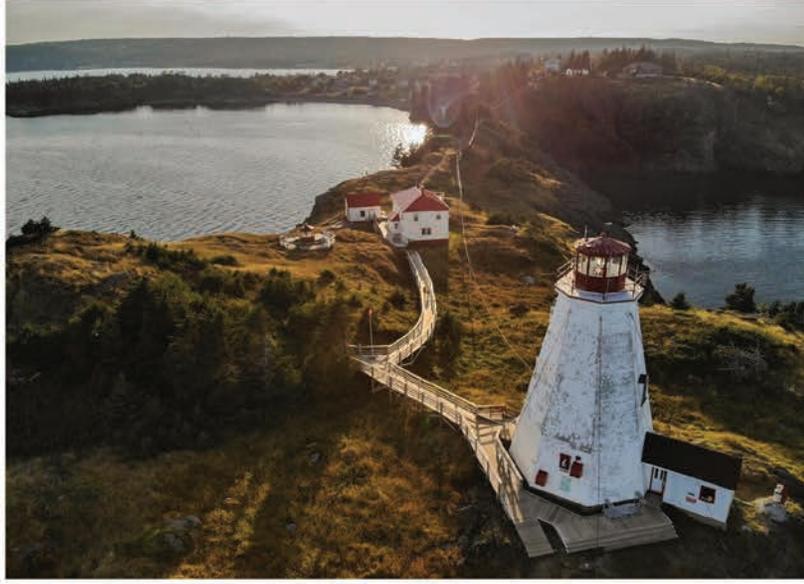
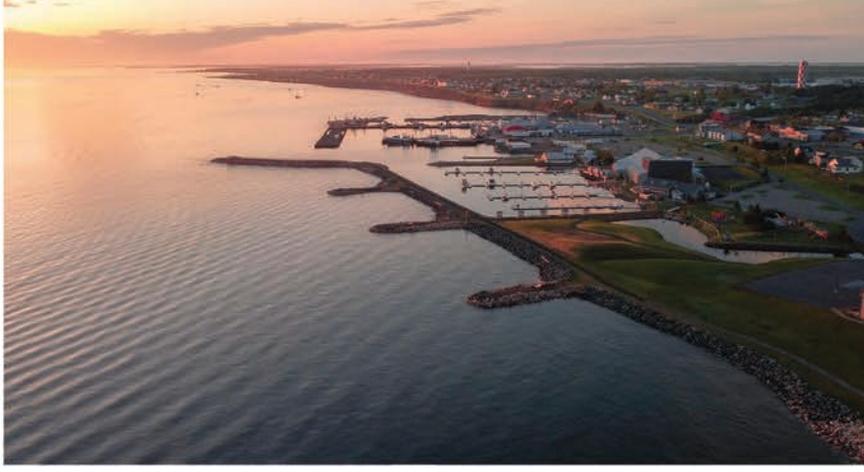


# 2022 ANNUAL REPORT NEW BRUNSWICK INSURANCE BOARD







March 1, 2023

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

Attention: Honorable Ernie Steeves

Dear Minister Steeves;

**Re: 2022 Annual Report**

---

On behalf of the Members of the New Brunswick Insurance Board and pursuant to section 19.9 of the *Insurance Act*, I am pleased to submit our Annual Report for the 2022 calendar year. The report contains an overview of our activities for the year, as well as our audited financial statements for the 2021-2022 fiscal year ending March 31, 2022.

Respectfully submitted,

Marie-Claude Doucet  
Chair & CEO  
New Brunswick Insurance Board

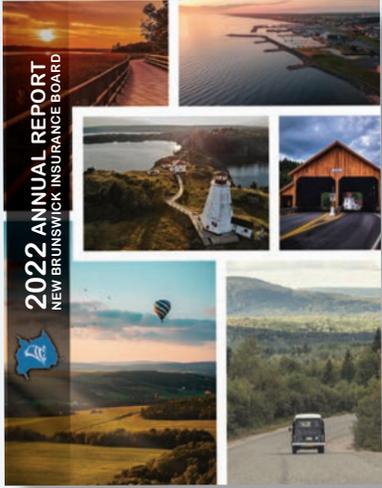
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*By legislation, the NBIB has the obligation to report its previous year's activities to the Minister of Finance by March 1st.  
This report highlights our activities and accomplishments of the 2022 calendar year.*



# 2022 ANNUAL REPORT CREDITS

Accounting | J.K. Whittaker & Associates

Photos | Tourism NB

Design | iNk. graphic design

Print | Print3



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# MESSAGE FROM THE CHAIR

It is with pleasure that I present the New Brunswick Insurance Board's 2022 Annual Report, which provides an overview of the organization's activities of the previous 12 months.

## HIGHLIGHTS OF 2022

2022 was a very busy year at the New Brunswick Insurance Board ("NBIB" or "Board"). We faced a multitude of challenges such as workloads, staffing, IT upgrades, a review of our processes and procedures, including the Filing Guidelines that insurers use to submit filings with the Board. I am very proud to report that our dedicated staff and Board Members faced these issues with gusto and rose to the task.

In 2022, the Board experienced multiple changes within the organization. After over 15 years of service with the Board, NBIB's Executive Director, C. Kevin Duff, who was instrumental in the development of our Board and its procedures, retired in June. Due to our diligent succession planning, this retirement was seamless and opened opportunities for internal advancements for some of our staff who were deservedly promoted to new roles. Notwithstanding all of these transitions, our productivity and service level provided to stakeholders remained stellar.

## BOARD INITIATIVES & SUCCESSES

- Succession planning has been a topic of discussion for the last few years and the Board has been diligent in preparing a strategy for vacancies in key roles. We continue to develop staff with skills that in the future, can be transferred to new positions.
- As part of its continuing review of assumptions to be included within the filing, the NBIB took a deeper dive into profitability measures used. After considerable consultation, research, and discussions, it was determined that return on premium would be more appropriate to assess profitability. This change in the requirement of profitability measures aligns with many other Canadian jurisdictions and provides a direct link to indicated premium.
- The Board undertook an examination of its requirements for insurance companies entering the New Brunswick market or who have premium volume of less than \$1 million. This review resulted in a collaboration with Facility Association to provide "reference rates" for these companies. These reference rates will be filed, reviewed and approved by the Board. If new entrants or a company with a small book of business do not have the data available to develop rates, they will be able to adopt these rates and tailor them to suit their target book of business.
- The modernization of NBIB's IT structure began in earnest in 2022. A framework for the project was developed and a new document management system to provide adequate housing and retention of documents was introduced. The modernization of NBIB's document management system has also enabled the enhancement of the organization's cyber-security and implementation of rigorous security protocols to ensure data protection and risk management of all confidential electronic documentation.
- Throughout the years, we have fostered positive dialogue with our various stakeholders. In 2022, we held multiple discussions with the Facility Association, the Office of the Consumer Advocate for Insurance, the industry, regulatory counterparts throughout the country and the Financial and Consumer Services Commission. These discussions encourage frank conversations on emerging issues, leading to a better understanding of stakeholders' perspectives.

- NBIB launched stage two of its Employee Performance Management and Development Tool in the latter part of the year. The objective of this tool is to provide staff with the means to develop in their current roles and expand their responsibilities, to in turn improve the Board's efficiency as well as succession planning.
- In June of 2022, I began my term as Chair of the Canadian Automobile Insurance Rate Regulators Association (CARR). CARR hosts webinars,

symposiums, training sessions and conferences for automobile insurance rate regulators and stakeholders. CARR offers the opportunity for stakeholders to share best practices and find unique solutions to common challenges. It also provides valuable training to auto insurance rate regulators' staff and collaboration opportunities with our regulatory counterparts throughout the country.

## LOOKING AHEAD TO 2023

Looking forward to 2023, we anticipate it will be a year filled with both opportunities and challenges. Some initiatives we will focus on over the next 12 months are as follows:

- The Board's Filing Guidelines will be updated to reflect the change in requirement on insurer's profitability measures, which will require additional information to support assumptions.
- With the Board's commitment to continuous improvement, we will be streamlining internal processes with respect to our analysts' review of filings. This overhaul should result in more efficient filing reviews, which will translate into a quicker turnaround time for decisions and approvals.
- In an effort to mitigate cyber security threats, we will be implementing additional security measures and providing training to both staff and Board Members.
- Due to the continued existence of COVID-19 and uncertainties it created, in 2022 we continued to hold hearings in the written format. As things now appear to have stabilized on that front, in 2023, the Board will consider on an individual basis, whether a hearing will be held in the written or oral format.
- The Board's new database is nearing completion and we expect to have this project completed by the end of 2023. The new system will include enhancements to the rate filing review process, provide the ability to create ad hoc reports, streamline processes, and the ability to quickly access targeted data.
- As always, we will continue to monitor emerging issues and trends within the auto insurance industry and possible influences within the economy.
- With the ongoing modernization of the *Insurance Act* by the Financial and Consumer Services Commission, we anticipate the Board will have to review its processes, procedures, and Filing Guidelines to ensure alignment with the new regulatory framework.

This work would not be possible without our hardworking staff and dedicated Board members. It is through their commitment that we will continue to ensure automobile rates remain just and reasonable for all New Brunswickers.

Sincerely,



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



# THE BOARD

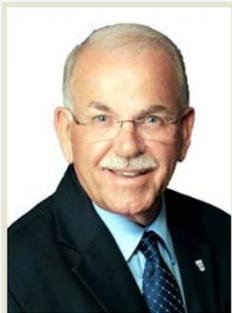
The New Brunswick Insurance Board is a quasi-judicial administrative tribunal established through legislation by the Government of New Brunswick in 2004 as the regulatory agency responsible for the overall supervision of automobile insurance rates in New Brunswick. We are an independent agency that operates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

The Chair is responsible for observing the *Insurance Act* (the *Act*) and for the overall performance and management of the Board. The Chair is also the Chief Executive Officer (CEO) of the Board pursuant to section 19.25 of the *Act*; therefore, the daily operation of the NBIB is under the leadership of the CEO.

As of December 31, 2022, 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.



**MARIE-CLAUDE DOUCET**  
CHAIR | DIEPPE  
APPOINTED 2016



**MARVEN GRANT**  
VICE-CHAIR  
FREDERICTON  
REAPPOINTED 2022



**RACHEL ARSENEAU  
-FERGUSON**  
CAMPBELLTON  
APPOINTED 2020



**FERNE ASHFORD**  
CHARTERS SETTLEMENT  
REAPPOINTED 2022



**CAROL DIXON**  
QUISPAMIS  
APPOINTED 2022



**CYRIL JOHNSTON**  
MONCTON  
APPOINTED 2020



**FRANCINE KANHAI**  
SAINT-ANDRÉ  
REAPPOINTED 2022



**GEORGES LEGER**  
SHEDIAC  
REAPPOINTED 2022



**BRIGITTE M. OUELLETTE**  
GRAND FALLS  
APPOINTED 2020

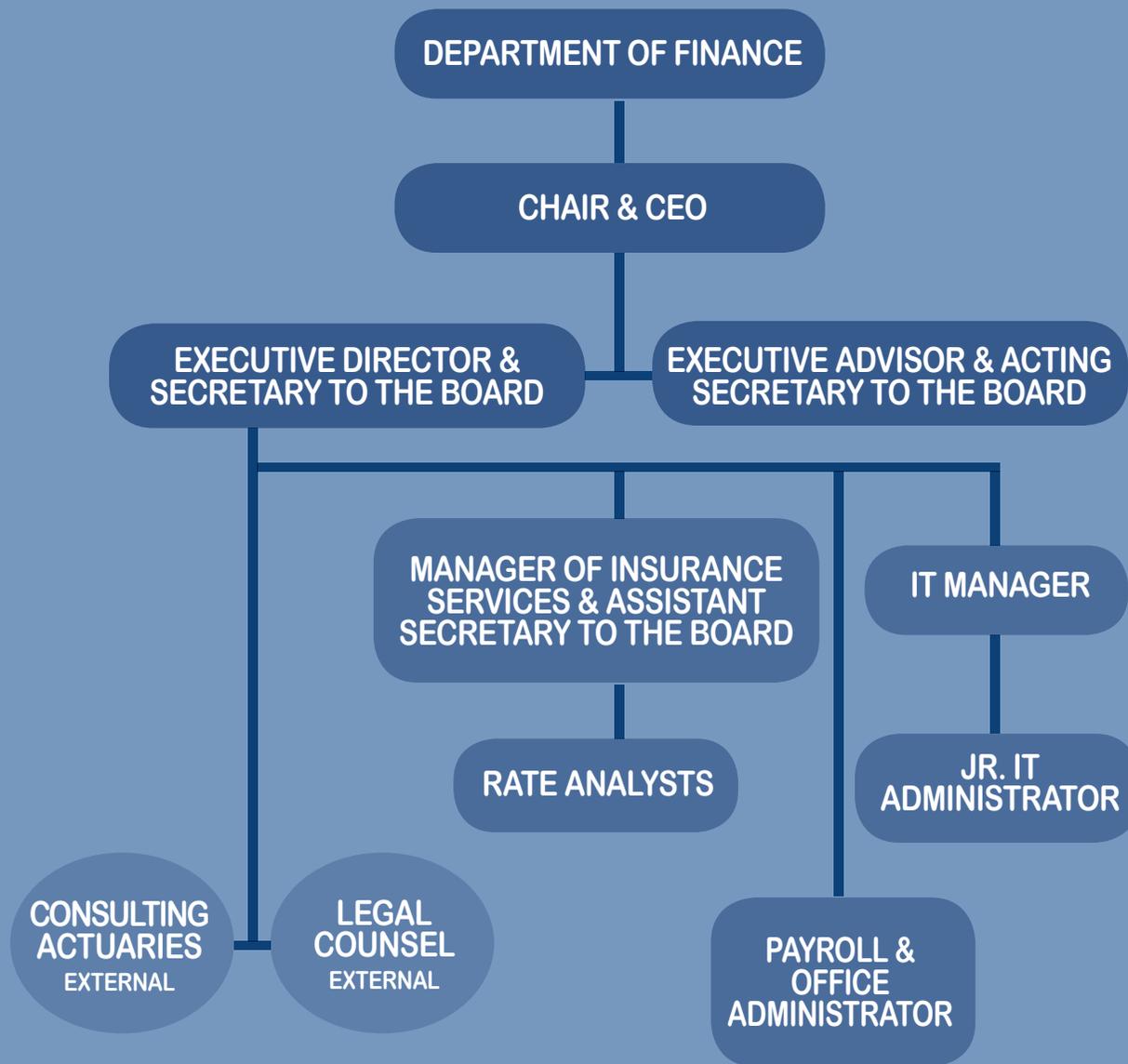


**HEATHER STEPHEN**  
SAINT JOHN  
REAPPOINTED 2022



**ELIZABETH TURGEON**  
FREDERICTON  
REAPPOINTED 2022

# ORGANIZATIONAL CHART



## OUR MANDATE

The Board ensures 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

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 *Act* requires that insurers file their proposed rates at least once every 12 months.



SCAN ME

CLICK ME

GOVERNANCE

# ACCOUNTABILITY

Board members participate in the review process conducted by the NBIB, as well as Board meetings, educational sessions 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 2022.



Top row: Carol Dixon, Heather Stephen, Rachel Arseneau-Ferguson, Georges Leger, Cyril Johnston, Marven Grant, Brigitte M. Ouellette

Bottom row: Francine Kanhai, Ferne Ashford, Marie-Claude Doucet, Elizabeth Turgeon

# WHO DO WE REGULATE?

## STANDARD MARKET

The standard market is considered the “regular” market; the drivers of the vehicles insured here would typically have a clean driving record, with no accidents or convictions in the prior 4-6 years.

## NON-STANDARD MARKET

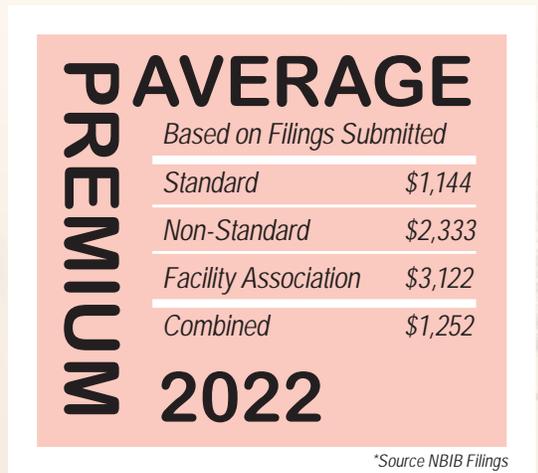
The non-standard or “grey” market is comprised of insureds who may have had one or two at-fault accidents, and perhaps a couple of convictions. Obviously, the premium charged for these policy holders will be higher than the standard market as statistically, they are higher risk drivers.

Non-standard writers are the step between Facility Association and the standard market. This market is vital to a healthy auto insurance marketplace.

## FACILITY ASSOCIATION MARKET

The Facility Association is an entity established by legislation to ensure that automobile insurance is available to all owners and licensed drivers of motor vehicles where such owners or drivers are unable to obtain automobile insurance through the standard or non-standard market.

By Canadian standards, a residual market of 2% or less is considered to be an indicator of a healthy overall auto insurance market. Facility Association currently has a market share of 1.3% in New Brunswick, for private passenger vehicles.



# Reasons for Private Passenger Vehicle Placement in Facility Association: October 2021 - September 2022



## NB Private Passenger Vehicles Earned Exposures & Premiums 2017-2021

During the period 2017 to 2021, written exposures (the number of cars) in New Brunswick has grown by 4.5%.



*\*Source: GISA AUTO 1010 ATL*

### DID YOU KNOW there may be ways to lower your automobile insurance premium?

1. Make sure you're only getting the coverage you need.
2. Consider usage-based insurance.
3. Shop around and compare rates.

# INSURANCE COMPANIES

There are 40 insurance companies within the private passenger market in New Brunswick. Based on the information contained within the 2022 rate filings submitted to the NBIB, the standard market share breaks down as follows:

## 1. Intact Group

- Intact Insurance Company
- Trafalgar Insurance Company of Canada
- Unifund Assurance Company

## 2. TD Group

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

## 3. Allstate Group

- Allstate Insurance Company of Canada
- Pembridge Insurance Company
- Pafco Insurance Company

## 4. Definity Financial Group

- Economical Mutual Insurance Company
- Sonnet Insurance Company

## 5. Desjardins Group

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

## 6. Aviva Group

- Aviva Insurance Company of Canada
- Aviva General Insurance Company
- Traders General Insurance Company

## 7. Co-operators Group

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

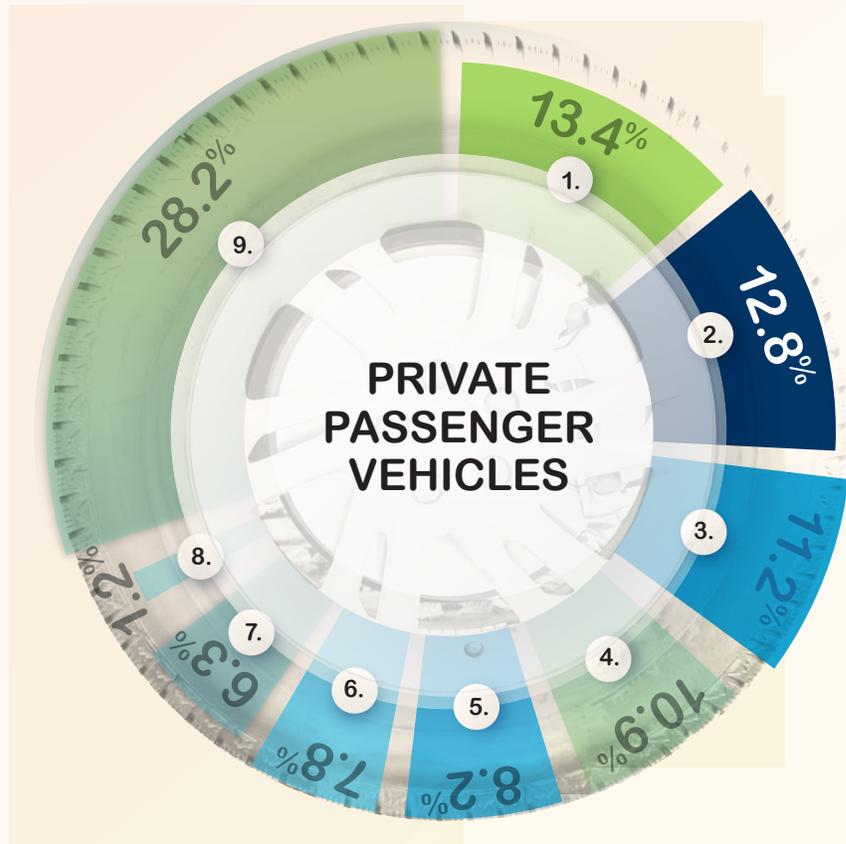
## 8. Northbridge Group

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

## 9. All other Insurers

- AIG Insurance Company of Canada
- CAA Insurance Company
- Chubb Insurance Company of Canada
- Continental Casualty Company
- Dominion of Canada General Insurance Company (The)
- Echelon Insurance
- Hartford Fire Insurance Company
- Insurance Company of Prince Edward Island (The)

- Liberty Mutual Insurance Company
- Lloyds Underwriters
- Portage la Prairie Mutual Insurance Company (The)
- Promutuel de l'Estuaire, Société mutuelle d'assurance générale
- Protective Insurance Company
- United General Insurance Corporation
- Wawanesa Mutual Insurance Company (The)
- XL Specialty Insurance Company



## DID YOU KNOW?

Marijuana legalization in Canada has shown “no statistically significant changes in the average cost per claim and claim frequency,” according to a new report from the Canadian Institute of Actuaries (CIA) and the Casualty Actuarial Society (CAS).



Source: canadianunderwriter.ca

# WHAT DO WE REGULATE?

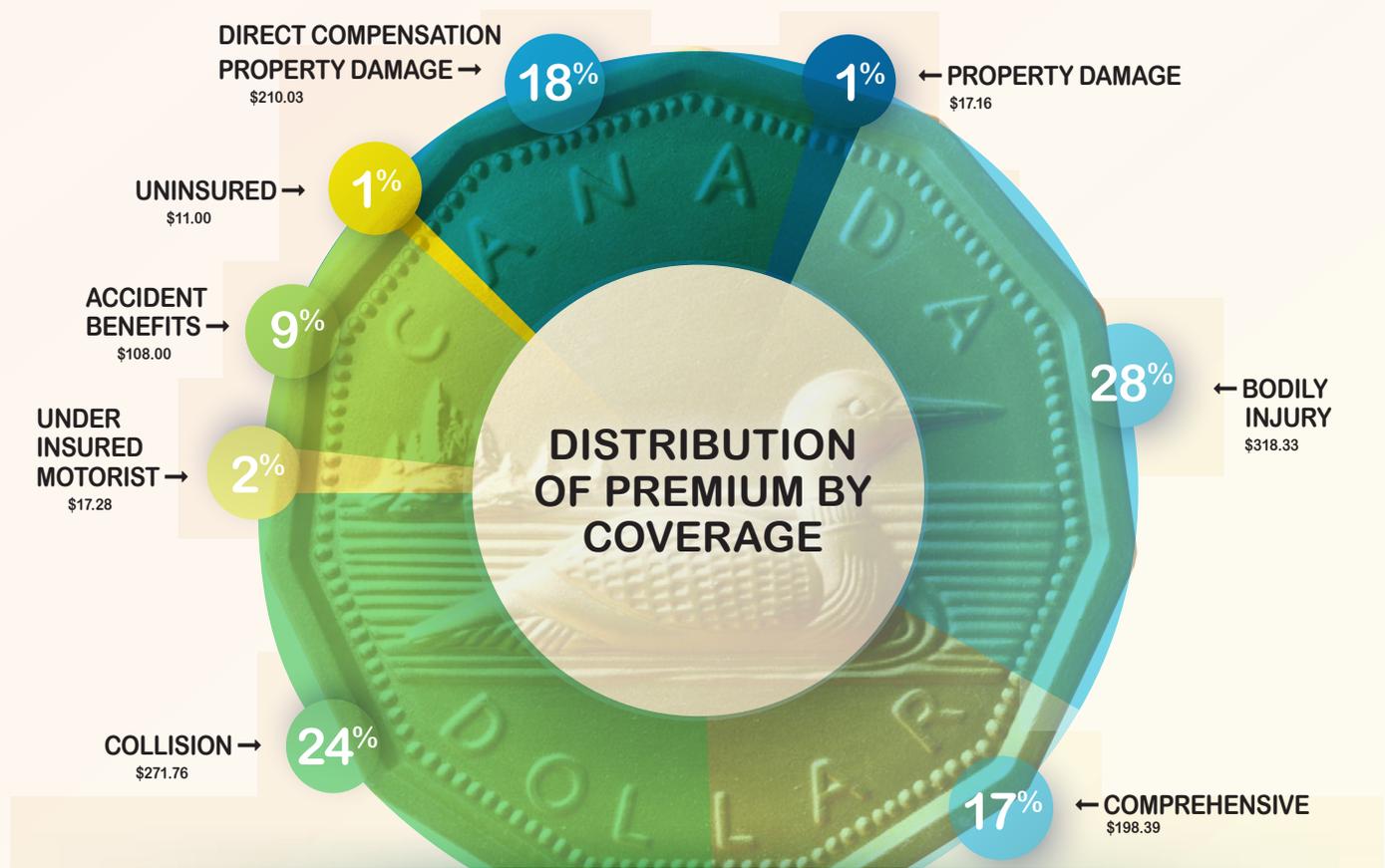
The Board regulates private passenger, commercial and miscellaneous classes of vehicles such as all-terrain vehicles, snowmobiles and motorcycles.

The Board regulates rates for all mandatory coverages as required by the *Act*, as well as optional coverages such as collision and comprehensive.

Like other Canadian jurisdictions, we do not regulate fleet business. A fleet is defined as a group of not less than five automobiles, that are under common ownership or management, of which at least five are commercial vehicles, public vehicles or vehicles used for business purposes, including any vehicles leased to the same insured person for a period in excess of 30 days.

NB MARKET	
TYPE OF VEHICLE	PERCENTAGE
Private Passenger	77.2%
Commercial	5.8%
ATV	8.5%
Motorcycle	4.1%
Snow Vehicles	3.0%
Farmers/Misc.	1.4%

Source: GISA Auto 1010 ATL



## PRIVATE PASSENGER VEHICLES 2021

Most recent available data at time of preparing this report

Source: GISA Auto 1010 ATL

# HOW DO WE REGULATE?

## Reviews

All rate filing applications (“applications”, “filings”) are reviewed by the Board to ensure that the filing is compliant with the Filing Guidelines, as well as the standards and practices of the Canadian Institute of Actuaries.

During the review the company may be asked for further justification or additional information. Once the filing is deemed complete, the Board will convene a panel to review.

## Hearings

An insurer must appear before the Board when:

- it files for a rate change more than twice in a 12-month period,
- it files rates where the average 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,
- the Board requires it to do so, to further investigate its filing.

## Panel Review

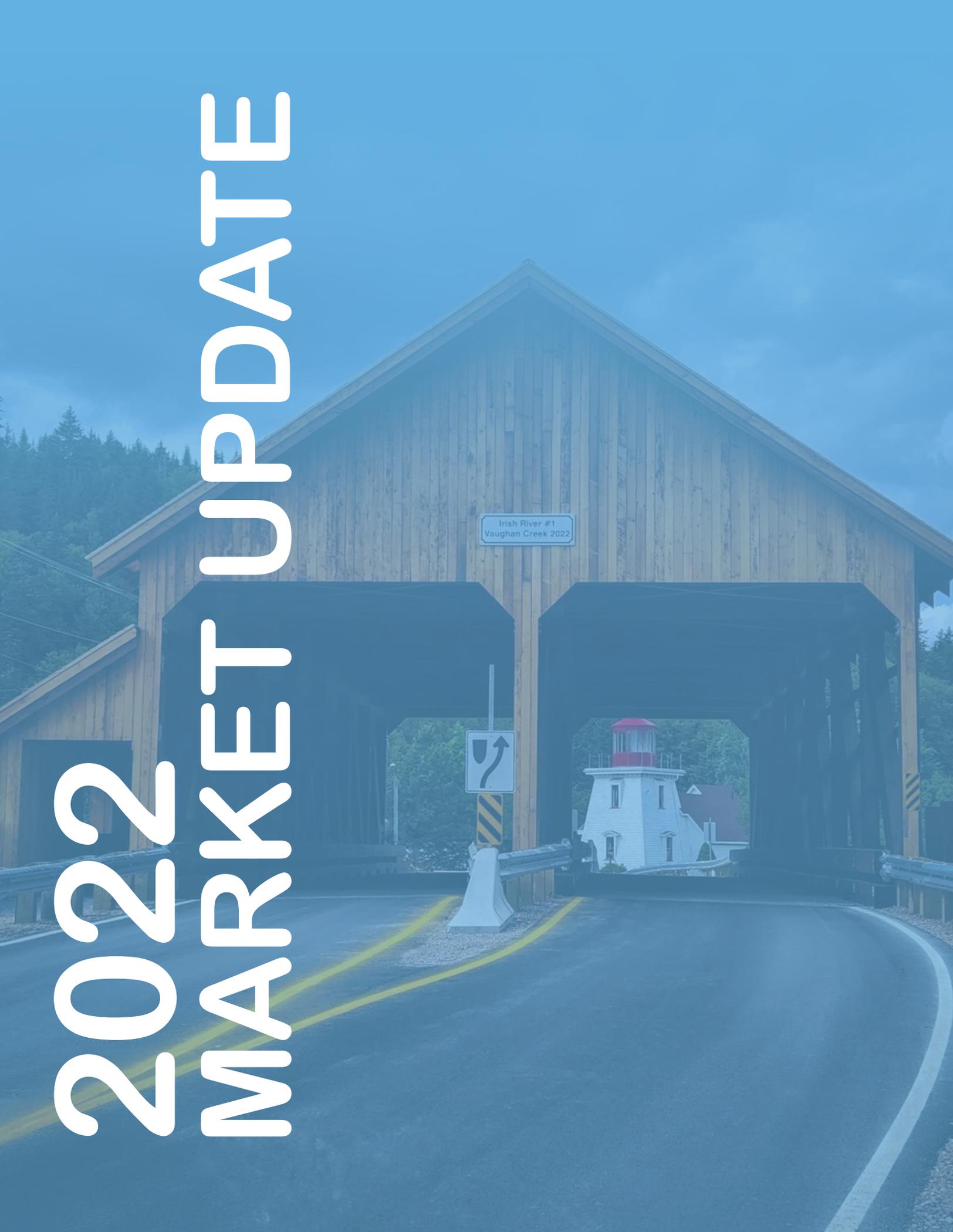
If a hearing is not required based on the established criteria, a panel will review the application and recommend to the Chair that the filing be moved to a hearing for further investigation or the application be approved as filed.

### **DID YOU KNOW that multiple factors are used when calculating your insurance rates?**

Some of those factors include, the make, model and year of your vehicle, the number of accidents and/or convictions you may have, the other operators who are insured to drive the vehicle and where you live. Some factors that are prohibited in New Brunswick for use when rating are: marital status, age of driver, and gender.



# 2022 MARKET UPDATE



# 2022 MARKET UPDATE

For the period 2021-22, companies required an average rate increase of 17.91% to pay claims and expenses, including a profit provision. The majority of companies filed for a selected rate change significantly less than this and also filed to cap rates at various levels, resulting in an overall average rate change of 5.43% for private passenger vehicles in the Province. As can be observed in the table below, frequency in New Brunswick has decreased in the past five years, but the average cost of claims has increased. A significant portion of the increase in claim cost is due to supply chain issues caused by various factors, including but not limited to the following:

## LABOUR SHORTAGES

There are labour shortages for variety of reasons such as:

- Early retirement - at the beginning of the pandemic, many people opted to receive an early retirement package
- Grey wave - one in 5 of working Canadians are between the ages of 55-64 and they are exiting the workforce
- 47% of the manufacturing industry is facing a labour shortage

## WAR IN UKRAINE

- The Ukraine produces approximately 50% of the world supply of neon gas. Neon gas is needed to produce semiconductor chips, which are necessary for infotainment systems as well as some safety features in cars
- Russia is the largest producer of palladium, the metal used in Catalytic converters to filter chemicals from car exhaust

Source: Statistics Canada

Another factor impacting claims cost is the increase in safety features in vehicles and the increase in repair costs with cameras and sensors located on or within parts more susceptible to damage in an accident.

Driving patterns have also changed due to and since COVID-19. There are now more people who work from home and that are not driving to work on a daily basis, likely contributing to the decrease in frequency.

*The Board is committed to continued monitoring of the impact of all of the above mentioned factors, to ensure that the rates charged to New Brunswick policyholders are just and reasonable.*

COVERAGE	AVERAGE COST PER CLAIM			CLAIMS FREQUENCY PER 100 EARNED VEHICLES			INCURRED CLAIM COST PER EARNED VEHICLE		
	2017	2021	VARIANCE	2017	2021	VARIANCE	2017	2021	VARIANCE
Bodily Injury Tort (TPL-BI)	\$71,869	\$89,731	24.85%	0.34	0.22	-35.3%	\$178.73	\$158.55	-11.29%
Property Damage Tort (TPL-PD)	\$6,445	\$8,135	26.22%	0.15	0.11	-26.7%	\$37.93	\$42.83	12.91%
Property Damage – Direct Compensation (DC-PD)	\$4,653	\$6,208	33.41%	2.40	1.69	-29.6%	\$80.33	\$66.75	-16.90%
Accident Benefits (AB)	\$16,864	\$18,383	9.00%	0.59	0.42	-28.8%	\$33.17	\$34.64	4.40%
Collision	\$6,354	\$7,975	25.51%	3.07	2.20	-28.3%	\$201.59	\$172.58	-14.39%
Comprehensive	\$2,078	\$3,181	53.07%	6.17	4.33	-29.8%	\$140.53	\$156.64	11.46%

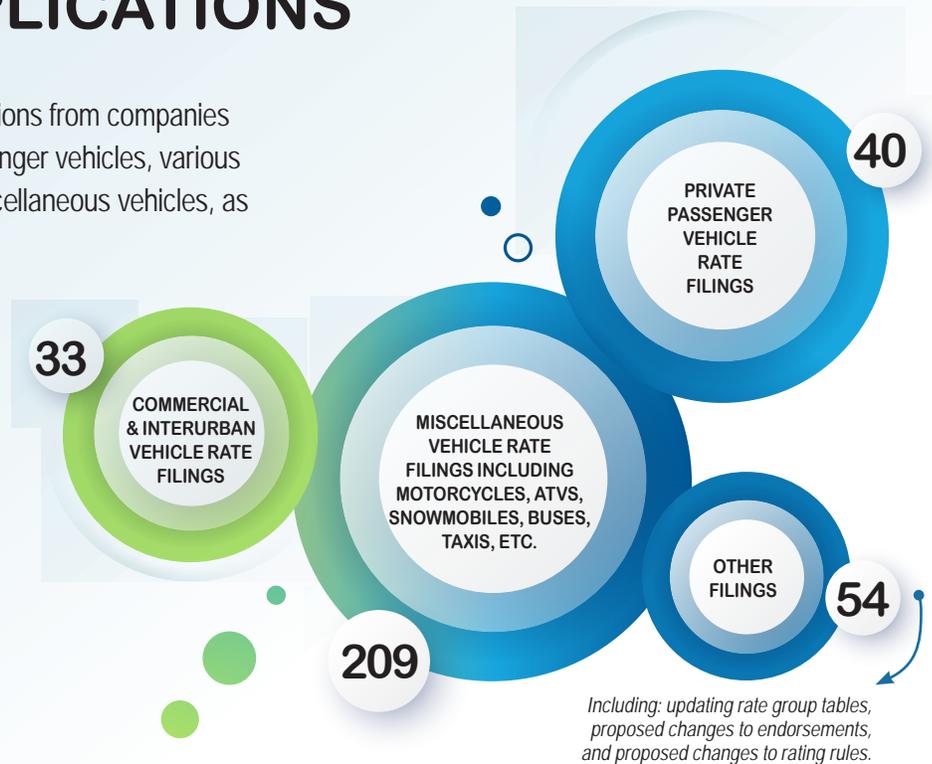
Source: GISA 2021 Auto 1010 ATL

# 2022 RATE APPLICATIONS

In 2022, the Board received rate applications from companies and Facility Association for private passenger vehicles, various types of commercial, interurban and miscellaneous vehicles, as well as other non-rate filings.

\*See Appendix B for details of approved rate changes.

The Board reviewed a total of 336 filings in 2022, which included:



## 2022 HEARINGS

Hearings are held before a panel of three Board Members and are chaired by the Board Chair or Vice-Chair.

INSURANCE COMPANY NAME	VEHICLE TYPE	ORIGINAL INDICATION	ORIGINAL SELECTION	APPROVED INDICATION	APPROVED AVERAGE RATE CHANGE
AVIVA INSURANCE COMPANY OF CANADA	PRIVATE PASSENGER	23.04%	10.63%	23.87%	10.64%
AVIVA GENERAL INSURANCE COMPANY	PRIVATE PASSENGER	15.17%	8.59%	15.86%	8.59%
TRADERS GENERAL INSURANCE COMPANY	PRIVATE PASSENGER	23.75%	7.04%	24.60%	7.01%
FACILITY ASSOCIATION	PRIVATE PASSENGER	10.80%	10.80%	10.80%	10.80%
SONNET INSURANCE COMPANY	PRIVATE PASSENGER	11.30%	7.92%	11.70%	7.90%
NORTHBRIDGE GENERAL INSURANCE CORPORATION	PRIVATE PASSENGER	28.52%	28.76%	27.80%	18.15%
ZENITH INSURANCE COMPANY	PRIVATE PASSENGER	28.52%	28.52%	27.80%	27.00%
PRIMUM INSURANCE COMPANY	PRIVATE PASSENGER	20.66%	12.84%	14.01%	12.90%
SECURITY NATIONAL INSURANCE COMPANY	PRIVATE PASSENGER	20.66%	6.05%	14.01%	6.19%
TD HOME AND AUTO INSURANCE COMPANY	PRIVATE PASSENGER	20.66%	6.05%	14.01%	9.01%
DOMINION OF CANADA GENERAL INSURANCE COMPANY (THE)	COMMERCIAL AND INTERURBAN	51.50%	34.89%	40.80%	32.70%
ECHELON INSURANCE	PRIVATE PASSENGER	34.72%	20.01%	34.72%	20.01%
CERTAS HOME AND AUTO INSURANCE COMPANY	PRIVATE PASSENGER	13.24%	8.60%	13.24%	8.60%
PERSONAL INSURANCE COMPANY (THE)	PRIVATE PASSENGER	24.36%	9.70%	24.36%	9.70%

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

# TERRITORIES

Written Vehicles Distribution



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 within southern New Brunswick (5-11) represent 70% of vehicle exposures. Southern New Brunswick is also where the three largest urban centers are located.

## DID YOU KNOW inflation may impact car insurance rates?

Industry experts believe that it is only a matter of time before inflation influences auto insurance pricing.

Car insurers use a range of metrics to calculate premiums. A spike in the price of vehicles and their parts can push up the cost of a car insurance claim. Consequently, more expensive claims result in higher premiums.

In the June transportation Consumer Price Index, the cost of vehicle parts, maintenance, and repairs rose 6.1%. Purchasing vehicles became 8.2% more expensive, while renting vehicles, which auto insurance often covers if the policyholder's car is unavailable while being repaired, was 28.5% more costly.



Source: [www.insurancebusinessmag.com/ca](http://www.insurancebusinessmag.com/ca)

# CANADIAN AUTOMOBILE INSURANCE RATE REGULATORS ASSOCIATION

The Canadian Automobile Insurance Rate Regulators Association (CARR) was formed in 2007, with the objective of sharing best practices, education, exchanging information and discussing key issues through committees, conferences and webinars. It is a self-supporting, not for profit organization of provincial automobile insurance rate regulators.

CARR annually hosts two conferences, in the fall and in the spring. The Board is a member of CARR and NBIB's Chair and CEO, Marie-Claude Doucet, is the sitting Chair of CARR's Executive Committee. Other members of our staff are also officers of the organization or sit on one of its various standing committees.



## DID YOU KNOW?

One of the most common endorsements is the SEF 44 Family Protection Endorsement. The SEF 44 provides additional coverage if you or a family member are injured by another driver who does not have enough insurance to pay the injury claim. Under the SEF 44, you can claim the difference between the other driver's coverage and the amount of the injury claim, up to the coverage that you have, on your own policy. The SEF 44 also applies if the other motorist is not insured.

Source: fcnb.ca

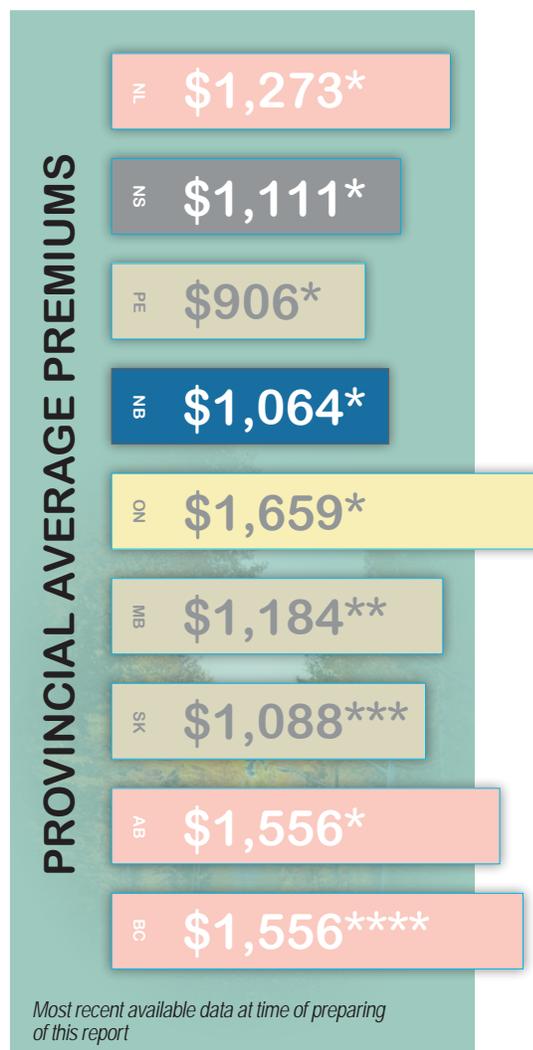
UNDERSTANDING

AUTO INSURANCE RATES



📱 SCAN ME

🖱️ CLICK ME



Source: GISA 2021 AUTO1010 PPV overall average premium \*

MPI 2020-21 overall average PPV premium \*\*

Saskatchewan Rate Review Panel 2020/21 overall average PPV premium \*\*\*

ICBC 2021/22 Annual Service Plan Report all classes \*\*\*\*

As legislated by the 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, 2022 can be found in Appendix A.

# APPENDIX A



---

## INDEPENDENT AUDITOR'S REPORT

---

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, 2022, and the statements of operations and accumulated surplus, changes in net financial debt 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, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

### *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 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 these 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 PSAS, 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 related 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)

*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. Whittaker + Associates*

Saint John, NB  
September 26, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS

**NEW BRUNSWICK INSURANCE BOARD**

**Statement of Financial Position**

**March 31, 2022**

	2022	2021
<b>FINANCIAL ASSETS</b>		
Cash (Notes 2, 9)	\$ 2,321,027	\$ 3,134,595
Accounts receivable (Note 3)	791,305	237,003
Harmonized sales tax recoverable	200,294	250,816
	<u>3,312,626</u>	<u>3,622,414</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	269,220	279,151
Employee deductions payable	15,419	27,787
Deferred assessments (Note 6)	3,241,917	3,496,028
Long term debt (Note 7)	293,047	366,309
	<u>3,819,603</u>	<u>4,169,275</u>
<b>NET FINANCIAL DEBT</b>	<u>(506,977)</u>	<u>(546,861)</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	7,544	10,741
Tangible capital assets (Notes 2, 4, 7)	499,433	536,120
	<u>506,977</u>	<u>546,861</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ -</u>	<u>\$ -</u>

**LEASE COMMITMENTS** (Note 10)

**ON BEHALF OF THE BOARD**


Chairperson  

Vice-Chairperson

**NEW BRUNSWICK INSURANCE BOARD**  
**Statement of Operations and Accumulated Surplus**  
**Year Ended March 31, 2022**

	Total 2022	Total 2021
<b>REVENUES (Note 2)</b>		
Assessments	\$ 2,694,203	\$ 2,371,502
Interest	8,986	8,865
Government wage subsidy	-	12,663
	<u>2,703,189</u>	<u>2,393,030</u>
<b>OPERATING DISBURSEMENTS</b>		
Wages, benefits and other employee costs (Note 5)	1,156,236	1,037,417
Rent (Note 10)	159,676	119,746
Office expenses	112,022	92,849
Consulting services	23,250	10,480
Interest on long term debt	16,118	4,075
Training and education	12,173	27,950
Amortization	111,946	135,916
	<u>1,591,421</u>	<u>1,428,433</u>
<b>REGULATORY DISBURSEMENTS</b>		
Actuarial services	696,098	525,906
Consulting services	185,278	165,752
Board compensation	109,700	111,350
Hearing expenses	86,972	125,203
Board member meetings and education	29,660	35,998
	<u>1,107,708</u>	<u>964,209</u>
<b>OTHER INCOME</b>		
Loss on disposal of tangible capital assets	<u>(4,060)</u>	<u>(388)</u>
<b>ANNUAL SURPLUS</b>	-	-
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>

**NEW BRUNSWICK INSURANCE BOARD**  
**Statement of Changes in Net Financial Debt**  
**Year Ended March 31, 2022**

	2022	2021
<b>ANNUAL SURPLUS</b>	<b>\$ -</b>	<b>\$ -</b>
Amortization of tangible capital assets	111,946	135,916
Purchase of tangible capital assets	(81,320)	(537,786)
Loss on disposal of tangible capital assets	4,060	388
Proceeds on disposal of tangible capital assets	2,000	-
Decrease in prepaid expenses	3,198	15,818
	<u>39,884</u>	<u>(385,664)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b>39,884</b>	<b>(385,664)</b>
<b>NET FINANCIAL DEBT - BEGINNING OF YEAR</b>	<b>(546,861)</b>	<b>(161,197)</b>
<b>NET FINANCIAL DEBT - END OF YEAR</b>	<b><u>\$ (506,977)</u></b>	<b><u>\$ (546,861)</u></b>

**NEW BRUNSWICK INSURANCE BOARD**

**Statement of Cash Flows**

**Year Ended March 31, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ -	\$ -
Items not affecting cash:		
Amortization	111,946	135,916
Loss on disposal of tangible capital assets	4,060	388
	<u>116,006</u>	<u>136,304</u>
Changes in non-cash working capital:		
Accounts receivable	(554,302)	982,429
Harmonized sales tax recoverable	50,522	(191,435)
Accounts payable and accrued liabilities	(9,930)	(147,671)
Employee deductions payable	(12,368)	904
Deferred assessments	(254,111)	616,409
Prepaid expenses	3,198	15,818
	<u>(776,991)</u>	<u>1,276,454</u>
Cash flow from (used by) operating activities	<u>(660,985)</u>	<u>1,412,758</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(81,321)	(537,786)
Proceeds on disposal of tangible capital assets	2,000	-
	<u>(79,321)</u>	<u>(537,786)</u>
Cash flow used by investing activities	<u>(79,321)</u>	<u>(537,786)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long term debt	-	366,309
Repayment of long term debt	(73,262)	-
	<u>(73,262)</u>	<u>366,309</u>
Cash flow from (used by) financing activities	<u>(73,262)</u>	<u>366,309</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(813,568)</b>	<b>1,241,281</b>
Cash - beginning of year	<u>3,134,595</u>	<u>1,893,314</u>
<b>CASH - END OF YEAR (Note 9)</b>	<b>\$ 2,321,027</b>	<b>\$ 3,134,595</b>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest received	<u>\$ 8,986</u>	<u>\$ 8,865</u>

# NEW BRUNSWICK INSURANCE BOARD

## Notes to Financial Statements

Year Ended March 31, 2022

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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 (PSAB). Canadian public sector accounting standards are part of Canadian Generally Accepted Accounting Principles.

#### 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 6).

#### 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 2022, the Board received government assistance for the following expenses: nil for salaries and wages (2021 - \$12,663).

#### Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following annual rates and methods:

Furniture and fixtures	20.00%	straight-line method
Leasehold improvements	10.00%	straight-line method
Motor vehicles	25.00%	declining balance method
Computer equipment	33.33%	declining balance method
Computer software	50.00%	declining balance method

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.

# NEW BRUNSWICK INSURANCE BOARD

## Notes to Financial Statements

Year Ended March 31, 2022

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

#### 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, 2022.

#### *(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.

#### *(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.

**NEW BRUNSWICK INSURANCE BOARD**

**Notes to Financial Statements**

**Year Ended March 31, 2022**

**4. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Furniture and fixtures	\$ 118,214	\$ 44,664	\$ 73,550	\$ 83,836
Leasehold improvements	389,578	76,786	312,792	340,452
Motor vehicles	32,434	4,054	28,380	6,060
Computer equipment	192,498	114,823	77,675	91,699
Computer software	63,146	56,110	7,036	14,073
	<b>\$ 795,870</b>	<b>\$ 296,437</b>	<b>\$ 499,433</b>	<b>\$ 536,120</b>

**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, 2022, the NBIB's pension contributions amounted to \$114,306 (2021: \$102,829).

**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, 2022

### 7. LONG TERM DEBT

	<u>2022</u>	<u>2021</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 March 31, 2027 and is secured by leasehold improvements.	<u>\$ 293,047</u>	<u>\$ 366,309</u>

Principal repayment terms are approximately:

2023	\$ 73,262
2024	73,262
2025	73,262
2026	<u>73,261</u>
	<u>\$ 293,047</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 maintenance agreement for commercial cleaning and maintenance in March 2021. The minimum annual payments under the lease terms are as follows:

March 1, 2021 - February 28, 2023: \$12,925

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:

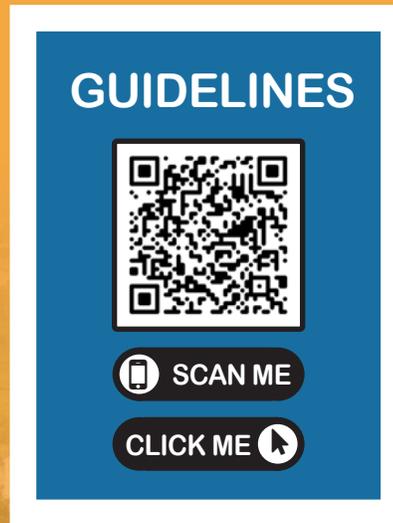
April 1, 2021 - March 31, 2025: \$1,662

April 1, 2025 - October 31, 2025: \$831

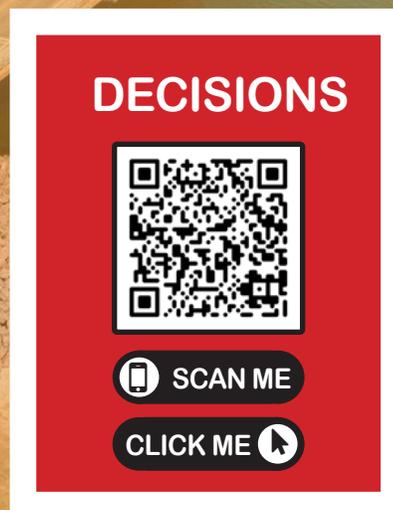
# APPENDIX B

## FILINGS REVIEWED IN 2022

**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.



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



# PRIVATE PASSENGER VEHICLES

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

INSURANCE COMPANY NAME	APPROVED AVERAGE RATE CHANGE
Allstate Insurance Company of Canada	0.00%
Allstate Insurance Company of Canada	2.99%
Aviva General Insurance Company	0.00%
Aviva Insurance Company of Canada	0.00%
CAA Insurance Company	2.00%
Certas Home and Auto Insurance Company	Under Review
Chubb Insurance Company of Canada	Under Review
Continental Casualty Company	0.00%
Co-operators General Insurance Company	0.00%
CUMIS General Insurance Company	0.00%
Dominion of Canada General Insurance Company	Under Review
Echelon Insurance	0.00%
Echelon Insurance	Under Review
Economical Mutual Insurance Company	Under Review
Facility Association	Under Review
Federated Insurance Company of Canada	0.00%
Insurance Company of Prince Edward Island	0.00%
Intact Insurance Company	0.00%
Intact Insurance Company	Under Review
Northbridge General Insurance Corporation	0.00%
Pafco Insurance Company	3.00%
Pembridge Insurance Company	0.00%
Pembridge Insurance Company	2.96%
Personal Insurance Company	Under Review
Portage la Prairie Mutual Insurance Company	Under Review
Primum Insurance Company	0.00%
Promutuel de l'Estuaire Société mutuelle d'assurance générale	Under Review
Security National Insurance Company	0.00%
Sonnet Insurance Company	0.00%
Sonnet Insurance Company	Under Review
Sovereign General Insurance Company	0.00%
TD Home and Auto Insurance Company	0.00%
Tokio Marine Canada Ltd.	0.00%
Traders General Insurance Company	0.00%
Trafalgar Insurance Company of Canada	Under Review
Trafalgar Insurance Company of Canada	0.00%
Unifund Assurance Company	0.00%
United General Insurance Corporation	Under Review
Verassure Insurance Company	0.00%
Wawanesa Mutual Insurance Company	-0.01%
Zenith Insurance Company	0.00%

# COMMERCIAL + INTERURBAN VEHICLES

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

INSURANCE COMPANY NAME	VEHICLE CLASS	APPROVED AVERAGE RATE CHANGE
AIG Insurance Company of Canada	Commercial	0.00%
AIG Insurance Company of Canada	Interurban	0.00%
AIG Insurance Company of Canada	Commercial	Under Review
Aviva Insurance Company of Canada	Interurban	0.00%
Aviva Insurance Company of Canada	Commercial	0.00%
Certas Home and Auto Insurance Company	Commercial	0.00%
Chubb Insurance Company of Canada	Commercial	Under Review
Continental Casualty Company	Commercial	0.00%
Continental Casualty Company	Interurban	0.00%
Co-operators General Insurance Company	Commercial + Interurban	0.00%
Dominion of Canada General Insurance Company	Commercial + Interurban	32.70%
Echelon Insurance	Commercial + Interurban	0.00%
Echelon Insurance	Commercial + Interurban	2.99%
Economical Mutual Insurance Company	Commercial + Interurban	0.00%
Facility Association	Commercial	Under Review
Facility Association	Interurban	0.00%
Federated Insurance Company of Canada	Commercial + Interurban	4.53%
Insurance Company of Prince Edward Island	Commercial	Under Review
Insurance Company of Prince Edward Island	Interurban	Under Review
Intact Insurance Company	Commercial	-0.05%
Intact Insurance Company	Commercial	Under Review
Northbridge General Insurance Corporation	Commercial + Interurban	2.95%
Portage la Prairie Mutual Insurance Company	Commercial	Under Review
Promutuel de l'Estuaire Société mutuelle d'assurance générale	Commercial	1.99%
Protective Insurance Company	Commercial	0.00%
Protective Insurance Company	Interurban	0.00%
Security National Insurance Company	Commercial	0.00%
Sovereign General Insurance Company	Interurban	0.00%
Sovereign General Insurance Company	Commercial	Under Review
Sovereign General Insurance Company	Interurban	Under Review
Tokio Marine & Nichido Fire Insurance Co. Ltd.	Commercial + Interurban	-3.01%
United General Insurance Corporation	Commercial	0.00%
Wawanesa Mutual Insurance Company	Commercial	0.00%







[www.nbib-canb.org](http://www.nbib-canb.org)

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