

Be warned: New Brunswick auto insurance rates are set to soar in 2020

'I hope it's going to stabilize pretty soon but it's hard to predict,' says provincial consumer advocate

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Insurance records show auto accident claim expenses among private passenger cars in New Brunswick reached \$380.2 million last year. (Robert Crum/Shutterstock)

New Brunswick drivers are being urged to watch out for double digit auto insurance increases of 20, 30 even 50 per cent when their policies come up for renewal over the next several months — and to hunt hard for better prices if that happens.

"We try to tell the consumer to shop around and see," said Michele Pelletier, New Brunswick's consumer advocate for insurance, on Wednesday about drivers beginning to call her office to complain about stiff rate hikes.

"I hope it's going to stabilize pretty soon but it's hard to predict."

New Brunswick is in the middle of a three-year long escalation of auto insurance rates that has been hitting drivers in different ways, with some of the largest increases still on the way.

Last week the online auto insurer Sonnet, which serves just over 3,000 New Brunswick drivers, filed a request for an average 50.3 per cent rate hike in 2020 for new and existing customers.

It's the single largest increase applied for by any auto insurer in New Brunswick over the last three years.

Sonnet is owned by Economical Insurance which covers nearly 55,000 New Brunswick drivers. It raised rates in the province 14 per cent this year and has applied for an 11.9 per cent increase for next year.

No choice but to increase rates

In an email, company executive vice-president Paul MacDonald said neither company has a choice.

"Our proposed rates are calculated based on industry realities, and are a move to get to a more cost-appropriate position for both Economical and Sonnet, which have historically been underpriced in New Brunswick," said MacDonald.

Insurance records show auto accident claim expenses among private passenger cars in New Brunswick in 2018 reached \$380.2 million, a \$147.3 million increase over six years.

Auto insurance premiums grew by \$49 million during the same period and insurance companies say the large increase in their rates in New Brunswick is meant to close that gap.

"They're saying they are losing money," said Pelletier.

Sonnet's proposed increase for next year is the most dramatic response by the industry yet, but other significant increases are also pending.

Others waiting for approval

Unifund Assurance, which covers just over 24,000 New Brunswick drivers, is currently waiting for a ruling from the New Brunswick Insurance Board on its request for an average premium increase of 24.5 per cent beginning later this fall.



New Brunswick's consumer advocate for insurance Michele Pelletier said customers should watch for double digit increases on their insurance. (Submitted)

But that is an average increase and 7,000 of those customers are facing much higher increases of between 30 and 35 per cent if Unifund's plan is approved.

Pelletier said consumers need to look at their annual auto insurance renewal documents carefully the next time they arrive to understand what is happening with their own rates because companies often treat individual customers much differently from one another.

Earlier this year, New Brunswick's largest auto insurer Wawanesa won approval for an average increase on its then 85,000 customers of 11.7 per cent. But that included 7,000 Wawanesa customers who saw rates jump 25 per cent.

This year Wawanesa has applied for another 8.6 per cent average increase which includes 25 per cent increases on about 4,000 of its policy holders.

Customers who have been issued traffic tickets or had accidents can guess why they are being singled out for large increases but Pelletier says for others, the reason can be a mystery and should be better explained.

"Some companies should be more transparent and if they're charging me 35 per cent more with my premium they should send me a letter — not only my bill — but say 'Hey Miss, (here's why),' " said Pelletier.

Pelletier is worried more and more New Brunswick policy holders will be looking for that kind of an explanation over the next year although most insurance companies have not yet filed applications for their 2020 rates.