



**Nova Scotia Regulatory
and Appeals Board**

Rate Filing Requirements for Automobile Insurance

Section 155G – Discounts & Surcharges

Effective August 16, 2013

NS Regulatory and Appeals Board (NSRAB) Rate Filing Requirements – Discounts/Surcharges

Applicability

These guidelines are available for use when a company is only proposing:

- a) to change the level of an existing discount or surcharge,
- b) to change the eligibility criteria for an existing discount or surcharge,
- c) to terminate an existing discount or surcharge; or
- d) to introduce a new discount or surcharge.

Please note that an application to increase the level of an existing discount or lower the level of an existing surcharge may be eligible for filing under “*Section 155B Overall Decrease*” or “*Section 155H Expedited Approval*” filing requirements.

Discounts and surcharges may also be changed as part of a Section 155G Prior Approval filing. There is no requirement, in such a situation, for a separate Discount & Surcharge filing.

Filing Format

This application to the Nova Scotia Regulatory and Appeals Board (“NSRAB”) will be fully electronic or paperless. Subject to any technical notes published by the NSRAB, the filing should consist of the following files, each with no password protection, containing the information sections as outlined below, in the categories and order outlined below to constitute a complete filing.

Part 1: Non-Confidential Information (Format: One PDF File)

Section	Description
N-1	Table of Contents
N-2	Certificate of Officer – Appendix B
N-3	Contact Person Information
N-4	Rating Rules and Revised Manual Pages
N-5	Financial Data (Spreadsheet Only)
N-6	Copy of Pages from “Summary – 155G D&S Non-Confidential.xls”

Part 2: Confidential Information (Format: One PDF File)

Section	Description
C-1	Table of Contents
C-2	Support for Discount/Surcharge Changes

Part 3: Summary Information (Format: Excel Spreadsheets)

File	Description
Summary – 155G D&S Non-Confidential	Non-Confidential Summary Information Spreadsheet

The three required electronic files must be forwarded at the same time to the NSRAB generic mailbox at board@novascotia.ca.

For larger files, please contact the NSRAB general office phone number (902-424-1333) to ensure the mailbox is capable of handling the file size. In lieu of email, the “Send Files to the Board” option on NSRAB website (<https://nserbt.ca/nsrab>) can be used.

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The confidential sections noted above reflect the Board's position on the portions of an application which will routinely be kept confidential.

Part 1 – Non-Confidential Information

Section N-1: Table of Contents

The table of contents must show the main headings noted above plus the key headings within each of the sections. It must be detailed enough to allow the reader to quickly isolate key information.

Section N-2: Certificate of Officer

A scan of the original signed certificate of an authorized officer of the Company must accompany each filing. A copy of the required form of the Certificate of Officer can be found on the NSRAB's website ("Certificate of Officer – 155G Discounts & Surcharges"). Authorized officers are the President, CEO, COO, CFO, any vice-president, the treasurer, or the corporate secretary or Chief Agent for Canada, for the Company. The signature should be in blue ink so that it can be verified as an original signature.

The Certificate of Officer must identify a person authorized by the Company to act as the contact person for the Company in accordance with section N-3.

Section N-3: Contact Person Information

The Company must set out the name, title, company name, business address, telephone number, fax number and e-mail address of the individual authorized to act as contact person on behalf of the Company. The named contact person must be prepared to respond to NSRAB questions and accept correspondence from the NSRAB on behalf of the Company relating to this filing. All questions on the filing will be directed to this individual and all questions/replies to the NSRAB dealing with the filing must be channeled through this person.

The contact person must be able to accept and respond to correspondence from or to the NSRAB by email.

Section N-4: Rating Rules and Rate Manual Pages

Rating rules are those rules or definitions by which a risk is assigned to a specific rating cell or is assigned a discount or surcharge. Examples include rules by which territory, vehicle use or driving record are assigned. Rating rules are part of a Company's risk classification system and must be filed according to these requirements.

Rate manual pages that describe changes to rules or definitions must be included with the filing.

An updated rate manual with the approved rates and risk classification system must be submitted electronically within 30 days of approval, See Information Bulletin INS-13-03 for details.

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Section N-5: Financial Data

The following table must be completed using the information from the pages listed. An Excel sheet with the table can be found on the NSRAB's website ("Summary of Financial Information"). Note, the most recent year in the sample is 2012. The years in the sample table below should be adjusted as a new OSFI P&C-1/2 becomes available.

Selected Financial Information

	2008	2009	2010	2011	2012	Source: OSFI P&C-1/2
ROE						p10.60, r48
Claims Ratio						
Year of Account						p10.60, r30
Year of Accident						p10.60, r31
Company - Automobile Total						
Incurred Claims & Adj Expenses (A)						p67.30, c19 r29*
Earned Premiums (B)						p67.20, c19 r29*
Ratio (A)/(B)						
Nova Scotia - Automobile Total						
Incurred Claims & Adj Expenses (C)						p67.30, c03 r29*
Earned Premiums (D)						p67.20, c03 r29*
Ratio (C)/(D)						
Expense Ratio						p10.60, r33

** Please note, if pages 67.10-67.30 are on a consolidated basis for your company, please provide the equivalent numbers on a non-consolidated basis (and please note this).*

Section N-6 – Copy of Pages from “Summary – 155G D&S Non-Confidential.xls”

This section consists of pages printed from the noted spreadsheet and is required to facilitate the placement of the information into the NSRAB case management system. Details on the completion of the spreadsheet can be found in Part 3 of these requirements.

Part 2 – Confidential Information

Section C-1: Table of Contents

The table of contents must show the main headings noted above and the key headings within each of the sections. It must be detailed enough to allow the reader to quickly isolate key information.

Section C-2 - Support for Discount/Surcharge Changes

If the Company is requesting changes in the amount or value of a discount or surcharge, is terminating an existing discount or surcharge, or is introducing a new discount or surcharge, the approach used in costing, and a general narrative of the process must be provided.

The filing must include a description of the proposed changes to the discount/surcharge system.

The filing must clearly indicate the basis and rationale for the discount or surcharge. The Company must have appropriate information to support the discount or surcharge. Should the Company find it necessary to include external data or a different source of Company data, the filing must identify the source of the data and provide an explanation of its applicability in the circumstances. All data used in the process of developing the discount or surcharge must be exhibited and labeled. If the Company indicates that other companies currently offer the discount, the filing should include the name of these companies and should highlight any differences between those companies' discount or surcharge and the proposed discount or surcharge.

Where changes are made to harmonize NS offerings with other jurisdictions, those jurisdictions should be identified and any information to support the offering in that jurisdiction should be discussed.

If the Company intends to off-balance all or part of the impact, a description of the off-balancing procedures and the calculations of the changes (if any) to base rates must be included.

A comparison of current, indicated and proposed discounts or surcharges must be provided for each coverage for which discounts or surcharges are changing. Included in this must be the written premium distribution and the exposure distribution for the discounts or surcharges. That is, a current and a proposed distribution of the business that is affected by the discount/surcharge system must be provided to determine the average premium change (shift) and impact on the overall rate level.

Part 3 Summary Information

“Summary – 155G D&S Non-Confidential.xls” (Excel File)

The Company should download a copy of the file “Summary 155G D&S Non-Confidential.xls” from the NSRAB website and complete it.

The spreadsheet is self-explanatory with a number of dropdown boxes to assist the completion of the spreadsheet.

The NSRAB views all information included in this spreadsheet as being non-confidential and subject to routine disclosure.