dates of May 1, 2016, and June 1, 2016, for new business and for renewals, respectively.

[21] An Order will issue accordingly.

DATED at Halifax, Nova Scotia, this 22nd day of April, 2016.



David J. Almon