

**DECISION**

**2024 NSUARB 184  
M11948**

**NOVA SCOTIA UTILITY AND REVIEW BOARD**

**IN THE MATTER OF THE INSURANCE ACT**

**- and -**

**IN THE MATTER OF AN APPLICATION** by **TD INSURANCE GROUP** for approval to change its risk-classification system for private passenger vehicles and miscellaneous vehicles

**BEFORE:** Julia E. Clark, LL.B., Member

**APPLICANT:** **TD INSURANCE GROUP**

**FINAL SUBMISSIONS:** November 1, 2024

**DECISION DATE:** **November 13, 2024**

**DECISION:** **The application is approved.**

## I INTRODUCTION

[1] On October 29, 2024, TD Insurance Group (TD) applied to the Nova Scotia Utility and Review Board to change its underwriting rules for private passenger vehicles and miscellaneous vehicles. TD represents Security National Insurance Company, Primmum Insurance Company, and TD Home and Auto Insurance Company. The company proposed modification of the age threshold for vehicles of special value (PPV only); revision of the risk point scorecard (Security National only); addition to the acceptable reasons to use pro-rated cancellation; and the addition of a rule related to theft claims frequency.

[2] TD also proposed some editorial or wording changes to rules to clarify or better explain how those rules, which are not changing, should be applied. It included changes that do not impact the companies' risk classification systems or the premium an insured would pay, and therefore do not require Board approval. Those changes are not therefore addressed in this decision.

[3] The Board must consider whether the proposed changes are just and reasonable and in compliance with the *Insurance Act (Act)* and its *Regulations*. The Board is satisfied that TD's application meets these requirements and approves the proposed changes.

## II ANALYSIS

[4] As recommended by Board staff, TD used a simplified version of the Board's *Rate Filing Requirements for Automobile Insurance (Section 155G Prior*

*Approval*) to seek approval for changes to the underwriting rules for private passenger vehicles and miscellaneous vehicles.

[5] Since the filing of this application, TD received and responded to Information Requests (IRs) from Board staff. Board staff examined all aspects of TD's application and prepared a report (Staff Report) to the Board with recommendations. Before providing the Staff Report to the Board, Board staff shared it with TD. The company reviewed the report and informed Board staff that it had no additional comments to make.

[6] Board staff reviewed the application to make the recommendations in the Staff Report, and suggested that the Board further review certain issues including:

- Modification of the age threshold for Vehicles of Special Value (private passenger vehicles only);
- Revision of Risk Point Scorecards for multiple Major Convictions in the last three years – Security National;
- Addition of Reason to use pro-rated cancellation; and
- Addition of rule related to total theft frequency.

*Modification of the Age Threshold for Vehicles of Special Value (PPV Only)*

[7] Currently, if a private passenger vehicle is 15 years old or more and meets eligibility criteria, TD will consider the vehicle as a "Vehicle of Special Value". These vehicles receive a discount on the premiums for Bodily Injury, Direct Compensation Property Damage, Accident Benefits Uninsured Automobile and Collision and are rated by value. Without changing the other eligibility criteria, TD seeks to change the age requirement to 25 years or older. The change would see qualifying vehicles aged 15 to

24 years old no longer eligible for the discount, nor would these vehicles be rated by value.

[8] TD noted it has no vehicles in this 15 to 24-year category, therefore the change has no impact on current customers. The change is not prohibited by the Regulations. Board staff recommend the Board approve the proposed change to the Vehicles of Special Value criterion for the group of companies. The Board agrees.

*Revisions of Risk Point Scorecards (Security National only)*

[9] TD proposed to change the Risk Point Scorecard points assigned to the Number of Major Convictions for Security National only. The change will apply to private passenger vehicles, motorhomes, and utility and recreational trailers.

[10] TD assigns points for various risk characteristics when issuing a new policy or renewing an existing policy. If the total assigned risk points exceed a certain level, TD will decline to write the risk. TD currently assigns five risk points to a client with two or more Major convictions in the past three years. Primmum and TD Home and Auto assign three risk points for a single Major conviction in the past three years, while Security National assigns two risk points.

[11] TD intended for all three companies to assign three risk points for risks with a single Major conviction in the past three years for renewing business. For new business, Security National would assign only two risk points, while Primmum and TD Home and Auto assign three risk points. However, that was not what Security National applied for and received approval for in its last application [2023 NSUARB 133]. In this application,

TD proposed this change for Security National to implement the originally-intended three risk points for renewing business.

[12] Board staff recommended the Board approve the proposed changes for number of Major convictions for the Risk Point Scorecard for renewing risks for Security National only. The Board agrees.

*Addition of Reason to use Pro-Rated Cancellation*

[13] TD proposed to add “Vehicle returned to seller/dealer within 90 days of purchase date” to the list of reasons where the company will provide a pro-rated refund of premium when an insurance policy is cancelled. No cancellation fee will be applied to the refund in those circumstances. TD proposed this change to enhance the customer’s experience and to provide financial relief if the insured returns the vehicle to the seller/dealer within 90 days.

[14] Board staff recommended the Board approve the addition of this reason for the pro-rated refund, which will increase the refund of premium associated with a vehicle returned in these circumstances. The Board agrees.

*Addition of Rule Related to Total Theft Frequency*

[15] TD originally proposed a declination rule related to total theft frequency that would violate the *Automobile Insurance Underwriting Practices Regulations*. After discussion with Board staff, TD removed the declination rule and instead imposed a minimum deductible for Comprehensive, if the risk has had two or more total thefts in the

last three years. The minimum deductible would apply to all new business, plus existing and renewal customers.

[16] TD noted it is reasonable to assume that customers' tendency to stay within the same style/range when acquiring a replacement vehicle could leave the new vehicles as attractive to thieves as the vehicles being replaced. That is, the potential for another theft claim after such prior claims would be higher. The minimum deductible provides some compensation for that additional theft risk and helps to address TD's tolerance for those higher risks.

[17] Board staff recommended the Board approve the proposed rule to apply a minimum deductible for Comprehensive, where the insured has had two or more total thefts in the past three years. The Board agrees with the rule change

#### Automobile Insurance Manual Review

[18] TD provided revised manual pages for the changes applicable to each company. Board staff did not identify any areas where the changes or existing manuals would result in violations of the *Act* or the *Regulations*. Each company within the TD Insurance Group must provide a complete revised manual reflecting the changes approved in this decision within 30 days of the date of the order in this matter.

### **III SUMMARY**

[19] The Board finds that the application follows the *Act* and its *Regulations*, as well as the *Rate Filing Requirements*.

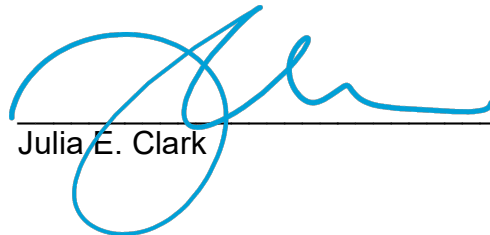
[20] The Board approves the rule changes effective February 24, 2025, for new business and April 25, 2025, for renewal business.

[21] The Board reviewed the other planned changes (not addressed in this decision), which would not impact premiums or the companies' respective risk classification systems. These changes do not violate the *Insurance Act* or *Regulations* and do not otherwise require Board approval to implement.

[22] This simplified application does not qualify to set new mandatory filing dates under the *Mandatory Filing of Automobile Rates Regulations*. The mandatory filing date for TD for private passenger vehicles remains November 1, 2025, and July 1, 2025, for miscellaneous vehicles.

[23] An order will issue accordingly.

**DATED** at Halifax, Nova Scotia, this 13<sup>th</sup> day of November 2024.



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Julia E. Clark