



**ANNUAL  
REPORT  
2019**



New Brunswick  
**INSURANCE**  
Board

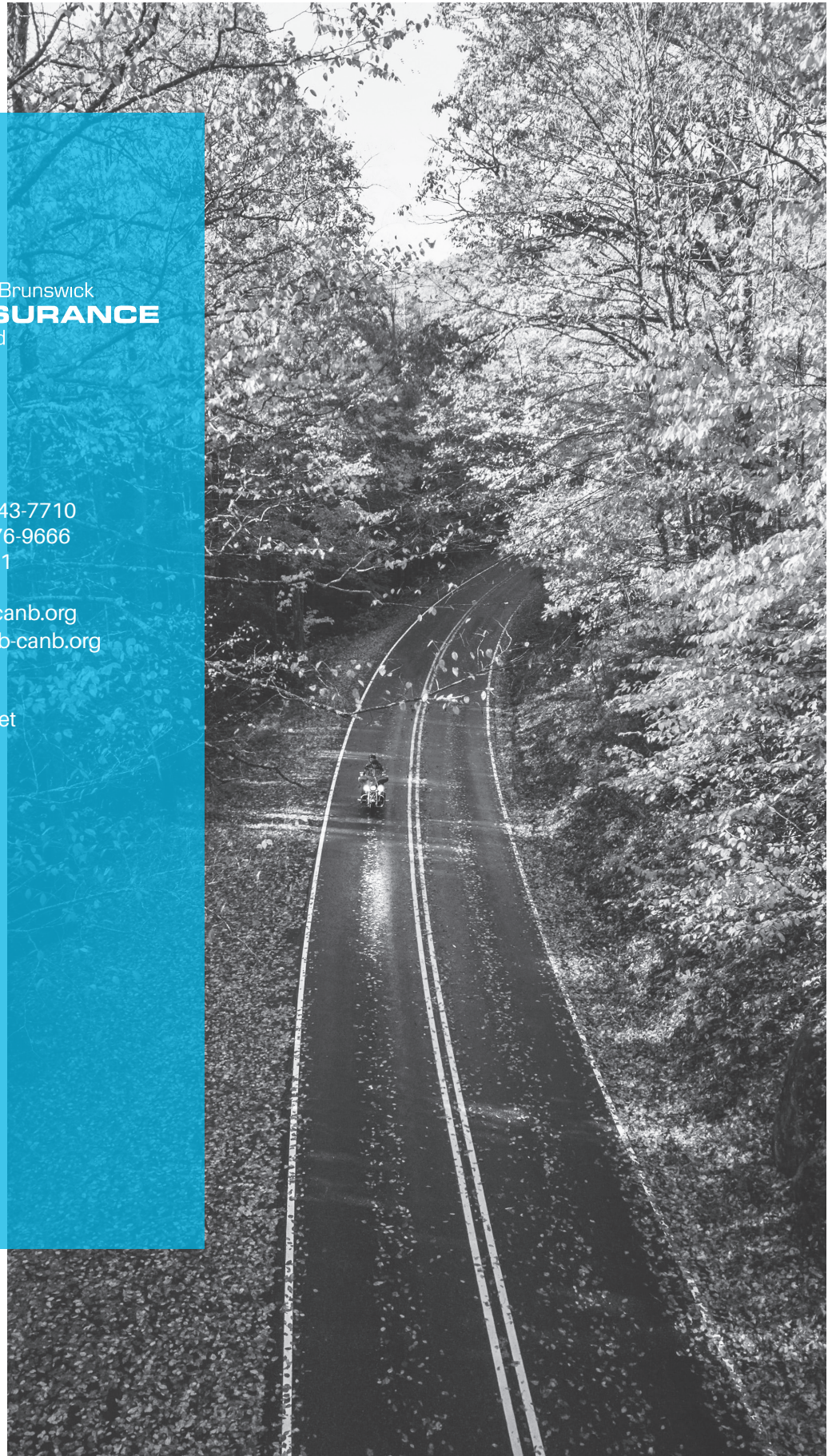


New Brunswick  
**INSURANCE**  
Board

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Commission des  
**ASSURANCES**  
du Nouveau-Brunswick



New Brunswick  
**INSURANCE**  
Board

March 1, 2020

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

**Attention: Honorable Ernie Steeves**

Dear Minister Steeves;

**Re: 2019 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 2019 calendar year. The report contains an overview of our activities for the year, as well as our audited financial statements for the 2018-2019 fiscal year ending March 31, 2019.

Respectfully submitted,

Marie-Claude Doucet  
Chair & CEO  
New Brunswick Insurance Board

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# MESSAGE FROM THE CHAIR



I am pleased to submit the New Brunswick Insurance Board 2019 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 2004 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 2019 and Outlook for 2020

2019 saw a continuation of the long-term trend toward higher auto insurance rates, both here in New Brunswick and across Canada. Rate applications to the Board in 2019 were primarily based on data from 2018 and prior years. The aggregated data collected by the General Insurance Statistical Agency (GISA) shows the deterioration of the NB auto insurance market over the period from 2014-2018. Insurers in NB lost an aggregated \$99.5 million on private passenger auto insurance from 2014 through 2018 and the year over year results have shown steady declines from a net profit of \$4.9 million in 2014 to a net loss of \$42.5 million in 2018.

Given these results, it is not surprising that most rate applications coming before the Board in 2019 were seeking significant rate increases in order to stem the tide of losses on private passenger auto insurance. During 2019, the Board received 413 rate applications, requesting approval of rate increases ranging from 2.07% to 24.50%. The Board held a record number of hearings in 2019 to consider these rate applications, holding 27 hearings (including oral and written hearings). Nevertheless, as in prior year, most insurers continue to request rate increases well below their indication, largely due to the competitive automobile insurance environment in our Province and the rigorous review process utilized here in NB.

Much of the evidence presented to the Board at the 2019 rate application hearings was similar to that received in 2018. The deterioration in loss experience appears to be largely driven by the claims costs for bodily injury (BI), accident benefits (AB) and direct compensation – property damage (DCPD). Rising costs 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 escalating loss costs. Increasingly sophisticated safety equipment on newer vehicles seems to be leading to fewer accidents (improving frequency) but when claims are made, they are more costly to adjudicate (deteriorating severity).

The Board anticipates that 2020 will continue the pattern of increasing auto insurance rates as insurers try to eliminate the on-going losses incurred by the private passenger auto insurance business and return their NB operations to profitability. However, the Board expects to see a moderation in the rate of increase sought by insurers as the impact of previous rate increase approvals flows through to their books of business.

As noted above, the price pressures on auto insurance rates are occurring across Canada as we note in this report. However, we are once again pleased to report that the drivers of New Brunswick continue to benefit from some of the lowest automobile insurance premiums in the country. Nevertheless, we continue to 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 ensure that proposed rate increases are rigorously reviewed and that auto insurers are held to account for the rate that they want to charge to their customers.

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

The business of auto insurance continues to be an area of dynamic change. The vehicles that are being insured are becoming more technologically laden with an increasing array of available safety features. At the same time, as consumer technology (social media, communication, entertainment) is becoming more integrated in new vehicles the risks of distracted driving causing an accident have increased.

Insurers are well aware of these challenges and most insurers have examined opportunities for encouraging safer driving habits as part of the effort to reduce accidents, injuries and the resulting claims costs. This includes the introduction of discounts for safe driving and opportunities for consumers to pay a greater portion of their premiums based on their own driving habits.

Because insurance is based on the pooling of risk (the premiums of the many pay the claims of the few), the Board must remain vigilant that there is not excessive segmentation of risks which will result in significant dislocation to individual consumers. Insurers are using increasingly sophisticated algorithms in their attempts to properly match auto insurance premium with risk. The Board continues its efforts to ensure that it keeps pace with changes being introduced by insurers including the relatively new use of machine learning.

The development of autonomous vehicles continues and more importantly the development of semi-autonomous vehicles. Semi-autonomous vehicles have numerous safety features including collision avoidance and lane assist systems that will actually allow the vehicle to take control of the vehicle for short periods of time in order to avoid an accident. More and more new vehicles on the road are equipped with all or some of these features. As we noted last year, 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).

## Initiatives at the Board

### Request for Proposal for Actuarial Services

After working with our consulting firms KPMG and EY for a number of years, it was decided this year to issue a request for proposal (RFP) for actuarial services to be effective in September 2019. Not only did this exercise allowed us to ensure good governance, it also led us to reassess and redefine the requirements and needs of the Board in terms of actuarial services. Further to the publication of the RFP, a total of seven firms have presented the Board with their proposals. An evaluation of

these proposals led us to conduct interviews with five firms. While all the proponents provided us with high quality propositions, the Board ultimately decided to re-appoint KPMG's actuarial team and retain the services of Eckler's actuarial team, who had impressed us with their proposed level of service, their professionalism and rigour. After working with these teams over the past couple months, we are pleased to conclude that we have made a judicious choice.

### Improving Our Performance

Procedural fairness requires that the Board continues to ensure that our processes are as efficient and as effective as possible. This search for improvements is doubly important during the current period where the Board is seeing a dramatic increase in the number of rate applications that require a hearing. Holding a hearing adds a significant amount of time to the decision-making process and this, in turn, results in the internal analysis of our processes to identify opportunities and area of improvement to our rate application and review procedures and elimination of any undue delays before issuing an approval or decision.

As noted last year, the Board embarked on a project to modernize its internal file maintenance system and the Board's IT system. This work is underway, but the work must be completed while maintaining the current system to ensure that rate applications continue to be reviewed in a timely manner. Further, we are in the early feasibility stages of developing a Common Filing Platform (CFP) which would be developed in cooperation with many of the other Canadian jurisdictions. We strongly believe that this CFP could lead to a much more efficient rate application review process across Canada.

### 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. We continued to offer the training sessions to our Board members in 2019, but this year we also offered a modified version of the training module to our staff and to staff and Board members from the other Atlantic jurisdictions. Representatives from NS, PEI and NFLB travelled to Dieppe in June to attend the session. The training resulted in very positive feedback from our members, staff and other Atlantic Provinces delegates, which have requested the opportunity to attend future sessions.

### Increasing Transparency

The Board believes in providing transparency in its work and the results that it achieves. The website of the Board is continuously updated and maintained to reflect the most recent decisions of the Board and to inform the public of upcoming hearings and the rate requests from insurers. Additionally, this year the Board has not only held public hearings in Saint John, but we have also done so in Fredericton and Moncton, allowing public from various parts of the Province to attend. The Board continues to welcome any members of the public to attend the public hearings.

Finally, I wish to point out that the continued achievements of the Board would not be possible 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



## 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 nine other members. In addition to the CEO, Marie-Claude Doucet, the Board employed seven employees in 2019.

## 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.

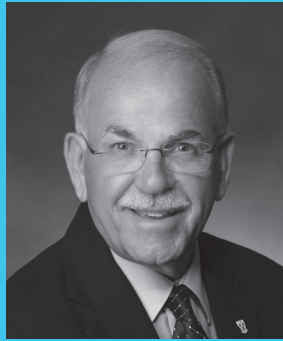
Source: [tirf.ca](http://tirf.ca)



# Members



**Marie-Claude Doucet**  
Chair  
Dieppe  
Appointed 2016



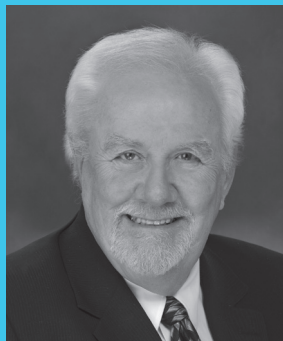
**Marven Grant**  
Vice-Chairman  
Fredericton  
Appointed 2019

In 2019, we welcomed back previous Board member Marven Grant as Vice-Chair as well as Board members Ferne Ashford and Georges Leger.

Heather Stephen and Elizabeth Turgeon were reappointed as Board members and we welcomed new member Kirk MacDonald. We are pleased that these members will serve New Brunswickers over the next three years.



**Fern Ashford**  
Fredericton  
Reappointed 2019



**Jim Jessop**  
Miramichi  
Reappointed 2017



**Francine Kanhai**  
Saint-André  
Reappointed 2018



**Kirk MacDonald**  
Stanley  
Appointed 2019



**Georges Leger**  
Shediac  
Reappointed 2019



**Robert McSorley**  
Hanwell  
Appointed 2017



**Katherine Munro**  
Saint John  
Reappointed 2018

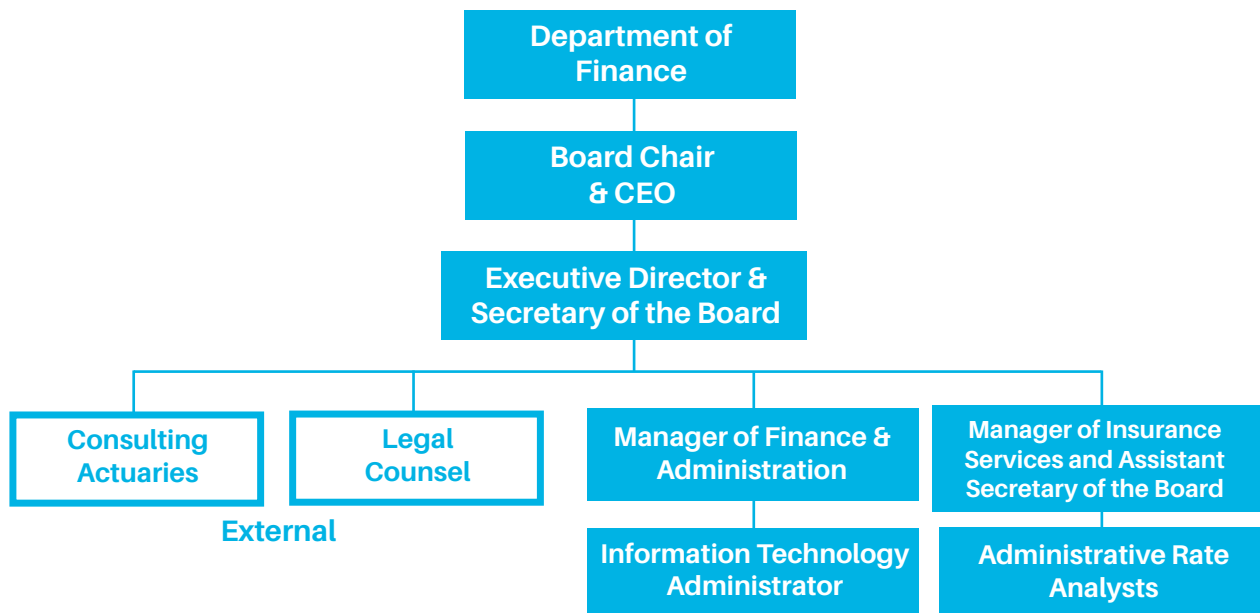


**Heather Stephen**  
Saint John  
Reappointed 2019



**Elizabeth Turgeon**  
Fredericton  
Reappointed 2019

# Organizational Chart



## Accountability

By legislation, the NBIB has the obligation to report its previous year's activities to the Minister of Finance by March 1st. This report highlights our activities and accomplishments of the 2019 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 approved rates 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, 2019 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 2019.

## Board Involvements

### Canadian Automobile Insurance Rate Regulators Association (CARR)

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.

At the annual CARR Fall conference, held in Charlottetown, member jurisdictions renewed their commitment to seeking opportunities to work together on issues of national importance and relevance.

CARR will continue the initial planning and development of a common rate application filing platform to simplify the rate application process and to increase the effectiveness of the rate regulatory oversight process. A project of this nature requires close collaboration of multiple jurisdictions and would not be possible without the relationships that have been fostered through CARR.

### 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 Provinces organizations tasked with auto insurance rate regulation. Training sessions were held in Dieppe and attended by staff and Board members from New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland and Labrador. The opportunity to attend the training was appreciated by other Atlantic jurisdictions, the feedback received was very positive, and its value certainly recognized.



### | 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 2020 conference is scheduled for Vancouver, BC.**



# 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, KPMG or Eckler. 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 analyze 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.

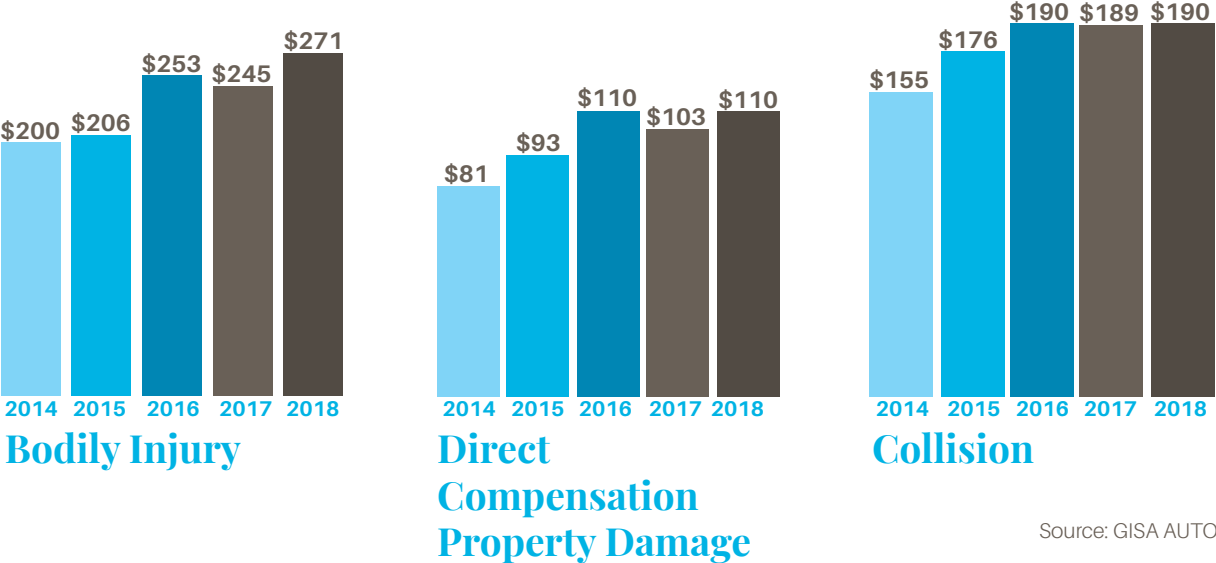
## 2019 Market Summary

In 2019, auto insurance for Private Passenger vehicles in our Province have continued to present some challenges, as we are experiencing ongoing increase in claims costs. Overall, the auto insurance market in New Brunswick reached a total loss cost of \$751 and had loss ratios (claims as a percentage of premiums) of 89% in 2018 (the most recent year for which data is available) with the five-year average escalating to 88%. New Brunswick's total loss cost has increased by approximately 5% per year since 2014. Evidently, loss costs and loss ratios at this level are unsustainable in the long term and consequently numerous insurers have been required to apply for significant rate increases, passing along the rising costs to consumers.

As indicated in the Message from the Chair, from the information received by insurers and the General Insurance Statistical Agency, one of the main drivers for the escalation in claims costs is the dramatic increase in vehicle repair costs (Collision and Comprehensive coverages level) over the past few years, in particular due to the rising prevalence of high technology sensors and equipment in newer vehicles, which are located in areas most susceptible to be damaged in automobile collisions (ie. front and rear bumpers). Hence, while collision avoidance technologies are expected to decrease the number of claims, the small collisions or incidents tend to erode the deductible and trigger a claim that was not necessarily reported when it involved older vehicles that did not include the newer technology. It should be noted that similar patterns are observed in other Atlantic Provinces, such as in Nova Scotia.

That said, although the cost of individual claims are increasing, the number of claims being made in New Brunswick have been relatively stable for most coverage types over the past five years.

# Incurred Claims Cost Per Vehicle



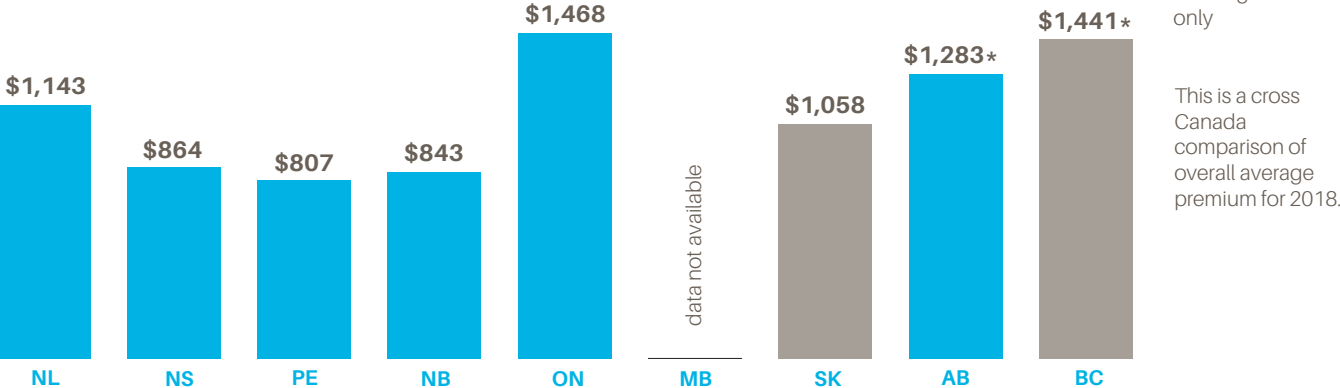
Source: GISA AUTO 1010

The average cost of claims (severity) combined with the average number of claims (frequency) produces the average loss cost. As depicted in the chart above, 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 22% over the past five years. Direct compensation property damage claims costs have risen by 23% and 12% respectively in the last two years. As for collision claims costs, these have gone up approximately 6% per year since 2014.

Overall average claims costs have increased from \$542 in 2013 to \$751 in 2018, an increase of 39%. Whereas, over the same period, average premiums have increased from \$785 to \$843, an increase of only 7.4%. As a result of the above, auto insurers are compelled to request higher premiums through the Board’s rate approval process in an attempt to reach rate adequacy.

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.

# Average Premium per Province



Source: SGI Annual Report, GISA, ICBC Press Releases

## 2019 Rate Applications

In 2019, 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 413 filings in 2019, which included:

- **44** private passenger vehicle rate filings
- **43** commercial and interurban vehicle rate filings
- **247** miscellaneous vehicle rate filings including, motorcycles, ATVs, snowmobiles, buses, taxis etc.
- **79** 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:

- It files for a rate change more than twice in a 12 month period, or
- 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
- 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? |

**2019 Motor Vehicle Act amendments include increasing fines for distracted driving; setting a maximum rate of speed under the Move Over, Slow Down provisions and extending those provisions to tow trucks, highway maintenance vehicles and private and public utility vehicles that have their flashing lights engaged.**

Source: gnb.ca News Release dated Nov 26 2019



## 2019 Hearings

Company	Class	Indication	Proposed	Approved
Aviva General Insurance Company	Private Passenger	30.24%	25.12%	25.12%
Dominion of Canada General Insurance Company, The	Private Passenger	35.80%	15.00%	15.00%
IAO Actuarial Consulting Services Inc.	Commercial	8.23%	7.86%	7.86%
Portage la Prairie Mutual Insurance Company, The	Private Passenger	20.00%	15.00%	12.01%
Wawanesa Mutual Insurance Company, The	Commercial	21.51%	10.16%	10.16%
Wawanesa Mutual Insurance Company, The	Private Passenger	23.98%	8.60%	8.60%
CUMIS General Insurance Company	Private Passenger	24.17%	15.00%	15.00%
Co-operators General Insurance Company	Private Passenger	8.44%	7.97%	7.97%
Economical Mutual Insurance Company	Private Passenger	20.64%	13.96%	13.96%
IAO Actuarial Consulting Services Inc.	Interurban	45.50%	10.41%	10.41%
IAO Actuarial Consulting Services Inc.	Private Bus	9.85%	6.94%	6.94%
IAO Actuarial Consulting Services Inc.	Public Bus	9.85%	6.94%	6.94%
IAO Actuarial Consulting Services Inc.	School Bus	9.85%	6.94%	6.94%
IAO Actuarial Consulting Services Inc.	Taxi	8.81%	8.67%	8.67%
Intact Insurance Company	Private Passenger	16.35%	12.07%	12.07%
Trafalgar Insurance Company of Canada	Private Passenger	16.35%	12.01%	11.87%
TD Home and Auto Insurance Company	Private Passenger	47.67%	10.91%	10.91%
Primum Insurance Company	Private Passenger	47.67%	10.14%	10.14%
Security National Insurance Company	Private Passenger	47.67%	9.92%	9.92%
Unifund Assurance Company	Private Passenger	37.70%	24.54%	24.50%
Royal and SunAlliance Insurance Company of Canada	Private Passenger	22.90%	22.90%	21.30%
Economical Mutual Insurance Company	Private Passenger	11.90%	11.90%	6.10%
Facility Association	Motorcycle	12.80%	12.80%	9.31%
Facility Association	Snow Vehicle	13.10%	7.70%	4.70%
Facility Association	Private Passenger	25.60%	22.30%	14.40%
Facility Association	Commercial	10.40%	9.00%	5.20%
Facility Association	Taxi	22.10%	20.20%	7.70%

Decisions resulting from hearings may be found on the Board's website at [www.nbib-canb.org](http://www.nbib-canb.org)

## External Consultants

### Consulting Actuaries

Our consulting actuaries 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. As noted in the Chairs message, further to a request for proposal for actuarial services process, 2019 saw a transition from EY to Eckler.

### 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 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.

### Eckler

Eckler is Canada's largest independent actuarial and consulting firm. They have been providing solutions and insights to help manage risks and leverage opportunities for more than 90 years. With a team of 310 highly skilled professionals in eight offices across Canada and the Caribbean, their expertise knows no boundaries. Eckler offers services in the areas of property and casualty insurance, life insurance, pension benefits, retirement benefits, financial wellness, investment, group benefits, change management and communication, along with technology consulting.

The property and casualty team includes 24 actuarial professionals (11 of whom are Fellows of the Canadian Institute of Actuaries or the UK/ USA equivalent) working out of offices in Toronto, Montréal and Barbados. The practice is frequently engaged to undertake product pricing work, particularly for automobile insurance. Currently, Eckler serves as the appointed actuary to over 30 property and casualty insurers, reinsurers and quasi-insurers. Other P&C consulting services include risk and financial condition testing, independent peer reviews, advice related to mergers and acquisitions, model validation, and most recently providing advice with respect to IFRS17 and the estimated impact of its implementation in Canada and the Caribbean. Eckler currently serves as the actuarial advisor to three provincial rate regulatory authorities, including the New Brunswick Insurance Board.

### KPMG

KPMG is a limited liability partnership, operating in over 40 locations across Canada. The firm's more than 700 partners and more than 6,500 employees provide crucial services to many of the top business, not for profit and government organizations in Canada. KPMG partners and employees work closely with our clients, helping them to manage risks and take advantage of opportunities.

In Canada, KPMG employs 48 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.

In addition, KPMG's actuaries are actively involved in the actuarial community. KPMG has a team of seven 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? |

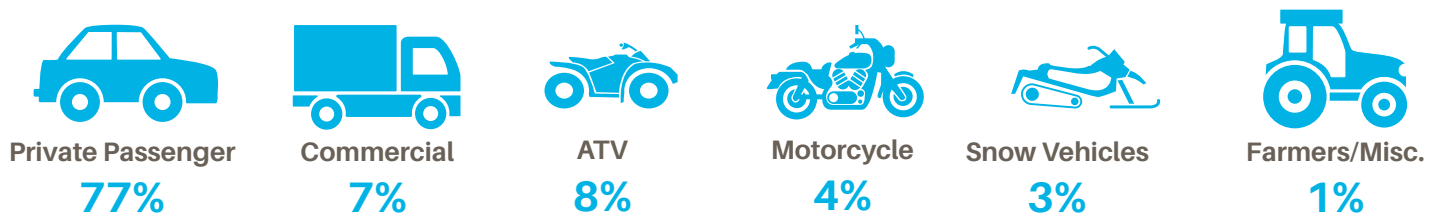
**Changes to the *Motor Vehicle Act* in 2019 would see fines double to \$280, and increase the demerit points, to five, for drivers convicted of distracted driving**

Source: gnb.ca News Release dated Nov 26 2019



# 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 2018, the most recent year for which data is available, is as follows:



Source: GISA AUTO1010-ATL and Auto 1101 ATL

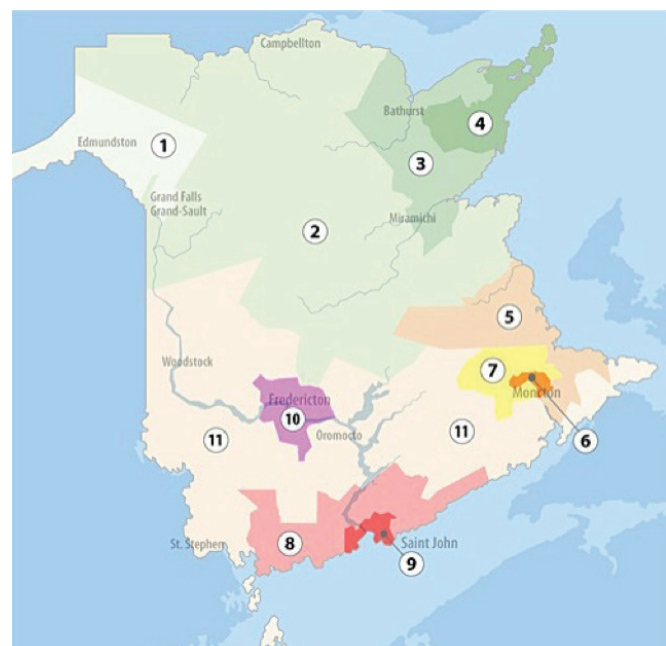
## Territories

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.

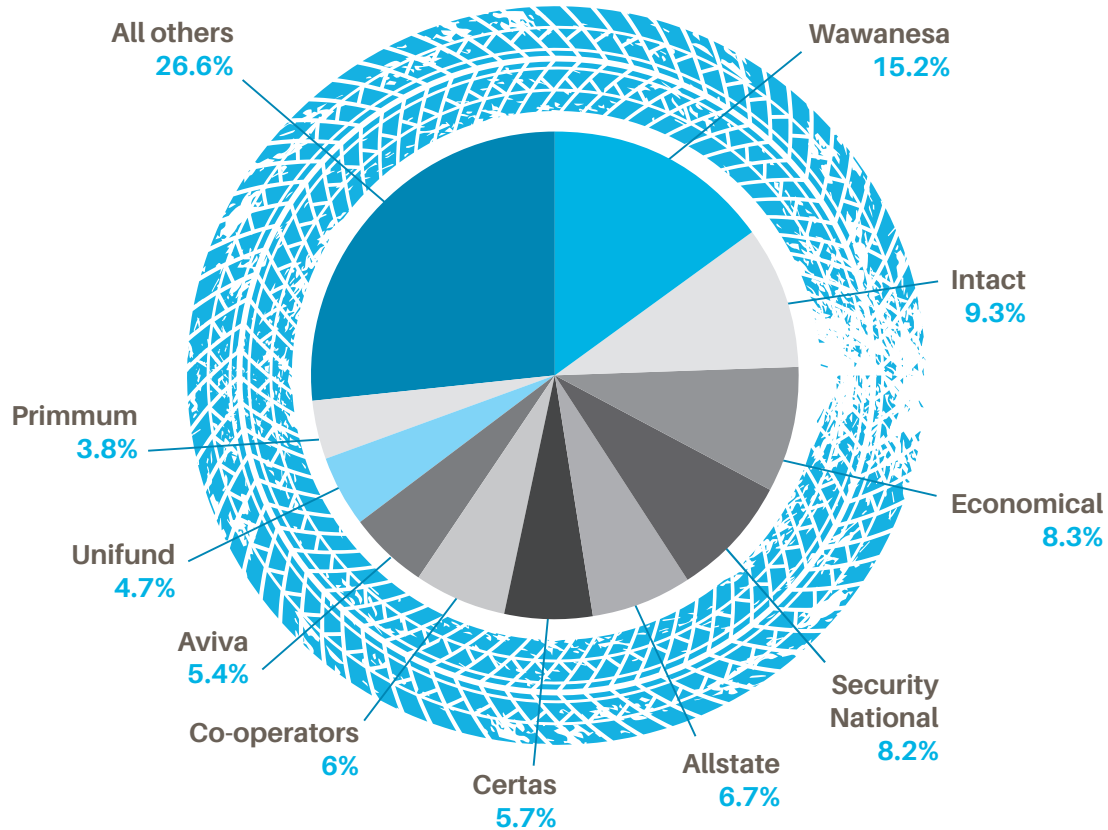
Based on GISA 2018 NB private passenger automobile data, the table below illustrates how vehicle exposures are distributed throughout the eleven statistical territories within the province. The four territories in northern New Brunswick (1-4) represent 31% of vehicle exposures. The seven territories (5-11) within southern New Brunswick represent 69% of vehicle exposures.

Territory	Written Vehicles Distribution
1	5%
2	10%
3	9%
4	7%
5	7%
6	9%
7	8%
8	10%
9	7%
10	12%
11	16%

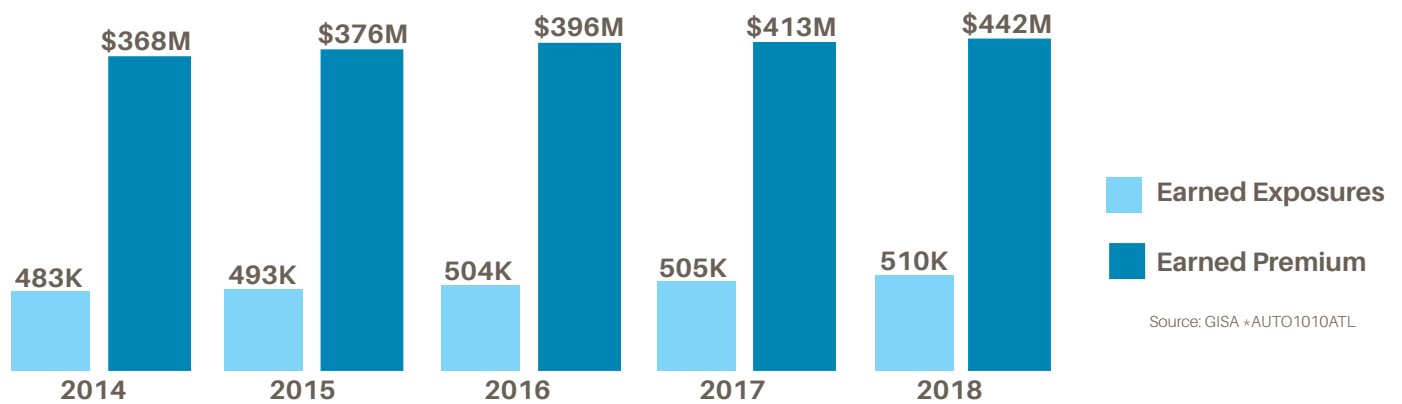


# Private Passenger Vehicles

There are 48 insurance companies within the private passenger market in New Brunswick. Based on the information contained within the 2019 rate filings submitted to the NBIB, the standard market share breaks down as follows:



## NB Private Passengers Written Vehicles and Premiums 2014-2018



# 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.  
Verassure 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? |

**In 2019 the fines for drivers who pass a school bus while its flashing red lights are engaged will double to \$480 and the demerit points will increase to six.**

Source: gnb.ca News Release dated Nov 26 2019



# 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

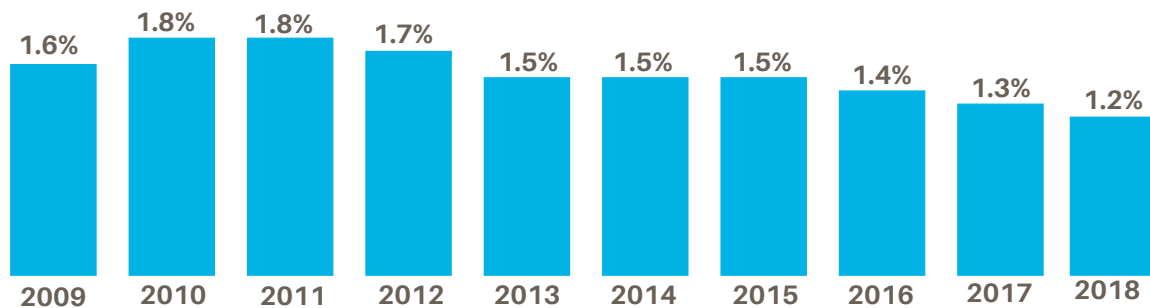
Board therefore holds FA to account to ensure that consumers falling under FA are not paying more than absolutely necessary.

In 2019, the Board held five (5) 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
- Motorcycles
- Snow Vehicles

## New Brunswick Private Passenger Vehicles Market Share 2009 to 2018

Residual Market Segment Private Passenger Market Share New Brunswick



Source: [www.facilityassociation.com](http://www.facilityassociation.com)

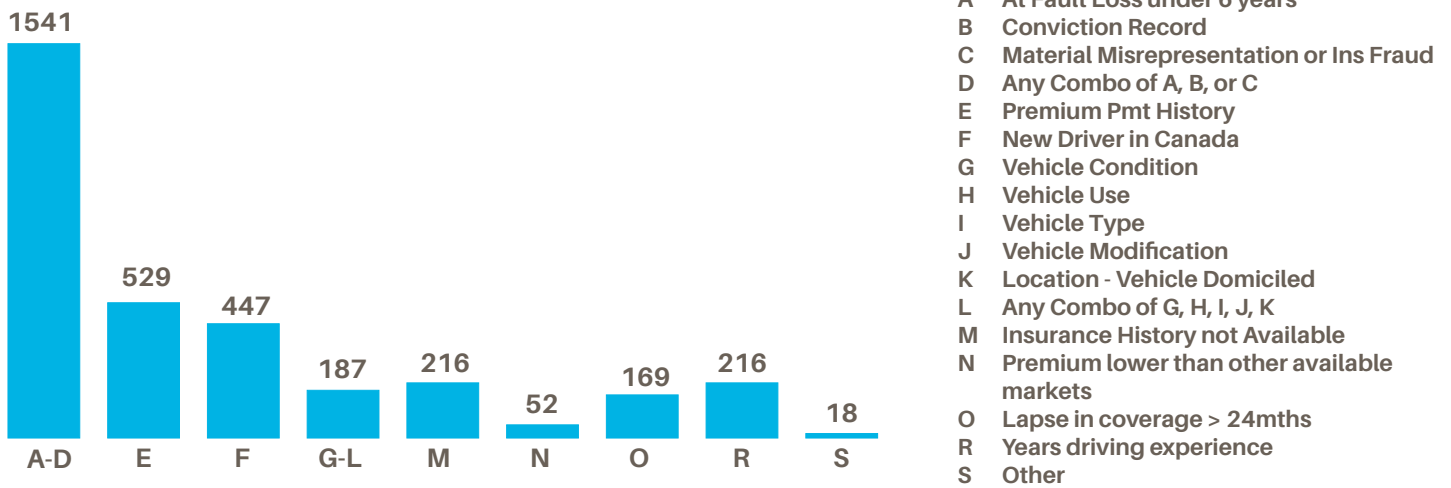
FA’s market share hit a peak in 2002 of 4.94%. Over the last ten years, market share for FA has been relatively stable, declining in 2018 to 1.2%. By Canadian standards, a residual market at 2% or less is considered to be an indicator of a very healthy overall insurance market.

# Reasons for Private Passenger Vehicles Placement in FA in New Brunswick

FA is a market of last resort for vehicles that cannot purchase automobile 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 2019 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



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 2018	
ACE INA Insurance	0.00%
Chubb Insurance Company of Canada	0.00%
Federated Insurance Company of Canada	0.00%
Guarantee Company of North America	0.00%
Liberty Mutual Insurance	0.00%
Northbridge General Insurance Corporation	0.95%
Northbridge Personal Ins Corporation	0.00%
Protective Insurance Company	0.00%
Sovereign General Insurance Co., The	0.00%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	0.00%
XL Specialty Insurance Company	0.00%
Zenith Insurance Company	0.07%

Percent of Market Adopting IAO Rates 1.02%



# 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 kilometers 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. 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.



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? |**  
**When the Minor Injury Cap was increased in 2013 to \$7,500 it was also provided that this amount would be adjusted in accordance with the rate of increase in the Consumer Price Index for NB. The Cap for 2020 will be \$8,305.50.**

Source: fcnb.ca

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 license 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.



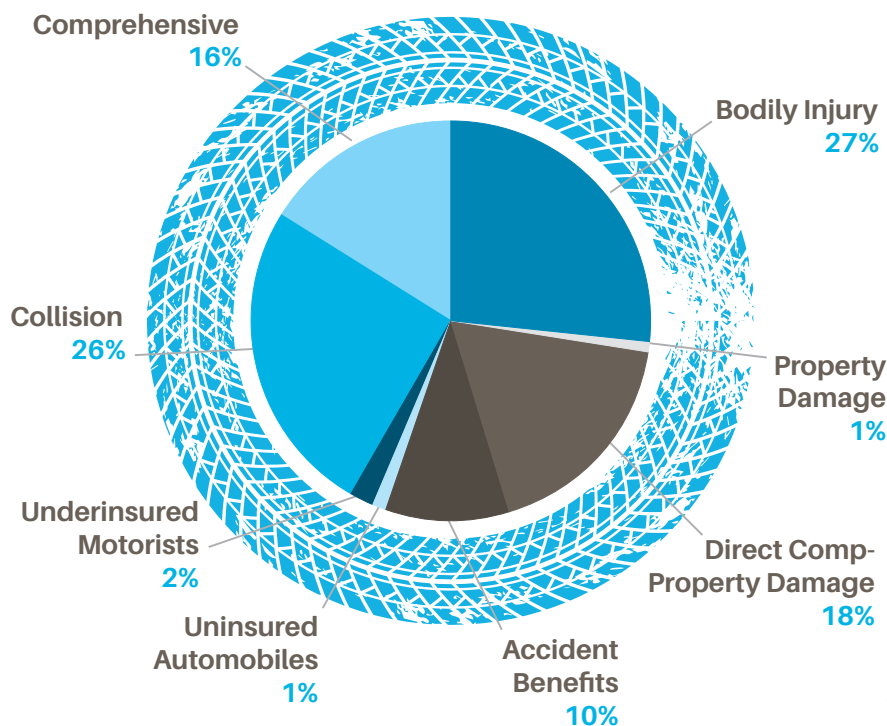
# New Brunswick Auto Insurance Coverages

## 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 dependent \$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

## 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

## Levels of vehicle autonomy

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

### Level 0



No automation, the driver is in complete control of the vehicle at all times.

### Level 01



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.

### Level 02



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.

### Level 03



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.

### Level 04



Full self-driving under certain conditions: the vehicle is on full control for the entire trip in these conditions, such as urban ride-sharing

### Level 05



Full self-driving under all conditions: the vehicle can operate without a human driver or occupants.

Source: [ibc.ca](http://ibc.ca)

## | Did you know? |

**Effective January 1, 2019 automated vehicles equipped with SAE Level 3 technology that are available for public purchase in Canada can be driven on Ontario roads.**

Source: [mto.gov.on.ca](http://mto.gov.on.ca)

# APPENDIX A – FILINGS REVIEWED IN 2019

## 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	Approved Rate Change
Allstate Insurance Company of Canada	Review in Progress
Aviva General Insurance Company	Review in Progress
Aviva Insurance Company of Canada	Review in Progress
CAA Insurance Company (Ontario)	Review in Progress
Certas Home and Auto Insurance Company	2.99%
Chubb Insurance Company of Canada	15.42%
Continental Casualty Company	15.42%
Co-operators General Insurance Company	Review in Progress
CUMIS General Insurance Company	Review in Progress
Dominion of Canada General Insurance Company, The	15.00%
Echelon General Insurance Company	Review in Progress
Economical Mutual Insurance Company	6.10%
Facility Association	14.40%
Federated Insurance Company of Canada	0.80%
Hartford Fire Insurance Company	0.00%
IAO Actuarial Consulting Services Inc.	Review in Progress
Insurance Company of Prince Edward Island	Review in Progress
Liberty Mutual Insurance Company	15.42%
Northbridge General Ins Co	2.07%
Pafco Insurance Company	2.97%
Pembridge Insurance Company	Review in Progress
Personal Insurance Company, The	2.99%
Portage la Prairie Mutual Insurance Company, The	Review in Progress
Primum Insurance Company	10.05%
Promutuel de L'Estuaire	Review in Progress
Royal and Sun Alliance Insurance Company of Canada	21.30%
S&Y Insurance Company	Review in Progress
Scottish & York Insurance Company Limited	Review in Progress
Security National Insurance Company	9.84%
Sonnet Insurance Company	Review in Progress
Sovereign General Insurance Company, The	19.73%
TD Home and Auto Insurance Company	10.91%
Tokio Marine & Nichido Fire Insurance Co. Ltd.	4.06%

## Private Passenger Vehicles (cont.)

Insurance Company Name	Approved Rate Change
Traders General Insurance Company	Review in Progress
Unifund Assurance Company	24.50%
United General Insurance Corporation	Review in Progress
United General Insurance Corporation	2.98%
Verassure Insurance Company	2.07%
Wawanesa Mutual Insurance Company, The	Review in Progress
Wawanesa Mutual Insurance Company, The	8.60%
XL Specialty Insurance Company	0.00%
Zenith Insurance Company	1.61%

## Commercial and Interurban Vehicles

Insurance Company Name	Filing Class	Approved Rate Change
AIG Insurance Company of Canada	Interurban	10.41%
AIG Insurance Company of Canada	Commercial	7.86%
Aviva Insurance Company of Canada	Commercial	0.00%
Aviva Insurance Company of Canada	Interurban	0.00%
Certas Home and Auto Insurance Company	Commercial	Review in Progress
Chubb Insurance Company of Canada	Interurban	10.41%
Chubb Insurance Company of Canada	Commercial	7.86%
Continental Casualty Company	Commercial	7.86%
Continental Casualty Company	Interurban	10.41%
Co-operators General Insurance Company	Commercial and Interurban	-0.53%
Dominion of Canada General Insurance Company, The	Commercial and Interurban	2.96%
Echelon General Insurance Company	Commercial and Interurban	3.00%
Economical Mutual Insurance Company	Commercial and Interurban	0.00%
Facility Association	Interurban	0.00%
Facility Association	Commercial	5.20%
Federated Insurance Company of Canada	Commercial and Interurban	0.00%
Guarantee Company of North America (The)	Commercial and Interurban	0.00%
Hartford Fire Insurance Company	Commercial	0.00%
IAO Actuarial Consulting Services Inc.	Commercial	7.86%
IAO Actuarial Consulting Services Inc.	Interurban	10.41%
Insurance Company of Prince Edward Island	Interurban	Review in Progress
Insurance Company of Prince Edward Island	Commercial	Review in Progress
Intact Insurance Company	Interurban	0.00%
Intact Insurance Company	Commercial	0.00%
Liberty Mutual Insurance Company	Interurban	10.41%
Liberty Mutual Insurance Company	Commercial	7.86%
Northbridge General Ins Co	Interurban	-16.59%
Northbridge General Ins Co	Commercial and Interurban	1.13%
Portage la Prairie Mutual Insurance Company, The	Commercial	10.16%
Promutuel de L'Estuaire	Commercial	0.00%
Protective Insurance Company	Interurban	10.41%

## Commercial and Interurban Vehicles (cont.)

Insurance Company Name	Filing Class	Approved Rate Change
Protective Insurance Company	Commercial	7.86%
Royal and Sun Alliance Insurance Company of Canada	Commercial	Review in Progress
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, The	Commercial	1.29%
Sovereign General Insurance Company, The	Interurban	0.91%
Tokio Marine & Nichido Fire Insurance Co. Ltd.	Interurban	-16.59%
Tokio Marine & Nichido Fire Insurance Co. Ltd.	Commercial and Interurban	10.12%
United General Insurance Corporation	Commercial	0.00
Verassure Insurance Company	Interurban	-16.59%
Verassure Insurance Company	Commercial and Interurban	1.13%
XL Specialty Insurance Company	Commercial and Interurban	0.00%
Wawanesa Mutual Insurance Company	Commercial and Interurban	10.16%
XL Specialty Insurance Company	Commercial and Interurban	0.00%

## Miscellaneous Vehicles

Insurance Company Name	Filing Class	Approved Rate Change
AIG Insurance Company of Canada	Ambulance	0.00%
AIG Insurance Company of Canada	School Buses	0.00%
AIG Insurance Company of Canada	Public Buses	6.94%
AIG Insurance Company of Canada	Private Buses	6.94%
Allstate Insurance Company of Canada	Motorcycle	Review in Progress
Allstate Insurance Company of Canada	Snowmobile	0.25%
Allstate Insurance Company of Canada	Motorhomes	0.41%
Allstate Insurance Company of Canada	Camper Units	0.00%
Allstate Insurance Company of Canada	ATV	0.27%
Aviva General Insurance Company	Camper Units	Review in Progress
Aviva General Insurance Company	ATV	Review in Progress
Aviva General Insurance Company	Motorcycle	Review in Progress
Aviva General Insurance Company	Motorhomes	Review in Progress
Aviva General Insurance Company	Snowmobile	Review in Progress
Aviva Insurance Company of Canada	Taxi	0.00%
Aviva Insurance Company of Canada	Private Buses	0.00%
Aviva Insurance Company of Canada	School Buses	0.00%
Aviva Insurance Company of Canada	Public Buses	0.00%
Aviva Insurance Company of Canada	Ambulance	0.00%
Aviva Insurance Company of Canada	Motorhomes	0.00%
Aviva Insurance Company of Canada	Motorcycle & Mopeds	0.20%
Aviva Insurance Company of Canada	ATV	0.05%
Aviva Insurance Company of Canada	Camper Units	0.00%
Aviva Insurance Company of Canada	Snowmobile	0.09%
CAA Insurance Company (Ontario)	Camper Units	Review in Progress
CAA Insurance Company (Ontario)	Motorhomes	Review in Progress
CAA Insurance Company (Ontario)	ATV	Review in Progress
CAA Insurance Company (Ontario)	Snowmobile	Review in Progress
Certas Home and Auto Insurance Company	Motorcycle	0.00%
Certas Home and Auto Insurance Company	Mopeds	0.00%

## Miscellaneous Vehicles (cont.)

Insurance Company Name	Filing Class	Approved Rate Change
Certas Home and Auto Insurance Company	Snowmobile	0.00%
Certas Home and Auto Insurance Company	Motorhomes	0.00%
Certas Home and Auto Insurance Company	Camper Units	0.00%
Certas Home and Auto Insurance Company	ATV	0.00%
Co-operators General Insurance Company	ATV	2.65%
Co-operators General Insurance Company	School Buses	0.00%
Co-operators General Insurance Company	Private Buses	0.00%
Co-operators General Insurance Company	Motorhomes	0.00%
Co-operators General Insurance Company	Motorcycle	0.00%
Co-operators General Insurance Company	Mopeds	0.00%
Co-operators General Insurance Company	Camper Units	0.00%
Co-operators General Insurance Company	Snowmobile	0.00%
Co-operators General Insurance Company	Antiques	0.00%
CUMIS General Insurance Company	Snowmobile	0.00%
CUMIS General Insurance Company	Motorhomes	0.00%
CUMIS General Insurance Company	Motorcycle	0.00%
CUMIS General Insurance Company	Mopeds	0.00%
CUMIS General Insurance Company	Camper Units	0.00%
CUMIS General Insurance Company	ATV	0.00%
Dominion of Canada General Insurance Company, The	Taxi	0.00%
Dominion of Canada General Insurance Company, The	All Buses	0.00%
Dominion of Canada General Insurance Company, The	Ambulance	0.00%
Dominion of Canada General Insurance Company, The	All Other Public Use	0.00%
Dominion of Canada General Insurance Company, The	Snowmobile	0.00%
Dominion of Canada General Insurance Company, The	Motorhomes	0.00%
Dominion of Canada General Insurance Company, The	Camper Units	0.00%
Dominion of Canada General Insurance Company, The	Motorcycle	0.00%
Dominion of Canada General Insurance Company, The	ATV	0.00%
Dominion of Canada General Insurance Company, The	Antiques	0.00%
Economical Mutual Insurance Company	Snowmobile	0.00%
Economical Mutual Insurance Company	Motorhomes	0.00%
Economical Mutual Insurance Company	Motorcycle	0.00%
Economical Mutual Insurance Company	Camper Units	0.00%
Economical Mutual Insurance Company	ATV	0.00%
Elite Insurance Company	Motorhomes	Review in Progress
Elite Insurance Company	Camper Units	0.00%
Elite Insurance Company	Antiques	0.00%
Elite Insurance Company	Motorcycle	0.00%
Facility Association	Motorhomes	0.00%
Facility Association	ATV	0.00%
Facility Association	Camper Units	0.00%
Facility Association	Antiques	0.00%
Facility Association	School Buses	0.00%
Facility Association	Public Buses	0.00%
Facility Association	Private Buses	0.00%
Facility Association	All Other Public Use	0.00%
Facility Association	All Other Public Use	0.00%



## Miscellaneous Vehicles (cont.)

Insurance Company Name	Filing Class	Approved Rate Change
Facility Association	Ambulance	0.00%
Facility Association	Taxi	7.70%
Facility Association	Snowmobile	4.70%
Facility Association	Motorcycle	9.30%
Federated Insurance Company of Canada	Snowmobile	0.00%
Federated Insurance Company of Canada	Motorhomes	0.00%
Federated Insurance Company of Canada	Motorcycle & Mopeds	0.00%
Federated Insurance Company of Canada	Camper Units	0.00%
Federated Insurance Company of Canada	ATV	0.00%
Federated Insurance Company of Canada	Antiques	0.00%
Guarantee Company of North America (The)	School Buses	0.00%
Guarantee Company of North America (The)	Public Buses	0.00%
Guarantee Company of North America (The)	Private Buses	0.00%
Guarantee Company of North America (The)	Ambulance	0.00%
IAO Actuarial Consulting Services Inc.	Snowmobile	Review in Progress
IAO Actuarial Consulting Services Inc.	Motorhomes	Review in Progress
IAO Actuarial Consulting Services Inc.	ATV	Review in Progress
IAO Actuarial Consulting Services Inc.	Motorcycle & Mopeds	Review in Progress
IAO Actuarial Consulting Services Inc.	Taxi	8.67%
IAO Actuarial Consulting Services Inc.	School Buses	6.94%
IAO Actuarial Consulting Services Inc.	Public Buses	6.94%
IAO Actuarial Consulting Services Inc.	Private Buses	6.94%
IAO Actuarial Consulting Services Inc.	Ambulance	0.00%
Insurance Company of Prince Edward Island	Motorhomes	0.00%
Insurance Company of Prince Edward Island	Antiques	0.00%
Insurance Company of Prince Edward Island	Snowmobile	0.00%
Insurance Company of Prince Edward Island	Motorcycle	0.00%
Insurance Company of Prince Edward Island	Camper Units	0.00%
Insurance Company of Prince Edward Island	ATV	0.00%
Intact Insurance Company	Antiques	0.00%
Intact Insurance Company	Motorhomes	0.00%
Intact Insurance Company	Snowmobile	0.00%
Intact Insurance Company	ATV	0.00%
Intact Insurance Company	Motorcycle	0.00%
Intact Insurance Company	Camper Units	0.00%
Intact Insurance Company	Taxi	0.00%
Intact Insurance Company	All Buses	0.00%
Intact Insurance Company	Ambulance	0.00%
Liberty Mutual Insurance Company	ATV	1.26%
Lloyd's Underwriters	Snowmobile	Review in Progress
Lloyd's Underwriters	Motorcycle	Review in Progress
Lloyd's Underwriters	ATV	Review in Progress
Northbridge General Ins Corporation	Snowmobile	0.00%
Northbridge General Ins Corporation	Motorhomes	0.00%
Northbridge General Ins Corporation	Motorcycle & Mopeds	0.00%
Northbridge General Ins Corporation	Camper Units	0.00%

## Miscellaneous Vehicles (cont.)

Insurance Company Name	Filing Class	Approved Rate Change
Northbridge General Ins Corporation	ATV	0.00%
Northbridge General Ins Corporation	Antiques	0.00%
Northbridge General Ins Corporation	Ambulance	0.00%
Northbridge General Ins Corporation	Public Buses	0.00%
Northbridge General Ins Corporation	Private Buses	0.00%
Northbridge General Ins Corporation	School Buses	0.00%
Northbridge General Ins Corporation	Taxi	0.00%
Pembridge Insurance Company	Motorcycle	Review in Progress
Pembridge Insurance Company	Snowmobile	2.99%
Pembridge Insurance Company	Motorhomes	2.99%
Pembridge Insurance Company	Camper Units	0.00%
Pembridge Insurance Company	ATV	0.00%
Personal Insurance Company, The	Snowmobile	0.00%
Personal Insurance Company, The	Motorhomes	0.00%
Personal Insurance Company, The	Motorcycle	0.00%
Personal Insurance Company, The	Mopeds	0.00%
Personal Insurance Company, The	Camper Units	0.00%
Personal Insurance Company, The	ATV	0.00%
Portage la Prairie Mutual Insurance Company, The	ATV	Review in Progress
Portage la Prairie Mutual Insurance Company, The	Snowmobile	Review in Progress
Portage la Prairie Mutual Insurance Company, The	Motorcycle	Review in Progress
Portage la Prairie Mutual Insurance Company, The	Motorhomes	Review in Progress
Portage la Prairie Mutual Insurance Company, The	Camper Units	Review in Progress
Primum Insurance Company	Snowmobile	1.35%
Primum Insurance Company	Motorcycle & Mopeds	0.00%
Primum Insurance Company	Camper Units	0.00%
Primum Insurance Company	ATV	0.00%
Primum Insurance Company	Motorhomes	1.35%
Promutuel de L'Estuaire	Snowmobile	0.00%
Promutuel de L'Estuaire	Camper Units	0.00%
Promutuel de L'Estuaire	ATV	0.00%
Promutuel de L'Estuaire	Motorcycle & Mopeds	0.00%
Royal and Sun Alliance Insurance Company of Canada	Snowmobile	0.00%
Royal and Sun Alliance Insurance Company of Canada	Motorhomes	0.00%
Royal and Sun Alliance Insurance Company of Canada	Motorcycle & Mopeds	0.00%
Royal and Sun Alliance Insurance Company of Canada	Camper Units	0.00%
Royal and Sun Alliance Insurance Company of Canada	ATV	0.00%
Royal and Sun Alliance Insurance Company of Canada	Antiques	0.00%
Royal and Sun Alliance Insurance Company of Canada	Taxi	0.00%
Royal and Sun Alliance Insurance Company of Canada	All Buses	0.00%
Royal and Sun Alliance Insurance Company of Canada	Ambulance	0.00%
Scottish & York Insurance Company Limited	Snowmobile	0.00%
Scottish & York Insurance Company Limited	Motorhomes	0.00%
Scottish & York Insurance Company Limited	Motorcycle & Mopeds	0.00%
Scottish & York Insurance Company Limited	Camper Units	0.00%
Scottish & York Insurance Company Limited	ATV	0.00%

## Miscellaneous Vehicles (cont.)

Insurance Company Name	Filing Class	Approved Rate Change
Security National Insurance Company	Snowmobile	1.71%
Security National Insurance Company	Motorcycle & Mopeds	0.00%
Security National Insurance Company	Camper Units	0.00%
Security National Insurance Company	ATV	0.00%
Security National Insurance Company	Motorhomes	1.71%
Sovereign General Insurance Company, The	All Other Public Use	0.00%
Sovereign General Insurance Company, The	Ambulance	0.00%
Sovereign General Insurance Company, The	ATV	0.00%
Sovereign General Insurance Company, The	Camper Units	0.00%
Sovereign General Insurance Company, The	Motorhomes	0.00%
Sovereign General Insurance Company, The	Private Buses	0.00%
Sovereign General Insurance Company, The	Taxi	0.00%
Sovereign General Insurance Company, The	Motorcycle	0.00%
Sovereign General Insurance Company, The	Public Buses	0.00%
Sovereign General Insurance Company, The	School Buses	0.00%
Sovereign General Insurance Company, The	Snowmobile	0.00%
TD Home and Auto Insurance Company	Snowmobile	0.00%
TD Home and Auto Insurance Company	Motorcycle & Mopeds	0.00%
TD Home and Auto Insurance Company	Camper Units	0.00%
TD Home and Auto Insurance Company	ATV	0.00%
TD Home and Auto Insurance Company	Motorhomes	0.15%
Tokio Marine & Nichido Fire Insurance Co. Ltd.	Snowmobile	0.00%
Tokio Marine & Nichido Fire Insurance Co. Ltd.	Motorhomes	0.00%
Tokio Marine & Nichido Fire Insurance Co. Ltd.	Motorcycle & Mopeds	0.00%
Tokio Marine & Nichido Fire Insurance Co. Ltd.	Camper Units	0.00%
Tokio Marine & Nichido Fire Insurance Co. Ltd.	ATV	0.00%
Tokio Marine & Nichido Fire Insurance Co. Ltd.	Antiques	0.00%
Tokio Marine & Nichido Fire Insurance Co. Ltd.	Ambulance	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.	School Buses	0.00%
Tokio Marine & Nichido Fire Insurance Co. Ltd.	Taxi	0.00%
Traders General Insurance Company	Snowmobile	0.00%
Traders General Insurance Company	Motorhomes	0.00%
Traders General Insurance Company	Motorcycle & Mopeds	0.00%
Traders General Insurance Company	Camper Units	0.00%
Traders General Insurance Company	ATV	0.00%
Trafalgar Insurance Company of Canada	Snowmobile	0.00%
Trafalgar Insurance Company of Canada	Motorhomes	0.00%
Trafalgar Insurance Company of Canada	Motorcycle	0.00%
Trafalgar Insurance Company of Canada	Camper Units	0.00%
Trafalgar Insurance Company of Canada	ATV	0.00%
Trafalgar Insurance Company of Canada	Antiques	0.00%
Unifund Assurance Company	Snowmobile	0.00%
Unifund Assurance Company	Motorhomes	0.00%
Unifund Assurance Company	Motorcycle & Mopeds	0.00%

## Miscellaneous Vehicles (cont.)

Insurance Company Name	Filing Class	Approved Rate Change
Unifund Assurance Company	Camper Units	0.00%
Unifund Assurance Company	ATV	0.00%
United General Insurance Corporation	Snowmobile	0.00%
United General Insurance Corporation	Motorcycle	0.00%
United General Insurance Corporation	ATV	0.00%
Verassure Insurance Company	Snowmobile	0.00%
Verassure Insurance Company	Motorhomes	0.00%
Verassure Insurance Company	Motorcycle & Mopeds	0.00%
Verassure Insurance Company	Camper Units	0.00%
Verassure Insurance Company	ATV	0.00%
Verassure Insurance Company	Antiques	0.00%
Verassure Insurance Company	Ambulance	0.00%
Verassure Insurance Company	Public Buses	0.00%
Verassure Insurance Company	Private Buses	0.00%
Verassure Insurance Company	School Buses	0.00%
Verassure Insurance Company	Taxi	0.00%
Wawanesa Mutual Insurance Company, The	Snowmobile	Review in Progress
Wawanesa Mutual Insurance Company, The	Motorcycle & Mopeds	Review in Progress
Wawanesa Mutual Insurance Company, The	ATV	Review in Progress
Wawanesa Mutual Insurance Company, The	Camper Units	Review in Progress
XL Specialty Insurance Company	Taxi	0.00%
XL Specialty Insurance Company	School Buses	0.00%
XL Specialty Insurance Company	Public Buses	0.00%
XL Specialty Insurance Company	Private Buses	0.00%
XL Specialty Insurance Company	Ambulance	0.00%
XL Specialty Insurance Company	Snowmobile	0.00%
XL Specialty Insurance Company	Motorcycle	0.00%
XL Specialty Insurance Company	Motorhomes	0.00%
XL Specialty Insurance Company	ATV	0.00%
Zenith Insurance Company	Snowmobile	0.00%
Zenith Insurance Company	Motorhomes	0.00%
Zenith Insurance Company	Motorcycle & Mopeds	0.00%
Zenith Insurance Company	Camper Units	0.00%
Zenith Insurance Company	ATV	0.00%
Zenith Insurance Company	Antiques	0.00%

## Non-Rate Filings

Insurance Company Name	Filing Class
Allstate Insurance Company of Canada	Private Passenger
Allstate Insurance Company of Canada	Private Passenger
Allstate Insurance Company of Canada	Private Passenger
Aviva Insurance Company of Canada	Interurban
Aviva Insurance Company of Canada	Commercial
CAA Insurance Company (Ontario)	Private Passenger
Certas Home and Auto Insurance Company	Commercial
Co-operators General Insurance Company	Motorcycle
Co-operators General Insurance Company	All including Private Passenger
Co-operators General Insurance Company	All including Private Passenger
CUMIS General Insurance Company	Motorcycle
Dominion of Canada General Insurance Company, The	Commercial and Interurban
Economical Mutual Insurance Company	Private Passenger
Elite Insurance Company	Motorcycle
Elite Insurance Company	Antiques
Facility Association	Commercial
Facility Association	Private Passenger
Guarantee Company of North America, The	Ambulance
Guarantee Company of North America, The	Public Buses
Guarantee Company of North America, The	Commercial and Interurban
Guarantee Company of North America, The	School Buses
Guarantee Company of North America, The	Private Buses
Guarantee Company of North America, The	School Buses
Guarantee Company of North America, The	Private Buses
Guarantee Company of North America, The	Public Buses
Guarantee Company of North America, The	Ambulance
Intact Insurance Company	Private Passenger
Intact Insurance Company	Private Passenger
Intact Insurance Company	Commercial
Intact Insurance Company	Private Passenger
Intact Insurance Company	Commercial and Interurban
Northbridge General Ins Corporation	Commercial and Interurban
Pafco Insurance Company	Private Passenger
Pembridge Insurance Company	Private Passenger
Primum Insurance Company	All including Private Passenger
Primum Insurance Company	Snowmobile
Primum Insurance Company	Private Passenger
Primum Insurance Company	Motorhomes
Primum Insurance Company	Motorcycle
Primum Insurance Company	ATV
Primum Insurance Company	Private Passenger
Primum Insurance Company	Private Passenger
Promutuel de L'Estuaire	Private Passenger
Royal and Sun Alliance Insurance Company of Canada	Interurban
Royal and Sun Alliance Insurance Company of Canada	Commercial
Security National Insurance Company	All including Private Passenger

## Non-Rate Filings

Insurance Company Name	Filing Class
Security National Insurance Company	Snowmobile
Security National Insurance Company	Private Passenger
Security National Insurance Company	Motorhomes
Security National Insurance Company	Motorcycle
Security National Insurance Company	ATV
Security National Insurance Company	Private Passenger
Security National Insurance Company	Private Passenger
Sonnet Insurance Company	Private Passenger
Sonnet Insurance Company	Private Passenger
TD Home and Auto Insurance Company	All including Private Passenger
TD Home and Auto Insurance Company	Snowmobile
TD Home and Auto Insurance Company	Private Passenger
TD Home and Auto Insurance Company	Motorhomes
TD Home and Auto Insurance Company	Motorcycle
TD Home and Auto Insurance Company	ATV
TD Home and Auto Insurance Company	Private Passenger
TD Home and Auto Insurance Company	Private Passenger
Tokio Marine & Nichido Fire Insurance Co. Ltd.	Commercial and Interurban
Trafalgar Insurance Company of Canada	Private Passenger
Trafalgar Insurance Company of Canada	Private Passenger
United General Insurance Corporation	Commercial
United General Insurance Corporation	Private Passenger
United General Insurance Corporation	Private Passenger
Verassure Insurance Company	Commercial and Interurban
Wawanesa Mutual Insurance Company, The	Snowmobile
Wawanesa Mutual Insurance Company, The	Motorhomes
Wawanesa Mutual Insurance Company, The	Motorcycle
Wawanesa Mutual Insurance Company, The	Camper Units
Wawanesa Mutual Insurance Company, The	ATV
Wawanesa Mutual Insurance Company, The	Private Passenger
Wawanesa Mutual Insurance Company, The	Motorhomes
Wawanesa Mutual Insurance Company, The	Private Passenger
Wawanesa Mutual Insurance Company, The	Commercial



# Appendix B: Audited Financial Statements

Financial Statements Of

## **New Brunswick Insurance Board**

March 31, 2019

Peter G. Gaulton  
Chartered Professional Accountant

# New Brunswick Insurance Board

Financial Statements  
For the year ended March 31, 2019

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## **INDEPENDENT AUDITOR'S REPORT TO THE 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, 2019, 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.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the New Brunswick Insurance Board as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Opinion**

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the New Brunswick Insurance Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the New Brunswick Insurance Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the New Brunswick Insurance Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the New Brunswick Insurance Board's financial reporting process. (continued)

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**Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 New Brunswick Insurance Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the New Brunswick Insurance Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the New Brunswick Insurance Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during our audit.

July 3, 2019  
Saint John, NB

  
Chartered Professional Accountant

# New Brunswick Insurance Board

Statement of Financial Position

As at March 31, 2019

	2019	2018
<b>Financial Assets</b>		
Current:		
Cash in bank	\$ 2,447,015	\$ 2,238,953
Accounts receivable	18,349	135,168
Harmonized sales tax recoverable	168,055	17,165
	<u>2,633,419</u>	<u>2,391,286</u>
<b>Liabilities</b>		
Current:		
Accounts payable and accrued liabilities	355,885	247,297
Employee deductions payable	24,491	20,687
Deferred assessments (note 6)	2,384,667	2,173,927
	<u>2,765,043</u>	<u>2,441,911</u>
<b>Net Financial Assets (Liabilities)</b>	<u>(131,624)</u>	<u>(50,625)</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 3)	789,438	697,737
Less: accumulated amortization	(684,455)	(659,078)
	<u>104,983</u>	<u>38,659</u>
Prepaid expenses	26,641	11,966
	<u>131,624</u>	<u>50,625</u>
<b>Accumulated Surplus</b>	<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, 2019

	2019 Budget	2019 Actual	2018 Actual
<b>Receipts</b>			
Assessments	\$ 2,016,884	\$ 2,062,353	\$ 1,860,362
Interest	15,000	15,393	10,327
Other	100	77	3,268
	2,031,984	2,077,823	1,873,957
<b>Operating disbursements</b>			
Wages, benefits and other employee costs	823,379	824,523	805,531
Interest and bank charges	2,000	2,637	1,635
Rent	210,045	121,553	121,352
Amortization expense	35,000	25,376	36,655
Office expenses	15,000	24,973	21,490
Audit and accounting	15,000	15,309	14,300
Consulting services	50,000	39,033	2,758
Training and education	37,500	37,655	36,533
Telecommunications	18,000	21,514	23,742
Equipment leases	2,060	2,042	2,042
Communications and community support	10,000	5,114	6,098
Meetings and conferences	20,000	7,641	8,018
Insurance	2,000	1,422	1,395
	1,239,984	1,128,792	1,081,549
<b>Regulatory disbursements</b>			
Board compensation	122,500	119,000	120,325
Board member training & education	65,000	31,939	25,093
Board member meetings & conferences	10,000	1,380	4,251
Travel	12,500	13,421	9,505
Actuarial services	450,000	590,724	524,184
Consulting services	50,000	59,210	35,961
Hearing expenses	10,000	31,894	15,624
Translation and transcription	22,000	19,938	19,659
Legal	50,000	81,525	37,806
	792,000	949,031	792,408
Annual surplus	NIL	NIL	NIL
Accumulated surplus, beginning of year	NIL	NIL	NIL
<b>Accumulated surplus, end of year</b>	<b>\$ NIL</b>	<b>\$ NIL</b>	<b>\$ NIL</b>

See accompanying notes to financial statements

# New Brunswick Insurance Board

Statement of Change in Net Financial Assets (Liabilities)

For the year ended March 31, 2019

	2019	2018
Annual surplus	\$ NIL	\$ NIL
Purchase of tangible capital assets	(91,700)	(37,390)
Proceeds on disposal of tangible capital assets	-	2,000
Amortization of tangible capital assets	25,376	36,655
Gain on disposal of tangible capital assets	-	(1,568)
	(66,324)	(303)
(Increase) decrease in prepaid expenses	(14,675)	(22)
	(80,999)	(325)
Increase (decrease) in net financial assets	(80,999)	(325)
Net financial assets (liabilities), beginning of year	(50,625)	(50,300)
Net financial assets (liabilities), end of year	\$ (131,624)	\$ (50,625)

# New Brunswick Insurance Board

## Statement of Cash Flows

For the year ended March 31, 2019

	2019	2018
Cash provided by (used in):		
<b>Operations</b>		
Annual surplus	\$ NIL	\$ NIL
Items not involving an outlay of cash:		
Loss (gain) on disposal of tangible capital assets	-	(1,568)
Amortization expense	25,376	36,655
	25,376	35,087
Decrease (increase) in accounts receivable	116,819	(125,289)
Decrease (increase) in HST recoverable	(150,890)	27,935
Decrease (increase) in prepaid expenses	(14,676)	(22)
Increase (decrease) in accounts payable	108,589	(56,608)
Increase (decrease) in employee deductions payable	3,803	(12,559)
Increase (decrease) in deferred revenue	210,741	251,574
	299,762	120,118
<b>Investing</b>		
Purchase of tangible capital assets	(91,700)	(37,390)
Proceeds on the disposal of tangible capital assets	-	2,000
	(91,700)	(35,390)
Increase (decrease) in cash	208,062	84,728
Cash, beginning of year	2,238,953	2,154,225
<b>Cash, end of year</b>	<b>\$ 2,447,015</b>	<b>\$ 2,238,953</b>
<b>Supplementary Cash Flow Information</b>		
Interest received	\$ 15,393	\$ 10,327

See accompanying notes to financial statements

# New Brunswick Insurance Board

Notes to Financial Statements

For the year ended March 31, 2019

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## 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 using the straight-line method at the following annual rates to reflect their useful life to the organization:

Computer equipment	33.33%
Computer software	20.00%
Systems software	20.00%
Vehicles	25.00%
Leasehold improvements	20.00%
Furniture and fixtures	20.00%

### (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, 2019

## 3. Tangible capital assets

	Cost	2019		2018	
		Accumulated Amortization	Net book Value	Net book Value	Net book Value
Computer equipment	\$ 279,845	\$ 219,553	\$ 60,292	\$ 9,077	\$ 9,077
Computer software	168,564	135,526	33,038	11,160	11,160
Systems software	183,190	183,190	-	-	-
Vehicle	21,547	10,773	10,774	16,159	16,159
Leasehold improvements	28,351	28,351	-	-	-
Furniture and fixtures	107,941	107,062	879	2,263	2,263
	<b>\$ 789,438</b>	<b>\$ 684,455</b>	<b>\$ 104,983</b>	<b>\$ 38,659</b>	<b>\$ 38,659</b>

## 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, 2019 - March 31, 2020: \$ 2,042



# New Brunswick Insurance Board

Notes to Financial Statements

For the year ended March 31, 2019

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## 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, 2019 is as follows:

Cash	\$	2,447,015
Accounts receivable		18,349
	\$	<u>2,465,364</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, 2019

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## 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.