

DECISION

**2025 NSUARB 03
M11954**

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE INSURANCE ACT

- and -

IN THE MATTER OF AN APPLICATION by **FACILITY ASSOCIATION** for approval to change its rates and risk-classification system for All-Terrain Vehicles

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

APPLICANT: **FACILITY ASSOCIATION**

FINAL SUBMISSIONS: November 26, 2024

DECISION DATE: **January 10, 2025**

DECISION: **Application is approved.**

I INTRODUCTION

[1] Facility Association applied to the Nova Scotia Utility and Review Board to change its rates and risk-classification system for All-Terrain Vehicles (ATVs). The company proposes rate changes that vary by coverage and result in an overall increase of 8.0%.

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

II ANALYSIS

[3] Facility applied under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval (Rate Filing Requirements)*. Since the filing of this application, Facility 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 Facility. The company reviewed the report and pointed out several errors which Board staff corrected in their final version. Facility also revised its proposal to match the updated Health Services Levy in the Staff Report.

[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 issues. Board staff considered that Facility satisfactorily addressed all other aspects of the ratemaking procedure in its application and IR responses.

[5] In reviewing the proposed rate level change, the Board will examine the following issues in this decision:

1. Loss Trends; and,
2. Health Services Levy.

Loss Trends

[6] In its last filing for all-terrain vehicles, Facility adopted the then current loss trends selected by the Board's consulting actuaries, Oliver Wyman. In the current application, Facility reverted to using its own loss trend models and the resultant estimates. Facility based its Loss Trends on industry experience data from the 20-year period ending December 31, 2023.

[7] Staff compared the December 2023 loss trends from Oliver Wyman to the trends developed by Facility. Because the overall difference was small and the volume of Facility's ATV business was small, Staff recommended that, in this instance, the Board use the Facility loss trends when developing indications for the proposed changes. The Board agrees.

Health Services Levy

[8] In its indications, Facility used the 2023 Health Services Levy amount of \$42.70 per vehicle. The Health Services Levy estimated for 2024 is \$49.58 per vehicle. Board staff used the more up to date amount in their staff indications. Subsequently, Facility revised its proposal to match the revised levy in the staff indications.

Staff Indications

[9] Staff developed its own indications using Facility's alternative indication assumptions except for the Health Services Levy where the more recent Levy is used. The Staff indications equaled the Facility indications, once Facility had updated its Health Services Levy. Facility updated its proposal to reflect these indications.

[10] Given the proposed rate changes equal the Staff Indications, Board Staff recommend the Board approve the proposed rate changes. The Board agrees.

III SUMMARY

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

[12] The Board finds the proposed rates are just and reasonable and approves the changes effective 100 days after the Board approves rates, rounded to the 1st of the following month for both new and renewal business. This provides for an effective date of May 1, 2025.


[13] Facility is not an insurance company, but instead, is backstopped by its member insurance companies who write in Nova Scotia. The Company, therefore, did not provide any financial information. However, recent examinations of the mandatory filings of the Facility member companies provide comfort that it is unlikely that the changes proposed by Facility will jeopardize the solvency or financial well-being of the Facility member companies.

[14] 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 Facility for ATVs is November 1, 2027.

[15] Board staff reviewed Facility'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.

[16] An order will issue accordingly.

DATED at Halifax, Nova Scotia, this 10th day of January, 2025.



Bruce H. Fisher