DECISION **2025 NSRAB 112**
M12461

NOVA SCOTIA REGULATORY AND APPEALS BOARD

IN THE MATTER OF THE INSURANCE ACT

- and -

IN THE MATTER OF AN APPLICATION by **ZENITH INSURANCE COMPANY** for approval to change its rates and risk-classification system for private passenger vehicles to add a Group discount

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

APPLICANT: **ZENITH INSURANCE COMPANY**

FINAL SUBMISSIONS: September 11, 2025

DECISION DATE: **October 15, 2025**

DECISION: **Application is approved.**

I INTRODUCTION

[1] Zenith Insurance Company (Zenith) applied to the Nova Scotia Regulatory and Appeals Board (Board) on September 4, 2025, to introduce a Group discount for private passenger vehicles. The company proposes the introduction of a 10% Group discount that will apply to all coverages, including endorsements.

[2] The Board must consider whether the proposed change is just and reasonable and in compliance with the *Insurance Act* (*Act*) and its *Regulations*. The Board is satisfied that Zenith's application meets these requirements and approves the proposed discount.

II DISCOUNT

[3] Zenith proposed the introduction of a 10% Group discount that will apply to all coverages, including endorsements. This discount will be available to an insured, and their spouse, who is an active member of an approved Group.

III ANALYSIS

[4] Zenith applied under the Board's *Rate Filing Requirements for Automobile Insurance – Section 155G Discounts & Surcharges* (*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 Zenith. The company reviewed the report and informed Board staff that it had no comments.

[5] The company notes that its proposed 10% Group discount would be available to members of any Group that meets the definition of eligible organized group

outlined in the *Matters Considered in Automobile Insurance Rates and Risk-Classification Systems Regulations*, NS Reg 183/2003.

[6] Zenith states the Group discount will allow the company to work with its commercially connected customers that qualify as a group under the *Regulations* to encourage members to purchase their personal automobile insurance from Zenith. The company believes this would contribute to profitable growth for Zenith in Nova Scotia.

[7] Several of Zenith's competitors offer a group discount. The company said its lack of a similar discount puts Zenith at a competitive disadvantage.

[8] To support its proposal, Zenith explained that it expects better claims experience for Group members than for non-Group members. The company provided undeveloped loss ratios for Group and non-Group policies for its Ontario portfolio of business for each year from 2021 through 2024, and for those four years combined. While the relationship varies by year, for most years the Group clients showed better results. The results for the four years combined showed a raw loss ratio that was about 10% better for the Group clients.

[9] Zenith also noted that, in its experience, the availability of a Group discount increases the retention rate for policies receiving the discount. From its Ontario business, Zenith noted a better average retention rate for its Group clients. Zenith demonstrated better retention experienced for Group clients for 2018 through 2023.

[10] Zenith proposed using an initial 10% discount rate for all eligible groups. As it gathers experience under the Group discount, Zenith will re-evaluate the level of discount it offers to its Group clients and adjust it, if needed, in a future filing.

[11] Zenith believes the uptake of the Group discount will be a slow process that will grow as time passes. As such, the company proposed no off-balancing of the Group discount.

[12] Board staff recommended the Board approve the proposed Group discount. The Board considers that Zenith provided sufficient support for its proposed introduction of a Group discount, as well as the 10% level, and approves the application.

IV SUMMARY

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

[14] The Board finds the proposed discount is just and reasonable, and approves the change effective December 1, 2025, for new business and renewals.

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

[16] The application does not qualify to set a new mandatory filing date under the *Mandatory Filing of Automobile Insurance Rates Regulations*. The mandatory filing date for Zenith for private passenger vehicles stays at October 1, 2026.

[17] Board staff reviewed Zenith's Automobile Insurance Manual filed with the Board and did not find any instances where the Manual contravened the *Act* and *Regulations*. The company did not propose to include the Group discount in its Manual. Because the Manual will not change, the Board does not require Zenith to file an updated version.

[18] An Order will issue accordingly.

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

Julia E. Clark