

**NOVA SCOTIA REGULATORY AND APPEALS BOARD**

**IN THE MATTER OF THE INSURANCE ACT**

**- and -**

**IN THE MATTER OF AN APPLICATION** by **IAO ACTUARIAL CONSULTING SERVICES INC., AON CANADA INC.** for approval to change its rates and risk-classification system for miscellaneous vehicles

**BEFORE:** Julia E. Clark, LL.B., Vice Chair  
Marc L. Dunning, P.Eng., LL.B., Member

**APPLICANT:** **IAO ACTUARIAL CONSULTING SERVICES INC.,  
AON CANADA INC.**

**FINAL SUBMISSIONS:** June 10, 2025

**DECISION DATE:** **June 27, 2025**

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

## I INTRODUCTION

[1] IAO Actuarial Consulting Services Inc., AON Canada Inc. (IAO) applied to the Nova Scotia Regulatory and Appeals Board on May 1, 2025, to change its rates and risk-classification system for miscellaneous vehicles. The company proposes the following rate changes:

Motorcycles	-5.5%
All-terrain vehicles	+10.5%
Snow vehicles	+7.6%
Motorhomes	+8.9%
Taxis	+12.6%
Buses	-11.7%
Ambulances	+3.6%

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

## II ANALYSIS

[3] IAO applied under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval (Rate Filing Requirements)* to change its rates and risk-classification system for miscellaneous vehicles. Since the filing of this application, the company 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 the company. The company reviewed the report and informed Board staff that it had no substantive comments.

[4] Board staff examined all aspects of the ratemaking procedure to make the recommendations in the Staff Report. Board staff consider that IAO 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:

- proposed rates;
- proposed changes to differentials/relativities; and
- effective date.

### **Comparison of Proposed Rates to Recommended Indications**

[6] Board staff recommended that the Board use the IAO indications as the appropriate target to assess whether IAO's proposal is reasonable.

[7] IAO's current base rates are uniform by territory. The company proposes changes that vary by vehicle and coverage. IAO's proposed rate changes follow the direction of the indications although the magnitudes of the changes are different. The proposed changes result in lower overall premiums than indicated for all vehicles except motorcycles and buses, where IAO proposes smaller than indicated decreases.

[8] The indicated changes by coverage were large in some cases. To avoid dramatic overall premium fluctuations for customers, IAO proposes capping the indicated changes by coverage for all vehicles, as follows:

<b>Vehicle</b>	<b>Increases</b>	<b>Decreases</b>
Motorcycles	+20%	-20%
All-terrain vehicles	+15%	-15%
Snow vehicles	+10%	-15%
Motorhomes	+10%	-10%
Taxis	+15%	-15%
Buses	+15%	-15%
Ambulances	+5%	+5%

[9] This level of capping is consistent with that used in IAO's previous application, which the Board approved.

[10] In developing its proposed rates IAO targeted a 12% Return on Equity (ROE). The proposed rates produce the following ROE:

<b>Vehicle</b>	<b>Return on Equity</b>
Motorcycles	26.0%
All-terrain vehicles	-0.2%
Snow vehicles	14.3%
Motorhomes	0.3%
Taxis	10.6%
Buses	21.1%
Ambulances	-8.4%

[11] The Board's range of acceptable ROE is 10-12%. The Board notes that most users of the IAO system appear to view the target 12% ROE as sufficient for their purposes, allowing them to adopt the IAO rates without change. The users of the IAO recommended rates are generally small participants in the Nova Scotia market. While the ROE for motorcycles, snow vehicles and buses exceeds the Board's recommended 12% target for IAO, this results from the application of the caps on changes. Given the very small customer base of most companies using IAO's rates for these vehicles, the Board's concern about higher returns is less. More stability in rates is prudent in this case, despite the higher ROE that may result.

[12] Board staff recommend that the Board approve the proposed rate changes. The Board agrees.

### **Proposed Changes to Differentials/Relativities**

[13] IAO proposes changes to the following differentials/relativities: class; driving record; deductible; and liability limit. IAO provided an analysis of each of these differentials/relativities. The proposed changes generally follow the indicated changes. The company capped the relativity changes in some instances, consistent with its approach for private passenger and commercial vehicles. To account for the limited credibility of the available data for miscellaneous vehicles, the company adjusted the caps on the relativity changes based on its judgment. The caps vary by vehicle type and differential/relatively.

[14] The Board considers the analysis provided and the selected changes to be reasonable and approves the proposed changes to differentials/relativities.

### **Effective Date**

[15] IAO proposes an effective date of July 1, 2025, for its subscribers seeking to adopt these rates. IAO does not issue policies itself, so has no new business and no renewals. Board staff recommended that the Board approve that date.

## **III SUMMARY**

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

[17] The Board finds the proposed changes to IAO's rates and differentials/relativities are just and reasonable and approves the changes effective July 1, 2025.

[18] The application qualifies to set a new mandatory filing date. Prior to this application, IAO was scheduled to file its proposed rates for miscellaneous vehicles by February 1 every second year. At the company's request, the Board extended the deadline from February 1, 2025, to May 1, 2025. The Board encourages the company to work with Board staff to develop a reasonable schedule for future filings to avoid having to request further extensions.

[19] An order will issue accordingly.

**DATED** at Halifax, Nova Scotia, this 27<sup>th</sup> day of June, 2025.



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Julia E. Clark



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Marc L. Dunning