

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE INSURANCE ACT

- and -

IN THE MATTER OF AN APPLICATION by **NORTHBRIDGE FINANCIAL CORPORATION** for approval to modify its risk-classification system for private passenger vehicles

BEFORE: Murray E. Doehler, CPA, CA, P.Eng., Member

APPLICANT: **NORTHBRIDGE FINANCIAL CORPORATION**

FINAL SUBMISSIONS: May 8, 2017

DECISION DATE: **June 14, 2017**

DECISION: **Application is approved.**

I INTRODUCTION

[1] Northbridge Financial Corporation (“NBFC” or “Company”) filed supporting documents and materials (“Application”) with the Nova Scotia Utility and Review Board (“Board”) for approval to modify its risk-classification system for private passenger vehicles. The Application was filed electronically on April 17, 2017. The Application is being filed by the Company on behalf of: Zenith Insurance Company (“Zenith”); Tokio Marine & Nichido Fire Insurance Company Limited (“Tokio”); Northbridge General Insurance Corporation (“NGIC”); and Northbridge Personal Insurance Corporation (“NPIC”).

[2] The proposed change will also apply to private passenger vehicles and commercial vehicles for Federated Insurance Company of Canada (“Federated”), another company affiliated with NBFC.

[3] As a result of a review by Board staff, a staff report dated May 2, 2017 (“Staff Report”), was prepared and provided to the Company for review on the same date. The Company responded on May 8, 2017, 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 change to the risk-classification system is just and reasonable and in compliance with the *Insurance Act* (“Act”) and its *Regulations*.

III ANALYSIS

[6] The Company sought approval to change its risk-classification system for private passenger vehicles. The Application was made in accordance with the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval* (“*Rate Filing Requirements*”).

[7] The proposed, amended, effective dates are June 15, 2017, for new business and July 15, 2017, for renewal business for Zenith, Tokio, NGIC and NPIC. The proposed effective date is July 1, 2017, for new and renewal business for Federated.

Rate Level Changes

[8] NBFC is proposing to change the definition of “At-Fault Accident” in order to clarify its procedure regarding these accidents and to harmonize the definition across all of the companies in the group. The changes affect the way risks are classified, and requires Board approval.

[9] The new definition is very similar to what is currently being used. There are two changes.

[10] The first change removes some ambiguity around the current wording “has some degree of fault” in the definition of an At-Fault Accident. In the Application, the Company proposes to specifically state that for the accident to be assigned as an At-Fault Accident for the Applicant or the Insured, the degree of fault must be 26% or more.

[11] NBFC explains that the rules used to determine fault in an accident include only one type of accident where the driver would be assigned a degree of fault below 26%. A driver who is passing another driver who is turning left into a private

drive/roadway and is involved in an accident would be assigned less than 26% of fault for the accident. The new rule would not treat this as an At-Fault Accident. This approach also makes this point clear, eliminating the belief that any driver turning left involved in an accident is always at-fault.

[12] The second change relates to damage to a parked vehicle. NBFC proposes the removal of the requirement that the vehicle be legally parked and the addition of the requirement that the incident be reported to the police within 24 hours. The latter part is consistent with the Company approach for accidents involving an unidentified or an uninsured driver. It is also consistent with the requirements of other automobile insurance companies.

[13] The Company proposed no other changes to its Rate Manual other than those necessary to effect the changes noted in this Decision.

[14] Board staff concluded the Application provides adequate support for the proposed changes and recommends approval. The Board approves the changes, as filed.

IV FINDINGS

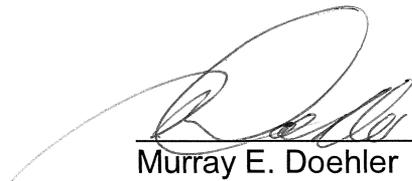
[15] The Board finds that the Application complies with the *Act* and *Regulations*, as well as the *Rate Filing Requirements*.

[16] The Board approves the effective dates of June 15, 2017, for new business and July 15, 2017, for renewal business for Zenith, Tokio, NGIC and NPIC and the effective date of July 1, 2017, for new and renewal business for Federated.

[17] The Company is required to file an electronic version of its updated Rate Manual within 30 days of the issuance of the Order in this matter.

[18] An Order will issue accordingly.

DATED at Halifax, Nova Scotia, this 14th day of June, 2017.



Murray E. Doehler