

**DECISION**

**2024 NSUARB 89  
M11670**

**NOVA SCOTIA UTILITY AND REVIEW BOARD**

**IN THE MATTER OF THE INSURANCE ACT**

**- and -**

**IN THE MATTER OF AN APPLICATION** by **TD INSURANCE GROUP** for approval to change its risk-classification system for private passenger vehicles

**BEFORE:** Julia E. Clark, LL.B., Member

**APPLICANT:** **TD INSURANCE GROUP**

**FINAL SUBMISSIONS:** May 3, 2024

**DECISION DATE:** **May 28, 2024**

**DECISION:** **The application is approved.**

## I INTRODUCTION

[1] On April 23, 2024, TD Insurance Group (TD) applied to the Nova Scotia Utility and Review Board for approval of changes to its underwriting rules for private passenger vehicles. TD represents Security National Insurance Company, Primmum Insurance Company, and TD Home and Auto Insurance Company. The company proposed to remove its Decreasing Deductible feature and introduce new criterion for the NSEF#40 Fire and Theft Deductible endorsement.

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

## II ANALYSIS

[3] As recommended by Board staff, TD used a simplified version of the Board's *Rate Filing Requirements for Automobile Insurance (Section 155G Prior Approval)* to apply for changes to the underwriting rules for private passenger vehicles.

### Decreasing Deductible

[4] TD currently offers a Decreasing Deductible Feature for policies carrying All Perils or Collision coverage with a deductible of \$500 or less. If the vehicle is free of claims under All Perils or Collision, with some exceptions, at renewal the deductible decreases by 10% of the original amount. If the client has a claim (again with some exceptions) at renewal the deductible reverts to the original level.

[5] TD explained that the change is part of its broader deductible strategy to reduce costs and manage inflation pressure on rates. The feature will no longer be

available for new business. For existing business with a decreased deductible from past application of the rule, the deductible will revert to its original level at the next renewal.

[6] The removal of the feature will impact a significant number of TD customers. TD will notify them of the removal of this feature within the usual renewal documents. TD indicated that the impact of offering the decreasing deductible was never off-balanced in past years, so the impact of its removal need not be off-balanced now.

[7] TD provided evidence of its expected savings, which supported its cost reduction approach. Board staff recommended that the Board approve the change. The Board agrees.

*NSEF #40 – Fire and Theft Deductible Endorsement Criteria*

[8] The NSEF#40 – Fire and Theft Deductible Endorsement applies a deductible to losses caused by fire or theft of the entire vehicle when a policy includes All Perils, Comprehensive or Specialized Coverages. TD currently requires this endorsement to be applied in certain circumstances, including when a vehicle has been modified.

[9] TD proposed to apply NSEF#40 to all vehicles of a type identified on TD's Most Stolen Vehicle list. TD applies a surcharge to 15 types of vehicles that represent its most often stolen vehicles. If the insured vehicle is on this list, TD will require the NSEF#40 endorsement to apply to the policy. The endorsement would have no premium. It merely allows the company to apply the deductible in situations where it otherwise might not. The requirement to have the endorsement will apply to new business immediately and will be required for existing policies on their next renewal.

[10] TD explained that, under Section C of the Standard Automobiles Policy (NSPF No. 1), no deductible is imposed for claims of theft of the entire vehicle. This

endorsement will allow for a deductible. TD noted that vehicles in its top 15 list are frequently stolen, sometimes more than once. TD expects that an increase in anti-theft efforts in Ontario and Quebec, in particular, will likely lead to migration of thieves' operations to other jurisdictions. The company has made the deductible for whole loss approach part of TD Group's Vehicle Theft Losses Strategy to mitigate costs and to manage cost pressures due to inflation. TD believes the heightened risk of theft warrants the application of the deductible in the event of theft.

[11] Board staff recommended the Board approve the proposed changes for the NSEF#40 endorsement to apply it when a vehicle is named on TD's Most Stolen Vehicle list. The Board agrees.

#### Automobile Insurance Manual Review

[12] TD provided revised manual pages that would apply to each company. Board staff did not identify any areas where the changes or existing manual would result in violations of the *Act* or the *Regulations*. Each company within the TD Insurance Group must provide a complete revised manual reflecting the changes approved in this decision within thirty days of the issuance of the decision.

### **III SUMMARY**

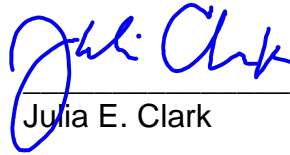
[13] The Board finds that the application follows the *Act* and its *Regulations*, as well as the *Rate Filing Requirements*.

[14] The Board finds the proposed rates are just and reasonable, and approves the changes effective October 1, 2024, for new business and April 1, 2025, for renewal business.

[15] This simplified application does not qualify to set a new mandatory filing date under the *Mandatory Filing of Automobile Rates Regulations*. The mandatory filing date for TD for private passenger vehicles remains November 1, 2025.

[16] An order will issue accordingly.

**DATED** at Halifax, Nova Scotia, this 28<sup>th</sup> day of May 2024.



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Julia E. Clark