DECISION **2025 NSRAB 127**
M12474

NOVA SCOTIA REGULATORY AND APPEALS BOARD

IN THE MATTER OF THE INSURANCE ACT

- and -

IN THE MATTER OF AN APPLICATION by **ENDURANCE SPECIALTY INSURANCE LTD.,** for approval of its initial rates and risk-classification system for private passenger vehicles

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

APPLICANT: **ENDURANCE SPECIALTY INSURANCE LTD.**

FINAL SUBMISSIONS: September 22, 2025

DECISION DATE: November 17, 2025

DECISION: **Application is approved**

I INTRODUCTION

[1] Endurance Specialty Insurance Ltd. (Endurance) applied to the Nova Scotia Regulatory and Appeals Board (Board) for approval of its initial rates and risk-classification system for private passenger vehicles. Endurance is a new entrant to Nova Scotia and proposes to adopt the rates and risk-classification system the Board approved for IAO Actuarial Consulting Aon Canada Inc. (IAO).

[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 Endurance's application meets these requirements and approves the proposed rates and risk-classification system.

II ANALYSIS

[3] Endurance applied under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Adopt IAO Rates* (*Rate Filing Requirements*). Since the filing of this application, Endurance 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 Endurance. The company reviewed the report and informed Board staff that it had no further comments.

[4] Endurance proposes to adopt the rates and risk-classification system that the Board recently approved for IAO for private passenger vehicles with no modifications.

[5] To adopt IAO rates, under the Board's agreement with IAO, a company must make a filing that:

i. explains why it is appropriate for the company to adopt the rates;

ii. adjusts (downward only) the rates to reflect the desire to use a proposed Return on Equity (ROE) that is lower than the one approved for IAO (i.e., 12%); and

iii. adjusts the rates, if desired, to reflect any differences in the company's expense ratio relative to that included in the approved IAO rates.

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

- the appropriateness of the use of IAO rates and relativities;
- adjustments for ROE differences and expense differences; and
- Endurance's Automobile Insurance Manual.

Appropriateness of the Use of IAO Rates and Relativities

[6] Endurance is a new entrant to Nova Scotia, and it intends to offer insurance for private passenger vehicles. Endurance lacks its own data, and rather than analyzing industry data, proposes to adopt the IAO rates approved in Board decision 2025 NSRAB 3. Under these circumstances, it is reasonable for Endurance to adopt the IAO approved rates. Therefore, criterion (i) is met.

Adjustments for ROE Differences and Expense Differences

[7] Endurance proposes to make no adjustments for return on equity or for any expense differences. Such adjustments are not required to be made. Therefore, criteria (ii) and (iii) are met.

[8] Board staff recommend that the Board approve Endurance's proposal to adopt the IAO base rates and relativities with no deviations. The Board agrees.

<u>Automobile Insurance Manual</u>

[9] As part of its application, Endurance provided a draft private passenger vehicle Automobile Insurance Manual. Endurance corrected the reference to the Nova Scotia minimum liability limit following the issue being raised in an Information Request. Board staff recommend the Board approve the proposed Automobile Insurance Manual, as revised during the Information Request process. The Manual does not appear to contain any violations of the *Act* or its *Regulations*.

<u>Other Issues</u>

[10] Board staff reviewed the remaining sections of Endurance's application. They comply with the Board's Rate Filing Requirements.

[11] As Endurance is a new entrant to Nova Scotia, it did not have, or provide, any financial information on past premiums, claims and ratios.

III SUMMARY

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

[13] The Board finds the proposed rates are just and reasonable, and approves Endurance's proposal effective January 1, 2026, for new business. As a new entrant, Endurance has no renewing policies.

[14] As a new entrant to Nova Scotia, Endurance will be subject to mandatory filing requirements under the *Mandatory Filing of Automobile Insurance Rates Regulations* for these vehicles. The Board sets the initial mandatory filing date for Endurance for private passenger vehicles as September 1, 2027.

[15] Endurance shall file an electronic version of its approved Automobile Insurance Manual within 30 days of this decision.

[16] An order will issue accordingly.

DATED at Halifax, Nova Scotia, this 17th day of November 2025.

Bruce H. Fisher