

**DECISION**

**2024 NSUARB 128  
M11769**

**NOVA SCOTIA UTILITY AND REVIEW BOARD**

**IN THE MATTER OF THE INSURANCE ACT**

**- and -**

**IN THE MATTER OF AN APPLICATION** by **PEMBRIDGE INSURANCE COMPANY** for approval to change its rates and risk-classification system for private passenger vehicles

**BEFORE:** M. Kathleen McManus, K.C., Ph.D., Member

**APPLICANT:** **PEMBRIDGE INSURANCE COMPANY**

**FINAL SUBMISSIONS:** July 5, 2024

**DECISION DATE:** **July 17, 2024**

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

## I INTRODUCTION

[1] On June 28, 2024, Pembridge Insurance Company (Pembridge) applied to the Nova Scotia Utility and Review Board to modify the eligibility criteria of the usage-based insurance (UBI) discount program for private passenger vehicles. Pembridge proposed to include a minimum distance driven during the monitoring phase before a discount is provided.

[2] The Board must consider whether the proposed modified UBI discount program will result in rates and risk-classification systems that are just and reasonable and in compliance with the *Insurance Act (Act)* and its *Regulations*. The Board is satisfied that Pembridge's application meets these requirements and approves the company's proposed modification.

## II ANALYSIS

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

[4] Pembridge offers a Board approved usage-based insurance discount program, My\_BRIDGE™. The program was implemented in Nova Scotia on February 1, 2016, and April 1, 2016, for new business and renewals, respectively. Pembridge made changes to the program since that time. Before Pembridge determines if the client's

driving behaviour warrants a discount, the driver must be monitored for six months. During this period, a device, or the client's cellphone, tracks various aspects of the client's driving. Based on the information gathered during that six-month period, the company decides if the client should receive a discount and how much that discount should be. The amount of driving done during that six-month period is irrelevant. That is, a client who was monitored for 500 km in that six-month period could receive the same discount as someone who drove 5,000 km in the monitoring period.

[5] Over time, Pembridge's data showed that almost half of the participants in the program drove less than 1,000 km during the monitoring phase. For those clients with less than 1,000 km monitored, the loss experience has been higher than for those who the company monitored for more than 1,000 km in the six-month period.

[6] Pembridge proposed adding a requirement of a minimum of 1,000 km driven during the six-month monitoring period before the client is eligible for the earned discount. If the six-month monitoring period expires with less than 1,000 km driven, the client will have to successfully complete another six-month monitoring period with at least 1,000 km driven in those six months before becoming eligible for any discount. Pembridge based this new requirement on the claims experience noted above and on the fact that the move will align the Pembridge program with other UBI programs in the market.

[7] Board staff finds that Pembridge supported the need to modify its UBI discount program eligibility criteria to include the minimum distance of 1,000 km within the monitoring period. Board staff recommends the Board approve the proposed modification to the UBI discount program. The Board agrees.

### III SUMMARY

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

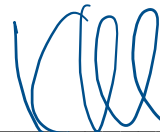
[9] The Board finds the proposed modification of the UBI discount program, My\_BRIDGE™, is just and reasonable, and approves the changes effective August 11, 2024, for new business and September 11, 2024, for renewal business.

[10] The application does not qualify to set a new mandatory filing date under the *Mandatory Filing of Automobile Insurance Rates Regulations*. The mandatory filing date for Pembridge for private passenger vehicles stays at April 1, 2026.

[11] Board staff reviewed Pembridge '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 change approved in this decision, within 30 days of the issuance of the order in this matter.

[12] An Order will issue accordingly.

**DATED** at Halifax, Nova Scotia, this 17<sup>th</sup> day of July, 2024.



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M. Kathleen McManus