



NOVA SCOTIA UTILITY AND REVIEW BOARD

Information Bulletin: INS-18-03

February 21, 2018

This publication is not a legal document. It contains general information and is provided for convenience and guidance in applying the *Insurance Act*, R.S.N.S. 1989, c. 231, (*Act*), as amended, and *Regulations*. In all circumstances, reference should be made to the legislation.

Section 155H - Expedited Approval

Section 155H of the *Act* provides for an insurer to apply for expedited approval of a proposed rate change. To be eligible, the average of the proposed rates cannot exceed the average of the current rates being charged by the insurer by more than a percentage that is prescribed by the Nova Scotia Utility and Review Board (Board).

The Board considered advice surrounding prospective loss cost and premium trends as well as the current level of rate adequacy as evidenced by industry (Insurance Bureau of Canada/General Insurance Statistical Agency) statistics. Based upon this review, the Board prescribed the following percentages under subsection 155H(1) of the *Act*, to be effective **February 21, 2018**:

Private Passenger Vehicles:	4% on an “All Coverage Combined” Basis
All Other Vehicles:	0% on an “All Coverage Combined” Basis

An insurer can make an application for a rate change under Section 155H of the *Act* if the “all coverages combined” rate change is less than or equal to the above percentage. Such an application does not require the production of current actuarial indications but rather may rely on such indications provided in the last mandatory filing deadline. No risk-classification system changes may be made in such an application; only rates may be changed.

The Board has concerns about the potential for large future rate increases resulting, in part, from companies taking smaller than indicated changes. The Board believes that the prescription of this higher non-zero percentage for private passenger vehicles (i.e., 4% versus the current 3%) will allow companies, given the current market, to address a potential rate inadequacy sooner and in a more gradual manner instead of a larger future increase. Such an application may, therefore, be made without having to allocate actuarial resources to produce revised rate level indications.

An application made under Section 155H of the *Act* does **not** receive automatic approval. The Board will review the application to determine if the information provided supports the proposed increase. If supported, the Board will issue approval. If not, the Board can only reject the proposal, but will provide reasons for the rejection, as required under the *Act*.

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Given the decision not to require production of updated actuarial indications, the Board will only allow one such application for private passenger vehicles between mandatory filing dates. The limitation will avoid the use of several Section 155H applications without up-to-date actuarial indications to replace a full filing with the required actuarial indications to implement a larger change.

An application made under Section 155H will **not** qualify to reset the mandatory filing deadline due to the lack of an up-to-date actuarial analysis and the required territorial analysis.

An application made under Section 155H would be filed in accordance with the Board's "**Rate Filing Requirements for Automobile Insurance – Section 155H Expedited Approval**", which can be found on the Board's website (nsuarb.novascotia.ca).

Board staff will check the application for completeness and compliance with the filing requirements. If deemed complete, the insurer will receive notification that the 30-day approval period specified in the *Act* has begun. The Board will review the application and provide an Order either approving or rejecting the application. If an application is rejected, the insurer may apply again under 155G. Such an application must comply with the "**Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval**" (also found on the Board website).

It is important to note that an application under 155H cannot include

- risk-classification system changes,
- rating rule changes,
- rating algorithm changes,
- introduction of, elimination of, or changes to eligibility criteria for discounts or surcharges, or
- introduction of, elimination of, or changes to a risk-classification system based on group membership (excluding changes in the level of the discounts for existing group classes).

An application including any of these items must be filed under section 155G of the Act using the "**Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval**" unless a simplified filing is available for the change proposed (e.g. "*Section 155G CLEAR*", "*Section 155G Discounts & Surcharges*").

Questions

Any questions or concerns relating to Expedited Approval applications including the filing requirements can be directed to the following Board staff:

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Peter W. Gurnham, Q.C. Chair
Nova Scotia Utility and Review Board