

New Brunswick Regulation 2013-37 *Injury Regulation - Insurance Act* NBIB Guidance to Industry - October 2013

In response to the NBIB Decision, dated October 17, 2013, with respect to the public hearing convened to consider the expected impacts of amendments to the *Injury Regulation - Insurance Act* (also known as the minor injury regulation (MIR)) by the Government of New Brunswick (www.qnb.ca/0062/acts/BBR-2013/2013-37.pdf), the New Brunswick Insurance Board (NBIB) is providing the following guidance to insurers:

- 1) The NBIB Decision recognizes that the MIR amendments may ultimately result in changes to experience for frequency and severity of claims (i.e. loss costs) after they became effective on July 1, 2013.
- 2) The NBIB Decision recognizes that the ultimate upward impact on bodily injury loss costs will probably be in a range between 20% - 31.3%. However, the timing of the ultimate impact is highly uncertain and that the effect on claims experience is likely to evolve over time as the impact of the amendments becomes clear.
- 3) Therefore, with respect to rate applications to be made to the Board in 2013 for rates effective beginning in 2014, insurers will not be permitted to include conversion factors or trends that are developed expressly for the purpose of estimating the impact of the amendments to the MIR applicable for those rates.
- 4) Beginning in 2014, rate applications submitted for rates effective beginning in 2015 and beyond will be permitted to include conversion factors and trends for the impact of the amendments to the MIR applicable for those rates. These conversion factors and trends will have to be justified on a case-by-case basis by the insurer submitting the rate application. The conversion factors and trends will have to be based on available data from the post-reform period.
- 5) The Board reserves the right to issue standardized conversion factors and trends in 2014 for rates effective beginning in 2015 and beyond at its discretion.
- 6) The Board anticipates that insurers will utilize conversion factors and trends for a period of up to five years after which time virtually all of the impact of the amendments to the MIR should be reflected in industry data and in company data.
- 7) These guidelines will be incorporated in the NBIB filing guidelines which are available on the NBIB website. www.nbib-canb.org

Please contact the Board if you have any questions or require further clarification.

Kevin Duff, Secretary to the Board
kevin.duff@nbib-canb.org
(506) 643-7713

Kelly Ferris, Manager of Insurance Services
kelly.ferris@nbib-canb.org
(506) 643-7711