

**DECISION**

**2024 NSUARB 150  
M11782**

**NOVA SCOTIA UTILITY AND REVIEW BOARD**

**IN THE MATTER OF THE INSURANCE ACT**

**- and -**

**IN THE MATTER OF AN APPLICATION** by **INSURANCE COMPANY OF PRINCE EDWARD ISLAND** for approval to maintain its rates and make changes to its risk-classification system for ATVs, Motorcycles and Snow Vehicles.

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

**APPLICANT:** **INSURANCE COMPANY OF PRINCE EDWARD ISLAND**

**FINAL SUBMISSIONS:** July 10, 2024

**DECISION DATE:** **September 4, 2024**

**DECISION:** **Application is approved.**

## I INTRODUCTION

[1] The Insurance Company of Prince Edward Island (ICPEI) applied to the Nova Scotia Utility and Review Board to maintain its rates for ATVs, motorcycles and snow vehicles. In addition, the company proposed to reclassify Distracted Driving Convictions as a major conviction, make changes to endorsements, and amend underwriting and rating rules for these 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 ICPEI's application meets these requirements and approves the company's proposed rates and risk-classification system.

## II ANALYSIS

[3] ICPEI applied under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval*. Since the filing of this application, ICPEI received and responded to Information Requests from Board staff. Board staff prepared a report to the Board with recommendations on the application (Staff Report). Before providing it to the Board, staff shared it with ICPEI. The company reviewed the Staff Report and informed Board staff that it had no further comments.

### *Analysis of Support Provided*

[4] ICPEI's book of business for these vehicles is not large enough to produce a meaningful actuarial analysis. Since the company increased rates for these vehicles by 5% in the last filing (2021), ICPEI believes its rates are adequate and proposed no changes.

[5] While the application was filed under the Board's *Section 155G Prior Approval* filing requirements, ICPEI could have filed it under the Board's *Section 155G Prior Approval – Minor* filing requirements, which do not require support where the company maintains current rates.

[6] Despite having filed under a different rate filing requirement, Board staff recommends the Board treat the application to maintain its rates as if it was filed under *Section 155G - Prior Approval - Minor* filing requirements, and allow the filing to be made without support. Board staff recommends the Board approve ICPEI's proposal to leave rates unchanged for ATVs, motorcycles and snow vehicles. The Board agrees.

*Reclassification of Distracted Driving Convictions*

[7] For miscellaneous vehicles, ICPEI treats a conviction for distracted driving offences as a minor conviction. Other insurers have moved to treat such convictions as major convictions, and having done so for commercial and interurban vehicles, ICPEI proposes to change the classification to major for new convictions. Any current convictions would continue to be treated as minor.

[8] The Board has approved this reclassification for other insurance companies, as well as approving ICPEI to use it for commercial and interurban vehicles. Board staff recommends the Board approve the proposed reclassification of distracted driving convictions for these vehicles. The Board agrees.

*Endorsement Changes*

[9] ICPEI currently has an "In Storage" option allowing for the dropping of all coverages except Comprehensive or Specified Perils if the vehicle were "In Storage" and

unavailable to be driven. With the introduction of its new administration system, ICPEI proposes to no longer offer this “In Storage” option.

[10] Instead, it proposes to extend the availability of two endorsements, Agreement of Suspension of Coverage (NSEF#16) and Reinstatement of Coverage (NSEF#17), to miscellaneous vehicles. The use of these two endorsements will allow for a client to replicate the “In Storage” option by selecting a period for which the vehicle is assumed to be unavailable to be driven while it is “laid up”. These endorsements are currently available for private passenger vehicles.

[11] Board staff recommends the Board approve the extension of NSEF#16 and NSEF#17 to miscellaneous vehicles. The Board agrees.

#### Underwriting and Rating Rule Changes

[12] ICPEI proposed other changes to its rating rules and underwriting rules. The changes reflect underwriting decisions to align ICPEI with competitors and other Maritime provinces or add clarity so that the manual is used correctly. Some changes reflect changes in the company’s risk appetite. None of the changes violate the *Insurance Act* or its *Regulations*.

[13] Board staff recommends the Board approve the proposed underwriting and rating rule changes. The Board agrees.

#### Automobile Insurance Manual

[14] In addition to the proposed changes to the manual resulting from the rule changes, ICPEI will split its current manual into two separate manuals, one for private passenger vehicles, and one for miscellaneous vehicles. Board staff reviewed the

proposed manual included in the application and did not uncover any areas that appeared to violate the *Insurance Act* or its *Regulations*.

[15] 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.

### III SUMMARY

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

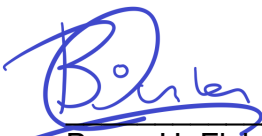
[17] The Board finds the proposed rates are just and reasonable and approves the rates effective October 1, 2024, for both new business and renewals.

[18] The financial information provided by ICPEI satisfies the Board, under Section 155(1)(c) of the *Act*, that the proposal is unlikely to impair the solvency of the company.

[19] The application qualifies to set a new mandatory filing date under the *Mandatory Filing of Automobile Insurance Rates Regulations*. ICPEI's new mandatory filing date for these vehicles is July 1, 2027.

[20] An order will issue accordingly.

**DATED** at Halifax, Nova Scotia, this 4<sup>th</sup> day of September, 2024.

  
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Bruce H. Fisher