

**DECISION**

**2025 NSRAB 135  
M12534**

**NOVA SCOTIA REGULATORY AND APPEALS BOARD**

**IN THE MATTER OF THE INSURANCE ACT**

**- and -**

**IN THE MATTER OF AN APPLICATION** by **LLOYD'S UNDERWRITERS** for approval to change its underwriting rules for miscellaneous vehicles

**BEFORE:** Darlene Willcott, LL.B., Member

**APPLICANT:** **LLOYD'S UNDERWRITERS**

**FINAL SUBMISSIONS:** October 30, 2025

**DECISION DATE:** **December 5, 2025**

**DECISION:** **Application is approved.**

## I INTRODUCTION

[1] On October 29, 2025, Lloyd's Underwriters (Lloyd's) applied to the Nova Scotia Regulatory and Appeals Board to change its underwriting rules for miscellaneous vehicles, including all-terrain vehicles, snow vehicles, and motorcycles (trail bikes).

[2] The Board must consider whether Lloyd's underwriting rules are just and reasonable and in compliance with the *Insurance Act (Act)* and its *Regulations*. The Board is satisfied that the application submitted by Lloyd's meets these requirements and approves the company's change to its underwriting rules.

## II ANALYSIS

[3] Lloyd's applied under the simplified version of the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval (Rate Filing Requirements)* that Board staff advised the company to use. 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 Lloyd's. The company reviewed the report and identified errors to Board staff. Board staff revised the Staff Report to correct the errors that Lloyd's had noted and provided Lloyd's with the updated version of the Staff Report.

[4] Board staff reviewed the proposed changes to Lloyd's underwriting rules. They concluded that the only changes requiring formal Board approval are those affecting Lloyd's approach for calculating the refund owed when a policy is cancelled mid-term or when coverage is reduced mid-term. Because these changes will apply to a mid-term

cancellation or coverage reduction, the proposal has no quantifiable impact on Lloyd's existing portfolio of business.

[5] When a client initiates a mid-term change to the policy that results in a reduction in coverage or cancellation of their policy, Lloyd's provides a refund for the unearned premium (i.e., the premium associated with the reduced or removed coverage). A short rate table is often used to determine how much of the premium the company believes has been earned.

[6] Lloyd's currently assumes the premium is earned on a level basis over the first five months of the policy. For example, for each of the first five months, Lloyd's assumes 20% of the premium for the whole term is earned. After these five months the full premium has been earned, and no refund applies. This approach may result in lower refunds that may be considered unfair. This potential led Lloyd's to propose changes to its process for determining how the premium was earned. The changes resulted in new short rate tables.

[7] The Board will examine the proposed underwriting rule changes in this decision.

#### Snow Vehicles

[8] Lloyd's new short rate table will see more of the premium earned during the months the snow vehicle is likely to be driven. Three quarters of the premium are earned in equal amounts for December, January and February, with the remaining 25% split over November and March, reflecting the reduced opportunity to use the snow vehicle in those months. The new table will apply to all coverages, except Comprehensive and All Perils.

[9] Board staff recommend the Board approve this change. The Board agrees.

All Terrain Vehicles

[10] For all-terrain vehicles, Lloyd's proposes a table that calculates the premium refund that estimates the earned premium as proportional to the number of days on which the policy was in force during the policy term. The new table will apply to all coverages.

[11] Board staff recommend the Board approve this change. The Board agrees.

Motorcycles (Trail Bikes)

[12] For these vehicles, the current table calculates premiums that are proportional to the actual usage of the vehicle for each coverage in relation to the length of the riding season. The proposed table recognizes that these vehicles are not ridden between November and February, and more riding is done in the summer months than the fall and spring months of the year. The new table will apply to coverages other than Comprehensive. As the perils giving rise to claims under this coverage may occur throughout the year and not just in the riding season, Lloyd's will apply the same proposed table for all-terrain vehicles for Comprehensive.

[13] Board staff recommend the Board approve this change. The Board agrees.

Automobile Insurance Manual Review

[14] Lloyd's proposed changes to the Automobile Insurance Manual. These changes are required to implement the new short tables. Lloyd's is also modifying its underwriting and rates rules in the Manual which will either clarify current practice or adjust the acceptability of risks that Lloyd's is willing to insure. None of these changes impact premiums or classify risks differently. Board staff reviewed the proposed changes in advance of Lloyd's submission and determined only the short rate table changes

required Board approval. Board staff reviewed the changes and the Manual on file and found no areas where the company appears to be in violation of the *Act* or its *Regulations*.

### III SUMMARY

[15] The Board finds that the application follows the *Act* and *Regulations*, as well as the *Rate Filing Requirements*.

[16] The Board finds the proposed short rate table changes are just and reasonable and approves the changes effective February 2, 2026, for new business and March 15, 2026, for renewal business.

[17] The application does not qualify to set a new mandatory filing date under the *Mandatory Filing of Automobile Insurance Rates Regulations*. The mandatory filing date for Lloyd's for miscellaneous vehicles stays at November 1, 2027.

[18] The company must file an electronic version of its Manual, updated for the changes approved in this decision, within 30 days of the issuance of the Order in this matter.

[19] An Order will issue accordingly.

**DATED** at Halifax, Nova Scotia, this 5<sup>th</sup> day of December 2025.



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Darlene Willcott