DECISION **2026 NSRAB 145**
M13009

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 private passenger vehicles

BEFORE: Darlene Willcott, LL.B., Member

APPLICANT: **AVIVA INSURANCE COMPANY OF CANADA**

FINAL SUBMISSIONS: September 16, 2026

DECISION DATE: **October 22, 2026**

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 private passenger vehicles. The company proposes rate changes that vary by coverage and territory and result in an overall rate increase of 2.7%. In addition to changes to rates, Aviva also asks the Board to approve changes to its price rating variable, its rating for group membership and its tiered group discounts, and its endorsement offerings. Aviva also requests changes to its underwriting and rating rules and to modify its approved 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 Aviva's application meets these requirements and approves the company's proposed rates and risk-classification system for private passenger vehicles.

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] On January 1, 2026, Aviva amalgamated Traders General Insurance Company under the Aviva brand. To distinguish the type of risks, Traders General policies were rebranded as Aviva Group. While this new line under Aviva continues to use approved rates for Traders, this filing looks to bring the two lines under common rates and a common rating structure for private passenger vehicles. Aviva proposed changes to its base rates and differentials, which vary by coverage and by territory, and to its risk-classification system that result in an overall rate increase of 2.7% for the combined portfolio. Because Aviva and Aviva Group currently use different rates, the impact on the Aviva portfolio (+1.5%) differs from that for the Aviva Group portfolio (7.7%).

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

- Rate Level Changes**;**
- Changes to the Differentials for the Territory Rating Variable;
- Changes to the Differentials for the Price Rating Variable for High Valued Vehicles;
- Deepened Tier Discount for Group Membership and Expansion of the Group Tiered Discount;
- Endorsement Changes;
- Changes to Renewal Premium Dislocation Capping Mechanism; and,
- Underwriting Changes.

Rate Level Changes

[6] Board staff examined all aspects of the ratemaking procedure to make the recommendations in the Staff Report and suggested the Board review the chosen experience period. Board staff considers that Aviva satisfactorily addressed all other aspects of the ratemaking procedure in its application and IR responses.

Experience Period Weights

[7] In its previous application, Aviva used weights of 25/25/25/25 for the last four accident years for long-tail coverages of Bodily Injury and Accident Benefits. These

weights were a change from the 10/20/30/40 weights used in the filing before that application. In this application, Aviva reverted to the 10/20/30/40 weights it previously used. Aviva submitted that applying greater weight to the more recent accident years better reflects the emerging Accident Benefit experience and is more representative of prospective costs. For Bodily Injury, the experience remained relatively stable over the accident years 2022–2025. As a result, the weighting change has minimal impact on this coverage. For consistency, Aviva applied the updated weighting approach to both long-tailed coverages. This approach aligns with the accident year weighting adopted in the latest filings for other Atlantic provinces. Aviva noted the equal weights would change the indicated rate for Aviva from 1.7% to 1.5% and for Aviva Group from 8.6% to 11.1%. Board staff recommends the Board allow Aviva to use its chosen experience period weights. The Board agrees.

Staff Indications

[8] Given the recommendation to accept the Aviva experience period weights, Board staff recommends the Board use the Aviva indications as the appropriate target against which to assess the reasonableness of the proposed rates. The Board agrees.

Proposed Rates

[9] The proposed rates produce an overall increase of 2.7% versus the indicated 2.8% increase for the combined portfolio. As noted, the proposed impact on Aviva Group is larger than that for Aviva because the current Aviva Group rates are lower and Aviva proposes the use of the same base rates for the Aviva and Aviva Group lines.

[10] The impacts on all mandatory coverages combined and all optional coverages combined are very close to the indicated level. Based on this observation,

Board Staff recommends approval of the proposed base rates. The Board agrees and approves Aviva's proposed rates.

Other Proposed Changes

Territory Definitions and Differentials

[11] Aviva conducted a loss ratio analysis of territories using Nova Scotia data for the past five years ending December 31, 2025. Using this analysis, Aviva determined it was over and underpriced in certain territories for certain coverages. This result suggests the company's differentials do not properly reflect the underlying risk.

[12] While Aviva uses the Territory variable for all coverages, the company only made changes to those coverages where a change was warranted. The changes tended to follow the indicated changes with Aviva limiting the change in some cases, where the company applied judgment when determining the proposed differential.

[13] A review of the analysis confirmed that the analysis supported the proposed changes. Aviva included the impact of the changes to the territorial differential in the amount it off-balanced to make the proposed changes revenue-neutral.

[14] Board staff recommends the Board approve the proposed changes to the territorial differentials. The Board agrees.

Changes to Rating Variable: Price

[15] Aviva uses this variable for Comprehensive and Specified Perils coverages, based on its demonstrated predictive power. Aviva proposed an extension of the curve to capture higher value vehicles. The extension would allow premiums to better reflect the underlying risk by recognizing these distinctions across the higher-value vehicles. The

change would improve pricing accuracy, better align premium and risk, and reduce unintended cross-subsidization between segments.

[16] As it did when developing its current curve, Aviva developed the extended portion of the curve using the Ontario vehicle price curve as a reference. Ontario has a mature vehicle market with more and different valued vehicles, allowing for enough data to develop a credible benchmark. Because the existing Atlantic and Ontario vehicle price curves show different rates of change over the overlapping price range, Aviva rebased the Ontario incremental changes to align them with the characteristics of the current Atlantic curve to maintain a smooth and consistent progression.

[17] Board staff recommends the Board accept the proposed changes to the Price differentials. The Board agrees.

Deepened Tier Discount

[18] Due to the differences in the current Aviva and Aviva Group rates (i.e., Aviva Group rates are lower to reflect the benefits associated with Group membership), the use of a common set of base rates and differentials has an undue impact on the clients insured under the current Aviva Group rates.

[19] To address this concern and to mitigate customer impact and maintain rate consistency during this transition, Aviva proposed a deepening of the tier discount that would apply to Aviva Group policies. The proposed discount lowers the impact for these clients.

[20] When the deepened discounts are combined with the impact of the move to common base rates, the impact for Aviva Group policies was about a 0.6% increase.

This demonstrates the goal Aviva set in order to minimize the impact of the changes for these policies.

[21] Board staff recommends the Board approve the proposed deepened tier discounts. The Board agrees.

[22] In addition to the tier changes, Aviva proposed adding more tiers to its group membership-based discounts. Because no policy falls in the proposed new tiers, the change has no impact on premiums. Board staff recommends the Board approve the proposed change to its group membership-based tier rating structure. The Board agrees.

Endorsement Changes

[23] Aviva proposed changes to four of its endorsement offerings. The first change is to NSEF#-2 - Drive Other Automobiles – Named Person(s) endorsement. This endorsement extends coverage for Third Party Liability and Accident Benefits under the policy to other vehicles driven by the persons named. Aviva proposes changes to the endorsement from a vehicle-level to a policy-level. This approach provides coverage to all people named in the policy, regardless of the vehicle assigned to that person. The company charges no premium for the endorsement.

[24] The second change is to NSEF#3 – Drive Government Automobile endorsement. This endorsement extends coverage under the policy to people driving government automobiles. Aviva applies a premium charge for endorsement, while Aviva Group does not. Aviva proposed the removal of the charge. Very few Aviva risks carry the endorsement, so the minimal impact was not off-balanced.

[25] Aviva will also modify NSEF#27- Legal Liability for Damage to Non-Owned Automobiles endorsement. This endorsement extends physical damage coverages

(Collision, Comprehensive, Specified Perils, All Perils) when the insured persons drive other vehicles (e.g., rental vehicles). Currently, the endorsement applies on a vehicle basis. As its new administration system will allow for applying the endorsement on a policy level, the company will make the change. This change allows the coverage to apply to all drivers on the policy, regardless of vehicle assignment. Aviva will not change the premium despite the better coverage.

[26] Finally, Aviva will change one of its non-standard endorsements. The company will rename its Satellite Roadside Assistance endorsement to Emergency Roadside Service endorsement. Aviva applied for and received approval from the Superintendent of Insurance for the wording changes required for this renaming. The endorsement currently applies on a vehicle basis (i.e., each vehicle requires the endorsement and pays a premium). Aviva proposed changing this to a policy basis (i.e., all vehicles on the policy receive benefits and only one charge is made regardless of the number of vehicles on the policy). Aviva proposed an increase in the endorsement premium that moved it to the approximate value of the current endorsement times the average number of vehicles on those policies with the endorsement.

[27] Apart from the change to NSEF#3, Aviva off-balanced the impact of the endorsement changes, where applicable, to make them revenue neutral. Aviva supported all the proposed changes to the endorsement offerings. Board staff recommends the Board approve the proposed changes to the endorsement offerings. The Board agrees.

Changes to Renewal Premium Dislocation Capping Mechanism

[28] Aviva has a Board-approved premium dislocation capping mechanism that limits premium increases and premium decreases at renewal. Aviva proposes to revise

the capping limits to cap renewal premium increases at 15% instead of the current 30% and to cap renewal premium decreases at -10% instead of the current 0%. To use a cap on renewal premium decreases, the company must demonstrate that the extra premium collected from the cap on decreases is less than the premium foregone on the cap on increases. When the Aviva and Traders General portfolios are combined, the Board requirement is met.

[29] Board staff recommends the Board approve the proposed changes to the renewal premium dislocation capping mechanism. The Board agrees.

Underwriting Changes

[30] In addition to revisions to reflect the proposed changes discussed in this decision, Aviva proposed other changes to its underwriting and rating rules, including some endorsement rule changes. Some of the changes harmonize wording across the country or reflect changes to the company's appetite to write certain risks or to the approach the company uses to underwrite private passenger vehicles.

[31] Aviva will introduce Class 04 to address Gender X clients. The premiums that apply will not change, so there is no impact. The change allows for direct mapping of the data to the correct Class for GISA reporting.

[32] Aviva will revise the wording around the finance fee for premiums paid via installments. Because Aviva Group had no such fee while Aviva did, the wording reflects that the fee will apply to non-group/affinity clients.

[33] Board staff recommends the Board approve the proposed changes to the underwriting and rating rules.

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 it approves the changes effective May 15, 2027, for both new business and renewal business.

[36] 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.

[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 Insurance Company of Canada for private passenger vehicles is July 1, 2028.

[38] Board staff reviewed Aviva's Automobile Insurance Manual filed with the Board and did not find any instances where the Manual 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 22nd day of October 2026.

Darlene Willcott