



NEW BRUNSWICK INSURANCE BOARD

2005 ANNUAL REPORT

New Brunswick
Insurance Board



Commission des Assurances du
Nouveau-Brunswick

March 1, 2006

Hon. Bruce Fitch
Minister of Justice and Consumer Affairs
Province of New Brunswick
PO Box 6000
Fredericton NB E3B 5H1

Minister,

In compliance with Section 19.9 of the Insurance Act, I am pleased to submit the New Brunswick Insurance Board's annual report for the 2005 calendar year. The report contains an overview of our activities for the year as well as our audited financial statements for the 2004-2005 fiscal year ending March 31, 2005.

New Brunswickers can be very proud of the work that the Board has accomplished since our inception in 2004. We have achieved real and significant savings for insurance consumers. In fact, in 2005, the average private passenger vehicle insurance rate in the province dropped to \$851 thanks to the comprehensive work of this Board.

I would like to thank our former chairman, Lewis Ayles, for his strong and capable leadership throughout his tenure as chairman. Mr. Ayles retired from the Board on December 31, 2005.

As well, I would like to thank Board Vice-Chairman, Kevin Duff, and members Joanne Cowan-McGuigan, Anna Albert Guimond, Emilien Lebreton, Donald Lusby, Guildard Pelletier, Kathleen Ann Quigg, Richard Tingley and Elsie Wayne for their careful and thoughtful deliberation on behalf of New Brunswick ratepayers. Recognition must also go to the Board's hard-working staff for their outstanding professional and technical support.

We look forward to accomplishing even more in 2006.

Respectfully,

A handwritten signature in black ink, appearing to read 'Paul D'Astous'.

Paul D'Astous
Chairman

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I. INTRODUCTION

The New Brunswick Insurance Board (“NBIB” or the “Board”) a quasi-judicial regulatory agency was established by the Government of New Brunswick in 2004.

The NBIB deals solely with insurance matters, with a mandate to ensure just and reasonable rates for private passenger, commercial and miscellaneous vehicles in the province.

This report highlights activities and accomplishments during the 2005 calendar year – the Board’s first full calendar year of operation. (Operations formally began on October 15, 2004.) By legislation, the NBIB is obligated to report its previous year’s activities to the Minister of Justice and Consumer Affairs by March 1.

As legislated by the Insurance Act, the costs of running the NBIB are charged back to the insurance industry through annual assessments.

a. Board membership

During 2005, the NBIB was made up of the 11 following members:

Name (Alphabetical order)	Location	Title
Hon. Lewis Ayles	Fredericton	Chairman
Joanne Cowan-McGuigan	Rothesay	Member
Paul D’Astous	Moncton	Vice-Chairman
C. Kevin Duff	Grand Bay-Westfield	Member
Anna Guimond	Edmundston	Member
Emilien LeBreton	Néguac	Member
Don Lusby	Moncton	Member
Guildard Pelletier	St-Léonard	Member
Kathleen Ann Quigg	Bathurst	Member
Richard Tingley	Fredericton	Member
Elsie Wayne	Saint John	Member

The full Board met three times in 2005: once for its Annual Meeting; once to determine private passenger rates; and once to review its decisions on private passenger and Facility Association filings. Otherwise, individual panels, made up of Board members, met regularly to review various filings.

Board membership remained intact throughout 2005 until the retirement of Chairman Lewis Ayles on December 31, 2005. Subsequently, the Minister of Justice appointed Paul D’Astous and C. Kevin Duff as Chairman and Vice-Chairman, respectively, effective January 1, 2006.

II. OPERATIONS

The NBIB maintains an office in Saint John. It employed five full-time employees in 2005.

The Board reviewed 128 filings for private passenger, commercial and miscellaneous vehicles in 2005.

In order to better communicate with insurance consumers and various stakeholders, including industry, the NBIB designed and implemented a bilingual website in 2005 located at www.nbib-canb.org.

The website contains an overview of the Board, the complete texts of all decisions and news releases, a list of Board members, as well as contact information.

The NBIB issued three news releases in 2005:

- N.B. Insurance Board orders rate reduction (June 23)
- N.B. Insurance Board denies Facility Association cost of capital (July 27)
- Proposed average automobile premium to be \$851 (November 3)

III. 2005 – THE YEAR IN REVIEW

a. Major accomplishments

- Auto insurance rate reductions for New Brunswickers
- Filings approved in 2005 are expected to reduce the overall average combined premium for 2006 to \$851, a decrease of 11.3%
- Reduced discrepancies in rates by territory
- Restructured the process for approving rates in New Brunswick
- Ensured that rate filings were based on companies' New Brunswick experience and book of business

b. A more systematic and appropriate way of determining premiums

In January 2005, the NBIB issued guidelines for automobile insurance companies doing business in New Brunswick. As a result, all proposed rates were filed and considered at the same time using the same guidelines.

These new guidelines gave a big-picture view of companies' experiences based on their actual book of business in New Brunswick. As well, the Board could easily view any inconsistencies or incongruities in rate applications when dealing with them all at once.

Indeed, this was a made-in-New Brunswick solution toward fairer automobile insurance rates for consumers, one which has led to positive results. For example, the Board requested that companies take into account the full impact of tort reform. Also, as a rule of thumb for 2005 filings, at least 50% of the rate indications had to be based on accident year 2004 experience with no more than 30% of the indication coming from 2003 experience and no more than 20% coming from 2002.

The Board's main thrust was to ensure that the rates being charged to consumers in New Brunswick were based on recent (and relevant) facts and reality – and that all companies were developing their rates based on the same information and criteria. The Board believes that, in this way, consumers in the province can be assured of fairness and consistency – and the Board can properly evaluate the information presented to it in order to establish reasonable rates for all parties concerned.

c. Companies' return on equity (ROE)

Early in 2005, Canadian insurance companies announced \$4.2 billion in profits. Understandably, this announcement created consternation among consumers who had been hearing for several months that rates had to be increased in order for companies not to incur severe financial consequences. The public outcry from consumers was loud and clear.

The NBIB decided to take action on this perceived injustice on behalf of consumers. The Board held a public hearing in Saint John on June 27, 28 and 29, asking, "What should be the appropriate return on equity for automobile insurance companies doing business in New Brunswick?" The Board's initial intent was to establish an across-the-board maximum ROE for companies to factor in when determining their proposed rates.

During the three-day hearing, interveners and presenters made either oral or written presentations. The interveners and presenters included representatives from:

- Allstate Insurance Company of Canada
- Co-operators General Insurance Company
- The Dominion of Canada General Insurance Company
- Facility Association
- Insurance Bureau of Canada
- ING Insurance Company of Canada
- New Brunswick Insurance Board (independent expert witness)
- Office of the Consumer Advocate for Insurance for New Brunswick
- Province of New Brunswick
- TD Meloche Monnex

Subsequent to the hearing, the Board unanimously decided that it would not abdicate its responsibility by creating a fixed range or rate of ROE. Instead, the Board will review the requested rate of return of equity on each application and decide what the rate should be, based on the criteria of setting “just and reasonable rates” for the policy holders of New Brunswick.

d. Facility Association

The public hearing in June also dealt with the issue of, “Should the rates for the business managed by the Facility Association (FA) include a recovery of the ‘cost of capital’?” If so, what would be considered a proper rate of return to recover this cost of capital?

The Facility Association is an organization of all automobile insurance companies in New Brunswick. The FA appoints a limited number of members as servicing carriers to conduct its business. It is the insurer of last resort in the province.

In January 2005, as per its related legislation, the FA put forward a rate application. As part of that application, it requested a 12% cost of capital.

This application was the first time that the FA had requested a cost of capital in New Brunswick. Since the FA is obligated to be non-profit (by law), the Board decided that it was appropriate to hold a public hearing to consider all relevant information before making a final decision on the Association’s request.

Following presentations by the Facility Association and interveners, the Board members deliberated on this matter. The Board unanimously decided that the FA had not provided sufficient evidence to the Board to conclude that the Association should receive any cost on its “so-called capital.”

e. September rate filings

September 15, 2005, was an important day in the Board’s short history – the first deadline for all New Brunswick auto insurance companies to file for their proposed rates at the same time.

The impact of a same-deadline filing date cannot be underestimated. The Board saw many advantages in this approach. It now had the ability to:

- Ensure that the Board would be able to look at and compare each company’s history and current business activities in New Brunswick, in other words the level of risk taken, a key factor in determining rates.
- Ensure that all companies took into account the full impact of tort reform re: soft-tissue injury settlement caps when developing their proposed rates.
- Ensure that consumers from all regions of the province were treated with fairness based on actual and recent company activities and investments.

Upon receiving the proposed rates, the Board was pleased to see that companies had taken into account the full impact of tort reform, as the Board had asked them to do.

It should be noted that previous to the September hearing, the Board had asked PricewaterhouseCoopers (PwC) for its professional advice into where it believed insurance rates in New Brunswick should be for 2006. When the September hearing took place, the PwC advice was taken into account when reviewing company filings.

f. New private passenger automobile insurance rates for New Brunswick consumers

On November 3, 2005, the NBIB released 39 decisions on companies writing private passenger insurance in New Brunswick. For those writing standard-risk automobile insurance policies in the province, the overall proposed average combined premium for 2006 would be \$851, a drop of 11.3% from the 2005 average premium.

g. Commercial and miscellaneous rates

With the private passenger automobile rate filings completed, companies writing commercial and miscellaneous vehicle policies in New Brunswick were asked to file their rates by October 15. The types of vehicles in these applications included taxis, delivery vehicles, all-terrain vehicles, buses, motor homes, semi-trailers, etc.

It should be noted that not all companies write both private passenger and commercial/miscellaneous policies.

Please note: For a complete list of private passenger, commercial and miscellaneous rate changes approved by the New Brunswick Insurance Board in 2005, please see Appendix A.

IV. CONCLUSION

The members of the New Brunswick Insurance Board are very proud of the work they accomplished in 2005. Ordinary New Brunswick consumers from every corner of the province have benefited. Rates are lower.

Insurance companies, too, have benefited because the NBIB has brought consistency, fairness, predictability and expediency to the rate application and approval process.

By having a regulatory body dedicated solely to their needs and activities, we believe that both consumers and companies will continue to benefit in the long run from the hard work and dedication of the members of the NBIB.

Appendix A

New Brunswick Insurance Board • Summary of 2005 Rate Decisions

Company	Class(es)	Decision date(s). The dates below reflect when the decisions were made and not the effective date of the new rate. Dates when new rates were in effect vary by decision.	Average change(s). These changes are averages only and do not take into account individual circumstances and/or policies.
Allstate Insurance Company of Canada	Private passenger	Sept. 27-28, 2005	-5.5%
	Commercial		
	Miscellaneous	1) Feb. 21, 2005 2) Nov. 9, 2005	a) All-terrain vehicles: -0.24% b) House car and utility trailers: +14.8% c) Motorcycles: -0.22% d) Snowmobiles: +0.37% a) All-terrain vehicles: +12.78% b) House car and utility trailers: -3.34% c) Motorcycles: -0.6% d) Snowmobiles: -0.1%
Ascentus Insurance Ltd.	Private passenger	1) April 11, 2005 2) Sept. 27-28, 2005	No change -3.8%
	Commercial		
	Miscellaneous		
Aviva Insurance Company of Canada	Private passenger	Sept. 27-28, 2005	-4.5%
	Commercial	Nov. 9, 2005	+2.0%
	Miscellaneous	Nov. 9, 2005	a) Interurban trucks: 0.0%
AXA Insurance (Canada)	Private passenger	1) Aug. 8, 2005 2) Sept. 27-28, 2005	-0.7% -8.8%
	Commercial		
	Miscellaneous		
CAA Insurance Company (Ontario)	Private passenger	Sept. 27-28, 2005	-15.0%
	Commercial		
	Miscellaneous		
(The) Citadel General Assurance Company	Private passenger	Sept. 27-28, 2005	-17.95%
	Commercial	Nov. 9, 2005	+2.74%
	Miscellaneous		
Co-operators General Insurance Company	Private passenger	Sept. 27-28, 2005	-9.3%
	Commercial	Nov. 9, 2005	-2.1%
	Miscellaneous	Nov. 9, 2005	a) Off-road vehicles: +2.3% b) Motorcycles: -0.4% c) Snow vehicles: +13.9%
Coseco Insurance Company	Private passenger	1) April 11, 2005 2) Sept. 27-28, 2005	-0.3% -25.4%
	Commercial		
	Miscellaneous	Nov. 9, 2005	a) All-terrain vehicles: 0.0% b) Camping trailers: 0.0% c) Mopeds: 0.0% d) Motorcycles: 0.0% e) Motorhomes: -27.9% f) Snow vehicles: 0.0% g) Trailer caps: 0.0% h) Utility trailers: 0.0%

Cumis General Insurance Company	Private passenger	1) April 25, 2005 2) Sept. 27-28, 2005	+0.3% -21.37%
	Commercial		
	Miscellaneous	Nov. 9, 2005	a) Snow vehicles: -51.3% b) Trailers and campers: +435.1%
The Dominion of Canada General Insurance Company	Private passenger	Sept. 27-28, 2005	-13.6%
	Commercial		
	Miscellaneous	Feb. 21, 2005	a) All-terrain vehicles: 0.0% b) Antiques: 0.0% c) Motorcycles: 0.0% d) Motorhomes: 0.0% e) Snow vehicles: 0.0% f) Trailers: 0.0%
Echelon General Insurance Company	Private passenger	Sept. 27-28, 2005	-18.28%
	Commercial		
	Miscellaneous		
Economical Mutual Insurance Company	Private passenger	1) March 31, 2005 2) April 25, 2005 3) Sept. 27-28, 2005	-10.4% -0.1% -4.9%
	Commercial	Nov. 9, 2005	0.0%
	Miscellaneous	1) April 11, 2005 2) Nov. 9, 2005	a) All-terrain vehicles: +0.2% b) Antiques and classics: -0.1% c) Mopeds: +1.4% d) Motorcycles: 0.0% e) Motorhomes: -0.3% f) Personal trailers: +2.6% g) Snowmobiles: 0.0% a) All-terrain vehicles: 0.0% b) Antiques and classics: 0.0% c) Mopeds: 0.0% d) Motorcycles: 0.0% e) Motorhomes: 0.0% f) Personal trailers: 0.0% g) Snow vehicles: 0.0%
Elite Insurance Company	Private passenger	Sept. 27-28, 2005	-2.8%
	Commercial		
	Miscellaneous	Nov. 9, 2005	a) Antiques and classic vehicles: 0.0% b) Motorhomes: 0.0% c) Trailers attached to antique or classic vehicles: 0.0% d) Trailers attached to motorhomes: 0.0%
Facility Association	Private passenger	Nov. 9, 2005	-5.0%
	Commercial	Dec. 8, 2005	+13.8%
	Miscellaneous		
Federated Insurance Company of Canada	Private passenger	Sept. 27-28, 2005	-7.26%
	Commercial	Nov. 9, 2005	-0.1%
	Miscellaneous	Nov. 9, 2005	a) All-terrain vehicles: 0.0% b) Motorhomes: 0.0% c) Snowmobiles: 0.0% d) Trailers: 0.0%

Federation Insurance Company of Canada	Private passenger	1) March 31, 2005 2) April 25, 2005 3) Sept. 27-28, 2005	-11.5% -3.0% -5.3%
	Commercial	1) Feb. 21, 2005 2) Nov. 9, 2005	+4.3% 0.0%
	Miscellaneous	1) April 11, 2005 2) Nov. 9, 2005	a) All-terrain vehicles: +0.9% b) Antiques and classics: -1.3% c) Mopeds: +3.3% d) Motorcycles: 0.0% e) Motorhomes: +1.7% f) Personal trailers: +7.1% g) Snowmobiles: +0.1% a) All-terrain vehicles: 0.0% b) Antiques and classics: 0.0% c) Mopeds / motorcycles: 0.0% d) Motorhomes: 0.0% e) Personal trailers: 0.0% f) Snow vehicles: 0.0%
IAO Actuarial Consulting Services Inc.	Private passenger	Sept. 27-28, 2005	-12.84%
	Commercial	Sept. 27-28, 2005	-6.24%
	Miscellaneous		
ING Insurance Company of Canada	Private passenger	Sept. 27-28, 2005	-7.1%
	Commercial	Nov. 9, 2005	-7.0%
	Miscellaneous	Nov. 9, 2005	a) All-terrain vehicles: 0.0% b) Ambulances: 0.0% c) Antique and classic vehicles: 0.0% d) Interurban: 0.0% e) Mopeds/motorcycles: 0.0% f) Motorhomes: 0.0% g) Private buses: 0.0% h) School buses: 0.0% i) Snow vehicles: 0.0% j) Taxis: 0.0% k) Trailers and campers: 0.0%
ING Novex Insurance Company of Canada	Private passenger	Sept. 27-28, 2005	-6.4%
	Commercial		
	Miscellaneous	Nov. 9, 2005	a) All-terrain vehicles: 0.0% b) Antique and classic vehicles: 0.0% c) Mopeds/motorcycles: 0.0% d) Motorhomes: 0.0% e) Snow vehicles: 0.0%
Insurance Company of Prince Edward Island	Private passenger		
	Commercial	1) July 14, 2005 2) Nov. 9, 2005	-4.87% -4.87%
	Miscellaneous		
Kingsway General Insurance Company	Private passenger		
	Commercial		
	Miscellaneous	Dec. 8, 2005	a) Motorcycles: New first-time rates.
Lombard General Insurance Company of Canada	Private passenger	Sept. 27-28, 2005	-5.1%
	Commercial	1) Feb. 21, 2005 2) Nov. 9, 2005	+0.2% +2.44%
	Miscellaneous	Feb. 21, 2005	a) Interurban: -7.7% b) Motorhomes: -8.1% c) Public vehicles: +35.5%

Lombard Insurance Company	Private passenger	Sept. 27-28, 2005	-4.8%
	Commercial	Feb. 21, 2005	0.0%
	Miscellaneous	Feb. 21, 2005	a) Interurban: 0.0% b) Motorhomes: 0.0% c) Public vehicles: 0.0%
Markel Insurance Company of Canada	Private passenger		
	Commercial	Nov. 9, 2005	-0.3%
	Miscellaneous	Nov. 9, 2005	a) Interurban trucks: -1.3% b) Trailers and campers: -6.1%
Pafco Insurance Company	Private passenger	Sept. 27-28, 2005	-2.63%
	Commercial		
	Miscellaneous		
Pembridge Insurance Company	Private passenger	Sept. 27-28, 2005	0.0%
	Commercial		
	Miscellaneous	1) Feb. 21, 2005 2) Nov. 9, 2005	a) House car and utility trailers +124.96% b) Snowmobiles: -0.32% a) All-terrain vehicles: -20.6% b) Motorcycles: -0.5% c) Snowmobiles: -1.17% d) Trailers: -23.1%
The Personal Insurance Company	Private passenger	Sept. 27-28, 2005	-8.7%
	Commercial		
	Miscellaneous	Nov. 9, 2005	a) All-terrain vehicles: 0.0% b) Mopeds: 0.0% c) Motorcycles: 0.0% d) Motorhomes: 0.0% e) Snow vehicles: 0.0% f) Trailers: 0.0%
Perth Insurance Company	Private passenger	1) April 25, 2005 2) Sept. 27-28, 2005	-0.9% -3.2%
	Commercial		
	Miscellaneous	1) April 11, 2005 2) Nov. 9, 2005	a) All-terrain vehicles: +0.2% b) Antiques and classics: -0.1% c) Mopeds: +1.4% d) Motorcycles: 0.0% e) Motorhomes: -0.3% f) Personal trailers: +2.6% g) Snowmobiles: 0.0%
The Portage la Prairie Mutual Insurance Company	Private passenger	Sept. 27-28, 2005	-5.8%
	Commercial		
	Miscellaneous	Nov. 9, 2005	+3.7%
Primum Insurance Company	Private passenger	Sept. 27-28, 2005	-6.50%
	Commercial		
	Miscellaneous	Nov. 9, 2005	a) All-terrain vehicles: +15.0% b) Motorcycles: 0.0% d) Motorhomes: 0.0% e) Snow vehicles: +14.0% f) Trailer and camper units: 0.0%

RBC General Insurance Company	Private passenger	Sept. 27-28, 2005	-14.16%
	Commercial		
	Miscellaneous	Nov. 9, 2005	a) All-terrain vehicles: +20.27% b) Motorcycles/mopeds: +0.1% d) Motorhomes: +5.9% e) Snow vehicles: +19.61% f) Trailer and camper units: 0.0%
Royal & Sun Alliance Insurance Company of Canada	Private passenger	Sept. 27-28, 2005	-3.0%
	Commercial	1) April 25, 2005 2) Nov. 9, 2005	-3.6% -7.6%
	Miscellaneous	Nov. 9, 2005	a) Interurban trucks: 0.0%
Scottish & York Insurance Company Limited	Private passenger	Sept. 27-28, 2005	-4.5%
	Commercial		
	Miscellaneous		
Security National Insurance Company	Private passenger	Sept. 27-28, 2005	-12.0%
	Commercial		
	Miscellaneous	Nov. 9, 2005	a) All-terrain vehicles: +12.0% b) Motorcycles: +0.1% c) Snow vehicles: +15.0% d) Trailer and camper units: 0.0%
State Farm Mutual Automobile Insurance Company	Private passenger	Plan A: 1) Sept. 27-28, 2005 2) June 1, 2005	-6.7% Increase multiple-line discount for qualified homeowners and farm/ranch owners to 14%
		April 11, 2005	-1.8%
		Plan B: Sept. 27-28, 2005 June 1, 2005	-3.1% Increase multiple-line discount for qualified homeowners and farm/ranch owners to 14%
	Commercial	April 11, 2005	-1.5%
		Plan A: 1) Feb. 21, 2005 2) Nov. 9, 2005	+0.1% -0.3%
	Miscellaneous	Plan B: 1) Feb. 21, 2005 2) Nov. 9, 2005	+2.3% +0.6%
Plan A: Feb. 21, 2005		a) All-terrain vehicles: +0.5% b) Antiques and classics: -2.2% c) Dune buggies: 0.0% d) Farm-type tractors: +0.1% e) Golfmobiles: -0.2% f) Mini bikes: -0.1% g) Motorcycles: -0.8% h) Motorhomes: -0.2% i) School bus: +0.4% j) Snowmobiles: +0.1% k) Trail bikes: +0.1%	
	Plan B: Feb. 21, 2005	a) All-terrain vehicles: +0.4% b) Antiques and classics: -0.7% c) Dune buggies: 0.0% d) Farm-type tractors: +2.3% e) Golfmobiles: 0.0% f) Mini bikes: 0.0% g) Motorcycles: -1.1% h) Motorhomes: -0.2% i) Snowmobiles: -0.3% j) Trail bikes: +0.7%	

TD Home and Auto Insurance Company	Private passenger	Sept. 27-28, 2005	-6.5%
	Commercial		
	Miscellaneous	Nov. 9, 2005	a) All-terrain vehicles: 0.0% b) Motorcycles: +0.1% c) Snow vehicles: 0.0% d) Trailer and camper units: 0.0%
Tokio Marine & Nichido Fire Insurance Co. Ltd.	Private passenger	Sept. 27-28, 2005	-5.1%
	Commercial	1) Feb. 21, 2005 2) Nov. 9, 2005	0.0% +2.44%
	Miscellaneous	Feb. 21, 2005	a) Interurban: 0.0% b) Motorhomes: -8.1% c) Public vehicles: 0.0%
Traders General Insurance Company	Private passenger	Sept. 27-28, 2005	-4.6%
	Commercial		
	Miscellaneous		
Trafalgar Insurance Company of Canada	Private passenger	1) March 31, 2005 2) Sept. 27-28, 2005	-3.4% -7.8%
	Commercial		
	Miscellaneous	1) March 31, 2005 2) Sept. 27-28, 2005	a) All-terrain vehicles: +0.3% b) Motorcycles: -0.4% c) Motorhomes: +6.2% d) Snowmobiles: 0.0% e) Trailers: 0.0% a) All-terrain vehicles: 0.0% b) Antiques and classic vehicles: 0.0% b) Mopeds/motorcycles: 0.0% c) Motorhomes: 0.0% d) Snow vehicles: 0.0% e) Trailers and campers: 0.0%
Unifund Assurance Company	Private passenger	1) Feb. 21, 2005 2) Nov. 9, 2005	0.0% -5.8%
	Commercial		
	Miscellaneous		
United General Insurance Corporation	Private passenger	1) June 23, 2005 2) Nov. 9, 2005	-24.6% -5.8%
	Commercial	Nov. 9, 2005	-5.7%
	Miscellaneous	Nov. 9, 2005	a) All-terrain vehicles: 0.0% b) Motorcycles: 0.0% c) Snowmobiles: 0.0%
Waterloo Insurance Company	Private passenger	1) April 25, 2005 2) Sept. 27-28, 2005	-0.1% -4.0%
	Commercial		
	Miscellaneous	1) April 11, 2005 2) Nov. 9, 2005	a) All-terrain vehicles: +0.2% b) Antiques and classics: 0.0% c) Motorcycles: -1.5% d) Motorhomes: 0.0% e) Personal trailers: +7.8% f) Snowmobiles: 0.0% a) All-terrain vehicles: 0.0% b) Antiques and classics: 0.0% c) Motorcycles: 0.0% d) Motorhomes: 0.0% e) Personal trailers: +7.8% f) Snowmobiles: 0.0%

The Wawanesa Mutual Insurance Company	Private passenger	1) April 25, 2005 2) Sept. 27-28, 2005	+1.73 -6.46%
	Commercial	Nov. 9, 2005	+6.7%
	Miscellaneous	1) July 14, 2005 2) Nov. 9, 2005	a) Motorcycles: -6.7% a) All-terrain vehicles: +9.15% b) Motorcycles: +7.51% c) Snowmobiles: +2.72% d) Trailers: +8.51%
Zenith Insurance Company	Private passenger	1) Aug. 8, 2005 2) Sept. 27-28, 2005	-4.7% 0.0%
	Commercial		
	Miscellaneous	Feb. 21, 2005	a) Motorhomes: -4.2%

Please note: The full text and conditions of each decision can be found on the New Brunswick Insurance Board's website at www.nbib-canb.org.

Appendix B

New Brunswick Insurance Board
2004-2005 Fiscal Year Audited Financial Statements
(up to March 31, 2005)

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AUDITOR'S REPORT

To the members of New Brunswick Insurance Board:

I have audited the statement of financial position of the New Brunswick Insurance Board as at March 31, 2005 and the statements of operations and surplus and cash flows for the period then ended. These financial statements are the responsibility of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board, as well as, evaluating the overall financial statement presentation.

In my opinion these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2005 and the results of its operations for the period then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountant

Saint John, NB
June 20, 2005

**New Brunswick Insurance Board
Statement of Financial Position
For the period ended March 31, 2005**

2005

Assets

Current:

Cash in bank	\$1,020,189
Scotiabank GIC's (1-year cashable; 2.5%)	600,000
Accounts receivable	5,376
Harmonized sales tax recoverable	45,193
Prepaid expenses	1,800
	<u>1,672,558</u>

Capital assets (note 3)

	129,007
Less: accumulated amortization	(24,242)
	<u>104,765</u>
	<u>\$1,777,323</u>

Liabilities

Current:

Accounts payable and accrued liabilities	\$52,429
Employee deductions payable	17,542
Province of NB loan payable(note 4)	500,000
Capital lease obligation - current portion(note 5)	6,076
Deferred assessments	1,190,187
	<u>1,766,234</u>

Long-term:

Capital lease obligation(note 5)	<u>11,089</u>
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Surplus

	-
	<u>\$1,777,323</u>

Commitment (note 6)

Approved by the board:



Chairperson



Vice-chairperson

New Brunswick Insurance Board
Statement of Operations and Surplus
For the period October 1, 2004 to March 31, 2005

2005

Receipts

Assessments	\$617,710
Interest income	2,671
	<u>620,381</u>

Disbursements

Wages and benefits	208,040
Interest and bank charges	1,050
Travel	28,544
Advertising	5,501
Per diems	24,750
Stipends	22,500
Actuarial services	231,969
Rent	26,900
Amortization expense	24,242
Office expenses	2,529
Professional services	22,525
Training	5,974
Architectural	5,029
Telephone	4,356
Rentals	5,973
Memberships	370
Miscellaneous	129
	<u>620,381</u>
Excess of receipts over disbursements, being surplus at end of year	<u>\$NIL</u>

New Brunswick Insurance Board
Statement of Cash Flows
For the period October 1, 2004 to March 31, 2005

2005

Cash provided by (used in):

Operations

Excess of receipts over disbursements	\$NIL
Item not involving an outlay of cash	
Amortization expense	<u>24,242</u>
	24,242
Decrease (increase) in accounts receivable	(5,376)
Decrease (increase) in HST recoverable	(45,193)
Increase (decrease) in prepaid expenses	(1,800)
Increase (decrease) in accounts payable	52,429
Increase (decrease) in employee deductions payable	17,542
Increase (decrease) in capital lease obligation	17,165
Increase (decrease) in loan payable	500,000
Increase (decrease) in deferred revenue	<u>1,190,187</u>
	<u>1,749,196</u>

Investing

Purchase of capital assets	(129,007)
Purchase of Scotiabank GIC's	<u>(600,000)</u>
	<u>(729,007)</u>

Increase in cash during the year, being cash at end of year	<u>\$1,020,189</u>
Interest paid during the year	<u>\$851</u>

See accompanying notes to financial statements

New Brunswick Insurance Board
Notes to Financial Statements
For the period October 1, 2004 to March 31, 2005

1. Purpose of the organization

Effective October 15, 2004, the New Brunswick Insurance Board commenced regulatory responsibility for automobile insurers in New Brunswick. Board operations began October 1, 2004.

The Board is exempt from income tax under Section 149(1)(d) of the Canadian Income Tax Act.

2. Significant Accounting Policies

(a) Method of accounting:

The corporation follows the deferral method of accounting for receipts. Restricted receipts are recognized as revenue in the year in which the related expenses are incurred. Unrestricted receipts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(b) Capital assets:

Capital assets are recorded at cost. Amortization is calculated on a straight-line basis over 5 years on all assets except for equipment under capital lease. The equipment under capital lease is amortized on an annual basis at an amount equal to the principal portion of the long-term debt repayments.

3. Capital assets

		2005	
	Cost	Accumulated Amortization	Net book Value
Computer equipment	\$44,922	\$8,984	\$35,938
Computer software	1,030	206	824
Equipment under capital lease	19,508	2,342	17,166
Vehicles	22,043	4,409	17,634
Furniture and fixtures	41,504	8,301	33,203
	<u>\$129,007</u>	<u>\$24,242</u>	<u>\$104,765</u>

4. Province of NB loan payable

The Board received a working-capital loan from the Province of New Brunswick. The loan is unsecured bearing no interest and must be repaid by June 1, 2005. Subsequent to year end, the loan was fully repaid.

5. Obligation under capital lease

The following is a schedule of future minimum lease payments under the capital lease, expiring October 2007, together with the balance of the obligation.

2006	\$7,664
2007	7,664
2008	4,471
	<u>19,799</u>
Less: amount representing interest at a rate of 11.002%	(2,634)
Balance of obligation	17,165
Less: current portion	(6,076)
	<u>\$11,089</u>

New Brunswick Insurance Board
Notes to Financial Statements
For the period October 1, 2004 to March 31, 2005

6. Future employee benefits

Pension Plan:

The Board and its employees participate in a contributory defined benefit pension plan, administered by the Province of New Brunswick and the Public Service Superannuation Act. The plan provides pensions to employees of the Provincial Government and certain Crown Corporations and agencies based on the length of service and highest successive five year average salary. The expense for this pension plan is equivalent to the annual contribution of \$9,051. Any shortfall in the funding of the plan is guaranteed by the Province of New Brunswick, which is the sponsor of the plan.

7. Commitment

The Board has negotiated an operating lease of its office premises for a period of 5 years commencing January 1, 2005. Minimum annual payments under the lease total approximately \$100,000.

8. Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires the Board to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty.