

DECISION

2019 NSUARB 153

M09373

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE INSURANCE ACT



- and -

IN THE MATTER OF AN APPLICATION by **INTACT INSURANCE COMPANY** for
approval to change endorsement offerings for commercial vehicles

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

APPLICANT: **INTACT INSURANCE COMPANY**

FINAL SUBMISSIONS: October 17, 2019

DECISION DATE: November 18, 2019

DECISION: Application is approved.

I INTRODUCTION

[1] Intact Insurance Company applied to the Nova Scotia Utility and Review Board to change its endorsements for commercial vehicles. Intact proposed changes to two standard endorsements. The company also proposed changes to the pricing and wording of its non-standard Responsible Driver Guarantee endorsement.

[2] The Board must consider whether the proposed changes to the endorsements will result in rates and a risk-classification system that are just and reasonable and in compliance with the *Insurance Act (Act)* and its *Regulations*. The Board is satisfied that Intact's application meets these requirements and approves the proposed changes to the company's rates and risk-classification system.

II ANALYSIS

[3] Intact applied under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Endorsements (Rate Filing Requirements)*. Since the filing of this application, Intact received and responded to Information Requests (IRs) 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 Intact. The company reviewed the report and informed Board staff that it had no further comments.

Standard Endorsement Changes

[4] Intact proposed changes to the following standard endorsements:

NSEF #20 – Loss of Use Endorsement

[5] Intact proposed to vary the premiums by vehicle weight. Heavier vehicles will pay higher premiums because the replacement costs for heavier vehicles are higher and

warrant a higher premium. This approach is used by two industry competitors. The company also proposed removal of the highest per occurrence limit from the manual.

NSEF #43R/43R(L) – Limited Waiver of Depreciation Endorsement

[6] Under this endorsement, the depreciation on repair or replacement of the vehicle because of loss due to an insured peril for the first 24 months it is in service is waived. The company proposed a change in the pricing structure which would be based on a percentage of the physical damage premiums paid by the insured rather than a flat fee. A minimum and maximum premium will be applied. Intact removed the requirement that the endorsement must be added within a certain time frame and lowered the allowable distance for a demonstrator vehicle to be eligible.

[7] Board staff recommended the approval of the proposed changes to the standard endorsements. The Board accepts the recommendation and approves the changes.

Responsible Driver Guarantee

[8] Intact offers a non-standard endorsement which gives accident forgiveness for the first chargeable at-fault accident. The company currently charges a flat premium which must be paid annually to continue this protection after such an accident.

[9] Intact proposed to change the premium to a percentage of the total commercial vehicle premium (before surcharges, discounts and other endorsements). The minimum premium would still apply.

[10] Board staff recommended the approval of the proposed changes to the non-standard endorsement. The Board accepts the recommendation and approves the changes.

III SUMMARY

[11] The Board finds that the application follows the *Act* and *Regulations*, as well as the Rate Filing Requirements.

[12] The Board finds the proposed changes to its endorsements will result in rates that are just and reasonable, and approves the changes effective, December 20, 2019, for new business and January 20, 2020, for renewal business.

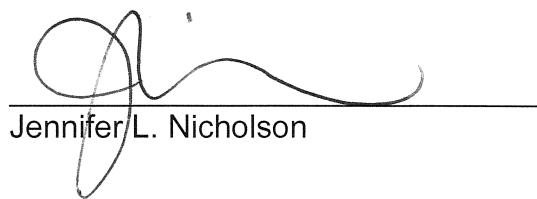
[13] The financial information supplied by Intact satisfies the Board, under Section 155l(1)(c) of the *Act*, that the proposed changes are unlikely to impair the solvency of the company.

[14] The application does not qualify to set a new mandatory filing date under the *Mandatory Filing of Automobile Insurance Rates Regulations*. The mandatory filing date for Intact for commercial vehicles stays at October 1, 2021.

[15] Intact provided the revised manual pages with the revisions corresponding to the proposed endorsement changes. Board staff reviewed Intact's Automobile Insurance Manual filed with the Board and did not find any instances where the Manual contravened the *Act* and *Regulations*.

[16] An order will issue accordingly.

DATED at Halifax, Nova Scotia, this 18th day of November, 2019.



Jennifer L. Nicholson

A handwritten signature in black ink, appearing to read "JL" followed by a stylized surname. Below the signature is a horizontal line and the name "Jennifer L. Nicholson" printed in a standard font.