

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE INSURANCE ACT

- and -



IN THE MATTER OF AN APPLICATION by CUMIS GENERAL INSURANCE COMPANY for approval to modify its rates and risk-classification system for miscellaneous vehicles

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

APPLICANT: CUMIS GENERAL INSURANCE COMPANY

FINAL SUBMISSIONS: May 16, 2019

DECISION DATE: May 23, 2019

DECISION: Application is approved.

I INTRODUCTION

[1] CUMIS General Insurance Company (CUMIS) applied to the Nova Scotia Utility and Review Board for approval of its rates and risk-classification system for miscellaneous vehicles, other than motorcycles.

[2] The application was filed on May 1, 2019, under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval (Rate Filing Requirements)*. CUMIS proposed to adopt the rates approved by the Board for Co-operators General Insurance Company (Co-operators) in its July 25, 2018, decision (2018 NSUARB 151). The proposal would result in no overall change for these miscellaneous vehicles, except snow vehicles which would have an overall decrease in rates of 5.7%. The proposed effective dates are November 1, 2019, for new business and December 1, 2019, for renewal business.

[3] After reviewing the application, Board staff determined no Information Requests to CUMIS were required. Board staff then prepared a staff report (Staff Report) which was provided to the company for review. CUMIS made no comments in response to the Staff Report.

[4] The Board did not consider it necessary to hold an oral hearing on the application. The Board finds that the proposed rates and risk-classification system are just and reasonable and approves the application.

II ISSUE

[5] The issue in this application is whether the proposed rates and changes to

the risk-classification system are just and reasonable and comply with the *Insurance Act (Act)* and its *Regulations*.

III ANALYSIS

[6] CUMIS did not include any actuarial analysis in its application as it has a small number of policies for miscellaneous vehicles. The application covered all-terrain or off-road vehicles, motor homes, camper units, snow vehicles and utility and camper trailers, but not motorcycles.

[7] In its last miscellaneous vehicles application, the company adopted the rates and risk-classification system which the Board had approved for the CUMIS sister company, Co-operators. In this application, CUMIS proposed to adopt the most recently approved Co-operators rates.

[8] The only rate change made by Co-operators was a reduction in rates for snow vehicles. As a result, that is the only rate change for CUMIS, representing a 5.7% decrease.

[9] In its last miscellaneous vehicles application, CUMIS received approval for some differences from Co-operators:

- CUMIS will offer a group discount, which Co-operators does not have;
- CUMIS will not offer the Co-operators Blue Discount;
- CUMIS will not offer All Perils coverage;
- CUMIS will not apply a premium dislocation cap on renewals; and,
- CUMIS will continue its approach rather than the Co-operators approach regarding accidents and convictions to determine driving record and surcharges.

[10] CUMIS advised that it intends to file future applications for these miscellaneous vehicles in a single filing with Co-operators, to continue aligning their rates.

[11] The Board notes that CUMIS does not rate miscellaneous vehicles by territory so no territorial analysis was required.

[12] Board staff have recommended that the proposed rates for CUMIS be approved. Board staff also recommend allowing CUMIS to maintain its current approved differences from Co-operators. The Board accepts these recommendations.

Automobile Insurance Manual

[13] CUMIS proposed no changes to its Automobile Insurance Manual. Board staff reviewed the Manual and found no instances where CUMIS appears to violate the *Act* or the *Regulations*.

IV FINDINGS

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

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

[16] The Board finds the proposal to adopt the rates approved for Co-operators in 2018 NSUARB 151 will result in just and reasonable rates for CUMIS for the specified miscellaneous vehicles, and approves it.

[17] The Board also approves the continuation by CUMIS of the current differences from Co-operators.

[18] The Co-operators application qualified to set the new mandatory filing date for its miscellaneous vehicles. The use of the Co-operators rates qualifies to reset the mandatory filing date for CUMIS for miscellaneous vehicles, except motorcycles, to May 1, 2022. The mandatory filing date for motorcycles remains as October 1, 2020.

[19] The Board approves the effective dates of September 1, 2019, for new business and December 1, 2019, for renewal business.

[20] An Order will issue accordingly.

DATED at Halifax, Nova Scotia, this 23rd day of May, 2019.


Roberta J. Clarke Q.C. •