

DECISION

**2024 NSUARB 178
M11864**

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 miscellaneous vehicles

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

APPLICANT: **PEMBRIDGE INSURANCE COMPANY**

FINAL SUBMISSIONS: September 11, 2024

DECISION DATE: **October 24, 2024**

DECISION: **Application is approved.**

I INTRODUCTION

[1] Pembridge Insurance Company filed an application to leave its rates and risk-classification systems unchanged for miscellaneous vehicles, including all-terrain vehicles (ATVs), motorcycles, motorhomes, snowmobiles, and trailers. Pembridge will make changes to its underwriting and rating rules.

[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 Pembridge's application meets these requirements and approves the company's proposed rates and risk-classification system.

II ANALYSIS

[3] Pembridge applied under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval-Minor (Rate Filing Requirements)*. Since the filing of this application, Pembridge 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 Pembridge. The company reviewed the report and informed Board staff that it had no comments.

Miscellaneous Vehicle Rates

[4] To use a Section 155G – Prior Approval – Minor application, the annual written premium for each class of vehicle must be less than the Board's threshold for those vehicles. Pembridge's threshold for ATVs, motorcycles, motorhomes, and snowmobiles are less than the Board's thresholds. Because the Board allows companies

to use this type of application for trailers regardless of premium volume, Pembridge is eligible for all vehicles in this application.

[5] Pembridge compared its average premiums by coverage for 2023 to the 2022 industry average premiums as reported in the General Insurance Statistical Agency (GISA) exhibits. The Board must decide whether the comparative analysis supports the Pembridge proposal to leave its miscellaneous vehicles rates unchanged.

[6] Because the average premiums were close or comparable to the industry average premiums, Pembridge concluded it did not need to alter premiums for all-terrain vehicles, motorcycles, motorhomes, and snowmobiles. Board staff concur with the company's decision, noting any differences can be attributed to the different mix and volume of business written by Pembridge relative to the industry.

[7] Because the industry average premium for trailers is not available, Pembridge chose to leave these rates unchanged as well. The Board has allowed other companies to take similar stances in their applications for trailers.

[8] Board staff recommend the Board approve the proposal to leave the rate unchanged. The Board agrees.

Underwriting and Rating Rule Change

[9] Pembridge proposed a change to its eligibility criteria for writing motorcycles. The company will remove its current requirement for the motorcycle operator to have had a valid Class 5 private passenger vehicle (PPV) licence for a minimum of 10 years in addition to having either:

- a Class 6 licence (motorcycle) for a minimum of 10 years; or,

- a Class 5A licence (PPV with motorcycle endorsement) for three years. This requirement is reduced to one year if the operator has a Canada Safety Council Motorcycle Training Program certificate.

[10] The change will allow an operator with less than 10 years of experience with a PPV licence, or who does not have a private passenger vehicle licence, to be eligible for a policy. Currently, that operator would not be eligible.

[11] The proposed change aligns the Nova Scotia criteria with that used by Pembridge in other markets. The change does not violate the *Insurance Act* or its *Regulations*. Board staff recommends the Board approve the proposed change to underwriting and rating rules. The Board agrees.

III SUMMARY

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

[13] The Board finds the proposed rates are just and reasonable, and approves the changes effective January 1, 2025, for new business and February 1, 2025, for renewal business.

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

[15] The Board's Section 155G – Prior Approval-Minor filing requirements do not require an actuarial analysis to reset the mandatory filing date. The Board allows comparisons of average rates by coverage to those of the industry to qualify to reset the filing date. The application thus qualifies to set a new mandatory filing date of August 1,

2027, for miscellaneous vehicles, under the *Mandatory Filing of Automobile Insurance Rates Regulations*.

[16] 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 changes approved in this decision, within 30 days of the issuance of the order in this matter.

[17] An order will issue accordingly.

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



Bruce H. Fisher