

***Addendum to Decision***

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An Amendment to the decision was issued on January 7, 2026; the changes made to the text appear in both **bold** and underlined.

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**DECISION**

**NBIB 2025-042**

<b>NEW BRUNSWICK INSURANCE BOARD</b>
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**IN THE MATTER OF:**

a rate revision application for the:

**Dominion of Canada General Insurance Company**

With respect to automobile insurance rates for:

**Private Passenger Vehicles**

Written Hearing Date: September 10 and October 1, 2025

<b>PANEL:</b>	Chair	Ms. Marie-Claude Doucet, LL.B.
	Member	Ms. Ferne Ashford, K.C.
	Member	Ms. Rachel Arseneau-Ferguson

<b>Applicant:</b>	Dominion of Canada General Insurance Company
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**Decision Rendered:** October 14, 2025

## Summary

- [1] Dominion of Canada General Insurance Company (the "Applicant" or "Dominion") filed an application to revise rates (the "Filing" or the "Application") with respect to automobile insurance rates for Private Passenger Vehicles ("PPV") in New Brunswick. Dominion presented its filing to the New Brunswick Insurance Board (the "Board") initially based on an overall average rate change indication of +23.93% and proposed an overall average rate increase of +14.99%. The Filing underwent two amendments prior to the Hearing. At the time of the Hearing, the average rate change indication was +19.24% and the proposed average rate change was +7.99%.
- [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 September 10, 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 OAG and the CAI declined the opportunity to intervene in this Hearing.
- [4] The hearing in this matter was convened on September 10, 2025, and further to deliberations, on September 11, 2025, the Panel requested that the Applicant provide amended indications and impacts resulting from the following adjustment to assumptions:

- 1) Using a return on policyholder funds and a return on surplus assumption of 3.5%.

The Applicant responded on September 17 and 18, 2025, with the requested information. The impact of the required change set out in Paragraph [4], is a decrease to the Applicant's overall indication from +19.24% to +16.29%.

- [5] The Panel, after examining the totality of the evidence, including the responses of September 17<sup>th</sup> and 18<sup>th</sup>, 2025, determines that the indications supporting the proposed overall average rate change must be modified. The Applicant is ordered to incorporate changes to the Filing as per the request for revisions of September 11, 2025.

[6] The Panel finds that Dominion’s proposed average rate change is just and reasonable in the circumstances and Dominion is **approved to adopt the proposed overall average rate change of +7.99%** effective **April 1, 2026**, for new business and **August 1, 2026**, for renewal business.

## Exhibits

[7] 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	March 13, 2025
	02	Round 1 Questions from NBIB	March 31, 2025
	03	Round 1 Response from Applicant	April 4, 2025
	04	Round 2 Questions from NBIB	April 10, 2025
	05	Clarification to Round 2 Questions from NBIB	April 15, 2025
	06	Response to Clarification Re Round 2 Questions from NBIB	April 16, 2025
	07	Round 2 Response to NBIB	April 16, 2025
	08	Round 1 Questions from Eckler	April 16, 2025
	09	Round 1 Response from Applicant to Eckler	April 29, 2025
	10	Request from Eckler	April 29, 2025
	11	Response from Applicant	April 30, 2025
	12	Round 3 Questions from NBIB	May 1, 2025
	13	Round 2 Questions from Eckler	May 5, 2025
	14	Round 3 Response from Applicant to NBIB	May 7, 2025
	15	Round 4 Questions from NBIB	May 8, 2025
	16	Round 2 Response from Applicant to Eckler	May 9, 2025
	17	NBIB Request for missing information in May 9 Amendment	May 14, 2025
	18	Round 4 Response to Questions from NBIB	May 14, 2025
	19	Response to NBIB Request for missing information in May 9 Amendment	May 14, 2025
	20	Round 5 Questions from NBIB	May 15, 2025

	21	Round 3 Questions from Eckler	May 21, 2025
	22	Round 5 Response from Applicant to NBIB	May 21, 2025
	23	Round 6 Question from NBIB	May 22, 2025
	24	Round 6 Response from Applicant to NBIB	May 22, 2025
	25	Round 3 Response from Applicant to Eckler	May 28, 2025
	26	Eckler Actuarial Review	June 2, 2025
	27	Filing Amendment	June 20, 2025
	28	Revised Eckler Actuarial Review	July 2, 2025
	29	Request for Revised Assumptions	September 11, 2025
	30	Responses to Request for Revised Assumptions	September 17 and 18, 2025

## **1. Introduction**

[8] 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 of 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**

[9] The Applicant filed this Application for the PPV category on March 13, 2025. The original overall average rate level change indication of the Filing was +23.93% and the Applicant sought an overall average rate increase of + 14.99%.

[10] Following inquiries from Board staff and its consulting actuaries, the Applicant made several amendments to its Filing, ultimately presenting an overall indicated average rate change of +19.24% and a proposed overall average rate increase of +7.99% by the time of the Hearing.

[11] The Hearing into this Application took place on September 10, 2025. On September 11, 2025, a request for revised assumption was requested to the Applicant, to which responses were received on September 17 and 18, 2025. The Applicant’s responses were placed before the Panel on October 1, 2025, and this decision finalized thereafter.

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

**Dominion of Canada General Insurance Company**

[12] The Applicant's Filing and responses to NBIB’a and Eckler’s inquiries constitute the evidence before the Panel.

[13] The following 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 (No capping)</b>
Bodily Injury (TPL-BI)	+34.87%	+12.00%
Property Damage (TPL-PD)	+65.31%	+22.01%
Property Damage – Direct Compensation (DCPD)	-7.25%	+0.00%
Accident Benefits (AB)	-26.42%	+0.00%
Uninsured Auto (UA)	-9.92%	+0.00%
Collision (COL)	+34.38%	+11.70%
Comprehensive (COM)	+40.43%	+13.53%
Specified Perils (SP)	n/a	-3.08%
Underinsured Motorist (UM) – SEF44	+4.70%	+0.00%
<b>Total</b>	<b>+19.24%</b>	<b>+7.99%</b>

[14] 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 +3.02%), a target Return on Premium (ROP) of +7.31% (implied ROP of +0.98%), an investment rate on cash flow (discount rate) of +2.29% , an after-tax investment rate on capital of +2.29%, and a 2:1 premium to surplus ratio. Proposed average rates would increase from the current average premium of approximately \$1,200 to approximately \$1,295.

[15] In the Filing, the Applicant justified its proposed rate change selections on the basis of continued uncertainty around the normalization of the impact of COVID-19.

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

[16] The Panel has reviewed all the evidence before it, including the revisions required from the Applicant and the responses, and the alternative calculations provided on September 18, 2025.

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

[18] The materials within the Record raised several issues for the Panel to consider and determine at the Hearing.

[19] The Panel addresses each of the material issues as follows:

- a. Estimated Adjustments for COVID-19
- b. Loss Trend Selections
- c. Catastrophe Loading
- d. Discount Rate
- e. Credit Score

### ***A. Estimated Adjustments for COVID-19***

[20] In its analysis, Dominion applied COVID-19 adjustments by accident year and coverage to the ultimate losses in the provincial analysis and trend analysis. These factors adjust the experience to an average of pre-COVID-19 trended frequencies for 2018 and 2019 and the accident year 2023 frequency. The trend assumptions underlying the derivation of the COVID-19 adjustment factors are based on a by-coverage frequency analysis using pre-COVID-19 experience only. This loss trend analysis is solely used to determine the COVID-19 adjustments.

[21] The data points for 2020 to 2023 were then adjusted by these factors in the loss trend analysis (which is a different analysis than the one mentioned above) and provincial analysis.

[22] Dominion justifies the reliance on the 2023 frequency in the determination of COVID-19 adjustments based on recent increases in industry frequency, supported by preliminary findings of the most recent company data. Dominion's rationale for the proposed method, is that by combining the recent frequency experience with pre-pandemic trends, it is thereby acknowledging that frequency has not returned to pre-pandemic levels and may continue to increase.

[23] At this stage, any COVID-19 adjustments are, by necessity, judgmental. The assumed duration and extent of the pandemic's impact differ by company and there is no single approved methodology mandated to reflect those impacts for the purpose of ratemaking.

[24] The Panel concludes that the application of adjustments to the data from the height of the COVID-19 pandemic is a far preferable approach to the complete exclusion of the data. The Applicant applied these adjustments to the trends for all coverages (except Underinsured Motorist and Uninsured Automobile due to low credibility of these coverages' data), and the fact that the selected COVID-19 adjustments have a direct impact on the indicated rates. After a fulsome review of the Applicant's rationale and justifications for the approach taken to adjust the data for COVID-19, the Panel is satisfied that the adjustments are reasonable for the purpose of this Filing.

## ***B. Loss Trend Selections***

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

[26] 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.

[27] In its previous filing, Dominion performed two trend analyses: one based on Industry data and one based on its own data. The latter was relied on for the selection of the loss trend assumptions for the Physical Damage coverages. In this Filing, only the Industry loss trend analysis was presented in light of the close alignment between the Applicant's and Industry's loss trend patterns, according to the Applicant.

[28] The Applicant's trend analysis includes the COVID-19 adjustments considered above, and is based on data up to June 2024.

[29] The Panel reviewed the Applicant's trend analysis for each coverage. For some coverages, the selected future trend was set equal to the past trend. Where different trends were set for past and future, the Panel concluded that the Applicant had provided reasonable justifications for doing so.

[30] The Applicant's trend analysis included no explicit adjustments for the higher rates of inflation experienced for a period since July 2021. Instead, Dominion selected a future severity trend lower than the corresponding past severity DCPD and Collision. It did not, however, follow this approach for the Property Damage Tort and Comprehensive coverages. When questioned on this differentiation in methodology, the Applicant responded that the higher severities for the recent periods are due to volatility for Property Damage and, to "possible impacts from theft" for Comprehensive. The selected Comprehensive loss cost trend is 12.6%, which is significant. Several factors impact this coverage, including inflation and theft, and the analysis is based on data from 2018 to 2024.

[31] The Panel finds that there is insufficient support in the Filing for the Applicant's reliance on possible impacts from theft on the Comprehensive trend. The Panel notes, however, that the overall indication

for this coverage is +40.43%, which is much higher than the corresponding selected overall average rate level change of +13.53%. It is therefore not necessary for the Applicant to make the revision to the selected Comprehensive loss cost trend, as it would not have any influence on the proposed Comprehensive rates.

### ***C. Catastrophe Loading***

[32] For its Filing, Dominion excluded catastrophic losses from its analysis and replaced them with an estimated catastrophe amount, derived by multiplying Comprehensive earned exposures by a \$2.00 loss cost which was determined based on Comprehensive catastrophe (CAT) trended loss costs over the time period, 2010-2023. This methodology is a change from Dominion's previous filing, which had adopted a CAT loading factor of 3.2% of ultimate losses, based on a more common approach for deriving the CAT loading. Dominion's rationale for the change in approach was the recent elevated theft pressure for the Comprehensive coverage, which would cause an overstatement of the CAT loading if the previous filing methodology was used.

[33] There is scant evidence in the Record to support the suggested elevated theft pressure and thus the Applicant's rationale for adopting this approach is thin, leaving the Panel with little contextual support for the proposed methodology. On this basis, the Panel cannot accept the methodology as reasonable.

### ***D. Discount Rate and Return on Surplus***

[34] In this Filing, Dominion selects its rate of return on policy holder funds and return on surplus based on an average investment return of the past five years. However, assumptions based on the past may not reflect the most recent, or the future environment, and ratemaking is a prospective exercise.

[35] Dominion justified its rate of return selection on the basis that there is uncertainty in how long the Government of Canada three-year bond rates would continue to be elevated. In light of the volatility of the risk-free rates in the current environment, it said, the actual investment returns as reported in the annual P&C reflected a more stable and consistent risk environment.

[36] The prospective nature of ratemaking requires that insurers make a best estimate of the future costs based on conditions that will likely be in place over the life of the future policy. Since appointed actuaries of P&C insurers are required to perform an annual Financial Condition Testing (FCT) analysis and as part of this exercise, Dominion projected rates of return of 3.4% and 3.6% in 2025 and 2026, respectively.

[37] The Panel finds that a more reasonable assumption of the anticipated return is 3.5%, and therefore requires that the Filing be amended accordingly. While still uncertain, it is an informed and principled analysis providing insight into the likely future environment.

### ***E. Credit Score***

[38] Dominion proposes to introduce credit score as a new rating variable for the coming policy year, applying significant discounts for certain policyholders with favourable scores.

[39] In support of this variable, Dominion and Transunion Credit completed a nationwide blind credit study, considering premiums, losses and other information necessary to determine credit scores nationwide from 2011 to 2022. The study, Dominion argues, generally confirmed a decrease in loss ratio for policyholders with higher credit scores. The selected credit score curve can be seen as a smoothed curve between the highest and lowest loss ratio relativity. To date, Dominion has only introduced this variable in one province in Canada, specifically in Alberta.

[40] Dominion proposes to apply discounts based on the curve described above for new business policies. However, for renewal policies, the Company is proposing to dampen the discount based upon policy tenure at the time of consent. The rationale for providing only a significantly reduced discount for renewal policies is stated to be the management of premium adequacy. It is unclear to the Panel, based on the information provided, whether a new policyholder this year would be entitled to only the lesser discount next year, after a significant discount this year, even though their credit score remains the same.

[41] The impact of the adoption of credit score and the 2025 CLEAR Rate Group table is off-balanced over the entire book of business, impacting all policyholders. The Record before the Panel does not adequately explain the difference in treatment between new and renewal business for the

determination of an insured’s credit score discount; the Applicant gives no insight into the business environment to justify it. The Panel notes that credit score is a variable that has been approved for insurers when its introduction and application are justified. In the case of this Filing, however, the application of the proposed discount is not supported, actuarially or otherwise. The Applicant is ordered to remove the variable from its Filing.

## **4. Decision**

[42] 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 to remove credit score as a rating variable, and include the amended assumptions it provided on September 17 and 18, 2025. After changing the return on policyholder funds and return on surplus assumption to 3.5%, the resulting indicated and proposed average rate level changes result in the following:

<b>Coverage</b>	<b>Indicated</b>	<b>Revised (Indicated)</b>	<b>Proposed</b>
Bodily Injury (TPL-BI)	+34.87%	+27.72%	+12.00%
Property Damage (TPL-PD)	+65.31%	+62.97%	+22.01%
Property Damage – Direct Compensation (DCPD)	-7.25%	-8.56%	+0.00%
Accident Benefits (AB)	-26.42%	-29.43%	+0.00%
Uninsured Auto (UA)	-9.92%	-10.92%	+0.00%
Collision (COL)	+34.38%	+32.73%	+11.70%
Comprehensive (COM)	+40.43%	+38.70%	+13.53%
Specified Perils (SP)	n/a	n/a	-3.08%
Underinsured Motorist (UM) – SEF44	+4.70%	+4.61%	+0.00%
<b>Total</b>	<b>+19.24%</b>	<b>+16.29</b>	<b>+7.99%</b>

[43] The Applicant is approved to adopt its overall proposed average rate increase of +7.99%, removing the credit score rating variable. The approved rates will be effective on **April 1, 2026**, for new business and **August 1, 2026**, for renewal business.

Dated at Saint John, New Brunswick, on October 14, 2025

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

WE CONCUR:

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Ms. Ferne Ashford, Board Member

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Ms. Rachel Arseneau-Ferguson, Board Member