

DECISION

**2025 NSRAB 36
M12172**

NOVA SCOTIA REGULATORY AND APPEALS BOARD

IN THE MATTER OF THE INSURANCE ACT

- and -

IN THE MATTER OF AN APPLICATION by **THE PERSONAL INSURANCE COMPANY**
for approval to change its rates for miscellaneous vehicles

BEFORE: Jennifer L. Nicholson, CPA, CA, Member

APPLICANT: **THE PERSONAL INSURANCE COMPANY**

FINAL SUBMISSIONS: April 15, 2025

DECISION DATE: **June 5, 2025**

DECISION: **Application is approved.**

I INTRODUCTION

[1] The Personal Insurance Company (TPIC) applied to the Nova Scotia Regulatory and Appeals Board to change its rates for miscellaneous vehicles.

[2] The company had a mandatory filing date of February 1, 2025, which the Board extended to April 1, 2025, at the company's request. The Board allows filings under *Section 155G Prior Approval – Minor* filing requirements to meet the mandatory filing deadline. The application qualifies to reset the mandatory filing deadline to April 1, 2028, for these miscellaneous vehicles.

[3] The company proposed an all-coverages increase of 10% for all miscellaneous vehicles. The rounding of the proposed Health Services Levy resulted in a slightly higher overall increase for motorcycles and snow vehicles.

[4] 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 TPIC's application meets these requirements and approves the company's proposed rates for miscellaneous vehicles.

II ANALYSIS

[5] TPIC applied under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval - Minor (Rate Filing Requirements)*. 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 TPIC. The company reviewed the report and informed Board staff that it agreed with the recommendations.

Findings

Eligibility to Use Section 155G – Prior Approval – Minor

[6] To use the Board's *Section 155G – Prior Approval – Minor* filing requirements, the annual written premium for a class of vehicle must be less than the threshold established by the Board.

[7] The Board does not include trailers in its threshold table and explicitly allows the use of the Prior Approval - Minor filing requirements regardless of the annual written premium for these vehicles.

[8] Because the annual written premium for the other miscellaneous vehicles falls below the Board thresholds, TPIC is eligible to use these filing guidelines for all vehicle types included in the filing.

Analysis of Support Provided

[9] TPIC stated that when it last developed actuarial indications for these vehicles in a 2018 filing, due to a limited volume of claims, the indications were primarily based on the complement of credibility, which showed net trends (including the inflation shock in 2022). In this filing, rather than developing full indications, TPIC simply used the complement of credibility (i.e., net trends) to determine the indicated rate level needs.

[10] For its net trends and inflation adjustments, TPIC relied on those used in its 2024 application for private passenger vehicles. Most companies rely on private passenger vehicle trends when examining indications for miscellaneous vehicles, which lack sufficient experience to develop unique trends for those vehicles. The use of the private passenger vehicle trends and inflation shocks to develop a complement of credibility upon which to base the proposed change seems reasonable.

[11] When TPIC developed its complement of credibility, the company applied the trend from January 2022 through September 2026. Since the last rate increase for TPIC for these vehicles was effective 2019, and those rates were to be effective for three years until the next mandatory filing, the company felt January 2022 was a reasonable point to start the trend. The compounded trend showed that TPIC required significant increases across all coverages.

[12] Based on this evidence, TPIC proposed a 10% increase across all coverages for each type of miscellaneous vehicle. This level is well below that suggested by the complement including the large increase in inflation in 2022.

[13] TPIC also noted the charge it makes to customers to cover the Health Services Levy was well below the recent invoiced amount. The company intended to apply a 10% increase to this charge for those vehicles upon which the Government applies the Levy. Because the charge is a flat dollar amount, the rounding resulted in a 12.5% increase to the charge used for motorcycles and snow vehicles.

[14] The TPIC approach seems reasonable, as do the proposed changes. Board staff recommends that the Board approve TPIC's proposed changes to base rates and the Health Services Levy charge. The Board agrees.

III SUMMARY

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

[16] TPIC proposed effective dates for new business of October 24, 2025, and for renewals of December 23, 2025. Board staff recommends the Board approve these effective dates. The Board agrees.

[17] A review of the existing manual on file did not uncover any instances where the company appeared to be in violation of the *Act* or its *Regulations*. Because TPIC proposed no changes to the manual, and rates are not included in the manual, the Board does not require the company to provide a revised manual.

[18] The financial information included provides comfort that the proposed rates for the company's small amount of business under Section 155I(1)(c) of the *Act*, are unlikely to impair the solvency or financial well-being of the organization.

[19] The application qualifies to advance the mandatory filing deadline. The Board resets the mandatory filing deadline to April 1, 2028.

[20] An order will issue accordingly.

DATED at Halifax, Nova Scotia, this 5th day of June, 2025.



Jennifer L. Nicholson