



NOVA SCOTIA UTILITY AND REVIEW BOARD

Information Bulletin: INS-13-06

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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.

Frequently Asked Questions – Rate Filing & Review Process

The Nova Scotia Utility and Review Board ("Board"), has received questions regarding its rate filing and review process. The Board provides guidance or clarification in the following responses to these questions.

Mandatory Filing

Q1. Under what filing requirements can a company submit an application to qualify to reset the mandatory filing deadline?

A1: An application made under the "*Section 155G – Prior Approval*" requirements, which includes the required actuarial support and territorial differential analysis, will qualify to reset the mandatory filing deadline. For small books of business the Board will accept support in the form of market comparisons as outlined in Section 11 of those requirements.

A company electing to adopt the most recently approved IAO Actuarial Consulting Services, Inc. ("IAO") rate and risk-classification system for a class of vehicles can use the "*Section 155G – Adopt IAO Rates*" requirements to fulfill the requirements to reset the mandatory filing deadline.

The Board considers, generally, that applications made under the "*Section 155B – Overall Decreases*" or the "*Section 155H – Expedited Approval*" requirements do not qualify to reset because the information provided may not be sufficient. If the company augments the required Section 155B/155H information with actuarial indications and territorial differential analyses, the Board may accept it as meeting the requirements. Typically, this would apply to small or immature books of miscellaneous vehicles and in rare cases for private passenger automobiles. A company intending to use a Section 155B or Section 155H application to meet the mandatory filing requirements must contact Board staff well in advance of the filing date to discuss the feasibility of the approach in order to ensure timely approval.

Applications made under other simplified filing requirements (for example, "*Section 155G – CLEAR (2013)*"), do not qualify to reset the mandatory filing date.

Q2: How is the New Mandatory Filing Deadline Determined?

A2: The *Mandatory Filing of Automobile Insurance Rates Regulations* (“*Regulations*”) requires that a company must file an application within 24 months for private passenger vehicles (“PPV”) and 36 months for commercial vehicles (“CV”) and any other vehicles (e.g. interurban trucks (“IUT”) and the various classes of miscellaneous vehicles (“MV”)) of its “date of last filing”. They go on to determine the “date of last filing” as the date upon which the application is received by the Board.

The Board assigns a new mandatory filing date to be the first day of the month in which the application was received 24 months hence in the case of PPV, or 36 months hence in the case of CV, IUT and MV. This process ensures the filing is made within 24 or 36 months as required while focusing applications to a single day in the month to simplify tracking.

This approach applies to all companies including Facility Association. However, for IAO, a set schedule of October 31 for PPV and December 31 for CV and IUT each year, and December 31 every two years for MV is used as per the Board’s agreement with IAO.

Q3: What can I do if a company’s book is too small for meaningful actuarial analysis?

A3: The *Regulations* do not make any exemptions for small books of business nor do they provide the Board the ability to waive the requirement.

The Board, however, recognizes that a company’s book of business may not be large enough to produce a meaningful actuarial analysis. In such cases, the Board accepts evidence under Section 11 Market Comparisons, if sufficient, to qualify the application as meeting the mandatory filing requirements.

In this section a company has a number of approaches it can use to provide evidence. In the first approach, a company can undertake an analysis of the industry experience and apply the results to its own book or to use the results to support the company’s proposal.

A second approach would see a company compare its rates to those of marketplace competitors either by direct rate comparison or by the use of profiles of typical business the company writes. Guidelines for the selection of competitors are outlined in the filing requirements.

A third approach would use the second approach but with Board approved IAO rates instead of those of its competitors.

Board staff are available to discuss the approach proposed by a company looking to file evidence under this section in advance of the filing to determine if the approach, or the information proposed to be filed, is acceptable.

Q4: Where can I find the Mandatory Filing Schedule?

A4: The Board will post the mandatory filing schedule on its website. The PDF file will be replaced on a monthly basis. Please note until a company receives a Decision and an Order on a filing made to fulfill a mandatory filing deadline, the deadline will remain unchanged.

Q5: Can I get an extension for my mandatory filing deadline?

A5: The *Regulations* provide the Board with the ability to provide an extension to the filing deadline in “exceptional circumstances”. To make a request, the Company should, as far in advance of the deadline as possible, send a formal request to the Board. The request would take the form of a letter outlining the circumstances that require the Company to seek an extension, with sufficient support as to explain why these circumstances are exceptional. The letter should indicate the desired new date. The letter should be sent to the Clerk of the Board responsible for Insurance, currently Ms. Dorothy Pedlar (PedlarDV@gov.ns.ca).

Staff will review the request and provide a recommendation to the Board who will then communicate the decision to the Company.

Review Processes

Q6: What is the Board’s review process?

A6: The Board generally reviews each filing as a “paper” review without a public hearing. However, the Board is able to subject any filing to a public hearing if it deems it to be appropriate.

Upon receipt of the filing from the Company, the Board establishes a case number and assigns the file to a staff member and a Board Panel. The file is provided to both staff and the Panel at this time.

Board staff review the application and determine if there is a need for Information Requests (“IR”) to be sent to the Company to seek either additional information (or missing information) or clarification on the information presented. IRs are generally sent to the Company via email to the contact person identified in the application. The IR may not have a deadline assigned to it as the Board expects the Company to take the time necessary to carefully review and respond to the question but to not unduly delay the review process. The responses to the IRs may lead to additional IRs.

When the IR process is complete, staff prepare an Advisor Report with recommendations. For applications made under the following simplified guidelines: “*Section 155G – CLEAR(2013)*”, “*Section 155G - Commercial Rate Groups*”, and “*Section 155G – GISA Class Changes 2013*”, the report is sent directly to the Panel along with the IR exchange for decision.

For all applications made under the following filing requirements: “*Section 155G Prior Approval*”, “*Section 155G - Adopt IAO Rates*”, “*Section 155G – Endorsements*”, and “*Section 155G - Discounts & Surcharges*” and for applications under “*Section 155B Overall Decreases*” which do not include a cap or under “*Section 155H – Expedited Approval*” where the Board staff recommend rejection or modification (where able), the Advisor Report is shared with the Company with a request for comments within 10 days. If the Company has no comments, the report and the IR information is sent to the Panel for decision.

If the Company provides comments on the Advisor Report, Board staff review the comments and if required, provide a response to the Company within 4 business days. The Company is then given the opportunity for a final response (within 4 business days of the Staff response).

At this stage, the Advisor Report (altered if necessary as a result of the report exchange), the entire report exchange, and the IR exchange are given to the Panel for decision.

The timelines in the *Act* commence once the final exchange has occurred because at this time the Board deems that the file is complete. The Board Panel does not have set meeting days. The Panel receives the application at the time of filing and has reviewed it. It then reviews the package described above. Depending upon the other matters in which the Panel member(s) are involved, the timeline to a decision may vary. The Board's "*Summary of Application/Filing Requirements*" document outlines the timelines under which the Panel operates. This document is attached, but can also be found on the Board website.

The Board Decision is sent to the contact person identified in the application. Where the Board has approved the application without modification, an Order will accompany the Decision. Where rates are "Approved with modifications", the Decision will outline the conditions required regarding the re-submission of rates and risk-classification. Typically, the Company is given 15 business days to provide the required submission. This submission need not take the form of a complete revised application. Documents with enough detail to show that the submission meets the Board Decision are sufficient for this purpose.

Staff review this submission and discuss it with the Company, if needed, to determine whether it complies with the Decision. A brief report is sent to the Panel outlining whether the rates comply with the Decision. Once the proposal is determined to have complied with the Decision, the Board will issue an Order of approval.

The Board, as outlined in Information Bulletin INS-13-03, requires an electronic copy of the complete updated rate manual to be forwarded within 30 days of the date of the Order approving the rates.

Q6: How do I submit the Company Application

A6: All applications should be addressed to the Clerk of the Board responsible for Insurance. Ms. Dorothy Pedlar is currently in that role with the Board.

If the application requires hard copies, the copies should be addressed as follows

Clerk of the Board responsible for Insurance
Nova Scotia Utility & Review Board
3rd Floor, 1601 Lower Water Street
Box 1692, Unit "M"
Halifax, NS, B3J 3S3

Until further notice, all electronic files should be sent to the Board email address board@gov.ns.ca or through the "Send Files to the Board" button on the Board's website. If a file is large, it should use the website option. If receipt of the file is not acknowledged within 10 days, an email should be sent to the Board email address above requesting confirmation of receipt. Please note, the Board's directions for submitting applications are being revised. When the new directions are finalized, these will be sent to all companies under a separate Information Bulletin.

Applications should not be sent directly to Board staff (Advisors or Clerks) in order that the proper recording and acknowledgement process can be observed.