

**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 system for commercial vehicles

**BEFORE:** Bruce H. Fisher, MPA, CPA, Member

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

**FINAL SUBMISSIONS:** December 17, 2025

**DECISION DATE:** **January 12, 2026**

**DECISION:** **Application is approved.**

## **I INTRODUCTION**

[1] Definity Insurance Company has offered to acquire the Canadian operations of The Travelers Companies, with the deal expected to close in the first quarter of 2026. After the acquisition, Definity intends to eventually stop writing new business under Travelers Canada (specifically The Dominion of Canada General Insurance Company) and renew existing Travelers' policies into a Definity policy using Definity's risk-classification system and rates.

[2] Definity applied to the Nova Scotia Regulatory and Appeals Board to propose a Travelers-specific renewal premium capping mechanism that will apply when the company renews a Travelers' policy into a Definity policy.

[3] The Board must consider whether the proposed changes 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 proposed capping mechanism.

## **II ANALYSIS**

[4] Definity's acquisition became official in January 2026. On February 1, 2026, Definity will stop writing new business through Travelers. All new business at that point will be written through Definity. Before July 1, 2026, Travelers' policies will renew within Travelers and will be subject to the approved Travelers' rates, which were effective for renewals on March 15, 2025. Starting July 1, 2026, Travelers' policies will renew, on their renewal date, into a Definity policy. By the end of June 30, 2027, all Travelers' policies will have renewed into Definity.

[5] To smooth the transition into a Definity policy, the company will limit dislocation by imposing a Travelers-specific renewal premium dislocation capping mechanism. The goal of this proposal is to enhance the customers' experience with the acquisition and to improve Definity's retention of the business it will acquire from Travelers.

*Travelers-Specific Renewal Premium Dislocation Capping Mechanism*

[6] Because the rates and risk-classification system for Travelers differ from those used by Definity, a straight renewal of the Travelers' policies into Definity policies without any mitigating factors would result in many customers seeing large premium changes. To reduce that dislocation, Definity proposed a renewal premium dislocation capping mechanism that will apply only to Travelers' policies renewing into Definity. Currently, Definity does not apply such a mechanism to its own renewing policies.

[7] Definity proposed a mechanism that would cap any premium increase that would arise when a Travelers' policy renews into Definity at 15%. If the policy has a new chargeable claim or conviction during the preceding policy term, the cap will increase to 25%. Definity will also limit any premium decrease a Travelers' policy would experience upon renewal into Definity to 5%.

[8] Definity will apply this capping mechanism when the policy first renews into Definity and for the first renewal as a Definity policy. After that point, whatever approved renewal premium dislocation capping mechanism Definity has for its own business, if any, will apply.

[9] Definity notes that renewing the Travelers' policies into Definity without the capping mechanism would see the Travelers' portfolio rate increase by 4.2%. The

application of the proposed cap would see this increase remain at 4.2%. This result shows that the extra premium collected from the cap on renewal premium decreases does not exceed the premium foregone on the cap on renewal premium increases. The Board requires this result for a company to use negative capping (i.e., a cap on renewal premium decreases).

[10] Definity provided examples of how the Travelers-specific renewal premium dislocation capping mechanism would work in practice. The examples provided insight into the workings of the mechanism under various scenarios. Definity also outlined the types of risk that would experience the larger uncapped premium increases upon renewal into Definity. No issues arose from these examples and observations.

[11] Board staff examined all aspects of the proposal and recommend the Board approve the proposed Travelers-specific renewal premium capping mechanism. The Board agrees.

#### Automobile Insurance Manual Review

[12] Definity proposed no changes to its Automobile Insurance Manual in this application. The company does not disclose capping mechanisms, and therefore no change to the Manual is necessary.

[13] Board staff reviewed Definity's Automobile Insurance Manual filed with the Board and did not find any instances where the Manual contravened the *Act* and *Regulations*. The Board does not require Definity to submit a revised Automobile Insurance Manual for this matter.

[14] Definity indicated it intends to file a separate underwriting application to adjust some underwriting rules. Any requirement for a revised Manual will come from that proceeding.

### III SUMMARY


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

[16] The Board finds the proposed renewal premium capping mechanism is just and reasonable and approves the changes effective July 1, 2026.

[17] The application did not qualify to reset the mandatory filing deadline for these vehicles. That deadline will remain December 1, 2026.

[18] An order will issue accordingly.

**DATED** at Halifax, Nova Scotia, this 12<sup>th</sup> day of January 2026.

  
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Bruce H. Fisher