



NOVA SCOTIA UTILITY AND REVIEW BOARD

Information Bulletin: INS-13-05

August 19, 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.

Changes to Rate Filing Requirements

The Nova Scotia Utility and Review Board ("Board"), in response to comments received from its 2012 Stakeholder Survey ("Survey"), is making changes to its rate filing requirements, effective August 16, 2013. These changes are:

- 1) the introduction of two new electronic filing requirements
 - a) *Section 155G - Adopt IAO Rates*
 - b) *Section 155G - Discounts & Surcharges*;
- 2) the streamlining of *Section 155G – Endorsements* filing requirements; and
- 3) the making of some minor adjustments to *Section 155G – Prior Approval* requirements.

1a. Section 155G – Adopt IAO Rates

The Board issued an Information Bulletin (INS-08-04) detailing its agreement with IAO Actuarial Consulting Services, Inc. ("IAO") and explaining briefly what was required for a company seeking to adopt IAO rates. Based upon comments received, the Board has prepared a new set of filing requirements which codifies the practice currently used by the Board in these circumstances.

A company will be required to justify why the use of the IAO rates is appropriate. Any adjustments to reflect differences for variances between the IAO assumptions and the company's return on equity or expense assumptions will require proper support.

An application made under these filing requirements will require electronic filing only.

1b. Section 155G – Discounts & Surcharges

The Board has provided simplified filing requirements, on an ad-hoc basis, in the past, when a company sought only to make a change to its discount or surcharge schedule. This approach avoided having the company file under the more comprehensive *Section 155G – Prior Approval* requirements when this was the only change being made.

To address this more formally, the Board is introducing these simplified filing requirements for use when the only change being made is a change to discounts or surcharges. There is no requirement that changes to discounts and surcharges must use these requirements because such changes may be included in a “Section 155G – Prior Approval Filing”.

An application made under these filing requirements will require electronic filing only.

2. Section 155G – Endorsements

Comments received in the Survey suggested that the requirements under the simplified filing requirements “Section 155G – Endorsements” were more onerous than necessary. Specifically, the comments identified the completion of the schedules listing the underwriting rules and rate determinations for all endorsements, when only one or a few were being changed in the filing, as an area that was not required.

The Board reviewed the filing requirements and has made changes that focus the application on the specific endorsement(s) being changed. The Board considers that the revised requirements will provide it with sufficient information to review the application in an expeditious manner (as intended) while allowing the company to focus its resources on providing the information to support the proposed changes.

An application made under these filing requirements will now require electronic filing only.

3. Minor Adjustments to Section 155G – Prior Approval

The Board is currently conducting a review of this document, its major filing requirement, with the goal of improving the data collection and review process. The introduction of the complete revised version is expected to occur later in 2013.

In light of comments received in the Survey, the Board has decided to make some minor changes to the existing filing requirements in advance of the full scale revision.

The first change reflects the decision announced in Information Bulletin (INS-11-01), which lowered the required number of hard copies from seven to **three**. The filing requirements on the Board’s website will now reflect this decision. While the simplified filings have changed to electronic filing only, applications under these requirements will still require **three** hard copies.

The second change reflects the Board’s adoption of the harmonized profiles created by the Canadian Automobile Insurance Rate Regulators (“CARR”) for use by its members. These profiles have been adopted for use in Nova Scotia and the filing requirements have been slightly modified to reflect their use. Effective for applications submitted after September 30, 2013, the 2013 updated versions of these profiles are required.

The Board also has removed the requirement to include an analysis of gender differentials (or class differentials which included gender) in a mandatory filing. Such analysis will only be required when changes to these differentials are proposed. The territorial analysis requirement remains in place, whether or not changes to these differentials are proposed

The final revision significantly reduces the amount of financial information that is currently required. A company will no longer be required to provide five years of audited financial reports and selected pages from the Office of the Superintendent of Financial Institutions (“OSFI”) P&C-1 or P&C-2 forms. The Board only requires the completion of the Board financial information spreadsheet (***on an unconsolidated basis***). This change will better align the requirements for financial information with that of other jurisdictions and will reduce the burden for the company while still providing the necessary financial information to the Board.