

DECISION

**2026 NSRAB 77
M12852**

NOVA SCOTIA REGULATORY AND APPEALS BOARD

IN THE MATTER OF THE INSURANCE ACT

- and -

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

BEFORE: Stephen T. McGrath, K.C., Chair

APPLICANT: **CO-OPERATORS GENERAL INSURANCE COMPANY**

FINAL SUBMISSIONS: May 13, 2026

DECISION DATE: **June 1, 2026**

DECISION: **Application is approved.**

I INTRODUCTION

[1] The Co-operators General Insurance Company (Co-operators) and CUMIS General Insurance Company (CUMIS) are related companies and subsidiaries of the Co-operators Group Limited. Starting December 1, 2026, existing CUMIS private passenger vehicle auto insurance policies at the end of their term will be renewed into Co-operators policies. Co-operators advises that this is part of a much broader strategy to strengthen a credit union Home and Auto insurance program currently written through CUMIS. Co-operators said this switch will provide CUMIS customers with access to competitive products and expanded coverage options, and an enhanced client experience, supported by the promise of digital convenience. Co-operators also said the transfer of CUMIS policies will improve operational efficiency through a single underwriting company and common policy, billing and claim systems.

[2] Due to differences in the approved rates and risk-classification systems for Co-operators and CUMIS, customers may see significant changes to premiums because of this transition. Co-operators applied to the Nova Scotia Regulatory and Appeals Board to change its rates and risk-classification system for private passenger vehicles to mitigate the impact of this transition on customers. Co-operators proposes a premium dislocation capping mechanism to smooth the transition.

[3] The Board must consider whether the proposal results in rates and a risk-classification system that are just and reasonable and in compliance with the *Insurance Act (Act)* and its *Regulations*. The Board is satisfied that Co-operators' application meets these requirements and approves the company's proposed premium dislocation capping mechanism for renewing CUMIS customers.

II ANALYSIS

[4] Co-operators' application followed a simplified version of the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval (Rate Filing Requirements)*. 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 Co-operators. The company reviewed the report and informed Board staff that it had no comments on the report.

[5] The only issue the Board needs to consider in this proceeding is the reasonableness of the proposed premium dislocation capping mechanism.

[6] Co-operators noted that the CUMIS portfolio is small and has a different risk profile than what Co-operators writes. As a result, converting the policies from CUMIS to Co-operators policies without any mitigating factors would result in a significant increase in the premiums for the portfolio. Co-operators proposes to mitigate this impact through a renewal premium dislocation capping mechanism.

[7] The proposed mechanism will cap any premium increase at 10%, when a CUMIS policy renews into Co-operators. Co-operators will also limit any premium decrease that a CUMIS policy would experience to 2.5%, upon renewal into Co-operators. This capping applies at the vehicle premium level, excluding endorsements.

[8] The company identified some conditions under which the cap will not apply. For example, if a rating error is found or a new vehicle or driver is added to the policy, the cap would not apply. The exclusions identified seem reasonable and do not violate any regulations.

[9] In considering any proposal to cap premium reductions at renewal, the Board assesses the reasonableness of the proposal relative to the company's proposal to cap increases. If the revenue that a company forgoes from capping premium increases exceeds the revenue it gains by capping decreases, the Board is more likely to find the proposal to be reasonable. In the present case, Co-operators demonstrated that lost revenue from its capping of premium increases would exceed extra revenue from capping decreases by an order of magnitude.

[10] The company proposes that this mechanism would be specific to those customers transitioning from CUMIS policies, and different from the premium dislocation capping mechanism that otherwise applies to its customers. Co-operators proposes to apply this premium dislocation capping mechanism when the policy first renews with it and for the first renewal after that as a Co-operators policy. Following this period, the premium dislocation capping mechanism applicable to transitioning CUMIS customers will no longer apply, but any premium dislocation capping mechanism otherwise applicable to Co-operators' other customers will.

[11] The effect of this proposal reduces what would otherwise be a large overall average increase in rates for CUMIS customers transitioning to Co-operators' policies, to an overall average increase of less than one-third of the uncapped value. Co-operators provided examples of how the CUMIS-specific renewal premium dislocation capping mechanism would work in practice. The examples provided insight into the workings of the mechanism under various scenarios. No issues arose from these examples.

[12] The Board finds Co-operators' proposal is reasonable and approves the requested premium dislocation capping mechanism for customers transitioning from CUMIS policies.

III SUMMARY

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

[14] The Board finds the proposed rates are just and reasonable and approves the requested premium dislocation capping mechanism for customers transitioning from CUMIS policies effective December 1, 2026.

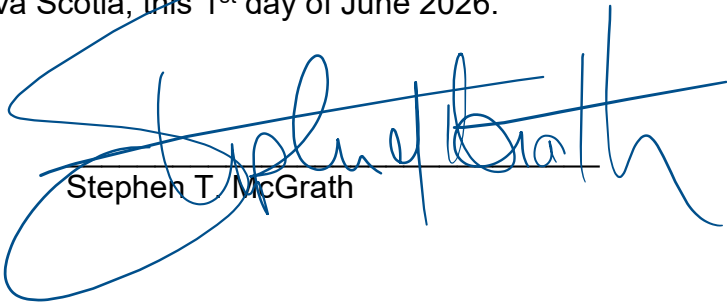
[15] The financial information supplied by Co-operators satisfies the Board, under s. 155(1)(c) of the *Act*, that the proposed changes are unlikely to impair the solvency of the company.

[16] The application does not qualify to set a new mandatory filing date under the *Mandatory Filing of Automobile Insurance Rates Regulations*. The mandatory filing date for Co-operators for private passenger vehicles continues to be December 1, 2027.

[17] Board staff reviewed Co-operators' Automobile Insurance Manual filed with the Board and did not find any instances where the Manual contravened the *Act* and *Regulations*. Co-operators proposed no changes to its Manual, and therefore, the Board does not require Co-operators to submit a revised Automobile Insurance Manual.

[18] An order will issue accordingly.

DATED at Halifax, Nova Scotia, this 1st day of June 2026.



Stephen T. McGrath