

<p>NEW BRUNSWICK INSURANCE BOARD</p>

IN THE MATTER OF:

a rate revision application for the:

The Wawanesa Mutual Insurance Company

With respect to automobile insurance rates for:

Commercial Vehicles

Written Hearing Date: January 21, 2026

PANEL:	Chair	Ms. Marie-Claude Doucet, LL.B., Chair
	Member	Ms. Heather Stephen
	Member	Ms. Sherrie Boyd, LL.B.

Applicant: The Wawanesa Mutual Insurance Company

Decision Rendered: February 25, 2026

Summary

- [1] The Wawanesa Mutual Insurance Company (the "Applicant" or "Wawanesa ") filed an application to revise rates (the "Filing" or the "Application") with respect to automobile insurance rates for Commercial Vehicles (Comm) in New Brunswick. Wawanesa is requesting approval for a proposed average rate change of +13.39% before capping (and +5.93% after capping) based on an amended indicated average rate change of +19.69%.
- [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 January 21, 2026.
- [3] Upon review of the Filing, the Board determined that a hearing was required as the proposed rate change exceeded the +3% legislative threshold. The Board therefore issued a Notice of Hearing on November 12, 2025, and convened a Panel of the Board to conduct a Written Hearing on January 21, 2026, regarding the matter. The OAG and the CAI declined the opportunity to intervene.
- [4] The Panel finds that Wawanesa's proposed average rate change is just and reasonable in the circumstances and Wawanesa is **approved to adopt the proposed average rate change of +13.39% (+5.93% after capping)** effective August 1, 2026, for both new and renewal business.

Exhibits

[5] 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 Rate Filing	August 11, 2025
	02	Round 1 NBIB Questions to Applicant	August 29, 2025
	03	Round 1 KPMG Questions to Applicant	September 3, 2025
	04	Round 1 Applicant Response to NBIB	September 8, 2025
	05	Round 1 Applicant Partial Response to KPMG	September 16, 2025
	06	Round 1 Applicant Full Response to KPMG	September 22, 2025
	07	Round 2 NBIB Questions to Applicant	September 24, 2025
	08	Round 2 Applicant Response to NBIB	September 30, 2025
	09	Round 3 NBIB Questions to Applicant	October 3, 2025
	10	Round 2 KPMG Questions to Applicant	October 8, 2025
	11	Round 3 Applicant Response to NBIB	October 9, 2025
	12	Round 2 Applicant Response to KPMG	October 10, 2025
	13	Amendment	October 19, 2025
	14	Round 4 NBIB Questions to Applicant	October 27, 2025
	15	Actuarial Report - KPMG	October 28, 2025
	16	Round 4 NBIB Additional Requests to Applicant	October 29, 2025
	17	Round 4 Applicant Response to NBIB	October 31, 2025

1. Introduction

[6] The Board is mandated by the Legislature with the general supervision of automobile insurance rates in the Province of New Brunswick. 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

[7] The Applicant filed this Application for the Commercial Vehicle category on August 11, 2025. The original overall rate level change indication of the Filing was +21.28% and the Applicant sought an overall average rate increase of + 13.29% (+ 8.36% after capping).

[8] Prior to the Hearing, in addition to the Filing, additional information and clarification was generated and the Board posed several questions to the Applicant through several rounds of questions from Board staff and consulting actuaries (KPMG). During the interrogatory process, the Applicant made an amendment to its Filing, with a final indicated rate change of +19.69% and a proposed overall average rate increase of +13.39% (+5.93% after capping).

[9] A Panel was convened to conduct the Hearing to consider the Application on January 21, 2026.

2. Evidence and Positions of the Parties

Wawanesa Mutual Insurance Company

[10] The Applicant's Filing and responses to questions form its evidence before the Panel.

[11] The following table summarizes the indicated and proposed rate changes by coverage:

COVERAGE	INDICATED	PROPOSED (BEFORE CAPPING)	PROPOSED (AFTER CAPPING)
BODILY INJURY (TPL-BI)	18.64%	11.97%	4.42%
PROPERTY DAMAGE (TPL-PD)	-0.46%	-1.29%	-7.84%
PROPERTY DAMAGE – DIRECT COMPENSATION (DCPD)	-20.15%	-11.24%	-16.20%
ACCIDENT BENEFITS (AB)	16.41%	10.22%	3.28%
UNINSURED AUTO (UA)	46.90%	-0.71%	4.42%
COLLISION (COL)	37.06%	28.74%	17.84%
COMPREHENSIVE (COM)	52.71%	35.52%	25.68%
SPECIFIED PERILS (SP)	111.26%	28.89%	31.36%
UNDERINSURED MOTORIST (UM) – SEF44	5.05%	0.00%	0.00%
TOTAL	19.69%	13.39%	5.93%

[12] 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 -9.26%) with proposed rate change), a target Return on Premium of +6.00%, an implied Return on Premium of -4.63%, an investment rate on cash flow (discount rate) of +3.79% , an after-tax investment rate on capital (IRS) of +3.79%, and a 2.00:1 premium to surplus ratio. Proposed average rates would increase from the current average premium of approximately \$948 to approximately \$1,004 after capping.

3. Analysis and Reasons

[13] The Panel has reviewed all the evidence in the Record. The Panel recognizes and accepts the actuarial expertise of the Applicant’s actuaries who prepared the Filing and responded to the various inquiries.

[14] As set out below in more detail the Panel accepted the Applicant’s evidence as satisfying its evidentiary burden of just and reasonable.

[15] 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.

[16] The Panel addresses each of the material issues individually below:

- A. Loss Trend Data
- B. Trend Analysis
- C. COVID – New Normal
- D. Classification Changes
- E. Capping

A. Loss Trend - Data

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

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

[19] In this Filing, the Applicant recognized that it had insufficient Commercial Vehicle data and therefore adopted the trends that had been approved in its last available PPV Filing. This was the same approach it had used in its previous filing. This approach does not use the latest available data for commercial vehicles, nor does it use the latest PPV data, since the approved PPV loss trends were based on data as of December 31, 2023. The rates being proposed will be in effect for 2026/2027 policies.

[20] Wawanesa justified this approach on the basis that it did not have sufficient commercial vehicle data and there were no published industry trends. Wawanesa argued that the best alternative was to use the approved PPV loss trends.

[21] The Panel reviewed Wawanesa's justifications and accepted the argument that the underlying risks are similar between PPV and commercial vehicles underwritten by Wawanesa. Therefore, the Panel determined it was reasonable to accept that these similar risks would experience similar trend.

[22] The Panel considered the impact of the data lag between the data and the policy period but accepts that Wawanesa made best efforts to use the most recent data/ approved trend available to them, and the chosen approach is the best alternative available to the Applicant in these circumstances.

B. Trend Analysis

[23] The Panel considered Wawanesa's Accident Benefit coverage severity trend, which it selected at 3.24%. The modelling supporting that trend selection is suboptimal, producing an adjusted R² value of only 43.5%. While accepting that the statistical measures are not the sole indicators of acceptable modelling, the relatively low value could indicate that the hypothesis of 0% trend cannot be rejected.

[24] KPMG, the Board's consulting actuaries, requested that the Applicant provide a sensitivity analysis if a trend of 0% were chosen instead. The impact is relatively minimal, decreasing the indicated rate level change by only 0.4%. In providing this analysis, Wawanesa pointed out that it had modelled a 0.42% over a six-year period, and that model had provides an adjusted R² value of only 0.07%, suggesting that the trend at or approaching 0% is not a reasonable one. It is noted that a trend very close to 0% may often result in a poor R² value.

[25] Based on visual inspection of the severity-trend graph, the Panel accepts that the low statistical score of the Applicant's modelling is likely due to the volatility of the data. The Panel finds that a positive trend different from 0% still represents a reasonable depiction of the historical change in pattern of the data. The Panel therefore accepts the Applicant's proposed trend.

C. COVID/ New Normal

[26] The COVID-19 pandemic materially impacted driving behaviours and claims experience, industry wide, 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.

[27] In this Filing, to reflect the post-pandemic environment, Wawanesa assumes that a "New Normal" frequency level commenced in 2022 and remains in place for the prospective policy period. Wawanesa

adjusted COVID period data from 2020 and 2021 to this New Normal period. The adjustment factor was derived through that comparison of 2020 and 2021 frequency to the 2022 frequency levels.

[28] At the request of KPMG, the Applicant compared these COVID adjustment factors to the factors produced by the frequency trend models. The Applicant did so and determined that the results are generally in alignment.

[29] The Panel agreed with Wawanesa's determination that while there has been an increase in frequency since the COVID period, the frequencies have not returned to pre-COVID levels. Upon reviewing the Applicant's justifications, and its responses to the additional analysis requested by KPMG, the Panel found that the approach, both the step up in 2022 and its magnitude, to be reasonable adjustments.

D. Classification changes

[30] In this Filing, Wawanesa is proposing to introduce new classes and sub classes to its segmentation to better differentiate the risks.

[31] The justification for the changes was to better price the risk and minimize cross subsidization. To achieve this pricing sophistication, the applicant refined its classifications. Wawanesa proposes to introduce five (5) new classes as well as new sub-classes based on data from the Province of Ontario, as the classes did not previously exist in New Brunswick. As New Brunswick data emerges, these may be recalibrated.

[32] Wawanesa also proposed changes to existing class relativities based on Nova Scotia data, as the New Brunswick data is insufficiently credible to be relied upon for this analysis.

[33] While the Board encourages, wherever possible, the use of New Brunswick data, in this Filing the Panel was satisfied that the use of extra-provincial data was acceptable for the purpose of minimizing cross-subsidization

E. Capping

[34] Changes in classification differentials can result in significant premium dislocation across policyholders. Capping the premium increase at renewal is one method that insurers may adopt to minimize such

premium dislocation. In the previous filing, the Applicant has set its premium-increase cap at 5%--6.50% at vehicle level. In the current Filing, Wawanesa proposes to set the capping at 20% to achieve rate adequacy sooner.

[35] The Panel understands the business considerations brought forward by the Applicant that motivate the proposed changes in capping level and deemed it acceptable in these circumstances.

4. Decision

[36] For the reasons set out above, the Panel finds the Applicant's proposed overall average rate level change is just and reasonable and is approved to adopt the proposed average rate change of +13.39% (before capping) and +5.93% (after capping)

[37] 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 25, 2026

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

WE CONCUR:

Ms. Heather Stephen, Board Member

Ms. Sherrie Boyd, Board Member