

**DECISION**

**2026 NSRAB 20  
M12606**

**NOVA SCOTIA REGULATORY AND APPEALS BOARD**

**IN THE MATTER OF THE INSURANCE ACT**

**- and -**

**IN THE MATTER OF AN APPLICATION** by **DEFINITY INSURANCE COMPANY** for approval to change its rates and risk-classification systems for private passenger vehicles

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

**APPLICANT:** **DEFINITY INSURANCE COMPANY**

**FINAL SUBMISSIONS:** December 12, 2025

**DECISION DATE:** **February 5, 2026**

**DECISION:** **Application is approved, subject to a compliance filing.**

## I INTRODUCTION

[1] On December 5, 2025, Definity Insurance Company (Definity) applied to the Nova Scotia Regulatory and Appeals Board (Board) to change its rates and risk-classification systems for private passenger vehicles.

[2] On January 2, 2026, Definity acquired the Canadian operations of The Travelers Companies (Travelers Canada). On March 1, 2026, Definity will stop writing new business under Travelers Canada (specifically, The Dominion of Canada General Insurance Company) for private passenger automobile, and historic or classic vehicle risk. All new business at this point will be written through Definity. On April 1, 2026, Definity will produce renewal notices for Travelers Canada policies that will have the policy renew, on its renewal date, into a Definity policy. The first Travelers Canada policy will renew on July 1, 2026, and by June 30, 2027, all Travelers Canada policies will have been renewed into Definity.

[3] Before March 1, 2026, renewal of Travelers Canada policies will be done within Travelers Canada and will be subject to the approved Travelers Canada rates, including the overall 8% increase approved by the Board in 2025 NSUARB 25.

[4] To ensure a smooth transition into a Definity policy, the company proposed a Travelers Canada-specific renewal premium dislocation capping mechanism and a temporary Conversion Credit Score relativity that will apply when the company renews a current Travelers Canada policy into a Definity policy.

[5] The Board must consider whether the proposed rates and risk-classification systems are just and reasonable and in compliance with the *Insurance Act (Act)* and its *Regulations*. The Board is satisfied that Definity's application meets these requirements

and approves the company's proposed rates and risk-classification systems. The Board also approves a temporary Conversion Credit Score relativity that will apply when the company renews a Travelers Canada policy into a Definity policy.

## II ANALYSIS

[6] Definity applied under a simplified version of the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval (Rate Filing Requirements)*. Since the filing of this application, Definity 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 Definity. The company reviewed the report and informed Board staff that it agreed with the recommendations and had no additional comments.

### *Travelers Canada-Specific Renewal Premium Dislocation Capping Mechanism*

[7] Travelers Canada rates and risk-classification systems are different from those used by Definity. A straight transfer of the Travelers Canada policies into Definity policies, without any mitigating factors, would result in large premium increases for many customers. To reduce this dislocation, Definity proposed a renewal premium dislocation capping mechanism that differs from its own approved mechanism and will only apply to a Travelers Canada policy renewing into Definity.

[8] Definity's proposed mechanism would cap any premium increase that would arise when a Travelers Canada policy renews into Definity at 15%. If the Travelers Canada policy has a new chargeable claim or conviction during the preceding policy term,

the premium increase would be capped at a higher level (i.e., 25%). Definity will also limit any premium decrease a Travelers Canada policy would experience upon renewal into Definity to 5%.

[9] Definity's proposed capping mechanism would apply when a Travelers Canada policy first renews into a Definity policy and for the first renewal as a Definity policy. After that point, whatever approved renewal premium dislocation capping that Definity has for its own business would apply. Definity stated that renewing Travelers Canada policies into Definity without this capping mechanism would result in large premium increases.

[10] Definity noted that Travelers Canada's portfolio includes a small number of collector cars. Definity does not have a collector car rating algorithm. The company will renew such a vehicle as a private passenger vehicle. The proposed capping mechanism would not apply to these vehicles.

[11] Board staff recommends the Board approve the proposed Travelers Canada-specific renewal premium dislocation capping mechanism. The Board agrees, but directs Definity to provide an update, six months from the date of the Board's Order, on the impact of the renewal into Definity to confirm that the approved Travelers Canada premium increase meets the Board's requirement for negative capping. That is, the premium foregone on the cap on renewal premium increases exceeds the extra premium collected from the cap on renewal premium decrease.

#### Conversion Credit Score Reliability

[12] Definity uses a credit-based rating variable, Credit Score, which allows for a potential discount if the client consents to a credit check and the resultant credit score

warrants a discount. Travelers Canada recently received approval for its own credit-based rating variable, effective December 21, 2025 for renewals and November 18, 2025 for new business. Few risks provided their consent by the date of Definity's acquisition of Travelers Canada and these consents only transfer to Definity after the customer has accepted the renewal policy from Definity. Accordingly, Definity could not provide a quoted renewal premium using the customer's credit information.

[13] To account for the lack of credit consent and information, Definity proposes to apply a temporary Conversion Credit Score relativity to all Travelers Canada policies renewing into Definity. The relativity will continue in place until the first policy renewal as a Definity policy. If a client provides consent to Definity during the first policy term, the relativity will continue to apply until the first policy renewal.

[14] The temporary Conversion Credit Score relativity was applied by Definity in this application when it calculated uncapped premium increases and premium increases under its proposed capping mechanism.

[15] Board staff recommends the Board approve the proposed temporary Conversion Credit Score relativity. The Board agrees.

*Automobile Insurance Manual*

[16] Definity proposed no changes to its Automobile Insurance Manual. Board staff reviewed the proposed Manual and found no areas of violation of the *Act* and *Regulations*. The Board does not require Definity to submit a revised Automobile Manual.

### III SUMMARY

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

[18] The Board finds the proposed rates and risk-classification systems for private passenger vehicles are just and reasonable, and approves the changes effective on July 1, 2026, the date when Travelers Canada policies will first begin renewing into Definity.

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

[20] 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 Definity for private passenger vehicles stays at May 1, 2027.

[21] No later than six months from the date of this Order, Definity must provide an update on the impact of the renewals into Definity policies to confirm that the approved Travelers Canada specific capping mechanism meets the Board's requirement for negative capping.

[22] An Order will issue accordingly.

**DATED** at Halifax, Nova Scotia, this 5<sup>th</sup> day of February 2026.



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M. Kathleen McManus