

for example, training, assignment of senior MPI staff to assist in the transition phase, mentoring of NBPI board members by their MPI counterparts as well as co-development of future systems.

The issue of implementing an Atlantic regional public automobile insurance Crown corporation has been explored on a conceptual basis by the Atlantic Insurance Harmonization Task Force.

Although the Committee agrees that there is no legal reason to prevent a regional approach to public automobile insurance, we feel a phased approach to implementing public automobile insurance in the region is warranted. The scope of change and legislative reform required to implement the NBPI model suggests a focused and provincial effort is the most prudent approach for the initial implementation phase. The Province and the Crown corporation, once established, could then evaluate any requests to extend the New Brunswick system to any or all of its Atlantic counterparts.

Transition Issues

The implementation of the NBPI model, in the event a decision is made to move to a public automobile insurance system, will generate a number of transition issues.

The Committee recommends that:

An Act to establish the Crown corporation, mandate, governance structure, benefit levels, operating policies, etc. be developed and introduced into the Legislative Assembly as soon as possible.

The Act to create a New Brunswick public automobile insurance Crown corporation and all other proposed legislation be reviewed to ensure it is consistent with Canada's international trade commitments.

A senior executive team is hired to begin the pre-operating phase of NBPI as soon as the Crown corporation has been established.

A specific date is chosen for the switch to the new system. All policies sold under the existing system would be converted to the new system of public automobile insurance on that date with a staggered renewal date tied to a vehicle owner's birth date.

The NBPI establish a number of advisory committees with stakeholders, such as private sector brokers and agents, private insurance companies, medical and rehabilitative treatment professionals and vehicle repair professionals to explain and determine how the new system will operate.

The NBPI work closely with private sector employers and the Department of Training and Employment Development to ensure that a worker transition strategy is developed and that all reasonable efforts are undertaken to assist displaced workers in making a successful work transition either to the NBPI or to a different career or employer.

Summary of Recommendations

1. The Committee recommends the made-in-New Brunswick model of public automobile insurance, in the event a decision is made to move to a public system, that offers extensive coverage at an affordable rate for all drivers with:
 - no reference to age, gender, marital status, territory, payment history or lapses in insurance to determine insurance costs;

- rates to be determined by driving record, vehicle usage, vehicle make and model, optional coverage purchased;
 - oversight of the public utilities board for mandatory and optional insurance rates.
 - pure, no-fault injury benefits with no option to sue;
 - drivers licences to continue to be sold by Service New Brunswick;
 - vehicle registration and insurance sold through brokers and agents at a 7 per cent commission;
 - mandatory vehicle coverage, additional injury and income replacement benefits, third-party liability coverage and collision, theft and comprehensive sold by the Crown corporation through private sector agents and brokers; and
 - additional injury and income replacement benefits and third-party liability coverage are sold by private insurers in competition with the Crown corporation.
2. The Committee recommends a scale for safe drivers that offers a discount of 4 per cent for each year of claims and offence-free driving to a maximum discount of 40 per cent. Vehicle owners with a 10-year clean driving record would receive a discount of 40 per cent as compared to a new driver who would get a 4 per cent discount after the first year of safe driving.
 3. The Committee recommends a scale for a poor driving record to include a modest \$25 for each of the first two positions on the scale, followed by sharp increases in costs as demerit points are accumulated. The objective is to collect higher premiums from drivers who have poor driving records. The exact scale, including demerit points for traffic offences, must be set out in the appropriate legislation.
 4. The Committee recommends under the proposed model that a significant amount of resources be dedicated to road safety initiatives to reduce collisions, injuries, deaths and claims. NBPI in partnership with relevant organizations and institutions such as governments, law enforcement agencies, seniors organizations and schools develop a series of safety initiatives targeted to the needs of New Brunswick drivers.
 5. The Committee recommends an Act to establish a public automobile insurance Crown corporation, mandate, governance structure, benefit levels, operating policies and whatever is necessary to establish in law such a corporation in a timely manner.
 6. The Committee recommends that the public automobile insurance corporation be required to submit insurance rates to the public utilities board for approval. Rate changes are subject to review and hearings where public participation and scrutiny are encouraged.
 7. The Committee recommends the public automobile insurance corporation appear before the Legislative Assembly of New Brunswick's Standing Committee on Crown Corporations as required.
 8. The Committee recommends the public automobile insurance Crown corporation issue an annual report with audited financial statements at an annual general public meeting.
 9. The Committee recommends that the Province of New Brunswick work closely with the Government of Canada to ensure the proposed public automobile insurance model meets all obligations under international trade agreements.

- 10.** The Committee recommends a team be put in place to begin the pre-operating phase of the public automobile insurance system as soon as the Crown corporation has been established.
- 11.** The Committee recommends that a specific date be chosen for the move from the private to a public automobile insurance system. All policies sold under the present system would be converted to the public system on that date.
- 12.** The Committee recommends that the public automobile insurance Crown corporation establish advisory committees to include stakeholders to explain the public system and determine how it will operate. These stakeholders include insurance brokers and agents, private insurance companies, medical professionals, vehicle repair professionals and other such parties to the insurance process.
- 13.** The Committee recommends that the public automobile insurance Crown corporation work closely with private sector employers and the Department of Training and Employment Development to ensure that a worker transition strategy is developed and that all reasonable efforts are undertaken to assist displaced automobile insurance workers in making a successful work transition.