**DECISION**

**2018 NSUARB 59**
**M08421 and M08422**

# NOVA SCOTIA UTILITY AND REVIEW BOARD

## IN THE MATTER OF THE INSURANCE ACT

**- and -**

**IN THE MATTER OF APPLICATIONS** by **AVIVA INSURANCE COMPANY OF CANADA** and **TRADERS GENERAL INSURANCE COMPANY** for approval to modify their respective rates and risk-classification system for private passenger vehicles

**BEFORE:** David J. Almon LL.B., Member

**APPLICANT:** **AVIVA INSURANCE COMPANY OF CANADA**
**TRADERS GENERAL INSURANCE COMPANY**

**FINAL SUBMISSIONS:** February 20, 2018

**DECISION DATE:** **March 23, 2018**

**DECISION:** **Applications are approved.**

## I INTRODUCTION

[1] Aviva Insurance Company of Canada (Aviva or Company) and Traders General Insurance Company (TGIC), which are sister companies, filed supporting documents and materials (Applications) with the Nova Scotia Utility and Review Board (Board) for approval to modify their respective rates and risk-classification system for private passenger vehicles (PPV). Both Applications were filed electronically on December 1, 2017, and original documents were received on December 4, 2017.

[2] Information Requests (IRs) were sent to Aviva and TGIC on December 20, 2017. Aviva and TGIC provided responses on January 18, 2018, when it became clear that the TGIC Application was intrinsically tied to the Aviva Application and the two could be addressed together.

[3] Accordingly, Board staff addressed future questions to Aviva only. Additional IRs were sent to Aviva on January 29 and 30, 2018, and February 7, 2018, and responses were received February 7 and February 12, 2018.

[4] As a result of review by Board staff, a staff report dated February 16, 2018 (Staff Report) was prepared and covered both applications. The Staff Report was provided to Aviva for review on the same day. In an email from Aviva, dated February 16, 2018, and received by the Board on February 20, 2018, it indicated that the Company had no comments to add to the report.

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

## II ISSUE

[6] The issue in each of these Applications is whether the proposed rates and changes to the risk-classification systems are just and reasonable, and in compliance with the *Insurance Act* ("*Act*") and its *Regulations*.

## III ANALYSIS

[7] Aviva and TGIC sought approval to change their rates and risk-classification systems for PPV. Their Applications were made in accordance with the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval* (*Rate Filing Requirements*). Their respective mandatory filing date was December 1, 2017.

[8] The Applications included full actuarial indications and the required analysis of territorial differentials to allow them to quality to reset the mandatory filing deadlines. Board staff recommends the Board reset the mandatory filing deadlines for these vehicles for Aviva and TGIC to December 1, 2019.

[9] Aviva and TGIC proposed the effective dates of July 1, 2018, for both new business and renewals.

### Rate Level Changes

[10] Given the reliance of TGIC on the Aviva rates, most of this decision deals with Aviva, except where specifically noted.

[11] Aviva proposed changes to its base rates and differentials, which vary by territory, and to its risk-classification system that results in an overall increase of 9.9%. To support these changes, Aviva provided actuarial indications that suggest Aviva should increase its rates overall by 20.9%.

[12] TGIC proposed to set rates equal to a certain percentage of the rates proposed for Aviva. The changes result in a proposed overall rate increase of change of 5.5%.

[13] The Company also proposed changes to its territory definitions, its discount and surcharges, its liability limits, and its rate group table. Aviva also proposed the use of some new rating variables, the removal of its split driving record, and updates to rating algorithm, and underwriting rules.

[14] Both Aviva and TGIC proposed changes to their current premium dislocation caps.

[15] In considering the Aviva Application, Board staff reviewed all aspects of the ratemaking procedure, including the following:

- Loss trends and the effects of reform;
- Loss development;
- Credibility standards and procedure;
- Premium (rate group drift) trends;
- Expense provisions, including Unallocated Loss Adjustment Expenses (ULAE);
- Experience period and weights;
- Premium to surplus leverage ratio; and
- Target and proposed Return on Equity (ROE).

[16] Board staff advise that the only issues arising as a result of its review of the Aviva analysis of its rate level needs are Loss Trends and Profit Provision, specifically, target ROE.

[17] All other issues identified during a review by Board staff were resolved though the IR process.

**Loss Trends**

[18] With the release of the industry claims experience through December 2016 last year, Board staff requested Oliver Wyman (OW), the Board's consulting actuaries, to develop assumptions for loss trends for PPV. The data used went as far back as 2002.

[19] In developing its selections, OW reviews frequency, severity and loss cost trends. OW models the data several different ways, in an attempt to determine the underlying trends during the experience – over time periods that are longer than the experience period, as a means of increasing the stability/reliability of the data being analysed, but at the same time, being responsive to changes and patterns that may have occurred, and with or without certain data points, to improve their understanding of the sensitivity of the calculated trends to the inclusion and exclusion of those points. OW selected trends, after examining these various time periods, primarily over five to ten years of data.

[20] After selecting past loss cost trends, OW selected future trends to match the selection for past trends except for Property Damage-Tort, Direct Compensation Property Damage (DCPD), and Collision. These future trends reflect the experience after the introduction of DCPD, and apply from that point (April 1, 2013) forward.

[21] Aviva, in selecting its loss trends assumptions, reviewed its own experience data in Nova Scotia, through December 31, 2016, combined with that for TGIC. The Company also considered the OW Report prepared based upon experience data through December 31, 2016.

[22] The Company used a regression analysis to separately review frequency, severity and loss costs, using a number of different combinations of years of data over

the last ten years. Aviva argues that its experience has been significantly different from the industry, warranting the use of its own data, in whole or in part, for the development of loss trends. As well, the Company argues that because its volume of business represents a market share of about 9%, there is reasonable credibility in its experience.

[23] Board staff advises that rather than reflect only internal experience, however, the Aviva selections represent a 50% weighting of the Aviva-only trends and the OW 2016 based selections.

[24] Board staff compared the Aviva-only trends, the OW December 2016 trends, and the Company's selected trends (i.e., 50% of Aviva-only trends and OW December 2016).

[25] Board staff compared the differences between Aviva and OW, noting that they were not as large as those observed in past filings; however, they do appear to illustrate that there are some differences. The use of the 50% weighting of the Aviva-based trends and the OW trends allows for some recognition of the Aviva experience, without moving fully to the use of the Aviva experience-based trends.

[26] Board staff advised that Aviva provided sufficient evidence to support the use of its loss trends selections. The Board approves the Aviva selected loss trends, as filed, for use in the indications.

*Profit Provision*

[27] Assuming a 2:1 premium to surplus ratio and a range of 10-12% for ROE and using the Aviva selection for investment return on surplus assets, the Board range for profit provision, expressed as a percentage of premium, is 6.5-7.9%.

[28] Aviva uses a profit provision that reflects a 12% target for ROE and a 2:1 premium to surplus ratio. This combination produces a profit provision at the high point of the Board range. This profit provision is consistent with the one Aviva included in its last filing for PPV. In that filing, the Board required Aviva to move to a 10% ROE, resulting in a profit provision at the low end of the range.

[29] As the Board has expressed concern of the level of ROE and the profit observed in the industry generally, in a number of decisions it has required companies to use a 10% ROE in developing its indications. It has also asked individual companies why they should not be required a 10% ROE.

[30] It is no different for Aviva, in the present Application. Both Aviva and TGIC produced indications using a 10% ROE.

[31] Board staff does not believe that the circumstances of Aviva or TGIC warrant a different treatment than the Board has employed for other insurance carriers in Nova Scotia, and has imposed on Aviva in past applications. Board staff recommends that the Board require Aviva to use a 10% ROE in its indications. The Board accepts the recommendation.

**Comparison of Proposed Rates to Indicated Rates**

[32] Board staff recommends the Board use the staff indications, which are the indications calculated using a 10% ROE in place of the selected 12%, with all other assumptions unchanged, as the appropriate target, against which to assess the reasonableness of the proposed rates.

[33] The proposed rate changes produced lower rates than indicated for all coverages except for Specified Perils. For Specified Perils, Aviva proposed a small

increase, despite the indications for a very small decrease. Overall, the proposed increase is well below the indications.

[34] Aviva estimated that the proposed rates would produce a 2.02% ROE, which is well below both the Aviva company target and the low end of the Board's range.

[35] The proposed rate change for TGIC produced lower rates than indicated for all coverages except for Bodily Injury, Accident Benefits, Collision and Specified Perils. The opposite is true for these coverages. The deviations from indicated changes result from the pegging of the TGIC rates to Aviva rates. The Company explained that the choice of setting the TGIC rates as a percentage of Aviva rates maintains a clear relationship between the rates for the two Companies. Aviva believes it will also make it easier to communicate with Brokers and manage their expectations on the rate differences between the two companies.

[36] TGIC estimated that the proposed rates would produce a ROE of 8.49%. This result is also well below the company target and the low end of the Board's range. Board staff note that the TGIC rates do, however, produce a higher ROE than the proposed Aviva rates produce.

[37] Board staff recommends the Board approve the proposed rates for Aviva, as filed. Board staff also recommends the Board approve the changes that set the TGIC rates equal to the proposed percentage of the Aviva rates, as filed.

## Other Proposed Changes

### *Territory Definitions and Differentials*

[38] Aviva proposed changes to its territory definitions. The first change will remove the current territory 1E and will relocate those risks to territory 03. Aviva argues

there was insufficient exposures in the old territory 1E to reflect any geographical differences. Aviva chose territory 03 to receive these risks because most of the postal codes in territory 1E are adjacent to territory 03. The change would improve contiguity in territories. One postal code, B2T 1K5, is moving from territory 03 to territory 1A. Given the move of the forward sortation address, B2T, from 1E to 03, this change seems out of place. Aviva explains that this postal code is well inside the Halifax Dartmouth District of territory 1A, and leaving this code as territory 2 would see it as an island surrounded by other territory 1A codes. Board staff believes this change is reasonable in the circumstances.

[39] After making these changes, Aviva proceeded to review the experience in the territories. Aviva did not derive indicated territorial differentials directly but rather undertook an analysis of its territorial indications by coverage. Based upon this analysis, Aviva proposed changes to a few of its territories that resulted in the overall proposed provincial change. Proposed changes followed the direction of the indications; only the magnitudes were different (i.e., smaller than indicated increases and decreases were generally taken). Aviva made the deviations based on consideration of competitive position, regional business concerns, the stability of rates between years, and consistency of rates among territories.

[40] Board staff advised that Aviva supported its proposed changes to its territory definitions and to territory base rates.

[41] Board staff recommends, and the Board approves, the proposed territory definitions and the proposed base rates.

*Class Differentials*

[42] Aviva undertook an analysis of its differentials for its Class rating variable. While Aviva examined all classes, the Company only proposed changes for inexperienced occasional operator classes (05 and 06). These classes showed the largest potential change.

[43] Board staff advised that the proposed changes are in the direction of the indications; however, the proposed increases, while in some cases are relatively large, are well below the indicated changes.

[44] Aviva adequately supported its proposed changes to its Class differentials and Board staff recommends the Board approve them. The Board approves the proposed Class differential changes, as filed.

*Rating Variables*

[45] Aviva undertook a Generalized Linear Model (GLM) analysis of a number of variables with the goal of updating the differentials and, where significant, introducing new rating variables. Aviva analyzed frequency, severity and loss cost models during this process. Aviva explains that reviewing frequency and severity provides more insight into the claims process by understanding claims reporting and settlement separately.

[46] Based on this analysis, Aviva proposed revisions to the differentials for Driving Record. The selections follow the direction of the model results. The proposed changes, however, are often smaller than the indicated change. The proposed changes vary by coverage (Bodily Injury, PD-Tort & DCPD, and Collision) and by urban and rural territory. Aviva adequately supported the chosen differentials. Board staff recommends and the Board approves the Driving Record differentials, as filed.

[47] Aviva proposed the introduction of three new variables. The GLM analysis suggested these variables explained a significant amount of signal from the data and that warrants their inclusion in the rating algorithm.

*Years Since Last At-Fault Accident*

[48] This variable measures the number of full years since the last at-fault accident occurred. The allowable values are 0-5, 6+ and 99. The 99 category is used to identify clients who have not had an at-fault accident or for whom at-fault accident information is not known. The use of the 6+ category is in keeping with prohibition on the use of an at-fault accident that occurred more than 6 years ago, as a risk-classification factor.

[49] Aviva explains that claims that have been protected under the Driving Record Protector (DRP) endorsement will not be considered in the calculation. The endorsement works to keep a driver with driving record 6 at that level for the first at-fault accident. Conversely, forgiven accidents are counted. A driver with driving record 5 or 6 with a first "unprotected" at-fault claim has that claim forgiven. The driving record will be 5 at the next renewal instead of dropping to driving record 0, as occurs with lower driving records (or a second at-fault claim).

[50] Aviva proposed differentials that matched the GLM differentials for this variable. This rating variable will only apply to Bodily Injury and Accident Benefits.

[51] Aviva adequately supported the introduction of the variable and its differentials. Board staff recommends and the Board approves Aviva's Years Since Last At-Fault Accident variable and differentials, as filed.

*Years Licensed*

[52] Aviva proposed the introduction of this variable to replace the removal of its current Driving Experience Discount. The discount groups number of years licensed together before assigning the level of the discount. The new rating variable will have a unique differential for most years licensed. It will also vary by coverage. These approaches allow for a more refined assignment of rate to the risk Aviva faces.

[53] Aviva adopted the GLM differentials except for the very high years licensed. Aviva explained that because data beyond 55 years licensed is relatively sparse, the Company grouped the tail data together. The point of the grouping varied by coverage. When making selections in the tail, the Company applied judgment and, generally, brought the differentials to 1.00 (or close to it) by 60 years licensed.

[54] The selected differentials for most years licensed, except for the inexperienced drivers and the very high years licensed, result in reductions.

[55] This variable will apply to Bodily Injury, Accident Benefits, Collision, Comprehensive, and Specified Perils. The differentials vary by coverage.

[56] Aviva adequately supported the introduction of this new variable and the proposed differentials. Board staff recommends the Board approve the Year Licensed variable and the proposed differentials, as filed.

*Vehicle Age*

[57] Aviva proposed the introduction of Vehicle Age as a rating variable for Bodily Injury as it was significant for that coverage. Aviva based the differentials on the frequency model from the GLM.

[58] The differentials start at 1.00 for new vehicles and increases by 0.02 for each year older, until the vehicle is 5 years old, at which point the ultimate differential (1.10) is reached. The GLM differentials were higher than those proposed by Aviva until vehicles were 13 years old. Because there were very few exposures for high age vehicles, Aviva judgmentally selected to keep the differentials at the 1.10 level, despite the model results. Aviva speculates that it is not unreasonable to assume older vehicles which lack the advanced technology may not truly exhibit the lower frequency implied by the model.

[59] Aviva provided sufficient support for the Vehicle Age variable and the proposed differentials. The Board approves the proposal, as filed.

*Increased Liability Limits for SEF#44*

[60] Aviva proposed the addition of new liability limits for SEF#44. Limits for $6,000,000, $7,000,000, $8,000,000, $9,000,000 and $10,000,000 will be added. With these new limits, the liability levels offered, match those for Bodily Injury.

[61] The Company altered the premium structure for the current limits $2,000,000 to $5,000,000 from a $40 flat charge to $40 for $2,000,000 and increasing by $5 for each additional $1,000,000. This rising scale continues for the new limits.

[62] Aviva supported the proposed changes. Board staff recommends the Board approve the new limits and the proposed premium for the available limits for SEF#44. The Board approves the proposed changes, as filed.

*Discounts*

[63] Aviva proposed several changes to its discounts.

[64] Aviva proposed the removal of the following discounts, as the new rating variables Years Licensed and Years Since Last At-Fault Accident make these discounts redundant:

- Claims Free Discount;
- Clean Start Discount; and
- Intermediate Driver Discount, and Driving Experience Discount.

[65] Aviva will replace its Hybrid Vehicle Discount with the Green Vehicle Discount. The new version allows for green vehicles other than Hybrids (e.g., electric) to receive the discount. The new version will continue to use a 5% level.

[66] Aviva will reduce the requirement for being 160 kms from home to 100 kms from home to receive the 50% reduction under the Out-Of-Town Student Discount. This change allows more such students to benefit from the reduction.

[67] Based on its GLM analysis, Aviva proposed a reduction in the Package discount. The new level will be 5% instead of the 10% currently offered. The GLM suggested a weighted average of 4% should be offered, but Aviva judgmentally opted for 5%. The criteria to qualify is not changing.

[68] Board staff recommends approval of the proposed changes to the discounts offered. The Board approves the proposed changes, as filed.

Surcharges

[69] Aviva proposed several changes to the surcharges it applies in various situations.

[70] Aviva proposed to change the surcharge that applies for each major conviction from the current 15% to 25%. The Company explains that it currently uses 25% for each major conviction in Ontario and Alberta, and has filed for its use in

Newfoundland and Labrador. Aviva also states Cooperators General Insurance Company (CGIC), and Aviva's sister company, Aviva General Insurance Company (GENCO), both charge a 25% surcharge. Having a lower surcharge would expose Aviva to being selected against (i.e., the Aviva premium would be lower and could attract more of these risks simply because of the price difference).

[71] Aviva also proposed to increase the incremental surcharge for each at-fault accident after the first. Currently, Aviva charges 30% for the second at-fault accident, and adds 10% for each subsequent at-fault accident. Only at-fault accidents that have occurred in the past six years are counted, as required by *Regulations*. Aviva proposed to change the 10% to 20%, arguing that other companies charge 25% (e.g., RBC) for each subsequent at-fault accident. In that light, the 10% charge could lead to Aviva attracting more of these risks. The Company opted for 20% instead of 25% to minimize dislocation. This level also harmonizes the surcharge across other provinces.

[72] Aviva will also add "stunting" to the list of serious convictions. This categorization is consistent with the gravity Nova Scotia assigns to the offence, given that the Province immediately seizes the vehicle and suspends the driver's license. Other companies treat such a conviction as Serious.

[73] Finally, Aviva proposed the introduction of a Right-Hand Drive Surcharge. Aviva will require the operator to be licensed for ten years before writing the risk. With this level of experience, and an appropriate surcharge, the Company is now willing to write these risks.

[74] Aviva cited a study in British Columbia and another in Quebec which suggested that right-hand drive vehicles are 40% and 32% respectively more likely to

have a collision. Aviva opted for a 50% surcharge as a prudent initial level until they become more comfortable with the risk. This level was approved for use in New Brunswick and PEI.

[75] Board staff recommends the Board approve the proposed changes to surcharges. The Board approves the proposed changes to surcharges, as filed.

*Split Driving Records*

[76] Aviva currently uses one record for All Perils or Collision, and one for Bodily Injury, PD-Tort and DCPD. At-fault accidents under All Perils or Collision do not impact the driving record for Bodily Injury, PD-Tort and DCPD, and vice-versa. The Company proposed the removal of the split record and the replacement with a single driving record that reflects at-fault accidents under any of the coverages. Aviva argues that most companies do not use the split driving record and the Company is removing it as part of a national initiative.

[77] Aviva supported the proposal to replace the split driving record with a single driving record. Board staff recommends the Board approve the removal of the split driving record. The Board approves the removal of the split driving record, as filed.

*Canadian Loss Experience Automobile Rating (CLEAR) Table*

[78] To assign rate groups for physical damage coverages and for Accident Benefits, Aviva currently uses the 2016 CLEAR (AB Alberta & Atlantic) Combined (Coll & DCPD) – Extended Vehicle Code (21 Years) version of the CLEAR tables published by the Insurance Bureau of Canada. Aviva proposed to adopt the 2017 version of this table, that was approved for use by the Board in February 2017.

[79] When implementing the new table, Aviva proposed the off-balance of the impact of the change for Accident Benefits only.

[80] Board staff recommends the Board approve the proposed adoption of the 2017 CLEAR (AB Alberta & Atlantic) Combined (Coll & DCPD) – Extended Vehicle Code (21 Years) table, and the off-balancing of the impact for Accident Benefits only. The Board approves the proposals, as filed.

*Rating Algorithm*

[81] Aviva proposed changes to its rating algorithm to reflect the changes noted above. Board staff recommends the Board approve the proposed changes. The Board approves the proposed changes to the rating algorithm, as filed.

*Motorhomes Dependency on Private Passenger Vehicle Rates*

[82] Aviva currently assigns a premium for motorhomes for Liability, DCPD, Accident Benefits and Collision, using 100% of the rates for PPV. In this filing, Aviva made many changes to the rating for PPV that do not apply to motorhomes. Aviva, therefore, proposed the removal of the dependency of motorhomes premiums on the PPV rates.

[83] The original application did not include new rates or rating algorithm for motorhomes. Without the filing of such rates and rating algorithm, Aviva would not be able to provide coverage for Liability, DCPD, Accident Benefits, and Collision because the Company would not have any approved rates to use, as required per the *Act,* after the effective date.

[84] In response to an IR, the Company amended the application to add new base rates, differentials, and a rating algorithm for motorhomes. The proposed rates

replicate the current rates (i.e., the current PPV rates that would be used). The rating algorithm will refer to these new motorhome base rates and differentials instead of the PPV rates.

[85] Board staff recommends the Board approve the removal of the dependency of motorhome rates on PPV rates, as filed, as well as the proposed independent rates and rating algorithm for motorhomes, as filed through the information request process. The Board so approves.

*Premium Dislocation Capping*

[86] Aviva currently has a premium dislocation cap of 10% that was implemented in previous filings. The risks that are subject to the cap will, on average, take almost four years to reach their true premium under the current rates and cap.

[87] TGIC has the same cap as Aviva. The capped risks will take, on average, about three years to reach the true premium under the current rates and cap.

[88] Aviva and TGIC proposed to increase the capping percentage from 10% to 15%, to allow more of the increased premium, both existing and proposed, to be brought in at each renewal. As a partial offset, the Company also proposed a -5% cap on premium decreases (i.e., if the new rates produce a reduction of more than 5%, the decrease will be limited to 5% each renewal). The impact of the negative cap is not material, but the Company believes despite the size, it still reduced the impact of the capped increases and helps stabilize rates.

[89] For both companies, the overall capped increase is lower than the overall uncapped increase. The negative cap, therefore, meets the Board's criteria that income

foregone from the positive cap must exceed the extra revenue collected from the negative cap in order to use a negative cap.

[90] The information provided by the Company shows that a significant portion of the capping is gone by the second renewal and given the circumstances of this Application, Board staff recommends the Board approve the proposed cap for both Aviva and TGIC. However, Board staff recommends the Board require Aviva and TGIC to re-evaluate the caps in the next mandatory filings for PPV to ensure the negative cap requirements are met (i.e., premium foregone on capped increases exceed extra premium from capped decreases), before any other changes proposed in those applications apply. If not, the negative cap should be unwound or adjusted. The Board approves the proposed changes to the premium dislocation cap, as filed.

*Automobile Insurance Manual Changes*

[91] Aviva proposed some changes to the automobile insurance manual other than those required to implement the changes noted in the Application and discussed in the Staff report. The changes either update or clarify definitions/descriptions within the manual. Board staff reviewed the revised manual pages provided in the Application and after changes made during the IR process, found no areas where the Company appears to be in violation of the *Insurance Act* or its *Regulations.*

[92] Board staff recommended the Board approve the proposed changes to the Automobile Insurance Manual, as revised. The Board approves them.

## IV FINDINGS

[93] The Board finds that the Applications comply with the *Act* and *Regulations*, as well as the *Rate Filing Requirements*.

[94] The Board accepts the staff indications, calculated using all the Aviva assumptions except for ROE, where 10% is to be used in place of 12%, as the appropriate target against which to assess the reasonableness of the proposed rate changes.

[95] The Board approves the proposed rates, as filed.

[96] The Board approves the proposed changes to territory definitions, as filed.

[97] The Board approves the proposed changes to territorial base rates for Aviva, as filed.

[98] The Board approves the proposed changes to territorial base rates that set the TGIC rates equal to the submitted percentage of the Aviva rates, as filed.

[99] The Board approves the proposed adoption of the 2017 CLEAR (AB Alberta & Atlantic) Combined (Coll & DCPD) – Extended Vehicle Code (21 Years) table rate groups and the off-balancing of the impact of the table change for accident benefits, as filed.

[100] The Board approves the proposed changes to its Class 05 and 06 differentials, as filed.

[101] The Board approves the proposed changes to Driving Record differentials, and the introduction of new rating variables, namely, years since last At-Fault Accident, Years Licensed, and Vehicle Age, and the associated differentials, as filed.

[102] The Board approves the increased liability limits for SEF#44 and the revisions to the SEF#44 premiums, as filed.

[103] The Board approves the proposed removal of the Clean Start Discount, the Claims-Free Discount, the Intermediate-Driver Discount, and the Driving-Experience Discount, the replacement of the Hybrid Discount with the Green Discount, the change in the Package Discount, and the change in eligibility criteria for the Out-Of-Town Student Discount, as filed.

[104] The Board approves the proposed changes to the levels of the Major-Conviction Surcharge and the At-Fault Accident Surcharge, the introduction of the Right-Hand-Drive Surcharge, and the addition of "stunting" to the list of convictions in the Serious Convictions Surcharge, as filed.

[105] The Board approves the proposed removal of the split driving record, and the proposed use of a common driving record for all coverages that require one, as filed.

[106] The Board approves the proposed changes to the rating algorithm, as filed.

[107] The Board approves the proposed removal of the dependence of motorhome rates on PPV rates, as filed, and the proposed independent rates and rating algorithm for motorhomes, as filed through the IR process.

[108] The Board approves the proposed changes to the premium dislocation cap, as filed, subject to the conditions stated in the Decision.

[109] The Board approves the proposed changes to the Automobile Insurance Manual, as revised through the IR process.

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

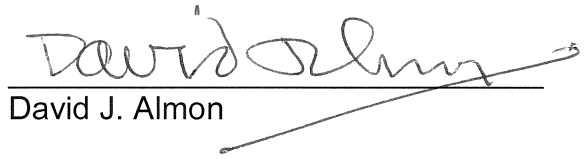
[111] The Board approves the effective date of July 1, 2018, for both new business and renewals, as filed.

[112] The mandatory filing date is reset to December 1, 2019, for PPV for both Aviva and TGIC.

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

[114] An Order will issue accordingly.

**DATED** at Halifax, Nova Scotia, this 23rd day of March, 2018.



David J. Almon