DECISION | **2026 NSRAB 94**
M12828

NOVA SCOTIA REGULATORY AND APPEALS BOARD

IN THE MATTER OF THE INSURANCE ACT

- and -

IN THE MATTER OF AN APPLICATION by **THE PORTAGE LA PRAIRIE MUTUAL INSURANCE COMPANY** for approval to change its rates and risk-classification system for private passenger vehicles

BEFORE: M. Kathleen McManus, K.C., Ph.D., Member

APPLICANT: **THE PORTAGE LA PRAIRIE MUTUAL INSURANCE COMPANY**

FINAL SUBMISSIONS: May 25, 2026

DECISION DATE: **July 7, 2026**

DECISION: **Application is approved.**

I INTRODUCTION

[1] On April 27, 2026, The Portage La Prairie Mutual Insurance Company (Portage) 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 11%. Portage proposed changes to several rating variables, including the addition of Years Licensed and Vehicle Age. The company will revise some of its discount, surcharge, and endorsement offerings. Portage proposed to adopt the 2026 Canadian Loss Experience Automobile Rating (CLEAR) tables, including a switch in the version of the table used, and an update to its CLEAR Value-Rated Rate Group table. Portage also proposed some rating and underwriting rule changes.

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

II ANALYSIS

[3] Portage applied under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval* (*Rate Filing Requirements*). Since the filing of this application, Portage 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 Portage. The company reviewed the report and informed Board staff of

some changes it believed should be made. Board staff provided the revised Staff Report to Portage, who provided additional comments and information. Board staff sent the second revised Staff Report to Portage. The company agreed with the recommendations and had no further 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 certain issues. Board staff consider that Portage satisfactorily addressed all other aspects of the ratemaking procedure in its application and IR responses.

[5] The Board will examine the following issues in this decision:

- Loss trends;
- Profit provision;
- Proposed rate changes;
- Proposed Territorial Relativities and Territory Changes;
- Adoption of 2026 CLEAR table using the Collision and DCPD separated version;
- Proposed CLEAR Value-Rated table;
- Proposed Class and Driving Record Differentials;
- Introduction of new rating variables – Vehicle Age and Years Licensed;
- Removal of Driving Experience 25+ Discount;
- Changes to Renewal Discount;
- Change to Major Conviction Surcharge;
- Changes to Deductibles;
- Changes to Endorsements; and,
- Changes to rating and underwriting rules.

Loss Trends

[6] Portage based its selected loss trends on a review of industry experience in Nova Scotia through December 31, 2024. The company examined accident half-year experience from 2005 through 2024 but focused primarily on more recent data (2018-2024) when making its selections for most coverages. The company focused on actual

years used (starting point, ending point and excluded data points) to determine trend selections varied by coverage.

[7] The company used exponential regression analysis to develop the trend selections and applied its judgment to determine which model provided the best fit or best explained the observed data. Portage performed the analysis on half-year data and examined frequency, severity and loss cost.

[8] Portage adjusted the data to reflect the various reforms that took place during the observation period (e.g., 2010 minor injury cap reform, 2012 accident benefit reform, and 2013 introduction of Direct Compensation Property Damage (DCPD)). Portage included two variables in the models to help identify the impacts of COVID-19, as it did in the previous application.

[9] After selecting past trends, Portage set future trends equal to those selections for all coverages except Uninsured Automobile.

[10] With the release of the industry claims experience data through December 2024, the Board’s consulting actuaries, developed assumptions for loss trends for private passenger vehicles. Oliver Wyman reviewed data from 2005 through 2024 but tended to rely on more current data when making its selection. Oliver Wyman developed its loss trends with the impact of COVID-19 removed. Oliver Wyman then identified adjustments that could be made to reflect the new normal post-pandemic frequency. This included suggested excess inflation factor adjustments to recognize higher than normal inflation observed. Oliver Wyman examined trends for frequency, severity, and loss cost information. Oliver Wyman made its selections after examining both 5 and 10 years of data, on a half-yearly basis. For future trends, Oliver Wyman selected the most recent

past trend, assuming it would continue. Oliver Wyman noted the increased inflation observed and recommended the application of excess inflation adjustment factors.

[11] Most of the Portage trends are lower than those selected by Oliver Wyman, which should result in lower overall indications than the Oliver Wyman trends would produce. In its previous application, the Board allowed Portage to use its loss trend selections. The Board finds no reason to alter that allowance for this application.

[12] Board staff recommends the Board allow Portage to use its own selected loss trends, in the circumstances of this application only, with future applications to be judged on their own merit. The Board agrees.

Profit Provision

[13] In the previous application, Portage demonstrated that it had volatile return on equity results, and volatile Nova Scotia loss ratios, for the past five years. Based on that information, the Board approved Portage to use an 11% return on equity in the circumstances of that application only. Portage proposed the use of an 11% return on equity in this application.

[14] The company explained that the target profit provision underlying this filing is 5.85% (which is within the range of 5%-7% quoted in the filing guidelines as generally being considered reasonable). Portage also noted that a return on equity of 10% would produce a profit provision of 5.14%, which falls just inside the low end of that range. The company thought an 11% return on equity would be reasonable in these circumstances.

[15] Portage also provided indications using a 10% return on equity. There was a small difference between resultant profit with the 11% return on equity and that with the 10% return on equity. Portage also noted that because it proposed rates lower than indicated, the return on equity will fall well below both the 11% selected and the low end

of the Board range. The current circumstances for Portage are not substantially different from the previous application, and Board Staff did not recommend changing from the use of the 11% return the Board allowed in the previous application.

[16] Board staff recommends the Board allow Portage to use the 11% return on equity and the resultant profit provision when determining its indicated rate level need. The Board agrees.

Staff Indications

[17] Based on the recommendations, the Staff Indications, which are the targets against which the Portage proposal should be assessed for reasonableness, equal the Portage indications.

[18] Board staff recommends the Board use the Portage indications as the appropriate targets to assess the reasonableness of the proposed rates. The Board agrees.

Proposed Rate Changes

[19] Portage proposed changes that are in the direction of the indications, but the size of the change is smaller than the indicated change. Portage also proposed an increase to its separate Health Services Levy charge. Portage selected the proposed changes in the average rate level by coverage after considering market position, recent competitor rate action, recent company in-force growth, policyholder dislocation and the company's business strategy.

[20] The overall proposed change is below the overall indicated change. The proposed return on equity of 4.10%, which is below the Portage target of 11%, and is also at the low end of the Board's range for a reasonable return on equity of 10%.

[21] The Board has concerns about companies not taking full indicated increases. In the recent applications, Portage chose to move incrementally towards its indicated increases. This progression shows Portage moving towards rate adequacy by taking a large portion of the indicated increase in base rates, except in 2024 when it was concerned about the declining book of business.

[22] Board staff recommends the Board approve the proposed changes to base rates, including the increase to the Health Services Levy charge.

Proposed Territorial Relativities and Territory Changes

[23] As part of its indications, Portage undertook an analysis of its territorial relativities and determined credibility-weighted indicated changes as required in a mandatory filing. The analysis looked at experience for years 2019 through 2023 because 2024 industry data was not available when Portage was preparing this application. Based on these indications, Portage proposed new differentials with the change for each differential capped to mitigate dislocation. The level of the cap varied by coverage. Portage supported its chosen territorial differentials.

[24] Board staff recommends the Board approve the proposed territorial base rates that result from the application of the new differentials. The Board agrees.

Adoption of 2026 CLEAR Table

[25] Portage currently uses the 2024 Canadian Loss Experience Automobile Rating (CLEAR) table to assign rating groups for Accident Benefits and physical damage coverages. The company uses the CLEAR (AB Alberta & Atlantics) – Collision and DCPD Combined version of the table. Portage proposed the adoption of the 2026 version of the CLEAR table, but instead of the Collision and DCPD Combined version it currently uses,

Portage will switch to the Collision and DCPD separated (i.e., each of these two coverages will have its own rate group instead of using the same rate group for both) version of the table. The Board approved the 2026 tables for use last year.

[26] Portage identified the impact of the adoption of the new version of the 2026 CLEAR table and off-balanced that impact through base rates to make the table change revenue-neutral. The Board finds that the impact seems reasonable.

[27] Board staff recommends the Board approve the proposed adoption of the new version of the 2026 CLEAR table and the associated off-balancing of the impact. The Board agrees.

Proposed CLEAR Value-Added Table

[28] Portage proposed updating its current CLEAR Value-Rated Rate Group Table. Portage outlined the process using the 2026 data file from the Insurance Bureau of Canada as well as the 2026 CLEAR table. The Board finds that the methodology appears sound, and the resultant table is reasonable. Portage off-balanced the impact of the proposed changes to make them, along with the other proposed changes, revenue-neutral.

[29] Board staff recommends the Board approve the proposed CLEAR Value-Rated Rate Group Table. The Board agrees.

Proposed Class and Driving Record Differentials

[30] Portage conducted an analysis of its Class and Driving Record differentials. This analysis relied upon Portage and industry data through December 31, 2023. The company noted 2024 industry data was not published by the General Insurance Statistical Agency (GISA).

[31] The Portage analysis, conducted separately for each of Bodily Injury, Property Damage-Tort, DCPD and Collision, determined credibility-weighted indicated differentials for the variables. Based on these indications, Portage selected its proposed differentials after limiting the change from the current differentials and then adjusted for any anomalies or unreasonable results observed. Portage off-balanced the impact of the proposed differential changes to make them, along with the other changes proposed in this application, revenue-neutral.

[32] Board staff recommends the Board approve the proposed Class and Driving Record differentials. The Board agrees.

Introduction of Rating Variables: Vehicle Age and Years Licensed

[33] Portage proposed the introduction of two rating variables. The first is Vehicle Age, which will apply to physical damage coverages (i.e., DCPD, Collision and Comprehensive). Using internal data from 2020-2024, Portage developed loss cost relativities for five Vehicle Age group and fourteen rate group band combinations. Portage used the rate group differentials without changes and therefore allowed the Vehicle Age variable to capture the remaining predictive nature of the combinations and determine indicated differentials.

[34] Because the data has limited credibility, Portage performed a linear regression on the indicated differentials to add stability to the differentials. Using a three-way credibility weighting of the indicated differentials, the regressed differentials, and the current differentials (i.e., all 1.000), Portage determined its selected differentials for this variable.

[35] Portage also proposed the introduction of a Years Licensed rating variable for all coverages. The company used its Nova Scotia private passenger vehicle losses

taken from its internal database as of December 31, 2024. Portage segmented these losses by years licensed and conducted an analysis of the relativities for years licensed for accident years 2020 to 2024. Portage adjusted the data to remove the effect of the company's discount provided for more than 25 years licensed (i.e., Driving Experience 25+ Discount) so that the indicated differentials properly capture the years licensed relativities.

[36] Portage credibility-weighted these indications with the current differentials, which only recognize the Driving Experience 25+ discount, and used these results to make its selections. The analysis was conducted on an all coverages combined basis due to lack of data. Portage included the impact of the introduction of these variables and the proposed differentials when determining the total amount to off-balance to make all changes revenue-neutral.

[37] Board staff recommends the Board approve the proposed introduction of the Years Licensed and Vehicle Age rating variables, and the associated proposed differentials. The Board agrees.

Removal of Driving Experience 25+ Discount

[38] With the introduction of the Years Licensed rating variable, the Driving Experience 25+ Discount, which provides a premium reduction of 5% when the driving experience is 25 or more years, becomes redundant. The effects of the higher driving experience are already captured in the new variable, and the discount is no longer

needed. Portage proposed removing the discount. The impact of the removal was included, as part of the Years Licensed introduction impact, for off-balancing purposes.

[39] Board staff recommends the Board approve the removal of this discount. The Board agrees.

Changes to Renewal Discount

[40] Portage rewards loyalty by providing a discount at each renewal. The company proposed changes to the structure of the discount. Rather than applying the same discount at each renewal, Portage proposed starting with a smaller discount for the first renewal and then increasing the discount gradually each year until it reaches a maximum level.

[41] Portage conducted an analysis of loss ratio relativities and used this information to support the proposed changes. That is, the proposed differentials align with the indicated differentials, but in some cases the full indicated decrease was not taken in order to preserve a reasonable progression of the discount levels. Portage included the impact of the changes to this discount in the total amount off-balanced to make all the changes revenue-neutral.

[42] Board staff recommends the Board approve the proposed changes to the Renewal Discount. The Board agrees.

Changes to Major Conviction Surcharge

[43] Portage applies a surcharge for the first major conviction. For each additional such conviction, the surcharge increases. The company proposed to increase the increment for each additional major conviction. Portage explained the rationale for this change is to ensure that the major conviction surcharges increase at the same pace as the minor convictions. The company notes the change has no impact on premiums

because Portage does not insure any risk with two or more major convictions. As a result, the change required no off-balancing.

[44] Board staff recommends the Board approve the proposed change to the Major Conviction Surcharge. The Board agrees.

Changes to Deductible

[45] Portage proposed changes to its minimum deductibles. The Collision minimum deductible and the Comprehensive minimum deductible will increase. Portage explained these changes reflect upward pressure from rising vehicle repair parts and labour costs and better aligns the minimums with observed industry standards.

[46] In addition to changing the minimum deductibles, Portage will rebase the deductible differentials. Instead of using the current minimums as the base (i.e., the differentials are 1.000 for each of the current minimum deductibles), Portage will set separate base differentials for Collision and All Perils and for Comprehensive and Specified Perils.

[47] When asked why the company did not rebase the differentials to the new minimum levels, Portage stated it had not changed the minimum and base deductibles for several years. In conjunction with the introduction of higher minimum deductibles, the company rebased the differentials at higher levels to reflect an expected gradual shift in deductible distributions over time due to rising vehicle repair costs. Portage included the impact of the differential changes in the amount off-balanced to make all the changes revenue-neutral.

[48] Board staff recommends the Board approve the proposed changes to minimum deductibles and the proposed deductible differentials. The Board agrees.

Changes to Endorsements

[49] Portage proposes changes to the limits and premiums for two of its endorsements as well as the endorsement package that includes those endorsements. The first endorsement is NSEF#20 – Loss of Use endorsement, which provides coverages for vehicle replacement (e.g., rentals) when the client loses use of the insured vehicle due to an insured peril. The premium for the endorsement varies by the selected per occurrence coverage limit and the type of vehicle (i.e., private passenger, light or heavy commercial). Portage will add a limit to the available per occurrence limits. The company will also increase the premiums by $15 for the $1,500 limit and $10 for the other limits. Portage explained it used market analysis and the slope of the current limits to determine the proposed premium increases.

[50] The second endorsement that Portage proposed to change is the NSEF#27 – Legal Liability for Damage to a Non-Owned Automobile endorsement. This endorsement provides physical damage coverage when an insured drives a non-owned vehicle (e.g., rental car). The company will add two new levels to the current $50,000 vehicle value limit, namely $75,000 and $100,000. Portage also increased the premium for the current vehicle value limit and the premiums for the new levels increase, but not as much as the full increase proportional to the level change. The Board finds that the changes seem reasonable.

[51] Portage offers an endorsement package, the Physical Damage Extension Endorsement (PDEE), which bundles NSEF#20, NSEF#27 and NSEF#43 – Limited Waiver of Depreciation Endorsement, and provides this coverage at a discount to the sum of the endorsement premiums. The current PDEE uses a limit for NSEF#20 and another

limit for NSEF#27, which Portage charges an amount for the bundle that represents a saving of the sum of the endorsement premiums. Portage proposed to increase these limits for NSEF#20 and NSEF#27, and to increase the charge for the bundle. The company supported the proposed changes for the endorsements and the PDEE bundle.

[52] Board staff recommends the Board approve the proposed changes to NSEF#20, NSEF#27 and the PDEE. The Board agrees.

Rating and Underwriting Rule Changes

[53] Portage proposed numerous changes to its rating and underwriting rules. Notably, Portage will remove the restriction on vehicles operating in the United States for more than 30 consecutive days. Currently, Portage would not write such a risk. Portage will no longer write a risk where any driver, applicant, or policyholder is verbally or physically abusive (including threats made) to an employee, service provider, contractor, or broker of Portage Mutual Insurance Company as reported to security, human resources, and/or the police. Many companies include such a restriction, so their employees or agents do not have to deal with abusive clients. Some other changes were made to clarify current practices or did not have any impact on risk-classification or rating. None of the changes violate the *Act* or its *Regulations*.

[54] Board staff recommends the Board approve the proposed changes to rating and underwriting rules. The Board agrees.

III SUMMARY

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

[56] The Board finds the proposed rates are just and reasonable, and approves the changes effective January 1, 2027, for new business and renewal business.

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

[58] 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 Portage for private passenger vehicles is April 1, 2028.

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

[60] An Order will issue accordingly.

DATED at Halifax, Nova Scotia, this 7th day of July 2026.

M. Kathleen McMcManus