DECISION **2025 NSRAB 134**
M12501

NOVA SCOTIA REGULATORY AND APPEALS BOARD

IN THE MATTER OF THE INSURANCE ACT

- and -

IN THE MATTER OF AN APPLICATION by **AVIVA INSURANCE COMPANY OF CANADA** for approval to change its rates and risk-classification system for commercial vehicles and for other changes

BEFORE: Marc L. Dunning, P.Eng., LL.B., Member

APPLICANT: **AVIVA INSURANCE COMPANY OF CANADA**

FINAL SUBMISSIONS: November 21, 2025

DECISION DATE: **December 1, 2025**

DECISION: **Application is approved.**

I INTRODUCTION

[1] Aviva Insurance Company of Canada (Aviva) applied to the Nova Scotia Regulatory and Appeals Board (Board) to change its rates and risk-classification system for commercial vehicles. The company proposes rate changes that vary by coverage and result in an overall increase of 4.6%. In addition to changes to rates, the company also asks the Board to approve changes to territory differentials, Class and Driving Record differentials and the snow ploughing surcharge; remove the Collision discount for Farm Tractors and Class 55 vehicles; remove three unused or obsolete discounts; and change its Automobile Insurance Manual (Manual).

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

II ANALYSIS

[3] Aviva applied under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval* (*Rate Filing Requirements*). Since the filing of this application, Aviva 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 Aviva. The company reviewed the report and informed Board staff that it had no comments.

[4] Board staff examined all aspects of the ratemaking procedure to make the recommendations in the Staff Report. Board staff consider that Aviva satisfactorily addressed all aspects of the ratemaking procedure in its application and IR responses.

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

- Proposed rate changes;
- Proposed territorial differential changes;
- Proposed changes to Class and Driving Record differentials;
- Proposed changes to snow ploughing surcharge;
- Proposed removal of Collision discount for Farm Tractors and Class 55 vehicles;
- Proposed removal of three unused or obsolete discounts; and
- Proposed changes to the Manual.

Proposed Rate Changes

[6] Aviva proposes changes to its base rates, which vary by coverage and territory and result in a proposed overall rate level increase of 4.6%.

[7] To support these changes, Aviva provided actuarial indications, which are calculations of the changes to the current premium that the company should make to achieve its target return on equity, assuming that its actuarial assumptions prove correct. These actuarial indications suggest that Aviva should raise its rates overall by a similar amount.

[8] Board staff recommend the Board use Aviva’s indications as the target, against which to judge whether the proposed changes are appropriate, just, and reasonable. The Board agrees.

[9] Aviva proposes no direct changes to base rates, instead allowing the impacts caused by the other proposed overall changes in the application to flow through to produce the proposed changes. Except for Property Damage-Tort and Direct Compensation Property Damage (DCPD), the changes follow the direction of the

indications. For these two coverages, the impacts of the changes are small increases (both less than 1%) that compare to the indicated decreases. This result causes the change for all mandatory coverages combined to exceed the indicated changes. Because the opposite is true for optional coverages, the overall all-coverages combined increase matches the indicated level.

[10] When asked about the subsidy of optional coverages from mandatory coverages, Aviva explained its strategy is to maintain overall rate adequacy while addressing adverse experience in mandatory coverages. Aviva noted that Bodily Injury, which represents over half of the mandatory premium, has seen persistently high loss ratios. Due to limited experience, the application of the complement of credibility reduces the indicated need. Despite this, the underlying experience signals a strong need for corrective action. Applying a larger-than-indicated change to mandatory coverages supports this strategy and offsets the smaller increases for optional coverages, ensuring the portfolio remains actuarially sound and sustainable. Aviva will continue monitoring experience and adjust future filings as needed.

[11] Because the overall proposed change matches the indicated change, the return on equity will be at the Board’s 10% target.

[12] Board staff recommend the Board approve the proposed changes and the flow-through of the impact to base rates. The Board agrees.

Proposed Territorial Differential Changes

[13] Aviva produced credibility-weighted loss ratio relativities by coverage for each of its territories. Based on this analysis, Aviva proposes changes to its territorial differentials. Aviva selected the proposed changes after considering a combination of the

provincial rate indications, territorial loss ratio relativities, and feedback on competitive positioning from the branch.

[14] Aviva did not off-balance the impact of the territorial changes, which was a small increase, but let that impact flow through into the proposed overall change.

[15] Aviva supported its proposed changes. Board staff recommend the Board approve the proposed territorial differential changes. The Board agrees.

Proposed Changes to Class and Driving Record Differentials

[16] Aviva undertook a similar analysis of its loss ratio relativities for its Class and Driving Record rating variables. Based on this analysis, Aviva proposes changes to the differentials. The proposed changes deviate from the indicated differentials. As it did with its territorial differentials, Aviva considered factors beyond the loss ratio relativities (e.g., regional feedback on competitive position), when selecting the proposed changes.

[17] Aviva, again, did not off-balance the small increases for the Class changes and the Driving Record changes but let these impacts flow into the proposed overall change.

[18] Aviva supported the proposed changes. Board staff recommend the Board approve the proposed changes to the Class and Driving Record differentials. The Board agrees.

Proposed Changes to Snow Ploughing Surcharge

[19] Aviva applies a 30% surcharge where a light commercial vehicle (Class 36) has a blade attached for snow ploughing for part of the year. Aviva proposes to extend this surcharge to Class 44 vehicles that have a snow ploughing blade attached.

[20] Aviva proposes this change based on the same rationale used to support the surcharge for Class 36 vehicles. That is, plough equipment has become very expensive, and adding its value to the vehicle's list price will result in inflated insured values. The surcharge approach better reflects the risk without distorting vehicle values.

[21] The Board accepted this logic when it approved the switch to the 30% surcharge for Class 36 vehicles in *Aviva Insurance Company of Canada (Re)*, 2022 NSUARB 176. The logic is acceptable for Class 44 vehicles as well.

[22] Because Aviva has no Class 44 risks that would qualify for the surcharge, there is no impact from the change.

[23] Aviva supported the proposed change. Board staff recommend the Board approve the proposed surcharge change. The Board agrees.

Proposed Removal of Collision Discount for Farm Tractors and Class 55 Vehicles

[24] Aviva offers a 50% discount for Farm Tractors and a 25% discount for Class 55 vehicles other than Farm Tractors, on Collision coverage premiums. The company proposes the removal of these discounts.

[25] Aviva stated that the current observed experience for these vehicles does not warrant the discount provided. The removal of the discount will ensure the premiums charged for these vehicles better reflect the risk they pose.

[26] The removal of the discount results in a small increase in Collision premium. Aviva did not off-balance this impact but allowed it to flow through to the proposed change.

[27] Aviva supported the removal of the discount. Board staff recommend approval. The Board agrees.

Proposed Removal of Unused or Obsolete Discounts

[28] Aviva proposes the removal of three discounts that are either unused or obsolete.

[29] Aviva proposes to remove its Electric Vehicle Discount, which provides a 25% discount for electric vehicles. The company introduced this discount decades ago and it was designed exclusively for private passenger-rated vehicles (Classes 01, 02, 03, 07, etc.). Electric commercial vehicles are relatively new, with most models emerging in 2025 and 2026 and only a small number are currently available in the market. Aviva feels the existing discount structure does not align with current underwriting and pricing strategies for commercial vehicles and proposes its removal. The company will examine an alternative for light commercial vehicles in the future.

[30] Aviva also proposes to remove its Anti-Theft / Recovery System Discount. The company notes the discount was superseded by newer high-theft vehicle mitigation programs such as KYCS and TAG. These programs offer more targeted protection and pricing adjustments, making this discount redundant.

[31] Finally, Aviva proposes to remove its 40% discount on eligible farm vehicles. The company removed this discount from Personal Lines as of April 1, 2023, and proposes its removal for Commercial Lines for consistency. No vehicles currently receive these discounts, so there is no impact from their removal.

[32] Board staff recommend the Board approve the removal of these discounts. The Board agrees.

Proposed Changes to Automobile Insurance Manual

[33] In addition to the changes to the Manual recognizing the proposed changes discussed above, Aviva proposes a change to the definition of Farm and Fishermen's vehicles to improve clarity moving forward. There is no impact that results from the change for the current portfolio of vehicles. Board staff recommend the Board approve this change and the Board agrees.

III SUMMARY

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

[35] The Board finds the proposed rates are just and reasonable, and approves the changes effective March 1, 2026, for new business and April 1, 2026, for renewal business.

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

[37] 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 Aviva for commercial vehicles is October 1, 2028.

[38] Board staff reviewed the Manual filed with the Board and the proposed changes and did not find any instances where Aviva contravened the *Act* or *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.

[39] An Order will issue accordingly.

DATED at Halifax, Nova Scotia, this 1st day of December 2025.

Marc L. Dunning