

DECISION

**2024 NSUARB 176
M11861**

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE INSURANCE ACT

- and -

IN THE MATTER OF AN APPLICATION by **THE DOMINION OF CANADA GENERAL INSURANCE COMPANY** for approval to change its rates and risk-classification system for motorcycles

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

APPLICANT: **THE DOMINION OF CANADA GENERAL INSURANCE COMPANY**

FINAL SUBMISSIONS: September 10, 2024

DECISION DATE: **October 24, 2024**

DECISION: **Application is approved**

I INTRODUCTION

[1] The Dominion of Canada General Insurance Company applied to the Nova Scotia Utility and Review Board to change its rates and risk-classification system for motorcycles. Dominion proposed changes to its motorcycle rates that vary by coverage but not territory. The changes produce an overall increase of 8.9%. In addition, Dominion proposed adoption of the 2024 Motorcycle Canadian Loss Experience Automobile Rating (CLEAR) Table and the off-balancing of the impact of that adoption.

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

II ANALYSIS

[3] Dominion 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, Dominion 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 Dominion. The company reviewed the report and informed Board staff that it had no further comments.

[4] The Board will examine the following issues in this decision:

- a. Proposed Premiums; and
- b. Update of Rate Group Table.

Proposed Premiums

[5] To use the Section 155G – Prior Approval – Minor application process, the annual written premium for motorcycles must be less than the Board threshold of \$750,000. The information provided shows the written premium for motorcycles well below the threshold. Dominion is eligible to use the Section 155G – Prior Approval – Minor filing requirements for motorcycles.

[6] As support for its proposed rates, Dominion prepared a comparative analysis for its and the industry average premiums. The Board must decide whether the comparative analysis supports the Dominion proposal to alter its motorcycle rates.

[7] Dominion compared its average premiums by coverage for 2023 to the 2022 industry average premiums as reported by the General Insurance Statistical Agency (GISA) in its AUTO1010 exhibit. At the time the application was prepared, the 2023 GISA data was not available.

[8] The company identified the “Indicated” change required to bring the Dominion average premium equal to that of the industry. With this information, Dominion provided a table indicating selected changes that varied from these “indications.”

[9] Dominion deviated from the “indicated” rate changes to recognize:

- the volume and mix of the Dominion motorcycle portfolio could differ from that in the industry;
- the observed industry loss experience and Dominion’s own loss experience throughout the years;
- a balance between profitability and premium stability to manage customer dislocation; and
- the elevated trend in the cost of vehicle parts and labour for repairs observed in recent years.

[10] Board staff asked Dominion to explain why it chose to take the full “indication” for Bodily Injury but not for other coverages. The company stated that very few customers purchase optional coverages (e.g., Collision and Comprehensive) and the premiums vary widely based on rating characteristics (e.g., CLEAR). Given the limited credibility of the company’s average premiums relative to the industry, Dominion took a prudent move towards the industry average and will reassess the relationship in the future. The same concerns did not exist for Bodily Injury, which is a mandatory coverage, allowing the company to take the full “indicated” increase.

[11] For Accident Benefits, the company proposed a smaller increase than “indicated” to manage overall dislocation.

[12] The overall impact of the proposed changes is an 8.9% increase, which falls well below the “indicated” increase.

[13] Board staff explained that the comparative information supported the Dominion proposal and recommends the Board approve the proposed changes to base rates. The Board agrees.

Update of Rate Group Table

[14] Dominion proposed the update of the Motorcycle CLEAR table used to assign rate groups for physical damage coverages and accident benefits from the 2018 version to the 2024 version. The company off-balanced the impact of the changes that resulted from the table update so that the update was revenue-neutral.

[15] Board staff recommends the Board approve the proposed update to the 2024 Motorcycle CLEAR table and the associated off-balancing of the impact of the change. The Board agrees.

Automobile Insurance Manual Review

[16] Dominion proposed no changes to its Automobile Insurance Manual. Board staff reviewed the Manual on file did not uncover any areas where Dominion appears to violate the *Insurance Act* or its *Regulations*.

[17] Because the only changes proposed are to base rates and to the Rate Group table, neither of which are included in the Automobile Insurance Manual, the Board does not require Dominion to file an updated manual.

III SUMMARY


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

[19] The Board finds the proposed rates are just and reasonable, and approves the changes effective January 14, 2025, for new business and February 16, 2025, for renewal business. Board staff recommends the Board approve the proposed effective dates. The Board agrees.

[20] 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 motorcycles, under the *Mandatory Filing of Automobile Insurance Rates Regulations*.

[21] An order will issue accordingly.

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



Bruce H. Fisher