

NEW BRUNSWICK INSURANCE BOARD

IN THE MATTER OF:

a rate revision application for the:

The Wawanesa Mutual Insurance Company

With respect to automobile insurance rates for:

Private Passenger Vehicles

Written Hearing Date: April 23, 2026

PANEL:

Vice-Chair

Mr. Marven Grant

Member

Mr. Georges Leger

Member

Ms. Rachel Arseneau-Ferguson

Applicant: The Wawanesa Mutual Insurance Company

Decision Rendered: May 29, 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 Private Passenger Vehicles ("PPV") in New Brunswick. Wawanesa presented its Filing to the New Brunswick Insurance Board (the "Board") based on an overall rate change indication of +28.54% and proposed an overall average rate increase of +14.26% before capping (10.21% after capping).
- [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 April 23, 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").
- [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 +10.21% after capping**. This change will be effective August 15, 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 Private Passenger Rate Filing	December 22, 2025
	02	Round 1 NBIB Questions to Applicant	January 21, 2026
	03	Round 1 KPMG Questions to Applicant	January 26, 2026
	04	Round 1 Applicant Response to NBIB	January 27, 2026
	05	Round 1 Applicant Response to KPMG	February 2, 2026
	06	Actuarial Report – KPMG	March 3, 2026
	07	Proposed Group-Affinity Discounts Additional Details	March 16, 2026

1. Introduction

[6] 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.

[7] Wawanesa's Filing sought an average rate increase of more than 3%, and the Hearing was therefore compulsory.

Procedural History

[8] The Applicant filed this Application for the PPV category on December 22, 2025. The overall rate level change indication of the Filing was +28.54% and the Applicant sought an overall average rate increase of + 14.26% (+10.21% after capping).

[9] The Board issued a Notice of Hearing on March 18, 2026, and convened a Panel of the Board to conduct a Written Hearing on the matter. Neither the OAG nor the CAI intervened in the Hearing.

[10] Prior to the Hearing, additional information and clarification was generated: the Board posed a set of questions to the Applicant as did the Board's consulting actuaries, KPMG. The Applicant responded to all questions posed, and the answers form part of the Record.

[11] The Hearing took place on April 23, 2026 and this decision finalized thereafter.

2. Evidence

The Wawanesa Mutual Insurance Company

[12] Wawanesa presented its Filing to the Board with an overall original rate change indication of +28.54% and the Applicant sought an overall average rate increase of + 14.26% (+10.21% after capping).

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

Coverage	Indicated	Proposed (before capping)	Proposed (after capping)
Bodily Injury (TPL-BI)	+42.42%	+30.04%	+25.01%
Property Damage (TPL-PD)	-19.37%	-0.66%	-4.99%
Property Damage – Direct Compensation (DCPD)	-1.34%	-0.07%	-3.25%
Accident Benefits (AB)	+28.60%	+3.35%	-0.51%
Uninsured Auto (UA)	+117.20%	+50.02%	+43.26%
Collision (COL)	+42.49%	+14.35%	+10.55%
Comprehensive (COM)	+21.86%	+8.65%	+4.91%
Specified Perils (SP)	+61.89%	-4.62%	-10.11%
Underinsured Motorist (UM) – SEF44	+26.49%	0.00%	0.00%
Total	+28.54%	+14.26%	+10.21%

[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 -1.09%), a target Return on Premium (ROP) of +9.72% (implied ROP of +1.36%), an investment rate on cash flow (discount rate) of +3.60% , an after-tax investment rate on capital (IRS) of +3.60%, and a 2.00:1 premium to surplus ratio. Proposed average

rates would increase from the current average premium of approximately \$1,087 to approximately \$1,198 after capping.

[15] The Applicant provided the following reasoning for its proposed rate increase:

Our proposed change reflects a balanced approach of aiming to achieve financial stability while being mindful of the impact on our members.

[Exhibit 1.01, page 8 of the Record]

3. Analysis and Reasons

[16] The Panel has reviewed and carefully considered all of the evidence in the Record, including the Filing and the responses to questions posed.

[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, which impact the determination of whether the rates Wawanesa proposes to charge its policyholders are just and reasonable. Each of those issues is discussed individually below.

[19] The Panel's decision reflects that each model and methodology decision is laced with layers of data, assumptions, and judgement. The onus rests with the Applicant to establish to the Panel that the rates it proposes to charge policyholders in this province are just and reasonable. As set out below in more detail, the Panel accepted the Applicant's evidence as satisfying its evidentiary burden of just and reasonable. The Panel concludes that Wawanesa may adopt the proposed average rate level change of +14.26% before capping and +10.21% after capping.

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

- A. BI Frequency Trend
- B. Treatment of COVID experience in Frequency Trend Model
- C. New Normal
- D. Collision Premium Trend

A. BI Frequency Trend

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

[22] 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.

[23] For the Bodily Injury coverage, the Applicant considered a lengthy horizon of data, from 2005-2024. The Panel recognized that this is a long tail coverage, but considered whether, for the purposes of a frequency trend, that selected period is a reasonable one.

[24] From the graphed plot of the data, the Panel observed a generally decreasing trend since 2008. During the COVID-19 impacted years, the frequency of claims was low due to fewer cars on the road, and since that time there has been a visible uptick in the data.

[25] The data horizon for the Applicant's frequency trend model must adequately capture the long term decreasing trend, while also reflecting the recent experience of an increasing trend. Wawanesa therefore judgmentally selected both past and future trends of 0% in light of the significant uncertainty.

[26] In response to a request for sensitivity testing, Wawanesa responding that using the full data period from 2005-2024 would produce a trend of -2.02%, and an adjusted R^2 of the model of 92.3%. However, Wawanesa argued that the result is primarily driven by the pre-COVID period, which reflects driving patterns and market conditions that may no longer be representative of expected future experience.

Wawanesa points to the post-COVID period which may be shifting upward, and argued that this may be considered more relevant to the prospective period.

[27] Considering the current uncertainty on the direction of the frequency trend, the Panel accepted the Applicant's rationale and justification for the judgmental selection of 0%, for both past and future frequency trend.

B. Treatment of COVID Experience in Frequency Trend Model

[28] Frequency trend modelling identifies changes over time that are expected to continue into the future. When considering the data inputs into the modelling, the actuary must assess whether a data point may reflect temporary or abnormal conditions that are not underlying trends. Often these would be excluded in order to avoid distortion and a reduction in the predictive quality of the trend model.

[29] Wawanesa determined that accident years 2020 and 2021 were the years most impacted by the COVID-19 pandemic and the governmental and other restrictions that were imposed, reducing traffic and insurance claims. Therefore, for all coverages, Wawanesa's trend analysis excludes the data from the 2020 and 2021 accident years.

[30] This approach represents a change. In past filings, Wawanesa had included the data in its frequency trend models, and assigned a scalar to reflect the impact of COVID. The Applicant changed its methodology as more and more stable post-COVID data is available and more representative of a "new normal". A new normal is an acknowledgment that frequency rates have not returned to their pre-pandemic levels. With this, Wawanesa finds it more reasonable to treat the COVID impacted accident years as outliers, and exclude them from the models.

[31] The Panel considered whether a change in methodology is appropriate, cautious that methods not be chosen and adopted based on results or changing year over year. The Panel considered the Applicant's rationale for choosing this methodology over its prior method, that there is now sufficient post-COVID data to perform reliable and predictive modelling. On that basis, the Panel accepted that the change in methodology was appropriate and, absent some other justifiable reason, would likely represent the consistent method adopted by the Applicant for future filings as well.

C. New Normal

[32] As noted above, Wawanesa considers the post – COVID period to be a new normal pattern of driving behaviour. The likelihood of an accident or claim is less after 2021 than it was in 2019.

[33] In last year's filing, Wawanesa compared the frequencies for 2020/2021 with average frequency of the following years. The goal was to make the 5 years of history comparable, with the old experience adjusted to that new normal level for comparison.

[34] In this Filing, Wawanesa has changed that approach for all coverages, considering the experience from 2022 onward to represent a new normal environment. 2020 and 2021 accident years are adjusted to that new normal level. The COVID adjustment removes the effect of trend to avoid double counting.

[35] The Panel found that the Applicant's change in approach is reasonable and adequately supported in the Record. As above, this change in methodology is expected to remain consistent in future filings, absent some justifiable reasons.

D. Collision Premium Trend

[36] Premium trends reflect the change of premium over time, which can be impacted in either direction by a change in the mix of business.

[37] For the Collision premium trend, Wawanesa considered the most recent, post COVID experience. It had been decreasing for some time, and flat since approximately 2023. Wawanesa chose a trend of -0.3%, with a poor adjusted R² value. The Panel recognizes that models of flat trends do not, by nature, generate strong statistical support.

[38] While the two year experience period is a short one, it is not unreasonably short for a premium trend. Further, Wawanesa introduced credit score as a rating variable in 2023, providing a good rationale for the change in premium trend at that time.

[39] In the circumstances, then, the Panel accepts that the Applicant's selected premium trend for the collision coverage is reasonable and supported.

4. Decision

[40] For the reasons set out above, the Panel finds the Applicant's proposed overall average rate level change is just and reasonable and it is approved to adopt its proposed rate changes effective on August 15, 2026, for both new and renewal business.

Dated at Saint John, New Brunswick, on May 29, 2026.

Mr. Marvin Grant
New Brunswick Insurance Board

WE CONCUR:

Mr. Georges Leger, Board Member

Ms. Rachel Arseneau-Ferguson, Board Member