

DECISION

**2026 NSRAB 46
M12673**

NOVA SCOTIA REGULATORY AND APPEALS BOARD

IN THE MATTER OF THE INSURANCE ACT

- and -

IN THE MATTER OF AN APPLICATION by **ALLSTATE INSURANCE COMPANY OF CANADA** for approval to change its rates and risk-classification system for private passenger vehicles

BEFORE: Julia E. Clark, LL.B., Vice Chair

APPLICANT: **ALLSTATE INSURANCE COMPANY OF CANADA**

FINAL SUBMISSIONS: February 20, 2026

DECISION DATE: **March 30, 2026**

DECISION: **Application is approved.**

I INTRODUCTION

[1] Allstate Insurance Company of Canada (Allstate) applied to the Nova Scotia Regulatory and Appeals Board (Board) to change its rates and risk-classification system for private passenger vehicles. The company proposes rate changes to its base rates that vary by coverage but not territory and result in an overall all-coverages combined increase of 17.0%. In addition to changes to rates, the company also asks the Board to approve changes to rating variables and discounts as well as changes to its Automobile Insurance Manual. Allstate will also revise its renewal premium dislocation capping structure.

[2] The Board must consider whether the proposed rates and risk-classification system are just and reasonable and in compliance with the *Insurance Act (Act)* and its *Regulations*. The Board is satisfied that Allstate's application meets these requirements and approves the company's proposed rates and risk-classification system.

II ANALYSIS

[3] Allstate applied under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval (Rate Filing Requirements)*. Since the filing of this application, Allstate received and responded to Information Requests (IRs) from Board staff. 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 Allstate. The company reviewed the report and provided no comments other than to explain that Allstate's internal process timelines may impact the proposed effective dates. Board staff agreed to seek confirmation of the intended effective dates prior to the Board's release of the order in this matter.

[4] Board staff examined all aspects of the ratemaking procedure to make the recommendations in the Staff Report and suggested that the Board further review certain issues. Board staff consider that Allstate satisfactorily addressed all other aspects of the ratemaking procedure in its application and IR responses.

[5] The Board will examine the following issues in this decision:

- Indicated Rate Changes:
 - Loss Trends;
 - Profit Provisions; and
 - Comparison of Proposed Rates to Indications;
- Rating Variable Changes:
 - Vehicle Age;
 - Years of Continuous Prior Experience; and
 - Insurance Score;
- Welcome Discount; and
- Changes to Renewal Premium Dislocation Capping Mechanism.

Indicated Rate Changes

Loss Trends

[6] In previous applications, Allstate chose to use the loss trends selected by the Board's consulting actuaries, Oliver Wyman. These are produced for the Board in reports twice a year based on Oliver Wyman's analysis of industry data.

[7] In this application, Allstate selected its own trends for frequency and severity based on its own experience. Where that experience was not fully credible, the company used Oliver Wyman loss trends, based on the data up to June 2024, as the complement of credibility. This report was the most recent at the time of the preparation of Allstate's filing. Allstate argues that this approach allows it to reflect trends it experiences that may differ from industry, while recognizing that its own data may not be sufficiently credible to rely on it for all coverages.

[8] For Property Damage-Tort, SEF #44 and Uninsured Automobile, Allstate relied on Oliver Wyman's loss trend selections. For Bodily Injury, Direct Compensation Property Damage (DCPD), Accident Benefits and Collision, Allstate examined its own data from 2016 to 2025 and combined loss cost trends from its selected frequency and severity trends. For Comprehensive, Allstate developed a trend directly from loss cost data over the same period. The company determined the credibility of its own data using claim costs from the most recent five accident years. The company then applied that weight to its own data and one minus that weight to the Oliver Wyman trends to achieve its final selected loss trends.

[9] The Board has noted concerns with companies relying solely on their Nova Scotia business data to develop trends, as the business may not be of sufficient size to produce credible trends. Allstate's approach in this application mitigates some of the Board's concerns in this regard, in this case. The Board finds it appropriate to allow Allstate to use its loss trend selections in developing the indicated rates for Bodily Injury, DCPD, Accident Benefits, Collision and Comprehensive coverages.

Profit Provisions

[10] Allstate chose a fixed return on premium profit provision, noting its assumption was at the bottom end of the Board's range for this measure (5.3-6.7%). After reviewing Allstate's assumptions and testing the selected profit provision against the Board's standard formula, Board staff recommended the Board allow Allstate to use its proposed profit provision.

Comparison of Proposed Rates to Indications

[11] The Board agrees with Board staff's recommendations to allow Allstate selections for loss trends and profit provisions and accepts Allstate's indications as the appropriate target to assess the reasonableness of the proposed rates. For all coverages, Allstate proposed changes that equal the indicated change. The proposed rates produce a return on equity at the Board's 10% target for Allstate. The changes to base rates are approved.

Rating Variable Changes

[12] Allstate proposed no changes to its territorial differentials or relativities. It proposed changes to three rating variables: Vehicle Age, Years of Continuous Prior Insurance, and Insurance Score. For each of these variables, Allstate conducted a combined ratio analysis, comparing the combined segment of the variable to the overall combined ratio to determine the relative changes. Then, Allstate credibility-weighted the relative changes using current differentials as the complement. The company determined the proposed changes to the differential based on this analysis. Allstate did not off-balance the impact of the changes, allowing them to flow through to the overall change.

Vehicle Age

[13] Allstate uses the Vehicle Age variable for physical damages coverages. Vehicle Age is determined by the current year minus the model year. Allstate proposed increases to the differentials for ages two through twelve. The proposed increases match the indicated increases, and the Board approves the proposed changes.

Years of Continuous Prior Insurance

[14] Allstate uses Years of Continuous Prior Insurance, which captures the number of years of prior insurance (excluding ratable lapses) at the policy effective date. The company applies this variable for Bodily Injury and Property Damage-Tort combined, and the physical damages coverages. The company reduced the differentials for 14 or more years of continuous prior insurance. The proposed changes to the differentials match the indicated changes with some minor adjustments, and the Board approves them.

Insurance Score

[15] Insurance Score is Allstate's credit score-based rating variable, which was approved by the Board in its decision 2020 NSUARB 72. In this application, Allstate proposed a change to the best Insurance Score band that will increase the discount provided. Allstate's proposed discount is larger than the analysis indicated. Allstate explained that the difference is due to implementation considerations rather than a deviation from the actuarial indication. Allstate selected the proposed slightly higher adjustment to be consistent with the indicated result after the adjustment is applied to its current book of business.

[16] The Board finds the approach to be reasonable in the circumstances and approves the proposed changes to differentials for Insurance Score.

Welcome Discount

[17] The Board approved Allstate's Welcome Discount in 2022 NSUARB 30, providing a discount on all coverages for new business policies that meet the eligibility

requirements. The discount gradually declines over four renewal periods until it is removed.

[18] A review of Allstate's experience for new business risks with and without the discount revealed that the experience for those risks with the discount is much worse than new business risks without the discount. Allstate proposed a gradual phase-out of the discount beginning with removing the initial discount for any new business, while keeping the discount at the decreased levels for existing business only. This will allow the natural elimination of the discount for existing policyholders over the next three renewal periods. Allstate intends to remove the Welcome Discount altogether after the phase-out period. Board staff recommended the Board approve this approach for this application.

[19] The Board approves the changes to the Welcome Discount.

Changes to Renewal Premium Dislocation Capping Mechanism

[20] Allstate uses a renewal premium dislocation capping mechanism, the most recent terms of which the Board approved for Allstate's last filing in 2025 NSRAB 48. In the current application, Allstate proposed to decrease the limit on renewal premium increases to 26.5% and to cap renewal premium decreases at 6.0%. Allstate states that the capped impact of the proposed changes is slightly smaller than the uncapped impact. This result complies with the Board requirement that the premium foregone must be equal to or less than the extra premium collected whenever a company proposes to limit a renewal decrease.

[21] The renewal premium dislocation capping mechanism, otherwise, remains the same as approved by the Board in the last filing. Board staff recommended the Board approve the proposed changes. The Board agrees.

Changes to Automobile Insurance Manual

[22] Allstate proposed changes to its Automobile Insurance Manual, including adjusting its risk point calculator, which Allstate uses to determine if the risk posed by the insured and their vehicle exceeds the company's willingness to write the risk. Allstate proposed to increase the points assigned for a first minor conviction and an additional minor conviction in the past three years for new business risks licensed five or more years. This will match the points assigned for new business risks licensed for up to four years. The points for minor convictions remain unchanged, which Allstate explains is because new business risks are significantly less profitable than renewal risks. Allstate targeted underwriting changes to improve new business results. The company did not propose the same change to risk points for renewal business to avoid negatively impacting retention of existing business.

[23] The Board agrees with Board staff's recommendation that Allstate's proposed changes to its risk point calculator are reasonable. None of the changes to the underwriting rules would appear to violate the *Act* or its *Regulations*. The Board approves the proposed changes to the underwriting rules.

III SUMMARY

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

[25] The Board finds the proposed rates are just and reasonable and approves the changes effective May 15, 2026, for new business and June 15, 2026, for renewal business.

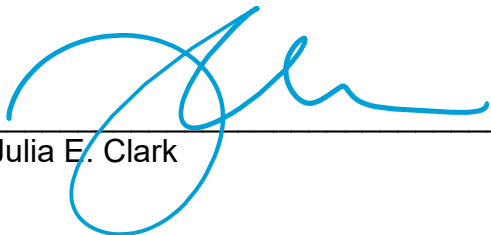
[26] The financial information supplied by Allstate satisfies the Board, under Section 155I(1)(c) of the *Act*, that the proposed changes are unlikely to impair the solvency of the company.

[27] The application qualifies to set a new mandatory filing date under the *Mandatory Filing of Automobile Insurance Rates Regulations*. The new mandatory filing date for Allstate for private passenger vehicles is January 1, 2028.

[28] Board staff reviewed Allstate's Automobile Insurance Manual filed with the Board and did not find any instances where the Manual contravened the *Act* and *Regulations*. 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.

[29] An order will issue accordingly.

DATED at Halifax, Nova Scotia, this 30th day of March 2026.



Julia E. Clark