

DECISION

**2024 NSUARB 179
M11896**

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE INSURANCE ACT

- and -

IN THE MATTER OF AN APPLICATION by **HEARTLAND FARM MUTUAL INC.** for approval to maintain its rates and risk-classification system for commercial and miscellaneous vehicles

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

APPLICANT: **HEARTLAND FARM MUTUAL INC.**

FINAL SUBMISSIONS: October 3, 2024

DECISION DATE: **October 24, 2024**

DECISION: **Application is approved**

I INTRODUCTION

[1] Heartland Farm Mutual Inc. applied to the Nova Scotia Utility and Review Board to maintain its current rates and risk-classification systems for commercial vehicles and most miscellaneous vehicles (motorhomes, snow vehicles, trailers, and campers).

[2] The Board must consider whether the proposed rates and risk-classification system are just and reasonable and in compliance with the *Insurance Act* and its *Regulations*. The Board is satisfied that Heartland's application meets these requirements and approves the company's proposal to maintain its rates and risk-classification system.

II ANALYSIS

[3] Heartland applied under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval - Minor*. 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 Heartland. The company reviewed the report and informed Board staff that it had no comments on the Staff Report.

Eligibility to Use Section 155G – Prior Approval – Minor

[4] To use the Board's *Section 155G – Prior Approval – Minor Rate Filing Requirements*, the annual written premium for a class of vehicle must be less than the threshold established by the Board. All vehicle types addressed in this application either met the thresholds or are explicitly allowed to use the Prior Approval - Minor Filing Requirements regardless of annual written premium. Hence, the company is eligible to use these filing guidelines for all vehicle types included in this filing.

Analysis of Support Provided

[5] In 2021, as a new insurance entrant, Heartland filed to adopt IAO Actuarial Consulting Services Inc.'s rates and risk-classification systems (with adjustments) for commercial and miscellaneous vehicles. The filings were approved with an effective date of December 1, 2022, for new business (2022 NSUARB 49 and 2022 NSUARB 15).

[6] Heartland maintains a small amount of business for these vehicles to accommodate its existing customers and considers the adopted IAO's rates sufficient. Its proposal to maintain the current rates and risk-classification systems seem reasonable. Board staff recommend that the Board approve Heartland's proposal to leave rates unchanged for commercial and miscellaneous vehicles (motorhomes, snow vehicles, trailers, and campers). The Board agrees.

III SUMMARY

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

[8] The Board finds the proposal to maintain rates are just and reasonable, and approves the effective dates of February 1, 2025, for commercial vehicles (new business and renewals); and, November 1, 2024, for miscellaneous vehicles (new business and renewals).

[9] The financial information supplied by Heartland satisfies the Board, under Section 155l(1)(c) of the *Act*, that the proposed changes are unlikely to impair the solvency of the company.

[10] 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 Heartland for commercial and these miscellaneous vehicles is October 1, 2027.

[11] A review of the existing manuals on file did not uncover any instances where the company appeared to be in violation of the *Act* or its *Regulations*. With no proposed changes to the manuals, the Board does not require updated manuals from Heartland.

[12] An order will issue accordingly.

DATED at Halifax, Nova Scotia, this 24th day of October, 2024.



Bruce H. Fisher