

**NEW BRUNSWICK INSURANCE BOARD**

**IN THE MATTER OF:**

a rate revision application for the:

**Aviva General Insurance Company**

With respect to automobile insurance rates for:

**Private Passenger Vehicles**

**Written** Hearing Date: December 2-3, 2025

**PANEL:**

Chair Ms. Marie-Claude Doucet, LL.B.

Member Mr. Gerry Peters

Member Ms. Heather Stephen

**Applicant:** Aviva General Insurance Company Mr. Matthew Hayes, K.C.

**Decision Rendered:** February 12, 2026

## Summary

- [1] Aviva General Insurance Company (the "Applicant" or "Aviva-Gen") filed an application to revise automobile insurance rates (the "Filing") for Private Passenger Vehicles ("PPV") in New Brunswick. Aviva-Gen presented its Filing to the New Brunswick Insurance Board (the "Board") based on an overall rate change indication of +8.08% and proposed an overall average rate increase of +4.98%.
- [2] Pursuant to subsection 267.5(1) of the *Insurance Act*, R.S.N.B. 1973, c. I-12 (the "Act"), the Board convened a Panel of the Board (the "Panel") to conduct a Written Hearing (the "Hearing") on December 2-3, 2025.
- [3] In compliance with subsection 19.71(3) of the *Act*, the Board provided to the Office of the Attorney General ("OAG") all documents relevant to the Hearing. This documentation was also provided to the Office of the Consumer Advocate for Insurance ("CAI"). Both the CAI and OAG declined the opportunity to intervene in this matter.
- [4] Following the Hearing, in correspondence dated December 15, 2025, the Panel requested that the Applicant provide amended indications and impacts resulting from the following adjustments:
  1. For the derivation of the implied Loss Development Factors ("LDFs") for Bodily Injury and Accident Benefits, removing the elevated inflation adjustments made to the LDFs in the Chain-Ladder methodology and in the Bornhuetter – Ferguson estimate in Exhibit 4.B.1.2 and 4.B.1.5 (i.e., setting column [9] to 1.000 in these exhibits);
  2. Assuming that the elevated inflation will end in December 2025 rather than persist until 2033;
  3. Using a Prospective COVID-19 Adjustment of -8.64%;
  4. In the derivation of the complement of credibility, using the net loss ratio trends only (i.e., no consideration given to the residual rate levels from the previous filing);
- [5] In connection with these adjustments the Applicant was asked to provide separate indications for each one, and also for all adjustments together, by coverage and overall.

- [6] The Applicant responded to the request on December 19, 2025, with the additional information and revised indications. The required changes to the amendments outlined in Paragraph [4], result in a decrease to the Applicant’s overall indication from +8.08% to +3.67%.
- [7] The Panel, after examining all of the evidence and submissions made by the parties, including the response of December 19, 2025, determines that the indications supporting the proposed overall average rate change must be modified. The Applicant is ordered to incorporate all changes to the Filing as set out in its correspondence of December 19, 2025.
- [8] Aviva-Gen’s proposed average rate change of +4.98% is higher than the revised indicated average rate change, and is therefore not approved. Aviva-Gen is **approved to adopt the revised indicated average rate change of +3.67%** effective August 1, 2026, for new and renewal business.

## Exhibits

- [9] As part of the Hearing process, the Panel accepted the following Exhibits as part of the Record of Hearing:

EXHIBIT	TAB	DESCRIPTION	DATE
1.	01	Original Private Passenger Rate Filing	May 30, 2025
	02	Round 1 NBIB Questions to Applicant	June 12, 2025
	03	Round 1 Eckler Questions to Applicant	June 27, 2025
	04	Round 1 Applicant Response to NBIB	July 02, 2025
	05	Round 1 Applicant Response to Eckler	July 07, 2025
	06	Round 2 Eckler Questions to Applicant	July 11, 2025
	07	Round 2 NBIB Questions to Applicant	July 15, 2025
	08	Round 2 Applicant Response to Eckler	July 17, 2025
	09	Round 2 Applicant Response to NBIB	July 21, 2025
	10	Round 3 Eckler Questions to Applicant	July 21, 2025
	11	Round 3 Applicant Response to Eckler	July 22, 2025
	12	Eckler Actuarial Report	August 11, 2025
	13	Round 3 NBIB Questions to Applicant	August 12, 2025
	14	Round 3 Applicant Response to NBIB	August 21, 2025

	15	Applicant Amendment	August 25, 2025
	16	Request for revised average rate level changes	December 15, 2025
	17	Response to request for revised average rate level changes	December 19, 2025

## **1. Introduction**

[10] The Board is mandated by the Legislature with the general supervision of automobile insurance rates in the Province of New Brunswick. In order to fulfill that mandate, the Board exercises the powers prescribed by the *Act*. One key responsibility for the Board is to ensure that rates charged, or proposed to be charged, are just and reasonable. Under the *Act*, each insurer carrying on the business of automobile insurance in the province must file with the Board the rates it proposes to charge at least once every 12 months from the date of its last filing. An insurer must appear before the Board when:

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

## **Procedural History**

[11] The Applicant filed this Application for the PPV category on May 30, 2025. The original overall rate level change indication of the Filing was +8.08% and the Applicant sought an overall average rate increase of + 4.98%.

[12] The Board issued a Notice of Hearing on August 25, 2025. A Panel was convened to conduct the Hearing and the OAG and CAI declined the opportunity to intervene.

[13] Prior to the Hearing, in addition to the Filing, additional information and clarification was generated: the Board posed a number of questions to the Applicant through several rounds of questions from the Board’s staff and its actuaries, Eckler. The Applicant responded to all questions posed, and the answers form part of the Record.

[14] The Hearing took place on December 2-3, 2025. On December 15, 2025, a request for assumption adjustments was delivered to the Applicant, to which a response was received on December 19, 2025. The Applicant’s response was placed before the Panel and this decision finalized thereafter.

## **2. Evidence and Positions of the Parties**

### **Aviva General Insurance Company**

[15] The Applicant's Filing and responses to inquiries form evidence before the Panel.

[16] Aviva-Gen presented its Filing to the Board with an overall original rate change indication of +8.08% and proposed an overall average rate increase of +4.98%.

[17] The following table sets out the indicated and the proposed changes to the existing rates by coverage as of the date of the Hearing:

<b>Coverage</b>	<b>Indicated</b>	<b>Proposed</b>
Bodily Injury (TPL-BI)	+42.77%	+15.00%
Property Damage (TPL-PD)	-2.25%	-0.02%
Property Damage – Direct Compensation (DCPD)	+9.06%	+5.00%
Accident Benefits (AB)	+3.59%	+3.00%
Uninsured Auto (UA)	+21.75%	-0.04%
Collision (COL)	-7.95%	-0.02%
Comprehensive (COM)	+7.35%	+5.02%
Underinsured Motorist (UM) – SEF44	-57.41%	+0.00%
<b>Total</b>	<b>+8.08%</b>	<b>+4.98%</b>

[18] The rate indication calculations detailed in the Filing incorporate various assumptions, including an after-tax target return on equity (ROE) of +12.00% (implied ROE of +10.02% based on the original indicated overall average rate level change of +8.08% and initial overall proposed average rate level change of +4.98%), a target Return on Premium of +6.95%, an implied Return on Premium of +2.25% (based on the original indicated overall average rate level change of +8.08% and initial overall proposed average rate level change of +4.98%), and a 2.00:1 premium to surplus ratio. Proposed average rates would increase from the current average premium of approximately \$1,585 to approximately \$1,664.

[19] In its Filing to the Board, the Applicant provided the following rationale for the proposed rate increase:

***To enhance profitability while ensuring maximum protection of rate adequacy, we proposed a 5% increase despite the higher indication.***

[Record, page 6]

### **3. Analysis and Reasons**

[20] The Panel has reviewed all the written evidence in the Record including the Filing, the responses to the questions and the alternative indications provided on December 19, 2025.

[21] The Panel recognizes and accepts the actuarial expertise of the Applicant's actuaries who prepared the Filing and responded to the various inquiries.

[22] The Panel's decision reflects that each model and methodology decision is laced with layers of data, assumptions, and judgement. As set out below in more detail, the Panel accepted the Applicant's evidence as satisfying its evidentiary burden of just and reasonable in some areas, but not all. The Panel concludes that Aviva-Gen must make changes to its Filing, and is approved to adopt its revised indicated average rate level change of +3.67%.

[23] The materials within the Record raised several issues for the Panel to consider and determine at the Hearing. Each of those issues is discussed individually below.

- A. Elevated Inflation
- B. Loss Development Adjustment for Inflation

- C. Loss Trend Selections
- D. COVID-19 and New Normal Adjustment
- E. Large Loss Loading and Catastrophe Loading
- F. Net Trend Method – Complement of Credibility
- G. Group Membership Tier
- H. New Tier Structure

#### ***A. Elevated Inflation***

[24] The Applicant's adjustments to reflect the impact of recent elevated inflation are found throughout the Filing as they relate to loss development factors, BI and AB expected loss ratios, loss severity trend analysis and provincial indications.

[25] A key assumption for Aviva-Gen is that the elevated inflation for Bodily Injury and Accident Benefits would continue until 2033. This assumption was made based on actuarial judgment, and Aviva-Gen assumes that, while the higher inflation levels are decreasing, they remain elevated and would not return to normal during the policy period.

[26] The Panel disagreed with the Applicant's judgmental assumption that elevated inflation would continue until 2033 and found that there was insufficient evidentiary support for that assumption. The Applicant was asked to revise that assumption to reflect no elevated inflation after the end of 2025, which the Panel found to be a more reasonable interpretation of the data presented. The Applicant was requested to provide revised indications changing this assumption. These were provided on December 19, 2025, and Aviva-Gen is ordered to adopt this revision.

#### ***B. Loss Development Adjustment for Inflation***

[27] In this Filing, elevated inflation assumptions were determined by analyzing Company closed claim severities along with the CPI subcomponent from Statistics Canada. The weight by payment type was determined for all coverages, then these weights were compared to corresponding monthly values of the CPI subcomponent from Statistics Canada, as of June 30, 2024. From this process, a monthly claims inflation was determined for each coverage. The difference between that figure and the 10-year average

over the period 2010-2019 (which was considered the baseline inflation) was determined as the elevated inflation percentage for each coverage. Future CPI was assumed based upon judgmental selections.

[28] Once the calendar year elevated inflation amounts by coverage were determined, the Applicant adjusted the Incurred Loss Development Factors, Bodily Injury and Accident Benefits Expected Loss Ratio assumptions, and Ultimate Losses for both the derivation of provincial indications and the severity trend analysis.

[29] The Panel observed that the methodology adopted by the Applicant in relation to inflation in loss development factors is not a common one, and was vigilant to ensure that there was no double counting of the impact of inflation where historical data triangles may have already been adjusted for inflation through the judgment of claims adjusters.

[30] The Applicant responded to this concern, stating that *“... the loss development procedures are used to project immature claims to their expected ultimate level. These procedures account for inflation (both normal and elevated) that affects claim payments after the initial reporting of losses. This adjustment applies only to the unpaid portion of claims and does not restate the full claim to future cost levels; therefore, the resulting ultimate losses remain expressed in historical level”* (Record, page 336).

[31] The Panel found that the Applicant’s written response to this question failed to sufficiently support its position, and was non-persuasive. It therefore remains a concern for the Panel that there may be potential for overlap in adjusting for inflation through loss development factors. The Panel therefore concluded that the Applicant had failed to meet its evidentiary burden on this point and requested that the adjustment factor be removed from the development factors and alternative indications be provided. These alternate indications were provided on December 19, 2025 and the Applicant is ordered to adopt this revision. The Applicant is ordered to incorporate this change into the Filing.

### **C. Loss Trend Selections**

[32] Loss trends are assumptions that measure the annual rate of changes of past and future claims costs over time.

[33] The selection of loss trends requires the analysis of past data and the application of professional judgment in order to select trend rates that reasonably reflect the rates of change of past experience and are reasonable predictions of future expected rates of change for each coverage.

[34] For the purposes of loss trend, Aviva-Gen used separate frequency and severity analyses, rather than combining for a loss costs trend. The New Brunswick Industry excluding Facility Association data used was from 2014 forward, which is post the most recent legislative MIR reforms. The reliance on this experience period represented a change from the previous filing.

[35] Other changes to Aviva-Gen's approach include the inclusion of an excess inflation adjustment in the severity trends and the discontinuance of adjustments to include unallocated loss adjustment expenses ("ULAE"). Aviva-Gen argued that it was not necessary to include ULAE in the loss trend analysis, and this approach would ensure consistency between the data being analyzed and the trend factors being applied.

[36] In addition, in this Filing, the Applicant no longer excluded data for the COVID-19 impacted period of 2020-1 to 2023-1 from its frequency trend analysis. Instead, it included all data, but incorporated two scalars - one for the early stages of the pandemic (2020-1 to 2022-1) and a second to address the change in frequency during 2022-2 to 2024-1. While the p-value for some frequency trend models with these scalars was sub-optimal, the Applicant justified the inclusion of these scalars with reference to known disruptions to driving behaviour, claim frequency, and supply chains. It argued that the scalars accounted for the impact of the atypical period.

[37] The Panel accepts the Applicant's trend analysis as being just, reasonable, and supported by the provided rationale and evidentiary record.

***D. COVID-19 and New Normal Adjustment***

[38] The COVID-19 pandemic materially impacted driving behaviours and claims experience commencing in 2020. While there has been significant recovery since then, the long term impacts are not yet known, creating some uncertainty in a prospective rate making exercise.

[39] In this Filing, to reflect the post-pandemic environment, Aviva-Gen applied a judgmentally selected -4.15% adjustment to its loss ratio for all coverages except Comprehensive and Specified Perils. In determining the adjustment, Aviva-Gen analyzed data from across the Atlantic Provinces, rather than New Brunswick alone. Aviva-Gen argued that its methodology was reasonable because using a larger body of data enhanced the credibility and the robustness of the analysis.

[40] The key assumption of the Applicant's methodology came from its internal Working Group, which concluded that frequency will return to pre-pandemic levels by 2028. Before adopting the adjustment, Aviva-Gen conducted some analysis to validate its reasonableness, using their New Brunswick loss trend models and two scalar variables from the frequency trend analysis – one for the 2020-1 to 2022-1 period and another for the 2022-2 to 2024-1 period. Aviva-Gen ran various models for the validation and concluded that the Working Group's conclusion was a reasonable one.

[41] On this issue, the Panel considered two contested assumptions from the Applicant's Filing:

- a) Whether the New Brunswick frequency will return to pre-pandemic levels in 2028 or whether December 2025 represents a New Normal experience level;
- b) whether the use of Atlantic combined data was appropriate for the analysis

[42] With respect to the first issue, the Panel concluded for the purpose of this Filing that, a more reasonable assumption for the beginning of the New Normal is December 31, 2025. The adjustment level for the New Normal is difficult to predict and the Panel has reviewed the related decision for the Aviva Insurance Company ("Aviva") filing which was based on the same methodology. For the purposes of Aviva-Gen's Filing on this issue, the Panel determines that it is reasonable and appropriate to adopt the corresponding section for the Aviva Decision which finds it most reasonable to assume the adjustment should be selected as the average of -4.15% and the most recent data point for "New Brunswick ex Comp" (-13.13%) resulting in -8.64%. The Applicant is ordered to make this change to the Filing.

[43] With respect to the use of Atlantic data, the Board generally favors the use of New Brunswick data whenever possible due to relevance of the data. However, a broader data set may be used when required to ensure credible analysis. The Applicant's justification for the use of Atlantic data is summarized at page 392 of the Record, particularly that the larger and more diverse sample size

smoothed out anomalies and reduced volatility that arose from smaller, region-specific datasets. When the Panel reviewed the data being considered, it agreed that the New Brunswick data alone was sub-optimal for the reasons provided by the Applicant and the its reasonableness check which used only New Brunswick data satisfied the Panel that the use of a broader dataset was a reasonable approach..

***E. Large Loss Loading and Catastrophe Loading***

[44] Aviva-Gen included large loss and catastrophe loadings in the derivation of the provincial average rate level changes. The Applicant removed large losses and catastrophe losses from its experience in order to avoid distortion of the data, and replaced that data by applying the loadings. The intent of the methodology is to smooth out the impact of such losses. In its calculation of the large loss loading, the Applicant included the experience from the Aviva Group, which Includes Aviva Insurance Company and Traders General Insurance Company, sister companies, to improve the credibility of the analysis and reduce year over year volatility.

[45] In order to improve credibility, the data beyond the Applicant’s own data must have characteristics that are sufficiently comparable to its own data. The Panel determined that credibility was improved with the use of the Aviva Group data. The Panel accepts the Applicant’s methodology for the calculation of the large loss loading for the purpose of this Filing.

[46] The Panel noted that the Applicant had not used Aviva Group data for its catastrophe loading calculation. In response to questions from Eckler, the Board’s consulting actuaries, the Applicant confirmed that it had not yet updated its catastrophe loading methodology but intended to do so in the future. The Panel recommended that this consistency in methodology be pursued.

***F. Net Trend Method – Complement of Credibility***

[47] When data volume is insufficient, it lacks full statistical reliability. The Applicant thus used a complement to increase the credibility of the indicated average rate level changes. There are several methods for determining a complement of credibility, and in this Filing, the Applicant used the “net trend method” which uses the residual from the Applicant’s previous filing adjusted for the net trend (or loss ratio trend).

[48] The net trend method considers each coverage's indicated rate change from the prior filing, and compares it to the corresponding approved rate. The difference is the residual, which is then adjusted by the net trend for each coverage to determine the complement of credibility.

[49] The Panel's view is that it is not appropriate to adopt the net trend methodology where the prior filing was not subject to the robust review process of a hearing. Though the indicated average rate level change in the 2024 filing was +8.08%, Aviva-Gen chose to request only a +3.00% rate increase, to remain below the threshold that would have required a full rate hearing. In the absence of a hearing, the indications were not subject to a review by any intervenors, and a Review Panel of the Board considers only the reasonableness of the selected rate level change, not the indications, assumptions or methodologies.

[50] In the absence of a rigorous examination of the Applicant's prior indications, the residual rate level inadequacy is not an appropriate consideration for the complement of credibility. The Applicant is ordered to remove consideration of the residual rate level from its complement of credibility and use only the net trend. Alternate indications were provided on December 19, 2025 reflecting this change. The Applicant is ordered to make this change to the Filing.

#### ***G. Group Membership Tier***

[51] Aviva-Gen's Filing proposes to decrease the discount for groups who have exhibited poor loss experience in the last 3 years relative to the rest of the Applicant's policyholders. It identifies two groups: IBEW – Union Savings and Military Personnel, for whom the discount would be reduced from 5% to 2.5%.

[52] The Applicant also identifies new groups for whom discounts have been implemented (based on similarly situated groups) without having either been filed or approved by the Board. The Applicant is not permitted to charge rates that have not been approved by the Board to policyholders. The Applicant's request to adopt these new groups is not approved and the discounts must be removed.

#### **H. New Tier Structure**

[53] Aviva-Gen proposed to introduce a new tier structure for group discounts and sought to adopt a relatively immediate adjustment for new or existing groups that meet certain criteria.

[54] Part of the rationale for this proposed structure, which would adjust group discounts (and rates) without prior approval from the Board, is that the adjustments can be made quickly. The Panel takes note that requests of this type, when made to the Board in the normal course, are addressed in a timely way, without any undue delay.

[55] The Panel finds the Applicant's justification for the request for the tier structure is not reasonable or well supported. The mandate of the Board is to ensure that only approved rates are to be charged to policyholders in New Brunswick, while this proposed tier structure would allow the Applicant to adjust rates in the absence of approval from the Board. The Applicant's request to adopt this structure is not approved and may not be implemented.

## **4. Decision**

[56] For the reasons set out above, the Panel finds that the Applicant’s Filing is not just and reasonable in its entirety and the Applicant is ordered to amend its Filing with the following adjustments to assumptions:

1. For the derivation of the implied Loss Development Factors (“LDFs”) for Bodily Injury and Accident Benefits, remove the elevated inflation adjustments made to the LDFs in the Chain-Ladder methodology and in the Bornhuetter – Ferguson estimate in Exhibit 4.B.1.2 and 4.B.1.5 (i.e., setting column [9] to 1.000 in these exhibits);
2. Assume that the elevated inflation will end in December 2025 rather than persist until 2033;
3. Use a Prospective COVID-19 Adjustment of -8.64%;
4. In the derivation of the complement of credibility, using the net loss ratio trends only (i.e., no consideration given to the residual rate levels from the previous filing);
5. Remove current group discounts that were not approved by the Board;
6. Remove the New Tier Structure.

[57] The Panel also finds the Applicant’s proposed overall average rate level change is not just and reasonable as it is higher than the revised indicated average rate level changes calculated on December 19, 2025. The Panel therefore requires that the Applicant adopt the Revised Indicated and Approved Changes shown in the table below.

<b>Coverage</b>	<b>Indicated</b>	<b>Proposed Rate Change</b>	<b>Revised Indicated and Approved</b>
Bodily Injury (TPL-BI)	+42.77%	+15.00%	+31.94%
Property Damage (TPL-PD)	-2.25%	-0.02%	-10.60%
Property Damage – Direct Compensation (DCPD)	+9.06%	+5.00%	+4.02%
Accident Benefits (AB)	+3.59%	+3.00%	-4.56%
Uninsured Auto (UA)	+21.75%	-0.04%	+6.72%
Collision (COL)	-7.95%	-0.02%	-11.91%

Comprehensive (COM)	+7.35%	+5.02%	+7.35%
Underinsured Motorist (UM) – SEF44	-57.41%	+0.00%	-4.20%
<b>Total</b>	<b>+8.08%</b>	<b>+4.98%</b>	<b>+3.67%</b>

[58] The approved rates will be effective on August 1, 2026 for new business and August 1, 2026 for renewal business.

Dated at Saint John, New Brunswick, on February 12, 2026.

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Ms. Marie-Claude Doucet, Chair  
New Brunswick Insurance Board

WE CONCUR:

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Mr. Gerry Peters, Board Member

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Ms. Heather Stephen, Board Member