

DECISION

**2018 NSUARB 184
M08845 & M08846**

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE INSURANCE ACT

- and -

IN THE MATTER OF APPLICATIONS by **CONTINENTAL CASUALTY COMPANY** for approval of its proposed rates and risk-classification systems for commercial vehicles and interurban trucks

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

APPLICANT: **CONTINENTAL CASUALTY COMPANY**

FINAL SUBMISSIONS: September 24, 2018

DECISION DATE: **October 4, 2018**

DECISION: **Applications are approved.**

I INTRODUCTION

[1] Continental Casualty Company (Continental or Company) filed supporting documents and materials (Applications) with the Nova Scotia Utility and Review Board (Board) for approval of its proposed rates and risk-classification systems for commercial vehicles (CV) and interurban trucks. The Applications were filed electronically on August 14, 2018.

[2] Information Requests (IRs) were sent to the Company on September 13, 2018, and responses were received later that day. Additional IRs were issued on September 14, 2018, to which the Company responded on September 17, 2018.

[3] As a result of a review by Board staff, a staff report dated September 24, 2018 (Staff Report) was prepared. The Staff Report was provided to the Company for review on that day. The Company responded later that 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 Applications.

II ISSUE

[5] The issue in these Applications is whether the proposed rates and risk-classification systems are just and reasonable and in compliance with the *Insurance Act (Act)* and its *Regulations*.

III ANALYSIS

[6] The Company sought approval of its proposed rates and risk-classification systems for CV and interurban trucks. The Applications were made in accordance with the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Adopt IAO Rates (Rate Filing Requirements)*. The Company is re-entering the non-fleet Nova Scotia market and, therefore, did not have a mandatory filing date.

[7] The proposed effective date is November 1, 2018, for new business. The Company does not have renewal business at this time.

Rates and Risk-Classification Systems

[8] The Company proposed to adopt the rates and risk-classification systems for IAO Actuarial Consulting Services Inc. (IAO), as approved by the Board in its Decision [2018 NSUARB 77], for both CV and interurban trucks.

[9] In order for the Company to adopt IAO rates, it must satisfy the Board that it is appropriate for the Company to do so. It may seek an adjustment for a lower proposed Return on Equity (ROE) than that approved for IAO, and it may seek an adjustment in the rates to reflect any differences in the Company's expense ratio, relative to that approved for IAO by the Board.

[10] The Company currently has no policies written for either individually rated CV or interurban trucks. In these circumstances, Board staff suggest it is reasonable for it to adopt rates based on the IAO approved rates. The Board agrees.

[11] Continental proposed no adjustments to the ROE approved for IAO.

[12] It also proposed no adjustments to the expense ratios used by IAO.

[13] The Board accepts the recommendation of Board staff to approve Continental's Applications.

Automobile Insurance Manual

[14] Board staff have reviewed the Automobile Insurance Manual filed with the Applications and found no instances where the Company is in violation of the *Regulations*.

IV FINDINGS

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

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

[17] The Board is satisfied the Company's proposal to adopt the current IAO rates and risk-classification systems for CV and interurban trucks is just and reasonable and approves the Applications.

[18] Given that the current IAO rates and risk-classification systems included the required actuarial analysis prior to approval, the Board finds the Applications qualify to set the mandatory filing deadline for CV and interurban trucks for the Company to August 1, 2021.

[19] The Board approves the effective date of November 1, 2018, for new business.

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

[21] An Order will issue accordingly.

DATED at Halifax, Nova Scotia, this 4th day of October, 2018.



Roberta J. Clarke .