

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE INSURANCE ACT

- and -

IN THE MATTER OF AN APPLICATION by CO-OPERATORS GENERAL INSURANCE COMPANY for approval to change its rates for private passenger vehicles

BEFORE: Stephen T. McGrath, LL.B., Member

APPLICANT: CO-OPERATORS GENERAL INSURANCE COMPANY

FINAL SUBMISSIONS: June 17, 2019

DECISION DATE: June 21, 2019

DECISION: Application is approved.

I INTRODUCTION

[1] Co-operators General Insurance Company applied to the Nova Scotia Utility and Review Board to change its rates for private passenger vehicles. The company proposed rate changes that varied by coverage and resulted in an overall increase of 3.99%.

[2] The Board must consider whether the proposed rates are just and reasonable and in compliance with the *Insurance Act (Act)* and its regulations. The Board is satisfied that Co-operators' application meets these requirements and approves the proposed changes to the company's rates.

II ANALYSIS

[3] Co-operators applied under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155H Expedited Approval (Rate Filing Requirements)*. Section 155H of the *Insurance Act* permits an insurer to apply for rates to be approved on an expedited basis if the average of the proposed rates for each coverage and category of automobile insurance does not exceed an amount that is prescribed by the Board. The Board currently allows expedited approval applications for changes to rates for private passenger vehicles that are less than or equal to 4% on an all coverages combined basis. Board staff reviewed the application and prepared a report to the Board with recommendations on the application (Staff Report). Before providing the Staff Report to the Board, Board staff shared it with Co-operators. Co-operators informed Board staff that the Staff Report was fine and that the company did not intend to comment on the report.

[4] Co-operators compared its proposed rates to the indications it provided in a recently approved application for changes to its rates and risk-classification system for private passenger vehicles (2019 NSUARB 50). That application resulted in an approved overall rate level increase of 8.0%, although the Board noted that the increase was lower than the rates suggested in Co-operators' actuarial analysis in that application. The overall rate level increase requested by Co-operators in this application, combined with its previously approved increase, is still below the indications accepted by the Board in Co-operators' recently approved application.

[5] Co-operators proposed a 4% increase for most coverages but proposed no change for Uninsured Automobile and SEF#44, a 3.5% increase for Collision, and a 7% increase for Accident Benefits. The base rates for Uninsured Automobile and SEF#44 are small so a 4% change for these coverages would have minor impact. Because a 4% change would exceed the difference between the indications and previously approved rate for Collision, Co-operators proposed only a 3.5% change. The changes that Co-operators made to its base rate for Accident Benefits in its earlier application were significantly below the rate indicated in its actuarial analysis, allowing for the larger proposed increase in this application. The proposed changes follow the *Rate Filing Requirements* and Board staff has recommended the approval of the rates proposed by Co-operators in this application. The Board agrees.

[6] In its three most recent applications to the Board to increase its rates for insurance for private passenger vehicles, Co-operators sought changes to its rates that would have resulted in significant rate increases or decreases for some of its policyholders. To temper this, Co-operators proposed to cap rate increases at a vehicle

level so that no vehicle would see an increase of more than 20%. To account for the cost of this cap, Co-operators also proposed to cap rate decreases so that no vehicle would see a reduction in premiums of more than 10%. Co-operators proposed to continue this cap in this application. The Board approved the cap in these applications and approves the continuation of the cap in the present application.

III SUMMARY

[7] The Board finds that the application follows the *Act* and its regulations, as well as the *Rate Filing Requirements*.

[8] The Board finds the proposed rates are just and reasonable, and approves the changes effective September 11, 2019, for new business and October 11, 2019, for renewal business.

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

[10] An application for expedited approval under the *Rate Filing Requirements* does not qualify to set a new mandatory filing date under the *Mandatory Filing of Automobile Rates Regulations*. The mandatory filing date for Co-operators for private passenger vehicles stays at February 1, 2021.

[11] An order will issue accordingly.

DATED at Halifax, Nova Scotia, this 21st day of June, 2019.


Stephen T. McGrath