



**ANNUAL
REPORT**



New Brunswick
INSURANCE
Board

2018

March 1, 2019

Minister of Finance
Province of New Brunswick
P.O. Box 6000
Fredericton, NB
E3B 5H1

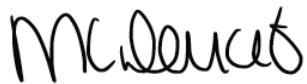
Attention: Honorable Ernie Steeves

Dear Minister Steeves;

Re: 2018 Annual Report

On behalf of the Members of the New Brunswick Insurance Board and pursuant to section 19.9 of the *Insurance Act*, I am pleased to submit our Annual Report for the 2018 calendar year. The report contains an overview of our activities for the year, as well as our audited financial statements for the 2017-2018 fiscal year ending March 31, 2018.

Respectfully submitted,



Marie-Claude Doucet

Chair & CEO
New Brunswick Insurance Board

Table of Contents

Message from the Chair	1
The Board	4
Mission	
Board Governance	
Members	
Organizational Chart	
Accountability	
Board Involvements	
Rate Review Process	8
2018 Market Summary	
2018 Rate Applications	
Hearings	
External Consultants	
New Brunswick Market	13
Territories	
Private Passenger Vehicles	
Insurance Company Groups	
Facility Association	
IAO Actuarial Consulting Services AON	
Reed Stenhouse Inc	
Understanding Insurance Rates	18
Insurance	
Insurance Premiums	
Premium Rating Factors	
New Brunswick Auto Insurance Coverages	
Autonomous Vehicles	23
Appendix A – Filings Reviewed in 2018	24
Filing guidelines	
Private Passenger Vehicles	
Commercial and Interurban Vehicles	
Miscellaneous Vehicles	
Non-Rate Filings	
Appendix B – Audited Financial Statements	33



New Brunswick
INSURANCE
Board

Reception:(506)643-7710
Toll Free:1-866-876-9666
Fax:(506)652-5011
Email:info@nbib-canb.org
Website:www.nbib-canb.org

Mercantile Centre
600-55 Union Street
Saint John, NB
E2L 5B7
Canada



Message from the Chair

I am pleased to submit the New Brunswick Insurance Board 2018 Annual Report, presenting its activities over the past year.

The Mandate of The Board

The New Brunswick Insurance Board (NBIB or the Board) is a quasi-judicial administrative tribunal that was created under the *Insurance Act* (the Act) in 2014 and operates at arm's length from government. The Board exercises its powers conferred by legislation of the general supervision of automobile insurance rates in our Province.

Pursuant to the Act, the NBIB is assigned with the important responsibility of ensuring that the premiums charged by automobile insurance companies conducting business within our province are just and reasonable. Over the past year, the Board has again been strongly committed to completing its mandate, through its multiple review and inquiry mechanisms.

Overview of 2018 and Outlook for 2019

Further to market developments over the past three years, it comes as no surprise that the automobile insurance industry in New Brunswick continues to experience significant upward pressure on rates. The deterioration in loss experience appears to be largely driven by the increasing claims costs for bodily injury (BI), accident benefits (AB) and direct compensation – property damage (DCPD). Increases in the cost to repair vehicles, largely due to the sophisticated technology in newer vehicles on the market, appears to be an important contributing factor in insurers experiencing increasing loss costs.

Over the past twelve months, the automobile insurance industry conducting business in our province has provided the Board with evidence of the necessity for rate increases ranging from 2.50% to 32.97%. Consequently, insurers can no longer hold the line on the increasing pressure on indicated rates. Nevertheless, most insurers continue to request rate increases well below their indication, largely due to the competitive automobile insurance environment in our Province.

Despite the current climate, we are proud to report that the drivers of New Brunswick continue to benefit from some of the lowest automobile insurance premiums in the country. Nevertheless, we recognize that automobile insurance rates affect all New Brunswick drivers and that premiums constitute an important expense for consumers. For this reason, we will continue to thoroughly investigate proposed rates through our rigorous review mechanisms and processes. The Board is committed to ensuring that the rates charged by insurers are just and reasonable. Sustainability, predictability and affordability will remain a point of focus for the Board.



Upcoming Challenges

A major challenge that all Canadian automobile insurance rate regulators, including the NBIB, are anticipating will arise in the very near future is the introduction of fully autonomous vehicles. The adoption of autonomous technology in vehicles, which will eventually allow vehicles to go from semi to fully autonomous and drive themselves, will forever change the automobile insurance market as we currently know it. Questions that notably will arise with this change are with respect to the potential liability issues (human error leading to insurance liability or manufacturer defects leading to product liability).

We can anticipate the issue of rising vehicle repair costs, which we are currently facing, is only going to escalate as more technology is developed and implemented into the automobile market. Another challenge that we will all face with the introduction of new technology such as lane assist, parking assist, self-braking vehicles, is that there may be a change in the human behavior of drivers operating autonomous vehicles.

We do not yet know what impact the introduction of fully autonomous vehicles will have on the automobile insurance product or on rate regulation, however the Board will closely monitor these developments and their influence on the market in the years to come.

Embracing Continuous Improvement

Improving Our Performance

As indicated in our previous Annual Report, the Board recognizes the potential areas of improvements in our rate review process. With the objective of eliminating inefficiencies and reducing the time required to process filings (from the time the Application is received to the time of approval or release of the decision), the Board undertook an evaluation of our rate review process. Part of this analysis entailed conferring with fellow rate regulators of other jurisdictions and various stakeholders involved in the rate application and review process, including members of the auto insurance industry, the Office of the Attorney General, the Consumer Advocate for Insurance, and our consulting actuaries.

Further to the evaluation of our rate review process, the Board was able to identify Key Performance Indicators (KPI) to adopt in order to allow us to more efficiently monitor and control our internal activities. We firmly believe that implementing identified KPIs will result in reducing the overall cycle time of our rate review process.

Furthermore, it was determined that the current information technology (IT) system used at the Board is nearing end of life. In light of this finding, the Board recently reached out to our counterparts from other provinces with the objective of determining whether there is an interest in the development of a common cross-jurisdictional IT system, which would notably allow companies to file rate applications electronically. We firmly believe that important efficiencies (financial and practical) could be reached by developing and implementing a standardized IT and filing system in multiple jurisdictions. Discussions will therefore be carried out in the upcoming months to determine the feasibility of this venture.

Continuing Education of Staff and Board Members

With an increasing number of hearings over the past couple of years, we undertook in 2017 the initiative of strengthening the training offered to our Board members and rate analysts in order to better equip them with a solid foundation in the actuarial principles involved in ratemaking and the rate review process.

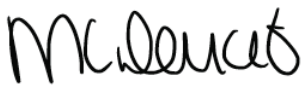
As indicated in our previous Annual Report, this project was deemed to be of major importance because of the requirement of our rate analysts and Board members to analyze and assess complex actuarial principals and concepts involved in ratemaking.

Our consulting actuaries at KPMG have assisted us in the development of high quality actuarial training material. We are pleased that our members were able to attend sessions in 2018 in which the modules were the key training component. Given the success of the sessions, the Board decided to extend the invitation to other Atlantic Provinces rate regulators to attend future training.

While the development of rate analyst specific training remains in progress, we anticipate and aim at being able to deliver staff training modules to our analysts in 2019.

Finally, I wish to point out that the continued achievements of the Board would not exist without the commitment of our Board Members and the hard work of our dedicated employees, which constitute the pillars of our organization. My sincere thanks go out to all of them.

Sincerely,



Marie-Claude Doucet
Chair & CEO
New Brunswick Insurance Board

Did you know?

The most recent available numbers show that there are nearly 500,252 private passenger vehicles insured in New Brunswick. Total insurance premiums paid for those vehicles was approximately \$402 million, making the average premium per vehicle around \$803.

Source: gisa.ca

The Board

The New Brunswick Insurance Board is a quasi-judicial administrative tribunal established through legislation by the Government of New Brunswick in 2004 as the regulatory agency tasked with overall supervision of automobile insurance rates in New Brunswick. The NBIB is an independent agency that operates at arm's length from government.

The *Insurance Act* requires that insurers file their proposed rates at least once every 12 months. All filings are reviewed to ensure the proposed rates are just and reasonable.

As of December 31, the Board was comprised of the Chair, Vice-chair and eight other members. In addition to the CEO, Marie-Claude Doucet, the Board currently employs seven employees.

Mission

The Board's mission is to regulate automobile insurance rates under the *Insurance Act* for all companies doing business in the Province of New Brunswick and to ensure procedural fairness to all parties appearing before the Board. The Board will ensure New Brunswick auto insurance rates are:

- Just and reasonable;
- and to the greatest extent possible, based on:
- New Brunswick driver experience
 - New Brunswick company experience
 - Comparison to other provinces in Atlantic Canada

Board Governance

The Chair is responsible for administering the *Insurance Act* as it relates to the Board and for the overall performance and management of the Board. The Chair is also the Chief Executive Officer (CEO) of the Board; therefore, the daily operation of the Board is under the leadership of the CEO.

Board members have the powers and privileges of a commissioner under the *Inquiries Act* and the Regulations under that *Act*. The Board may make rules governing its procedures and has full jurisdiction to investigate, hear and determine all matters on automobile insurance rate regulation, whether of law or fact.

The Board, when directed by the Chair to sit for any particular purpose or situation, may act as a full Board or as a panel of at least three members of the Board. Generally, the Board reviews rate applications as a panel and considers generic issues as a full Board.

Did you know?

19.2% of drivers think safety features can protect them from distracted driving.

Penalties for distracted driving are increasing in many provinces.

Source: tirf.ca

Members



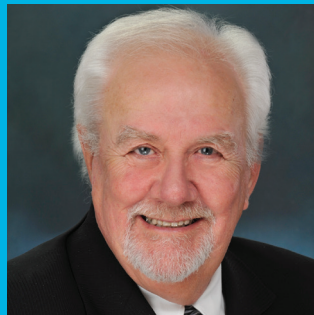
Marie-Claude Doucet
Chair
Dieppe
Appointed 2016



Brad Woodside
Vice-Chairman
Fredericton
Appointed 2016



Bernard Gautreau
Shediac
Appointed 2016



Jim Jessop
Miramichi
Reappointed 2017



Francine Kanhai
Saint-André
Reappointed 2018



Al Kavanaugh
Riverview
Reappointed 2016



Robert McSorley
Hanwell
Appointed 2017



Katherine Munro
Saint John
Reappointed 2018



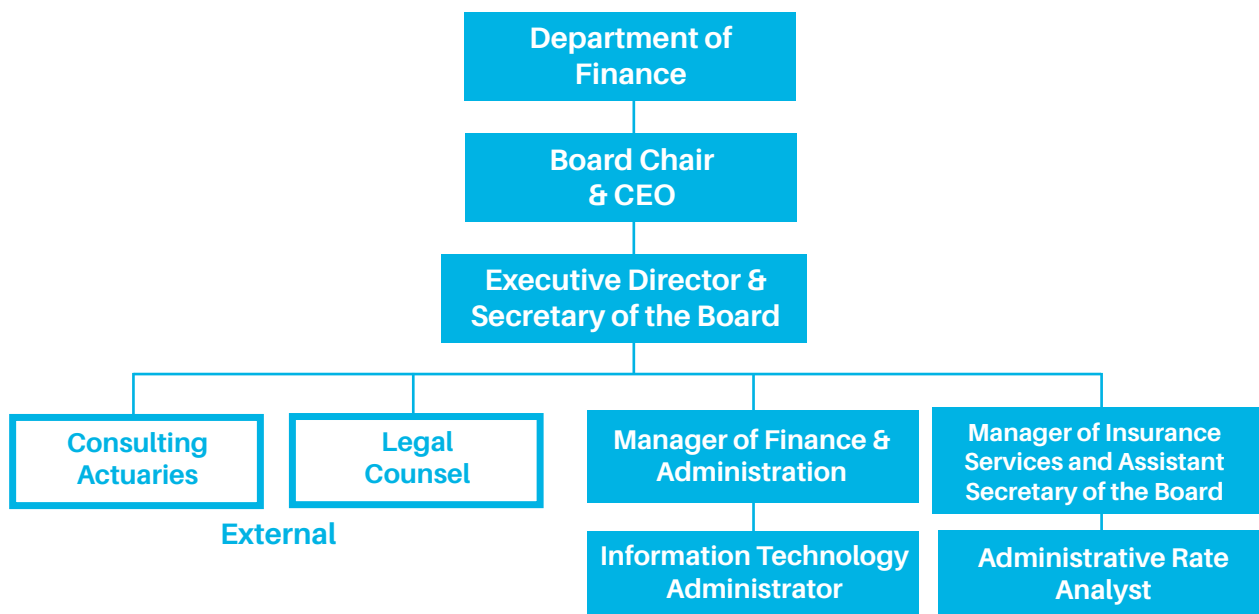
Heather Stephen
Saint John
Reappointed 2016



Elizabeth Turgeon
Fredericton
Appointed 2016

In 2018, terms for Board members Katherine Munro and Francine Kanhai were renewed and we are pleased that these experienced members will continue to serve over the next three years.

Organizational Chart



Accountability

By legislation, the NBIB is obligated to report its previous year's activities to the Minister of Finance by March 1st. This report highlights our activities and accomplishments of the 2018 calendar year. When requested, the Board also appears before the Standing Committee on Crown Corporations to report on its activities.

The Board publishes on NBIB's website its approvals and decisions in both official languages and continuously updates its content as required.

As legislated by the *Insurance Act*, the operating costs of the NBIB are covered by the insurance industry

through annual assessments. Audited financial statements are produced each year. The financial statements for the fiscal year ending March 31, 2018 are attached in Appendix B.

Board members participate in the review process conducted by the NBIB, as well as in Board meetings, training and conferences conducted throughout the year. In addition to its regular rate reviews, and orientation to new members, NBIB offered continuing development to the entire Board in 2018.

Board Involvements

Canadian Automobile Insurance Rate Regulators Association (CARR)

In September 2018, the 12th annual CARR conference was held in Calgary, AB. This year's conference included a one day symposium, a 'Mobility Summit', on the future of autonomous vehicles. The symposium included speakers from many countries with varied backgrounds including auto manufacturers, government regulators and the insurance industry. Nearly 150 delegates to the symposium heard about the promise and challenges of the future of autonomous vehicles.

During the regular portion of the conference, regulators from across Canada discussed the current challenges facing auto insurance regulators including trends toward higher rates flowing from increasing claims for injuries and physical damages. The regulators also were presented with an information session from the COO of Aurora Cannabis about the impending changes in cannabis usage laws. Aurora's COO is Allan Cleiren who is the immediate past chair of the Alberta Auto Insurance Rate Board.

The NBIB continues to play an active role in CARR. NBIB staff are involved on a number of the organizations committees and take an active part in staff training programs offered by CARR each spring. This year, the NBIB is encouraging CARR to undertake coordination of a national IT renewal project. This project will examine the feasibility of developing a national insurance rate filing platform to simplify the filing of rate applications and to allow more efficiency for rate review boards in the approval process.

Other Participations & Contributions

The NBIB, through the participation of the Chair, continues its membership in the Canadian Council of Administrative Tribunals. Participation in CCAT ensures that the NBIB continues to stay abreast of current trends in administrative law and procedures.

As mentioned in the Message from the Chair, the Board has developed training modules for its Board members. This year, training was also offered to the other Atlantic province organizations tasked with auto insurance rate regulation. Although the other jurisdictions were unable to participate this year, interest in holding joint training programs is high and should take place in future years.

Did you know?

The NBIB was a key founding member of CARR and hosted the original national conference in 2007. NB hosted the 9th national conference in 2015. CARR is truly national in scope. All provinces (except Saskatchewan) have now hosted a CARR conference. The 2019 conference is scheduled for Charlottetown, PE.

Rate Review Process



The Board reviews all rate applications for auto insurance annually.

The rate applications are reviewed by Board staff or by Board staff and the Board's consulting actuaries from Ernst & Young or KPMG. The rigorous review process involves discussions with the insurers to clarify processes, to question assumptions used to develop proposed rates and to ensure that the rate applications are prepared using sound actuarial practices and principles. Each review can be different depending on the type of application and its complexity. Usually the reviews examine and question the trends that are being used in the rate calculations, consider each insurer's actual experience compared to what had been previously projected and analyse the overall composition of each insurer's book of business (customer base).

The Board also reviews the filing to ensure that New Brunswick data has been used to the greatest extent possible, that the filing is consistent with prior filings, industry trends and that adequate support has been supplied for selected assumptions i.e. trends, complement of credibility. The Board has authority over any proposed changes by an insurer that will affect auto insurance rates.

After the initial review is completed, if the rate application does not trigger an automatic hearing by seeking to increase current rates by more than 3%, it is passed to a review panel. The review panel examines the final version of the rate application and makes a recommendation to the Chair as to whether the rate application requires further investigation or not.

If the rate application is recommended for further investigation, the Chair can order a hearing where the insurer will have to defend the rate application before another panel of the Board and any intervenors such as the Office of the Attorney General or the Consumer Advocate for Insurance.

The complete review and hearing process has been developed to allow the Board to decide if the

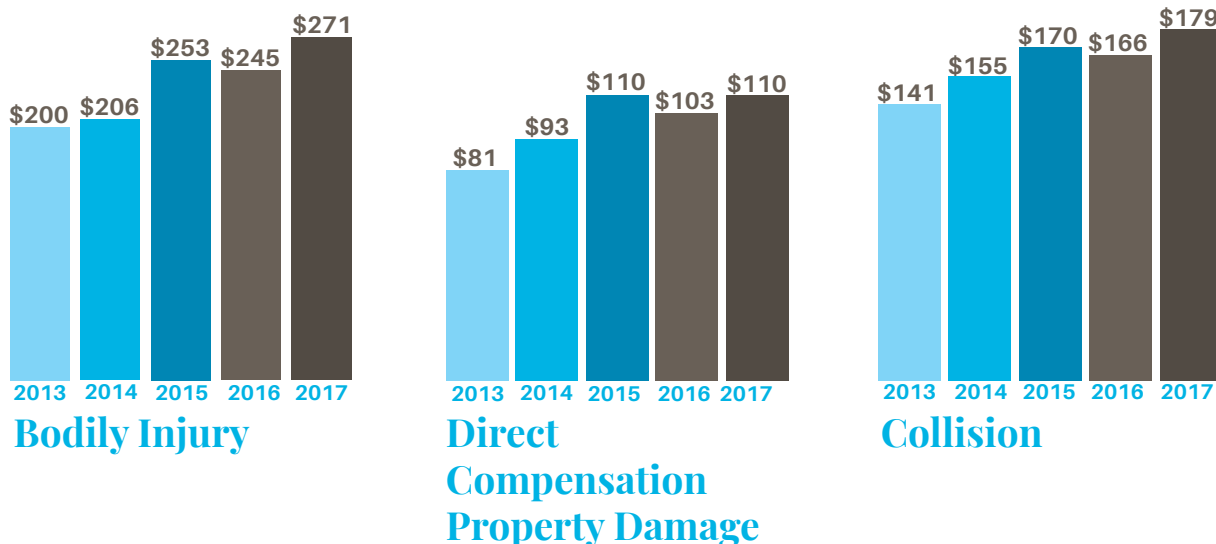
rates proposed in each rate application are just and reasonable. The review and hearing process will ultimately consider actual company information and projections, industry specific information and other general information about the current state of the insurance marketplace.

2018 Market Summary

2018 continued a trend of challenging years for private passenger auto insurance in New Brunswick. Claims costs continued to rise, as they have for the past few years. Overall, the auto insurance market in NB had loss ratios (claims as a percentage of premiums) of 94% in 2017 (the most recent year for which data is available) with the five year average rising to 84%. Loss ratios at this level are considered unsustainable in the long term and consequently many insurers have been forced to pass these increased costs to consumers by seeking higher premiums through the rate application process.

The reasons for the increase in claims costs are varied and not always well understood. Although there were changes in the *Injury Regulation* in July 2013 (changing the definition of what is a minor personal injury and increasing the maximum recoverable amount of non-pecuniary damages from \$2,500 to \$7,500 plus indexation), it was anticipated that most of the expected increase in claims costs associated with higher benefit levels would have been accounted for by 2017. Furthermore, there has been a somewhat more dramatic increase in vehicle repair costs over the past decade, in particular due to the rising prevalence of high technology sensors and equipment in newer vehicles.

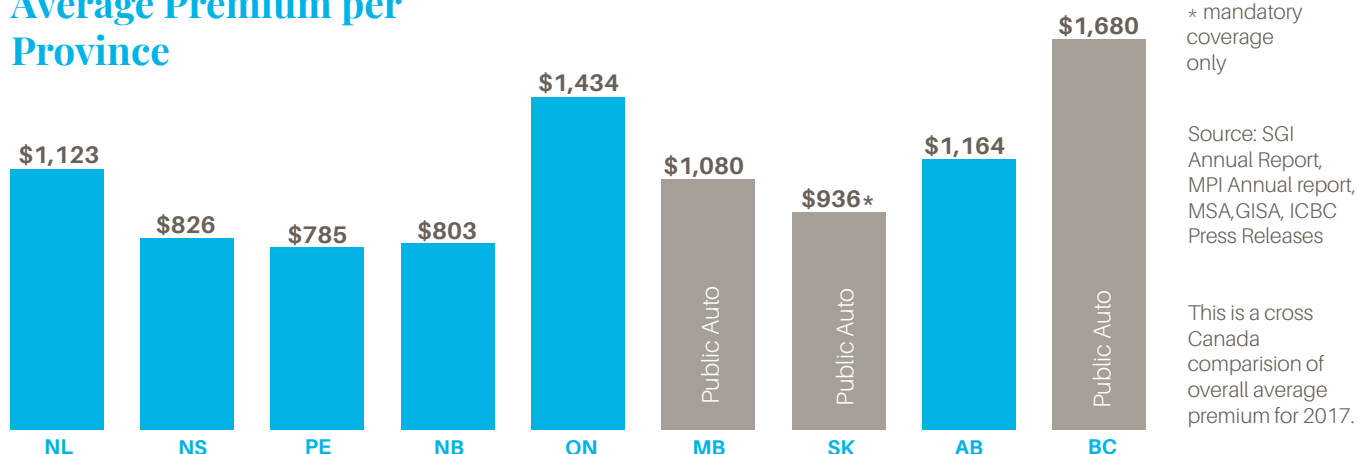
Conversely, although the cost of each claim seems to be getting higher, the number of claims being made in NB has been relatively constant for most coverage types over the past five years.



When the average cost of claims (severity) is combined with the average number of claims (frequency) the outcome is known as loss cost. As the chart above shows, the loss costs for many of the major insurance coverages have continued to increase over the past five years. Bodily injury claims costs have increased 36% over five years and 11% from 2016 to 2017. Direct compensation property damage claims costs have risen 36% over five years and 7% in the past year. Collision claims costs have gone up 27% during the past five years and 8% from 2016 to 2017.

Overall average claims costs have increased from \$542 in 2013 to \$753 in 2017, an increase of 39%. Whereas, over the same period, average premiums have increased from \$785 to \$803, an increase of only 2.3%. Clearly, these are the numbers which are driving insurers to seek higher premiums through the Board’s rate approval process.

Average Premium per Province



Although the available data indicates the need for higher average premiums in NB, in many cases insurers are trying to avoid or to moderate the impact by taking increases that are, in some cases, significantly below what objective analysis might expect. This is generally thought to be due to the healthy competitive nature of the NB auto insurance market. This trend allows consumers to benefit from lower insurance premiums in the short term but ultimately auto insurance premiums will have to rise to more appropriate levels in relation to loss costs.

2018 Rate Applications

In 2018, the Board received rate applications from companies, Facility Association (FA) and IAO Actuarial Consulting Services AON Reed Stenhouse Inc. (IAO) for private passenger vehicles and various types of commercial, interurban and miscellaneous vehicles as well as other non-rate filings (See Appendix A for more details).

The Board reviewed a total of 392 filings in 2018, which included:

- **47** private passenger vehicle rate filings
- **44** commercial and interurban vehicle rate filings
- **252** miscellaneous vehicle rate filings including, motorcycles, ATVs, snowmobiles, buses, taxis etc.
- **49** other filings including: updating rate group tables, proposed changes to endorsements, and proposed changes to rating rules.

Hearings

An insurer must appear before the Board when:

- a) It files for a rate change more than twice in a 12 month period, or
- b) Files rates where the average rate increase is more than 3% greater than the rates charged by it in the 12 months prior to the date on which it proposes to begin to charge the rates, or
- c) When the Board requires it to do so.

The Board will determine the format to hear any matter (i.e. oral, written or electronic).

The Board will make public its intent to hear a matter at least 20 days prior to a hearing. Included within this Notice are details for how to apply to become an intervenor.

The Board's oral hearings are open proceedings and any member of the public is welcome to attend.

Did you know?

Cannabis-impaired driving can result in injury or death for you, your passengers and others.

Cannabis:

- **impairs your judgement**
- **affects your ability to react**
- **increases your chances of being in a crash**

Mixing cannabis with alcohol increases your level of impairment and leads to an even greater risk of an accident.

Source: Canada.ca

2018 Hearings

Company	Class	Indication	Proposed	Approved
Aviva General Insurance Company	Private Passenger	15.80%	13.04%	13.04%
Dominion of Canada General Insurance Company, The	Private Passenger	32.43%	8.06%	8.06%
IAO Actuarial Consulting Services Inc.	Commercial	5.22%	4.92%	4.92%
Portage la Prairie Mutual Insurance Company, The	Commercial	37.90%	8.05%	8.05%
Wawanesa Mutual Insurance Company, The	Private Passenger	30.27%	11.69%	11.69%
Facility Association	Private Passenger	18.20%	18.20%	6.2%
Facility Association	Commercial	10.80%	10.80%	5.8%
Facility Association	Taxi	21.00%	21.00%	8.4%
Insurance Company of Prince Edward Island	Commercial	7.19%	7.19%	7.19%

Decisions resulting from hearings may be found on the Board's website at www.nbib-canb.org

External Consultants

Consulting Actuaries

Ernst & Young and KPMG provide a wealth of world-class talent and experience to the actuarial review process and have provided the NBIB with excellent advice and support since their appointment.

Ernst & Young

EY is a global leader in assurance, tax, transaction and advisory services. Worldwide, their 230,000 people are united by their shared values and an unwavering commitment to quality. EY make a difference by helping their people, their clients and their wider communities achieve their potential.

EY Canada employs approximately 4,600 people. Headquartered in Toronto, EY Canada has offices in 15 locations across the country: Vancouver, Calgary, Edmonton, Saskatoon, Winnipeg, London, Kitchener, Ottawa, Montréal, Québec City, Saint John, Moncton, Halifax, and St. John's.

EY's Insurance and Actuarial Advisory Services (IAAS) professionals provide leading practices and effective solutions to the insurance industry. IAAS is the third largest employer of actuaries in North America and

Did you know?

On average, a car is stolen every 7 minutes in Canada

Source: ibc.ca

comprises more than 200 actuarial professionals located in Toronto, New York, Boston, Chicago, Hartford, Atlanta, Dallas, Philadelphia, and Los Angeles. As part of EY Global, their actuarial professionals are able to leverage contacts and extensive resources anywhere in the world.

EY has a highly-respected P&C Actuarial practice in its Toronto office which comprises:

- 10 actuaries
- Actuaries who serve as the Appointed Actuary, Audit Actuary and Peer Reviewer to more than 20 companies in Canada
- Actuaries who have held management and executive positions inside the insurance industry

EY's actuarial practice is also able to offer a host of advisory services to help understand sources of value, key financial drivers, maximize the efficiency of capital allocation, and identify and manage exposure to risk. Some of these services include: actuarial operations, external reviews, transaction support and financial performance improvement. EY IAAS team provides actuarial services directly and indirectly (e.g. audit, tax, external review) to many property and casualty companies (including three of the top 10 P&C companies) in the Canadian insurance market.

KPMG

KPMG is a limited liability partnership providing services in audit, tax and advisory to private business, not-for profit, and public-sector organizations in Canada. In Canada, KPMG employs close to 6,000 people including 30 actuarial professionals. In the property and casualty (P&C) insurance industry, KPMG actuarial consultants assist insurance companies, regulators and other stakeholders with:

- Actuarial specialist support for rate regulators;
- Growth strategy consulting and pricing of P&C products, including preparation of automobile rate filings;

- Research assignments focusing on insurance and actuarial issues on behalf of government, insurance industry and actuarial organizations;
- Appointed actuary role including actuarial valuation and dynamic capital adequacy testing (DCAT);
- Actuarial audit support and peer review;
- Financial reporting including modelling of IFRS 17 impacts;
- Risk and capital management including ORSA; validation of economic capital models;
- Business opportunity valuation (including acquisitions), due diligence and integration issues; and
- Operational efficiencies (underwriting and claims) through data analytics.

KPMG's actuaries are actively involved in the actuarial community and has a team of six actuarial professionals currently serving NBIB.

Legal Counsel

Cathy Fawcett has served as legal counsel to the New Brunswick Insurance Board since 2012. She is a founding and co-managing partner of Godbout Fawcett, a boutique law firm in Saint John specializing in regulatory law, administrative law, health law and complex litigation. Godbout Fawcett's clients include a myriad of professional bodies, regulators and administrative tribunals seeking advice on legislation, discipline, practice and procedure and due process.

Ms. Fawcett's advice to the Board and its members commences with an introduction to Administrative Law for all newly appointed Board Members. Thereafter, she provides specific advice during rate hearings, particularly in relation to practice and procedure and due process for all stakeholders. In addition to hearings, Ms. Fawcett counsels the Board on broad issues surrounding administrative law and insurance law as those topics relate to the Board's legislative mandate.

Did you know?

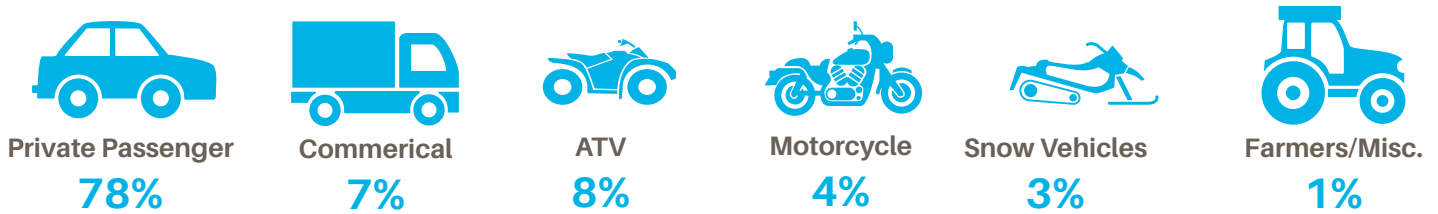
43% of Canadians stated that they do not know how long to wait before it is safe to drive once they have consumed cannabis

Source: ibc.ca

New Brunswick Market

Based on General Insurance Statistical Agency (GISA) data, the breakdown of the types of vehicles in the New Brunswick automobile insurance market in 2017, the most recent year for which data is available, is as follows:

Source: GISA AUTO1010-ATL and Auto 1101 ATL

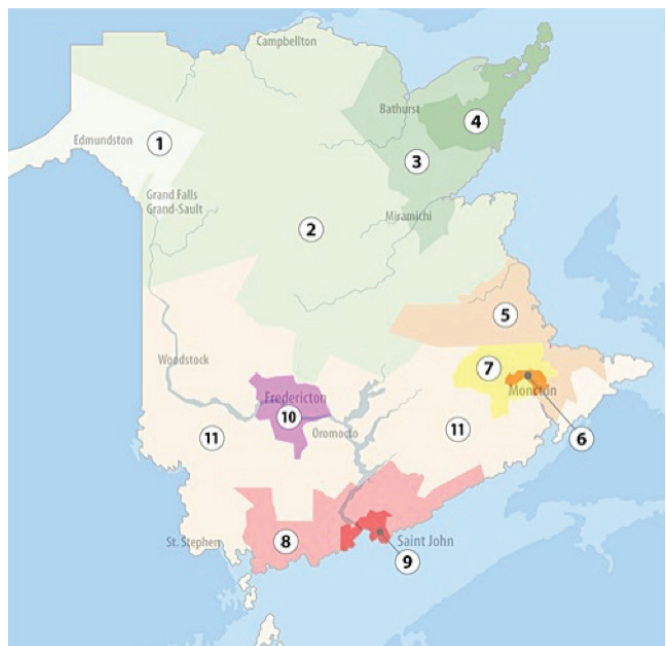
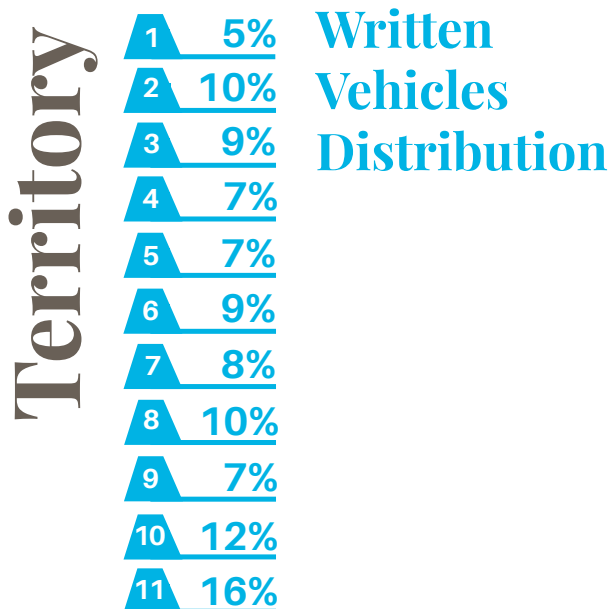


Territories

The New Brunswick government introduced an eleven territory statistical rating system effective 2008. The revised territories were created based on relevant factors such as traffic patterns and vehicle density, terrain, road conditions, speed limits, crime rates and weather conditions.

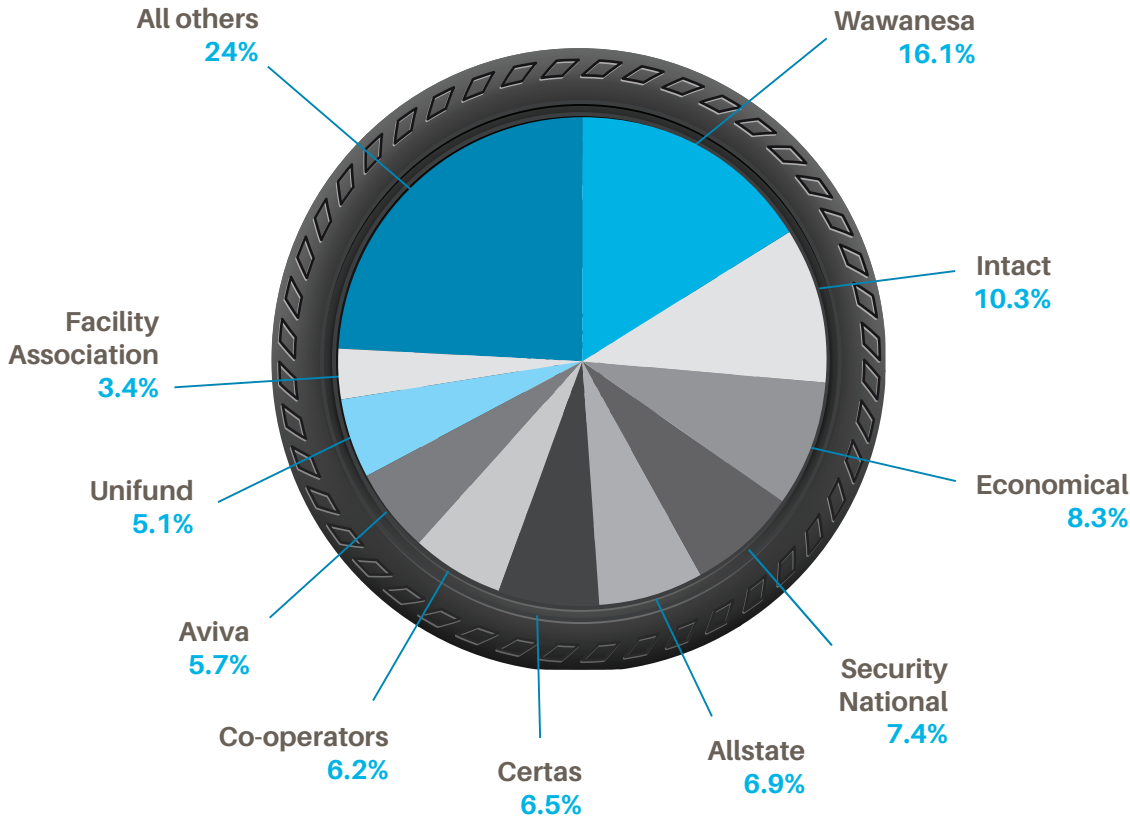
The territories are divided based on Forward Sorting Area (FSA) codes, which are the first three characters of a postal code. A list of FSAs by territory is available on the Board's website.

Based on GISA 2017 NB private passenger automobile data, the table below illustrates how vehicle exposures are distributed throughout the eleven statistical territories within the province. The four territories in northern New Brunswick (1-4) represent 31% of vehicle exposures. The seven territories (5-11) within southern New Brunswick represent 69% of vehicle exposures.

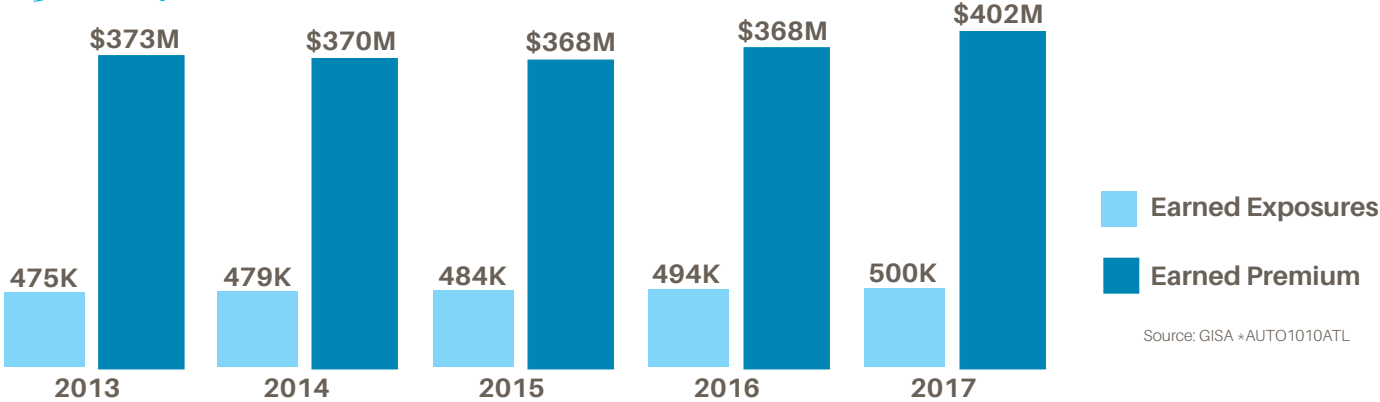


Private Passenger Vehicles

There are 48 insurance companies within the private passenger market in New Brunswick. Based on the information contained within the 2018 rate filings submitted to the NBIB, the standard market share breaks down as follows:



NB Private Passengers Written Vehicles and Premiums 2013-2017



In reviewing the data, from 2012 -2015 there has been an increase in the number of vehicles (exposures) insured yet a decrease in the amount of premium collected by the insurance company (insurer). This was due to the fact that rates were decreasing year over year. There was a change to this pattern in 2016; more vehicles were insured however more premium was also collected by the insurers. The graph above helps illustrate this information.

Insurance Company Groups

Allstate Group

Allstate Insurance Company of Canada
Pembroke Insurance Company
Pafco Insurance Company

Aviva Group

Aviva Insurance Company of Canada
Aviva General Insurance Company
Elite Insurance Company
Scottish & York Insurance Company Limited
S&Y Insurance Company
Traders General Insurance Company

Co-operators Group

Co-operators General Insurance Company
COSECO Insurance Company
CUMIS General Insurance Company
Sovereign General Insurance Company (The)

Desjardins Group

Certas Home and Auto Insurance Company
Personal Insurance Company (The)

Economical Group

Economical Mutual Insurance Company
Sonnet Insurance Company

Intact Group

Intact Insurance Company
Trafalgar Insurance Company of Canada

Northbridge Group

Federated Insurance Company of Canada
Northbridge General Insurance Company
Northbridge Personal Insurance Corporation
Tokio Marine & Nichido Fire Insurance Co., Ltd.
Verasure Insurance Company
Zenith Insurance Company

Royal and Sun Alliance Group

Royal and Sun Alliance Insurance Company of Canada
Unifund Assurance Company

TD Group

TD Home and Auto Insurance Company
Primum Insurance Company
Security National Insurance Company

Companies That are Not Part of a Group

Ace INA Insurance
AIG Insurance Company of Canada
Arch Insurance Canada Ltd.
CAA Insurance Company
Chubb Insurance Company
Continental Casualty Company
Dominion of Canada General Insurance Company (The)
Echelon General Insurance Company
Facility Association
Guarantee Company of North America (The)
Hartford Fire Insurance Company
Insurance Company of Prince Edward Island
Liberty Mutual Insurance Company
Lloyds Underwriters
Portage la Prairie Mutual Insurance Company (The)
Promutuel de l'Estuaire
Protective Insurance Company
United General Insurance Corporation
Wawanesa Mutual Insurance Company (The)
XL Insurance Company

Did you know?

Impairment can last for more than 24 hours after cannabis use, well after other effects may have faded.

The time it takes for the effects of cannabis to wear off depends on: how much and how often you have consumed it and whether it was smoked or ingested.

Source: Canada.ca

Facility Association

The Facility Association (FA) is an unincorporated non-profit organization of all automobile insurance providers operating in several provinces including New Brunswick. Provincial legislation requires all automobile insurers to be a member of FA. Facility Association does not issue insurance policies, but administers the automobile insurance residual market, and works with insurance companies.

FA's mandate is to ensure the availability of auto insurance to all owners and operators of motor vehicles who would otherwise have difficulty obtaining insurance. It is referred to as the "insurer of last resort" for higher risk drivers.

Despite FA being the insurer of last resort and holding only a minor percentage of the market, its impact

on New Brunswickers can be very substantial. The Board therefore holds FA to account to ensure that consumers falling under FA are not paying more than absolutely necessary.

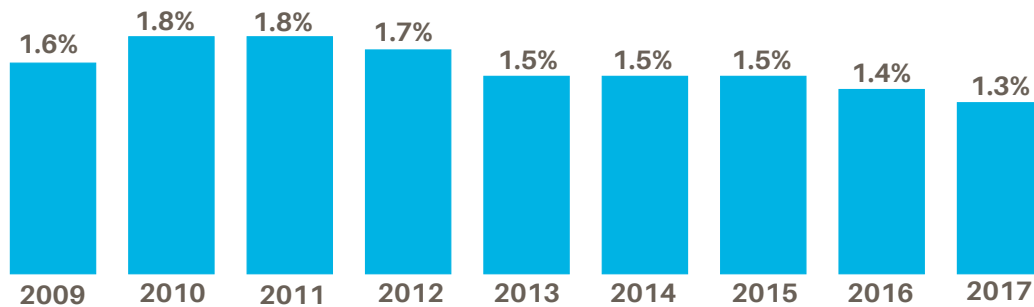
In 2018, the Board held three (3) hearings involving applications from Facility Association. Below are the class of vehicles on which the Board held hearings for FA:

- Taxis and Limousines
- Commercial Vehicles
- Private Passenger Vehicles

New Brunswick Private Passenger Vehicles Market Share 2009 to 2017

Residual Market Segment Private Passenger Market Share New Brunswick

Source: www.facilityassociation.com



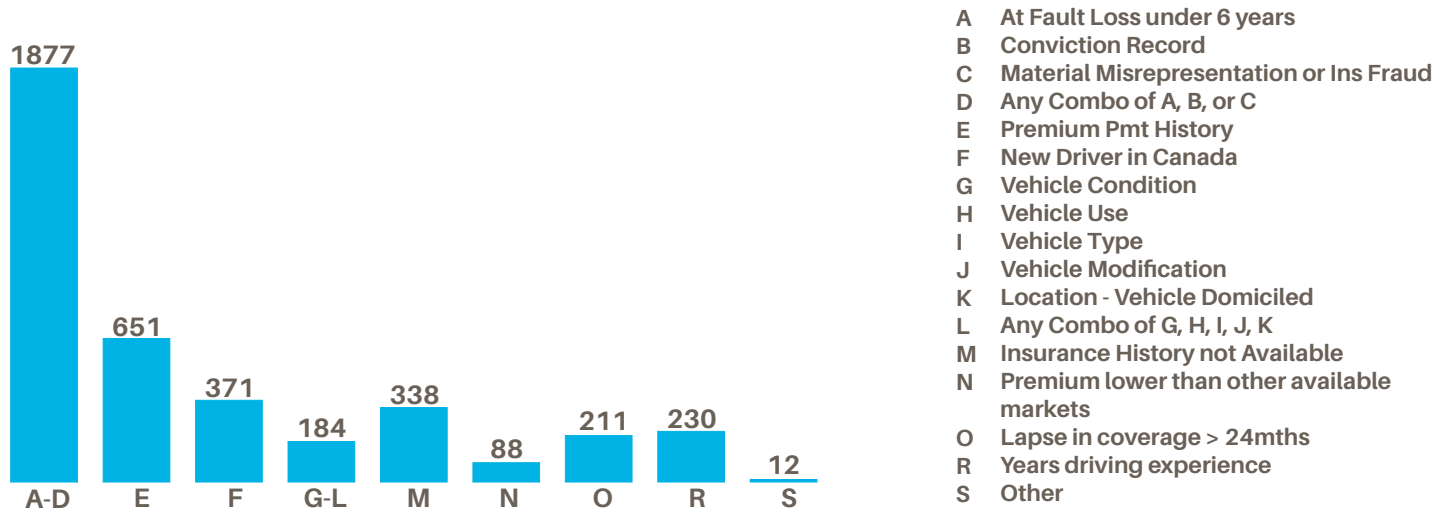
FA's market share hit a peak in 2002 of 4.94%. Over the last ten years, market share for FA has been relatively stable, declining in 2017 to 1.3%. By Canadian standards, a residual market at 2% or less is considered to be an indicator of a very healthy overall insurance market.

Reasons for Private Passenger Vehicles Placement in FA in New Brunswick

FA is a market of last resort for vehicles that cannot purchase vehicle insurance elsewhere.

The NBIB working with FA developed a “Binder Control Report” to help the Board ensure that the vehicles placed in FA are there for the right reasons. Below is the summary for 2018 placements of vehicles into FA. As can be seen below the majority are due to claims, convictions or fraud and misrepresentation.

Reasons for Private Passenger Vehicle Placement in Facility Association



- A At Fault Loss under 6 years
- B Conviction Record
- C Material Misrepresentation or Ins Fraud
- D Any Combo of A, B, or C
- E Premium Pmt History
- F New Driver in Canada
- G Vehicle Condition
- H Vehicle Use
- I Vehicle Type
- J Vehicle Modification
- K Location - Vehicle Domiciled
- L Any Combo of G, H, I, J, K
- M Insurance History not Available
- N Premium lower than other available markets
- O Lapse in coverage > 24mths
- R Years driving experience
- S Other

Source: Facility Association

IAO Actuarial Consulting Services AON Reed Stenhouse Inc. (IAO)

IAO Actuarial Consulting Services AON Reed Stenhouse Inc. is an advisory organization that develops automobile insurance rates for the insurance industry. As such, IAO does not write any insurance policies, but develops rates for private passenger, commercial, miscellaneous and interurban vehicles. At the request of the Board, those rates are submitted for approval.

Once approved by the NBIB, insurance companies with smaller lines of business or new entrants to the market may adopt the approved IAO rates for their own use. Typically, these smaller companies do not have enough data to develop rates per the Board’s filing guidelines using their own experience.

As can be seen in the following chart, the number of companies adopting IAO rates is very small. Without IAO offering rates, most smaller insurers would probably not file in New Brunswick as it would be too time consuming and costly to develop rates for use in the Province.

Market Share Adopting IAO PPV Rates

Companies adopting IAO rates 2017	
ACE INA Insurance	0.00%
Chubb Insurance Company of Canada	0.10%
Federated Insurance Company of Canada	0.01%
Liberty Mutual Insurance	0.00%
Northbridge General Insurance Co	0.01%
Northbridge Personal Ins Corp	0.67%
Sovereign General Insurance Co., The	0.01%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	0.02%
XL Specialty Insurance Company	0.00%
Zenith Insurance Company	0.07%

**Percent of Market
Adopting IAO Rates**
0.88%

Understanding Insurance Rates



Insurance

Insurance means the undertaking by one person to indemnify another person against loss or liability for loss in respect of a certain risk or peril to which the object of the insurance may be exposed, or to pay a sum of money or other thing of value upon the happening of a certain event (*Insurance Act*).

Insurance provides a mechanism in which the losses of the few are shared by the many. Insurance can be viewed as a large pot into which all insureds place their premiums. In addition to paying the cost of running the business, this pot has to provide for payment of the losses of those who have claims. The ability to contribute to a fund – to share the losses of the few among the many- is the major function of insurance.

Insurance Premiums

In New Brunswick, rates are used to determine a premium, which is what an individual driver will pay for their insurance coverage. Factors used to determine the premium charged could include driving record, value and type of vehicle, what the vehicle is used for, number of kilometres driven annually, and the territory the driver resides in. Different liability limits and deductibles also have an affect on premium. A higher deductible can reduce premium where a lower deductible will be priced higher. New drivers are entitled to the First Chance Discount (see page 20). Legislation prohibits ratings based on age, gender and marital status.

The insurance company has to develop a selling price before all costs are known. Rates are developed by the insurer today, for future rates, based on past claims (experience) of the company and/or industry for New Brunswick.

New Brunswick Insurance Board

Automobile experience data is collected to provide premium and claim information, which is used to develop and support fair automobile insurance rates. The statistical and financial data collected support the following public policy objectives:

- Monitoring the adequacy of rates to ensure that they are not excessive or unfairly discriminatory;
- Monitoring the adequacy of market structure and performance, and taking steps, if necessary, to restore competition or remedy the problems caused by market instability; and
- Ensuring informed pricing decisions based on aggregate industry experience

GISA.ca

GISA collects data over a long period of time representing as large a sampling of claims data as possible. A company will have an actuary analyze this data to develop the rates required to cover all losses and pay expenses as well as to provide a reasonable profit. The company will also take into consideration the competitive philosophy and current market conditions. An insurer does not want to be priced too low and not have enough premium to cover losses or too high and not be profitable. A company looks at many factors before determining the final rate change that will be presented to the Board for approval.

Did you know?

The deductible is the amount you will pay in the event of a claim. Most insurance claims are subject to a deductible. While a higher deductible will decrease your premium, it also results in higher financial risk. Choose your deductible based on your financial ability to assume this amount in the event of a claim. Speak with your insurance representative regarding how your policy deductible would be applied.

The Statement of Principles Ratemaking defines ratemaking as “the process of establishing rates used in insurance or other risk transfer mechanisms.” (Casualty Actuarial Society, 1988, p.1) The ratemaking process involves numerous considerations including marketing goals and competition as well as legal and regulatory restrictions to the extent that they affect the estimation of future costs associated with the transfer of risk or they affect how the product can be priced. The Statement of Principles Ratemaking sets out four principles for ratemaking.

Principle 1: A rate is an estimate of the expected value of future costs

Principle 2: A rate provides for all costs associated with the transfer of risk

Principle 3: A rate provides for the costs associated with an individual risk transfer

Principle 4: A rate is reasonable and not excessive, inadequate, or unfairly discriminatory if it is an actuarially sound estimate of the expected value of all future costs associated with an individual risk transfer.

(Casualty Actuarial Society, 1988, p. 6) Society of Actuaries, Fundamentals of General Insurance Actuarial Analysis, 2013, p. 549)

These rates and the assumptions and justification for them are then required to be submitted to the NBIB for review on an annual basis. The Board will determine whether to approve rates as presented by companies or to hold a hearing in order to determine if rates are just and reasonable.

The Canadian Loss Experience Automobile Rating (CLEAR) system identifies the average size and frequency of insurance claims for most makes and models of cars. Most insurance companies use CLEAR to rate vehicles based on their safety record and the cost to repair or replace them, and then offer lower premiums to drivers who buy cars with better ratings. For example, some vehicles may be more susceptible to theft than others; some may be better designed and less likely to sustain serious damage; some are less expensive to repair; and some protect their occupants in collisions better than others.

GISA.ca

Premium Rating Factors

Discounts: Most insurance companies offer automobile insurance discounts, though they may vary from company to company. A few examples of possible discounts are:

- If a policyholder has more than one vehicle insured with the same company.
- If a policyholder has both their automobile policy and their property policy insured with the same company.
- If a driver has an anti-theft device installed in their vehicle.
- If a driver is claims free for a number of years.
- If an occasional driver is living away from home while at school.
- If a driver owns a hybrid vehicle.
- If a driver agrees to utilize a usage based insurance (UBI) device.

First Chance Discount: New Brunswick is the only province that has a regulation for rating of inexperienced drivers (those with less than 6 years of driving experience in New Brunswick or elsewhere in North America). This First Chance Discount will grant the same status to new drivers as those with 6 years clear driving experience, if they have taken an approved driver training course. New drivers will be awarded 3 years of clear driving experience, if they have not taken an approved driver training course. This discount will be restricted to drivers of private passenger vehicles and will not apply to either miscellaneous or commercial vehicles. The discount will remain in-force until the insured has the prerequisite actual number of years of clear driving experience or until the insured has an at-fault accident or is convicted of a driving violation.

Surcharges: Being charged with a Minor, Major or Serious conviction may subject you to Surcharges.

Minor Convictions: may include but are not limited to speeding, failure to wear a seatbelt, following too closely, failing to yield, improper turn.

Major and Serious Convictions: may include but are not limited to failing to report an accident, failing to give name and licence number in the event of an accident to police or other persons entitled to such information, improper passing of school buses, improper passing/ speeding in school or playground zone, producing false evidence or false statement regarding insurance, driving in contravention of license conditions (ie restrictions on license), driving without due care and attention, racing, driving without insurance.

These factors **do not** affect car insurance premium:

The colour of your car: Contrary to popular belief, the colour of your car does not affect your premium. You will not be asked the colour in your car insurance application.

Whether your car is foreign or domestic: Premiums are not necessarily higher for foreign cars than domestic ones.

Parking Tickets: Parking tickets do not affect your premium.

Gender, Age and Marital Status: Your gender, age and marital status do not affect the rating of your policy or your insurance premiums.

Did you know?

As of November 1st 2017, it is illegal for anyone in New Brunswick to drive during the day without headlights or daytime running lights. This violation could result in a fine of \$172.50 and the loss of two demerit points.

New Brunswick Auto Insurance Coverages

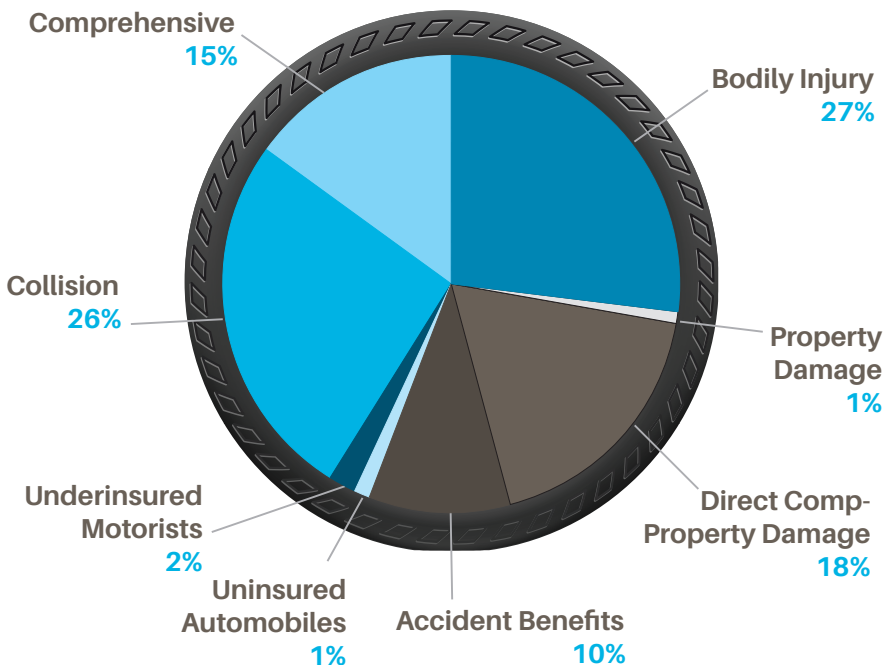
Minimum Required Auto Insurance Coverage in New Brunswick

Section A Coverage	
Compulsory minimum Third-party Liability Coverage	\$200,000 is the minimum required limit offered on any auto policy. The limit of Third Party Liability purchased by the policy holder is the amount available for any one accident involving claims for bodily injury and/or property damage
Section B Coverage	
Accident Benefit Coverage, Medical payments	\$50,000 maximum / person, covers medical expenses necessary for rehabilitation purposes; time limit is four years
Accident Benefit Coverage, Funeral expense benefits	\$2,500
Accident Benefit Coverage, Disability income benefits	80% of gross weekly income up to a maximum of \$250/week if prevented to perform own occupation; lifetime if prevented from doing any occupation for which the insured is reasonably suited by education, training or experience; must be disabled for at least 7 days within the 30 days following the accident to qualify; OR housekeeping services of up to \$100/ week for a maximum of 52 weeks if the insured was a principal unpaid housekeeper
Accident Benefit Coverage, Death benefits:	Death within 180 days (or two years if continuously disabled prior to death); death of head of household \$50,000, plus \$1,000 to each dependent survivor after first; death of spouse/partner \$25,000; death of dependant \$5,000

* The information provided in the above table constitutes a summary of benefits covered and does not describe the full details of the policy. For the complete information on coverage, please refer to the New Brunswick Automobile (Owner's) Policy N.B.P.F. No.1.

Distribution of Premium by Coverage

Source: GISA Auto 1010



Did you know?

According to section 265.2 of the *Insurance Act*, if you are injured in an accident and were not wearing your seatbelt, your bodily injury claim will automatically be reduced by 25%, unless you are able to establish that the failure to wear your seatbelt did not contribute to your injuries.

Mandatory Coverages

Bodily Injury - Most people don't have the money to pay for the losses they might cause while driving (self insured), so the provincial government requires drivers to carry at least a minimum of \$200,000 third-party liability coverage for any losses they might cause others to suffer. In New Brunswick, the person who is not at fault has the right to sue the at-fault driver in certain circumstances for additional costs and damages not covered by accident benefits coverage.

If you were sued for more than the liability limit in your auto insurance policy, the balance of the settlement would be paid out of your pocket unless you have underinsured motorist optional coverage.

Property Damage - covers costs to repair or replace property other than vehicles (i.e. damage caused by your vehicle to a telephone pole, landscaping, a house).

Direct Compensation Property Damage - the DCPD section of the automobile policy covers damages to your vehicle or its contents to the extent that another person operating a vehicle also covered by DCPD is at-fault for the accident. It is called Direct Compensation because the insured collects from their own insurer instead of from the insurance company of the at-fault driver. This saves money and time for policyholders as they are dealing with their own insurance company. The company when setting rates knows in advance what vehicles have the potential to have claims and can price accordingly. Because they already have you in their system, administrative costs can be cut also.

Accident Benefits - pays for medical treatment, income replacement and other benefits to help you recover if you are injured in a collision. This coverage also provides funeral expenses and payments to your survivors if you are killed in a collision. These benefits may also be referred to as "no-fault benefits", which means they are paid to you by your insurer regardless of who caused the collision. This coverage is referred to as "Section B" benefits.

Uninsured Auto - insures you for bodily injury and death as a result of an accident with an uninsured or unidentified vehicle. It also covers loss of use of your vehicle. Coverage responds to the degree of fault of the owner or driver of the uninsured or unidentified auto and a deductible applies.

Optional Coverages

What is covered-the driver, the passengers and anyone else involved in a collision involving your car on your policy, the car itself.

What is not covered-briefcases, purses, sport equipment, smart phones or other items that may be stolen from your car or damaged in a collision may be covered by your home, condominium or tenant insurance.

Underinsured Motorist - also known as the SEF 44, pays for injuries to you and your family from the actions of an at-fault underinsured driver. Your insurer will cover your damages up to a maximum of your own third party liability coverage, minus the underinsured driver's third party liability policy coverage (ie. if you are travelling in a province where the mandatory liability coverage is low, this coverage ensures that you and your family are covered up to your own policy's limits regardless of the other person's coverage levels).

Collision - pays for the cost of repairing your car following a collision with another car or an object such as a tree, animal, guardrail or pothole. This coverage is referred to as "Section C" benefits.

Comprehensive - insures against loss or damage to your car resulting from miscellaneous causes including fire, theft, windstorm, hail, rising water, malicious mischief, riot or civil commotion, explosion, earthquake, falling or flying objects, vandalism, missiles, etc. but normally not including loss by collision or upset.

Specified Perils - pays only for losses caused by perils specifically listed in your policy. These perils are; fire, theft or attempted theft, lightning, hail, rising water, earthquake, windstorm, explosion, riot or civil disturbance, the falling or forced landing of aircraft or parts of aircraft, the stranding, sinking, burning, derailment or collision of any kind of transport in, or upon which, a described automobile is being carried on land or water.

All Perils - combines and broadens the protection provided by collision and comprehensive. It is all risks coverage defined by exclusions.







Autonomous Vehicles



Source: ibc.ca

Levels of vehicle autonomy

The Society of Automotive Engineers have developed the following five levels of vehicle automation:

Level 0	Level 01	Level 02	Level 03	Level 04	Level 05
					
No automation, the driver is in complete control of the vehicle at all times.	Driver assistance: the vehicles can assist the driver or take control of either the vehicles speed, through cruise control, or its lane position, through lane guidance.	Occasional self-driving: the vehicle can take control of both the vehicles speed and lane position in some situations, for example on limited access freeways.	Limited Self-driving: the vehicles is in full control in some situations, monitors the road and traffic, and will inform the driver when he or she must take control.	Full self-driving under certain conditions: the vehicle is on full control for the entire trip in these conditions, such as urban ride-sharing	Full self-driving under all conditions: the vehicle can operate without a human driver or occupants.

Did you know?

Autonomous vehicles have the potential to leverage the exponential power of artificial intelligence to mitigate collision-causing human error at a rate the human brain can never achieve.

Source: www.ictc-ctic.ca

Appendix A – Filings Reviewed in 2018

Filing Guidelines

The NBIB filing guidelines detail for industry the manner and specifications that will be expected in filings made throughout the year. The guidelines are posted on the NBIB website.

Private Passenger Vehicles

Insurance Company Name	Filing Class	Approved Rate Change
Allstate Insurance Company of Canada	Private Passenger	Review Pending
Aviva General Insurance Company	Private Passenger	Review Pending
Aviva Insurance Company of Canada	Private Passenger	Review Pending
CAA Insurance Company	Private Passenger	Review Pending
Certas Home and Auto Insurance Company	Private Passenger	0.00%
Chubb Insurance Company of Canada	Private Passenger	2.93%
Continental Casualty Company	Private Passenger	2.94%
Co-operators General Insurance Company	Private Passenger	Review Pending
COSECO Insurance Company	Private Passenger	0.00%
CUMIS General Insurance Company	Private Passenger	Review Pending
Dominion of Canada General Insurance Company	Private Passenger	8.06%
Echelon General Insurance Company	Private Passenger	2.87%
Economical Mutual Insurance Company	Private Passenger	Review Pending
Elite Insurance Company	Private Passenger	Review Pending
Elite Insurance Company	Private Passenger	0.00%
Facility Association	Private Passenger	6.2%
Federated Insurance Company of Canada	Private Passenger	0.00%
IAO Actuarial Consulting Services AON Reed Stenhouse Inc	Private Passenger	Review Pending
Insurance Company of Prince Edward Island	Private Passenger	Review Pending
Intact Insurance Company	Private Passenger	Review Pending
Intact Insurance Company	Private Passenger	2.81%
Liberty Mutual Insurance Company	Private Passenger	2.94%
Northbridge General Insurance Corporation	Private Passenger	0.00%
Pafco Insurance Company	Private Passenger	2.00%
Pembridge Insurance Company	Private Passenger	Review Pending
Pembridge Insurance Company	Private Passenger	0.00%
Personal Insurance Company	Private Passenger	0.00%
Portage la Prairie Mutual Insurance Company	Private Passenger	Review Pending
Primum Insurance Company	Private Passenger	0.00%
Promutuel de l'Estuaire	Private Passenger	Review Pending
Royal and Sun Alliance Insurance Company of Canada	Private Passenger	0.00%
S&Y Insurance Company	Private Passenger	Review Pending
Scottish & York Insurance Company Limited	Private Passenger	Review Pending
Security National Insurance Company	Private Passenger	0.00%
Sonnet Insurance Company	Private Passenger	Review Pending
Sovereign General Insurance Company	Private Passenger	0.00%
TD Home and Auto Insurance Company	Private Passenger	0.00%

Private Passenger Vehicles (cont.)

Insurance Company Name	Filing Class	Approved Rate Change
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Private Passenger	0.00%
Traders General Insurance Company	Private Passenger	Review Pending
Trafalgar Insurance Company of Canada	Private Passenger	Review Pending
Trafalgar Insurance Company of Canada	Private Passenger	2.65%
Unifund Assurance Company	Private Passenger	0.00%
United General Insurance Corporation	Private Passenger	0.00%
Verassure Insurance Company	Private Passenger	0.00%
Wawanesa Mutual Insurance Company	Private Passenger	11.69%
XL Specialty Insurance Company	Private Passenger	0.00%
Zenith Insurance Company	Private Passenger	0.00%

Commercial and Interurban Vehicles

Insurance Company Name	Filing Name	Approved Rate Change
ALIG Insurance Company of Canada	Interurban	-1.01%
ALIG Insurance Company of Canada	Commercial	4.92%
Aviva Insurance Company of Canada	Commercial	0.00%
Aviva Insurance Company of Canada	Interurban	0.00%
Certas Home and Auto Insurance Company	Commercial	Review Pending
Certas Home and Auto Insurance Company	Comm & Int COMBINED	0.00%
Chubb Insurance Company of Canada	Commercial	4.92%
Chubb Insurance Company of Canada	Interurban	-1.01%
Continental Casualty Company	Commercial	5.48%
Continental Casualty Company	Interurban	-0.71%
Co-operators General Insurance Company	Comm & Int COMBINED	-2.00%
Dominion of Canada General Insurance Company	Comm & Int COMBINED	Review Pending
Dominion of Canada General Insurance Company	Interurban	0.00%
Dominion of Canada General Insurance Company	Commercial	0.00%
Echelon General Insurance Company	Comm & Int COMBINED	3.00%
Economical Mutual Insurance Company	Comm & Int COMBINED	Review Pending
Facility Association	Interurban	0.00%
Facility Association	Commercial	5.80%
Federated Insurance Company of Canada	Comm & Int COMBINED	6.77%
Guarantee Company of North America	Comm & Int COMBINED	0.00%
IAO Actuarial Consulting Services AON Reed Stenhouse Inc.	Interurban	-1.01%
IAO Actuarial Consulting Services AON Reed Stenhouse Inc.	Commercial	4.92%
Insurance Company of Prince Edward Island	Comm & Int COMBINED	7.19%
Intact Insurance Company	Interurban	0.00%
Intact Insurance Company	Commercial	0.00%
Liberty Mutual Insurance Company	Commercial	4.92%
Liberty Mutual Insurance Company	Interurban	-1.01%
Northbridge General Insurance Corporation	Interurban	0.00%
Northbridge General Insurance Corporation	Commercial	-24.50%
Northbridge Personal Insurance Corporation	Commercial	-24.50%

Commercial and Interurban Vehicles (cont.)

Insurance Company Name	Filing Name	Approved Rate Change
Portage la Prairie Mutual Insurance Company	Commercial	Review Pending
Promutuel de l'Estuaire	Commercial	0.00%
Protective Insurance Company	Commercial	4.92%
Protective Insurance Company	Interurban	-1.01%
Royal and Sun Alliance Insurance Company of Canada	Interurban	0.00%
Royal and Sun Alliance Insurance Company of Canada	Commercial	0.00%
Sovereign General Insurance Company	Interurban	1.49%
Sovereign General Insurance Company	Commercial	-0.11%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Interurban	0.00%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Commercial	0.00%
United General Insurance Corporation	Commercial	0.00%
Verasure Insurance Company	Interurban	0.00%
Wawanesa Mutual Insurance Company	Comm & Int COMBINED	Review Pending
XL Specialty Insurance Company	Comm & Int COMBINED	0.00%

Miscellaneous Vehicles

Insurance Company Name	Filing Class	Approved Rate Change
AIG Insurance Company of Canada	School Buses	-11.59%
AIG Insurance Company of Canada	Public Buses	-11.59%
AIG Insurance Company of Canada	Private Buses	-11.59%
AIG Insurance Company of Canada	Ambulances	-10.56%
Allstate Insurance Company of Canada	Motorcycles	0.00%
Allstate Insurance Company of Canada	Snow Vehicles	0.62%
Allstate Insurance Company of Canada	All Terrain Vehicle	0.47%
Allstate Insurance Company of Canada	Camper Trailers	0.00%
Allstate Insurance Company of Canada	Motorhomes	1.33%
Aviva General Insurance Company	Snow Vehicles	0.00%
Aviva General Insurance Company	Motorhomes	0.00%
Aviva General Insurance Company	Motorcycles	0.00%
Aviva General Insurance Company	All Terrain Vehicle	0.00%
Aviva General Insurance Company	Camper Trailers	0.00%
Aviva Insurance Company of Canada	School Buses	0.00%
Aviva Insurance Company of Canada	Ambulances	0.00%
Aviva Insurance Company of Canada	Taxi	0.00%
Aviva Insurance Company of Canada	Public Buses	0.00%
Aviva Insurance Company of Canada	Private Buses	0.00%
Aviva Insurance Company of Canada	Camper Trailers	0.00%
Aviva Insurance Company of Canada	Snow Vehicles	0.00%
Aviva Insurance Company of Canada	Motorcycles	0.00%
Aviva Insurance Company of Canada	All Terrain Vehicle	0.00%
Aviva Insurance Company of Canada	Motorhomes	0.00%
Certas Home and Auto Insurance Company	Motorcycles	0.00%
Certas Home and Auto Insurance Company	Camper Trailers	0.00%
Certas Home and Auto Insurance Company	All Terrain Vehicle	0.00%
Certas Home and Auto Insurance Company	Mopeds	0.00%
Certas Home and Auto Insurance Company	Motorhomes	0.00%
Certas Home and Auto Insurance Company	Snow Vehicles	0.00%

Miscellaneous Vehicles (cont.)

Insurance Company Name	Filing Class	Approved Rate Change
Co-operators General Insurance Company	Antique & Classic Vehicles	0.00%
Co-operators General Insurance Company	All Terrain Vehicle	0.00%
Co-operators General Insurance Company	Mopeds	0.00%
Co-operators General Insurance Company	Motorcycles	0.00%
Co-operators General Insurance Company	School Buses	0.00%
Co-operators General Insurance Company	Motorhomes	0.00%
Co-operators General Insurance Company	Camper Trailers	0.00%
Co-operators General Insurance Company	Private Buses	0.00%
Co-operators General Insurance Company	Snow Vehicles	0.00%
COSECO Insurance Company	Camper Trailers	0.00%
COSECO Insurance Company	Snow Vehicles	0.00%
COSECO Insurance Company	Motorcycles	0.00%
COSECO Insurance Company	Motorhomes	0.00%
COSECO Insurance Company	Mopeds	0.00%
COSECO Insurance Company	All Terrain Vehicle	0.00%
CUMIS General Insurance Company	Motorcycles	0.00%
CUMIS General Insurance Company	Mopeds	0.00%
CUMIS General Insurance Company	Snow Vehicles	0.00%
CUMIS General Insurance Company	Motorhomes	0.00%
CUMIS General Insurance Company	Camper Trailers	0.00%
CUMIS General Insurance Company	All Terrain Vehicle	0.00%
Dominion of Canada General Insurance Company	Taxi	0.00%
Dominion of Canada General Insurance Company	All Buses	0.00%
Dominion of Canada General Insurance Company	All Other Public	0.00%
Dominion of Canada General Insurance Company	Ambulances	0.00%
Dominion of Canada General Insurance Company	Snow Vehicles	0.00%
Dominion of Canada General Insurance Company	Motorhomes	0.00%
Dominion of Canada General Insurance Company	Motorcycles	-0.32%
Dominion of Canada General Insurance Company	Camper Trailers	0.00%
Dominion of Canada General Insurance Company	All Terrain Vehicle	0.00%
Dominion of Canada General Insurance Company	Antique & Classic Vehicles	0.00%
Economical Mutual Insurance Company	Snow Vehicles	Review Pending
Economical Mutual Insurance Company	Camper Trailers	Review Pending
Economical Mutual Insurance Company	Motorhomes	Review Pending
Economical Mutual Insurance Company	Motorcycles	Review Pending
Economical Mutual Insurance Company	All Terrain Vehicle	Review Pending
Elite Insurance Company	Motorhomes	0.00%
Elite Insurance Company	Camper Trailers	0.00%
Elite Insurance Company	Motorcycles	-0.91%
Elite Insurance Company	Antique & Classic Vehicles	2.96%
Facility Association	All Terrain Vehicle	0.00%
Facility Association	Motorhomes, Campers, Trailers	0.00%
Facility Association	Camper Trailers	0.00%
Facility Association	Motorcycles	0.00%
Facility Association	Antique & Classic Vehicles	0.00%
Facility Association	Snow Vehicles	0.00%
Facility Association	Ambulances	0.00%

Miscellaneous Vehicles (cont.)

Insurance Company Name	Filing Class	Approved Rate Change
Facility Association	All Other Public	0.00%
Facility Association	School Buses	0.00%
Facility Association	Public Buses	0.00%
Facility Association	Private Buses	0.00%
Facility Association	Taxi	8.4%
Federated Insurance Company of Canada	Snow Vehicles	0.00%
Federated Insurance Company of Canada	Motorhomes	0.00%
Federated Insurance Company of Canada	Motorcycles	0.00%
Federated Insurance Company of Canada	Camper Trailers	0.00%
Federated Insurance Company of Canada	All Terrain Vehicle	0.00%
Federated Insurance Company of Canada	Antique & Classic Vehicles	0.00%
Guarantee Company of North America	School Buses	0.00%
Guarantee Company of North America	Public Buses	0.00%
Guarantee Company of North America	Private Buses	0.00%
Guarantee Company of North America	Ambulances	0.00%
IAO Actuarial Consulting Services AON Reed Stenhouse Inc	Motorhomes	Review Pending
IAO Actuarial Consulting Services AON Reed Stenhouse Inc.	Snow Vehicles	Review Pending
IAO Actuarial Consulting Services AON Reed Stenhouse Inc.	Taxi	-1.37%
IAO Actuarial Consulting Services AON Reed Stenhouse Inc.	School Buses	-11.59%
IAO Actuarial Consulting Services AON Reed Stenhouse Inc.	Public Buses	-11.59%
IAO Actuarial Consulting Services AON Reed Stenhouse Inc.	Private Buses	-11.59%
IAO Actuarial Consulting Services AON Reed Stenhouse Inc.	Ambulances	-10.56%
IAO Actuarial Consulting Services AON Reed Stenhouse Inc.	Motorcycles	Review Pending
IAO Actuarial Consulting Services AON Reed Stenhouse Inc.	All Terrain Vehicle	Review Pending
Insurance Company of Prince Edward Island	Snow Vehicles	0.00%
Insurance Company of Prince Edward Island	Motorhomes	0.00%
Insurance Company of Prince Edward Island	Motorcycles	0.00%
Insurance Company of Prince Edward Island	Camper Trailers	0.00%
Insurance Company of Prince Edward Island	Antique & Classic Vehicles	0.00%
Insurance Company of Prince Edward Island	All Terrain Vehicle	0.00%
Intact Insurance Company	Motorcycles	Review Pending
Intact Insurance Company	Antique & Classic Vehicles	Review Pending
Intact Insurance Company	All Terrain Vehicle	Review Pending
Intact Insurance Company	Motorhomes	Review Pending
Intact Insurance Company	Snow Vehicles	Review Pending
Intact Insurance Company	Camper Trailers	-17.72%
Intact Insurance Company	Ambulances	0.00%
Intact Insurance Company	All Buses	0.00%
Intact Insurance Company	Taxi	0.00%
Liberty Mutual Insurance Company	All Terrain Vehicle	-4.15%
Lloyds Underwriters	Motorcycles	Review Pending
Lloyds Underwriters	Snow Vehicles	0.00%
Lloyds Underwriters	All Terrain Vehicle	0.00%
Northbridge General Insurance Corporation	Snow Vehicles	0.00%
Northbridge General Insurance Corporation	Motorhomes	0.00%
Northbridge General Insurance Corporation	Motorcycles	0.00%
Northbridge General Insurance Corporation	Camper Trailers	0.00%

Miscellaneous Vehicles (cont.)

Insurance Company Name	Filing Class	Approved Rate Change
Northbridge General Insurance Corporation	All Terrain Vehicle	0.00%
Northbridge General Insurance Corporation	Antique & Classic Vehicles	0.00%
Northbridge General Insurance Corporation	Taxi	0.00%
Northbridge General Insurance Corporation	School Buses	0.00%
Northbridge General Insurance Corporation	Public Buses	0.00%
Northbridge General Insurance Corporation	Private Buses	0.00%
Northbridge General Insurance Corporation	Ambulances	0.00%
Pembridge Insurance Company	Motorcycles	Review Pending
Pembridge Insurance Company	All Terrain Vehicle	0.00%
Pembridge Insurance Company	Camper Trailers	0.00%
Pembridge Insurance Company	Snow Vehicles	2.92%
Pembridge Insurance Company	Motorhomes	2.92%
Personal Insurance Company	Camper Trailers	0.00%
Personal Insurance Company	Snow Vehicles	0.00%
Personal Insurance Company	Motorhomes	0.00%
Personal Insurance Company	All Terrain Vehicle	0.00%
Personal Insurance Company	Mopeds	0.00%
Personal Insurance Company	Motorcycles	0.00%
Portage la Prairie Mutual Insurance Company	Motorhomes	0.00%
Portage la Prairie Mutual Insurance Company	Camper Trailers	0.00%
Portage la Prairie Mutual Insurance Company	Snow Vehicles	0.00%
Portage la Prairie Mutual Insurance Company	All Terrain Vehicle	0.00%
Portage la Prairie Mutual Insurance Company	Motorcycles	0.00%
Primum Insurance Company	Motorcycles	2.75%
Primum Insurance Company	Snow Vehicles	0.00%
Primum Insurance Company	Camper Trailers	0.00%
Primum Insurance Company	All Terrain Vehicle	0.00%
Primum Insurance Company	Motorhomes	2.89%
Promutuel de l' Estuaire	Snow Vehicles	0.00%
Promutuel de l' Estuaire	Camper Trailers	0.00%
Promutuel de l' Estuaire	All Terrain Vehicle	0.00%
Promutuel de l' Estuaire	Motorcycles	0.00%
Royal and Sun Alliance Insurance Company of Canada	Snow Vehicles	0.00%
Royal and Sun Alliance Insurance Company of Canada	Motorhomes	0.00%
Royal and Sun Alliance Insurance Company of Canada	Motorcycles	0.00%
Royal and Sun Alliance Insurance Company of Canada	Camper Trailers	0.00%
Royal and Sun Alliance Insurance Company of Canada	All Terrain Vehicle	0.00%
Royal and Sun Alliance Insurance Company of Canada	Antique & Classic Vehicles	0.00%
Royal and Sun Alliance Insurance Company of Canada	All Buses	0.00%
Royal and Sun Alliance Insurance Company of Canada	Ambulances	0.00%
Royal and Sun Alliance Insurance Company of Canada	Taxi	0.00%
Scottish & York Insurance Company Limited	Snow Vehicles	0.00%
Scottish & York Insurance Company Limited	Motorhomes	0.00%
Scottish & York Insurance Company Limited	Motorcycles	0.00%
Scottish & York Insurance Company Limited	Camper Trailers	0.00%
Scottish & York Insurance Company Limited	All Terrain Vehicle	0.00%
Security National Insurance Company	Motorcycles	2.52%

Miscellaneous Vehicles (cont.)

Insurance Company Name	Filing Class	Approved Rate Change
Security National Insurance Company	Snow Vehicles	0.00%
Security National Insurance Company	Camper Trailers	0.00%
Security National Insurance Company	All Terrain Vehicle	0.00%
Security National Insurance Company	Motorhomes	2.88%
Sovereign General Insurance Company	Snow Vehicles	0.00%
Sovereign General Insurance Company	School Buses	0.00%
Sovereign General Insurance Company	Public Buses	0.00%
Sovereign General Insurance Company	Private Buses	0.00%
Sovereign General Insurance Company	Motorhomes	0.00%
Sovereign General Insurance Company	Camper Trailers	0.00%
Sovereign General Insurance Company	All Terrain Vehicle	0.00%
Sovereign General Insurance Company	Ambulances	0.00%
Sovereign General Insurance Company	All Other Public	0.00%
Sovereign General Insurance Company	Taxi	0.00%
Sovereign General Insurance Company	Motorcycles	0.00%
TD Home and Auto Insurance Company	Snow Vehicles	0.00%
TD Home and Auto Insurance Company	Motorcycles	2.96%
TD Home and Auto Insurance Company	Camper Trailers	0.00%
TD Home and Auto Insurance Company	All Terrain Vehicle	0.00%
TD Home and Auto Insurance Company	Motorhomes	3.00%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Snow Vehicles	0.00%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Motorhomes,Campers,Trailers	0.00%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Motorcycles	0.00%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Camper Trailers	0.00%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	All Terrain Vehicle	0.00%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Antique & Classic Vehicles	0.00%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Taxi	0.00%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	School Buses	0.00%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Public Buses	0.00%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Private Buses	0.00%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Ambulances	0.00%
Traders General Insurance Company	Snow Vehicles	0.00%
Traders General Insurance Company	Motorhomes	0.00%
Traders General Insurance Company	Motorcycles	0.00%
Traders General Insurance Company	Camper Trailers	0.00%
Traders General Insurance Company	All Terrain Vehicle	0.00%
Trafalgar Insurance Company of Canada	Motorcycles	0.00%
Trafalgar Insurance Company of Canada	Antique & Classic Vehicles	0.00%
Trafalgar Insurance Company of Canada	All Terrain Vehicle	0.00%
Trafalgar Insurance Company of Canada	Motorhomes	23.15%
Trafalgar Insurance Company of Canada	Snow Vehicles	0.00%
Trafalgar Insurance Company of Canada	Camper Trailers	-13.42%
Unifund Assurance Company	Snow Vehicles	0.00%
Unifund Assurance Company	Motorhomes	0.00%
Unifund Assurance Company	Motorcycles	0.00%
Unifund Assurance Company	Camper Trailers	0.00%
Unifund Assurance Company	All Terrain Vehicle	0.00%

Miscellaneous Vehicles (cont.)

Insurance Company Name	Filing Class	Approved Rate Change
United General Insurance Corporation	Snow Vehicles	0.00%
United General Insurance Corporation	Motorcycles	0.00%
United General Insurance Corporation	All Terrain Vehicle	0.00%
Verassure Insurance Company	Snow Vehicles	0.00%
Verassure Insurance Company	Motorhomes	0.00%
Verassure Insurance Company	Motorcycles	0.00%
Verassure Insurance Company	Camper Trailers	0.00%
Verassure Insurance Company	All Terrain Vehicle	0.00%
Verassure Insurance Company	Antique & Classic Vehicles	0.00%
Verassure Insurance Company	Taxi	0.00%
Verassure Insurance Company	School Buses	0.00%
Verassure Insurance Company	Public Buses	0.00%
Verassure Insurance Company	Private Buses	0.00%
Verassure Insurance Company	Ambulances	0.00%
Wawanesa Mutual Insurance Company	Motorcycles	Review Pending
Wawanesa Mutual Insurance Company	Snow Vehicles	Review Pending
Wawanesa Mutual Insurance Company	Camper Trailers	0.00%
Wawanesa Mutual Insurance Company	All Terrain Vehicle	Review Pending
Wawanesa Mutual Insurance Company	Snow Vehicles	0.00%
XL Specialty Insurance Company	School Buses	0.00%
XL Specialty Insurance Company	Private Buses	0.00%
XL Specialty Insurance Company	Public Buses	0.00%
XL Specialty Insurance Company	Taxi	0.00%
XL Specialty Insurance Company	Ambulances	0.00%
XL Specialty Insurance Company	Motorcycles	0.00%
XL Specialty Insurance Company	Motorhomes	0.00%
XL Specialty Insurance Company	Snow Vehicles	0.00%
XL Specialty Insurance Company	All Terrain Vehicle	0.00%
XL Specialty Insurance Company	All Terrain Vehicle	0.00%
XL Specialty Insurance Company	Ambulances	0.00%
XL Specialty Insurance Company	Motorcycles	0.00%
XL Specialty Insurance Company	Motorhomes,Campers,Trailers	0.00%
XL Specialty Insurance Company	Private Buses	0.00%
XL Specialty Insurance Company	Public Buses	0.00%
XL Specialty Insurance Company	School Buses	0.00%
XL Specialty Insurance Company	Snow Vehicles	0.00%
XL Specialty Insurance Company	Taxi	0.00%
Zenith Insurance Company	All Terrain Vehicle	0.00%
Zenith Insurance Company	Antique & Classic Vehicles	0.00%
Zenith Insurance Company	Camper Trailers	0.00%
Zenith Insurance Company	Snow Vehicles	0.00%
Zenith Insurance Company	Motorcycles	0.00%
Zenith Insurance Company	Motorhomes	0.00%

Non-Rate Filings

Insurance Company Name	Filing Class
Allstate Insurance Company of Canada	All Incl PPV
Allstate Insurance Company of Canada	Private Passenger
Aviva Insurance Company of Canada	Commercial
Aviva Insurance Company of Canada	Interurban
CAA Insurance Company	Private Passenger
Economical Mutual Insurance Company	Private Passenger
Elite Insurance Company	Motorcycles
Guarantee Company of North America	Comm & Int COMBINED
Insurance Company of Prince Edward Island	Comm & Int COMBINED
Insurance Company of Prince Edward Island	Private Passenger
Intact Insurance Company	Comm & Int COMBINED
Intact Insurance Company	Private Passenger
Pafco Insurance Company	Private Passenger
Pembridge Insurance Company	Private Passenger
Perth Insurance Company	Private Passenger
Primum Insurance Company	Private Passenger
Royal and Sun Alliance Insurance Company of Canada	Commercial
Royal and Sun Alliance Insurance Company of Canada	Interurban
Security National Insurance Company	Private Passenger
Sonnet Insurance Company	Private Passenger
TD Home and Auto Insurance Company	Private Passenger
Trafalgar Insurance Company of Canada	Private Passenger
Waterloo Insurance Company	Private Passenger
Wawanesa Mutual Insurance Company	Commercial
Wawanesa Mutual Insurance Company	Private Passenger

Did you know?

Drug impaired driving has been a criminal offence since 1925. Impaired driving is the leading cause of criminal death and injury in Canada.

Source: Canada.ca

Appendix B

Audited Financial Statements



Financial Statements Of

New Brunswick Insurance Board

March 31, 2018

Peter G. Gaulton
Chartered Professional Accountant

New Brunswick Insurance Board

Financial Statements

For the year ended March 31, 2018

Table of Contents:

Auditor's report	1
Financial Statements	
Statement of Financial Position	2
Statement of Operations and Accumulated Surplus.....	3
Statement of Change in Net Financial Assets (Liabilities).....	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6 - 9

Peter G. Gaulton, CPA, Professional Corporation
Chartered Professional Accountant
133 Prince William Street, Suite 401
Saint John, NB
E2L 2B5

Bus: (506) 634-7393
Fax: (506) 652-8618

Res: (506) 634-7609
E Mail: pgaulton@gaulton.ca

INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Members of the New Brunswick Insurance Board:

I have audited the accompanying financial statements of the New Brunswick Insurance Board, which comprise the statement of financial position as at March 31, 2018, and the statements of operations and accumulated surplus, change in net financial assets (liabilities) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the New Brunswick Insurance Board as at March 31, 2018, and results of its operations and the changes in its financial position and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

June 27, 2018
Saint John, NB



Chartered Professional Accountant

New Brunswick Insurance Board

Statement of Financial Position

As at March 31, 2018

	2018	2017
Financial Assets		
Current:		
Cash in bank	\$ 2,238,953	\$ 2,154,225
Accounts receivable	135,168	9,879
Harmonized sales tax recoverable	17,165	45,100
	<u>2,391,286</u>	<u>2,209,204</u>
Liabilities		
Current:		
Accounts payable and accrued liabilities	247,297	303,905
Employee deductions payable	20,687	33,246
Deferred assessments (note 6)	2,173,927	1,922,353
	<u>2,441,911</u>	<u>2,259,504</u>
Net Financial Assets (Liabilities)	<u>(50,625)</u>	<u>(50,300)</u>
Non-Financial Assets		
Tangible capital assets (note 3)	697,738	685,646
Less: accumulated amortization	(659,078)	(647,290)
	<u>38,660</u>	<u>38,356</u>
Prepaid expenses	11,965	11,944
	<u>50,625</u>	<u>50,300</u>
Accumulated Surplus	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

Approved by the Board:


_____ Chairperson


_____ Vice-Chairperson

New Brunswick Insurance Board

Statement of Operations and Accumulated Surplus

For the year ended March 31, 2018

	2018 Budget	2018 Actual	2017 Actual
Receipts			
Assessments	\$ 1,751,674	\$ 1,860,362	\$ 1,716,846
Interest	10,000	10,327	11,866
Other	500	3,268	1,654
	1,762,174	1,873,957	1,730,366
Operating disbursements			
Wages, benefits and other employee costs	800,771	805,531	686,478
Interest and bank charges	2,000	1,635	1,618
Rent	120,843	121,352	120,809
Amortization expense	40,000	36,655	29,310
Office expenses	18,500	21,490	16,654
Audit and accounting	15,000	14,300	14,441
Consulting services	-	2,758	75
Training and education	56,000	36,533	32,952
Telecommunications	18,000	23,742	20,727
Equipment leases	2,060	2,042	2,146
Communications and community support	22,500	6,098	5,074
Meetings and conferences	20,000	8,018	8,981
Insurance	1,500	1,395	1,677
	1,117,174	1,081,549	940,942
Regulatory disbursements			
Board compensation	130,000	120,325	113,073
Board member training & education	40,000	25,093	15,039
Board member meetings & conferences	10,000	4,251	5,675
Travel	10,000	9,505	6,093
Actuarial services	320,000	524,184	431,430
Consulting services	50,000	35,961	135,895
Hearing expenses	10,000	15,624	11,513
Translation and transcription	25,000	19,659	9,650
Legal	50,000	37,806	61,056
	645,000	792,408	789,424
Annual surplus	NIL	NIL	NIL
Accumulated surplus, beginning of year	NIL	NIL	NIL
Accumulated surplus, end of year	\$ NIL	\$ NIL	\$ NIL

See accompanying notes to financial statements

New Brunswick Insurance Board

Statement of Change in Net Financial Assets (Liabilities)

For the year ended March 31, 2018

	2018	2017
Annual surplus	\$ NIL	\$ NIL
Purchase of tangible capital assets	(37,390)	(21,659)
Proceeds on disposal of tangible capital assets	2,000	-
Amortization of tangible capital assets	36,655	29,310
Gain on disposal of tangible capital assets	(1,568)	-
	(303)	7,651
(Increase) decrease in prepaid expenses	(22)	(529)
Increase (decrease) in net financial assets	(325)	7,122
Net financial assets (liabilities), beginning of year	(50,300)	(57,422)
Net financial assets (liabilities), end of year	\$ (50,625)	\$ (50,300)

New Brunswick Insurance Board

Statement of Cash Flows

For the year ended March 31, 2018

	2018	2017
Cash provided by (used in):		
Operations		
Annual surplus	\$ NIL	\$ NIL
Items not involving an outlay of cash:		
Loss (gain) on disposal of tangible capital assets	(1,568)	-
Amortization expense	36,655	29,310
	35,087	29,310
Decrease (increase) in accounts receivable	(125,289)	(5,224)
Decrease (increase) in HST recoverable	27,935	(25,354)
Decrease (increase) in prepaid expenses	(22)	(529)
Increase (decrease) in accounts payable	(56,608)	153,911
Increase (decrease) in employee deductions payable	(12,559)	12,960
Increase (decrease) in deferred revenue	251,574	(34,668)
	120,118	130,406
Investing		
Purchase of tangible capital assets	(37,390)	(21,659)
Proceeds on the disposal of tangible capital assets	2,000	-
	(35,390)	(21,659)
Increase (decrease) in cash	84,728	108,747
Cash, beginning of year	2,154,225	2,045,478
Cash, end of year	\$ 2,238,953	\$ 2,154,225
Supplementary Cash Flow Information		
Interest received	\$ 10,327	\$ 11,866

See accompanying notes to financial statements

New Brunswick Insurance Board

Notes to Financial Statements

For the year ended March 31, 2018

1. Purpose of the organization

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

The NBIB is exempt from income tax under Section 149(1)(d) of the Canadian Income Tax Act and recovers 100% of the harmonized sales tax (HST) paid. HST is not collected on assessments to the insurance companies.

2. Significant accounting policies

(a) Basis of presentation:

The financial statements were prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS").

(b) Asset classification:

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not being consumed in the normal course of operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver services, may be consumed in normal operations and are not for resale.

(c) Method of accounting:

The NBIB 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. (see note 6)

(d) Tangible capital assets:

Tangible capital assets are recorded at cost. Amortization is calculated on a straight-line basis over 5 years on all assets acquired prior to April 1, 2012 except for equipment under capital lease. Computer equipment acquired subsequent to March 31, 2012 is amortized on a straight line basis over 3 years. The NBIB determined that this would better reflect the useful lives of the computer equipment being amortized. Vehicles acquired subsequent to March 31, 2013 are amortized on a straight line basis over 4 years. The NBIB determined that this would better reflect the useful lives of the vehicles being amortized.

(e) Measurement uncertainty:

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

(f) Fair value of financial instruments:

The NBIB initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities and deferred assessments.

New Brunswick Insurance Board

Notes to Financial Statements

For the year ended March 31, 2018

3. Tangible capital assets

	Cost	2018		2017	
		Accumulated Amortization	Net book Value	Net book Value	Net book Value
Computer equipment	\$ 220,693	\$ 211,616	\$ 9,077	\$ 17,962	
Computer software	136,016	124,856	11,160	4,227	
Systems software	183,190	183,190	-	-	
Vehicle	21,547	5,387	16,160	6,275	
Leasehold improvements	28,351	28,351	-	4,535	
Furniture and fixtures	107,941	105,678	2,263	5,357	
	\$ 697,738	\$ 659,078	\$ 38,660	\$ 38,356	

4. Future employee benefits

Pension Plan:

The employees of the NBIB participate in the Province of New Brunswick Public Service Shared Risk Plan (PSSRP) that became effective January 1, 2014. The plan is administered by the Province of New Brunswick through a Board of Trustees. The NBIB is required to make the following contributions to the PSSRP:

From April 1, 2014 to December 31, 2018: 12.5% of an employee's eligible earnings

From January 1, 2019 to December 31, 2023: 12.0% of an employee's eligible earnings

From January 1, 2024 to December 31, 2028: 11.25% of an employee's eligible earnings

Effective January 1, 2029: employer and employee contribution rates will be re-determined and will become equal

The NBIB's financial participation in the plan is limited to the annual amounts contributed based on the preceding percentages.

For the year ending March 31, 2018, the NBIB's pension contributions amounted to \$84,644 (2017: \$71,778).

5. Commitments

The NBIB renegotiated an operating lease of its office premises for a period of 5 years commencing January 1, 2016. The minimum annual payments under the lease terms are as follows:

April 1, 2016 - December 31, 2020: \$ 105,219

The NBIB negotiated an operating lease for a new photocopier in December, 2014. The minimum annual payments under the lease terms are as follows:

April 1, 2018 - March 31, 2019: \$ 2,042
April 1, 2019 - March 31, 2020: \$ 2,042

New Brunswick Insurance Board

Notes to Financial Statements

For the year ended March 31, 2018

6. Deferred assessments and capital management

The NBIB's expenses are funded 100% by the companies selling automobile insurance in the Province of New Brunswick. Annually, in advance of the coming fiscal year, the NBIB prepares an expense budget and assesses each company based on its proportion of the automobile premiums written in the Province of New Brunswick in the previous calendar year. Deferred assessments represent the assessments billed to the insurance companies in advance based on the budgeted expenses plus or minus adjustments between budgeted expenses and actual expenses, as determined at each fiscal year-end.

7. Related party transactions

The NBIB is related to all Province of New Brunswick departments, agencies and Crown Corporations by virtue of common control.

8. Financial instruments

Credit risk

The NBIB is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party or if there is a concentration of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions.

The maximum exposure of the NBIB to credit risk at March 31, 2018 is as follows:

Cash	\$	2,238,953
Accounts receivable		135,168
	\$	<u>2,374,121</u>

Cash and investments: Credit risk associated with cash and investments is minimized substantially by ensuring that these assets are invested in financial obligations of: governments and major financial institutions that have been accorded investment grade rating by a primary rating agency, and/or other creditworthy parties. An ongoing review is performed to evaluate changes in the status of the issuers of securities authorized for investment under the NBIB's investment policy.

Management believes concentrations of credit risk with respect to accounts receivable is limited due to the nature of the transactions between the NBIB and the insurance companies.

Liquidity risk

Liquidity risk is the risk that the NBIB will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the NBIB not being able to liquidate assets in a timely manner at a reasonable price.

The NBIB meets its liquidity requirements by monitoring cash flows from operations and holding assets that can be readily converted into cash. The NBIB holds investments that can easily be converted to cash should it be required to meet temporary fluctuations in cash requirements. The NBIB also assesses insurance companies in advance of the fiscal year start in order to maintain liquidity.

Market risk

The NBIB is exposed to market risk through the fluctuation of financial instruments fair values due to changes in market prices. The significant market risk to which the NBIB is exposed is interest rate risk.

New Brunswick Insurance Board

Notes to Financial Statements

For the year ended March 31, 2018

8. Financial instruments (continued)

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The interest rate exposure of the NBIB arises from its interest bearing assets.

9. Cash and cash equivalents

Cash and cash equivalents include cash in bank and temporary investments with a term of one year or less.