

NEW BRUNSWICK INSURANCE BOARD

IN THE MATTER OF:

a rate revision application for the:

United General Insurance Corporation

With respect to automobile insurance rates for:

Private Passenger Vehicles

Written Hearing Date: March 17, 2026

PANEL:

Vice-Chair

Mr. Marven Grant

Member

Mr. Robert McSorley

Member

Ms. Ferne Ashford, K.C.

Applicant:

United General Insurance Corporation

Mr. Matthew L. Wight

Mr. Cosimo Pantaleo

Decision Rendered: **March 30, 2026**

Summary

- [1] United General Insurance Corporation (the "Applicant" or "UGen") 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. UGen presented its filing to the New Brunswick Insurance Board (the "Board") based on an overall rate change indication of +12.40% and proposed an overall average rate increase of +8.50%.
- [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 March 17, 2026.
- [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] Following deliberations on March 17, 2026, the Panel requested that the Applicant provide a revised filing package reflecting the impact of the following adjustments to assumptions:

1. Premium Trend - Collision Coverage

- Use the average annual change based on historical experience (-0.28%) as the past premium trend; and*
- Apply the Applicant's originally selected 0.3% premium trend as the future premium trend, if the Applicant considers this assumption to better reflect a forward-looking view.*

The baseline for this revision is the filed indication (or 12.4%) dated November 04, 2025. The revised indication should clearly identify the impact of this change on the indicated rate change, by coverage and in total, relative to the filed indication.

- [5] The Board also asked that the Applicant revise the implementation date, as the initial proposed implementation date of April 1, 2026, was imminent.
- [6] The Applicant responded to the request on March 18, 2026, with the additional information and exhibits. The required changes, as set out in Paragraph [4], result in an increase to the Applicant's overall indication from +12.40% to +12.60%. The effective date was revised to May 1, 2026.
- [7] The Panel, after examining all of the evidence, including the response of March 18, 2026, 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 assumption adjustments sent to the Applicant on March 18, 2026.
- [8] The Panel finds that UGen's proposed average rate change is just and reasonable in the circumstances and UGen is **approved to adopt the proposed average rate change of +8.50%** effective May 1, 2026, for both new business 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	September 09, 2025
	02	Round 1 NBIB Questions to Applicant	September 19, 2025
	03	Round 1 Applicant Response to NBIB	September 25, 2025
	04	Round 1 KPMG Questions to Applicant	October 10, 2025
	05	Round 1 Applicant Response to KPMG	October 16, 2025
	06	Round 2 NBIB Questions to Applicant	October 24, 2025
	07	Round 2 KPMG Questions to Applicant	October 31, 2025
	08	Round 2 Applicant Response 1 to NBIB	October 31, 2025
	09	Round 2 Applicant Response 2 to NBIB	November 3, 2025
	10	Round 2 Applicant Response to KPMG	November 6, 2025
	11	Round 3 KPMG Questions to Applicant	November 7, 2025
	12	Round 3 Applicant Response to KPMG	November 7, 2025
	13	Round 3 NBIB Questions to Applicant	November 13, 2025
	14	KPMG Actuarial Report	November 14, 2025
	15	Round 3 Applicant Response to NBIB	November 19, 2025
	16	Board's Request for Revisions	March 18, 2026
	17	Applicant Response to Request for Revisions	March 18, 2026

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 September 9, 2025. The original overall rate level change indication of the Filing was +12.40% and the Applicant sought an overall average rate increase of +8.50%.

[12] As the requested rate increase exceeded the statutory threshold, the Board issued a Notice of Hearing on January 8, 2026, and convened a Panel of the Board to conduct a Written Hearing on the matter. 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 rounds of questions from the Board's staff and its consulting actuaries. The Applicant responded to all questions posed and the answers form part of the Record.

[14] The Hearing into this Application took place on March 17, 2026. On March 18, 2026, a request for amended indications was delivered to the Applicant, to which a response was received on the same day. The Applicant's response was placed before the Panel and this decision finalized thereafter.

2. Evidence and Positions of the Parties

United General Insurance Corporation

[15] UGen presented its Filing to the Board with an overall original rate change indication of +12.40% and proposed an overall average rate increase of +8.50%.

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

Coverage	Indicated	Proposed
Bodily Injury (TPL-BI)	+17.90%	+12.00%
Property Damage (TPL-PD)	+4.40%	+4.00%
Property Damage – Direct Compensation (DCPD)	+5.00%	+4.00%
Accident Benefits (AB)	+9.70%	+8.00%
Uninsured Auto (UA)	-1.50%	0.00%
Collision (COL)	+12.20%	+10.00%
Comprehensive (COM)	+15.40%	+10.00%
Specified Perils (SP)	+15.40%	+10.00%
Underinsured Motorist (UM) – SEF44	0.00%	0.00%
Total	+12.40%	+8.50%

[17] 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 +9.06%) with proposed rate change, a target Return on Premium of +9.05%, an implied Return on Premium of +6.29%, an investment rate on cash flow (discount rate) of +2.69% , an after-tax investment rate on capital (IRS) of +3.32%, and a 1.50:1 premium to surplus ratio. Proposed average rates would increase from the current average premium of approximately \$1,059 to approximately \$1,149 before capping.

3. Analysis and Reasons

[18] The Panel has reviewed all the evidence before it, as found in the Record of Hearing, including the amended indications delivered on March 18, 2026.

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

[20] As set out below in more detail, the Panel accepted the Applicant's evidence as satisfying its evidentiary burden that the rates proposed to be charged are just and reasonable. In relation to the indications, the Panel orders the Applicant to make the changes to the Filing outlined above in paragraph 4. The Panel concludes that UGen may adopt the proposed average rate level change of +8.50%.

[21] 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.

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

- A. Loss Trend – Accident Benefits Severity
- B. Premium Trend - Collision
- C. Weights

A. Loss Trend – Accident Benefits Severity

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

[24] 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.

[25] In this filing, to model the changes in Accident Benefits severity, the Applicant used industry data, as it did not have sufficient data on its own. Using this data, it selected a trend of 1.6% for the past and future trend, with an adjusted R^2 value of 35%. This measure is not indicative of a strong predictive fit, and shows some uncertainty.

[26] When graphed, the data shows considerable variability, though it does appear to visually support a slight upward trend. The Panel considered whether it would be more reasonable to require the Applicant to select a 0% trend for this AB severity and was concerned with the paucity of support for the selected trend. However, with the displayed variability, the visual display of an apparent slight upward trend, and consistency of the selection with its historical selected trend for this coverage, the Panel was satisfied for this Filing with the Applicant's selection of this minimal positive trend. Going forward, with additional data points, future panels will be looking for additional support for such a trend.

B. Premium Trend - Collision

[27] Premium trend is intended to reflect average premium level changes over time, independent of changes in claim costs. Higher premium trends reduce indicated rate level changes, while lower premium trends increase those indications.

[28] While the Applicant's historical experience revealed that its average annual change in premium was -0.28%, the Applicant judgmentally selected a +0.3% collision premium trend. Only 1 year in the latest 4 years of experience demonstrated a positive annual change.

[29] Even though the collision coverage is short tail, and the last point was a positive one, the Panel was concerned with the Applicant's judgmental selection, which is directionally inconsistent with its longer term average experience. The Applicant provided little to no justification, beyond stating that it was based on judgment. The Panel recognizes that rate groups are constantly evolving, and newer vehicles will impact premium. However, for this Filing, the Panel finds that the selection is not justified for the past trend, which is demonstrably a negative trend. The Panel requires the Applicant to adopt the average premium trend for the past, (-0.28%). The Panel allows a positive (0.3%) trend for the future trend if the Applicant considers this assumption to better reflect a forward-looking view.

C. Weights

[30] Accident year weights are adopted and applied for the purpose of reflecting the relative relevance of historical experience. The weighting serves to smooth volatility that may be seen in just a single year of experience. These weights determine how much influence each accident year will have on the overall indication analysis.

[31] In its Filing, UGen placed greater weight on more recent years of experience, and the relative weighting varied between the different coverages. For BI, AB and UA, the long tail coverages, the Applicant applied the following weights for the last 5 years of data: 10%/ 15%/ 20%/ 25%/ 30%.

[32] For all other coverages, which are short tail and tend to settle more quickly, the weights were: 0%/ 0%/ 15%/ 35%/ 50%.

[33] The Applicant stated that the selection of accident weights, heavier on more recent experience, was intended to improve the responsiveness and relevance of the indication.

[34] The Panel considered the Applicant's approach to be a reasonable balance, and noted also that the years with the lowest weights, or no weights, were impacted more materially by the COVID-19 pandemic and therefore the allocation of less weight is a reasonable application of judgment.

4. Decision

[35] For the reasons set out above, the Panel finds the Applicant's proposed overall average rate level change is just and reasonable and UGen is **approved to adopt the proposed average rate change of +8.50%**.

[36] As noted above, the filed indications were not just and reasonable in their entirety and the Applicant is ordered to amend its Filing as set out in paragraph 4 above.

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

Dated at Saint John, New Brunswick, on March 30, 2026.

Mr. Marven Grant, Vice-Chair
New Brunswick Insurance Board

WE CONCUR:

Ms. Ferne Ashford, K.C., Board Member

Mr. Robert McSorley, Board Member