

DECISION

**2024 NSUARB 132
M11738**

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE INSURANCE ACT

- and -

IN THE MATTER OF AN APPLICATION by **ELITE INSURANCE COMPANY** for approval to maintain its rates and risk-classification system for antique vehicles

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

APPLICANT: **ELITE INSURANCE COMPANY**

FINAL SUBMISSIONS: June 17, 2024

DECISION DATE: **July 18, 2024**

DECISION: **Application is approved.**

I INTRODUCTION

[1] Elite Insurance Company applied to the Nova Scotia Utility and Review Board to maintain its rates and risk-classification system for antique vehicles.

[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 Elite's application meets these requirements and approves the company's proposed rates and risk-classification system.

II ANALYSIS

[3] Elite applied under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval (Rate Filing Requirements)*. Since the filing of this application, Elite 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, staff shared it with Elite. The company reviewed the report and informed Board staff that it had no further comments.

Analysis of Proposal

[4] Elite provided indications that suggest rates should decrease by 3.3% but proposed no changes to its rates and risk-classification systems. Board staff reviewed all aspects of Elite's ratemaking procedure and recommended that the Board use the Elite indications as the appropriate target to assess the reasonableness of the proposal. The Board agrees.

[5] Elite's indications suggest rates could decline overall by 3.3%. The decrease is driven primarily by a large, indicated decrease for Collision. Despite the

indication for increases, in some cases large increases, Elite proposed no change for all coverages. Elite observed rapid growth in vehicle counts over the past two years. Also, Elite retains most of its policies suggesting clients are satisfied with the current rates. Elite believes its average annual premium is not too high relative to the industry, making a reduction unnecessary. Furthermore, while the Collision indication is for a large percentage decrease, the average Collision premium is not overly high relative to the industry. Finally, because the data is not very credible, the indicated rate level change comes mostly from the chosen complement of credibility. Elite noted choosing a different complement could result in markedly different indications. For these reasons, Elite proposed no rate changes.

[6] Because the overall proposed rates are more than indicated, the proposed return on equity would be slightly higher than the Elite target of 10%. However, Board staff does not expect that difference to be significant enough to warrant changes. Board staff recommend that the Board approve Elite's proposal to leave rates unchanged for antique vehicles. The Board agrees.

Automobile Insurance Manual

[7] Elite is not proposing any changes to its Automobile Insurance Manual. Board staff reviewed the Manual on file and uncovered no areas where the company appears to be in violation of the *Regulations*. The Board does not require an updated Manual from Elite.

III SUMMARY

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

[9] The Board finds the proposed rates are just and reasonable, and approves the rates effective November 3, 2024, for new business and January 3, 2025, for renewals.

[10] The financial information supplied by Elite satisfies the Board, under Section 155I(1)(c) of the *Act*, that the proposal for no changes is unlikely to impair the solvency of the company.

[11] The application qualifies to set a new mandatory filing date under the *Mandatory Filing of Automobile Insurance Rates Regulations*. Elite's new mandatory filing date for motorhomes is June 1, 2027.

[12] An order will issue accordingly.

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



Bruce H. Fisher