

DECISION

**2026 NSRAB 11
M12585**

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 motorcycles and mopeds

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

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

FINAL SUBMISSIONS: December 19, 2025

DECISION DATE: **January 14, 2026**

DECISION: **Application is approved.**

I INTRODUCTION

[1] Co-operators General Insurance Company (Co-operators) applied to the Nova Scotia Regulatory and Appeals Board to change its rates and risk-classification system for motorcycles and mopeds. The company proposes rate changes that vary by coverage and territory and result in an overall decrease of 7.3%. In addition to changes to rates, the company also asks the Board to approve changes to rating variables (Body Style, Vehicle Owned Years and Vehicle Age); the introduction of two new discounts (Conviction Free Discount and Experienced Rider Discount); and the use of Endorsement 20 – Loss of Use for these vehicles. The company also asked the Board to approve its continued use of its 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 Co-operators' application meets these requirements and approves the company's proposed rates and risk-classification system.

II ANALYSIS

[3] Co-operators applied under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval (Rate Filing Requirements)*. Since the filing of this application, Co-operators 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 Co-operators. 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 Co-operators 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:

- Comparison of Proposed Rates to Indications;
- Changes to Differentials for Existing Rating Variables;
- New Discounts:
 - Conviction Free Discount
 - Experienced Driver Discount
- New Endorsement 20 – Loss of Use; and
- Renewal Premium Capping Mechanism.

Comparison of Proposed Rates to Indications

[6] Based on Board staff's review and recommendation, the Board accepts Co-operators' indications as the appropriate target to assess the proposed rate changes against. Co-operators' proposed changes result in decreases for most coverages, with a resulting all-coverages combined decrease of 7.3%. Co-operators' indications suggest its overall all-coverage combined rates should decrease by a similar amount. All of Co-operators' proposed changes follow the direction of the indications for that coverage but are moderately smaller in magnitude. For other coverages where smaller decreases were indicated, Co-operators opted for no change, which it justified based on the overall impacts on rates for mandatory coverages.

[7] The Board finds Co-operators' decisions to be reasonable. The proposal will provide a return on equity marginally higher than the Board's target level of 10%, but lower than the return the Board allowed Co-operators for these vehicles in recent applications. The Board approves the proposed changes to base rates.

Changes to Differentials for Existing Rating Variables

[8] Since the company's last rate change filing in 2023, Co-operators has noted growth in its portfolio of motorcycles and mopeds, particularly in new business from inexperienced riders, new motorcycles, and sport bikes. The results suggest a shift in the company's business towards higher risk riders and vehicles in this category. Therefore, the company reviewed its segmentation to determine if it was properly priced for those characteristics, using a GLM analysis to determine indicated differentials for Body Style, Vehicle Owned Years, and Vehicle Age rating variables.

[9] The company's analysis used national Co-operators' data from January 2020 through December 2024, to add additional credibility to its results, rather than relying solely on its Nova Scotia experience. It included a "Province" control variable to address concerns about provincial differences in coverages and held its discounts and other rating variables fixed at the current level in the model.

[10] Board staff reviewed Co-operators' analysis and the proposed modifications to the existing Body Style, Vehicle Age, and Vehicle Owned Years differentials and did not raise any concerns with the approach. The Board approves the proposed differential changes for these three rating variables. The impact of the differential changes will be included in the amount used to off-balance the proposed changes to make them revenue neutral.

New Discounts

[11] Co-operators proposed to add a Conviction Free discount on all coverages, except Uninsured Automobile and the Family Protection (SEF #44) Endorsement, when

the rated driver has held a valid motorcycle licence for at least three years with no convictions or demerit suspensions during the past three years.

[12] Co-operators supported the discount with its experience from its private passenger vehicle discount, which varies the Conviction Free discount based on actual time licenced. For motorcycles, the company set the level of the new discount at 5% less than the maximum private passenger discount level.

[13] The company also proposed an Experienced Rider discount for motorcycles. A principal driver holding a motorcycle licence for six or more years, after deducting any demerit-based suspension time in the last three years, would be eligible for the discount on their Bodily Injury, Direct Compensation Property Damage, Property Damage – Tort, Accident Benefits and Collision coverages.

[14] To determine the discount level, Co-operators used a one-way analysis on national motorcycle data for five years, outside of the GLM analysis. As such, the analysis does not reflect the proposed changes from this application and may not properly capture any resulting interactions with other rating variables, including the new Conviction Free discount. The indications support a larger discount, but Co-operators opted to take a conservative approach to implement the lower level with the new discount. This choice will allow the company to recognize the better experience without resulting in large swings in premium and will avoid potential “double counting” by taking the full indication without information about the impact of the other new discount.

[15] Co-operators included the impact of the discount changes in the amount off-balanced to make all changes revenue-neutral.

[16] Board staff recommended approval of the proposed introduction of the Conviction Free and Experienced Driver discounts, at the proposed levels. The Board agrees and encourages the company to monitor its experience and adjust in the future, as appropriate.

New Endorsement: Endorsement 20 – Loss of Use

[17] Co-operators offers Endorsement 20 – Loss of Use for private passenger vehicles. This Board-approved endorsement provides reimbursement for rental of a substitute vehicle that results when an insured vehicle cannot be used due to collision or other insured peril. The coverage is for costs up to the selected level of annual coverage, and the premium is based on the amount of coverage purchased.

[18] Board staff support Co-operators' proposal to make the endorsement available to motorcycles at the same premium to start, and suggest the company review the pricing as experience emerges for these vehicles. The Board agrees with this approach and approves the introduction of the Endorsement 20 – Loss of Use for motorcycles and mopeds.

Renewal Premium Dislocation Capping Mechanism

[19] The Board approved Co-operators current renewal premium dislocation capping mechanism for motorcycles and mopeds in its decision 2023 NSUARB 75. The company proposes to continue using this mechanism with no changes.

[20] The Board requires that the extra premium collected from the cap on decreases not exceed the premium foregone on the cap on increases. Co-operators noted that the capped increase of proposed changes was a 7.2% decrease overall, which matches the uncapped decrease proposed. This result satisfies the Board's requirement

for the use of negative capping, and the Board approves Co-operators' continued use of the renewal premium dislocation capping mechanism until the next rate review.

III SUMMARY

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

[22] The Board finds the proposed rates are just and reasonable, and approves the changes effective April 15, 2026, for new business and May 15, 2026, for renewal business.

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

[24] 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 Co-operators for motorcycles and mopeds is December 1, 2028.

[25] Board staff reviewed Co-operators' Automobile Insurance Manual filed with the Board and did not find any instances where the Manual contravened the *Act* or *Regulations*. Co-operators did not propose any other changes beyond those required to implement the new discounts and endorsement. 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.

[26] An order will issue accordingly.

DATED at Halifax, Nova Scotia, this 14th day of January 2026.



Julia E. Clark