

DECISION

**2026 NSRAB 45
M12652 & M12653**

NOVA SCOTIA REGULATORY AND APPEALS BOARD

IN THE MATTER OF THE INSURANCE ACT

- and -

IN THE MATTER OF AN APPLICATION by **INTACT 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: **INTACT INSURANCE COMPANY**

FINAL SUBMISSIONS: February 2, 2026

DECISION DATE: **March 30, 2026**

DECISION: **Applications are approved.**

I INTRODUCTION

[1] On December 22, 2025, the Nova Scotia Regulatory and Appeals Board (Board) received two applications from Intact Insurance Company (Intact) to modify its rates and risk-classification system for private passenger vehicles. The first application followed the Board’s “*Rate Filing Requirements for Automobile Insurance – Section 155G – Discounts & Surcharges*”, while the second followed the Board’s “*Rate Filing Requirements for Automobile Insurance – Section 155G Endorsements*”. Both applications will be addressed in this decision.

[2] The Board must consider whether the proposed rates and risk-classification system and changes to endorsements are just and reasonable and in compliance with the *Insurance Act (Act)* and its *Regulations*. The Board is satisfied that Intact’s applications meet these requirements and approves the company’s proposed rates and risk-classification systems and endorsements.

II ANALYSIS

[3] Since the filing of these applications, Intact received and responded to Information Requests (IRs) from Board staff. Board staff prepared a report to the Board with recommendations on the applications (Staff Report). Before providing the Staff Report to the Board, Board staff shared it with Intact. The company reviewed the report and informed Board staff that it had no further comments.

Proposal

[4] Intact proposed the introduction of a “High Theft Risk Group” (i.e., a list of vehicles that are more susceptible to theft or are more frequently stolen) and a surcharge

for vehicles on this list if the vehicle does not have an Intact-approved superior anti-theft device installed. Intact also proposed the introduction of an anti-theft device discount for any vehicle, including those on the high theft vehicle list, which has an Intact-approved anti-theft device installed.

[5] Intact also proposed a revision to the eligibility criteria for its limited waiver of depreciation endorsements (i.e., NSEF#43R and NSEF#43R(L)).

Analysis

High Theft Risk Group

[6] Intact explained that in recent years it observed a surge in vehicle theft across the country. This surge is, in part, responsible for the increasing loss costs observed in Comprehensive (including the Comprehensive portion of All Perils coverage) and Specified Perils coverages countrywide, including Nova Scotia. These coverages provide protection from losses due to theft.

[7] The company proposed the introduction of its “High Theft Risk Group” which represents a list of vehicles and model years that are more frequently stolen. To develop the list, Intact relied on Intact Ontario data for support. Intact has had this list approved in that province and given the higher volume, the company feels the Ontario data is more credible.

[8] To select risks for this group, Intact will calculate the loss cost for different vehicle models and model years. Those vehicles identified as having higher loss costs will be added to the list. Intact outlined how the algorithm worked in Ontario. Board staff determined that the Intact explanation of the methodology seems reasonable.

[9] To ensure its internal experience was consistent with industry experience, Intact reviewed the Équité Association's theft reports and tweaked its list if the Équité list included vehicles and model years that Intact did not flag in its own data.

[10] The company provided its initial High Theft Risk Group. The company anticipates updating the list periodically. The company is aware that, per the Board's Information Bulletin NSRAB-25-01 - High Theft or Most Stolen Vehicle List Changes, Intact will have to apply to the Board for approval of any proposed list changes.

[11] Board staff recommends the Board approve the proposed High Theft Risk Group. The Board agrees.

High Theft Risk Group Surcharge

[12] To properly account for the extra risk that vehicles in the High Theft Risk Group pose to the company, Intact proposed the introduction of a surcharge. If a vehicle is in the High Theft Risk Group, a surcharge of \$500 will apply. This level of surcharge is the value used by Intact in Ontario.

[13] Intact's analysis in Ontario suggested that the rates for Comprehensive should be much larger for high theft vehicles than for other vehicles. Intact chose to implement a \$500 surcharge to cover a portion of the extra risk these vehicles pose. This level was below the indicated level, but the company wanted to avoid the rate shock of the much higher indicated surcharge.

[14] If the vehicle has, what Intact refers to as a superior approved anti-theft tracking device installed, the company will remove the surcharge. A superior anti-theft tracking device will help Intact locate the vehicle and should help reduce the costs associated with vehicles lost due to theft. These savings negate the need for the surcharge. Currently,

KYCS Locate and Tag are the only Intact-approved superior anti-theft tracking devices in Nova Scotia. These devices are readily available in Nova Scotia.

[15] Intact said it would reach out to its current clients who have a vehicle in the High Theft Risk Group to inform them of the surcharge and to encourage them to have an Intact-approved superior anti-theft tracking device installed. The removal of the surcharge should be a strong incentive to have the device installed.

[16] Intact believes that, despite the cost, both the removal of the surcharge and the discount discussed later will provide enough incentive to have clients install the devices.

[17] Intact noted that High Theft Risk Group vehicles represent less than 2% of the company's entire portfolio of vehicles. The average premium for the coverages where the surcharge applies for High Theft Risk Group vehicles is much higher than for non-High Theft Risk Group vehicles. Intact noted the difference was the Comprehensive rate group differential, suggesting that some of the higher theft losses may be captured in the Canadian Loss Experience Automobile Rating (CLEAR) table. However, the analysis of the Ontario data shows that there remains residual theft risk not captured by CLEAR tables, thus, warranting the surcharge.

[18] If a client at renewal does not have the device installed but does install it mid-term, the client can apply for a pro-rated return of the surcharge paid.

[19] Board staff recommends the Board approve the proposed High Theft Risk Group surcharge. The Board agrees.

Tracking Device Discount

[21] Intact recognizes that the existence of a tracking device to either inhibit theft, or to make it easier to locate stolen vehicles, provides a benefit to the company. That is, theft costs should decline if these devices are installed.

[22] To incentivize the installation of such devices, Intact proposed a discount to all vehicles, including those in the High Theft Risk Group, when an approved anti-theft tracking device is installed in the vehicle.

[23] Intact will offer two levels of this discount. The first level is a 10% discount if the tracking device is an Intact-approved superior tracking device (i.e., KYCS Locate or Tag). The second level is a 5% discount for an approved tracking device which the company has not given the “superior” designation. The lower discount reflects the company’s view that these devices do not provide as strong a benefit as the superior approved devices do.

[24] To establish the discount, Intact relied on its Ontario experience. In that province, Intact provides a larger discount for these devices. Because Équité Association noted theft in the Atlantic provinces is less common than in Ontario, Intact lowered the savings provided.

[25] Because the frequency of theft is lower in Nova Scotia, the potential benefits of the tracking device to Intact are reduced. If a theft occurs, the device may provide the same benefit savings by finding that vehicle in Nova Scotia as it would in Ontario. However, if the frequency of theft is lower in Nova Scotia, fewer vehicles will need to be found, reducing the overall savings that Intact would have from the installed tracking devices. While it is not clear that the selected reduction in the discount levels captures

the reduced cost savings, the difference serves as a prudent starting point. Intact will review this discount level as experience emerges in this province.

[26] Intact noted that it currently does not have any devices on its list of non-superior anti-theft tracking devices. Intact proactively established this discount level to address the potential availability of devices in Nova Scotia that may not qualify for the Intact “superior” designation. This approach ensures the company is ready to offer competitive benefits as new technologies and devices emerge in the market.

[27] Because adding devices to either the superior approved or non-superior-approved list of anti-theft devices may result in vehicles being classified differently regarding whether a discount will apply, Intact will be required to file any changes to the devices eligible for a discount with the Board. The Board will allow use of the simplified filing process used for changes to high theft vehicle lists as outlined in Information Bulletin NSRAB-25-01 for such changes.

[28] Board staff recommends the Board approve the discount at the proposed levels. The Board agrees.

Revision to Eligibility Criteria for Limited Waiver of Depreciation Endorsements

[29] Intact offers endorsements NSEF#43R and NSEF#43R(L), which waive Intact’s right to pay actual cash value with proper deduction of depreciation in the event of a total loss. That is, the payment to the client does not recognize depreciation of the vehicle. This endorsement is available if the eligibility criteria surrounding age of vehicle (model year is less than five years old), time since purchase, mileage at purchase, etc., are met.

[30] Intact proposed adding an eligibility criterion that required a vehicle in the High Theft Risk Group to have an Intact-approved superior anti-theft tracking device installed. Such vehicles without the tracking device would be ineligible. Intact noted vehicles that currently have this endorsement but are in the High Theft Risk Group without an Intact-approved superior tracking device would see the endorsement removed at renewal.

[31] Intact noted some competitors introduced similar restrictions for high-theft vehicles. Because these vehicles are stolen more frequently, the likelihood of a total loss resulting in the company having to top-up the payment for depreciation would increase.

[32] The existence of an Intact-approved superior tracking device increases the chances of finding the vehicle, reducing the risk of total loss to an acceptable level. Intact notes that its process for assigning a superior rating is a stringent one to ensure adherence to the company's theft prevention standards. The company believes the risk is reduced sufficiently with one of these devices to allow for the endorsement to be written for a high theft risk vehicle. Other devices not meeting the superior standard do not reduce the risk sufficiently to allow for the endorsement to be added.

[33] Board staff recommends the Board approve the proposed change to the eligibility criteria for the limited waiver of depreciation endorsements. The Board agrees.

III SUMMARY

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

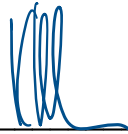
[35] The Board finds the proposed High Theft Risk Group, surcharge, discount and endorsement changes are just and reasonable, and approves them effective August 11, 2026, for new business and September 10, 2026, for renewal business.

[36] 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 Intact for private passenger vehicles stays at December 1, 2027.

[37] Board staff reviewed Intact's Automobile Insurance Manual filed with the Board and the proposed revisions resulting from the Intact proposal and did not find any instances where the Manual contravened the *Act* or *Regulations*. 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.

[38] An Order will issue accordingly.

DATED at Halifax, Nova Scotia, this 30th day of March 2026.



M. Kathleen McManus