

**DECISION**

**2021 NSUARB 110  
M10204**

**NOVA SCOTIA UTILITY AND REVIEW BOARD**

**IN THE MATTER OF THE INSURANCE ACT**

**- and -**

**IN THE MATTER OF AN APPLICATION** by **CONTINENTAL CASUALTY COMPANY** to adopt IAO Rates and change its rates and risk-classification system for commercial vehicles and interurban trucks

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

**APPLICANT:** **CONTINENTAL CASUALTY COMPANY**

**FINAL SUBMISSIONS:** August 18, 2021

**DECISION DATE:** September 1, 2021

**DECISION:** **Application is approved.**

## I INTRODUCTION

[1] Continental Casualty Company applied to the Nova Scotia Utility and Review Board to change its rates and risk-classification system for commercial vehicles and interurban trucks. Continental applied under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Adopt IAO Rates (Rate Filing Requirements)*.

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

## II ANALYSIS

[2] 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 Continental. The company reviewed the report and informed Board staff that it agreed with the recommendations and had no further comments.

[3] Continental proposes to adopt the rates and risk-classification systems that the Board recently approved for IAO Actuarial Consulting Services Aon Reed Stenhouse Inc. (IAO) for commercial vehicles and interurban trucks [2021 NSUARB 71 and 2021 NSUARB 72]. An insurer wanting to adopt approved IAO rates may apply to the Board without the necessity of filing actuarial support if it can justify its use of the IAO rates. The insurer may seek adjustments to the approved IAO rates for a lower return on equity or a different expense ratio than approved for IAO. Any adjustments must be supported.

[4] Continental said that it was appropriate for it to use the Board approved IAO rates because it has no exposures for individually rated commercial vehicles, nor interurban trucks in Nova Scotia. As well, Continental proposes no adjustments to IAO's 12% return on equity or any adjustments to IAO's expense ratios.

[5] Continental has supported both its decision to use IAO rates and to make no adjustments for differences in return on equity and expenses. Board staff recommend that the Board approve Continental's proposals. The Board agrees.

### III SUMMARY

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

[7] The Board is satisfied that Continental's proposal to adopt the current IAO rates and risk-classification system for commercial vehicles and interurban trucks, with no adjustments, is just and reasonable and approves the changes effective November 1, 2021, for new business.

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

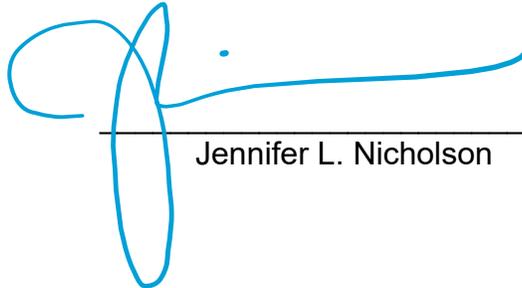
[9] The application qualifies to set a new mandatory filing date under the *Mandatory Filing of Automobile Insurance Rates Regulations*. The new mandatory filing date for Continental for commercial vehicles and interurban trucks is August 1, 2024.

[10] Board staff reviewed Continental'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.

[11] An order will issue accordingly.

**DATED** at Halifax, Nova Scotia, this 1<sup>st</sup> day of September 2021.

A handwritten signature in blue ink, consisting of a large loop on the left and a long horizontal stroke extending to the right.

---

Jennifer L. Nicholson