

**DECISION**

**2026 NSRAB 43  
M12645**

**NOVA SCOTIA REGULATORY AND APPEALS BOARD**

**IN THE MATTER OF THE INSURANCE ACT**

**- and -**

**IN THE MATTER OF AN APPLICATION** by **CO-OPERATORS GENERAL INSURANCE COMPANY** for approval to change its rates and risk-classification system for private passenger vehicles

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

**APPLICANT:** **CO-OPERATORS GENERAL INSURANCE COMPANY**

**FINAL SUBMISSIONS:** February 9, 2026

**DECISION DATE:** **March 25, 2026**

**DECISION:** **Application is approved**

## **I INTRODUCTION**

[1] Co-operators General Insurance Company (Co-operators) applied to the Nova Scotia Regulatory and Appeals Board to change its rates and risk-classification system for private passenger vehicles. The company's proposal results in rate changes that vary by coverage and produce no overall increase. The company asked the Board to approve changes to its discount offerings, its differentials for existing rating variables, its Vehicle Differential Variable table to reflect the 2026 Canadian Loss Experience Automobile Rating (CLEAR) and to adapt a new model type, its allowable genders to introduce Gender X rating, its New to Canada program eligibility criteria, and its renewal premium dislocation capping mechanism. The off balancing of the impact of these changes results in changes by coverage, but no overall change. 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 Co-operators' application meets these requirements and approves the company's proposed rates and risk-classification system.

## **II ANALYSIS**

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

### **Proposal**

[3] Co-operators selected no changes to base rates other than those resulting from the off balancing of the other changes discussed later in this Decision. The company provided indications that suggest rates should decrease on an all-coverages combined basis by 2.6%.

[4] Co-operators proposed replacing its previously approved Gradient Boosting Machine (GBM) model with a Generalized Linear Model (GLM), to develop the Vehicle Differential Variable table to reflect the CLEAR table.

[5] The company will introduce a new discount, revise another discount, and remove a third discount. Co-operators will also introduce Gender X rating and will update the New to Canada program eligibility criteria.

[6] Co-operators will revise the differentials for ten of its existing rating variables. The company will also modify its current approved renewal premium dislocation Gap Factor capping mechanism.

### **Findings**

[7] Board staff examined all aspects of the ratemaking procedure to make the recommendations in the Staff Report and suggested that the Board did not need to review any issues. Board staff consider that Co-operators satisfactorily addressed all aspects of the ratemaking procedure in its application and IR responses.

[8] Board staff recommend that the Board use the Co-operators' indications as the appropriate target to assess the reasonableness of the proposed rate changes. The Board agrees.

### **Comparison of Proposed Rates to Indications**

[9] Co-operators selected no direct changes to base rates. As a result, for coverages other than Bodily Injury, DCPD, and Uninsured Automobile, the proposal results in rates that are higher than indicated. When the mandatory coverages are combined, the proposal for no changes produces rates lower than indicated. The opposite is true for optional coverages. While this creates a cross-subsidy between mandatory and optional coverages, the size of the overage does not warrant the Board ordering changes in the circumstances of this application.

[10] Board staff recommend the Board approve the proposed changes to base rates. The Board agrees.

### **Other Proposed Changes**

#### **Other Operators**

[11] Because the company lacked credible data, Co-operators used the indicated rate changes for principal operators weighted by the other operators' premium by coverage to produce an indicated rate change for Other Operators. This approach, which is consistent with what the company has done in previous applications, produced an indicated 2.4% decrease.

[12] Based on this indicated need, the company selected no change for other operators. Co-operators explained that the total premium for Other Operators is very small relative to other coverages. The company feels it is not necessary to apply changes

to this coverage each year. Co-operators plans to review how it rates Other Operators in the future.

[13] Board staff recommend the Board approve the proposal for no change to Other Operators' premiums. The Board agrees.

*Territorial Differentials*

[14] Co-operators undertook a GLM analysis that included its territorial differentials. From this analysis, Co-operators determined credibility weighted indicated changes for each of its territory differentials for those coverages where rates vary by territory. Co-operators proposed changes to the territorial differentials that followed the indications but capped the changes to +/-15%.

[15] Co-operators included the impact of the territorial differential changes in the amount that the company off-balanced to make all the changes revenue-neutral by coverage.

[16] Board staff recommend the Board approve the proposed territorial differentials. The Board agrees.

*Vehicle Differential Variable*

[17] In a previous application, the Board approved Co-operators' proposal to use a GBM model to score vehicles to assign differentials for accident benefits and physical damage coverages. The GBM model and its differentials replaced the use of the CLEAR tables. The current version of the GBM model used the 2025 CLEAR table as input.

[18] Citing concerns with the complexity of maintaining the GBM model, and the key person risk to which it exposed the company, Co-operators will move to a GLM approach for this variable. More company personnel are familiar with this model, providing

more resources to make changes. This new approach was approved for Co-operators in Ontario in 2025.

[19] In addition to the model change, Co-operators will update to the use of the 2026 CLEAR table. The GLM will then be used to produce the vehicle differentials.

[20] Co-operators included the impact of this change with the impacts of all changes and off-balanced the combined total to make all changes revenue-neutral.

[21] Board staff recommend the Board approve the proposed GLM model, which uses the 2026 CLEAR table as an input to provide relativities by vehicle code and model year. The Board agrees. As it did in the previous applications, the Board cautions Co-operators that if the company chooses to update the underlying CLEAR table, on which the GLM was based, the company will have to apply for approval of the new model.

*Changes to Differentials for Existing Rating Variables*

[22] Co-operators used the same GLM analysis that the company used to set the territorial differential to determine the indicated differentials for these variables:

- Exposure;
- Use;
- Body Style;
- Years Licensed/Gender Interaction;
- Bonus Malus System (BMS);
- Vehicle Age;
- Vehicle Age When Purchased;
- Number of Years as Owner of the Vehicle;
- Non-Sufficient Funds; and
- Insurance Score (Co-operators credit-based rating variable).

[23] The GLM analysis used Co-operators data for January 1, 2019, through May 31, 2025. Co-operators included information from all Atlantic Provinces rather than relying solely on Nova Scotia data. The inclusion of data from other Atlantic Provinces

added more credibility to the results. Co-operators controlled concerns about provincial differences in coverage by including a “Province” control variable.

[24] Short term coverages relied on data from 2020-2025 to promote responsiveness, while longer term coverages used 2019-2023 to reflect the longer-term development of these claims.

[25] Co-operators held all discounts fixed at the current level in the GLM model. This approach was a business decision, as Co-operators did not want to make any changes to these discounts. The company is comfortable that the modeling acts to make sure insureds will pay an adequate premium for the risk they pose.

[26] Co-operators selected differentials that tended to follow the credibility-weighted indications with the changes capped or with actuarial judgement applied to address competitive concerns or to provide logical progression in values.

[27] Co-operators combined the impact of these differential changes with the impact of the territorial differential change and other changes, and off-balanced the total, by coverage, to make the combined changes revenue-neutral. Board staff recommend the Board approve the proposed differential changes for all these variables. The Board agrees.

*Changes to New to Canada Program*

[28] In 2023, the company introduced a credit for those with international driving experience. Drivers who had experience outside of Canada and the US, and have obtained their Nova Scotia licence, receive credit for a maximum of up to three years licensed for their driving experience outside of Canada and the US. Co-operators noted that a substantial portion of its new business qualifies for this credit.

[29] Co-operators noted this significant growth in risks qualifying for the credit led to concerns about the profitability of certain segments of this group. Co-operators proposed modifications to the eligibility criteria that will harmonize the program across provinces as the new eligibility criteria received approval in Alberta, Ontario, and Quebec.

[30] Co-operators proposed to limit the eligibility for the number of international years licensed to begin after ten years of time licensed instead of the current one year. For each year more of international time licensed, the credit increases to a maximum of three years credit for twelve or more years international time licensed.

[31] While the current approach sees the credit remain permanently on the policy, the company proposed phasing out the credit when the driver reaches six years licensed in Canada or the US. The credit will begin to decrease after three years licensed in Canada or the US.

[32] Currently, the company applies no eligibility criteria to retain the credit. Under the proposed changes, the insured must have no ratable at-fault accidents, no convictions, no suspensions and no cancellations to continue to qualify for the credit.

[33] These changes apply only to those clients who are using the program currently. The company will no longer offer it for new business and will also not offer it to current clients who have not already applied for the credit.

[34] Co-operators included the impact of this change in the amounts that was off-balanced to make all the changes revenue-neutral.

[35] Board staff recommend the Board approve the proposed changes to the New to Canada Program. The Board agrees.

Discount Changes

[36] Co-operators proposes three changes to its discounts.

[37] First, it proposes to remove the Stay & Save Discount. Co-operators currently provides a discount if the client has resided at the principal residence address for more than 24 continuous months. Due to challenges administering the discount, Co-operators' proposed the removal of the discount.

[38] Board staff recommend the Board approve the removal of Stay & Safe Discount. The Board agrees.

[39] Secondly, Co-operators offers a 5% discount for hybrid and electric vehicles. The company wants to tier the discount to provide a 2.5% discount for "mild hybrid" vehicles while maintaining the 5% level for electric and other hybrid vehicles. The company will change the name of the discount to recognize these vehicles.

[40] Mild hybrid vehicles combine a gasoline engine with a small electric motor system. Unlike a full hybrid vehicle, they can operate on electric power alone only to a limited extent. Mild hybrids do not need to be plugged in. Instead, the batteries are recharged through a combination of power from the gasoline engine, and energy recovered when the vehicle brakes (also known as regenerative braking). This energy, otherwise lost, is stored in a 48V battery and then used to support the engine and power the electrical system.

[41] The company notes these vehicles are closer to conventional internal combustion engine vehicles than true hybrid or electric vehicles. A tiered approach, where mild hybrid vehicles receive the lower discount, acknowledges their partial efficiency and

environmental benefits while maintaining clear differentiation relative to full hybrids and electric vehicles. Co-operators offers this tiered discount in Ontario and Alberta.

[42] Board staff recommend the Board approve the proposed tiered Hybrid/Mild Hybrid/Electric Vehicles Discount. The Board agrees.

[43] Finally, Co-operators proposed the introduction of an Anti-Theft Device Discount, applicable to Comprehensive and Specified Perils, when a client has an Anti-Theft Device installed on their vehicle. The only acceptable devices eligible for the discount is Tag and KYCS.

[44] The company will vary the discount by vehicle value and type. Nova Scotia data shows that the ratio of theft losses to total Comprehensive losses is higher for pickup vehicles than other vehicles. The savings from the Tag or KYCS device (arising from both deterring theft and from increasing the recovery of stolen vehicles) would therefore be higher for pickup vehicles than other vehicles.

[45] While high-value vehicles currently do not represent a large count of theft claims in Nova Scotia, any theft loss that occurs on a high-value vehicle can be significant. The company believes offering the highest Anti-Theft Device Discount to vehicles valued over \$100,000 will incent owners of these high-value vehicles to proactively install Tag or KYCS. These installations will mitigate the potential risk of infrequent but severe Theft claims but also will reduce the risks associated with a potential shift in Theft Mix.

[46] The company based the proposed discount structure on its calculation of indicated savings. Lacking sufficient Nova Scotia data, the company relied on information from provinces where Tag is more common in use.

[47] To be eligible for the discount, the vehicle must not be more than 15 years old. To recognize the effectiveness of the device in preventing and recovering theft, loss declines after five years, the discount will apply for five years after the installation date.

[48] Co-operators offers this discount for Tag because the company has a partnership with Tag. The company partnered with Tag to offer the device at a subsidized cost to make it easier for clients to install. The device is only available in Nova Scotia through Speedy Glass, who have many shops across the province, making the device easily available to all clients. The company also added KYCS given its proven track record at theft recovery. The company may examine other devices in the future.

[49] Board staff recommend the Board approve the proposed Anti-Theft Device Discount. The Board agrees.

*Premium Dislocation Capping*

[50] In its decision for the previous application (2025 NSUARB 39), the Board approved Co-operators' proposal for its current Gap Factor Capping. This form of capping sees the company take more rate for those cases that are further away from the uncapped premium, rather than applying a set cap on increases for all policies.

[51] Co-operators revised the capping boundaries for increases of less than 25% and for decreases. The company explained most of its portfolio will see increases under 25%. Co-operators wanted to limit premium increases to most clients without compromising too much on the capped impact.

[52] The overall capped change under the proposed factors is almost the same as under the current factors. The company confirmed that the premium foregone under the cap on increases (i.e., positive cap) exceeds the extra premium collected from the

cap on decreases (i.e., negative cap). This result satisfies the Board requirement for using negative capping.

[53] The company noted that the few conditions where the cap does not apply currently will continue to be the case. The company expects the cap to be in place for one year, on average. The company will evaluate the capping mechanism during the next rate review to determine if it should be continued, removed, or altered.

[54] Board staff recommend the Board approve the proposed changes to the Gap Factor Capping mechanism. The Board agrees.

*Automobile Insurance Manual Review*

[55] Apart from the revisions required to implement the changes discussed in this report, the company proposed some other changes to its Automobile Insurance Manual. The first added Gender X (or Non-Binary) to the definition of Driver Types and Classes, assigning the female Classes to Gender X. The second change added an exclusion for private passenger vehicles for the Multi-Vehicle Discount that clarified the current practice. The final change added information on the refund method for the limited waiver of depreciation endorsements.

[56] Board staff reviewed the current manual on file and the proposed changes and found no areas where the company appeared to be in violation of the *Automobile Insurance Underwriting Practices Regulations* or the *Insurance Act*. Board staff recommend the Board require Co-operators to provide an updated manual for this matter within thirty days of its Decision. The Board agrees.

### III SUMMARY

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

[58] The Board finds the proposed rates are just and reasonable, and approves the changes effective June 15, 2026, for new business and July 15, 2026, for renewal business.

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

[60] The application qualifies to set a new mandatory filing date under the *Mandatory Filing of Automobile Insurance Rates Regulations*. The new mandatory filing date is December 1, 2027.

[61] An order will issue accordingly.

**DATED** at Halifax, Nova Scotia, this 25 day of March 2026.



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Jennifer L. Nicholson