



# NOVA SCOTIA UTILITY AND REVIEW BOARD

## Information Bulletin: INS-13-02

August 8, 2013

---

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.

### **Approval of 2013 CLEAR Table**

The Nova Scotia Utility and Review Board (“Board”) on August 8, 2013 approved the 2013 CLEAR tables (AB Alberta & Atlantic version) published by the Insurance Bureau of Canada (“IBC”) for use in Nova Scotia. The 2013 CLEAR rate groups for physical damage coverages (Direct Compensation Property Damage, Collision, Comprehensive, Specified Perils and All Perils) and for Accident Benefit can be used in Nova Scotia as a result of this approval.

Companies using CLEAR tables are asked to file an application to adopt the 2013 CLEAR tables within three months of the approval date of the table (i.e. by November 8, 2013).

### **Filing Requirements**

Companies wishing to adopt the rate groups from the 2013 tables may file an application using “*Rate Filing Requirements for Automobile Insurance – Section 155G CLEAR (2013)*” to meet this requirement.

The first step requires the Company to determine the increase in premiums resulting from the implementation of the new table. Any impact on Accident Benefits as a result of the change must be off-balanced through the base rates.

For Companies who have received the Board’s approval for a rate application which included complete actuarial indications with rate group drift reflected, with a renewal effective date after November 8, 2012 (i.e. 9 months prior to the approval date of the 2013 tables), no further adjustments are required to base rates. This also applies to a Company who has applied to adopt IAO rates effective for renewals on a date that falls within the nine month window.

Companies who do not meet the criteria above are required to reduce the base rates for Collision, Comprehensive, All Perils and Specified Perils uniformly across all territories using the 2013 CLEAR Benchmark Base Rate Adjustments as outlined later in this Bulletin. For Direct Compensation Property Damage and for Accident Benefits where rate groups are already in use by the Company, no benchmark base rate adjustment is required.

Companies that want to adopt the 2013 CLEAR tables may also make an application under Section 155G using the Board's published "*Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval*". Priority will be given, however, to those Companies using the simplified approach described above.

A Company adopting the CLEAR rate groups for Accident Benefits for the first time must off-balance the impact of the adoption of these rate groups through the Accident Benefits base rate. Details of this calculation must be included in the application.

### **Changes to CLEAR Filing Process**

As noted in information bulletin INS-13-01, all simplified CLEAR applications to adopt the 2013 table must use the Canadian Automobile Insurance Rate Regulators Association ("CARR") harmonized profiles that were recently updated. Copies of these profiles can be found on the Board's website ([www.nsuarb.novascotia.ca](http://www.nsuarb.novascotia.ca)).

An application made under the "*Rate Filing Requirements for Automobile Insurance – Section 155G CLEAR (2013)*" will be a "paperless" filing. That is, only electronic copies of the files outlined in the filing requirements will be required. Companies must follow the format of the files to ensure the confidentiality granted to the components of the application is respected.

### **CLEAR Benchmark Base Rate Adjustments**

The Board used the following rate group drift (estimated by the IBC) and loss trends for physical damage coverages to develop and approve the CLEAR Benchmark Base Rate Adjustments to move to the 2013 table:

<b>Coverages</b>	<b>Rate Group Drift</b>	<b>Benchmark Loss Trend</b>	<b>Benchmark Base Rate Adjustment to move from 2011 to the 2013 CLEAR table</b>
<b>Collision</b>	4.15%	-1.50%	-5.20%
<b>Comprehensive</b>	5.48%	1.00%	-4.40%
<b>All Perils</b>	4.55%	-0.75%	-4.90%
<b>Specified Perils</b>	5.48%	1.00%	-4.40%

The Board anticipates, given mandatory filing requires a private passenger filing once every two years, that at most 1 year of premium trend and loss trend may not be reflected in rates for those companies who have not had a rate filing approved with an effective date within 9 months of the Board approval of the 2013 table. Therefore, only one year trends are used in the Benchmark Rate Adjustments.

Those Companies using an earlier version of the CLEAR table (e.g. 2009) or Manufacturer's Suggested Retail Price ("MSRP") table should contact Board staff to determine how to proceed.

**Questions**

Any questions or concerns relating to approval of the 2013 CLEAR tables or the revised filing requirements can be directed to the following Board staff:

Barry Cotnam, Senior Advisor ([cotnambj@gov.ns.ca](mailto:cotnambj@gov.ns.ca)); or  
Dorothy Pedlar, Appeals Officer/Clerk ([pedlardv@gov.ns.ca](mailto:pedlardv@gov.ns.ca)).

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