

DECISION

**2024 NSUARB 48
M11551 & M11552**

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE INSURANCE ACT

- and -

IN THE MATTER OF APPLICATIONS by NORTHBRIDGE GENERAL INSURANCE CORPORATION, TOKIO MARINE AND NICHIDO FIRE INSURANCE COMPANY LTD. and FEDERATED INSURANCE COMPANY OF CANADA for approval to introduce a new endorsement for commercial vehicles

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

APPLICANTS: **NORTHBRIDGE GENERAL INSURANCE CORPORATION,
TOKIO MARINE AND NICHIDO FIRE INSURANCE
COMPANY LTD.**

FEDERATED INSURANCE COMPANY OF CANADA

FINAL SUBMISSIONS: March 1, 2024

DECISION DATE: **March 13, 2024**

DECISION: **Applications are approved.**

I INTRODUCTION

[1] Northbridge General Insurance Corporation, Tokio Marine and Nichido Fire Insurance Company Ltd. and Federated Insurance Company of Canada (“the companies”) applied to the Nova Scotia Utility and Review Board to introduce the Downtime endorsement for its commercial vehicles, including interurban trucks (for all the companies) and public vehicles (for Northbridge and Tokio Marine and Nichido Fire).

[2] The Board must consider whether the proposed endorsement 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 the applications meet these requirements and approves the proposed introduction of the endorsement.

II ANALYSIS

[3] On January 31, 2024, the companies applied under the Board’s *Rate Filing Requirements for Automobile Insurance – Section 155G Endorsements (Rate Filing Requirements)*.

[4] Since the filing of these applications, the companies 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 the companies. The companies reviewed the report and informed Board staff that they had no further comments.

[5] In these endorsement applications, the companies proposed to introduce the Downtime endorsement which extends the coverage of Loss of Use Endorsement (SEF 20) to include loss of income. SEF 20 endorsement covers the insured’s expenses

for the rental of a substitute vehicle because of loss of use of their own vehicle. If a substitute vehicle is not available, the Downtime endorsement covers the loss of business income (net profit, not including operating expenses). The endorsement provides coverage up to a specified limit, for the selected indemnity period, after the applicable deductible amount. Any amounts paid under Direct Compensation for Property Damage or Accident Benefits section of the policy, intended to cover loss of business income for the same occurrence, will reduce the benefits paid under this endorsement. The Office of the Superintendent of Insurance approved the endorsement form on July 31, 2023.

[6] The Downtime endorsement follows the companies' current endorsements from their commercial property lines. The companies therefore believe the premium formula used for that line of business is suitable for commercial automobiles. The companies expect the commercial automobile experience under the endorsement will be similar to their commercial property lines.

[7] Board staff recommends the Board approves the companies' introduction of the Downtime endorsement for commercial vehicles, including interurban trucks (for all the companies) and public vehicles (for Northbridge and Tokio Marine and Nichido Fire). The Board agrees.

III SUMMARY

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

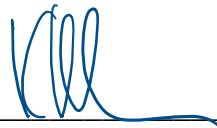
[9] The Board finds the proposed addition of the Downtime endorsement will result in rates that are just and reasonable, and approves the change effective May 20, 2024, for new business and July 1, 2024, for renewal business for the companies.

[10] Board staff reviewed the companies' Automobile Insurance Manuals filed with the Board and did not find any instances where the Manuals contravened the *Act* and *Regulations*. The companies must file an electronic version of their Manuals, updated for the changes approved in this decision, within 30 days of the issuance of the order in this matter.

[11] The applications do not qualify to set a new mandatory filing date under the *Mandatory Filing of Automobile Insurance Rates Regulations*. The mandatory filing date for commercial vehicles, including interurban trucks (for all the companies) and public vehicles (for Northbridge and Tokio Marine and Nichido Fire), stays at April 1, 2024.

[12] An order will issue accordingly.

DATED at Halifax, Nova Scotia, this 13th day of March, 2024.



M. Kathleen McManus