

**DECISION**

**2024 NSUARB 211  
M11991**

**NOVA SCOTIA UTILITY AND REVIEW BOARD**

**IN THE MATTER OF THE INSURANCE ACT**

**- and -**

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

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

**APPLICANT:** **THE WAWANESA MUTUAL INSURANCE COMPANY**

**FINAL SUBMISSIONS:** December 3, 2024

**DECISION DATE:** **December 18, 2024**

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

## I INTRODUCTION

[1] On November 29, 2024, The Wawanesa Mutual Insurance Company (Wawanesa) applied to the Nova Scotia Utility and Review Board to change its risk-classification system. Specifically, the company proposed to change certain underwriting and rating rules for private passenger vehicles, including the recognition of driving experience outside of Canada and the United States of America (USA) which was recently approved by the Board [2024 NSUARB 172].

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

## II ANALYSIS

[3] Wawanesa applied under a simplified version of the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval (Rate Filing Requirements)*. 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 Wawanesa. The company reviewed the report and informed Board staff that it had no further comments.

[4] One rule change which the Board recently approved allowed Wawanesa to recognize driving experience outside of Canada and the USA, to make insurance more available to newcomers. Under this rule change, Wawanesa would consider the date first licensed and insurance experience from countries with a Reciprocal Licence Exchange

Agreement with Nova Scotia, when rating the risk. The approved change replaced the approach where Wawanesa would not recognize experience from outside of Canada or the USA. The company also made a change to the definition of Continuously Licensed to accommodate the consideration of this experience. These changes were approved to also apply to motorhomes and miscellaneous vehicles. The changes were to take effect on January 1, 2025.

[5] Wawanesa originally intended for the brokers to manage this change through the manual. That is, the broker would collect the information and assign the correct driving record manually. However, as Wawanesa worked with this initiative, it became clear that the manual process was not sufficient. Wawanesa determined that it needed a systemic approach to capture accurately the reciprocal agreement country, to validate letters of experience, to ensure correct risk-classification, and to monitor volumes. However, the company did not have the system resources available to make the required changes to its administration system to implement by the January 1, 2025, effective date. As a result, Wawanesa proposes to reverse the approved changes to return to the current approach of not recognizing driving experience outside of Canada or the USA.

[6] Wawanesa stated that it is not abandoning its commitment to make this change in the future. The company expects to reintroduce the change in a future filing when its system can handle the new approach.

[7] Board staff recommends the Board approve the changes to revert to the current approach of not recognizing driving experience outside of Canada and the USA. The Board agrees.

[8] Wawanesa also proposed other changes to its approved underwriting and rating rules. These changes clarify or add to the approved practices. A review of these proposed changes showed that they have no impact on the rates or risk-classification system. Wawanesa could, therefore, make these changes with a manual update without requiring formal Board approval.

[9] As Wawanesa has included these other proposed changes in this application, Board staff recommends the Board approve all the proposed underwriting and rating rule changes. The Board agrees.

### **III SUMMARY**

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

[11] The Board finds the proposed risk-classification system is just and reasonable, and approves the changes effective January 1, 2025, for both new business and renewal business.

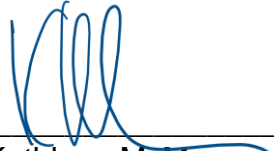
[12] The application does not qualify to set a new mandatory filing date under the *Mandatory Filing of Automobile Insurance Rates Regulations*. The mandatory filing date for Wawanesa for private passenger vehicles stays as August 1, 2026, and for other vehicles as December 1, 2026.

[13] Board staff reviewed Wawanesa'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.

[14] An Order will issue accordingly.

**DATED** at Halifax, Nova Scotia, this 18<sup>th</sup> day of December, 2024.



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M. Kathleen McManus