

DECISION

**2019 NSUARB 109
M09324**

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE INSURANCE ACT

- and -



IN THE MATTER OF AN APPLICATION by THE PERSONAL INSURANCE COMPANY
for approval to modify its underwriting rules for private passenger vehicles

BEFORE: Jennifer L. Nicholson, CPA, CA, Member

APPLICANT: THE PERSONAL INSURANCE COMPANY

FINAL SUBMISSIONS: July 18, 2019

DECISION DATE: August 14, 2019

DECISION: Application is approved.

I INTRODUCTION

[1] The Personal Insurance Company (TPIC) applied to the Nova Scotia Utility and Review Board to change its underwriting rules for private passenger vehicles. The proposed change results in a risk being rated differently before and after the proposed effective date and represents a change to the risk-classification system. Such a change requires Board approval before TPIC can use the revised rule.

[2] TPIC proposed to no longer recognize driving experience outside of either Canada or the United States of America (USA) when rating a vehicle or when determining whether the Company would decline the risk. Under its current rules, TPIC would use such experience for these purposes.

[3] The Board is satisfied that the proposed change to the underwriting rules is just and reasonable and complies with the *Insurance Act (Act)* and its *Regulations*. The Board approves the change.

II ANALYSIS

[4] TPIC applied under a simplified version of the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval (Rate Filing Requirements)*. Since the filing of this application, TPIC received and responded to an Information Request from Board staff. Board staff 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 TPIC. The Company reviewed the report and informed Board staff that it was satisfied with the report.

[5] TPIC proposed to exclude driving experience earned in countries other than Canada and USA when determining driving record or when determining whether the risk qualifies as one the company will write. TPIC currently allows this experience to count toward these purposes. As a result of the proposed change, a driver with experience outside of Canada or the USA will be treated differently than that driver would be treated currently.

[6] TPIC noted that driving experience in other countries may involve different driving conditions (e.g., driving on a different side of the road) or may be subject to much different regulations (e.g., little or no rules). This driving experience may not translate smoothly to the driving experience in Canada or the USA. Insuring these drivers as if they had Canadian experience may expose TPIC to greater risk for which it may not be adequately charging.

[7] TPIC explained the change would align its treatment of foreign driving experience with that of several of its industry competitors. If the change were not made, risks rejected or charged higher premiums by companies that do not recognize the foreign experience may seek out TPIC who would recognize the foreign experience as equivalent to Canadian experience. TPIC may be under priced for the additional risk if it were to attract more of this riskier business than it would want to insure.

[8] TPIC explained that any clients who currently receive the credit for the non-Canadian or American experience will be grandfathered and will not lose that recognition under the new rules.

[9] Board staff stated the arguments put forward by TPIC make the change seem reasonable in the circumstances and the Board agrees.

III FINDINGS

[10] The Board finds that the Application follows the *Act* and its *Regulations*, as well as the *Rate Filing Requirements*.

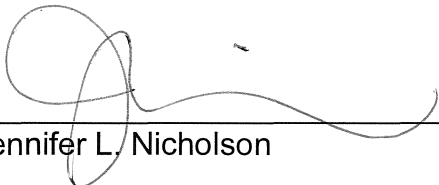
[11] The Board finds the proposed change to the underwriting rules are just and reasonable and approves them.

[12] The Board approves the effective date of August 16, 2019, for new and renewal business.

[13] The Board requires TPIC to file an electronic version of its updated Automobile Insurance Manual within 30 days of the issuance of the Order in this matter.

[14] An Order will issue accordingly.

DATED at Halifax, Nova Scotia, this 14th day of August, 2019.



Jennifer L. Nicholson