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## **Finance**

*Financial Institutions Division*

# **NOVA SCOTIA SUPERINTENDENT OF INSURANCE** **INFORMATION BULLETIN**

## **AUTOMOBILE INSURANCE:**

The Office of the Superintendent of Insurance would like to inform you of the following changes respecting new and revised insurance matters in the Nova Scotia Automobile Insurance marketplace in accordance with Bill 86, *The Fair Automobile Insurance (2011) Act* and the Regulations.

The *Automobile Insurance Mandatory Conditions Regulations* and the *Automobile Insurance Prohibited Risk-Classification Factors Regulations* have been revised effective April 1, 2012. The regulatory changes increase the mandatory benefits under Section B of the Standard Automobile Policy and prohibit premium increases if no claim is made.

The Standard Automobile Policy (Owner's Form) has been updated to reflect Legislative and Regulatory changes and will be published in the Royal Gazette. Bill 86 has been proclaimed and changes to the Nova Scotia Insurance regime are forthcoming. The amendments both in Regulation and Legislation will come into effect in two phases: the first phase will be effective April 1, 2012 and the second April 1, 2013.

Due to the mandatory increase in Section B Benefits and pursuant to Section 108(8) of the *Insurance Act*, effective April 1, 2012 the Superintendent will revoke approval of the existing Standard Endorsement Form (SEF 48) currently used to offer Optional Section B Benefits as prescribed under section 159 of the Insurance Act Schedule 3 – Mandatory Accident Benefit Coverage.

It is understood that effective April 1, 2012 until renewal the industry will '**read in**' the increased limits for automobile policies issued prior to April 1, 2012, including any subsequent endorsements affected by this coverage change within the policy term. Pro-rata credits or refunds should be issued, in a timely manner, to consumers who have purchased additional limits under the SEF 48 effective that date.

Effective April 1, 2012 for new business and renewals insurers will no longer be permitted to use at fault accidents as a rating variable if no payment has been made by the insurance company. This prohibition also captures accidents which occurred prior to April 1, 2012. Insurers who incur expenses as a result of a claims notification of their insured cannot consider this a claims payment for rating purposes.

The Superintendent has also approved an amended wording for applicant consent to be included on the Application for Automobile Insurance. This change will be reflected on SAF1 – Application for Automobile Insurance. Amendments to other applications will follow in the near future.

In addition to the consent amendment on the SAF 1, Section B coverage will be amended to reflect the increased benefits available under Section B – the column offering the optional coverage will be removed. Question 7 has been amended to indicate particulars for accidents paid and not paid by the insured. All amendments will be available on the application effective April 1, 2012. The new Standard Policy Form SPF 1 will reflect the changes and will be available effective April 1, 2012 through Informco Inc.

Amended policy forms available through Informco Inc. to reflect recent amendments and will be effective April 1, 2012. Should you have any questions regarding form changes, please contact Kami Singh at 416-285-3294.

The Volunteer Firefighter levy is also part of the Phase 1 reforms. The levy collection will be similar to the Health Levy process with billing of .50¢ per earned vehicle in the second quarter.

Phase two reforms will come into effect April 1, 2013. These reforms include changes to the current vicarious liability regime as well as the claims structure for compensation for property damage and the implementation of the Section B protocols. Further information regarding these amendments will follow in a timely manner.

Should you have any questions regarding any of the changes or any other matters, please contact the Office of the Superintendent of Insurance at (902) 424-6331 or visit our website at [www.gov.ns.ca/finance](http://www.gov.ns.ca/finance)

Doug Murphy,  
Superintendent of Insurance

Where (a) an Applicant for a contract:

- (i) gives false particulars of the described automobile to be insured to the prejudice of the Insurer, or
- (ii) knowingly misrepresents or fails to disclose in the application any fact required to be stated therein; or

(b) the Insured contravenes a term of the contract or commits a fraud; or

(c) the Insured willfully makes a false statement in respect of a claim under the contract, a claim by the Insured is invalid and the right of the Insured to recover indemnity is forfeited.

The applicant acknowledges that all of the information given by the applicant in items 1 through 13 and any particulars in the Remarks section relating thereto are true and the applicant hereby applies for a contract of automobile insurance to be based on the truth of the said information.

The personal information collected on this application is needed to issue the policy.

The insurer is required to provide this information to the Underwriting Information Tracking System, which is a data bank operated on behalf of the automobile insurance industry for the purpose of statistical analysis, identification of eligible risks and the proper rating of those risks. The information in the data bank is available to all insurance companies and insurance agents providing automobile insurance in Canada.

In the following consent, I refers to the applicant:

CONSENT: I am applying for automobile insurance based on the information provided in this application.

I authorize the insurer to collect, use and disclose:

- (i) the information on this form; and
- (ii) additional information about my driving record, automobile insurance policy and claims history, and that of the listed drivers (from whom I declare I have obtained consent for these purposes), as required in connection with this application. I understand that this personal information is necessary to assess the risk, issue the insurance contract, renewal or change, detect and prevent fraud and investigate and settle any claims.

If I apply for a premium payment plan, I authorize you to obtain my credit report for the purposes of verifying my qualification to enter into such premium payment plan. The total estimated policy premium is subject to adjustment to the insurer's manual premium for the risk.

