



NEW BRUNSWICK INSURANCE BOARD



2023 ANNUAL REPORT





March 1, 2024

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

Attention: Honorable Ernie Steeves

Re: 2023 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 2023 calendar year. The report contains an overview of our activities for the year, as well as our audited financial statements for the 2022-2023 fiscal year ending March 31, 2023.

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 2023 calendar year.*

2023 ANNUAL REPORT CREDITS

Accounting | J.K. Whittaker & Associates
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Message From The Chair

It is with pleasure that I present the New Brunswick Insurance Board's 2023 Annual Report, which provides an overview of the organization's activities over the previous 12 months.

It has been another busy year at the Board, we welcomed a new Board member, Gerry Peters, and bid farewell to Rachel Arseneau-Ferguson. We thank Rachel for her contribution and dedication to the Board.

It was a challenging year in auto insurance as the world continued the return to the "new normal." Insurers were faced with inflation, the sharp rise in auto theft and the continued supply chain issues. All of these contributed to increasing claims costs for auto insurance, resulting in rate increases.

Private Passenger filings suggested a 17% rate adjustment overall was required, but the average rate change proposed by insurers stood at only 5%. Influencing factors, such as competition and uncertainty about the future might have played a role in the selection of lower than indicated rates.

Regardless of the indication or selection, the Board reviews diligently each filing to ensure that the rates are just and reasonable in the circumstance and when deemed necessary, will order the company to make changes to assumptions and/or rates.

Achievements

- 2023 reintroduced oral hearings, balancing written and oral formats based on the complexity of the filing and magnitude of proposed rate change.
- A three-year strategic plan was developed to identify opportunities for improvement, as well as to ensure that we stay true to our values and mission, and align our efforts with a clear vision. This plan will guide improvements based on key performance indicators, and milestones for the upcoming years.
- As noted last year, we continue to document our processes for seamless transitions as experienced personnel retire. To that end, Board staff will be updating and expanding upon our policy and process manual. This will ensure the documentation of current procedures and in addition preserve key knowledge and information.
- Prioritizing cyber security, we provide ongoing training to our staff and Board members, to tackle evolving threats.



*It was a challenging year in auto insurance
as the world continued the return to the
“new normal”*

Looking Ahead to 2024

*Looking ahead to 2024,
our commitment
to efficiency and
effectiveness are at
the core of our
operations.*

*We will continue to
monitor emerging
industry trends and
economic influences,
aiming to better serve
stakeholders and
policyholders within
the auto insurance
industry.*



In conclusion, I would like to express my gratitude to the staff and Board members of the New Brunswick Insurance Board for their dedication and hard work in achieving these milestones. Our commitment to ensuring just and reasonable rates and an accessible insurance environment in our province remains unwavering.

The Board



**MARIE-CLAUDE
DOUCET**

Chair | Dieppe
Appointed 2016



**MARVEN
GRANT**

Vice-Chair | Fredericton
Reappointed 2022



FERNE ASHFORD

Charters Settlement
Reappointed 2022



CAROL DIXON

Quispamsis
Appointed 2022



GERRY PETERS

Fredericton
Appointed 2023



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

The New Brunswick Insurance Board (“NBIB” or “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, 2023, 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.

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.

Board Governance



SCAN ME

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Accountability

Board members participate in the review process conducted by the NBIB, as well as Board meetings, educational sessions and conferences offered 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 2023.

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 automobile insurance marketplace.

MARKET SHARE 2023

Standard	_____	94%
Non-Standard	_____	3%
Facility Association	_____	3%

Source: NBIB Filings

AVERAGE PREMIUM 2023

Based on Filings Submitted

Standard	_____	\$1,112
Non-Standard	_____	\$1,737
Facility Association	_____	\$3,072
Overall Combined	_____	\$1,148

Source: NBIB Filings

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% in New Brunswick, for private passenger vehicles.

REASONS FOR PRIVATE PASSENGER VEHICLE PLACEMENT IN FACILITY ASSOCIATION: OCTOBER 2022 – SEPTEMBER 2023

		Private Passenger
A-D	Accident/Offence	1,048
E	Payment History	490
F	New Driver	307
G-L	Vehicle Use/Type	171
M	Insurance History NA	104
N	Lower Premium	25
O	Lapse	78
R	Years of Driving Experience	124
S	Other	20

LEGEND

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

Source: Facility Association

NB PRIVATE PASSENGER VEHICLES EARNED EXPOSURES & PREMIUMS 2018-2022

Year	Written Exposure	Written Premium
2018	510,315	\$428,561,626
2019	513,228	\$462,052,063
2020	520,063	\$503,881,438
2021	531,470	\$558,886,448
2022	531,052	\$590,796,779

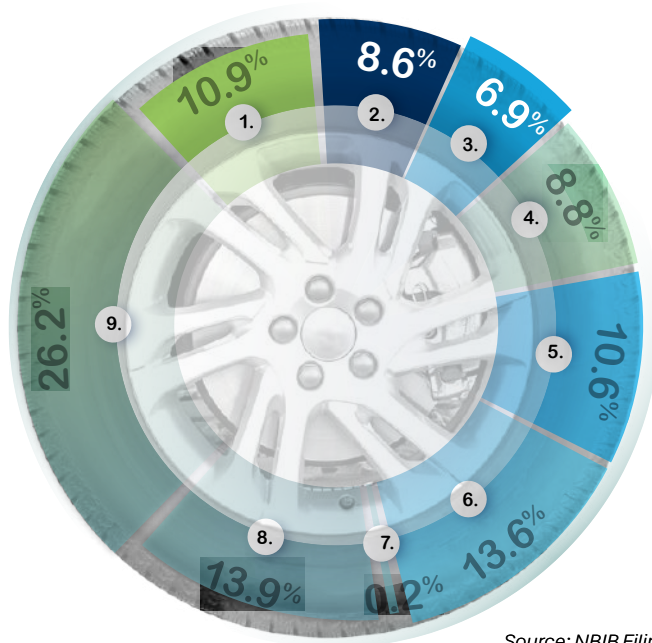
(2018-2022 4.06% increase in exposures)

(2018-2022 increase of 37.85% in total written premium)

Source: GISA AUTO1010 ATL

Private passenger insurance companies

There are 38 insurance companies within the private passenger market in New Brunswick. Based on the information contained within the 2023 rate filings submitted to the NBIB, the private passenger market share breaks down as follows:



Source: NBIB Filings

INSURANCE COMPANIES

1. Allstate Group 10.94%

Allstate Insurance Company of Canada
Pembroke Insurance Company
Pafoo Insurance Company

2. Aviva Group 8.60%

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

3. Co-operators Group 6.95%

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

4. Desjardins Group 8.84%

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

5. Definity Group 10.67%

Definity Insurance Company
Sonnet Insurance Company

6. Intact Group 13.67%

Intact Insurance Company
Belair Insurance Company Inc.

7. Northbridge Group 0.25%

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

Verassure Insurance Company
Zenith Insurance Company

8. TD Group 13.98%

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

9. Other Insurers 26.28%

CAA Insurance Company
Chubb Insurance Company of Canada
Continental Casualty Company
Dominion of Canada General Insurance Company (The)
Echelon Insurance







Facility Association

Hartford Fire Insurance Company
Insurance Company of Prince Edward Island (The)
Liberty Mutual Insurance Company
Portage la Prairie Mutual Insurance Company (The)
Promutuel de l'Estuaire, Société mutuelle d'assurance générale
Sompo Japan Insurance Inc.
United General Insurance Corporation
Wawanessa Mutual Insurance Company (The)
XL Specialty Insurance Company

What do we regulate?

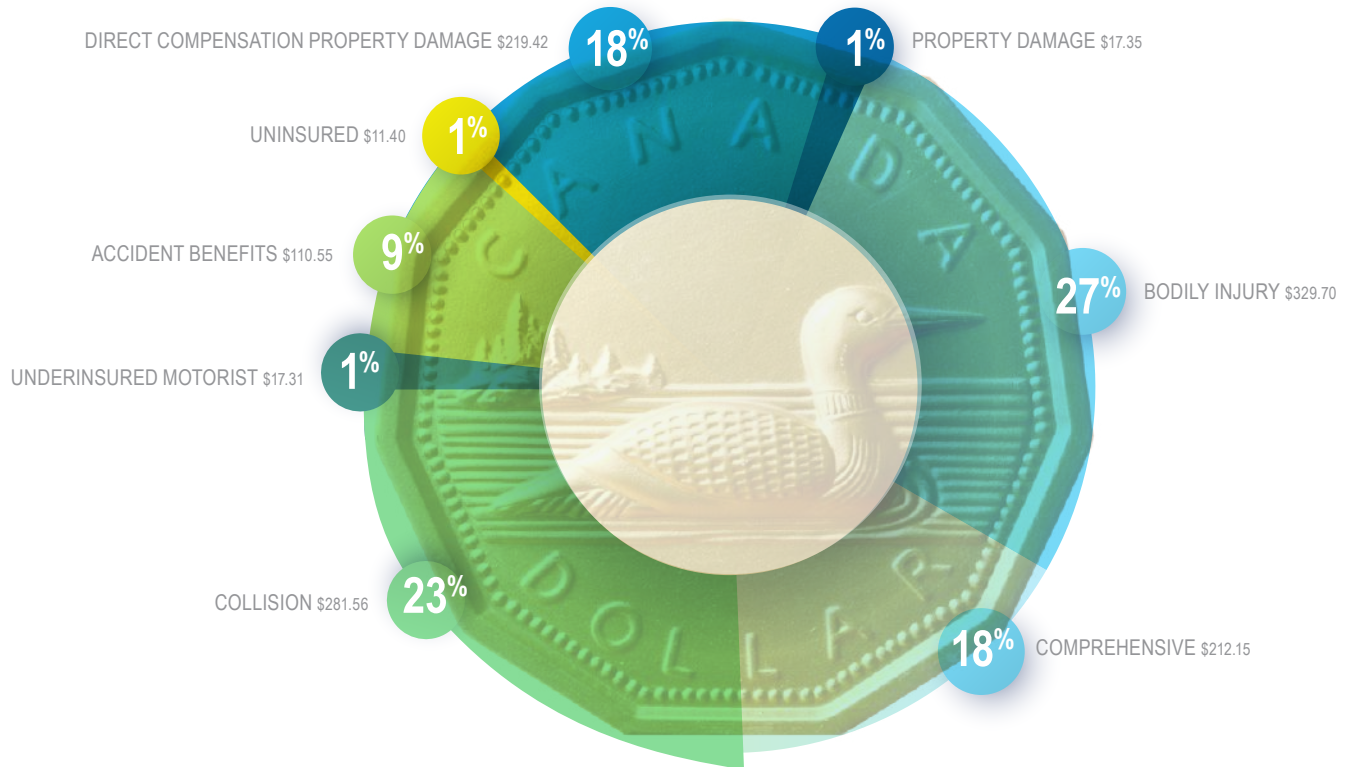
The Board regulates private passenger, commercial and miscellaneous classes of vehicles such as all-terrain vehicles, snowmobiles, and motorcycles. The Board regulates rates for all mandatory coverages as required by the Act, as well as optional coverages such as collision and comprehensive. Like other Canadian jurisdictions, we do not regulate fleet business. A fleet may be 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.

NEW BRUNSWICK MARKET COMPOSITION

TYPE OF VEHICLE	PERCENTAGE
 <i>Private Passenger</i>	76.5%
 <i>Commercial</i>	6.1%
 <i>ATV</i>	8.7%
 <i>Motorcycle</i>	4.3%
 <i>Snow Vehicle</i>	3.0%
 <i>Farmers/Misc.</i>	1.5%

Source: GISA AUTO1010 ATL / GISA AUTO1101 ATL

DISTRIBUTION OF PREMIUM BY COVERAGE PRIVATE PASSENGER VEHICLES 2023



Source: GISA AUTO 1010 ATL

How do we regulate?

Reviews

All rate filing applications (“applications” or “filings”) are reviewed by the Board to ensure that the filing is compliant with the applicable sections of the *Insurance Act*, NBIB 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, or
- 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, or when
- 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.

2023 Market update

The automobile insurance market in New Brunswick continued to be stable over the past year. The number of insurers operating in the province remained consistent, providing policyholders with a variety of choices for insurance providers.

Private Passenger Vehicles (PPV)

For the period 2022-23, companies required an average rate increase of 17% to pay claims and expenses, including a profit provision. Most companies filed and received approval for a rate change significantly less than this, resulting in an overall average rate change of 3.88% for private passenger vehicles in the province. Overall, the average premium increased from \$1,064 to \$1,114. Despite the increase, New Brunswick policyholders continue to benefit from some of the lowest automobile insurance rates in the country.

While upward pressure on the market persists, insurance companies consider a variety of factors when deciding on rate changes, including their market share and the competitiveness within the marketplace. In 2023, there was continued pressure on rates brought about from different factors such as inflation, continued supply chain issue, labour shortages, and increasing severity costs due to auto theft. These are only some of the factors that are affecting rates.

Supply Chain Issues

There continues to be challenges surrounding availability of resources which produces supply chain issues. While there have been some inroads, labour shortages and availability of raw resources continue to create supply chain issues that impact the cost of automobile replacement parts. The automotive industry is also, experiencing difficulties in finding skilled technicians to service and repair vehicles. These challenges result in increased costs and delays for repairs.

The supply chain issues have also put pressure on rental car availability. Due to a large backlog of parts, the current wait time to have a vehicle repaired is 3-4 months. If a vehicle is not drivable, the insured will also need a rental car and for a much longer period than in prior years. Most policies have a dollar limit amount for the rental while an insured's vehicle is being repaired, but as a result of the delays in garages receiving parts many insurers are waiving the limit and allowing policyholders to drive rental cars until their vehicle is repaired.

Skilled Labour Shortage

The requirement for skilled labour also contributes to insurance costs, as vehicles become more and more specialized. There are more computer chip driving cars than ever before, and the repairs are highly technical. There is currently a shortage of auto technicians due to a combination of retirement and fewer people entering the trades. This shortage of auto technicians has a direct impact on automobile insurance rates. When there aren't enough skilled technicians available to repair vehicles, it leads to longer repair times and higher costs for repairs which in turn leads to higher insurance claims.

Inflation

In 2022, inflation rates reached a high of 8.1% causing an increase in claims costs as the cost of goods rose. Some of the increased claims costs were offset by an increase in insurer investment income. To reduce the impact of inflation, the Bank of Canada adjusted its key policy interest rate during the past year which in turn, raised investment interest rates, providing additional investment income to insurers. While inflation rates have decreased over the past few months, they have not returned to the Bank of Canada target range of 1%-3%. In recent months, there has been a return of inflationary pressure to the economy which brings uncertainty to the market and results in pressure on automobile insurance rates.

In the 2023 filings, the Board has observed that many companies were including an adjustment for the rise in inflation when developing rate indications.

Vehicle Theft

The imbalance between supply and demand for vehicles has significantly increased their value, making them a target for thieves. Stolen vehicles are being shipped overseas or stripped down for highly sought after parts such as catalytic converters. For maximum profit, thieves are targeting high-end vehicles including pick-up trucks, SUVs, and luxury vehicles. While larger urban areas appear to be the main focus for theft, New Brunswick is not immune. According to the Statistics Canada data below, motor vehicle total theft in New Brunswick rose by 18% in 2022 from 2021. Most of these vehicles remain unrecovered placing further pressure on claims costs, as insurers must replace entire vehicles with little to no ability to defray costs through salvage.

NEW BRUNSWICK *Total theft of motor vehicle*

STATISTICS	2018	2019	2020	2021	2022
Actual incidents	1,338	1,473	1,510	1,691	2,054
Rate per 100,000 population	173.70	189.54	192.85	213.94	252.94
% Change in rate	10.87	9.12	1.74	10.94	18.23

Source: Statistics Canada; Table 35-10-0177-01; Release date: 2023-07-27

The New Brunswick market's sustainability depends on its ability to maintain rate stability, encourage competition, and protect consumer and stakeholder interests. The Board is committed to monitoring the previously mentioned factors and their impact on automobile rates to ensure that New Brunswick policy holders are obtaining rates that are just and reasonable.

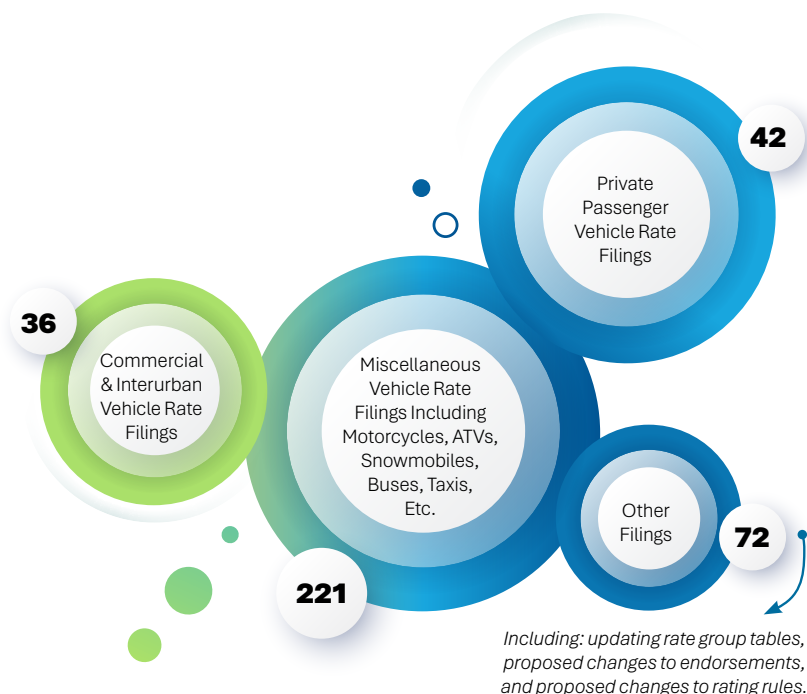
INCURRED CLAIM COST PER VEHICLE		Source: GISAUTO1010 ATL
BODILY INJURY TORT (TPL-BI)		
2018	\$251.68	
2019	\$247.43	
2020	\$188.35	
2021	\$211.45	
2022	\$184.53	-26.68% 2018 to 2022
PROPERTY DAMAGE TORT (TPL-PD)		
2018	\$9.58	
2019	\$8.73	
2020	\$7.05	
2021	\$9.11	
2022	\$8.74	-8.76% 2018 to 2022
PROPERTY DAMAGE DIRECT COMPENSATION (DC-PD)		
2018	\$117.39	
2019	\$112.37	
2020	\$90.98	
2021	\$99.02	
2022	\$116.73	-0.56% 2018 to 2022
ACCIDENT BENEFITS (AB)		
2018	\$94.71	
2019	\$82.52	
2020	\$67.88	
2021	\$69.22	
2022	\$66.25	-30.04% 2018 to 2022
COLLISION (COLL)		
2018	\$198.14	
2019	\$213.63	
2020	\$153.75	
2021	\$169.71	
2022	\$203.37	+2.63% 2018 to 2022
COMPREHENSIVE (COMP)		
2018	\$147.03	
2019	\$153.98	
2020	\$129.09	
2021	\$136.23	
2022	\$184.50	+25.48% 2018 to 2022

2023 Rate Applications

In 2023, 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 **371** filings in 2023, which included:



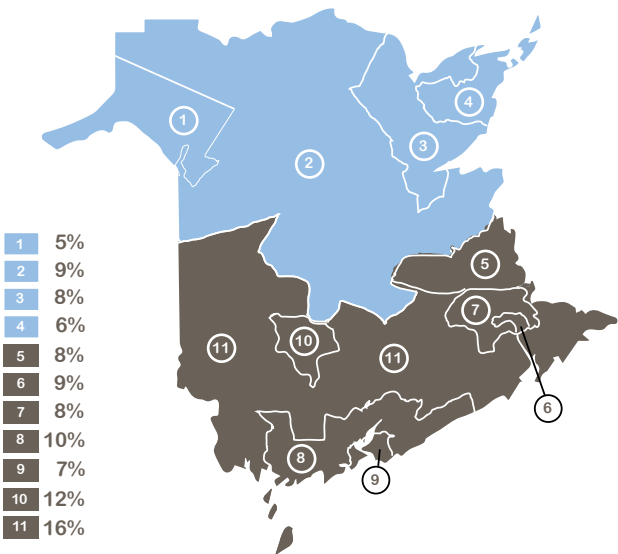
Hearings Held In 2023

INSURANCE COMPANY NAME	VEHICLE TYPE	ORIGINAL INDICATION	ORIGINAL SELECTION	APPROVED INDICATION	APPROVED AVERAGE RATE CHANGE
Definity Insurance Company	Private Passenger	16.40%	17.20%	7.20%	7.20%
The Portage la Prairie Mutual Insurance Company	Private Passenger	20.40%	12.00%	20.40%	12.00%
Facility Association	Taxi & Limousines	13.30%	13.30%	4.90%	4.90%
Facility Association	Private Passenger	1.80%	1.80%	-0.50%	-0.50%
Facility Association	Commercial	4.50%	2.90%	-1.40%	-1.40%
Echelon Insurance	Private Passenger	19.78%	7.00%	19.78%	7.00%
Promutuel de l'Estuaire, Société mutuelle d'assurance générale	Private Passenger	23.45%	14.49%	13.09%	11.64%
Aviva Insurance Company of Canada	Private Passenger	25.11%	7.57%	25.11%	7.57%
Aviva General Insurance Company	Private Passenger	19.64%	6.30%	19.64%	6.30%

Hearings are held before a panel of three Board Members and are chaired by the Board Chair or Vice-Chair. Decisions resulting from hearings may be found on the Board's website at www.nbib-canb.org.

Territories Distribution

Exposures are distributed throughout the eleven statistical territories within the province. The four territories in northern New Brunswick (1-4) represent 29% of vehicle exposures. The seven territories within southern New Brunswick (5-11) represent 71% of vehicle exposures. Southern New Brunswick is also where the three largest urban centers are located.



Understanding Auto Insurance Rates



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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. The Board is a member of CARR and NBIB’s Chair and CEO, Marie-Claude Doucet, is the current Chair of CARR’s Executive Committee. Other members of NBIB staff are also officers of the organization or sit on one of its various standing committees.



PROVINCIAL AVERAGE PREMIUMS

Province	PPV Average Earned Premium
NL	\$1,305 *
NS	\$1,164 *
PE	\$930 *
NB	\$1,114 *
ON	\$1,661 *
MB	\$1,170 **
SK	\$1,125 ***
AB	\$1,581 *
BC	\$1,411 ****

Most recent available data at time of preparing this report

LEGEND

GISA 2022 AUTO1010 PPV overall average premium	*
MPI 2021-22 overall average PPV premium	**
Saskatchewan Rate Review Panel 2021/2022 overall average PPV premium	***
ICBC 2022/23 Annual Service Plan Report All Classes	****

Source: GISA 2022 AUTO1010 ATL

Appendix A

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, 2023 can be found in Appendix A.



NEW BRUNSWICK INSURANCE BOARD
Financial Statements
Year Ended March 31, 2023

NEW BRUNSWICK INSURANCE BOARD
Index to Financial Statements
Year Ended March 31, 2023

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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, 2023, 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, 2023, 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)

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.

Saint John, NB
July 10, 2023


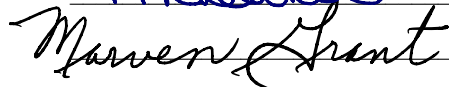

Chartered Professional Accountants, P.C. Inc.

NEW BRUNSWICK INSURANCE BOARD
Statement of Financial Position
March 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash (Note 2)	\$ 1,954,523	\$ 2,321,027
Accounts receivable (Notes 2, 3)	1,564,025	791,305
Harmonized sales tax recoverable (Note 2)	191,517	200,294
	<u>3,710,065</u>	<u>3,312,626</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 3)	302,026	270,244
Employee deductions payable	-	14,394
Deferred assessments (Note 6)	3,706,645	3,241,917
Long term debt (Notes 3, 7)	219,785	293,047
	<u>4,228,456</u>	<u>3,819,602</u>
NET FINANCIAL DEBT	<u>(518,391)</u>	<u>(506,976)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses (Note 2)	10,385	7,543
Tangible capital assets (Notes 2, 4, 7)	508,006	499,433
	<u>518,391</u>	<u>506,976</u>
ACCUMULATED SURPLUS	<u>\$ -</u>	<u>\$ -</u>

LEASE COMMITMENTS (Note 9)

ON BEHALF OF THE BOARD

 Chairperson
 Vice-Chairperson

See notes to financial statements

NEW BRUNSWICK INSURANCE BOARD
Statement of Operations and Accumulated Surplus
Year Ended March 31, 2023

	Total 2023	Total 2022
REVENUES <i>(Note 2)</i>		
Assessments	\$ 2,569,046	\$ 2,694,203
Interest	36,598	8,986
Other revenue	2,748	-
	<u>2,608,392</u>	<u>2,703,189</u>
OPERATING DISBURSEMENTS		
Wages, benefits and other employee costs <i>(Note 5)</i>	1,175,539	1,156,238
Rent <i>(Note 9)</i>	179,599	159,676
Office expenses	130,880	112,022
Training and education	41,307	12,173
Interest on long term debt	20,527	16,118
Consulting services	16,034	23,250
Amortization	137,049	111,949
	<u>1,700,935</u>	<u>1,591,426</u>
REGULATORY DISBURSEMENTS		
Actuarial services	553,977	696,093
Board compensation	115,138	109,700
Board member meetings and education	104,491	29,660
Hearing expenses	91,113	86,972
Consulting services	42,738	185,278
	<u>907,457</u>	<u>1,107,703</u>
OTHER INCOME		
Loss on disposal of tangible capital assets	-	(4,060)
ANNUAL SURPLUS	-	-
ACCUMULATED SURPLUS - BEGINNING OF YEAR	-	-
ACCUMULATED SURPLUS - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements

NEW BRUNSWICK INSURANCE BOARD
Statement of Changes in Net Financial Debt
Year Ended March 31, 2023

	2023	2022
ANNUAL SURPLUS	\$ -	\$ -
Amortization of tangible capital assets	137,049	111,946
Loss on disposal of tangible capital assets	-	4,060
Proceeds on disposal of tangible capital assets	-	2,000
Decrease (increase) in prepaid expenses	(2,842)	3,199
Purchase of tangible capital assets	(145,622)	(81,320)
	<u>(11,415)</u>	<u>39,885</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(11,415)	39,885
NET FINANCIAL DEBT - BEGINNING OF YEAR	(506,976)	(546,861)
NET FINANCIAL DEBT - END OF YEAR	<u>\$ (518,391)</u>	<u>\$ (506,976)</u>

See notes to financial statements

NEW BRUNSWICK INSURANCE BOARD

**Statement of Cash Flows
Year Ended March 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Annual surplus	\$ -	\$ -
Items not affecting cash:		
Amortization	137,049	111,946
Loss on disposal of tangible capital assets	-	4,060
	<u>137,049</u>	<u>116,006</u>
Changes in non-cash working capital:		
Accounts receivable	(772,720)	(554,302)
Harmonized sales tax recoverable	8,777	50,522
Accounts payable and accrued liabilities	31,782	(9,579)
Employee deductions payable	(14,394)	(12,720)
Deferred assessments	464,728	(254,111)
Prepaid expenses	(2,842)	3,198
	<u>(284,669)</u>	<u>(776,992)</u>
Cash flow used by operating activities	<u>(147,620)</u>	<u>(660,986)</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(145,622)	(81,320)
Proceeds on disposal of tangible capital assets	-	2,000
Cash flow used by investing activities	<u>(145,622)</u>	<u>(79,320)</u>
FINANCING ACTIVITY		
Repayment of long term debt	(73,262)	(73,262)
Cash flow used by financing activity	<u>(73,262)</u>	<u>(73,262)</u>
DECREASE IN CASH FLOW	<u>(366,504)</u>	<u>(813,568)</u>
Cash - beginning of year	<u>2,321,027</u>	<u>3,134,595</u>
CASH - END OF YEAR	<u>\$ 1,954,523</u>	<u>\$ 2,321,027</u>
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	<u>\$ 36,598</u>	<u>\$ 8,986</u>

See notes to financial statements

NEW BRUNSWICK INSURANCE BOARD

Notes to Financial Statements

Year Ended March 31, 2023

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 (PSAS). Canadian public sector accounting standard are part of Canadian Generally Accepted Accounting Principles.

Cash and cash equivalents

Cash includes cash and cash equivalents. NBIB considers balances with bank, net of overdrafts, as cash and cash equivalents.

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).

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:

Leasehold improvements	10%	straight-line method
Furniture and fixtures	20%	straight-line method
Motor vehicles	25%	declining balance method
Computer equipment	33%	declining balance method
Computer software	50%	declining balance method
Systems software	50%	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.

(continues)

NEW BRUNSWICK INSURANCE BOARD

Notes to Financial Statements

Year Ended March 31, 2023

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, 2023.

(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, 2023

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Leasehold improvements	\$ 389,578	\$ 115,744	\$ 273,834	\$ 312,792
Furniture and fixtures	123,839	69,432	54,407	73,550
Motor vehicles	36,940	11,712	25,228	28,380
Computer equipment	225,515	151,352	74,163	77,675
Computer software	63,146	59,628	3,518	7,036
Systems software	102,475	25,619	76,856	-
	\$ 941,493	\$ 433,487	\$ 508,006	\$ 499,433

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 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, 2023, the NBIB's pension contributions amounted to \$117,108 (2022 - \$114,306).

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, 2023

7. LONG TERM DEBT

	2023	2022
703732 NB Ltd loan bearing interest at prime plus 2% per annum, repayable in annual principal payments of \$73,262 plus interest. The loan matures on March 31, 2027 and is secured by leasehold improvements.	\$ 219,785	\$ 293,047
Principal repayment terms are approximately:		
2024	\$ 73,262	
2025	73,262	
2026	73,261	
	<u>\$ 219,785</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. 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 future minimum annual payments under the lease terms are as follows:

April 1, 2023 - March 31, 2031: \$148,797

January 1, 2031 - June 30, 2031: \$74,399

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 2023


The NBIB filing guidelines detail for industry specifications that are required in filings made throughout the year. The guidelines are posted on the NBIB website.

The following can be viewed or downloaded on the NBIB website by scanning the applicable QR code:

Filing Packages and Guidelines





 SCAN ME

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Decisions



 SCAN ME

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Private Passenger Vehicles

* Appendix B is comprised of filings that were submitted and reviewed in 2023

* Approved rates were accurate at time of preparing this report

INSURANCE COMPANY NAME	APPROVED AVERAGE RATE CHANGE
Allstate Insurance Company of Canada	Under Review
Aviva General Insurance Company	6.30%
Aviva Insurance Company of Canada	7.57%
CAA Insurance Company	2.97%
Certas Home and Auto Insurance Company (1st Filing)	0.00%
Certas Home and Auto Insurance Company (2nd Filing)	0.00%
Chubb Insurance Company of Canada	6.46%
Continental Casualty Company	0.00%
Co-operators General Insurance Company	2.95%
CUMIS General Insurance Company	2.30%
Definity Insurance Company	Under Review
Echelon Insurance	7.00%
Facility Association	0.00%
Federated Insurance Company of Canada	0.00%
Hartford Fire Insurance Company	0.00%
Insurance Company of Prince Edward Island	2.29%
Intact Insurance Company	2.98%
Liberty Mutual Insurance Company	0.00%
Northbridge General Insurance Corporation	0.00%
Pafco Insurance Company	Under Review
Pembridge Insurance Company	Under Review
Primum Insurance Company	2.78%
Promutuel de l'Estuaire, Société mutuelle d'assurance générale	Under Review
Security National Insurance Company	2.35%
Sompo Japan Insurance Inc. (1st Filing)	0.00%
Sompo Japan Insurance Inc. (2nd Filing)	0.00%
Sonnet Insurance Company	Under Review
TD Home and Auto Insurance Company	2.96%
The Dominion of Canada General Insurance Company	0.00%
The Personal Insurance Company (1st Filing)	0.00%
The Personal Insurance Company (2nd Filing)	-0.04%
The Portage la Prairie Mutual Insurance Company	0.00%
The Sovereign General Insurance Company	0.00%
The Wawanesa Mutual Insurance Company	-0.09%
Tokio Marine & Nichido Fire Insurance Co. Ltd.	0.00%
Traders General Insurance Company	2.77%
Trafalgar Insurance Company of Canada	0.00%
Unifund Assurance Company	0.00%
United General Insurance Corporation	1.15%
Verasure Insurance Company	0.00%
XL Specialty Insurance Company	0.00%
Zenith Insurance Company	0.00%

Commercial and Interurban Vehicles

* Appendix B is comprised of filings that were submitted and reviewed in 2023

* Approved rates were accurate at time of preparing this report

INSURANCE COMPANY NAME	VEHICLE CLASS	APPROVED AVERAGE RATE CHANGE
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	9.41%
Chubb Insurance Company of Canada	Interurban	9.95%
Continental Casualty Company	Commercial	0.00%
Continental Casualty Company	Interurban	0.00%
Co-operators General Insurance Company	Commercial & Interurban Combined	0.00%
Definity Insurance Company	Commercial & Interurban Combined	0.00%
Echelon Insurance	Commercial & Interurban Combined	3.00%
Facility Association	Commercial	0.00%
Facility Association	Interurban	0.00%
Federated Insurance Company of Canada	Commercial & Interurban Combined	-1.71%
Hartford Fire Insurance Company	Commercial	0.00%
Insurance Company of Prince Edward Island	Commercial	Under Review
Insurance Company of Prince Edward Island	Interurban	Under Review
Intact Insurance Company	Commercial & Interurban Combined	0.00%
Liberty Mutual Insurance Company	Commercial	0.00%
Liberty Mutual Insurance Company	Interurban	0.00%
Northbridge General Insurance Corporation	Commercial & Interurban Combined	-1.31%
Promutuel de l'Estuaire, Société mutuelle d'assurance générale	Commercial	0.00%
Protective Insurance Company	Commercial	0.00%
Protective Insurance Company	Interurban	0.00%
Security National Insurance Company	Commercial	0.00%
Sompo Japan Insurance Inc. (1st Filing)	Commercial	0.00%
Sompo Japan Insurance Inc. (2nd Filing)	Commercial	0.00%
The Dominion of Canada General Insurance Company	Commercial & Interurban Combined	0.00%
The Portage la Prairie Mutual Insurance Company	Commercial	0.00%
The Sovereign General Insurance Company	Commercial	0.01%
The Sovereign General Insurance Company	Interurban	0.00%
The Wawanesa Mutual Insurance Company (1st Filing)	Commercial	0.00%
The Wawanesa Mutual Insurance Company (2nd Filing)	Commercial	0.00%
Tokio Marine & Nichido Fire Insurance Co. Ltd.	Commercial & Interurban Combined	-1.31%
United General Insurance Corporation	Commercial	2.02%
Verasure Insurance Company	Commercial & Interurban Combined	0.00%
XL Specialty Insurance Company	Commercial & Interurban Combined	0.00%



NEW BRUNSWICK INSURANCE BOARD

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