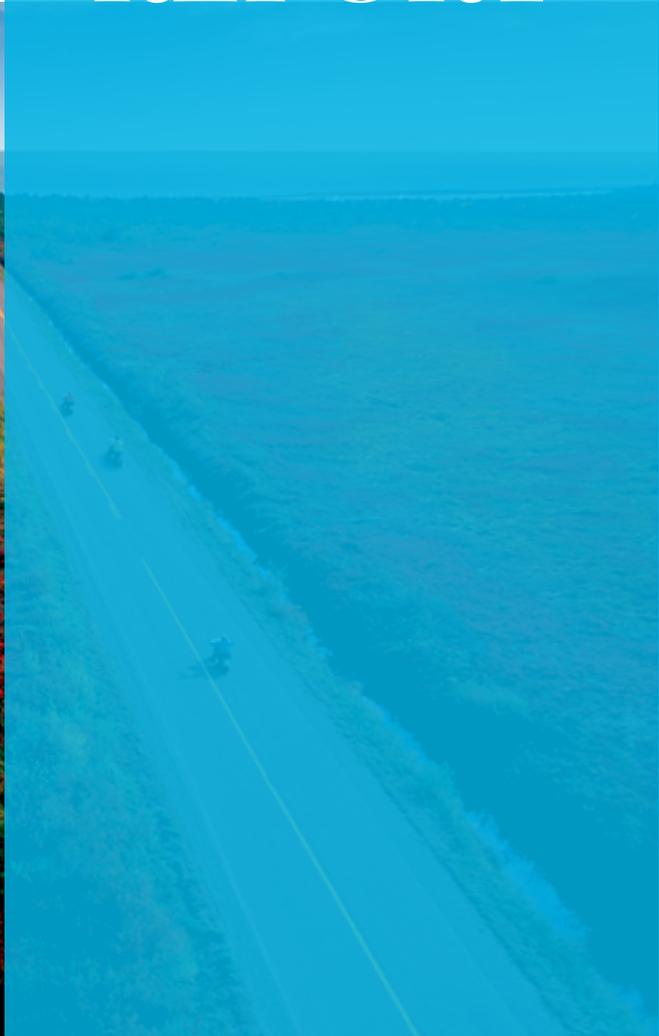


2021  
**ANNUAL  
REPORT**



New Brunswick  
**INSURANCE**  
Board

# 2021 ANNUAL REPORT



New Brunswick  
**INSURANCE**  
Board

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Saint John, NB  
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March 1, 2022

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

**Attention: Honorable Ernie Steeves**

**Re: 2021 Annual Report**

Dear Minister Steeves;

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 2021 calendar year. The report contains an overview of our activities for the year, as well as our audited financial statements for the 2020-2021 fiscal year ending March 31, 2021.

Respectfully submitted,



Marie-Claude Doucet  
Chair & CEO  
New Brunswick Insurance Board

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# 2021 ANNUAL REPORT



## MESSAGE FROM THE CHAIR

**It is with pleasure that I present the New Brunswick Insurance Board 2021 Annual Report, which provides an overview of the organization's activities of the previous 12 months.**

### **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 maintains general supervision of automobile insurance rates in our province, exercising its powers conferred by legislation.

Pursuant to *the Act*, the New Brunswick Insurance Board is tasked with the important responsibility of ensuring that premiums to be charged by automobile insurance companies conducting business within our province are just and reasonable. To fulfill this mandate, the Board relies on a robust review process which includes inquiry mechanisms to protect the interests of the public while enabling industry competition and ensuring market stability.

### **Overview of 2021**

Looking back over the past twelve months, the health and safety of our staff during the pandemic was always at the forefront of our operations. We continued to stay informed and to follow Public Health advisories which resulted in periodically having to review and adapt our operational processes to the ever-evolving circumstances. We are however, pleased to report that our staff and Board Member productivity and the service level provided to stakeholders have remained nothing short of exemplary.

In terms of rate applications, the industry had experienced significant upward pressure over the past five years. However, in 2021, there has been a sharp decline in the indicated (required) rate, as well as requested (proposed) rate. The pandemic undoubtedly played a significant role in the decreasing pressure on rates, with insurers being cautious in their estimates of changes in consumer behaviour. During 2020 and into 2021, a large portion of the New Brunswick workforce worked from home, which resulted in a change in driver behaviours. This change in behaviour impacted the frequency (number of claims) and is thought to also have impacted severity (cost of claims) of reported claims. The long-term impact of the pandemic on rates will only become evident over time as more data is collected and incorporated into pricing models. With all the uncertainty of when and how we return to normal, insurers are being cautious in their estimates of the changes in consumer behaviour.

I am pleased to report that the concerted efforts of our staff have enabled us to complete over 300 reviews in the calendar year 2021. The rate applications filed with the Board in 2021 were primarily justified based on data from 2020 and prior years, and the impact of COVID-19 on loss data was factored in. The aggregated data collected by the General Insurance Statistical Agency (GISA) shows the deterioration of the NB auto insurance market over the period from 2016 to 2020. Auto insurers doing business in our Province lost an aggregated \$105.8 million on private passenger auto insurance from 2016 through 2020. The year over year results, that had shown steady declines for the previous five years, averaging a net loss of \$24.8 million from 2015 to 2020, showed a net gain of \$1.9 million in 2020. This significant improvement to previous year's loss is thought to be largely attributable to the pandemic that resulted in unprecedented driving patterns. Considering these results, the moderation in rate increases requested by auto insurers this year came as no surprise.

During 2021, the Board received 343 rate applications, requesting approval of rate changes ranging from 0.00% to 78.70%. Each file was reviewed and questioned for consistency, relevance, and reasonableness in the circumstance. In the instance where the company was unable to convince the Board of the above, rates, as filed, were not approved. The Board held a total of 9 hearings in 2021, all of these being held in written format due to the pandemic. While some auto insurance companies did apply for larger rate increases, most insurers moderated their request for rates in comparison to the previous five years. In their filings, most companies applied an adjustment regarding the estimated impact of COVID-19. Impacts were also expected in companies' assumptions with respect to claims frequency and severity, loss cost, settlement patterns, emergence of new claims, treatment of expenses and accident year weight, to name a few.

Again, this year, losses appeared to be largely driven by the claims costs for bodily injury (BI), accident benefits (AB) and direct compensation - property damage (DCPD). While the frequency of motor vehicle accidents and claims decreased dramatically from 2019 to 2020 (down 22.9%), the severity of claims resulting from accidents has continued to rise (up 13.1% from 2016 to 2020). This increase in severity is thought mostly to be driven by increasing complexity in automobile components and the related repair costs. Recently, the shortage of parts to repair vehicles is adding to the cost of settling accident claims; another ripple effect of COVID-19.

As mentioned above, in 2021, we have observed many insurers apply an adjustment to trends to factor in the effect of COVID-19 on loss experience. The future however remains uncertain with respect to driving habits of automobile insurance consumers in light of the emerging variants and the fluidity of the pandemic.

As indicated in our previous Annual Report, our office lease came to term on December 31, 2020, with notification from our landlord that the lessor did not intend on renewing. After researching various potential rental properties, the Board found office space at the Saint John City Hall building. We were pleased to resume operations in our new home in March 2021.

In the spring of 2021, the Government of New Brunswick initiated a review of its Agencies, Boards and Commissions to identify possible opportunities to better serve New Brunswickers by enhancing capacity and streamlining processes. During this review, the Board's executive collaborated and worked closely with the government's Project and Advisory Services Group. Our participation in this process ended in October.

### **Board Initiatives & Successes**

This year, the Board undertook multiple endeavors to enhance productivity, accountability, and transparency. Here is an overview of the projects carried out by the Board in 2021:

- In May 2021, the Canadian Automobile Insurance Rate Regulators Association (CARR) held its second Auto Insurance Symposium, where automobile insurance rate regulators,

Property and Casualty Actuaries, auto insurance industry representatives and various stakeholders converged to discuss various topics of common interest, including the impact of Covid-19 in ratemaking and Principle Based Regulation. As Chair of NBIB and Vice-Chair of CARR, I was privileged to present on the impact of COVID-19 in the regulatory space, the lessons learned from the pandemic, and the immediate and long-term impact of COVID-19 on rate filings. With nearly 250 attendees and the feedback received subsequent to the event, the Symposium was considered to be successful by the CARR Association.

- This year we developed a Performance Management Policy and Guidelines as well as implemented our employee performance and development tool. This will provide the Board with an additional instrument to utilize in the development of our succession planning.
- The Board initiated a pilot project whereby the Board's Rate Analysts undertook the sole review of Private Passenger Vehicle (PPV) filings that met specific criteria. In prior years, these filings would have been reviewed by both the Board's consulting actuaries and staff. This project not only enabled our Rate Analysts to further develop, enhance and display their analytical abilities, but it also allowed the Board to retrench on actuarial services and economize on fees.
- As an ongoing review of our filing guidelines, we partnered with Grant Thornton to develop guidance on the assessment of Return on Equity filed by insurers, to support Board Members and Industry in their determination of the appropriate profitability ratio. This venture is expected to result in the Board issuing an amendment to its filing guidelines.
- Considering the significant increase in ransomware crime targeting a multitude of organizations, we retained Mariner Innovations, a consulting firm providing services in the fields of business transformation, technology, and delivery support, to perform an Information Technology (IT) Health Check. The objective of this exercise was to obtain an independent assessment of NBIB's cyber security and network performance, to ensure the Board had the proper structure in place to prevent ransomware and cyber-attacks, address any vulnerability of our networks and IT system, and enhance our IT and network performance. By calendar year end, the Board initiated various tasks remediating any fragility our system had in terms of IT security.
- Our information technology (IT) management system being at its end of life and in pressing need for modernization, we retained Tech Markets Inc., Digital Strategy Consultant, in partnership with an IT Infrastructure Consultant from Mariner Innovations to develop a database and IT structure to support our operations. The modernization of our IT structure and management system will be developed with the objective to continue building on our innovative system to allow for additional functionalities, including further data analysis. While the framework of this project has been defined in the last quarter of 2021, the project will be kicked off officially in early 2022.
- 2021 was a year of continued exchange and dialogue with our various stakeholders and we are pleased to have held multiple discussions notably with the Facility Association (FA), the Canadian Association of Direct Relationship Insurers (CADRI), the Insurance Brokers Association of New Brunswick (IBANB) and the Insurance Bureau of Canada (IBC). These discussions were fruitful, leading to a better understanding of mandates and missions and open dialogue on various topics of importance to the respective groups.

## Looking forward to 2022

We are excited for the new projects we will be undertaking in 2022. While continuing our daily activities to fulfill our mandate, we will be focusing on the following initiatives:

- Update our filing guidelines to better reflect the information required from the companies on their assumptions on return on equity
- Further the development of educational sessions on rate making and key trends for our Board Members and staff
- Continue to monitor emerging issues and trends in the automobile insurance industry and focus on evidence-based decision making
- Work on the development of a database that will allow analytical and historical reporting, and enhance the rate filing review process
- Continue our efforts on succession planning, as key staff members are getting closer to retirement
- Continue fostering open and transparent dialogue with stakeholders including the FA, CADRI, IBANB, IBC, the Consumer Advocate for Insurance and individual insurers
- As current Vice Chair of CARR, I will be entering into my new leadership role as Chair of our national organization in Spring 2022, with a mandate to execute on its strategic priorities

## Enhancing Accountability

As previously indicated, the Board strongly believes in transparency in its work and accountability to its stakeholders. We feel the results achieved is paramount to our success as a regulator. As part of our ongoing improvement process, the Board has been working towards enhancement of its governance framework, and initiated a project to develop a more formalized governance model to provide a framework for the discussion, analysis, approval, measurement and reporting on the core business of NBIB, including related support initiatives within the context of the Board's principles expressed through its mission statement.

The objective of the development of a more sophisticated approach to decision making and in analyzing the results is to allow the Board to be more responsive to future challenges and to ensure the appropriate level of reporting on Board activities and results expected from a modern organization.

The enhancements through this process are being developed to strengthen our decision making to ensure that key operational decisions are lined up with our organizational mandate and vision, while ensuring best practices are implemented. This framework will build upon our current performance measurement and reporting processes to ensure that key stakeholders are provided with timely information about the operations of the Board.

The NBIB's success relies on its dedicated staff. I therefore take this opportunity to thank our employees for their ongoing engagement and commitment to the Board, while we continue to navigate an ever-evolving pandemic.

Sincerely,



Marie-Claude Doucet, LL.B., MBA  
Chair & CEO  
New Brunswick Insurance Board



St. Martins, NB, Source: Tourism NB

## THE NEW BRUNSWICK INSURANCE 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 nine employees in 2021.

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

## MISSION



## 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.

# MEMBERS



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



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



**Rachel Arseneau-Ferguson**  
Campbellton  
Appointed 2020



**Ferne Ashford**  
Fredericton  
Reappointed 2019



**Cyril Johnston**  
Moncton  
Appointed 2020



**Francine Kanhai**  
Saint-André  
Reappointed 2021



**Georges Leger**  
Shediac  
Reappointed 2019



**Kirk MacDonald**  
Stanley  
Appointed 2019



**Brigitte M. Ouellette**  
Grand Falls  
Appointed 2020



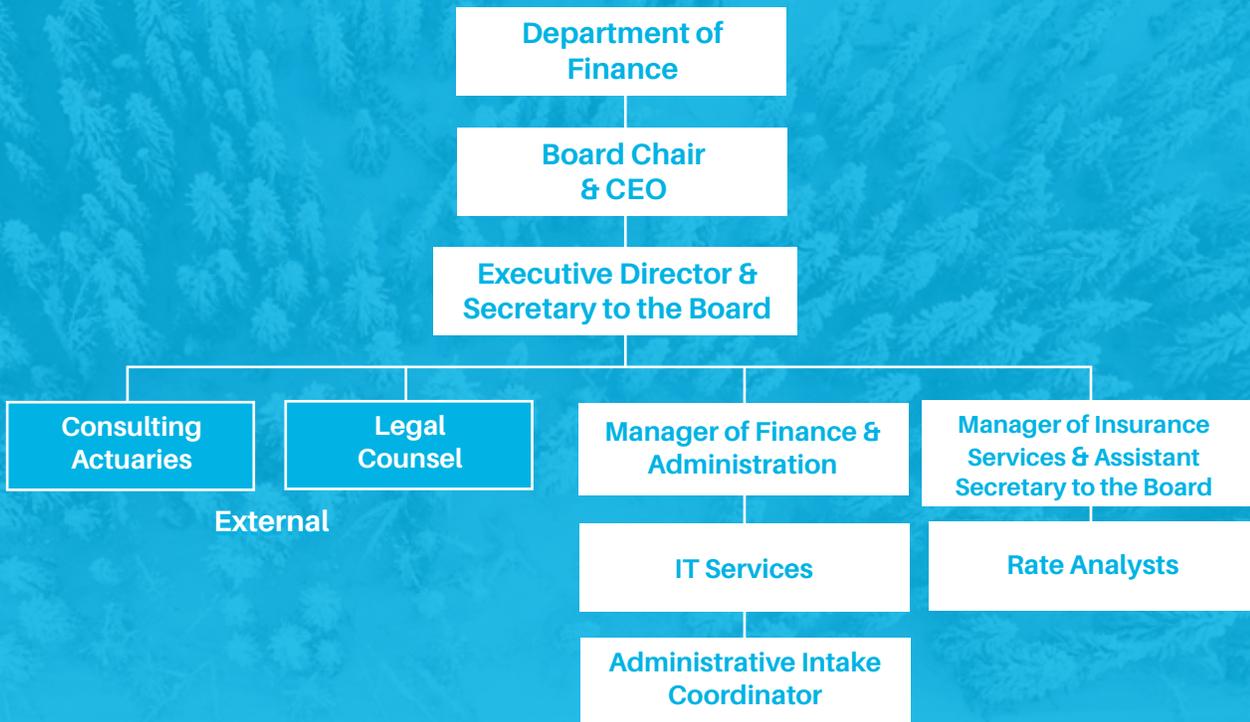
**Heather Stephen**  
Saint John  
Reappointed 2019



**Elizabeth Turgeon**  
Fredericton  
Reappointed 2019

In 2021, the term of Francine Kanhai was renewed for a one-year period. Her knowledge and experience on rate regulation and auto insurance will certainly be a benefit to the Board in the coming year.

# ORGANIZATIONAL CHART



Source: pexels.com



## 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 2021 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, 2021, 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 for new members, NBIB offered continuing development on rate making and emerging trends to the entire Board in 2021.

## DID YOU KNOW?

### There are levels of autonomous vehicles?

**Level 0 :** All major systems are controlled exclusively by the human driver.

**Level 1 :** Some systems, such as cruise control or automatic braking, can be controlled by the car (one at a time).

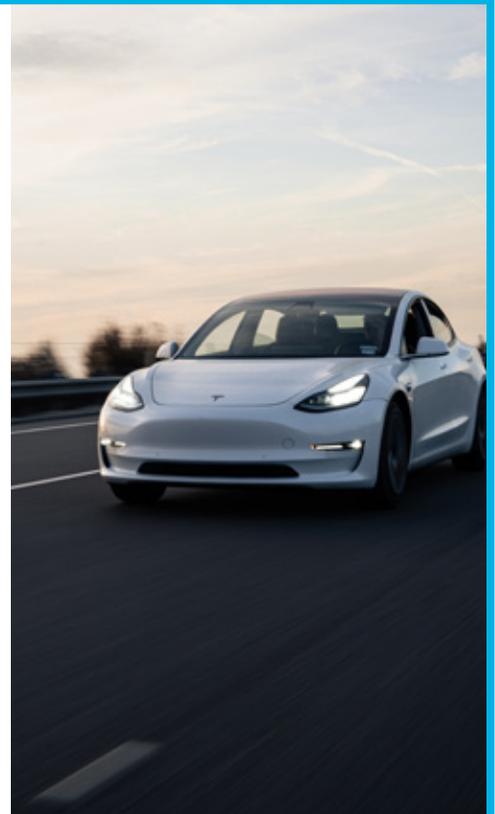
**Level 2 :** A car will offer two automated functions that can work simultaneously, such as acceleration and braking. A human is still required for safe operation.

**Level 3 :** Car can manage all safety and critical functions under certain conditions. The driver is expected to take over when alerted.

**Level 4 :** The car is fully autonomous in most driving scenarios, but not all.

**Level 5 :** A vehicle is completely capable of self-driving in every situation (stoplights, crosswalks, highways, etc.)

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



# EXTERNAL BOARD INVOLVEMENTS

## Canadian Automobile Insurance Rate Regulators Association (CARR)

Since its formation in 2007, CARR has allowed Canadian auto insurance rate regulators to work together toward building more efficient and effective ways of fulfilling their respective mandates. Insurers are constantly developing new auto insurance products and methodologies for producing auto insurance rates. Regulators need to stay on top of these changes to ensure that consumers are protected.

2021 has seen CARR become more active in the wake of the slow return to normal business life as the impacts of the pandemic have eased. Although regular in-person events have not resumed, CARR held a virtual symposium in May which attracted nearly 250 registrants. These stakeholders are involved in all aspects of the auto insurance industry including regulators, insurer representatives, consultants, actuaries, and industry spokespeople.

In the place of the usual Fall conference, CARR held a virtual conference focusing on strategic discussions with respect to CARR's future direction. CARR members from across Canada were able to have dialogue and workshops that will enable the organization to help its member organizations fulfill their various mandates with respect to auto insurance rate regulation.

Although the nature of its participation may evolve in the years ahead in response to the changes that have been required due to the pandemic, the NBIB continues to support CARR and its work through committee membership, attendance at CARR events (in-person and virtual) and leadership on the CARR executive.

## Canadian Council of Administrative Tribunals (CCAT)

The NBIB, through the participation of the Chair, continues its membership in CCAT. This ensures that the NBIB stays abreast of current trends in administrative law and procedures. In 2021, CCAT hosted a virtual symposium series on reimagining administrative tribunal excellence in a post-pandemic world. This provided an excellent opportunity to explore how other tribunals are navigating through the pandemic and what approaches they adopted to continue their daily business efficiently in this context.

CCAT holds many training and information seminars throughout the year that are attended by NBIB Board members. In 2021, a number of NBIB Board members attended a CCAT symposium on effective decision writing.

## DID YOU KNOW?

**According to the Insurance Bureau of Canada (IBC), distracted driving can be just as hazardous as driving under the influence. You're also 23 times more likely to crash if you text and drive.**

*(Source [www.abc.ca](http://www.abc.ca))*





# RATE REVIEW PROCESS

Source: freepik.com

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 either 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 comprised of Board Members. 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.



Florenceville, NB. Source: Tourism NB

## Pilot Project – In House Review

In 2021, the NBIB initiated a pilot project whereby staff reviewed major filings in-house that met certain pre-determined criteria. The initiative behind this was:

- to utilize the 30+ years combined experience that our staff has acquired performing hundreds of reviews
- to save on actuarial costs
- process filings faster and more efficiently

Prior to this, all major filings were sent to our consulting actuaries for review, regardless of what was being proposed in the application. In addition, the files were also being reviewed internally by the rate analyst.

Under the pilot project, certain filings have remained in house. These filings are reviewed

for consistency, compliance to the Board’s Filing Guidelines and the *Insurance Act* and Regulations, as well as any previous decisions and Orders of the Board. Once the review is complete, the filing is sent to the Board’s consulting actuary to do a final review to ensure that the assumptions used within the filing are based on sound actuarial practices.

By not having to send all major filings to our consultants for a complete review every year, the Board is able to save on the cost to review a filing yet still has the oversight of our consulting actuaries.

The pilot project has resulted in increased efficiencies to the review processes thru significant time and cost savings. Therefore, the Board has decided to implement this change permanently.





## 2021 MARKET SUMMARY

Auto insurance premiums in New Brunswick have increased from an average of \$774 in 2016 to \$974 in 2020. The five-year average is \$861. As was noted last year, most of the increase in premiums was due to rising claims costs over the same period. However, the Covid-19 pandemic resulted in unforeseen changes to driving behaviours, primarily many fewer kilometres being driven and subsequently fewer accidents and insurance claims. Total number of claims declined 23% from 2019 to 2020 and the total value of those claims dropped more than 21% over the same time.

Although 2021 saw some return to normalcy, there is still an expectation that when data for 2021 is released, it will show a significant on-going impact from Covid-19. As this report is prepared in December 2021, the impacts are expected to continue into 2022 and possibly beyond. Many workers are still at home and leisure travel plans continue to be disrupted by the impact of travel restrictions resulting from outbreaks and the discovery of new coronavirus variants.

As noted above, the average premium in 2020 increased to \$974 based on the information that was available in 2019 when those insurance rates were approved. However, the average cost of claims declined from \$762 in 2019 to \$592 in 2020 mainly due to the impact of the pandemic. Overall market loss ratios declined from 84% to 61% from 2019 to 2020.

Although there continues to be great uncertainty about the future duration and impact of the coronavirus pandemic, insurers appear to be incorporating the 2020 impacts in current rate approval applications. The improved results from 2020 and the continuing expectations for 2021 were generally borne out in the rate applications filed by industry in 2021. Nearly 80% of 2021 private passenger rate filings were for approved rate changes of less than 5%. The Board expects that the market will be relatively flat with respect to rate approval requests made in 2022.

Another significant development during 2021 was that several insurers made applications to the Board including requests to use credit score as a rating factor for determining premiums for customers. Credit score is used in many other jurisdictions as a way of assessing risk for insurers in the determination of the likelihood that a customer might make a claim. The NBIB considered and approved several requests to include credit score as a rating variable, during 2021. The Board has only approved applications from insurers that will utilize credit score to provide discounts to consumers. It is important to note that the use of credit score by insurers is optional and requires the consent of the consumer.



Saint John, NB. Source: Tourism NB

## INCURRED CLAIMS AVERAGE COST PER VEHICLE

### BODILY INJURY



The average cost of claims (severity) combined with the average number of claims (frequency) produces the average claim (loss) cost. As depicted in the charts, claims costs were rising steadily, although bodily injury claims had levelled off, every year until 2020 when the Covid-19 pandemic started and had a major impact. Collision and DCPD claims costs, which had been seeing significant increases each year, experienced dramatic drops in 2020.

### COLLISION



Overall claims costs dropped significantly as well going from an average of \$762 in 2019 to an average of \$592 in 2020, a drop of 22.3% in one year. It is impossible to know with certainty if this drop in claims costs will persist for a number of years or if it is a one-year occurrence. Although the data for 2021 is not yet available, it does appear that the impacts of the pandemic have lingered on in 2021 and will likely continue into 2022. The magnitude of the impacts will not be known with certainty for many months, if not years.

### DIRECT COMPENSATION PROPERTY DAMAGE



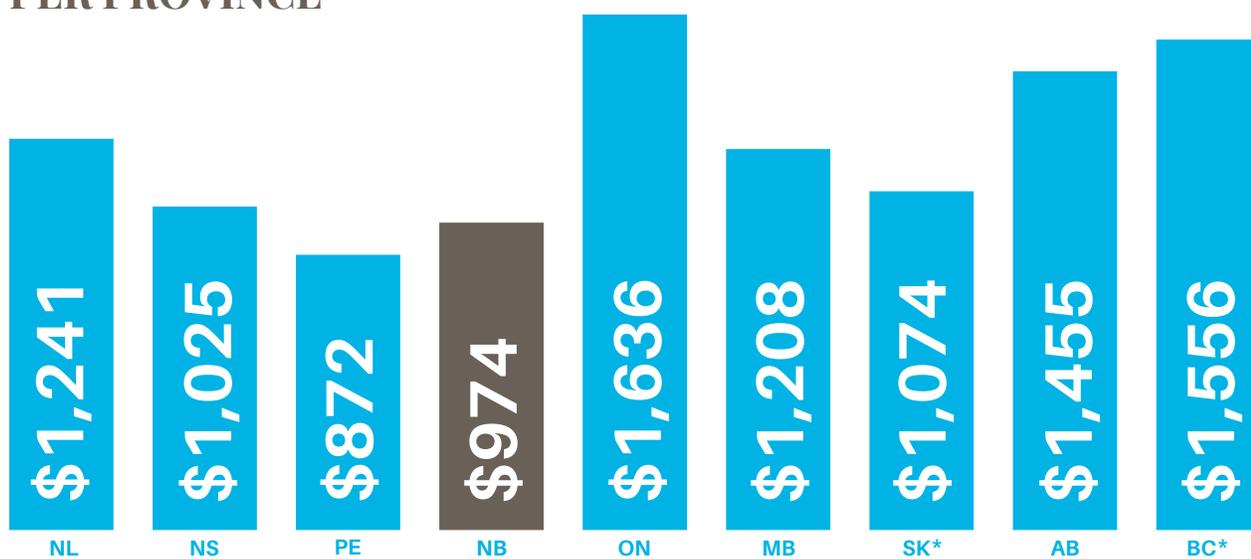
As noted above, the Board is seeing moderation in rate approval requests in 2021 and anticipates that many insurers will be slow to request upward adjustments to approved rates in 2022 given the dramatic reductions in loss costs for 2020 that likely persisted into 2021.

Source: GISA AUTO 1010



Mount Carleton Provincial Park, NB, Source: Tourism NB

## AVERAGE PREMIUM PER PROVINCE



Source: SGI Annual Report, GISA, ICBC Press Releases

This is a cross Canada comparison of overall average premium for 2020.

\* mandatory coverage only

## 2021 RATE APPLICATIONS



In 2021, 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 **343** filings in 2021, which included:

- **45** private passenger vehicle rate filings
- **39** commercial and interurban vehicle rate filings
- **214** miscellaneous vehicle rate filings including, motorcycles, ATVs, snowmobiles, buses, taxis etc.
- **45** 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
- The Board requires it to do so.

As has been done since the beginning of the pandemic, all Board hearings have been held in the written format again in 2021. Due to the fluidity of travel restrictions and the continuously evolving situation, hearings will be held using a written format for the foreseeable future. The Board is researching virtual hearing options, but there are still concerns regarding the current technology available.

## DID YOU KNOW?

**New Brunswick has a Consumer Advocate for Insurance which was appointed by the Legislative Assembly of New Brunswick to monitor the practices of insurers, brokers and agents, while serving as an advocate for consumers. Their office is unique in Canada and they can assist consumers with their questions or problems regarding any type of insurance... And it's free!**

*(Source <https://www.insurance-assurance.ca/index.php>)*





Source: Tourism NB

## 2021 HEARINGS

Company	Class	*Rate Indication	*Proposed	*Approved
Allstate Insurance Company of Canada	Private Passenger	12.88%	3.00%	3.00%
Aviva General Insurance Company	Private Passenger	14.97%	8.59%	pending
Aviva Insurance Company of Canada	Private Passenger	22.72%	13.05%	pending
Co-operators General Insurance Company	Private Passenger	8.88%	2.94%	2.94%
Economical Mutual Insurance Company	Commercial and Interurban	7.33%	2.91%	2.91%
Pembridge Insurance Company	Private Passenger	15.50%	2.96%	2.96%
Traders General Insurance Company	Private Passenger	23.42%	11.01%	pending
United General Insurance Corporation	Private Passenger	13.69%	6.94%	6.94%
Wawanesa Mutual Insurance Company, The	Private Passenger	17.37%	4.12%	4.12%

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

\*Rate Indication, Proposed and Approved numbers were accurate at time of preparing for this report.

# EXTERNAL CONSULTANTS

## Consulting Actuaries

Our consulting actuaries bring a wealth of world-class talent and experience to the actuarial review process and have provided the NBIB with excellent advice and support during their appointments.

### Eckler

Canada's largest independent actuarial and consulting firm, Eckler offers services in property and casualty (P&C) insurance, life insurance, pension and benefits, communications, and technology consulting.

The P&C actuarial consulting team has extensive experience in product pricing, particularly for automobile insurance. Eckler works with many P&C insurers to review rate analyses and filings prior to submission to regulators, as well as Insurance Bureau of Canada on CLEAR analyses and regulatory filings. Currently, Eckler is the appointed actuary to over 40 P&C insurers, reinsurers and quasi-insurers, and the actuarial advisor to three provincial rate regulatory authorities, including the NBIB.

### KPMG

KPMG's roots in Canada date back to 1869. Today, we operate in over 40 locations across the country, providing services to many of the top business, not for profit and government organizations. We work closely with our clients, helping them to manage risks and take advantage of opportunities.

At the heart of KPMG's insurance consulting practice, our property and casualty actuarial team has served as consultants to the NBIB since 2012. Our services for the Board include actuarial review of rate applications, advising Board members during rate hearings and working with the Board's staff on a variety of projects affecting automobile insurance rates in New Brunswick.

## Legal Counsel Fawcett Cutler Law

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

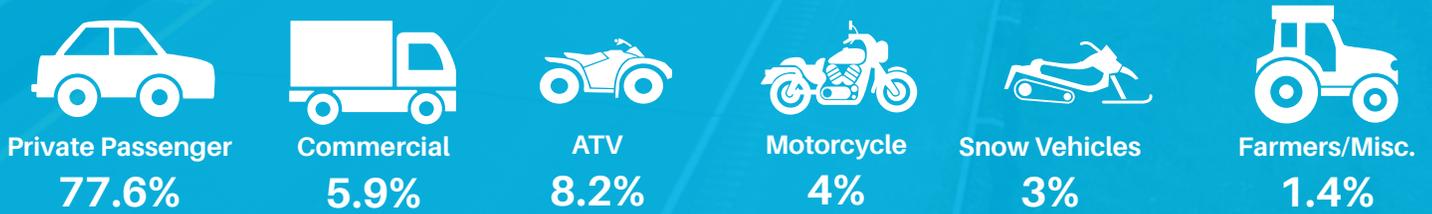
Ms. Fawcett's advice to the Board and its members commences with an introduction to Administrative Law for all newly appointed Board Members. Thereafter, she provides specific advice during rate hearings, particularly in relation to practice and procedure and due process for all stakeholders. In addition 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.



Source: unsplash.com

# 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 2020, the most recent year for which data is available, is as follows:



Source: GISA AUTO1010-ATL and Auto 1101 ATL

## TERRITORIES

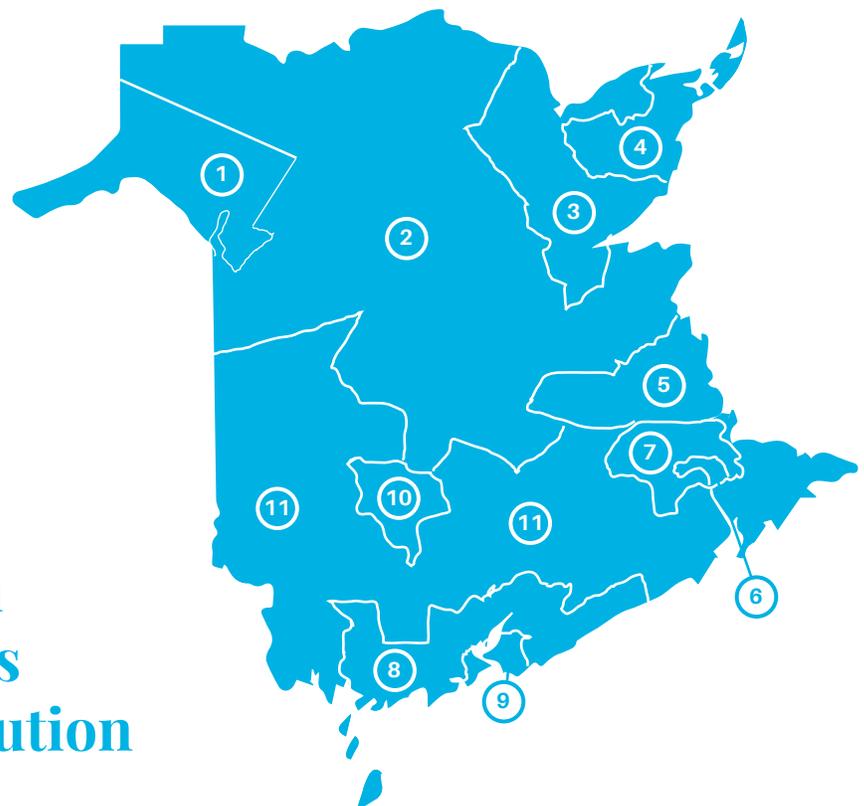
The New Brunswick government introduced an eleven territory statistical rating system effective 2008. The revised territories were created based on relevant factors such as traffic patterns and vehicle density, terrain, road conditions, speed limits, crime rates and weather conditions.

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 2020 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 30% of vehicle exposures. The seven territories (5-11) within southern New Brunswick represent 70% of vehicle exposures.

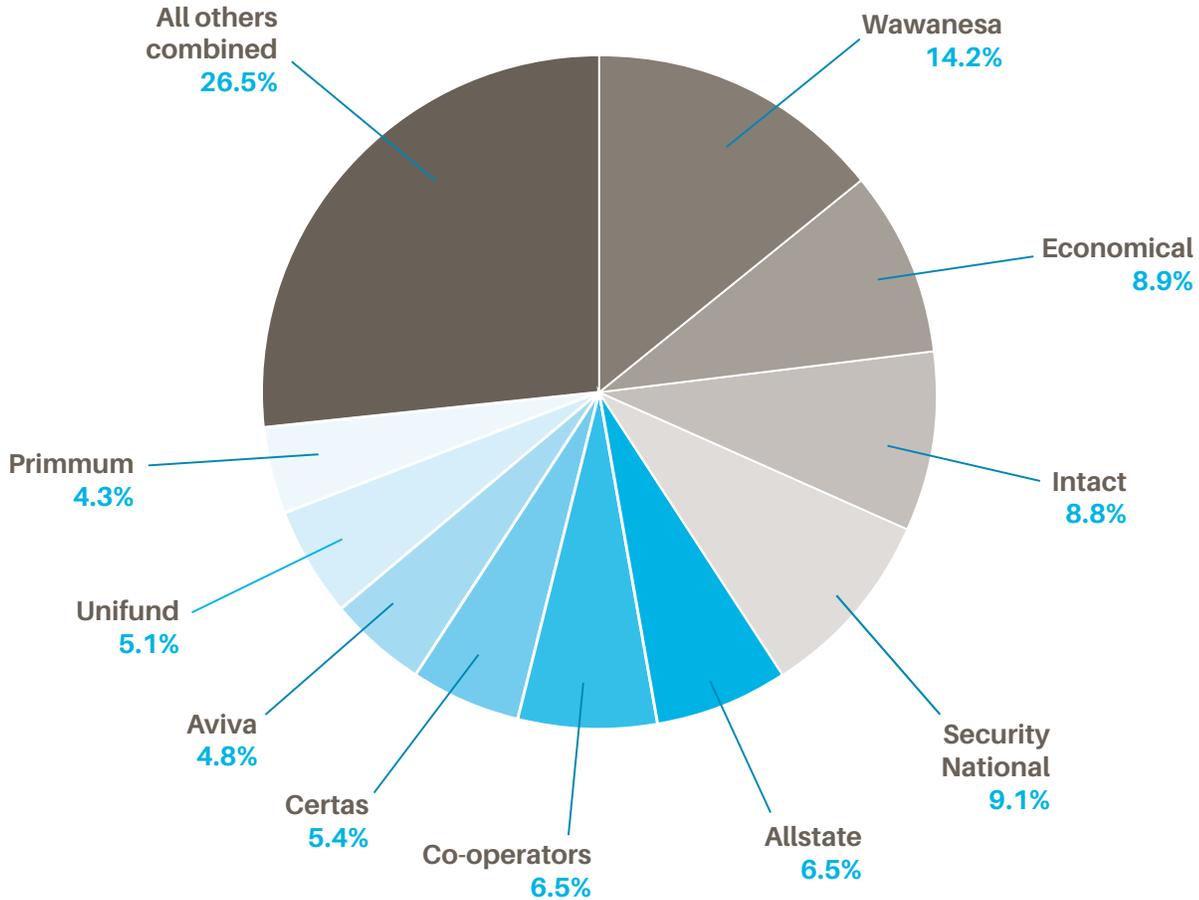
<b>Territories</b>	1	5%
	2	9%
	3	9%
	4	7%
	5	8%
	6	9%
	7	8%
	8	10%
	9	7%
	10	12%
	11	16%

## Written Vehicles Distribution



# PRIVATE PASSENGER VEHICLES

There are 45 insurance companies within the private passenger market in New Brunswick. Based on the information contained within the 2021 rate filings submitted to the NBIB, the standard market share breaks down as follows:



## NB Private Passengers Earned Exposures (Vehicles) and Premiums 2016-2020



# 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  
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  
Unifund Assurance Company

## Northbridge Group

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

## TD Group

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

## Companies Not Part of a Group

Ace INA Insurance  
AIG Insurance Company of Canada  
CAA Insurance Company  
Chubb Insurance Company  
Continental Casualty Company  
Dominion of Canada General Insurance Company (The)  
Echelon General Insurance Company  
Facility Association  
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?

**New Brunswick has over 196 electric vehicle Level 2 charging stations and 87 Level 3 charging stations. The number of electric vehicles on New Brunswick roads are growing and many of these vehicles have qualified for an electric vehicle rebate, ranging between \$2500 and \$5000.**

*Electric vehicle incentive program announced ([gnb.ca](http://gnb.ca))*



# FACILITY ASSOCIATION

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

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

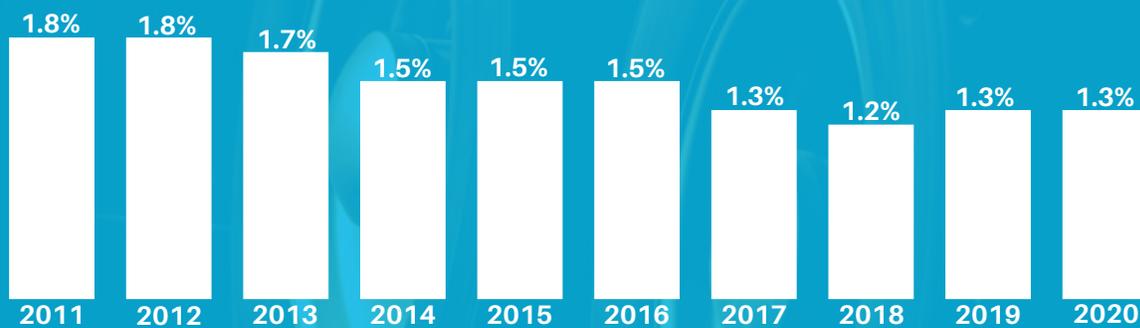
Despite FA being the insurer of last resort and holding only a minor percentage of the market, its impact on New Brunswickers can be very substantial. The Board therefore holds FA to account to ensure that consumers falling under FA are not paying more than absolutely necessary.

There were no hearings for Facility during the 2021 calendar year; however, based on their filings submitted in 2021, hearings have been scheduled in early 2022 for private passenger, commercial and taxi lines of business.



## New Brunswick Private Passenger Vehicles Market Share 2011 to 2020

Residual Market Segment Private Passenger Market Share New Brunswick



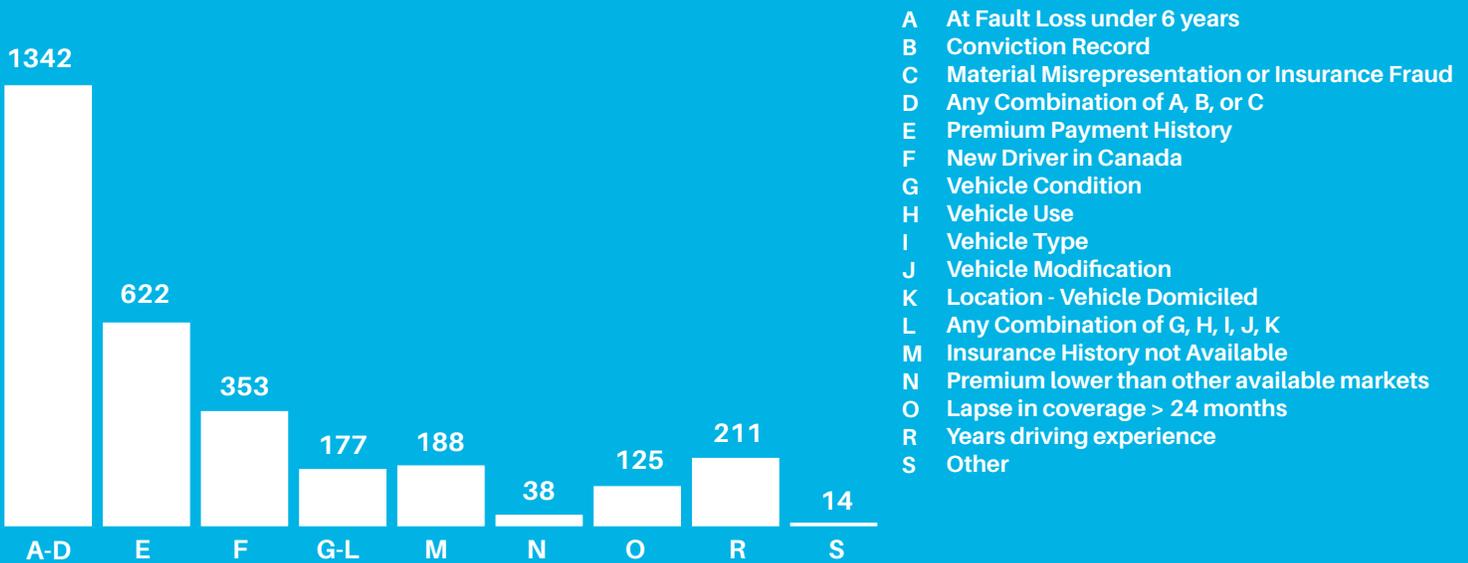
Source: [www.facilityassociation.com](http://www.facilityassociation.com)

In 2002, FA’s market share reached a peak at 4.94%. In the past 10 years, FA’s market share has remained relatively stable at 1.3% in 2020. 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 Facility 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 2021 placements of vehicles into FA. As can be seen below the majority are due to claims, convictions or fraud and misrepresentation.



## DID YOU KNOW?

The Government of Canada has outlined an 'Emergency Car Kit' list to keep in your vehicle, you can find a printable copy of the list here:

<https://www.getprepared.gc.ca/cnt/kts/cr-kt-eng.aspx>



# UNDERSTANDING INSURANCE RATES



Sussex, NB, Source: Tourism NB

## 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 risk losing market share. A company looks at many factors before determining the final rate change that will be presented to the Board for approval.



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.

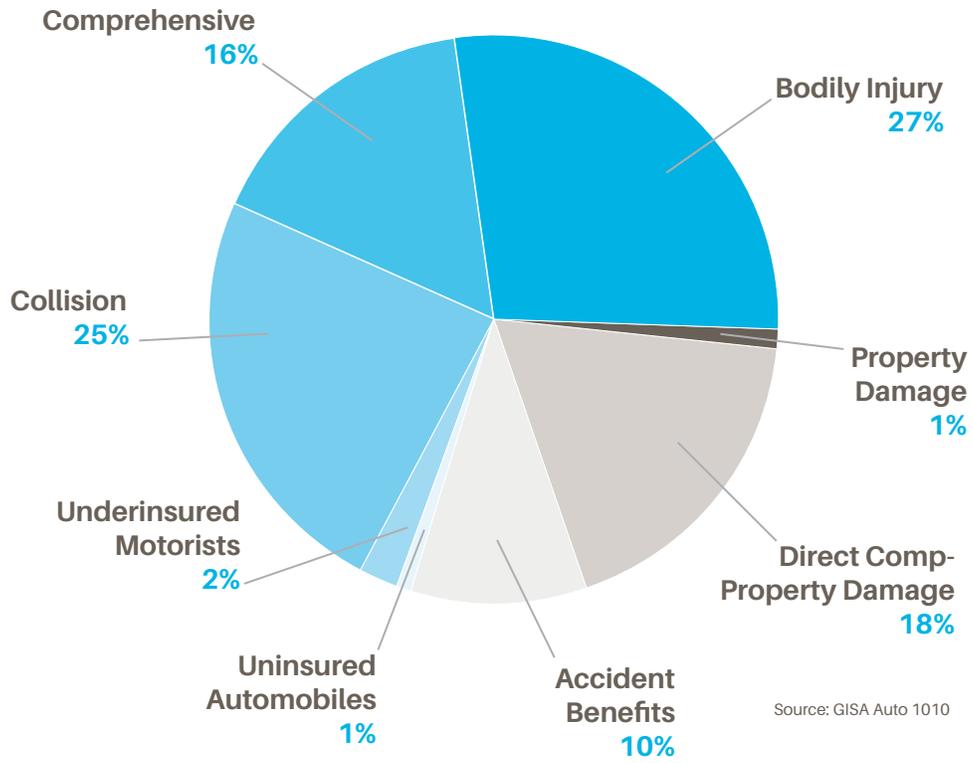
(Casualty Actuarial Society, 1988, p. 6)“ Society of Actuaries, Fundamentals of General Insurance Actuarial Analysis, 2013, p. 549)

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

## Distribution of Premium by Coverage



Fundy National Park, NB, Source: Tourism NB

## 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.

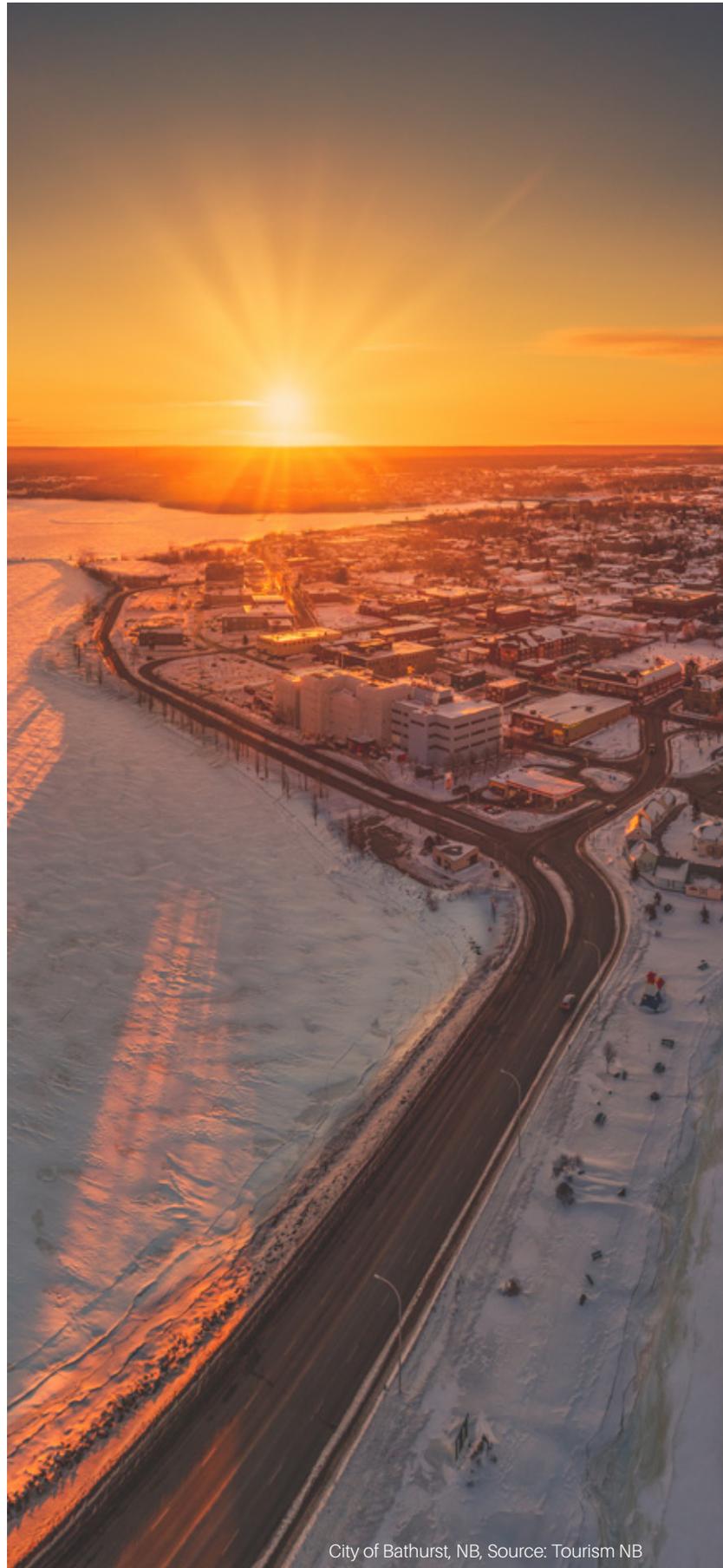
If you were sued for more than the liability limit in your auto insurance policy, the balance of the settlement would be paid out of your pocket unless you have underinsured motorist optional coverage.

**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.



City of Bathurst, NB, Source: Tourism NB



Deer Island Ferry, NB, Source: Tourism NB

## 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.

# APPENDIX A: FILINGS REVIEWED IN 2021

## 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

\*Approved rates were accurate at time of preparing for this report.

Insurance Company Name	Approved Rate Change
Allstate Insurance Company of Canada	3.00%
Aviva General Insurance Company	8.59%
Aviva Insurance Company of Canada	13.05%
CAA Insurance Company	Under Review
Certas Home and Auto Insurance Company	0.00%
Continental Casualty Company	0.00%
Co-operators General Insurance Company	Under Review
CUMIS General Insurance Company	Under Review
Dominion of Canada General Insurance Company (The)	Under Review
Echelon General Insurance Company	0.00%
Economical Mutual Insurance Company	Under Review
Facility Association	Pending Hearing
Federated Insurance Company of Canada	Pending Hearing
Hartford Fire Insurance Company	0.00%
IAO Actuarial Consulting Services AON Reed Stenhouse Inc.	Under Review
Insurance Company of Prince Edward Island	Under Review
Intact Insurance Company	2.91%
Liberty Mutual Insurance Company	0.00%
Northbridge General Insurance Corporation	Pending Hearing
Pafco Insurance Company	3.00%
Pembridge Insurance Company	2.96%
Personal Insurance Company (The)	0.00%
Portage la Prairie Mutual Insurance Company (The)	0.00%
Primum Insurance Company	Under Review
Primum Insurance Company	0.00%
Promutuel de l'Estuaire Société mutuelle d'assurance générale	Under Review
Royal and Sun Alliance Insurance Company of Canada	0.00%
S&Y Insurance Company	25.00%
Scottish & York Insurance Company Limited	25.00%
Security National Insurance Company	Under Review
Security National Insurance Company	0.00%
Sonnet Insurance Company	Pending Hearing

## Private Passenger Vehicles (cont.)

\*Approved rates were accurate at time of preparing for this report.

Insurance Company Name	Approved Rate Change
Sovereign General Insurance Company (The)	6.03%
TD Home and Auto Insurance Company	Under Review
TD Home and Auto Insurance Company	0.00%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Pending Hearing
Traders General Insurance Company	11.01%
Trafalgar Insurance Company of Canada	2.94%
Unifund Assurance Company	Under Review
United General Insurance Corporation	Under Review
Verassure Insurance Company	Under Review
Wawanesa Mutual Insurance Company (The)	0.00%
XL Specialty Insurance Company	0.00%
XL Specialty Insurance Company	0.00%
Zenith Insurance Company	Pending Hearing

## Commercial and Interurban Vehicles

\*Approved rates were accurate at time of preparing for this report.

Insurance Company Name	Filing Class	Approved Rate Change
AIG Insurance Company of Canada	Commercial + Interurban	0.00%
AIG Insurance Company of Canada	Commercial	3.00%
Aviva Insurance Company of Canada	Commercial	0.00%
Aviva Insurance Company of Canada	Interurban	0.00%
Certas Home and Auto Insurance Company	Commercial	0.00%
Chubb Insurance Company of Canada	Commercial	3.00%
Continental Casualty Company	Commercial	3.00%
Continental Casualty Company	Interurban	0.00%
Co-operators General Insurance Company	Commercial	2.34
Co-operators General Insurance Company	Commercial + Interurban	Under Review
Dominion of Canada General Insurance Company (The)	Commercial + Interurban	0.00%
Echelon General Insurance Company	Commercial + Interurban	3.00%
Economical Mutual Insurance Company	Commercial + Interurban	2.91%
Facility Association	Interurban	Under Review
Facility Association	Commercial	Pending Hearing
Federated Insurance Company of Canada	Commercial + Interurban	2.96%
Hartford Fire Insurance Company	Commercial	0.00%
IAO Actuarial Consulting Services AON Reed Stenhouse Inc.	Interurban	Under Review
IAO Actuarial Consulting Services AON Reed Stenhouse Inc.	Commercial	3.00%
Insurance Company of Prince Edward Island	Commercial + Interurban	Under Review
Intact Insurance Company	Interurban	0.00%
Intact Insurance Company	Commercial	0.00%
Liberty Mutual Insurance Company	Interurban	0.00%
Liberty Mutual Insurance Company	Commercial	3.00%
Northbridge General Insurance Corporation	Commercial + Interurban	2.96%

## Commercial and Interurban Vehicles (cont.)

\*Approved rates were accurate at time of preparing for this report.

Insurance Company Name	Filing Class	Approved Rate Change
Portage la Prairie Mutual Insurance Company (The)	Commercial	Under Review
Promutuel de l'Estuaire Société mutuelle d'assurance générale	Commercial	0.00%
Protective Insurance Company	Interurban	0.00%
Protective Insurance Company	Commercial	3.00%
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	0.07%
Sovereign General Insurance Company (The)	Interurban	0.00%
Sovereign General Insurance Company (The)	Commercial	0.00%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Commercial + Interurban	2.96%
United General Insurance Corporation	Commercial	0.00%
Verassure Insurance Company	Commercial + Interurban	2.96%
Wawanesa Mutual Insurance Company (The)	Commercial	2.74%
XL Specialty Insurance Company	Commercial	0.00%

## Miscellaneous Vehicles

\*Approved rates were accurate at time of preparing for this report.

Insurance Company Name	Filing Class	Approved Rate Change
AIG Insurance Company of Canada	School Buses	0.00%
AIG Insurance Company of Canada	Public Buses	0.00%
AIG Insurance Company of Canada	Private Buses	0.00%
AIG Insurance Company of Canada	Ambulances	0.00%
Allstate Insurance Company of Canada	Motorcycles	0.00%
Allstate Insurance Company of Canada	Snow Vehicles	0.00%
Allstate Insurance Company of Canada	Motorhomes	0.00%
Allstate Insurance Company of Canada	Camper Trailers	0.00%
Allstate Insurance Company of Canada	All Terrain Vehicle	0.00%
Aviva General Insurance Company	Snow Vehicles	0.00%
Aviva General Insurance Company	Motorhomes	0.00%
Aviva General Insurance Company	Motorcycles	0.00%
Aviva General Insurance Company	All Terrain Vehicle	0.00%
Aviva General Insurance Company	Camper Trailers	0.00%
Aviva Insurance Company of Canada	Snow Vehicles	0.00%
Aviva Insurance Company of Canada	School Buses	0.00%
Aviva Insurance Company of Canada	Ambulances	0.00%
Aviva Insurance Company of Canada	Taxis	0.00%
Aviva Insurance Company of Canada	Public Buses	0.00%
Aviva Insurance Company of Canada	Private Buses	0.00%
Aviva Insurance Company of Canada	Motorhomes	0.00%
Aviva Insurance Company of Canada	Motorcycles	0.00%
Aviva Insurance Company of Canada	All Terrain Vehicle	0.00%
Aviva Insurance Company of Canada	Camper Trailers	0.00%
CAA Insurance Company	All Terrain Vehicle	0.00%
CAA Insurance Company	Snow Vehicles	0.00%
CAA Insurance Company	Motorhomes	0.00%
CAA Insurance Company	Camper Trailers	0.00%
Certas Home and Auto Insurance Company	Motorcycles	0.00%

## Miscellaneous Vehicles (cont.)

\*Approved rates were accurate at time of preparing for this report.

Insurance Company Name	Filing Class	Approved Rate Change
Certas Home and Auto Insurance Company	Mopeds	0.00%
Certas Home and Auto Insurance Company	Snow Vehicles	0.00%
Certas Home and Auto Insurance Company	Motorhomes	0.00%
Certas Home and Auto Insurance Company	Camper Trailers	0.00%
Certas Home and Auto Insurance Company	All Terrain Vehicle	0.00%
Co-operators General Insurance Company	School Buses	0.00%
Co-operators General Insurance Company	All Terrain Vehicle	0.00%
Co-operators General Insurance Company	Private Buses	0.00%
Co-operators General Insurance Company	Motorhomes	0.00%
Co-operators General Insurance Company	Motorcycles	0.00%
Co-operators General Insurance Company	Mopeds	0.00%
Co-operators General Insurance Company	Camper Trailers	0.00%
Co-operators General Insurance Company	Snow Vehicles	2.84%
Co-operators General Insurance Company	Antique & Classic Vehicles	0.00%
CUMIS General Insurance Company	Snow Vehicles	0.00%
CUMIS General Insurance Company	Motorhomes	0.00%
CUMIS General Insurance Company	Motorcycles	-0.01%
CUMIS General Insurance Company	Mopeds	0.00%
CUMIS General Insurance Company	Camper Trailers	0.00%
CUMIS General Insurance Company	All Terrain Vehicle	0.00%
Dominion of Canada General Insurance Company (The)	All Other Public	0.00%
Dominion of Canada General Insurance Company (The)	Antique & Classic Vehicles	0.00%
Dominion of Canada General Insurance Company (The)	Snow Vehicles	0.00%
Dominion of Canada General Insurance Company (The)	Motorhomes	0.00%
Dominion of Canada General Insurance Company (The)	Camper Trailers	0.00%
Dominion of Canada General Insurance Company (The)	Motorcycles	0.00%
Dominion of Canada General Insurance Company (The)	All Terrain Vehicle	0.00%
Economical Mutual Insurance Company	Motorcycles	0.00%
Economical Mutual Insurance Company	Camper Trailers	0.00%
Economical Mutual Insurance Company	Motorhomes	0.00%
Economical Mutual Insurance Company	Snow Vehicles	0.00%
Economical Mutual Insurance Company	All Terrain Vehicle	0.00%
Elite Insurance Company	Motorhomes	Under Review
Elite Insurance Company	Motorcycles	0.00%
Elite Insurance Company	Antique & Classic Vehicles	0.00%
Elite Insurance Company	Camper Trailers	0.00%
Facility Association	Motorcycles	1.00%
Facility Association	Public Buses	Under Review
Facility Association	Motorhomes	Under Review
Facility Association	Camper Trailers	Under Review
Facility Association	Antique & Classic Vehicles	Under Review
Facility Association	All Terrain Vehicle	1.00%
Facility Association	All Other Public	Under Review
Facility Association	School Buses	Under Review
Facility Association	Private Buses	Under Review
Facility Association	All Other Public	Under Review
Facility Association	Ambulances	Under Review

## Miscellaneous Vehicles (cont.)

\* Approved rates were accurate at time of preparing for this report.

Insurance Company Name	Filing Class	Approved Rate Change
Facility Association	Taxis	Pending Hearing
Facility Association	Snow Vehicles	4.40%
IAO Actuarial Consulting Services AON Reed Stenhouse Inc.	Taxis	Under review
IAO Actuarial Consulting Services AON Reed Stenhouse Inc.	Snow Vehicles	Under Review
IAO Actuarial Consulting Services AON Reed Stenhouse Inc.	Motorhomes	Under Review
IAO Actuarial Consulting Services AON Reed Stenhouse Inc.	Motorcycles	Under Review
IAO Actuarial Consulting Services AON Reed Stenhouse Inc.	All Buses	Under Review
IAO Actuarial Consulting Services AON Reed Stenhouse Inc.	All Terrain Vehicle	Under review
IAO Actuarial Consulting Services AON Reed Stenhouse Inc.	Ambulances	Under Review
Insurance Company of Prince Edward Island	Motorhomes	0.00%
Insurance Company of Prince Edward Island	Antique & Classic Vehicles	0.00%
Insurance Company of Prince Edward Island	Snow Vehicles	0.00%
Insurance Company of Prince Edward Island	Motorcycles	0.00%
Insurance Company of Prince Edward Island	Camper Trailers	0.00%
Insurance Company of Prince Edward Island	All Terrain Vehicle	0.00%
Intact Insurance Company	Ambulances	0.00%
Intact Insurance Company	School Buses	0.00%
Intact Insurance Company	Public Buses	0.00%
Intact Insurance Company	Private Buses	0.00%
Intact Insurance Company	Snow Vehicles	-2.46%
Intact Insurance Company	Motorcycles	-3.80%
Intact Insurance Company	Camper Trailers	-1.44%
Intact Insurance Company	All Terrain Vehicle	-8.36%
Intact Insurance Company	Motorhomes	-28.54%
Intact Insurance Company	Antique & Classic Vehicles	-6.40%
Intact Insurance Company	All Other Public	-35.80%
Liberty Mutual Insurance Company	All Terrain Vehicle	0.00%
Lloyds Underwriters	Motorcycles	0.00%
Lloyds Underwriters	All Terrain Vehicle	0.00%
Lloyds Underwriters	Snow Vehicles	0.00%
Northbridge General Insurance Corporation	Ambulances	0.00%
Northbridge General Insurance Corporation	Public Buses	0.00%
Northbridge General Insurance Corporation	Private Buses	0.00%
Northbridge General Insurance Corporation	School Buses	0.00%
Northbridge General Insurance Corporation	Taxis	0.00%
Pembridge Insurance Company	Motorcycles	0.00%
Pembridge Insurance Company	Camper Trailers	0.00%
Pembridge Insurance Company	Snow Vehicle	0.00%
Pembridge Insurance Company	Motorhomes	0.00%
Pembridge Insurance Company	All Terrain Vehicle	0.00%
Personal Insurance Company (The)	Snow Vehicles	0.00%
Personal Insurance Company (The)	Motorhomes	0.00%
Personal Insurance Company (The)	Motorcycles	0.00%
Personal Insurance Company (The)	Mopeds	0.00%
Personal Insurance Company (The)	Camper Trailers	0.00%
Personal Insurance Company (The)	All Terrain Vehicle	0.00%
Portage la Prairie Mutual Insurance Company (The)	Camper Trailers	0.00%

## Miscellaneous Vehicles (cont.)

\*Approved rates were accurate at time of preparing for this report.

Insurance Company Name	Filing Class	Approved Rate Change
Portage la Prairie Mutual Insurance Company (The)	Snow Vehicles	0.00%
Portage la Prairie Mutual Insurance Company (The)	All Terrain Vehicle	0.00%
Primum Insurance Company	Camper Trailers	10.03%
Primum Insurance Company	Motorhomes	Under Review
Primum Insurance Company	Snow Vehicles	6.08%
Primum Insurance Company	Motorcycles	0.42%
Primum Insurance Company	All Terrain Vehicle	0.00%
Primum Insurance Company	Motorhomes	0.00%
Promutuel de l'Estuaire Société mutuelle d'assurance générale	Snow Vehicles	0.00%
Promutuel de l'Estuaire Société mutuelle d'assurance générale	Camper Trailers	0.00%
Promutuel de l'Estuaire Société mutuelle d'assurance générale	All Terrain Vehicle	0.00%
Promutuel de l'Estuaire Société mutuelle d'assurance générale	Motorcycles	0.00%
Royal and Sun Alliance Insurance Company of Canada	Snow Vehicles	0.00%
Royal and Sun Alliance Insurance Company of Canada	Motorhomes	0.00%
Royal and Sun Alliance Insurance Company of Canada	Motorcycles	0.00%
Royal and Sun Alliance Insurance Company of Canada	Camper Trailers	0.00%
Royal and Sun Alliance Insurance Company of Canada	All Terrain Vehicle	0.00%
Royal and Sun Alliance Insurance Company of Canada	Antique & Classic Vehicles	0.00%
Royal and Sun Alliance Insurance Company of Canada	Taxis	0.00%
Royal and Sun Alliance Insurance Company of Canada	All Buses	0.00%
Royal and Sun Alliance Insurance Company of Canada	Ambulances	0.00%
Scottish & York Insurance Company Limited	Snow Vehicles	0.00%
Scottish & York Insurance Company Limited	Motorhomes	0.00%
Scottish & York Insurance Company Limited	Motorcycles	0.00%
Scottish & York Insurance Company Limited	Camper Trailers	0.00%
Scottish & York Insurance Company Limited	All Terrain Vehicle	0.00%
Security National Insurance Company	Motorhomes	Under Review
Security National Insurance Company	Snow Vehicles	5.97%
Security National Insurance Company	Motorcycles	0.43%
Security National Insurance Company	Camper Trailers	9.72%
Security National Insurance Company	All Terrain Vehicle	0.00%
Security National Insurance Company	Motorhomes	0.00%
Sovereign General Insurance Company (The)	All Other Public	0.00%
Sovereign General Insurance Company (The)	Ambulances	0.00%
Sovereign General Insurance Company (The)	All Terrain Vehicle	0.00%
Sovereign General Insurance Company (The)	Camper Trailers	0.00%
Sovereign General Insurance Company (The)	Motorhomes	0.00%
Sovereign General Insurance Company (The)	Private Buses	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)	Snow Vehicles	0.00%
Sovereign General Insurance Company (The)	Taxis	0.00%
Sovereign General Insurance Company (The)	Motorcycles	0.00%
TD Home and Auto Insurance Company	Motorhomes	Under Review
TD Home and Auto Insurance Company	Snow Vehicles	4.77%
TD Home and Auto Insurance Company	Motorcycles	-1.52%
TD Home and Auto Insurance Company	Camper Trailers	10.17%

## Miscellaneous Vehicles (cont.)

\*Approved rates were accurate at time of preparing for this report.

Insurance Company Name	Filing Class	Approved Rate Change
TD Home and Auto Insurance Company	All Terrain Vehicle	0.00%
TD Home and Auto Insurance Company	Motorhomes	0.00%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	Ambulances	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.	Taxis	0.00%
Traders General Insurance Company	Snow Vehicles	0.00%
Traders General Insurance Company	Motorhomes	0.00%
Traders General Insurance Company	Motorcycles	0.00%
Traders General Insurance Company	Camper Trailers	0.00%
Traders General Insurance Company	All Terrain Vehicle	0.00%
Trafalgar Insurance Company of Canada	Motorhomes	0.00%
Trafalgar Insurance Company of Canada	Antique & Classic Vehicles	0.00%
Trafalgar Insurance Company of Canada	Camper Trailers	0.00%
Trafalgar Insurance Company of Canada	Snow Vehicles	0.00%
Trafalgar Insurance Company of Canada	All Terrain Vehicle	0.00%
Trafalgar Insurance Company of Canada	Motorcycles	0.00%
Unifund Assurance Company	Snow Vehicles	0.00%
Unifund Assurance Company	Motorhomes	0.00%
Unifund Assurance Company	Motorcycles	0.00%
Unifund Assurance Company	Camper Trailers	0.00%
Unifund Assurance Company	All Terrain Vehicle	0.00%
United General Insurance Corporation	Snow Vehicles	0.00%
United General Insurance Corporation	Motorcycles	0.00%
United General Insurance Corporation	All Terrain Vehicle	-6.92%
Verassure Insurance Company	Public Buses	0.00%
Verassure Insurance Company	Ambulances	0.00%
Verassure Insurance Company	Private Buses	0.00%
Verassure Insurance Company	School Buses	0.00%
Verassure Insurance Company	Taxis	0.00%
Wawanesa Mutual Insurance Company (The)	Motorcycles	0.00%
Wawanesa Mutual Insurance Company (The)	Snow Vehicles	0.00%
Wawanesa Mutual Insurance Company (The)	Camper Trailers	0.00%
Wawanesa Mutual Insurance Company (The)	All Terrain Vehicle	0.00%
XL Specialty Insurance Company	Taxis	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	Ambulances	0.00%
XL Specialty Insurance Company	Snow Vehicles	0.00%
XL Specialty Insurance Company	Motorcycles	0.00%
XL Specialty Insurance Company	Motorhomes	0.00%
XL Specialty Insurance Company	All Terrain Vehicle	0.00%

## Non-Rate Filings

Insurance Company Name	Filing Class
Allstate Insurance Company of Canada	Private Passenger
Allstate Insurance Company of Canada	Private Passenger
Aviva General Insurance Company	Private Passenger
Aviva Insurance Company of Canada	Private Passenger
Aviva Insurance Company of Canada	Interurban
Aviva Insurance Company of Canada	Commercial
CAA Insurance Company	Snow Vehicles
CAA Insurance Company	Private Passenger
CAA Insurance Company	Camper Trailers
CAA Insurance Company	Motorhomes
CAA Insurance Company	All Terrain Vehicle
CAA Insurance Company	Private Passenger
Co-operators General Insurance Company	Private Passenger
Co-operators General Insurance Company	Commercial
Co-operators General Insurance Company	Private Passenger
Co-operators General Insurance Company	Commercial
Echelon General Insurance Company	Private Passenger
Economical Mutual Insurance Company	Private Passenger
Economical Mutual Insurance Company	Private Passenger
Facility Association	Commercial
Facility Association	Commercial + Interurban
Facility Association	Taxis
Facility Association	Interurban
Facility Association	Private Passenger
Facility Association	Commercial
Insurance Company of Prince Edward Island	Commercial + Interurban
Insurance Company of Prince Edward Island	Private Passenger
Intact Insurance Company	Commercial + Interurban
Intact Insurance Company	Private Passenger
Intact Insurance Company	Commercial + Interurban
Intact Insurance Company	Commercial
Pafco Insurance Company	Private Passenger
Pafco Insurance Company	Private Passenger
Pembridge Insurance Company	Private Passenger
Pembridge Insurance Company	Private Passenger
Primum Insurance Company	Private Passenger
Promutuel de l'Estuaire Société mutuelle d'assurance générale	Private Passenger
S&Y Insurance Company	Private Passenger
Scottish & York Insurance Company Limited	Private Passenger
Security National Insurance Company	Private Passenger
Sonnet Insurance Company	Private Passenger
Sonnet Insurance Company	Private Passenger
TD Home and Auto Insurance Company	Private Passenger
Traders General Insurance Company	Private Passenger
Trafalgar Insurance Company of Canada	Private Passenger



**APPENDIX B:  
FINANCIAL  
STATEMENTS**

Source: pexels.com

**NEW BRUNSWICK INSURANCE BOARD**

**Financial Statements**

**Year Ended March 31, 2021**

**NEW BRUNSWICK INSURANCE BOARD**  
**Index to Financial Statements**  
**Year Ended March 31, 2021**

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Statement of Operations and Accumulated Surplus	4
Statement of Changes in Net Financial Liabilities	5
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## INDEPENDENT AUDITOR'S REPORT

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To the Members of New Brunswick Insurance Board

### *Opinion*

We have audited the financial statements of New Brunswick Insurance Board (the Board), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and accumulated surplus, changes in net financial liabilities and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2021, 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*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Board's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

(continues)

Independent Auditor's Report to the Members of New Brunswick Insurance Board *(continued)*

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

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 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 Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

We 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 we identify during our audit.

*J.K. Whitaker + Associates*

Saint John, NB

August 19, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS

**NEW BRUNSWICK INSURANCE BOARD**

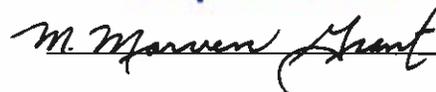
**Statement of Financial Position**

**March 31, 2021**

	2021	2020
<b>FINANCIAL ASSETS</b>		
Cash (Notes 2, 9)	\$ 3,134,595	\$ 1,893,314
Accounts receivable (Note 3)	237,003	1,219,432
Harmonized sales tax recoverable	250,816	59,381
	<u>3,622,414</u>	<u>3,172,127</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	279,151	426,822
Employee deductions payable	27,787	26,883
Deferred assessments (Note 6)	3,496,028	2,879,619
Long term debt (Note 7)	366,309	-
	<u>4,169,275</u>	<u>3,333,324</u>
<b>NET FINANCIAL LIABILITIES</b>	<u>(546,861)</u>	<u>(161,197)</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	10,741	26,561
Tangible capital assets (Notes 2, 4, 7)	536,120	134,636
	<u>546,861</u>	<u>161,197</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ -</u>	<u>\$ -</u>

**COMMITMENTS (Note 10)**

**Approved by the Board**

  
 \_\_\_\_\_ Chairperson  
  
 \_\_\_\_\_ Vice-Chairperson

**NEW BRUNSWICK INSURANCE BOARD**  
**Statement of Operations and Accumulated Surplus**  
**Year Ended March 31, 2021**

	Budget 2021	Actual 2021	Actual 2020
<b>RECEIPTS (Note 2)</b>			
Assessments	\$ 2,691,488	\$ 2,371,501	\$ 2,464,555
Government wage subsidy (Note 2)	100	12,663	100
Interest	10,000	8,865	15,551
	<u>2,701,588</u>	<u>2,393,029</u>	<u>2,480,206</u>
<b>OPERATING DISBURSEMENTS</b>			
Wages, benefits and other employee costs (Note 5)	1,027,655	1,037,415	881,222
Rent (Note 10)	125,933	119,746	122,919
Office expenses	46,000	43,131	31,703
Training and education	58,500	27,950	61,974
Telecommunications	18,000	19,661	20,652
Audit and accounting	15,000	13,250	13,500
Consulting services	100,000	10,480	57,287
Communications	20,000	6,778	7,174
Equipment expense	-	2,260	2,341
Equipment leases (Note 10)	3,000	2,077	2,042
Insurance	3,000	2,003	1,467
Interest and bank charges	2,000	1,875	1,960
Meetings and conferences	15,000	1,813	14,029
Amortization	35,000	135,916	40,318
	<u>1,469,088</u>	<u>1,424,355</u>	<u>1,258,588</u>
<b>REGULATORY DISBURSEMENTS</b>			
Actuarial services	750,000	525,907	759,785
Consulting services	50,000	165,752	62,677
Board compensation	145,000	111,350	125,796
Hearing expenses	50,000	89,762	57,448
Board member training & education	62,500	35,935	32,522
Legal	100,000	17,253	106,420
Translation and transcription	40,000	16,343	45,544
Interest on long term debt	-	4,075	-
Travel	10,000	1,846	31,226
Board member meetings & conferences	25,000	63	200
	<u>1,232,500</u>	<u>968,286</u>	<u>1,221,618</u>
<b>OTHER EXPENSES</b>			
Loss on disposal of tangible capital assets	-	388	-
<b>ANNUAL SURPLUS</b>	-	-	-
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	-	-	-
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NEW BRUNSWICK INSURANCE BOARD**  
**Statement of Changes in Net Financial Liabilities**  
**Year Ended March 31, 2021**

	2021	2020
<b>ANNUAL SURPLUS</b>	<b>\$ -</b>	<b>\$ -</b>
Purchase of tangible capital assets	(537,786)	(69,972)
Amortization	135,916	40,318
Decrease in prepaid expenses	15,818	81
Loss on disposal of tangible capital assets	388	-
	<u>(385,664)</u>	<u>(29,573)</u>
<b>DECREASE IN NET FINANCIAL ASSETS</b>	<b>(385,664)</b>	<b>(29,573)</b>
<b>NET FINANCIAL LIABILITIES - BEGINNING OF YEAR</b>	<b>(161,197)</b>	<b>(131,624)</b>
<b>NET FINANCIAL LIABILITIES - END OF YEAR</b> <i>(Note 9)</i>	<b>\$ (546,861)</b>	<b>\$ (161,197)</b>

**NEW BRUNSWICK INSURANCE BOARD**

**Statement of Cash Flows**

**Year Ended March 31, 2021**

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ -	\$ -
Items not affecting cash:		
Amortization	135,916	40,318
Loss on disposal of tangible capital assets	388	-
	<u>136,304</u>	<u>40,318</u>
Changes in non-cash working capital:		
Accounts receivable	982,429	(1,201,084)
Harmonized sales tax recoverable	(191,435)	108,674
Accounts payable and accrued liabilities	(147,671)	70,937
Employee deductions payable	904	2,393
Deferred assessments	616,409	494,952
Prepaid expenses	15,818	81
	<u>1,276,454</u>	<u>(524,047)</u>
	<u>1,412,758</u>	<u>(483,729)</u>
<b>INVESTING ACTIVITY</b>		
Purchase of tangible capital assets	<u>(537,786)</u>	<u>(69,972)</u>
<b>FINANCING ACTIVITY</b>		
Proceeds from long term debt	<u>366,309</u>	<u>-</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>1,241,281</b>	<b>(553,701)</b>
Cash - beginning of year	<u>1,893,314</u>	<u>2,447,015</u>
<b>CASH - END OF YEAR (Note 9)</b>	<b><u>3,134,595</u></b>	<b><u>1,893,314</u></b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest received	\$ 8,865	\$ 15,551

# NEW BRUNSWICK INSURANCE BOARD

## Notes to Financial Statements

Year Ended March 31, 2021

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### 1. PURPOSE OF THE BOARD

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

#### Basis of presentation

The financial statements were prepared in accordance with Canadian public sector accounting standards (GAAP). Canadian public sector accounting standards are part of Canadian GAAP.

#### 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.

#### Revenue recognition

New Brunswick Insurance Board 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 7).

#### Government assistance

Government assistance for acquiring fixed assets and related to expenses is recorded as deferred government assistance and is amortized on the same basis and according to the same rates as the related fixed assets or to income as eligible expenditures are incurred. Government assistance for acquiring fixed assets is recorded as a reduction of the cost of related assets. In 2021, the Board received government assistance for the following expenses: \$12,663 for salaries and wages (2020 - \$ - ).

*(continues)*

## NEW BRUNSWICK INSURANCE BOARD

### Notes to Financial Statements

Year Ended March 31, 2021

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#### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

##### Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following annual rates:

Computer software	50.00%
Furniture and fixtures	20.00%
Leasehold improvements	10.00%
Systems software	20.00%
Motor vehicles	25.00%
Computer equipment	33.33%

The board regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets cost.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

##### Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

##### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

#### 3. FINANCIAL INSTRUMENTS

The board is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the board's risk exposure and concentration as of March 31, 2021.

##### *(a) 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.

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.

*(continues)*

NEW BRUNSWICK INSURANCE BOARD

Notes to Financial Statements

Year Ended March 31, 2021

3. FINANCIAL INSTRUMENTS *(continued)*

*(b) Liquidity risk*

Liquidity risk is the risk that the NBIB will encounter difficulty in meeting obligations associated with financial liabilities. The Board is exposed to the risk mainly in respect of its receipt of funds from its customers and other related sources, accounts payable and accrued liabilities and other obligations.

*(c) 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.

*(d) 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 and long-term debt.

Unless otherwise noted, it is management's opinion that the board is not exposed to significant other price risks arising from these financial instruments.

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer software	\$ 187,497	\$ 173,424	\$ 14,073	\$ 38,660
Furniture and fixtures	104,857	21,021	83,836	837
Leasehold improvements	378,280	37,828	340,452	-
Systems software	183,190	183,190	-	-
Motor vehicles	21,547	15,487	6,060	8,080
Computer equipment	385,534	293,835	91,699	87,059
	<u>\$ 1,260,905</u>	<u>\$ 724,785</u>	<u>\$ 536,120</u>	<u>\$ 134,636</u>

## NEW BRUNSWICK INSURANCE BOARD

### Notes to Financial Statements

Year Ended March 31, 2021

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#### 5. 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, 2021, the NBIB's pension contributions amounted to \$102,829 (2020: \$89,212).

#### 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.

**NEW BRUNSWICK INSURANCE BOARD**

**Notes to Financial Statements**

**Year Ended March 31, 2021**

**7. LONG TERM DEBT**

	<u>2021</u>	<u>2020</u>
703732 NB Ltd loan bearing interest at prime plus 2% per annum, repayable in annual principle payments of \$73,262 plus interest. The loan matures on December 31, 2025 and is secured by leasehold improvements.	<u>\$ 366,309</u>	<u>\$ -</u>

Principal repayment terms are approximately:

2022	\$ 73,262
2023	73,262
2024	73,262
2025	73,262
2026	<u>73,261</u>
	<u>\$ 366,309</u>

**8. RELATED PARTY TRANSACTIONS**

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

**9. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash in bank.

**10. COMMITMENTS**

The NBIB negotiated an operating lease of its office premises for a period of 10 years and 6 months commencing January 1, 2021. The minimum annual payments under the lease terms are as follows:

January 1, 2021 - March 31, 2031: \$134,514

January 1, 2031 - June 30, 2031: \$67,257

The NBIB negotiated an operating lease for a new Xerox Multifunction printer in April, 2020. The minimum annual payments under the lease terms are as follows:

April 1, 2021 - March 31, 2025: \$1,662

April 1, 2025 - October 31, 2025: \$970