DECISION **2026 NSRAB 107**
M12953

<u>NOVA SCOTIA REGULATORY AND APPEALS BOARD</u>

IN THE MATTER OF THE INSURANCE ACT

- and -

IN THE MATTER OF AN APPLICATION by **SECURITY NATIONAL INSURANCE COMPANY** for approval to change its rates for commercial vehicles

BEFORE: Julia E. Clark, LL.B., Vice Chair

APPLICANT: **SECURITY NATIONAL INSURANCE COMPANY**

FINAL SUBMISSIONS: July 15, 2026

DECISION DATE: **July 31, 2026**

DECISION: **Application is approved.**

I INTRODUCTION

[1] Security National Insurance Company (Security National) applied to the Nova Scotia Regulatory and Appeals Board (Board) to change its rates for commercial vehicles. The company proposes rate changes that vary by coverage and result in an overall increase of 2.9%.

[2] The Board must consider whether the proposed rates are just and reasonable and in compliance with the *Insurance Act* (*Act*) and its *Regulations*. The Board is satisfied that Security National's application meets these requirements and approves the proposed changes to the company's rates.

II ANALYSIS

[3] Security National applied under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155H Expedited Approval* (*Rate Filing Requirements*). Section 155H of the *Act* permits an insurer to apply for rates to be approved on an expedited basis if the average of the proposed rates for each coverage and category of automobile insurance does not exceed the amount prescribed by the Board.

[4] The Board currently allows expedited approval applications for changes to rates for commercial vehicles that are less than or equal to 3% on an all coverages combined basis. Security National's application complied with the requirements. Because the company's annual premium volume exceeds the Board's threshold, it was not eligible to use the Section 155G Prior Approval – Minor Filing Requirements, and the company opted to use the Section 155H Expedited Approval filing requirements to quickly make this change. This filing does not reset the mandatory date for the company's next full filing.

[5] Security National filed a concurrent application to update to the most recent version of the Commercial Rate Group Tables, under Section 155G – Commercial Rate Group Tables application. It off-balanced the impact of the rate group table changes in rates, which were recently approved by the Board in its Decision and Order (2026 NSRAB 99). The proposed changes in the current application rely on that approval and the changes would be effective on the same date as the proposed rate changes.

[6] Board staff reviewed this application and 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 Security National. The company reviewed the report and asked Board staff to adjust the effective date from October 17, 2026, to September 17, 2026, but had no further comments on the report.

[5] Security National compared its proposed rates to updated indications it prepared since its last application to the Nova Scotia Utility and Review Board (the predecessor to the Board) for changes to its rates and risk-classification system for commercial vehicles (2024 NSUARB 153). The proposed changes are based on the analysis the company used to establish the current rates, updated to reflect a longer time period for loss trends to apply. The company used the same loss cost trends as it did in the previous matter, extending the trend period to cover the period from October 2025 to November 2027.

[6] Security National explained its approach to updating the loss trends in this manner rather than relying on the Board counsel consultant trends, which use data through December 2024, instead of December 2022, as Security National used in its last filing. The company explained that it prefers to target light commercial vehicles with

experience that is more like private passenger vehicles. Given this target market, it felt the commercial vehicle trends selected by the Board's consultant were not appropriate for its portfolio. The trends Security National selected are at, or lower than, those selected by the Board's consultant based on data up to December 2024 private passenger vehicle trends. The Board considers this explanation reasonable and, in the context of this simplified filing, accepts Security National's use of trends relied on in its 2024 mandatory filing application.

[7] The updated indications suggest that rates should increase overall by 8.5%. The overall rate level increase requested by Security National in this application results in rates that are less than these indications.

[8] In this application, Security National proposed a rate change for each coverage that matches the direction of the indicated change, but increases (or decreases, as in Property Damage-Tort) by a lesser magnitude. The indications support the proposed rates.

[9] The all coverages combined increase is below the 3% threshold prescribed by the Board, and the Board confirms the company's eligibility to use the Section 155H Expedited Approval filing requirements in this case. This is the only Expedited Approval application that Security National is eligible to make before filing an application that qualifies to reset the mandatory filing deadline.

Deductible Changes

[10] Security National proposed to change its deductible differentials for physical damage coverages. The company found that clients were not opting for higher

deductibles, which it attributed to the slope of its deductible differentials. It felt the pricing incentives were insufficient to make the higher deductibles attractive.

[11] To address this, Security National proposed to adopt the differentials it uses for private passenger vehicles, which provide higher discounts for higher deductibles. Security National justified this approach by explaining that its commercial vehicle experience is not significantly different from its private passenger vehicle experience. The company currently underwrites vehicles owned by small business operators only. As a result, the risk profile of its commercial portfolio is closer to private passenger vehicles than to the broader commercial vehicle market. Further, its current commercial portfolio is not large enough to conduct an analysis of the deductible differentials, so using the private passenger vehicle deductible relativities is reasonable in the circumstances.

[12] Security National identified the impact of the change to the deductible differentials and off-balanced that impact through base rates to make the change revenue-neutral.

[13] Board staff recommended the Board approve the proposed changes to deductible differentials. The Board agrees.

III SUMMARY

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

[15] The Board finds the proposed rates are just and reasonable, and approves the changes effective September 17, 2026, for new business and November 2, 2026, for renewal business.

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

[17] The changes to rates do not result in any modifications to the Security National Automobile Insurance Manual and the Board does not require the company to refile the Manual.

[18] An application for expedited approval under the *Rate Filing Requirements* does not qualify to set a new mandatory filing date under the *Mandatory Filing of Automobile Rates Regulations*. The mandatory filing date for Security National for commercial vehicles stays at August 1, 2027.

[19] An order will issue accordingly.

DATED at Halifax, Nova Scotia, this 31st day of July 2026.

Julia E. Clark