

DECISION

**2024 NSUARB 171
M11855**

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 light commercial and farm vehicles

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

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

FINAL SUBMISSIONS: September 24, 2024

DECISION DATE: **October 10, 2024**

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 and to update its underwriting rules for light commercial and farm vehicles.

[2] The Board must consider whether the proposed rates and risk-classification system and changes to the company's underwriting rules 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 rates and risk-classification system.

II ANALYSIS

[3] Co-operators General Insurance Company applied under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval – Minor*. 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.

[4] Board staff examined all aspects of the ratemaking procedure to make the recommendations in the Staff Report and suggested that the Board further review certain classification and underwriting rules issues. Board staff consider that Co-operators satisfactorily addressed all other aspects of the ratemaking procedure in its application and IR responses.

Light Commercial and Farm Vehicles

[5] Co-operators proposed to change the way it classifies and rates light commercial and farm vehicles.

[6] Currently, if a customer has only one vehicle insured with the company and it is a light commercial or farm vehicle, Co-operators will rate it using private passenger rates if that premium is higher than the commercial rate. When determining the private passenger rate, the company may consider how the vehicle is used (e.g., business use or farm pleasure use).

[7] Co-operators notes that this rating nuance is not consistently applied as it requires full knowledge of the rating manual. The result is inconsistent treatment of similar vehicles. Also, when the customer adds subsequent vehicles, the rating of the first light commercial or farm vehicle is not updated to reflect the vehicle's correct use.

[8] Co-operators proposed to rate any vehicle with any amount of commercial exposure using commercial rates going forward, instead of the higher of commercial and private passenger rates as is currently the approach. The 139 vehicles currently rated as business use with commercial exposure with Co-operators will not be affected by this rule change, unless the customers inform the company of a change in their vehicle use.

[9] Board staff recommend the Board approve this change. The Board agrees.

Underwriting rule changes

[10] Co-operators proposed, as part of Risks not Written for commercial, farm and public vehicles (rules 47 and 48), to update this list of commercial, public classes, and uses not written, as part of rules 47 and 48 of Risks not Written with new types of risks that it does not wish to write or did not intend to write. The company also proposed

to revise the kilometre radius of operation restriction under the Commercial Vehicle Rate Classes section.

[11] These changes reflect the company's risk appetite, do not have impacts on rates, and do not violate the *Insurance Act* or its *Regulations*.

[12] Board staff recommend the Board approve the proposed underwriting rule changes. The Board agrees.

III SUMMARY

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

[14] The Board finds the proposed rates are just and reasonable, and approves the changes effective November 1, 2024, for new and renewal business.

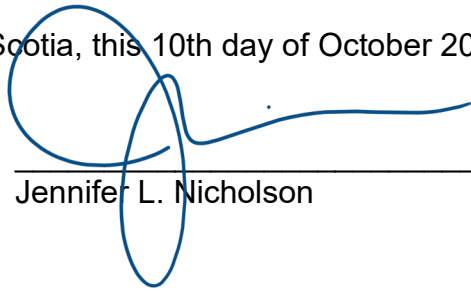
[15] The financial information supplied by Co-operators satisfies the Board, under Section 155I(1)(c) of the *Act*, that the proposed changes are unlikely to impair the solvency of the company.

[16] 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 remains on December 31, 2024, for commercial vehicles.

[17] 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.

[18] An order will issue accordingly.

DATED at Halifax, Nova Scotia, this 10th day of October 2024.



Jennifer L. Nicholson