

To ensure that all New Brunswickers injured in traffic accidents receive the financial support, medical and rehabilitative treatment required to heal and return to active involvement in society.

**Stable:** To provide a comprehensive and high level of coverage for all New Brunswickers at a price that is affordable both now and in the future.

**Flexible:** To ensure New Brunswickers can choose to add to the basic automobile coverage from a variety of products and providers to meet their individual insurance needs.

**Excellent Customer Service:** To ensure that customers have access to their automobile insurance coverage at all times.

## Overview of the Model

The made-in-New Brunswick model (see Table 1) is a no-fault public automobile insurance system. Under the no-fault model, all New Brunswickers injured in traffic accidents will be entitled to full medical and rehabilitation treatment, income replacement and other benefits depending on the severity of their injuries.

Financial compensation for pain and suffering is eliminated under the model. Individuals no longer sue to get benefits.

**Fault is determined for every traffic accident. At-fault drivers pay higher premiums under the model.**

Under the made-in-New Brunswick model, injured people are compensated for the following:

- Lost income
- Medical costs that are not usually covered by New Brunswick's health services, such as physiotherapy, chiropractic treatments, medication, prosthetics
- Rehabilitation expenses to help injured people to return as close as possible to the pre-accident condition. These include physical and occupational therapy and employment retraining
- Personal care expenses to cover costs of paying helpers to provide the injured with personal care, housekeeping, shopping and such essential services. These benefits can continue throughout the injured person's life
- Death, funeral benefits and grief counseling for spouses, common-law partners and dependents
- Special expenses that include compensation for a person whose main occupation at the time of the injury was taking care of others without pay; who was working full time while caring for someone under the age of 16 or not employable; or who was working without pay in a family business. The benefit provides funds to hire someone to do the work the injured person can no longer do and includes travel expenses for medical purposes
- Students are compensated for each term of the school year they can't complete because of injury in an accident
- Permanent impairment is a lump sum paid to an injured person (in addition to lifelong benefits described above) who has permanently reduced body function from an accident, such as paraplegia.

In the proposed model, vehicle registration and mandatory insurance are purchased together from licenced private insurance brokers and agents in New Brunswick. Under the New Brunswick public automobile insurance model (hereinafter referred to as NBPI), licence plates must be returned when insurance is cancelled.

Table 1: Made-In-New Brunswick Model Summary

<b>Automobile insurance distribution</b>	Driver licence (through Service New Brunswick) Vehicle registration and insurance (through licenced insurance brokers and agents)
<b>Vehicle registration &amp; insurance policy</b>	Registration/insurance certificate is proof of registration, mandatory and optional coverage(s) purchased from the public automobile insurance corporation Separate policy issued when optional coverage(s) is purchased from private insurers
<b>Driver premiums</b>	Additional premiums are assessed directly to higher risk drivers
<b>Mandatory vehicle coverage</b>	Pure no-fault injury benefits similar to benefits in Quebec, Manitoba and Saskatchewan – injured persons cannot sue \$200,000 third-party liability coverage – covers property damage in New Brunswick and property damage and bodily injury outside New Brunswick
<b>Optional vehicle coverage</b>	Higher levels of income replacement benefits Additional third-party liability coverage Own vehicle damage including collision, theft, comprehensive, etc.
<b>Coverage sold by the public insurance corporation</b>	Mandatory vehicle coverage Additional injury benefits – higher income replacement benefits Additional third-party liability coverage Own vehicle damage including collision, theft and comprehensive
<b>Coverage sold by private insurers</b>	Additional injury benefits – higher income replacement benefits Additional third-party liability coverage
<b>Risk-rating factors for insurance premiums</b>	New Brunswickers' individual driving records (years of driving experience, at-fault accidents and traffic offences) Vehicle usage Vehicle make/model Optional coverage purchased All rates for mandatory and optional insurance approved by public utilities board
<b>Prohibited risk-rating factors for insurance premiums</b>	Age, gender or marital status Territory Vehicle owners' premium payment history
<b>Average premium</b>	Average premium levels will decrease from today's street price of \$1,212 <sup>2</sup> to an average premium level of \$993. Average premiums for drivers with 10 or more years safe driving will be \$834. Risky drivers will pay more.

<sup>2</sup> KPMG LLP, July 28, 2003. Report on the Impact of Tort Reform on Private Passenger Automobile Insurance Rates in New Brunswick.

Mandatory insurance will include a no-fault, also known as personal injury protection, plan and \$200,000 third-party liability coverage to cover damage to the property of New Brunswickers inadvertently affected by an accident.

Optional insurance for vehicle damage (collision, theft and comprehensive) will be similar to coverages sold now; consumers will decide if they wish to purchase optional coverage, including the specific kind of coverage and deductible level for their individual vehicles.

To reduce premiums and ensure that coverage is universally available, all consumers will purchase both mandatory and optional vehicle damage coverage exclusively from NBPI through their licenced community brokers and agents. New Brunswick consumers will have the choice of buying additional third-party liability coverage (more than the mandatory \$200,000) and higher income replacement benefits from a private insurance company or NBPI.

Drivers' licences will be processed through Service New Brunswick as they are now. Under the proposed model, fees for drivers' licences are unchanged.

New Brunswick drivers with safe driving records will receive discounts on their vehicle insurance.

New Brunswick drivers whose bad driving record puts them in the penalty zone will also be charged an additional premium fee whether they own a vehicle or not. The amount will vary depending on their relative positions on the safe driving discount scale (see Figure 2).

Insurance rates will be based on a New Brunswicker's individual driving record, vehicle usage, vehicle make/model and optional coverage purchased. Age, gender and marital status are prohibited rating factors.

The Committee decided to use a single rating territory for the entire province for the introduction of the new plan; there is no variation in rates because of where you live. The Committee recommends that after five years, the NBPI claims experience be reviewed to see if it is appropriate to maintain a single territory.

## Basic Mandatory Coverage Levels

All New Brunswickers injured in traffic accidents in the province or elsewhere will have equal access to no-fault benefits under the NBPI personal injury protection plan.

**However, fault will be determined for every traffic accident and recorded in the system as part of the at-fault driver's driving record.** An individual's driving record is the primary factor in determining premium levels under the made-in-New Brunswick model.

The basic, or mandatory, coverage provides generous, personal injury protection plan coverage and \$200,000 third-party liability coverage to protect the property of an innocent New Brunswick bystander.

The **personal injury protection plan** includes:

- high medical and rehabilitation benefits - to a maximum of \$5 million for each New Brunswick resident injured in an automobile crash;
- income replacement benefits to replace 90 per cent of the first \$55,000 of net income earned, indexed and payable until age 70, if necessary;
- high levels of death benefits and an impairment benefit for serious and permanent injuries, for example, \$150,000 to \$200,000 for quadriplegic injury in addition to life-long medical intervention and rehabilitation (see Figure 1).