DECISION **2026 NSRAB 2**
M12541

NOVA SCOTIA REGULATORY AND APPEALS BOARD

IN THE MATTER OF THE INSURANCE ACT

- and -

IN THE MATTER OF AN APPLICATION by **AVIVA GENERAL INSURANCE COMPANY (GENCO)** for approval to change its rates and risk-classification system for private passenger vehicles

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

APPLICANT: **AVIVA GENERAL INSURANCE COMPANY (GENCO)**

FINAL SUBMISSIONS: December 2, 2025

DECISION DATE: **January 5, 2026**

DECISION: **Application is approved as amended by the company.**

I INTRODUCTION

[1] Aviva General Insurance Company (Genco) 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 that vary by coverage and result in an overall increase of 10.0%. In addition to changes to rates, the company also asks the Board to approve Genco's proposed changes to its discounts, adoption of the Canadian Loss Experience Automobile Rating (CLEAR) (AB Alberta & Atlantic) Collision, DCPD and Comprehensive Separated version of the 2026 CLEAR rate group table and a new Partnership rating variable. Genco also proposed revisions to its approved renewal premium dislocation capping mechanism.

[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 Genco's application meets these requirements and approves the company's proposed rates and risk-classification system as proposed.

II ANALYSIS

[3] Genco applied under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval* (*Rate Filing Requirements*). Since the filing of this application, Genco received and responded to Information Requests (IRs) from Board staff and clarified some elements of its application. 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 Genco. The company reviewed the report and informed Board staff that it had no comments on the recommendations.

[4] Through the IR process, Board staff raised questions about Genco's use of a provision intended to account for changes to tariffs. Genco provided responses to Board staff's questions. In a further response dated November 25, 2025, the company indicated that, "for expediency and not for merit" it would remove the tariff provision and rely on the remaining proposals in order to facilitate what it described as a "compressed timeline" for implementing the proposed rate changes. The company later informed Board staff that, because of implementation challenges, it wished to amend its application to also remove a proposal for a new rating variable. The Board accepted the amended application, and this decision does not address any proposals that were withdrawn at the company's request.

[5] Board staff examined all aspects of the ratemaking procedure to make the recommendations in the Staff Report. Board staff consider that Genco satisfactorily addressed all aspects of the ratemaking procedure and its assumptions in the application and through the IR process.

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

- Comparison of Proposed Rates to Indicated Rates
- Updated CLEAR Table
- Changes to Rating Variables:
- Years Owned
- Annual KMs
- Responsibility Factor
- New Rating Variable:
    - Partnerships
- Changes to Discounts:
    - Electric Vehicles
    - Affinity Groups
- Renewal Premium Dislocation Capping Mechanism

Comparison of Proposed Rates to Indicated Rates

[7] Based on Board staff's review and recommendation, the Board accepts Genco's indications, as revised to remove the tariff provision, as the appropriate target to assess the proposed rate changes against. Genco proposed increases for most coverages. For all coverages where it proposed changes, Genco proposed rates that follow the direction of the indications but are smaller in magnitude. For Property-Damage Tort, Genco proposed no change to rates despite an indication for a small decrease. Board staff noted the difference in the average premium was very small. For SEF #44, Genco proposed no change despite the indication for a larger decrease. The Genco average premium is comparable to the industry average.

[8] The Board finds these decisions are reasonable given the benefits of rate stability and considering industry average rates for these mandatory coverages. The Board notes that the proposed change for all mandatory coverages is below the indicated level. Because the overall proposed increase is below the indicated change, the proposal will provide a return on equity below the Board's target level of 10%. The Board approves the proposed changes to base rates, as revised through the information request process.

Canadian Loss Experience Automobile Rating (CLEAR) Table

[9] To assign the rate groups for Collision and Comprehensive coverages, Genco currently uses the CLEAR (AB Alberta & Atlantic) Collision, DCPD and Comprehensive Separated version of the 2024 CLEAR table. The company proposed the adoption of the 2026 version of the table, explaining that the 2025 table had not been approved by the Board at the time of its last application, when the 2024 version was adopted.

[10] Genco included the impact of the CLEAR table change when determining the off-balancing calculations for all the proposed risk-classification changes. Board staff recommended the Board approve the proposed adoption of the 2026 CLEAR (AB Alberta & Atlantic) Collision, DCPD and Comprehensive Separated table. The Board agrees.

Changes to "Years Owned" Rating Variable

[11] Genco provided an analysis of the combined Aviva companies' experience for the past three years by the number of years a client has owned the insured vehicle. It determined that rates for clients who owned vehicles for less than three years were too low based on that experience. To address this, Genco proposed a level increase consistent with the indicated level. Genco included the impact of this change when determining the off-balancing calculations for all proposed risk-classification changes.

[12] Although the analysis indicated that some reductions could be made for some other categories, Genco opted to hold these levels stable to avoid excessive changes that could result in significant dislocation.

[13] Board staff recommended the Board accept the proposed changes to Years Owned differentials. The Board agrees.

Changes to "Annual KM" Rating Variable

[14] Genco determined it needed to increase rates for its clients who drive less than 8,000 km per year. This determination arose from its analysis of the portfolio of business categorized by annual kilometres driven. Genco analyzed five years of combined Aviva experience to develop the indicated differentials. The proposed increases apply to differentials for less than 8,000 km driven. The proposed change for all categories under 8,000 km combined is less than the indicated level. All other categories were left

unchanged. Genco included the impact of the change when determining the off-balancing calculations for all the proposed risk-classification changes.

[15] Board staff recommended the Board approve the proposed changes for the rating variable differentials. The Board agrees.

Changes to "Responsibility Factor" Rating Variable

[16] The Board approved Genco's credit-based rating variable (Responsibility Factor) in its Decision 2021 NSUARB 102. At that time, Genco set the differentials for this rating variable equal to the indicated levels. For this application, Genco reviewed a loss ratio analysis for three years of experience for all Aviva companies, grouped by Responsibility Factor bands. The company determined that the low score profiles were underpriced based on that experience. To address this, Genco proposed new differentials using an adjustment formula and included the impact of this change when determining the off-balancing calculations for all of the proposed risk-classification changes. The Board approves the proposed changes to this rating variable.

New "Partnership" Rating Variable

[17] Genco proposed to introduce the "Partnership" variable that would allow it to set unique differentials for each new strategic partnership it creates with other companies. For this variable, all initial differentials would be set equal to 1.00 and would have no impact. As Genco establishes strategic partnerships and where experience suggests a credible difference between partnerships, the company will file new differentials for Board approval with support for those levels. The variable would apply to all coverages except SEF #44. Both principal and occasional operator premiums will be subject to the variable.

[18] There is no prohibition against this type of rating variable, though the Board notes that any changes from the current 1.00 differentials for any partnership will require Board approval and supporting data. Board staff recommend the Board approve this proposed change. The Board agrees.

Changes to "Electric Vehicle" Discount

[19] Having observed the electric vehicle loss ratio of the past five years for Aviva accompaniments was worse than that for hybrid vehicles and internal combustion engine vehicles, Genco proposed to reduce its discount for electric vehicles, bringing it in line with the hybrid vehicle discount.

[20] Genco indicated that maintaining a limited discount aligns with Aviva's Net Zero commitments, and the company believes there is strategic value in intentionally supporting electric vehicle adoption. The company will review the discount in the future and file future adjustments, if needed. Genco included the impact of the change when determining the off-balancing calculations.

[21] Board staff recommend the Board approve the change to the Electric Vehicle Discount. The Board approves the change but encourages Genco to continue to review the benefits of the discount against the demonstrated experience in future submissions to the Board.

Changes to Affinity Groups

[22] Genco disclosed that it is changing its relationship with a partner company from a broker model to an agency model. As part of the transition, members of that company's reward program will be treated as an affinity group. Affinity groups receive a discount

depending on the group and its risk characteristics, and Genco will allow a 5% discount for members of the program.

Renewal Premium Dislocation Capping Mechanism

[23] The Board previously approved a premium dislocation capping mechanism for Genco that limits premium increases at renewal. Increases in renewal premium in excess of 50% are capped at 50%. In this application, Genco proposed to lower the cap on increases to 30%. It notes that the reduction will insulate customers from extreme premium fluctuations with the goal of retaining more policies and avoiding reputational harm.

[24] Genco also proposed to introduce a negative capping mechanism that would remove any renewal premium decrease (i.e. cap the decrease at 0%). This choice was aimed at balancing the overall impacts on its business. The result is a capped premium increase close to the uncapped increase proposed.

[25] Genco indicated that, on average, it expects the cap to remain in place for about two years. It will revisit the mechanism in the next filing.

[26] As the Board requires, Genco demonstrated that the premium foregone on the cap on renewal premium increases would be greater than the extra revenue collected from the cap on renewal premium decreases. Board staff recommended that the Board approve the changes to the renewal premium capping mechanism. The Board agrees.

III SUMMARY

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

[28] The Board finds the proposed rates, risk classification system and other proposed changes are just and reasonable, and approves the changes effective May 1, 2026, for new and renewal business.

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

[30] 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 Genco for private passenger vehicles is October 1, 2027.

[31] Board staff reviewed Genco's Automobile Insurance Manual filed with the Board, as well as the minor changes Genco proposed, 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.

[32] An order will issue accordingly.

DATED at Halifax, Nova Scotia, this 5th day of January 2026.

Julia E. Clark