

DECISION

**2024 NSUARB 156
M11808**

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 endorsements for All-Terrain Vehicles (ATVs) and Snowmobiles

BEFORE: Bruce H. Fisher, MPA, CPA, CMA, Member

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

FINAL SUBMISSIONS: July 31, 2024

DECISION DATE: **September 18, 2024**

DECISION: **Application is approved.**

I INTRODUCTION

[1] Co-operators General Insurance Company (Co-operators) applied to the Nova Scotia Utility and Review Board to change its endorsements for ATVs and Snowmobiles. The company requested the introduction of the non-standard Riding Gear Endorsement for all-terrain vehicles and motorized snow vehicles and the extension of the Waiver of Depreciation 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 Co-operators' application meets these requirements and approves the proposed changes to the company's rates and risk-classification system.

II ANALYSIS

[3] Co-operators applied under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Endorsements (Rate Filing Requirements)*. 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 comments.

Riding Gear Endorsement

[4] Co-operators proposed the introduction of this new non-standard endorsement, Riding Gear Endorsement, for all-terrain vehicles and motorized snow vehicles. It provides coverage for clothing and accessories owned by any driver listed on the policy

that are designed for the use and operation of the all-terrain vehicle or motorized snow vehicle. Clothing and accessories include, but are not limited to, helmets, eyewear, special purpose jackets, pants, suits, etc. The company will cover up to \$5,000 per occurrence for clothing and accessories that require replacement resulting from loss or damage caused by an insured incident or peril. However, if the gear is stolen but the vehicle itself is not stolen, the coverage under this endorsement does not apply. Co-operators will charge for each vehicle upon which this endorsement is added.

[5] Because the endorsement uses non-standard wording, the company required approval of the wording from the Office of the Superintendent of Insurance. The Superintendent provided the required approval of the wording on June 10, 2024.

[6] After reviewing the development of the proposed premium for the endorsement, Board Staff recommend the Board approve the proposed introduction of the Riding Gear Endorsement and the proposed per vehicle premium. The Board agrees.

Waiver of Depreciation Endorsement (Endorsement 43)

[7] This endorsement provides optional coverage to protect buyers or lessees of new vehicles against the cost effects of depreciation only in the event of a total loss. That is, the endorsement waives the application of “actual cash value” and therefore, waives depreciation, for total loss arising from an incident (insured peril) for the first 60 months from the original purchase or lease date of the vehicle assuming all other qualifications are met.

[8] In this application, the company proposes adding all-terrain vehicles and motorized snow vehicles to the list of eligible vehicles. Offering this endorsement to these

vehicles improves the product offering for these vehicles and will provide better protection for new vehicles that will become more expensive over time.

[9] To determine the premium for private passenger vehicles, Co-operators applies a premium factor, which varies by vehicle age, to the sum of the vehicle's premium for Collision, Comprehensive (or Specified Perils) and Direct Compensation Property Damage (i.e., the premium for physical damage coverages carried on the vehicle). The company will apply premium factors that are unique to these vehicles. Co-operators also added a factor for Specified Perils that would act to increase the premium to the Comprehensive level given the coverage provided under the endorsement is identical between these two coverages. Co-operators based the factor on the base rate difference between Specified Perils and Comprehensive Coverage.

[10] Because Co-operators uses the standard endorsement wording (i.e., NSEF#43R/43R(L)), the company did not require approval from the Office of the Superintendent of Insurance.

[11] Board Staff recommend the Board approve the proposal to add all-terrain vehicles and motorized snow vehicles to the eligible vehicles for this endorsement as well as the proposed premium factors. The Board agrees.

III SUMMARY

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

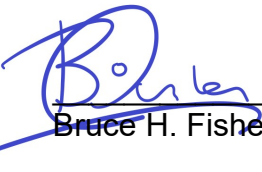
[13] The Board finds the proposed changes to its endorsements will result in rates that are just and reasonable, and approves the changes effective November 13, 2024, for new business and December 13, 2024, for renewal business.

[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 Co-operators for all-terrain vehicles and motorized snow vehicles stays at July 1, 2025.

[15] 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.

[16] An order will issue accordingly.

DATED at Halifax, Nova Scotia, this 18th day of September, 2024.



Bruce H. Fisher