

DECISION

**2025 NSRAB 111
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NOVA SCOTIA REGULATORY AND APPEALS BOARD

IN THE MATTER OF THE INSURANCE ACT

- and -

IN THE MATTER OF AN APPLICATION by **TD INSURANCE GROUP** for approval to change its rates and risk-classification system for private passenger vehicles

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

APPLICANT: **TD INSURANCE GROUP**

FINAL SUBMISSIONS: September 4, 2025

DECISION DATE: **October 15, 2025**

DECISION: **Application is approved.**

I INTRODUCTION

[1] TD Insurance Group (TD), which represents Security National Insurance Company, Primmum Insurance Company, and TD Home and Auto Insurance Company, applied to the Nova Scotia Regulatory and Appeals Board (Board) to change its rates and risk-classification system for private passenger vehicles. The company proposes rate changes that vary by coverage and result in an overall increase of 14.9%. In addition to changes to rates, the company also asks the Board to approve proposed revisions to the capping boundaries that it uses within its approved renewal premium cap that limits changes at renewal. The application of that cap reduces the increase from 14.9% to 14.7%.

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

II ANALYSIS

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

[4] Board staff examined all aspects of the ratemaking procedure to make the recommendations in the Staff Report and suggested that the Board further review TD's use of the 2023 Health Services Levy in developing its indications. Board staff consider that TD satisfactorily addressed all other aspects of the ratemaking procedure in its application and IR responses.

Health Services Levy

[5] The Health Services Levy is a charge per vehicle underwritten by an insurance company, collected by the Province of Nova Scotia. It is recovered from customers in rates. The General Insurance Statistical Agency (GISA) publishes the Health Services Levy amount, with other statistical data used by insurers in developing rates. In its indications, TD used a Health Services Levy amount of \$42.70 per vehicle, as published in GISA's report AUTO1003-ATL_2023, effective January 1, 2023. This was the most recent report available when TD prepared its filing.

[6] The Health Services Levy amount invoiced for 2024 was \$49.58 per vehicle. This value is higher than that used by the company. TD noted the change in Health Services Levy value would increase the indications for Bodily Injury by 1.6% and overall by 0.6%.

[7] The Board considers it appropriate to use the most up-to-date information available on the Health Services Levy when developing the indications to consider the proposed rates against. In this case, the Board agrees with Board staff's recommendation to review the proposed rates against staff indications, which use all of TD's assumptions except for the Health Services Levy, where \$49.58 replaces \$42.70, the amount relied on by TD.

Review of Proposed Rate Changes

[8] For all coverages where TD proposed changes to rates, the changes follow the directions of the indications, but the magnitudes differs. Except for the Family Protection Endorsement (SEF#44), where the proposed increase exceeds the indication by a small percentage, the proposed rates are below the indicated levels. The proposed changes for other mandatory coverages are lower than indicated and the difference in the proposed versus indicated rate for SEF#44 is insignificant from a monetary perspective.

[9] The smaller-than-indicated overall increase results in a negative return on equity. The Board is concerned when companies take much smaller increases in rates than indicated. TD has used that approach in recent applications and continues to do so in this filing.

[10] The Board reviewed TD's previous application for private passenger vehicles. After that application, the Board approved a 13.5% overall increase, a smaller increase than indicated. Now, the indicated need is much larger than the last application, reflecting poorer claims experience that overshadowed growth in premiums. TD acknowledges these deteriorating results, but reiterated its commitment to a steady, gradual approach to rate level changes. The company says it will continue to monitor results and act to address shortfalls, if necessary.

[11] The Board notes that Board staff reviewed the financial information provided by TD and were reassured that it is unlikely that the proposal will jeopardize the financial well-being or solvency of the company. Board staff recommend the Board approve the proposed base rate changes and continue to monitor TD's future filings to ensure the company continues to take prudent steps toward rate sufficiency.

[12] In the circumstances, the Board approves the proposal and encourages TD to remain diligent in its review of rate needs to ensure stability for its customers and avoid future rate shock.

Premium Dislocation Cap

[13] TD uses a Board-approved premium dislocation cap that limits renewal premium increases to 10% and renewal premium decreases to -5%. If an at-fault accident occurred during the policy term, the upper bound increases to 40% to allow more of the impact of the accident to be observed in the premium. TD applies the cap on a per vehicle basis.

[14] TD proposed changes to the cap on renewal premium increases, where there are no new at fault accidents. TD proposed raising the cap on renewal premium increases to +15%. TD will also remove the 40% upper boundary on premium increases in the event of an at-fault accident. The cap that limits renewal premium decreases to -5% will remain unchanged.

[15] The company will also change the upper capping bound if there is a new conviction. Therefore, if there has been a new at-fault accident or a new conviction during the policy term, TD will not impose a cap on premium increases, while the cap on decreases remains at -5%. TD explained that an at-fault accident or conviction changes the risk profile of the insured vehicle. Changing the cap allows the impact of that increase in risk to flow through.

[16] TD intends the caps to remain in place and apply if renewal premium increases exceed 15% or premium decreases exceed -5%, in future renewals. TD removes the cap

if there are additions or substitutions of vehicles. TD expects the cap to apply for one year on average.

[17] To use negative capping (i.e., limiting the premium reductions a policy should receive), the Board requires that the impact of the negative capping on premium is less than or equal to the impact on premium of the positive capping. TD showed the capped overall increase of 14.7% is lower than the uncapped increase of 14.9%. This result demonstrates compliance with the Board requirement.

[18] Board staff recommend the Board approve the proposed changes to the renewal premium dislocation cap. The Board agrees.

III SUMMARY

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

[20] The Board finds the proposed rates are just and reasonable, and approves the changes effective December 15, 2025, for new business and February 2, 2026, for renewal business.

[21] The financial information supplied by TD satisfies the Board, under s. 155l(1)(c) of the *Act*, that the proposed changes are unlikely to impair the solvency of the company.

[22] The application qualifies to set a new mandatory filing date under the *Mandatory Filing of Automobile Insurance Rates Regulations*. The new mandatory filing date for TD for private passenger vehicles is August 1, 2027.

[23] Board staff reviewed TD's Automobile Insurance Manual filed with the Board and did not find any instances where the Manual contravened the *Act* and *Regulations*.

Because TD proposed only changes to rates, the Board does not require TD to file an updated manual.

[24] An Order will issue accordingly.

DATED at Halifax, Nova Scotia, this 15th day of October 2025.



Julia E. Clark