

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE INSURANCE ACT



- and -

IN THE MATTER OF AN APPLICATION by **ECONOMICAL MUTUAL INSURANCE COMPANY** for approval to introduce various non-standard endorsements and reinstate certain standard endorsements for private passenger vehicles, commercial vehicles, and miscellaneous vehicles

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

APPLICANT: **ECONOMICAL MUTUAL INSURANCE COMPANY**

FINAL SUBMISSIONS: June 27, 2018

DECISION DATE: **July 13, 2018**

DECISION: **Application is approved.**

I INTRODUCTION

[1] Economical Mutual Insurance Company (Economical or Company) filed supporting documents and materials (Application) with the Nova Scotia Utility and Review Board (Board) for approval to introduce various non-standard endorsements and reinstate certain endorsements for private passenger vehicles (PPV), commercial vehicles (CV), and miscellaneous vehicles (MV). The Application, dated June 21, 2018, was filed electronically on that date.

[2] Information Requests (IRs) were sent to the Company on June 22, 2018, and responses were received on June 26, 2018, which included a restated application.

[3] As a result of a review by Board staff, a staff report dated June 27, 2018 (Staff Report) was prepared. The Staff Report was provided to the Company for review on that date. The Company responded on the same day, 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 non-standard endorsements and reinstated endorsements and the associated rates are just and reasonable and in compliance with the *Insurance Act (Act)* and its *Regulations*.

III ANALYSIS

[6] The Company sought approval to introduce new non-standard endorsements for PPV, CV, and MV. It also sought to reinstate certain standard endorsements. The Company had filed an application for approval of changes to its rates and risk-classification systems for CV on October 13, 2017, and for PPV and MV on November 20, 2017. Each of those applications included proposals to introduce non-standard endorsements; however, the required approval by the Superintendent of Insurance (SOI or Superintendent) for the wording of those endorsements had not yet been received. The Board issued decisions for CV (2018 NSUARB 7), PPV (2018 NSUARB 16), and MV (2018 NSUARB 43), and in each case, proposed that an expedited process be used by the Company once SOI approval was obtained.

[7] The Application was made in accordance with the simplified requirements after the Superintendent approved the wording of the non-standard endorsements. As noted in the Board's decisions cited above, Board staff had recommended approval of the endorsements if SOI approval was obtained.

[8] The Company also proposed to reinstate two standard endorsements which it had removed in the earlier applications. It had proposed new non-standard wording for these endorsements; however, the SOI did not approve that wording, so the Company wishes to reinstate the original standard endorsements.

[9] The proposed effective dates are August 12, 2018, for new business and September 15, 2018, for renewal business, which coincide with the approval dates for the earlier applications.

[10] Board staff state that the SOI approved all the non-standard endorsements as originally proposed by the Company except for NPCF CD – Permission to Carry Densometer and NPCF EAM – Excluding Attached Machinery. These two were rejected because there are standard endorsements which provide what is, in essence, the same coverage. As a result, the Company proposed to reinstate NSEF#4b – Permission to Carry Radioactive Materials and NSEF#30 – Excluding Operation of Attached Machinery, which it had removed in anticipation of SOI approval.

[11] Board staff have prepared the following chart which identifies the non-standard endorsements approved by the SOI, indicating the classes of vehicles to which they apply:

Endorsement	Description	Vehicles
NPCF CRP	Conviction Rating Protector	PPV, Motorhomes, Motorcycles, LCV*
NPCF CS	Coverage Suspension	PPV, Motorhomes, LCV*
NPCF DN	Legal Liability for Damage to Non-Owned Vehicles	PPV, Motorhomes, Motorcycles, Commercial Vehicles
NPCF DW/NPCF DW(L)	Depreciation Waiver & Depreciation Waiver for Specified Lessee(s)	PPV, Motorcycles, ATVs, Snow Vehicles, LCV*
NPCF EDW/NPCF EDW(L)	Extended Depreciation Waiver & Extended Depreciation Waiver for Specified Lessee(s)	PPV, Motorcycles, ATVs, Snow Vehicles, LCV*
NPCF ELAM	Removing Coverage for Attached Machinery	Commercial Vehicles
NPCF ELU	Enhanced Loss of Use	Commercial Vehicles
NPCF HH	Helping you Home	Motorhomes
NPCF HRD	Hit and Run Deductible Waiver	PPV, Motorhomes, Motorcycles
NPCF LK	Lock Rekeying	Motorhomes
NPCF MC	Motorhome Contents	Motorhomes
NPCF MDW	Motorhome Depreciation Waiver	Motorhomes
NPCF RG	Riding Gear	Motorcycles, ATVs, Snow vehicles
NPCF RS	Roadside Service	Motorhomes
NPCF TR	Transportation Replacement	PPV, Motorcycles, Commercial Vehicles

* LCV = Light Commercial Vehicles only

[12] The Board notes that the Superintendent required some changes in wording in a number of these endorsements from the original applications. Further, the Board notes that the coverages under the proposed endorsements were described in its earlier decisions, and Board staff had recommended their approval.

[13] Board staff stated that the SOI approved the Protection Plus Bundle and the Motorhome Plus Bundles which the Company had proposed to introduce in the earlier applications. These were also discussed in the decisions noted above, and Board staff had recommended their approval.

[14] Based on the recommendations of Board staff, and the approval of the Superintendent, the Board is satisfied that it should approve all the non-standard endorsements with the wording approved by the SOI, as well as the introduction of the Bundles referred to above. Further, the Board accepts the recommendation of Board staff to approve the reinstatement of the standard endorsements, NSEF#4b and NSEF#30.

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 other than those necessary to effect the changes noted in this Decision.

IV FINDINGS

[16] The Board finds that the Application complies with the *Act* and *Regulations*, as well as the simplified filing requirements.

[17] The financial information submitted by the Company in the original applications 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.

[18] The Board finds the proposed endorsements and the associated rates are just and reasonable, and approves them, including the reinstatement of NSEF#4b and NSEF#30, and the Protection Plus and Motorhome Plus Bundles.

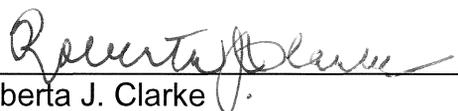
[19] The earlier applications included full actuarial indications and the required territorial analysis, and as a result, new mandatory filing dates for PPV, CV, and MV were set for the Company. Those dates remain in effect.

[20] The Board approves the effective dates of August 12, 2018, for new business and September 15, 2018, for renewal business.

[21] 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.

[22] An Order will issue accordingly.

DATED at Halifax, Nova Scotia, this 13th day of July, 2018.



Roberta J. Clarke