Newfoundland and Labrador
Board of Commissioners of Public Utilities

ANNUAL REPORT ON AUTOMOBILE INSURANCE

Year ending March 31, 2026

Public Utilities Board
NEWFOUNDLAND & LABRADOR

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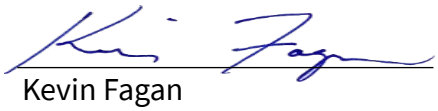
Message From the Chair

I am pleased to present the annual report on automobile insurance of the Board of Commissioners of Public Utilities (the Board) for the fiscal year ending March 31, 2026. This report was prepared in accordance with the **Automobile Insurance Act** and the **Transparency and Accountability Act**. On behalf of the Board, I am accountable for the results as outlined in the report.

This was another busy year for the Board with respect to its automobile insurance activities. Rate filing volume was typical, as the Board received 39 filings and issued 40 orders during the reporting period. Rate levels remained stable as approximately 94% of all filings approved by the Board included an overall average rate level change of +3% or less. For private passenger automobile business, which represents approximately 80% of the entire market, the overall average rate level change approved across all filing types was approximately -1%. From a regulatory efficiency perspective, the average time between the receipt of rate applications and the Board's decisions was 75 days with all decisions issued within the legislated time period of 180 days.

The Board continues to work diligently with its consulting actuaries and industry stakeholders to navigate the uncertain claims experience in the market. Influencing factors such as high inflation levels and tariff changes continue to create challenges for the Board in the rate setting process. The Board will monitor developing industry trends and economic influences in its efforts to ensure rates are just and reasonable in the province.

I commend the Vice-Chair, the commissioners and Board staff for their contributions during what has been a particularly busy and challenging year. The Board is committed to the continued efficiency and effectiveness of its operations in the year ahead.



Kevin Fagan
Chair and Chief Executive Officer

Overview

About the Board

The Board is an independent, quasi-judicial tribunal constituted under the **Public Utilities Act** and is currently comprised of five full-time commissioners, appointed by the Lieutenant-Governor in Council, including the Chair and Chief Executive Officer, and the Vice Chair.

The Board is responsible for the regulation of electric utilities in the province to ensure that the rates charged are just and reasonable and that the service provided is safe and reliable. The Board is also responsible for the setting of rates charged by automobile insurers in the province. Since 2004, the Board has been responsible for petroleum products pricing in the province. The Board has limited responsibilities under the **Expropriation Act,** and also has limited responsibilities with respect to the motor carrier industry under the **Motor Carrier Act**. The Board is funded through assessments charged to regulated industries and companies, and on a cost recovery basis from applicants and/or parties involved in specific proceedings.

Automobile Insurance Mandate

The **Automobile Insurance Act** and the **Insurance Companies Act** provide the Board with specific statutory responsibilities with respect to regulation of the automobile insurance industry, including the general supervision of rates, risk classification systems and underwriting guidelines.

Automobile insurers are required to file new rates with the Board at least once every three years for each type of vehicle written and the Board must determine if the proposed rates are just and reasonable, among other considerations, based on:

- the insurer's projected loss experience;
- the insurer's expenses and investment income;
- financial and other information that directly or indirectly affects rates; and
- any other information as determined by the Board.

To deliver its regulatory mandate, the Board conducts actuarial reviews, technical/financial reviews, stakeholder meetings, compliance monitoring, audits, investigations and hearings. Orders issued by the Board have the force of law and can be appealed to the Supreme Court of Newfoundland and Labrador, Court of Appeal.

Report on Performance

Rate Filing Decisions

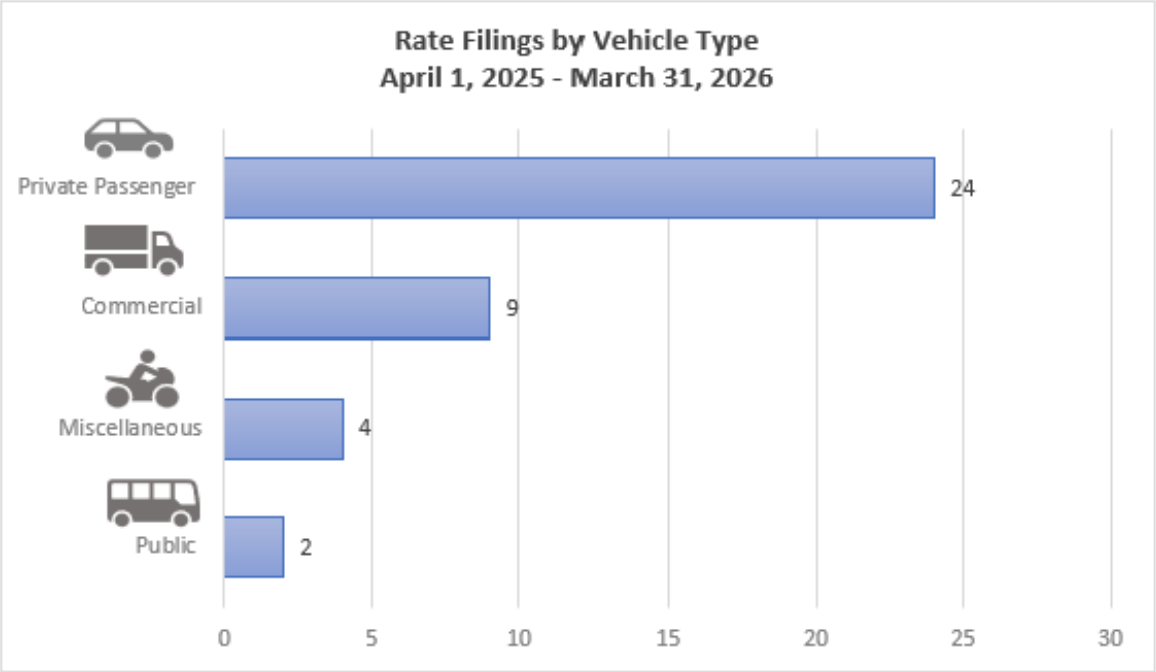
The Board reviews rate filings from automobile insurance companies and can approve, deny or vary the rating program changes proposed. Board staff, in consultation with its consulting actuaries, review each filing to ensure that requested changes are supported in accordance with the Board's filing guidelines and applicable legislative requirements. Once a filing review is deemed complete, the Board will convene a panel and issue a written decision.

In 2025-2026, the Board received 39 filings summarized as follows: [1]

- 19 mandatory rate filings made in accordance with the statutory 3-year timeline,
- 18 optional rate filings for minor changes between mandatory filings, and
- 2 optional rate filings in accordance with the statutory expedited approval option.

A breakdown of rate filing volume by vehicle type is provided in Figure 1 below:

Figure 1



Rates remained stable throughout the year as approximately 94% of all filings approved included an overall average rate level change of +3% or less. For private passenger automobile business, which represents approximately 80% of the entire market, the overall average rate level change approved by the Board across all filing types was approximately -1%.

The average turnaround time for filing decision was approximately 75 days, which in all cases was within the Board's legislated time period of 180 days.[2]

Details regarding the specific changes included in each rate filing can be found on the Board's website by reviewing the applicable Board orders.

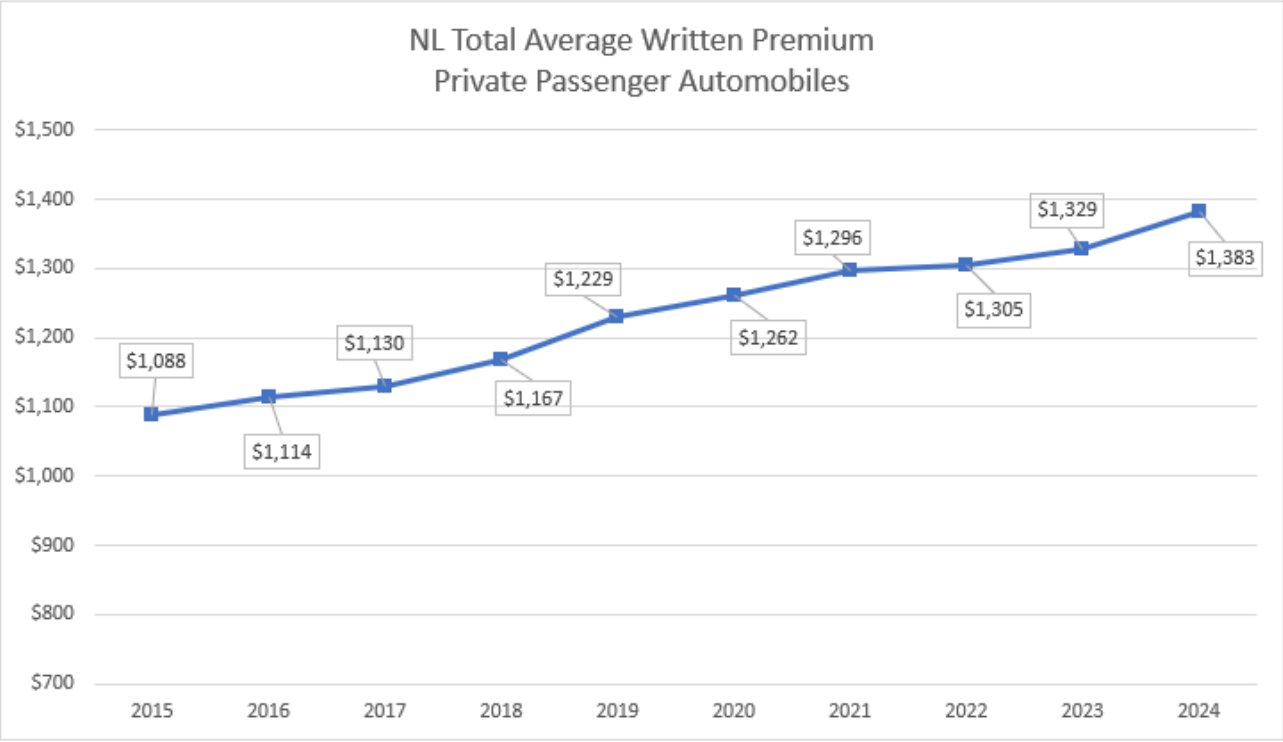
[1] The Board issued 40 orders during the period. The number of Board orders issued does not match the number of filings received as some orders were associated with filings received prior to April 1, 2025 and some orders were issued after the March 31, 2026 cut-off for this report.

[2] Section 10 of NLR 56/19 states that the Board shall approve, deny or vary a filing within 90 days and may extend the review period a maximum of 90 additional days when required to do so (i.e. 180 days total).

Private Passenger Premiums

The average private passenger premium level in 2024[3] was $1,383, an increase of 4.1% from the 2023 average of $1,329. Figure 2 below shows that average private passenger premium levels have been fairly stable, increasing at a rate of approximately 2.7% annually over the 10-year period 2015-2024 and 2.2% annually over the last 3 years.

Figure 2



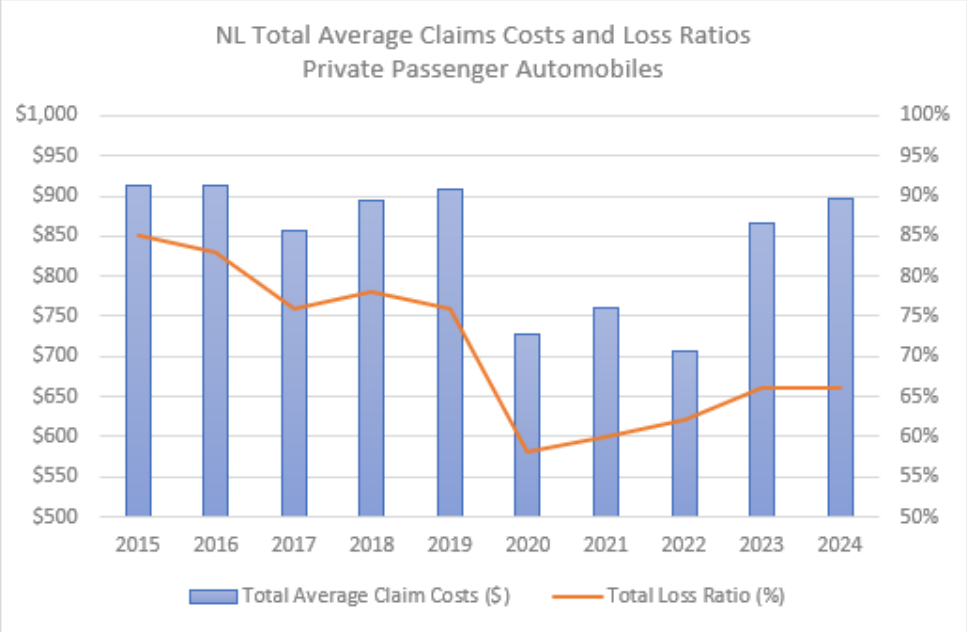
Private Passenger Claims

The total average private passenger claim cost increased to $896 in 2024, mainly due to the impacts of inflation on optional physical damage coverages. Figure 3 shows that claims costs have been lower in recent years due to the impacts of the COVID-19 pandemic, including the reduction in commuting traffic and lower claims frequency associated with “stay-at-home” orders. Claim costs for mandatory coverages remained below pre-pandemic levels in 2024.

The total industry loss ratio, which compares claims to premiums, remained consistent at 66% in 2024. While this is slightly higher than the recent results experienced during the COVID-19 pandemic, it is still lower than the pre-pandemic figures of 78% and 76% reported in 2018 and 2019, respectively.

[3] Please note that many of the statistics and figures included in this report are based on industry data through to December 31, 2024, which was the most recent full-year data available at the time of preparation.

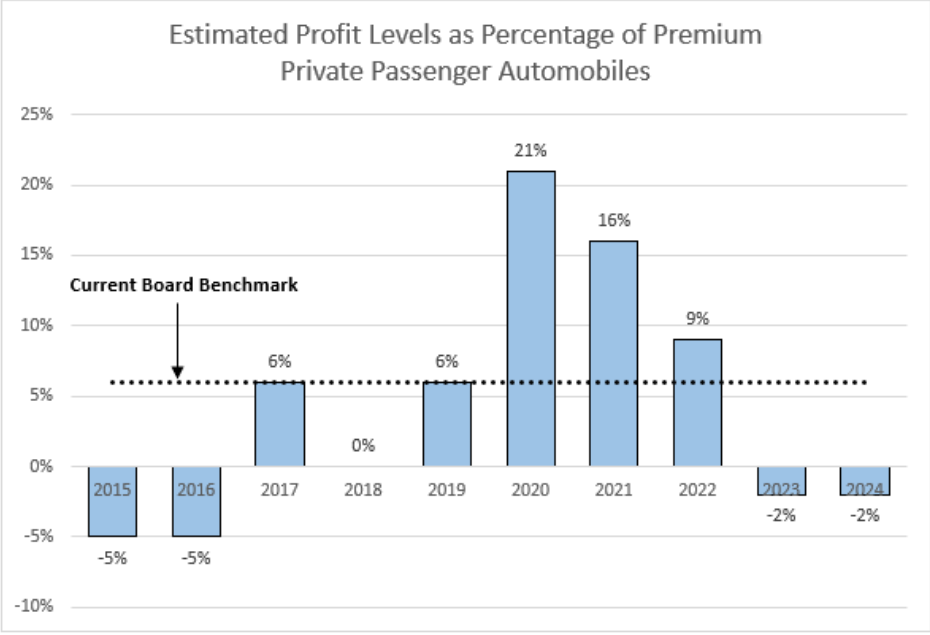
Figure 3



Private Passenger Profit Levels

The Board conducts an annual review of the financial profitability of private passenger automobile insurance business in the province which consists of a hindsight analysis of aggregated industry data. A summary of the private passenger profit levels through December 31, 2024 expressed as a percentage of premium is presented in Figure 4 below.

Figure 4



Profit results over a 10-year period show that the private passenger industry as a whole was unable to achieve the Board's benchmark profit provision of 6% in five of the ten years reviewed, and that the industry incurred overall losses in 2015, 2016, 2023 and 2024.

It is noted that the above profit levels are estimates based on a number of assumptions and judgments. The results for the most recent accident years of 2023 and 2024 remain particularly uncertain as many claims are still open and developing. Profit levels for these years are expected to decrease over time as claims close. For example, this same figure was provided in last year's report (reflecting the most recently available data at the time)—the noted profit levels for 2022 and 2023 in last year's chart were 13% and 15%, respectively.

The higher profit levels observed in 2020 and 2021 were primarily the result of a decline in traffic levels and claim volumes experienced during the COVID-19 pandemic. This resulted in claims costs being much lower than forecasted by the models used to set rates.

The Board continues to monitor private passenger industry profit levels as new data is released. The Board is also planning a review of its filing guidelines and profit provision benchmarks to ensure they continue to be in accordance with best practices.

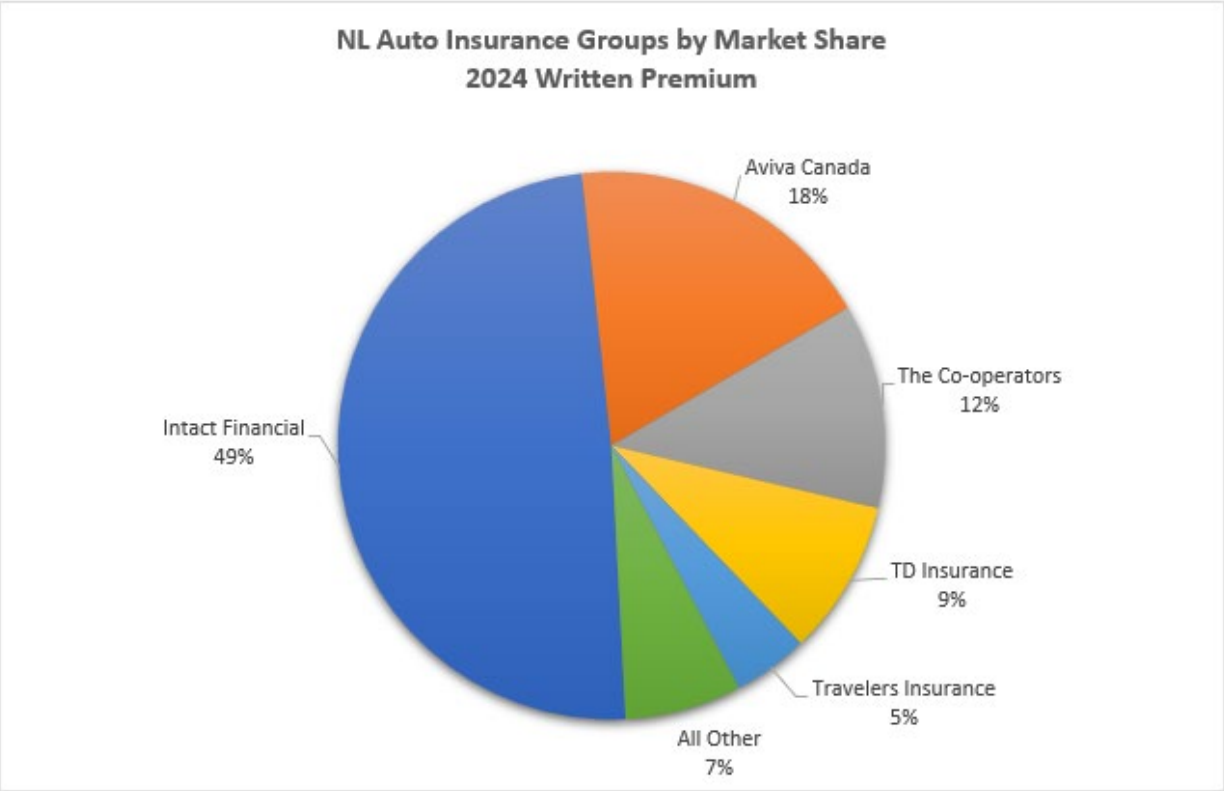
Marketplace Changes

Based on data from the Office of the Superintendent of Financial Institutions (OSFI), the total automobile insurance market in the province was $571 million for all vehicle types combined in 2024. This is an increase of approximately 7.3% compared to the 2023 written premium total of $532 million.

The number of available options for consumers has dropped in recent years with only 41 automobile insurers reporting written premiums in 2024. This is a decrease from 58 insurers in the early 2000s and 49 insurers as recent as 2015. Market consolidation due to mergers and acquisitions is the primary reason for the drop in available insurers.

The market shows a high level of concentration with 10 insurers writing approximately 89% of all automobile insurance business in the province. When common ownership among companies is considered, there are five insurer groups writing approximately 93% of all business. Figure 5 below shows a breakdown of the top insurer groups by market share.

Figure 5



A breakdown of written premium levels by company is also provided in Appendix A.

Information Bulletins

The Board issued four (4) information bulletins to the automobile insurance industry during the year to update filing guideline provisions including loss trend rates, CLEAR rate group factors and health levy figures. All information bulletins issued are posted on the Board's website.

Consumer Complaints and Inquiries

The Board received a limited number of complaints and inquiries from consumers during the year. These were routine in nature and were generally in relation to rating practices of insurers or changes in premiums experienced following Board approval of a rate filing. In no case were there any identified violations of Board orders or legislative provisions that necessitated further action by the Board.

Opportunities and Challenges

Claims Cost Pressures

Claims costs are a combination of the claims frequency rate (i.e., the average number of claims per 1,000 insured vehicles) and the average cost of each claim (referred to as the claim severity, measured as the ratio of total claims cost to the total number of claims). Inflationary pressures on physical damage cost factors such as vehicle parts, maintenance, repairs, purchases and rentals put upward pressure on both claims costs and rates.

For rate filings submitted throughout 2025-2026, the Board published updated filing guidelines to provide guidance to industry on how inflation should be treated in developing rate level indications. The updated guidelines allow inflationary cost pressures to be reasonably reflected in rates, while ensuring that consumers are not overcharged. Tariff provisions included by companies in rate filings were denied due to insufficient supporting data being provided.

Inflationary pressures and market uncertainty may continue to impact insurance rates through 2026-2027 due to ongoing trade disputes and tariffs changes between Canada and the U.S. The Board will continue to monitor this situation and adjust its filing guidelines accordingly.

Board Expenses

The Board's budgeted assessment amount for its automobile insurance operations was $924,664 in 2025-2026. These costs were assessed against insurers, with the approval of the Minister pursuant to Section 59 of the **Automobile Insurance Act**, at a rate of 1.618 mils on the direct automobile insurance premiums written in the province. A five-year summary of assessments and mil rates is shown in Figure 6 below.

Figure 6

Year	Assessments	Mil Rate
2025-2026	$924,664	1.618
2024-2025	$983,501	1.849
2023-2024	$779,161	1.521
2022-2023	$668,177	1.332
2021-2022	$680,313	1.455

The 2025-2026 mil rate reflects a decrease of $58,837 in the annual assessment amount compared to the previous year. The assessment amount is less than 0.2% of the cost of all automobile insurance premiums written in the province ($571 million). Variances in assessment amounts are reflective of the

portion of the Board's time and costs required to regulate the automobile insurance industry relative to those required to regulate utilities and petroleum pricing.[4]

The increased cost to regulate the automobile insurance industry over the past 5 years is related to the introduction of the mandatory filings timeline (once every three years) included in the reforms introduced by the Provincial Government in January 2020.[5] These regulatory reforms increased the number of rate filings to be reviewed by the Board annually, thereby necessitating higher allocations of the Board's time and costs to regulate automobile insurance.

Partnerships

Risk Consulting Services

Risk Consulting Services (RCS) was established in 2026 in response to Oliver Wyman exiting the Canadian market, and now serve as the Board's consulting actuaries. Many of the Board's primary contacts have transitioned from Oliver Wyman to RCS, making the change in consulting actuaries seamless.

CARR

The Canadian Automobile Insurance Rate Regulators Association (CARR) was formed in 2007 with the objective of sharing best practices, education, exchanging information and discussing key issues through committees, conferences and webinars. It is a self-supporting, not-for-profit organization of provincial automobile insurance rate regulators. As an active member of CARR, the Board remains informed of market trends and innovations through CARR's various initiatives.

GISA

The General Insurance Statistical Agency (GISA) is the appointed statistical agent for Newfoundland and Labrador and eight other jurisdictions with private automobile insurance regimes. GISA is a key data source for many of the Board's automobile insurance regulatory responsibilities including its rate setting process. Board staff are involved in several key GISA initiatives including the transition to a new statistical service provider and the improvement of data collection procedures.

[4] General expenses of the Board are assessed to industry stakeholders based on allocated time captured by commissioners and staff on weekly timesheets. The Board utilizes a 5-year rolling average to help normalize the time allocations to each line of business to avoid significant year-to-year shifts in the assessment amounts.

[5] NLR 56/19, Section 9.

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Appendix I – Written Premiums by Company

Active Automobile Insurance Companies in NL
Direct Written Premium (000's) for 2024

Name of Insurance Company	
AIG Insurance Company of Canada	$1,146
American Road Insurance Company	$128
Arch Insurance Canada Ltd.	$113
Aviva Canada Inc. Insurance Group	
Aviva General Insurance Company	$30,880
Aviva Insurance Company of Canada	$15,229
Elite Insurance Company	$2,041
S&Y Insurance Company	$22,542
Traders General Insurance Company	$34,149
Chubb Insurance Company of Canada	$877
Continental Casualty Company	$333
Co-operators Insurance Group, The	
Co-operators General Insurance Company	$60,437
Cumis General Insurance Company	$1,463
Sovereign General Insurance Company, The	$6,996
Definity Insurance Company	$468
Everest Insurance Company of Canada	$147
Intact Financial Insurance Group	
Intact Insurance Company	$72,496
Novex Insurance Company	$7,500
Royal & Sun Alliance Insurance Company of Canada	$167
Unifund Assurance Company	$7,252
Belair Insurance Company Inc.	$193,153

Name of Insurance Company	
Liberty Mutual Insurance Company	$393
Lloyd's Underwriters	$446
Mitsui Sumitomo Insurance Company Limited	$94
National Liability & Fire Insurance Company	$213
Northbridge Financial Corporation Insurance Group	
Federated Insurance Company of Canada	$407
Northbridge General Insurance Corporation	$20,117
Old Republic Insurance Company of Canada	$91
Personal Insurance Company, The	$12,382
Sentry Insurance Company	$2
Sompo Japan Insurance Inc.	$4
Starr Insurance & Reinsurance Limited	$64
TD Insurance Group	
Security National Insurance Company	$28,507
Primmum Insurance Company	$22,829
TD Home and Auto Insurance Company	$1,024
Tokio Marine & Nichido Fire Insurance Co. Ltd.	$17
Tokio Marine Canada Ltd.	$288
Travelers Insurance Group	
Dominion of Canada General Insurance Company, The	$25,062
Travelers Insurance Company of Canada	$342
XL Specialty Insurance Company	$21
Zenith Insurance Company	$203
Zurich Insurance Company Ltd.	$1,369
Total	**$571,393**

Written premiums reported to the Office of the Superintendent of Financial Institutions (OSFI)