

DECISION

NSUARB-INS-10-57
2010 NSUARB 165

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE INSURANCE ACT

- and -

IN THE MATTER OF AN APPLICATION by **MARKEL INSURANCE COMPANY OF CANADA** with respect to proposed changes to its rates and risk-classification system (endorsements) for its commercial automobile and interurban truck (including trailers) business

BEFORE: Roberta J. Clarke, Q.C., Member

APPLICANT: **MARKEL INSURANCE COMPANY OF CANADA**

FINAL SUBMISSIONS: August 11, 2010

DECISION DATE: **August 11, 2010**

DECISION: **Application is approved**

I INTRODUCTION

[1] On August 5, 2010, Markel Insurance Company of Canada (“Markel” or the “Company”) electronically filed an application (the “Application”) with the Nova Scotia Utility and Review Board (the “Board”) with respect to its rates and risk-classification system (endorsements) for its commercial automobile and interurban truck (including trailers) business. The original documents were received on August 11th, 2010.

[2] The Application was submitted in accordance with a simplified filing requirement directed by Board staff, due to the relatively minor nature of the proposed change.

[3] As a result of Board staff’s review of the Application, a report, dated August 6, 2010 (the “Staff Report”), was prepared and provided to the Company on that date. The Company replied on the same date, indicating that it had no comments on the Staff Report.

[4] The Board did not deem it necessary to hold an oral hearing on the Application. This review is based on the written filings.

II ISSUE

[5] Is the proposal of the Company to change its rates and risk-classification system (endorsements) for its commercial automobile and interurban truck (including trailers) business just and reasonable?

III ANALYSIS

[6] In the Board's decision dated March 26, 2010 [2010 NSUARB 78], changes to the endorsement SEF No. 27/27B (Liability for Damages to Non-Owned Automobiles) were approved. The effective date for the changes for both new business and renewal business of September 1, 2010 was approved.

[7] In this Application, Markel advised that an error had been made in the initial Application in the rating algorithm for trailers for this endorsement. The algorithm for commercial automobiles and tractors had correctly included a factor in the premium calculation reflecting the number of owned vehicles. This factor was included in the algorithm for trailers in error.

[8] The Application now before the Board is to remove the incorrect factor, namely "the number of owned vehicles in the rating segment" from the trailer premium calculation. The impact of this change is to properly reflect the risk posed to the company when the SEF 27B endorsement is placed on a trailer. Where a client has only one owned vehicle, there will be no financial impact from the change; where a client owns more than one vehicle insured by the Company, there will be a reduction.

[9] In the initial Application, the original rating algorithm improperly overcharged a client who owned more than one vehicle and was purchasing the endorsement for a trailer.

[10] The Board concludes that the impact of the change is a reduction in rates; no client will pay more than the rate resulting from the use of the original algorithm.

[11] The Company has advised the Board that its systems have been programmed to implement the changes with this corrected algorithm for the effective date of September 1, 2010 for new business and renewal business. The Company has requested the Board to approve September 1, 2010 as the effective date for the changes proposed in this Application.

IV FINDINGS

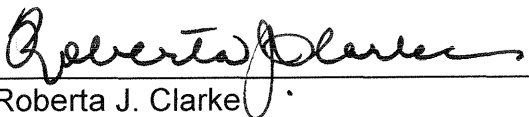
[12] The Application was made in accordance with the simplified procedure required by the Board.

[13] The Board finds that the proposed change to the rating algorithm for the SEF 27B endorsement is just and reasonable and will not jeopardize the financial solvency of the Company.

[14] The Board approves the proposed change and the effective date of September 1, 2010 for new business and renewal business.

[15] An Order will issue accordingly.

DATED at Halifax, Nova Scotia, this 11th day of August, 2010.



Roberta J. Clarke