

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 and risk-classification system for private trailers and camper coaches

BEFORE: Peter W. Gurnham, Q.C., Chair

APPLICANT: **CO-OPERATORS GENERAL INSURANCE COMPANY**

FINAL SUBMISSIONS: January 7, 2022

DECISION DATE: **January 19, 2022**

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 and risk-classification system for private trailers and camper coaches.

[2] The Board must consider whether the proposed rates and risk-classification system 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 Company's proposed changes to rates, rating rules and endorsement offerings for private trailers and camper coaches.

II ANALYSIS

[3] Co-operators applied under the Board's *Rate Filing Requirements for Automobile Insurance - Section 155G Prior Approval - Minor (Rate Filing Requirements)*. To use the Prior Approval - Minor filing requirements, the annual written premium for a class of vehicle must be less than the threshold established by the Board. However, private trailers and camper coaches are among classes that are explicitly allowed to use the Prior Approval - Minor filing requirements regardless of annual written premium.

[4] Therefore, Co-operators is eligible to use these filing guidelines for the vehicle types included in the filing.

[5] Since the filing of this application, Co-operators 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 Co-operators. The Company reviewed the report and informed Board staff that it had no further comments.

[6] The Board will examine the following issues in this decision:

- Differential Changes
- Rating Rule Change
- Endorsement Offering Changes

Differential Changes

[7] Co-operators proposed changes to differentials for private trailers and camper coaches in an effort to harmonize differentials across the country.

[8] A Generalized Linear Models (GLM) analysis was used for body type, vehicle value and vehicle age variable analysis where both the variables and the correlations among them were considered.

Limits

[9] Bodily Injury and Property Damage differential changes are proposed to be harmonized with other provinces, with a relatively small impact on rates before off-balancing. Due to the lack of data credibility, the Company could not perform a GLM or an Increased Limit analysis.

Deductibles

[10] The limited data for deductibles for Collision and Comprehensive coverages did not allow a GLM or Loss Elimination Ratio analysis. Co-operators proposes to align the differentials nationally until a credible analysis can be done.

Body Type

[11] Currently there are only trailer body type differentials for Bodily Injury, Property Damage and Accident Benefits coverages. In order to follow a consistent

approach with other provinces, Co-operators proposed to add body type differentials for Collision, Comprehensive and Specified Perils coverages. It proposed to divide trailers into two body type categories: trailers used for living purposes (travel trailers, cabin trailers, camper coaches, hard top and soft top trailers) and trailers used for towing purposes (utility trailers and load carrying trailers). The Company proposed to use the same Bodily Injury and Property Damage differentials for trailers used for towing purposes as those currently used for other trailer types.

Vehicle Value

[12] Co-operators currently uses vehicle rate group (derived from vehicle value – Cost Price New or current value) as a rating variable for Collision, Comprehensive and Specified Perils. It now proposes to use vehicle value directly in rating. This means vehicle value will replace vehicle rate group as a rating variable.

Vehicle Age

[13] Co-operators defines vehicle age using the vehicle's model year and the time of policy issue. The Company proposes to add vehicle age as a new variable, with its differentials, for Collision, Comprehensive and Specified Perils coverages. Trailers will use its vehicle age, not the age of the tow vehicle.

[14] Because the Company insures a small number of private trailers and camper coaches, the impact of these changes on rates is minimal. Additionally, the Company off-balanced the impact of its proposed changes. Board Staff recommended the Board approve all the above changes.

Rating Rule Change

[15] The Company proposed to charge Accident Benefits coverage for camper coaches and to remove a condition whereby it charged 50% of the towing vehicle's Accident Benefits premium on camper coaches when that towing vehicle is not insured on the same policy. This aligns with the treatment of other trailers used for living purposes.

[16] This proposal has no impact as there are currently no exposures of this kind. It seems reasonable and does not violate the *Act* or its *Regulations*. Board Staff recommended that the Board approve this change.

Endorsement Offering Changes

[17] Co-operators proposed to extend NSEF#37 – Limitation to Automobile Sound and Electronic Communication equipment, and NSEF#38 – Increased Limit, Automobile Sound and Electronic Communication equipment, which is currently available for private trailers, to camper coaches.

[18] NSEF#37 offers limited (\$1,500) Comprehensive, Specified Perils, All Perils coverage to vehicles that have after-market sound and electronic communication equipment (e.g., radio, TV, computers, etc.). NSEF#38 provides additional coverage against theft or attempted theft beyond the limit NSEF#37 provides, for a premium per additional \$1,000 above the \$1,500 limit.

[19] The proposed changes to endorsement offerings seem reasonable and Board Staff recommended the Board approve them.

III SUMMARY

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

[21] The Board finds the proposed rates, rating rules and endorsement offerings are just and reasonable, and approves the changes effective May 11, 2022, for new business and June 10, 2022, for renewal business.

[22] The financial information supplied by Co-operators satisfies the Board, under Section 155I(1)(c) of the *Act*, that the proposed changes are unlikely to impair the solvency of the Company.

[23] 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 Co-operators for private trailers and camper coaches only is December 1, 2024, leaving the mandatory filing date as October 1, 2023, for motorcycles and June 1, 2024 for other miscellaneous vehicles.

[24] Board staff reviewed Co-operators' 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.

[25] An order will issue accordingly.

DATED at Halifax, Nova Scotia, this 19th day of January, 2022.



Peter W. Gurnham