

DECISION

**2024 NSUARB 93
M11667**

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 revise its underwriting and rating rules applicable to several different classes of vehicles

BEFORE: Julia E. Clark, LL.B., Member

APPLICANT: **FACILITY ASSOCIATION**

FINAL SUBMISSIONS: May 10, 2024

DECISION DATE: **June 4, 2024**

DECISION: **Application is approved**

I INTRODUCTION

[1] Facility Association applied to the Nova Scotia Utility and Review Board for approval to revise its underwriting and rating rules applicable to several different classes of vehicles. The changes have no impact on rates.

II ANALYSIS

[2] On April 19, 2024, Facility applied under a simplified version of the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval (Rate Filing Requirements)*. Since filing 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 informed Board staff that it had no further comments. Facility submitted an amendment to its application on May 10, 2024, which was reviewed by Board Staff and considered by the Board as part of the application.

[3] Facility is proposing to remove or change several of its endorsement rules. Facility's objectives are to, in part, harmonize these rules and to align the endorsement names with the names of endorsements forms across jurisdictions. The changes also update formats and wordings on the endorsement chart for each section of the Facility manual. The Board has no concerns with the minor wording and formatting updates to the manual.

[4] Facility removed reference in the manual to two endorsements, END 8A – Property Damage Reimbursement for Operation by Named Person, and END 22N – Cargo Insurance Endorsement, both of which Facility effectively does not offer.

[5] Facility removed references to the Driving Record Chart and associated chart notes in Rule 115. This also affected Rule 113.B Driving Record Entitlement, which referenced the Chart. Facility updated Rule 113.B. in favour of providing a list of factors used to determine driving record. Facility says that the information provided in the Chart and notes are outlined in other sections in the rules.

[6] Facility changed rules relating to when END 19 – Limitation of Amount and END 40 – Fire and Theft Deductible endorsements are required, to harmonize manual wording across jurisdictions. For END-19, the change will reflect Facility's current practice of requiring the endorsement when the policy provides optional physical damage coverages. Facility also clarified in references to END-40 that the endorsement is mandatory for all motorized vehicles described in the Recreation Section of the manual.

[7] For END 17 – Reinstatement of Coverage, Facility changed the associated rules 152, 242, 338 and 443 to remove references within the chart to specific rules that included tables to determine the amount of refund upon reinstatement. Instead, in those sections, Facility added the following disclaimer:

The refund for the period of cancellation is calculated according to the table printed on the END 16 form. In no event shall refund be granted for any suspension of coverage less than sixty (60) consecutive dates. Refer to additional rules within manual for more information

Facility noted that because the previously referenced tables in the rules matched the tables included in the END 16 form, the change would have no impact on the amount of eligible refund. The company made this change to harmonize its manual wording.

[8] Facility also removed cross-references to specific rules in the Endorsement Chart in favour of more generic wording directing the reader to additional applicable rules.

In some cases, the endorsements apply to more than one rule, and the past wording may not have made that clear.

[9] In its amended submission, Facility included an addition to the notes section for Rule 647 regarding Standard Endorsement Forms Applicable to [the Garage Policy], as well as to Rule 822 on Endorsements applicable to the [Non-owned Automobile Policy]. The changes involve standard wording/definitions and Board staff indicated that the additional changes do not appear to violate the *Insurance Act* or its regulations.

[10] Facility says that none of the changes will impact premiums, and revisions to premium or refund provisions merely clarify or correct the rule to reflect current practice. Board staff reviewed the changes and advised that it did not appear that any risks would be rated differently or attract different premiums. Board staff recommended the Board approve all proposed rule changes. The Board agrees and approves the application, as filed.

III SUMMARY

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

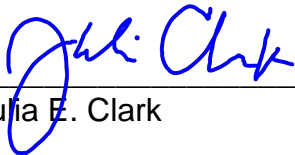
[12] The Board approves all proposed changes to the underwriting and rating rules. Facility must post an updated version of its manual reflecting the approved changes to its website within 30 business days of the issuance of this decision.

[13] Board staff recommends approval of Facility's methodology of establishing the effective date for new business and renewals on a date 100 days after the Board approves rates, rounded to the 1st of the following month. The Board agrees. This methodology produces an October 1, 2024, effective date.

[14] The application does not qualify to reset the mandatory filing date under the *Mandatory Filing of Automobile Insurance Rates Regulations* for any of the vehicle classes that are impacted by the rule changes.

[15] An order will issue accordingly.

DATED at Halifax, Nova Scotia, this 4th day of June, 2024.



Julia E. Clark