

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 of its rates and risk-classification systems for antique vehicles

BEFORE: M. Kathleen McManus, K.C., Ph.D., Member

APPLICANT: **AVIVA INSURANCE COMPANY OF CANADA**

FINAL SUBMISSIONS: October 24, 2025

DECISION DATE: **December 15, 2025**

DECISION: **Application is approved.**

I INTRODUCTION

[1] On September 15, 2025, Aviva Insurance Company of Canada (Aviva) applied to the Nova Scotia Regulatory and Appeals Board (Board) for approval of rates and risk-classification systems for antique vehicles. Currently, Elite Insurance Company (Elite), a sister company, offers insurance for antique vehicles for the Aviva Group of companies. On January 1, 2026, Elite will no longer exist and will be amalgamated into Aviva Insurance Company. New business will be written through Aviva, and renewals will occur through Aviva. To handle this antique vehicle business after amalgamation, Aviva proposes to adopt the current rates and risk-classification system for Elite effective January 1, 2026. Aviva will then modify those rates effective February 10, 2026, and March 10, 2026, for new business and renewals respectively. Aviva proposed changes that increase rates overall by 5.9% for antique vehicles, with the changes varying by coverage. In addition, Aviva asks the Board to approve changes to its existing rating variables for Annual Kilometres, Model Years and Storage/Garaging Type. Aviva also asks that the Board approves the following changes to its Automobile Insurance Manual for the: removal of a section on Rating Symbol; correction of the names of several endorsements; and, removal of a section on Accident and Conviction Surcharges.

[2] The Board must consider whether the proposed rates and risk-classification systems 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 systems 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 agreed with the recommendations and had no additional comments.

[4] To support its proposed changes, Aviva did not develop new indications for the Elite portfolio of antique vehicles when seeking to adopt Elite's rates with an increase. Instead, Aviva relied on the residual indications from Elite's last application for antique vehicles in May 2024. The company proposed changes to differentials for some rating variables and used the indications from Elite's analysis of those rating variables in its November 2021 application.

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

- Use of prior Elite analysis to develop Aviva rates;
- Proposed base rate changes relative to the Elite residual indications;
- Proposed differentials relative to the prior Elite rating variable analysis;
- Proposed changes to the Automobile Insurance Manual; and,
- Mandatory filing date for Aviva's antique vehicles.

Use of prior Elite analysis to develop Aviva rates

[6] All antique vehicles insured by the Aviva Group of companies are written through Elite, which has developed a significant portfolio of these vehicles and expertise in the administration and underwriting of these risks and has sufficiently credible data to develop its base rates and differentials.

[7] While Aviva will adopt the current Elite rates and risk-classification systems for antique vehicles on January 1, 2026, Aviva seeks to modify those rates. Since Elite has experience administering and underwriting these vehicles, Aviva's adoption of the rates and risk-classification system used by Elite, its sister company, is an appropriate starting place for Aviva for these vehicles rather than starting anew.

[8] In its decision in 2024 NSUARB 132 (M11738), the Board approved both Elite's calculations of its indicated rate level need and its proposal to leave its rates unchanged. In that 2024 application, Elite did not take any rate increases. The residual indications, which equal the original indications, represent the level of rate inadequacy present in the current rates.

[9] In this application, Aviva relied on Elite's residual indications from the 2024 application but wanted to address the level of rate inadequacy. After considering the new claims experience and expected loss trend changes, Aviva proposed changes to the current Elite base rates to bring them to a level that Aviva deemed acceptable. Lacking any industry experience and given the credibility of the Elite experience, Board staff recommends the Board accept Aviva's reliance on the Elite residual indications, as changed by the considerations Aviva used, as a reasonable approach to modify rates for these vehicles for Aviva. The Board agrees.

[10] Similarly, Aviva relied on previous Elite actuarial analysis of the differentials for the rating variables used (approved by the Board in 2022 NSUARB 5), when examining the differentials to make sure they were appropriate. Given that the types of business Aviva will write for these vehicles will mirror closely the Elite book, Board staff

recommends the Board accept the use of this Elite actuarial analysis as appropriate in the circumstances. The Board agrees.

Proposed base rate changes relative to the Elite residual indications

[11] Having determined that the use of the Elite actuarial analysis is appropriate when determining rate changes for Aviva, the Board will now compare the proposed base rate changes to the residual indications.

[12] Board staff noted that the proposed changes by coverage differ significantly from the residual indications. Aviva explained the major differences, as follows:

- **Bodily Injury** – Elite’s prior application did not include the Health Services Levy which, according to the Superintendent of Insurance, does apply to these vehicles. Aviva proposed rates are based on the residual indications adjusted to properly reflect the Health Service Levy.
- **Property Damage-Tort** – Aviva proposed a small decrease despite a much larger indicated increase. The average premium for this coverage is small and the difference in rate is not significant.
- **Direct Compensation Property Damage** – The residual indications suggest a very large increase was needed. This result, together with pressure on repair and replacement costs, suggests there is a strong need to raise rates. Aviva proposed a more modest, yet still significant, increase to change the impact for this coverage.
- **Accident Benefits** – Aviva observed that the loss ratios for Elite’s business from 2020 to 2024 showed a poor claims experience that required a larger increase than the residual indications suggest.
- **Uninsured Automobile** – Elite experienced few claims for this coverage from 2020 to 2024. In contrast, countrywide data analysis suggests that frequency and severity will rise for this coverage. Aviva proposed a modest increase to address this concern.
- **Collision** – The residual indications suggest a large decrease could be taken. Aviva, however, noted that the loss ratios from 2020 to 2024 have been growing which recognizes the pressure on repair and replacement costs caused by inflation, supply chain issues, repair delays, etc. Aviva proposed a modest increase.

- **Specified Perils** – Despite the residual indications suggesting that a large increase could be taken, Aviva left the rates unchanged. This proposal is consistent with the proposal for Comprehensive. Setting the change for Specified Perils based on the Comprehensive proposal is common industry practice.

[13] Based on the rationale provided by Aviva for its deviations from the residual indications, Board staff recommends the Board approve the proposed changes to base rates. The Board agrees.

Proposed differentials relative to the prior Elite rating variable analysis

[14] Aviva proposed adopting the rating variables used by Elite to rate these vehicles. However, to address the level of rate inadequacy across the rating variables, Aviva examined the previous rating variable analysis that Elite created and used in its 2021 application to justify its current differentials. The Board approved these differentials in its decision in 2022 NSUARB 5 (M10350).

[15] For rating variables Annual KM, Model Years, and Storing/Garaging Type, Aviva altered Elite's differentials by moving them closer to the indicated level. Aviva noted these changes will allow the company to price its antique vehicle risks appropriately by better aligning the differentials with those indicated from Elite's analysis.

[16] Aviva off-balanced the impact on these changes by using the Elite portfolio to determine the resulting impact. Accordingly, based on the Elite portfolio, the changes would be revenue neutral. Board staff suggests this is a reasonable approach.

[17] Board staff recommends the Board approve Aviva's revisions of the differentials for these rating variables, while leaving all others unchanged from the current Elite differentials. The Board agrees.

Proposed changes to Automobile Insurance Manual

[18] Rather than adopting Elite's Automobile Insurance Manual, Aviva proposed some changes to consolidate some rules and to align them with rules for other vehicle types that Aviva writes, where appropriate.

[19] The first change removed a section on Rating Symbol because Aviva views this as a rating variable rather than as a rating rule. Aviva also changed the names of several endorsements, so they match those that were filed for Elite. The final change removed a section on Accident and Conviction surcharges because its system cannot implement these surcharges. Aviva noted that some of the surcharges could never be triggered given the underwriting rules that are in place for Elite and will be adopted by Aviva.

[20] Board staff reviewed the proposed manual and after some revisions during the information request process found they do not appear to violate the *Insurance Act* or its *Regulations*.

[21] Board staff recommends the Board approve the proposed changes to the Automobile Insurance Manual. The Board agrees and requires Aviva to file a revised version of the manual within 30 days of the date of the Board's Order in this matter.

Mandatory filing date for Aviva's antique vehicles

[22] Board staff recommends Aviva's mandatory filing deadline for antique vehicles be set to Elite's previous mandatory filing deadline, which is June 1, 2027, because Aviva relied on prior Elite actuarial analysis instead of up-to-date actuarial analysis. The Board agrees and sets the mandatory filing deadline for Aviva to June 1, 2027.

III SUMMARY

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

[24] The Board finds the proposed rates are just and reasonable and approves Aviva adopting the current rates and risk-classification system for Elite effective on amalgamation day (i.e., January 1, 2026) with the proposed changes to those rates effective February 10, 2026, for new business and March 10, 2026, for renewal business.

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

[26] The application, if it had been made by Elite, would not qualify to set a new mandatory filing date under the *Mandatory Filing of Automobile Insurance Rates Regulations*. The Board sets the mandatory filing date for Aviva for antique vehicles as the current mandatory filing deadline for Elite, that is June 1, 2027.

[27] Board staff reviewed the proposed Aviva Automobile Insurance Manual 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.

[28] An Order will issue accordingly.

DATED at Halifax, Nova Scotia, this 15th day of December 2025.



M. Kathleen McManus