



New Brunswick Insurance Board
ANNUAL REPORT 2007

Commission des
ASSURANCES
du Nouveau-Brunswick



New Brunswick
INSURANCE
Board

March 1, 2008

The Honourable Thomas J. Burke, Q.C.
Minister of Justice and Consumer Affairs
Province of New Brunswick
PO Box 6000
Fredericton, NB
E3B 5H1

Dear Minister:

On behalf of the Members of the Board of the New Brunswick Insurance Board and in compliance with Section 19.9 of the *Insurance Act*, I am pleased to submit our annual report for the 2007 calendar year. The report contains an overview of our activities for the year as well as our audited financial statements for the 2006-2007 fiscal year ending March 31, 2007.

Respectfully submitted,



Paul D'Astous
Chairman & CEO
New Brunswick Insurance Board

Table of contents

Letter to the Minister	1
Message from the Chair	4
The Board	5
Members	5
Mission	5
New Brunswick Market	6
Board Governance	6
Accountability	7
The Year in Review	
■ Government Reforms	7
■ Filing Guidelines	7
■ Annual Filings	7
■ Private Passenger Rate Filings	8
■ Facility Association	8
■ Confidentiality Hearing	9
■ IAO	9
■ CARR Conference	9
■ Teens Against Drinking and Driving (TADD)	10
Appendix A	
Summary of 2007 Rate Decisions	11
Appendix B	
2006-2007 Fiscal Year Audited Financial Statements (to March 31, 2007)	23

Message from the Chair



On behalf of the New Brunswick Insurance Board (NBIB), I am pleased to report that 2007 was another successful year of improving the automobile insurance market for consumers and industry. As the Board matures, our mandate continues to be the fair regulation of automobile insurance in New Brunswick. This year, in particular, the NBIB demonstrated strong leadership among Canadian regulators, earning recognition and respect from coast-to-coast.

Reflecting on 2007, there are a number of accomplishments I would like to highlight. First and foremost, the Board rendered decisions on a total of 175 filings, encompassing private passenger, commercial, miscellaneous and interurban vehicles. Among this total, 53 decisions were made for private passenger vehicles. For all insurers writing private passenger insurance in the Province, including the Facility Association, the overall proposed average rate reduction for 2008 will be 2.04 per cent.

Once again, the Board worked effectively with industry to ensure it met its obligations with respect to agreements made with the provincial government. These included: the development of a revised Automobile Statistical Plan, removal of gender as a rating criterion, and the obligation to reduce rates by an overall average rate of 13.5 per cent.

It is important to note that automobile insurance rates, on average, have been going down for the past three years. The impact of reforms since 2004 has saved New Brunswick rate payers more than \$493 million and positions New Brunswick at the top of the list in Atlantic Canada when it comes to saving money for rate payers.

In May, the Board held a generic hearing to address the issue of confidentiality as it relates to insurance rate applications made to the Board. Our Decision balances the concerns of the industry with the need for a transparent decision process.

We are proud to have successfully embarked on a partnership with Teens Against Drinking and Driving (TADD) in 2007. We believe this commendable provincial organization is a perfect partner for the NBIB. We have made it our commitment to help TADD reach young drivers in an effort to reduce the number of automobile crashes by advocating “Responsible Choices”.

Another highlight of 2007 was the NBIB’s hosting of the inaugural CARR Conference (Canadian Automobile Insurance Rate Regulators). We will continue to take a leadership role in the ongoing development of this national organization of automobile rate regulators.

Again this year, the Board will continue to be vigilant in its decisions. With the unpredictability of global financial markets, the Board must continue its regulation of the automobile insurance market with a prudent, risk-based approach.

As we begin a new year, the NBIB is ready to face any new challenges and opportunities ahead. We have a solid, experienced team and are proud of our role in enhancing the insurance market for New Brunswickers.



The Board

The New Brunswick Insurance Board (NBIB) is a quasi-judicial administrative tribunal established by the Government of New Brunswick in 2004 as the agency that regulates automobile insurance rates. The NBIB is an independent agency that operates at arm's-length from government.

The *Insurance Act* requires that insurers file their proposed rates at least once every 12 months. The Board, staff and actuaries review these filings in order to ensure the proposed rates are just and reasonable. The NBIB also fulfills a stewardship role and educates consumers on automobile insurance.

In addition to the CEO, Paul D'Astous, the Board employs six employees.

Members



Paul D'Astous
Chair



Vincent Duff
Vice-Chair



Ferne Ashford



Armand Brun



Gérard Hall



Francine Kanhai



Al Kavanaugh



Yvon Landry



Jean-Guy Richard

Member not shown: James Mockler

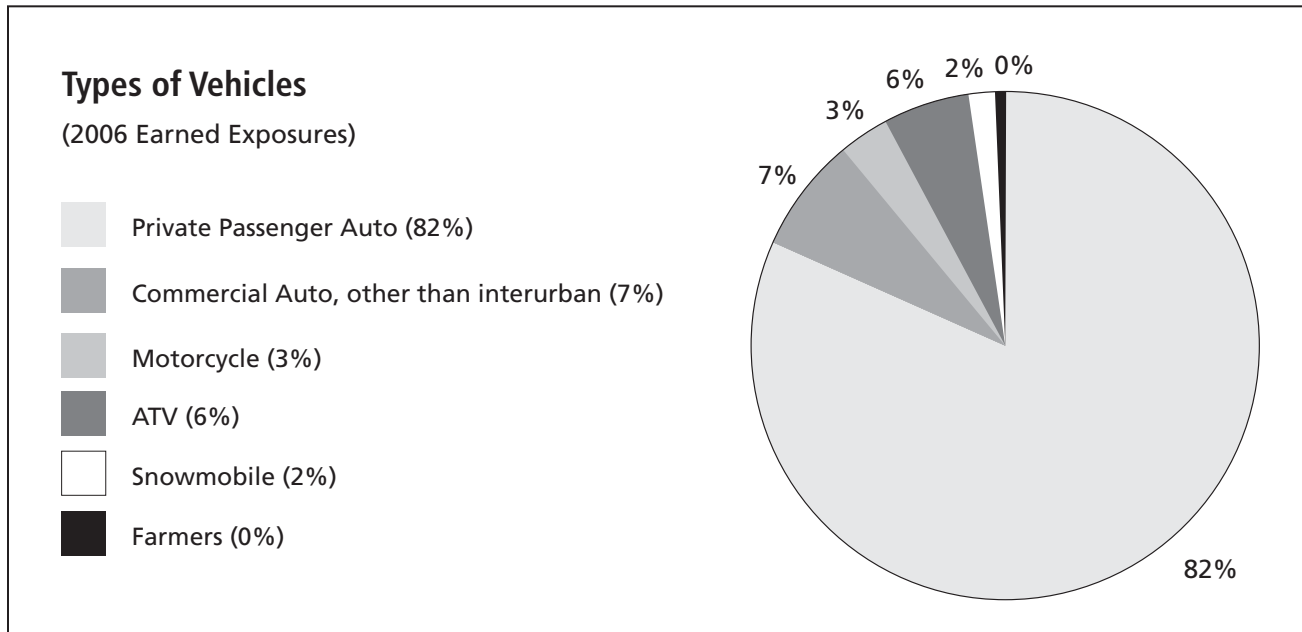
Mission

The Board's mission is to regulate automobile insurance rates under the *Insurance Act* for all companies doing business in the Province of New Brunswick and to ensure procedural fairness to all parties appearing before the Board. The Board will ensure New Brunswick auto insurance rates are:

- Just and reasonable
- Based on New Brunswick driver experience
- Based on New Brunswick company experience
- Based on comparison to other provinces in Atlantic Canada

New Brunswick Market

The following chart illustrates the breakdown of the automobile insurance market in New Brunswick.



Board Governance

The Chair is responsible for administering the *Insurance Act* and for the overall performance and management of the Board. The Chair is also the Chief Executive Officer (CEO) of the Board; therefore, the daily operation of the Board is under the leadership of the CEO.

In addition to the powers, functions and duties of the Board prescribed in the Act, the Board may investigate or inquire into any matter relating to rates of automobile insurance. Members have the powers and privileges of a commissioner under the *Inquiries Act* and the Regulations under that Act. The Board may make rules governing its procedures, as well, the Board has full jurisdiction to hear and determine all matters, whether of law or fact.

The Board, when directed by the Chair to sit for any particular purpose or situation may act as a full Board or as a panel of the Board. As such, the Board reviews rate applications as a full Board or as a panel of the Board. To date, the Board has required full actuarial justification when companies file for new rates.

Individual member panels met regularly to review various rate filings. The full Board convened six times in 2007:

1. March - Annual General Meeting
2. May - Public Hearing for Facility Association for commercial and miscellaneous
3. May - Generic Hearing on Confidentiality
4. November - Canadian Automobile Rate Regulators (CARR) 2007 Conference
5. December - Public Hearing for Facility Association on private passenger vehicle rates
6. December - Oral Hearing for AXA Insurance Canada on private passenger vehicle rates



Accountability

By legislation, the NBIB is obligated to report its previous year's activities to the Minister of Justice by March 1st. The Board also appears before the Standing Committee on Crown Corporations on an annual basis to report on its activities. Therefore, this report highlights activities and accomplishments during the 2007 calendar year.

As legislated by the *Insurance Act*, the operating costs of the NBIB are charged back to the insurance industry through annual assessments.

The Year in Review

■ GOVERNMENT REFORMS

The NBIB issued amendments to the approved private passenger rate decisions as a result of the Government agreement with Industry. The Board reviewed the filings and advised Government that as a whole the industry had achieved an overall reduction of 13.5 per cent in 2007 based on 2006 rates.

The Board also reviewed the filings to ensure industry was compliant with Regulation 2007-9 which removed gender as a rating criterion.

In July of 2007, the New Brunswick Government announced a revised Automobile Statistical Plan. Under the revised plan, 11 territories would replace the existing four territories and become effective January 1, 2008 for private passenger vehicles. The 11 new territories are based on Canada Post Forward Sorting Areas (FSA).

The NBIB released a bulletin in July 2007 detailing for industry the guidelines required to file with the Board, for the changes to territories as amended in the Automobile Statistical Plan. The new territories will be used by insurance companies for the 2008 filings.

■ FILING GUIDELINES

The extensively revised filing guidelines for 2007-08 were released in July 2007. These filing guidelines detail for industry the manner and specifications that will be expected in filings made throughout the year. For the first time, the guidelines were fully translated and posted to the NBIB website.

■ ANNUAL FILINGS

The Board rendered Decisions on a total of 175 filings in 2007 which included:

- 53 for private passenger rate filings
- 25 for commercial vehicle rate filings
- 16 for interurban vehicle rate filings
- 52 for miscellaneous vehicle rate filings including, motorcycles, ATVs, snowmobiles, buses, taxis etc.
- 29 for other filings including: updating the rate group tables, proposed changes to endorsements and /or proposed changes to rating rules

In June 2007, the Board held its first hearing via video conference. This allowed the parties to appear before the Board in a timely manner without the travel costs. This process was successfully used again in December during four private passenger hearings.

■ PRIVATE PASSENGER 2008 RATE FILINGS

Insurance companies were required to file their proposed private passenger rates for 2008 by October 15, 2007. Hearings were held over an eight week period ending December 13th. For those writing private passenger automobile insurance in the Province, the overall proposed average rate reduction for 2008 will be 2.04% per cent bringing the average rate to \$765. These rates will be effective by February 15, 2008 for new business and March 15, 2008, for renewals.

■ FACILITY ASSOCIATION

Facility Association (FA) is an association of all automobile insurance providers operating in New Brunswick. FA's mandate is to insure the availability of auto insurance to all owners and operators of motor vehicles who otherwise would have difficulty in obtaining insurance. It is sometimes referred to as the "insurer of last resort".

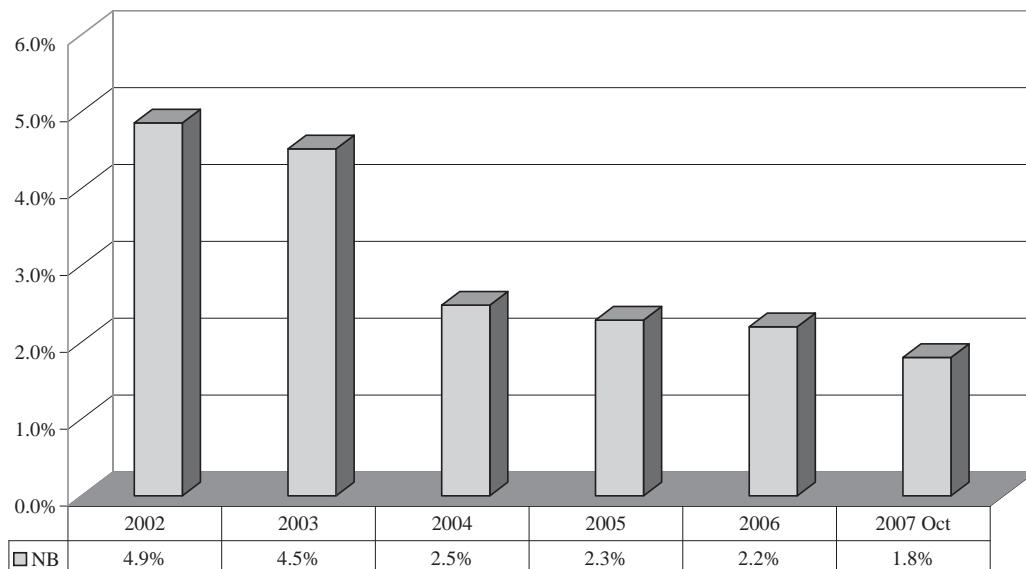
On May 15, 2007, a public hearing was held to review the proposed 2007-2008 rates for commercial, miscellaneous and interurban vehicles. A public hearing was held on December 11, 2007 to review the proposed 2008 rates for private passenger vehicles.

The population in FA consisted of approximately 1.8 per cent of the market as of October 2007. This represented 5 per cent of the total premiums in the New Brunswick marketplace. This is the lowest percentage of market share since 2002.

By Canadian standards a residual market at 2 per cent or less is considered to be an indicator of a very healthy overall insurance market.

Facility Association

Private Passenger Market Share, New Brunswick
(2002 - Oct 2007)



Source: 2007 IBC Monthly Report; 2006 Raw Data; 2005 AIX industry data (Market Share calculated based on written vehicle counts)

Prepared per NBIB request, Jan 22 2008



■ CONFIDENTIALITY HEARING

On May 29, 2007, the Board held a public hearing into the issue of Confidentiality as it relates to insurance rate applications. The Board heard six parties on the hearing day and received nine written submissions and 13 affidavits.

The Board issued its Decision on September 24, 2007. The Decision recognized the concerns expressed by industry in their submissions but also attempted to balance those concerns against the need for open and transparent decision making. The Board decided that certain sections of rate applications would remain confidential. However, most sections of the applications would be considered part of the public record. Overall, the decision was well received by stakeholders.

■ IAO

IAO Actuarial Consulting Services Inc. (IAO) is an advisory organization that develops automobile insurance rates for the insurance industry at the request of the Board. As such, IAO does not write any insurance business, but develops rates for private passenger, commercial, miscellaneous and interurban vehicles. Once these rates are approved by the NBIB, insurance companies may acquire those rates for their use.

IAO appeared before the Board on September 15th with their proposed rates for private passenger vehicles for 2008.

■ CARR CONFERENCE

The NBIB was host to the first Canadian Auto Insurance Rate Regulators conference (CARR) in Saint John, NB, November 18-20, 2007.

CARR was the product of a common desire among automobile rate regulators to have a forum where they could: train board members and staff on industry issues, discuss topics of concern and share expertise exclusive to automobile rate regulators. Auto insurance has undergone significant reform in many provinces over the last few years resulting in a number of changes in the regulation of auto insurance rates.

As the 50 delegates converged in our province, we welcomed such guests as keynote speaker Ernest Csiszar. Ernest established a distinguished record in the insurance industry as a company executive, regulator and national leader.

The time was right to open this type of dialogue between the various automobile insurance rate regulators. The NBIB had the vision to fulfill this need and subsequently welcomed colleagues from British Columbia to Newfoundland and Labrador. Two significant initiatives were achieved: the event became an annual occurrence with Alberta committing to host in 2008 and regulators agreed to begin the process to form a national association for automobile rate regulators.

■ TEENS AGAINST DRINKING AND DRIVING (TADD)

TADD is a student led program where students volunteer their time and energy to this cause and believe they can make a difference. They are committed to assisting in the elimination of impaired drivers on NB highways, raising the level of awareness of the inherent dangers of drinking and driving among high school students, and promoting alcohol awareness through peer education programs.

In 2006, TADD was given new life from the Government of New Brunswick as it created a two-year position for a provincial coordinator.

The NBIB began supporting TADD in 2006 after realizing the value in reaching young drivers through an organization that communicates on a peer-to-peer basis. As a member of the community, the NBIB felt a responsibility to do its part in reducing the number of crashes caused by drinking and driving among teens.

The NBIB was instrumental in inviting the Honourable Herménégilde Chiasson, Lieutenant-Governor of New Brunswick, as Honorary Patron for Teens Against Drinking and Driving (TADD) NB.

The NBIB is proud to have created and hosted the 1st Annual TADD Charity Golf Classic which took place on September 12th, 2007 at the Sussex Golf and Curling Club. A total of 21 teams registered with many of the major sponsors and members from the RCMP in attendance. TADD students from Belleisle and Salisbury were also on hand to help out during the day. Given its success, the NBIB plans to repeat this event in 2008.





APPENDIX A

Summary of 2007 Rate Decisions

RATE FILINGS

Insurance Companies	Vehicle Class	Vehicle Type	Change	Date of Filing	Date of Decision
Allstate Insurance Co. of Canada	Private Passenger		-18.16%	2006 09 15	2007 01 09
	Miscellaneous	Personal Use	2.76%	2006 03 15	2007 05 17
Aviva Insurance Company of Canada	Private Passenger		-13.15%	2006 09 15	2007 01 09
	Commercial		-9.10%	2006 10 15	2007 04 23
	Miscellaneous	Personal Use	-13.85%	2006 10 15	2007 04 23
AXA Insurance (Canada)	Private Passenger		-7.70%	2006 09 15	2007 01 09
			-7.00%	2007 10 15	2007 12 20
	Commercial		-1.60%	2006 10 15	2007 05 01
	Miscellaneous	Personal Use	-4.34%	2006 10 15	2007 05 01
	Interurban		0.00%	2006 10 15	2007 05 01
CAA Insurance Company (Ontario)	Private Passenger		-13.50%	2006 09 15	2007 01 09
Co-operators General Insurance Co.	Private Passenger		-13.60%	2006 09 15	2007 01 09
	Commercial		-5.28%	2006 10 15	2007 04 26
	Miscellaneous	Personal Use	1.99%	2006 10 15	2007 05 17
		Public Use	-2.19%	2006 10 15	2007 05 17
	Interurban		-9.39%	2006 10 15	2007 04 26
Coseco Insurance Company	Private Passenger		-13.50%	2006 09 15	2007 01 09
	Miscellaneous	Personal Use	0.05%	2006 10 15	2007 05 14
		Public Use	0.00%	2006 10 15	2007 05 14
Cumis General Insurance Company	Private Passenger		-13.50%	2006 09 15	2007 01 09
	Miscellaneous	Personal Use	0.00%	2006 10 15	2007 05 14
Dominion of Canada General Ins. Co.	Private Passenger		-13.29%	2006 09 15	2007 01 09
	Commercial		-10.09%	2006 10 15	2007 05 01
	Miscellaneous	Personal Use	-0.19%	2006 10 15	2007 05 01
		Public Use	-2.87%	2006 10 15	2007 05 01
	Interurban		-2.67%	2006 10 15	2007 05 01
Echelon General Insurance Company	Private Passenger		-17.00%	2007 05 08	2007 06 26
			-13.50%	2006 09 15	2007 01 09
Economical Mutual Insurance Co.	Private Passenger		-3.70%	2007 10 25	2007 10 29
			-13.50%	2006 09 15	2007 01 09
	Commercial		0.00%	2006 10 15	2007 08 02
	Miscellaneous	Personal Use	0.00%	2006 10 15	2007 04 23
		Public Use	initial filing	2007 06 01	2007 06 26
	Interurban		0.00%	2006 10 15	2007 08 02
Elite Insurance Company	Private Passenger		-1.40%	2006 09 15	2007 01 09
	Miscellaneous	Personal Use	-0.08%	2006 10 15	2007 05 17

Insurance Companies	Vehicle Class	Vehicle Type	Change	Date of Filing	Date of Decision
Facility Association	Private Passenger		-5.00%	2007 11 15	2007 12 17
			-14.20%	2006 09 15	2007 01 09
	Commercial		-4.10%	2007 04 13	2007 05 29
	Miscellaneous	Public Use	0.00%	2007 04 13	2007 05 30
		Personal Use	13.80%	2007 04 13	2007 05 30
	Interurban		5.70%	2007 04 13	2007 05 30
Federal Insurance Co.	Private Passenger		initial filing	2006 12 19	2007 01 12
Federation Insurance Co. of Can.	Private Passenger		-13.50%	2006 09 15	2007 01 09
	Commercial		0.00%	2006 10 15	2007 08 02
	Miscellaneous	Personal Use	0.00%	2006 10 15	2007 04 23
Federated Insurance Company of Canada	Private Passenger		-13.50%	2006 09 15	2007 01 09
	Commercial		-21.56%	2006 10 15	2007 04 26
	Miscellaneous	Personal Use	53.16%	2006 10 15	2007 05 01
ING Insurance Company of Canada	Private Passenger		-13.50%	2006 09 15	2007 01 09
	Commercial		-6.20%	2006 10 15	2007 05 01
	Miscellaneous	Personal Use	9.40%	2006 10 15	2007 07 30
	Interurban		18.90%	2006 10 15	2007 05 01
ING Novex Insurance Co of Canada	Private Passenger		-13.50%	2006 09 15	2007 01 09
	Miscellaneous	Personal Use	-1.16%	2006 10 15	2007 07 30
Insurance Company of Prince Edward Island	Private Passenger		0.00%	2006 09 15	2007 01 09
	Commercial		-3.90%	2006 10 15	2007 04 23
	Interurban		-3.90%	2006 10 15	2007 04 23
Kingsway General Insurance	Miscellaneous	Personal Use	0.00%	2006 10 15	2007 04 26
Liberty Mutual Insurance Company	Private Passenger		initial filing	2007 07 24	2007 08 02
	Commercial		initial filing	2007 07 24	2007 08 02
	Miscellaneous	Public Use	initial filing	2007 07 24	2007 08 02
	Interurban		initial filing	2007 05 01	2007 08 02
Lombard General Ins. Co. of Can.	Private Passenger		-20.10%	2006 09 15	2007 01 09
	Commercial		0.54%	2006 10 15	2007 05 01
	Miscellaneous	Personal Use	-0.28%	2006 10 15	2007 05 01
		Public Use	-3.00%	2006 10 15	2007 05 02
	Interurban		2.60%	2006 10 15	2007 05 01
Lombard Insurance Company	Private Passenger		-20.10%	2006 09 15	2007 01 09
	Commercial		0.54%	2006 10 15	2007 05 01
	Miscellaneous	Personal Use	-2.93%	2006 10 15	2007 05 01
		Public Use	0.00%	2006 10 15	2007 05 01
	Interurban		0.00%	2006 10 15	2007 05 01



Insurance Companies	Vehicle Class	Vehicle Type	Change	Date of Filing	Date of Decision
Markel Insurance Company	Commercial		-3.00%	2006 10 15	2007 05 01
	Interurban		-3.00%	2006 10 15	2007 05 01
PAFCO Insurance Company	Private Passenger		-9.95%	2006 09 15	2007 01 09
Pembridge Insurance Company	Private Passenger		-21.22%	2006 09 15	2007 01 09
	Miscellaneous	Personal Use	5.28%	2006 10 15	2007 05 17
Personal Insurance Co. of Canada	Private Passenger		-13.50%	2006 09 15	2007 01 09
			0.00%	2007 03 05	2007 04 26
	Miscellaneous	Personal Use	0.00%	2006 10 15	2007 04 26
Perth Insurance Company	Private Passenger		-13.50%	2006 09 15	2007 01 09
			-4.00%	2007 09 23	2007 10 30
	Miscellaneous	Personal Use	0.00%	2006 10 15	2007 04 23
Portage La Prairie Mutual Ins. Co.	Private Passenger		-17.24%	2006 09 15	2007 01 09
	Commercial		-14.10%	2006 10 15	2007 05 01
	Miscellaneous	Personal Use	2.73%	2006 10 15	2007 05 17
Primum Insurance Company	Private Passenger		-13.60%	2006 09 15	2007 01 09
	Miscellaneous	Personal Use	0.25%	2006 10 15	2007 05 02
Promutuel Gaspésie - Les Îles	Commercial		n/a	2006 10 15	2007 05 01
	Miscellaneous	Personal Use	n/a	2006 10 15	2007 05 01
			n/a	2006 10 15	2007 05 01
Promutuel Témiscouata	Commercial		n/a	2006 10 15	2007 05 01
	Miscellaneous	Personal Use	n/a	2006 10 15	2007 05 01
RBC General Insurance Company	Private Passenger		-13.50%	2006 09 15	2007 01 09
	Miscellaneous	Personal Use	2.37%	2006 10 15	2007 05 01
Royal and Sun Alliance Insurance Co	Private Passenger		-13.50%	2006 09 15	2007 01 09
	Commercial		-14.10%	2006 10 15	2007 05 01
	Miscellaneous	Personal Use	0.21%	2006 10 15	2007 05 01
		Public Use	-27.53%	2006 10 15	2007 05 01
Scottish & York Insurance Co. Ltd.	Private Passenger		-13.50%	2006 09 15	2007 01 09
	Miscellaneous	Personal Use	n/a	2006 10 15	2007 04 23
Security National Insurance Co.	Private Passenger		-13.60%	2006 09 15	2007 01 09
	Miscellaneous	Personal Use	-3.31%	2006 10 15	2007 05 02
Sovereign General	Private Passenger		-13.50%	2006 09 15	2007 01 09
	Commercial		1.40%	2006 10 15	2007 05 01
	Miscellaneous	Public Use	n/a	2006 10 15	2007 05 01
	Interurban		n/a	2006 10 15	2007 05 01
State Farm Mutual Auto Ins Co. Plan A	Private Passenger		-13.60%	2006 09 15	2007 01 09
	Private Passenger		-3.70%	2007 10 04	2007 10 30
	Commercial		0.00%	2006 10 15	2007 05 01
	Miscellaneous	Personal Use	-1.61%	2006 10 15	2007 05 02
	Interurban		0.00%	2006 10 15	2007 05 01

Insurance Companies	Vehicle Class	Vehicle Type	Change	Date of Filing	Date of Decision
State Farm Mutual Auto Ins Co. Plan B	Private Passenger		-13.60%	2006 09 15	2007 01 09
	Private Passenger		-3.60%	2007 10 04	2007 10 31
	Commercial		-2.40%	2006 10 15	2007 05 01
	Miscellaneous	Personal Use	-3.41%	2006 10 15	2007 05 02
	Interurban		0.00%	2006 10 15	2007 05 01
TD Home and Auto	Private Passenger		-13.60%	2006 09 15	2007 01 09
	Miscellaneous	Personal Use	0.30%	2006 10 15	2007 05 02
Tokio Marine and Fire Ins Co Ltd.	Private Passenger		-13.50%	2006 09 15	2007 01 09
	Commercial		0.54%	2006 10 15	2007 05 01
	Miscellaneous	Personal Use	0.00%	2006 10 15	2007 05 01
	Interurban		0.00%	2006 10 15	2007 05 01
Traders General Insurance Company	Private Passenger		-13.50%	2006 09 15	2007 01 09
	Miscellaneous	Personal Use	-11.92%	2006 10 15	2007 04 23
Trafalgar Insurance Co. of Canada	Private Passenger		-13.50%	2006 09 15	2007 01 09
	Miscellaneous	Personal Use	11.40%	2006 10 15	2007 07 30
Unifund Assurance Company	Private Passenger		-22.86%	2006 09 15	2007 02 20
	Miscellaneous	Personal Use	-0.37%	2006 10 15	2007 05 01
United General Insurance Corp.	Private Passenger		-15.05%	2006 09 15	2007 01 09
	Commercial		0.00%	2006 10 15	2007 04 26
	Miscellaneous	Personal Use	0.00%	2006 10 15	2007 05 17
Waterloo Insurance Company	Private Passenger		-13.60%	2006 09 15	2007 01 09
			-3.30%	2007 09 25	2007 10 30
	Miscellaneous	Personal Use	0.00%	2006 10 15	2007 04 23
Wawanesa Mutual Insurance Co.	Private Passenger		-13.70%	2006 09 15	2007 01 09
			-4.21%	2007 10 15	2007 10 31
	Commercial		-12.51%	2006 10 15	2007 05 17
	Miscellaneous	Personal Use	-8.53%	2006 10 15	2007 05 17
Zenith Insurance Company	Private Passenger		-13.50%	2006 09 15	2007 01 09
	Miscellaneous	Personal Use	-2.44%	2006 10 15	2007 05 01
Zurich Insurance Company	Private Passenger		-13.50%	2006 09 15	2007 01 09
	Commercial		-1.70%	2006 10 15	2007 05 02
	Miscellaneous	Public Use	0.00%	2006 10 15	2007 05 02
		Personal Use	-5.54%	2006 10 15	2007 05 02
	Interurban		-2.70%	2006 10 15	2007 05 02

Personal Use Vehicles are vehicles that are used primarily for pleasure and recreational use only.

Public Use Vehicles are used commercially and include police vehicles, taxis, buses, ambulances, school buses etc.





APPENDIX B

2006-2007 Fiscal Year Audited Financial Statements
(to March 31, 2007)

Peter G. Gaulton Professional Corporation
Chartered Accountant
74 Adelaide Street
Saint John, NB
E2K 1W5

Bus: (506) 634-7393
Fax: (506) 652-8618

Res: (506) 634-7609
E Mail: gaultonp@nbnet.nb.ca

AUDITOR'S REPORT

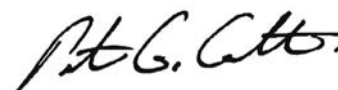
To the members of New Brunswick Insurance Board:

I have audited the statement of financial position of the New Brunswick Insurance Board as at March 31, 2007 and the statements of operations and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board, as well as, evaluating the overall financial statement presentation.

In my opinion these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2007 and the results of its operations for the period then ended in accordance with Canadian generally accepted accounting principles.

Saint John, NB
May 31, 2007



Chartered Accountant

Statement of Financial Position
As at March 31, 2007

	2007	2006
Assets		
Current:		
Cash in bank	\$ 227,061	\$ 785,458
Scotiabank GIC's (1-year cashable; 3.90%)	1,750,000	600,000
Accrued interest receivable	3,366	6,186
Harmonized sales tax recoverable	104,251	38,258
Prepaid expenses	9,918	9,223
	<u>2,094,596</u>	<u>1,439,125</u>
Office equipment and vehicle (note 3)	184,910	142,191
Less: accumulated amortization	(89,651)	(50,386)
	<u>95,259</u>	<u>91,805</u>
	<u>\$ 2,189,855</u>	<u>\$ 1,530,930</u>
Liabilities		
Current:		
Accounts payable and accrued liabilities	\$ 253,278	\$ 74,526
Employee deductions payable	14,760	19,657
Due to employee	25,361	-
Capital lease obligation- current portion (note 4)	4,905	6,779
Deferred assessments (note 7)	1,891,551	1,425,657
	<u>2,189,855</u>	<u>1,526,619</u>
Long-term:		
Capital lease obligation (note 4)	-	4,311
	<u>-</u>	<u>-</u>
Net assets	<u>\$ 2,189,855</u>	<u>\$ 1,530,930</u>

Commitment (note 6)

Approved by the Board:



Chairperson



Vice-Chairperson



Statement of Operations and Surplus
 For the year ended March 31, 2007
 (comparative figures for the period April 1, 2005 to March 31, 2006)

	2007	2006
Receipts		
Assessments	\$ 1,725,322	\$ 1,268,039
Interest	21,250	14,633
Transfer from Public Utilities Board	-	43,421
	<u>1,746,572</u>	<u>1,326,093</u>
Disbursements		
Wages, benefits and other employee costs	637,368	450,996
Interest and bank charges	3,476	3,037
Travel	19,015	45,368
Advertising	1,013	3,186
Board member per diems	29,663	26,950
Board member stipends	45,000	46,250
Actuarial services	492,926	450,108
Rent	111,800	105,679
Amortization expense	39,266	33,860
Office expenses	37,713	26,447
Professional services	65,501	63,906
Training and education	28,945	6,277
Telecommunications	18,178	10,363
Rentals	2,369	6,765
Equipment lease	5,941	-
Public awareness campaign	171,632	35,807
Conferences and meetings	24,332	-
Insurance	1,241	909
Computer support	11,193	10,185
	<u>1,746,572</u>	<u>1,326,093</u>
Net of receipts and disbursements	NIL	NIL
Net assets, beginning of year	NIL	NIL
Net assets, end of year	<u>\$ NIL</u>	<u>\$ NIL</u>

Statement of Cash Flows

For the year ended March 31, 2007

(comparative figures for the period April 1, 2005 to March 31, 2006)

	2007	2006
Cash provided by (used in):		
Operations		
Excess of receipts over disbursements	\$ -	\$ -
Item not involving an outlay of cash		
Amortization expense	39,266	33,860
	<u>39,266</u>	<u>33,860</u>
Decrease (increase) in accounts receivable	2,820	(810)
Decrease (increase) in HST recoverable	(65,993)	6,935
Decrease (increase) in prepaid expenses	(695)	(7,423)
Increase (decrease) in accounts payable	178,752	22,137
Increase (decrease) in employee deductions payable	(4,897)	2,075
Increase (decrease) in due to employee	25,361	-
Increase (decrease) in capital lease obligation	(6,185)	(6,075)
Increase (decrease) in loan payable	-	(500,000)
Increase (decrease) in deferred revenue	465,893	235,470
	<u>634,322</u>	<u>(213,831)</u>
Investing		
Purchase of office equipment and vehicle	(42,719)	(35,527)
Proceeds on the disposal of office equipment	-	14,627
Purchase of Scotiabank GIC's	(1,750,000)	(1,100,000)
GIC's redeemed	600,000	1,100,000
	<u>(1,192,719)</u>	<u>(20,900)</u>
Increase(decrease) in cash	(558,397)	(234,731)
Cash, beginning of year	785,458	1,020,189
	<u>\$ 227,061</u>	<u>\$ 785,458</u>
Cash, end of year	\$ 227,061	\$ 785,458
Interest paid during the year	\$ 840	\$ 1,588

See accompanying notes to financial statements



Notes to Financial Statements
For the year ended March 31, 2007

1. Purpose of the organization

Effective October 15, 2004, the New Brunswick Insurance Board commenced regulatory responsibility for automobile insurers in New Brunswick. Board operations began October 1, 2004.

The Board is exempt from income tax under Section 149(1)(d) of the Canadian Income Tax Act and recovers 100% of the harmonized sales tax (HST) paid. HST is not collected on assessments to the insurance companies.

2. Significant Accounting Policies

(a) Method of accounting:

The Board follows the deferral method of accounting for receipts. Restricted receipts are recognized as revenue in the year in which the related expenses are incurred. Unrestricted receipts are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(b) Office equipment and vehicles:

Office equipment and vehicles are recorded at cost. Amortization is calculated on a straight-line basis over 5 years on all assets except for equipment under capital lease. The equipment under capital lease is amortized on an annual basis at an amount equal to the principal portion of the long-term debt repayments.

3. Office equipment and vehicles

	Cost	2007		2006	
		Accumulated Amortization	Net book Value	Net book Value	Net book Value
Computer equipment	\$ 72,661	\$ 34,024	\$ 38,637	\$ 33,344	
Computer software	3,524	1,313	2,211	1,402	
Equipment under capital lease	19,508	14,603	4,905	11,090	
Vehicle	20,161	8,064	12,097	16,129	
Furniture and fixtures	69,056	31,647	37,409	29,840	
	\$ 184,910	\$ 89,651	\$ 95,259	\$ 91,805	

Notes to Financial Statements
For the year ended March 31, 2007

4. Obligation under capital lease

The following is a schedule of future minimum lease payments under the capital lease, expiring October 2007, together with the balance of the obligation.

2008	\$ 5,110
Less: amount representing interest at a rate of 11.002%	<u>(205)</u>
Balance of obligation	4,905
Less: current portion	<u>(4,905)</u>
	<u>\$ -</u>

5. Future employee benefits

Pension Plan:

The Board and its employees participate in a contributory defined benefit pension plan, administered by the Province of New Brunswick and the Public Service Superannuation Act. The plan provides pensions to employees of the Provincial Government and certain Crown Corporations and agencies based on the length of service and highest successive five year average salary. The expense for this pension plan is equivalent to the annual contribution of \$40,840 (2005: \$24,948). Any shortfall in the funding of the plan is guaranteed by the Province of New Brunswick, which is the sponsor of the plan.

6. Commitment

The Board negotiated an operating lease of its office premises for a period of 5 years commencing January 1, 2005. In 2007, the Board renegotiated their lease to include additional office space and extended the term for an additional period of 5 years. The minimum annual payments under the lease terms are as follows:

January 1, 2005 - December 31, 2007:	\$ 97,908
January 1, 2008 - December 31, 2010:	\$ 102,273
January 1, 2011 - December 31, 2015:	\$ 118,344

7. Deferred assessments

The Boards' expenses are funded 100% by the companies selling automobile insurance in the Province of New Brunswick. Annually, in advance of the coming fiscal year, the Board prepares an expense budget and assesses each company based on its proportion of the automobile premiums written in the Province of New Brunswick in the previous calendar year. Deferred assessments represents the assessments billed to the insurance companies in advance based on the budgeted expenses plus or minus adjustments between budgeted expenses and actual expenses as determined at each fiscal year-end.

8. Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires the Board to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty.

