

DECISION

**2021 NSUARB 28
M09990**

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 its rates and risk-classification system for commercial vehicles

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

APPLICANT: INTACT INSURANCE COMPANY

FINAL SUBMISSIONS: February 19, 2021

DECISION DATE: February 26, 2021

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. The proposed changes to endorsements include:

- introduction of NSEF #35 (Emergency Service Expense);
- amendment of NSEF #27 (Legal Liability for Damage to Non-Owned Vehicles);
- pricing changes for NSERF #43R/43R(L) (Limited Waiver of Depreciation/Limited Waiver of Depreciation (Specified Lessee)); and
- introduction of an endorsement bundle discount.

[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.

NSEF #35 (Emergency Service Expense)

[4] Intact proposed to introduce this endorsement for light commercial vehicles, with a limit of \$100 per occurrence. The endorsement provides coverage for towing and emergency expenses if the insured vehicle is disabled. The premium is the same as that approved by the Board in 2019 NSUARB 131 for Intact's private passenger vehicles.

NSEF # 27 (Legal Liability for Damage to Non-Owned Vehicles)

[5] When an insured is using a vehicle that is not owned by the insured, this endorsement provides coverage for legal liability for loss or damage. Intact proposed to amend this coverage to include light commercial vehicles, with the same liability limits and premiums as approved by the Board for Intact's private passenger vehicles in 2019 NSUARB 131.

NSEF #43R/NSEF #43R(L) (Limited Waiver of Depreciation/ Limited Waiver of Depreciation (Specified Lessee))

[6] Intact currently makes these endorsements available to both private passenger vehicles and light commercial vehicles. The endorsements provide a waiver of depreciation where a loss or damage of the vehicle occurs within 24 months of the original purchase date or lease date, as applicable. The company charges a premium equal to a percentage of the physical damages premiums (i.e., Collision, Comprehensive, All Perils, Specified Perils, and Direct Compensation Property Damage) carried on the vehicle. Intact proposed to bring the premium to an amount more in line with the charge for private passenger vehicles. The pricing for a light commercial vehicle will be based on the vehicle purchase or lease date and will vary by year of coverage. Intact also proposed to retain

its minimum and maximum premiums for the endorsements, which are slightly different than those for private passenger vehicles.

Endorsement Bundle Discount

[7] To encourage clients to purchase the endorsements discussed above, as well as the NSEF #20 (Loss of Use) endorsement, Intact proposed discount levels which increase depending on the number of these endorsements chosen by the client. However, the company has been careful to ensure that the discounts will not result in a situation where the client could add an endorsement and pay the same or less than if the endorsement had not been purchased.

[8] Board staff recommended the approval of all the proposed changes which are described above. The Board accepts the recommendation and approves the changes and the respective premiums.

III SUMMARY

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

[10] The Board finds the proposed changes to its endorsements will result in rates that are just and reasonable, and approves the changes effective May 17, 2021, for new business and June 17, 2021, for renewal business.

[11] 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 remains as October 1, 2021.

[12] 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*. The company must file an electronic version of its Manual, updated for the changes approved in this decision, within 30 days of the issuance of the order in this matter.

[13] An order will issue accordingly.

DATED at Halifax, Nova Scotia, this 26th day of February, 2021.



Roberta J. Clarke