

DECISION

**2026 NSRAB 9
M12540 & M12542**

NOVA SCOTIA REGULATORY AND APPEALS BOARD

IN THE MATTER OF THE INSURANCE ACT

- and -

IN THE MATTER OF APPLICATIONS by **TRADERS GENERAL INSURANCE COMPANY** and **AVIVA INSURANCE COMPANY OF CANADA** for approval to change their rates and risk-classification systems for private passenger vehicles

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

APPLICANTS: **TRADERS GENERAL INSURANCE COMPANY**
AVIVA INSURANCE COMPANY OF CANADA

FINAL SUBMISSIONS: December 2, 2025

DECISION DATE: January 12, 2026

DECISION: Application is approved.

I INTRODUCTION

[1] Traders General Insurance Company (Traders) and Aviva Insurance Company of Canada (Aviva), which are sister companies under the Aviva Canada group, applied to the Nova Scotia Regulatory and Appeals Board to change their respective rates and risk-classification systems for private passenger vehicles. The companies propose rate changes that vary by coverage and result in an overall increase of 10.0% for Traders and 8.0% for Aviva. In addition to changes to rates, the companies also asked the Board to approve their adoption of the 2026 version of the Canadian Loss Experience Automobile Rating (CLEAR) (AB Alberta & Atlantic) Collision, DCPD and Comprehensive Separated Version, to assign rate groups for Collision and Comprehensive coverages. The applications also seek approval of changes to the Years Owned, Annual KM and Responsibility Factor rating variables, a new High Risk Vehicle Indicator rating variable, and changes to the Electric Vehicle Discount. Each company also asked the Board to approve its use of a renewal premium dislocating capping mechanism.

[2] The Board must consider whether the proposed rates and risk-classification systems are just and reasonable and in compliance with the *Insurance Act (Act)* and its *Regulations*. The Board is satisfied that Traders' and Aviva's applications meet these requirements and approves each company's proposed rates and risk-classification system. The companies are affiliated and their applications were so substantively similar in their requests and support that the Board elected to consider them in a single decision.

II ANALYSIS

[3] Traders and Aviva applied under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Prior Approval (Rate Filing Requirements)*. Since the filing of this application, Traders and Aviva received and responded to Information Requests (IRs) from Board staff and submitted revisions to the applications. Board staff prepared a report to the Board with recommendations on the revised applications (Staff Report). Before providing the Staff Report to the Board, Board staff shared it with Traders and Aviva. Aviva reviewed the report for both companies and informed Board staff that it had no further comments.

[4] Board staff examined all aspects of the ratemaking procedure to make the recommendations in the Staff Report. Board staff consider that Traders and Aviva satisfactorily addressed all other aspects of the ratemaking procedure in their revised applications and IR responses.

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

- Comparison of Proposed Rates to Indicated Rates;
- Adoption of 2026 CLEAR Table;
- Changes to Rating Variables:
 - Years Owned
 - Annual KM
 - Responsibility Factor
- New Rating Variable: High-Risk Vehicle Indicator;
- Changes to Electric Vehicle Discount; and
- Renewal Premium Dislocation Capping Mechanism.

Comparison of Proposed Rates to Indications

[6] Based on Board staff's review and recommendation, the Board used the revised indications submitted by Aviva and Traders to assess the proposed rate changes.

Traders and Aviva proposed changes to their respective base rates and differentials which vary by coverage but not by territory, and to their risk classification systems that result in an overall increase of 10.0% for Traders and 8.0% for Aviva. For both companies, the actuarial indications suggest that rates should increase by a higher percentage overall.

[7] For all coverages where Traders proposed changes, its proposed rates that follow the direction of the indications but are smaller in magnitude. Similarly, where Aviva proposed changes to rates, those changes follow the direction of the indications but are smaller in magnitude. For Accident Benefits and Uninsured Automobile, Aviva proposed no change despite indications for decreases. The resulting proposed premium exceeds the indication, however the difference in premium is minimal. Both coverages are mandatory and the proposed rates for other mandatory coverages are below the indicated level.

[8] For Family Protection Endorsement (SEF #44), Traders and Aviva proposed no change despite the indication for a significant increase. The comparison of each company's average premium for this coverage against the industry average reassures the Board that not changing those rates at this time is prudent.

[9] Board staff recommended the Board approve the companies' proposed changes to base rates, as revised through the IR process. For the reasons set out in this section, the Board agrees.

CLEAR Table

[10] To assign the rate groups for Collision and Comprehensive coverages, Traders and Aviva currently use the 2024 version of the CLEAR (AB Alberta & Atlantic) Collision, DCPD and Comprehensive Separated table. The companies proposed the adoption of the 2026 version of the table.

[11] Aviva and Traders included the impact of the CLEAR table change when determining their respective off-balancing calculations for all of the proposed risk-classification changes. Board staff recommended the Board approve the companies' proposed adoption of the 2026 CLEAR (AB Alberta & Atlantic) Collision, DCPD and Comprehensive Separated table. The Board agrees.

Years Owned Rating Variable

[12] Aviva and Traders provided an analysis of the combined Aviva companies' experience for the past three years by the number of years a client has owned the insured vehicle. They determined that rates for clients who owned vehicles for less than three years were too low based on that experience. To address this, the companies proposed a level increase consistent with the indicated level. Aviva and Traders included the impact of this change when determining the off-balancing calculations for all proposed risk-classification changes.

[13] Although the analysis indicated that some reductions could be made for some other categories, the companies opted to hold these levels stable to avoid excessive changes that could result in significant dislocation.

[14] Board staff recommended the Board accept the proposed changes to the Years Owned differentials. The Board agrees.

Changes to “Annual KM” Rating Variable

[15] Aviva and Traders determined that increased rates were needed for clients who drive less than 8,000 km per year. This determination came from an analysis of their portfolio of business, categorized by annual kilometres driven. The companies analyzed five years of combined experience from the Aviva group of companies to develop the indicated differentials. The proposed increases apply to differentials for less than 8,000 km driven. The proposed change for all categories under 8,000 km combined is less than the indicated level. All other categories were left unchanged. The companies included the impact of the change when determining the off-balancing calculations for all of the proposed risk-classification changes.

[16] Board staff recommended the Board approve the proposed changes for the rating variable differentials. The Board agrees.

Changes to Rating Variable: Responsibility Factor

[17] The Board approved both Traders’ and Aviva’s credit-based rating variable (Responsibility Factor) in its decision 2020 NSUARB 14. The variable provides a discount for better credit scores. After reviewing a loss ratio analysis for three years of experience for all Aviva companies, grouped by Responsibility Factor bands, the companies determined that the low score profiles were underpriced based on that experience. To address this, they proposed new differentials using an adjustment formula and included the impact of this change when determining the off-balancing calculations for all of the proposed risk-classification changes. The Board approves the proposed changes to this rating variable.

New Rating Variable: High-Risk Vehicle Indicator

[18] Aviva and Traders proposed to introduce a rating variable for Comprehensive and Specified Perils that targets vehicles at higher risk of theft. The variable reflects increased exposure on recent theft trends and internal claims experience.

[19] The Board previously approved a High Theft Vehicle surcharge for Aviva in its decision 2024 NSUARB 186 and for Traders in its decision 2024 NSUARB 187. In two subsequent matters, the companies lowered the surcharge and then, ultimately, removed it, noting their view that the surcharge approach taken to address higher theft risk did not suit the Nova Scotia market. The new variable is an alternate approach to addressing theft trends.

[20] Aviva and Traders proposed to maintain a list of vehicles that may be subject to increased premiums that may result from this variable. The companies developed the lists reflecting Équité Association data and internal Aviva Atlantic experience for stolen vehicles. The lists may be periodically updated through filing and approval by the Board. Both companies will impose a differential of 1.00 (i.e., no impact) unless the vehicle meets the following conditions:

- a. on the High-Risk Vehicle List;
- b. less than four years old; and
- c. does not have an approved anti-theft device installed (KYCS Locate or Tag).

[21] If all conditions are met, the companies propose to use a reasonable differential based on loss ratio analysis of experience from the Atlantic Region. The proposed

differential is less than the indicated level. Given that the estimated impact of implementing this change is small, the companies did not off-balance it.

[22] Board staff recommended the Board approve the proposed introduction by Aviva and Traders of the High-Risk Vehicle rating variable, the High-Risk vehicle lists, and the proposed differentials. The Board agrees.

Change to Electric Vehicle Discount

[23] Having observed the electric vehicle loss ratio of the past five years for Aviva accompaniments was worse than for hybrid vehicles and internal combustion engine vehicles, Aviva and Traders proposed to reduce their discount for electric vehicles, bringing it in line with the hybrid vehicle discount.

[24] The companies say maintaining a limited discount aligns with their Net Zero commitments, and there is strategic value in intentionally supporting electric vehicle adoption. They will review the discount in the future and file future adjustments, if needed. Aviva and Traders included the impact of the change when determining the off-balancing calculations.

[25] Board staff recommended the Board approve the change to the Electric Vehicle Discount. The Board approves the change but encourages Aviva and Traders to continue to review the benefits of the discount against the demonstrated experience in future submissions to the Board.

Renewal Premium Dislocation Capping Mechanism

[26] Aviva and Traders do not use a renewal dislocation capping mechanism that limits increases or decreases at renewal. The companies propose to introduce a cap on renewal premium increases of 30%, and negative capping that would remove any renewal

premium decrease (i.e., renewal premium decreases are capped at 0%). The companies said that this judgement-based decision was aimed at balancing the positive and negative impacts on their business, and results in capped premium increases close to the uncapped increases.

[27] The companies indicated their expectation that, on average, the caps would remain in place for about two years. They will revisit the mechanism in the next filings.

[28] As the Board requires, Aviva and Traders demonstrated that the premium foregone on the cap on renewal premium increases would be greater than the extra revenue collected from the cap on renewal premium decreases. Board staff recommended that the Board approve the changes to the renewal premium capping mechanisms. The Board agrees.

III SUMMARY

[29] The Board finds that the applications follow the *Act* and *Regulations*, as well as the *Rate Filing Requirements*.

[30] The Board finds the proposed rates are just and reasonable and approves the changes for Aviva and Traders effective May 1, 2026, for new and renewal business, for both companies.

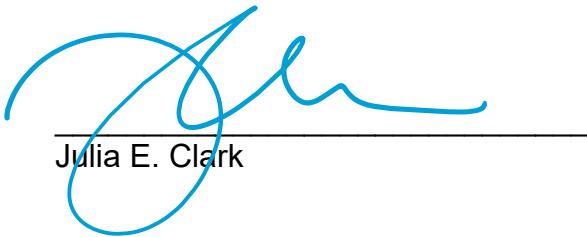
[31] The financial information supplied satisfies the Board, under Section 155I(1)(c) of the *Act*, that the proposed changes are unlikely to impair the solvency of either company.

[32] The application qualifies to set a new mandatory filing date under the *Mandatory Filing of Automobile Insurance Rates Regulations*. The new mandatory private passenger vehicle filing date for both Aviva and Traders is October 1, 2027.

[33] Board staff reviewed Traders' and Aviva's proposed changes to their Automobile Insurance Manuals as well as the current version of the Manuals filed with the Board and did not find any instances where the proposed changes or Manuals contravened the *Act or Regulations*. Each company must file an electronic version of its Manual, updated for the changes and proposals approved in this decision, within 30 days of the issuance of the order in this matter.

[34] An order will issue accordingly.

DATED at Halifax, Nova Scotia, this 12th day of January 2026.

A handwritten signature in blue ink, appearing to read "Julia E. Clark", is written over a horizontal line. The signature is fluid and cursive, with a large loop on the left and smaller loops on the right.