

**DECISION**

**2025 NSUARB 36  
M11913**

**NOVA SCOTIA UTILITY AND REVIEW BOARD**

**IN THE MATTER OF THE INSURANCE ACT**

**- and -**

**IN THE MATTER OF AN APPLICATION by NORTHBRIDGE GENERAL INSURANCE COMPANY, FEDERATED INSURANCE COMPANY, ZENITH INSURANCE COMPANY, TOKIO MARINE AND NICHIDO FIRE INSURANCE COMPANY LIMITED AND VERASSURE INSURANCE COMPANY for approval to maintain its rates and make changes to its risk-classification system for private passenger vehicles**

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

**APPLICANT:** NORTHBRIDGE GENERAL INSURANCE COMPANY

**FINAL SUBMISSIONS:** January 14, 2025

**DECISION DATE:** February 19, 2025

**DECISION:** Application is Approved.

## I INTRODUCTION

[1] Northbridge Financial Corporation (Northbridge) applied to the Nova Scotia Utility and Review Board to maintain its rates and make changes to its risk-classification system for private passenger vehicles under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Adopt IAO Rates (Rate Filing Requirements)*. The application was for Northbridge General Insurance Company (NGIC) and its sister companies, Federated Insurance Company, Zenith Insurance Company, Tokio Marine & Nichido Fire Insurance Company and Verasure Insurance Company. References to Northbridge in this Decision will refer to all companies unless noted otherwise.

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

## II ANALYSIS

[3] Since the filing of this application, Northbridge 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 the Staff Report to the Board, Board staff shared it with Northbridge. Northbridge reviewed the report and informed Board staff that it had no comments on the report.

[4] In 2022, the Board approved Northbridge's adoption of IAO Rates for private passenger vehicles (2022 NSUARB 52). Northbridge proposed maintaining its current rates instead of adopting the 2024 IAO Rates for private passenger vehicles approved by

the Board (2024 NSUARB 98). Northbridge did not propose any adjustments to IAO's 12% ROE nor expense ratios.

[5] Northbridge explained that adopting the latest IAO Rates would result in a negative overall impact on the companies' revenues. Board staff reviewed Northbridge's actual 2023 loss ratio and its forecast 2024 loss ratio and concluded that Northbridge's adoption of the 2024 IAO Rates would not be prudent. Board staff recommended that the Board approve the group's proposal to maintain its current rates. The Board agrees.

#### Previously Approved Deviations

[6] Northbridge proposed to continue offering previously approved extended liability limits for Third Party Liability and the Family Protection Endorsement (SEF#44); as well as current discounts and surcharges, and the Accident Forgiveness provision that are not included in the IAO risk-classification system or rates. Board staff recommended the Board allow Northbridge to continue these offerings and the Board agrees.

#### Additional Changes

[7] In addition to maintaining its rates and previously approved deviations, Northbridge proposed a number of changes discussed below. The overall impact on revenues from its proposal are -0.3% for NGIC, 0% for Federated and 0.8% for Zenith. Tokio and Verassure currently have no private passenger vehicle exposures, therefore there is no impact on their revenues.

[8] Northbridge currently uses the 2022 Canadian Loss Experience Automobile Rating (CLEAR) tables to assign rating groups for Accident Benefits and physical damage coverages. Northbridge proposed to adopt the 2024 updated tables, which the Board

approved for use. Board staff recommend Northbridge be approved to use the 2024 CLEAR tables. The Board agrees.

[9] Northbridge has a 25% surcharge when a customer has had a policy cancelled due to non-payment of premiums. Due to an increase in cancellations due to non-payment, the company has proposed an increase in this surcharge to 50% to further deter non-payment and to align with what it charges in other provinces. Board staff recommended the Board approve this proposal and the Board agrees.

[10] In addition, Northbridge proposed to increase its surcharge for the first minor conviction from 5% to 10%. This harmonizes the surcharge across provinces. Recognizing that the 5% surcharge is at the lower end of the range where most companies charge for minor convictions, Board staff recommended the Board approve this change. The Board agrees.

[11] Northbridge currently offers a 15% discount to its customers who have a Personal Choice package (a combined private passenger automobile and principal residence property insurance policy with the same effective date). Northbridge proposed adding a Multi-Line discount for private passenger automobile policy holders who also have a principal residence property policy (not in a Personal Choice package), a commercial property policy or a commercial liability policy. The discount would apply to private passenger vehicles only (i.e. antiques and miscellaneous vehicles would not receive the discount). Northbridge anticipates that these non-combined policies might not provide the same savings as the Personal Choice package. Therefore, Northbridge proposed a lower discount (10%) than its Personal Choice discount. Board staff recommended the Board approve this proposal and the Board agrees.

[12] Northbridge's current Board-approved Accident Forgiveness provision requires the principal operator to be licensed for, and be accident free for, at least five years. Specifically, no major or serious convictions and no more than two minor convictions in the past three years. An eligible operator would keep their rating after the first at-fault accident but if there is a second at-fault accident within five years, the rating would drop to zero. Northbridge proposed to turn this provision into an optional non-standard endorsement called Form G Accident Forgiveness for Zenith customers only. No change to the Accident Forgiveness provision was proposed for other Northbridge companies. Eligible Zenith customers will see this endorsement automatically added to their policies at renewal to have their first minor at-fault accident forgiven for a cost of \$60, with an option to opt out. After an at-fault accident, the customers need to continue purchasing this endorsement to remain protected. Board staff recommended the Board approve the introduction of the Form G Accident Forgiveness Endorsement for Zenith only. The Board agrees.

### **III SUMMARY**

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

[14] The Board is satisfied that Northbridge's proposal to maintain its current rates and modify its risk-classification system for private passenger vehicles is just and reasonable and approves the changes effective May 26, 2025, for new business and July 11, 2025, for renewal business for all companies in the group except Zenith. For Zenith, changes would become effective March 16, 2025, for new business and April 15, 2025, for renewal business.

[15] The financial information supplied by Northbridge satisfies the Board, under Section 155I(1)(c) of the *Act*, that the proposed changes are unlikely to impair the solvency of the companies.

[16] 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 Northbridge for private passenger vehicles is October 1, 2026.

[17] Board staff reviewed the companies' Automobile Insurance Manuals filed with the Board and did not find any instances where the Manuals contravened the *Act* and *Regulations*. Each 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.

[18] An order will issue accordingly.

**DATED** at Halifax, Nova Scotia, this 19<sup>th</sup> day of February, 2025.



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Bruce H. Fisher