

## **Saskatchewan Auto Fund Rate Change Proposal Minimum Filing Requirements**

1. Certificate of the Officer
2. Certificate of the Actuary
3. Latest annual report
4. Current organization structure(s)
5. CONFIDENTIAL
6. Details of indicated and requested rates supported by rate setting methodology details, actuarial and other support documents, including claim liabilities valuation used in the analysis
7. Detailed explanations of rationale for differences between indicated and requested rates
8. Detailed explanation of all rate rebalancing measures proposed, including implementation schedules, anticipated future plans for and impacts of rebalancing
9. Changes to CLEAR-rated vehicle categories
10. Changes to conventionally-rated vehicle categories
11. Details and narrative related to any changes to vehicle classifications systems
12. Most recent parameters of all incentive programs, including SDR and BR
13. Details of any changes in the basis for setting the provisions for adverse deviations (e.g., changes in margins, methods of estimation, etc.)
14. Descriptions of traffic safety programs, including specific cost/benefit analyses justifying new programs implemented or proposed, and quantified benefits flowing from prior and current initiatives
15. The current Capital Management Policy together with the relevant history of MCT ratios, and any recent changes in Capital Management Policy
16. CONFIDENTIAL
17. Statement of Investment Policies and Goals
18. CONFIDENTIAL
19. Past, current and proposed future staff levels by Division for SAF and support staffing from other SGI entities
20. Taxes and Grants-in-lieu of taxes, as applicable
21. CONFIDENTIAL
22. Any new SAF programs introduced or eliminated, by type
23. Details of specific internal productivity or efficiency improvement goals or targets, the efficiencies gained and cost control measures implemented, by improvement type, including measurement parameters used
24. Capital improvements spending plans, as well as impact on indicated and requested rates
25. CONFIDENTIAL
26. Report on implementation of previous Panel recommendations

**Note - Confidential material should be clearly identified. The Applicant may provide such additional information as deemed appropriate to assist the efficiency of the review process.**

# 1. Certificate of the Officer

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CERTIFICATE OF THE OFFICER

I, Don Thompson, Vice President of Product Management, of Saskatchewan Government Insurance certify that:

1. The rate application has been prepared for the Saskatchewan Auto Fund to be effective as of August 31, 2014 for new and renewal business.
2. I have knowledge of the matters that are the subject of this certificate.
3. The information and each document contained in the rate application accompanying this certificate are complete and accurate in all material respects.
4. I have satisfied myself that the proposed rates are just and reasonable, do not impair the solvency of the Insurer, and are not excessive in relation to the financial circumstances of the Insurer.
5. If the rate application is approved, all premiums (including all fees, discounts, surcharges and other components comprising such premiums) quoted and charged by the Insurer will at all times and in all material respects accurately reflect and conform to the rate application as approved, whether such premiums are calculated manually or otherwise.
6. I have informed myself as to the Insurer's business systems and processes and confirm that any system or process changes that may be required to enable the Insurer to comply with paragraph 6 above will be adequately tested in advance and fully communicated to staff and intermediaries and implemented by the Insurer in a timely manner.



Signature of Officer



Date, Location

## 2. Certificate of the Actuary

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CERTIFICATE OF THE ACTUARY

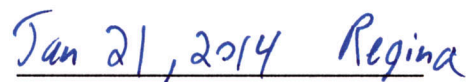
I, Christopher McCulloch, a Fellow of the Canadian Institute of Actuaries, certify that:

1. I have derived the indicated rate(s) in accordance with accepted actuarial practice in Canada, on behalf of Saskatchewan Government Insurance, for the following insurance categories: all categories of automobile insurance, to be effective August 31, 2014 for new and renewal business.
2. I have reviewed the data underlying this rate application for reasonableness and consistency, and I believe the data is reliable and sufficient for the determination of the indicated rate changes.

In my opinion, the risk classification system is just and reasonable, reasonably predictive of risk and distinguishes fairly between the classes.



Signature of Actuary



Date, Location

## 3. 2012 Annual Report

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# Saskatchewan Auto Fund

Annual Report

2012



## Mission

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We're your insurance company, offering protection that benefits you, your family and your community.

## Vision

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To be a company where every customer, employee, owner and business partner across Canada is proud to do business and work with us.

## Values

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### **Integrity**

Leading by example and being accountable for our actions.

Following through on commitments.

Providing honest, timely feedback.

Explaining why a decision is taken.

Giving credit to those who contribute to our success.

Providing information openly without breaching confidentiality.

Maintaining the privacy of personal data.

### **Caring**

Acting in a manner that preserves the dignity of others.

Valuing and actively supporting diversity.

Acknowledging and validating the feelings of others.

Actively seeking and listening to differing points of view.

Responding to individual differences.

### **Innovation**

Seeking solutions that recognize individual circumstances.

Challenging the status quo for positive change.

Pursuing alternatives which lead to business improvements.

Continuously working to revitalize products and services.

Preparing for the needs of the future.

## About the Saskatchewan Auto Fund

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The Saskatchewan Auto Fund is the province's compulsory auto insurance program, operating the driver's licensing and vehicle registration system. The Auto Fund is designed to be financially self-sustaining over time. It does not receive money from, nor pay dividends to, the government.



**Saskatchewan Auto Fund**  
Annual Report

2012



# Table of Contents

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Letter of Transmittal .....	1
Minister's Message.....	2
Chair's Message.....	3
President's Message .....	4
Management's Discussion and Analysis .....	5
Responsibility for Financial Statements.....	31
Annual Statement of Management Responsibility.....	32
Actuary's Report.....	33
Independent Auditors' Report.....	34
Statement of Financial Position .....	35
Statement of Operations.....	36
Statement of Changes in Equity.....	37
Statement of Cash Flows .....	38
Notes to the Financial Statements.....	39
Glossary of Terms.....	61
Governance.....	63
In Memoriam .....	64



# Letter of Transmittal

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Regina, Saskatchewan  
March, 2013

To Her Honour,  
The Honourable Vaughn Solomon Schofield, S.O.M., S.V.M.  
Lieutenant Governor of Saskatchewan

Your Honour,

I am pleased to submit herewith the annual report of the Saskatchewan Auto Fund for the year ended December 31, 2012, including the financial statements in the form required by the Treasury Board and in accordance with *The Saskatchewan Government Insurance Act*.

Respectfully submitted,



Donna Harpauer  
Minister responsible for Saskatchewan Government Insurance

# Minister's Message

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Despite the challenges the Saskatchewan Auto Fund faced in 2012, it has continued to prove its merit in our growing province.

The Auto Fund's ability to continue to offer among the lowest auto insurance rates in Canada, while still providing valuable customer service, helps make Saskatchewan an attractive place to live.

The Auto Fund has been able to continue its mission of making communities safer with traffic safety education and activities. It also supports injury treatment and collision attendance, demonstrated by its support of the STARS air ambulance service.

As part of the New West Partnership, the Auto Fund has worked with Alberta and British Columbia to harmonize licence requirements and commercial vehicle inspections, and brought trailer registration eligibility standards in line with Alberta. Due to these changes, the Auto Fund has been able to meet the needs of the expanding resource and transport sectors of our economy while making trade easier.

My gratitude to the Board of Directors for their strategic oversight that carried us through 2012 well with a solid plan for the future. I'd like to extend special thanks to outgoing Board Chair Warren Sproule, Q.C., for his years of service.

Once again, the Auto Fund has demonstrated its ability to meet the needs of Saskatchewan people.

I'm pleased to present the 2012 Saskatchewan Auto Fund Annual Report.



Donna Harpauer  
Minister responsible for Saskatchewan Government Insurance

# Chair's Message

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I'm very pleased to join SGI's Board of Directors as its Chair, and look forward to the opportunity to provide strategic oversight and guidance to the Saskatchewan Auto Fund along with my fellow directors.

The Auto Fund has the opportunity to serve a growing population in Saskatchewan purchasing and registering more new vehicles. At the same time, it's been grappling with increased injury claim costs. Income replacement benefits have gone up, reflecting the better wages for people in a growing province.

The Auto Fund is well equipped to deal with these challenges thanks to its comprehensive five-year strategic plan, of which we're currently in the third year. The plan is designed to strike a balance between price, coverage and service for customers, and will continue to ensure the Auto Fund provides value to the people of Saskatchewan.

On behalf of the Board, I extend our appreciation to the Auto Fund's employees, management and motor licence issuers for their hard work and determination in 2012.



Arlene Wiks  
Chair, SGI Board of Directors

# President's Message

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Balance matters. You balance your work and family life, your lifestyle between relaxing and staying active. The Saskatchewan Auto Fund also needs balance. In 2012 we made finding the right balance between price, coverage and service for customers a priority.

Leveraging MySGI online services was a primary focus in 2012. We expanded the services it offers to both individuals and businesses, including farm, commercial and group customers. This work has paid off with an increase in users of the online service and positive feedback we've received from customers.


SGI is also seeking further balance in our programs, beginning with our review of the Safe Driver Recognition and Business Recognition programs, aiming to find the right balance between providing value to customers while keeping rates affordable. Customers and other stakeholders have been weighing in on these reviews and we continue to seek their input on how we walk the line between quality service at the best possible price while keeping these programs effective and relevant.

Reducing collisions and injuries continues to be a big focus. Province-wide coordinated approaches to traffic blitzes have continued since they were first piloted in late 2011. We also launched our new mobile Safe Ride app, which enables users to access taxis, designated driving companies and bus routes in their community, as well as a personal list of designated drivers. Both these initiatives are part of our goal to offer the right balance of road safety with education and enforcement.

Of course we're always keeping our eye on the bottom line. While global financial markets remain unstable, our investment strategy has paid off. Through balanced investments we've been able to mitigate some of the market challenges, as you'll see in the Management's Discussion and Analysis section of this report. We're also balancing our books with prudent rate programs, which includes ensuring our reserve funds remain adequate.

The oversight for all of this comes from SGI's Board of Directors. In 2012, Doug Richardson left and Brynn Boback-Lane joined. I'd like to thank Doug, as well as outgoing Board Chair Warren Sproule, Q.C., for their years of service. We wish them all the best.

Our continued success depends on our ability to keep the right balance. It's been one of our strengths in 2012 and I know it has kept us the committed, customer-driven and community-minded company Saskatchewan depends on.



Andrew R. Cartmell  
President and CEO of the Saskatchewan Auto Fund



# Management's Discussion and Analysis

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*The following management's discussion and analysis (MD&A) is the responsibility of Saskatchewan Government Insurance (SGI) as the administrator of the Saskatchewan Auto Fund and reflects events known to SGI to February 27, 2013. The Board of Directors carries out its responsibility for review of this disclosure principally through its Audit and Finance Committee, comprised exclusively of independent directors. The Audit and Finance Committee's mandate can be found on SGI's website at [www.sgi.sk.ca](http://www.sgi.sk.ca). The Board of Directors approved this MD&A at its meeting on February 28, 2013, after a recommendation to approve was put forth by the Audit and Finance Committee.*

## Overview

The MD&A is structured to provide users of the Saskatchewan Auto Fund (the Auto Fund) financial statements with insight into the Auto Fund and the environment in which it operates. This section outlines strategies and the capability to execute the strategies, key performance drivers, capital and liquidity, 2012 results, risk management and an outlook for 2013. Information contained in the MD&A should be read in conjunction with the financial statements and notes to the financial statements, along with other sections in this annual report. All dollar amounts are in Canadian dollars.

## Caution Regarding Forward-Looking Statements

Forward-looking statements include, among others, statements regarding the Saskatchewan Auto Fund objectives, strategies and capabilities to achieve them. Forward-looking statements are based on estimates and assumptions made by SGI, as the administrator of the Auto Fund, in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances. SGI, as the administrator of the Auto Fund, deems that the assumptions built into the forward-looking statements are plausible; however, all factors should be considered carefully when making decisions with respect to the Auto Fund. Undue reliance should not be placed on the Auto Fund's forward-looking statements, which apply only as of the date of this MD&A document. The Auto Fund does not undertake to update any of the forward-looking statements that may be made from time to time by or on the Auto Fund's or the administrator's behalf.

## Table of Contents

The Saskatchewan Auto Fund . . . . .	6	Impact of New Accounting Standards . . . . .	25
The Environment the Auto Fund Operates In . . . . .	7	Related Party Transactions . . . . .	26
Strategic Direction . . . . .	8	Off Balance Sheet Arrangements . . . . .	26
Corporate Strategies . . . . .	8	Critical Accounting Estimates . . . . .	27
Capability to Execute Strategies . . . . .	12	Risk Management . . . . .	28
2012 Financial Results . . . . .	14	Outlook For 2013 . . . . .	30

## The Saskatchewan Auto Fund

In 1944, the Government of Saskatchewan passed *The Saskatchewan Government Insurance Act*, creating the provincial Crown corporation that is known today as SGI. SGI was created to rectify problems in the Saskatchewan insurance industry. At that point in time, poor economic conditions had driven many insurers out of the province. Less than 10% of licensed Saskatchewan vehicles carried any insurance and there was a need for a compensation plan for persons injured in collisions.

In 1946, the government established basic compulsory automobile coverage for Saskatchewan residents under *The Automobile Accident Insurance Act (AAIA)*. The Auto Fund was established effective January 1, 1984, by an amendment to the AAIA, which separated the property and casualty insurance operations of SGI and the compulsory Auto Fund. The administrator of the Auto Fund is SGI. The role of SGI, as the administrator, is to oversee the operations of the Auto Fund for the Province of Saskatchewan based on the legislative requirements contained in the AAIA.

The Auto Fund, as the compulsory automobile insurance program for Saskatchewan residents, provides vehicle registrations, driver's licences, basic minimum liability insurance required to operate a vehicle and coverage for damage to or loss of an insured's vehicle, subject to a deductible. Liability insurance coverage provides for a specific amount to cover property damage and/or injuries caused to another person. The compulsory insurance package also includes injury coverage that provides an option to choose between No Fault Coverage and Tort Coverage. This basic insurance package allows a currently registered vehicle to operate legally anywhere in Canada or the United States of America.

The Auto Fund is governed by legislation contained in the AAIA, *The Traffic Safety Act*, *The All Terrain Vehicles Act* and *The Snowmobile Act* (the Acts) along with related regulations created by these Acts. The Auto Fund is also subject to legislation contained in *The Crown Corporations Act, 1993* and Part IX of *The Insurance Companies Act (Canada)* regarding the investments of the Auto Fund. It is subject to provincial privacy and access to information legislation contained in *The Freedom of Information and Protection of Privacy Act* and *The Health Information Protection Act*. It also has administrative, enforcement and other related duties under other provincial acts and regulations, and under the federal Criminal Code.

The Auto Fund does not receive money from, nor pay dividends to, the Province of Saskatchewan, SGI or Crown Investments Corporation of Saskatchewan (CIC). CIC is SGI's parent corporation. The Auto Fund is operated on a self-sustaining basis viewed over a long-term time frame. Any annual financial excess or deficiencies of the Auto Fund are recorded in its Rate Stabilization Reserve (RSR). The RSR is held on behalf of Saskatchewan's motoring public and cannot be used for any other purpose by the government or the administrator.

Financial results for the Auto Fund are not included in the consolidated financial statements of SGI nor CIC's consolidated financial statements, as the Auto Fund is a fund of the Province of Saskatchewan. Financial results for the Auto Fund are included in the Province of Saskatchewan's summary financial statements using the modified equity accounting method as permitted by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

The Auto Fund, at December 31, 2012, had 399 motor licence issuers<sup>1</sup> in 299 communities across Saskatchewan. It also operates 21 claims centres and five salvage centres in 13 communities across the province along with seven licence issuing branch offices. The Auto Fund's business operation is restricted to the Province of Saskatchewan and is operated from SGI's head office located in Regina, Saskatchewan.

The Auto Fund's quarterly and annual reports are available on SGI's website at [www.sgi.sk.ca](http://www.sgi.sk.ca). Navigate to About and then click on Quarterly Reports or Annual Reports.

<sup>1</sup> This and other terms are defined in the Glossary of Terms beginning on page 61.

## The Environment the Auto Fund Operates In

The Auto Fund's customers are Saskatchewan residents. It provides all residents with automobile injury coverage and a choice between a no fault or tort product. As the sole provider of vehicle and driver's licensing in Saskatchewan, the Auto Fund operates based on legislative powers granted in the Acts. The Auto Fund is required to submit vehicle insurance rate changes to the Saskatchewan Rate Review Panel (SRRP), whose mandate is to evaluate the rate change and to provide an opinion on the fairness and reasonableness of the requested change. SRRP does not have the authority to implement any of its recommendations; the final decision to approve, change or reject rate changes is at the discretion of the provincial government.

The Auto Fund provides vehicle registrations, driver's licences and related services to approximately 762,000 drivers and approximately 1.1 million vehicles and trailers in Saskatchewan. Business partners range from independent motor licence issuers, autobody shops and law enforcement agencies, to healthcare providers. These business partners are involved in different aspects of the Auto Fund's operations from licensing, road safety and repair of damaged vehicles, to provision of medical care and rehabilitative services for those injured in motor vehicle collisions.

The Auto Fund's philosophy is that all drivers are treated equally unless their driving record shows they are a greater risk for causing a collision. It does not use a driver's age, gender or where they live to determine a vehicle insurance premium or the fee for a driver's licence. It has successfully maintained this philosophy while offering Saskatchewan customers low rates, proving its merit.

While it has been successful at offering Saskatchewan residents low rates, the Auto Fund does face challenges. Claim costs represented approximately 83% of the Auto Fund's costs in 2012. Over the last 10 years, damage claim costs have increased at an average annual rate of 5.6%, while personal injury costs have grown at approximately 4.9% annually.

New and advanced technology means vehicles are more expensive to repair. New vehicles also cost more to repair than older vehicles and auto part prices, along with repair labour rates, continue to rise. As a result, claim costs continue to climb as repair costs outpace inflation.

Injury costs also continue to rise annually. Income replacement benefits have been increasing significantly due to increased wages in the province, and other benefits under No Fault Coverage are indexed to inflation each year. Tort and out-of-province liability claims, which are generally based on court awards, increase at a rate significantly higher than inflation.

In light of the expected cost of Auto Fund claims and expenses outpacing growth in premium and investment income, the Auto Fund implemented a 1.6% general increase in rates effective August 4, 2012. Even with this rate increase, the Auto Fund continues to provide among the lowest average personal vehicle rates in Canada and remains focused on its vision to be a company where every customer, employee, owner and business partner across Canada is proud to do business and work with it.

The Auto Fund continues to offer its Safe Driver Recognition (SDR) and Business Recognition programs. These programs have been in place since 2002 and 2004 respectively. The SDR program places all drivers on a safety rating scale based on their driving history. The Business Recognition program rewards businesses that maintain good loss experience with discounts on their vehicle insurance. The maximum discount under the SDR program is currently 20%. The maximum discount available from the Business Recognition program is 10%. The cost to the Auto Fund in 2012 in terms of lower premium revenue was \$108,787,000 (2011 – \$104,515,000).

## Strategic Direction

The Auto Fund's mission, vision and values are:

### Mission

We're your insurance company, offering protection that benefits you, your family and your community.

### Vision

To be a company where every customer, employee, owner and business partner across Canada is proud to do business and work with us.

### Values

**Integrity** Conducting ourselves with honesty, trust, and fairness.

**Caring** Acting with empathy, courtesy and respect.

**Innovation** Implementing creative solutions to achieve our vision.

## Corporate Strategies

To meet its vision, the Auto Fund's main areas of focus in 2012 were:

- We work with customers to understand and provide the protection they need;
- We make every service experience excellent for everyone doing business with SGI;
- We operate to benefit customers, owners and their communities; and,
- We continually improve how SGI operates.

Within these areas, specific strategies were adopted to help build a sense of pride in the Auto Fund's customers, employees, owners and business partners. The Auto Fund uses a balanced scorecard approach to monitor performance and results. The objective of a balanced scorecard is to provide a balanced evaluation of key operational and financial results, activities and achievements with both a short- and long-term focus.

The following sections discuss strategies in each of the four areas of strategic focus, as well as related key performance indicators from the balanced scorecard. The balanced scorecard is reviewed annually to ensure its continued alignment with the Auto Fund's corporate strategies. Key performance targets are also reviewed and either updated or removed along with new performance targets being added.

### We work with customers to understand and provide the protection they need

The Auto Fund's focus on understanding and providing the protection customers need concentrated on two strategies: working with customers so they, and the Auto Fund, understand their insurance needs, and providing products that are right for customers.

The performance indicator in the balanced scorecard to monitor the Auto Fund's success with respect to understanding and providing the protection customers need was:

Measure	2012 Target	2012 Result	2013 Target
Auto Fund value index	74%	● 76.5%	Revised index

Legend: ● achieved ○ not achieved

### *Auto Fund value index*

Due to the mandatory nature of Auto Fund products, customer acquisition, customer retention and profitability measures can't be used to assess success with respect to understanding customer needs and providing the products they need. Instead, the Auto Fund must ask customers. A value index was introduced in 2012 to assess whether customers believe the Auto Fund provides products that focus on what's best for them and that are a good value for the price. With a score of 76.5%, the Auto Fund met its target.

In 2013, the Auto Fund value index will be broadened to also assess customer satisfaction with service, which was assessed separately in 2012. A benchmark and target of 69% has been established for the revised index.

### **We make every service experience excellent for everyone doing business with SGI**

The Auto Fund's success depends on its ability to provide quality service to customers and business partners. It has developed key strategies to understand and deliver on customer expectations, as well as to empower front-line employees to respond to customer needs when service levels are not being met.

The following table summarizes the key performance indicators in the balanced scorecard to monitor the Auto Fund's service experience:

Measure	2012 Target	2012 Result	2013 Target
Claim service satisfaction survey results	90%	● 91.0%	Auto Fund value index
Auto Fund service satisfaction	56%	● 67.3%	

Legend: ● achieved ○ not achieved

### *Claim service satisfaction survey results*

When a consumer purchases an insurance policy, they are purchasing security that the insurance company will be there for them in the event of a loss. An important point of contact with policyholders is at the time of a claim, and the claim experience is a key part of customers' perceptions of the Auto Fund. Therefore, it is essential to know whether the Auto Fund is providing a positive claim experience. SGI's key measure for claim service is its semi-annual claim customer service surveys. The Auto Fund targeted a claim service satisfaction rating of 90%, which was met in 2012.

In 2013, the overall Auto Fund service experience will be assessed through the Auto Fund value index. While claim service satisfaction will continue to be monitored through customer surveys, it will not appear on the balanced scorecard.

### *Auto Fund service satisfaction*

The Auto Fund has various touch-points with customers, and these interactions impact customers' overall perception. Therefore, it is critical that customers have a favourable service experience when dealing with the Auto Fund. The Auto Fund's service satisfaction reflects the degree to which customers feel the Auto Fund provides high standards of customer service. The 2012 target of 56% was exceeded with a score of 67.3%.

In 2013, the overall Auto Fund service experience will be assessed through the Auto Fund value index. The service satisfaction measure will no longer appear on the Auto Fund's balanced scorecard.

## We operate to benefit customers, owners and their communities

SGI was created in 1944 to rectify problems in the Saskatchewan insurance industry. At that time, poor economic conditions had driven many insurers out of the province. Less than 10% of Saskatchewan's licensed vehicles carried any insurance and there was a need for a compensation plan for persons injured in collisions. True to its roots, the Auto Fund continues to operate to benefit the people of Saskatchewan – its customers, owners and their communities. The Auto Fund does this by focusing on protecting its financial health and helping customers reduce their risk of suffering a loss.

The Auto Fund's success with respect to benefiting the people of Saskatchewan is assessed using the following measures:

Measure	2012 Target	2012 Result	2013 Target
Capital adequacy (Minimum Capital Test)	75 to 150%	○ 61%	75 to 150%
Traffic injuries and fatalities per 100,000 Saskatchewan residents (I – Injuries; F – Fatalities)	I – 636.9 F – 14.4	● I – 626 ○ F – 17.2	New traffic safety initiatives
Rate-adequate vehicles	n/a	n/a	

Legend: ● achieved ○ not achieved

### *Capital adequacy (Minimum Capital Test)*

Capital adequacy speaks to the Auto Fund's financial health. An adequate balance in the Rate Stabilization Reserve (RSR) gives the Auto Fund a financial resource to draw on when adverse events increase the cost of claims, thereby protecting customers against unpredictable premiums for their auto insurance. The Auto Fund uses a common property and casualty industry measurement called the Minimum Capital Test (MCT) to monitor the adequacy of the RSR. The MCT is a risk-based capital adequacy formula that assesses risks to assets, policy liabilities and off balance sheet exposures by applying various factors to determine a ratio of capital available over capital required.

The Auto Fund's target range for the MCT is between 75% and 150%. At December 31, 2012, the Auto Fund's MCT was 51%, and on a rolling 12-month basis the MCT was 61%. The Auto Fund uses a 12-month rolling basis for its MCT to provide stability to the measure, as short-term events can cause significant volatility to the MCT on a month-to-month basis. As the MCT is outside the target range, the Auto Fund has submitted an application to the Saskatchewan Rate Review Panel for a 1.23% surcharge on Saskatchewan Auto Fund rates to replenish the Rate Stabilization Reserve. The surcharge is determined through actuarial analysis and is forecasted to return the RSR to an MCT of 75%, its policy minimum, over a three-year period. An appropriate RSR balance is necessary for the financial stability of the Auto Fund and can act as a buffer for customers to avoid significant rate shock.

The Auto Fund continues to have an MCT target range for 2013 of 75% to 150%.

### *Traffic injuries and fatalities per 100,000 Saskatchewan residents*

The Auto Fund gives back to the community through its efforts to improve traffic safety. Customers have come to value the Auto Fund for its role in promoting traffic safety in the province. Over the years, the Auto Fund has evolved into a national leader in the area of road safety programs. The Auto Fund's traffic safety goals are clear – prevent deaths and injuries due to traffic collisions by addressing driver, vehicle and road safety issues. However, fewer collisions also mean lower claim costs, so work in this area also helps protect the financial health of the Auto Fund.

Through traffic safety initiatives, the Auto Fund aims to reduce traffic injuries and fatalities per 100,000 Saskatchewan residents. In 2012, there were 626 injuries per 100,000 Saskatchewan residents and 17.2 fatalities

per 100,000 Saskatchewan residents. While traffic injuries were below target, fatalities were above. In fact, 2012 was one of Saskatchewan's worst years for traffic fatalities in the past two decades – second only to 1999.

The Premier of Saskatchewan has appointed a Legislative Secretary to the Minister Responsible for SGI to focus on traffic safety. The Legislative Secretary has been asked to form an all-party committee to recommend traffic safety improvements. The Auto Fund has undertaken research and analysis into the trend of increasing traffic fatalities, and has analyzed existing programs and possible enhancements. It will share this information with the Legislative Secretary and all-party committee as required, to support their work. As responsibility for traffic safety enhancements is currently shifting to a model shared among multiple agencies, SGI has removed this measure from its corporate balanced scorecard. Traffic safety will continue to be closely monitored and evaluated, and results shared with all agencies involved.

#### *Rate-adequate vehicles*

To achieve fairness in rating, the Auto Fund has committed to eliminate cross-subsidization between vehicle classes. This means that each vehicle class should pay sufficient premiums to cover its claim costs. To accomplish this, an annual analysis is performed to determine if a vehicle class is rate adequate, or if an increase or decrease is required. The percentage of rate adequate vehicles is a measure of the number of vehicle types that are within 5% of the adequate rate. The Auto Fund's longer-term goal is to achieve rate adequacy for the vast majority of the vehicles it insures by 2016. This is a new measure in 2013 and a target of 80.3% has been set.

#### **We continually improve how SGI operates**

The Auto Fund understands that to be able to meet customer needs and expectations, it must continually improve its operations – from being more efficient, to ensuring employees have the tools to be effective in their jobs. To achieve this, the Auto Fund strives to create an environment that encourages employees to be innovative, creative, accountable and strategic, while improving processes, productivity and efficiency.

The balanced scorecard measures used to monitor the Auto Fund's success with respect to continually improving how it operates were:

Measure	2012 Target	2012 Result	2013 Target
Engagement and enablement score compared to the North American average	At or above average	○ Three points below average	Two points below average
External diversity hiring	25%	● 35.4%	25%
Administrative expense ratio	7.0%	● 6.7%	6.7%
Licensed drivers and policies per full-time employee equivalents (FTEs)	723	● 723	717

Legend: ● achieved ○ not achieved

#### *Engagement and enablement score*

To continually improve its operations, the Auto Fund needs the support of dedicated and engaged employees. It also needs to provide an environment that enables employees to do their best work. An employee engagement and enablement score, derived from the Auto Fund's annual employee survey, is used to measure whether employees are engaged and whether they have the environment they need to execute the strategic plan. The Auto Fund was under target in 2012, but aims to reduce this gap in 2013. This balanced scorecard measure was new in 2012, and, therefore, the Auto Fund now has a baseline to measure progress. The 2013 target is to be two points below the average engagement and enablement score, based on participating North American corporate and public sector organizations.

### *External diversity hiring*

Provincial and corporate demographics demonstrate the need to recruit a workforce that is representative of the population. The Auto Fund targeted 25% of new hires to be from designated groups and met this target with 35.4%. The Auto Fund continues to target 25% recruitment of designated group members in 2013, but will monitor its success separately from the balanced scorecard.

### *Administrative expense ratio*

To ensure effective use of resources, all aspects of the business are expected to manage their allocated administrative expense budget such that the Auto Fund remains within its administrative expense ratio. The ratio is total administrative expenses expressed as a percentage of net premiums earned. The actual administrative expense ratio is compared to budgeted ratios within the specified time period. For 2012, the Auto Fund achieved its target with a 6.7% administrative expense ratio. Analysis of the administrative expense ratio is provided in more detail in the following 2012 Financial Results section. The target for 2013 is 6.7%.

### *Licensed drivers and policies per FTE*

This is a combined productivity target for SGI, which considers both SGI CANADA's policies in force and licensed drivers. SGI, while administering the Auto Fund, also operates a competitive insurance company (SGI CANADA) in Saskatchewan and various other provinces across Canada. For SGI CANADA, the number of insurance policies in force is a key metric, and in the Auto Fund, the number of drivers licensed in the province is an important metric. Increasing the number of policies and licensed drivers per FTE speaks to SGI's productivity. To track productivity, SGI compares the total number of policies in force and the total number of licensed drivers in Saskatchewan to the number of FTEs servicing the business. SGI met this target for 2012, achieving 723 licensed drivers and policies per FTE.

For 2013, the target is 717. While the target is lower than 2012, the new target actually represents an increase in productivity. This is because SGI CANADA is moving to combined policies, whereby it is providing incentives to customers to combine products such as Home Paks and Auto Paks into one policy. While the actual policy count is expected to decline, the amount of work remains relatively stable. As such, based on SGI CANADA's shift to combined policies, the 2013 target is at or above 717 licensed drivers and policies per FTE.

## Capability to Execute Strategies

Fundamental to the capability to execute corporate strategies, manage key performance drivers and deliver results are employees, motor licence issuers, technology and systems, and capital and liquidity. They are discussed further below:

### **Employees**

Auto Fund employees are experienced and knowledgeable about the Saskatchewan automobile insurance market. Many employees have been with the Saskatchewan Auto Fund for a long time, on average approximately 15 years, and the staff turnover rate for the last five years has averaged 6%. Due to this long tenure and low turnover, employees have significant expertise in core areas of the Auto Fund including licensing and registration, driver and vehicle safety services and claims handling, as well as within the support areas.

SGI, as the administrator of the Auto Fund, is projecting a significant level of retirements in the near future as a large portion of its workforce reaches retirement age. In fact, over 33% of employees are expected to retire or be eligible for retirement by 2020. The challenge is to recruit and retain the best people to ensure the longevity, growth and maintenance of operations. SGI utilizes a workforce-planning model that includes Aboriginal employment, youth employment, management development and expanded performance management strategies.



This model assists in transitioning expertise as retirements occur.

SGI's succession planning process focuses on (i) ensuring current senior management positions have backups; and (ii) identifying high-performing staff who have potential for more senior roles. The corporate diversity/recruitment strategy was updated in 2012 to enhance partnerships with outreach agencies and educational institutions, and the Corporation's visibility as a preferred employer.

SGI and SGI CANADA Insurance Services Ltd., and the Canadian Office and Professional Employees' Union, Local 397, are within a four-year Collective Bargaining Agreement, running from January 1, 2010, to December 31, 2013.

## **Motor licence issuers**

The Auto Fund provides accessibility for customers by distributing products through a network of 399 independent motor licence issuers in 299 communities across Saskatchewan and seven branch offices throughout the province. Motor licence issuers' interests are represented by the Insurance Brokers' Association of Saskatchewan. The relationship between the Auto Fund and motor licence issuers is governed by an Issuer Accord. The accord is intended to enhance the working relationship resulting in improved service to customers. Included in the accord are 15 agreed upon principles, such as fostering better communication between both groups, recognizing the value of each other's roles to provide service to Saskatchewan people, and partnering on traffic safety programs.

## **Technology and systems**

The Auto Fund relies on its technology and information systems to deliver products and services to the motoring public. It recently completed a redesign of its systems, vastly enhancing service and improving its ability to respond to customer needs and industry changes. Auto Fund products are widely accessible to customers through an online system in issuing offices throughout the province, and customers can now perform many transactions online through the MySGI online service.

## **Capital and liquidity**

As the Auto Fund belongs to the Province of Saskatchewan, legislation restricts how it can raise capital and mandates the benefits it is to provide to policyholders. The Auto Fund does not pay dividends to or receive money from the province nor from SGI, the administrator of the Auto Fund. The Auto Fund cannot go to public capital markets to issue debt or common shares. Since these traditional avenues for capital are not available to sustain the Auto Fund, it uses premiums and fees from its operations, along with income generated from its investment portfolio, to fund future operations. If premiums, fees and investment income are not sufficient to sustain operations, it must increase rates. The Saskatchewan Rate Review Panel reviews rate changes and then passes on its recommendations to the provincial government, which has the final authority to approve, modify or reject rate changes.

A key operating principle for the Auto Fund is ensuring consistency and stability in rates so that customers are not subject to ongoing price fluctuations or large rate increases. An adequate balance in the Rate Stabilization Reserve (RSR) gives the Auto Fund a financial resource to draw on when adverse events increase the cost of claims or a decrease in capital markets occurs, thereby protecting customers against unpredictable premiums for their auto insurance. The Auto Fund uses a common industry measurement called the Minimum Capital Test (MCT) to establish a target for the RSR. The MCT is a risk-based capital adequacy formula that assesses risks to assets, policy liabilities and off balance sheet exposures by applying various factors to determine a ratio of capital available over capital required.

The Auto Fund's capital management policy establishes a target MCT range of 75% to 150%. If the MCT on a 12-month rolling average basis falls below the 75% minimum, the policy requires the Auto Fund to bring to the SGI Board of Directors a proposal to address the shortfall, including consideration of obtaining additional revenue to replenish the RSR. Similarly, if the MCT is above 150% on a rolling 12-month basis, a rebate would be considered.

The MCT at December 31, 2012, was 51% and on a rolling 12-month basis the MCT was 61%. As noted in the Balanced Scorecard section above, the MCT is outside the target range and, therefore, the SGI Board of Directors approved a 1.23% surcharge on rates to replenish the Rate Stabilization Reserve. The surcharge has been submitted as part of the Auto Fund's 2013 application to the Saskatchewan Rate Review Panel.

## 2012 Financial Results

### For the year ended December 31, 2012

#### Overview

The Auto Fund experienced a decrease to the Rate Stabilization Reserve (RSR) of \$11.5 million in 2012, compared to a \$142.9 million decrease in 2011, an improvement of \$131.4 million year over year, stemming from stronger underwriting results and investment earnings.

The strong Saskatchewan economy continues to play an important role in the Auto Fund's growth, as higher vehicle populations combined with newer vehicles being registered are resulting in continued premium growth. However, the most significant factor in the improved underwriting results is lower overall claim costs resulting from a favourable change in discounting the provision for unpaid claims, combined with lower storm claim costs. At the same time, there was an increase in damage claims due to poor winter driving conditions in the fourth quarter and a continued increase in injury claim severity due to higher long-term medical and care benefit costs and increased income replacement benefits.

Investment earnings increased \$23.2 million from 2011, consistent with the improvement in global investment markets. Equity markets generated strong returns, particularly in the U.S. and international markets. While stable interest rates resulted in relatively constant interest income, capital gains decreased significantly resulting in lower overall fixed income returns compared to 2011. The Auto Fund continues to refine its asset liability matching strategy, which better positions the investment asset mix to manage interest rate risk.

After the \$11.5 million loss, the RSR at December 31, 2012, is \$127.1 million, the MCT is 51% and the 12-month rolling average MCT is 61%.

## Statement of Operations

### Premiums written

#### *Overview*

Net premiums written for 2012 totalled \$781.2 million, representing an increase of 4.9%, or \$36.4 million, from 2011. The number of vehicle and trailer written exposures increased 3.9% to 1,143,597 from 1,100,261 in 2011. This growth in exposures, combined with a mix of newer model year vehicles that cost more to insure, accounts for the increase in premiums written.

#### *Discount programs*

The Safe Driver Recognition and Business Recognition programs continue to return more dollars to Auto Fund customers each year. In 2012, these programs returned \$108.8 million to customers through safe driving

discounts, compared to \$104.5 million in 2011. Expressed as a percentage of vehicle premiums, this equates to an average discount of 12.3% for 2012 (2011 – 12.4%). The maximum discounts available under each program are 20% for the Safe Driver Recognition program and 10% for the Business Recognition program.

### Claims incurred

Claims incurred in 2012 were \$740.5 million, \$66.4 million or 8.2% lower than 2011.

The following table details the claim costs by categories:

	(thousands of \$)		
	2012	2011	Change
Current year			
Damage claims	\$ 429,707	\$ 391,237	\$ 38,470
Storm claims	12,199	32,409	(20,210)
Total damage claims – current year	441,906	423,646	18,260
Injury claims – current year	308,871	285,707	23,164
	750,777	709,353	41,424
Development on prior year claims			
Injury claims			
• extending long-term payout period	–	252,064	(252,064)
• discounting impact	–	(241,939)	241,939
Net impact of extending payout period	–	10,125	(10,125)
Injury claims – other	17,565	7,165	10,400
	17,565	17,290	275
Damage claims	9,972	7,361	2,611
	27,537	24,651	2,886
Impact of discounting			
Effect of portfolio restructuring	–	35,562	(35,562)
Change in the discount rate	(37,786)	37,358	(75,144)
	(37,786)	72,920	(110,706)
<b>Total claims incurred</b>	<b>\$ 740,528</b>	<b>\$ 806,924</b>	<b>\$ (66,396)</b>

### Current year claims

Current year damage claims are \$18.3 million, or 4.3%, higher than the prior year, due to the average cost per damage claim being 7.3% higher than the prior year. This is partially offset by a 2.8% decrease in the number of damage claims, which was 105,849 in 2012 (2011 – 108,925). The damage frequency was 118.3 collisions per 1,000 insured years in 2012, a decrease of 5.5% (2011 – 125.2).

Damage claims excluding storms were \$38.5 million higher than the prior year due to poor winter driving conditions in the fourth quarter. Partially offsetting this increase were damage costs related to summer storms, which were \$20.2 million lower than 2011. The 2011 storm claim costs of \$32.4 million were the highest on record, while the 2012 storm claim costs of \$12.2 million were slightly below the five-year average summer storm costs of \$14.9 million.

Current year injury claim costs have increased by \$23.2 million, or 8.1%. Medical and care benefit costs continue to increase, contributing to the average cost per claim increasing by 14.2% in 2012. This is partially offset by a 5.4% decrease in the number of injury claims. Injury frequency was 5.9 claims per 1,000 insured years in 2012, a decrease of 9.2% (2011 – 6.5 injury claims per 1,000 insured years).

#### *Development on prior year claims*

With the assistance of its actuary, the Auto Fund makes provisions for future payments on existing claims and an estimate for claims that have occurred but have not yet been reported. At the end of each year, the actuary recalculates the estimate of the ultimate costs for prior years (along with an estimate for the current year). If the actuary reduces the estimate for prior years, a redundancy exists, resulting in a reduction in claim costs for the year. If the reverse is true and the actuary increases the estimate for prior years, a deficiency exists, resulting in an increase in claim costs for the year.

In 2012, there was an overall deficiency of \$27.5 million. The Auto Fund increased its estimate for prior year injury claims by \$17.6 million. This deficiency was due primarily to deficiencies related to care benefits and medical expenses. These deficiencies were due to changes in actuarial assumptions and methods to be more adequately reserved on these lines; there is significant uncertainty as to the future costs of care benefits and medical expenses and this takes into consideration deficiencies experienced in previous years. There was also a deficiency related to prior year damage claims of \$10.0 million. This reflects the fact that there was a significantly higher number of 2011 collisions reported in the first quarter of 2012 than had been expected in the 2011 year-end valuation.

The Auto Fund has over 17 years of experience since the no-fault injury program was implemented in 1995 to estimate the cost of injuries. However, factors impacting future costs such as inflation, re-occurrence rates, medical innovations and rehabilitation programs are difficult to anticipate. The Auto Fund's objective is to keep the estimate as accurate as possible with minimal changes to prior-year claim estimates; however, given the nature of this program, changes will inevitably occur in the future. The 2012 total prior year deficiency of \$27.5 million represented approximately 2.3% of the provision for unpaid claims estimate at December 31, 2011, of \$1.2 billion.

#### *Impact of discounting*

Despite a decline in the discount rate from 4.5% to 4.4%, there was a net decrease to claims incurred related to discounting of \$37.8 million. This was due to the growth in the provision for unpaid claims, which is required to be discounted.

#### **Expenses excluding claims incurred**

Expenses excluding claims incurred were \$150.5 million (2011 – \$148.0 million) for the year, \$2.5 million higher than 2011, due to higher traffic safety spending and premium taxes.

Issuer fees of \$37.8 million in 2012 represented a decrease of \$405,000 compared to 2011. This was due to the reduction in commissions paid on driver's licence transactions in 2012 as a result of the move to a five-year driver's licence in 2011. The issuer fee expense ratio was 4.9% in 2012 (2011 – 5.3%).

Premium taxes of \$38.6 million were \$2.0 million, or 5.6%, higher than the previous year, consistent with the growth in earned premiums. Premium taxes are 5% of direct premiums earned.

Administrative expenses decreased to \$51.5 million in 2012, a decrease of \$1.2 million from 2011. The major contributor to the decrease was a reduction in depreciation expense on the recently developed information system.

Traffic safety program spending totalled \$22.6 million, representing a traffic safety spending ratio of 2.9% of net premiums earned. This was an increase of \$2.1 million from 2011, which had a traffic safety spending ratio of 2.8%. The major contributor to the growth was driver education funding.

## Investment earnings

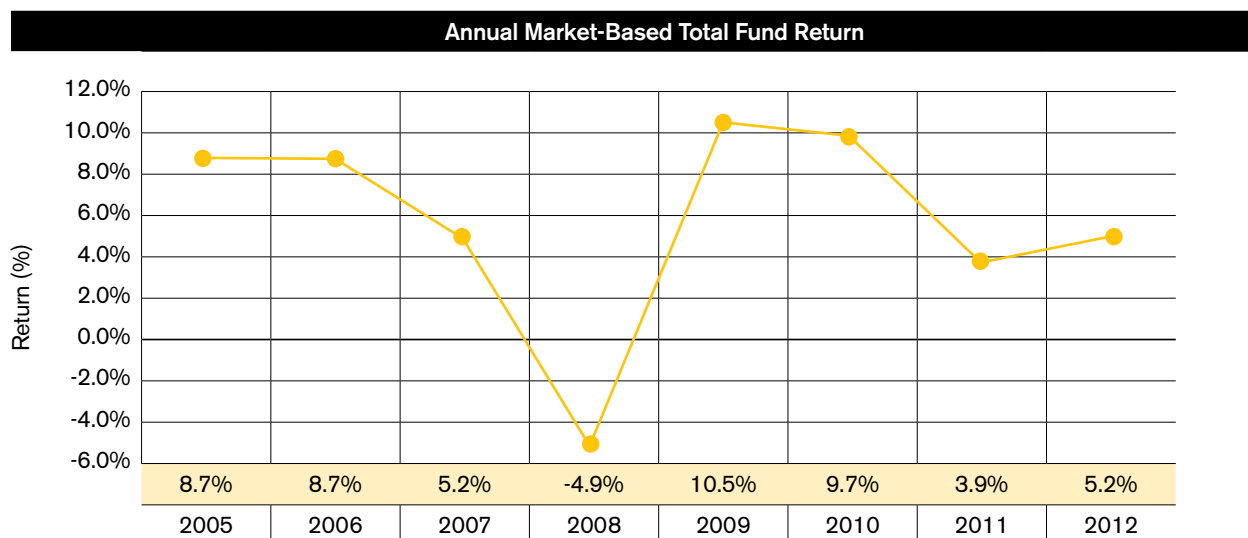
As the Auto Fund operates on a self-sustaining basis over time, investment earnings are used to help keep rates stable for vehicle owners. In 2012, investment earnings were \$74.8 million and represented 8.5% of total revenues (2011 – \$51.7 million or 6.4% of total revenues). Investment earnings are calculated using market-based accounting principles, the components of which are disclosed in note 12 to the financial statements, and include interest, dividends, and both realized and unrealized capital gains and losses on investments.

The Auto Fund investment assets are managed as two distinct portfolios – the Matching portfolio and the Return Seeking portfolio. This serves to distinguish between those investment assets that are held to match to the expected unpaid claims liability cash flows and assist in reducing interest rate risk, and those surplus investment assets that are held for growth to provide for longer dated (20+ years) liabilities.

The Matching portfolio holds fixed income investments and a mortgage pooled fund. This portfolio was rebalanced three times during 2012 to keep it properly matched to the expected unpaid claims liability payments out to 20 years. The Matching portfolio is judged on its effectiveness in matching the incoming cash flows from the fixed income assets to the Auto Fund's expected claim payments.

Any investments not required by the Matching portfolio are held in the Return Seeking portfolio. The Return Seeking portfolio is comprised of equities and real estate. The primary investment performance objective for the Return Seeking portfolio is to earn a market-based return in excess of a benchmark portfolio return. The asset mix for the benchmark portfolio is set by SGI's Board of Directors to be consistent with the Auto Fund's overall risk profile when combined with the Matching Portfolio and is reviewed on an annual basis. The investment manager is permitted to vary the actual asset class weights around the benchmark portfolio, within the policy asset mix guidelines. The benchmark portfolio return is calculated by applying the benchmark portfolio weights to capital market index returns. While the portfolio's rate of return is compared to the benchmark portfolio return on a quarterly basis, the performance measure is expected to be met over four years, a long enough period to capture a full market cycle. This long-term measure is appropriate as it recognizes that the effectiveness of investment management styles varies depending on the market environment.

The total return for the Auto Fund since 2005 is shown below:



For purposes of portfolio management, a market-based return is calculated that captures all interest and dividend income, as well as the impact of the change in market value of investments, both realized and unrealized. In 2012, the portfolio's market-based return was 5.2% compared to a 3.9% return in 2011. The 2012 return was higher than experienced in 2011 due to strong equity performance, particularly from U.S. and non-North American equities, which added to the positive returns generated from the fixed income portfolio.

The following table shows the index returns for the Auto Fund's asset classes:

Asset Class	Benchmark Index	Annual index returns ending December 31 (%)	
		2012	2011
Canadian equities	S&P/TSX Composite	7.2	-8.7
U.S. equities	S&P 500 (\$C)	13.4	4.6
Non-North American equities	MSCI EAFE (\$C)	14.7	-10.0
Bonds	DEX Universe Bond	3.6	9.7
Short-term bonds	DEX Short-term Bond	2.0	4.7

The volatile environment for equity markets continued into 2012. After a volatile first half of 2012, equity markets recovered generating strong returns for the year. The year began with persistent worries about low growth in Europe and the U.S., a slowing Chinese economy and high consumer debt levels in Canada. Developed world central banks were forced to affirm their monetary policy backstops through continued low interest rates. This created a positive climate for equity markets, despite contentious U.S. elections, the U.S. "fiscal cliff" and yet another debt ceiling debate. Improved economic fundamentals, such as a growing U.S. housing market and the growth in cheap domestic energy, helped spur equity prices further during the second half of 2012.

Interest rates in Canada remained relatively stable over the course of 2012. Short-term rates rose while long-term rates fell slightly resulting in a flatter yield curve. Overall, interest rates remained at multi-generational low levels in 2012.

More information regarding the Auto Fund's Matching and Return Seeking portfolios is provided within the section related to the Statement of Financial Position, Investments.

### Other income

Other income consists of fees charged to insureds for utilizing the AutoPay and short-term payment option programs, as well as salvage operations income. In 2012, other income of \$37.5 million was \$3.4 million higher than 2011. Fees earned for using payment option plans increased \$2.0 million for a total of \$23.9 million (2011 – \$21.8 million). The increase is due primarily to higher premiums written. The overall proportion of premiums financed through the payment option programs was 62%, consistent with 2011 (61%). Salvage operations income of \$13.6 million (2011 – \$12.3 million) is \$1.4 million higher than the prior year, a result of improved margins due to higher vehicle bid prices, strong steel prices and improved salvage dismantling processes.

### Statement of operations – actual versus budget

The Auto Fund prepares an annual budget each fall for the upcoming fiscal year. The plan is developed using long-term averages combined with known and expected information for the upcoming year. The Auto Fund's 2012 budget, developed in the fall of 2011, anticipated a decrease to the RSR of \$8.9 million. The actual 2012 decrease to the RSR was \$11.5 million, an unfavourable variance of \$2.6 million, due to higher than anticipated claim costs, partially offset by higher investment income.

Claim costs were \$35.6 million (5.1%) higher than budgeted, as the overall loss ratio of 96.5% was 5.4% higher than budgeted. Claim costs were higher than expected due to poor winter driving conditions in the fourth quarter and higher than anticipated medical and care benefits.

Overall investment earnings were \$74.8 million, \$30.6 million higher than planned. This was due to positive fixed income returns from the Matching portfolio, which were \$21.1 million higher than budgeted. The Return Seeking portfolio, consisting of equities and real estate, experienced a \$42.2 million gain compared to a budget of \$32.3 million, a favourable variance of \$9.9 million.

## Statement of Cash Flows

	(thousands of \$)		
	2012	2011	Change
Total operating activities	\$ 75,429	\$ 30,693	\$ 44,736
Investing activities	(84,861)	(76,913)	(7,948)
Net cash flow	\$ (9,432)	\$ (46,220)	\$ 36,788

Positive operating cash flows of \$75.4 million were generated, significantly higher than the \$30.7 million positive cash flow generated in 2011. This variance is explained primarily by the growth in premiums written in 2012. The positive cash flow experienced in 2012 was despite a \$7.1 million decrease to the RSR during the year, as a large portion of the decrease to the RSR was a result of an increase in unpaid claims in the year.

Cash and cash equivalents decreased \$9.4 million in 2012, as excess cash, combined with the cash flow generated from operating activities of \$75.4 million, was used to fund investing activities. Investing activities included net investment purchases of \$81.3 million and \$3.6 million of property and equipment purchases primarily related to building renewal, and furniture and equipment.

The decrease in cash and cash equivalents of \$9.4 million during the year resulted in cash and cash equivalents of \$24.6 million at the end of 2012. Of this balance, \$19.0 million (2011 – \$32.7 million) was invested in money market investments with a maturity of 90 days or fewer from the date of acquisition. Money market investments decreased significantly during the year as a result of the investment manager investing the Matching portfolio in longer-term assets in accordance with the asset liability matching strategy.

## Statement of Financial Position

	(thousands of \$)		
	2012	2011	Change
<b>TOTAL ASSETS</b>	<b>\$ 1,824,998</b>	<b>\$ 1,711,363</b>	<b>\$ 113,635</b>
Key asset account changes:			
Investments	1,520,694	1,399,887	120,807
Accounts receivable	193,384	174,712	18,672
Cash and cash equivalents	24,634	34,066	(9,432)
Unpaid claims recoverable from reinsurers	6,558	19,764	(13,206)
Other assets	10,633	14,980	(4,347)

## Investments

The carrying value of investments increased by \$120.8 million during the year, a result of investing net operating cash flows of \$75.4 million, and \$9.4 million of excess cash, combined with improvements in the market value of investments.

The investment portfolio is held to pay future claims, while the income earned on these investments helps reduce insurance rates for vehicle owners. The portfolio's asset mix strategy is set by SGI's Board of Directors through a detailed assessment of the Auto Fund's risk tolerance. In summary, the Auto Fund's positive cash flows and the presence of the Rate Stabilization Reserve, which serves to buffer the fund from unfavourable short-term investment performance, permits the Auto Fund to maintain a long-term investment horizon. The asset mix strategy takes into consideration the current and expected conditions of the capital markets and the historic return and risk profile of various asset classes. In order to achieve the long-term investment goals, the Auto Fund must invest in asset classes that provide an attractive risk-return profile over the medium to long term. Over shorter periods, however, performance of these asset classes can be volatile. In 2012, investment earnings benefited from lower volatility adding to gains experienced during the recovery of 2009 and 2010. The Auto Fund investment portfolios will continue to hold a diversified asset mix with a longer-term focus, balancing the need for capital preservation in the short term with the desire for portfolio growth over the longer term.

The asset mix strategy is formally documented in the Statement of Investment Policies and Goals. In addition to capturing the asset mix strategy, this document provides guidance on permissible investments, quality and quantity guidelines, conflicts of interest, related party transactions and investment performance expectations, among others. Management monitors and enforces compliance with the investment policy. No material compliance deviations were noted in 2012.

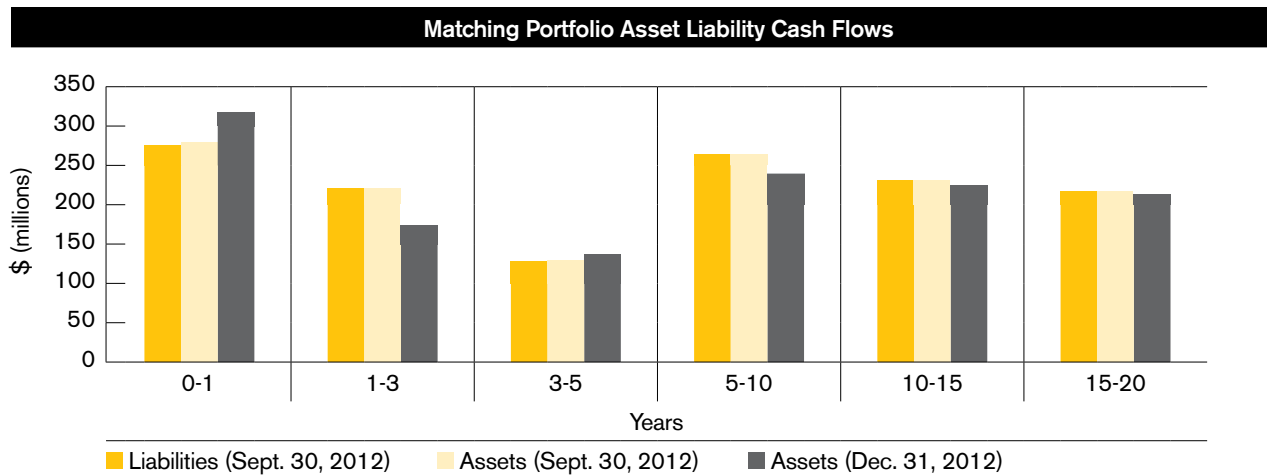
The Auto Fund's investment portfolio is managed by external investment managers. The portfolio is comprised of short-term investments, bonds and debentures, equities, mortgages and real estate. Equities include investments in Canadian and United States common shares as well as investments in a non-North American pooled equity fund and global small capitalization equity pooled fund. The Auto Fund's investments in real estate and mortgages are through pooled funds as well. More detail on the investment portfolio categories is provided in note 6 to the financial statements.

The Auto Fund investment portfolio operates as two distinct portfolios – the Matching portfolio and the Return Seeking portfolio. The Matching portfolio holds fixed income investments including mortgage securities, while the Return Seeking portfolio is comprised of equities and real estate. The investment strategy relies on the Matching portfolio to cover expected liability payments out to 20 years with any remaining long-tail liabilities covered by the Return Seeking portfolio.

The objective of the Matching portfolio is to group claim payments into six buckets based on the expected payment date, and then match the coupon and principal payments from the fixed income assets to each bucket. At initiation, the expected future liability stream and asset stream will demonstrate a close match. However, as bonds mature and actual claim payments vary from projection, the asset liability match will change. In conjunction with the Auto Fund's actuarial valuations, the asset cash flows are realigned to the revised liability cash flows to ensure a close match is maintained. From time to time, the allocation between the Matching portfolio and Return Seeking portfolio may also require rebalancing to maintain the overall risk-return objectives of the combined portfolio.



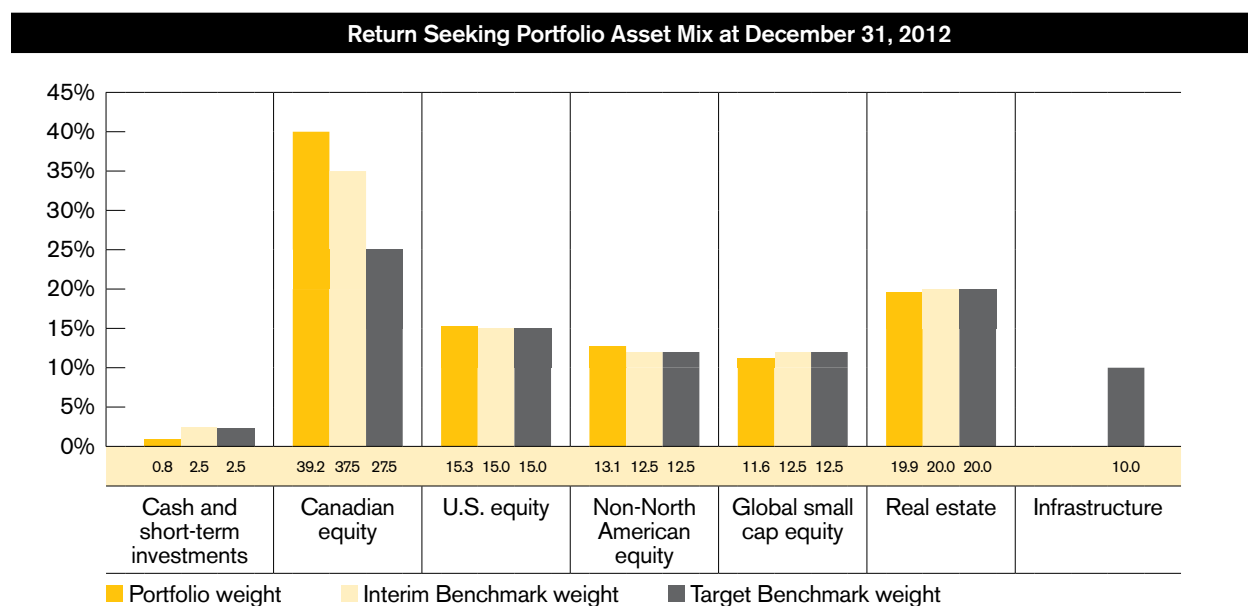
The liability cash flows for September 30, 2012, and the Matching portfolio asset position as of September 30, 2012, and December 31, 2012, are shown below:



The 2012 investment policy review resulted in no significant changes to the policy asset mix guidelines or benchmark portfolio weights. Changes adopted during the 2011 asset mix review for the Return Seeking Portfolio were partially implemented during 2012. While the allocation to global small capitalization equities was funded during the year, the allocation to the infrastructure asset class has proven more difficult to implement. With alternate infrastructure options now identified, the Auto Fund expects to begin funding this asset class during 2013. There were no changes to the Matching portfolio during 2012. The Auto Fund continues to monitor its fixed income investments to ensure they are relatively well matched to their associated liabilities.

The current portfolio weights within the Return Seeking portfolio are in transition to the long-term benchmark portfolio weights adopted in 2011. As the infrastructure mandate is funded throughout 2013 and beyond, it is expected that the portfolio will align closely with the long-term benchmark.

The portfolio asset mix and benchmark weights at December 31, 2012, are shown below:



### Accounts receivable

Accounts receivable increased \$18.7 million, a result of the AutoPay financed premiums receivable growing by \$8.7 million, or 5.5%, to \$168.9 million. The increase is commensurate with the growth in premiums written. In addition, an \$8.6 million receivable from SGI CANADA cleared in January 2013.

### Cash and cash equivalents

Cash and cash equivalents at December 31, 2012, were \$24.6 million (2011 – \$34.0 million), a decrease of \$9.4 million. The sources of the change in cash and cash equivalents for the year are discussed in the above section, Statement of Cash Flows. Cash equivalents consist of money market investments such as treasury bills, banker's acceptances, discount notes or other liquid short-term investments that have a maturity of 90 days or fewer from the date of acquisition.

### Unpaid claims recoverable from reinsurers

Unpaid claims recoverable from reinsurers decreased \$13.2 million due to the collection of reinsurance related to prior year catastrophes.

## Other assets

Other assets decreased by \$4.3 million during the year, due primarily to amortization of the capitalized value of the Auto Fund's redeveloped information system, which is included within intangible assets.

	(thousands of \$)		
	2012	2011	Change
<b>TOTAL LIABILITIES</b>	<b>\$ 1,692,909</b>	<b>\$ 1,567,778</b>	<b>\$ 125,131</b>
Key liability account changes:			
Provision for unpaid claims	1,280,402	1,170,687	109,715
Unearned premiums	351,330	337,389	13,941

## Provision for unpaid claims

The provision for unpaid claims reflects the estimated ultimate cost of claims reported but not settled, along with claims incurred but not reported. The process for determining the provision requires management judgment and estimation as discussed in the following section, Critical Accounting Estimates.

The provision for unpaid claims grew by \$109.7 million during 2012 to \$1.3 billion (2011 – \$1.2 billion). This represents an increase of 9.4% from last year. Key components of the change in the provision for unpaid claims are discussed in the preceding section, Claims Incurred. The majority of the increase is in unpaid injury benefits and is due to the continuing growth of the no-fault program as an additional year of losses is included in the provision, in addition to the impact of discounting. As the overall discount rate declined in 2012, the provision for unpaid claims increased accordingly.

## Unearned premiums

Unearned premiums increased \$13.9 million, commensurate with the growth in premiums written.

	(thousands of \$)		
	2012	2011	Change
<b>EQUITY</b>	<b>\$ 132,089</b>	<b>\$ 143,585</b>	<b>\$ (11,496)</b>
Key equity account changes:			
Rate Stabilization Reserve	127,122	134,261	(7,139)
Redevelopment Reserve	4,967	9,324	(4,357)

## Rate Stabilization Reserve (RSR)

The decrease to the RSR was a result of the \$11.5 million decrease from operations, combined with a \$4.4 million appropriation from the Redevelopment Reserve. The appropriation from the Redevelopment Reserve offsets the redevelopment amortization charged through current year operations.

## Redevelopment Reserve

The Redevelopment Reserve was established to ensure that adequate funding was available to meet the Auto Fund's commitment to redevelop its information systems. During 2012, amortization of capitalized project costs was \$4.4 million (2011 – \$5.3 million), therefore, the reserve was reduced accordingly with \$4.4 million (2011 – \$5.3 million) appropriated back to the RSR.

The Redevelopment Reserve was originally established at \$35.0 million, as the project cost was not to exceed this amount. The project was completed at the end of 2010. It addressed the antiquity of the previous systems and now provides improvements in delivering changes, offers more choices for customers, provides better and more accessible information, and better positions the Auto Fund for future demands. The remaining balance in the Redevelopment Reserve will be reduced and appropriated back to the RSR as the capitalized cost of the project is amortized in the future. It is expected to be fully appropriated back to the RSR during the first half of 2014.

## For the three months ended December 31, 2012

The Auto Fund prepares public quarterly financial reports for the first three quarters of each year. These reports are available on SGI's website at [www.sgi.sk.ca](http://www.sgi.sk.ca). Click on the About link and then click on Quarterly Reports. The following analyzes the fourth quarter of 2012.

The Auto Fund recorded a fourth quarter decrease to the RSR of \$1.7 million.

The Auto Fund experienced a loss from underwriting in the fourth quarter of 2012, primarily the result of higher claims incurred. Claims incurred for the quarter of \$201.4 million were \$8.6 million higher than the fourth quarter in 2011 (\$192.8 million), largely a result of increased damage claim costs due to poor winter driving conditions in the fourth quarter of 2012.

Fourth quarter investment earnings of \$10.6 million were \$23.2 million lower than the fourth quarter of 2011. The decrease in investment earnings is due primarily to significant capital gains from investments during the fourth quarter of 2011.

## Quarterly Financial Highlights

The following table highlights quarter over quarter results of the Auto Fund:

	(thousands of \$)									
	2012					2011				
	Q4	Q3	Q2	Q1	Year	Q4	Q3	Q2	Q1	Year
Net premiums earned	\$ 193,743	\$ 200,098	\$ 193,007	\$ 180,378	\$ 767,226	\$ 184,540	\$ 191,610	\$ 181,262	\$ 168,870	\$ 726,282
Claims incurred	201,389	184,787	189,597	164,755	740,528	192,826	243,327	183,642	187,129	806,924
Increase (decrease) to RSR	(1,700)	15,152	(17,692)	15,736	(11,496)	(5,716)	(90,302)	(19,933)	(26,973)	(142,924)
Cash flow from (used in) operations	21,785	30,023	51,675	(28,054)	75,429	11,112	36,294	44,776	(61,489)	30,693
Investments	1,520,694	1,495,327	1,353,666	1,374,758		1,399,887	1,305,922	1,323,713	1,293,769	
Provision for unpaid claims	1,280,402	1,252,975	1,209,824	1,171,657		1,170,687	1,127,330	1,038,794	984,854	
Rate Stabilization Reserve	127,122	150,853	134,721	151,319		134,261	138,649	207,442	246,216	

The following points are intended to assist the reader in analyzing trends in the quarterly financial highlights for 2012:

- Premium earnings generally rise in the spring and summer months, largely a factor of increased premiums related to seasonal vehicles.
- Except for the first quarter, the Auto Fund typically generates positive cash flows from operations each quarter. Cash is usually low in the first quarter as annual premium taxes are paid to the province in March. Premium taxes are based on premiums written and were \$38.6 million in 2012.

# Impact of New Accounting Standards

## Future accounting policy changes

The following future changes to accounting standards will have applicability to the Auto Fund:

### Insurance Contracts

IASB issued exposure draft ED/2010/8 Insurance Contracts (the ED) on July 30, 2010. The ED proposes a new standard on accounting for insurance contracts, which would replace IFRS 4, *Insurance Contracts*. The proposals represent the first comprehensive IFRS accounting model for insurance contracts and are expected to have a significant impact on the financial reporting of insurers. The IASB plans to issue a re-exposure document in the first half of 2013. A final standard is expected in 2014 with implementation not expected before 2017.

### Financial Instruments

In November 2009, the IASB issued an exposure draft of IFRS 9, *Financial Instruments*, as part of its plan to replace IAS 39, *Financial Instruments: Recognition and Measurement*.

The new standard requires financial assets to be measured at either fair value or amortized cost, on the basis of the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. A financial asset that is held by an entity for the purpose of collecting contractual cash flows on specified dates per contractual terms should be measured at amortized cost. All other financial assets should be measured at fair value.

For equity instruments, management has an option on initial recognition to irrevocably designate on an instrument-by-instrument basis to present the changes in their fair value directly in equity. There is no subsequent recycling of fair value gains and losses from equity to the Statement of Operations; however, dividends from such equity investments will continue to be recognized in profit or loss.

In November 2012, the IASB issued limited amendments to the exposure draft. The amendments include introduction of a fair value through other comprehensive income (FVOCI) measurement category for simple debt instruments. In this measurement category, the Statement of Financial Position will reflect the fair value carrying amount while amortized cost information is presented in the Statement of Operations. The difference between the fair value and amortized cost information will be recognized in other comprehensive income.

This standard is effective for annual periods beginning on or after January 1, 2015. While early adoption is permitted under the standard, the Office of the Superintendent of Financial Institutions (OSFI) has indicated that early adoption is not allowed. While the Auto Fund is not federally regulated, it generally follows OSFI's guidance in such matters.

The Auto Fund is in the process of assessing the impact of the new standard.

### Fair Value Measurement

IFRS 13, *Fair Value Measurement*, was issued by the IASB in May 2011. IFRS 13 replaces the fair value measurement guidance contained in various standards with a single source of fair value measurement guidance. This standard may impact the measurement of fair value for certain assets and liabilities as well as the associated disclosures. IFRS 13 is effective for annual periods beginning on or after January 1, 2013. The new standard is not expected to have a material impact on the Auto Fund's financial statements.

## Related Party Transactions

The Saskatchewan Auto Fund is related in terms of common ownership to all Government of Saskatchewan ministries, agencies, boards, commissions, Crown corporations, and jointly controlled and significantly influenced corporations and enterprises. Transactions with these entities are entered into in the normal course of business and are settled at prevailing market prices under normal trade terms. Details of significant related party transactions disclosed in the financial statements follow.

SGI is the administrator of the Saskatchewan Auto Fund on behalf of the Province of Saskatchewan. Administrative and loss adjustment expenses incurred by SGI are allocated to the Auto Fund directly or on the basis of specific allocations. Amounts incurred by SGI and charged to the Auto Fund were \$130.8 million (2011 – \$124.1 million).

Certain Board members are partners in organizations that provided \$50,000 (2011 – \$99,000) of professional services to the Auto Fund. In addition, an SGI Board member owns an organization that provides insurance services on behalf of the Auto Fund. Premiums written during the year from this organization amounted to \$1.9 million (2011 – \$1.8 million) and the associated accounts receivable at December 31, 2012, were \$7,000 (2011 – \$22,000). Issuer fees related to these premiums were \$159,000 (2011 – \$145,000). The above noted transactions are routine operating transactions in the normal course of business.

## Off Balance Sheet Arrangements

The Auto Fund, in its normal course of operations, enters into certain transactions that are not required to be recorded on its statement of financial position – commonly referred to as the balance sheet. These items include litigation, structured settlements and rehabilitation funding commitments. These items are discussed below and in the notes to the financial statements.

The Auto Fund, as is common to other entities that operate in the insurance industry, is subject to litigation arising in the normal course of insurance operations. The Auto Fund is of the opinion that current litigation will not have a material impact on operations, the financial position or cash flows of the Auto Fund.

In the normal course of settling claims, the Auto Fund settles some long-term disability claims by purchasing structured settlements (annuities) from various financial institutions for its claimants. This is a common practice in the property and casualty industry. The net present value of the scheduled payments at December 31, 2012, was \$23.0 million (2011 – \$22.9 million). The Auto Fund has no recourse to these funds. The Auto Fund provides a financial guarantee to the claimant in the event of default by the financial institution on the payment schedule to the claimant. No default has occurred in the past on these payment schedules and the likelihood of such default is considered extremely remote.

The Auto Fund has contractual obligations to provide funding to Saskatchewan health organizations to provide for rehabilitative services for those injured in automobile collisions. Funding commitments, which are detailed further in note 18 to the financial statements, range between \$16.9 million and \$22.9 million per year over the next five years.

## Critical Accounting Estimates

This discussion and analysis of financial condition and results of operations is based upon financial statements as presented in this annual report. These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Reporting Interpretations Committee. Significant accounting policies are described in note 3 to the financial statements. Some of these policies involve critical accounting estimates because they require SGI, as the administrator, to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions.

The development, selection and application of key accounting policies, and the critical accounting estimates and assumptions they involve, have been discussed with the Audit and Finance Committee of the Board of Directors, and the Audit and Finance Committee has reviewed the disclosures described in this section. The most significant critical accounting estimates involve the provision for unpaid claims and unpaid claims recoverable from reinsurers.

### Provision for unpaid claims

A provision for unpaid claims is maintained to cover the estimated ultimate liability for losses and loss adjustment expenses for reported claims and claims incurred but not yet reported at the end of each accounting period.

The initial provision is determined on the reported facts filed with the claim, and then revised regularly as more information on the claim becomes known. The provision does not represent the exact calculation of the liability owing to claimants, but is an estimate developed using Canadian accepted actuarial practices and Canadian insurance regulatory requirements. The estimate reflects an expectation of the ultimate cost of settlement and administration of claims. It involves an assessment based on the facts and circumstances of the events reported in the claim, experience with similar claims, historical trends involving claim payments, claim severity, the effect of inflation on reported and future claims, court decisions and the time frame anticipated to settle and pay the claim.

This provision is refined on a continual basis as prior fiscal year claims are settled and additional claims are reported and settled. There may be significant time delays from the occurrence of the insured event and when it is reported. If this occurs near the year-end date, estimates are made as to the value of these claims based on information known at that time. As well, uncertainty exists for reported claims that are not settled, as all necessary information may not be available. Thus, with the level of uncertainty involved in the claim process, until the final settlement occurs, current reserves may not be sufficient. The provision for unpaid claims has been calculated including the impact of discounting. Any adjustments to these estimates, both positive (a redundancy or excess) and negative (a deficiency) are included in the provision for unpaid claims and are reflected as claims incurred in the current year's Statement of Operations.

### Unpaid claims recoverable from reinsurers

Unpaid claims recoverable from reinsurers includes amounts for expected recoveries related to unpaid claims liabilities. Amounts recoverable from reinsurers are estimated in a manner consistent with claim and claim adjustment expense reserves, and are reported in the Statement of Financial Position. The ceding of insurance does not discharge the Auto Fund's primary liability to its insureds. An estimated allowance for doubtful accounts is recorded on the basis of periodic evaluations of balances due from reinsurers, reinsurer solvency, management's experience and current economic conditions. At December 31, 2012, and 2011, there is no allowance for doubtful accounts recorded related to unpaid claims recoverable from reinsurers.

## Risk Management

Risk management is a process for recognizing and addressing risks that could affect the achievement of corporate objectives. On an annual basis, management reviews the key risks faced by the Auto Fund by identifying specific risk events and their potential impact on operations, finances and reputation. Each risk event is rated based on the likelihood of the event occurring and severity of the consequences if it did occur, both before and after the application of potential mitigations.

The above process results in a risk profile for the Auto Fund, which is reviewed by the Risk Committee of the Board of Directors annually. SGI's Audit Services department also uses the risk profile in developing its annual work plan, which provides an assurance component to the Auto Fund's risk management process.

The following risks represent the most serious threats to the Auto Fund. Failure to manage any of these risks could lead to significant operational, financial or reputational damage. The nature of these risks, along with efforts to mitigate them, is summarized below.

### Leadership/Strategy

**Risk:** Poor strategic planning, poor communication, or a lack of integrity or ethical behaviour lead to low morale and staff engagement, as well as declining revenue and profitability.

**Mitigation:** SGI's purpose and ideals are defined clearly in the corporate mission, vision and values statements, and the Auto Fund promotes leadership and customer service in its training programs. The corporate commitment to privacy and ethical behaviour is reinforced through the annual review and sign-off by all employees of the Code of Ethics and Conduct. The 2011-15 strategic plan was developed with the feedback of employees and other stakeholders, and provides a detailed plan for the future of the Auto Fund. The strategic plan is formally reviewed and updated annually, and recently a 90-day prioritization process was developed to help focus corporate resources.

### Significant Privacy Breach

**Risk:** Personal information held by the Auto Fund for a large number of customers is lost, accessed, used or disclosed contrary to legislated requirements resulting in adverse legal, regulatory and financial consequences, as well as a loss in confidence by customers and the shareholder.

**Mitigation:** Specific guidelines on handling personal information have been implemented, and are updated regularly to be consistent with industry recommended best practices. SGI conducts privacy audits in areas that handle customer information, and uses a Privacy Impact Assessment process for reviewing business changes, to ensure privacy concerns are addressed at the design level. To promote awareness of privacy obligations, new staff must complete online privacy training, and all staff are required to complete the annual sign-off of the Code of Ethics and Conduct, and the Confidentiality and Non-Disclosure Agreement.

### Customer Focus

**Risk:** The Auto Fund is unable to provide value to its customers.

**Mitigation:** The Auto Fund has added claims staff and established service targets for all claims lines. Consultations with affected stakeholders are completed for new initiatives to ensure customer acceptance. Registration and traffic safety programs are reviewed on an ongoing basis, and customer needs and concerns are monitored through customer service surveys and discussions with issuers and brokers.



## Business Intelligence

**Risk:** The development and implementation of the Business Intelligence (BI) project is unsuccessful, adversely affecting the Auto Fund's ability to make good decisions.

**Mitigation:** The BI project was established to meet SGI's need for greater and easier access to information. SGI has contracted with an outside consultant with extensive BI expertise to assist in the development of BI technology. Rather than implementing the entire project at once, an iterative staged approach to development and adoption is being used to control project scope and ensure user needs are being met. Resources have been dedicated to help internal users in refining data needs and applying the BI technology to gather and present information faster and easier.

## Catastrophic Claims Loss

**Risk:** An event loss in excess of reinsurance limits, an aggregation of large losses within the corporate net retention or the failure of a reinsurer could result in major financial losses for the Auto Fund.

**Mitigation:** SGI's reinsurance limits were determined based on independent catastrophe modeling, and reinsurance limits are purchased in excess of a 1-in-250-year event assumption to calculate probable maximum loss. To mitigate the risk of reinsurer failure, SGI and its reinsurance brokers monitor the reinsurer rating provided by AM Best, and Standard and Poor's.

## Transfer and Acquisition of Expertise

**Risk:** SGI is unable to build and maintain the knowledge, skill and experience within the organization's workforce needed to thrive now and in the future, resulting in lower productivity, higher operating costs, and higher health and safety concerns from overworked employees. Challenges include retirements, recruitment of qualified personnel in a tight labour market and the need to support an analytical culture.

**Mitigation:** SGI has implemented a number of programs in this area, including competency-based recruitment, training and mentoring programs, knowledge management solutions, and the monitoring of workplace engagement and strategic clarity through employee surveys. A corporate learning strategy was created in 2008 and updated in 2012 to grow talent, and SGI has devoted additional resources and technology to training and development. SGI's succession planning process focuses on (i) ensuring current senior management positions have backups; and (ii) identifying high-performing staff who have potential for more senior roles. The corporate diversity/recruitment strategy was updated in 2012 to enhance partnerships with outreach agencies and educational institutions, and the Corporation's visibility as a preferred employer.

## Systems Security

**Risk:** The security of SGI's systems is compromised by a virus attack, system breach, or unauthorized access to confidential or sensitive information by internal or external parties, resulting in significant financial and reputational damage.

**Mitigation:** SGI created an Information Security Policy in 2009 that includes corporate standards for user access (including remote and external vendor access), passwords, physical security, mobile devices, wireless networks and acceptable use of SGI systems. The Systems division has implemented many mechanisms (such as firewalls, intrusion prevention, antivirus, etc.) to protect the environment and is continually monitoring systems for potential threat activity. SGI has developed incident response procedures to decrease the severity of a breach, should one occur.

## Outlook for 2013

Of the last five years, only 2009 saw the Auto Fund experience an increase to the RSR. While 2012 looked promising at the end of the third quarter, severe winter driving conditions in the fourth quarter resulted in higher than average claim costs and a further decline to the RSR. As a result, the Auto Fund's Minimum Capital Test has, in recent years, hovered in the lower part of its target range and, since mid-2011, has been below its targeted minimum capital range. As such, the Auto Fund has submitted an application to the Saskatchewan Rate Review Panel for a 1.23% surcharge on Saskatchewan Auto Fund rates to replenish the Rate Stabilization Reserve. The surcharge is determined through actuarial analysis and is forecasted to return the RSR to an MCT of 75%, its policy minimum, over a three-year period. An appropriate RSR balance is necessary for the financial stability of the Auto Fund and can act as a buffer for customers to avoid significant rate shock.

The strong Saskatchewan economy is expected to continue to result in premium growth attributable to a newer vehicle population and growth in vehicle counts. However, claim costs continue to escalate as well. With more vehicles on the roads, the number of claims continues to rise, and newer vehicles generally cost more to repair. In addition, rising wages in the province contribute to increasing labour rates paid to autobody shops and higher income replacement benefits for injured persons. Significant weather events, such as hailstorms, are also occurring more regularly leading to higher damage claim costs in recent years. The severe winter driving conditions experienced during the fourth quarter of 2012 have continued into the first quarter of 2013 causing concern early in the year. Claim costs represent approximately 83% of the Auto Fund's expense profile and are monitored closely. While economic and weather factors pose external risks, largely beyond the Auto Fund's control, it continues to invest and focus on traffic safety programming, performing diligent claim management and adjusting, regular rate reviews and management of its other expenses.

While investment markets improved through 2012, challenges both domestically and internationally remain due to low growth, high debt loads and a lack of investor confidence. Measures to address these issues may provide the market environment for more positive, sustained global growth. While equity market volatility is likely to continue, volatility caused by interest rate changes is expected to be offset by the impact on the discounting of claim liabilities. The Auto Fund remains vigilant in monitoring the investment portfolio and continues to maintain its well diversified, high-quality investment portfolio and prudent investment management policies and processes.

Management monitors financial results closely with a long-term perspective to maintaining fair rates while ensuring the adequate capitalization of the Auto Fund. However, with the expected cost of Auto Fund claims and expenses outpacing growth in premiums and investment income, the Auto Fund has submitted an application to the Saskatchewan Rate Review Panel for a 1.03% general increase in rates for the rating year beginning in August 2013. Combined, the above-noted RSR surcharge and the general rate increase will result in an overall average increase of 2.27%. While faced with a challenging environment, even with these increases, the Auto Fund continues to provide amongst the lowest average personal vehicle rates in Canada and remains focused to deliver on its vision to be a company where every customer, employee, owner and business partner across Canada is proud to do business and work with it.

# Responsibility for Financial Statements

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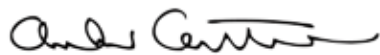
The financial statements are the responsibility of Management and have been prepared in conformity with International Financial Reporting Standards. In the opinion of Management, the financial statements fairly reflect the financial position, results of operations and cash flows of the Saskatchewan Auto Fund (the Auto Fund) within reasonable limits of materiality.

Preparation of financial information is an integral part of Management's broader responsibilities for the ongoing operations of the Auto Fund. Management maintains an extensive system of internal accounting controls to ensure that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements. The adequacy and operation of the control systems are monitored on an ongoing basis by an internal audit department.

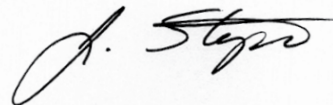
An actuary has been appointed by the Auto Fund to carry out a valuation of the policy liabilities in accordance with accepted actuarial practice and common Canadian insurance regulatory requirements. The policy liabilities consist of a provision for unpaid claim and adjustment expenses on the earned portion of policies and of future obligations on the unearned portion of policies. In performing this valuation, the actuary makes assumptions as to future rates of claim frequency and severity, inflation, reinsurance recoveries, expenses and other contingencies, taking into consideration the circumstances of the Auto Fund and the nature of the insurance policies. The actuary also makes use of Management information provided by the Auto Fund and the work of the external auditors in verifying the data used in the valuation.

The financial statements have been examined and approved by the Board of Directors of Saskatchewan Government Insurance, administrator of the Auto Fund. An Audit and Finance Committee, composed of members of the Board of Directors, meets periodically with financial officers of Saskatchewan Government Insurance and the external auditors. These external auditors have free access to this Committee, without Management present, to discuss the results of their audit work and their opinion on the adequacy of internal financial controls and the quality of financial reporting.

As appointed by the Lieutenant Governor in Council and approved by Crown Investments Corporation of Saskatchewan, KPMG have been appointed external auditors. Their responsibility is to report to the Members of the Legislative Assembly regarding the fairness of presentation of the Auto Fund's financial position and results of operations as shown in the financial statements. In carrying out their audit, the external auditors also make use of the work of the actuary and her report on the policy liabilities. The Auditors' Report outlines the scope of their examination and their opinion.



Andrew R. Cartmell  
President and Chief Executive Officer  
Saskatchewan Government Insurance  
as Administrator of the  
Saskatchewan Auto Fund



Jeff Stepan  
Chief Financial Officer  
Saskatchewan Government Insurance  
as Administrator of the  
Saskatchewan Auto Fund

February 28, 2013

# Annual Statement of Management Responsibility

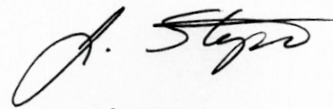
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I, Andrew Cartmell, President and Chief Executive Officer, and I, Jeff Stepan, Chief Financial Officer, certify the following:

- a. That we have reviewed the financial statements included herein. Based on our knowledge, having exercised reasonable diligence, the financial statements fairly present, in all material respects, the financial condition, results of operations and cash flows, as of December 31, 2012.
- b. That based on our knowledge, having exercised reasonable diligence, the financial statements do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made.
- c. That Saskatchewan Auto Fund (the Auto Fund) is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities; and, the Auto Fund has designed internal controls over financial reporting that are appropriate to its circumstances.
- d. That the Auto Fund conducted its assessment of the effectiveness of its internal controls over financial reporting and, based on the results of this assessment, it can provide reasonable assurance that internal controls over financial reporting as of December 31, 2012, were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.



Andrew R. Cartmell  
President and Chief Executive Officer  
Saskatchewan Government Insurance  
as Administrator of the  
Saskatchewan Auto Fund



Jeff Stepan  
Chief Financial Officer  
Saskatchewan Government Insurance  
as Administrator of the  
Saskatchewan Auto Fund

February 28, 2013

# Actuary's Report

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To the Board of Directors of Saskatchewan Government Insurance

I have valued the policy liabilities and reinsurance recoverables of the Saskatchewan Auto Fund for its statement of financial position at December 31, 2012, and their change in the statement of operations for the year then ended in accordance with accepted actuarial practice in Canada, including selection of appropriate assumptions and methods.

I am satisfied that the data utilized for the valuation of these liabilities is reliable and sufficient. I verified the consistency of the valuation data with the company financial records.

In my opinion, the amount of policy liabilities, net of reinsurance recoverables, makes appropriate provision for all policyholder obligations, and the financial statements fairly present the results of the valuation.



Barb Addie  
Baron Insurance Services Inc.  
Fellow, Canadian Institute of Actuaries  
Fellow, Casualty Actuarial Society

February 28, 2013

# Independent Auditors' Report

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To the Members of the Legislative Assembly, Province of Saskatchewan

We have audited the accompanying financial statements of Saskatchewan Auto Fund ("the Entity"), which comprise the statement of financial position as at December 31, 2012, the statements of operations, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Saskatchewan Auto Fund as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Accountants  
Regina, Canada

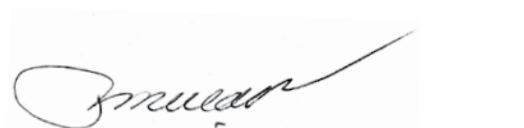
February 28, 2013

# Statement of Financial Position

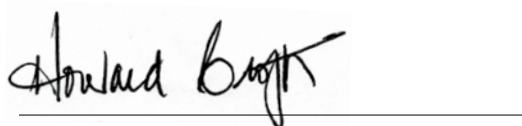
	(thousands of \$)	
	December 31 2012	December 31 2011
<b>Assets</b>		
Cash and cash equivalents (note 4)	\$ 24,634	\$ 34,066
Accounts receivable (note 5)	193,384	174,712
Investments under securities lending program (note 6)	302,823	309,293
Investments (note 6)	1,217,871	1,090,594
Unpaid claims recoverable from reinsurers (note 9)	6,558	19,764
Deferred policy acquisition costs (note 7)	28,049	26,071
Other assets (note 8)	10,633	14,980
Property and equipment (note 10)	41,046	41,883
	<b>\$ 1,824,998</b>	<b>\$ 1,711,363</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 21,893	\$ 22,253
Premium taxes payable	39,284	37,449
Unearned premiums (note 11)	351,330	337,389
Provision for unpaid claims (note 9)	1,280,402	1,170,687
	<b>1,692,909</b>	<b>1,567,778</b>
<b>Equity</b>		
Rate Stabilization Reserve	127,122	134,261
Redevelopment Reserve	4,967	9,324
<b>Total Equity</b>	<b>132,089</b>	<b>143,585</b>
	<b>\$ 1,824,998</b>	<b>\$ 1,711,363</b>

Commitments and contingencies (note 18)  
(see accompanying notes)

Approved by the Board of Directors and signed on their behalf on February 28, 2013



Rick Watson  
Director



Howard Crofts  
Director

# Statement of Operations

year ended December 31	(thousands of \$)	
	2012	2011
Gross premiums written	\$ 785,679	\$ 748,961
Premiums written ceded to reinsurers	(4,512)	(4,218)
Net premiums written	781,167	744,743
Change in net unearned premiums (note 11)	(13,941)	(18,461)
<b>Net premiums earned</b>	<b>767,226</b>	<b>726,282</b>
Claims incurred (note 9)	740,528	806,924
Issuer fees	37,795	38,200
Administrative expenses	51,546	52,778
Premium taxes	38,555	36,513
Traffic safety programs	22,626	20,547
<b>Total claims and expenses</b>	<b>891,050</b>	<b>954,962</b>
<b>Underwriting loss</b>	<b>(123,824)</b>	<b>(228,680)</b>
Investment earnings (note 12)	74,838	51,668
Other income (note 13)	37,490	34,088
<b>Decrease to Rate Stabilization Reserve and Comprehensive Loss</b>	<b>\$ (11,496)</b>	<b>\$ (142,924)</b>

(see accompanying notes)



# Statement of Changes in Equity

year ended December 31	(thousands of \$)	
	2012	2011
<b>Rate Stabilization Reserve</b>		
Balance, beginning of year	\$ 134,261	\$ 271,856
Decrease to Rate Stabilization Reserve	(11,496)	(142,924)
Appropriation from Redevelopment Reserve	4,357	5,329
<b>Balance, end of year</b>	<b>\$ 127,122</b>	<b>\$ 134,261</b>
<b>Redevelopment Reserve</b>		
Balance, beginning of year	\$ 9,324	\$ 14,653
Appropriation to Rate Stabilization Reserve	(4,357)	(5,329)
<b>Balance, end of year</b>	<b>\$ 4,967</b>	<b>\$ 9,324</b>
<b>Total Equity</b>	<b>\$ 132,089</b>	<b>\$ 143,585</b>

(see accompanying notes)

# Statement of Cash Flows

year ended December 31	(thousands of \$)	
	2012	2011
<b>Cash provided by (used for):</b>		
<b>Operating activities</b>		
Decrease to Rate Stabilization Reserve and Comprehensive Loss	\$ (11,496)	\$ (142,924)
Non-cash items:		
Bond amortization	106	(735)
Depreciation	8,434	8,683
Net realized gain on sale of investments	(18,651)	(3,525)
Net unrealized gain on change in fair value of investments	(21,008)	(14,050)
Loss on sale of property and equipment	49	70
Change in non-cash operating items (note 16)	117,995	183,174
	<b>75,429</b>	<b>30,693</b>
<b>Investing activities</b>		
Purchases of investments	(1,141,569)	(1,201,954)
Proceeds on sale of investments	1,060,315	1,131,608
Repayment of capital lease	–	242
Purchases of property and equipment	(3,607)	(6,809)
	<b>(84,861)</b>	<b>(76,913)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(9,432)</b>	<b>(46,220)</b>
Cash and cash equivalents, beginning of period	34,066	80,286
<b>Cash and cash equivalents, end of period</b>	<b>\$ 24,634</b>	<b>\$ 34,066</b>
<b>Supplemental cash flow information:</b>		
Interest received	\$ 25,826	\$ 23,811
Dividends received	\$ 5,212	\$ 4,919

(see accompanying notes)

# Notes to the Financial Statements

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December 31, 2012

## 1. Status of the Auto Fund

The Saskatchewan Auto Fund (the Auto Fund – 2260 – 11th Avenue, Regina, Sask., Canada) was established effective January 1, 1984, by an amendment to *The Automobile Accident Insurance Act*. The Auto Fund is a compulsory vehicle insurance program providing vehicle registrations, driver's licences and related services for Saskatchewan drivers and vehicle owners. In addition to vehicle damage and property liability coverage, the Auto Fund also includes injury coverage that provides a choice between No Fault Coverage or Tort Coverage.

The Auto Fund is a self-sustaining fund, administered by Saskatchewan Government Insurance (SGI). The role of SGI, as administrator, is to oversee the operations of the Auto Fund for the Province of Saskatchewan. Any annual excess or deficiencies of the Auto Fund are recorded in its Rate Stabilization Reserve (RSR). The RSR is held on behalf of Saskatchewan's motoring public and is intended to protect motorists from rate increases made necessary by unexpected events and losses arising from catastrophic events. Being a fund of the Province of Saskatchewan, it is exempt from federal and provincial income taxes. The financial results of the Auto Fund are included in the Province of Saskatchewan's summary financial statements and not in SGI's financial statements.

## 2. Basis of Preparation

### Statement of compliance

The financial statements for the year ended December 31, 2012, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

### Basis of measurement

The financial statements have been prepared using the historical cost basis except for financial instruments. The methods used to measure the values of financial instruments are discussed further in note 3.

### Statement of financial position classification

The statement of financial position has been prepared using the liquidity format in which the assets and liabilities are presented broadly in order of liquidity. The assets and liabilities comprise both current and non-current amounts.

### Functional currency and presentation

These financial statements are presented in Canadian dollars, which is the Auto Fund's functional currency and are rounded to the nearest thousand unless otherwise noted.

### Use of estimates and judgment

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and changes in estimates are recorded in the accounting period in which they are determined. The most significant estimation processes are related to the

actuarial determination of the provision for unpaid claims (note 9), and the valuation of accounts receivable (note 5) and investments (note 6).

### 3. Significant Accounting Policies

#### **Financial assets and liabilities**

The measurement basis for financial assets and financial liabilities depends on whether the financial assets and liabilities have been classified as fair value through profit and loss, available for sale, held to maturity, loans and receivables, or other financial liabilities. Financial assets and liabilities classified as fair value through profit and loss are measured at fair value and changes in fair value are recognized as an increase or decrease to the Rate Stabilization Reserve. Financial assets classified as available for sale are measured at fair value with unrealized changes in fair value recorded in other comprehensive income, however, unrealized losses considered other than temporary are recognized as a decrease to the Rate Stabilization Reserve. Financial assets designated as held to maturity, loans and receivables, or other financial liabilities are measured at amortized cost using the effective interest method. The Auto Fund has no financial assets or liabilities designated as available for sale or held to maturity.

The Auto Fund has designated its cash and cash equivalents and investments as fair value through profit and loss. Accounts receivable are designated as loans and receivables. Accounts payable and premium taxes payable are designated as other financial liabilities. The unpaid claims recoverable from reinsurers, amounts due to reinsurers, and the provision for unpaid claims are exempt from the above requirement.

#### **Investments**

All investments are carried at fair value. The fair value of short-term investments is based on cost, which approximates fair value due to the immediate or short-term nature of these financial instruments and are considered level 2 financial assets. The common shares are level 1 financial assets and the fair value is determined based on quoted market values, based on the latest bid prices. The pooled equity funds are level 1 financial assets, and the fair value is based on the quoted market values of the underlying investments, based on the latest bid prices. Bonds and debentures are level 2 financial assets and the fair value is based on model pricing techniques that effectively discount prospective cash flows to present value taking into consideration duration, credit quality and liquidity. The pooled mortgage fund is a level 2 financial asset and the fair value is determined based on the market values of the underlying mortgage investments, calculated by discounting scheduled cash flows through to the estimated maturity of the mortgage. The pooled real estate fund is a level 2 financial asset and the fair value is determined based on the most recent appraisals of the underlying properties.

The Auto Fund records its investment purchases and sales on a trade-date basis, being the date when the transactions are entered into.

#### **Investments under securities lending program**

Securities lending transactions are entered into on a collateralized basis. The securities lent are not derecognized on the statement of financial position given that the risks and rewards of ownership are not transferred from the Auto Fund to the counterparties in the course of such transactions. The securities are reported separately on the statement of financial position on the basis that the counterparties may resell or re-pledge the securities during the time that the securities are in their possession.

Securities received from counterparties as collateral are not recorded on the statement of financial position given that the risks and rewards of ownership are not transferred from the counterparties to the Auto Fund in the course of such transactions.

### **Investment earnings**

The Auto Fund recognizes interest revenue as earned, dividends when declared, pooled fund revenue when a distribution is declared, realized gains and losses on investments when the investment has been sold and unrealized gains and losses based on the changes in market value of the investments held.

Interest revenue includes amortization of any premium or discount recognized at date of purchase of the security. Amortization is calculated using the effective interest method. Realized gains and losses represent the difference between the amounts received through the sale of investments and their respective cost base. Interest is generally receivable on a semi-annual basis.

Transaction costs are included in the acquisition cost of individual investments. Direct investment expenses, such as external custodial, investment management and investment consultant expenses, are recorded against investment earnings.

### **Foreign currency translation**

Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate in effect at the year-end date. Revenues and expenses are translated at the exchange rate in effect at the transaction date. Unrealized foreign exchange gains and/or losses arising on monetary and non-monetary investments designated as fair value through profit and loss are recognized in investment earnings. Unrealized gains and/or losses arising on translation are charged to operations in the current year. Translation gains and/or losses related to other financial assets and liabilities are charged to operations in the current year.

### **Premiums written**

The Auto Fund's vehicle registrations have all been classified upon inception as insurance contracts. An insurance contract is a contract that transfers significant insurance risk and upon the occurrence of the insured event, causes the insurer to make a benefit payment to the insured party. The sale of vehicle registrations generates premiums written, which are taken into income over the terms of the related policies, no longer than 12 months. Unearned premiums represent the portion of the policy premiums relating to the unexpired term of each policy.

### **Provision for unpaid claims**

The provision for unpaid claims represents an estimate of the total cost of outstanding claims to the year-end date. The estimate includes the cost of reported claims, and claims incurred but not reported, and an estimate of adjusting expenses to be incurred on these claims and a provision for adverse deviation (PFAD) in accordance with Canadian Institute of Actuaries standards. The provision has been calculated including the impact of discounting using a discount rate of 4.4% (December 31, 2011 – 4.5%). The estimates are necessarily subject to uncertainty and are selected from a range of possible outcomes. During the life of the claim, adjustments to the estimates are made as additional information becomes available. The change in outstanding losses plus paid losses is reported as claims incurred in the current period.

### **Deferred policy acquisition costs**

Premium taxes, commissions and certain underwriting and policy issuance costs are charged to expense over the terms of the insurance policies to which such costs relate, no longer than 12 months. The method followed in determining the deferred policy acquisition costs limits the amount of the deferral to the amount recoverable from unearned premiums after giving consideration to investment income, as well as claim and adjustment expenses expected to be incurred as the premiums are earned.

### **Reinsurance ceded**

Unpaid claims recoverable from reinsurers, reinsurers' share of unearned premiums and unearned reinsurance commissions are estimated in a manner consistent with the method used for determining the provision for unpaid claims, unearned premiums and deferred policy acquisition costs respectively.

### **Cash and cash equivalents**

Cash and cash equivalents consist of money market investments with a maturity of 90 days or less from the date of acquisition, and are presented net of cash on hand less outstanding cheques.

### **Property and equipment**

All classes of property and equipment are recorded at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset. The Auto Fund has not incurred any borrowing costs attributable to property and equipment and therefore no borrowing costs have been capitalized.

The depreciation method being used, the useful lives of the assets and residual values of the assets are reviewed at each reporting period. Repairs and maintenance are charged to the statement of operations in the period in which they have been incurred.

Depreciation is recorded on a straight-line basis, commencing in the year in which the asset is available to be placed in service, over their estimated useful lives as follows:

Buildings and improvements	20-40 years
Building components	15-30 years
Leasehold improvements	5 years
Computer hardware and other equipment	3-5 years

Building components consists of heating and cooling systems, elevators, roofs and parking lots.

### **Redevelopment Reserve**

The Redevelopment Reserve was established, through an appropriation from the Rate Stabilization Reserve, to meet the Auto Fund's commitment to redevelop its information system. As redevelopment expenses are incurred and charged against operations, funds are appropriated back to the Rate Stabilization Reserve.

### **Intangible assets**

Development expenditures incurred are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Auto Fund intends to and has sufficient resources to complete development and to use the asset. The expenditures capitalized include the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditures are recognized in profit or loss as incurred.

Capitalized development expenditures are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in the statement of operations on a straight-line basis over the estimated useful life of between three to five years.

The capitalized system costs are tested for impairment annually during the period before the system is ready to operate to ensure that the cost does not exceed the expected benefit.

### **Leased assets**

Leases where the Auto Fund does not assume substantially all of the risks and rewards of ownership are classified as operating leases. The payments are expensed as they are incurred.

## Future accounting policy changes

The following future changes to accounting standards will have applicability to the Auto Fund:

### *Insurance Contracts*

IASB issued exposure draft ED/2010/8 Insurance Contracts (the ED) on July 30, 2010. The ED proposes a new standard on accounting for insurance contracts, which would replace IFRS 4, *Insurance Contracts*. The proposals represent the first comprehensive IFRS accounting model for insurance contracts and are expected to have a significant impact on the financial reporting of insurers. The IASB plans to issue a re-exposure document in the first half of 2013. A final standard is expected in 2014 with implementation not expected before 2017.

### *Financial Instruments*

In November 2009, the IASB issued an exposure draft of IFRS 9, *Financial Instruments*, as part of its plan to replace IAS 39, *Financial Instruments: Recognition and Measurement*.

The new standard requires financial assets to be measured at either fair value or amortized cost, on the basis of the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. A financial asset that is held by an entity for the purpose of collecting contractual cash flows on specified dates per contractual terms should be measured at amortized cost. All other financial assets should be measured at fair value.

For equity instruments, management has an option on initial recognition to irrevocably designate on an instrument-by-instrument basis to present the changes in their fair value directly in equity. There is no subsequent recycling of fair value gains and losses from equity to the Statement of Operations; however, dividends from such equity investments will continue to be recognized in profit or loss.

In November 2012, the IASB issued limited amendments to the exposure draft. The amendments include introduction of a fair value through other comprehensive income (FVOCI) measurement category for simple debt instruments. In this measurement category, the Statement of Financial Position will reflect the fair value carrying amount while amortized cost information is presented in the Statement of Operations. The difference between the fair value and amortized cost information will be recognized in other comprehensive income.

This standard is effective for annual periods beginning on or after January 1, 2015. While early adoption is permitted under the standard, the Office of the Superintendent of Financial Institutions (OSFI) has indicated that early adoption is not allowed. While the Auto Fund is not federally regulated, it generally follows OSFI's guidance in such matters.

The Auto Fund is in the process of assessing the impact of the new standard.

### *Fair Value Measurement*

IFRS 13, *Fair Value Measurement*, was issued by the IASB in May 2011. IFRS 13 replaces the fair value measurement guidance contained in various standards with a single source of fair value measurement guidance. This standard may impact the measurement of fair value for certain assets and liabilities as well as the associated disclosures. IFRS 13 is effective for annual periods beginning on or after January 1, 2013. The new standard is not expected to have a material impact on the Auto Fund's financial statements.

## 4. Cash and Cash Equivalents

	(thousands of \$)	
	2012	2011
Money market investments	\$ 18,980	\$ 32,667
Cash on hand, net of outstanding cheques	5,654	1,399
<b>Total cash and cash equivalents</b>	<b>\$ 24,634</b>	<b>\$ 34,066</b>

The average effective interest rate on money market investments is 1.0% (2011 – 1.0%).

## 5. Accounts Receivable

Accounts receivable is comprised of the following:

	(thousands of \$)	
	2012	2011
Due from insureds	\$ 181,652	\$ 172,718
Due from SGI	8,580	–
Accrued investment income	4,976	4,619
Licence issuers	2,129	3,565
Salvage operations	1,686	1,553
Other	2,493	506
<b>Subtotal</b>	<b>201,516</b>	<b>182,961</b>
Less: Allowance for doubtful accounts (note 14)	(8,132)	(8,249)
<b>Total accounts receivable</b>	<b>\$ 193,384</b>	<b>\$ 174,712</b>

Included in due from insureds is \$168,920,000 (2011 – \$160,178,000) of financed premiums receivable, which represents the portion of policyholders' monthly premium payments that are not yet due. The majority of policyholders have the option to pay a portion of the premium when the policy is placed in force and the balance in monthly instalments. The policyholder pays an additional charge for this option, reflecting handling costs and the investment income that would have been earned on such premium, had the total amount been collected at the beginning of the policy period (note 13).



## 6. Investments

The carrying values of the Auto Fund's investments are as follows:

	(thousands of \$)	
	2012	2011
Short-term investments	\$ 209,528	\$ 210,199
Bonds and debentures	546,590	493,404
Canadian common shares	115,803	119,270
U.S. common shares	65,826	54,942
Pooled funds:		
Non-North American equity	57,759	50,310
Global small cap equity	51,087	–
Mortgage	83,596	84,542
Real estate	87,682	77,927
	1,217,871	1,090,594
Investments under securities lending program		
Bonds and debentures	243,825	256,085
Canadian common shares	57,177	49,523
U.S. common shares	1,821	3,685
	302,823	309,293
<b>Total investments</b>	<b>\$ 1,520,694</b>	<b>\$ 1,399,887</b>

Details of significant terms and conditions, exposures to interest rate and credit risks of investments are as follows:

### Short-term investments

Short-term investments are comprised of money market investments with a maturity of less than one year but greater than 90 days from the date of acquisition. These investments have an average effective interest rate of 1.1% (2011 – 1.0%) and an average remaining term to maturity of 90 days (2011 – 79 days). The Auto Fund's investment policy states that investments must meet minimum investment standards of R-1, as rated by a recognized credit rating service.

Holdings for any one issuer, other than the Government of Canada or a Canadian province, are limited to 10% of the market value of the combined short-term investment and bond portfolios.

### Bonds and debentures

The Auto Fund's investment policy states that the minimum quality standard for purchase of bonds and debentures is BBB, as rated by a recognized credit rating service.

The Auto Fund's investment policy limits its holdings for any one issuer, other than the Government of Canada or a Canadian province, to 10% of the market value of the combined bond and short-term investment portfolios. The holdings for any one province are limited to 20% of the market value of the bond portfolio. No more than 10% of the market value of the bond portfolio shall be invested in bonds of foreign issuers.

The carrying value and average effective interest rates are shown in the following chart by contractual maturity. Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

	(thousands of \$)			
	2012		2011	
Term to maturity (years)	Carrying Value	Average Effective Rates	Carrying Value	Average Effective Rates
Government of Canada:				
One or less	\$ 10,954	1.4%	\$ –	–
After one through five	52,977	1.2%	90,244	1.2%
After five	226,599	2.1%	193,430	2.3%
Canadian provincial and municipal:				
One or less	11,367	1.5%	–	–
After one through five	59,786	1.6%	55,297	1.6%
After five	231,949	3.1%	218,882	3.1%
Canadian corporate:				
One or less	28,348	1.5%	7,296	1.8%
After one through five	92,083	2.0%	88,231	2.0%
After five	76,352	2.9%	96,109	3.3%
<b>Total bonds and debentures</b>	<b>\$ 790,415</b>		<b>\$ 749,489</b>	

### Common shares

Common shares have no fixed maturity dates and are generally not exposed to interest rate risk. The average effective dividend rate is 2.4% (2011 – 2.3%).

The Auto Fund's investment policy limits its investment concentration in any investee or related group of investees to 10% of the market value of the Auto Fund's common shares portfolio. As well, no one holding may represent more than 10% of the voting shares of any corporation.

### Pooled funds

The Auto Fund owns units in a non-North American pooled equity fund, a global small cap pooled equity fund, a pooled mortgage fund and a pooled real estate fund. These pooled funds have no fixed distribution rate. Fund returns are based on the success of the fund managers.

### Security lending program

Through its custodian, the Auto Fund participates in an investment security lending program for the purpose of generating fee income. Non-cash collateral of at least 102% of the market value of the loaned securities is retained by the Auto Fund until the loaned securities have been returned. The market value of the loaned securities is monitored on a daily basis with additional collateral obtained or refunded as the market value of the loaned securities fluctuates. In addition, the custodian provides indemnification against any potential losses in the securities lending program. While in the possession of counterparties, the loaned securities may be resold or re-pledged by such counterparties.

At December 31, 2012, the Auto Fund held collateral of \$317,962,000 (2011 – \$324,758,000) for the loaned securities.

## Fair value hierarchy

Fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgment and is based on market information where available and appropriate. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

Level 1 – where quoted prices are readily available from an active market

Level 2 – valuation model not using quoted prices, but still using predominantly observable market inputs, such as market interest rates

Level 3 – models using inputs that are not based on observable market data

	(thousands of \$)					
	2012			2011		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Short-term investments	\$ –	\$ 209,528	\$ 209,528	–	\$ 210,199	\$ 210,199
Bonds and debentures	–	790,415	790,415	–	749,489	749,489
Canadian common shares	172,980	–	172,980	168,793	–	168,793
U.S. common shares	67,647	–	67,647	58,627	–	58,627
Pooled funds:						
Non-North American equity	57,759	–	57,759	50,310	–	50,310
Global small cap equity	51,087	–	51,087	–	–	–
Mortgage	–	83,596	83,596	–	84,542	84,542
Real estate	–	87,682	87,682	–	77,927	77,927
	\$ 349,473	\$ 1,171,221	\$ 1,520,694	\$ 277,730	\$ 1,122,157	\$ 1,399,887

During the year, no investments were transferred between levels.

## 7. Deferred Policy Acquisition Costs

	(thousands of \$)	
	2012	2011
Deferred policy acquisition costs, beginning of year	\$ 26,071	\$ 25,602
Acquisition costs deferred during the year	39,773	38,665
Previously deferred acquisition costs charged to operations during the year	(37,795)	(38,196)
Deferred policy acquisition costs, end of year	\$ 28,049	\$ 26,071

## 8. Other Assets

Other assets are comprised of the following:

	(thousands of \$)	
	2012	2011
Intangible assets	\$ 5,644	\$ 9,683
Inventories	3,446	3,459
Prepaid expenses	1,543	1,838
Total	\$ 10,633	\$ 14,980

### Intangible assets

Intangible assets consist of system development costs and are comprised of the following:

	(thousands of \$)	
	2012	2011
Cost	\$ 25,141	\$ 25,141
Depreciation:		
At January 1	15,458	10,379
Provided in the year	4,039	5,079
At December 31	19,497	15,458
Net book value at December 31	\$ 5,644	\$ 9,683

Depreciation provided in the year is included in administrative expenses on the Statement of Operations.

## 9. Claims Incurred and Provision for Unpaid Claims

### Claims incurred

	(thousands of \$)	
	2012	2011
Gross claims incurred	\$ 742,871	\$ 824,441
Ceded claims incurred	(2,343)	(17,517)
Net claims incurred	\$ 740,528	\$ 806,924

Ceded claims incurred represent an estimate of the recoverable costs of those claims transferred to the Auto Fund's various reinsurers pursuant to reinsurance contracts.

## Net provision for unpaid claims

The change in the estimate for the provision for unpaid claims is as follows:

	(thousands of \$)	
	2012	2011
Net unpaid claims, beginning of year – discounted	\$ 1,150,923	\$ 958,756
Discount, beginning of the year	660,416	491,396
Net unpaid claims, beginning of year – undiscounted	1,811,339	1,450,152
Payments made during the year relating to:		
Prior year claims	(225,362)	(223,441)
Deficiency relating to:		
Prior year estimated unpaid claims	27,536	14,526
Extending long-term payout period for injury accident benefits	–	252,064
Net unpaid claims, prior years – undiscounted	1,613,513	1,493,301
Provision for claims occurring in the current year	358,533	318,038
Net unpaid claims, end of year – undiscounted	1,972,046	1,811,339
Discount, end of year	(698,202)	(660,416)
Net unpaid claims, end of year – discounted	\$ 1,273,844	\$ 1,150,923

The net provision for unpaid claims of \$1,273,844,000 (2011 – \$1,150,923,000) consists of the gross provision for unpaid claims of \$1,280,402,000 (2011 – \$1,170,687,000) less unpaid claims recoverable from reinsurers of \$6,558,000 (2011 – \$19,764,000).

Included in the above amount is a provision for adverse development (PFAD) in the amount of \$150,155,000 (2011 – \$135,080,000). The incorporation of a PFAD within the provision for unpaid claims is in accordance with accepted actuarial practice and the selected PFAD is within the ranges recommended by the Canadian Institute of Actuaries. The PFAD considers the Auto Fund's assumptions concerning claims development, reinsurance recoveries and future investment earnings.

The provision for unpaid claims and unpaid claims recoverable from reinsurers are carried on a discounted basis. The resulting carrying amount is considered to be an indicator of fair value as there is no ready market for trading insurance contract liabilities.

## Type of unpaid claims

The net provision for unpaid claims is summarized by type of claim as follows:

	(thousands of \$)					
	Gross		Reinsurance Recoverable		Net	
	2012	2011	2012	2011	2012	2011
Injury accident benefits	\$ 1,825,850	\$ 1,687,182	\$ –	\$ –	\$ 1,825,850	\$ 1,687,182
Injury liability	72,224	68,232	–	–	72,224	68,232
Damage	80,246	74,928	6,274	19,003	73,972	55,925
PFAD and discounting	(697,918)	(659,655)	284	761	(698,202)	(660,416)
Total	\$ 1,280,402	\$ 1,170,687	\$ 6,558	\$ 19,764	\$ 1,273,844	\$ 1,150,923

## Structured settlements

The Auto Fund settles some long-term disability claims by purchasing annuities from various financial institutions for its claimants. The settlements legally release the Auto Fund from its obligations to the claimants. Consequently, neither the annuities purchased nor the claim liabilities are recognized on the Statement of Financial Position. However, as part of the settlement, the Auto Fund provides a financial guarantee to the claimants in the event the financial institutions default on the scheduled payments. As at December 31, 2012, no information has come to the Auto Fund's attention that would suggest any weakness or failure in the financial institutions from which it has purchased the annuities. The net present value of the scheduled payments as of the year-end date is \$23,004,000 (2011 – \$22,879,000).

## 10. Property and Equipment

The components of the Auto Fund's investment in property and equipment, as well as the related accumulated depreciation, are as follows:

	(thousands of \$)					
	Land	Buildings	Building Components	Leasehold Improvements	Computer Hardware	Total
Cost:						
At January 1, 2012	\$ 6,643	\$ 43,245	\$ 11,254	\$ –	\$ 33,414	\$ 94,556
Additions	–	674	163	572	2,198	3,607
Disposals	–	–	–	–	(1,937)	(1,937)
At December 31, 2012	6,643	43,919	11,417	572	33,675	96,226
Depreciation:						
At January 1, 2012	–	16,984	6,285	–	29,404	52,673
Provided in the year	–	1,610	481	–	2,304	4,395
Disposals	–	–	–	–	(1,888)	(1,888)
At December 31, 2012	–	18,594	6,766	–	29,820	55,180
Net book value at December 31, 2012	\$ 6,643	\$ 25,325	\$ 4,651	\$ 572	\$ 3,855	\$ 41,046

	(thousands of \$)				
	Land	Buildings	Building Components	Computer Hardware	Total
Cost:					
At January 1, 2011	\$ 6,643	\$ 38,618	\$ 11,190	\$ 32,591	\$ 89,042
Additions	–	4,627	64	2,118	6,809
Disposals	–	–	–	(1,295)	(1,295)
At December 31, 2011	6,643	43,245	11,254	33,414	94,556
Depreciation:					
At January 1, 2011	–	16,329	5,147	28,818	50,294
Provided in the year	–	1,274	491	1,839	3,604
Disposals	–	(619)	647	(1,253)	(1,225)
At December 31, 2011	–	16,984	6,285	29,404	52,673
Net book value at December 31, 2011	\$ 6,643	\$ 26,261	\$ 4,969	\$ 4,010	\$ 41,883

Depreciation provided in the year is included in administrative expenses on the Statement of Operations. When an asset has been disposed its original cost is removed from the financial statements along with any accumulated depreciation related to that asset.

## 11. Unearned Premiums

	(thousands of \$)					
	Gross Unearned Premiums		Reinsurer's Share of Unearned Premiums		Net Unearned Premiums	
	2012	2011	2012	2011	2012	2011
Unearned premiums beginning of the year	\$ 338,546	\$ 319,832	\$ 1,157	\$ 904	\$ 337,389	\$ 318,928
Premiums written during the year	785,679	748,961	4,512	4,218	781,167	744,743
Premiums earned	(771,538)	(730,247)	(4,312)	(3,965)	(767,226)	(726,282)
Change in net unearned premiums	14,141	18,714	200	253	13,941	18,461
Unearned premiums end of the year	\$ 352,687	\$ 338,546	\$ 1,357	\$ 1,157	\$ 351,330	\$ 337,389

## 12. Investment Earnings

The components of investment earnings are as follows:

	(thousands of \$)	
	2012	2011
Interest	\$ 26,073	\$ 24,766
Net unrealized gains on change in fair value of investments	21,008	14,050
Net realized gain on sale of investments	18,651	3,525
Pooled funds distributions	5,890	5,607
Dividends	5,233	5,359
Interest on net investment in capital lease	–	87
Total investment earnings	76,855	53,394
Investment expenses	(2,017)	(1,726)
Net investment earnings	\$ 74,838	\$ 51,668

## 13. Other Income

The components of other income are as follows:

	(thousands of \$)	
	2012	2011
Payment option fees	\$ 23,877	\$ 21,833
Net earnings on salvage sales	13,613	12,255
<b>Total other income</b>	<b>\$ 37,490</b>	<b>\$ 34,088</b>

The Auto Fund offers a Short-Term Vehicle Registration and Insurance Plan that allows customers to choose the number of months they wish to insure and register their vehicle. Another payment option, AutoPay, allows customers to have equal monthly withdrawals made from their bank accounts for their vehicle registration and insurance.

The Auto Fund operates a salvage department in order to maximize the derived economic value of salvageable vehicles, vehicle parts and materials available through the claim settlement process. Net earnings on salvage sales is comprised of:

	(thousands of \$)	
	2012	2011
Salvage sales	\$ 40,812	\$ 38,339
Cost of sales	(22,831)	(21,845)
Gross profit	17,981	16,494
Administrative expenses	(4,694)	(4,547)
Other income	326	308
<b>Net earnings on salvage sales</b>	<b>\$ 13,613</b>	<b>\$ 12,255</b>



## 14. Insurance and Financial Risk Management

Insurance risk arises with respect to the adequacy of the Auto Fund's policy premium rates and provision for unpaid claims (consisting of underwriting and actuarial risks). The nature of insurance operations also results in significant financial risks, as the Auto Fund's statement of financial position consists primarily of financial instruments. The financial risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk) and liquidity risk.

### Insurance Risk

#### Underwriting risk

The Auto Fund manages its insurance risk through its underwriting and reinsurance strategies within an overall strategic planning process. Pricing is based on assumptions with regards to past experiences and trends.

#### *Reinsurance*

The Auto Fund also seeks to reduce losses that may arise from catastrophes or other events that cause unfavorable underwriting results by reinsuring certain levels of risk with other insurers. The policy of underwriting and reinsuring contracts of insurance limits the liability of the Auto Fund to a maximum amount on any one loss as follows:

	(thousands of \$)	
	2012	2011
Automobile physical damage catastrophe	\$ 5,000	\$ 5,000
(subject to filling an annual aggregate deductible of)	5,000	5,000
Personal automobile injury	20,000	20,000

The Auto Fund evaluates and monitors the financial condition of its reinsurers to minimize its exposure to significant losses from reinsurer insolvency.

#### Actuarial Risk

The establishment of the provision for unpaid claims is based on known facts and interpretation of circumstances and is therefore a complex process influenced by a variety of factors. Measurement of the provision is uncertain due to claims that are not reported to the Auto Fund at the year-end date and therefore estimates are made as to the value of these claims. As well, uncertainty exists regarding the cost of reported claims that have not been settled, as all the necessary information may not be available at the year-end date. The significant assumptions used to estimate the provision include: the Auto Fund's experience with similar cases, historical claim payment trends and claim development patterns, the characteristics of each class of business, claim severity and claim frequency, the effect of inflation on future claim settlement costs, court decisions and economic conditions. Time is also a critical factor in determining the provision, since the longer it takes to settle and pay a claim, the more variable the ultimate settlement amount will be. Accordingly, short-tail claims such as physical damage or collision claims tend to be more reasonably predictable than long-tail claims such as liability claims.

As a result, the establishment of the provision for unpaid claims relies on a number of factors, which necessarily involves risk that actual results may differ materially from the estimates.

The following table shows the development of the estimated net provision for unpaid claims relative to the current estimate of ultimate claims costs for the six most recent accident years as estimated at each reporting date.

	(thousands of \$)						
	2007	2008	2009	2010	2011	2012	Total
Net Ultimate Loss							
At end of accident year	\$ 448,227	\$ 483,870	\$ 503,379	\$ 538,979	\$ 592,874	\$ 619,414	
One year later	475,268	478,854	514,421	558,884	610,914		
Two years later	472,198	488,578	526,834	566,213			
Three years later	481,492	501,237	526,286				
Four years later	492,254	502,878					
Five years later	492,677						
Cumulative loss development	44,450	19,008	22,907	27,234	18,040	n/a	
Cumulative loss development as a % of original ultimate loss	9.9%	3.9%	4.6%	5.1%	3.0%	n/a	
Current estimate of net ultimate loss	\$ 492,677	\$ 502,878	\$ 526,286	\$ 566,213	\$ 610,914	\$ 619,414	\$3,318,382
Cumulative paid	(434,201)	(435,529)	(447,142)	(474,159)	(487,763)	(347,466)	(2,626,260)
Net provision for unpaid claims for the six most recent accident years	\$ 58,476	\$ 67,349	\$ 79,144	\$ 92,054	\$ 123,151	\$ 271,948	\$ 692,122
Net discounted claims outstanding for accident years 2006 and prior							511,551
Loss adjusting expense reserve							68,158
Other reconciling items							2,013
Net provision for unpaid claims							\$ 1,273,844

## Financial Risk

The nature of the Auto Fund's operations results in a statement of financial position that consists primarily of financial instruments. The risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk) and liquidity risk.

Significant financial risks are related to the Auto Fund's investments. These financial risks are managed by having a Statement of Investment Policies and Goals (SIP&G), which is approved annually by SGI's Board of Directors. The SIP&G provides guidelines for the Auto Fund's investment manager for the asset mix of the portfolio regarding quality and quantity of fixed income, real estate and equity investments using a prudent person approach. The asset mix helps to reduce the impact of market value fluctuations by requiring investments in different asset classes and in domestic and foreign markets. SGI receives regular reporting from the investment manager and custodian regarding compliance with the SIP&G. The investment manager's performance is evaluated based on the goals stated in the SIP&G.

The Auto Fund investment portfolio operates as two distinct portfolios – the Matching portfolio and the Return Seeking portfolio. The Matching portfolio consists of the Auto Fund's investments in short-term investments, bonds and debentures, and the mortgage pooled fund, while the Return Seeking portfolio holds the Canadian common shares, U.S. common shares, the non-North American equity, the global small cap equity and the real estate

pooled funds. The investment strategy relies on the Matching portfolio to cover expected liability payments out to 20 years, with the remaining long-tail liabilities covered by the Return Seeking portfolio.

### Credit risk

The Auto Fund's credit risk arises primarily from two distinct sources: accounts receivable and certain investments. The maximum credit risk to which the Auto Fund is exposed as at December 31, 2012, is limited to the carrying value of those financial assets summarized as follows:

	(thousands of \$)	
	2012	2011
Cash and cash equivalents	\$ 24,634	\$ 34,066
Accounts receivable	193,384	174,712
Fixed income investments <sup>1</sup>	1,083,539	1,044,230

<sup>1</sup> Includes short-term investments, bonds and debentures, and the mortgage pooled fund

Cash and cash equivalents include money market investments of \$18,980,000 (December 31, 2011 – \$32,667,000) that mature within 90 days from the date of acquisition. All short-term investments have a credit rating of R-1.

Accounts receivable relate primarily to financed premiums receivable and amounts recoverable on paid claims. Balances are outstanding from customers, diversified among residential, farm and commercial customers, along with motor licence issuers within Saskatchewan. Accounts receivable consist of balances outstanding for one year or less.

	(thousands of \$)	
	2012	2011
Current	\$ 189,225	\$ 171,236
30 – 59 days	2,030	2,391
60 – 90 days	1,656	1,036
Greater than 90 days	8,605	8,298
Subtotal	201,516	182,961
Allowance for doubtful accounts	(8,132)	(8,249)
Total	\$ 193,384	\$ 174,712

Provisions for credit losses are maintained in an allowance account and are regularly reviewed by the Auto Fund. Amounts are written off once reasonable collection efforts have been exhausted. An Auto Fund customer cannot complete a driver's licence or vehicle transaction without making arrangements for payment of outstanding balances, including balances previously written off. Details of the allowance account are as follows:

	(thousands of \$)	
	2012	2011
Allowance for doubtful accounts, opening balance	\$ 8,249	\$ 9,263
Accounts written off	(1,026)	(2,122)
Current period provision	909	1,108
Allowance for doubtful accounts, closing balance	\$ 8,132	\$ 8,249

Credit risk within investments is related primarily to short-term investments, bonds and debentures, and the mortgage pooled fund. It is managed through an investment policy that limits debt instruments to those of high credit quality (minimum rating for bonds and debentures is BBB, and for short-term investments is R-1) along with limits to the maximum notional amount of exposure with respect to any one issuer.

Credit ratings for bond and debenture investments are as follows:

Credit Rating	2012		2011	
	Carrying Value (thousands of \$)	Makeup of Portfolio (%)	Carrying Value (thousands of \$)	Makeup of Portfolio (%)
AAA	\$ 300,755	38.1	\$ 294,215	39.3
AA	289,200	36.6	296,870	39.6
A	153,506	19.4	111,084	14.8
BBB	46,954	5.9	47,320	6.3
Total	\$ 790,415	100.0	\$ 749,489	100.0

Within bond and debentures, there are no holdings from one issuer, other than the Government of Canada or a Canadian province, over 10% of the market value of the combined bond and short-term investment portfolios. No one holding of a province is over 20% of the market value of the bond portfolio.

The Auto Fund's investment in a mortgage pooled fund is subject to credit risk as its value is impacted by the credit risk of the underlying mortgages. This risk is limited by restrictions within its investment policy, which include single loan limits, and diversification by property type and geographic regions within Canada.

### Market risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk impacts the value of the Auto Fund's investments.

### Interest rate risk

The Auto Fund is exposed to changes in interest rates in its fixed income investments, including short-term investments, bonds and debentures, and the mortgage pooled fund. Changes in interest rates also impact the amount of discounting included in the provision for unpaid claims. Any impact that a change in interest rates has on investment income will be partially offset by the impact the change in interest rates has on claims incurred.

It is estimated that a 100 basis point increase/decrease in interest rates would have the following impacts:

	(thousands of \$)			
	100 basis point increase		100 basis point decrease	
	2012	2011	2012	2011
Investment earnings	\$ (61,587)	\$ (58,414)	\$ 69,198	\$ 65,560
Claims incurred	(70,889)	(66,667)	80,367	75,834
Net increase (decrease) to RSR	9,302	8,253	(11,169)	(10,274)

### Foreign exchange risk

The Auto Fund is subject to changes in the U.S./Canadian dollar exchange rate on its U.S. equity investment portfolio and non-North American currencies through its investment in the non-North American and global small cap equity pooled funds. Exposure to segregated U.S. equities is limited to a maximum of 20% of the market value of the Auto Fund's Return Seeking portfolio. Non-North American equities and global small cap equities are limited to a maximum 18.0% each of the market value of the Auto Fund's Return Seeking portfolio. At December 31, 2012, the Auto Fund's total exposure to segregated U.S. equities was 4.4% (2011 – 4.2%) and its exposure to non-North American equities was 3.8% (2011 – 3.6%) and its total exposure to global small cap equities was 3.4% (2011 – nil). The Auto Fund has no foreign exchange exposure within its bonds and debentures.

At December 31, 2012, a 10% appreciation/depreciation in the Canadian dollar versus U.S. dollar exchange rate would result in approximately a \$8.3 million (2011 – \$5.9 million) decrease/increase in the Rate Stabilization Reserve. A 10% appreciation/depreciation in the Canadian dollar versus non-North American currencies would result in approximately a \$9.4 million (2011 – \$5.0 million) decrease/increase in the Rate Stabilization Reserve. As the U.S. equity, non-North American pooled fund and global small cap equity pooled fund investments are classified as fair value through profit and loss, unrealized changes due to foreign currency are recorded in the statement of operations. There is no exposure to foreign exchange risk within the Auto Fund's bond and debenture portfolio. As well, no more than 10% of the market value of the bond and debenture portfolio shall be invested in bonds or debentures of foreign issuers.

The Auto Fund's exposure to exchange rate risk resulting from the purchase of goods and services is not considered material to the operations of the Auto Fund.

### Equity prices

The Auto Fund is exposed to changes in equity prices in Canadian, U.S. and EAFE markets. At December 31, 2012, equities comprise 23.0% (2011 – 19.8%) of the carrying value of the Auto Fund's total investments. Individual stock holdings are diversified by geography, industry type and corporate entity. No one investee or related group of investees represents greater than 10% of the market value of the Auto Fund's common share portfolio. As well, no one holding represents more than 10% of the voting shares of any corporation.

The Auto Fund's equity price risk is assessed using Value at Risk (VaR), a statistical technique that measures the potential change in value of an asset class. It is calculated over a four-year period, using a 95% confidence level. As such, it is expected that the annual change in the portfolio market value will fall within the range outlined in the following table 95% of the time (19 times out of 20 years).

Asset Class	(thousands of \$)					
	2012		2011			
Canadian equities	\$	+/-	60,543	\$	+/-	68,192
U.S. equities		+/-	16,100		+/-	15,829
Non-North American equities		+/-	19,060		+/-	17,910
Global small cap equities		+/-	17,227		+/-	-

The Auto Fund's equity investments are classified as fair value through profit and loss and as such, any unrealized changes in their fair value are recorded in the statement of operations.

No derivative financial instruments have been used to alter the effects of market changes and fluctuations.

## Liquidity risk

Liquidity risk is the risk that the Auto Fund is unable to meet its financial obligations as they fall due. Cash resources of the Auto Fund are managed on a daily basis based on anticipated cash flows. The majority of financial liabilities, excluding certain unpaid claims liabilities, are short-term in nature, due within one year. The Auto Fund generally maintains positive overall cash flows through cash generated from operations as well as cash generated from its investing activities.

The following tables summarize the estimated contractual timing of cash flows arising from the Auto Fund's financial assets and liabilities at December 31.

(thousands of \$)							
2012							
	Carrying amount	No stated maturity	0 – 1 Years	1 – 3 Years	3 – 5 Years	5 – 10 Years	More than 10 Years
<b>Financial assets</b>							
Accounts receivable	\$ 193,384	\$ –	\$ 156,727	\$ 36,657	\$ –	\$ –	\$ –
Investments	1,520,694	520,751	260,197	115,294	89,552	165,516	369,384
Unpaid claims recoverable from reinsurers	6,558	–	5,918	638	2	–	–
	<b>\$1,720,636</b>	<b>\$ 520,751</b>	<b>\$ 422,842</b>	<b>\$ 152,589</b>	<b>\$ 89,554</b>	<b>\$ 165,516</b>	<b>\$ 369,384</b>
<b>Financial liabilities</b>							
Accounts payable and accrued liabilities	\$ 21,893	\$ –	\$ 21,893	\$ –	\$ –	\$ –	\$ –
Premium taxes payable	39,284	–	39,284	–	–	–	–
Provision for unpaid claims	1,280,402	–	158,955	114,097	79,691	163,023	764,636
	<b>\$1,341,579</b>	<b>\$ –</b>	<b>\$ 220,132</b>	<b>\$ 114,097</b>	<b>\$ 79,691</b>	<b>\$ 163,023</b>	<b>\$ 764,636</b>

(thousands of \$)							
2011							
	Carrying amount	No stated maturity	0 – 1 Years	1 – 3 Years	3 – 5 Years	5 – 10 Years	More than 10 Years
<b>Financial assets</b>							
Accounts receivable	\$ 174,712	\$ –	\$ 174,712	\$ –	\$ –	\$ –	\$ –
Investments	1,399,887	440,199	217,495	152,666	81,106	173,336	335,085
Unpaid claims recoverable from reinsurers	19,764	–	16,683	3,077	4	–	–
	<b>\$1,594,363</b>	<b>\$ 440,199</b>	<b>\$ 408,890</b>	<b>\$ 155,743</b>	<b>\$ 81,110</b>	<b>\$ 173,336</b>	<b>\$ 335,085</b>
<b>Financial liabilities</b>							
Accounts payable and accrued liabilities	\$ 22,253	\$ –	\$ 22,253	\$ –	\$ –	\$ –	\$ –
Premium taxes payable	37,449	–	37,449	–	–	–	–
Provision for unpaid claims	1,170,687	–	145,689	100,453	68,957	139,556	716,032
	<b>\$1,230,389</b>	<b>\$ –</b>	<b>\$ 205,391</b>	<b>\$ 100,453</b>	<b>\$ 68,957</b>	<b>\$ 139,556</b>	<b>\$ 716,032</b>

## 15. Capital Management

The primary objective of capital management for the Auto Fund is to maintain an adequate balance in its Rate Stabilization Reserve to assist in achieving consistency and stability in rates so that customers are not subject to ongoing price fluctuations or large rate increases. The Auto Fund uses a common industry measurement called the Minimum Capital Test (MCT) to establish a target for the Rate Stabilization Reserve. The MCT is a risk-based capital adequacy formula that assesses risks to assets, policy liabilities and off-balance sheet exposures by applying various factors to determine a ratio of capital available over capital required. At December 31, 2012, the MCT was 51% (2011 – 60%).

The Auto Fund's legislation restricts how it can raise capital and mandates the benefits it is to provide to policyholders. The Auto Fund does not receive money from the province nor from SGI, the administrator of the Auto Fund, and it does not pay dividends to the province or its administrator. The Auto Fund cannot go to public capital markets to issue debt or common shares. It uses premiums and fees from its operations, along with income generated from its investment portfolio, to fund future operations.

## 16. Change in Non-Cash Operating Items

The change in non-cash operating items is comprised of the following:

	(thousands of \$)	
	2012	2011
Accounts receivable	\$ (18,672)	\$ (11,139)
Deferred policy acquisition costs	(1,978)	(469)
Unpaid claims recoverable from reinsurers	13,206	(14,594)
Other assets	308	(362)
Accounts payable and accrued liabilities	(360)	(17,369)
Premium taxes payable	1,835	1,885
Unearned premiums	13,941	18,461
Provision for unpaid claims	109,715	206,761
	\$ 117,995	\$ 183,174

## 17. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Auto Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). All transactions are settled at prevailing market prices under normal trade terms. The Auto Fund has elected to take a partial exemption under IAS 24 *Related Party Disclosures* which allows government related entities to limit the extent of disclosures about related party transactions with government or other government related entities.

SGI acts as administrator of the Auto Fund. Administrative and loss adjustment expenses incurred by SGI are allocated to the Auto Fund directly or on the basis of a cost allocation formula. These are operating transactions incurred in the normal course of operations. Amounts incurred by SGI and charged to the Auto Fund were \$130,775,000 (2011 – \$124,147,000) and accounts receivable are \$8,580,000 (2011 – \$202,000 – payable).

Certain board members are partners in organizations that provided \$50,000 (2011 – \$99,000) of professional services to the Auto Fund. These services were recorded in claims incurred and administrative expenses in the Statement of Operations. In addition, one board member owns an organization that provides insurance services on behalf of the Auto Fund. Premiums written during the year through this organization amounted to \$1,907,000 (2011 – \$1,773,000) and the associated accounts receivable at December 31, 2012, was \$7,000 (2011 – \$22,000). Issuer fees related to these premiums were \$159,000 (2011 – \$145,000). The above noted transactions are routine operating transactions in the normal course of business.

Other related party transactions are described separately in the notes.

## 18. Commitments and Contingencies

The Auto Fund has contractual obligations to provide funding to Saskatchewan health organizations for costs associated with rehabilitation for those involved in automobile accidents.

The following is the funding anticipated to be provided over the next five years:

	(thousands of \$)	
2013	\$	22,856
2014		18,900
2015		18,853
2016		16,932
2017		16,932

In common with the insurance industry in general, the Auto Fund is subject to litigation arising in the normal course of conducting its insurance business. The Auto Fund is of the opinion that this litigation will not have a significant effect on its financial position or results of operation of the Auto Fund.



# Glossary of Terms

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<b>Catastrophe reinsurance</b>	A policy purchased by a ceding company that indemnifies that company for the amount of loss in excess of a specified retention amount subject to a maximum specific limit from a covered catastrophic event.
<b>Claims incurred</b>	The totals for all claims paid and related claim expenses during a specific accounting period(s) plus the changes in the provision for unpaid claims for the same period of time.
<b>Combined ratio</b>	A measure of total expenses (claims and administration) in relation to net premiums earned as determined in accordance with GAAP. If this ratio is below 100% there was a profit from underwriting activities, while over 100% represents a loss from underwriting.
<b>GAAP</b>	Generally accepted accounting principles. These are defined in the handbook prepared by the Canadian Institute of Chartered Accountants.
<b>Gross premiums written (GPW)</b>	Total premiums, net of cancellations, on insurance underwritten during a specified period of time before deduction of reinsurance premiums ceded.
<b>IBNR reserve</b>	Abbreviation for 'incurred but not reported'. A reserve that estimates claims that have been incurred by a policyholder but not reported to the insurance company. It also includes unknown future developments on claims that have been reported.
<b>IFRS</b>	International Financial Reporting Standards. These are global accounting standards issued by the International Accounting Standards Board (IASB), including interpretations of the International Financial Reporting Interpretations Committee (IFRIC).
<b>Loss ratio (Claims ratio)</b>	Claims incurred net of reinsurance expressed as a percentage of net premiums earned for a specified period of time.
<b>Motor licence issuer</b>	A person who negotiates driver's licences and vehicle licence/insurance on behalf of the Auto Fund and who receives a fee from the Auto Fund for licences placed and other services rendered.
<b>Net premiums earned (NPE)</b>	The portion of net premiums written that is recognized for accounting purposes as revenue during a period.
<b>Net premiums written (NPW)</b>	Gross premiums written for a given period of time less premiums ceded to reinsurers during such period.

<b>Premium</b>	The dollars that a policyholder pays today to insure a specific set of risk(s). In theory, this reflects the current value of the claims that a pool of policyholders can be expected to make in the future, as well as the costs of administering those potential claims.
<b>Premium tax</b>	A tax collected from policyholders and paid to the province. It is calculated as a percentage of gross premiums written.
<b>Prudent person</b>	A common law standard against which those investing the money of others are judged against.
<b>Redundancy &amp; deficiency</b>	Claim reserves are constantly re-evaluated. An increase in a reserve from the original estimate is a deficiency while a decrease to the original reserve is called a redundancy.
<b>Underwriting profit/loss</b>	The difference between net premiums earned and the sum of net claims incurred, commissions, premium taxes and all general and administrative expenses.
<b>Unearned premiums</b>	The difference between net premiums written and net premiums earned. It reflects the net premiums written for that portion of the term of its insurance policies that are deferred to subsequent accounting periods.

# Governance

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Please visit the SGI website at [www.sgi.sk.ca](http://www.sgi.sk.ca) for information on governance for the Saskatchewan Auto Fund, including:

- governance guidelines
- Board of Directors' photos and bios, committee members, frequency of meetings and terms of reference
- SGI executives' photos and bios

# In Memoriam

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**Alice Marquette**, a Clerk 5 at the Saskatoon West Claims Centre, was an incredibly hard working and efficient employee who always put others first and was quick to joke and put others at ease.

Alice had a love and devotion to her family, especially her daughter and sisters. She had a quick, dry sense of humour and was an unforgettable co-worker and friend.

**Judy Millions**, a Clerk 3 in Injury Claims at the Saskatoon Central Claims Centre, was a lightning-fast typist, always on top of everything at work and well liked by her co-workers.

Judy was a dedicated wife, mother and grandmother; a talented baker; fun-loving karaoke participant and an avid traveller, enjoying warm beach-front destinations.

**Kanda Benaschak**, an Adjuster 1 Auto at the Swift Current Claims Centre, was a fast learner and a perfectionist with her work.

Kanda enjoyed going to concerts, reading and had a real passion for spending time with friends and family.

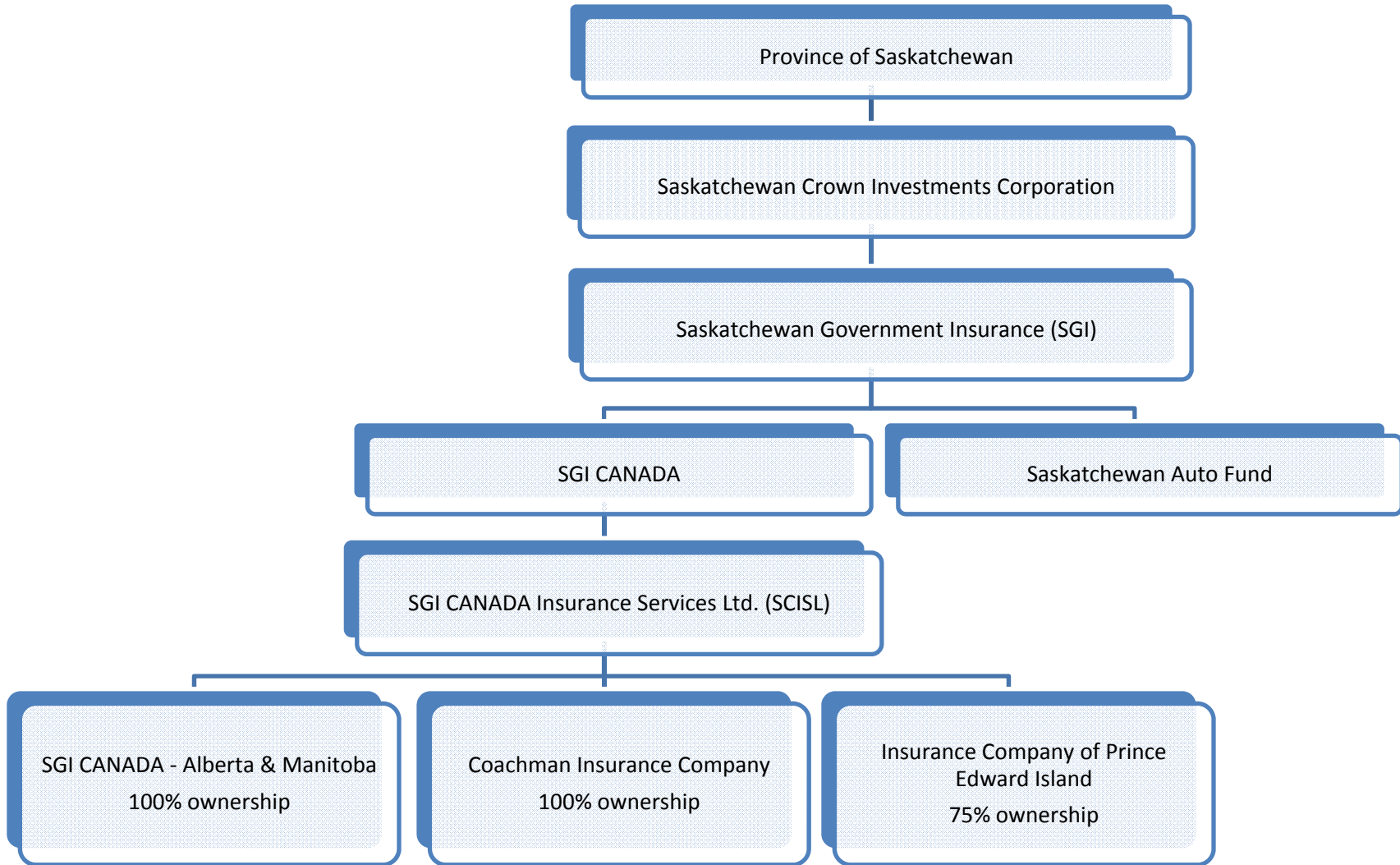




## 4. Current Organizational Structure

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# Organizational Structure





# 6. Indicated and Requested Rates

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There are four parts to this section:

1. The 2014 Auto Fund rate proposal
2. Actuarial support documents
3. Indication exhibits
4. Valuation of policy liabilities

Electronic copies of parts 3 and 4 have been provided only to the Saskatchewan Rate Review Panel (SRRP) consultants.

# 6. Indicated and Requested Rates

## Part 1 - Saskatchewan Auto Fund 2014

### Rate Proposal

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Saskatchewan Auto Fund  
2014 Rate Proposal



# Table of Contents

<b>1. Synopsis and Overall Summary</b> .....	1
Why the Auto Fund requires a rate increase .....	1
Fairness in rating .....	1
Adequate capital .....	1
The difference between the rate increase and the capital amount .....	2
Customer impact .....	2
Reducing rate shock .....	2
<b>2. Background</b> .....	4
2.1 Auto Fund Overview .....	4
2.1.1 Adequate premium rates to break even .....	4
2.1.2 Fairness in rating .....	5
2.1.3 Maintaining adequate capital .....	5
2.2 Historical rate changes .....	6
2.3 Cross-Canada rate comparison .....	7
<b>3. Overview of Ratemaking Methodology</b> .....	8
Classification .....	8
Indicated rate change .....	9
Relativities within rate groups .....	9
<b>4. Actuarial Analysis</b> .....	10
4.1 Pure premium calculation .....	10
4.1.1 Traffic safety initiative factor .....	10
4.1.2 Annual discount factor .....	11
4.2 Adequate gross premium calculation .....	11
4.2.1 Loss adjusting expenses .....	11
4.2.2 Administrative expenses .....	11
4.2.3 Credit for salvage .....	11
4.2.4 Reinsurance .....	11
4.2.5 Medical funding .....	12
4.2.6 Appeal commission costs .....	12
4.2.7 Credit for Safe Driver Recognition malus .....	12
4.2.8 Variable expenses .....	12
4.2.9 Break even margin .....	12
4.2.10 Investment income on forecasted RSR .....	12
4.3 Indicated rate change .....	13
4.3.1 Projected on-level average premium .....	13
4.3.2 Class specific experience required premium .....	13
4.3.3 Credibility .....	13
4.3.4 Compliment of credibility required premium .....	14
4.3.5 Indicated required premium .....	14
4.4 Base rates and relativities .....	14
4.5 Vehicle rating classes .....	16
<b>5. Rate Indications by Class</b> .....	18
CLEAR-rated vehicles .....	18
Conventionally-rated vehicles .....	19
5.1 Ambulances .....	19
Class A – Provincial, Interprovincial and International Commercial Vehicles .....	19
5.2 Class A – Heavy Trucks and Heavy Vans – IRP \$2,500 Deductible .....	20
5.3 Class A – Heavy Trucks and Heavy Vans – IRP \$15,000 Deductible .....	23
5.4 Class A – Heavy Trucks and Heavy Vans – non-IRP .....	26

5.6 Class A – Power Units – IRP \$15,000 Deductible.....	32
5.7 Class A – Power Units – non-IRP .....	35
Classes C and D – Commercial Vehicles .....	38
5.8 Classes C and D – Heavy Trucks and Heavy Vans .....	38
5.9 Classes C and D – Power Units.....	40
5.10 Class F – Farm Heavy Trucks and Heavy Vans .....	42
5.11 Class F – Farm Light Trucks with Model Years 1993 and Older .....	44
5.12 Class F – Farm Power Units.....	47
5.13 Hearses .....	48
5.14 Class L – Automobile and Motorcycle Dealers .....	48
5.15 Class L – Snowmobile Dealers .....	48
5.16 Class LV – Antiques .....	48
5.17 Class LV – Buses .....	49
5.18 Class LV – Restricted Buses .....	49
5.19 Class LV – Motorcycle.....	50
Cruiser/Touring.....	50
Sport.....	54
Dual Purpose/Other.....	58
5.20 Motorhomes.....	62
5.21 Class MT – Snowmobiles .....	63
5.22 Class PB – Passenger Inter-city Buses .....	63
5.23 Class PC – Passenger City Buses .....	66
5.24 Class PS – Passenger School Buses.....	68
5.25 Class PT – Urban Taxis .....	70
Trailers .....	70
5.26 Class F – Farm Trailers .....	70
5.27 Class LT – Trailer Dealers and Movers .....	71
5.28 Class T – Personal Trailers .....	71
5.29 Class T – Utility Trailers .....	75
5.30 Class TS – Commercial Trailers.....	75
Miscellaneous Classes .....	76
5.31 Class A – Heavy Trucks, Heavy Vans and Power Units non-IRP Excess Value .....	76
5.32 Class C and D – Heavy Trucks, Heavy Vans and Power Units Excess Value.....	76
5.33 Class C and D – Non-Resident .....	76
5.34 Industrial Tracked Vehicles .....	76
5.35 Class LV – Motorized Bicycle.....	77
Private Vehicle (PV) Class .....	77
5.36 Class PV – Converted Vehicles .....	77
5.37 Class PV – Heavy Trucks and Heavy Vans.....	80
5.38 Class PV – Power Units .....	83
5.39 Class TS – Excess Value.....	86
<b>6. Proposed Timelines .....</b>	<b>86</b>
<b>7. Summary and Conclusion .....</b>	<b>86</b>
Appendix A – Summary of Indicated and Proposed Rate Changes .....	87
By Class Indicated and Proposed Rate Changes with Dollar Impact .....	87
Appendix A – Summary of Indicated and Proposed Rate Changes .....	89
By Class Percent Impact and Number of Vehicles Changing.....	89
Appendix B – Five-Year Forecast.....	91
Appendix C – Glossary of Terms and Abbreviations .....	92
Rating Terminology.....	92
Acronyms.....	93

# 1. Synopsis and Overall Summary

SGI requests that the Saskatchewan Rate Review Panel (SRRP) recommend a net 5.2% rate change for Saskatchewan Auto Fund rates, effective August 31, 2014 including:

- A 2.7% rate increase, with rate rebalancing for all vehicles, with the exception of motorcycles;
- A 2.7% flat rate increase for motorcycles, with no rebalancing; and,
- An additional 3.7% increase to all vehicles, including motorcycles, to help replenish the Rate Stabilization Reserve (RSR). This amount would be applied to the rebalanced rate for each vehicle, and flat rate for each motorcycle.

Because there is currently a 1.23% RSR surcharge built into the rates that is effective until August 30, 2014, the average increase customers would pay over their current rates is 5.2%.

The Saskatchewan Auto Fund, administered by SGI, provides basic, universal auto insurance coverage to Saskatchewan residents. It operates on a self-sustaining basis and neither receives money from, nor pays dividends to, the Government of Saskatchewan.

The Auto Fund provides services to ensure that drivers and vehicles are properly licensed, and also invests in traffic safety activities to reduce the human, social and economic costs of vehicle collisions.

## Why the Auto Fund requires a rate increase

The Auto Fund needs to generate enough premium revenue to cover all claim obligations and operating expenses for the proposed rating year (August 31, 2014 to August 30, 2015). The primary reason for the proposed increase is the 2014-2016 year-over-year 10% increase to auto body labour rates.

## Fairness in rating

SGI is committed to fairness in vehicle rating. Rate rebalancing takes into account collision frequency and severity, including damage, injury and liability costs, for each class of vehicle.

Although SGI's proposal is for a net increase of 5.2%, that percentage simply represents how much additional revenue SGI requires. Each customer's rate change depends on the type of vehicle they own. Some customers will see rate increases (most more or less than 5.2%), some customers will see rate decreases and some won't see any change to their rates. But the net result of all the increases and decreases will be an additional 5.2% in revenue for SGI.

Rates are determined based on the actual risk each vehicle represents for being involved in a claim, and the actual costs of paying that claim. To reduce rate shock for customers, increases and decreases will be capped to a reasonable level.

## Adequate capital

In addition to the rate increase, the Auto Fund needs to replenish the RSR. The RSR is like a savings account to cover emergencies. It ensures customers are protected in the event of much higher than expected claim costs or much lower than expected investment income in any one year. Analysis indicates that a capital amount of 3.7% applied to all vehicles will help to replenish the RSR.

## The difference between the rate increase and the capital amount

The rate increase is needed to cover expected claim costs and other expenses for a one-year period (Aug. 31, 2014 to Aug. 30, 2015) and is not intended to contribute to the balance of the RSR. Because of rate rebalancing, the increase is not applied to every vehicle rate across the board.

The capital amount is needed to increase the balance in the RSR. The RSR acts as a cushion to protect customers in case of unexpected events as outlined earlier. SGI uses a common industry measure called the Minimum Capital Test (MCT) to ensure there is an adequate balance in the RSR. SGI's target for the RSR is to have a 12-month rolling average MCT of 100%. As of Nov. 30, 2013, the 12-month rolling average was 63%. SGI is seeking the additional 3.7% to move the RSR toward the target 100% MCT. The 3.7% capital amount will move the RSR one-fifth of the way to the 100% target, consistent with the revised Capital Management Policy outlined later in this document.

## Customer impact

If SGI receives approval for the increase with rebalancing as well as the capital amount, it would mean:

- Rate increases for about 84% of Saskatchewan vehicles with an average annual increase of \$49;
- Rate decreases for about 16% of Saskatchewan vehicles with an average annual reduction of \$12; and,
- No rate change for about 3,000 vehicles.

Customers whose rates decrease will automatically receive a refund for the difference between their old rate and new rate for the period from Aug. 31, 2014, to the expiry of their registration term. Customers whose rates increase will not pay the new rate until their next renewal on or after Aug. 31.

## Reducing rate shock

While rebalancing is important to ensure fairness, all rates will be capped to reduce rate shock. The same capping structure used in the 2012 and 2013 rate programs will again be applied. If the annual premium is less than or equal to \$1,000 then a dollar cap will be applied. If the annual premium is over \$1,000 then a percentage cap is applied. The table below outlines the ranges and caps that will again be applied in this rate program:

Current Annual Rate	Maximum Cap
\$1 – 50	\$25
\$51 – 100	\$50
\$101 – 250	\$75
\$251 – 500	\$100
\$501 – 750	\$125
\$751 – 1,000	\$150
\$1,001 or greater	15%



The table below shows the proposed average rate change for each vehicle class:

<b>Private Passenger Vehicles and Classes Based off of Private Passenger Vehicles</b>	<b>Proposed Rate Change</b>
LV – Private Passenger Vehicles	5.0%
A – Commercial Light Trucks	18.2%
F – Farm Light Truck - 1994 & newer	2.1%
LV – PPV - Farm Cars, SUVs and Vans	4.4%
LV – Police Cars	19.7%
LV – Police Trucks, Vans & SUVs	-6.5%
LV – U Drives	6.8%
PT – Taxis (Rural)	8.2%
<b>Conventionally Rated Vehicles</b>	<b>Proposed Rate Change</b>
Ambulances	5.4%
A – Commercial Vehicles:	
Heavy Trucks & Vans IRP \$2500 Ded.	5.3%
Heavy Trucks & Vans IRP \$15K Ded.	-7.2%
Heavy Trucks and Vans Non-IRP	5.4%
Power Units IRP \$2500 Ded.	4.0%
Power Units IRP \$15K Ded.	-2.4%
Power Units Non-IRP	-0.2%
C & D – Commercial Vehicles:	
Heavy Trucks and Vans	12.1%
Power Units	4.0%
F – Farm Vehicles:	
Heavy Trucks and Vans	-1.2%
Light Trucks - 1993 & Older	-9.9%
Power Units	10.4%
Hearses	2.6%
L – Dealer Plates:	-1.5%
L – Snowmobile Dealers	1.6%
LV – Antiques	6.2%
LV – Buses	12.7%
LV – Buses (Restricted)	1.5%
LV – Motorcycles:	5.2%
Motorhomes	10.2%
MT – Snowmobiles	-1.2%
PB – Passenger Inter-City Buses	5.9%
PC – Passenger City Buses	12.9%
PS – Passenger School Buses	14.4%
PT – Taxis	17.3%

<b>Trailers</b>	<b>Proposed Rate Change</b>
F – Trailers	5.7%
LT – Trailer Dealers/Movers	2.6%
T – Personal Trailers	17.2%
T – Utility	17.6%
TS – Commercial Trailers	13.0%
<b>Miscellaneous Classes</b>	<b>Proposed Rate Change</b>
A – Excess Value	5.9%
C&D – Excess Value	2.6%
C&D – Non-Resident	5.9%
Industrial Tracked Vehicles	2.5%
LV – Motorized Bicycle	60.0%
PV – Converted Vehicles	0.6%
PV – Heavy Trucks and Vans	-0.9%
PV – Power Units	3.2%
TS – Excess Value	5.9%
<b>Total</b>	<b>Proposed Rate Change</b>
All Vehicles Excluding Trailers & Misc.	4.9%
All Vehicles	5.2%

## 2. Background

### 2.1 Auto Fund Overview

The Saskatchewan Auto Fund provides basic, universal insurance coverage to Saskatchewan residents. It operates on a self-sustaining basis with the goal of maintaining an adequate balance in the Rate Stabilization Reserve (RSR) to pay future claims and to protect customers against rate shock for years in which claim costs are higher than average. The Auto Fund neither receives money from, nor pays dividends to, the Government of Saskatchewan.

The Auto Fund also provides services to ensure that drivers and vehicles are properly licensed. These services include licensing for over 777,000 drivers, registration services for over one million vehicles, driver examinations, driver and vehicle fitness programs, and safety and audit programs for carriers who transport goods or passengers. These services are provided through over 400 independent motor licence issuer offices throughout Saskatchewan. The Auto Fund also invests in traffic safety activities to reduce the human, social and economic costs of vehicle collisions.

The coverage provided by the Auto Fund is legislated in *The Automobile Accident Insurance Act (AAIA)*, and can be divided into three components:

- Personal injury coverage provides Saskatchewan residents with benefits if they are injured or killed in an automobile collision. All Saskatchewan residents have a choice between No Fault Coverage and Tort Coverage.
- Third-party liability coverage provides vehicle owners with up to \$200,000 to pay the cost of damages that their vehicles cause in a motor vehicle collision, including the damage to the other driver's vehicle, damage to any property and costs resulting from injuries caused to others.
- Physical damage coverage (collision and comprehensive) pays for damages to the vehicle due to a collision or other occurrence such as hail, fire or theft. Claims for damages to a vehicle are subject to a deductible (which is \$700 for most vehicles).

The major operating philosophies of the Auto Fund are to:

- provide basic automobile insurance coverage that is universal and fair
- fairly rate insurance premiums for vehicle classes based on their claim loss experience and cost of repair
- keep rates as low as possible

In determining premium rates for the Auto Fund there are three components to consider:

1. Adequate premium rates to break even
2. Fairness in rating
3. Maintaining adequate capital

#### 2.1.1 Adequate premium rates to break even

The first step in analyzing the Auto Fund's rates is to perform an actuarial analysis on the rating year to determine if expected premiums at current rates will be sufficient to cover expected claims and expenses. For the rating year being considered (August 31, 2014 to August 30, 2015) the Auto Fund anticipates claim and expense growth will outpace growth in premium and investment income, resulting in an overall 3.4% increase in revenue being required.

While the Auto Fund requires 3.4% in additional revenue from rate to break even in the upcoming rating year, because motorcycles will be receiving only a 2.7% increase, and the shortfall is not being subsidized by other vehicle classes, the revenue increase will be 2.7% overall.

The rate-making process involves a very detailed and complex actuarial procedure which determines the expected revenue and expenses for the rating period. A great deal of time and effort goes into this part of the rate program; however, it's still an estimate of the amount of required premium. There are three components in this rate program that create the most uncertainty in the estimate – premium revenue, claim costs and the impact of investment income. While

each component alone is difficult to forecast, it is even more challenging to forecast these revenues and expenses 12 to 27 months into the future from the time that the process is started. Actuaries use historical trends to help predict these components, along with other relevant information available that may have a future impact.

See Section 3 – Overview of Ratemaking Methodology for further details.

### **2.1.2 Fairness in rating**

A key component of the Auto Fund's strategy to meet and exceed customer expectations is promoting fairness in rating by ensuring each class of vehicle is paying sufficient premium to cover its claim costs. To achieve that goal, rates must be rebalanced regularly.

Over the past 10 years, the Auto Fund has rebalanced rates four times (2007, 2009, 2012 and 2013). To reduce significant rate shock for affected customers, increases will be capped to a reasonable level for all vehicle groups, with the exception of motorcycles. Motorcycles will receive a flat 2.7% increase to their current rate.

The previous (2013) rate program, initially proposed on February 15, 2013, would have resulted in significant increases for most motorcycle owners. Saskatchewan's motorcycle community reacted quickly, vocally and publicly to the proposed increase. On March 14, 2013 SGI was directed by government to amend its rate proposal to cap motorcycle increases at 15%. These rates were approved and implemented effective August 31, 2013.

At the same time, the company was directed to review its rating approach for motorcycles, including injury benefit levels provided with the basic coverage, and to examine ways to improve motorcycle safety. The Motorcycle Review Committee was formed to assist with this review and a proposal of recommendations has recently been submitted to government.

It will take time for any changes from the review to have an impact on claim costs. In the interest of fairness to all vehicle owners, it is recommended that motorcycle rates be increased by a flat 2.7% – the average required for all vehicles excluding motorcycles. This approach recognizes that a number of initiatives are about to be implemented that will reduce the rate need for the motorcycle class, while bringing them closer to covering the cost of motorcycle claims that will be incurred in the upcoming rating year.

Appendix A provides details of proposed rate changes by vehicle class.

### **2.1.3 Maintaining adequate capital**

A key operating principle for the Auto Fund is ensuring consistency and stability in rates so that customers are not subject to ongoing price fluctuations or large rate increases. In order to provide this stability, an adequate balance in the RSR is required to provide a financial resource to draw on when adverse financial events occur, such as higher than expected claim costs or material decreases in capital markets for investments. To ensure the RSR is adequate, the Auto Fund uses a common industry measurement called the Minimum Capital Test (MCT).

The Capital Management Policy for the Saskatchewan Auto Fund was recently revised to follow guidance from the Office of the Superintendent of Financial Institutions on setting appropriate capital targets. This resulted in the target capital level being changed from a Minimum Capital Test (MCT) range between 75% and 150% to targeting an MCT of 100%.

In addition, the approach used to maintain capital at an appropriate level has changed. The former policy triggered a surcharge or rebate when the MCT moved outside the target range. The new policy applies an amount to move towards an MCT of 100% in small increments with each rate program, instead of waiting for the MCT to fall outside the target range and then applying more significant surcharges or rebates. Essentially, it smoothes out the impact for customers.

The new policy determines the amount of capital adjustment needed with each rate program by applying an amount to either recover 1/5 of the capital below 100% MCT or release 1/5 of the capital above 100% MCT into the basic insurance rate every year. As such, the rate always includes a portion designed to move the RSR towards an adequate level, and avoids the volatility a surcharge might create, assuming rate programs are annual or close to annual. A very similar method is followed by the Insurance Corporation of British Columbia and is consistent with private insurers that build cost of capital requirements into each rate filing.

The new policy also considers whether overall capital needs have changed. As the claim liabilities and investment assets grow, the need for capital to support the business also increases. With each rate program, SGI will analyze actual results and bring forward recommendations for adjustments required to maintain adequate capital. SGI anticipates that, once the new policy has been implemented, only minor adjustments will be needed to address capital needs in subsequent rate programs.

See Appendix B for a copy of the five-year financial forecast with and without a rate increase, rebalancing and capital requirement.

## **2.2 Historical rate changes**

In 1997, the Auto Fund presented customers with options for a three-year rate program and introduced the one that most customers supported. In addition to rate increases (no rebalancing) of 5% in 1998, 2% in 1999 and 2% in 2000, the basic deductible was increased from \$500 to \$700.

The Auto Fund implemented the Safe Driver Recognition (SDR) program in 2002, which rewards safe drivers with discounts as high as 20% off their base insurance premium based on driving history. In 2013, the SDR program provided discounts totaling \$93 million which is equivalent to an 11% reduction in rates.

In 2004, the Auto Fund introduced the Business Recognition (BR) program, which rewards businesses that maintain a good loss experience with discounts of up to 10% on their base vehicle insurance. In 2013, the BR program provided discounts totaling \$7 million to businesses operating in Saskatchewan.

Even with the introduction of the SDR and BR programs, the Auto Fund was still collecting more premiums than required to pay claims and expenses, and was carrying excess capital in the RSR. To return premiums to shareholders, the Auto Fund provided a \$44 million rebate in 2006 on 2005 insurance premiums to 520,000 customers who received an average rebate of \$84.

In 2007, the Auto Fund provided a \$100 million rebate on 2006 insurance premiums to 540,000 customers who received an average rebate of \$185. In addition to the rebate, the Auto Fund implemented a 7.1% general rate decrease effective July 1, 2007 to reduce premium revenue collected from customers on a go-forward basis, coupled with rate rebalancing to address the Auto Fund's objective of increasing fairness in rates.

In the 2009 rate program, overall rates were increased an average of 4.2%, with rebalancing.

The 2012 rate program rebalanced customers' rates while implementing an overall rate increase of 1.6%.

In 2013, in addition to the 1.03% rate increase and rebalancing, customers' rates also increased by 1.23% due to an RSR surcharge. The net effect was an overall average rate increase of 2.27%.

The following table highlights compounded rate adjustments in comparison to the Saskatchewan Consumer Price Index (CPI) in the last 15 years.

**History of Rate Adjustments  
in Saskatchewan in Comparison to CPI**

Year	Annual Rate Adjustments	CPI year-over-year percentage change
1999	2.00%	1.80%
2000	2.00%	2.60%
2001	–	3.00%
2002	–	2.90%
2003	–	2.30%
2004	–	2.20%
2005	–	2.20%
2006	–	2.10%
2007	(7.10%)	2.80%
2008	–	3.30%
2009	4.20%	1.00%
2010	–	1.40%
2011	–	2.80%
2012	1.60%	1.60%
2013	2.27%	1.80%
Compound Change	4.65%	39.65%

### 2.3 Cross-Canada rate comparison

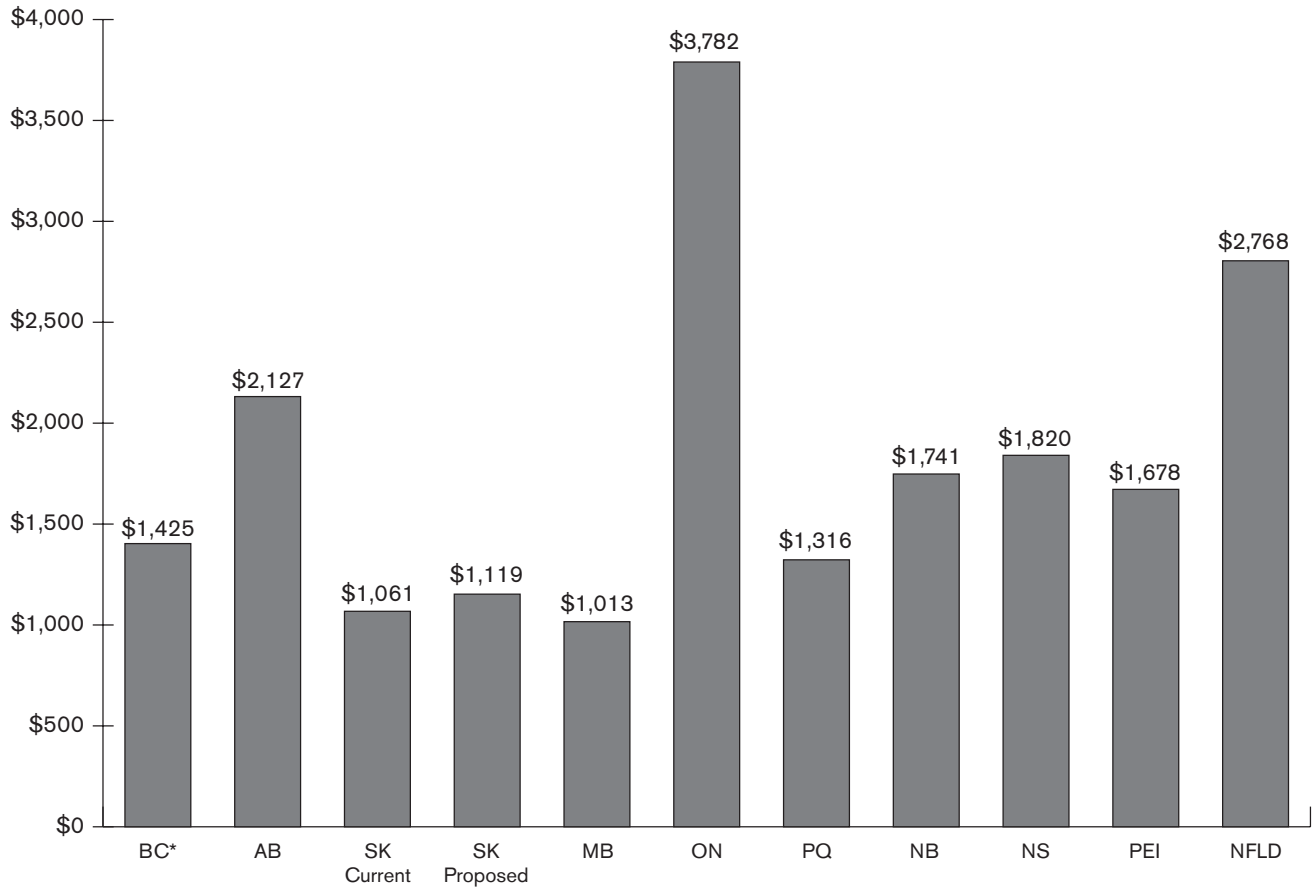
The purpose of the cross-Canada rate comparison is to determine how much a driver would pay for auto insurance in each Canadian jurisdiction given their current vehicle, driving record and claim history. The comparison obtains rates for 34 vehicle and driver profiles in 22 cities across Canada. Vehicle make and models selected each year are those with the highest number of registrations in Saskatchewan for the previous year. For the 2013 comparison, the most popular make and models of vehicles registered in 2012 were used.

Most cities used were selected in 2005 by the utility Crowns and Crown Investments Corporation (CIC), and were chosen to represent major centres, rural communities and northern communities in order to obtain a geographic representation within each province. In 2012, CIC made one revision to the Quebec cities used in comparison; the Gatineau location was replaced with Aylmer, a sector of the City of Gatineau. The change made the location more specific for the comparison. The same liability limits and physical damage deductibles are used in each province, each year.

Based on the survey, Saskatchewan continues to have one of the lowest average personal auto insurance rates in Canada, and has been in that category since the survey's inception in 2005. Insurance is provided by private insurers in all provinces except Manitoba, British Columbia and Quebec. In Quebec, only injury coverage is provided through a government plan; the remaining coverage is provided by private insurance companies.

The following graph illustrates the results of the comparison for the year 2013.

## SGI's Cross-Canada Automobile Insurance Premium Comparison



\*The BC rate is based on averages from Jan. 1 to Oct. 31 since November and December premiums were unavailable; however, it is known that BC rates increased effective Nov. 1, 2013.

Consistent with previous years, Manitoba continues to be Saskatchewan's closest competition for the lowest average personal auto insurance rates in Canada.

### 3. Overview of Ratemaking Methodology

The following describes, at a high level, the process used in determining the premium rates that should be charged for the upcoming rating year.

#### Classification

The Auto Fund assigns vehicles into classes based on characteristics and exposure to risk based on their use. The largest class is private passenger vehicles, which make up 63% of all vehicles (79% when trailers are excluded). Examples of other classes are farm vehicles, heavy trucks, motorcycles, taxis and ambulances.

To determine the required rate for each class of vehicle, the estimated premium, claim costs and expenses are grouped together with all vehicles within the class to determine if the premium is sufficient to cover costs. Each vehicle class should pay its portion of the costs. The following sections describe how these three components are allocated to each class.

### ***Premiums***

The major factors in forecasting premiums are drift and volume, both of which relate to attempting to predict the number and types of vehicles that the Auto Fund will be insuring during the rating period.

- Drift estimates the change in premium as motorists upgrade from older vehicles with lower premiums to newer vehicles with higher premiums.
- Volume looks at the overall number of vehicles that will be insured in the rating period.

### ***Claims***

In completing the actuarial analysis, the largest and most difficult cost to predict is claims, which represents approximately 80% to 85% of total costs annually for the Auto Fund. Damage claims represent about 65% of total claim costs, while injury and liability costs represent the remaining 35%. For the actuarial rate analysis, claims are assigned to vehicle classes based on vehicle collision responsibility (fault). If a vehicle was involved in a collision, single or multi-vehicle, and there is no at-fault vehicle then all claim costs remain with the vehicle for rating purposes; this includes wildlife collisions.

The major factors impacting claims are summer storms and winter driving conditions, both of which are largely unpredictable for any given year. Other factors impacting claims include the labour rate paid to auto body shops, parts costs and the average wage of injured people. Also, impacting the costs for injury claims are factors such as re-occurrence rates, medical innovations and rehabilitation programs that must be considered but are difficult to anticipate.

### ***Expenses***

There are two types of expenses that are charged to vehicles: variable and fixed. Variable expenses include expenses and credits that are dependent upon premiums written. These include premium taxes paid to the General Revenue Fund, traffic safety program costs, issuer commissions and credits for short-term registrations and AutoPay programs. Fixed expenses include administrative costs and expenses associated with adjusting losses.

## **Indicated rate change**

Once all the premium, claims and expenses are grouped in the appropriate vehicle class, an overall rate indication for the class is done by comparing total premiums to total claim and expense costs for the class. If the premium is not enough to cover costs then a rate increase is required; if the premium is in excess of costs then a decrease is required. Importantly, the average of six years worth of damage and liability claims data, seven years worth of catastrophe claims data and 10 years worth of injury claims data is used to smooth the effect that one or two years of poor loss experience would have on the rate indication for a class.

## **Relativities within rate groups**

The rates for individual vehicles within a rate group will vary depending on attributes specific to the vehicle. The process used to determine the amount of this variance is called a relativity analysis. In short, relativities are used to differentiate vehicle rates based on factors such as use, seating capacity, value and model year. As an example, motorhomes of different values have different rates; the more expensive the motorhome, the higher the premium.



## 4. Actuarial Analysis

### 4.1 Pure premium calculation

Pure premium is the average loss amount per unit of exposure. For the Auto Fund rate indication, non-catastrophe damage and liability data from accident years 2008 to May 31, 2013, catastrophe data from accident years 2006 to 2012, and injury data from accident years 2004 to May 31, 2013 are used to calculate average pure premium per coverage. Loss development factors calculated using the ultimate claim costs from the May 31, 2013 actuarial valuation are used to bring the yearly incurred losses by coverage to their ultimate value. These ultimate losses are then divided by the number of exposures to get the ultimate pure premium.

Trend factors are chosen by coverage and class based on a comparison of several exponential regressions. Trends for claim frequency (the number of claims per vehicle exposure) and severity (the average cost of a claim) were selected for both the past and future trend periods. The past trend selected should be representative of what has happened to claims historically; the future trend should be reflective of what is expected going forward. If the data for a class were too thin to produce credible frequency and/or severity trends on its own, then it was grouped with the data from other similar classes before selecting the trends. The selected trend factors, along with a development factor, are used to bring the pure premium values forward to an appropriate level for the rating period.

Two coverage lines, income replacement and care benefits, have their losses adjusted for inflation prior to trend selection. On the anniversary date of a claim the amount of payment increases by an indexed rate taken from the Saskatchewan Consumer Price Index table. The purpose of this index rate is to ensure that the payments are increased to compensate for inflation. Because benefits for these coverages fluctuate with the level of inflation, claim amounts from the different loss years need to be adjusted to bring them all to the current level of inflation.

Once income replacement and care benefit ultimate losses have been adjusted for inflation, past and future severity trends can be selected. The selected severity and frequency trend factors, as well as a future index rate of 3% that accounts for inflation before and during the rating year, are used to bring the pure premium values for these lines forward to the rating period level.

The final projected pure premium for each coverage line is based on a weighted average of estimates from historical loss years using the trended pure premiums described above.

#### 4.1.1 Traffic safety initiative factor

New to the 2014 rate program is the Traffic Safety Initiative factor. During 2013 the Special Committee on Traffic Safety reviewed the Auto Fund's traffic safety initiatives. The Committee consulted with the public, and several new initiatives were recommended to government as a result.

The 2014 rate program accounts for both increased administrative costs and claim costs savings that are expected as a result of the Special Committee on Traffic Safety's initiatives chosen for implementation that will impact the Aug. 31, 2014 to Aug. 30, 2015 rating year. All costs associated with the traffic safety enhancements are included in the budgeted administrative expenses for the rating year.

Claim costs have been reduced for all coverage lines by varying amounts, with the exception of damage catastrophes and out-of-province liability, since these coverages will not benefit from traffic safety enhancements. An approximate 1% reduction in damage, 2% in injury and liability and 4.4% for death has been derived based on studies on cost savings from other jurisdictions.

The Traffic Safety Initiative factor is applied to the pure premiums prior to any adjustment for the time value of money (discounting) being applied. The net effect of all traffic safety initiative costs and benefits was a reduction of 0.2% to the rate indication.



#### **4.1.2 Annual discount factor**

Because the projected losses will be paid over time, the current value of these losses is less than their nominal value. In the time between when an insurance company receives the premium on a policy, to the time it actually pays out the full value of a claim on that policy, the company earns investment income on the premium collected. The amount that a policyholder pays should be reduced by the expected amount of this investment income. As such, the losses that a policyholder is expected to claim are reduced by a discount factor to account for the expected investment income.

The rate of return used to determine the investment income comes from the expected yields on the investment assets that will be supporting those claim payments. These assets are a mix of bonds, mortgage securities, real estate and equities. The overall rate used to discount the expected losses in this rate application is 4.26%.

Expected future claim payment patterns for different coverages were determined in the May 31, 2013 actuarial valuation using historical experience. The annual discount factor is applied to the Traffic Safety Initiative reduced weighted-average pure premiums.

### **4.2 Adequate gross premium calculation**

The discounted pure premiums have to be adjusted for loss adjusting expenses, administrative expenses, salvage amounts, reinsurance costs, medical funding, appeal costs, the Safe Driver Recognition (SDR) program malus amounts (financial penalties collected under SDR), variable expenses, a break even margin and investment income on the RSR. These are discussed in turn below.

#### **4.2.1 Loss adjusting expenses**

Loss adjusting expenses (LAE) are expenses associated with settling claims that are not claim-specific such as internal legal fees, adjusters and operating costs of claim branches. These expenses are assigned to vehicle classes based on claim counts by coverage. The total assigned LAE amount for the class is then divided by the forecasted number of vehicles within that class for the rating period to determine the average LAE per vehicle. Each vehicle within the class will pay the same amount.

#### **4.2.2 Administrative expenses**

Administrative expenses, including staff salaries, building maintenance and supplies are charged as a fixed amount to every vehicle exposure. Due to the reduced coverage provided and consequently small annual premium for antique vehicles, snowmobiles, snowmobile dealers and trailers, only half of the administrative expense charged for all other vehicles is charged to them.

For the 2014 rate program, the amount of administrative expense charged to antique vehicles, snowmobiles, snowmobile dealers and trailers is \$27.86 per exposure, with a charge of \$55.73 per exposure for all other vehicles.

#### **4.2.3 Credit for salvage**

The Auto Fund generates profits from the sale of salvaged light passenger vehicles and their parts. These profits are applied as discounts to the damage and damage liability portions of the pure premium for passenger vehicles. The credit applied to light passenger vehicles is \$21.34 per exposure.

#### **4.2.4 Reinsurance**

The Auto Fund maintains two reinsurance programs designed to mitigate adverse effects on the RSR as a result of catastrophic losses caused by either a severe weather event or an automobile collision resulting in multiple serious injuries. Due to recent catastrophic weather losses both in Saskatchewan and in the industry in general, the cost to purchase reinsurance has increased.

The cost of reinsurance programs is applied as a fixed amount by coverage type (damage and injury) to each applicable class of vehicle. The reinsurance damage coverage cost per exposure for antique vehicles and trailers is \$4.57; all other vehicle classes are charged \$9.14 per exposure. The injury reinsurance coverage cost per exposure for antique vehicles, snowmobiles and snowmobile dealers is \$0.41; all other vehicles, excluding trailers, are charged \$0.81.

#### 4.2.5 Medical funding

To offset costs incurred by the provincial health care system as a result of bodily injuries sustained while either operating a motor vehicle or as a result of a motor vehicle, the Auto Fund reimburses the Ministry of Health for a portion of the costs, about \$30 million per year.

Medical funding costs are allocated to vehicle classes based on the amount of actual medical expenses they incur. The total assigned medical funding cost is then divided by the forecasted number of vehicles for the rating period within that class to determine the average medical funding cost per vehicle. Each vehicle within the class will pay the same amount.

#### 4.2.6 Appeal commission costs

Appeal commission costs represent the costs associated with the operation of the Automobile Injury Appeal Commission, about \$1 million per year. This includes such things as Board salaries, administrative expenses and legal fees. Appeal commission costs are allocated to vehicle classes based on appeal claim costs for each class. The total assigned appeal commission cost is then divided by the forecasted number of vehicles for the rating period within that class to determine the average appeal commission cost per vehicle. Each vehicle within the class will pay the same amount.

#### 4.2.7 Credit for Safe Driver Recognition malus

The SDR program provides credits to vehicle insurance premiums for drivers in the discount zone for those classes of vehicles that qualify and financial penalties (malus) for drivers who are in the penalty zone. The financial penalties collected cannot be attributed to a specific vehicle class since they are based on the driver. For rating purposes, the credit for the SDR malus is applied to only those vehicles classes that qualify for discounts under the SDR program. The forecasted SDR malus amount, approximately \$13 million, is divided by the total number of forecasted vehicles for the rating period from those classes of vehicles that qualify for the discount. Every vehicle within these classes will receive the same discount for SDR malus.

#### 4.2.8 Variable expenses

Variable expenses include premium taxes paid to the General Revenue Fund, traffic safety program costs, issuer commissions and credits for short-term registrations and AutoPay programs. The variable expenses and their percentage of premiums are as follows:

Premium taxes	4.95%
Traffic safety	4.20%
Issuer commissions	4.81%
Short-term registrations	-1.19%
AutoPay	-1.83%
<u>Total variable expense</u>	<u>10.94%</u>

#### 4.2.9 Break even margin

A break even margin of 0.48% is loaded into the rates. This is required to offset expected losses from the increase in a risk provision that is required when setting reserves. The margin is reduced by expected permit premiums and cancellation retention amounts. Without the break even margin, even if rates were set at adequate, the Auto Fund would lose money since the risk provision grows each year and this growth is not accounted for anywhere else in the rates.

#### 4.2.10 Investment income on forecasted RSR

A credit for the forecasted investment income on the forecasted RSR amount for the rating year is calculated by dividing the forecasted investment income by the number of forecasted vehicles for the rating year for all vehicles; the credit calculated is \$2.54.

### 4.3 Indicated rate change

The indicated rate change is the indicated required premium divided by the projected on-level average premium, excluding the RSR surcharge, minus one.

#### 4.3.1 Projected on-level average premium

The projected on-level average premium is calculated on a class-by-class basis using exposure and premium information on a policy year basis. Historical written premiums are brought up to the current rate level (on-leveled). In order to do this, past rate changes, including capital amounts, are applied to premiums that were written prior to the rate change being implemented. For example, if rates for the class changed effective Aug. 31, 2013, all premiums written prior to Aug. 31, 2013 would have the rate change applied.

Once premiums are on-leveled, the average on-level written premium is calculated by dividing the on-level written premium by the number of written exposures in that policy year. Applying exponential trend regression against the average on-level written premium produces multi-year trends. From these trends, a past trend and a future growth trend are able to be selected. The past trend selected should be representative of what has happened to the premium historically; the future trend should be reflective of what is expected going forward.

Once selected, the rating year average premium then needs to be reduced by the expected SDR discount and BR discount/surcharge amounts so that the projected average amount of premium that will be collected per exposure can be determined.

This on-leveled average premium is then reduced by the amount of the RSR surcharge that is in effect until Aug. 30, 2014, as this surcharge is to replenish the RSR and should not impact rates. The calculation is simply the on-leveled average premium divided by one plus the 1.23% RSR surcharge.

#### 4.3.2 Class specific experience required premium

The direct required premium, or adequate gross premium, is calculated by dividing the sum of the discounted pure premium including loss adjusting expenses, administrative expenses, the credit for salvage, reinsurance, medical funding, appeal commission costs and SDR financial penalty credit by one minus the variable expenses and break even margin percentages and then, lastly, adding the credit for investment income on the RSR.

#### 4.3.3 Credibility

New to the 2014 rate program is the application of credibility weighting to each class's indicated rate change calculation. Credibility is a way to measure if there is enough past experience to use in predicting the rating year. The weight assigned to a forecast using past experience is commonly denoted by Z (a number between 0 and 1). The balance of the weight, 1 - Z, will be assigned to what is called the compliment of credibility. This compliment will be another valid estimate for the prediction and could come from a larger separate source of past data or could assume "no change" in the forecast variable. Together, the weights and two sources develop a weighted average for the forecast, which becomes the indicated forecast.

Generally, because of the higher risk and volatility in the volume and size of claims, the credibility of a forecast is measured using the number of past claim counts included in the forecast. It's possible that all weight is assigned to the past experience (i.e. Z = 1), if it's deemed fully credible. This is the case if there are at least as many past claim counts used in the forecast as the Standard of Full Credibility. If the past claim counts used in the forecast are less than the Standard of Full Credibility, the credibility is calculated as:

$$Z = \sqrt{\text{Claim Counts} / \text{Standard of Full Credibility}}$$

The concept of credibility is not new to the rate program. It has been used in the past in the selection of relativities for the many classification systems of the Auto Fund. However, for the first time, this rate program has introduced credibility into the overall indicated rate change for each class. In the past, this was done judgmentally, where the indicated rates for some smaller classes were proposed to not be changed due to the large indicated change and lack of reliable data backing the indication. Now, credibility provides an objective and reliable measure of the sufficiency of the past data in the overall rate indication of each class.

If the claims data is more volatile, then more past claims are needed to accurately determine the emerging patterns. This generally means that the Standard of Full Credibility should be larger whenever the claim data is more volatile. To measure this volatility, the Herfindahl–Hirschman Index (HHI) is used to measure how much of a class's past claim dollars come from a few small large-dollar claims. The HHI is a number that ranges from 0 to 1, where a larger number denotes that a few large claims dominate the total claim dollars assigned to the class. Having a small number of large claims is either because the class is expected to have more severe claims in the future, or just that it was unlucky in the past. The uncertainty around which of these scenarios is actually true means that the class's indication should have less credibility. The Standard of Full Credibility for the purpose of the overall rate indication for a class and for the CLEAR class surcharges/discounts is measured as:

- 1,082 claims, plus
- An additional 1,082 claims if either the HHI for injury is greater than 0.2, or the HHI for damage is greater than 0.2, or the number of injury claims is less than 50 and
- An additional 1,082 claims if either the HHI for injury is greater than 0.4, or the HHI for damage is greater than 0.4.

#### **4.3.4 Compliment of credibility required premium**

As mentioned above, the compliment of credibility will be another valid estimate for the prediction and could come from a larger separate source of past data or could assume “no change” in the forecast variable. For the 2014 rate program, the compliment of credibility for all classes is simply the projected on-level average premium, excluding the RSR surcharge amount.

#### **4.3.5 Indicated required premium**

Once the class's credibility and compliment of credibility required premium have been determined, then the indicated required premium can be calculated. If the credibility for the class is less than 1, then the class specific experience required premium is credibility weighted against the compliment of credibility required premium.

$$\text{Indicated required premium} = Z \times \text{Class specific experience required premium} + (1-Z) \times \text{Compliment of credibility required premium}$$

### **4.4 Base rates and relativities**

The base rate is the rate that is applicable to the base group for a class of vehicle. The base group is typically chosen to be the group with the largest number of vehicles because the larger the numbers, the more credible the data. For example, motorhomes with declared value of \$10,001 to \$20,000 is the base rate group for the motorhome class.

For the Auto Fund, there are typically three base rates: damage, injury and liability, which includes a flat fee amount for expenses and credits applied to the pure premium. When these three components are added together they comprise the base premium for any given class of vehicle. If a vehicle has only certain coverages, then the base rates for those coverages are combined to produce the base premium. For example, trailers have only liability coverage, and as such, their base premium equals the base liability rate plus the flat fee amount.

If rates within a vehicle class vary by rating attribute(s) or rate group, such as number of seats, declared value or model year, then the base premium needs to be adjusted by a factor that reflects the variance in loss experience for each of the attributes relative to the base premium. This adjustment factor is known as the relativity factor. Following the motorhome example, the premium for a motorhome with a declared value between \$30,001 and \$50,000 is determined by multiplying the base premium (rate group \$10,001 to \$20,000) by the relativity factor for the rate group \$30,001 to \$50,000.

Typically, as the loss experience deteriorates, the corresponding relativity factor and consequent premium also increases. For motorhomes, as the amount of declared value increases, the chance of a higher value claim also increases and the premium that is charged needs to reflect this.

The calculation of indicated adequate premiums varies by class. For private passenger vehicles, motorcycles and urban taxis, the premium charged to a vehicle is calculated as:

$$\text{Premium} = \text{Damage Base Rate} \times \text{Damage Relativity} + \text{Injury Base Rate} \times \text{Injury Relativity} + \text{Liability Base Rate including Flat Fee Amount}$$

For all other existing classes of vehicles that have rating groups the premium formula is:

$$\text{Premium} = \text{Damage Base Rate} \times \text{Damage Relativity} + \text{Injury Base Rate} + \text{Liability Base Rate including Flat Fee Amount}$$

For classes where there are no rate groups the premium is:

$$\text{Premium} = \text{Damage Base Rate} + \text{Injury Base Rate} + \text{Liability Base Rate including Flat Fee Amount}$$

Once indicated adequate rates have been determined, dollar and percentage caps are applied to limit the amount that a vehicle's rate may change in a rate program. This is to ensure fair and reasonable rate changes and reduce rate shock for vehicle owners. A dollar cap will be applied when the annual premium is less than or equal to \$1,000 and a percentage cap will be applied when it is over \$1,000. The table below outlines the ranges and caps that will be applied:

Current Annual Rate	Maximum Cap
\$1 – 50	\$25
\$51 – 100	\$50
\$101 – 250	\$75
\$251 – 500	\$100
\$501 – 750	\$125
\$751 – 1,000	\$150
\$1,001 or greater	15%

For some classes of vehicles their annual rate is calculated using the base rate of the same private passenger vehicle plus a surcharge or discount based on the experience of that particular class of vehicle. For these types of vehicles, the private passenger vehicle rate will receive the caps identified above, then any changes to the discount/surcharge amount for that class is applied on top of the capped private passenger vehicle rate. The change in discount/surcharge is capped at 15% but the resulting effect of the private passenger vehicle rate change plus the discount/surcharge change may be greater than 15%.

Due to the practice of capping individual vehicle rate changes, very few classes within the Auto Fund have current relativity factors. For the relativity analysis within this rate program, the current vehicle distribution by class was used to derive the weighted average current rate group relativity factors. These derived current relativities were used in the analysis that produced the proposed relativities which were then used in the premium calculations shown above. Once the premiums were calculated, an individual vehicle's current premium was compared to the calculated proposed premium. If the change in premium was outside of the set cap amounts, then the vehicle's proposed premium was capped and therefore the proposed relativity factor is no longer being used.

Once rate change capping has been completed any capital amounts are applied. Every vehicle within the Auto Fund will have its base premium adjusted for the capital amount by the capital margin using the following formula:

$$\text{Total Premium} = \text{Proposed Premium} \times (1 + \text{Capital Margin})$$

## 4.5 Vehicle rating classes

Vehicles in the Auto Fund fall into two major rating groups:

### i) CLEAR-rated vehicles

Within the Auto Fund only light passenger vehicles are rated using the Canadian Loss Experience Automobile Rating (CLEAR) system. The classes of vehicle that are rated using CLEAR are:

- private passenger vehicles
- farm cars, sport utility vehicles (SUVs) and vans
- farm light trucks with model years 1994 and newer
- international and inter-provincial commercial light trucks
- police cars, trucks, SUVs and vans
- UDrive (rental) vehicles
- rural taxis

CLEAR is produced by the Insurance Bureau of Canada (IBC), which captures Canada-wide loss experience for light passenger vehicles. CLEAR was designed to provide insurers with a more equitable rating system for vehicles. It is based on the premise that the vehicle-specific portion of insurance rates should be based on only two principal factors, namely, the likelihood of vehicles being involved in claims and the costs involved in settling those claims.

IBC analyzes historical records of collision frequency and repair costs of each vehicle make, model and model year in order to predict future losses. Through statistical analysis, relationships are established between vehicle characteristics and insurance claims. These relationships are then adjusted according to the actual claim history of individual models, in order to predict future losses for each. Factors such as a person's driving record, or where they live, do not affect CLEAR. As part of its analysis, IBC considers several factors, including vehicle construction, loss-prevention features and susceptibility to damage. IBC also works closely with vehicle manufacturers to monitor new developments. CLEAR is used by insurance companies Canada-wide to rate light passenger vehicles.

There are two components to the CLEAR system: rate group assignments and associated relativity factors. Under the CLEAR system, vehicles are assigned to one of 99 damage rate groups. Since rate groups correspond to expected claim costs, the higher the rate group number, the greater the relativity factor and therefore the higher the premium charged. Insurance companies can choose to use CLEAR rate group assignments with company-specific relativity factors rather than using the CLEAR relativity factors.

The Auto Fund uses internal data to produce damage relativities by rate group, which are supplemented with CLEAR relativity factors when the number of vehicles within a rate group is not large enough to produce credible numbers. The proposed rate group relativities are then multiplied to the base damage rate to determine a vehicle's required physical damage premium.

For vehicles older than 1998, the Auto Fund uses the following method to assign damage rate groups. For every year that a vehicle model is older than 1998, the 1998 damage rate group is reduced by one until rate group 0 is reached where it will stay. Rate group 0 is an Auto Fund derived rate group. Based on the distribution of CLEAR-rated vehicles as at May 31, 2013, 17% of vehicles have model years 1998 and older and 4% are in rate group 0.

The rate group tables are published annually. With each publication year, new model year rate groups are added and existing model year rate groups are updated to reflect vehicle depreciation and additional claims information. When IBC develops a new CLEAR rate group table, it is revenue-neutral given the existing vehicle distribution.

The Auto Fund can implement the use of a new table only upon the approval of a rate proposal and, as such, SGI will strive to bring forward rate adjustments on an annual basis to keep rates as close to CLEAR as possible, even if the adjustments are revenue-neutral.

Although CLEAR provides injury rate groups and relativities, it has been determined that the CLEAR assignments are not a good fit for Auto Fund injury results. As a result, injury rates are based solely on Auto Fund injury claim data. Injury rates for CLEAR-rated vehicles vary by vehicle body style. The body style groupings are:

- two-door cars
- four-door cars
- convertible cars
- station wagons
- vans
- sport utility vehicles (SUVs)
- trucks

The injury rate group relativity analysis for all CLEAR-rated vehicles uses a Poisson/Gamma method to determine injury costs per body style.

As mentioned under section 4.3.3 Credibility, the Auto Fund uses credibility analysis when calculating relativities. For CLEAR's damage relativity system, the Standard of Full Credibility is 2,656 and for CLEAR's injury relativity system, it's 4,326. The current relativity factors are credibility weighted to the calculated relativities. These relativity factors are then multiplied to the base injury rate to determine a vehicle's required injury premium based on body style.

## **ii) Conventionally-rated vehicles**

Conventional rating is used for all vehicles that are not rated using CLEAR. This includes, but is not limited to:

- heavy trucks and power units
- farm vehicles (excluding light trucks with model years 1994 and newer)
- urban taxis
- buses
- snowmobiles
- motorcycles
- vehicle dealers
- special use vehicles (ambulance, hearse and antique)
- trailers
- motorhomes
- private vehicles

The criteria used for conventional vehicle classes are based on the significant rating attributes such as model year, engine size, value, etc. For example, buses are rated by seating capacity and model year. Motorcycles are rated by body style, engine size and model year. Motorhomes and trailers are rated by declared value. The credibility-weighted relativities for these conventional classes are calculated using the Standard of Full Credibility, 1,082.



## 5. Rate Indications by Class

Caps have been applied consistent with the ranges set out in Section 4.4 above unless otherwise stated.

### CLEAR-rated vehicles

The CLEAR-rated vehicle class represents 70% of the number of vehicles insured by the Auto Fund (87% of vehicles excluding trailers). The actuarial analysis indicates that a 2.3% increase in premium is warranted for the CLEAR-rated vehicle class.

The indicated rate for these vehicles is based on the loss experience and premiums for the entire group. Rates for the individual classes are then determined based on the loss experience of each class in relation to private passenger vehicles.

All other class rates are either surcharged or discounted from the private passenger vehicle rates.

**Recommendation:** The indicated CLEAR-rated vehicle rate change is for a 2.3% rate increase. However, due to capping of rate changes in other classes, CLEAR-rated vehicles must make up the shortfall in premiums. In the past, the shortfall for all vehicle classes was included. With this rate program, the shortfall in motorcycle rates will be absorbed by the RSR. As a result, SGI is recommending an increase to CLEAR-rated vehicle rates of 2.4%, only slightly above the indicated 2.3% increase. Once the capital margin is applied on top of the capped amounts, the increase for CLEAR-rated vehicles becomes 4.9%.

Private passenger rates will be increasing by 2.5%; 5% once the capital margin is applied. The current and proposed discounts and surcharges on private passenger vehicle rates for the remaining CLEAR-rated vehicle classes are as follows:

Vehicle Class	Current Discount/Surcharge	Proposed Discount/Surcharge	Effect of CLEAR and Discount/Surcharge Changes	Effect of CLEAR and Discount/Surcharge Changes including Capital Margin
Class A – commercial light trucks	55%	75%	15.4%	18.2%
Farm cars, SUVs and vans	-20%	-20%	2.0%	4.4%
Farm light trucks (1994 & newer)	-25%	-25%	-0.3%	2.1%
Police cars	70%	80%	16.9%	19.7%
Police trucks	-10%	-20%	-8.7%	-6.5%
Rural taxis	50%	50%	5.7%	8.2%
U Drive (rental) vehicles	25%	25%	4.3%	6.8%

Totalling the damage, injury and liability plus flat fee premiums on a per vehicle basis produces the adequate premium for that vehicle. The adequate premium is then compared to the vehicle's current premium to determine the extent of dislocation. Capping, as described previously, then takes place to ensure that rate shock on individual vehicle premiums is minimized. As a result of this rate program and the current inadequacies in rates, there are some vehicles that will be receiving the maximum capped premium changes three rate programs in a row. However, going forward with continued rate rebalancing, all vehicles will be moved closer to their adequate premiums which result in fewer vehicles hitting the caps.



The minimum adequate premium, prior to the capital margin, which any private passenger vehicle should pay is:

Damage	\$ 35
Injury	223
Liability	246
Flat fees & expenses	177
<b>Total adequate premium</b>	<b>\$ 681</b>

Due to the capping of rate changes in this rate program and previous programs, there are some vehicles that will be paying only \$654.

The recommended changes, including capital margin, to CLEAR-rated vehicles based on current exposures are:

- Premium increases for about 633,000 Saskatchewan vehicles (81%) with an average annual increase of \$60 and maximum increase of \$515/year;
- Premium decreases for about 149,000 Saskatchewan vehicles (19%) with an average annual reduction of \$8 and maximum decrease of \$262/year; and,
- No premium change for about 2,000 vehicles.

The distribution of CLEAR-rated vehicles within +/-10% of adequate rates before and after the proposed 2014 rate program is as follows:

Difference between Current Rate and Adequate Rate (excluding capital margin)	Before 2014 Rate Program		After 2014 Rate Program	
	# of Vehicles	% of Vehicles	# of Vehicles	% of Vehicles
Less than -10%	19,207	2%	114	0%
Between +/-10%	679,112	87%	782,848	100%
Greater than 10%	86,078	11%	1,436	0%

## Conventionally-rated vehicles

### 5.1 Ambulances

The rate indication shows that a 2.9% increase is required for ambulance rates to be adequate. Currently, damage costs account for 78% of the total claim costs associated with ambulances, which is to be expected considering the nature of their use as an emergency vehicle.

Ambulances are currently charged a flat rate of \$966, regardless of which class they are registered in (commercial heavy or light vehicle); \$978 including the current RSR surcharge amount.

**Recommendation:** SGI recommends that ambulance rates receive the indicated 2.9% increase and that the flat rate becomes \$994. Once the capital margin is applied, the ambulance flat rate becomes \$1,031, for a net rate change of 5.4%.

### Class A – Provincial, Interprovincial and International Commercial Vehicles

Within this class of vehicle, there are two types: International Registration Plan (IRP) vehicles and non-IRP vehicles. The International Registration Plan is a registration reciprocity agreement among states of the United States and provinces of Canada providing for payment of licence fees on the basis of total distance operated in all jurisdictions. Even though licence fees are paid to the various jurisdictions in which fleet vehicles are operated, only one licence plate and one cab card is issued for each fleet vehicle when registered under IRP. IRP vehicles can operate provincially, interprovincially and internationally.

The regular deductible for both of IRP and non-IRP vehicles is \$2,500, with coverage for damage to their own vehicle capped at \$15,000. For damage coverage above the \$15,000 cap, customers have the option to buy excess value insurance either through the Auto Fund (excluding IRP vehicles) or the competitive market.

There is an optional \$15,000 deductible available only to IRP vehicles. If this option is chosen then the vehicle will not have any damage coverage through the Auto Fund. However, they will continue to have coverage for damages caused to other people's property (damage liability) to a limit of \$200,000. The injury and liability premiums will be the same for IRP vehicles regardless of what deductible option they choose.

Due to the nature of use the Class A – Power Units represents, these vehicles have the greatest exposure to large liability claims compared to any other vehicle class within the Auto Fund.

## 5.2 Class A – Heavy Trucks and Heavy Vans – IRP \$2,500 Deductible

An increase of 2.8% is warranted for this class of vehicle. Rates are calculated based on gross vehicle weight (G.V.W.) and model year for these vehicles.

**Recommendation:** SGI recommends an overall average rate increase of 2.8% for this class; with the capital margin applied the rate increase becomes 5.3%. Ninety-nine per cent of the current vehicle population will receive an average increase of \$43/year, with the remaining vehicles receiving an average decrease of \$74/year. Based on the current vehicle population, the maximum annual increase any customer will see will be \$76 and the maximum decrease will be \$134.

The impact on the rates for these vehicles is shown in the tables below.

Current rates excluding RSR surcharge	Model Year						
	1986 & Prior	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW							
No GVW	\$423	\$468	\$513	\$534	\$544	\$586	\$594
5,001-11,000	\$446	\$502	\$559	\$584	\$597	\$650	\$659
11,001-13,000	\$457	\$518	\$580	\$607	\$622	\$680	\$690
13,001-22,000	\$492	\$536	\$603	\$634	\$649	\$713	\$724
22,001-34,000	\$573	\$598	\$686	\$725	\$746	\$828	\$843
34,001-40,000	\$666	\$691	\$738	\$784	\$807	\$902	\$919
40,001-50,000	\$724	\$746	\$793	\$844	\$871	\$978	\$997
50,001-63,500	\$870	\$892	\$912	\$941	\$970	\$1,013	\$1,055

Proposed rates excluding Capital Margin	Model Year						
	1986 & Prior	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW							
No GVW	\$429	\$495	\$536	\$575	\$593	\$620	\$625
5,001-11,000	\$447	\$530	\$581	\$630	\$653	\$687	\$693
11,001-13,000	\$454	\$543	\$598	\$651	\$675	\$712	\$719
13,001-22,000	\$463	\$559	\$619	\$677	\$703	\$742	\$750
22,001-34,000	\$487	\$606	\$679	\$750	\$782	\$830	\$840
34,001-40,000	\$541	\$647	\$733	\$815	\$853	\$909	\$920
40,001-50,000	\$599	\$689	\$786	\$881	\$924	\$988	\$1,001
50,001-63,500	\$720	\$742	\$808	\$907	\$952	\$1,020	\$1,033

% Change excluding capital amounts	Model Year						
	1986 & Prior	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW							
No GVW	1%	6%	4%	8%	9%	6%	5%
5,001-11,000	0%	6%	4%	8%	9%	6%	5%
11,001-13,000	-1%	5%	3%	7%	9%	5%	4%
13,001-22,000	-6%	4%	3%	7%	8%	4%	4%
22,001-34,000	-15%	1%	-1%	3%	5%	0%	0%
34,001-40,000	-19%	-6%	-1%	4%	6%	1%	0%
40,001-50,000	-17%	-8%	-1%	4%	6%	1%	0%
50,001-63,500	-17%	-17%	-11%	-4%	-2%	1%	-2%

\$ Change excluding capital amounts	Model Year						
	1986 & Prior	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW							
No GVW	\$6	\$27	\$23	\$41	\$49	\$34	\$31
5,001-11,000	\$1	\$28	\$22	\$46	\$56	\$37	\$34
11,001-13,000	-\$3	\$25	\$18	\$44	\$53	\$32	\$29
13,001-22,000	-\$29	\$23	\$16	\$43	\$54	\$29	\$26
22,001-34,000	-\$86	\$8	-\$7	\$25	\$36	\$2	-\$3
34,001-40,000	-\$125	-\$44	-\$5	\$31	\$46	\$7	\$1
40,001-50,000	-\$125	-\$57	-\$7	\$37	\$53	\$10	\$4
50,001-63,500	-\$150	-\$150	-\$104	-\$34	-\$18	\$7	-\$22

Current rates including RSR surcharge	Model Year						
	1986 & Prior	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW							
No GVW	\$428	\$474	\$519	\$541	\$551	\$593	\$601
5,001-11,000	\$451	\$508	\$566	\$591	\$604	\$658	\$667
11,001-13,000	\$463	\$524	\$587	\$614	\$630	\$688	\$698
13,001-22,000	\$498	\$543	\$610	\$642	\$657	\$722	\$733
22,001-34,000	\$580	\$605	\$694	\$734	\$755	\$838	\$853
34,001-40,000	\$674	\$699	\$747	\$794	\$817	\$913	\$930
40,001-50,000	\$733	\$755	\$803	\$854	\$882	\$990	\$1,009
50,001-63,500	\$881	\$903	\$923	\$953	\$982	\$1,025	\$1,068

Proposed rates including Capital Margin	Model Year						
	1986 & Prior	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW							
No GVW	\$445	\$513	\$556	\$596	\$615	\$643	\$648
5,001-11,000	\$463	\$549	\$602	\$653	\$677	\$712	\$718
11,001-13,000	\$471	\$563	\$620	\$675	\$700	\$738	\$745
13,001-22,000	\$480	\$580	\$642	\$702	\$729	\$769	\$778
22,001-34,000	\$505	\$628	\$704	\$778	\$811	\$860	\$871
34,001-40,000	\$561	\$671	\$760	\$845	\$884	\$942	\$954
40,001-50,000	\$621	\$714	\$815	\$913	\$958	\$1,024	\$1,038
50,001-63,500	\$746	\$769	\$838	\$940	\$987	\$1,057	\$1,071

% Change including capital amounts	Model Year						
	1986 & Prior	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW							
No GVW	4%	8%	7%	10%	12%	8%	8%
5,001-11,000	3%	8%	6%	10%	12%	8%	8%
11,001-13,000	2%	7%	6%	10%	11%	7%	7%
13,001-22,000	-4%	7%	5%	9%	11%	7%	6%
22,001-34,000	-13%	4%	1%	6%	7%	3%	2%
34,001-40,000	-17%	-4%	2%	6%	8%	3%	3%
40,001-50,000	-15%	-5%	1%	7%	9%	3%	3%
50,001-63,500	-15%	-15%	-9%	-1%	1%	3%	0%

\$ Change including capital amounts	Model Year						
	1986 & Prior	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW							
No GVW	\$17	\$39	\$37	\$55	\$64	\$50	\$47
5,001-11,000	\$12	\$41	\$36	\$62	\$73	\$54	\$51
11,001-13,000	\$8	\$39	\$33	\$61	\$70	\$50	\$47
13,001-22,000	-\$18	\$37	\$32	\$60	\$72	\$47	\$45
22,001-34,000	-\$75	\$23	\$10	\$44	\$56	\$22	\$18
34,001-40,000	-\$113	-\$28	\$13	\$51	\$67	\$29	\$24
40,001-50,000	-\$112	-\$41	\$12	\$59	\$76	\$34	\$29
50,001-63,500	-\$135	-\$134	-\$85	-\$13	\$5	\$32	\$3

### 5.3 Class A – Heavy Trucks and Heavy Vans – IRP \$15,000 Deductible

Rates for the \$15,000 deductible option are flat rated based on injury and liability premiums that are the same for both the regular and \$15,000 deductible options. However, due to capping not all rates are currently at this level. The indicated rate change for Class A – Heavy Trucks and Vans–IRP vehicles with the \$15,000 deductible is an 11.8% rate decrease.

**Recommendation:** SGI recommends applying the indicated rate increase, which, after rate capping results in an overall average rate decrease of 9.5% for this class; -7.2% once the capital margin has been applied. Sixty-five per cent of the current vehicle population will receive an average decrease of \$58/year, with the remaining 35% of vehicles receiving an average increase of \$23/year. Based on the current vehicle population, the maximum increase any customer will see will be \$32 and the maximum decrease will be \$117.

The impact on rates for these vehicles is shown below.

Current rates excluding RSR surcharge	Model Year						
	1986 & Prior	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW							
No GVW	\$332	\$332	\$332	\$332	\$332	\$332	\$332
5,001-11,000	\$332	\$332	\$332	\$332	\$332	\$332	\$332
11,001-13,000	\$332	\$332	\$332	\$332	\$332	\$332	\$336
13,001-22,000	\$332	\$332	\$332	\$332	\$332	\$351	\$365
22,001-34,000	\$332	\$332	\$343	\$360	\$378	\$411	\$429
34,001-40,000	\$390	\$380	\$392	\$408	\$425	\$459	\$479
40,001-50,000	\$399	\$413	\$425	\$442	\$460	\$506	\$529
50,001-63,500	\$489	\$504	\$518	\$539	\$560	\$590	\$620

Proposed rates excluding Capital Margin	Model Year						
	1986 & Prior	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW							
No GVW	\$355	\$355	\$355	\$355	\$355	\$355	\$355
5,001-11,000	\$355	\$355	\$355	\$355	\$355	\$355	\$355
11,001-13,000	\$355	\$355	\$355	\$355	\$355	\$355	\$355
13,001-22,000	\$355	\$355	\$355	\$355	\$355	\$355	\$355
22,001-34,000	\$355	\$355	\$355	\$355	\$355	\$355	\$355
34,001-40,000	\$355	\$355	\$355	\$355	\$355	\$359	\$379
40,001-50,000	\$355	\$355	\$355	\$355	\$360	\$381	\$404
50,001-63,500	\$389	\$379	\$393	\$414	\$435	\$465	\$495

% Change excluding capital amounts	Model Year						
	1986 & Prior	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW							
No GVW	7%	7%	7%	7%	7%	7%	7%
5,001-11,000	7%	7%	7%	7%	7%	7%	7%
11,001-13,000	7%	7%	7%	7%	7%	7%	6%
13,001-22,000	7%	7%	7%	7%	7%	1%	-3%
22,001-34,000	7%	7%	3%	-1%	-6%	-14%	-17%
34,001-40,000	-9%	-7%	-9%	-13%	-16%	-22%	-21%
40,001-50,000	-11%	-14%	-16%	-20%	-22%	-25%	-24%
50,001-63,500	-20%	-25%	-24%	-23%	-22%	-21%	-20%

\$ Change excluding capital amounts	Model Year						
	1986 & Prior	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW							
No GVW	\$23	\$23	\$23	\$23	\$23	\$23	\$23
5,001-11,000	\$23	\$23	\$23	\$23	\$23	\$23	\$23
11,001-13,000	\$23	\$23	\$23	\$23	\$23	\$23	\$19
13,001-22,000	\$23	\$23	\$23	\$23	\$23	\$4	-\$10
22,001-34,000	\$23	\$23	\$12	-\$5	-\$23	-\$56	-\$74
34,001-40,000	-\$35	-\$25	-\$37	-\$53	-\$70	-\$100	-\$100
40,001-50,000	-\$44	-\$58	-\$70	-\$87	-\$100	-\$125	-\$125
50,001-63,500	-\$100	-\$125	-\$125	-\$125	-\$125	-\$125	-\$125

Current rates including RSR surcharge	Model Year						
	1986 & Prior	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW							
No GVW	\$336	\$336	\$336	\$336	\$336	\$336	\$336
5,001-11,000	\$336	\$336	\$336	\$336	\$336	\$336	\$336
11,001-13,000	\$336	\$336	\$336	\$336	\$336	\$336	\$340
13,001-22,000	\$336	\$336	\$336	\$336	\$336	\$355	\$369
22,001-34,000	\$336	\$336	\$347	\$364	\$383	\$416	\$434
34,001-40,000	\$395	\$385	\$397	\$413	\$430	\$465	\$485
40,001-50,000	\$404	\$418	\$430	\$447	\$466	\$512	\$536
50,001-63,500	\$495	\$510	\$524	\$546	\$567	\$597	\$628

Proposed rates including Capital Margin	Model Year						
	1986 & Prior	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW							
No GVW	\$368	\$368	\$368	\$368	\$368	\$368	\$368
5,001-11,000	\$368	\$368	\$368	\$368	\$368	\$368	\$368
11,001-13,000	\$368	\$368	\$368	\$368	\$368	\$368	\$368
13,001-22,000	\$368	\$368	\$368	\$368	\$368	\$368	\$368
22,001-34,000	\$368	\$368	\$368	\$368	\$368	\$368	\$368
34,001-40,000	\$368	\$368	\$368	\$368	\$368	\$372	\$393
40,001-50,000	\$368	\$368	\$368	\$368	\$373	\$395	\$419
50,001-63,500	\$403	\$393	\$407	\$429	\$451	\$482	\$513

% Change including capital amounts	Model Year						
	1986 & Prior	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW							
No GVW	10%	10%	10%	10%	10%	10%	10%
5,001-11,000	10%	10%	10%	10%	10%	10%	10%
11,001-13,000	10%	10%	10%	10%	10%	10%	8%
13,001-22,000	10%	10%	10%	10%	10%	4%	0%
22,001-34,000	10%	10%	6%	1%	-4%	-12%	-15%
34,001-40,000	-7%	-4%	-7%	-11%	-14%	-20%	-19%
40,001-50,000	-9%	-12%	-14%	-18%	-20%	-23%	-22%
50,001-63,500	-19%	-23%	-22%	-21%	-20%	-19%	-18%

\$ Change including capital amounts	Model Year						
	1986 & Prior	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW							
No GVW	\$32	\$32	\$32	\$32	\$32	\$32	\$32
5,001-11,000	\$32	\$32	\$32	\$32	\$32	\$32	\$32
11,001-13,000	\$32	\$32	\$32	\$32	\$32	\$32	\$28
13,001-22,000	\$32	\$32	\$32	\$32	\$32	\$13	-\$1
22,001-34,000	\$32	\$32	\$21	\$4	-\$15	-\$48	-\$66
34,001-40,000	-\$27	-\$17	-\$29	-\$45	-\$62	-\$93	-\$92
40,001-50,000	-\$36	-\$50	-\$62	-\$79	-\$93	-\$117	-\$117
50,001-63,500	-\$92	-\$117	-\$117	-\$117	-\$116	-\$115	-\$115

## 5.4 Class A – Heavy Trucks and Heavy Vans – non-IRP

In order for this class to have adequate rates, an increase of 3.2% is required. As with Class A – Heavy Trucks and Vans – IRP vehicles, the rates for non-IRP vehicles are calculated based on G.V.W. and model year.

**Recommendation:** SGI recommends applying the indicated rate increase, which, after rate capping results in an overall average rate increase of 2.9% for this class; 5.4% once the capital margin has been applied. All but three vehicles will see an increase with the average size being approximately \$51/year, topping out at a maximum of \$144, based on the current vehicle population. The remaining three will see no change to their rate.

The impact on the rates for these vehicles is shown in the tables below.

Current rates excluding RSR surcharge	Model Year							
	1975 & Prior	1976- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW								
No GVW	\$452	\$775	\$797	\$819	\$831	\$836	\$848	\$854
5,001-11,000	\$452	\$777	\$801	\$820	\$836	\$841	\$854	\$861
11,001-13,000	\$504	\$803	\$838	\$874	\$893	\$900	\$919	\$929
13,001-22,000	\$547	\$829	\$876	\$923	\$949	\$959	\$985	\$998
22,001-34,000	\$583	\$851	\$909	\$966	\$997	\$1,009	\$1,041	\$1,057
34,001-40,000	\$648	\$874	\$942	\$1,009	\$1,046	\$1,060	\$1,098	\$1,116
40,001-50,000	\$648	\$882	\$954	\$1,026	\$1,064	\$1,079	\$1,119	\$1,139
50,001-63,500	\$648	\$899	\$978	\$1,058	\$1,101	\$1,117	\$1,161	\$1,183

Proposed rates excluding Capital Margin	Model Year							
	1975 & Prior	1976- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW								
No GVW	\$552	\$787	\$818	\$838	\$856	\$865	\$878	\$880
5,001-11,000	\$552	\$787	\$818	\$838	\$857	\$865	\$878	\$881
11,001-13,000	\$629	\$814	\$870	\$905	\$939	\$954	\$977	\$982
13,001-22,000	\$672	\$825	\$891	\$932	\$972	\$990	\$1,017	\$1,022
22,001-34,000	\$708	\$840	\$919	\$968	\$1,016	\$1,037	\$1,070	\$1,076
34,001-40,000	\$773	\$855	\$947	\$1,004	\$1,059	\$1,084	\$1,122	\$1,129
40,001-50,000	\$773	\$861	\$958	\$1,019	\$1,077	\$1,104	\$1,144	\$1,152
50,001-63,500	\$773	\$878	\$991	\$1,060	\$1,128	\$1,159	\$1,205	\$1,214



% Change excluding capital amounts	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
No GVW	22%	2%	3%	2%	3%	3%	4%	3%
5,001-11,000	22%	1%	2%	2%	3%	3%	3%	2%
11,001-13,000	25%	1%	4%	4%	5%	6%	6%	6%
13,001-22,000	23%	0%	2%	1%	2%	3%	3%	2%
22,001-34,000	21%	-1%	1%	0%	2%	3%	3%	2%
34,001-40,000	19%	-2%	1%	0%	1%	2%	2%	1%
40,001-50,000	19%	-2%	0%	-1%	1%	2%	2%	1%
50,001-63,500	19%	-2%	1%	0%	2%	4%	4%	3%

\$ Change excluding capital amounts	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
No GVW	\$100	\$12	\$21	\$19	\$25	\$29	\$30	\$26
5,001-11,000	\$100	\$10	\$17	\$18	\$21	\$24	\$24	\$20
11,001-13,000	\$125	\$11	\$32	\$31	\$46	\$54	\$58	\$53
13,001-22,000	\$125	-\$4	\$15	\$9	\$23	\$31	\$32	\$24
22,001-34,000	\$125	-\$11	\$10	\$2	\$19	\$28	\$29	\$19
34,001-40,000	\$125	-\$19	\$5	-\$5	\$13	\$24	\$24	\$13
40,001-50,000	\$125	-\$21	\$4	-\$7	\$13	\$25	\$25	\$13
50,001-63,500	\$125	-\$21	\$13	\$2	\$27	\$42	\$44	\$31

Current rates including RSR surcharge	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
No GVW	\$458	\$785	\$807	\$829	\$841	\$846	\$858	\$865
5,001-11,000	\$458	\$787	\$811	\$830	\$846	\$851	\$865	\$872
11,001-13,000	\$510	\$813	\$848	\$885	\$904	\$911	\$930	\$940
13,001-22,000	\$554	\$839	\$887	\$934	\$961	\$971	\$997	\$1,010
22,001-34,000	\$590	\$861	\$920	\$978	\$1,009	\$1,021	\$1,054	\$1,070
34,001-40,000	\$656	\$885	\$954	\$1,021	\$1,059	\$1,073	\$1,112	\$1,130
40,001-50,000	\$656	\$893	\$966	\$1,039	\$1,077	\$1,092	\$1,133	\$1,153
50,001-63,500	\$656	\$910	\$990	\$1,071	\$1,115	\$1,131	\$1,175	\$1,198

Proposed rates including Capital Margin	Model Year							
	1975 & Prior	1976- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW								
No GVW	\$572	\$816	\$848	\$869	\$887	\$897	\$910	\$912
5,001-11,000	\$572	\$816	\$848	\$869	\$888	\$897	\$910	\$913
11,001-13,000	\$652	\$844	\$902	\$938	\$973	\$989	\$1,013	\$1,018
13,001-22,000	\$697	\$855	\$924	\$966	\$1,008	\$1,026	\$1,054	\$1,060
22,001-34,000	\$734	\$871	\$953	\$1,004	\$1,053	\$1,075	\$1,109	\$1,116
34,001-40,000	\$801	\$886	\$982	\$1,041	\$1,098	\$1,124	\$1,163	\$1,170
40,001-50,000	\$801	\$893	\$993	\$1,056	\$1,117	\$1,145	\$1,186	\$1,194
50,001-63,500	\$801	\$910	\$1,027	\$1,099	\$1,169	\$1,202	\$1,249	\$1,259

% Change including capital amounts	Model Year							
	1975 & Prior	1976- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW								
No GVW	25%	4%	5%	5%	5%	6%	6%	5%
5,001-11,000	25%	4%	5%	5%	5%	5%	5%	5%
11,001-13,000	28%	4%	6%	6%	8%	9%	9%	8%
13,001-22,000	26%	2%	4%	3%	5%	6%	6%	5%
22,001-34,000	24%	1%	4%	3%	4%	5%	5%	4%
34,001-40,000	22%	0%	3%	2%	4%	5%	5%	4%
40,001-50,000	22%	0%	3%	2%	4%	5%	5%	4%
50,001-63,500	22%	0%	4%	3%	5%	6%	6%	5%

\$ Change including capital amounts	Model Year							
	1975 & Prior	1976- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW								
No GVW	\$114	\$31	\$41	\$40	\$46	\$51	\$52	\$47
5,001-11,000	\$114	\$29	\$37	\$39	\$42	\$46	\$45	\$41
11,001-13,000	\$142	\$31	\$54	\$53	\$69	\$78	\$83	\$78
13,001-22,000	\$143	\$16	\$37	\$32	\$47	\$55	\$57	\$50
22,001-34,000	\$144	\$10	\$33	\$26	\$44	\$54	\$55	\$46
34,001-40,000	\$145	\$1	\$28	\$20	\$39	\$51	\$51	\$40
40,001-50,000	\$145	\$0	\$27	\$17	\$40	\$53	\$53	\$41
50,001-63,500	\$145	\$0	\$37	\$28	\$54	\$71	\$74	\$61

## 5.5 Class A – Power Units – IRP \$2,500 Deductible

The rate indication shows that a 1.8% increase is required for this class to be rate adequate. A relativity analysis was done on G.V.W. and model year.

**Recommendation:** SGI is recommending that the indicated rate change be applied, which, after the capital margin is applied becomes a 4.0% increase. Based on the current vehicle population, 91% of vehicles will be receiving an average increase of \$108, while the remainder will receive an average decrease of \$31. The maximum decrease that any vehicle in the current population will receive is \$59 and the maximum increase is \$290.

The impact on the rates for these vehicles is shown in the tables below.

Current rates excluding RSR surcharge	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-11,000	\$452	\$831	\$858	\$872	\$913	\$918	\$935	\$952
11,001-13,000	\$494	\$1,075	\$1,110	\$1,130	\$1,150	\$1,175	\$1,200	\$1,225
13,001-22,000	\$508	\$1,225	\$1,273	\$1,300	\$1,328	\$1,360	\$1,396	\$1,431
22,001-34,000	\$508	\$1,374	\$1,435	\$1,470	\$1,507	\$1,545	\$1,582	\$1,619
34,001-40,000	\$648	\$1,510	\$1,656	\$1,976	\$2,191	\$2,248	\$2,303	\$2,358
40,001-55,000	\$648	\$1,511	\$1,658	\$1,978	\$2,267	\$2,274	\$2,354	\$2,402
55,001-63,500	\$648	\$1,528	\$1,682	\$2,018	\$2,321	\$2,329	\$2,414	\$2,463

Proposed rates excluding Capital Margin	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-11,000	\$552	\$981	\$1,008	\$1,022	\$1,063	\$1,068	\$1,085	\$1,102
11,001-13,000	\$594	\$1,236	\$1,276	\$1,299	\$1,322	\$1,351	\$1,380	\$1,408
13,001-22,000	\$633	\$1,330	\$1,433	\$1,495	\$1,527	\$1,564	\$1,605	\$1,645
22,001-34,000	\$633	\$1,360	\$1,483	\$1,660	\$1,733	\$1,776	\$1,819	\$1,861
34,001-40,000	\$773	\$1,479	\$1,685	\$1,979	\$2,184	\$2,321	\$2,398	\$2,452
40,001-55,000	\$773	\$1,484	\$1,693	\$1,992	\$2,200	\$2,339	\$2,417	\$2,472
55,001-63,500	\$773	\$1,487	\$1,698	\$2,000	\$2,210	\$2,351	\$2,429	\$2,485

% Change excluding capital amounts	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-11,000	22%	18%	17%	17%	16%	16%	16%	16%
11,001-13,000	20%	15%	15%	15%	15%	15%	15%	15%
13,001-22,000	25%	9%	13%	15%	15%	15%	15%	15%
22,001-34,000	25%	-1%	3%	13%	15%	15%	15%	15%
34,001-40,000	19%	-2%	2%	0%	0%	3%	4%	4%
40,001-55,000	19%	-2%	2%	1%	-3%	3%	3%	3%
55,001-63,500	19%	-3%	1%	-1%	-5%	1%	1%	1%

\$ Change excluding capital amounts	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-11,000	\$100	\$150	\$150	\$150	\$150	\$150	\$150	\$150
11,001-13,000	\$100	\$161	\$166	\$169	\$172	\$176	\$180	\$183
13,001-22,000	\$125	\$105	\$160	\$195	\$199	\$204	\$209	\$214
22,001-34,000	\$125	-\$14	\$48	\$190	\$226	\$231	\$237	\$242
34,001-40,000	\$125	-\$31	\$29	\$3	-\$7	\$73	\$95	\$94
40,001-55,000	\$125	-\$27	\$35	\$14	-\$67	\$65	\$63	\$70
55,001-63,500	\$125	-\$41	\$16	-\$18	-\$111	\$22	\$15	\$22

Current rates including RSR surcharge	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-11,000	\$458	\$841	\$869	\$883	\$924	\$929	\$947	\$964
11,001-13,000	\$500	\$1,088	\$1,124	\$1,144	\$1,164	\$1,189	\$1,215	\$1,240
13,001-22,000	\$514	\$1,240	\$1,289	\$1,316	\$1,344	\$1,377	\$1,413	\$1,449
22,001-34,000	\$514	\$1,391	\$1,453	\$1,488	\$1,526	\$1,564	\$1,601	\$1,639
34,001-40,000	\$656	\$1,529	\$1,676	\$2,000	\$2,218	\$2,276	\$2,331	\$2,387
40,001-55,000	\$656	\$1,530	\$1,678	\$2,002	\$2,295	\$2,302	\$2,383	\$2,432
55,001-63,500	\$656	\$1,547	\$1,703	\$2,043	\$2,350	\$2,358	\$2,444	\$2,493

Proposed rates including Capital Margin	Model Year							
	1975 & Prior	1976- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW								
5,001-11,000	\$572	\$1,017	\$1,045	\$1,060	\$1,102	\$1,107	\$1,125	\$1,142
11,001-13,000	\$616	\$1,281	\$1,323	\$1,347	\$1,371	\$1,401	\$1,431	\$1,460
13,001-22,000	\$656	\$1,379	\$1,486	\$1,550	\$1,583	\$1,621	\$1,664	\$1,705
22,001-34,000	\$656	\$1,410	\$1,537	\$1,721	\$1,797	\$1,841	\$1,886	\$1,929
34,001-40,000	\$801	\$1,533	\$1,747	\$2,052	\$2,264	\$2,406	\$2,486	\$2,542
40,001-55,000	\$801	\$1,539	\$1,755	\$2,065	\$2,281	\$2,425	\$2,506	\$2,563
55,001-63,500	\$801	\$1,542	\$1,760	\$2,073	\$2,291	\$2,437	\$2,518	\$2,576

% Change including capital amounts	Model Year							
	1975 & Prior	1976- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW								
5,001-11,000	25%	21%	20%	20%	19%	19%	19%	18%
11,001-13,000	23%	18%	18%	18%	18%	18%	18%	18%
13,001-22,000	28%	11%	15%	18%	18%	18%	18%	18%
22,001-34,000	28%	1%	6%	16%	18%	18%	18%	18%
34,001-40,000	22%	0%	4%	3%	2%	6%	7%	6%
40,001-55,000	22%	1%	5%	3%	-1%	5%	5%	5%
55,001-63,500	22%	0%	3%	1%	-3%	3%	3%	3%

\$ Change including capital amounts	Model Year							
	1975 & Prior	1976- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW								
5,001-11,000	\$114	\$176	\$176	\$177	\$178	\$178	\$178	\$178
11,001-13,000	\$116	\$193	\$199	\$203	\$207	\$212	\$216	\$220
13,001-22,000	\$142	\$139	\$197	\$234	\$239	\$244	\$251	\$256
22,001-34,000	\$142	\$19	\$84	\$233	\$271	\$277	\$285	\$290
34,001-40,000	\$145	\$4	\$71	\$52	\$46	\$130	\$155	\$155
40,001-55,000	\$145	\$9	\$77	\$63	-\$14	\$123	\$123	\$131
55,001-63,500	\$145	-\$5	\$57	\$30	-\$59	\$79	\$74	\$83

## 5.6 Class A – Power Units – IRP \$15,000 Deductible

Rates for the \$15,000 deductible option are flat rated based on injury and liability premiums that are the same for both the regular and \$15,000 deductible options. However, due to capping not all rates are currently this level. The indicated rate change for Class A – Power Units–IRP vehicles with the \$15,000 deductible is a 4.5% rate decrease.

**Recommendation:** SGI recommends applying the indicated rate increase, which, after rate capping, results in an overall average rate decrease of 4.6% for this class; -2.4% once the capital margin has been applied. Fifty-two per cent of the current vehicle population will receive an average decrease of \$89/year, with the remaining 48% of vehicles receiving an average increase of \$34/year. Based on the current vehicle population, the maximum increase any customer will see will be \$179 and the maximum decrease will be \$144.

The impact on rates for these vehicles is shown below.

Current rates excluding RSR surcharge	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-11,000	\$286	\$524	\$540	\$548	\$558	\$561	\$571	\$581
11,001-13,000	\$311	\$680	\$701	\$713	\$725	\$738	\$751	\$765
13,001-22,000	\$320	\$765	\$789	\$804	\$818	\$835	\$853	\$872
22,001-34,000	\$320	\$854	\$874	\$917	\$937	\$956	\$976	\$995
34,001-40,000	\$414	\$1,080	\$1,080	\$1,169	\$1,169	\$1,169	\$1,169	\$1,169
40,001-55,000	\$414	\$1,142	\$1,142	\$1,169	\$1,169	\$1,174	\$1,204	\$1,234
55,001-63,500	\$414	\$1,169	\$1,169	\$1,185	\$1,258	\$1,287	\$1,319	\$1,351

Proposed rates excluding Capital Margin	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-11,000	\$386	\$649	\$665	\$673	\$683	\$686	\$696	\$706
11,001-13,000	\$411	\$805	\$826	\$838	\$850	\$863	\$901	\$915
13,001-22,000	\$420	\$915	\$939	\$954	\$968	\$985	\$1,003	\$1,022
22,001-34,000	\$420	\$1,004	\$1,024	\$1,067	\$1,087	\$1,106	\$1,126	\$1,145
34,001-40,000	\$514	\$1,181	\$1,181	\$1,181	\$1,181	\$1,181	\$1,181	\$1,181
40,001-55,000	\$514	\$1,181	\$1,181	\$1,181	\$1,181	\$1,181	\$1,181	\$1,181
55,001-63,500	\$514	\$1,181	\$1,181	\$1,181	\$1,181	\$1,181	\$1,181	\$1,181

% Change excluding capital amounts	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-11,000	35%	24%	23%	23%	22%	22%	22%	22%
11,001-13,000	32%	18%	18%	18%	17%	17%	20%	20%
13,001-22,000	31%	20%	19%	19%	18%	18%	18%	17%
22,001-34,000	31%	18%	17%	16%	16%	16%	15%	15%
34,001-40,000	24%	9%	9%	1%	1%	1%	1%	1%
40,001-55,000	24%	3%	3%	1%	1%	1%	-2%	-4%
55,001-63,500	24%	1%	1%	0%	-6%	-8%	-10%	-13%

\$ Change excluding capital amounts	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-11,000	\$100	\$125	\$125	\$125	\$125	\$125	\$125	\$125
11,001-13,000	\$100	\$125	\$125	\$125	\$125	\$125	\$150	\$150
13,001-22,000	\$100	\$150	\$150	\$150	\$150	\$150	\$150	\$150
22,001-34,000	\$100	\$150	\$150	\$150	\$150	\$150	\$150	\$150
34,001-40,000	\$100	\$101	\$101	\$12	\$12	\$12	\$12	\$12
40,001-55,000	\$100	\$39	\$39	\$12	\$12	\$7	-\$23	-\$53
55,001-63,500	\$100	\$12	\$12	-\$4	-\$77	-\$106	-\$138	-\$170

Current rates including RSR surcharge	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-11,000	\$290	\$530	\$547	\$555	\$565	\$568	\$578	\$588
11,001-13,000	\$315	\$688	\$710	\$722	\$734	\$747	\$760	\$774
13,001-22,000	\$324	\$774	\$799	\$814	\$828	\$845	\$863	\$883
22,001-34,000	\$324	\$865	\$885	\$928	\$949	\$968	\$988	\$1,007
34,001-40,000	\$419	\$1,093	\$1,093	\$1,183	\$1,183	\$1,183	\$1,183	\$1,183
40,001-55,000	\$419	\$1,156	\$1,156	\$1,183	\$1,183	\$1,188	\$1,219	\$1,249
55,001-63,500	\$419	\$1,183	\$1,183	\$1,200	\$1,273	\$1,303	\$1,335	\$1,368

Proposed rates including Capital Margin	Model Year							
	1975 & Prior	1976- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW								
5,001-11,000	\$400	\$673	\$689	\$698	\$708	\$711	\$722	\$732
11,001-13,000	\$426	\$835	\$856	\$869	\$881	\$895	\$934	\$949
13,001-22,000	\$435	\$949	\$973	\$989	\$1,004	\$1,021	\$1,040	\$1,060
22,001-34,000	\$435	\$1,041	\$1,062	\$1,106	\$1,127	\$1,147	\$1,167	\$1,187
34,001-40,000	\$533	\$1,224	\$1,224	\$1,224	\$1,224	\$1,224	\$1,224	\$1,224
40,001-55,000	\$533	\$1,224	\$1,224	\$1,224	\$1,224	\$1,224	\$1,224	\$1,224
55,001-63,500	\$533	\$1,224	\$1,224	\$1,224	\$1,224	\$1,224	\$1,224	\$1,224

% Change including capital amounts	Model Year							
	1975 & Prior	1976- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW								
5,001-11,000	38%	27%	26%	26%	25%	25%	25%	24%
11,001-13,000	35%	21%	21%	20%	20%	20%	23%	23%
13,001-22,000	34%	23%	22%	21%	21%	21%	21%	20%
22,001-34,000	34%	20%	20%	19%	19%	18%	18%	18%
34,001-40,000	27%	12%	12%	3%	3%	3%	3%	3%
40,001-55,000	27%	6%	6%	3%	3%	3%	0%	-2%
55,001-63,500	27%	3%	3%	2%	-4%	-6%	-8%	-11%

\$ Change including capital amounts	Model Year							
	1975 & Prior	1976- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW								
5,001-11,000	\$110	\$143	\$142	\$143	\$143	\$143	\$144	\$144
11,001-13,000	\$111	\$147	\$146	\$147	\$147	\$148	\$174	\$175
13,001-22,000	\$111	\$175	\$174	\$175	\$176	\$176	\$177	\$177
22,001-34,000	\$111	\$176	\$177	\$178	\$178	\$179	\$179	\$180
34,001-40,000	\$114	\$131	\$131	\$41	\$41	\$41	\$41	\$41
40,001-55,000	\$114	\$68	\$68	\$41	\$41	\$36	\$5	-\$25
55,001-63,500	\$114	\$41	\$41	\$24	-\$49	-\$79	-\$111	-\$144



## 5.7 Class A – Power Units – non-IRP

The rate indication shows that a decrease of 2.5% is warranted for this class. A relativity analysis was done on G.V.W. and model year.

**Recommendation:** SGI recommends an overall average rate decrease of 2.5% for this class, which turns into a decrease of 0.2% once the capital margin is applied. Sixty per cent of the current vehicle population will receive increases of approximately \$54/year, with the remaining 40% receiving an average decrease of \$88/year. The maximum increase any vehicle in the current population will see will be \$142 and the maximum decrease is \$198.

The impact on the rates for these vehicles is shown in the tables below.

Current rates excluding RSR surcharge	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-11,000	\$452	\$781	\$804	\$850	\$909	\$916	\$924	\$932
11,001-13,000	\$494	\$792	\$819	\$875	\$945	\$954	\$963	\$973
13,001-22,000	\$508	\$805	\$838	\$905	\$989	\$1,000	\$1,013	\$1,035
22,001-34,000	\$508	\$820	\$860	\$940	\$1,041	\$1,054	\$1,067	\$1,088
34,001-40,000	\$648	\$1,094	\$1,142	\$1,171	\$1,251	\$1,272	\$1,294	\$1,317
40,001-55,000	\$648	\$1,293	\$1,349	\$1,382	\$1,416	\$1,447	\$1,485	\$1,521
55,001-63,500	\$648	\$1,417	\$1,477	\$1,513	\$1,550	\$1,586	\$1,625	\$1,665

Proposed rates excluding Capital Margin	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-11,000	\$552	\$794	\$829	\$877	\$911	\$948	\$950	\$956
11,001-13,000	\$594	\$810	\$855	\$920	\$965	\$1,013	\$1,016	\$1,023
13,001-22,000	\$633	\$826	\$882	\$962	\$1,018	\$1,079	\$1,081	\$1,091
22,001-34,000	\$633	\$842	\$909	\$1,005	\$1,071	\$1,144	\$1,147	\$1,159
34,001-40,000	\$773	\$930	\$1,001	\$1,151	\$1,255	\$1,368	\$1,373	\$1,392
40,001-55,000	\$773	\$1,100	\$1,147	\$1,216	\$1,337	\$1,468	\$1,474	\$1,496
55,001-63,500	\$773	\$1,205	\$1,256	\$1,287	\$1,367	\$1,505	\$1,511	\$1,533

% Change excluding capital amounts	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-11,000	22%	2%	3%	3%	0%	3%	3%	3%
11,001-13,000	20%	2%	4%	5%	2%	6%	6%	5%
13,001-22,000	25%	3%	5%	6%	3%	8%	7%	5%
22,001-34,000	25%	3%	6%	7%	3%	9%	7%	7%
34,001-40,000	19%	-15%	-12%	-2%	0%	8%	6%	6%
40,001-55,000	19%	-15%	-15%	-12%	-6%	1%	-1%	-2%
55,001-63,500	19%	-15%	-15%	-15%	-12%	-5%	-7%	-8%

\$ Change excluding capital amounts	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-11,000	\$100	\$13	\$25	\$27	\$2	\$32	\$26	\$24
11,001-13,000	\$100	\$18	\$36	\$45	\$20	\$59	\$53	\$50
13,001-22,000	\$125	\$21	\$44	\$57	\$29	\$79	\$68	\$56
22,001-34,000	\$125	\$22	\$49	\$65	\$30	\$90	\$80	\$71
34,001-40,000	\$125	-\$164	-\$141	-\$20	\$4	\$96	\$79	\$75
40,001-55,000	\$125	-\$193	-\$202	-\$166	-\$79	\$21	-\$11	-\$25
55,001-63,500	\$125	-\$212	-\$221	-\$226	-\$183	-\$81	-\$114	-\$132

Current rates including RSR surcharge	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-11,000	\$458	\$791	\$814	\$860	\$920	\$927	\$935	\$943
11,001-13,000	\$500	\$802	\$829	\$886	\$957	\$966	\$975	\$985
13,001-22,000	\$514	\$815	\$848	\$916	\$1,001	\$1,012	\$1,025	\$1,048
22,001-34,000	\$514	\$830	\$871	\$952	\$1,054	\$1,067	\$1,080	\$1,101
34,001-40,000	\$656	\$1,107	\$1,156	\$1,185	\$1,266	\$1,288	\$1,310	\$1,333
40,001-55,000	\$656	\$1,309	\$1,366	\$1,399	\$1,433	\$1,465	\$1,503	\$1,540
55,001-63,500	\$656	\$1,434	\$1,495	\$1,532	\$1,569	\$1,606	\$1,645	\$1,685

Proposed rates including Capital Margin	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-11,000	\$572	\$823	\$859	\$909	\$944	\$983	\$985	\$991
11,001-13,000	\$616	\$840	\$886	\$954	\$1,000	\$1,050	\$1,053	\$1,061
13,001-22,000	\$656	\$856	\$914	\$997	\$1,055	\$1,119	\$1,121	\$1,131
22,001-34,000	\$656	\$873	\$942	\$1,042	\$1,110	\$1,186	\$1,189	\$1,202
34,001-40,000	\$801	\$964	\$1,038	\$1,193	\$1,301	\$1,418	\$1,423	\$1,443
40,001-55,000	\$801	\$1,140	\$1,189	\$1,261	\$1,386	\$1,522	\$1,528	\$1,551
55,001-63,500	\$801	\$1,249	\$1,302	\$1,334	\$1,417	\$1,560	\$1,567	\$1,589

% Change including capital amounts	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-11,000	25%	4%	6%	6%	3%	6%	5%	5%
11,001-13,000	23%	5%	7%	8%	4%	9%	8%	8%
13,001-22,000	28%	5%	8%	9%	5%	11%	9%	8%
22,001-34,000	28%	5%	8%	9%	5%	11%	10%	9%
34,001-40,000	22%	-13%	-10%	1%	3%	10%	9%	8%
40,001-55,000	22%	-13%	-13%	-10%	-3%	4%	2%	1%
55,001-63,500	22%	-13%	-13%	-13%	-10%	-3%	-5%	-6%

\$ Change including capital amounts	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-11,000	\$114	\$32	\$45	\$49	\$24	\$56	\$50	\$48
11,001-13,000	\$116	\$38	\$57	\$68	\$43	\$84	\$78	\$76
13,001-22,000	\$142	\$41	\$66	\$81	\$54	\$107	\$96	\$83
22,001-34,000	\$142	\$43	\$71	\$90	\$56	\$119	\$109	\$101
34,001-40,000	\$145	-\$143	-\$118	\$8	\$35	\$130	\$113	\$110
40,001-55,000	\$145	-\$169	-\$177	-\$138	-\$47	\$57	\$25	\$11
55,001-63,500	\$145	-\$185	-\$193	-\$198	-\$152	-\$46	-\$78	-\$96

## Classes C and D – Commercial Vehicles

The rates for these classes are currently the same. Because the risk is similar for these two classes the indication and relativity analysis were done with combined experience. SGI keeps the classes separate for registration purposes.

### 5.8 Classes C and D – Heavy Trucks and Heavy Vans

The rate indication shows that an 11.9% increase is required to obtain adequate rates. A relativity analysis was performed on both G.V.W. and model year.

**Recommendation:** SGI recommends an overall average rate increase of 9.5% for this class; 12.1% once the capital margin has been applied. Nearly all of the current vehicle population will receive average increases of approximately \$80/year; the remaining 0.4% will receive an average decrease of \$17. The maximum increase that any vehicle currently insured will receive is \$135 and the maximum decrease is \$35.

The impact on the rates for these vehicles is shown in the tables below.

Current rates excluding RSR surcharge	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-20,000	\$497	\$525	\$565	\$575	\$585	\$599	\$631	\$638
20,001-30,000	\$497	\$555	\$617	\$676	\$731	\$735	\$739	\$748
30,001-40,000	\$497	\$568	\$638	\$704	\$765	\$770	\$775	\$784
40,001-50,000	\$506	\$607	\$699	\$786	\$868	\$874	\$880	\$893
50,001-63,500	\$563	\$668	\$795	\$916	\$1,029	\$1,037	\$1,046	\$1,064

Proposed rates excluding Capital Margin	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-20,000	\$560	\$560	\$613	\$646	\$679	\$693	\$715	\$719
20,001-30,000	\$584	\$584	\$659	\$706	\$751	\$771	\$802	\$808
30,001-40,000	\$595	\$595	\$680	\$732	\$783	\$806	\$841	\$848
40,001-50,000	\$624	\$624	\$734	\$803	\$869	\$899	\$944	\$953
50,001-63,500	\$658	\$658	\$799	\$886	\$971	\$1,009	\$1,067	\$1,079

% Change excluding capital amounts	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-20,000	13%	7%	8%	12%	16%	16%	13%	13%
20,001-30,000	18%	5%	7%	4%	3%	5%	9%	8%
30,001-40,000	20%	5%	7%	4%	2%	5%	9%	8%
40,001-50,000	23%	3%	5%	2%	0%	3%	7%	7%
50,001-63,500	17%	-1%	1%	-3%	-6%	-3%	2%	1%

\$ Change excluding capital amounts	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-20,000	\$63	\$35	\$48	\$71	\$94	\$94	\$84	\$81
20,001-30,000	\$87	\$29	\$42	\$30	\$20	\$36	\$63	\$60
30,001-40,000	\$98	\$27	\$42	\$28	\$18	\$36	\$66	\$64
40,001-50,000	\$118	\$17	\$35	\$17	\$1	\$25	\$64	\$60
50,001-63,500	\$95	-\$10	\$4	-\$30	-\$58	-\$28	\$21	\$15

Current rates including RSR surcharge	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-20,000	\$503	\$531	\$572	\$582	\$592	\$606	\$639	\$646
20,001-30,000	\$503	\$562	\$625	\$684	\$740	\$744	\$748	\$757
30,001-40,000	\$503	\$575	\$646	\$713	\$774	\$779	\$785	\$794
40,001-50,000	\$512	\$614	\$708	\$796	\$879	\$885	\$891	\$904
50,001-63,500	\$570	\$676	\$805	\$927	\$1,042	\$1,050	\$1,059	\$1,077

Proposed rates including Capital Margin	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-20,000	\$581	\$581	\$636	\$670	\$704	\$718	\$741	\$745
20,001-30,000	\$605	\$605	\$683	\$732	\$779	\$799	\$831	\$838
30,001-40,000	\$617	\$617	\$705	\$759	\$812	\$836	\$872	\$879
40,001-50,000	\$647	\$647	\$761	\$832	\$901	\$932	\$979	\$988
50,001-63,500	\$682	\$682	\$828	\$919	\$1,007	\$1,046	\$1,106	\$1,119

% Change including capital amounts	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-20,000	16%	9%	11%	15%	19%	18%	16%	15%
20,001-30,000	20%	8%	9%	7%	5%	7%	11%	11%
30,001-40,000	23%	7%	9%	6%	5%	7%	11%	11%
40,001-50,000	26%	5%	7%	5%	3%	5%	10%	9%
50,001-63,500	20%	1%	3%	-1%	-3%	0%	4%	4%

\$ Change including capital amounts	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-20,000	\$78	\$50	\$64	\$88	\$112	\$112	\$102	\$99
20,001-30,000	\$102	\$43	\$58	\$48	\$39	\$55	\$83	\$81
30,001-40,000	\$114	\$42	\$59	\$46	\$38	\$57	\$87	\$85
40,001-50,000	\$135	\$33	\$53	\$36	\$22	\$47	\$88	\$84
50,001-63,500	\$112	\$6	\$23	-\$8	-\$35	-\$4	\$47	\$42

## 5.9 Classes C and D – Power Units

The rate indication shows that the premium for these vehicles requires a 3.3% increase overall to become adequate. A relativity analysis was performed on both G.V.W. and model year.

**Recommendation:** SGI recommends applying the indicated rate change to the rates, which, after capping results in an overall average rate increase of 1.6% for this class. The overall rate increase becomes 4.0% once the capital margin is applied. Eighty-eight per cent of the current vehicle population will receive an average increase of \$62/year. The remaining 12% of the population will receive an average decrease of \$21/year. The maximum increase that any vehicle within the current population will receive is \$147; the maximum decrease is \$56.

The impact on the rates for these vehicles is shown in the tables below.

Current rates excluding RSR surcharge	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-20,000	\$497	\$550	\$584	\$656	\$683	\$695	\$706	\$717
20,001-30,000	\$497	\$696	\$752	\$790	\$855	\$870	\$911	\$927
30,001-35,000	\$497	\$852	\$937	\$943	\$1,024	\$1,067	\$1,086	\$1,105
35,001-36,000	\$525	\$900	\$994	\$1,135	\$1,241	\$1,271	\$1,299	\$1,327
36,001-40,000	\$546	\$939	\$1,051	\$1,220	\$1,344	\$1,431	\$1,467	\$1,494
40,001-50,000	\$546	\$980	\$1,107	\$1,303	\$1,445	\$1,582	\$1,600	\$1,618
50,001-63,500	\$546	\$988	\$1,122	\$1,325	\$1,473	\$1,615	\$1,634	\$1,652

Proposed rates excluding Capital Margin	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-20,000	\$597	\$675	\$709	\$781	\$808	\$820	\$831	\$842
20,001-30,000	\$597	\$757	\$808	\$879	\$929	\$984	\$986	\$995
30,001-35,000	\$597	\$796	\$873	\$983	\$1,060	\$1,143	\$1,147	\$1,160
35,001-36,000	\$650	\$832	\$933	\$1,078	\$1,179	\$1,289	\$1,294	\$1,311
36,001-40,000	\$671	\$867	\$993	\$1,173	\$1,298	\$1,435	\$1,441	\$1,463
40,001-50,000	\$671	\$908	\$1,062	\$1,282	\$1,435	\$1,602	\$1,609	\$1,636
50,001-63,500	\$671	\$911	\$1,067	\$1,291	\$1,446	\$1,615	\$1,622	\$1,650

% Change excluding capital amounts	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-20,000	20%	23%	21%	19%	18%	18%	18%	17%
20,001-30,000	20%	9%	7%	11%	9%	13%	8%	7%
30,001-35,000	20%	-7%	-7%	4%	4%	7%	6%	5%
35,001-36,000	24%	-8%	-6%	-5%	-5%	1%	0%	-1%
36,001-40,000	23%	-8%	-6%	-4%	-3%	0%	-2%	-2%
40,001-50,000	23%	-7%	-4%	-2%	-1%	1%	1%	1%
50,001-63,500	23%	-8%	-5%	-3%	-2%	0%	-1%	0%

\$ Change excluding capital amounts	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-20,000	\$100	\$125	\$125	\$125	\$125	\$125	\$125	\$125
20,001-30,000	\$100	\$61	\$56	\$89	\$74	\$114	\$75	\$68
30,001-35,000	\$100	-\$56	-\$64	\$40	\$36	\$76	\$61	\$55
35,001-36,000	\$125	-\$68	-\$61	-\$57	-\$62	\$18	-\$5	-\$16
36,001-40,000	\$125	-\$72	-\$58	-\$47	-\$46	\$4	-\$26	-\$31
40,001-50,000	\$125	-\$72	-\$45	-\$21	-\$10	\$20	\$9	\$18
50,001-63,500	\$125	-\$77	-\$55	-\$34	-\$27	\$0	-\$12	-\$2

Current rates including RSR surcharge	Model Year							
	1975 & Prior	1976-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW								
5,001-20,000	\$503	\$557	\$591	\$664	\$691	\$704	\$715	\$726
20,001-30,000	\$503	\$705	\$761	\$800	\$866	\$881	\$922	\$938
30,001-35,000	\$503	\$862	\$949	\$955	\$1,037	\$1,080	\$1,099	\$1,119
35,001-36,000	\$531	\$911	\$1,006	\$1,149	\$1,256	\$1,287	\$1,315	\$1,343
36,001-40,000	\$553	\$951	\$1,064	\$1,235	\$1,361	\$1,449	\$1,485	\$1,512
40,001-50,000	\$553	\$992	\$1,121	\$1,319	\$1,463	\$1,601	\$1,620	\$1,638
50,001-63,500	\$553	\$1,000	\$1,136	\$1,341	\$1,491	\$1,635	\$1,654	\$1,672

Proposed rates including Capital Margin	Model Year							
	1975 & Prior	1976- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW								
5,001-20,000	\$619	\$700	\$735	\$810	\$838	\$850	\$862	\$873
20,001-30,000	\$619	\$785	\$838	\$911	\$963	\$1,020	\$1,022	\$1,032
30,001-35,000	\$619	\$825	\$905	\$1,019	\$1,099	\$1,185	\$1,189	\$1,203
35,001-36,000	\$674	\$863	\$967	\$1,118	\$1,222	\$1,336	\$1,342	\$1,359
36,001-40,000	\$696	\$899	\$1,029	\$1,216	\$1,346	\$1,488	\$1,494	\$1,517
40,001-50,000	\$696	\$941	\$1,101	\$1,329	\$1,488	\$1,661	\$1,668	\$1,696
50,001-63,500	\$696	\$944	\$1,106	\$1,338	\$1,499	\$1,674	\$1,682	\$1,711

% Change including capital amounts	Model Year							
	1975 & Prior	1976- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW								
5,001-20,000	23%	26%	24%	22%	21%	21%	21%	20%
20,001-30,000	23%	11%	10%	14%	11%	16%	11%	10%
30,001-35,000	23%	-4%	-5%	7%	6%	10%	8%	8%
35,001-36,000	27%	-5%	-4%	-3%	-3%	4%	2%	1%
36,001-40,000	26%	-5%	-3%	-2%	-1%	3%	1%	0%
40,001-50,000	26%	-5%	-2%	1%	2%	4%	3%	4%
50,001-63,500	26%	-6%	-3%	0%	1%	2%	2%	2%

\$ Change including capital amounts	Model Year							
	1975 & Prior	1976- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW								
5,001-11,000	\$116	\$143	\$144	\$146	\$147	\$146	\$147	\$147
11,001-13,000	\$116	\$80	\$77	\$111	\$97	\$139	\$100	\$94
13,001-22,000	\$116	-\$37	-\$44	\$64	\$62	\$105	\$90	\$84
22,001-34,000	\$143	-\$48	-\$39	-\$31	-\$34	\$49	\$27	\$16
34,001-40,000	\$143	-\$52	-\$35	-\$19	-\$15	\$39	\$9	\$5
40,001-55,000	\$143	-\$51	-\$20	\$10	\$25	\$60	\$48	\$58
55,001-63,500	\$143	-\$56	-\$30	-\$3	\$8	\$39	\$28	\$39

## 5.10 Class F – Farm Heavy Trucks and Heavy Vans

The rate indication for this subclass shows a 10.4% required rate decrease. Relativity analysis was performed on the model year of the vehicle.

The number of vehicles within this class has been declining while the number of farm power units has been increasing. Over the past three years, the average decrease in number of vehicles for this class has been around 6% per year. The decline is believed to be the result of farmers' preferences shifting from grain trucks to semi-trailers and grain carts for their increased hauling capacity.



**Recommendation:** SGI recommends that the overall indicated rate decrease is applied, which, after the application of the caps produces an average rate decrease of 3.6% for this class; -1.2% once the capital margin is applied. Eighty-five per cent of the current vehicle population will receive an average increase of \$12/year, with the remaining 15% of vehicles receiving an average decrease of \$82/year. The maximum increase any vehicle within the current population will receive is \$20; the maximum decrease is \$137. The impact on the rates for these vehicles is shown in the following table.

Model Year	Current rates excluding RSR surcharge	Proposed rates excluding Capital Margin	% Change excluding capital amounts	\$ Change excluding capital amounts	Current rates including RSR surcharge	Proposed rates including Capital Margin	% Change including capital amounts	\$ Change including capital amounts
1979 & Prior	\$123	\$131	7%	\$8	\$125	\$136	9%	\$11
1980	\$143	\$154	8%	\$11	\$145	\$160	10%	\$15
1981	\$153	\$162	6%	\$9	\$155	\$168	8%	\$13
1982	\$153	\$162	6%	\$9	\$155	\$168	8%	\$13
1983	\$153	\$163	7%	\$10	\$155	\$169	9%	\$14
1984	\$153	\$163	7%	\$10	\$155	\$169	9%	\$14
1985	\$161	\$170	6%	\$9	\$163	\$176	8%	\$13
1986	\$172	\$183	6%	\$11	\$174	\$190	9%	\$16
1987	\$189	\$192	2%	\$3	\$191	\$199	4%	\$8
1988	\$191	\$201	5%	\$10	\$193	\$208	8%	\$15
1989	\$191	\$205	7%	\$14	\$193	\$213	10%	\$20
1990	\$195	\$209	7%	\$14	\$197	\$217	10%	\$20
1991	\$210	\$213	1%	\$3	\$213	\$221	4%	\$8
1992	\$225	\$217	-4%	-\$8	\$228	\$225	-1%	-\$3
1993	\$248	\$222	-10%	-\$26	\$251	\$230	-8%	-\$21
1994	\$283	\$226	-20%	-\$57	\$286	\$234	-18%	-\$52
1995	\$283	\$231	-18%	-\$52	\$286	\$239	-16%	-\$47
1996	\$349	\$249	-29%	-\$100	\$353	\$258	-27%	-\$95
1997	\$373	\$273	-27%	-\$100	\$378	\$283	-25%	-\$95
1998	\$385	\$285	-26%	-\$100	\$390	\$295	-24%	-\$95
1999	\$396	\$296	-25%	-\$100	\$401	\$307	-23%	-\$94
2000	\$474	\$374	-21%	-\$100	\$480	\$388	-19%	-\$92
2001	\$492	\$392	-20%	-\$100	\$498	\$406	-18%	-\$92
2002	\$500	\$400	-20%	-\$100	\$506	\$415	-18%	-\$91
2003	\$509	\$400	-21%	-\$109	\$515	\$415	-19%	-\$100
2004	\$533	\$408	-23%	-\$125	\$540	\$423	-22%	-\$117
2005	\$572	\$447	-22%	-\$125	\$579	\$463	-20%	-\$116
2006	\$623	\$498	-20%	-\$125	\$631	\$516	-18%	-\$115
2007	\$652	\$527	-19%	-\$125	\$660	\$546	-17%	-\$114
2008	\$708	\$583	-18%	-\$125	\$717	\$604	-16%	-\$113
2009	\$751	\$601	-20%	-\$150	\$760	\$623	-18%	-\$137
2010	\$789	\$639	-19%	-\$150	\$799	\$662	-17%	-\$137
2011	\$827	\$677	-18%	-\$150	\$837	\$702	-16%	-\$135
2012	\$862	\$712	-17%	-\$150	\$873	\$738	-15%	-\$135
2013	\$898	\$748	-17%	-\$150	\$909	\$775	-15%	-\$134
2014	\$898	\$748	-17%	-\$150	\$909	\$775	-15%	-\$134
2015	N/A	\$748	N/A	N/A	N/A	\$775	N/A	N/A

## 5.11 Class F – Farm Light Trucks with Model Years 1993 and Older

The rate indication for farm light trucks with model years 1993 and older shows that a 12.0% decrease is warranted. A relativity analysis was performed on model year and on vehicle size – full-size or compact. Due to the fact that the number of vehicles within this class continues to decrease over time, the decision has been made to move farm light trucks with models 1993 and older to a flat rate.

**Recommendation:** SGI recommends an overall average rate decrease of 12% for this class, which becomes a rate decrease of 9.9% once the capital margin is applied. Seventy-seven per cent of the current vehicle population will receive an average decrease of \$31/year, 20% of vehicles will receive an average increase of \$2/year, and the remaining 3% will be unchanged. The maximum annual increase that any one vehicle will receive, based on the current population, is \$4; the maximum decrease is \$76. The impact on the rates for these vehicles is shown in the tables below.

Current rates excluding RSR surcharge	Size	
	Full-Sized	Compact
1976 & Older	\$204	\$203
1977	\$205	\$204
1978	\$205	\$205
1979	\$206	\$205
1980	\$207	\$206
1981	\$208	\$207
1982	\$209	\$208
1983	\$210	\$209
1984	\$210	\$209
1985	\$212	\$210
1986	\$213	\$211
1987	\$217	\$215
1988	\$230	\$225
1989	\$235	\$229
1990	\$242	\$235
1991	\$254	\$245
1992	\$261	\$251
1993	\$282	\$258

Proposed rates excluding Capital Margin	Size	
	Full-Sized	Compact
1976 & Older	\$202	\$202
1977	\$202	\$202
1978	\$202	\$202
1979	\$202	\$202
1980	\$202	\$202
1981	\$202	\$202
1982	\$202	\$202
1983	\$202	\$202
1984	\$202	\$202
1985	\$202	\$202
1986	\$202	\$202
1987	\$202	\$202
1988	\$202	\$202
1989	\$202	\$202
1990	\$202	\$202
1991	\$202	\$202
1992	\$202	\$202
1993	\$202	\$202

% Change excluding capital amounts	Size	
	Full-Sized	Compact
1976 & Older	-1%	0%
1977	-1%	-1%
1978	-1%	-1%
1979	-2%	-1%
1980	-2%	-2%
1981	-3%	-2%
1982	-3%	-3%
1983	-4%	-3%
1984	-4%	-3%
1985	-5%	-4%
1986	-5%	-4%
1987	-7%	-6%
1988	-12%	-10%
1989	-14%	-12%
1990	-17%	-14%
1991	-20%	-18%
1992	-23%	-20%
1993	-28%	-22%

\$ Change excluding capital amounts	Size	
	Full-Sized	Compact
1976 & Older	-\$2	-\$1
1977	-\$3	-\$2
1978	-\$3	-\$3
1979	-\$4	-\$3
1980	-\$5	-\$4
1981	-\$6	-\$5
1982	-\$7	-\$6
1983	-\$8	-\$7
1984	-\$8	-\$7
1985	-\$10	-\$8
1986	-\$11	-\$9
1987	-\$15	-\$13
1988	-\$28	-\$23
1989	-\$33	-\$27
1990	-\$40	-\$33
1991	-\$52	-\$43
1992	-\$59	-\$49
1993	-\$80	-\$56

Current rates including RSR surcharge	Size	
	Full-Sized	Compact
1976 & Older	\$207	\$205
1977	\$208	\$207
1978	\$208	\$208
1979	\$209	\$208
1980	\$210	\$209
1981	\$211	\$210
1982	\$212	\$211
1983	\$213	\$212
1984	\$213	\$212
1985	\$215	\$213
1986	\$216	\$214
1987	\$220	\$218
1988	\$233	\$228
1989	\$238	\$232
1990	\$245	\$238
1991	\$257	\$248
1992	\$264	\$254
1993	\$285	\$261

Proposed rates including Capital Margin	Size	
	Full-Sized	Compact
1976 & Older	\$209	\$209
1977	\$209	\$209
1978	\$209	\$209
1979	\$209	\$209
1980	\$209	\$209
1981	\$209	\$209
1982	\$209	\$209
1983	\$209	\$209
1984	\$209	\$209
1985	\$209	\$209
1986	\$209	\$209
1987	\$209	\$209
1988	\$209	\$209
1989	\$209	\$209
1990	\$209	\$209
1991	\$209	\$209
1992	\$209	\$209
1993	\$209	\$209

% Change including capital amounts	Size	
	Full-Sized	Compact
1976 & Older	1%	2%
1977	0%	1%
1978	0%	0%
1979	0%	0%
1980	0%	0%
1981	-1%	0%
1982	-1%	-1%
1983	-2%	-1%
1984	-2%	-1%
1985	-3%	-2%
1986	-3%	-2%
1987	-5%	-4%
1988	-10%	-8%
1989	-12%	-10%
1990	-15%	-12%
1991	-19%	-16%
1992	-21%	-18%
1993	-27%	-20%

\$ Change including capital amounts	Size	
	Full-Sized	Compact
1976 & Older	\$2	\$4
1977	\$1	\$2
1978	\$1	\$1
1979	\$0	\$1
1980	-\$1	\$0
1981	-\$2	-\$1
1982	-\$3	-\$2
1983	-\$4	-\$3
1984	-\$4	-\$3
1985	-\$6	-\$4
1986	-\$7	-\$5
1987	-\$11	-\$9
1988	-\$24	-\$19
1989	-\$29	-\$23
1990	-\$36	-\$29
1991	-\$48	-\$39
1992	-\$55	-\$45
1993	-\$76	-\$52

## 5.12 Class F – Farm Power Units

The rate indication shows that a 7.5% increase is warranted for this class. A relativity analysis based on model year was performed.

As mentioned previously, due to increased capacity requirements, the number of vehicles within this class has been growing while the number of farm heavy trucks has been decreasing. Over the past three years, the average growth in number of vehicles for this class has been over 10% per year.

**Recommendation:** SGI recommends an overall average rate increase for this class be applied which, after capping, results in a 7.8% rate increase. With the application of the capital margin the increase becomes 10.4%. Eighty-seven per cent of the current vehicle population will receive an average increase of \$56/year, with the remaining 13% of vehicles receiving an average decrease of \$24/year. The maximum increase that any vehicle within the current population will receive is \$67; the maximum decrease is \$26. The impact on the rates for these vehicles is shown in the tables below.

Model Year	Current rates excluding RSR surcharge	Proposed rates excluding Capital Margin	% Change excluding capital amounts	\$ Change excluding capital amounts	Current rates including RSR surcharge	Proposed rates including Capital Margin	% Change including capital amounts	\$ Change including capital amounts
1981 & Prior	\$289	\$346	20%	\$57	\$293	\$359	23%	\$66
1982-1985	\$311	\$368	18%	\$57	\$315	\$382	21%	\$67
1986-1990	\$328	\$384	17%	\$56	\$332	\$398	20%	\$66
1991-1994	\$375	\$426	14%	\$51	\$380	\$442	16%	\$62
1995-1998	\$394	\$444	13%	\$50	\$399	\$460	15%	\$61
1999	\$416	\$456	10%	\$40	\$421	\$473	12%	\$52
2000	\$479	\$527	10%	\$48	\$485	\$546	13%	\$61
2001	\$488	\$529	8%	\$41	\$494	\$548	11%	\$54
2002	\$498	\$532	7%	\$34	\$504	\$552	10%	\$48
2003	\$507	\$542	7%	\$35	\$513	\$562	10%	\$49
2004	\$517	\$551	7%	\$34	\$523	\$571	9%	\$48
2005	\$556	\$561	1%	\$5	\$563	\$582	3%	\$19
2006	\$609	\$571	-6%	-\$38	\$616	\$592	-4%	-\$24
2007	\$620	\$581	-6%	-\$39	\$628	\$602	-4%	-\$26
2008	\$630	\$591	-6%	-\$39	\$638	\$613	-4%	-\$25
2009	\$640	\$602	-6%	-\$38	\$648	\$624	-4%	-\$24
2010	\$650	\$614	-6%	-\$36	\$658	\$637	-3%	-\$21
2011	\$660	\$625	-5%	-\$35	\$668	\$648	-3%	-\$20
2012	\$670	\$638	-5%	-\$32	\$678	\$661	-3%	-\$17
2013	\$680	\$651	-4%	-\$29	\$688	\$675	-2%	-\$13
2014	\$680	\$664	-2%	-\$16	\$688	\$688	0%	\$0
2015	N/A	\$664	N/A	N/A	N/A	\$688	N/A	N/A

### 5.13 Hearses

These vehicles are currently charged the private passenger make and model vehicle rate with a cap of \$411 (\$416 including the RSR surcharge), with most hearses hitting the cap. The rate indication shows that a 0.2% increase is warranted for this class.

**Recommendation:** SGI recommends an overall average rate increase of 0.2% for this class; 2.6% once the capital margin is applied. The proposed cap will be adjusted to \$412; which becomes \$427 with the capital margin.

### 5.14 Class L – Automobile and Motorcycle Dealers

Licence plates registered under this vehicle class are used as floater plates for dealerships. The rate indication shows that a 3.9% decrease is warranted for this class. A relativity analysis based on dealer type was performed.

**Recommendation:** SGI recommends an overall average rate decrease of 3.9% for this class, which becomes -1.5% once the capital margin is applied. The impact on the rates for these vehicles is shown in the table below.

Dealer Type	Current rates excluding RSR surcharge	Proposed rates excluding Capital Margin	% Change excluding capital amounts	\$ Change excluding capital amounts	Current rates including RSR surcharge	Proposed rates including Capital Margin	% Change including capital amounts	\$ Change including capital amounts
Automobile	\$731	\$703	-4%	-\$28	\$740	\$729	-1%	-\$11
Motorcycle	\$545	\$518	-5%	-\$27	\$552	\$537	-3%	-\$15

### 5.15 Class L – Snowmobile Dealers

Snowmobile dealers are currently charged a flat fee of \$60 (\$61 with the RSR surcharge) per floater licence plate. These plates provide liability coverage, with very limited injury coverage. The rate indication shows that there should be no change to this rate class.

**Recommendation:** SGI recommends that no rate change be applied with rate application with the exception of the application of the capital margin of 3.7% which brings the snowmobile dealer flat fee to \$62.

### 5.16 Class LV – Antiques

In order to qualify for an antique licence plate, the vehicle must be at least 30 years old and not be the primary vehicle of the insured. Antique vehicles have full injury and liability coverage, but are limited to \$300 damage coverage (\$800 damage limit with a \$500 deductible). The rate indication suggests that this class requires a 4.4% rate increase. These vehicles are currently charged a flat rate of \$80 (\$81 including the RSR surcharge).

**Recommendation:** SGI recommends that the indicated rate change be applied, which results in a rate increase of 3.8%; 6.2% with the capital margin. The proposed flat premium, including capital margin, will therefore become \$86; an annual increase of \$5 for customers.

## 5.17 Class LV – Buses

Class LV buses include private or company buses with a G.V.W. of 15,000 kg or less that are not used for the transport of passengers for compensation. Sports teams and camps register their buses under this class.

In order for this class to have adequate rates, an increase of 10.6% is required. Bus rates differ based on seating capacity and as such, a relativity analysis was performed based on seating capacity.

**Recommendation:** After the application of the indicated rate increase and capping, SGI recommends an overall average rate increase of 10% for this class; 12.7% once the capital margin is applied. All vehicles within this class will be receiving increases. The average increase is \$66/year and the maximum increase is \$72/year. The impact on the rates for these vehicles is shown in the table below.

Seating Capacity	Current rates excluding RSR surcharge	Proposed rates excluding Capital Margin	% Change excluding capital amounts	\$ Change excluding capital amounts	Current rates including RSR surcharge	Proposed rates including Capital Margin	% Change including capital amounts	\$ Change including capital amounts
15 or less	\$463	\$522	13%	\$59	\$469	\$541	15%	\$72
16 - 24	\$536	\$567	6%	\$31	\$543	\$588	8%	\$45
25 or more	\$559	\$613	10%	\$54	\$566	\$636	12%	\$70

## 5.18 Class LV – Restricted Buses

Vehicles registered under this class are vans or buses that are used exclusively to transport Sunday school students and teachers to and from Sunday school and church, or to transport patients or persons with special needs to and from hospitals, care homes or recreation centres.

The rate indication shows that a 0.8% decrease is indicated for this class to be rate adequate. Restricted bus rates differ based on seating capacity and as such, a relativity analysis was performed based on seating capacity.

**Recommendation:** SGI recommends applying the overall rate decrease for this class, which, after capping, becomes an overall average rate decrease of 0.9%. Once the capital margin is applied the rate change becomes a 1.5% increase. All vehicles within this class will be receiving an increase. The average and maximum increase is \$6/year. The impact on the rates for these vehicles is shown in the table below.

Seating Capacity	Current rates excluding RSR surcharge	Proposed rates excluding Capital Margin	% Change excluding capital amounts	\$ Change excluding capital amounts	Current rates including RSR surcharge	Proposed rates including Capital Margin	% Change including capital amounts	\$ Change including capital amounts
15 or less	\$361	\$358	-1%	-\$3	\$365	\$371	2%	\$6
16 - 24	\$368	\$364	-1%	-\$4	\$373	\$377	1%	\$4
25 or more	\$377	\$370	-2%	-\$7	\$382	\$384	1%	\$2

## 5.19 Class LV – Motorcycle

As in previous rate programs, motorcycles continue to be the class with one of the largest indicated rate increases. This year's rate indication shows that a 46.8% rate increase is required to break even as a class. Due to the lack of occupant protection, whether in a single vehicle crash or otherwise, injury claim costs for this class are extremely high given the likelihood of a motorcycle rider sustaining severe injuries. Unlike CLEAR-rated vehicles where injury makes up approximately 25% of the total required premium, motorcycle injury costs account for approximately 73% of the required average motorcycle premium.

Motorcycle rates within the class are split into three body types: cruiser/touring, sport and dual purpose/other. These three categories are further divided by model year and engine size.

**Recommendation:** While it was suggested during last year's motorcycle review that motorcycle rates would remain unchanged, it was felt that out of fairness to all other vehicle owners, motorcycles should, at a minimum, receive the average rate increase all other vehicles in the Auto Fund are receiving – a 2.7% increase. On top of this rate increase motorcycles will receive the 3.7% capital margin for a net motorcycle increase of 5.2%. Cruiser/touring bikes will receive an average increase of \$87/year, dual purpose/other bikes will receive an average increase of \$36/year and sport bikes will see an average increase of \$93/year. The maximum annual increases are as follows: cruiser/touring bikes \$107, dual purpose/other bikes \$93 and sport bikes \$141. The impact on the rates for these vehicles is shown in the tables below.

### Cruiser/Touring

Current rates excluding RSR surcharge	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
Model Year					
1982 & Older	\$305	\$305	\$792	\$983	\$1,113
1983 - 1986	\$322	\$364	\$970	\$1,107	\$1,228
1987 - 1992	\$333	\$390	\$1,101	\$1,239	\$1,358
1993 - 1996	\$335	\$410	\$1,176	\$1,336	\$1,484
1997 - 2000	\$339	\$468	\$1,319	\$1,537	\$1,715
2001 - 2004	\$345	\$476	\$1,386	\$1,615	\$1,769
2005 - 2007	\$345	\$500	\$1,469	\$1,708	\$1,919
2008 - 2010	\$345	\$500	\$1,555	\$1,820	\$1,919
2011 - 2013	\$348	\$525	\$1,642	\$1,932	\$2,030
2014 - 2016	\$383	\$578	\$1,806	\$2,098	\$2,233



Proposed rates excluding Capital Margin	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
1982 & Older	\$313	\$313	\$814	\$1,010	\$1,143
1983 - 1986	\$331	\$374	\$996	\$1,137	\$1,261
1987 - 1992	\$342	\$401	\$1,131	\$1,273	\$1,395
1993 - 1996	\$344	\$421	\$1,208	\$1,372	\$1,524
1997 - 2000	\$348	\$481	\$1,355	\$1,579	\$1,762
2001 - 2004	\$354	\$489	\$1,424	\$1,659	\$1,817
2005 - 2007	\$354	\$514	\$1,509	\$1,754	\$1,971
2008 - 2010	\$354	\$514	\$1,597	\$1,869	\$1,971
2011 - 2013	\$357	\$539	\$1,687	\$1,984	\$2,085
2014 - 2016	\$393	\$594	\$1,855	\$2,155	\$2,294

% Change excluding capital amounts	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
1982 & Older	3%	3%	3%	3%	3%
1983 - 1986	3%	3%	3%	3%	3%
1987 - 1992	3%	3%	3%	3%	3%
1993 - 1996	3%	3%	3%	3%	3%
1997 - 2000	3%	3%	3%	3%	3%
2001 - 2004	3%	3%	3%	3%	3%
2005 - 2007	3%	3%	3%	3%	3%
2008 - 2010	3%	3%	3%	3%	3%
2011 - 2013	3%	3%	3%	3%	3%
2014 - 2016	3%	3%	3%	3%	3%

<b>\$ Change excluding capital amounts</b>	<b>Engine Size</b>				
	<b>100 CC &amp; Less</b>	<b>101 - 400 CC</b>	<b>401 - 750 CC</b>	<b>751 - 1100 CC</b>	<b>1101 CC &amp; Greater</b>
1982 & Older	\$8	\$8	\$22	\$27	\$30
1983 - 1986	\$9	\$10	\$26	\$30	\$33
1987 - 1992	\$9	\$11	\$30	\$34	\$37
1993 - 1996	\$9	\$11	\$32	\$36	\$40
1997 - 2000	\$9	\$13	\$36	\$42	\$47
2001 - 2004	\$9	\$13	\$38	\$44	\$48
2005 - 2007	\$9	\$14	\$40	\$46	\$52
2008 - 2010	\$9	\$14	\$42	\$49	\$52
2011 - 2013	\$9	\$14	\$45	\$52	\$55
2014 - 2016	\$10	\$16	\$49	\$57	\$61

<b>Current rates including RSR surcharge</b>	<b>Engine Size</b>				
	<b>100 CC &amp; Less</b>	<b>101 - 400 CC</b>	<b>401 - 750 CC</b>	<b>751 - 1100 CC</b>	<b>1101 CC &amp; Greater</b>
1982 & Older	\$309	\$309	\$802	\$995	\$1,127
1983 - 1986	\$326	\$368	\$982	\$1,121	\$1,243
1987 - 1992	\$337	\$395	\$1,115	\$1,254	\$1,375
1993 - 1996	\$339	\$415	\$1,190	\$1,352	\$1,502
1997 - 2000	\$343	\$474	\$1,335	\$1,556	\$1,736
2001 - 2004	\$349	\$482	\$1,403	\$1,635	\$1,791
2005 - 2007	\$349	\$506	\$1,487	\$1,729	\$1,943
2008 - 2010	\$349	\$506	\$1,574	\$1,842	\$1,943
2011 - 2013	\$352	\$531	\$1,662	\$1,956	\$2,055
2014 - 2016	\$388	\$585	\$1,828	\$2,124	\$2,260

Proposed rates including Capital Margin	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
1982 & Older	\$324	\$324	\$844	\$1,047	\$1,185
1983 - 1986	\$343	\$388	\$1,033	\$1,179	\$1,307
1987 - 1992	\$355	\$416	\$1,173	\$1,320	\$1,446
1993 - 1996	\$357	\$436	\$1,252	\$1,422	\$1,580
1997 - 2000	\$361	\$499	\$1,405	\$1,637	\$1,827
2001 - 2004	\$367	\$507	\$1,476	\$1,720	\$1,884
2005 - 2007	\$367	\$533	\$1,564	\$1,818	\$2,043
2008 - 2010	\$367	\$533	\$1,656	\$1,938	\$2,043
2011 - 2013	\$370	\$559	\$1,749	\$2,057	\$2,162
2014 - 2016	\$407	\$616	\$1,923	\$2,234	\$2,378

% Change including capital amounts	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
1982 & Older	5%	5%	5%	5%	5%
1983 - 1986	5%	5%	5%	5%	5%
1987 - 1992	5%	5%	5%	5%	5%
1993 - 1996	5%	5%	5%	5%	5%
1997 - 2000	5%	5%	5%	5%	5%
2001 - 2004	5%	5%	5%	5%	5%
2005 - 2007	5%	5%	5%	5%	5%
2008 - 2010	5%	5%	5%	5%	5%
2011 - 2013	5%	5%	5%	5%	5%
2014 - 2016	5%	5%	5%	5%	5%

<b>\$ Change including capital amounts</b>	<b>Engine Size</b>				
	<b>100 CC &amp; Less</b>	<b>101 - 400 CC</b>	<b>401 - 750 CC</b>	<b>751 - 1100 CC</b>	<b>1101 CC &amp; Greater</b>
1982 & Older	\$15	\$15	\$42	\$52	\$58
1983 - 1986	\$17	\$20	\$51	\$58	\$64
1987 - 1992	\$18	\$21	\$58	\$66	\$71
1993 - 1996	\$18	\$21	\$62	\$70	\$78
1997 - 2000	\$18	\$25	\$70	\$81	\$91
2001 - 2004	\$18	\$25	\$73	\$85	\$93
2005 - 2007	\$18	\$27	\$77	\$89	\$100
2008 - 2010	\$18	\$27	\$82	\$96	\$100
2011 - 2013	\$18	\$28	\$87	\$101	\$107
2014 - 2016	\$19	\$31	\$95	\$110	\$118

### Sport

<b>Current rates excluding RSR surcharge</b>	<b>Engine Size</b>				
	<b>100 CC &amp; Less</b>	<b>101 - 400 CC</b>	<b>401 - 750 CC</b>	<b>751 - 1100 CC</b>	<b>1101 CC &amp; Greater</b>
1982 & Older	\$312	\$323	\$866	\$1,101	\$1,151
1983 - 1986	\$374	\$383	\$1,096	\$1,282	\$1,509
1987 - 1992	\$402	\$415	\$1,276	\$1,661	\$1,737
1993 - 1996	\$420	\$462	\$1,562	\$1,811	\$1,895
1997 - 2000	\$440	\$521	\$1,831	\$1,975	\$2,259
2001 - 2004	\$471	\$531	\$1,921	\$2,074	\$2,377
2005 - 2007	\$471	\$561	\$2,035	\$2,197	\$2,518
2008 - 2010	\$472	\$559	\$2,145	\$2,327	\$2,602
2011 - 2013	\$490	\$589	\$2,257	\$2,457	\$2,686
2014 - 2016	\$539	\$648	\$2,483	\$2,703	\$2,955

Proposed rates excluding Capital Margin	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
1982 & Older	\$320	\$332	\$890	\$1,131	\$1,182
1983 - 1986	\$384	\$393	\$1,126	\$1,317	\$1,550
1987 - 1992	\$413	\$426	\$1,311	\$1,706	\$1,784
1993 - 1996	\$431	\$475	\$1,604	\$1,860	\$1,946
1997 - 2000	\$452	\$535	\$1,881	\$2,029	\$2,320
2001 - 2004	\$484	\$545	\$1,973	\$2,130	\$2,442
2005 - 2007	\$484	\$576	\$2,090	\$2,257	\$2,586
2008 - 2010	\$485	\$574	\$2,203	\$2,390	\$2,673
2011 - 2013	\$503	\$605	\$2,318	\$2,524	\$2,759
2014 - 2016	\$554	\$666	\$2,550	\$2,776	\$3,035

% Change excluding capital amounts	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
1982 & Older	3%	3%	3%	3%	3%
1983 - 1986	3%	3%	3%	3%	3%
1987 - 1992	3%	3%	3%	3%	3%
1993 - 1996	3%	3%	3%	3%	3%
1997 - 2000	3%	3%	3%	3%	3%
2001 - 2004	3%	3%	3%	3%	3%
2005 - 2007	3%	3%	3%	3%	3%
2008 - 2010	3%	3%	3%	3%	3%
2011 - 2013	3%	3%	3%	3%	3%
2014 - 2016	3%	3%	3%	3%	3%

<b>\$ Change excluding capital amounts</b>	<b>Engine Size</b>				
	<b>100 CC &amp; Less</b>	<b>101 - 400 CC</b>	<b>401 - 750 CC</b>	<b>751 - 1100 CC</b>	<b>1101 CC &amp; Greater</b>
1982 & Older	\$8	\$9	\$24	\$30	\$31
1983 - 1986	\$10	\$10	\$30	\$35	\$41
1987 - 1992	\$11	\$11	\$35	\$45	\$47
1993 - 1996	\$11	\$13	\$42	\$49	\$51
1997 - 2000	\$12	\$14	\$50	\$54	\$61
2001 - 2004	\$13	\$14	\$52	\$56	\$65
2005 - 2007	\$13	\$15	\$55	\$60	\$68
2008 - 2010	\$13	\$15	\$58	\$63	\$71
2011 - 2013	\$13	\$16	\$61	\$67	\$73
2014 - 2016	\$15	\$18	\$67	\$73	\$80

<b>Current rates including RSR surcharge</b>	<b>Engine Size</b>				
	<b>100 CC &amp; Less</b>	<b>101 - 400 CC</b>	<b>401 - 750 CC</b>	<b>751 - 1100 CC</b>	<b>1101 CC &amp; Greater</b>
1982 & Older	\$316	\$327	\$877	\$1,115	\$1,165
1983 - 1986	\$379	\$388	\$1,109	\$1,298	\$1,528
1987 - 1992	\$407	\$420	\$1,292	\$1,681	\$1,758
1993 - 1996	\$425	\$468	\$1,581	\$1,833	\$1,918
1997 - 2000	\$445	\$527	\$1,854	\$1,999	\$2,287
2001 - 2004	\$477	\$538	\$1,945	\$2,100	\$2,406
2005 - 2007	\$477	\$568	\$2,060	\$2,224	\$2,549
2008 - 2010	\$478	\$566	\$2,171	\$2,356	\$2,634
2011 - 2013	\$496	\$596	\$2,285	\$2,487	\$2,719
2014 - 2016	\$546	\$656	\$2,514	\$2,736	\$2,991

Proposed rates including Capital Margin	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
1982 & Older	\$332	\$344	\$923	\$1,173	\$1,225
1983 - 1986	\$398	\$407	\$1,167	\$1,365	\$1,607
1987 - 1992	\$428	\$442	\$1,359	\$1,769	\$1,850
1993 - 1996	\$447	\$492	\$1,663	\$1,928	\$2,017
1997 - 2000	\$469	\$555	\$1,950	\$2,104	\$2,405
2001 - 2004	\$502	\$565	\$2,045	\$2,208	\$2,532
2005 - 2007	\$502	\$597	\$2,167	\$2,340	\$2,681
2008 - 2010	\$503	\$595	\$2,284	\$2,478	\$2,771
2011 - 2013	\$521	\$627	\$2,403	\$2,617	\$2,860
2014 - 2016	\$574	\$690	\$2,644	\$2,878	\$3,146

% Change including capital amounts	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
1982 & Older	5%	5%	5%	5%	5%
1983 - 1986	5%	5%	5%	5%	5%
1987 - 1992	5%	5%	5%	5%	5%
1993 - 1996	5%	5%	5%	5%	5%
1997 - 2000	5%	5%	5%	5%	5%
2001 - 2004	5%	5%	5%	5%	5%
2005 - 2007	5%	5%	5%	5%	5%
2008 - 2010	5%	5%	5%	5%	5%
2011 - 2013	5%	5%	5%	5%	5%
2014 - 2016	5%	5%	5%	5%	5%

<b>\$ Change including capital amounts</b>	<b>Engine Size</b>				
	<b>100 CC &amp; Less</b>	<b>101 - 400 CC</b>	<b>401 - 750 CC</b>	<b>751 - 1100 CC</b>	<b>1101 CC &amp; Greater</b>
1982 & Older	\$16	\$17	\$46	\$58	\$60
1983 - 1986	\$19	\$19	\$58	\$67	\$79
1987 - 1992	\$21	\$22	\$67	\$88	\$92
1993 - 1996	\$22	\$24	\$82	\$95	\$99
1997 - 2000	\$24	\$28	\$96	\$105	\$118
2001 - 2004	\$25	\$27	\$100	\$108	\$126
2005 - 2007	\$25	\$29	\$107	\$116	\$132
2008 - 2010	\$25	\$29	\$113	\$122	\$137
2011 - 2013	\$25	\$31	\$118	\$130	\$141
2014 - 2016	\$28	\$34	\$130	\$142	\$155

#### Dual Purpose/Other

<b>Current rates excluding RSR surcharge</b>	<b>Engine Size</b>				
	<b>100 CC &amp; Less</b>	<b>101 - 400 CC</b>	<b>401 - 750 CC</b>	<b>751 - 1100 CC</b>	<b>1101 CC &amp; Greater</b>
1982 & Older	\$291	\$291	\$718	\$919	\$1,015
1983 - 1986	\$322	\$323	\$848	\$1,082	\$1,181
1987 - 1992	\$330	\$373	\$1,001	\$1,135	\$1,268
1993 - 1996	\$332	\$394	\$1,112	\$1,223	\$1,359
1997 - 2000	\$336	\$415	\$1,232	\$1,398	\$1,476
2001 - 2004	\$343	\$454	\$1,266	\$1,457	\$1,536
2005 - 2007	\$343	\$468	\$1,370	\$1,554	\$1,661
2008 - 2010	\$343	\$484	\$1,394	\$1,580	\$1,723
2011 - 2013	\$346	\$500	\$1,417	\$1,605	\$1,785
2014 - 2016	\$381	\$550	\$1,559	\$1,766	\$1,964



Proposed rates excluding Capital Margin	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
1982 & Older	\$299	\$299	\$738	\$944	\$1,043
1983 - 1986	\$331	\$332	\$871	\$1,111	\$1,213
1987 - 1992	\$339	\$383	\$1,028	\$1,166	\$1,302
1993 - 1996	\$341	\$405	\$1,142	\$1,256	\$1,396
1997 - 2000	\$345	\$426	\$1,265	\$1,436	\$1,516
2001 - 2004	\$352	\$466	\$1,300	\$1,497	\$1,578
2005 - 2007	\$352	\$481	\$1,407	\$1,596	\$1,706
2008 - 2010	\$352	\$497	\$1,432	\$1,623	\$1,770
2011 - 2013	\$355	\$514	\$1,455	\$1,649	\$1,833
2014 - 2016	\$391	\$565	\$1,601	\$1,814	\$2,017

% Change excluding capital amounts	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
1982 & Older	3%	3%	3%	3%	3%
1983 - 1986	3%	3%	3%	3%	3%
1987 - 1992	3%	3%	3%	3%	3%
1993 - 1996	3%	3%	3%	3%	3%
1997 - 2000	3%	3%	3%	3%	3%
2001 - 2004	3%	3%	3%	3%	3%
2005 - 2007	3%	3%	3%	3%	3%
2008 - 2010	3%	3%	3%	3%	3%
2011 - 2013	3%	3%	3%	3%	3%
2014 - 2016	3%	3%	3%	3%	3%

<b>\$ Change excluding capital amounts</b>	<b>Engine Size</b>				
	<b>100 CC &amp; Less</b>	<b>101 - 400 CC</b>	<b>401 - 750 CC</b>	<b>751 - 1100 CC</b>	<b>1101 CC &amp; Greater</b>
1982 & Older	\$8	\$8	\$20	\$25	\$28
1983 - 1986	\$9	\$9	\$23	\$29	\$32
1987 - 1992	\$9	\$10	\$27	\$31	\$34
1993 - 1996	\$9	\$11	\$30	\$33	\$37
1997 - 2000	\$9	\$11	\$33	\$38	\$40
2001 - 2004	\$9	\$12	\$34	\$40	\$42
2005 - 2007	\$9	\$13	\$37	\$42	\$45
2008 - 2010	\$9	\$13	\$38	\$43	\$47
2011 - 2013	\$9	\$14	\$38	\$44	\$48
2014 - 2016	\$10	\$15	\$42	\$48	\$53

<b>Current rates including RSR surcharge</b>	<b>Engine Size</b>				
	<b>100 CC &amp; Less</b>	<b>101 - 400 CC</b>	<b>401 - 750 CC</b>	<b>751 - 1100 CC</b>	<b>1101 CC &amp; Greater</b>
1982 & Older	\$295	\$295	\$727	\$930	\$1,027
1983 - 1986	\$326	\$327	\$858	\$1,095	\$1,196
1987 - 1992	\$334	\$378	\$1,013	\$1,149	\$1,284
1993 - 1996	\$336	\$399	\$1,126	\$1,238	\$1,376
1997 - 2000	\$340	\$420	\$1,247	\$1,415	\$1,494
2001 - 2004	\$347	\$460	\$1,282	\$1,475	\$1,555
2005 - 2007	\$347	\$474	\$1,387	\$1,573	\$1,681
2008 - 2010	\$347	\$490	\$1,411	\$1,599	\$1,744
2011 - 2013	\$350	\$506	\$1,434	\$1,625	\$1,807
2014 - 2016	\$386	\$557	\$1,578	\$1,788	\$1,988

Proposed rates including Capital Margin	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
1982 & Older	\$310	\$310	\$765	\$979	\$1,081
1983 - 1986	\$343	\$344	\$903	\$1,152	\$1,258
1987 - 1992	\$351	\$397	\$1,066	\$1,209	\$1,350
1993 - 1996	\$354	\$420	\$1,184	\$1,302	\$1,447
1997 - 2000	\$358	\$442	\$1,311	\$1,489	\$1,572
2001 - 2004	\$365	\$483	\$1,348	\$1,552	\$1,636
2005 - 2007	\$365	\$499	\$1,459	\$1,655	\$1,769
2008 - 2010	\$365	\$515	\$1,485	\$1,683	\$1,835
2011 - 2013	\$368	\$533	\$1,508	\$1,710	\$1,900
2014 - 2016	\$405	\$586	\$1,660	\$1,881	\$2,091

% Change including capital amounts	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
1982 & Older	5%	5%	5%	5%	5%
1983 - 1986	5%	5%	5%	5%	5%
1987 - 1992	5%	5%	5%	5%	5%
1993 - 1996	5%	5%	5%	5%	5%
1997 - 2000	5%	5%	5%	5%	5%
2001 - 2004	5%	5%	5%	5%	5%
2005 - 2007	5%	5%	5%	5%	5%
2008 - 2010	5%	5%	5%	5%	5%
2011 - 2013	5%	5%	5%	5%	5%
2014 - 2016	5%	5%	5%	5%	5%

\$ Change including capital amounts	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
Model Year					
1982 & Older	\$15	\$15	\$38	\$49	\$54
1983 - 1986	\$17	\$17	\$45	\$57	\$62
1987 - 1992	\$17	\$19	\$53	\$60	\$66
1993 - 1996	\$18	\$21	\$58	\$64	\$71
1997 - 2000	\$18	\$22	\$64	\$74	\$78
2001 - 2004	\$18	\$23	\$66	\$77	\$81
2005 - 2007	\$18	\$25	\$72	\$82	\$88
2008 - 2010	\$18	\$25	\$74	\$84	\$91
2011 - 2013	\$18	\$27	\$74	\$85	\$93
2014 - 2016	\$19	\$29	\$82	\$93	\$103

## 5.20 Motorhomes

The rate indication shows that the premiums for these vehicles require an 8.7% rate increase. A relativity analysis was done based on declared value.

**Recommendation:** SGI recommends an overall average rate increase of 7.6% for this class, which becomes 10.2% with the capital margin applied. The current vehicle population will receive an average increase of \$49/year. The maximum rate increase that any customer in the current population will receive is \$216. The impact on the rates for these vehicles is shown in the tables below.

Value	Current rates excluding RSR surcharge	Proposed rates excluding Capital Margin	% Change excluding capital amounts	\$ Change excluding capital amounts	Current rates including RSR surcharge	Proposed rates including Capital Margin	% Change including capital amounts	\$ Change including capital amounts
\$10,000 & Less	\$264	\$272	3%	\$8	\$267	\$282	6%	\$15
\$10,001-\$20,000	\$358	\$352	-2%	-\$6	\$362	\$365	1%	\$3
\$20,001-\$30,000	\$558	\$630	13%	\$72	\$565	\$653	16%	\$88
\$30,001-\$50,000	\$564	\$689	22%	\$125	\$571	\$714	25%	\$143
\$50,001-\$75,000	\$770	\$831	8%	\$61	\$779	\$862	11%	\$83
\$75,001-\$100,000	\$779	\$884	13%	\$105	\$789	\$916	16%	\$127
\$100,001-\$125,000	\$912	\$956	5%	\$44	\$923	\$991	7%	\$68
\$125,001-\$150,000	\$975	\$1,035	6%	\$60	\$987	\$1,073	9%	\$86
\$150,001-\$200,000	\$1,077	\$1,121	4%	\$44	\$1,090	\$1,162	7%	\$72
\$200,001-\$250,000	\$1,088	\$1,217	12%	\$129	\$1,101	\$1,262	15%	\$161
\$250,001-\$300,000	\$1,126	\$1,294	15%	\$168	\$1,140	\$1,342	18%	\$202
\$300,001-\$400,000	\$1,147	\$1,319	15%	\$172	\$1,161	\$1,367	18%	\$206
\$400,001-\$500,000	\$1,177	\$1,353	15%	\$176	\$1,191	\$1,403	18%	\$212
> \$500,000	\$1,202	\$1,382	15%	\$180	\$1,217	\$1,433	18%	\$216

## 5.21 Class MT – Snowmobiles

Snowmobiles are currently charged a flat fee of \$80 (\$81 with the RSR surcharge). Snowmobiles have only liability coverage. The rate indication shows that a 4.0% decrease is warranted for this class.

**Recommendation:** SGI recommends that the indicated rate decrease be applied. This lowers the premium to \$77, which increases to \$80 after the capital margin is applied.

## 5.22 Class PB – Passenger Inter-city Buses

The indicated rate change for passenger inter-city buses shows that an increase of 3.7% is required. A relativity analysis was performed on model year and seating capacity.

**Recommendation:** SGI recommends an overall average rate increase of 3.4% for this class, which results in an average increase of 5.9% once the capital margin is applied. The average increase for 70% of the current vehicle population in this class is \$194/year. The average decrease for the remaining vehicles is \$57. The maximum increase that any one vehicle within the current population will receive is \$544; the maximum decrease is \$87. The impact on the rates for these vehicles is shown in the tables below.

Current rates excluding RSR surcharge	Seating Capacity				
	Model Year	9 & Less	10 - 15	16 - 24	25 or More
	1986 & Prior	\$1,001	\$940	\$1,053	\$1,522
	1987 - 1992	\$1,196	\$1,196	\$1,196	\$1,639
	1993 - 1998	\$1,408	\$1,317	\$1,406	\$2,523
	1999 - 2004	\$1,541	\$1,440	\$1,591	\$2,853
	2005 - 2008	\$1,634	\$1,527	\$1,687	\$3,025
	2009 - 2012	\$1,735	\$1,623	\$1,738	\$3,214
	2013 - 2016	\$1,772	\$1,720	\$1,772	\$3,404

Proposed rates excluding Capital Margin	Seating Capacity				
	Model Year	9 & Less	10 - 15	16 - 24	25 or More
	1986 & Prior	\$1,086	\$1,086	\$1,086	\$1,409
	1987 - 1992	\$1,112	\$1,112	\$1,112	\$1,516
	1993 - 1998	\$1,331	\$1,331	\$1,331	\$2,419
	1999 - 2004	\$1,568	\$1,568	\$1,568	\$3,280
	2005 - 2008	\$1,597	\$1,597	\$1,597	\$3,478
	2009 - 2012	\$1,628	\$1,628	\$1,628	\$3,641
	2013 - 2016	\$1,660	\$1,660	\$1,660	\$3,774

<b>% Change excluding capital amounts</b>	<b>Seating Capacity</b>			
	<b>9 &amp; Less</b>	<b>10 - 15</b>	<b>16 - 24</b>	<b>25 or More</b>
<b>Model Year</b>				
1986 & Prior	8%	16%	3%	-7%
1987 - 1992	-7%	-7%	-7%	-8%
1993 - 1998	-5%	1%	-5%	-4%
1999 - 2004	2%	9%	-1%	15%
2005 - 2008	-2%	5%	-5%	15%
2009 - 2012	-6%	0%	-6%	13%
2013 - 2016	-6%	-3%	-6%	11%

<b>\$ Change excluding capital amounts</b>	<b>Seating Capacity</b>			
	<b>9 &amp; Less</b>	<b>10 - 15</b>	<b>16 - 24</b>	<b>25 or More</b>
<b>Model Year</b>				
1986 & Prior	\$85	\$146	\$33	-\$113
1987 - 1992	-\$84	-\$84	-\$84	-\$123
1993 - 1998	-\$77	\$14	-\$75	-\$104
1999 - 2004	\$27	\$128	-\$23	\$427
2005 - 2008	-\$37	\$70	-\$90	\$453
2009 - 2012	-\$107	\$5	-\$110	\$427
2013 - 2016	-\$112	-\$60	-\$112	\$370

<b>Current rates including RSR surcharge</b>	<b>Seating Capacity</b>			
	<b>9 &amp; Less</b>	<b>10 - 15</b>	<b>16 - 24</b>	<b>25 or More</b>
<b>Model Year</b>				
1986 & Prior	\$1,013	\$952	\$1,066	\$1,541
1987 - 1992	\$1,211	\$1,211	\$1,211	\$1,659
1993 - 1998	\$1,425	\$1,333	\$1,423	\$2,554
1999 - 2004	\$1,560	\$1,458	\$1,611	\$2,888
2005 - 2008	\$1,654	\$1,546	\$1,708	\$3,062
2009 - 2012	\$1,756	\$1,643	\$1,759	\$3,254
2013 - 2016	\$1,794	\$1,741	\$1,794	\$3,446

Proposed rates including Capital Margin	Seating Capacity			
	9 & Less	10 - 15	16 - 24	25 or More
Model Year				
1986 & Prior	\$1,126	\$1,126	\$1,126	\$1,461
1987 - 1992	\$1,153	\$1,153	\$1,153	\$1,572
1993 - 1998	\$1,380	\$1,380	\$1,380	\$2,508
1999 - 2004	\$1,626	\$1,626	\$1,626	\$3,400
2005 - 2008	\$1,656	\$1,656	\$1,656	\$3,606
2009 - 2012	\$1,688	\$1,688	\$1,688	\$3,775
2013 - 2016	\$1,721	\$1,721	\$1,721	\$3,913

% Change including capital amounts	Seating Capacity			
	9 & Less	10 - 15	16 - 24	25 or More
Model Year				
1986 & Prior	11%	18%	6%	-5%
1987 - 1992	-5%	-5%	-5%	-5%
1993 - 1998	-3%	4%	-3%	-2%
1999 - 2004	4%	12%	1%	18%
2005 - 2008	0%	7%	-3%	18%
2009 - 2012	-4%	3%	-4%	16%
2013 - 2016	-4%	-1%	-4%	14%

\$ Change including capital amounts	Seating Capacity			
	9 & Less	10 - 15	16 - 24	25 or More
Model Year				
1986 & Prior	\$113	\$174	\$60	-\$80
1987 - 1992	-\$58	-\$58	-\$58	-\$87
1993 - 1998	-\$45	\$47	-\$43	-\$46
1999 - 2004	\$66	\$168	\$15	\$512
2005 - 2008	\$2	\$110	-\$52	\$544
2009 - 2012	-\$68	\$45	-\$71	\$521
2013 - 2016	-\$73	-\$20	-\$73	\$467

### 5.23 Class PC – Passenger City Buses

The indicated rate change for passenger city buses is a 30.7% increase. A relativity analysis was performed on model year and seating capacity.

**Recommendation:** SGI recommends applying the indicated rate change, which, after capping, results in an overall average rate increase of 10.2% for this class, 12.9% with the capital margin. The average increase for vehicles in this class is \$218/year, with the maximum increase that any one vehicle within the population experiencing being \$312. The impact on the rates for these vehicles is shown in the tables below.

Current rates excluding RSR surcharge	Seating Capacity				
	Model Year	9 & Less	10 - 15	16 - 24	25 or More
	1984 & Prior	\$656	\$849	\$988	\$1,572
	1985 - 1992	\$702	\$938	\$1,089	\$1,738
	1993 - 2000	\$822	\$1,095	\$1,260	\$2,082
	2001 - 2004	\$863	\$1,153	\$1,343	\$2,235
	2005 - 2008	\$909	\$1,186	\$1,388	\$2,312
	2009 - 2012	\$941	\$1,237	\$1,458	\$2,428
	2013 - 2016	\$973	\$1,288	\$1,528	\$2,546

Proposed rates excluding Capital Margin	Seating Capacity				
	Model Year	9 & Less	10 - 15	16 - 24	25 or More
	1984 & Prior	\$781	\$999	\$1,138	\$1,807
	1985 - 1992	\$827	\$1,088	\$1,252	\$1,998
	1993 - 2000	\$972	\$1,259	\$1,449	\$2,267
	2001 - 2004	\$1,013	\$1,325	\$1,544	\$2,332
	2005 - 2008	\$1,059	\$1,363	\$1,596	\$2,432
	2009 - 2012	\$1,091	\$1,422	\$1,676	\$2,534
	2013 - 2016	\$1,123	\$1,481	\$1,757	\$2,652

% Change excluding capital amounts	Seating Capacity				
	Model Year	9 & Less	10 - 15	16 - 24	25 or More
	1984 & Prior	19%	18%	15%	15%
	1985 - 1992	18%	16%	15%	15%
	1993 - 2000	18%	15%	15%	9%
	2001 - 2004	17%	15%	15%	4%
	2005 - 2008	17%	15%	15%	5%
	2009 - 2012	16%	15%	15%	4%
	2013 - 2016	15%	15%	15%	4%



<b>\$ Change excluding capital amounts</b>	<b>Seating Capacity</b>			
	<b>9 &amp; Less</b>	<b>10 - 15</b>	<b>16 - 24</b>	<b>25 or More</b>
<b>Model Year</b>				
1984 & Prior	\$125	\$150	\$150	\$235
1985 - 1992	\$125	\$150	\$163	\$260
1993 - 2000	\$150	\$164	\$189	\$185
2001 - 2004	\$150	\$172	\$201	\$97
2005 - 2008	\$150	\$177	\$208	\$120
2009 - 2012	\$150	\$185	\$218	\$106
2013 - 2016	\$150	\$193	\$229	\$106

<b>Current rates including RSR surcharge</b>	<b>Seating Capacity</b>			
	<b>9 &amp; Less</b>	<b>10 - 15</b>	<b>16 - 24</b>	<b>25 or More</b>
<b>Model Year</b>				
1984 & Prior	\$664	\$859	\$1,000	\$1,591
1985 - 1992	\$711	\$950	\$1,102	\$1,759
1993 - 2000	\$832	\$1,108	\$1,275	\$2,108
2001 - 2004	\$874	\$1,167	\$1,360	\$2,262
2005 - 2008	\$920	\$1,201	\$1,405	\$2,340
2009 - 2012	\$953	\$1,252	\$1,476	\$2,458
2013 - 2016	\$985	\$1,304	\$1,547	\$2,577

<b>Proposed rates including Capital Margin</b>	<b>Seating Capacity</b>			
	<b>9 &amp; Less</b>	<b>10 - 15</b>	<b>16 - 24</b>	<b>25 or More</b>
<b>Model Year</b>				
1984 & Prior	\$810	\$1,036	\$1,180	\$1,873
1985 - 1992	\$857	\$1,128	\$1,298	\$2,071
1993 - 2000	\$1,008	\$1,305	\$1,502	\$2,350
2001 - 2004	\$1,050	\$1,374	\$1,601	\$2,418
2005 - 2008	\$1,098	\$1,413	\$1,655	\$2,521
2009 - 2012	\$1,131	\$1,474	\$1,738	\$2,627
2013 - 2016	\$1,164	\$1,535	\$1,822	\$2,749

<b>% Change including capital amounts</b>	<b>Seating Capacity</b>			
	<b>9 &amp; Less</b>	<b>10 - 15</b>	<b>16 - 24</b>	<b>25 or More</b>
<b>Model Year</b>				
1984 & Prior	22%	21%	18%	18%
1985 - 1992	21%	19%	18%	18%
1993 - 2000	21%	18%	18%	11%
2001 - 2004	20%	18%	18%	7%
2005 - 2008	19%	18%	18%	8%
2009 - 2012	19%	18%	18%	7%
2013 - 2016	18%	18%	18%	7%

\$ Change including capital amounts	Seating Capacity			
	9 & Less	10 - 15	16 - 24	25 or More
Model Year				
1984 & Prior	\$146	\$177	\$180	\$282
1985 - 1992	\$146	\$178	\$196	\$312
1993 - 2000	\$176	\$197	\$227	\$242
2001 - 2004	\$176	\$207	\$241	\$156
2005 - 2008	\$178	\$212	\$250	\$181
2009 - 2012	\$178	\$222	\$262	\$169
2013 - 2016	\$179	\$231	\$275	\$172

## 5.24 Class PS – Passenger School Buses

The passenger school bus rate indication is for an 11.3% rate increase. A relativity analysis was performed on model year and number of seats. Based on this analysis, SGI is proposing to remove seating capacity as a rating variable for school buses and to have rates vary by model year only.

**Recommendation:** SGI recommends an overall average rate increase of 11.6% for this class, which becomes 14.4% once the RSR surcharge is applied. The average increase for school buses will be \$72/year, with a maximum increase of \$111. The impact on the rates for these vehicles is shown in the tables below.

Current rates excluding RSR surcharge	Seating Capacity	
	24 & Less	25 or More
Model Year		
1986 & Prior	\$316	\$315
1987 - 1990	\$413	\$409
1991 - 1994	\$413	\$409
1995 - 1998	\$466	\$462
1999 - 2002	\$494	\$490
2003 - 2006	\$494	\$490
2007 - 2010	\$515	\$511
2011 - 2014	\$536	\$532
2015 - 2018	\$560	\$555

Proposed rates excluding Capital Margin	Seating Capacity	
	24 & Less	25 or More
Model Year		
1986 & Prior	\$415	\$415
1987 - 1990	\$451	\$451
1991 - 1994	\$469	\$469
1995 - 1998	\$496	\$496
1999 - 2002	\$517	\$517
2003 - 2006	\$551	\$551
2007 - 2010	\$585	\$585
2011 - 2014	\$618	\$618
2015 - 2018	\$648	\$648

% Change excluding capital amounts	Seating Capacity		
	Model Year	24 & Less	25 or More
	1986 & Prior	31%	32%
	1987 - 1990	9%	10%
	1991 - 1994	14%	15%
	1995 - 1998	6%	7%
	1999 - 2002	5%	6%
	2003 - 2006	12%	12%
	2007 - 2010	14%	14%
	2011 - 2014	15%	16%
	2015 - 2018	16%	17%

\$ Change excluding capital amounts	Seating Capacity		
	Model Year	24 & Less	25 or More
	1986 & Prior	\$99	\$100
	1987 - 1990	\$38	\$42
	1991 - 1994	\$56	\$60
	1995 - 1998	\$30	\$34
	1999 - 2002	\$23	\$27
	2003 - 2006	\$57	\$61
	2007 - 2010	\$70	\$74
	2011 - 2014	\$82	\$86
	2015 - 2018	\$88	\$93

Current rates including RSR surcharge	Seating Capacity		
	Model Year	24 & Less	25 or More
	1986 & Prior	\$320	\$319
	1987 - 1990	\$418	\$414
	1991 - 1994	\$418	\$414
	1995 - 1998	\$472	\$468
	1999 - 2002	\$500	\$496
	2003 - 2006	\$500	\$496
	2007 - 2010	\$521	\$517
	2011 - 2014	\$543	\$539
	2015 - 2018	\$567	\$562

Proposed rates including Capital Margin	Seating Capacity		
	Model Year	24 & Less	25 or More
	1986 & Prior	\$430	\$430
	1987 - 1990	\$468	\$468
	1991 - 1994	\$486	\$486
	1995 - 1998	\$514	\$514
	1999 - 2002	\$536	\$536
	2003 - 2006	\$571	\$571
	2007 - 2010	\$606	\$606
	2011 - 2014	\$641	\$641
	2015 - 2018	\$672	\$672

% Change including capital amounts	Seating Capacity		
	Model Year	24 & Less	25 or More
	1986 & Prior	34%	35%
	1987 - 1990	12%	13%
	1991 - 1994	16%	17%
	1995 - 1998	9%	10%
	1999 - 2002	7%	8%
	2003 - 2006	14%	15%
	2007 - 2010	16%	17%
	2011 - 2014	18%	19%
	2015 - 2018	19%	20%

\$ Change including capital amounts	Seating Capacity		
	Model Year	24 & Less	25 or More
	1986 & Prior	\$110	\$111
	1987 - 1990	\$50	\$54
	1991 - 1994	\$68	\$72
	1995 - 1998	\$42	\$46
	1999 - 2002	\$36	\$40
	2003 - 2006	\$71	\$75
	2007 - 2010	\$85	\$89
	2011 - 2014	\$98	\$102
	2015 - 2018	\$105	\$110

## 5.25 Class PT – Urban Taxis

The rate indication for this class shows that a 36.3% rate increase overall is required.

**Recommendation:** SGI recently completed an analysis of taxi loss costs for each Saskatchewan community, both urban and rural, to see whether claims costs change along with a community's population size or if there was another factor that should be used to group taxi rates together. The analysis showed that small city and large city taxis, with the exception of Prince Albert, had nearly identical claims histories. As such, SGI proposes to group large and small cities together for rating purposes. Prince Albert, Regina and Saskatoon have significantly different claims histories than all other locations. For this reason, the proposed change is to have separate rates for Regina, Saskatoon and Prince Albert. While the rates will be separate for these three locations, they will be based off the average for all three locations to ensure stable, credible results. At present, only damage rates vary by location. Based on the analysis, injury rates are proposed to vary by location as well.

SGI recommends an overall average rate increase of 14.5% for this class, which after the application of the capital margin becomes 17.3%. The impact on the rates for these vehicles is shown in the table below.

Location Table	Current rates excluding RSR surcharge	Proposed rates excluding Capital Margin	% Change excluding capital amounts	\$ Change excluding capital amounts	Current rates including RSR surcharge	Proposed rates including Capital Margin	% Change including capital amounts	\$ Change including capital amounts
A – Small Cities	\$1,869	\$2,149	15%	\$280	\$1,892	\$2,228	18%	\$336
B – Large Cities	\$3,322	\$3,647	10%	\$325	\$3,363	\$3,781	12%	\$418
Prince Albert	\$3,322	\$3,820	15%	\$498	\$3,363	\$3,960	18%	\$597
Regina	\$3,946	\$4,537	15%	\$591	\$3,995	\$4,704	18%	\$709
Saskatoon	\$3,946	\$4,537	15%	\$591	\$3,995	\$4,704	18%	\$709

## Trailers

Typically, the only coverage available to trailers is first-party damage with all other coverages being provided under the towing vehicle.

## 5.26 Class F – Farm Trailers

The rate indication shows that a 4.2% increase is warranted for this class. A relativity analysis based on body type was performed.

**Recommendation:** SGI recommends an overall average rate increase of 3.9% for these trailers, 5.7% once the capital margin is applied. All of the current farm trailer population will receive an increase at an average of \$4/year, with the maximum being \$5. The impact on the rates for these trailers is shown in the table below.

Trailer Type	Current rates excluding RSR surcharge	Proposed rates excluding Capital Margin	% Change excluding capital amounts	\$ Change excluding capital amounts	Current rates including RSR surcharge	Proposed rates including Capital Margin	% Change including capital amounts	\$ Change including capital amounts
Utility Trailer	\$41	\$44	7%	\$3	\$42	\$46	10%	\$4
Semi Trailer	\$91	\$91	0%	\$0	\$92	\$94	2%	\$2
Transport Trailer	\$45	\$49	9%	\$4	\$46	\$51	11%	\$5

## 5.27 Class LT – Trailer Dealers and Movers

The indicated rate change is an increase of 0.1%.

**Recommendation:** After rounding, SGI recommends an overall average rate increase of 0.1% for this class; 2.6% once the capital margin is applied. The average increase that will be applied is \$19/year; the maximum increase is \$24. The impact on the rates for these trailers is shown in the table below.

Trailer Type	Current rates excluding RSR surcharge	Proposed rates excluding Capital Margin	% Change excluding capital amounts	\$ Change excluding capital amounts	Current rates including RSR surcharge	Proposed rates including Capital Margin	% Change including capital amounts	\$ Change including capital amounts
Utility Trailer	\$158	\$154	-3%	-\$4	\$160	\$160	0%	\$0
Tent Trailer	\$158	\$154	-3%	-\$4	\$160	\$160	0%	\$0
Semi Trailer	\$429	\$428	0%	-\$1	\$434	\$444	2%	\$10
Transport Trailer	\$429	\$428	0%	-\$1	\$434	\$444	2%	\$10
Cabin Trailer	\$826	\$830	0%	\$4	\$836	\$860	3%	\$24

## 5.28 Class T – Personal Trailers

The rate indication suggests that an increase of 15.7% is warranted on the premiums for this class. A relativity analysis was performed on value and body style.

**Recommendation:** SGI recommends an overall average rate increase of 14.3% for this class; 17.2% once the capital margin is applied. Ninety-nine per cent of the current trailer population will receive an average increase of \$38; the remainder will receive a \$47 average reduction. The maximum increase that any trailer in the current population will receive is \$145; the maximum decrease is \$95. The impact on the rates for these trailers is shown in the tables below.

Current rates excluding RSR surcharge	Trailer Type			
	Tent	Semi & Transport	Metal Cabin	Fiberglass
Value				
\$1,000 & Less	\$43	\$39	\$43	\$43
\$1,001 to 3,000	\$58	\$45	\$72	\$57
\$3,001 to 5,000	\$89	\$58	\$133	\$87
\$5,001 to 10,000	\$184	\$98	\$305	\$177
\$10,001 to 15,000	\$249	\$142	\$393	\$264
\$15,001 to 20,000	\$279	\$150	\$455	\$294
\$20,001 to 25,000	\$332	\$198	\$552	\$318
\$25,001 to 40,000	\$343	\$258	\$594	\$329
\$40,001 to 60,000	\$407	\$298	\$695	\$390
\$60,001 to 80,000	\$426	\$318	\$746	\$409
\$80,001 to 100,000	\$473	\$375	\$809	\$453
\$100,001 & More	\$520	\$443	\$917	\$498

Proposed rates excluding Capital Margin	Trailer Type			
	Tent	Semi & Transport	Metal Cabin	Fiberglass
Value				
\$1,000 & Less	\$52	\$47	\$58	\$51
\$1,001 to 3,000	\$68	\$54	\$87	\$67
\$3,001 to 5,000	\$104	\$70	\$153	\$101
\$5,001 to 10,000	\$205	\$112	\$337	\$197
\$10,001 to 15,000	\$318	\$160	\$493	\$304
\$15,001 to 20,000	\$343	\$171	\$555	\$328
\$20,001 to 25,000	\$365	\$180	\$625	\$348
\$25,001 to 40,000	\$382	\$187	\$656	\$364
\$40,001 to 60,000	\$471	\$225	\$819	\$449
\$60,001 to 80,000	\$475	\$226	\$824	\$452
\$80,001 to 100,000	\$518	\$275	\$902	\$493
\$100,001 & More	\$565	\$343	\$988	\$538

% Change excluding capital amounts	Trailer Type			
	Tent	Semi & Transport	Metal Cabin	Fiberglass
Value				
\$1,000 & Less	21%	21%	35%	19%
\$1,001 to 3,000	17%	20%	21%	18%
\$3,001 to 5,000	17%	21%	15%	16%
\$5,001 to 10,000	11%	14%	10%	11%
\$10,001 to 15,000	28%	13%	25%	15%
\$15,001 to 20,000	23%	14%	22%	12%
\$20,001 to 25,000	10%	-9%	13%	9%
\$25,001 to 40,000	11%	-28%	10%	11%
\$40,001 to 60,000	16%	-24%	18%	15%
\$60,001 to 80,000	12%	-29%	10%	11%
\$80,001 to 100,000	10%	-27%	11%	9%
\$100,001 & More	9%	-23%	8%	8%

<b>\$ Change excluding capital amounts</b>	<b>Trailer Type</b>			
	<b>Tent</b>	<b>Semi &amp; Transport</b>	<b>Metal Cabin</b>	<b>Fiberglass</b>
<b>Value</b>				
\$1,000 & Less	\$9	\$8	\$15	\$8
\$1,001 to 3,000	\$10	\$9	\$15	\$10
\$3,001 to 5,000	\$15	\$12	\$20	\$14
\$5,001 to 10,000	\$21	\$14	\$32	\$20
\$10,001 to 15,000	\$69	\$18	\$100	\$40
\$15,001 to 20,000	\$64	\$21	\$100	\$34
\$20,001 to 25,000	\$33	-\$18	\$73	\$30
\$25,001 to 40,000	\$39	-\$71	\$62	\$35
\$40,001 to 60,000	\$64	-\$73	\$124	\$59
\$60,001 to 80,000	\$49	-\$92	\$78	\$43
\$80,001 to 100,000	\$45	-\$100	\$93	\$40
\$100,001 & More	\$45	-\$100	\$71	\$40

<b>Current rates including RSR surcharge</b>	<b>Trailer Type</b>			
	<b>Tent</b>	<b>Semi &amp; Transport</b>	<b>Metal Cabin</b>	<b>Fiberglass</b>
<b>Value</b>				
\$1,000 & Less	\$44	\$39	\$44	\$44
\$1,001 to 3,000	\$59	\$46	\$73	\$58
\$3,001 to 5,000	\$90	\$59	\$135	\$88
\$5,001 to 10,000	\$186	\$99	\$309	\$179
\$10,001 to 15,000	\$252	\$144	\$398	\$267
\$15,001 to 20,000	\$282	\$152	\$461	\$298
\$20,001 to 25,000	\$336	\$200	\$559	\$322
\$25,001 to 40,000	\$347	\$261	\$601	\$333
\$40,001 to 60,000	\$412	\$302	\$704	\$395
\$60,001 to 80,000	\$431	\$322	\$755	\$414
\$80,001 to 100,000	\$479	\$380	\$819	\$459
\$100,001 & More	\$526	\$448	\$928	\$504

Proposed rates including Capital Margin	Trailer Type			
	Tent	Semi & Transport	Metal Cabin	Fiberglass
Value				
\$1,000 & Less	\$54	\$49	\$60	\$53
\$1,001 to 3,000	\$70	\$56	\$90	\$69
\$3,001 to 5,000	\$108	\$73	\$159	\$105
\$5,001 to 10,000	\$213	\$116	\$349	\$204
\$10,001 to 15,000	\$330	\$166	\$511	\$315
\$15,001 to 20,000	\$356	\$177	\$575	\$340
\$20,001 to 25,000	\$378	\$187	\$648	\$361
\$25,001 to 40,000	\$396	\$194	\$680	\$377
\$40,001 to 60,000	\$488	\$233	\$849	\$465
\$60,001 to 80,000	\$492	\$234	\$854	\$469
\$80,001 to 100,000	\$537	\$285	\$935	\$511
\$100,001 & More	\$586	\$356	\$1,024	\$558

% Change including capital amounts	Trailer Type			
	Tent	Semi & Transport	Metal Cabin	Fiberglass
Value				
\$1,000 & Less	23%	26%	36%	20%
\$1,001 to 3,000	19%	22%	23%	19%
\$3,001 to 5,000	20%	24%	18%	19%
\$5,001 to 10,000	15%	17%	13%	14%
\$10,001 to 15,000	31%	15%	28%	18%
\$15,001 to 20,000	26%	16%	25%	14%
\$20,001 to 25,000	13%	-6%	16%	12%
\$25,001 to 40,000	14%	-26%	13%	13%
\$40,001 to 60,000	18%	-23%	21%	18%
\$60,001 to 80,000	14%	-27%	13%	13%
\$80,001 to 100,000	12%	-25%	14%	11%
\$100,001 & More	11%	-21%	10%	11%



\$ Change including capital amounts	Trailer Type			
	Value	Tent	Semi & Transport	Metal Cabin
\$1,000 & Less	\$10	\$10	\$16	\$9
\$1,001 to 3,000	\$11	\$10	\$17	\$11
\$3,001 to 5,000	\$18	\$14	\$24	\$17
\$5,001 to 10,000	\$27	\$17	\$40	\$25
\$10,001 to 15,000	\$78	\$22	\$113	\$48
\$15,001 to 20,000	\$74	\$25	\$114	\$42
\$20,001 to 25,000	\$42	-\$13	\$89	\$39
\$25,001 to 40,000	\$49	-\$67	\$79	\$44
\$40,001 to 60,000	\$76	-\$69	\$145	\$70
\$60,001 to 80,000	\$61	-\$88	\$99	\$55
\$80,001 to 100,000	\$58	-\$95	\$116	\$52
\$100,001 & More	\$60	-\$92	\$96	\$54

### 5.29 Class T – Utility Trailers

The indication shows that utility trailers require a 13.3% increase to their rate. Currently utility trailers are charged a flat rate of \$34 per trailer.

**Recommendation:** SGI recommends that the full indicated rate change be applied to utility trailers, which when combined with rounding, results in a 14.7% rate increase; 17.6% including the capital margin. The proposed rate for utility trailers is \$40 including the capital margin, an increase of \$6.

### 5.30 Class TS – Commercial Trailers

The rate indication for this class is for a 10.8% rate increase. These trailers are rated by value up to a limit of \$15,000. Customers have the option to purchase excess value coverage through either the Auto Fund or the competitive market. A relativity analysis was completed for the declared value bands up to \$15,000.

**Recommendation:** SGI recommends the application of the indicated rate change, which, when combined with the capital margin, results in a 13.0% increase. All of the current commercial trailer population will receive an increase, which on average is \$13/year, with the maximum annual increase that any commercial trailer will receive being \$28. The table below shows the impact on the rates for these trailers.

Value	Current rates excluding RSR surcharge	Proposed rates excluding Capital Margin	% Change excluding capital amounts	\$ Change excluding capital amounts	Current rates including RSR surcharge	Proposed rates including Capital Margin	% Change including capital amounts	\$ Change including capital amounts
2,000 & Less	\$45	\$48	7%	\$3	\$46	\$50	9%	\$4
2,001 - 5,000	\$82	\$90	10%	\$8	\$83	\$93	12%	\$10
5,001 - 7,000	\$94	\$103	10%	\$9	\$95	\$107	13%	\$12
7,001 - 10,000	\$109	\$120	10%	\$11	\$110	\$124	13%	\$14
10,001 - 12,000	\$134	\$155	16%	\$21	\$136	\$161	18%	\$25
12,001 - 15,000	\$183	\$205	12%	\$22	\$185	\$213	15%	\$28

## Miscellaneous Classes

### 5.31 Class A – Heavy Trucks, Heavy Vans and Power Units non-IRP Excess Value

For Class A non-IRP commercial vehicles, the Auto Fund provides damage coverage up to a limit of \$15,000 for damage to a customer's own vehicle. A customer has the option of purchasing excess value coverage either through the Auto Fund or a competitive insurer. The current charge for excess value through the Auto Fund is \$17 per \$1,000 of excess value. The rate indication shows that a 22.6% decrease is warranted for this class.

**Recommendation:** SGI is recommending no rate change for Class A excess value at this time. As part of the Auto Fund coverage review, SGI is considering not providing excess coverage in the future and, as such, does not want to lower the rate only to tell customers that they cannot purchase the coverage anymore. The rate for this coverage will have the capital margin amount applied, so that the fee will increase to \$18 per \$1,000 of excess value.

### 5.32 Class C and D – Heavy Trucks, Heavy Vans and Power Units Excess Value

For Class C and D commercial vehicles, the Auto Fund provides damage coverage up to a limit of \$15,000 for damage to a customer's own vehicle. A customer has the option of purchasing excess value coverage either through the Auto Fund or a competitive insurer. The current charge for excess value through the Auto Fund is \$17 per \$1,000 of excess value. The rate indication shows that a 45.6% decrease is warranted for this class.

**Recommendation:** SGI is recommending no rate change for Class C and D excess value at this time. As part of the Auto Fund coverage review, SGI is considering not providing excess coverage in the future and, as such, does not want to lower the rate and then tell customers that they cannot purchase the coverage anymore. As with the Class A excess value rate, the rate for Class C and D excess value will increase to \$18 per \$1,000 of excess value once the capital margin is applied.

### 5.33 Class C and D – Non-Resident

Vehicles fully registered and insured in another jurisdiction, operating in Saskatchewan for less than one year with the following vehicle industry types, are charged a flat fee of \$75 annually (\$76 with the RSR surcharge) and are only provided with injury coverage: mineral exploration or transportation of passengers, dangerous goods, general merchandise or other. As these vehicles are fully registered and insured in another jurisdiction they are referred to as "non-resident" vehicles. The rate indication shows that no rate change is warranted for this class.

**Recommendation:** Due to the low number of vehicles in this class and the lack of claims, SGI recommends no change to the current flat fee. The capital margin will be applied to the flat fee increasing it to \$78.

### 5.34 Industrial Tracked Vehicles

These vehicles run on tracks rather than wheels, such as a Bombardier or snow-groomer. The data for this class is very thin. Industrial tracked vehicles from all classes have been pooled together for the analysis. The indication shows that a 0.2% decrease is warranted for these vehicles. The current flat fee for this type of vehicle is \$275 (\$278 including the RSR surcharge).

**Recommendation:** SGI recommends no change to the flat fee at this time, other than the application of the capital margin, since there are no vehicles currently being insured. The proposed flat fee is \$285, a 2.5% increase over the current rate.

### 5.35 Class LV – Motorized Bicycle

Motorized pedal bikes are currently charged a flat rate of \$44 (\$45 with the RSR surcharge). The rate indication shows that a 87.4% increase is warranted for this class.

**Recommendation:** SGI recommends a change of 56.8% to this line; 60.0% when the impact of the capital margin is accounted for. The proposed flat fee for motorized bicycles will increase to \$69 and \$72 with the capital margin.

### Private Vehicle (PV) Class

Currently, private vehicles include heavy trucks, power units and vans that are greater than one tonne that are not being used for conducting a business or commercial undertaking and vehicles that are used to conduct a primary farming activity, if the registered owner of the vehicle is not eligible for Class F.

### 5.36 Class PV – Converted Vehicles

Converted vehicles are those vehicles that were originally manufactured for one use, but a customer has modified it for another use. An example of this would be a school bus that has all the seats behind the driver seat removed and is now being used for hauling.

The indication for Class PV converted vehicles is a 1.5% rate decrease.

**Recommendation:** SGI recommends that the indicated rate decrease is applied, which, due to capping, results in a decrease of 1.9%. Once the capital margin is applied the overall impact on the customer is a 0.6% increase. There are currently seven vehicles registered as a class PV converted vehicle. Three of the seven vehicles will receive an average increase of \$34/year, with a maximum increase of \$47/year, one vehicle will remain unchanged, and the remaining three vehicles will receive an average decrease of \$27/year, with a maximum decrease of \$65/year. The tables below show the impact on rates:

Current rates excluding RSR surcharge	Model Year						
	1986 & Older	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW							
No GVW	\$603	\$710	\$790	\$848	\$906	\$964	\$993
5,001-11,000	\$606	\$710	\$803	\$865	\$926	\$987	\$1,018
11,001-13,000	\$609	\$710	\$821	\$887	\$953	\$1,018	\$1,051
13,001-22,000	\$612	\$710	\$829	\$909	\$980	\$1,050	\$1,085
22,001-34,000	\$616	\$710	\$829	\$931	\$1,006	\$1,081	\$1,118
34,001-40,000	\$618	\$710	\$829	\$942	\$1,019	\$1,096	\$1,135
40,001-50,000	\$620	\$710	\$829	\$954	\$1,033	\$1,112	\$1,152
50,001-63,500	\$621	\$710	\$829	\$966	\$1,047	\$1,129	\$1,170

Proposed rates excluding Capital Margin	Model Year						
	1986 & Older	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW							
No GVW	\$622	\$721	\$773	\$823	\$846	\$881	\$887
5,001-11,000	\$626	\$730	\$784	\$837	\$861	\$898	\$905
11,001-13,000	\$630	\$739	\$796	\$852	\$877	\$915	\$923
13,001-22,000	\$635	\$749	\$809	\$868	\$894	\$934	\$942
22,001-34,000	\$639	\$759	\$822	\$884	\$912	\$954	\$962
34,001-40,000	\$644	\$770	\$836	\$901	\$930	\$974	\$983
40,001-50,000	\$649	\$781	\$851	\$919	\$949	\$996	\$1,005
50,001-63,500	\$655	\$793	\$867	\$938	\$970	\$1,018	\$1,028

% Change excluding capital amounts	Model Year						
	1986 & Older	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW							
No GVW	3%	2%	-2%	-3%	-7%	-9%	-11%
5,001-11,000	3%	3%	-2%	-3%	-7%	-9%	-11%
11,001-13,000	3%	4%	-3%	-4%	-8%	-10%	-12%
13,001-22,000	4%	5%	-2%	-5%	-9%	-11%	-13%
22,001-34,000	4%	7%	-1%	-5%	-9%	-12%	-14%
34,001-40,000	4%	8%	1%	-4%	-9%	-11%	-13%
40,001-50,000	5%	10%	3%	-4%	-8%	-10%	-13%
50,001-63,500	5%	12%	5%	-3%	-7%	-10%	-12%

\$ Change excluding capital amounts	Model Year						
	1986 & Older	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW							
No GVW	\$19	\$11	-\$17	-\$25	-\$60	-\$83	-\$106
5,001-11,000	\$20	\$20	-\$19	-\$28	-\$65	-\$89	-\$113
11,001-13,000	\$21	\$29	-\$25	-\$35	-\$76	-\$103	-\$128
13,001-22,000	\$23	\$39	-\$20	-\$41	-\$86	-\$116	-\$143
22,001-34,000	\$23	\$49	-\$7	-\$47	-\$94	-\$127	-\$156
34,001-40,000	\$26	\$60	\$7	-\$41	-\$89	-\$122	-\$152
40,001-50,000	\$29	\$71	\$22	-\$35	-\$84	-\$116	-\$147
50,001-63,500	\$34	\$83	\$38	-\$28	-\$77	-\$111	-\$142

Current rates including RSR surcharge	Model Year						
	1986 & Older	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW							
No GVW	\$610	\$719	\$800	\$858	\$917	\$976	\$1,005
5,001-11,000	\$613	\$719	\$813	\$876	\$937	\$999	\$1,031
11,001-13,000	\$616	\$719	\$831	\$898	\$965	\$1,031	\$1,064
13,001-22,000	\$620	\$719	\$839	\$920	\$992	\$1,063	\$1,098
22,001-34,000	\$624	\$719	\$839	\$942	\$1,018	\$1,094	\$1,132
34,001-40,000	\$626	\$719	\$839	\$954	\$1,032	\$1,109	\$1,149
40,001-50,000	\$628	\$719	\$839	\$966	\$1,046	\$1,126	\$1,166
50,001-63,500	\$629	\$719	\$839	\$978	\$1,060	\$1,143	\$1,184

Proposed rates including Capital Margin	Model Year						
	1986 & Older	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW							
No GVW	\$645	\$747	\$801	\$853	\$877	\$913	\$920
5,001-11,000	\$649	\$757	\$813	\$868	\$893	\$931	\$938
11,001-13,000	\$653	\$766	\$825	\$883	\$909	\$949	\$957
13,001-22,000	\$658	\$777	\$839	\$900	\$927	\$968	\$977
22,001-34,000	\$662	\$787	\$852	\$916	\$946	\$989	\$997
34,001-40,000	\$668	\$798	\$867	\$934	\$964	\$1,010	\$1,019
40,001-50,000	\$673	\$810	\$882	\$953	\$984	\$1,033	\$1,042
50,001-63,500	\$679	\$822	\$899	\$972	\$1,006	\$1,055	\$1,066

% Change including capital amounts	Model Year						
	1986 & Older	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW							
No GVW	6%	4%	0%	-1%	-4%	-6%	-8%
5,001-11,000	6%	5%	0%	-1%	-5%	-7%	-9%
11,001-13,000	6%	7%	-1%	-2%	-6%	-8%	-10%
13,001-22,000	6%	8%	0%	-2%	-7%	-9%	-11%
22,001-34,000	6%	9%	2%	-3%	-7%	-10%	-12%
34,001-40,000	7%	11%	3%	-2%	-7%	-9%	-11%
40,001-50,000	7%	13%	5%	-1%	-6%	-8%	-11%
50,001-63,500	8%	14%	7%	-1%	-5%	-8%	-10%

\$ Change including capital amounts	Model Year						
	1986 & Older	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW							
No GVW	\$35	\$28	\$1	-\$5	-\$40	-\$63	-\$85
5,001-11,000	\$36	\$38	\$0	-\$8	-\$44	-\$68	-\$93
11,001-13,000	\$37	\$47	-\$6	-\$15	-\$56	-\$82	-\$107
13,001-22,000	\$38	\$58	\$0	-\$20	-\$65	-\$95	-\$121
22,001-34,000	\$38	\$68	\$13	-\$26	-\$72	-\$105	-\$135
34,001-40,000	\$42	\$79	\$28	-\$20	-\$68	-\$99	-\$130
40,001-50,000	\$45	\$91	\$43	-\$13	-\$62	-\$93	-\$124
50,001-63,500	\$50	\$103	\$60	-\$6	-\$54	-\$88	-\$118

### 5.37 Class PV – Heavy Trucks and Heavy Vans

The indicated rate change for Class PV heavy trucks and vans is a 4.5% rate decrease.

**Recommendation:** SGI recommends that the indicated rate decrease is applied, which, due to capping, results in a decrease of 3.2%. Once the capital margin is applied the overall impact on the customer is a 0.9% decrease. Fifty-nine percent of the vehicles within this class will see an average increase of \$35/year, with a maximum increase of \$56/year. The remaining 41% will see an average decrease of \$65/year, with a maximum decrease of \$174/year. The tables below show the impact on rates:

Current rates excluding RSR surcharge	Model Year									
	1971 & Older	1972-1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
G.V.W.										
No G.V.W.	\$503	\$536	\$572	\$601	\$657	\$714	\$789	\$854	\$918	\$954
5,001-11,000	\$504	\$541	\$577	\$607	\$667	\$727	\$794	\$888	\$1,047	\$1,088
11,001-13,000	\$505	\$545	\$584	\$616	\$680	\$744	\$808	\$987	\$1,166	\$1,213
13,001-22,000	\$506	\$548	\$590	\$624	\$693	\$761	\$886	\$1,018	\$1,284	\$1,335
22,001-34,000	\$507	\$560	\$597	\$633	\$706	\$779	\$1,011	\$1,148	\$1,284	\$1,335
34,001-40,000	\$508	\$562	\$600	\$637	\$712	\$787	\$1,011	\$1,148	\$1,284	\$1,335
40,001-50,000	\$509	\$565	\$603	\$642	\$718	\$796	\$1,011	\$1,148	\$1,284	\$1,335
50,001-63,500	\$509	\$567	\$607	\$646	\$718	\$806	\$1,011	\$1,148	\$1,284	\$1,335

Proposed rates excluding Capital Margin	Model Year									
	1971 & Older	1972-1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
G.V.W.										
No G.V.W.	\$538	\$554	\$576	\$604	\$640	\$686	\$731	\$751	\$782	\$804
5,001-11,000	\$540	\$558	\$580	\$610	\$648	\$697	\$744	\$765	\$890	\$925
11,001-13,000	\$543	\$562	\$585	\$616	\$657	\$707	\$757	\$837	\$992	\$1,032
13,001-22,000	\$546	\$565	\$590	\$623	\$665	\$719	\$770	\$866	\$1,092	\$1,135
22,001-34,000	\$549	\$570	\$596	\$630	\$674	\$730	\$860	\$976	\$1,092	\$1,135
34,001-40,000	\$553	\$574	\$602	\$637	\$684	\$743	\$860	\$976	\$1,092	\$1,135
40,001-50,000	\$556	\$579	\$608	\$645	\$694	\$756	\$860	\$976	\$1,092	\$1,135
50,001-63,500	\$560	\$583	\$614	\$653	\$705	\$770	\$860	\$976	\$1,092	\$1,135

% Change excluding capital amounts	Model Year									
	1971 & Older	1972-1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
G.V.W.										
No G.V.W.	7%	3%	1%	0%	-3%	-4%	-7%	-12%	-15%	-16%
5,001-11,000	7%	3%	1%	0%	-3%	-4%	-6%	-14%	-15%	-15%
11,001-13,000	8%	3%	0%	0%	-3%	-5%	-6%	-15%	-15%	-15%
13,001-22,001	8%	3%	0%	0%	-4%	-6%	-13%	-15%	-15%	-15%
22,001-34,000	8%	2%	0%	0%	-5%	-6%	-15%	-15%	-15%	-15%
34,001-40,000	9%	2%	0%	0%	-4%	-6%	-15%	-15%	-15%	-15%
40,001-50,000	9%	2%	1%	0%	-3%	-5%	-15%	-15%	-15%	-15%
50,001-63,500	10%	3%	1%	1%	-2%	-4%	-15%	-15%	-15%	-15%

\$ Change excluding capital amounts	Model Year									
	1971 & Older	1972-1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
G.V.W.										
No G.V.W.	\$35	\$18	\$4	\$3	-\$17	-\$28	-\$58	-\$103	-\$136	-\$150
5,001-11,000	\$36	\$17	\$3	\$3	-\$19	-\$30	-\$50	-\$123	-\$157	-\$163
11,001-13,000	\$38	\$17	\$1	\$0	-\$23	-\$37	-\$51	-\$150	-\$174	-\$181
13,001-22,001	\$40	\$17	\$0	-\$1	-\$28	-\$42	-\$116	-\$152	-\$192	-\$200
22,001-34,000	\$42	\$10	-\$1	-\$3	-\$32	-\$49	-\$151	-\$172	-\$192	-\$200
34,001-40,000	\$45	\$12	\$2	\$0	-\$28	-\$44	-\$151	-\$172	-\$192	-\$200
40,001-50,000	\$47	\$14	\$5	\$3	-\$24	-\$40	-\$151	-\$172	-\$192	-\$200
50,001-63,500	\$51	\$16	\$7	\$7	-\$13	-\$36	-\$151	-\$172	-\$192	-\$200

Current rates including RSR surcharge	Model Year									
	1971 & Older	1972-1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
G.V.W.										
No G.V.W.	\$509	\$543	\$579	\$608	\$665	\$723	\$799	\$865	\$929	\$966
5,001-11,000	\$510	\$548	\$584	\$614	\$675	\$736	\$804	\$899	\$1,060	\$1,101
11,001-13,000	\$511	\$552	\$591	\$624	\$688	\$753	\$818	\$999	\$1,180	\$1,228
13,001-22,001	\$512	\$555	\$597	\$632	\$702	\$770	\$897	\$1,031	\$1,300	\$1,351
22,001-34,000	\$513	\$567	\$604	\$641	\$715	\$789	\$1,023	\$1,162	\$1,300	\$1,351
34,001-40,000	\$514	\$569	\$607	\$645	\$721	\$797	\$1,023	\$1,162	\$1,300	\$1,351
40,001-50,000	\$515	\$572	\$610	\$650	\$727	\$806	\$1,023	\$1,162	\$1,300	\$1,351
50,001-63,500	\$515	\$574	\$614	\$654	\$727	\$816	\$1,023	\$1,162	\$1,300	\$1,351

Proposed rates including Capital Margin	Model Year									
	1971 & Older	1972-1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
G.V.W.										
No G.V.W.	\$558	\$574	\$597	\$626	\$664	\$711	\$758	\$779	\$811	\$834
5,001-11,000	\$560	\$578	\$601	\$632	\$672	\$723	\$771	\$793	\$923	\$959
11,001-13,000	\$563	\$583	\$606	\$639	\$681	\$733	\$785	\$868	\$1,028	\$1,070
13,001-22,001	\$566	\$586	\$612	\$646	\$689	\$745	\$798	\$898	\$1,132	\$1,177
22,001-34,000	\$569	\$591	\$618	\$653	\$699	\$757	\$892	\$1,012	\$1,132	\$1,177
34,001-40,000	\$573	\$595	\$624	\$660	\$709	\$770	\$892	\$1,012	\$1,132	\$1,177
40,001-50,000	\$576	\$600	\$630	\$669	\$719	\$784	\$892	\$1,012	\$1,132	\$1,177
50,001-63,500	\$581	\$604	\$637	\$677	\$731	\$798	\$892	\$1,012	\$1,132	\$1,177

% Change including capital amounts	Model Year									
	1971 & Older	1972-1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
G.V.W.										
No G.V.W.	10%	6%	3%	3%	0%	-2%	-5%	-10%	-13%	-14%
5,001-11,000	10%	5%	3%	3%	0%	-2%	-4%	-12%	-13%	-13%
11,001-13,000	10%	6%	3%	2%	-1%	-3%	-4%	-13%	-13%	-13%
13,001-22,001	11%	6%	3%	2%	-2%	-3%	-11%	-13%	-13%	-13%
22,001-34,000	11%	4%	2%	2%	-2%	-4%	-13%	-13%	-13%	-13%
34,001-40,000	11%	5%	3%	2%	-2%	-3%	-13%	-13%	-13%	-13%
40,001-50,000	12%	5%	3%	3%	-1%	-3%	-13%	-13%	-13%	-13%
50,001-63,500	13%	5%	4%	4%	1%	-2%	-13%	-13%	-13%	-13%



\$ Change including capital amounts	Model Year									
	1971 & Older	1972-1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
G.V.W.										
No G.V.W.	\$49	\$31	\$18	\$18	-\$1	-\$12	-\$41	-\$86	-\$118	-\$132
5,001-11,000	\$50	\$30	\$17	\$18	-\$3	-\$13	-\$33	-\$106	-\$137	-\$142
11,001-13,000	\$52	\$31	\$15	\$15	-\$7	-\$20	-\$33	-\$131	-\$152	-\$158
13,001-22,001	\$54	\$31	\$15	\$14	-\$13	-\$25	-\$99	-\$133	-\$168	-\$174
22,001-34,000	\$56	\$24	\$14	\$12	-\$16	-\$32	-\$131	-\$150	-\$168	-\$174
34,001-40,000	\$59	\$26	\$17	\$15	-\$12	-\$27	-\$131	-\$150	-\$168	-\$174
40,001-50,000	\$61	\$28	\$20	\$19	-\$8	-\$22	-\$131	-\$150	-\$168	-\$174
50,001-63,500	\$66	\$30	\$23	\$23	\$4	-\$18	-\$131	-\$150	-\$168	-\$174

### 5.38 Class PV – Power Units

For Class PV power units there is no rate change indicated.

**Recommendation:** SGI recommends that rebalancing be applied which results in a small increase of 0.8%; 3.2% once the capital margin amount is applied. Eighty-one percent of the 52 vehicles within this class will see an average increase of \$49/year, with a maximum increase of \$104/year. The remaining 19% will see an average decrease of \$43/year, with a maximum decrease of \$76/year. The tables below show the impact on rates:

Current rates excluding RSR surcharge	Model Year								
	1981 & Older	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016	
G.V.W.									
5,001-11,000	\$470	\$565	\$728	\$838	\$946	\$1,107	\$1,285	\$1,336	
11,001-13,000	\$510	\$582	\$797	\$920	\$1,002	\$1,165	\$1,299	\$1,385	
13,001-22,000	\$556	\$598	\$834	\$964	\$1,103	\$1,203	\$1,313	\$1,434	
22,001-34,000	\$574	\$607	\$871	\$989	\$1,112	\$1,247	\$1,362	\$1,488	
34,001-40,000	\$593	\$616	\$938	\$1,013	\$1,121	\$1,293	\$1,412	\$1,543	
40,001-55,000	\$613	\$625	\$971	\$1,100	\$1,228	\$1,340	\$1,464	\$1,601	
55,001-63,500	\$633	\$633	\$1,006	\$1,127	\$1,248	\$1,390	\$1,519	\$1,661	

Proposed rates excluding Capital Margin	Model Year								
	1981 & Older	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016	
G.V.W.									
5,001-11,000	\$559	\$559	\$715	\$871	\$1,004	\$1,093	\$1,191	\$1,299	
11,001-13,000	\$582	\$582	\$746	\$910	\$1,051	\$1,145	\$1,248	\$1,361	
13,001-22,000	\$607	\$607	\$780	\$952	\$1,100	\$1,199	\$1,307	\$1,427	
22,001-34,000	\$633	\$633	\$815	\$996	\$1,152	\$1,256	\$1,370	\$1,496	
34,001-40,000	\$654	\$654	\$843	\$1,032	\$1,194	\$1,302	\$1,421	\$1,551	
40,001-55,000	\$675	\$675	\$872	\$1,068	\$1,237	\$1,349	\$1,473	\$1,609	
55,001-63,500	\$698	\$698	\$902	\$1,107	\$1,282	\$1,399	\$1,527	\$1,669	

% Change excluding capital amounts	Model Year							
	1981 & Older	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
G.V.W.								
5,001-11,000	19%	-1%	-2%	4%	6%	-1%	-7%	-3%
11,001-13,000	14%	0%	-6%	-1%	5%	-2%	-4%	-2%
13,001-22,000	9%	2%	-6%	-1%	0%	0%	0%	0%
22,001-34,000	10%	4%	-6%	1%	4%	1%	1%	1%
34,001-40,000	10%	6%	-10%	2%	7%	1%	1%	1%
40,001-55,000	10%	8%	-10%	-3%	1%	1%	1%	0%
55,001-63,500	10%	10%	-10%	-2%	3%	1%	1%	0%

\$ Change excluding capital amounts	Model Year							
	1981 & Older	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
G.V.W.								
5,001-11,000	\$89	-\$6	-\$13	\$33	\$58	-\$14	-\$94	-\$37
11,001-13,000	\$72	\$0	-\$51	-\$10	\$49	-\$20	-\$51	-\$24
13,001-22,000	\$51	\$9	-\$54	-\$12	-\$3	-\$4	-\$6	-\$7
22,001-34,000	\$59	\$26	-\$56	\$7	\$40	\$9	\$8	\$8
34,001-40,000	\$61	\$38	-\$95	\$19	\$73	\$9	\$9	\$8
40,001-55,000	\$62	\$50	-\$99	-\$32	\$9	\$9	\$9	\$8
55,001-63,500	\$65	\$65	-\$104	-\$20	\$34	\$9	\$8	\$8

Current rates including RSR surcharge	Model Year							
	1981 & Older	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
G.V.W.								
5,001-11,000	\$476	\$572	\$737	\$848	\$958	\$1,121	\$1,301	\$1,352
11,001-13,000	\$516	\$589	\$807	\$931	\$1,014	\$1,179	\$1,315	\$1,402
13,001-22,000	\$563	\$605	\$844	\$976	\$1,117	\$1,218	\$1,329	\$1,452
22,001-34,000	\$581	\$614	\$882	\$1,001	\$1,126	\$1,262	\$1,379	\$1,506
34,001-40,000	\$600	\$624	\$950	\$1,025	\$1,135	\$1,309	\$1,429	\$1,562
40,001-55,000	\$621	\$633	\$983	\$1,114	\$1,243	\$1,356	\$1,482	\$1,621
55,001-63,500	\$641	\$641	\$1,018	\$1,141	\$1,263	\$1,407	\$1,538	\$1,681

Proposed rates including Capital Margin	Model Year							
	1981 & Older	1982- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
G.V.W.								
5,001-11,000	\$580	\$580	\$741	\$903	\$1,041	\$1,133	\$1,235	\$1,347
11,001-13,000	\$603	\$603	\$773	\$943	\$1,090	\$1,187	\$1,294	\$1,411
13,001-22,000	\$629	\$629	\$809	\$987	\$1,140	\$1,243	\$1,355	\$1,479
22,001-34,000	\$656	\$656	\$845	\$1,033	\$1,194	\$1,302	\$1,420	\$1,551
34,001-40,000	\$678	\$678	\$874	\$1,070	\$1,238	\$1,350	\$1,473	\$1,608
40,001-55,000	\$700	\$700	\$904	\$1,107	\$1,282	\$1,399	\$1,527	\$1,668
55,001-63,500	\$724	\$724	\$935	\$1,148	\$1,329	\$1,450	\$1,583	\$1,730

% Change including capital amounts	Model Year							
	1981 & Older	1982- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
G.V.W.								
5,001-11,000	22%	1%	1%	6%	9%	1%	-5%	0%
11,001-13,000	17%	2%	-4%	1%	7%	1%	-2%	1%
13,001-22,000	12%	4%	-4%	1%	2%	2%	2%	2%
22,001-34,000	13%	7%	-4%	3%	6%	3%	3%	3%
34,001-40,000	13%	9%	-8%	4%	9%	3%	3%	3%
40,001-55,000	13%	11%	-8%	-1%	3%	3%	3%	3%
55,001-63,500	13%	13%	-8%	1%	5%	3%	3%	3%

\$ Change including capital amounts	Model Year							
	1981 & Older	1982- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
G.V.W.								
5,001-11,000	\$104	\$8	\$4	\$55	\$83	\$12	-\$66	-\$5
11,001-13,000	\$87	\$14	-\$34	\$12	\$76	\$8	-\$21	\$9
13,001-22,000	\$66	\$24	-\$35	\$11	\$23	\$25	\$26	\$27
22,001-34,000	\$75	\$42	-\$37	\$32	\$68	\$40	\$41	\$45
34,001-40,000	\$78	\$54	-\$76	\$45	\$103	\$41	\$44	\$46
40,001-55,000	\$79	\$67	-\$79	-\$7	\$39	\$43	\$45	\$47
55,001-63,500	\$83	\$83	-\$83	\$7	\$66	\$43	\$45	\$49

### 5.39 Class TS – Excess Value

For class TS commercial trailers, the Auto Fund provides damage coverage up to a limit of \$15,000 for damage to a customer's own trailer. A customer has the option of purchasing excess value coverage either through the Auto Fund or a competitive insurer. The current charge for excess value through the Auto Fund is \$17 per \$1,000 of excess value. The rate indication shows that a 25.3% decrease is warranted for this class.

**Recommendation:** SGI is recommending no rate change for Class TS excess value at this time. As part of the Auto Fund coverage review, SGI is considering not providing excess coverage in the future and, as such, does not want to lower the rate only to tell customers that they cannot purchase the coverage anymore. The rate for this coverage will have the capital margin amount applied, so that the fee will increase to \$18 per \$1,000 of excess value.

## 6. Proposed Timelines

The Auto Fund will be in a position to implement rate changes Aug. 31, 2014. Time is required to test new rate tables and ensure system integrity.

Tentative implementation dates are as follows:

Submission to SRRP	Feb. 11, 2014
Recommendations from SRRP	June 2014
Final Cabinet approval	June 2014
Rate changes and system testing complete	July 2014
August 31 renewals mailed	July 2014
Rate changes implemented	Aug. 31, 2014
Re-rate registrations/process refunds	Aug. 31, 2014
Mail refunds	Sept. 2014

## 7. Summary and Conclusion

The Auto Fund requires 3.4% in additional revenue from rate to cover claims and other expenses and break even in the upcoming rating year. However, because motorcycles will be receiving only a 2.7% increase, and the shortfall is not being subsidized by other vehicle classes, the revenue increase will be 2.7% overall.

A capital margin of 3.7% is required to maintain and replenish the RSR. The overall change in revenue due to the rate increase and capital margin will be offset by the 1.23% RSR surcharge built into the current rates (effective until Aug. 30, 2014), meaning the average increase customers would pay over their current rates is 5.2%.

SGI is committed to fairness in vehicle rating. Customers will not see an across the board increase. While the net result for the Auto Fund is a 5.2% increase with rebalancing, some customers will see increases and some will see decreases. In fact, 16% of SGI customers will see either a decrease or no change to their rates.

Rates are determined based on the actual risk each vehicle make, model and year represents for being involved in a claim, and the anticipated costs of paying that claim. To reduce rate shock for customers, increases will be capped for all vehicles.

One of SGI's key operating philosophies is to keep rates as low as possible. Over the last 15 years, the Saskatchewan Consumer Price Index has increased by 40%, while the Auto Fund's rates, excluding capital amounts, increased by only 4.7%.

# Appendix A – Summary of Indicated and Proposed Rate Changes

## By Class Indicated and Proposed Rate Changes with Dollar Impact

Vehicle Class	2014 Indicated Required Rate Change	2014 Proposed Change	2014 Proposed Rate Change with Capital Margin	Weighted Average Current Premium Excl RSR Surcharge	Weighted Average Current Premium Incl RSR Surcharge	Weighted Average Proposed Premium	Weighted Average Proposed Premium with Capital Margin	Average \$ Change	Maximum \$ Increase	Maximum \$ Decrease	Average \$ Increase	Average \$ Decrease
<b>CLEAR-Rated Vehicles</b>												
A – Commercial Light Trucks	2.3%	2.4%	4.9%	1,049	1,062	1,074	1,114	\$52	\$515	-\$262	\$60	-\$8
F – Farm Light Truck – 1994 & Newer		15.4%	18.2%	1,755	1,776	2,025	2,099	\$323	\$465	\$0	\$323	\$0
LV – Private Passenger Vehicles (PPV)		-0.3%	2.1%	864	875	862	893	\$19	\$173	-\$158	\$34	-\$15
LV – PPV – Farm Cars, SUVs and Vans		2.5%	5.0%	1,065	1,078	1,092	1,132	\$54	\$515	-\$258	\$62	-\$8
LV – Police Cars		2.0%	4.4%	848	859	865	897	\$38	\$182	-\$170	\$44	-\$6
LV – Police Trucks, Vans & SUVs		16.9%	19.7%	1,727	1,748	2,019	2,093	\$345	\$451	\$0	\$345	\$0
LV – Udrives		-8.7%	-6.5%	1,072	1,086	979	1,015	-\$70	\$38	-\$247	\$1	-\$72
PT – Taxis (Rural)		4.3%	6.8%	1,440	1,458	1,503	1,558	\$100	\$246	-\$262	\$111	-\$11
<b>Conventionally Rated Vehicles</b>												
Ambulances	2.9%	2.9%	5.4%	966	978	994	1,031	\$53	\$53	\$0	\$53	\$0
A – Commercial Vehicles:												
Heavy Trucks & Vans IRP \$2500 Ded.	2.8%	2.8%	5.3%	772	781	793	823	\$42	\$76	-\$134	\$43	-\$74
Heavy Trucks & Vans IRP \$15K Ded.	-11.8%	-9.5%	-7.2%	402	407	364	378	-\$30	\$32	-\$117	\$23	-\$58
Heavy Trucks and Vans Non-IRP	3.2%	2.9%	5.4%	930	941	957	992	\$51	\$144	\$0	\$51	\$0
Power Units IRP \$2500 Ded.	1.8%	1.6%	4.0%	2,313	2,342	2,350	2,437	\$95	\$290	-\$59	\$108	-\$31
Power Units IRP \$15K Ded.	-4.5%	-4.6%	-2.4%	1,236	1,252	1,179	1,222	-\$29	\$179	-\$144	\$34	-\$89
Power Units Non-IRP	-2.5%	-2.5%	-0.2%	1,414	1,431	1,378	1,428	-\$3	\$142	-\$198	\$54	-\$88
<b>C &amp; D – Commercial Vehicles:</b>												
Heavy Trucks and Vans	11.9%	9.5%	12.1%	648	656	709	735	\$79	\$135	-\$35	\$80	-\$17
Power Units	3.3%	1.6%	4.0%	1,297	1313	1,318	1,366	\$53	\$147	-\$56	\$62	-\$21
<b>F – Farm Vehicles:</b>												
Heavy Trucks and Vans	-10.4%	-3.6%	-1.2%	181	183	174	181	-\$3	\$20	-\$137	\$12	-\$82
Light Trucks – 1993 & Older	-12.0%	-12.0%	-9.9%	230	232	202	209	-\$24	\$4	-\$76	\$2	-\$31
Power Units	7.5%	7.8%	10.4%	442	447	476	493	46	67	-26	56	-24
Hearses	0.2%	0.2%	2.6%	411	416	412	427	\$11	\$11	\$0	\$11	\$0

# Appendix A – Summary of Indicated and Proposed Rate Changes

By Class Indicated and Proposed Rate Changes with Dollar Impact

Vehicle Class	2014 Indicated Required Rate Change	2014 Proposed Change	2014 Proposed Rate Change with Capital Margin	Weighted Average Current Premium Excl RSR Surcharge	Weighted Average Current Premium Incl RSR Surcharge	Weighted Average Proposed Premium	Weighted Average Proposed Premium with Capital Margin	Average \$ Change	Maximum \$ Increase	Maximum \$ Decrease	Average \$ Increase	Average \$ Decrease
L – Dealer Plates	-3.9%	-3.9%	-1.5%	726	735	698	724	-\$11	\$0	-\$15	\$0	-\$11
L – Snowmobile Dealers	0.0%	0.0%	1.6%	60	61	60	62	\$1	\$1	\$0	\$1	\$0
LV – Antiques	4.4%	3.8%	6.2%	80	81	83	86	\$5	\$5	\$0	\$5	\$0
LV – Buses	10.6%	10.0%	12.7%	520	526	572	593	\$66	\$72	\$0	\$66	\$0
LV – Buses (Restricted)	-0.8%	-0.9%	1.5%	362	366	359	372	\$6	\$6	\$0	\$6	\$0
LV – Motorcycles	46.8%	2.7%	5.2%	1,568	1,588	1,611	1,670	\$82	\$141	\$0	\$82	\$0
LV – Motorhomes	8.7%	7.6%	10.2%	475	481	511	530	\$49	\$216	\$0	\$49	\$0
MT – Snowmobiles	-4.1%	-3.8%	-1.2%	80	81	77	80	-\$1	\$0	-\$1	\$0	-\$1
PB – Passenger Inter-city Buses	3.7%	3.4%	5.9%	1,978	2,002	2,046	2,121	\$119	\$544	-\$87	\$194	-\$57
PC – Passenger City Buses	30.7%	10.2%	12.9%	1,676	1,696	1,847	1,914	\$218	\$312	\$0	\$218	\$0
PS – Passenger School Buses	11.3%	11.6%	14.4%	498	504	556	577	\$72	\$111	\$0	\$72	\$0
PT – Taxis	36.3%	14.5%	17.3%	3,279	3,319	3,755	3,893	\$574	\$709	\$0	\$574	\$0
Trailers												
F - Trailers	4.2%	3.9%	5.7%	62	63	64	67	\$4	\$5	\$0	\$4	\$0
LT - Trailer Dealers/Movers	0.1%	0.1%	2.6%	543	549	543	563	\$14	\$24	\$0	\$19	\$0
T - Personal Trailers	15.7%	14.3%	17.2%	218	220	249	258	\$37	\$145	-\$95	\$38	-\$47
T - Utility	13.3%	14.7%	17.6%	34	34	39	40	\$6	\$6	\$0	\$6	\$0
<b>TS - Commercial Trailers</b>	<b>10.8%</b>	<b>10.8%</b>	<b>13.0%</b>	<b>97</b>	<b>99</b>	<b>108</b>	<b>112</b>	<b>\$13</b>	<b>\$28</b>	<b>\$0</b>	<b>\$13</b>	<b>\$0</b>
Miscellaneous Classes												
A - Excess Value	-22.6%	0.0%	5.9%	17	17	17	18	\$1	\$1	\$0	\$1	\$0
C&D - Non-Resident	0.0%	0.0%	2.6%	75	76	75	78	\$2	\$2	\$0	\$2	\$0
C&D - Excess Value	-45.6%	0.0%	5.9%	17	17	17	18	\$1	\$1	\$0	\$1	\$0
Industrial Tracked Vehicles	-0.2%	0.0%	2.5%	275	278	275	285	\$7	\$7	\$0	\$7	\$0
LV - Motorized Bicycle	87.4%	56.8%	60.0%	44	45	69	72	\$27	\$27	\$0	\$27	\$0
PV - Converted Vehicles	-1.5%	-1.9%	0.6%	797	806	782	811	\$4	\$47	-\$65	\$34	-\$27
PV - Heavy Trucks and Vans	-4.5%	-3.2%	-0.9%	662	670	641	664	-\$6	\$56	-\$174	\$35	-\$65
PV - Power Units	0.0%	0.8%	3.2%	976	988	983	1,019	\$32	\$104	-\$76	\$49	-\$43
TS - Excess Value	-25.3%	0.0%	5.9%	17	17	17	18	\$1	\$1	\$0	\$1	\$0
<b>All Vehicles Including Trailers</b>	<b>3.4%</b>	<b>2.7%</b>	<b>5.2%</b>					<b>\$39</b>	<b>\$709</b>	<b>-\$262</b>	<b>\$49</b>	<b>-\$12</b>
<b>All Vehicles Excluding Trailers &amp; Misc</b>	<b>3.3%</b>	<b>2.5%</b>	<b>4.9%</b>					<b>\$45</b>	<b>\$709</b>	<b>-\$262</b>	<b>\$59</b>	<b>-\$12</b>
<b>All Vehicles Excluding Motorcycles</b>	<b>2.7%</b>											

# Appendix A – Summary of Indicated and Proposed Rate Changes

## By Class Percent Impact and Number of Vehicles Changing

Vehicle Class	Average % Change	Maximum % Increase	Maximum % Decrease	Average % Increase	Average % Decrease	# of Vehicles* Increasing	# of Vehicles* Decreasing	# of Vehicles* Unchanged	# Vehicles Getting Maximum \$ Increase	# Vehicles Getting Maximum \$ Decrease	# Vehicles Getting Maximum % Increase	# Vehicles Getting Maximum % Decrease
<b>CLEAR-Rated Vehicles</b>	4.9%	28%	-18%	6%	-1%	632,741	149,386	2,271	117	395	49	396
A – Commercial Light Trucks	18.2%	27%	0%	18%	0%	150	-	-	1	150	1	150
F – Farm Light Truck – 1994 & Newer	2.1%	18%	-14%	4%	-2%	33,934	17,389	345	4	4	4	1
LV – Private Passenger Vehicles (PPV)	5.0%	26%	-15%	6%	-1%	576,419	127,264	1,832	1	3	35	1
LV – PPV – Farm Cars, SUVs and Vans	4.4%	28%	-13%	5%	-1%	17,233	3,856	89	49	1	3	6
LV – Police Cars	19.7%	27%	0%	20%	0%	235	-	-	13	235	2	235
LV – Police Trucks, Vans & SUVs	-6.5%	4%	-18%	0%	-6%	24	301	2	1	2	2	2
LV – Udrives	6.8%	25%	-13%	8%	-1%	4,592	564	2	43	0	1	1
PT – Taxis (Rural)	8.2%	20%	-10%	9%	0%	154	13	-	4	0	1	0
<b>Conventionally Rated Vehicles</b>												
Ambulances	5.4%	5%	0%	5%	0%	306	-	-	306	-	306	-
<b>A – Commercial Vehicles:</b>												
Heavy Trucks & Vans IRP \$2500 Ded.	5.3%	12%	-17%	6%	-10%	510	7	-	11	2	3	1
Heavy Trucks & Vans IRP \$15K Ded.	-7.2%	10%	-21%	7%	-13%	18	34	-	11	1	11	1
Heavy Trucks and Vans Non-IRP	5.4%	28%	0%	5%	0%	1,052	-	3	1	-	1	-
Power Units IRP \$2500 Ded.	4.0%	21%	-3%	5%	-1%	3,305	340	-	12	126	1	126
Power Units IRP \$15K Ded.	-2.4%	27%	-11%	3%	-7%	622	667	-	7	99	1	99
Power Units Non-IRP	-0.2%	28%	-13%	4%	-6%	787	524	-	1	18	1	14
<b>C &amp; D – Commercial Vehicles:</b>												
Heavy Trucks and Vans	12.1%	26%	-3%	13%	-2%	12,722	52	-	1	21	1	21
Power Units	4.0%	26%	-6%	6%	-2%	6,514	852	-	259	4	4	4
<b>F – Farm Vehicles:</b>												
Heavy Trucks and Vans	-1.2%	10%	-27%	9%	-19%	20,937	3,819	-	644	132	327	258
Light Trucks – 1993 & Older	-9.9%	2%	-27%	1%	-12%	2,563	10,064	411	396	1,288	396	1,288
Power Units	10.4%	23%	-4%	14%	-4%	9,474	1,395	-	331	439	393	439
Hearses	2.6%	3%	0%	3%	0%	137	-	-	137	-	137	-

\*Based on written exposures from June 1, 2012 to May 31, 2013.

# Appendix A – Summary of Indicated and Proposed Rate Changes

## By Class Percent Impact and Number of Vehicles Changing

Vehicle Class	Average % Change	Maximum % Increase	Maximum % Decrease	Average % Increase	Average % Decrease	# of Vehicles* Increasing	# of Vehicles* Decreasing	# of Vehicles* Unchanged	# Vehicles Getting Maximum \$ Increase	# Vehicles Getting Maximum \$ Decrease	# Vehicles Getting Maximum % Increase	# Vehicles Getting Maximum % Decrease
L – Dealer Plates	-1.5%	0%	-3%	0.0%	-2%	-	3,981	-	-	104	-	104
L – Snowmobile Dealers	1.6%	2%	0%	2%	0%	60	-	-	60	-	60	-
LV – Antiques	6.2%	6%	0%	6%	0%	12,687	-	-	12,687	-	12,687	-
LV – Buses	12.7%	15%	0%	13%	0%	364	-	-	132	-	132	-
LV – Buses (Restricted)	1.5%	2%	0%	2%	0%	32	-	-	29	-	29	-
LV – Motorcycles	6.5%	5%	5%	5%	0%	11,711	-	-	20	-	23	-
LV – Motorhomes	10.2%	25%	0%	8%	0%	5,150	-	-	7	-	530	-
MT – Snowmobiles	-1.2%	0%	-1%	0%	-1%	-	8,050	-	-	8,050	-	8,050
PB – Passenger Inter-city Buses	5.9%	18%	-5%	8%	-3%	344	147	-	30	15	30	17
PC – Passenger City Buses	12.9%	22%	0%	14%	0%	559	-	-	59	-	2	-
PS – Passenger School Buses	14.4%	35%	0%	14%	0%	3,312	-	-	3	-	3	-
PT – Taxis	17.3%	18%	0%	17%	0%	598	-	-	347	-	199	-
<b>Trailers</b>												
F - Trailers	5.7%	11%	0%	8%	0%	31,528	-	-	17,129	-	17,129	-
LT - Trailer Dealers/Movers	2.6%	3%	0%	3%	0%	370	-	124	226	-	226	-
T - Personal Trailers	17.2%	36%	-27%	19%	-18%	44,199	294	-	200	2	920	10
T - Utility	17.6%	18%	0%	18%	0%	79,665	-	-	79,665	-	79,665	-
TS - Commercial Trailers	13.0%	18%	0%	12%	0%	49,434	-	-	6,802	-	3,967	-
<b>Miscellaneous Classes</b>												
A - Excess Value	5.9%	6%	0%	6%	0%	279	-	-	279	-	279	-
C&D - Non-Resident	2.6%	3%	0%	3%	0%	34	-	-	34	-	34	-
C&D - Excess Value	5.9%	6%	0%	6%	0%	3,027	-	-	3,027	-	3,027	-
Industrial Tracked Vehicles	2.5%	3%	0%	3%	0%	0	-	-	0	-	0	-
LV - Motorized Bicycle	60.0%	60%	0%	60%	0%	14	-	-	14	-	14	-
PV - Converted Vehicles	0.6%	7%	-7%	5%	-3%	3	3	1	0	1	0	1
PV - Heavy Trucks and Vans	-0.9%	11%	-14%	7%	-7%	311	214	-	0	0	0	0
PV - Power Units	3.2%	22%	-8%	6%	-5%	42	10	-	1	1	1	1
TS - Excess Value	5.9%	6%	0%	6%	0%	2,267	-	-	2,267	-	2,267	-
<b>All Vehicles Including Trailers</b>						<b>932,105</b>	<b>179,839</b>	<b>2,809</b>	<b>119,679</b>	<b>10,697</b>	<b>117,282</b>	<b>10,829</b>
<b>All Vehicles Excluding Trailers &amp; Misc</b>						<b>726,505</b>	<b>179,318</b>	<b>2,684</b>	<b>15,608</b>	<b>10,693</b>	<b>15,326</b>	<b>10,816</b>
<b>All Vehicles Excluding Motorcycles</b>												

\*Based on written exposures from June 1, 2012 to May 31, 2013.



## Appendix B – Five-Year Forecast

2013 year-end values based on Oct. 31, 2013 forecast

year ended December 31 (\$000's)	Forecast without 2014 Rate Change and Capital Margin (with current 1.2% capital margin removed 2014)					
	2013	2014	2015	2016	2017	2018
	\$	\$	\$	\$	\$	\$
Direct premium	834,264	905,290	953,059	1,009,742	1,069,796	1,133,420
Ceded premium	(7,183)	(10,044)	(10,524)	(11,027)	(11,555)	(12,109)
<b>Net premiums written</b>	<b>827,081</b>	<b>895,246</b>	<b>942,535</b>	<b>998,715</b>	<b>1,058,241</b>	<b>1,121,311</b>
<b>Net premiums earned</b>	<b>804,111</b>	<b>868,664</b>	<b>919,803</b>	<b>972,935</b>	<b>1,030,929</b>	<b>1,092,374</b>
Claims incurred	626,818	726,706	740,488	818,706	892,779	953,898
Prior year claims (Net of Disc/PFAD)	14,035	-	-	-	-	-
Loss adjusting expense (LAE)	76,134	70,350	75,878	81,758	86,810	92,798
Issuer fees and premium taxes	79,522	85,890	90,589	95,899	101,608	107,658
Administrative expenses	52,588	58,611	59,712	62,331	64,909	67,410
Traffic safety	28,236	35,231	39,936	44,854	49,991	50,991
<b>Total claims and expenses</b>	<b>877,333</b>	<b>976,788</b>	<b>1,006,603</b>	<b>1,103,548</b>	<b>1,196,097</b>	<b>1,272,755</b>
<b>Underwriting loss</b>	<b>(73,222)</b>	<b>(108,124)</b>	<b>(86,800)</b>	<b>(130,613)</b>	<b>(165,168)</b>	<b>(180,381)</b>
Investment earnings	77,246	46,787	26,771	59,774	89,632	97,909
Other income	39,140	44,028	45,920	48,971	52,227	55,704
<b>Increase (decrease) to RSR</b>	<b>43,164</b>	<b>(17,309)</b>	<b>(14,109)</b>	<b>(21,868)</b>	<b>(23,309)</b>	<b>(26,768)</b>
<b>Year-End MCT</b>	<b>66%</b>	<b>57%</b>	<b>50%</b>	<b>40%</b>	<b>30%</b>	<b>21%</b>

year ended December 31 (\$000's)	Forecast with 2.7% Rate Change and 3.7% Capital Margin					
	2013	2014	2015	2016	2017	2018
	\$	\$	\$	\$	\$	\$
Direct premium	834,264	922,894	1,014,952	1,075,315	1,139,267	1,207,023
Ceded premium	(7,183)	(10,044)	(10,524)	(11,027)	(11,555)	(12,109)
<b>Net premiums written</b>	<b>827,081</b>	<b>912,850</b>	<b>1,004,428</b>	<b>1,064,288</b>	<b>1,127,712</b>	<b>1,194,914</b>
<b>Net premiums earned</b>	<b>804,111</b>	<b>872,986</b>	<b>967,115</b>	<b>1,036,749</b>	<b>1,098,617</b>	<b>1,164,088</b>
Claims incurred	626,818	726,706	740,488	818,706	892,779	953,898
Prior year claims (Net of Disc/PFAD)	14,035	-	-	-	-	-
Loss adjusting expense (LAE)	76,134	70,350	75,878	81,758	86,810	92,798
Issuer fees and premium taxes	79,522	86,930	95,851	102,157	108,244	114,688
Administrative expenses	52,588	58,611	59,712	62,331	64,909	67,410
Traffic safety	28,236	35,231	39,936	44,854	49,991	50,991
<b>Total claims and expenses</b>	<b>877,333</b>	<b>977,828</b>	<b>1,011,865</b>	<b>1,109,806</b>	<b>1,202,733</b>	<b>1,279,785</b>
<b>Underwriting loss</b>	<b>(73,222)</b>	<b>(104,842)</b>	<b>(44,750)</b>	<b>(73,057)</b>	<b>(104,116)</b>	<b>(115,697)</b>
Investment earnings	77,246	46,787	26,966	61,843	95,623	107,594
Other income	39,140	44,549	47,719	50,877	54,246	57,843
<b>Increase (decrease) to RSR</b>	<b>43,164</b>	<b>(13,506)</b>	<b>29,935</b>	<b>39,663</b>	<b>45,753</b>	<b>49,740</b>
<b>Year-End MCT</b>	<b>66%</b>	<b>57%</b>	<b>65%</b>	<b>73%</b>	<b>81%</b>	<b>89%</b>

## Appendix C – Glossary of Terms and Abbreviations

### Rating Terminology

**Administrative expenses** – Operating expenses such as salaries, infrastructure costs, system support costs and traffic safety program costs. Administrative expenses in relation to total revenue are approximately 7%. Traffic safety program costs consist of programs, sponsorship and advertising associated with promoting traffic safety. The goal of this investment is to provide social and economic benefits through the promotion of safe driving to reduce collisions.

**Base rates** – The base rate is the premium for the base group. The base group is typically chosen to be the group with the largest number of registrations because the larger the numbers, the more credible the data. As an example, for the LV – Motorhomes class, the base group is motorhomes valued between \$10,001 and \$20,000. Premiums for groups, other than the base group, are derived by adjusting the base rate by a per cent that reflects the variance in loss experience between the groups (see Relativities definition).

**Business Recognition (BR) program** – A program to reward businesses with safe driving records. Companies that own and operate commercial vehicles and have a loss ratio of less than 70% in the past five years are eligible for a discount, to a maximum of 10%, on their vehicle insurance premiums. A loss ratio between 70% – 80% is SGI's approximate break-even range. The break-even range is calculated by subtracting administrative costs, premium taxes, issuer fees and traffic safety program costs from the total premiums paid for all vehicles. Therefore, for every \$1 of premium collected, between 70 – 80 cents can be paid out in claim costs to break even.

Under the BR program, any operator with a loss ratio greater than 80% is subject to financial penalties. However, relative to the size of the vehicle fleet, losses are capped to ensure premium increases are fair and reasonable. A capped five-year loss ratio determines how much a customer saves or is surcharged on their vehicle insurance.

**Claim frequency** – The number of occurrences (or claims) per exposure (registration).

**Claim severity** – Average amount of loss per claim (or per occurrence).

**CLEAR** – An acronym for the industry-wide Canadian Loss Experience Automobile Rating system. The Insurance Bureau of Canada (IBC), captures Canada-wide loss experience for light passenger vehicles 33 years of age or newer. CLEAR analyzes historical records of collision frequency and repair costs of each vehicle make and model in order to predict future losses. Through statistical analysis, relationships are established between vehicle characteristics and insurance claims. These relationships are then adjusted according to the actual claim history of individual models in order to predict future losses for each model. Other rating factors, such as a person's driving record or where they live, are not affected by CLEAR. As part of its analysis, IBC considers several factors, including vehicle construction, safety equipment and susceptibility to damage. IBC also works closely with vehicle manufacturers to monitor new developments. CLEAR is used by insurance companies Canada-wide to rate damage and injury coverage for light passenger vehicles.

**Credibility** – Credibility is a way to measure if there is enough past experience to use in predicting the rating year. The weight assigned to a forecast using past experience is commonly denoted by Z (a number between 0 and 1). The balance of the weight, 1 - Z, will be assigned to what is called the compliment of credibility. This compliment will be another valid estimate for the prediction and could come from a larger separate source of past data or could assume "no change" in the forecast variable. Together, the weights and two sources develop a weighted average for the forecast, which becomes the indicated forecast.

Generally, because of the higher risk and volatility in the volume and size of claims, the credibility of a forecast is measured using the number of past claim counts included in the forecast. It's possible that all weight is assigned to the past experience (i.e. Z = 1), if it's deemed fully credible. This is the case if there are at least as many past claim counts used in the forecast as the Standard of Full Credibility. If the past claim counts used in the forecast are less than the Standard of Full Credibility, the credibility is calculated as:

$$Z = \sqrt{\text{Claim Counts} / \text{Standard of Full Credibility}}$$

**Deductible** – An agreed specified sum to be deducted from the amount of loss and assumed by the insured. It is the amount the insured must pay before their insurance benefits begin to cover remaining costs.

**Exposures** – Rating units on which insurance premium is based, or units by which the probability and size of loss are measured. For the purposes of this report, an exposure is equivalent to a vehicle written on a policy. For example, one car insured for an entire year equals one exposure. A motorcycle insured for half a year equals half an exposure.

**Relativities** – One plus the per cent difference between rating groups that reflect the variance in loss experience. For example, when looking at the motorhome class, the base group is motorhomes with a value between \$10,001 and \$20,000. To determine the premium for other values of vehicles, the base group rate is multiplied by the calculated relativity for the specified group. If the specified group's experience is worse than the base group's, then the premium charged will be higher than the base group's. The converse is also true.

**Safe Driver Recognition (SDR) program** – A program designed to reward safe drivers with a discount on their vehicle insurance. The program also ensures drivers who demonstrate risky behaviour pay their share, as drivers with at-fault collisions and/or more serious traffic convictions are assessed a financial penalty for each incident they are involved in.

These financial penalties are assessed immediately after an incident and help offset the cost of discounts for safe drivers.

## **Acronyms**

AAIA – *The Automobile Accident Insurance Act*

BR – Business Recognition program

CIC – Crown Investments Corporation

CLEAR – Canadian Loss Experience Automobile Rating

CPI – Consumer Price Index

GVW – Gross Vehicle Weight

HHI - Herfindahl–Hirschman Index

IBC – Insurance Bureau of Canada

IRP – International Registration Plan

LAE – Loss Adjusting Expenses

MCT – Minimum Capital Test

MRC – Motorcycle Review Committee

RSR – Rate Stabilization Reserve

SDR – Safe Driver Recognition program

SRRP – Saskatchewan Rate Review Panel

Z – Credibility

1-Z – Compliment of Credibility



# 6. Indicated and Requested Rates

## Part 2 – Actuarial Support Documents

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# Section 6 - Part 2

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## Table of Contents

**Indication Changes between the 2014 Rate Program and the 2013 Rate Program..... 1**

**Written Premium Breakdown 2008 - 2018 ..... 5**

**Summary of Dollar and Percent Caps..... 9**

**Claims by Fault - Private Passenger, Motorcycle and Taxi..... 13**

**Taxi Loss Ratio Exhibit ..... 17**

**Historical Rate Changes by Class..... 21**

**Expenses ..... 25**

**Loss and Claim Count Development Factors ..... 35**

**Payment Patterns and Discount Factors ..... 47**

**Discount Rate Exhibit..... 67**

**Labour Rate Factors..... 75**

**Traffic Safety Initiative Factors ..... 83**

**Break Even Margin Calculation..... 87**

**Capital Requirement Calculation..... 91**

**Credibility Assumptions ..... 95**

**Exposure Trend Summary ..... 99**

**Premium Trend Summary ..... 103**

**Loss Trend Summary and Exhibits..... 107**

    Introduction..... 109

    Loss Trend Summary by Group..... 111

Loss Trend Committee Exhibits .....	135
Cover 21 - Damage Liability to Others Auto.....	137
Cover 22 - Damage Liability to Others Property .....	151
Cover 23 - Loss of Use .....	161
Cover 31 - Damage to Own Vehicle.....	175
Cover 32 - Comprehensive Coverage .....	194
Cover 33 - Glass Coverage .....	211
Cover 41 - Fire/Lightning/Explosion.....	221
Cover 42 - Theft Coverage.....	233
Damage Catastrophes.....	247
Appeal.....	253
Care Benefits.....	259
Income Replacement.....	267
Death.....	275
Economic Loss.....	279
Non Economic Loss.....	285
Out of Province .....	291
Medical Expenses excluding Funding .....	295
Permanent Impairment.....	303
Tort Injury.....	311
Tort Liability.....	315

# Indication Changes between the 2014 Rate Program and the 2013 Rate Program

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## Process Changes Affecting All Classes of Vehicles

- The Capital Management Policy for the Saskatchewan Auto Fund was recently revised to follow guidance from the Office of the Superintendent of Financial Institutions on setting appropriate capital targets. This resulted in the target capital level being changed from a Minimum Capital Test (MCT) range between 75% and 150% to an MCT of 100%.

In addition, the approach used to maintain capital at an appropriate level has changed. A capital margin has been built into the rate comprised of a capital build and release provision, and a capital maintenance provision, outlined below.

### 1. Capital Build and Release Provision

The capital build provision specifies that the Auto Fund either recover 1/5 of the deficiency in capital below 100% MCT or release 1/5 of the surplus above 100% MCT into the basic insurance rate every year. As such, the rate always includes a portion designed to move the RSR towards an adequate level, and avoids the rate volatility an RSR surcharge might create.

### 2. Capital Maintenance Provision

As the Auto Fund's business volume grows, an additional amount of capital is required in order to maintain the MCT at an adequate level. Specifically, as the denominator in the MCT ratio (capital required) increases due to factors such as growing claims liabilities and investment assets, the numerator (capital available) must increase correspondingly. In other words, even if the Auto Fund broke even on rates every year, the MCT would still erode over time as the growth in capital required outpaced the growth in capital available. To address this, a capital maintenance provision will be added to the base rate. Once added to the base rate, only minor adjustments are expected in this provision from period to period.

- Credibility Weighting and HHI calculation

Credibility is a way to measure if there is enough past experience to use in predicting the rating year. The weight assigned to a forecast using past experience is commonly denoted by Z (a number between 0 and 1). The balance of the weight, 1 - Z, will be assigned to what



is called the compliment of credibility. This compliment will be another valid estimate for the prediction and could come from a larger separate source of past data or could assume "no change" in the forecast variable. Together, the weights and two sources develop a weighted average for the forecast, which becomes the indicated forecast.

Generally, because of the higher risk and volatility in the volume and size of claims, the credibility of a forecast is measured using the number of past claim counts included in the forecast. It's possible that all weight is assigned to the past experience (i.e.  $Z = 1$ ), if it's deemed fully credible. This is the case if there are at least as many past claim counts used in the forecast as the Standard of Full Credibility. If the past claim counts used in the forecast are less than the Standard of Full Credibility, the credibility is calculated as:

$$Z = \sqrt{\text{Claim Counts} / \text{Standard of Full Credibility}}$$

The concept of credibility is not new to the rate program. It has been used in the past in the selection of relativities for the many classification systems of the Auto Fund. For the conventional classes' relativity systems, the Standard of Full Credibility is 1082. For CLEAR's damage relativity system, it is 2656 and for CLEAR's injury relativity system, it's 4326.

For the first time, this rate program has introduced credibility into the overall indicated rate change for each class. In the past, this was done judgmentally, where the indicated rates for some smaller classes were proposed to not be changed due to the large indicated change and lack of reliable data backing the indication. Now, credibility provides an objective and reliable measure of the sufficiency of the past data in the overall rate indication of each class.

If the claims data are more volatile, then more past claims are needed to accurately determine the emerging patterns. This generally means that the Standard of Full Credibility should be larger whenever the claims data are more volatile. To measure this volatility, the Herfindahl–Hirschman Index (HHI) is used to measure how much of a class's past claims dollars come from a few small large-dollar claims. The HHI is a number that ranges from 0 to 1, where a larger number denotes that a few large claims dominate the total claims dollars assigned to the class. Having a small number of large claims is either because the class is expected to have more severe claims in the future, or just that it was unlucky in the past. The uncertainty around which of these scenarios is actually true means that the class's indication should have less credibility. The Standard of Full Credibility for the purpose of the overall rate indication for a class and for the CLEAR class surcharges/discounts is measured as:

- 1082 claims, **plus**

- An additional 1082 claims if either the HHI for injury is greater than 0.2, or the HHI for damage is greater than 0.2, or the number of injury claims is less than 50 **and**
  - An additional 1082 claims if either the HHI for injury is greater than 0.4, or the HHI for damage is greater than 0.4.
- Traffic Safety Initiative Factor

The 2014 rate program accounts for both the increased administrative costs and the claim costs savings that are expected as a result of the Special Committee on Traffic Safety's traffic safety initiatives that will impact the Aug. 31, 2014 to Aug. 30, 2015 rating year. There are a few different categories of initiatives, including: enhanced enforcement, traffic cameras and harsher penalties for impaired drivers.

All costs associated with the traffic safety enhancements are included in the budgeted administrative expenses for the rating year.

Claim costs have been reduced for all coverage lines, by varying amounts, with the exception of damage catastrophes and out of province liability, since these coverages will not benefit from the traffic safety initiatives proposed. An approximate 1% reduction in damage, 2% in injury & liability and 4.4% for death has been derived based on studies on cost savings from other jurisdictions. There was one adjustment made to the estimate of costs savings expected from the enhanced enforcement initiative. Its cost savings were reduced by 25% due to concerns regarding whether or not it would be implemented in the same manor as the other jurisdictions that were studied.

The net effect of all the traffic safety initiative costs and benefits was a reduction of 0.2% to the rate indication.

- Pure premium selections are based on the following weights by accident year:

Coverage	2013 Rate Program	2014 Rate Program
Damage	2007: 10%; 2008-2011: 20%; 2012: 10%	2008: 10%; 2009-2012: 20%; 2013: 10%
Catastrophes	2005-2011: 14.3%; 2012: 0%	2006-2012: 14.3%; 2013: 0%
Injury	2004-2012: 11.11%	2004-2013: 10%
Liability	2007: 10%; 2008-2011: 20%; 2012: 10%	2008: 10%; 2009-2012: 20%; 2013: 10%
Tort	2007: 10%; 2008-2011: 20%; 2012: 10%	2008: 10%; 2009-2012: 20%; 2013: 10%

## CLEAR-Rated Vehicles Indication Changes

- There have been no changes specific to CLEAR-Rated vehicles.

## Changes Affecting Other Specific Classes

- Class F farm light trucks (1993 and older) produces 36 different rates for a vehicle population that has been decreasing by approximately 13% per year. This class was changed to be flat-rated in 2014.
- Seating capacity has been removed as a rating variable for school buses (class PS). Rates between the two seating capacity groups are very similar, and 90% of the exposures for this class were already in one group.
- A recent analysis of taxi loss costs for each Saskatchewan community, both urban and rural, was completed to see whether claims costs change along with a community's population size or if there was another factor that should be used to group taxi rates together. The analysis showed that small city and large city taxis, with the exception of Prince Albert, had nearly identical claims histories. As such, the proposal is to group large and small cities together for rating purposes. Prince Albert, Regina and Saskatoon have significantly different claims histories than all other locations. For this reason, the proposed change is to have separate rates for Regina, Saskatoon and Prince Albert. While the rates will be separate for these three locations, they will incorporate both city-specific experience as well as the pooled experience from all three locations to ensure stable, credible results. At present, only damage rates vary by location. Based on the analysis, injury rates are proposed to vary by location as well. Rural taxis will continue to be CLEAR-rated based off of private passenger vehicles due to their unique characteristics.
- Class LV-Motorcycles will receive a 2.7% rate change. In the interest of fairness to all vehicle owners, it is recommended that motorcycle rates be increased by a flat 2.7% - the average required for all vehicles. This approach recognizes that a number of initiatives are about to be implemented that will reduce the rate need for the motorcycle class, while bringing them closer to covering the cost of motorcycle claims that will be incurred in the upcoming rating year. Motorcycles will receive the capital margin of 3.7% on top of the 2.7% rate increase.
- Injury losses assigned to snowmobiles (class MT) were not removed and reallocated. These losses were removed in the past because snowmobiles only receive liability coverage. However a detailed review of all snowmobile injury claims has revealed that these claims are accurately assigned to the snowmobile class. If a snowmobile is involved in a collision with a moving, non-snowmobile vehicle the snowmobile rider will have injury coverage. Claims with these circumstances where the snowmobile rider was 50% or more at-fault for the accident with the moving vehicle are included in the snowmobile claims data.

# Written Premium Breakdown

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**Saskatchewan Government Insurance  
2014 Rate Program  
Breakdown of Written Premium**

Breakdown of net written premium from 2008 to 2018 showing each year's increment due to: rate changes, vehicle mix drift and vehicle fleet growth

Safe Driver Recognition program penalties and permit premiums have been excluded from all numbers.

Policy Year	Written Exposures	Written Premium		Change in			Rate Change	Changes in Incentives	Calculated Change	Budgeted Written Premium	
		After Incentives Incl RSR Surch	Actual Change	Written Exposures	Drift	Rate Change				RSR Surch*	Variance
2008	995,724	\$ 599,117,624					-3.55%			\$ 587,480,658	1.98%
2009	1,024,518	\$ 638,512,353	6.58%	2.89%	3.26%	0.70%	0.27%	6.70%		\$ 662,300,112	-3.59%
2010	1,044,670	\$ 697,439,111	9.23%	1.97%	3.48%	3.50%	0.11%	9.09%		\$ 706,606,911	-1.30%
2011	1,063,700	\$ 731,220,179	4.84%	1.82%	3.02%	0.00%	0.05%	4.84%		\$ 751,093,660	-2.65%
2012	1,110,009	\$ 772,606,844	5.66%	4.35%	0.52%	0.67%	-0.10%	5.70%		\$ 791,529,992	-2.39%
2013	1,117,994	\$ 812,059,256	5.11%	0.72%	2.46%	1.70%	-0.16%	5.11%		\$ 821,003,429	-1.09%
Projected											
2014	1,161,607	\$ 909,182,077	11.96%	3.90%	2.68%	3.27%	0.39%	9.74%	(1)		
2015	1,198,588	\$ 999,903,960	9.98%	3.18%	2.68%	3.47%	-0.03%	9.65%	(2)		
2016	1,236,748	\$ 1,059,371,977	5.95%	3.18%	2.68%	0.00%	0.00%	5.95%			
2017	1,276,122	\$ 1,122,376,777	5.95%	3.18%	2.68%	0.00%	0.00%	5.95%			
2018	1,316,750	\$ 1,189,128,708	5.95%	3.18%	2.68%	0.00%	0.00%	5.95%			

\*Budget numbers based on proposed rate change and capital margin of 2.7% and 3.7% respectively.

(1) The variance between the calculated change and actual change in 2014 can be explained by the following:

- The difference between the 2014 and 2013 Written Premium After Incentives appears to be significant. This is partially the result of the 2013 premiums having been reduced by \$6.7M from the mid-term refund at the time of the rate change, whereas the 2014 mid-term refund is estimated at only \$2M. Another factor in this difference is the fact that 2013 had a lower than expected written premium amount due to a long winter which impacted both the exposures and premium written for summer vehicles.
- The number of written exposures in 2013 were impacted by the long winter, late summer. The 2014 values are based on the distribution of exposures for a normal year.

(2) The variance between the calculated change and the actual change can be explained by the fact that there is an adjustment to the 2014 written premium for the mid-term refund.



# Summary of Dollar and Percent Caps

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Saskatchewan Government Insurance  
 2014 Rate Program  
 Number of Dollar and Per cent Caps by Class

Vehicle Class	Written Exposures					
	Eligible for Dollar Caps <sup>(1)</sup>	Eligible for Per cent Caps <sup>(2)</sup>	Received Dollar Caps <sup>(3)</sup>	Received Per cent Caps <sup>(3)</sup>	No Caps Applied <sup>(4)</sup>	Total
<b>CLEAR-Rated Vehicles</b>	327,938	456,460	10,929	7,146	766,323	784,398
A - Commercial Light Trucks	0	150	0	0	150	150
F - Farm Light Truck - 1994 & Newer	47,924	3,744	552	4	51,112	51,668
LV - Private Passenger Vehicles (PPV)	262,882	442,633	10,102	6,720	688,693	705,515
LV - PPV - Farm Cars	7,467	354	231	2	7,589	7,822
LV - PPV - Farm SUVs and Vans	9,529	3,828	43	95	13,219	13,357
LV - Police Cars	0	235	0	17	218	235
LV - Police Trucks, Vans & SUVs	76	251	0	0	327	327
LV - UDrives	59	5,099	1	305	4,853	5,158
PT - Taxis (Rural)	0	167	0	4	163	167
<b>Conventionally Rated Vehicles</b>						
Ambulances	306	0	0	0	306	306
A - Commercial Vehicles:						0
Heavy Trucks and Vans IRP Reg. Ded.	507	10	3	0	514	517
Heavy Trucks and Vans IRP \$15K Ded.	52	0	7	0	45	52
Heavy Trucks and Vans Non-IRP	906	148	5	0	1,049	1,054
Power Units IRP Reg. Ded.	3	3,642	3	119	3,523	3,645
Power Units IRP \$15K Ded.	17	1,272	17	0	1,272	1,289
Power Units Non-IRP	47	1,264	1	44	1,266	1,311
C & D - Commercial Vehicles:						0
Heavy Trucks and Vans	12,673	101	0	0	12,774	12,774
Power Units	1,948	5,417	572	0	6,793	7,366
F - Farm Vehicles:						
Heavy Trucks and Vans	24,756	0	2,636	0	22,119	24,756
Light Trucks - 1993 & Older	13,037	0	0	0	13,037	13,037
Power Units	10,870	0	0	0	10,870	10,870
Hearses	137	0	0	0	137	137
L - Dealer Plates:	3,981	0	0	0	3,981	3,981
Automobile	3,877	0	0	0	3,877	3,877
Motorcycles	104	0	0	0	104	104
L - Snowmobile Dealers	60	0	0	0	60	60
LV - Antiques	12,687	0	0	0	12,687	12,687
LV - Buses	364	0	0	0	364	364
LV - Buses (Restricted)	32	0	0	0	32	32
LV - Motorcycles:	2,086	9,625	0	0	11,711	11,711
Cruiser/Touring	807	7,935	0	0	8,742	8,742
Dual Purpose/Other	950	341	0	0	1,291	1,291
Sport	329	1,349	0	0	1,678	1,678
LV - Motorhomes	4,958	192	530	60	4,560	5,150
MT - Snowmobiles	8,050	0	0	0	8,050	8,050
PB - Passenger Inter-city Buses	0	491	0	75	416	491
PC - Passenger City Buses	47	513	47	292	221	559
PS - Passenger School Buses	3,312	0	3	0	3,310	3,312
PT - Taxis	0	598	0	546	52	598
<b>Trailers</b>						
F - Trailers	31,528	0	0	0	31,528	31,528
LT - Trailer Dealers/Movers:	494	0	0	0	494	494
T - Personal Trailers:	44,493	0	3,449	0	41,044	44,493
T - Utility	79,665	0	0	0	79,665	79,665
TS - Commercial Trailers	49,434	0	0	0	49,434	49,434

Vehicle Class	Written Exposures					Total
	Eligible for Dollar Caps <sup>(1)</sup>	Eligible for Per cent Caps <sup>(2)</sup>	Received Dollar Caps <sup>(3)</sup>	Received Per cent Caps <sup>(3)</sup>	No Caps Applied <sup>(4)</sup>	
<b>Miscellaneous Classes</b>						
A - Excess Value	279	0	0	0	279	279
C&D - Non-Resident	34	0	0	0	34	34
C&D - Excess Value	3,027	0	0	0	3,027	3,027
Industrial Tracked Vehicles	0	0	0	0	0	0
LV - Motorized Bicycle	14	0	14	0	0	14
PV - Converted Vehicles	7	0	0	0	7	7
PV - Heavy Trucks and Vans	488	37	3	37	485	525
PV - Power Units	27	25	0	0	52	52
TS - Excess Value	2,267	0	0	0	2,267	2,267
<b>Total</b>						
All Vehicles Excluding Trailers & Misc	428,637	479,733	14,753	8,284	885,333	908,507
All Vehicles	640,393	479,795	18,219	8,320	1,093,649	1,114,753

## Notes

- (1) Exposures that are eligible for dollar caps are those that have a current premium of less than \$1,000.
- (2) Exposures that are eligible for per cent caps are those that have a current premium of at least \$1,000.
- (3) Exposures that receive dollar or per cent caps are those for which the indicated premium exceeds the current premium by more than the cap amount.
- (4) Exposures that did not have any caps applied:
- (a) Had an indicated premium that was within the cap amount, or
  - (b) Belong to a class where the proposed rate was set equal to the current rate.

# Claims by Fault

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**Saskatchewan Government Insurance**  
**2014 Rate Program**  
**Claims Assigned by Fault**  
**Data as at May 31, 2013**

The breakdown of the number of Private Passenger Vehicle, Motorcycle and Taxi collision claims for 2008-2013 by fault assigned to the vehicle follows. Data is as of May 2013. When reviewing this information, please note that the most recent years may not be fully developed yet. The number of claims reported, and the final determination of fault for the claims, may change.

PPV - All Body Styles

	2008	2009	2010	2011	2012	2013*	Total
Not at Fault - Wildlife	13,083	13,163	13,543	13,078	12,856	3,835	69,558
Not at Fault	47,782	49,234	48,935	51,476	51,746	23,981	273,154
Less than 50% at Fault	531	482	513	541	554	187	2,808
50% or More at Fault	52,081	54,074	51,759	54,753	54,082	25,200	291,949
<b>Total</b>	<b>113,477</b>	<b>116,953</b>	<b>114,750</b>	<b>119,848</b>	<b>119,238</b>	<b>53,203</b>	<b>637,469</b>

PPV - Two-Door Cars

	2008	2009	2010	2011	2012	2013*	Total
Not at Fault - Wildlife	1,419	1,354	1,298	1,066	1,011	277	6,425
Not at Fault	8,030	7,406	6,662	6,450	5,554	2,345	36,447
Less than 50% at Fault	81	71	60	67	59	18	356
50% or More at Fault	7,473	6,940	6,028	5,759	5,081	2,056	33,337
<b>Total</b>	<b>17,003</b>	<b>15,771</b>	<b>14,048</b>	<b>13,342</b>	<b>11,705</b>	<b>4,696</b>	<b>76,565</b>

PPV - Four-Door Cars

	2008	2009	2010	2011	2012	2013*	Total
Not at Fault - Wildlife	4,069	4,097	3,941	3,649	3,470	999	20,225
Not at Fault	19,686	20,195	19,542	20,263	19,708	9,289	108,683
Less than 50% at Fault	193	173	171	178	181	62	958
50% or More at Fault	18,366	18,808	17,641	18,517	17,865	8,255	99,452
<b>Total</b>	<b>42,314</b>	<b>43,273</b>	<b>41,295</b>	<b>42,607</b>	<b>41,224</b>	<b>18,605</b>	<b>229,318</b>

Motorcycle - Cruiser/Touring

	2008	2009	2010	2011	2012	2013*	Total
Not at Fault - Wildlife	19	21	16	14	31	1	102
Not at Fault	123	155	143	181	153	23	778
Less than 50% at Fault	5	4	4	2	1	1	17
50% or More at Fault	138	145	151	145	144	17	740
<b>Total</b>	<b>285</b>	<b>325</b>	<b>314</b>	<b>342</b>	<b>329</b>	<b>42</b>	<b>1,637</b>

Motorcycle - Sport

	2008	2009	2010	2011	2012	2013*	Total
Not at Fault - Wildlife	8	5	8	7	2	0	30
Not at Fault	83	86	77	86	68	7	407
Less than 50% at Fault	0	3	0	1	0	0	4
50% or More at Fault	156	110	103	83	81	9	542
<b>Total</b>	<b>247</b>	<b>204</b>	<b>188</b>	<b>177</b>	<b>151</b>	<b>16</b>	<b>983</b>

Motorcycle - Dual Purpose/ Other

	2008	2009	2010	2011	2012	2013*	Total
Not at Fault - Wildlife	2	0	1	1	0	0	4
Not at Fault	17	11	15	17	8	3	71
Less than 50% at Fault	0	1	0	0	1	0	2
50% or More at Fault	13	10	14	15	17	1	70
<b>Total</b>	<b>32</b>	<b>22</b>	<b>30</b>	<b>33</b>	<b>26</b>	<b>4</b>	<b>147</b>

## Taxis - All Body Styles

	2008	2009	2010	2011	2012	2013*	Total
Not at Fault - Wildlife	26	38	28	28	30	5	155
Not at Fault	362	371	349	390	393	226	2,091
Less than 50% at Fault	4	5	3	7	7	3	29
50% or More at Fault	223	259	278	285	287	126	1,458
Total	615	673	658	710	717	360	3,733

\* 2013 contains data for the first 5 months of 2013 only.

# Taxi Loss Ratio Exhibit

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**Saskatchewan Government Insurance  
2014 Rate Program  
Class PT Loss Ratios**

**Class PT Urban**

Accident Year	Earned Exposures	Ultimate Claims	Ultimate Losses	Written Premium	Ultimate Frequency	Ultimate Severity	Pure Premium	Loss Ratio
2003	541	514	1,782,375	1,837,050	0.950	3,468	3,295	97%
2004	551	420	949,933	1,916,227	0.762	2,262	1,724	50%
2005	559	455	1,180,568	1,710,705	0.814	2,595	2,112	69%
2006	589	368	1,021,820	1,944,963	0.625	2,777	1,735	53%
2007	625	404	1,322,545	1,949,922	0.646	3,274	2,116	68%
2008	629	399	2,361,605	1,986,608	0.634	5,919	3,755	119%
2009	645	535	1,630,392	2,114,952	0.829	3,047	2,528	77%
2010	591	586	2,231,017	1,914,037	0.992	3,807	3,775	117%
2011	558	547	1,832,687	1,826,571	0.980	3,350	3,284	100%
2012	590	603	2,362,328	1,973,691	1.022	3,918	4,004	120%
2013	251	291	916,800	1,014,921	1.159	3,151	3,653	90%
3 year loss ratio		106%						
5 year loss ratio		101%						
8 year loss ratio		93%						

**Class PT Rural**

Accident Year	Earned Exposures	Ultimate Claims	Ultimate Losses	Written Premium	Ultimate Frequency	Ultimate Severity	Pure Premium	Loss Ratio
2003	158	54	139,313	167,038	0.342	2,580	882	83%
2004	144	45	281,221	159,649	0.313	6,249	1,953	176%
2005	121	43	170,701	127,109	0.355	3,970	1,411	134%
2006	100	25	98,666	119,617	0.250	3,947	987	82%
2007	88	24	154,075	108,062	0.273	6,420	1,751	143%
2008	78	23	81,346	102,198	0.295	3,537	1,043	80%
2009	66	16	71,483	94,392	0.242	4,468	1,083	76%
2010	112	32	75,225	195,814	0.286	2,351	672	38%
2011	153	43	140,063	240,647	0.281	3,257	915	58%
2012	162	51	226,215	252,879	0.315	4,436	1,396	89%
2013	63	13	52,601	112,351	0.206	4,046	835	47%
3 year loss ratio		69%						
5 year loss ratio		63%						
8 year loss ratio		73%						



# Historical Rate Changes by Class

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## Historical Rate Changes by Class

Vehicle Class	Includes RSR			
	July 1, 2007	November 1, 2009	August 4, 2012	August 31, 2013
<b>CLEAR Rated Vehicles</b>				
A - Commercial Light Trucks	2.3%	14.3%	19.5%	21.9%
F - Farm Light Truck - 1994 & Newer	-5.6%	0.2%	-2.0%	3.6%
LV - Private Passenger Vehicles (PPV)	-7.0%	4.8%	1.4%	1.5%
LV - PPV - Farm Cars, SUVs and Vans	-7.0%	4.8%	-8.5%	-0.8%
LV - Police Cars	-10.1%	-2.5%	8.0%	10.7%
LV - Police Trucks, Vans & SUVs	-7.0%	4.8%	-9.2%	-12.9%
LV - U Drives	-11.0%	9.5%	-3.1%	10.3%
PT - Taxis (Rural)	-3.9%	8.1%	-2.8%	-5.3%
<b>Conventionally Rated Vehicles</b>				
Ambulances	5.0%	0.0%	15.1%	3.3%
A - Commercial Vehicles:				
Heavy Trucks and Vans IRP \$2500 Ded.	-1.3%	-4.1%	-12.9%	-6.3%
Heavy Trucks and Vans IRP \$15K Ded.	-1.3%	-4.1%	-12.9%	-16.8%
Heavy Trucks and Vans Non-IRP	-1.3%	-4.1%	13.6%	3.2%
Power Units IRP \$2500 Ded.	0.7%	7.7%	13.7%	-0.7%
Power Units IRP \$15K Ded.	0.7%	7.7%	13.7%	-12.3%
Power Units Non-IRP	0.7%	7.7%	-13.6%	-13.3%
C & D - Commercial Vehicles:				
Heavy Trucks and Vans	-25.5%	-9.8%	22.8%	15.2%
Power Units	-23.3%	-4.0%	15.9%	5.4%
F - Farm Vehicles:				
Heavy Trucks and Vans	0.3%	-8.5%	-7.3%	-7.6%
Light Trucks - 1993 & Older	-5.6%	-6.9%	-9.3%	-14.3%
Power Units	-19.3%	-5.2%	-16.9%	-8.2%
Hearse	0.0%	0.0%	-10.8%	16.5%
Hearse Car	0.0%	0.0%	-10.8%	16.5%
Hearse Truck	0.0%	100.0%	-10.8%	16.5%
L - Dealer Plates:				
L - Snowmobile Dealers	-20.0%	-1.9%	-41.7%	1.7%
LV - Antiques	0.0%	10.0%	0.0%	22.7%
LV - Buses	1.8%	5.1%	33.1%	25.6%
LV - Buses (Restricted)	-0.6%	-5.0%	31.8%	22.5%
LV - Motorcycles	9.0%	13.4%	18.2%	16.8%
LV - Motorhomes	5.4%	9.8%	10.3%	15.7%
MT - Snowmobiles				
MT excl Udrive	-27.3%	-10.0%	0.0%	0.0%
MT Udrive	-27.3%	-16.9%	0.0%	0.0%
PB - Passenger Inter-City Buses	6.5%	9.3%	15.0%	14.2%
PC - Passenger City Buses	-2.4%	10.0%	14.8%	16.6%
PS - Passenger School Buses	3.9%	9.8%	26.0%	26.7%
PT - Taxis	6.5%	9.1%	15.6%	16.4%
<b>Trailers</b>				
F - Trailers	-9.5%	5.7%	0.0%	17.9%
LT - Trailer Dealers/Movers:	-0.6%	3.4%	6.6%	2.6%
T - Personal Trailers:				
T - Utility	0.0%	0.0%	0.0%	70.0%
TS - Commercial Trailers	-27.9%	1.1%	0.0%	13.1%
<b>Miscellaneous Classes</b>				
A - Excess Value	0.0%	5.3%	-15.0%	0.0%
C&D - Non-Resident	0.0%	0.0%	-6.3%	1.3%
C&D - Excess Value	0.0%	0.0%	-10.5%	0.0%
C&D - Industrial Tracked Vehicles	0.0%	0.0%	37.5%	1.1%
PV - Industrial Tracked Vehicles	0.0%	0.0%	37.5%	1.1%
LV - Motorized Bicycle	0.0%	10.0%	0.0%	2.3%
PV - Heavy Trucks and Vans	-7.0%	4.8%	0.0%	0.6%
PV - Converted Vehicles	0.0%	0.0%	0.0%	5.3%
PV - Power Units	-7.0%	4.8%	0.0%	-1.2%
TS - Excess Value	0.0%	0.0%	-10.5%	0.0%
<b>Total</b>				
All Vehicles Excluding Trailers & Misc	-7.0%	4.2%	1.5%	1.9%
All Vehicles	-7.1%	4.2%	1.6%	2.3%



# Expenses

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Saskatchewan Government Insurance  
 2014 Rate Program Expenses  
 Calculation of Admin, Salvage, Reinsurance, Loss Adjusting, and Variable Expenses

Written Exposures:

All Vehicles	1,186,927	All Vehicles for Admin Exp	1,055,812
All Vehicles Excluding Trailers	948,347	All Excl MT & NonRes 4 Reins Dam	1,051,206
All Vehicles Excluding Tr & MT	939,402	All Excl Tr, MT for Reins Inj	936,522
All Vehicles Excluding Tr, MT & Antiques	924,697	Vehicles eligible for Salvage	833,423

	2014	2015	Average	Coverage(s) to
	\$	\$	(000s)	\$ which the expense
Fixed Expenses:	<u>applies</u>			
Admin Expenses	\$ 58,611,153	\$ 59,711,919		
Redevelopment Expenses	\$ 1,520,000	\$ -		
Admin Expenses Excluding Redevelopment	\$ 57,091,153	\$ 59,711,919	\$ 58,838	All Coverages
Internal Loss Adjustment Expenses	\$ 70,349,742	\$ 75,877,681	\$ 74,035	All Coverages
Salvage Net Profit (other income)	\$ (16,919,259)	\$ (18,222,042)	\$ (17,788)	Damage
Reinsurance premiums	\$ 10,043,857	\$ 10,523,559	\$ 10,364	Damage and Injury
Total			125,449	

	Amount	Expense Per	
Salvage and Reinsurance	\$ (000s)	Exposure	
Salvage Net Profit (Other Income)	(17,788)	-21.34	CLEAR, F Light 93, PT Urban
Reinsurance - Damage	9,604	9.14	Trailers & Antiques: 4.57
Reinsurance - Injury	760	0.81	Antiques & MT: 0.41
Total	(7,424)	-11.40	

All Coverages:	Amount	Expense Per	
	\$ (000s)	Exposure	
Admin Expenses	58,838	55.73	Trailers, Snowmobiles & Antiques: 27.86
Internal Loss Adjustment Expenses	74,035	53.46	
Total	132,873	109.19	

Total Fixed Expenses excl LAE 44.33

Budget Variable Expenses	2014	2015	
Direct Earned Premium	\$ 876,884,219	\$ 930,151,729	
Premium Taxes	\$ 43,433,211	\$ 45,990,161	4.95%
Traffic Safety Programs	\$ 35,230,572	\$ 39,935,620	4.20%
Issuer Commissions	\$ 42,457,326	\$ 44,599,168	4.81%
Short Term Registrations	\$ (10,904,315)	\$ (10,797,693)	-1.19%
Auto Pay	\$ (16,204,588)	\$ (16,900,737)	-1.83%
Total Variable Expenses	\$ 94,012,206	\$ 102,826,518	10.94%
		\$ 99,888,414	

Saskatchewan Government Insurance  
 2014 Rate Program Expenses  
 Derivation of Internal Loss Adjustment Expenses by Coverage from Auto Fund Budget

Adjustment Expenses	2014	2015	Average
Pre-1995 Liability	11,168	11,926	11,673
Pre-1995 Injury	22,674	24,213	23,700
Damage	43,634,513	46,595,262	45,608,346
No Fault Injury Benefits	17,412,917	18,594,442	18,200,601
No Fault Liability	772,512	824,930	807,457
No Fault Out-of-Province	0	0	0
Tort Accident Benefits	0	0	0
Tort Liability	0	0	0
Tort Out-of-Province	0	0	0
<b>Total</b>	<b>61,853,784</b>	<b>66,050,773</b>	<b>64,651,776</b>

Adjustment Expenses Unpaid Unreported	2014	2015	Average
Damage	-612,814	-708,816	-676,815
No Fault Injury Benefits	8,854,897	10,242,077	9,779,684
No Fault Liability	75,933	87,829	83,864
No Fault Out-of-Province	54,524	63,065	60,218
Tort Accident Benefits	1,601	1,851	1,768
Tort Liability	121,818	140,902	134,540
Tort Out-of-Province	0	0	0
<b>Total</b>	<b>8,495,958</b>	<b>9,826,908</b>	<b>9,383,258</b>

	2014	2015	Average
Damage - Including Damage Liability***	43,021,699	45,886,447	44,931,531
Injury*	26,292,088	28,862,583	28,005,751
Liability**	1,035,955	1,128,651	1,097,753
			74,035,035

Discounted LAE	Discount Factor	Discounted LAE	LAE Allocation per Exposure
Damage - Including Damage Liability***	0.9915	44,548,845	37.53
Injury*	0.6411	17,953,223	15.13
Liability**	0.8609	945,004	0.80
		63,447,072	53.46

\* Does not apply to Farm Trailers (F), Trailer Dealers (LT), Snowmobiles (MT), Personal Trailers (T), or Commercial Trailers (TS)

\*\* Does not apply to Trailers

\*\*\* Applies to all vehicle types

Saskatchewan Government Insurance  
2014 Rate Program Expenses  
Calculation of Malus Component of SDR

SDR Eligible Classes	Discount Program	Rating Year Exposures	Projected - as per budget	
			2014	2015
F - Farm Light Truck - 1994 & Newer	SDR	54,812		
LV - Private Passenger Vehicles (PPV)	SDR	744,951	12,737,297	
LV - PPV - Farm Cars	SDR	5,961	13,379,855	
LV - PPV - Farm SUVs and Vans	SDR	12,179	Average	13,165,669
Light Trucks - 1993 & Older	SDR	8,147		
LV - Antiques	SDR	14,706		
LV - Buses	SDR	0		
LV - Motorcycles	SDR	10,643		
LV - Motorhomes	SDR	4,847		
LV - Motorized Bicycle	SDR	13		
PV - Converted Vehicles	SDR	7		
PV - Heavy Trucks and Vans	SDR	526		
PV - Industrial Tracked Vehicles	SDR	0		
PV - Power Units	SDR	73		
<b>Total</b>		<b>856,864</b>		

Malus Component of SDR = (15.36)

CLEAR Rated Vehicles	Discount Program	Rating Year Exposures	Eligible?	SDR Credit
A - Commercial Light Trucks	IRP BR	153		-
F - Farm Light Truck - 1994 & Newer	SDR	54,812	*	(15.36)
LV - Private Passenger Vehicles (PPV)	SDR	744,951	*	(15.36)
LV - PPV - Farm Cars	SDR	5,961	*	(15.36)
LV - PPV - Farm SUVs and Vans	SDR	12,179	*	(15.36)
LV - Police Cars	Sask BR	221		-
LV - Police Trucks, Vans & SUVs	Sask BR	371		-
LV - Udrives	Sask BR	5,732		-
PT - Taxis (Rural)	Sask BR	173		-
		<b>824,553</b>	<b>0.9919</b>	<b>(15.24)</b>

Malus Component of SDR for CLEAR Rated Vehicles = (15.24)

Saskatchewan Government Insurance  
 2014 Rate Program Expenses  
 Calculation of Investment Income on RSR

Year	Projected RSR	Forecasted Investment Yield	Investment Income
2014	157,943,847	2.89%	4,565,169
2015	143,834,847	1.56%	2,248,123
Weighted Average	148,537,847	2.03%	3,020,471

All Vehicles Including Trailers 1,186,927

Investment Income on RSR = (2.54)

Saskatchewan Government Insurance  
 2014 Rate Program Expenses  
 Calculation of Medical Funding Expense by Class

Budgeted Expenses	2014	2015	Weighted Average	Cost Per Exposure	
Medical Funding	30,085,933	31,485,203	31,018,780	32.71	
		2004 - 2013			
	Projected	Medical Expenses			
	Rating Year	excluding Funding			
Class	Exposures	Ultimate Losses	Weight	Cost per Class	Cost per Exposure
<b>CLEAR-Rated Vehicles</b>					
A - Commercial Light Trucks	153	3,652	0.00%	284	1.86
F - Farm Light Truck - 1994 & Newer	54,812	17,411,687	4.37%	1,355,440	24.73
LV - Private Passenger Vehicles (PPV)	744,951	332,163,016	83.36%	25,857,750	34.71
LV - PPV - Farm Cars	5,961	4,474,824	1.12%	348,350	58.44
LV - PPV - Farm SUVs and Vans	12,179	5,897,743	1.48%	459,119	37.70
LV - Police Cars	221	179,324	0.05%	13,960	63.11
LV - Police Trucks, Vans & SUVs	371	22,637	0.01%	1,762	4.75
LV - Udrives	5,732	2,110,020	0.53%	164,258	28.66
PT - Taxis (Rural)	173	204,985	0.05%	15,957	92.23
<b>Conventionally Rated Vehicles</b>					
Ambulances	312	35,303	0.01%	2,748	8.82
A - Commercial Vehicles:					
Heavy Trucks and Vans IRP	634	57,815	0.01%	4,501	7.10
Heavy Trucks and Vans Non-IRP	1,265	137,388	0.03%	10,695	8.45
Power Units IRP	5,257	1,433,008	0.36%	111,555	21.22
Power Units Non-IRP	1,704	205,082	0.05%	15,965	9.37
C & D - Commercial Vehicles:					
Heavy Trucks and Vans	14,013	2,503,799	0.63%	194,912	13.91
Power Units	9,442	2,139,864	0.54%	166,581	17.64
F - Farm Vehicles:					
Heavy Trucks and Vans	20,168	837,466	0.21%	65,194	3.23
Light Trucks - 1993 & Older	8,147	2,039,744	0.51%	158,787	19.49
Power Units	13,240	1,181,032	0.30%	91,939	6.94
Hearses	133	0	0.00%	0	0.00
L - Dealer Plates	3,935	646,251	0.16%	50,308	12.78
L - Snowmobile Dealers	61	0	0.00%	0	0.00
LV - Antiques	14,706	320,810	0.08%	24,974	1.70
LV - Buses	390	68,604	0.02%	5,341	13.71
LV - Buses (Restricted)	24	0	0.00%	0	0.00
LV - Motorcycles	10,643	20,951,414	5.26%	1,630,996	153.24
LV - Motorhomes	4,847	104,957	0.03%	8,171	1.69
MT - Snowmobiles	8,883	62,859	0.02%	4,893	0.55
PB - Passenger Inter-city Buses	561	207,019	0.05%	16,116	28.73
PC - Passenger City Buses	584	474,762	0.12%	36,959	63.29
PS - Passenger School Buses	3,371	786,467	0.20%	61,224	18.16
PT - Taxis	723	1,679,675	0.42%	130,757	180.78
<b>Miscellaneous Classes</b>					
C&D - Non-Resident	133	1,277	0.00%	99	0.75
Industrial Tracked Vehicles	0	0	0.00%	0	0.00
LV - Motorized Bicycle	13	33,419	0.01%	2,602	204.00
PV - Converted Vehicles	7	0	0.00%	0	0.00
PV - Heavy Trucks and Vans	526	84,574	0.02%	6,584	12.53
PV - Power Units	73	0	0.00%	0	0.00
Total	948,347	398,460,477	100.00%	31,018,780	32.71
CLEAR-Rated Vehicles	824,553	362,467,888	90.97%	28,216,880	34.22

Saskatchewan Government Insurance  
 2014 Rate Program Expenses  
 Calculation of Appeal Commission Expense by Class

Budgeted Expenses	2014	2015	Weighted Average	Cost Per Exposure	
Appeal Commission	1,008,198	1,038,444	1,028,362	1.08	
2004 - 2013					
Class	Projected Rating Year Exposures	Appeal Ultimate Losses	Weight	Cost per Class	Cost per Exposure
<b>CLEAR-Rated Vehicles</b>					
A - Commercial Light Trucks	153	974	0.01%	130	0.85
F - Farm Light Truck - 1994 & Newer	54,812	326,587	4.25%	43,689	0.80
LV - Private Passenger Vehicles (PPV)	744,951	6,519,056	84.80%	872,076	1.17
LV - PPV - Farm Cars	5,961	113,703	1.48%	15,210	2.55
LV - PPV - Farm SUVs and Vans	12,179	61,998	0.81%	8,294	0.68
LV - Police Cars	221	486	0.01%	65	0.29
LV - Police Trucks, Vans & SUVs	371	32	0.00%	4	0.01
LV - Udrives	5,732	29,279	0.38%	3,917	0.68
PT - Taxis (Rural)	173	3,622	0.05%	485	2.80
<b>Conventionally Rated Vehicles</b>					
Ambulances	312	131	0.00%	18	0.06
A - Commercial Vehicles:					
Heavy Trucks and Vans IRP	634	235	0.00%	31	0.05
Heavy Trucks and Vans Non-IRP	1,265	3,928	0.05%	525	0.42
Power Units IRP	5,257	67,063	0.87%	8,971	1.71
Power Units Non-IRP	1,704	851	0.01%	114	0.07
C & D - Commercial Vehicles:					
Heavy Trucks and Vans	14,013	51,490	0.67%	6,888	0.49
Power Units	9,442	50,483	0.66%	6,753	0.72
F - Farm Vehicles:					
Heavy Trucks and Vans	20,168	16,345	0.21%	2,187	0.11
Light Trucks - 1993 & Older	8,147	20,210	0.26%	2,704	0.33
Power Units	13,240	16,809	0.22%	2,249	0.17
Hearses	133	0	0.00%	0	0.00
L - Dealer Plates	3,935	560	0.01%	75	0.02
L - Snowmobile Dealers	61	0	0.00%	0	0.00
LV - Antiques	14,706	872	0.01%	117	0.01
LV - Buses	390	530	0.01%	71	0.18
LV - Buses (Restricted)	24	0	0.00%	0	0.00
LV - Motorcycles	10,643	211,719	2.75%	28,322	2.66
LV - Motorhomes	4,847	8,511	0.11%	1,139	0.23
MT - Snowmobiles	8,883	72	0.00%	10	0.00
PB - Passenger Inter-city Buses	561	7,989	0.10%	1,069	1.91
PC - Passenger City Buses	584	52,889	0.69%	7,075	12.12
PS - Passenger School Buses	3,371	60,299	0.78%	8,066	2.39
PT - Taxis	723	60,163	0.78%	8,048	11.13
<b>Miscellaneous Classes</b>					
C&D - Non-Resident	133	0	0.00%	0	0.00
Industrial Tracked Vehicles	0	0	0.00%	0	0.00
LV - Motorized Bicycle	13	0	0.00%	0	0.00
PV - Converted Vehicles	7	0	0.00%	0	0.00
PV - Heavy Trucks and Vans	526	462	0.01%	62	0.12
PV - Power Units	73	0	0.00%	0	0.00
Total	948,347	7,687,348	100.00%	1,028,362	1.08
CLEAR-Rated Vehicles	824,553	7,055,737	91.78%	943,869	1.14

Saskatchewan Government Insurance  
 2014 Rate Program Expenses  
 Calculation of Loss Adjusting Expense by Class

Class	Damage			Damage Liability			Liability			Injury			Total			
	Projected Rating Year Exposures	2008 - 2013 Claim Counts	Cost Per Exposure Per Class	2008 - 2013 Claim Counts	Cost Per Exposure Per Class	2008 - 2013 Claim Counts	Cost Per Exposure Per Class	2004 - 2013 Claim Counts	Cost Per Exposure Per Class	2004 - 2013 Claim Counts	Cost Per Exposure Per Class	Claim Counts	Cost Per Exposure Per Class	Claim Counts	Cost Per Exposure Per Class	
<b>CLEAR-Rated Vehicles</b>																
A - Commercial Light Trucks	153	177	11,579	75.90	90	5,888	38.59	5	2,637	17.28	3	626	4.10	275	20,730	135.88
F - Farm Light Truck - 1994 & Newer	54,812	22,188	1,451,555	26.48	6,450	421,964	7.70	31	16,348	0.30	2,493	520,277	9.49	31,162	2,410,144	43.97
LV - Private Passenger Vehicles (PPV)	744,951	367,818	24,062,928	32.30	217,191	14,208,797	19.07	1,550	817,386	1.10	74,293	15,504,601	20.81	660,852	54,593,712	73.28
LV - PPV - Farm Cars	5,961	6,128	400,898	67.25	1,590	104,019	17.45	19	10,020	1.68	1,147	239,374	40.16	8,884	754,310	126.54
LV - PPV - Farm SUVs and Vans	12,179	8,785	574,721	47.19	2,227	145,692	11.96	12	6,328	0.52	1,042	217,461	17.86	12,066	944,202	77.53
LV - Police Cars	221	327	21,393	96.71	176	11,514	52.05	0	0	0.00	47	9,809	44.34	550	42,715	193.10
LV - Police Trucks, Vans & SUVs	371	204	13,346	35.96	65	4,252	11.46	0	0	0.00	6	1,252	3.37	275	18,850	50.79
LV - Udrives	5,732	3,493	228,515	39.87	1,737	113,636	19.83	18	9,492	1.66	614	128,139	22.36	5,862	479,782	83.70
PT - Taxis (Rural)	173	141	9,224	53.32	24	1,570	9.08	0	0	0.00	41	8,557	49.46	206	19,351	111.85
<b>Conventionally Rated Vehicles</b>																
Ambulances	312	166	10,860	34.85	74	4,841	15.53	0	0	0.00	16	3,339	10.71	256	19,040	61.10
<b>A - Commercial Vehicles</b>																
Heavy Trucks and Vans IRP	634	84	5,495	8.67	107	7,000	11.05	2	1,055	1.66	19	3,965	6.26	212	17,515	27.64
Heavy Trucks and Vans Non-IRP	1,265	112	7,327	5.79	766	50,112	39.60	0	0	0.00	43	8,974	7.09	921	66,413	52.49
Power Units IRP	5,257	2,290	149,814	28.50	2,246	146,935	27.95	99	52,207	9.93	268	55,930	10.64	4,903	404,886	77.02
Power Units Non-IRP	1,704	355	23,224	13.63	477	31,206	18.32	4	2,109	1.24	65	13,565	7.96	901	70,105	41.15
<b>C &amp; D - Commercial Vehicles</b>																
Heavy Trucks and Vans	14,013	1,493	97,673	6.97	3,073	201,038	14.35	4	2,109	0.15	463	96,626	6.90	5,033	397,446	28.36
Power Units	9,442	1,729	113,112	11.98	1,238	80,991	8.58	3	1,582	0.17	306	63,861	6.76	3,276	259,546	27.49
<b>F - Farm Vehicles:</b>																
Heavy Trucks and Vans	20,168	708	46,318	2.30	240	15,701	0.78	3	1,582	0.08	137	28,591	1.42	1,088	92,192	4.57
Light Trucks - 1993 & Older	8,147	795	52,009	6.38	595	38,925	4.78	2	1,055	0.13	517	107,895	13.24	1,909	199,885	24.54
Power Units	13,240	768	50,243	3.79	220	14,393	1.09	0	0	0.00	158	32,974	2.49	1,146	97,610	7.37
Hearses	133	50	3,271	24.58	14	916	6.88	0	0	0.00	0	0	0.00	64	4,187	31.47
L - Dealer Plates	3,935	1,026	67,122	17.06	919	60,122	15.28	7	3,691	0.94	107	22,330	5.67	2,059	153,265	38.95
L - Snowmobile Dealers	61	0	0	0.00	0	0	0.00	0	0	0.00	0	0	0.00	0	0	0.00
LV - Antiques	14,706	212	13,869	0.94	342	22,374	1.52	0	0	0.00	106	22,122	1.50	660	58,365	3.97
LV - Buses	390	67	4,383	11.25	110	7,196	18.47	0	0	0.00	39	8,139	20.89	216	19,719	50.61
LV - Buses (Restricted)	24	9	589	24.80	11	720	30.31	0	0	0.00	0	0	0.00	20	1,308	55.11
LV - Motorcycles	10,643	2,029	132,739	12.47	392	25,645	2.41	13	6,855	0.64	3,216	671,164	63.06	5,650	836,403	78.59
LV - Motorhomes	4,847	1,537	100,552	20.74	357	23,355	4.82	2	1,055	0.22	43	8,974	1.85	1,939	133,935	27.63
MT - Snowmobiles	8,883	0	0	0.00	54	3,533	0.40	3	1,582	0.18	9	1,878	0.21	66	6,993	0.79
PB - Passenger Inter-city Buses	561	316	20,673	36.85	217	14,196	25.31	2	1,055	1.88	63	13,148	23.44	598	49,072	87.47
PC - Passenger City Buses	584	341	22,308	38.20	914	59,795	102.39	8	4,219	7.22	152	31,722	54.32	1,415	118,043	202.13
PS - Passenger School Buses	3,371	383	25,056	7.43	913	59,729	17.72	1	527	0.16	139	29,009	8.60	1,436	114,321	33.91
PT - Taxis	723	1,178	77,066	106.55	1,393	91,131	126.00	3	1,582	2.19	453	94,539	130.71	3,027	264,318	365.45
<b>Trailers</b>																
F - Trailers	37,110	601	39,318	1.06	0	0	0.00	0	0	0.00	0	0	0.00	601	39,318	1.06
LT - Trailer Dealers/Movers	545	175	11,449	21.00	0	0	0.00	0	0	0.00	0	0	0.00	175	11,449	21.00
T - Personal Trailers	54,822	7,484	489,609	8.93	0	0	0.00	0	0	0.00	0	0	0.00	7,484	489,609	8.93
T - Utility	87,267	706	46,187	0.53	0	0	0.00	0	0	0.00	0	0	0.00	706	46,187	0.53
TS - Commercial Trailers	58,836	2,507	164,010	2.79	0	0	0.00	0	0	0.00	0	0	0.00	2,507	164,010	2.79



Class	Projected	Damage			Damage Liability			Liability			Injury			Total			
	Rating Year	2008 - 2013	Cost Per	2008 - 2013	Cost Per	2008 - 2013	Cost Per	2004 - 2013	Cost Per	2004 - 2013	Cost Per	Claim	Allocation of	Cost Per	Claim	Allocation of	Cost Per
	Exposures	Counts	LAE	Per Class	Counts	LAE	Per Class	Counts	LAE	Per Class	Counts	LAE	Per Class	Counts	LAE	Per Class	
<b>Miscellaneous Classes</b>																	
A - Excess Value	9,359	13	850	0.09	0	0	0.00	0	0	0.00	0	0	0.00	13	850	0.09	
C&D - Non-Resident	133	0	0	0.00	0	0	0.00	0	0	0.00	1	209	1.57	1	209	1.57	
C&D - Excess Value	102,392	154	10,075	0.10	0	0	0.00	0	0	0.00	0	0	0.00	154	10,075	0.10	
Industrial Tracked Vehicles	0	0	0	0.00	1	65	0.00	0	0	0.00	0	0	0.00	1	65	0.00	
LV - Motorized Bicycle*	13	1	65	5.13	0	0	0.00	0	0	0.00	4	835	65.46	5	900	70.59	
PV - Converted Vehicles	7	1	65	9.68	2	131	19.36	0	0	0.00	0	0	0.00	3	196	29.03	
PV - Heavy Trucks and Vans	526	50	3,271	6.22	51	3,336	6.35	1	527	1.00	16	3,339	6.35	118	10,474	19.93	
PV - Power Units	73	0	0	0.00	0	0	0.00	0	0	0.00	0	0	0.00	0	0	0.00	
TS - Excess Value	57,345	82	5,365	0.09	0	0	0.00	0	0	0.00	0	0	0.00	82	5,365	0.09	
<b>Total</b>	<b>1,186,927</b>	<b>436,683</b>	<b>28,568,127</b>	<b>24.07</b>	<b>244,276</b>	<b>15,980,718</b>	<b>13.46</b>	<b>1,792</b>	<b>945,004</b>	<b>0.80</b>	<b>86,026</b>	<b>17,953,223</b>	<b>15.13</b>	<b>768,777</b>	<b>63,447,072</b>	<b>53.45</b>	
CLEAR-Rated Vehicles	824,553	409,261	26,774,160	32.47	229,550	15,017,332	18.21	1,635	862,211	1.05	79,686	16,630,095	20.17	720,132	59,283,797	71.90	

# Loss and Claim Count Development Factors

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**2014 Rate Program**  
**Claim Development Factors**

Year	Cov21	Cov22	Cov23	Cov31	Cov32	Cov33	Cov34	Cov41	Cov42	Cats
2001	0.9995	0.9973	0.9998	0.9934	0.9867	0.9998	1.0000	0.9710	0.9736	1.0000
2002	0.9996	0.9965	0.9999	0.9861	0.9875	1.0000	1.0000	0.9707	0.9746	1.0000
2003	0.9992	0.9931	0.9998	0.9714	0.9879	0.9988	1.0000	0.9754	0.9679	1.0000
2004	0.9993	0.9986	0.9998	0.9708	0.9890	0.9991	1.0250	0.9784	0.9699	1.0000
2005	0.9992	0.9971	1.0001	0.9696	0.9817	1.0000	1.0000	0.9620	0.9501	1.0000
2006	0.9990	0.9952	0.9998	0.9674	0.9850	0.9959	1.0000	0.9729	0.9535	1.0000
2007	0.9992	0.9966	0.9999	0.9736	0.9782	0.9992	1.0000	0.9705	0.9304	1.0000
2008	0.9987	0.9966	0.9997	0.9791	0.9697	0.9990	1.0000	0.9513	0.8349	1.0000
2009	0.9988	0.9984	0.9998	0.9798	0.9744	0.9994	1.0000	0.9260	0.8767	1.0000
2010	0.9989	0.9942	1.0002	0.9787	0.9664	0.9998	1.0417	0.9361	0.8704	1.0000
2011	1.0134	1.0504	1.0105	0.9880	0.9926	1.0030	1.0536	0.9418	0.8924	1.0251
2012	1.0842	1.3138	1.0431	1.0292	1.0808	1.0407	1.0000	0.9394	0.8749	1.1780
2013*	1.4742	1.7261	1.2309	1.2176	1.6448	1.6489	0.9961	1.0150	1.1176	0.9961

Full Year Development Factor

2013	1.4800	1.7329	1.2357	1.2224	1.6513	1.6554	1.0000	1.0190	1.1220	1.0000
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Year	Ec Loss	N.Ec Loss	Out of Prov	Appeal	Care	Inc Repl	Death	Med	Perm Imp	Tort Inj	Tort Liab
2001	1.0024	1.0000	1.0010	1.0514	0.9996	1.0009	0.9993	0.9969	1.0029	1.0000	1.0000
2002	1.0026	1.0000	1.0019	1.0537	1.0004	0.9963	1.0091	0.9947	1.0025	1.0000	1.0000
2003	0.9893	1.0000	1.0027	1.0509	1.0006	0.9940	1.0135	0.9946	0.9999	1.0000	1.0000
2004	0.9893	1.0000	1.0019	1.0627	1.0049	0.9972	1.0135	0.9964	1.0040	1.0000	1.0000
2005	0.9793	1.0000	1.0037	1.0925	1.0057	1.0016	1.0049	0.9982	1.0083	1.0000	1.0000
2006	0.9793	1.0000	1.0037	1.1151	1.0089	1.0024	1.0183	0.9989	1.0128	1.0000	1.0000
2007	0.9708	1.0000	1.0048	1.1445	1.0076	1.0012	1.0038	0.9978	1.0119	1.0000	1.0087
2008	0.9624	1.0000	1.0062	1.2380	1.0070	1.0043	1.0163	0.9972	1.0229	1.0000	1.0120
2009	0.9624	1.0252	1.0121	1.3836	1.0104	1.0066	1.0100	0.9986	1.0359	1.0000	1.0151
2010	1.0383	0.9938	1.0208	1.7177	1.0088	1.0034	1.0280	0.9978	1.0556	1.0000	1.0320
2011	1.2387	0.9412	0.9872	3.0597	1.0205	1.0177	1.0368	1.0001	1.0854	1.0000	1.0605
2012	1.6120	1.0174	0.9950	14.5543	1.0349	1.0563	1.0567	1.0047	1.1291	1.0073	1.1892
2013*	1.0476	1.9165	1.3508	26.8334	1.7074	1.7992	1.8424	1.1287	2.1243	1.0773	1.4571

Full Year Development Factor

2013	1.0000	1.8295	1.2895	25.7909	1.6410	1.7293	1.7709	1.0848	2.0417	1.0355	1.3910
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\*2013 has been adjusted to remove impact of seasonality (see Seasonality Off-Balance Factors tab).

## Calculation of Implied Claim Development Factors

## Net Ultimate as at May 31, 2013

	21-PD Auto	22 - PD Property	23 - Loss of Use	31 - Collision	32 - Comprehensive	33 - Glass	34 - Ded	41 - FLE	42 - Theft	Damage Catastrophes
2001	25,833	1,500	11,466	59,134	6,217	5,325	-	870	4,970	1,080
2002	26,832	1,724	12,169	54,004	6,020	3,088	-	828	4,225	3,448
2003	28,437	1,583	13,366	46,734	6,350	1,614	3	873	4,762	4,789
2004	28,376	1,399	13,215	48,929	6,391	1,113	41	816	4,188	1,654
2005	28,020	1,353	13,163	49,884	5,947	904	62	808	3,523	1,505
2006	28,006	1,257	12,905	51,051	5,928	971	62	753	3,381	2,015
2007	29,997	1,183	13,579	55,580	6,861	1,238	70	744	2,554	5,367
2008	30,664	1,184	13,486	57,916	6,636	2,083	101	735	2,394	2,581
2009	31,822	1,227	13,711	60,811	6,589	3,358	74	781	2,538	159
2010	31,401	1,120	14,018	59,800	7,488	4,417	75	707	2,341	7,111
2011	31,932	1,119	14,263	63,235	7,219	6,337	59	675	2,436	13,846
2012	32,330	1,245	14,587	61,452	7,559	7,632	15	642	1,936	4,070
2013	13,578	338	5,862	27,686	2,768	3,121	4	235	690	0

## Incurred as at May 31, 2013 as per Internal Data

2001	25,846	1,504	11,468	59,525	6,301	5,326	-	896	5,105	1,080
2002	26,843	1,730	12,170	54,768	6,096	3,088	-	853	4,335	3,448
2003	28,459	1,594	13,369	48,108	6,428	1,616	3	895	4,920	4,789
2004	28,395	1,401	13,217	50,402	6,462	1,114	40	834	4,318	1,654
2005	28,042	1,357	13,162	51,450	6,058	904	62	840	3,708	1,505
2006	28,034	1,263	12,908	52,771	6,018	975	62	774	3,546	2,015
2007	30,020	1,187	13,580	57,090	7,014	1,239	70	767	2,745	5,367
2008	30,705	1,188	13,490	59,153	6,844	2,085	101	773	2,867	2,581
2009	31,861	1,229	13,714	62,065	6,762	3,360	74	844	2,895	159
2010	31,436	1,127	14,016	61,103	7,748	4,418	72	755	2,690	7,111
2011	31,511	1,065	14,114	64,005	7,273	6,318	56	717	2,730	13,507
2012	29,819	948	13,984	59,707	6,994	7,334	15	683	2,213	3,455
2013	9,174	195	4,744	22,649	1,676	1,885	4	231	615	-

## Implied Factors to Ultimate

2001	0.9995	0.9973	0.9998	0.9934	0.9867	0.9998	1.0000	0.9710	0.9736	1.0000
2002	0.9996	0.9965	0.9999	0.9861	0.9875	1.0000	1.0000	0.9707	0.9746	1.0000
2003	0.9992	0.9931	0.9998	0.9714	0.9879	0.9988	1.0000	0.9754	0.9679	1.0000
2004	0.9993	0.9986	0.9998	0.9708	0.9890	0.9991	1.0250	0.9784	0.9699	1.0000
2005	0.9992	0.9971	1.0001	0.9696	0.9817	1.0000	1.0000	0.9620	0.9501	1.0000
2006	0.9990	0.9952	0.9998	0.9674	0.9850	0.9959	1.0000	0.9729	0.9535	1.0000
2007	0.9992	0.9966	0.9999	0.9736	0.9782	0.9992	1.0000	0.9705	0.9304	1.0000
2008	0.9987	0.9966	0.9997	0.9791	0.9697	0.9990	1.0000	0.9513	0.8349	1.0000
2009	0.9988	0.9984	0.9998	0.9798	0.9744	0.9994	1.0000	0.9260	0.8767	1.0000
2010	0.9989	0.9942	1.0002	0.9787	0.9664	0.9998	1.0417	0.9361	0.8704	1.0000
2011	1.0134	1.0504	1.0105	0.9880	0.9926	1.0030	1.0536	0.9418	0.8924	1.0251
2012	1.0842	1.3138	1.0431	1.0292	1.0808	1.0407	1.0000	0.9394	0.8749	1.1780
2013	1.4800	1.7329	1.2357	1.2224	1.6513	1.6554	1.0000	1.0190	1.1220	1.0000

**Net Ultimate as at May 31, 2013 Continued**

Appeal	Undiscounted Care	Death	Undiscounted IR	Medical Expenses w/o Funding	Permanent Impairment	Economic Loss excluding WCB	Non-Economic Loss excluding WCB	WCB	Out of Province	Tort Injury	Tort Liability	Total
117	880	173	1,411	5,627	956	9	0	1	422			125,990
157	934	145	1,508	5,740	946	20	24	1	411			122,225
165	990	145	1,570	5,999	989	31	54	1	344	77	47	118,921
168	1,050	136	1,512	5,930	989	25	53	1	346	88	57	116,475
141	951	153	1,460	5,422	824	20	59	1	258	87	42	114,587
137	1,033	131	1,440	5,297	918	18	57	1	277	89	86	115,813
142	1,198	141	1,532	5,369	866	19	88	1	209	79	74	126,891
142	1,227	149	1,485	5,564	986	14	66	1	208	100	82	127,806
152	1,248	157	1,519	5,388	985	10	68	1	176	80	88	130,941
122	1,230	177	1,375	5,373	963	12	69	1	155	72	73	138,100
132	1,254	157	1,418	5,559	959	15	70	1	165	83	85	151,017
131	1,167	163	1,345	5,178	876	19	80	1	174	79	102	140,785
52	489	62	545	2,062	357	5	30	1	71	32	39	58,026

**Incurred as at May 31, 2013 as per Internal Data Continued**

111	880	173	1,410	5,644	953	10	-		422	-	-	126,654
149	934	144	1,514	5,770	944	21	24		410	-	-	123,241
157	989	143	1,579	6,031	989	31	55		343	77	47	120,622
158	1,045	134	1,516	5,951	985	25	54		345	88	57	118,195
129	946	152	1,458	5,432	817	20	60		257	87	42	116,488
123	1,024	129	1,436	5,303	906	18	58		276	89	86	117,814
124	1,189	140	1,530	5,381	856	20	89		208	79	73	128,768
115	1,218	147	1,479	5,579	964	15	67		207	100	81	129,759
110	1,235	155	1,509	5,395	951	10	67		174	80	87	132,736
71	1,219	172	1,370	5,385	912	12	70		152	72	71	139,981
43	1,229	151	1,393	5,558	884	12	75		167	83	80	150,971
9	1,128	154	1,273	5,154	776	12	80		175	78	86	134,077
2	298	35	315	1,901	175	-	17		55	31	28	44,030

**Implied Factors to Ultimate Continued**

											Weighted UDF	
1.0514	0.9996	0.9993	1.0009	0.9969	1.0029	1.0024	1.0000		1.0010	1.0000	1.0000	0.9948
1.0537	1.0004	1.0091	0.9963	0.9947	1.0025	1.0026	1.0000		1.0019	1.0000	1.0000	0.9918
1.0509	1.0006	1.0135	0.9940	0.9946	0.9999	0.9893	1.0000		1.0027	1.0000	1.0000	0.9859
1.0627	1.0049	1.0135	0.9972	0.9964	1.0040	0.9893	1.0000		1.0019	1.0000	1.0000	0.9855
1.0925	1.0057	1.0049	1.0016	0.9982	1.0083	0.9793	1.0000		1.0037	1.0000	1.0000	0.9837
1.1151	1.0089	1.0183	1.0024	0.9989	1.0128	0.9793	1.0000		1.0037	1.0000	1.0000	0.9830
1.1445	1.0076	1.0038	1.0012	0.9978	1.0119	0.9708	1.0000		1.0048	1.0000	1.0087	0.9854
1.2380	1.0070	1.0163	1.0043	0.9972	1.0229	0.9624	1.0000		1.0062	1.0000	1.0120	0.9849
1.3836	1.0104	1.0100	1.0066	0.9986	1.0359	0.9624	1.0252		1.0121	1.0000	1.0151	0.9865
1.7177	1.0088	1.0280	1.0034	0.9978	1.0556	1.0383	0.9938		1.0208	1.0000	1.0320	0.9866
3.0597	1.0205	1.0368	1.0177	1.0001	1.0854	1.2387	0.9412		0.9872	1.0000	1.0605	1.0003
14.5543	1.0349	1.0567	1.0563	1.0047	1.1291	1.6120	1.0174		0.9950	1.0073	1.1892	1.0500
25.7909	1.6410	1.7709	1.7293	1.0848	2.0417	1.0000	1.8295		1.2895	1.0355	1.3910	1.3179



**2014 Rate Program**  
**Loss Development Factors**

Year	Cov21	Cov22	Cov23	Cov31	Cov32	Cov33	Cov34	Cov41	Cov42	Cats
2001	0.9537	1.0110	0.9986	0.9627	0.9509	1.0001	1.0000	0.9843	1.0071	1.0000
2002	0.9549	0.9940	0.9971	0.9640	0.9408	1.0001	1.0000	0.9955	1.0065	0.7855
2003	0.9596	0.9913	1.0016	0.9616	0.9146	0.9999	1.0000	0.9965	0.9983	0.9395
2004	0.9556	0.9782	1.0014	0.9607	0.9450	1.0000	1.0161	1.0115	1.0022	1.0000
2005	0.9615	0.9988	0.9967	0.9626	0.9452	1.0029	1.0000	1.0028	1.0076	1.0000
2006	0.9628	0.9829	1.0046	0.9632	0.9491	0.9999	1.0000	0.9939	0.9975	1.0000
2007	0.9655	1.0098	0.9984	0.9674	0.9270	0.9998	1.0000	0.9864	1.0086	1.0000
2008	0.9684	1.0185	0.9982	0.9658	0.9496	1.0006	1.0000	0.9968	1.0167	1.0000
2009	0.9654	0.9994	0.9985	0.9607	0.9767	1.0009	1.0000	0.9827	1.0236	1.0000
2010	0.9669	1.0347	1.0058	0.9704	0.9196	1.0010	1.0395	1.0050	1.0413	0.7865
2011	0.9716	1.0217	1.0246	0.9760	0.9321	1.0091	1.0752	1.0278	1.0473	0.7008
2012	1.1057	1.3648	1.0716	1.0527	1.1478	1.0604	1.0000	0.9723	1.0551	1.2267
2013*	1.3866	2.2350	1.2402	1.1411	1.9194	1.8360	2.1182	1.0386	1.2767	0.9405

Full Year Development Factor

2013	1.4743	2.3764	1.3187	1.2134	2.0408	1.9522	2.2523	1.1043	1.3575	1.0000
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Year	Ec Loss	N.Ec Loss	Out of Prov	Appeal	Care	Inc Repl	Death	Med	Perm Imp	Tort Inj	Tort Liab
2001	1.0345	1.0000	1.0061	1.5862	1.5460	1.7503	1.0156	1.3453	1.0110	1.0000	1.0000
2002	1.0347	1.0000	1.0094	1.6630	1.4330	1.7213	1.0269	1.3867	1.0111	1.0000	1.0000
2003	1.0709	1.0000	1.0104	1.8814	1.4147	1.6304	1.0244	1.2987	1.0173	1.0000	1.1245
2004	1.1040	1.0746	1.0110	2.3828	1.5100	1.8504	1.0407	1.4203	1.0238	1.0109	1.1468
2005	1.2109	1.0000	1.0089	2.6844	1.6753	1.9925	1.0443	1.5349	1.0047	1.0338	1.0669
2006	1.2362	1.0000	1.0111	3.5351	2.5974	2.3765	1.0349	1.5121	1.0161	1.0953	1.0504
2007	1.1780	1.0729	1.0288	2.5093	2.4902	2.4476	1.0490	1.4327	1.0227	1.0563	1.1093
2008	1.1435	1.0456	1.0388	5.0024	2.5487	2.6432	1.0804	1.4027	1.0069	1.0453	1.1049
2009	1.2729	1.2209	1.0602	6.2482	3.0610	2.5405	1.0750	1.4945	0.9868	1.1290	1.1887
2010	2.3406	1.1843	1.1192	11.6091	3.4343	3.4776	1.1000	1.6009	1.0214	1.0966	1.3808
2011	2.8937	1.2297	1.1413	17.6295	4.9685	4.0813	1.1286	1.8040	1.1064	1.1461	1.5239
2012	3.0453	1.0444	1.1441	149.3910	7.5906	6.3644	1.1974	1.8592	1.5060	1.2306	1.4599
2013*	1.0356	2.5576	1.3925	4096.9906	11.3549	27.4930	2.2347	2.4839	3.3614	1.9865	1.6202

Full Year Development Factor

2013	1.0000	2.4697	1.3446	3,455.7878	9.5778	23.1902	1.8850	2.0952	2.8353	1.6756	1.5645
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\*2013 has been adjusted to remove impact of seasonality (see Seasonality Off-Balance Factors tab).



**Calculation of Implied Loss Development Factors**

**Net Ultimate as at May 31, 2013**

	21-PD Auto	22 - PD Property	23 - Loss of Use	31 - Collision	32 - Comprehensive	33 - Glass	34 - Ded	41 - FLE	42 - Theft	Damage Catastrophes
2001	23,801,139	3,891,246	4,242,255	151,732,643	9,149,782	1,116,702	-	5,430,415	12,410,680	2,762,912
2002	41,581,061	4,518,014	4,306,478	153,161,496	8,555,436	885,251	-	4,698,452	11,115,284	6,250,668
2003	68,165,781	4,498,887	4,788,807	137,954,413	8,784,438	641,808	1,370	4,960,690	12,775,777	13,701,412
2004	69,585,093	4,615,728	4,567,360	147,519,599	10,806,915	386,285	15,133	5,152,033	12,728,946	4,909,465
2005	70,065,904	4,604,680	4,551,706	152,892,435	9,984,387	308,596	21,532	5,667,436	11,054,485	4,973,807
2006	73,513,729	5,122,087	4,993,520	161,592,809	9,888,313	332,929	18,384	5,068,117	11,126,725	8,122,128
2007	82,109,556	6,074,874	5,615,520	174,311,652	12,928,872	365,234	25,654	5,849,661	10,155,695	17,298,212
2008	86,749,258	6,175,343	5,677,274	182,030,204	12,070,016	528,569	44,051	5,925,507	10,021,263	8,551,165
2009	92,050,412	5,990,340	5,347,811	196,379,841	12,993,762	846,740	28,587	6,358,132	10,937,527	620,071
2010	95,909,775	6,277,909	6,098,897	200,569,173	16,650,911	1,043,868	28,634	6,476,155	11,006,244	21,787,889
2011	102,429,118	6,108,263	6,803,927	215,649,215	16,866,009	1,510,747	25,743	6,843,940	11,894,128	34,975,633
2012	112,371,675	7,100,992	7,443,784	220,472,069	21,171,981	1,809,931	6,449	6,290,472	8,943,626	11,705,470
2013	49,336,535	2,509,880	3,280,632	103,372,325	10,067,054	798,093	2,838	2,385,726	3,621,783	0

**Incurred as at May 31, 2013 as per Internal Data**

2001	24,957,011	3,849,034	4,248,112	157,603,863	9,622,295	1,116,582	-	5,516,949	12,323,165	2,762,912
2002	43,542,902	4,545,347	4,319,192	158,879,189	9,093,957	885,137	-	4,719,712	11,043,486	7,957,520
2003	71,037,696	4,538,421	4,781,182	143,457,084	9,604,633	641,903	1,370	4,978,343	12,797,724	14,583,469
2004	72,818,690	4,718,632	4,561,138	153,548,161	11,435,932	386,276	14,893	5,093,419	12,700,870	4,909,465
2005	72,875,230	4,610,166	4,566,981	158,840,508	10,563,338	307,689	21,532	5,651,636	10,971,106	4,973,807
2006	76,356,845	5,211,390	4,970,457	167,771,353	10,419,061	332,957	18,384	5,099,119	11,154,151	8,122,128
2007	85,040,113	6,015,876	5,624,589	180,188,914	13,946,958	365,320	25,654	5,930,358	10,068,723	17,298,212
2008	89,580,393	6,063,167	5,687,675	188,469,342	12,710,841	528,239	44,051	5,944,355	9,856,912	8,551,165
2009	95,345,396	5,994,083	5,356,041	204,420,972	13,303,148	845,952	28,587	6,470,134	10,685,301	620,071
2010	99,192,143	6,067,178	6,063,555	206,684,768	18,106,652	1,042,830	27,546	6,443,814	10,569,998	27,701,144
2011	105,426,531	5,978,445	6,640,419	220,961,207	18,094,560	1,497,076	23,943	6,659,019	11,356,936	49,909,015
2012	101,630,935	5,202,858	6,946,295	209,432,122	18,445,828	1,706,911	6,449	6,469,895	8,476,323	9,542,301
2013	33,463,944	1,056,150	2,487,768	85,195,753	4,932,796	408,826	1,260	2,160,413	2,668,038	-

**Implied Factors to Ultimate**

2001	0.9537	1.0110	0.9986	0.9627	0.9509	1.0001	1.0000	0.9843	1.0071	1.0000
2002	0.9549	0.9940	0.9971	0.9640	0.9408	1.0001	1.0000	0.9955	1.0065	0.7855
2003	0.9596	0.9913	1.0016	0.9616	0.9146	0.9999	1.0000	0.9965	0.9983	0.9395
2004	0.9556	0.9782	1.0014	0.9607	0.9450	1.0000	1.0161	1.0115	1.0022	1.0000
2005	0.9615	0.9988	0.9967	0.9626	0.9452	1.0029	1.0000	1.0028	1.0076	1.0000
2006	0.9628	0.9829	1.0046	0.9632	0.9491	0.9999	1.0000	0.9939	0.9975	1.0000
2007	0.9655	1.0098	0.9984	0.9674	0.9270	0.9998	1.0000	0.9864	1.0086	1.0000
2008	0.9684	1.0185	0.9982	0.9658	0.9496	1.0006	1.0000	0.9968	1.0167	1.0000
2009	0.9654	0.9994	0.9985	0.9607	0.9767	1.0009	1.0000	0.9827	1.0236	1.0000
2010	0.9669	1.0347	1.0058	0.9704	0.9196	1.0010	1.0395	1.0050	1.0413	0.7865
2011	0.9716	1.0217	1.0246	0.9760	0.9321	1.0091	1.0752	1.0278	1.0473	0.7008
2012	1.1057	1.3648	1.0716	1.0527	1.1478	1.0604	1.0000	0.9723	1.0551	1.2267
2013	1.4743	2.3764	1.3187	1.2134	2.0408	1.9522	2.2523	1.1043	1.3575	1.0000

**Net Ultimate as at May 31, 2013 Continued**

Appeal	Undiscounted			Medical Expenses w/o			Economic Loss		Non-Economic Loss excluding		Tort Injury	Tort Liability	Total
	Care	Death	IR	Funding	Permanent Impairment	excluding WCB	WCB	WCB	Out of Province				
775,237	15,129,936	14,749,323	67,427,155	34,305,544	15,513,681	440,579	0	839,187	16,177,189				379,895,607
873,811	16,428,566	13,833,238	65,373,712	33,782,842	14,232,306	915,556	558,852	500,182	14,026,593				395,597,798
915,268	22,370,157	16,974,910	64,570,725	38,158,365	17,038,811	904,190	816,992	814,554	12,563,730	464,487	1,430,540		433,296,112
601,848	19,128,302	15,545,974	56,808,088	34,587,169	14,342,324	694,703	1,218,979	771,547	14,545,334	357,087	1,293,916		420,181,826
659,718	18,221,430	17,483,512	59,350,135	32,709,862	13,222,509	482,971	2,130,482	885,589	9,405,731	1,284,029	1,108,831		421,069,766
621,661	16,883,213	15,885,407	66,705,034	35,287,607	15,434,156	627,001	1,474,113	1,205,930	9,170,666	503,328	2,370,477		445,947,335
1,303,581	23,640,968	21,710,289	82,884,971	40,250,577	15,865,503	571,252	2,665,351	1,000,000	7,398,925	843,774	1,714,530		514,584,650
721,601	23,559,715	17,958,035	91,675,110	42,604,076	18,869,163	741,872	2,900,000	1,000,000	8,399,355	1,074,477	2,321,962		529,598,017
764,813	24,199,688	19,875,205	107,132,218	44,869,694	16,485,136	635,713	2,963,461	1,000,000	8,432,647	543,947	2,530,034		560,985,776
822,056	24,692,201	29,446,825	99,969,413	46,620,324	17,872,388	528,456	4,031,684	1,000,000	7,301,487	646,591	2,366,263		601,147,143
927,221	25,575,409	26,073,188	109,632,946	48,630,112	16,808,774	787,871	3,329,444	1,077,724	8,468,870	527,579	2,925,009		647,870,868
949,920	26,349,294	24,485,486	114,919,514	50,665,093	18,194,835	1,300,548	3,909,209	1,139,133	9,460,252	684,484	3,493,340		652,867,555
345,579	9,570,654	10,416,931	43,722,823	18,756,189	6,171,605	320,180	1,717,833	480,270	4,123,839	227,374	1,439,352		272,667,493

**Incurred as at May 31, 2013 as per Internal Data Continued**

488,745	9,786,683	14,522,639	38,523,818	25,500,768	15,345,204	1,237,074	-		16,078,889	-	-		343,483,742
525,439	11,464,202	13,470,382	37,979,926	24,361,708	14,076,076	1,368,224	558,852		13,895,296	-	-		362,686,546
486,470	15,812,275	16,571,249	39,605,324	29,382,986	16,749,716	844,326	1,631,546		12,434,096	464,487	1,272,143		401,676,445
252,580	12,668,097	14,938,361	30,700,454	24,352,633	14,009,488	629,277	1,852,423		14,387,355	353,248	1,128,259		385,459,651
245,761	10,876,447	16,741,415	29,786,669	21,310,316	13,160,058	398,840	3,016,071		9,322,424	1,242,071	1,039,337		380,521,400
175,856	6,500,030	15,349,465	28,068,327	23,337,354	15,190,049	507,195	2,680,044		9,069,937	459,538	2,256,672		393,050,311
519,510	9,493,697	20,696,269	33,864,300	28,093,933	15,513,570	484,941	3,416,307		7,191,650	798,810	1,545,589		446,123,292
144,251	9,243,840	16,621,273	34,683,622	30,372,251	18,740,521	648,751	3,729,896		8,085,586	1,027,887	2,101,511		452,835,526
122,405	7,905,713	18,489,090	42,169,835	30,022,888	16,705,091	499,415	3,246,300		7,953,613	481,781	2,128,391		472,794,208
70,811	7,189,808	26,768,894	28,746,332	29,120,591	17,497,275	225,777	4,248,683		6,523,852	589,641	1,713,731		504,595,022
52,595	5,147,550	23,101,672	26,862,070	26,956,384	15,192,541	272,273	3,584,018		7,420,313	460,323	1,919,432		537,516,321
6,359	3,471,294	20,448,997	18,056,735	27,250,556	12,081,234	427,074	4,833,808		8,268,916	556,218	2,392,895		465,654,002
100	999,258	5,526,351	1,885,401	8,952,151	2,176,668	-	890,045		3,066,855	135,699	920,000		156,927,476

**Implied Factors to Ultimate Continued**

											Weighted UDF	
1.5862	1.5460	1.0156	1.7503	1.3453	1.0110	1.0345	1.0000		1.0061	1.0000	1.0000	1.1060
1.6630	1.4330	1.0269	1.7213	1.3867	1.0111	1.0347	1.0000		1.0094	1.0000	1.0000	1.0907
1.8814	1.4147	1.0244	1.6304	1.2987	1.0173	1.0709	1.0000		1.0104	1.0000	1.1245	1.0787
2.3828	1.5100	1.0407	1.8504	1.4203	1.0238	1.1040	1.0746		1.0110	1.0109	1.1468	1.0901
2.6844	1.6753	1.0443	1.9925	1.5349	1.0047	1.2109	1.0000		1.0089	1.0338	1.0669	1.1066
3.5351	2.5974	1.0349	2.3765	1.5121	1.0161	1.2362	1.0000		1.0111	1.0953	1.0504	1.1346
2.5093	2.4902	1.0490	2.4476	1.4327	1.0227	1.1780	1.0729		1.0288	1.0563	1.1093	1.1535
5.0024	2.5487	1.0804	2.6432	1.4027	1.0069	1.1435	1.0456		1.0388	1.0453	1.1049	1.1695
6.2482	3.0610	1.0750	2.5405	1.4945	0.9868	1.2729	1.2209		1.0602	1.1290	1.1887	1.1865
11.6091	3.4343	1.1000	3.4776	1.6009	1.0214	2.3406	1.1843		1.1192	1.0966	1.3808	1.1913
17.6295	4.9685	1.1286	4.0813	1.8040	1.1064	2.8937	1.2297		1.1413	1.1461	1.5239	1.2053
149.3910	7.5906	1.1974	6.3644	1.8592	1.5060	3.0453	1.0444		1.1441	1.2306	1.4599	1.4020
3455.7878	9.5778	1.8850	23.1902	2.0952	2.8353	1.0000	2.4697		1.3446	1.6756	1.5645	1.7375



Calculation of Earned Exposure Off-Balance Factors based on the 2012 December Seasonality Review  
 January to May Factors

Coverage	Losses	Claims	Exposures	Claim Count Seasonality Adjustment Factor	Losses Seasonality Adjustment Factor
Damage	42.00%	39.66%	39.50%	0.9961	0.9405
Injury	33.74%	38.45%	40.00%	1.0404	1.1855
Liability	38.62%	38.18%	40.00%	1.0476	1.0356



# Payment Patterns and Discount Factors

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**Undiscounted Payment Pattern From May 2013 Valuation**

<b>Period</b>	<b>Income Replacement 95-01</b>	<b>Income Replacement 02</b>	<b>Income Replacement 03-11</b>	<b>Care</b>	<b>Death</b>	<b>Lump Sum</b>	<b>Cover 07</b>	<b>Appeal</b>	<b>Damage Cats - Gross of Reinsurance</b>	<b>Damage Cats - Net of Reinsurance</b>	<b>Damage Excl Cats and Liab - Gross of Recoveries</b>	<b>Damage Excl Cats and Liab - Recoveries</b>
5	0.0087	0.0092	0.0098	0.0089	0.0556	0.0000	0.0000	0.0000	0.0223	0.0283	0.2377	0.0407
12	0.0456	0.0478	0.0509	0.0438	0.3228	0.0000	0.0207	0.0006	0.5892	0.7105	0.5131	0.2351
17	0.0364	0.0382	0.0407	0.0313	0.2414	0.0000	0.0148	0.0035	0.2088	0.1636	0.1938	0.2507
24	0.0308	0.0323	0.0344	0.0256	0.1037	0.0000	0.0206	0.0181	0.1212	0.0720	0.0393	0.1204
29	0.0170	0.0178	0.0190	0.0140	0.0672	0.0007	0.0147	0.0137	0.0336	0.0081	0.0078	0.0516
36	0.0208	0.0218	0.0233	0.0184	0.0270	0.0059	0.0204	0.0315	0.0229	0.0114	0.0056	0.0406
41	0.0117	0.0123	0.0131	0.0113	0.0222	0.0082	0.0146	0.0216	0.0013	0.0051	0.0009	0.0152
48	0.0159	0.0167	0.0178	0.0158	0.0171	0.0136	0.0202	0.0412	0.0002	0.0005	0.0004	0.0155
53	0.0105	0.0111	0.0118	0.0101	0.0114	0.0095	0.0144	0.0226	0.0002	0.0002	0.0000	0.0127
60	0.0131	0.0138	0.0147	0.0138	0.0044	0.0134	0.0200	0.0293	0.0003	0.0003	0.0001	0.0301
65	0.0086	0.0090	0.0096	0.0112	0.0239	0.0098	0.0143	0.0194	0.0000	0.0000	0.0002	0.0077
72	0.0110	0.0116	0.0123	0.0131	0.0189	0.0140	0.0198	0.0282	0.0000	0.0000	0.0002	0.0179
77	0.0078	0.0082	0.0087	0.0089	0.0048	0.0103	0.0141	0.0281	0.0000	0.0000	0.0003	0.0058
84	0.0098	0.0103	0.0110	0.0133	0.0034	0.0148	0.0195	0.0145	0.0000	0.0000	0.0001	0.0118
89	0.0067	0.0071	0.0075	0.0090	0.0008	0.0109	0.0139	0.0298	0.0000	0.0000	0.0000	0.0023
96	0.0094	0.0099	0.0105	0.0122	0.0030	0.0156	0.0192	0.0342	0.0000	0.0000	0.0001	0.0033
101	0.0079	0.0083	0.0088	0.0087	0.0007	0.0114	0.0137	0.0330	0.0000	0.0000	0.0000	0.0023
108	0.0103	0.0108	0.0115	0.0109	0.0074	0.0161	0.0189	0.0395	0.0000	0.0000	0.0000	0.0033
113	0.0065	0.0068	0.0072	0.0075	0.0065	0.0117	0.0135	0.0225	0.0000	0.0000	0.0000	0.0042
120	0.0088	0.0092	0.0098	0.0099	0.0032	0.0167	0.0186	0.0385	0.0000	0.0000	0.0000	0.0038
125	0.0062	0.0066	0.0070	0.0071	0.0053	0.0120	0.0133	0.0220	0.0000	0.0000	0.0000	0.0049
132	0.0085	0.0090	0.0096	0.0098	0.0055	0.0170	0.0182	0.0229	0.0000	0.0000	0.0000	0.0169
137	0.0063	0.0067	0.0071	0.0065	0.0007	0.0123	0.0130	0.0545	0.0000	0.0000	0.0000	0.0057
144	0.0090	0.0094	0.0100	0.0104	0.0018	0.0173	0.0179	0.0055	0.0000	0.0000	0.0000	0.0065
149	0.0067	0.0070	0.0075	0.0080	0.0108	0.0124	0.0128	0.0233	0.0000	0.0000	0.0000	0.0056
156	0.0097	0.0102	0.0109	0.0124	0.0015	0.0175	0.0175	0.0197	0.0000	0.0000	0.0000	0.0072
161	0.0058	0.0061	0.0065	0.0070	0.0041	0.0126	0.0125	0.0177	0.0000	0.0000	0.0000	0.0044
168	0.0075	0.0078	0.0084	0.0150	0.0007	0.0177	0.0171	0.0329	0.0000	0.0000	0.0000	0.0047
173	0.0062	0.0065	0.0069	0.0082	0.0005	0.0127	0.0122	0.0148	0.0000	0.0000	0.0000	0.0048
180	0.0082	0.0086	0.0091	0.0093	0.0006	0.0178	0.0167	0.0313	0.0000	0.0000	0.0000	0.0080
185	0.0056	0.0059	0.0063	0.0088	0.0004	0.0128	0.0119	0.0087	0.0000	0.0000	0.0000	0.0032
192	0.0081	0.0085	0.0090	0.0080	0.0019	0.0179	0.0163	0.0330	0.0000	0.0000	0.0000	0.0048
197	0.0060	0.0063	0.0068	0.0056	0.0005	0.0128	0.0116	0.0160	0.0000	0.0000	0.0000	0.0031
204	0.0085	0.0089	0.0095	0.0083	0.0011	0.0178	0.0158	0.0399	0.0000	0.0000	0.0000	0.0030
209	0.0058	0.0061	0.0065	0.0076	0.0008	0.0127	0.0113	0.0285	0.0000	0.0000	0.0000	0.0038
216	0.0092	0.0096	0.0103	0.0080	0.0014	0.0178	0.0154	0.0279	0.0000	0.0000	0.0000	0.0033
221	0.0069	0.0072	0.0077	0.0055	0.0010	0.0127	0.0110	0.0199	0.0000	0.0000	0.0000	0.0029
228	0.0100	0.0105	0.0112	0.0092	0.0004	0.0177	0.0150	0.0195	0.0000	0.0000	0.0000	0.0041
233	0.0068	0.0071	0.0076	0.0068	0.0007	0.0126	0.0107	0.0140	0.0000	0.0000	0.0000	0.0024
240	0.0099	0.0104	0.0110	0.0091	0.0006	0.0175	0.0145	0.0137	0.0000	0.0000	0.0000	0.0033
245	0.0066	0.0069	0.0074	0.0068	0.0006	0.0125	0.0104	0.0098	0.0000	0.0000	0.0000	0.0019
252	0.0096	0.0101	0.0107	0.0091	0.0005	0.0174	0.0140	0.0096	0.0000	0.0000	0.0000	0.0026



Period	Income Replacement 95-01	Income Replacement 02	Income Replacement 03-11	Care	Death	Lump Sum	Cover 07	Appeal	Damage Cats - Gross of Reinsurance	Damage Cats - Net of Reinsurance	Damage Excl Cats and Liab - Gross of Recoveries	Damage Excl Cats and Liab - Recoveries
257	0.0069	0.0072	0.0077	0.0068	0.0006	0.0124	0.0100	0.0068	0.0000	0.0000	0.0000	0.0015
264	0.0100	0.0105	0.0112	0.0091	0.0005	0.0172	0.0136	0.0067	0.0000	0.0000	0.0000	0.0021
269	0.0067	0.0070	0.0075	0.0067	0.0005	0.0122	0.0097	0.0048	0.0000	0.0000	0.0000	0.0012
276	0.0097	0.0102	0.0108	0.0091	0.0004	0.0170	0.0131	0.0047	0.0000	0.0000	0.0000	0.0017
281	0.0068	0.0072	0.0076	0.0067	0.0005	0.0121	0.0093	0.0034	0.0000	0.0000	0.0000	0.0010
288	0.0099	0.0104	0.0111	0.0091	0.0004	0.0168	0.0126	0.0033	0.0000	0.0000	0.0000	0.0013
293	0.0066	0.0069	0.0074	0.0067	0.0004	0.0119	0.0090	0.0023	0.0000	0.0000	0.0000	0.0008
300	0.0095	0.0100	0.0106	0.0092	0.0003	0.0165	0.0121	0.0023	0.0000	0.0000	0.0000	0.0011
305	0.0064	0.0067	0.0072	0.0068	0.0004	0.0116	0.0086	0.0016	0.0000	0.0000	0.0000	0.0006
312	0.0093	0.0098	0.0104	0.0092	0.0003	0.0161	0.0116	0.0092	0.0000	0.0000	0.0000	0.0009
317	0.0064	0.0067	0.0071	0.0068	0.0004	0.0114	0.0083	0.0000	0.0000	0.0000	0.0000	0.0005
324	0.0092	0.0097	0.0103	0.0092	0.0003	0.0158	0.0111	0.0000	0.0000	0.0000	0.0000	0.0007
329	0.0062	0.0065	0.0069	0.0068	0.0003	0.0111	0.0079	0.0000	0.0000	0.0000	0.0000	0.0004
336	0.0089	0.0094	0.0100	0.0093	0.0003	0.0154	0.0106	0.0000	0.0000	0.0000	0.0000	0.0006
341	0.0063	0.0066	0.0070	0.0068	0.0003	0.0108	0.0076	0.0000	0.0000	0.0000	0.0000	0.0003
348	0.0090	0.0095	0.0101	0.0093	0.0003	0.0149	0.0101	0.0000	0.0000	0.0000	0.0000	0.0004
353	0.0062	0.0065	0.0069	0.0069	0.0003	0.0105	0.0072	0.0000	0.0000	0.0000	0.0000	0.0003
360	0.0089	0.0093	0.0099	0.0094	0.0002	0.0144	0.0096	0.0000	0.0000	0.0000	0.0000	0.0004
365	0.0064	0.0068	0.0072	0.0069	0.0003	0.0101	0.0069	0.0000	0.0000	0.0000	0.0000	0.0010
372	0.0093	0.0097	0.0104	0.0095	0.0002	0.0139	0.0091	0.0000	0.0000	0.0000	0.0000	0.0014
377	0.0070	0.0073	0.0078	0.0070	0.0003	0.0097	0.0065	0.0000	0.0000	0.0000	0.0000	0.0000
384	0.0101	0.0105	0.0112	0.0095	0.0002	0.0133	0.0086	0.0000	0.0000	0.0000	0.0000	0.0000
389	0.0067	0.0070	0.0075	0.0070	0.0002	0.0093	0.0061	0.0000	0.0000	0.0000	0.0000	0.0000
396	0.0097	0.0101	0.0108	0.0096	0.0002	0.0127	0.0081	0.0000	0.0000	0.0000	0.0000	0.0000
401	0.0069	0.0072	0.0077	0.0071	0.0002	0.0088	0.0058	0.0000	0.0000	0.0000	0.0000	0.0000
408	0.0099	0.0104	0.0111	0.0097	0.0002	0.0120	0.0076	0.0000	0.0000	0.0000	0.0000	0.0000
413	0.0070	0.0073	0.0078	0.0071	0.0002	0.0083	0.0054	0.0000	0.0000	0.0000	0.0000	0.0000
420	0.0101	0.0106	0.0112	0.0098	0.0002	0.0113	0.0071	0.0000	0.0000	0.0000	0.0000	0.0000
425	0.0071	0.0074	0.0079	0.0072	0.0002	0.0078	0.0051	0.0000	0.0000	0.0000	0.0000	0.0000
432	0.0102	0.0107	0.0114	0.0099	0.0002	0.0106	0.0067	0.0000	0.0000	0.0000	0.0000	0.0000
437	0.0072	0.0075	0.0080	0.0073	0.0002	0.0073	0.0048	0.0000	0.0000	0.0000	0.0000	0.0000
444	0.0103	0.0108	0.0115	0.0100	0.0001	0.0099	0.0062	0.0000	0.0000	0.0000	0.0000	0.0000
449	0.0073	0.0076	0.0081	0.0073	0.0002	0.0068	0.0044	0.0000	0.0000	0.0000	0.0000	0.0000
456	0.0105	0.0110	0.0117	0.0101	0.0001	0.0091	0.0057	0.0000	0.0000	0.0000	0.0000	0.0000
461	0.0074	0.0077	0.0082	0.0074	0.0002	0.0063	0.0041	0.0000	0.0000	0.0000	0.0000	0.0000
468	0.0106	0.0111	0.0119	0.0102	0.0001	0.0084	0.0053	0.0000	0.0000	0.0000	0.0000	0.0000
473	0.0075	0.0079	0.0084	0.0075	0.0002	0.0057	0.0038	0.0000	0.0000	0.0000	0.0000	0.0000
480	0.0108	0.0113	0.0120	0.0104	0.0001	0.0077	0.0048	0.0000	0.0000	0.0000	0.0000	0.0000
485	0.0076	0.0080	0.0085	0.0076	0.0002	0.0052	0.0035	0.0000	0.0000	0.0000	0.0000	0.0000
492	0.0109	0.0114	0.0122	0.0105	0.0001	0.0069	0.0044	0.0000	0.0000	0.0000	0.0000	0.0000
497	0.0077	0.0081	0.0086	0.0077	0.0001	0.0047	0.0032	0.0000	0.0000	0.0000	0.0000	0.0000
504	0.0111	0.0116	0.0124	0.0106	0.0001	0.0063	0.0040	0.0000	0.0000	0.0000	0.0000	0.0000
509	0.0078	0.0082	0.0088	0.0078	0.0001	0.0041	0.0029	0.0000	0.0000	0.0000	0.0000	0.0000
516	0.0112	0.0118	0.0126	0.0108	0.0001	0.0050	0.0036	0.0000	0.0000	0.0000	0.0000	0.0000

Period	Income Replacement 95-01	Income Replacement 02	Income Replacement 03-11	Care	Death	Lump Sum	Cover 07	Appeal	Damage Cats - Gross of Reinsurance	Damage Cats - Net of Reinsurance	Damage Excl Cats and Liab - Gross of Recoveries	Damage Excl Cats and Liab - Recoveries
521	0.0080	0.0083	0.0089	0.0079	0.0001	0.0031	0.0026	0.0000	0.0000	0.0000	0.0000	0.0000
528	0.0114	0.0120	0.0128	0.0109	0.0001	0.0038	0.0032	0.0000	0.0000	0.0000	0.0000	0.0000
533	0.0081	0.0085	0.0090	0.0080	0.0001	0.0023	0.0023	0.0000	0.0000	0.0000	0.0000	0.0000
540	0.0116	0.0122	0.0130	0.0111	0.0001	0.0024	0.0029	0.0000	0.0000	0.0000	0.0000	0.0000
545	0.0082	0.0086	0.0092	0.0081	0.0001	0.0013	0.0021	0.0000	0.0000	0.0000	0.0000	0.0000
552	0.0118	0.0124	0.0132	0.0112	0.0001	0.0013	0.0025	0.0000	0.0000	0.0000	0.0000	0.0000
557	0.0084	0.0049	0.0000	0.0082	0.0001	0.0007	0.0018	0.0000	0.0000	0.0000	0.0000	0.0000
564	0.0120	0.0070	0.0000	0.0114	0.0001	0.0007	0.0022	0.0000	0.0000	0.0000	0.0000	0.0000
569	0.0085	0.0050	0.0000	0.0083	0.0001	0.0004	0.0016	0.0000	0.0000	0.0000	0.0000	0.0000
576	0.0122	0.0071	0.0000	0.0116	0.0001	0.0004	0.0019	0.0000	0.0000	0.0000	0.0000	0.0000
581	0.0086	0.0050	0.0000	0.0085	0.0001	0.0002	0.0014	0.0000	0.0000	0.0000	0.0000	0.0000
588	0.0124	0.0072	0.0000	0.0118	0.0001	0.0002	0.0017	0.0000	0.0000	0.0000	0.0000	0.0000
593	0.0088	0.0051	0.0000	0.0086	0.0001	0.0001	0.0012	0.0000	0.0000	0.0000	0.0000	0.0000
600	0.0126	0.0074	0.0000	0.0075	0.0001	0.0000	0.0014	0.0000	0.0000	0.0000	0.0000	0.0000
605	0.0090	0.0052	0.0000	0.0055	0.0001	0.0000	0.0010	0.0000	0.0000	0.0000	0.0000	0.0000
612	0.0128	0.0075	0.0000	0.0078	0.0001	0.0000	0.0012	0.0000	0.0000	0.0000	0.0000	0.0000
617	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0009	0.0000	0.0000	0.0000	0.0000	0.0000
624	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0010	0.0000	0.0000	0.0000	0.0000	0.0000
629	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0007	0.0000	0.0000	0.0000	0.0000	0.0000
636	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0008	0.0000	0.0000	0.0000	0.0000	0.0000
641	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0006	0.0000	0.0000	0.0000	0.0000	0.0000
648	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0006	0.0000	0.0000	0.0000	0.0000	0.0000
653	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0005	0.0000	0.0000	0.0000	0.0000	0.0000
660	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0005	0.0000	0.0000	0.0000	0.0000	0.0000
665	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0004	0.0000	0.0000	0.0000	0.0000	0.0000
672	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0004	0.0000	0.0000	0.0000	0.0000	0.0000
677	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0003	0.0000	0.0000	0.0000	0.0000	0.0000
684	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0003	0.0000	0.0000	0.0000	0.0000	0.0000
689	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0002	0.0000	0.0000	0.0000	0.0000	0.0000
696	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0002	0.0000	0.0000	0.0000	0.0000	0.0000
701	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0002	0.0000	0.0000	0.0000	0.0000	0.0000
708	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0002	0.0000	0.0000	0.0000	0.0000	0.0000
713	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000
720	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000
725	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000
732	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000
737	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0001	0.0000	0.0000	0.0000	0.0000	0.0000
744	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
749	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
756	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
761	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
768	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
773	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
780	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Period	Income Replacement 95-01	Income Replacement 02	Income Replacement 03-11	Care	Death	Lump Sum	Cover 07	Appeal	Damage Cats - Gross of Reinsurance	Damage Cats - Net of Reinsurance	Damage Excl Cats and Liab - Gross of Recoveries	Damage Excl Cats and Liab - Recoveries
785	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
792	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
797	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
804	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
809	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
816	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
821	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
828	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
833	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
840	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
845	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
852	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
857	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
864	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
869	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
876	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
881	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
888	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
893	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
900	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
905	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
912	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
917	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

## Undiscounted Payment Pattern From May 2013 Valuation Continued

<b>Period</b>	<b>Damage Liab - Gross of Recoveries</b>	<b>Damage Liab - Recoveries</b>	<b>Economic Loss</b>	<b>Medical Excl Funding</b>	<b>Medical Funding</b>	<b>Non-Economic Loss</b>	<b>Out Of Province</b>	<b>Permanent Impairment</b>	<b>Tort Inj</b>	<b>Tort Liab</b>	<b>WCB Master</b>
5	0.2235	0.0093	0.0104	0.0417	0.3060	0.0015	0.0015	0.0004	0.0582	0.0043	0.0000
12	0.4654	0.0360	0.0295	0.1787	0.6503	0.0410	0.0341	0.0050	0.2086	0.0253	0.0298
17	0.2208	0.0397	0.0148	0.1237	0.0324	0.0521	0.0428	0.0422	0.1750	0.0206	0.0923
24	0.0606	0.0497	0.0159	0.0953	0.0111	0.1097	0.0695	0.2100	0.2348	0.0605	0.1032
29	0.0143	0.0519	0.0132	0.0352	0.0001	0.1382	0.0476	0.1838	0.0740	0.0384	0.0908
36	0.0091	0.0661	0.1032	0.0351	0.0000	0.2236	0.0970	0.1687	0.0514	0.0664	0.1204
41	0.0016	0.0430	0.1507	0.0223	0.0000	0.0994	0.0754	0.0972	0.0201	0.0267	0.0901
48	0.0004	0.0685	0.1135	0.0259	0.0000	0.1234	0.1346	0.0813	0.0412	0.0634	0.0763
53	0.0003	0.0330	0.0572	0.0119	0.0000	0.1029	0.0671	0.0411	0.0110	0.0342	0.0441
60	0.0007	0.0454	0.0502	0.0159	0.0000	0.0633	0.0628	0.0547	0.0350	0.0886	0.1023
65	0.0004	0.0320	0.0008	0.0090	0.0000	0.0047	0.0534	0.0174	0.0043	0.0294	0.0107
72	0.0014	0.0341	0.0261	0.0118	0.0000	0.0066	0.0790	0.0183	0.0046	0.0102	0.0615
77	0.0004	0.0248	0.0187	0.0061	0.0000	0.0035	0.0303	0.0104	0.0013	0.0610	0.0452
84	0.0008	0.0093	0.0207	0.0129	0.0000	0.0049	0.0397	0.0098	0.0101	0.0739	0.0496
89	0.0000	0.0164	0.0148	0.0007	0.0000	0.0026	0.0373	0.0079	0.0101	0.0147	0.0392
96	0.0000	0.0187	0.0464	0.0051	0.0000	0.0037	0.0385	0.0058	0.0075	0.0227	0.0409
101	0.0000	0.0144	0.0126	0.0057	0.0000	0.0020	0.0214	0.0051	0.0075	0.0156	0.0008
108	0.0000	0.0287	0.0247	0.0176	0.0000	0.0028	0.0125	0.0113	0.0057	0.0204	0.0011
113	0.0000	0.0142	0.0177	0.0048	0.0000	0.0015	0.0077	0.0017	0.0057	0.0140	0.0008
120	0.0000	0.0564	0.0151	0.0129	0.0000	0.0021	0.0141	0.0013	0.0042	0.0184	0.0011
125	0.0000	0.0137	0.0108	0.0043	0.0000	0.0011	0.0072	0.0018	0.0042	0.0126	0.0000
132	0.0000	0.0372	0.0136	0.0064	0.0000	0.0016	0.0027	0.0040	0.0032	0.0165	0.0000
137	0.0000	0.0112	0.0097	0.0035	0.0000	0.0008	0.0023	0.0031	0.0032	0.0156	0.0000
144	0.0000	0.0145	0.0122	0.0122	0.0000	0.0012	0.0019	0.0015	0.0024	0.0298	0.0000
149	0.0000	0.0109	0.0087	0.0040	0.0000	0.0006	0.0014	0.0013	0.0024	0.0196	0.0000
156	0.0000	0.0117	0.0110	0.0034	0.0000	0.0009	0.0013	0.0004	0.0018	0.0238	0.0000
161	0.0000	0.0116	0.0079	0.0041	0.0000	0.0005	0.0004	0.0004	0.0018	0.0156	0.0000
168	0.0000	0.0115	0.0099	0.0127	0.0000	0.0007	0.0030	0.0007	0.0013	0.0190	0.0000
173	0.0000	0.0089	0.0071	0.0033	0.0000	0.0004	0.0005	0.0015	0.0013	0.0125	0.0000
180	0.0000	0.0115	0.0312	0.0036	0.0000	0.0005	0.0010	0.0007	0.0010	0.0152	0.0000
185	0.0000	0.0072	0.0223	0.0031	0.0000	0.0003	0.0013	0.0005	0.0010	0.0100	0.0000
192	0.0000	0.0134	0.0203	0.0076	0.0000	0.0004	0.0018	0.0000	0.0008	0.0122	0.0000
197	0.0000	0.0074	0.0145	0.0066	0.0000	0.0002	0.0013	0.0009	0.0008	0.0087	0.0000
204	0.0000	0.0076	0.0132	0.0221	0.0000	0.0003	0.0018	0.0000	0.0045	0.0122	0.0000
209	0.0000	0.0064	0.0094	0.0158	0.0000	0.0001	0.0013	0.0024	0.0000	0.0078	0.0000
216	0.0000	0.0071	0.0086	0.0188	0.0000	0.0002	0.0018	0.0047	0.0000	0.0091	0.0000
221	0.0000	0.0097	0.0061	0.0134	0.0000	0.0001	0.0013	0.0011	0.0000	0.0059	0.0000
228	0.0000	0.0136	0.0056	0.0160	0.0000	0.0002	0.0018	0.0016	0.0000	0.0069	0.0000
233	0.0000	0.0078	0.0040	0.0114	0.0000	0.0003	0.0000	0.0000	0.0000	0.0044	0.0000
240	0.0000	0.0109	0.0177	0.0136	0.0000	0.0005	0.0000	0.0000	0.0000	0.0051	0.0000
245	0.0000	0.0062	0.0000	0.0097	0.0000	0.0000	0.0000	0.0000	0.0000	0.0081	0.0000
252	0.0000	0.0087	0.0000	0.0116	0.0000	0.0000	0.0000	0.0000	0.0000	0.0206	0.0000

Period	Damage Liab - Gross of Recoveries	Damage Liab - Recoveries	Economic Loss	Medical Excl Funding	Medical Funding	Non-Economic Loss	Out Of Province	Permanent Impairment	Tort Inj	Tort Liab	WCB Master
257	0.0000	0.0050	0.0000	0.0083	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
264	0.0000	0.0070	0.0000	0.0098	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
269	0.0000	0.0040	0.0000	0.0070	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
276	0.0000	0.0056	0.0000	0.0084	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
281	0.0000	0.0032	0.0000	0.0060	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
288	0.0000	0.0045	0.0000	0.0071	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
293	0.0000	0.0025	0.0000	0.0051	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
300	0.0000	0.0036	0.0000	0.0060	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
305	0.0000	0.0020	0.0000	0.0043	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
312	0.0000	0.0029	0.0000	0.0051	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
317	0.0000	0.0016	0.0000	0.0037	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
324	0.0000	0.0023	0.0000	0.0044	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
329	0.0000	0.0013	0.0000	0.0031	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
336	0.0000	0.0018	0.0000	0.0037	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
341	0.0000	0.0010	0.0000	0.0026	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
348	0.0000	0.0015	0.0000	0.0032	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
353	0.0000	0.0008	0.0000	0.0023	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
360	0.0000	0.0012	0.0000	0.0027	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
365	0.0000	0.0033	0.0000	0.0019	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
372	0.0000	0.0047	0.0000	0.0023	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
377	0.0000	0.0000	0.0000	0.0016	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
384	0.0000	0.0000	0.0000	0.0019	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
389	0.0000	0.0000	0.0000	0.0014	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
396	0.0000	0.0000	0.0000	0.0016	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
401	0.0000	0.0000	0.0000	0.0012	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
408	0.0000	0.0000	0.0000	0.0014	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
413	0.0000	0.0000	0.0000	0.0010	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
420	0.0000	0.0000	0.0000	0.0012	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
425	0.0000	0.0000	0.0000	0.0008	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
432	0.0000	0.0000	0.0000	0.0010	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
437	0.0000	0.0000	0.0000	0.0007	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
444	0.0000	0.0000	0.0000	0.0009	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
449	0.0000	0.0000	0.0000	0.0006	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
456	0.0000	0.0000	0.0000	0.0007	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
461	0.0000	0.0000	0.0000	0.0005	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
468	0.0000	0.0000	0.0000	0.0006	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
473	0.0000	0.0000	0.0000	0.0004	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
480	0.0000	0.0000	0.0000	0.0005	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
485	0.0000	0.0000	0.0000	0.0004	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
492	0.0000	0.0000	0.0000	0.0004	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
497	0.0000	0.0000	0.0000	0.0003	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
504	0.0000	0.0000	0.0000	0.0004	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
509	0.0000	0.0000	0.0000	0.0003	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
516	0.0000	0.0000	0.0000	0.0003	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Period	Damage Liab - Gross of Recoveries	Damage Liab - Recoveries	Economic Loss	Medical Excl Funding	Medical Funding	Non-Economic Loss	Out Of Province	Permanent Impairment	Tort Inj	Tort Liab	WCB Master
521	0.0000	0.0000	0.0000	0.0002	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
528	0.0000	0.0000	0.0000	0.0003	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
533	0.0000	0.0000	0.0000	0.0002	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
540	0.0000	0.0000	0.0000	0.0002	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
545	0.0000	0.0000	0.0000	0.0002	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
552	0.0000	0.0000	0.0000	0.0023	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
557	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
564	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
569	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
576	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
581	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
588	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
593	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
600	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
605	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
612	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
617	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
624	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
629	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
636	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
641	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
648	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
653	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
660	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
665	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
672	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
677	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
684	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
689	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
696	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
701	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
708	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
713	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
720	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
725	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
732	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
737	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
744	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
749	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
756	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
761	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
768	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
773	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
780	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

<b>Period</b>	<b>Damage Liab - Gross of Recoveries</b>	<b>Damage Liab - Recoveries</b>	<b>Economic Loss</b>	<b>Medical Excl Funding</b>	<b>Medical Funding</b>	<b>Non-Economic Loss</b>	<b>Out Of Province</b>	<b>Permanent Impairment</b>	<b>Tort Inj</b>	<b>Tort Liab</b>	<b>WCB Master</b>
785	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
792	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
797	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
804	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
809	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
816	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
821	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
828	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
833	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
840	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
845	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
852	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
857	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
864	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
869	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
876	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
881	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
888	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
893	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
900	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
905	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
912	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
917	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

Adjusted Payment Patterns

Adjusted Payment Pattern Based on Selected Discount Rates Projected for Rating Year

Period	Disc Rate	Income Replacement Excl Lump Sum	Income Replacement Lump Sum	Income Replacement Incl Lump Sum	Care	Death	Appeal	Damage Cats Gross	Damage Cats Net	Damage Excl Cats and Liab Gross of Recov	Damage Excl Cats and Liab Recov	Damage Excl Cats and Liab Net of Recov	Damage Liability Gross of Recov
5	1.21%	0.009730	0.000000	0.009002	0.008898	0.055452	0.000000	0.022233	0.028269	0.237094	0.040627	0.249635	0.222911
12	1.21%	0.050500	0.000000	0.046720	0.043404	0.320060	0.000640	0.584217	0.704478	0.508786	0.233086	0.526384	0.461434
17	2.60%	0.039452	0.000000	0.036498	0.030308	0.234013	0.003398	0.202401	0.158606	0.187868	0.242990	0.184350	0.214008
24	2.60%	0.032899	0.000000	0.030436	0.024524	0.099248	0.017347	0.115965	0.068860	0.037567	0.115263	0.032608	0.057982
29	2.60%	0.017963	0.000682	0.016669	0.013200	0.063471	0.012975	0.031740	0.007661	0.007375	0.048708	0.004737	0.013469
36	2.60%	0.021698	0.005462	0.020482	0.017121	0.025225	0.029408	0.021332	0.010588	0.005214	0.037866	0.003130	0.008466
41	3.05%	0.011909	0.007462	0.011576	0.010217	0.020173	0.019586	0.001157	0.004623	0.000849	0.013783	0.000023	0.001415
48	3.05%	0.015925	0.012160	0.015643	0.014100	0.015330	0.036889	0.000199	0.000462	0.000399	0.013885	-0.000462	0.000345
53	3.05%	0.010388	0.008398	0.010239	0.008864	0.010063	0.019912	0.000213	0.000195	0.000023	0.011223	-0.000692	0.000243
60	3.05%	0.012729	0.011648	0.012648	0.011943	0.003856	0.025401	0.000294	0.000270	0.000105	0.026084	-0.001553	0.000638
65	3.41%	0.008038	0.008227	0.008052	0.009395	0.020067	0.016278	0.000000	0.000000	0.000166	0.006429	-0.000233	0.000369
72	3.41%	0.010178	0.011571	0.010283	0.010813	0.015584	0.023286	0.000000	0.000000	0.000191	0.014799	-0.000741	0.001164
77	3.41%	0.007097	0.008364	0.007191	0.007240	0.003872	0.022804	0.000000	0.000000	0.000224	0.004712	-0.000062	0.000336
84	3.41%	0.008778	0.011824	0.009006	0.010596	0.002700	0.011620	0.000000	0.000000	0.000069	0.009404	-0.000526	0.000662
89	3.41%	0.005922	0.008527	0.006117	0.007033	0.000656	0.023371	0.000000	0.000000	0.000025	0.001830	-0.000090	0.000012
96	3.41%	0.008137	0.012083	0.008432	0.009400	0.002283	0.026453	0.000000	0.000000	0.000066	0.002519	-0.000091	0.000016
101	3.41%	0.006685	0.008624	0.006830	0.006587	0.000531	0.025100	0.000000	0.000000	0.000014	0.001770	-0.000098	0.000011
108	3.41%	0.008574	0.012046	0.008834	0.008112	0.005508	0.029531	0.000000	0.000000	0.000020	0.002436	-0.000134	0.000016
113	3.41%	0.005323	0.008612	0.005570	0.005494	0.004783	0.016509	0.000000	0.000000	0.000014	0.003105	-0.000183	0.000011
120	3.41%	0.007096	0.012044	0.007466	0.007120	0.002281	0.027775	0.000000	0.000000	0.000019	0.002711	-0.000152	0.000015
125	3.52%	0.004907	0.008456	0.005173	0.004990	0.003731	0.015461	0.000000	0.000000	0.000013	0.003429	-0.000205	0.000010
132	3.52%	0.006596	0.011751	0.006982	0.006781	0.003776	0.015825	0.000000	0.000000	0.000018	0.011689	-0.000726	0.000014
137	3.52%	0.004812	0.008319	0.005074	0.004389	0.000506	0.037004	0.000000	0.000000	0.000006	0.003844	-0.000239	0.000010
144	3.52%	0.006678	0.011536	0.007042	0.006937	0.001221	0.003694	0.000000	0.000000	0.000008	0.004316	-0.000267	0.000014
149	3.52%	0.004898	0.008152	0.005142	0.005256	0.007067	0.015265	0.000000	0.000000	0.000005	0.003685	-0.000229	0.000010
156	3.52%	0.007014	0.011286	0.007334	0.008003	0.000965	0.012703	0.000000	0.000000	0.000007	0.004617	-0.000287	0.000013
161	3.52%	0.004133	0.007963	0.004420	0.004455	0.002603	0.011226	0.000000	0.000000	0.000005	0.002778	-0.000172	0.000009
168	3.52%	0.005199	0.011008	0.005634	0.009335	0.000456	0.020455	0.000000	0.000000	0.000007	0.002909	-0.000178	0.000013
173	3.52%	0.004231	0.007757	0.004495	0.005038	0.000307	0.009026	0.000000	0.000000	0.000005	0.002950	-0.000183	0.000009
180	3.52%	0.005491	0.010710	0.005882	0.005589	0.000361	0.018817	0.000000	0.000000	0.000007	0.004830	-0.000301	0.000013
185	3.64%	0.003644	0.007408	0.003925	0.005107	0.000232	0.005034	0.000000	0.000000	0.000005	0.001872	-0.000114	0.000009
192	3.64%	0.005151	0.010199	0.005529	0.004558	0.001103	0.018844	0.000000	0.000000	0.000007	0.002729	-0.000167	0.000012
197	3.64%	0.003787	0.007148	0.004039	0.003112	0.000289	0.008941	0.000000	0.000000	0.000005	0.001745	-0.000107	0.000008
204	3.64%	0.005228	0.009816	0.005571	0.004584	0.000616	0.021954	0.000000	0.000000	0.000006	0.001653	-0.000099	0.000011
209	3.64%	0.003521	0.006876	0.003772	0.004119	0.000442	0.015404	0.000000	0.000000	0.000004	0.002077	-0.000128	0.000008
216	3.64%	0.005460	0.009436	0.005758	0.004271	0.000741	0.014829	0.000000	0.000000	0.000006	0.001756	-0.000106	0.000011
221	3.64%	0.004003	0.006605	0.004198	0.002867	0.000510	0.010404	0.000000	0.000000	0.000004	0.001533	-0.000093	0.000008
228	3.64%	0.005745	0.009056	0.005993	0.004706	0.000225	0.010016	0.000000	0.000000	0.000006	0.002108	-0.000128	0.000011
233	3.64%	0.003814	0.006334	0.004003	0.003436	0.000360	0.007027	0.000000	0.000000	0.000000	0.001183	-0.000076	0.000000
240	3.64%	0.005463	0.008679	0.005704	0.004523	0.000275	0.006765	0.000000	0.000000	0.000000	0.001627	-0.000104	0.000000
245	7.29%	0.001776	0.003010	0.001868	0.001636	0.000156	0.002355	0.000000	0.000000	0.000000	0.000453	-0.000029	0.000000
252	7.29%	0.002495	0.004049	0.002611	0.002124	0.000117	0.002229	0.000000	0.000000	0.000000	0.000613	-0.000039	0.000000
257	7.29%	0.001727	0.002779	0.001805	0.001520	0.000132	0.001537	0.000000	0.000000	0.000000	0.000338	-0.000022	0.000000
264	7.29%	0.002425	0.003735	0.002523	0.001977	0.000099	0.001454	0.000000	0.000000	0.000000	0.000457	-0.000029	0.000000
269	7.29%	0.001561	0.002560	0.001636	0.001414	0.000110	0.001003	0.000000	0.000000	0.000000	0.000252	-0.000016	0.000000
276	7.29%	0.002188	0.003437	0.002281	0.001844	0.000083	0.000949	0.000000	0.000000	0.000000	0.000341	-0.000022	0.000000
281	7.29%	0.001492	0.002354	0.001557	0.001316	0.000095	0.000654	0.000000	0.000000	0.000000	0.000188	-0.000012	0.000000
288	7.29%	0.002090	0.003157	0.002170	0.001721	0.000071	0.000619	0.000000	0.000000	0.000000	0.000254	-0.000016	0.000000



Period	Disc Rate	Income Replacement Excl Lump Sum	Income Replacement Lump Sum	Income Replacement Incl Lump Sum	Care	Death	Appeal	Damage Cats Gross	Damage Cats Net	Damage Excl Cats and Liab Gross of Recov	Damage Excl Cats and Liab Recov	Damage Excl Cats and Liab Net of Recov	Damage Liability Gross of Recov
293	7.29%	0.001337	0.002159	0.001399	0.001228	0.000081	0.000427	0.000000	0.000000	0.000000	0.000140	-0.000009	0.000000
300	7.29%	0.001870	0.002892	0.001947	0.001608	0.000061	0.000404	0.000000	0.000000	0.000000	0.000189	-0.000012	0.000000
305	7.29%	0.001219	0.001975	0.001275	0.001146	0.000069	0.000278	0.000000	0.000000	0.000000	0.000104	-0.000007	0.000000
312	7.29%	0.001702	0.002642	0.001772	0.001504	0.000052	0.001505	0.000000	0.000000	0.000000	0.000141	-0.000009	0.000000
317	7.29%	0.001129	0.001802	0.001179	0.001071	0.000059	0.000000	0.000000	0.000000	0.000000	0.000078	-0.000005	0.000000
324	7.29%	0.001575	0.002406	0.001637	0.001408	0.000045	0.000000	0.000000	0.000000	0.000000	0.000105	-0.000007	0.000000
329	7.29%	0.001020	0.001638	0.001066	0.001002	0.000051	0.000000	0.000000	0.000000	0.000000	0.000058	-0.000004	0.000000
336	7.29%	0.001421	0.002184	0.001479	0.001319	0.000039	0.000000	0.000000	0.000000	0.000000	0.000078	-0.000005	0.000000
341	7.29%	0.000961	0.001485	0.001000	0.000938	0.000044	0.000000	0.000000	0.000000	0.000000	0.000043	-0.000003	0.000000
348	7.29%	0.001338	0.001976	0.001385	0.001236	0.000033	0.000000	0.000000	0.000000	0.000000	0.000059	-0.000004	0.000000
353	7.29%	0.000880	0.001340	0.000914	0.000879	0.000039	0.000000	0.000000	0.000000	0.000000	0.000032	-0.000002	0.000000
360	7.29%	0.001224	0.001780	0.001266	0.001160	0.000029	0.000000	0.000000	0.000000	0.000000	0.000044	-0.000003	0.000000
365	7.29%	0.000858	0.001205	0.000884	0.000824	0.000033	0.000000	0.000000	0.000000	0.000000	0.000120	-0.000008	0.000000
372	7.29%	0.001194	0.001597	0.001224	0.001089	0.000025	0.000000	0.000000	0.000000	0.000000	0.000163	-0.000010	0.000000
377	7.29%	0.000866	0.001078	0.000882	0.000773	0.000030	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
384	7.29%	0.001206	0.001425	0.001223	0.001024	0.000022	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
389	7.29%	0.000776	0.000960	0.000790	0.000726	0.000025	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
396	7.29%	0.001080	0.001266	0.001094	0.000962	0.000019	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
401	7.29%	0.000745	0.000851	0.000753	0.000683	0.000023	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
408	7.29%	0.001036	0.001119	0.001042	0.000905	0.000017	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
413	7.29%	0.000703	0.000750	0.000707	0.000642	0.000020	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
420	7.29%	0.000977	0.000983	0.000978	0.000852	0.000015	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
425	7.29%	0.000664	0.000656	0.000663	0.000604	0.000017	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
432	7.29%	0.000922	0.000858	0.000917	0.000802	0.000013	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
437	7.29%	0.000627	0.000571	0.000623	0.000568	0.000015	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
444	7.29%	0.000871	0.000744	0.000861	0.000756	0.000011	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
449	7.29%	0.000592	0.000494	0.000585	0.000535	0.000013	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
456	7.29%	0.000822	0.000642	0.000809	0.000713	0.000010	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
461	7.29%	0.000560	0.000425	0.000550	0.000504	0.000012	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
468	7.29%	0.000777	0.000550	0.000760	0.000672	0.000009	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
473	7.29%	0.000529	0.000363	0.000517	0.000475	0.000011	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
480	7.29%	0.000734	0.000468	0.000715	0.000634	0.000008	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
485	7.29%	0.000501	0.000308	0.000486	0.000448	0.000009	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
492	7.29%	0.000695	0.000396	0.000672	0.000598	0.000007	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
497	7.29%	0.000474	0.000259	0.000458	0.000423	0.000008	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
504	7.29%	0.000657	0.000333	0.000633	0.000565	0.000006	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
509	7.29%	0.000449	0.000212	0.000431	0.000399	0.000007	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
516	7.29%	0.000622	0.000250	0.000594	0.000533	0.000005	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
521	7.29%	0.000425	0.000150	0.000404	0.000377	0.000006	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
528	7.29%	0.000589	0.000177	0.000558	0.000504	0.000005	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
533	7.29%	0.000402	0.000101	0.000380	0.000356	0.000006	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
540	7.29%	0.000557	0.000102	0.000523	0.000476	0.000004	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
545	7.29%	0.000381	0.000052	0.000357	0.000337	0.000005	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
552	7.29%	0.000528	0.000053	0.000492	0.000450	0.000004	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
557	7.29%	0.000000	0.000027	0.000002	0.000318	0.000005	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
564	7.29%	0.000000	0.000027	0.000002	0.000426	0.000003	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
569	7.29%	0.000000	0.000014	0.000001	0.000301	0.000004	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
576	7.29%	0.000000	0.000014	0.000001	0.000403	0.000003	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
581	7.29%	0.000000	0.000007	0.000001	0.000284	0.000004	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
588	7.29%	0.000000	0.000005	0.000000	0.000381	0.000003	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
593	7.29%	0.000000	0.000002	0.000000	0.000269	0.000003	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000



Period	Disc Rate	Income Replacement Excl Lump Sum	Income Replacement Incl Lump Sum	Care	Death	Appeal	Damage Cats Gross	Damage Cats Net	Damage Excl Cats and Liab Gross of Recov	Damage Excl Cats and Liab Recov	Damage Excl Cats and Liab Net of Recov	Damage Liability Gross of Recov	
905	7.29%	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
912	7.29%	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
917	7.29%	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	
Total		0.453046	0.395081	0.448707	0.417675	0.932857	0.680390	0.979752	0.984011	0.986215	0.900808	0.991666	0.983717

Adjusted Payment Patterns Continued

Adjusted Payment Pattern Based on Selected Discount Rates Projected for Rating Year

Period	Disc Rate	Damage Liability Recov	Damage Liability Net of Recov	Economic Loss	Medical Funding	Medical Excl Funding	Out of Province	Permanent Impairment	Tort Injury	Tort Liability	WCB Master Claim File	Non-Ec Loss Excluding WCB File	Non-Ec Loss Including WCB File
5	1.21%	0.009264	0.230660	0.010404	0.305238	0.041632	0.001477	0.000387	0.058021	0.004298	0.000000	0.001477	0.001143
12	1.21%	0.035696	0.476876	0.029254	0.644817	0.177220	0.033846	0.004956	0.206844	0.025084	0.029591	0.040603	0.038118
17	2.60%	0.038522	0.220373	0.014342	0.031413	0.119876	0.041499	0.040933	0.169606	0.019963	0.089464	0.050536	0.059320
24	2.60%	0.047599	0.058358	0.015179	0.010645	0.091225	0.066557	0.200965	0.224752	0.057920	0.098753	0.104979	0.103574
29	2.60%	0.049078	0.012177	0.012437	0.000134	0.033279	0.044941	0.173628	0.069963	0.036282	0.085755	0.130598	0.120480
36	2.60%	0.061609	0.006539	0.096283	0.000000	0.032706	0.090494	0.157361	0.047975	0.061901	0.112346	0.208536	0.186831
41	3.05%	0.039024	0.000051	0.136798	0.000000	0.020222	0.068473	0.088256	0.018282	0.024199	0.081830	0.090297	0.088387
48	3.05%	0.061230	-0.001863	0.101558	0.000000	0.023126	0.120404	0.072690	0.036814	0.056738	0.068257	0.110345	0.100848
53	3.05%	0.029117	-0.000804	0.050416	0.000000	0.010477	0.059080	0.036255	0.009703	0.030147	0.038882	0.090620	0.078946
60	3.05%	0.039406	-0.000768	0.043572	0.000000	0.013786	0.054464	0.047462	0.030363	0.076886	0.088775	0.054979	0.062605
65	3.41%	0.026851	-0.000592	0.000688	0.000000	0.007525	0.044829	0.014636	0.003574	0.024730	0.008963	0.003931	0.005066
72	3.41%	0.028160	0.000185	0.021592	0.000000	0.009781	0.065264	0.015118	0.003829	0.008428	0.050772	0.005412	0.015647
77	3.41%	0.020134	-0.000382	0.015167	0.000000	0.004974	0.024593	0.008487	0.001079	0.049580	0.036724	0.002851	0.010494
84	3.41%	0.007435	0.000416	0.016497	0.000000	0.010337	0.031747	0.007837	0.008030	0.059006	0.039584	0.003925	0.011971
89	3.41%	0.012871	-0.000455	0.011588	0.000000	0.000528	0.029326	0.006207	0.007897	0.011536	0.030787	0.002068	0.008548
96	3.41%	0.014425	-0.000507	0.035828	0.000000	0.003952	0.029733	0.004484	0.005824	0.017521	0.031579	0.002847	0.009330
101	3.41%	0.010942	-0.000385	0.009576	0.000000	0.004304	0.016219	0.003845	0.005727	0.011815	0.000574	0.001500	0.001291
108	3.41%	0.021423	-0.000761	0.018468	0.000000	0.013184	0.009344	0.008416	0.004224	0.015249	0.000790	0.002065	0.001777
113	3.41%	0.010406	-0.000366	0.012972	0.000000	0.003502	0.005636	0.001263	0.004154	0.010283	0.000555	0.001088	0.000968
120	3.41%	0.040764	-0.001463	0.010913	0.000000	0.009345	0.010181	0.000925	0.003064	0.013272	0.000764	0.001498	0.001332
125	3.52%	0.009639	-0.000339	0.007582	0.000000	0.002998	0.005070	0.001239	0.002980	0.008853	0.000000	0.000780	0.000604
132	3.52%	0.025713	-0.000918	0.009390	0.000000	0.004403	0.001863	0.002760	0.002197	0.011420	0.000000	0.001074	0.000832
137	3.52%	0.007588	-0.000265	0.006592	0.000000	0.002348	0.001533	0.002107	0.002159	0.010583	0.000000	0.000565	0.000438
144	3.52%	0.009641	-0.000335	0.008164	0.000000	0.008144	0.001268	0.000999	0.001592	0.019858	0.000000	0.000778	0.000602
149	3.52%	0.007148	-0.000249	0.005731	0.000000	0.002636	0.000891	0.000871	0.001564	0.012826	0.000000	0.000410	0.000317
156	3.52%	0.007514	-0.000259	0.007098	0.000000	0.002182	0.000844	0.000273	0.001153	0.015347	0.000000	0.000564	0.000437
161	3.52%	0.007326	-0.000256	0.004983	0.000000	0.002566	0.000250	0.000273	0.001133	0.009912	0.000000	0.000297	0.000230
168	3.52%	0.007137	-0.000245	0.006171	0.000000	0.007922	0.001880	0.000424	0.000836	0.011860	0.000000	0.000408	0.000316
173	3.52%	0.005417	-0.000187	0.004332	0.000000	0.001999	0.000322	0.000906	0.000821	0.007660	0.000000	0.000215	0.000167
180	3.52%	0.006915	-0.000238	0.018778	0.000000	0.002175	0.000586	0.000411	0.000605	0.009166	0.000000	0.000296	0.000229
185	3.64%	0.004182	-0.000143	0.012954	0.000000	0.001779	0.000731	0.000284	0.000585	0.005817	0.000000	0.000153	0.000119
192	3.64%	0.007666	-0.000266	0.011579	0.000000	0.004325	0.001005	0.000013	0.000431	0.006956	0.000000	0.000211	0.000163
197	3.64%	0.004165	-0.000142	0.008124	0.000000	0.003675	0.000705	0.000478	0.000423	0.004881	0.000000	0.000111	0.000086
204	3.64%	0.004174	-0.000140	0.007262	0.000000	0.012193	0.000970	0.000008	0.002493	0.006712	0.000000	0.000152	0.000118
209	3.64%	0.003484	-0.000118	0.005096	0.000000	0.008555	0.000681	0.001318	0.000000	0.004239	0.000000	0.000080	0.000062
216	3.64%	0.003792	-0.000126	0.004555	0.000000	0.010001	0.000936	0.002495	0.000000	0.004857	0.000000	0.000110	0.000085
221	3.64%	0.005075	-0.000176	0.003196	0.000000	0.007017	0.000657	0.000585	0.000000	0.003067	0.000000	0.000058	0.000045
228	3.64%	0.006979	-0.000242	0.002857	0.000000	0.008202	0.000903	0.000805	0.000000	0.003515	0.000000	0.000080	0.000062
233	3.64%	0.003918	-0.000142	0.002004	0.000000	0.005755	0.000000	0.000000	0.000000	0.002220	0.000000	0.000168	0.000130
240	3.64%	0.005388	-0.000195	0.008776	0.000000	0.006727	0.000000	0.000000	0.000000	0.002544	0.000000	0.000231	0.000179
245	7.29%	0.001501	-0.000054	0.000000	0.000000	0.002342	0.000000	0.000000	0.000000	0.001949	0.000000	0.000000	0.000000
252	7.29%	0.002028	-0.000074	0.000000	0.000000	0.002691	0.000000	0.000000	0.000000	0.004789	0.000000	0.000000	0.000000
257	7.29%	0.001119	-0.000041	0.000000	0.000000	0.001856	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
264	7.29%	0.001512	-0.000055	0.000000	0.000000	0.002132	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
269	7.29%	0.000834	-0.000030	0.000000	0.000000	0.001470	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
276	7.29%	0.001128	-0.000041	0.000000	0.000000	0.001689	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
281	7.29%	0.000622	-0.000023	0.000000	0.000000	0.001165	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
288	7.29%	0.000841	-0.000030	0.000000	0.000000	0.001338	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000

Period	Disc Rate	Damage Liability Recov	Damage Liability Net of Recov	Economic Loss	Medical Funding	Medical Excl Funding	Out of Province	Permanent Impairment	Tort Injury	Tort Liability	WCB Master Claim File	Non-Ec Loss Excluding WCB File	Non-Ec Loss Including WCB File
293	7.29%	0.000464	-0.000017	0.000000	0.000000	0.000923	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
300	7.29%	0.000627	-0.000023	0.000000	0.000000	0.001060	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
305	7.29%	0.000346	-0.000013	0.000000	0.000000	0.000731	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
312	7.29%	0.000467	-0.000017	0.000000	0.000000	0.000840	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
317	7.29%	0.000258	-0.000009	0.000000	0.000000	0.000579	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
324	7.29%	0.000349	-0.000013	0.000000	0.000000	0.000665	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
329	7.29%	0.000192	-0.000007	0.000000	0.000000	0.000459	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
336	7.29%	0.000260	-0.000009	0.000000	0.000000	0.000527	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
341	7.29%	0.000143	-0.000005	0.000000	0.000000	0.000363	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
348	7.29%	0.000194	-0.000007	0.000000	0.000000	0.000418	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
353	7.29%	0.000107	-0.000004	0.000000	0.000000	0.000288	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
360	7.29%	0.000144	-0.000005	0.000000	0.000000	0.000331	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
365	7.29%	0.000399	-0.000014	0.000000	0.000000	0.000228	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
372	7.29%	0.000539	-0.000020	0.000000	0.000000	0.000262	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
377	7.29%	0.000000	0.000000	0.000000	0.000000	0.000181	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
384	7.29%	0.000000	0.000000	0.000000	0.000000	0.000208	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
389	7.29%	0.000000	0.000000	0.000000	0.000000	0.000143	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
396	7.29%	0.000000	0.000000	0.000000	0.000000	0.000164	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
401	7.29%	0.000000	0.000000	0.000000	0.000000	0.000113	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
408	7.29%	0.000000	0.000000	0.000000	0.000000	0.000130	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
413	7.29%	0.000000	0.000000	0.000000	0.000000	0.000090	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
420	7.29%	0.000000	0.000000	0.000000	0.000000	0.000103	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
425	7.29%	0.000000	0.000000	0.000000	0.000000	0.000071	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
432	7.29%	0.000000	0.000000	0.000000	0.000000	0.000082	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
437	7.29%	0.000000	0.000000	0.000000	0.000000	0.000056	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
444	7.29%	0.000000	0.000000	0.000000	0.000000	0.000065	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
449	7.29%	0.000000	0.000000	0.000000	0.000000	0.000045	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
456	7.29%	0.000000	0.000000	0.000000	0.000000	0.000051	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
461	7.29%	0.000000	0.000000	0.000000	0.000000	0.000035	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
468	7.29%	0.000000	0.000000	0.000000	0.000000	0.000041	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
473	7.29%	0.000000	0.000000	0.000000	0.000000	0.000028	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
480	7.29%	0.000000	0.000000	0.000000	0.000000	0.000032	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
485	7.29%	0.000000	0.000000	0.000000	0.000000	0.000022	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
492	7.29%	0.000000	0.000000	0.000000	0.000000	0.000026	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
497	7.29%	0.000000	0.000000	0.000000	0.000000	0.000018	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
504	7.29%	0.000000	0.000000	0.000000	0.000000	0.000020	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
509	7.29%	0.000000	0.000000	0.000000	0.000000	0.000014	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
516	7.29%	0.000000	0.000000	0.000000	0.000000	0.000016	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
521	7.29%	0.000000	0.000000	0.000000	0.000000	0.000011	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
528	7.29%	0.000000	0.000000	0.000000	0.000000	0.000013	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
533	7.29%	0.000000	0.000000	0.000000	0.000000	0.000009	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
540	7.29%	0.000000	0.000000	0.000000	0.000000	0.000010	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
545	7.29%	0.000000	0.000000	0.000000	0.000000	0.000007	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
552	7.29%	0.000000	0.000000	0.000000	0.000000	0.000091	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
557	7.29%	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
564	7.29%	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
569	7.29%	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
576	7.29%	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
581	7.29%	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
588	7.29%	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
593	7.29%	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000



Period	Disc Rate	Damage Liability Recov	Damage Liability Net of Recov	Economic Loss	Medical Funding	Medical Excl Funding	Out of Province	Permanent Impairment	Tort Injury	Tort Liability	WCB Master Claim File	Non-Ec Loss Excluding WCB File	Non-Ec Loss Including WCB File
905	7.29%	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
912	7.29%	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
917	7.29%	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Total		0.760891	0.991799	0.808758	0.992247	0.760834	0.869203	0.910359	0.938698	0.783871	0.894744	0.916896	0.911898

**Discount Factors**

Coverage	Discount Factor
Damage excluding Liability and Cats net of Recov	0.9917
Damage Liability net of Recov	0.9918
Damage Catastrophes	0.9840
Economic Loss	0.8088
Non-Economic Loss Including WCB Master Claim File	0.9119
Out of Province	0.8692
Appeal excluding Commission	0.6804
Care Benefits	0.4177
Income Replacement Including Lump Sum	0.4487
Death Benefits	0.9329
Medical Expenses excluding Funding	0.7608
Permanent Impairment	0.9104
Tort Injury	0.9387
Tort Liability	0.7839

LAE Coverage Grouping	Discount Factor
Damage Total (including damage liability)	0.9915
Liability Total (excluding damage liability)	0.8609
Injury Total	0.6411





# Discount Rate Exhibit

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**HISTORICAL AND PROJECTED YIELD RATES****Mortgage Yields**

	Historical					
	Dec 2011	May 2012	Aug 2012	Dec 2012	Mar 2013	May 2013
Annual	4.02%	3.87%	4.03%	3.94%	3.94%	3.98%

Projected		
2013	2014	2015
4.68%	3.35%	4.14%

**Conference Board of Canada Spot Rate Curves - Risk Premium Added**

	Historical					
	Dec 2011	May 2012	Aug 2012	Dec 2012	Mar 2013	May 2013
6 month	1.07%	1.11%	1.16%	1.10%	1.13%	1.11%
1 year	1.42%	1.38%	1.29%	1.23%	1.16%	1.19%
2 year	1.45%	1.41%	1.35%	1.31%	1.16%	1.23%
3 year	1.55%	1.48%	1.47%	1.43%	1.29%	1.40%
4 year	1.66%	1.54%	1.59%	1.55%	1.42%	1.57%
5 year	1.77%	1.60%	1.71%	1.67%	1.55%	1.74%
6 year	2.01%	1.65%	1.85%	1.79%	1.69%	1.89%
7 year	2.15%	1.71%	1.94%	1.89%	1.82%	2.02%
8 year	2.28%	1.84%	2.03%	1.98%	1.96%	2.15%
9 year	2.41%	1.96%	2.12%	2.08%	2.09%	2.27%
10 year	2.55%	2.09%	2.21%	2.18%	2.22%	2.40%
11 year	2.61%	2.20%	2.27%	2.25%	2.30%	2.47%
12 year	2.67%	2.25%	2.33%	2.31%	2.37%	2.52%
13 year	2.72%	2.31%	2.39%	2.36%	2.43%	2.58%
14 year	2.77%	2.36%	2.44%	2.42%	2.49%	2.64%
15 year	2.83%	2.42%	2.50%	2.48%	2.55%	2.69%
16 year	2.88%	2.47%	2.56%	2.53%	2.62%	2.75%
17 year	2.94%	2.53%	2.61%	2.59%	2.68%	2.81%
18 year	2.99%	2.58%	2.67%	2.65%	2.74%	2.87%
19 year	3.04%	2.64%	2.73%	2.71%	2.81%	2.92%
20 year	3.10%	2.69%	2.79%	2.76%	2.87%	2.98%

Projected		
Dec 2013	Dec 2014	Dec 2015
1.18%	1.65%	2.56%
1.37%	1.82%	2.50%
1.57%	2.02%	2.72%
1.77%	2.22%	2.94%
1.96%	2.42%	3.17%
2.16%	2.62%	3.39%
2.39%	2.80%	3.45%
2.60%	2.97%	3.49%
2.69%	3.05%	3.53%
2.79%	3.13%	3.57%
2.88%	3.21%	3.61%
2.94%	3.27%	3.70%
2.99%	3.31%	3.78%
3.04%	3.35%	3.85%
3.09%	3.39%	3.93%
3.14%	3.43%	4.00%
3.19%	3.47%	4.07%
3.24%	3.51%	4.15%
3.29%	3.55%	4.22%
3.34%	3.59%	4.30%
3.39%	3.63%	4.37%

**Spot Rates by Bucket**

Bucket (Months)	Historical					
	Dec 2011	May 2012	Aug 2012	Dec 2012	Mar 2013	May 2013
0-12	1.07%	1.11%	1.16%	1.10%	1.13%	1.11%
13-36	1.45%	1.41%	1.35%	1.31%	1.16%	1.23%
37-60	1.66%	1.54%	1.59%	1.55%	1.42%	1.57%
61-120	2.21%	1.77%	1.98%	1.93%	1.89%	2.08%
121-180	2.69%	2.28%	2.36%	2.34%	2.40%	2.55%
181-240	2.96%	2.56%	2.64%	2.62%	2.71%	2.84%

Projected		
2013	2014	2015
1.18%	1.65%	2.56%
1.57%	2.02%	2.72%
1.96%	2.42%	3.17%
2.64%	3.01%	3.51%
3.02%	3.33%	3.81%
3.27%	3.53%	4.19%

**Historical Discount Rates**

Bucket (Months)	Dec 2011	May 2012	Aug 2012	Dec 2012	Mar 2013	May 2013
0-12	0.84%	0.82%	0.79%	0.89%	0.80%	0.71%
13-36	1.96%	2.02%	2.15%	2.00%	1.78%	1.88%
37-60	2.27%	2.34%	2.22%	2.30%	2.40%	2.47%
61-120	2.76%	2.52%	2.50%	2.43%	2.49%	2.65%
121-180	2.78%	2.48%	2.49%	2.50%	2.55%	2.70%
181-240	2.78%	2.56%	2.69%	2.88%	3.06%	3.16%

**Notes**

- Cash flows from 0-240 months are backed by Short-term investments, Bonds, AutoPay Receivables, and Mortgages. Cash flows from 240 months onward are backed by equities.
- Coupons from long-term bonds contribute to the calculated yield in each bucket from 0-240 months.
- "Bucket" is the term for time-grouped cash flows. As an example, all cash flows from 13 to 36 months after the date of valuation are considered in the same bucket.
- A risk premium is added to both the historical and projected Conference Board of Canada Spot Rate Curves considering both the expected economic conditions, the Auto Fund portfolio risk profile and allocations at each historical date or forecast date.

**HISTORICAL PERCENTAGES OF CASH FLOWS IN EACH BUCKET****Percentage of Asset Cash Flows in Bucket from Receivables**

	Dec 2011	May 2012	Aug 2012	Dec 2012	Mar 2013	May 2013
0-12	35.26%	35.05%	36.70%	34.50%	37.87%	36.03%

**Percentage of Asset Cash Flows in Bucket from Mortgages**

Bucket (Months)	Dec 2011	May 2012	Aug 2012	Dec 2012	Mar 2013	May 2013
0-12	4.28%	3.79%	1.76%	3.54%	3.88%	2.15%
13-36	12.41%	13.95%	16.09%	16.35%	12.66%	12.57%
37-60	14.72%	17.60%	12.59%	19.88%	24.63%	22.83%
61-120	10.26%	10.48%	11.05%	9.02%	7.85%	7.84%
121-180	0.22%	0.17%	1.40%	0.60%	0.60%	1.94%
181-240	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Percentage of Asset Cash Flows in Bucket from Bonds**

Bucket (Months)	Dec 2011	May 2012	Aug 2012	Dec 2012	Mar 2013	May 2013
0-12	60.46%	61.16%	61.54%	61.96%	58.24%	61.82%
13-36	87.59%	86.05%	83.91%	83.65%	87.34%	87.43%
37-60	85.28%	82.40%	87.41%	80.12%	75.37%	77.17%
61-120	89.74%	89.52%	88.95%	90.98%	92.15%	92.16%
121-180	99.78%	99.83%	98.60%	99.40%	99.40%	98.06%
181-240	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Notes**

- The weights above represent the percentage of the bucket's total asset cash flows that are from the given type of asset.  
e.g. Say cash flows from receivables are \$180M, cash flows from mortgages are \$10M, and cash flows from bonds are \$500 in the 0-12 month bucket. Then, total cash flows in the 0-12 bucket are \$690M. The percentage of asset cash flows in the bucket from bonds would be 72.5% (\$500M/\$690M).

- There are no cash flows from receivables in buckets beyond 12 months.

## SELECTION OF WEIGHTS FOR DISCOUNT RATE PROJECTION

## Weight on Receivables (0% Yield)

Bucket (Months)	Dec 2011	May 2012	Aug 2012	Dec 2012	Mar 2013	May 2013
0-12	35.26%	35.05%	36.70%	34.50%	37.87%	36.03%

Selected Weight on Receivables
36.13%

## Weight on Mortgage Yield

Bucket (Months)	Dec 2011	May 2012	Aug 2012	Dec 2012	Mar 2013	May 2013
0-12	4.28%	3.79%	1.76%	3.54%	3.88%	2.15%
13-36	12.41%	13.95%	16.09%	16.35%	12.66%	12.57%
37-60	14.72%	17.60%	12.59%	19.88%	24.63%	22.83%
61-120	10.26%	10.48%	11.05%	9.02%	7.85%	7.84%
121-180	0.22%	0.17%	1.40%	0.60%	0.60%	1.94%

Selected Weight on Mortgages
3.19%
13.86%
22.45%
8.23%
1.05%

## Weight on Current Bucket Spot Yield

Bucket (Months)	Dec 2011	May 2012	Aug 2012	Dec 2012	Mar 2013	May 2013
0-12	59.50%	61.50%	61.00%	57.00%	59.00%	65.00%
13-36	75.00%	63.00%	55.00%	64.00%	70.00%	68.50%
37-60	65.00%	44.00%	57.00%	54.00%	47.50%	49.00%
61-120	41.00%	22.00%	44.00%	45.00%	38.00%	37.00%
121-180	65.00%	29.00%	60.00%	45.00%	55.00%	55.00%

Selected Weight on Current Bucket
60.33%
67.50%
50.17%
40.00%
51.67%

## Weight on 181-240 month Bucket Spot Yield

Bucket (Months)	Dec 2011	May 2012	Aug 2012	Dec 2012	Mar 2013	May 2013
0-12	0.96%	-0.34%	0.54%	4.96%	-0.76%	-3.18%
13-36	12.59%	23.05%	28.91%	19.65%	17.34%	18.93%
37-60	20.28%	38.40%	30.41%	26.12%	27.87%	28.17%
61-120	48.74%	67.52%	44.95%	45.98%	54.15%	55.16%
121-180	34.78%	70.83%	38.60%	54.40%	44.40%	43.06%

Selected Weight on 181-240 month Bucket
0.34%
18.64%
27.39%
51.77%
47.29%

## Weighted Discount Rate\*

Bucket (Months)	Dec 2011	May 2012	Aug 2012	Dec 2012	Mar 2013	May 2013
0-12	0.84%	0.82%	0.79%	0.90%	0.80%	0.72%
13-36	1.96%	2.02%	2.16%	2.00%	1.78%	1.88%
37-60	2.27%	2.34%	2.22%	2.30%	2.40%	2.48%
61-120	2.76%	2.52%	2.51%	2.43%	2.50%	2.65%
121-180	2.79%	2.48%	2.49%	2.50%	2.55%	2.70%

\* Notice that the weighted discount rates match the actual historical discount rates on Page 1.

## Notes

- The weighted discount rate is calculated as follows:

$$\begin{aligned} \text{Weighted Discount Rate} = & (\text{Weight on Receivables}) \times (0\%) + (\text{Weight on Mortgage Yield}) \times (\text{Mortgage Yield}) \\ & + (\text{Weight on Current Bucket Spot Yield}) \times (\text{Current Bucket Spot Yield}) \\ & + (\text{Weight on 181-240 month Bucket Spot Yield}) \times (\text{181-240 month Bucket Spot Yield}) \end{aligned}$$

e.g. Weighted Discount Rate for May 2013, 13-36 months =  $(0\% \times 0\%) + (12.57\% \times 3.98\%) + (68.50\% \times 1.23\%) + (18.93\% \times 2.84\%) = 1.88\%$

- The weight on receivables equals the actual percentage of asset cash flows from receivables in the 0-12 month bucket.

- The weight on mortgages equals the actual percentage of asset cash flows that are from mortgages in the given bucket.

- The weights on the current bucket and on the 181-240 month bucket are determined so that the weighted discount rates equal the actual historical discount rates.

- All of the selected weights in the far right hand column are the average of the weights for the 3 last periods (Dec 2012 - May 2013). These selections are used in the discount rate projection of Page 4.

**DISCOUNT RATE PROJECTION****Selected Weights**

Bucket (Months)	Selected Weight on Receivables	Selected Weight on Mortgages	Selected Weight on Current Bucket	Selected Weight on month Bucket
0-12	36.13%	3.19%	60.33%	0.34%
13-36	0.00%	13.86%	67.50%	18.64%
37-60	0.00%	22.45%	50.17%	27.39%
61-120	0.00%	8.23%	40.00%	51.77%
121-180	0.00%	1.05%	51.67%	47.29%

**Forecasted Spot Yields**

Bucket (Months)	Dec 2013	Dec 2014	Dec 2015
0-12	1.18%	1.65%	2.56%
13-36	1.57%	2.02%	2.72%
37-60	1.96%	2.42%	3.17%
61-120	2.64%	3.01%	3.51%
121-180	3.02%	3.33%	3.81%
181-240	3.27%	3.53%	4.19%

**Forecasted Mortgage Yield**

Bucket (Months)	2013	2014	2015
Annual	4.68%	3.35%	4.14%

**Forecasted Discount Rates**

Bucket (Months)	Dec 2013	Dec 2014	Dec 2015	2014-2015 Rating Year
0-12	0.87%	1.11%	1.69%	1.21%
13-36	2.32%	2.49%	3.19%	2.60%
37-60	2.93%	2.93%	3.67%	3.05%
61-120	3.13%	3.31%	3.91%	3.41%
121-180	3.15%	3.42%	3.99%	3.52%
181-240	3.27%	3.53%	4.19%	3.64%
240+	7.29%	7.29%	7.29%	7.29%

**Notes**

- The selected weights are determined on Page 3.
- The Forecasted Spot Yields and Mortgage Yields are shown on Page 1.

- For the 0-12, 13-36, 61-60, 61-120, and 121-180 month buckets, the forecasted discount rates were determined as follows:

$$\text{Forecasted Discount Rate} = (\text{Weight on Receivables}) \times (0\%) + (\text{Weight on Mortgage Yield}) \times (\text{Mortgage Yield}) \\ + (\text{Weight on Current Bucket Spot Yield}) \times (\text{Current Bucket Spot Yield}) \\ + (\text{Weight on 181-240 month Bucket Spot Yield}) \times (181-240 \text{ month Bucket Spot Yield})$$

e.g. Forecasted Discount Rate for Dec 2015, 13-36 months =  $(0\% \times 0\%) + (13.86\% \times 4.14\%) + (67.50\% \times 2.72\%) + (18.64\% \times 4.19\%) = 3.19\%$

- For the 181-240 month buckets, the discount rates equal the forecasted spot yields for the 181-240 month buckets. Historically, the discount rates in this bucket have either been slightly above or slightly below the spot yields in this bucket.

- Cash flows from 240 months onward are backed by equities. The expected long-term equity yield net of investment expenses is 7.29%.

- Since the average loss date of the rating year is August 31, 2015, we use six months prior, February 28, 2015, as the appropriate discount date. The forecasted rating year discount factor is determined as follows for each bucket:

$$\text{Forecasted Rating Year Discount Factor} = \text{Dec 2014 Disc Rate} + (2/12) \times (\text{Dec 2015 Disc Rate} - \text{Dec 2014 Disc Rate})$$

e.g. Forecasted Discount Rate for 13-36 months =  $2.49\% + (2/12) \times (3.19\% - 2.49\%) = 2.60\%$

Equity yield of 7.29% is from Hewitt Prospective Returns average of 7.42% net of a 0.13% investment expense component

**HEWITT PROSPECTIVE RETURNS**

Asset Class Returns	2006	2007	2008	2009	2010	2011	2012	2013	2014	5 Yr Avg
Canadian equities	6.8%	6.9%	7.7%	7.0%	7.3%	7.9%	7.0%	7.6%	7.6%	7.5%
U.S. equities	6.4%	6.6%	7.3%	7.4%	8.1%	7.5%	7.2%	7.1%	7.1%	7.4%
NNA equities	6.9%	6.9%	7.8%	8.0%	8.3%	7.8%	7.9%	7.9%	7.1%	7.8%
Global Small Cap equities								8.3%	7.9%	8.1%
Infrastructure								9.0%	7.4%	8.2%
Real estate		5.9%	6.4%	6.9%	6.7%	7.2%	6.4%	6.3%	6.2%	6.5%
Weighted Rate of Return				7.5%	7.7%	7.1%	7.4%	7.4%	7.5%	7.4%
Net of Investment Expense										7.3%





# Labour Rate Factors

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**Proportion of Repairable Losses to Total Losses by Cover Code****21 - PD Auto**

## Incurred Losses

Accident				%	% Total	
Year	Repairable	Total Loss	Total	Repairable	Loss	
2003	41,539,560	19,380,319	60,919,879	68%	32%	
2004	42,037,048	19,021,815	61,058,862	69%	31%	
2005	44,413,727	18,118,109	62,531,836	71%	29%	
2006	45,771,981	19,311,491	65,083,472	70%	30%	
2007	50,668,733	22,718,203	73,386,937	69%	31%	
2008	52,312,733	24,089,330	76,402,062	68%	32%	
2009	55,620,863	26,765,200	82,386,063	68%	32%	
2010	58,254,333	29,246,370	87,500,703	67%	33%	
2011	60,312,477	32,672,984	92,985,461	65%	35%	
2012	53,242,586	32,824,396	86,066,981	62%	38%	
Total	540,697,549	255,289,037	795,986,586	68%	32%	Average

**31 - Collision**

## Incurred Losses

Accident				%	% Total	
Year	Repairable	Total Loss	Total	Repairable	Loss	
2003	86,804,858	56,743,481	143,548,339	60%	40%	
2004	92,474,971	61,117,523	153,592,494	60%	40%	
2005	98,945,116	60,024,164	158,969,280	62%	38%	
2006	106,053,502	61,731,709	167,785,211	63%	37%	
2007	114,000,122	66,290,486	180,290,608	63%	37%	
2008	115,981,151	72,604,787	188,585,938	62%	38%	
2009	125,221,253	79,258,788	204,480,041	61%	39%	
2010	126,737,392	80,208,377	206,945,769	61%	39%	
2011	132,275,732	88,558,821	220,834,553	60%	40%	
2012	124,160,447	78,241,128	202,401,575	61%	39%	
Total	1,315,658,495	828,398,863	2,144,057,358	61%	39%	Average

**32 - Comprehensive**

## Incurred Losses

Accident				%	% Total	
Year	Repairable	Total Loss	Total	Repairable	Loss	
2003	18,318,353	5,809,850	24,128,203	76%	24%	
2004	12,379,987	3,943,834	16,323,821	76%	24%	
2005	11,589,255	3,863,999	15,453,254	75%	25%	
2006	13,866,265	4,636,660	18,502,925	75%	25%	
2007	23,280,602	7,909,547	31,190,149	75%	25%	
2008	15,588,066	5,635,579	21,223,645	73%	27%	
2009	10,270,647	3,652,232	13,922,879	74%	26%	
2010	30,081,673	15,408,224	45,489,897	66%	34%	
2011	50,419,026	15,747,831	66,166,857	76%	24%	
2012	17,063,013	7,985,526	25,048,539	68%	32%	
Total	226,648,569	80,171,580	306,820,149	74%	26%	Average

**33 - Glass**

## Incurred Losses

Accident				%	% Total	
Year	Repairable	Total Loss	Total	Repairable	Loss	
2003	641,903	-	641,903	100%	0%	
2004	386,276	-	386,276	100%	0%	
2005	305,206	3,387	308,593	99%	1%	
2006	332,957	-	332,957	100%	0%	
2007	363,436	1,883	365,319	99%	1%	
2008	528,239	-	528,239	100%	0%	
2009	845,922	30	845,952	100%	0%	
2010	1,042,830	-	1,042,830	100%	0%	
2011	1,495,628	-	1,495,628	100%	0%	
2012	1,606,858	-	1,606,858	100%	0%	
<b>Total</b>	<b>9,546,752</b>	<b>9,600</b>	<b>9,556,352</b>	<b>100%</b>	<b>0%</b>	<b>Average</b>

**41 - Fire/Lightening/Explosion**

## Incurred Losses

Accident				%	% Total	
Year	Repairable	Total Loss	Total	Repairable	Loss	
2003	722,921	4,259,456	4,982,377	15%	85%	
2004	720,390	4,372,713	5,093,103	14%	86%	
2005	831,748	4,819,887	5,651,635	15%	85%	
2006	736,701	4,362,418	5,099,119	14%	86%	
2007	781,019	5,151,266	5,932,285	13%	87%	
2008	902,425	5,030,138	5,932,563	15%	85%	
2009	1,089,244	5,380,889	6,470,133	17%	83%	
2010	1,095,587	5,339,243	6,434,830	17%	83%	
2011	1,286,441	5,342,312	6,628,753	19%	81%	
2012	1,554,653	4,699,876	6,254,529	25%	75%	
<b>Total</b>	<b>11,307,483</b>	<b>57,408,578</b>	<b>68,716,061</b>	<b>16%</b>	<b>84%</b>	<b>Average</b>

**42 - Theft**

## Incurred Losses

Accident				%	% Total	
Year	Repairable	Total Loss	Total	Repairable	Loss	
2003	4,307,418	8,503,029	12,810,447	34%	66%	
2004	3,684,785	9,036,183	12,720,968	29%	71%	
2005	3,232,068	7,763,882	10,995,950	29%	71%	
2006	3,492,960	7,686,207	11,179,167	31%	69%	
2007	2,810,414	7,280,663	10,091,077	28%	72%	
2008	2,572,882	7,298,689	9,871,571	26%	74%	
2009	2,893,610	7,800,810	10,694,420	27%	73%	
2010	2,695,252	7,868,119	10,563,371	26%	74%	
2011	2,827,951	8,284,726	11,112,677	25%	75%	
2012	2,231,060	6,073,608	8,304,668	27%	73%	
<b>Total</b>	<b>39,915,514</b>	<b>91,839,390</b>	<b>131,754,904</b>	<b>30%</b>	<b>70%</b>	<b>Average</b>

**Labour Cost as as Percentage of Estimates**

Year	Labour Cost as as Percentage of Estimates
2003	43.30%
2004	43.30%
2005	42.70%
2006	42.90%
2007	44.10% Higher due to large storm activity
2008	43.40%
2009	44.20% Labour rate increase of 16%
2010	44.20%
2011	43.50%
2012	43.50%
2013	43.50%
Rating Yr	43.50%

Rating year % is before the impact of the labour rate increase

**Labour Rate Increases**

Year	Labour Rate	Percentage Increase	Weight
2002	49.00		
2003	50.37	2.8%	
2004	51.28	1.8%	
2005	52.35	2.1%	
2006	53.92	3.0%	
2007	55.54	3.0%	
2008	57.76	4.0%	
Jan-Feb 2009	57.76	0.0%	0.17
March 1, 2009	67.00	16.0%	0.83
Jan-Apr 2010	67.00	0.0%	0.33
May 3, 2010	68.27	1.9%	0.67
2011	69.63	2.0%	
2012	69.63	0.0%	
2013	69.63	0.0%	
2014	76.59	10.0%	

**Labour Rate Increase**

Year	Calendar Year	Accident Year	Cumulative
2002	1.0196		1.4348
2003	1.0280	1.0238	1.4016
2004	1.0181	1.0230	1.3700
2005	1.0209	1.0195	1.3439
2006	1.0300	1.0254	1.3106
2007	1.0300	1.0300	1.2724
2008	1.0400	1.0350	1.2294
2009	1.1600	1.0983	1.1193
2010	1.0190	1.0872	1.0295
2011	1.0199	1.0194	1.0099
2012	1.0000	1.0099	1.0000
2013	1.0000	1.0000	1.0000

**Average Repairable Incurred Loss to Total Loss**

	21 - PD Auto	31 - Collision	32 - Comprehensive	33 - Glass	41 - Fire/Lightening/Explosion	42 - Theft
Average	67.93%	61.36%	73.87%	100%	16.46%	30.30%

**Percent of Losses that are impacted by Labour rates**

Year	Labour Cost as as Percentage of Estimates	21 - PD Auto	31 - Collision	32 - Comprehensive	33 - Glass	41 - Fire/Lightening/Explosion	42 - Theft
2003	43.30%	29.41%	26.57%	31.99%	43.26%	7.13%	13.12%
2004	43.30%	29.41%	26.57%	31.99%	43.26%	7.13%	13.12%
2005	42.70%	29.01%	26.20%	31.54%	42.66%	7.03%	12.94%
2006	42.90%	29.14%	26.32%	31.69%	42.86%	7.06%	13.00%
2007	44.10%	29.96%	27.06%	32.58%	44.06%	7.26%	13.36%
2008	43.40%	29.48%	26.63%	32.06%	43.36%	7.14%	13.15%
2009	44.20%	30.02%	27.12%	32.65%	44.16%	7.27%	13.39%
2010	44.20%	30.02%	27.12%	32.65%	44.16%	7.27%	13.39%
2011	43.50%	29.55%	26.69%	32.13%	43.46%	7.16%	13.18%
2012	43.50%	29.55%	26.69%	32.13%	43.46%	7.16%	13.18%
2013	43.50%	29.55%	26.69%	32.13%	43.46%	7.16%	13.18%
Rating Year	43.50%	29.55%	26.69%	32.13%	43.46%	7.16%	13.18%



**On-level Factor by Coverage Code**

Year	21 - PD Auto	31 - Collision	32 - Comprehensive	33 - Glass	41 - Fire/Lightening/E xplosion	42 - Theft	All Other Coverage Codes
2003	1.1181	1.1067	1.1284	1.1737	1.0286	1.0527	1.0000
2004	1.1088	1.0983	1.1184	1.1601	1.0264	1.0485	1.0000
2005	1.0997	1.0901	1.1085	1.1467	1.0242	1.0445	1.0000
2006	1.0905	1.0818	1.0984	1.1331	1.0219	1.0404	1.0000
2007	1.0816	1.0737	1.0887	1.1200	1.0198	1.0364	1.0000
2008	1.0676	1.0611	1.0735	1.0994	1.0164	1.0302	1.0000
2009	1.0358	1.0324	1.0390	1.0527	1.0087	1.0160	1.0000
2010	1.0089	1.0080	1.0096	1.0130	1.0021	1.0040	1.0000
2011	1.0029	1.0026	1.0032	1.0043	1.0007	1.0013	1.0000
2012	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
2013	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

# Traffic Safety Initiative Factors

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Saskatchewan Government Insurance  
2014 Rate Program  
Traffic Safety Initiative Factors

**Enhanced Enforcement Program**

	Damage	Injury Excl Death	Death	Total
Year 1	3,221,925	801,113	272,188	4,295,226
Year 2	9,128,787	2,269,820	748,518	12,147,125
Year 3	14,856,653	3,694,021	1,292,894	19,843,568
Year 4	17,899,581	4,450,628	1,684,165	24,034,374

Adjustment For Changing  
Recommendations

-25%
-25%
-25%
-25%

**Enhanced Enforcement Program - Adjusted**

	Damage	Injury Excl Death	Death	Total
Year 1	2,416,444	600,835	204,141	3,221,420
Year 2	6,846,590	1,702,365	561,389	9,110,344
Year 3	11,142,490	2,770,516	969,671	14,882,676
Year 4	13,424,686	3,337,971	1,263,124	18,025,781

**Photo Radar Project**

	Damage	Injury Excl Death	Death	Total
Year 1	695,019	1,136,757	52,352	1,884,128
Year 2	695,019	1,136,757	52,352	1,884,128
Year 3	695,019	1,136,757	52,352	1,884,128
Year 4	695,019	1,136,757	52,352	1,884,128

Adjustment For Changing  
Recommendations

0%
0%
0%
0%

**Photo Radar Project - Adjusted**

	Damage	Injury Excl Death	Death	Total
Year 1	695,019	1,136,757	52,352	1,884,128
Year 2	695,019	1,136,757	52,352	1,884,128
Year 3	695,019	1,136,757	52,352	1,884,128
Year 4	695,019	1,136,757	52,352	1,884,128

**Impaired Driving Program - Original Estimate**

	Damage	Injury Excl Death	Death	Total
Year 1	1,416,653	8,036,808	2,576,458	12,029,919
Year 2	1,416,653	8,036,808	2,576,458	12,029,919
Year 3	1,416,653	8,036,808	2,576,458	12,029,919
Year 4	1,416,653	8,036,808	2,576,458	12,029,919

Adjustment For Changing  
Recommendations

0%
0%
0%
0%

**Impaired Driving Program - Original Estimate - Adjusted**

	Damage	Injury Excl Death	Death	Total
Year 1	1,416,653	8,036,808	2,576,458	12,029,919
Year 2	1,416,653	8,036,808	2,576,458	12,029,919
Year 3	1,416,653	8,036,808	2,576,458	12,029,919
Year 4	1,416,653	8,036,808	2,576,458	12,029,919

**Impaired Driving Program - Net of Subrogation**

	Damage	Injury Excl Death	Death	Total
Year 1	708,327	4,018,404	1,288,229	6,014,960
Year 2	708,327	4,018,404	1,288,229	6,014,960
Year 3	708,327	4,018,404	1,288,229	6,014,960
Year 4	708,327	4,018,404	1,288,229	6,014,960

Adjustment For Changing  
Recommendations

0%
0%
0%
0%

**Impaired Driving Program - Net of Subrogation - Adjusted**

	Damage	Injury Excl Death	Death	Total
Year 1	708,327	4,018,404	1,288,229	6,014,960
Year 2	708,327	4,018,404	1,288,229	6,014,960
Year 3	708,327	4,018,404	1,288,229	6,014,960
Year 4	708,327	4,018,404	1,288,229	6,014,960

Assume that first year of claim reduction is 2015

**Total - All Programs**

	Damage	Injury Excl Death	Death	Total
2015	4,625,271	5,956,274	1,612,769	12,194,314
2016	10,532,133	7,424,981	2,089,099	20,046,213
2017	16,259,999	8,849,182	2,633,475	27,742,656
2018	19,302,927	9,605,789	3,024,746	31,933,462
Rating Yr	5,680,947	5,951,749	1,629,022	13,261,718

Assume that first year of claim reduction is 2015

**Total - All Programs**

	Damage	Injury Excl Death	Death	Total
2015	3,819,789	5,755,996	1,544,722	11,120,507
2016	8,249,936	6,857,526	1,901,970	17,009,431
2017	12,545,835	7,925,677	2,310,252	22,781,764
2018	14,828,031	8,493,132	2,603,705	25,924,868
Rating Yr	4,592,056	5,681,003	1,538,292	11,811,351

**From Budget - Before Traffic Safety Claims Adjustment**

From Budget	Total Dam Excl Cats Net of Salvage	Injury Excl Death/OOP Excl MF, Appeal Comm	Death	Total
2014	445,854,688	265,475,912	32,143,983	743,474,583
2015	482,265,486	286,378,082	34,360,858	803,004,426
2016	521,586,045	308,871,730	36,702,804	867,160,579
2017	554,044,558	333,160,170	39,184,700	926,389,429
2018	588,592,562	359,377,999	41,811,922	989,782,483
Rating Yr	488,980,566	290,215,439	34,758,131	813,954,135
Rating Adjust	0.94%	1.96%	4.43%	



# Break Even Margin Calculation

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**Saskatchewan Government Insurance  
2014 Rate Program  
Break Even Margin Calculation**

**Net Written Premium**

- Excluding Safe Driver Recognition Malus, Permit Office Permits and Cancellation Retention Fees

Jan to Dec 2012	774,353,712
Jan to May 2013	351,003,635

**Unallocated Premium Amount**

- Premium amounts that are currently not allocated in our rating data

	24 HR & 8 Day Permits	Cancellation Retention	Permit Office Permits	Unallocated Premiums*	Total
Jan to Dec 2012	(1,283,806)	(1,399,601)	(628,421)	515,617	(2,796,211)
Jan to May 2013	(550,571)	(496,176)	(231,442)	32,166	(1,246,024)

\*Includes stale dated cheques and reversing cashed stale dated cheques by banking and investments, Issuer end-of-period corrections, manual refunds, customer file corrections and application corrections.

**Calculation of Proportion of Net Written Premium**

	Permits <u>% of Prem</u>	Cancel Ret <u>% of Prem</u>	Permit Office <u>% of Prem</u>	Unallocated Premiums <u>% of Prem</u>	Total
Jan to Dec 2012	-0.1658%	-0.1807%	-0.0812%	0.0666%	-0.3611%
Jan to May 2013	-0.1569%	-0.1414%	-0.0659%	0.0092%	-0.3550% Selected (5)

**Projected Provision for Adverse Development (PfAD) Growth**

	From 2014 Budget:
(1) Projected 2014 PfAD Growth:	10,079,344
(2) Projected 2015 PfAD Growth:	<u>6,214,149</u>
(3) Rating Yr PfAD Growth (4/12 x (1) + 8/12 x (2)):	7,502,547

**Rating Year Expected Premium**

- All vehicles including trailers

(4) Rating Yr Expected Prem:	902,514,789
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**Calculated Rating Year Unallocated Premium Amount**

(6) Rating Yr Permits/Cancel (4)x(5):	(3,203,827)
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**Calculated Net Income Impact**

(7) Net Income Impact (3)-(6):	4,298,721
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**Calculated Break Even Margin**

Break Even Margin (7)/(4):	<b>0.4763%</b>
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# Capital Requirement Calculation

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Saskatchewan Government Insurance  
2014 Rate Program  
Capital Requirement Calculation

**Five-Year Forecast With 2.7% Basic Rate and No Capital Adjustment:**

	Forecast (\$'000s)					
	2013	2014	2015	2016	2017	2018
Increase (decrease) to Rate Stabilization Reserve (RSR)	43,164	-15,727	4,210	3,717	5,406	5,044
RSR Appropriated (to) from Redevelopment Reserve	3,447	1,520	0	0	0	0
RSR Balance, End of Year (Capital Available)	173,733	159,526	163,736	167,453	172,859	177,903
Capital Required	263,222	280,058	292,835	309,868	331,510	355,292
Forecasted MCT (no margins)	66.0%	57.0%	55.9%	54.0%	52.1%	50.1%

**Calculation of Capital Maintenance Provision:**

	2014	2015
Increase (decrease) to RSR assuming \$0 change in RSR in 2015	-15,727	0
RSR Appropriated (to) from Redevelopment Reserve	1,520	0
RSR Balance, End of Year (Capital Available) assuming \$0 change in RSR in 2015	159,526	159,526
Capital Required	280,058	292,835
MCT assuming \$0 change in RSR in 2015	57.0%	54.5%
Target MCT for Capital Maintenance		57.0%
<b>Capital Maintenance Provision</b>		<b>7,278</b>
(Additional capital needed to reach 2014 MCT assuming no change to RSR in 2015)		

**Calculation of Capital Build/(Release) Provision:**

	2014
Forecasted Smoothed MCT (no margins)	61.5%
MCT shortfall percentage from target of 100% MCT	38.5%
1/5 of MCT shortfall percentage from target	7.7%
Smoothed Capital Required	271,640
<b>Capital Build/(Release) Provision</b>	<b>20,926</b>

**Calculation of Required Capital Margin:**

Capital Maintenance Amount	7,278
Additional Change in Required Capital*	506
<b>Total Capital Maintenance Provision Amount</b>	<b>7,784</b>
Capital Build/(Release) Amount	20,926
Additional Change in Required Capital*	1,455
<b>Total Capital Build/(Release) Provision Amount</b>	<b>22,381</b>
<b>Total Capital Required/(Excess) Provision</b>	<b>30,165</b>
Variable Expense %	10.94%
Break Even %	0.48%
<b>Total Premium Required/(Excess)</b>	<b>34,054</b>
All Vehicles Incl Trailers Projected Rating Year Average Premium	927,033
<b>Required Capital Margin</b>	<b>3.673%</b>

\*The process of adjusting rates to add or reduce capital will cause changes in the Required Capital of the MCT calculation. The additional impacts on Interest Rate Risk and Asset Risk components of the Required Capital are expected to persist, so the capital margin is adjusted to offset these changes in capital required.



# Credibility Assumptions

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**Saskatchewan Government Insurance  
2014 Rate Program  
Credibility Assumptions**

Class	HHI - Injury	HHI - Dam/Liab	Injury Counts	Dam/Liab Counts	First Check	Second Check	Multiplier	Std of Full Cred	Compliment of Credibility
CLEAR	0.062%	0.001%	46,068	491,273	0	0	1	1,082	Proj On-Level Avg Prem
Ambulance	63.309%	1.244%	8	205	1	1	3	3,246	Proj On-Level Avg Prem
Antique	10.904%	1.458%	52	408	0	0	1	1,082	Proj On-Level Avg Prem
A-HTV IRP	37.130%	2.151%	12	150	1	0	2	2,164	Proj On-Level Avg Prem
A-HTV NIRP	18.991%	1.200%	31	657	1	0	2	2,164	Proj On-Level Avg Prem
A-XS	7.391%	1.452%	-	219	0	0	1	1,082	Proj On-Level Avg Prem
A-PU IRP	7.244%	0.138%	149	3,709	0	0	1	1,082	Proj On-Level Avg Prem
A-PU NIRP	8.744%	0.938%	37	688	1	0	2	2,164	Proj On-Level Avg Prem
CD-HTV	4.390%	0.084%	230	3,532	0	0	1	1,082	Proj On-Level Avg Prem
CD NonRes	100.000%	0.000%	1	-	1	1	3	3,246	Proj On-Level Avg Prem
IndTrack	0.000%	100.000%	-	1	1	1	3	3,246	Proj On-Level Avg Prem
CD-PU	3.757%	0.153%	124	2,516	0	0	1	1,082	Proj On-Level Avg Prem
CD-XS	1.447%	0.722%	-	512	0	0	1	1,082	Proj On-Level Avg Prem
Class F HTV	12.136%	0.335%	64	857	0	0	1	1,082	Proj On-Level Avg Prem
Class F Light Model Year 1993 and Older	4.428%	0.180%	265	1,714	0	0	1	1,082	Proj On-Level Avg Prem
Class F Power Units	10.249%	0.470%	65	915	0	0	1	1,082	Proj On-Level Avg Prem
Class F Trailers	100.000%	0.383%	1	606	0	0	1	1,082	Proj On-Level Avg Prem
L-A&M	9.766%	0.260%	55	1,333	0	0	1	1,082	Proj On-Level Avg Prem
Class LT	0.000%	2.276%	-	177	0	0	1	1,082	Proj On-Level Avg Prem
PV-HTV	34.550%	13.851%	5	84	1	0	2	2,164	Proj On-Level Avg Prem
MT	45.647%	12.667%	4	115	1	1	3	3,246	Proj On-Level Avg Prem
Class PB	33.001%	1.982%	40	434	1	0	2	2,164	Proj On-Level Avg Prem
Class PC	6.241%	0.339%	87	853	0	0	1	1,082	Proj On-Level Avg Prem
Class PS	21.693%	0.559%	80	933	1	0	2	2,164	Proj On-Level Avg Prem
Class PT - Popn Greater than 2000	4.652%	0.250%	276	1,623	0	0	1	1,082	Proj On-Level Avg Prem
Class PV Converted Vehicle	0.000%	51.699%	-	3	1	1	3	3,246	Proj On-Level Avg Prem
Class PV Power Units	0.000%	0.000%	-	-	1	0	2	2,164	Proj On-Level Avg Prem
T-NU	37.493%	0.036%	6	7,470	0	0	1	1,082	Proj On-Level Avg Prem
T-U	100.000%	0.279%	1	723	0	0	1	1,082	Proj On-Level Avg Prem
TS	69.301%	0.078%	3	2,535	0	0	1	1,082	Proj On-Level Avg Prem
TS-XS	0.000%	0.882%	-	204	0	0	1	1,082	Proj On-Level Avg Prem
Hearse	0.000%	5.057%	-	55	1	0	2	2,164	Proj On-Level Avg Prem
LV Bus Non-Restricted Use	10.832%	2.966%	15	131	1	0	2	2,164	Proj On-Level Avg Prem
LV Bus Restricted Use	0.000%	9.252%	-	15	1	0	2	2,164	Proj On-Level Avg Prem
Motorcycles	0.560%	0.150%	1,275	2,101	0	0	1	1,082	Proj On-Level Avg Prem
MH	19.676%	0.530%	31	1,736	1	0	2	2,164	Proj On-Level Avg Prem
Motorized Bicycles	100.000%	100.000%	1	1	1	1	3	3,246	Proj On-Level Avg Prem

Notes

Trailer classes ignore injury HHI because these classes are only actually covered for damage claims.





# Exposure Trend Summary

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Saskatchewan Government Insurance  
 2014 Rate Program  
 Ratemaking date as of: 31/05/2013  
 Summary of Exhibit 4 - Exposure Trends by Class

Vehicle Class	Exposure Trend 2013	Exposure Trend 2014 - 2015	Notes from Exhibit 4
<b>CLEAR-Rated Vehicles</b>	1.00%	2.38%	Over the past 5-6 years, a lower trend emerges than over the longer term. Expect that mid-term trend to continue, select 6 year trend. Slight decline so far in the 2013 year, expect that to reduce the 2013 exposure trend.
A - Commercial Light Trucks	2.00%	0.00%	Experienced a negative trend in the past, but seems to have flattened out. The 2013 year is high so far, could experience some growth. Forecast no growth or decline in exposures beyond 2013.
F - Farm Light Truck - 1994 & Newer	2.00%	4.50%	Has been somewhat volatile, but has averaged 4-5% over the long-run. Select 4.5% for 2014-2018 as a result. Slight decline so far in 2013 means we expect 2013 to have less growth than the long-run average.
LV - Private Passenger Vehicles (PPV)	2.25%	2.75%	The high 2011-2012 experience did not continue in 2012-2013. The 2013 exposure trend was adjusted downward for the low actual 2012-2013 experience, but not too far as it seems that it is picking back up again in May. A longer term trend was used for 2014-2018.
LV - PPV - Farm Cars	-15.00%	-10.00%	2013 exposure trend adjusted downward based on actual 2012-2013 experience. Long-term trend used for 2014-2018.
LV - PPV - Farm SUVs and Vans	-3.00%	-2.50%	The trend is negative, but not as extreme as the negative trend for Farm Cars. Selected a slightly more negative trend for the 2013 exposure trend based on the experience to date for 2013. The 2014-2018 trend is based on more recent years' experience.
LV - Police Cars	-2.50%	-2.50%	The exposures are volatile, but there is an obvious negative trend as they have dropped significantly in recent years. Exposure trend for 2013-2018 selected based on long-term trend due to volatility.
LV - Police Trucks, Vans & SUVs	7.50%	7.50%	Exposure growth varies considerably from year to year. Longer-term trend used for 2013-2018 exposure trend selections.
LV - Udrives	5.00%	5.00%	2013-2018 exposure trend selected based on long-term trends.
PT - Taxis (Rural)	0.00%	5.00%	Large growth in 2010, after a decline from 2003-2009. Growth in 2011 indicates future will likely grow, select 5% for 2014-2018. 2013 has a slight decline so far, so assume no growth for this year.
<b>Conventionally Rated Vehicles</b>			
Ambulances	1.00%	1.50%	There has been some considerable fluctuations in the exposure growth percentage from year to year. Overall, there is an upward trend apparent. The small overall change from June 2009 - May 2013 may indicate that the trend is slowing down. The five months total to May 2013 even had a decline from the five month total to May 2012. Final selected trend based on exposure growth over past 5 years.
A - Commercial Vehicles:			
Heavy Trucks and Vans - IRP	4.00%	4.00%	The exposure growth from year to year is volatile. The long-term trend is positive. Select trend based on the growth over the past 6 years.
Heavy Trucks and Vans - Non-IRP	7.00%	7.00%	Over the long term, a high positive trend is apparent. Exposure growth over 2009-2013 was not as high as in 2009 and prior. Selected trend is based on mid-term trends.
Power Units - IRP	1.00%	1.00%	Exposure growth is very volatile year-over-year. There is a slight positive trend over the long term.
Power Units - Non-IRP	12.00%	8.00%	Written exposures in the first 5 months of 2013 were about 18% higher than the written exposures in the first 5 months of 2012. The 2013 selected trend takes this high growth into account. The 2014-2018 selected trends are based on the mid-term trends.
C & D - Commercial Vehicles:			
Heavy Trucks and Vans	4.00%	4.00%	The long-term positive trend is expected to continue.
Power Units	9.00%	12.00%	Recently, there has been very large exposure growth. Expect future to be more like the recent 5 years rather than the earlier years. The 2013/2012 change was lower than in the three years prior. Adjust the 2013 selection down to account for this.
F - Farm Vehicles:			
Heavy Trucks and Vans	-8.00%	-5.00%	The exposures written in the first 5 months of 2013 were 11.5% lower than the exposures written in the first 5 months of 2012. The 2013 selected trend takes this large exposure decrease into account. The 2014-2018 selected trends are based on the mid-term trends. Farmers are no longer buying grain trucks as they used to. Semi truck and trailers and grain carts are now the preferred method of hauling/moving grain.
Light Trucks - 1993 & Older	-16.00%	-13.00%	There is a consistent negative trend. The 2013 selection was adjusted downward based on experience for 2013 to date. The 2014-2018 selections are based on the long-term trends.
Power Units	5.00%	11.00%	Exposure growth from June 1, 2012 - May 31, 2013 was low and the 2013 selected trend takes this into account. The 2014-2018 selected trends are based on the long-term trends. Farmers have moved away from using grain trucks and have opted for semi truck and trailer units. The positive growth trend is expected to continue for the foreseeable future.
Hearses	0.00%	2.00%	The year-to-year exposure growth is very volatile, so the selected trends are based on the long-term trend. The 2013 selection was adjusted downward to account for the fact that exposure growth was negative in the first 5 months of 2013.
L - Dealer Plates	0.00%	1.00%	Trend is lower in recent years. Select 2014-2018 trend based on shorter-term trends. Adjusted the 2013 trend downward based on 2013 experience to date.

Vehicle Class	Exposure Trend 2013	Exposure Trend 2014 - 2015	Notes from Exhibit 4
L - Snowmobile Dealers	0.00%	0.00%	There is a lot of volatility in the data as there are not many exposures here. The 2012-2013 exposure trend is very high. Ignoring June 1, 2012 - May 31, 2013 exposure growth, exposures have fluctuated around 40 exposures each year starting in 2006. Assume there is no real underlying trend here.
LV - Antiques	6.00%	7.50%	2013 exposure trend adjusted downward based on actual experience for 2012-2013. Select long-term trend for 2014, and assume reduced trend for 2015-2018 since restrictions on motorcycles plated as antiques will be in place at that time (they are driving some of the increase).
LV - Buses	3.00%	3.00%	Exposures consistently increased to 2008, then declined in 2010, increased in 2011-2012, then fell again in 2013. Future trend is expected to be positive, but not as high as indicated by the long-term trends.
LV - Buses (Restricted)	-8.00%	-10.00%	Trend in the last couple of years has not been as negative as over the long-term. Trend selected based on mix of recent and historical experience.
LV - Motorcycles	-5.00%	3.00%	Exposures dropped significantly in 2013, likely due to both the rate increase that went into effect in August 2012 and the late spring we had in 2013. Expect a positive exposure trend for 2014-2018, but likely not as high as in the past. Adjust 2013 exposure trend based on experience to date.
LV - Motorhomes	-3.00%	-0.50%	Slight negative long-term trend. Written exposures for Jan-May 2013 were about 7% lower than written exposures from Jan-May 2012. Select a negative exposure trend for 2013 as exposures are expected to come down a bit in 2013 considering the actual experience to date. Select -0.5% for future trend.
MT - Snowmobiles	5.00%	5.00%	Very seasonal class. Year 2011 had dramatically low exposures due to lack of snowfall, but exposures came back up in 2012. The 2013 exposures written from Jan-May, were similar to that for 2012. Final selected trends based on long-term trend.
PB - Passenger Inter-city Buses	10.00%	7.00%	Trends are volatile, but clearly positive and significant. Selection based on 8 year trend. Exposure growth in the first 5 months of 2013 was high. Adjust the 2013 selection upwards to account for this high exposure growth.
PC - Passenger City Buses	2.50%	2.50%	Exposure growth is erratic from year to year, but there is positive growth over the long-term. Trend selections based on long-term experience.
PS - Passenger School Buses	1.00%	1.00%	Slightly positive trend in recent years. 2013/2012 is having a large influence on the trends appearing for selection.
PT - Taxis	7.50%	5.00%	Strange dip in exposures in 2011/2010 that has since bounced back up above the 2009 levels. Expect that growth will continue, though maybe not as high as in 2012 and 2013. Select a slightly higher trend for 2013 as experience to date indicates high exposure growth for 2013.
<b>Trailers</b>			
F - Trailers	6.00%	6.50%	2014-2018 exposure trends selected based on long-term trends. Exposure growth appears to have stalled in March and April 2013 - perhaps due to the late spring. It picked up in May 2013 when spring finally came. Still, select something a bit lower for 2013 as exposure growth for 2013 should be lower than the long-term trend. Farmers have moved away from using grain trucks and have opted for semi truck and trailer units. The positive growth trend is expected to continue.
LT - Trailer Dealers/Movers	4.50%	4.50%	The exposures are quite volatile, but have clearly been growing in recent years. Selected trend us based on average growth over June 1, 2008 - May 31, 2013.
T - Personal Trailers	6.00%	10.00%	The exposure growth from June 1, 2012 - May 31, 2013 was low because of the delayed spring. Adjust the 2013 exposure trend downward to account for this. The 2014-2018 exposure trends are based on the long-term trends.
T - Utility	3.00%	5.00%	Exposure growth can vary considerably from year to year. Select 2014-2018 exposure trend based on long-term trends. Adjust 2013 trend downward to take into account the low exposure growth to date.
TS - Commercial Trailers	7.00%	7.00%	2013-2018 trends selected based on long-term trends.
<b>Miscellaneous Classes</b>			
A - Excess Value	20.00%	10.00%	High sporadic growth in the past, and extremely large growth in 2013. Could be the 2012 rate decrease, but need to find out for sure.
C&D - Non-Resident	0.00%	0.00%	There has been a history of decreasing exposures from changes to residency eligibility (occurred in 2000, 2003, 2010). The exposures remaining in this class should be legitimate non-residents going forward. No indications that the future trend will be either positive or negative.
C&D - Excess Value	20.00%	15.00%	High sporadic growth in the past, and extremely large growth in 2013. Could be the 2012 rate decrease, but need to find out for sure.
Industrial Tracked Vehicles	0.00%	0.00%	Haven't written any in a while. No trend would make sense starting with 0 exposures as the starting point, but don't really expect many exposures (if any at all) going forward.
LV - Motorized Bicycle	0.00%	0.00%	This class has very few exposures. The exposures have declined significantly since 2006. They now may be leveling off. Assume future exposure growth of 0%.
PV - Converted Vehicles	5.00%	5.00%	Hardly any exposures here, and decreased in 2013/2012. Assume some future growth.
PV - Heavy Trucks and Vans	0.00%	0.00%	Exposures are relatively constant over the past few years, including 2013 so far. Assume 0% exposure trend for the future.
PV - Power Units	10.00%	10.00%	There are very few exposures here, but strong growth is apparent. Select a trend below the past as trends this high are likely not sustainable.
TS - Excess Value	15.00%	15.00%	High sporadic growth in the past, and recent rate decrease will only add to exposure counts.

# Premium Trend Summary

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**Saskatchewan Government Insurance  
2014 Rate Program  
Ratemaking date as of: 31/05/2013  
Summary of Exhibit 2 - Premium Trends by Class**

Please note that while past premium trends are listed, they were not used in the indications. Average rating year premium was selected based on the most current year of data trended to the rating period.

Vehicle Class	Past Premium Trend	Future Premium Trend	Notes from Exhibit 2
<b>CLEAR-Rated Vehicles</b>	2.82%	2.82%	The trend has slowed compared to the past. Assume trend will be consistent with the trend over the last four years and not quite as low as experienced in the last couple of years.
A - Commercial Light Trucks	3.16%	3.16%	Trend has increased in recent years. The 2012/2011 and 2013/2012 increases were the highest increases in the 10 year period. Assume the trend will be consistent with recent years' trends, but not as dramatic as the 2012/2011 and 2013/2012 increases.
F - Farm Light Truck - 1994 & Newer	1.95%	1.95%	Trend has slowed down significantly in recent years. Assume a smaller positive trend in the future, consistent with the past 4-year trend.
LV - Private Passenger Vehicles (PPV)	2.78%	2.78%	Trend has slowed in recent years, but is still positive. Assume that trend will be in line with the last 4 years
LV - PPV - Farm Cars	1.34%	1.34%	After a few years of high year-over-year changes, things look to be slowing down. Assume there will still be a small positive trend consistent with the last 4 years.
LV - PPV - Farm SUVs and Vans	3.02%	3.02%	Year-over-year changes have been fairly stable over the last 4 years. Assume the future trend will be consistent with the 4 year trend.
LV - Police Cars	1.28%	1.28%	In recent years, the trend has been positive and rather small. Assume this continues in the future
LV - Police Trucks, Vans & SUVs	1.58%	1.58%	The average on-level Written Premium Incl RSR Surcharges were growing steadily at quite a high rate until very recently. Now, the growth looks to have slowed down. Assume the trend will be positive, but not as high as indicated by the longer-term trends.
LV - Udrives	1.67%	1.67%	2011/2010 was an extreme year. This class has volatile premium per exposure. Mid-term to long-term trend will provide the best estimate.
PT - Taxis (Rural)	2.67%	2.67%	Magnitude of increases has been lower in recent years. Still, it is assumed that the future trend may be more in line with the longer-term trends and not continuing to be quite as low. Trend selected based on 5 year trend, which also happens to be very similar to the 2013/2012 increase.
<b>Conventionally Rated Vehicles</b>			
Ambulances	0.00%	0.00%	Ambulances have a maximum fee, which most vehicles receive. No premium trend expected. BR trend has become negative as a result of one large customer who has historically had a BR discount of 4-6%, but received a 0% discount after May 2011, and an 80% surcharge after May 2012.
A - Commercial Vehicles:			
Heavy Trucks and Vans - IRP	0.28%	0.28%	Not many exposures in either the IRP or BR separate programs, and the trend for both is very close to 0%. Combine and use the selected trend for both.
Heavy Trucks and Vans - Non-IRP	0.28%	0.28%	Not many exposures in either the IRP or BR separate programs, and the trend for both is very close to 0%. Combine and use the selected trend for both.
Power Units - IRP	0.00%	0.00%	Not enough BR experience to select trends separate from IRP especially when the trend isn't exactly clear given past volatility. Use combined trend.
Power Units - Non-IRP	0.00%	0.00%	Not enough BR experience to select trends separate from IRP especially when the trend isn't exactly clear given past volatility. Use combined trend.
C & D - Commercial Vehicles:			
Heavy Trucks and Vans	0.56%	0.56%	Slight positive trend apparent. Base selection on 6 year trend rather than shorter-term trend as the year-over-year changes are a bit volatile when considering how small the trend is. Selection is close to the year-over-year changes over the last two periods.
Power Units	0.73%	0.73%	Slight positive trend. Assume trend will be in line with 4 year trend
F - Farm Vehicles:			
Heavy Trucks and Vans	5.76%	5.76%	There was a small decrease over 2012/2011, but a large increase over 2013/2012. Last year's selection was 5.58%, which still looks to be reasonable. The last seven year-over-year changes have been significantly positive as a whole. This trend is assumed to continue, so the trend is selected based on the 8 year trend.
Light Trucks - 1993 & Older	0.00%	0.00%	Recently, the average on-level Written Premium Incl RSR Surcharges have stabilized. Assume the trend is now 0%
Power Units	6.00%	6.00%	Trend was a touch lower in 2013. Assume the trend will be consistent with what was experienced over the past 6 years.
Hearses	0.00%	0.00%	Flat fee, no trend selected.



Vehicle Class	Past Premium Trend	Future Premium Trend	Notes from Exhibit 2
L - Dealer Plates	0.00%	0.00%	Past trend is extremely close to 0%, with recent 3 years right around 0% change. Assume no change for future
L - Snowmobile Dealers	0.00%	0.00%	0.00%
LV - Antiques	0.00%	0.00%	Almost no fluctuation at all in premium per exposure because it's a flat fee of \$81 per vehicle. No trend selected
LV - Buses	-0.37%	-0.37%	There is a small negative trend over the experience period. The slight bump up over 2013/2012 is not expected to continue. Selection based on 4-year trend.
LV - Buses (Restricted)	-0.55%	-0.55%	Slight decreasing trend, though hardly any change over 2013/2012. Selection based on 4-year trend
LV - Motorcycles	1.70%	1.70%	There is a long-term positive trend. The year-over-year change was lower for 2013/2012, but future changes are not expected to be quite that low. Also not expected to be as high as it was back in 2007-2008. Select 6-year trend.
LV - Motorhomes	1.75%	1.75%	Sustained long-term positive trend, with a smaller trend in 2012/2011 so far. Select long term trend
MT - Snowmobiles	0.00%	0.00%	Flat fee premium for snowmobiles
PB - Passenger Inter-city Buses	1.53%	1.53%	There a slight positive trend over the experience period. Select 7-year trend rather than a shorter-term trend as the experience is a bit unstable.
PC - Passenger City Buses	1.85%	1.85%	Positive trend over the experience period, steady with the occasional jump up. Select 7-year trend
PS - Passenger School Buses	1.88%	1.88%	The 2013/2012 change was high, but future changes are not expected to be as high as this. Excluding the 2013/2012 change, year-over-year changes have been rather low in recent years. Selection based on 5-year trend.
PT - Taxis	0.00%	0.00%	The average on-level Written Premium Incl RSR Surcharge has decreased in the last two years, after increasing in years prior. Given high increases as recently as 2011/2010 and 2010/2009, we are not confident that the trend will continue to be negative. Select 0% going forward.
<b>Trailers</b>			
F - Trailers	1.19%	1.19%	Trends in recent years have been slightly lower than the long-term trends. Select a 5-year trend to capture this recent trend
LT - Trailer Dealers/Movers	0.00%	0.00%	Too volatile to show any trend as being correct, positive or negative.
T - Personal Trailers	0.00%	0.00%	There has been a slight positive trend in recent years, but the average on-level premium actually dropped over 2013/2012. Select 0% since the past 4 annual changes have balanced around 0%.
T - Utility	0.00%	0.00%	Charged a flat fee of \$34.
TS - Commercial Trailers	2.50%	2.50%	The average on-level Written Premium Incl RSR Surcharge has been growing since 2011/2010 and this level of growth is expected to continue. Selected 3-year trend.
<b>Miscellaneous Classes</b>			
A - Excess Value	0.00%	0.00%	Fixed rate per value increment, no premium trend expected
C&D - Non-Resident	0.00%	0.00%	Flat fee, no trend selected.
C&D - Excess Value	0.00%	0.00%	Flat rate for each value increment.
Industrial Tracked Vehicles	0.00%	0.00%	Charged a flat fee. Adjust the weighting to use the 2011/2012 value because there were no exposures in 2012/2013 year
LV - Motorized Bicycle	0.00%	0.00%	Charged a flat fee.
PV - Converted Vehicles	0.00%	0.00%	No clear positive or negative trend as experience is very unstable. The trends are largely influenced by the high 2013/2012 change.
PV - Heavy Trucks and Vans	5.85%	5.85%	Select long-term trend since large changes over 2008/2007 and 2013/2012 have a large influence over the trends. The selection looks reasonable compared to recent year-over-year changes.
PV - Power Units	2.53%	2.53%	Year-over-year changes are quite volatile, but a positive trend is apparent. The large jumps 2007/2006 and 2008/2007 should be excluded from the trend selection. Select 6-year trend.
TS - Excess Value	0.00%	0.00%	Fixed rate per value increment, no premium trend expected

# Loss Trend Summary and Exhibits

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# Loss Trend Committee Selections

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## Introduction

The selected loss trends have a significant impact on the indicated rates by class, as well as on the overall indicated rate. In order to improve the accuracy and objectivity of these assumptions, the Auto Fund formed Damage and Injury Loss Trend Committees. Each committee comprises individuals from Product Management, Claims, Traffic Safety, Auto Fund Operations, and Actuarial Services departments.

Exhibits and graphs were prepared by the Actuarial Services group based on data as of May 31, 2013 and sent out to all committee members prior to the meetings. After preliminary selections were made, they were reviewed by the Actuary to ensure that sufficient justification existed for any selections that deviated from basic historical trends and that the rationale for the selections was consistent across coverage lines. In some instances, the selections were returned to the committee for additional justification, or, in the absence of justification, adjustment.

## General Trend Considerations

While making selections for all coverage lines, the committee had the following considerations.

In some instances, especially where credibility of an individual year's experience was lacking or substantial development was required on the losses to date, trends excluding the certain loss years were considered as well.

Non-catastrophe damage and liability trends were to be applied to the past six loss years to determine the average projected rating year pure premium for use in the indication. When selecting past damage and liability trends, the committee paid specific attention to the mid-term trends around this duration.

Injury trends were to be applied to the past ten loss years to determine the average projected rating year pure premium to be used in the indication. When selecting past injury trends, the committee paid specific attention to the longer-term trends.

The selection of future trends was specific to the coverage, of which there were several considerations to be made. If a recent (3-4 years) trend showed a significantly different and credible trend rate as compared to what was selected over the full past trend period, the committee considered using this new trend as the best estimate of the future trend. The future

trend selection was influenced by the recent claims settling experiences of the Claims department, as well as the possible incorporation of external data sources.

The impact of selecting future trends different from past trends for all coverage lines was an increase of 0.2% on the overall rate indication.

## **Glass Trends**

The frequency and severity of glass claims (coverage code 33) has exhibited some extreme historical experience. Beginning in 2006, a significant number of glass claims have begun exceeding the \$700 deductible which has caused a very large positive frequency trend and a large negative severity trend. More recently, this extreme behaviour began to revert back to long-term trends. This history was taken into consideration in the damage loss trend committee's past and future loss trend selections.

## **Labour Rate**

Usually, the loss trend committee is asked to forecast a labour rate increase for each future year. In the 2013 rate program, this forecast was 2% per year. With the new contract, the labour rate will increase by 10% on January 1 of each of 2014, 2015, and 2016. As a result, the expected effect of these changes is specifically modelled in this rate program for the expected claims arising from the 2014-2015 rating year.

**Summary of Loss Trends by Group:**  
**Light Vehicles, Heavy Vehicles, Ambulance & Bus, Motorcycles,**  
**Trailers, Utility Trailers, Commercial Trailers**



**Saskatchewan Government Insurance**  
**2014 Rate Program**  
**Loss Trends by Coverage**  
**Class Group: Light Vehicles**

**Light Classes**

CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban), T - Utility

**Cover 21- Damage Liability to Others Auto**

Selected Trends	Frequency	Severity	Pure Premium
Past	-0.50%	3.00%	2.49%
Future	-0.50%	3.00%	2.49%

Frequency: Past Trend: Based on long term trend due to noise. Future Trend: Equal past trend. Severity: Past Trend: In available trends. Future Trend: Equal to past trend.

**Cover 22 - Damage Liability to Others Property**

Selected Trends	Frequency	Severity	Pure Premium
Past	-6.00%	10.00%	3.40%
Future	-6.00%	10.00%	3.40%

Frequency: Past Trend: Based on long term trends. Future Trend: Equal to past trend. Severity: Past Trend: Steep long term upward trend apparent. Trains and bridges have a large impact on the severity here. The Auto Fund gets charged what it costs them (e.g. CN Rail) to fix it. Future Trend: Equal to past trend.

**Cover 23 - Loss of Use**

Selected Trends	Frequency	Severity	Pure Premium
Past	-1.00%	4.50%	3.45%
Future	-1.00%	4.50%	3.45%

Frequency: Past Trend: Based on long term trends. Could be that more people have multiple vehicles, so there is less need to rent a car. Future Trend: Equal to past trend. Severity: Past Trend: In available trends. Future Trend: Equal to past trend.

**Cover 31 - Damage to Own Vehicle**

Selected Trends	Frequency	Severity	Pure Premium
Past	1.00%	1.50%	2.52%
Future	1.00%	1.50%	2.52%

Frequency: Past Trend: Underlying trend over a longer period. Frequency bounces around depending on how severe winter is. Future Trend: No reason to select future different than past. Severity: Past Trend: Based on mid term trends. Future Trend: Equal to past trend.

**Cover 32 - Comprehensive Coverage**

Selected Trends	Frequency	Severity	Pure Premium
Past	-0.25%	6.00%	5.74%
Future	-0.25%	6.50%	6.23%

Frequency: Past Trend: Similar to All Vehicles incl Trailers, but not as negative with trailers removed. Future Trend: Equal to past trend. Severity: Past Trend: Based on long term trends. Future Trend: Even excluding 2013, recent years are increasing at a greater rate.

**Cover 33 - Glass Coverage**

Selected Trends	Frequency	Severity	Pure Premium
Past	30.00%	-5.00%	23.50%
Future	8.00%	0.50%	8.54%

Frequency: Past Trend: Based on mid to long term trends. Future Trend: Seems to be leveling off in recent years. Severity: Past Trend: Based on 7 year trend. Future Trend: Effect of new claims just getting above the deductible is going away. Inflation is having more of an effect.

**Cover 34 - Deductible**

Selected Trends	Frequency	Severity	Pure Premium
Past	0.00%	0.00%	0.00%
Future	0.00%	0.00%	0.00%

No trends have been selected due to randomness associated with this coverage.



**Cover 41 - Fire/Lightening/Explosion**

Selected Trends	Frequency	Severity	Pure Premium
Past	-7.00%	4.00%	-3.28%
Future	-7.00%	4.00%	-3.28%

Frequency: Past Trend: In available trends. Future Trend: Equal to past trend. Severity: Past Trend: In available trends excluding 2011. Future Trend: Equal to past trend.

**Cover 42 - Theft Coverage**

Selected Trends	Frequency	Severity	Pure Premium
Past	-10.00%	5.00%	-5.50%
Future	-10.00%	5.00%	-5.50%

Frequency: Past Trend: Based on 8-9 year trends. Future Trend: Equal to past trend. Severity: Past Trend: Based on longer term trends. Future Trend: Equal to past trend.

**Damage Catastrophes**

Selected Trends	Frequency	Severity	Pure Premium
Past	3.50%	0.00%	3.50%
Future	3.50%	0.00%	3.50%

Frequency: When excluding 2011 & 2013, the 7-10 yr trends seem to vary from 3-4%. Keep last year's 3.5% selection for past & future. Severity: Volatile, but quite flat. In the absence of any better info, keep at 0%.

**Appeal**

Selected Trends	Frequency	Severity	Pure Premium
Past	-4.00%	9.00%	4.64%
Future	-4.00%	9.00%	4.64%

Frequency: Past Trend: In available trends. Future Trend: Equal to past trend. Severity: Past Trend: Based on 8 year trend excluding 2007, 2013. Future Trend: Equal to past trend.

**Care Benefits**

Selected Trends	Frequency	Severity	Pure Premium
Past	0.00%	0.00%	0.00%
Future	0.00%	0.00%	0.00%

Frequency: Past Trend: Long term trend is flat. Future Trend: Equal to past trend. Severity: Past Trend: Trend line is quite flat, select 0% as a result. This changed from last year's -3% because the 2010 and 2011 ultimate loss turned out to be deficient, flattening the line. Future Trend: Equal to past trend.

**Income Replacement**

Selected Trends	Frequency	Severity	Pure Premium
Past	-3.50%	8.00%	4.22%
Future	-3.50%	8.00%	4.22%

Frequency: Past Trend: In available trends. Future Trend: Equal to past trend. Severity: Past Trend: Based on long term trends. Future Trend: Equal to past trend.

**Death**

Selected Trends	Frequency	Severity	Pure Premium
Past	-0.50%	5.00%	4.48%
Future	-0.50%	5.00%	4.48%

Frequency: Past Trend: Long term trend. Future Trend: Equal to past trend. Severity: Past Trend: Based on long term trends. Future Trend: Equal to past trend.

**Economic Loss**

Selected Trends	Frequency	Severity	Pure Premium
Past	-7.00%	11.00%	3.23%
Future	10.00%	11.00%	22.10%

Frequency: Past Trend: Based on 10 year trend excluding 2013. Future Trend: Expect that future trend will go up, as more people are making more than the maximum amount. Need to rely on past trends because statements of claim are coming in, but payments are not made until later years. Severity: Past Trend: Based on long term trend excluding 2013. Future Trend: Equal to past trend.

**Non Economic Loss**

Selected Trends	Frequency	Severity	Pure Premium
Past	2.00%	6.00%	8.12%
Future	2.00%	6.00%	8.12%

Frequency: Past Trend: Based on long term trends excluding 2007. Future Trend: Equal to past trend. Severity: Past Trend: Based on mid to long term trends. Future Trend: Equal to past trend.

**Out of Province**

Selected Trends	Frequency	Severity	Pure Premium
Past	-8.00%	6.00%	-2.48%
Future	1.00%	6.00%	7.06%

Frequency: Past Trend: Based on 9 year trend. Future Trend: Over the past three years, there has been a trend toward more Sask residents travelling out of the province on vacation. On top of that, many minor accidents in the US that used to not result in injuries have been reporting more soft-tissue injuries (could relate to the state of the US economy). In addition, residence requirements were changed in 2012 which may allow for longer periods of covered out of province travel for qualifying residents. Severity: Past Trend: Based on longer term trends. Future Trend: Equal to past trend.

**Medical Expenses excl Funding**

Selected Trends	Frequency	Severity	Pure Premium
Past	-2.50%	6.00%	3.35%
Future	-2.50%	6.00%	3.35%

Frequency: Past Trend: In available trends. Future Trend: Equal to past trend. Severity: Past Trend: In available trends. Future Trend: Equal to past trend.

**Permanent Impairment**

Selected Trends	Frequency	Severity	Pure Premium
Past	-2.00%	2.00%	-0.04%
Future	-2.00%	2.00%	-0.04%

Frequency: Past Trend: Mid to long term trend. Future Trend: Equal to past trend. Severity: Past Trend: Based on mid term trends. Future Trend: Equal to past trend.

**Tort Injury**

Selected Trends	Frequency	Severity	Pure Premium
Past	-3.50%	0.00%	-3.50%
Future	-3.50%	0.00%	-3.50%

Frequency: Past Trend: Based on 6-7 year trends. Future Trend: Equal to past trend. Severity: No clear trend.

**Tort Liability**

Selected Trends	Frequency	Severity	Pure Premium
Past	4.00%	5.00%	9.20%
Future	4.00%	5.00%	9.20%

Frequency: Past Trend: Based on 5 year trend. Future Trend: Equal to past trend. Severity: Past Trend: In available trends. Future Trend: Equal to past trend.



**Saskatchewan Government Insurance**  
**2014 Rate Program**  
**Loss Trends by Coverage**  
**Class Group: Heavy Vehicles**

**Heavy Classes**

A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, TS - Commercial Trailers

**Cover 21- Damage Liability to Others Auto**

Selected Trends	Frequency	Severity	Pure Premium
Past	-0.50%	1.00%	0.50%
Future	-0.50%	1.00%	0.50%

Frequency: Past Trend: Based on 9 year trend excluding 2013. Future Trend: Equal to past trend. Severity: Past Trend: Based on longer term trends. Future Trend: Equal to past trend.

**Cover 22 - Damage Liability to Others Property**

Selected Trends	Frequency	Severity	Pure Premium
Past	-5.50%	5.00%	-0.78%
Future	-5.50%	5.00%	-0.78%

Frequency: Past Trend: Based on mid term trends. Future Trend: Equal to past trend. Severity: Past Trend: Volatile. Trust longer term trends excluding 2013. Future Trend: Equal to past trend.

**Cover 23 - Loss of Use**

Selected Trends	Frequency	Severity	Pure Premium
Past	-1.00%	4.50%	3.45%
Future	-1.00%	4.50%	3.45%

Frequency: Past Trend: Based on long term trend. Future Trend: 2012 and 2013 are the opposite direction of other trends. Set equal to past trend and keep an eye on it. Severity: Past Trend: Based on long term trends. Future Trend: Equal to past trend.

**Cover 31 - Damage to Own Vehicle**

Selected Trends	Frequency	Severity	Pure Premium
Past	-3.00%	2.50%	-0.58%
Future	-1.00%	2.50%	1.47%

Frequency: Past Trend: Based on 6 year trends including and excluding 2006 & 2013. Future Trend: More current years indicate negative trend may be slowing. Severity: Past Trend: Excluding 2013, trends look rather consistent. Based on mid term trends excluding 2013. Future Trend: Equal to past trend.

**Cover 32 - Comprehensive Coverage**

Selected Trends	Frequency	Severity	Pure Premium
Past	3.93%	6.00%	10.17%
Future	3.93%	6.50%	10.69%

Frequency: Past Trend: Based on consideration of mid term trends. Future Trend: Equal to past trend. Severity: Past Trend: Based on long term trends. Future Trend: Even excluding 2013, recent years are increasing at a greater rate.

**Cover 33 - Glass Coverage**

Selected Trends	Frequency	Severity	Pure Premium
Past	31.59%	-3.41%	27.10%
Future	11.81%	0.34%	12.19%

Frequency: Past Trend: Based on mid to long term trends. Future Trend: Seems to be leveling off in recent years. Severity: Past: Relatively flat since 2006 Future: Assume that this will remain flat into the future.

**Cover 34 - Deductible**

Selected Trends	Frequency	Severity	Pure Premium
Past	0.00%	0.00%	0.00%
Future	0.00%	0.00%	0.00%

No trends have been selected due to randomness associated with this coverage.

**Cover 41 - Fire/Lightening/Explosion**

Selected Trends	Frequency	Severity	Pure Premium
Past	-2.04%	4.21%	2.08%
Future	-2.04%	4.00%	1.87%

Frequency: Past Trend: Few claim counts, and the frequency jumps around. Select small negative trend. Future Trend: Equal to past trend. Severity: Past Trend: Long term trends. Future Trend: Equal to past trend.

**Cover 42 - Theft Coverage**

Selected Trends	Frequency	Severity	Pure Premium
Past	-3.72%	4.37%	0.49%
Future	-3.72%	4.37%	0.49%

Frequency: Past Trend: Volatile trends. Future Trend: Equal to past trend. Severity: Past Trend: Based on longer term trends. Future Trend: Equal to past trend.

**Damage Catastrophes**

Selected Trends	Frequency	Severity	Pure Premium
Past	3.50%	0.00%	3.50%
Future	3.50%	0.00%	3.50%

Frequency: When excluding 2011 & 2013, the 7-10 yr trends seem to vary from 3-4%. Keep last year's 3.5% selection for past & future. Severity: Volatile, but quite flat. In the absence of any better info, keep at 0%.

**Appeal**

Selected Trends	Frequency	Severity	Pure Premium
Past	-4.00%	9.00%	4.64%
Future	-4.00%	9.00%	4.64%

Frequency: Past Trend: In available trends. Future Trend: Equal to past trend. Severity: Past Trend: Based on 8 year trend excluding 2007, 2013. Future Trend: Equal to past trend.

**Care Benefits**

Selected Trends	Frequency	Severity	Pure Premium
Past	0.00%	0.00%	0.00%
Future	0.00%	0.00%	0.00%

Frequency: Past Trend: Long term trend is flat. Future Trend: Equal to past trend. Severity: Past Trend: Trend line is quite flat, select 0% as a result. This changed from last year's -3% because the 2010 and 2011 ultimate loss turned out to be deficient, flattening the line. Future Trend: Equal to past trend.

**Income Replacement**

Selected Trends	Frequency	Severity	Pure Premium
Past	-3.50%	8.00%	4.22%
Future	-3.50%	8.00%	4.22%

Frequency: Past Trend: In available trends. Future Trend: Equal to past trend. Severity: Past Trend: Based on long term trends. Future Trend: Equal to past trend.

**Death**

Selected Trends	Frequency	Severity	Pure Premium
Past	-0.50%	5.00%	4.48%
Future	-0.50%	5.00%	4.48%

Frequency: Past Trend: Long term trend. Future Trend: Equal to past trend. Severity: Past Trend: Based on long term trends. Future Trend: Equal to past trend.

**Economic Loss**

Selected Trends	Frequency	Severity	Pure Premium
Past	-7.00%	11.00%	3.23%
Future	10.00%	11.00%	22.10%

Frequency: Past Trend: Based on 10 year trend excluding 2013. Future Trend: Expect that future trend will go up, as more people are making more than the maximum amount. Need to rely on past trends because statements of claim are coming in, but payments are not made until later years. Severity: Past Trend: Based on long term trend excluding 2013. Future Trend: Equal to past trend.

**Non Economic Loss**

Selected Trends	Frequency	Severity	Pure Premium
Past	2.00%	6.00%	8.12%
Future	2.00%	6.00%	8.12%

Frequency: Past Trend: Based on long term trends excluding 2007. Future Trend: Equal to past trend. Severity: Past Trend: Based on mid to long term trends. Future Trend: Equal to past trend.

**Out of Province**

Selected Trends	Frequency	Severity	Pure Premium
Past	-8.00%	6.00%	-2.48%
Future	1.00%	6.00%	7.06%

Frequency: Past Trend: Based on 9 year trend. Future Trend: Over the past three years, there has been a trend toward more Sask residents travelling out of the province on vacation. On top of that, many minor accidents in the US that used to not result in injuries have been reporting more soft-tissue injuries (could relate to the state of the US economy). In addition, residence requirements were changed in 2012 which may allow for longer periods of covered out of province travel for qualifying residents. Severity: Past Trend: Based on longer term trends. Future Trend: Equal to past trend.

**Medical Expenses excl Funding**

Selected Trends	Frequency	Severity	Pure Premium
Past	-2.50%	6.00%	3.35%
Future	-2.50%	6.00%	3.35%

Frequency: Past Trend: In available trends. Future Trend: Equal to past trend. Severity: Past Trend: In available trends. Future Trend: Equal to past trend.

**Permanent Impairment**

Selected Trends	Frequency	Severity	Pure Premium
Past	-2.00%	2.00%	-0.04%
Future	-2.00%	2.00%	-0.04%

Frequency: Past Trend: Mid to long term trend. Future Trend: Equal to past trend. Severity: Past Trend: Based on mid term trends. Future Trend: Equal to past trend.

**Tort Injury**

Selected Trends	Frequency	Severity	Pure Premium
Past	-3.50%	0.00%	-3.50%
Future	-3.50%	0.00%	-3.50%

Frequency: Past Trend: Based on 6-7 year trends. Future Trend: Equal to past trend. Severity: No clear trend.

**Tort Liability**

Selected Trends	Frequency	Severity	Pure Premium
Past	4.00%	5.00%	9.20%
Future	4.00%	5.00%	9.20%

Frequency: Past Trend: Based on 5 year trend. Future Trend: Equal to past trend. Severity: Past Trend: In available trends. Future Trend: Equal to past trend.



**Saskatchewan Government Insurance**  
**2014 Rate Program**  
**Loss Trends by Coverage**  
**Class Group: Ambulance and Bus**

**Ambulance and Bus Classes**

Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses

**Cover 21- Damage Liability to Others Auto**

Selected Trends	Frequency	Severity	Pure Premium
Past	3.50%	1.00%	4.54%
Future	3.50%	1.00%	4.54%

Frequency: Past Trend: Longer term trends excluding 2013. Future Trend: Equal to past trend. Severity: Past Trend: Similar to Heavy group. Based on longer term trends. Future Trend: Equal to past trend.

**Cover 22 - Damage Liability to Others Property**

Selected Trends	Frequency	Severity	Pure Premium
Past	-5.50%	5.00%	-0.78%
Future	-5.50%	5.00%	-0.78%

Frequency: Past Trend: Based on mid term trends. Future Trend: Equal to past trend. Severity: Past Trend: Volatile. Trust longer term trends excluding 2013. Future Trend: Equal to past trend.

**Cover 23 - Loss of Use**

Selected Trends	Frequency	Severity	Pure Premium
Past	2.13%	4.50%	6.73%
Future	2.13%	4.50%	6.73%

Frequency: Past Trend: Long term trends excluding 2013. Future Trend: Equal to past trend. Severity: Past Trend: Thinner data for this grouping, and not enough evidence to select a different trend than the other classes. Future Trend: Equal to past trend.

**Cover 31 - Damage to Own Vehicle**

Selected Trends	Frequency	Severity	Pure Premium
Past	5.00%	0.50%	5.53%
Future	5.00%	0.50%	5.53%

Frequency: Past Trend: In available trends. Future Trend: Equal to past trend. Severity: Past Trend: Believe there are enough claims to trust that there is a trend above 0%, but not as high as the other groupings. Future Trend: Equal to past trend.

**Cover 32 - Comprehensive Coverage**

Selected Trends	Frequency	Severity	Pure Premium
Past	3.93%	6.00%	10.17%
Future	3.93%	6.50%	10.69%

Frequency: Past Trend: Based on consideration of mid term trends. Future Trend: Equal to past trend. Severity: Past Trend: Based on long term trends. Future Trend: Even excluding 2013, recent years are increasing at a greater rate.

**Cover 33 - Glass Coverage**

Selected Trends	Frequency	Severity	Pure Premium
Past	31.59%	-3.41%	27.10%
Future	11.81%	0.34%	12.19%

Frequency: Past Trend: Based on mid to long term trends. Future Trend: Seems to be leveling off in recent years. Severity: Past: Relatively flat since 2006 Future: Assume that this will remain flat into the future.

**Cover 34 - Deductible**

Selected Trends	Frequency	Severity	Pure Premium
Past	0.00%	0.00%	0.00%
Future	0.00%	0.00%	0.00%

No trends have been selected due to randomness associated with this coverage.



**Cover 41 - Fire/Lightening/Explosion**

Selected Trends	Frequency	Severity	Pure Premium
Past	-2.04%	4.21%	2.08%
Future	-2.04%	4.00%	1.87%

Frequency: Past Trend: Few claim counts, and the frequency jumps around. Select small negative trend. Future Trend: Equal to past trend. Severity: Past Trend: Long term trends. Future Trend: Equal to past trend.

**Cover 42 - Theft Coverage**

Selected Trends	Frequency	Severity	Pure Premium
Past	-3.72%	4.37%	0.49%
Future	-3.72%	4.37%	0.49%

Frequency: Past Trend: Volatile trends. Future Trend: Equal to past trend. Severity: Past Trend: Based on longer term trends. Future Trend: Equal to past trend.

**Damage Catastrophes**

Selected Trends	Frequency	Severity	Pure Premium
Past	3.50%	0.00%	3.50%
Future	3.50%	0.00%	3.50%

Frequency: When excluding 2011 & 2013, the 7-10 yr trends seem to vary from 3-4%. Keep last year's 3.5% selection for past & future. Severity: Volatile, but quite flat. In the absence of any better info, keep at 0%.

**Appeal**

Selected Trends	Frequency	Severity	Pure Premium
Past	-4.00%	9.00%	4.64%
Future	-4.00%	9.00%	4.64%

Frequency: Past Trend: In available trends. Future Trend: Equal to past trend. Severity: Past Trend: Based on 8 year trend excluding 2007, 2013. Future Trend: Equal to past trend.

**Care Benefits**

Selected Trends	Frequency	Severity	Pure Premium
Past	0.00%	0.00%	0.00%
Future	0.00%	0.00%	0.00%

Frequency: Past Trend: Long term trend is flat. Future Trend: Equal to past trend. Severity: Past Trend: Trend line is quite flat, select 0% as a result. This changed from last year's -3% because the 2010 and 2011 ultimate loss turned out to be deficient, flattening the line. Future Trend: Equal to past trend.

**Income Replacement**

Selected Trends	Frequency	Severity	Pure Premium
Past	-3.50%	8.00%	4.22%
Future	-3.50%	8.00%	4.22%

Frequency: Past Trend: In available trends. Future Trend: Equal to past trend. Severity: Past Trend: Based on long term trends. Future Trend: Equal to past trend.

**Death**

Selected Trends	Frequency	Severity	Pure Premium
Past	-0.50%	5.00%	4.48%
Future	-0.50%	5.00%	4.48%

Frequency: Past Trend: Long term trend. Future Trend: Equal to past trend. Severity: Past Trend: Based on long term trends. Future Trend: Equal to past trend.

**Economic Loss**

Selected Trends	Frequency	Severity	Pure Premium
Past	-7.00%	11.00%	3.23%
Future	10.00%	11.00%	22.10%

Frequency: Past Trend: Based on 10 year trend excluding 2013. Future Trend: Expect that future trend will go up, as more people are making more than the maximum amount. Need to rely on past trends because statements of claim are coming in, but payments are not made until later years. Severity: Past Trend: Based on long term trend excluding 2013. Future Trend: Equal to past trend.

**Non Economic Loss**

Selected Trends	Frequency	Severity	Pure Premium
Past	2.00%	6.00%	8.12%
Future	2.00%	6.00%	8.12%

Frequency: Past Trend: Based on long term trends excluding 2007. Future Trend: Equal to past trend. Severity: Past Trend: Based on mid to long term trends. Future Trend: Equal to past trend.

**Out of Province**

Selected Trends	Frequency	Severity	Pure Premium
Past	-8.00%	6.00%	-2.48%
Future	1.00%	6.00%	7.06%

Frequency: Past Trend: Based on 9 year trend. Future Trend: Over the past three years, there has been a trend toward more Sask residents travelling out of the province on vacation. On top of that, many minor accidents in the US that used to not result in injuries have been reporting more soft-tissue injuries (could relate to the state of the US economy). In addition, residence requirements were changed in 2012 which may allow for longer periods of covered out of province travel for qualifying residents. Severity: Past Trend: Based on longer term trends. Future Trend: Equal to past trend.

**Medical Expenses excl Funding**

Selected Trends	Frequency	Severity	Pure Premium
Past	-2.50%	6.00%	3.35%
Future	-2.50%	6.00%	3.35%

Frequency: Past Trend: In available trends. Future Trend: Equal to past trend. Severity: Past Trend: In available trends. Future Trend: Equal to past trend.

**Permanent Impairment**

Selected Trends	Frequency	Severity	Pure Premium
Past	-2.00%	2.00%	-0.04%
Future	-2.00%	2.00%	-0.04%

Frequency: Past Trend: Mid to long term trend. Future Trend: Equal to past trend. Severity: Past Trend: Based on mid term trends. Future Trend: Equal to past trend.

**Tort Injury**

Selected Trends	Frequency	Severity	Pure Premium
Past	-3.50%	0.00%	-3.50%
Future	-3.50%	0.00%	-3.50%

Frequency: Past Trend: Based on 6-7 year trends. Future Trend: Equal to past trend. Severity: No clear trend.

**Tort Liability**

Selected Trends	Frequency	Severity	Pure Premium
Past	4.00%	5.00%	9.20%
Future	4.00%	5.00%	9.20%

Frequency: Past Trend: Based on 5 year trend. Future Trend: Equal to past trend. Severity: Past Trend: In available trends. Future Trend: Equal to past trend.



**Saskatchewan Government Insurance**  
**2014 Rate Program**  
**Loss Trends by Coverage**  
**Class Group: Motorcycles**

Motorcycles

**Cover 21- Damage Liability to Others Auto**

Selected Trends	Frequency	Severity	Pure Premium
Past	-0.50%	3.00%	2.49%
Future	-0.50%	3.00%	2.49%

Frequency: Past Trend: Based on long term trend due to noise. Future Trend: Equal past trend. Severity: Past Trend: In available trends. Future Trend: Equal to past trend.

**Cover 22 - Damage Liability to Others Property**

Selected Trends	Frequency	Severity	Pure Premium
Past	-6.00%	10.00%	3.40%
Future	-6.00%	10.00%	3.40%

Frequency: Past Trend: Based on long term trends. Future Trend: Equal to past trend. Severity: Past Trend: Steep long term upward trend apparent. Trains and bridges have a large impact on the severity here. The Auto Fund gets charged what it costs them (e.g. CN Rail) to fix it. Future Trend: Equal to past trend.

**Cover 23 - Loss of Use**

Selected Trends	Frequency	Severity	Pure Premium
Past	-1.00%	4.50%	3.45%
Future	-1.00%	4.50%	3.45%

Frequency: Past Trend: Based on long term trends. Could be that more people have multiple vehicles, so there is less need to rent a car. Future Trend: Equal to past trend. Severity: Past Trend: In available trends. Future Trend: Equal to past trend.

**Cover 31 - Damage to Own Vehicle**

Selected Trends	Frequency	Severity	Pure Premium
Past	1.00%	1.50%	2.52%
Future	1.00%	1.50%	2.52%

Frequency: Past Trend: Underlying trend over a longer period. Frequency bounces around depending on how severe winter is. Future Trend: No reason to select future different than past. Severity: Past Trend: Based on mid term trends. Future Trend: Equal to past trend.

**Cover 32 - Comprehensive Coverage**

Selected Trends	Frequency	Severity	Pure Premium
Past	-0.25%	6.00%	5.74%
Future	-0.25%	6.50%	6.23%

Frequency: Past Trend: Similar to All Vehicles incl Trailers, but not as negative with trailers removed. Future Trend: Equal to past trend. Severity: Past Trend: Based on long term trends. Future Trend: Even excluding 2013, recent years are increasing at a greater rate.

**Cover 33 - Glass Coverage**

Selected Trends	Frequency	Severity	Pure Premium
Past	30.00%	-5.00%	23.50%
Future	8.00%	0.50%	8.54%

Frequency: Past Trend: Based on mid to long term trends. Future Trend: Seems to be leveling off in recent years. Severity: Past Trend: Based on 7 year trend. Future Trend: Effect of new claims just getting above the deductible is going away. Inflation is having more of an effect.

**Cover 34 - Deductible**

Selected Trends	Frequency	Severity	Pure Premium
Past	0.00%	0.00%	0.00%
Future	0.00%	0.00%	0.00%

No trends have been selected due to randomness associated with this coverage.

**Cover 41 - Fire/Lightening/Explosion**

Selected Trends	Frequency	Severity	Pure Premium
Past	-7.00%	4.00%	-3.28%
Future	-7.00%	4.00%	-3.28%

Frequency: Past Trend: In available trends. Future Trend: Equal to past trend. Severity: Past Trend: In available trends excluding 2011. Future Trend: Equal to past trend.

**Cover 42 - Theft Coverage**

Selected Trends	Frequency	Severity	Pure Premium
Past	-10.00%	5.00%	-5.50%
Future	-10.00%	5.00%	-5.50%

Frequency: Past Trend: Based on 8-9 year trends. Future Trend: Equal to past trend. Severity: Past Trend: Based on longer term trends. Future Trend: Equal to past trend.

**Damage Catastrophes**

Selected Trends	Frequency	Severity	Pure Premium
Past	3.50%	0.00%	3.50%
Future	3.50%	0.00%	3.50%

Frequency: When excluding 2011 & 2013, the 7-10 yr trends seem to vary from 3-4%. Keep last year's 3.5% selection for past & future. Severity: Volatile, but quite flat. In the absence of any better info, keep at 0%.

**Appeal**

Selected Trends	Frequency	Severity	Pure Premium
Past	-4.00%	9.00%	4.64%
Future	-4.00%	9.00%	4.64%

Frequency: Past Trend: In available trends. Future Trend: Equal to past trend. Severity: Past Trend: Based on 8 year trend excluding 2007, 2013. Future Trend: Equal to past trend.

**Care Benefits**

Selected Trends	Frequency	Severity	Pure Premium
Past	0.48%	4.78%	5.29%
Future	0.48%	4.78%	5.29%

Frequency: Past Trend: A long term 1% seems appropriate given the 9-10 year trend lines. Future Trend: Equal to past trend. Severity: Past Trend: Selected 10% based on a mix of the 9-10 year trends excluding 2005. A 10% trend was selected last year as well, and new experience seems to reinforce this selection. Future Trend: Equal to past trend.

**Income Replacement**

Selected Trends	Frequency	Severity	Pure Premium
Past	-2.70%	9.07%	6.13%
Future	-2.70%	6.39%	3.52%

Frequency: Past Trend: Based on long term trends. Future Trend: Equal to past trend. Severity: Past Trend: There has been a dramatic shift in the past trend from last year's rate program, mainly because of the addition of low severities in recent years (especially the premature 2013). Select 10% to consider the trend both including and excluding 2013. Future Trend: An investigation of the motorcycle claim severities revealed that the downward shift in severities since 2009 is not the result of MGD or any other explainable cause. Future trend set lower than past trend, but still positive since there is no reason for a flat or negative trend to continue.

**Death**

Selected Trends	Frequency	Severity	Pure Premium
Past	-0.50%	5.00%	4.48%
Future	-0.50%	5.00%	4.48%

Frequency: Past Trend: Long term trend. Future Trend: Equal to past trend. Severity: Past Trend: Based on long term trends. Future Trend: Equal to past trend.

**Economic Loss**

Selected Trends	Frequency	Severity	Pure Premium
Past	-7.00%	11.00%	3.23%
Future	10.00%	11.00%	22.10%

Frequency: Past Trend: Based on 10 year trend excluding 2013. Future Trend: Expect that future trend will go up, as more people are making more than the maximum amount. Need to rely on past trends because statements of claim are coming in, but payments are not made until later years. Severity: Past Trend: Based on long term trend excluding 2013. Future Trend: Equal to past trend.

**Non Economic Loss**

Selected Trends	Frequency	Severity	Pure Premium
Past	2.00%	6.00%	8.12%
Future	2.00%	6.00%	8.12%

Frequency: Past Trend: Based on long term trends excluding 2007. Future Trend: Equal to past trend. Severity: Past Trend: Based on mid to long term trends. Future Trend: Equal to past trend.

**Out of Province**

Selected Trends	Frequency	Severity	Pure Premium
Past	-8.00%	6.00%	-2.48%
Future	1.00%	6.00%	7.06%

Frequency: Past Trend: Based on 9 year trend. Future Trend: Over the past three years, there has been a trend toward more Sask residents travelling out of the province on vacation. On top of that, many minor accidents in the US that used to not result in injuries have been reporting more soft-tissue injuries (could relate to the state of the US economy). In addition, residence requirements were changed in 2012 which may allow for longer periods of covered out of province travel for qualifying residents. Severity: Past Trend: Based on longer term trends. Future Trend: Equal to past trend.

**Medical Expenses excl Funding**

Selected Trends	Frequency	Severity	Pure Premium
Past	-5.27%	10.74%	4.91%
Future	-2.90%	10.74%	7.54%

Frequency: Past Trend: 8-9 year trend excluding 2013. Future Trend: In recent years, the trend is not as negative as it used to be. Earned exposure growth is coming down, but there is not as much of a reduction in riding time (shorter registrations). Severity: Past Trend: Focus on long term trend. Newer years are still quite immature. Future Trend: Equal to past trend.

**Permanent Impairment**

Selected Trends	Frequency	Severity	Pure Premium
Past	-2.58%	2.00%	-0.63%
Future	-2.58%	2.00%	-0.63%

Frequency: Past Trend: Compromise in long term trends including and excluding 2013. Future Trend: Equal to past trend. Severity: Past Trend: Equal to All Vehicles Excluding Trailers and Motorcycles. Not enough information for separate trend. Future Trend: Equal to past trend.

**Tort Injury**

Selected Trends	Frequency	Severity	Pure Premium
Past	-3.50%	0.00%	-3.50%
Future	-3.50%	0.00%	-3.50%

Frequency: Past Trend: Based on 6-7 year trends. Future Trend: Equal to past trend. Severity: No clear trend.

**Tort Liability**

Selected Trends	Frequency	Severity	Pure Premium
Past	4.00%	5.00%	9.20%
Future	4.00%	5.00%	9.20%

Frequency: Past Trend: Based on 5 year trend. Future Trend: Equal to past trend. Severity: Past Trend: In available trends. Future Trend: Equal to past trend.



**Saskatchewan Government Insurance**  
**2014 Rate Program**  
**Loss Trends by Coverage**  
**Class Group: Trailers**

**Trailer Classes**

Class Group: F - Trailers, LT - Trailer Dealer/Mover, T - Personal Trailers

**Cover 31 - Damage to Own Vehicle**

Selected Trends	Frequency	Severity	Pure Premium
Past	-6.00%	1.50%	-4.59%
Future	-8.00%	1.50%	-6.62%

Frequency: Past Trend: Based on 7 year trend excluding 2013. Future Trend: Exposure base continues to grow while claims do not.

Select -8% to move towards more recent trends. Severity: Past Trend: Steady increase in severity except for 2009. Select based on longer term trends. Future Trend: Equal to past trend.

**Cover 32 - Comprehensive Coverage**

Selected Trends	Frequency	Severity	Pure Premium
Past	-3.00%	5.00%	1.85%
Future	-3.00%	6.00%	2.82%

Frequency: Past Trend: Based on trends excluding 2007 and 2013. Future Trend: Equal to past trend. Severity: Past Trend: Mid term trends excluding 2013. Future Trend: Recent years increasing at a greater rate.

**Cover 33 - Glass Coverage**

Selected Trends	Frequency	Severity	Pure Premium
Past	30.00%	-5.00%	23.50%
Future	8.00%	0.50%	8.54%

Frequency: Past Trend: Based on mid to long term trends. Future Trend: Seems to be leveling off in recent years. Severity: Past Trend: Based on 7 year trend. Future Trend: Effect of new claims just getting above the deductible is going away. Inflation is having more of an effect.

**Cover 34 - Deductible**

Selected Trends	Frequency	Severity	Pure Premium
Past	0.00%	0.00%	0.00%
Future	0.00%	0.00%	0.00%

No trends have been selected due to randomness associated with this coverage.

**Cover 41 - Fire/Lightening/Explosion**

Selected Trends	Frequency	Severity	Pure Premium
Past	-7.00%	4.00%	-3.28%
Future	-7.00%	4.00%	-3.28%

Frequency: Past Trend: In available trends. Future Trend: Equal to past trend. Severity: Past Trend: In available trends excluding 2011.

Future Trend: Equal to past trend.

**Cover 42 - Theft Coverage**

Selected Trends	Frequency	Severity	Pure Premium
Past	-6.07%	3.82%	-2.48%
Future	-6.07%	3.82%	-2.48%

Frequency: Past Trend: Very, very few claims. Future Trend: Equal to past trend. Severity: Past Trend: Based on long term trend.

Future Trend: Equal to past trend.

**Damage Catastrophes**

Selected Trends	Frequency	Severity	Pure Premium
Past	3.50%	0.00%	3.50%
Future	3.50%	0.00%	3.50%

Frequency: When excluding 2011 & 2013, the 7-10 yr trends seem to vary from 3-4%. Keep last year's 3.5% selection for past & future.

Severity: Volatile, but quite flat. In the absence of any better info, keep at 0%.





**Saskatchewan Government Insurance**  
**2014 Rate Program**  
**Loss Trends by Coverage**  
**Class Group: T-Utility**

T - Utility

**Cover 31 - Damage to Own Vehicle**

Selected Trends	Frequency	Severity	Pure Premium
Past	1.00%	1.50%	2.52%
Future	1.00%	1.50%	2.52%

Frequency: Past Trend: Underlying trend over a longer period. Frequency bounces around depending on how severe winter is. Future Trend: No reason to select future different than past. Severity: Past Trend: Based on mid term trends. Future Trend: Equal to past trend.

**Cover 32 - Comprehensive Coverage**

Selected Trends	Frequency	Severity	Pure Premium
Past	-0.25%	6.00%	5.74%
Future	-0.25%	6.50%	6.23%

Frequency: Past Trend: Similar to All Vehicles incl Trailers, but not as negative with trailers removed. Future Trend: Equal to past trend. Severity: Past Trend: Based on long term trends. Future Trend: Even excluding 2013, recent years are increasing at a greater rate.

**Cover 33 - Glass Coverage**

Selected Trends	Frequency	Severity	Pure Premium
Past	30.00%	-5.00%	23.50%
Future	8.00%	0.50%	8.54%

Frequency: Past Trend: Based on mid to long term trends. Future Trend: Seems to be leveling off in recent years. Severity: Past Trend: Based on 7 year trend. Future Trend: Effect of new claims just getting above the deductible is going away. Inflation is having more of an effect.

**Cover 34 - Deductible**

Selected Trends	Frequency	Severity	Pure Premium
Past	0.00%	0.00%	0.00%
Future	0.00%	0.00%	0.00%

No trends have been selected due to randomness associated with this coverage.

**Cover 41 - Fire/Lightening/Explosion**

Selected Trends	Frequency	Severity	Pure Premium
Past	-7.00%	4.00%	-3.28%
Future	-7.00%	4.00%	-3.28%

Frequency: Past Trend: In available trends. Future Trend: Equal to past trend. Severity: Past Trend: In available trends excluding 2011. Future Trend: Equal to past trend.

**Cover 42 - Theft Coverage**

Selected Trends	Frequency	Severity	Pure Premium
Past	-10.00%	5.00%	-5.50%
Future	-10.00%	5.00%	-5.50%

Frequency: Past Trend: Based on 8-9 year trends. Future Trend: Equal to past trend. Severity: Past Trend: Based on longer term trends. Future Trend: Equal to past trend.

**Damage Catastrophes**

Selected Trends	Frequency	Severity	Pure Premium
Past	3.50%	0.00%	3.50%
Future	3.50%	0.00%	3.50%

Frequency: When excluding 2011 & 2013, the 7-10 yr trends seem to vary from 3-4%. Keep last year's 3.5% selection for past & future. Severity: Volatile, but quite flat. In the absence of any better info, keep at 0%.



**Saskatchewan Government Insurance**  
**2014 Rate Program**  
**Loss Trends by Coverage**  
**Class Group: TS**

TS - Commercial Trailers

**Cover 31 - Damage to Own Vehicle**

Selected Trends	Frequency	Severity	Pure Premium
Past	-3.00%	2.50%	-0.58%
Future	-1.00%	2.50%	1.47%

Frequency: Past Trend: Based on 6 year trends including and excluding 2006 & 2013. Future Trend: More current years indicate negative trend may be slowing. Severity: Past Trend: Excluding 2013, trends look rather consistent. Based on mid term trends excluding 2013. Future Trend: Equal to past trend.

**Cover 32 - Comprehensive Coverage**

Selected Trends	Frequency	Severity	Pure Premium
Past	3.93%	6.00%	10.17%
Future	3.93%	6.50%	10.69%

Frequency: Past Trend: Based on consideration of mid term trends. Future Trend: Equal to past trend. Severity: Past Trend: Based on long term trends. Future Trend: Even excluding 2013, recent years are increasing at a greater rate.

**Cover 33 - Glass Coverage**

Selected Trends	Frequency	Severity	Pure Premium
Past	31.59%	-3.41%	27.10%
Future	11.81%	0.34%	12.19%

Frequency: Past Trend: Based on mid to long term trends. Future Trend: Seems to be leveling off in recent years. Severity: Past: Relatively flat since 2006 Future: Assume that this will remain flat into the future.

**Cover 34 - Deductible**

Selected Trends	Frequency	Severity	Pure Premium
Past	0.00%	0.00%	0.00%
Future	0.00%	0.00%	0.00%

No trends have been selected due to randomness associated with this coverage.

**Cover 41 - Fire/Lightening/Explosion**

Selected Trends	Frequency	Severity	Pure Premium
Past	-2.04%	4.21%	2.08%
Future	-2.04%	4.00%	1.87%

Frequency: Past Trend: Few claim counts, and the frequency jumps around. Select small negative trend. Future Trend: Equal to past trend. Severity: Past Trend: Long term trends. Future Trend: Equal to past trend.

**Cover 42 - Theft Coverage**

Selected Trends	Frequency	Severity	Pure Premium
Past	-3.72%	4.37%	0.49%
Future	-3.72%	4.37%	0.49%

Frequency: Past Trend: Volatile trends. Future Trend: Equal to past trend. Severity: Past Trend: Based on longer term trends. Future Trend: Equal to past trend.

**Damage Catastrophes**

Selected Trends	Frequency	Severity	Pure Premium
Past	3.50%	0.00%	3.50%
Future	3.50%	0.00%	3.50%

Frequency: When excluding 2011 & 2013, the 7-10 yr trends seem to vary from 3-4%. Keep last year's 3.5% selection for past & future. Severity: Volatile, but quite flat. In the absence of any better info, keep at 0%.



## Loss Trend Exhibits by Coverage



***Damage to Others Automobiles***

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SGI

Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Damage Liability to Others Auto (21)

Rating year: 31/08/2014

Exhibit 3 - Page 2-1

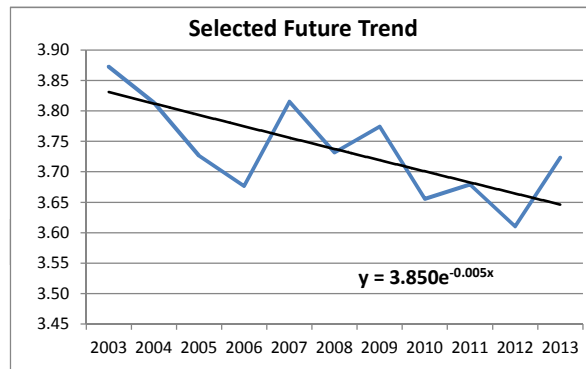
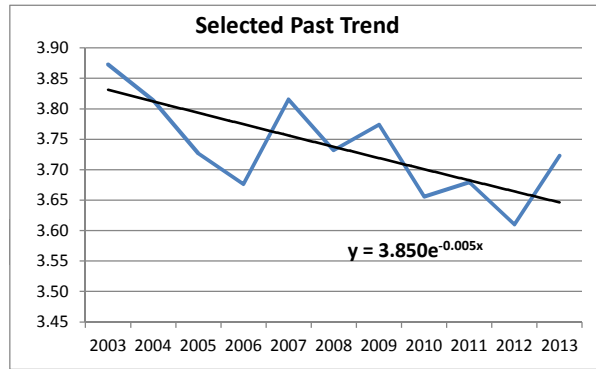
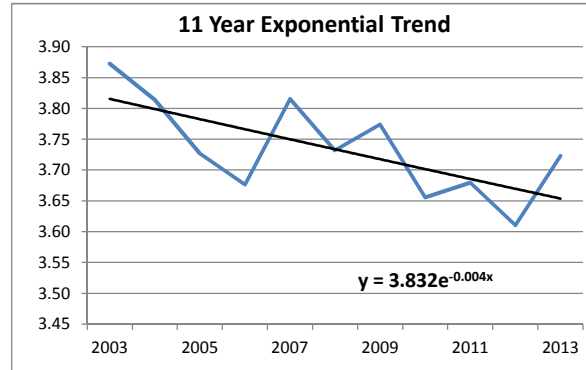
**All Vehicles Excluding Trailers**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	734,326	28,459	0.9992	28,437	71,037,696	0.9596	1.1181	76,216,891	3.87	2,680	103.79
2004	744,040	28,395	0.9993	28,376	72,818,690	0.9556	1.1088	77,158,882	3.81	2,719	103.70
2005	751,916	28,042	0.9992	28,020	72,875,230	0.9615	1.0997	77,054,727	3.73	2,750	102.48
2006	761,754	28,034	0.9990	28,006	76,356,845	0.9628	1.0905	80,167,167	3.68	2,862	105.24
2007	786,225	30,020	0.9992	29,997	85,040,113	0.9655	1.0816	88,809,390	3.82	2,961	112.96
2008	821,650	30,705	0.9987	30,664	89,580,393	0.9684	1.0676	92,615,042	3.73	3,020	112.72
2009	843,168	31,861	0.9988	31,822	95,345,396	0.9654	1.0358	95,347,471	3.77	2,996	113.08
2010	858,951	31,436	0.9989	31,401	99,192,143	0.9669	1.0089	96,759,817	3.66	3,081	112.65
2011	867,890	31,511	1.0134	31,932	105,426,531	0.9716	1.0029	102,728,427	3.68	3,217	118.37
2012	895,540	29,819	1.0842	32,330	101,630,935	1.1057	1.0000	112,371,675	3.61	3,476	125.48
2013	363,248	9,174	1.4742	13,524	33,463,944	1.3866	1.0000	46,399,836	3.72	3,431	127.74
Ratio 2004/2003	1.0132			0.9979				1.0124	0.9848	1.0145	0.9991
Ratio 2005/2004	1.0106			0.9875				0.9987	0.9771	1.0113	0.9882
Ratio 2006/2005	1.0131			0.9995				1.0404	0.9866	1.0409	1.0270
Ratio 2007/2006	1.0321			1.0711				1.1078	1.0378	1.0343	1.0733
Ratio 2008/2007	1.0451			1.0222				1.0429	0.9782	1.0202	0.9979
Ratio 2009/2008	1.0262			1.0378				1.0295	1.0113	0.9920	1.0032
Ratio 2010/2009	1.0187			0.9868				1.0148	0.9686	1.0284	0.9962
Ratio 2011/2010	1.0104			1.0169				1.0617	1.0065	1.0440	1.0507
Ratio 2012/2011	1.0319			1.0125				1.0939	0.9812	1.0804	1.0601
Ratio 2013/2012	0.4056			0.4183				0.4129	1.0313	0.9871	1.0180

SGI  
Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Damage Liability to Others Auto (21)  
Rating year: 31/08/2014  
Exhibit 3 - Page 2-2  
**Frequency for All Vehicles Excluding Trailers**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-0.43%	0.4681
10-yr exp trend	-0.33%	0.3130
9-yr exp trend	-0.25%	0.1693
8-yr exp trend	-0.31%	0.1836
7-yr exp trend	-0.59%	0.4525
6-yr exp trend	-0.40%	0.2148
5-yr exp trend	-0.40%	0.1357
4-yr exp trend	0.36%	0.1300
3-yr exp trend	0.59%	0.1454



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past -0.50%	N/A	Past N/A
Future -0.50%		Future N/A

**Trend Selection Notes:**

Past Trend: Based on mid-long term trends. Future Trend: 2011 seems to be increasing, but was a large drop in 2010. Monitor this going forward to see if a different trend other than the long-term one emerges.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past -0.50%	N/A	Past
Future -0.50%		Future

**Trend Selection Notes:**

Past Trend: Based on long term trend due to noise. Future Trend: Equal past trend.

## SGI

Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban)

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Damage Liability to Others Auto (21)

Rating year: 31/08/2014

Exhibit 3 - Page 3-1

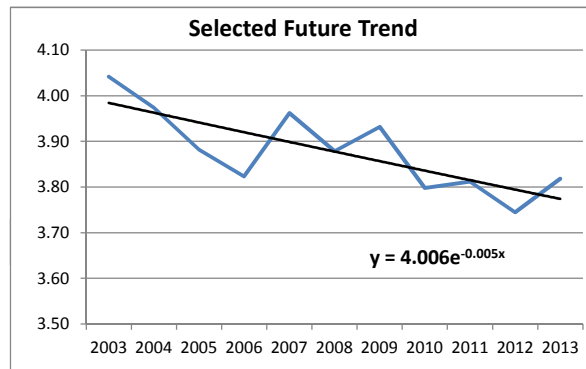
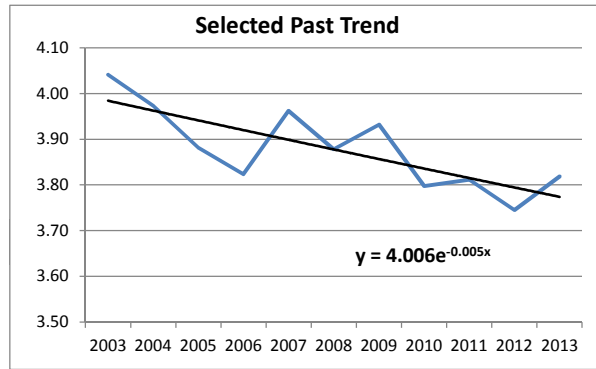
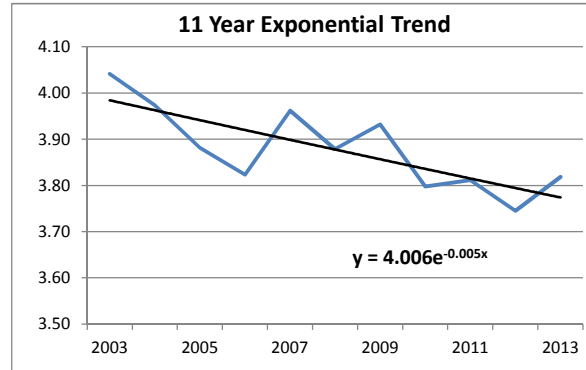
**Light Vehicles**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	673,887	27,256	0.9992	27,235	66,529,150	0.9596	1.1181	71,379,638	4.04	2,621	105.92
2004	683,806	27,190	0.9993	27,172	67,587,188	0.9556	1.1088	71,615,568	3.97	2,636	104.73
2005	691,744	26,873	0.9992	26,852	68,294,014	0.9615	1.0997	72,210,771	3.88	2,689	104.39
2006	702,047	26,868	0.9990	26,841	71,546,854	0.9628	1.0905	75,117,150	3.82	2,799	107.00
2007	725,131	28,751	0.9992	28,729	79,591,089	0.9655	1.0816	83,118,845	3.96	2,893	114.63
2008	758,526	29,457	0.9987	29,418	84,035,285	0.9684	1.0676	86,882,087	3.88	2,953	114.54
2009	778,379	30,642	0.9988	30,604	90,506,237	0.9654	1.0358	90,508,207	3.93	2,957	116.28
2010	793,508	30,169	0.9989	30,135	93,641,169	0.9669	1.0089	91,344,960	3.80	3,031	115.12
2011	802,040	30,169	1.0134	30,572	99,080,879	0.9716	1.0029	96,545,175	3.81	3,158	120.37
2012	827,014	28,564	1.0842	30,970	95,550,170	1.1057	1.0000	105,648,271	3.74	3,411	127.75
2013	336,785	8,723	1.4742	12,860	31,451,790	1.3866	1.0000	43,609,860	3.82	3,391	129.49
Ratio 2004/2003	1.0147			0.9977				1.0033	0.9832	1.0056	0.9888
Ratio 2005/2004	1.0116			0.9882				1.0083	0.9769	1.0203	0.9967
Ratio 2006/2005	1.0149			0.9996				1.0402	0.9849	1.0407	1.0250
Ratio 2007/2006	1.0329			1.0703				1.1065	1.0363	1.0338	1.0713
Ratio 2008/2007	1.0461			1.0240				1.0453	0.9789	1.0208	0.9993
Ratio 2009/2008	1.0262			1.0403				1.0417	1.0138	1.0014	1.0152
Ratio 2010/2009	1.0194			0.9847				1.0092	0.9659	1.0249	0.9900
Ratio 2011/2010	1.0108			1.0145				1.0569	1.0037	1.0418	1.0457
Ratio 2012/2011	1.0311			1.0130				1.0943	0.9824	1.0802	1.0612
Ratio 2013/2012	0.4072			0.4152				0.4128	1.0196	0.9941	1.0136

SGI  
 Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban)

Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Damage Liability to Others Auto (21)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 3-2  
**Frequency for Light Vehicles**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-0.54%	0.6057
10-yr exp trend	-0.45%	0.4773
9-yr exp trend	-0.38%	0.3342
8-yr exp trend	-0.45%	0.3425
7-yr exp trend	-0.75%	0.6572
6-yr exp trend	-0.63%	0.4772
5-yr exp trend	-0.72%	0.4162
4-yr exp trend	-0.02%	0.0005
3-yr exp trend	0.09%	0.0063



2011 Year End	Selected Trends	Credibility
Past	N/A	N/A
Future	N/A	N/A

Credibility Weighted Trends
Past N/A
Future N/A

Trend Selection Notes:

2013 Rate Program	Selected Trends	Credibility
Past	-0.50%	1.0000
Future	-0.50%	

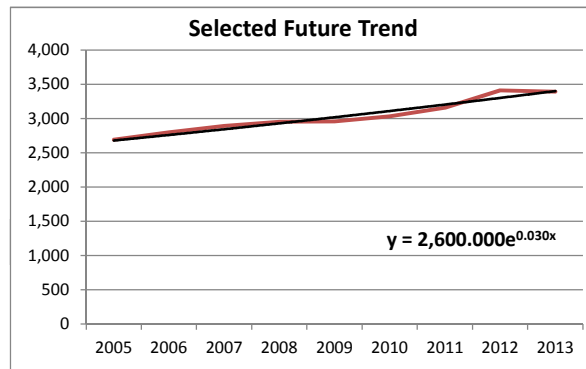
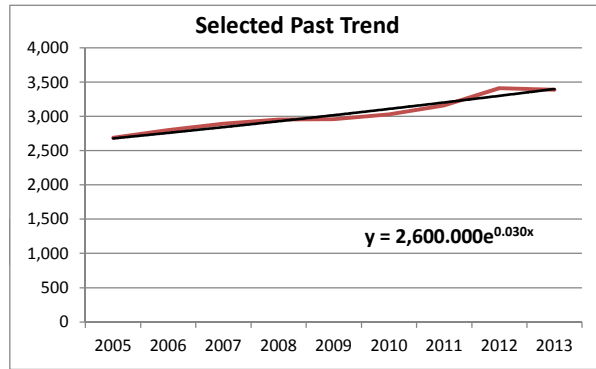
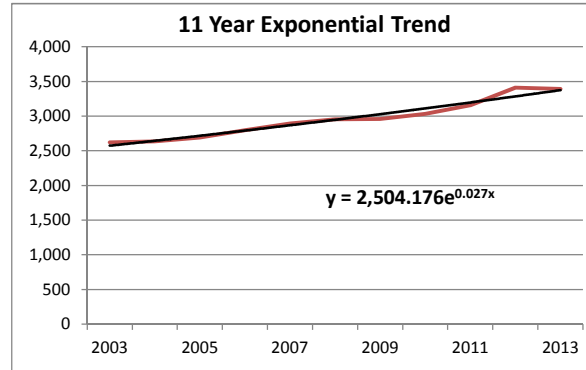
Credibility Weighted Trends
Past -0.50%
Future -0.50%

Trend Selection Notes:  
 Past Trend: Based on long term trend due to noise. Future Trend: Equal past trend.

SGI  
 Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban)

Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Damage Liability to Others Auto (21)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 3-4  
**Severity for Light Vehicles**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	2.75%	0.9599
10-yr exp trend	2.88%	0.9584
9-yr exp trend	2.91%	0.9455
8-yr exp trend	2.89%	0.9230
7-yr exp trend	3.01%	0.9002
6-yr exp trend	3.37%	0.8992
5-yr exp trend	4.00%	0.9215
4-yr exp trend	4.23%	0.8717
3-yr exp trend	3.63%	0.6883



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past 2.50%	N/A	Past N/A
Future 3.00%		Future N/A

**Trend Selection Notes:**

Past Trend: In available trends, consistent trend since 2003. Future Trend: See the notes in the intro to the loss trend committee exhibits.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past 3.00%	1.0000	Past 3.00%
Future 3.00%		Future 3.00%

**Trend Selection Notes:**

Past Trend: In available trends. Future Trend: Equal to past trend.

## SGI

Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Damage Liability to Others Auto (21)

Rating year: 31/08/2014

Exhibit 3 - Page 4-1

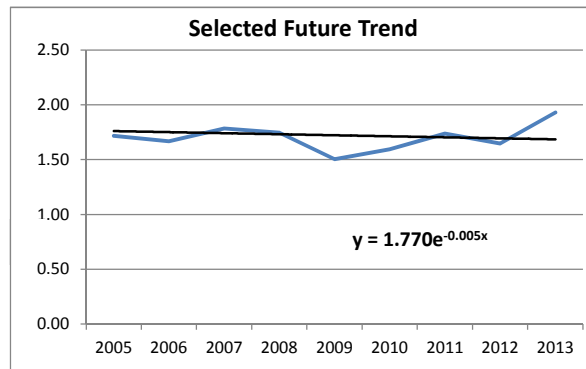
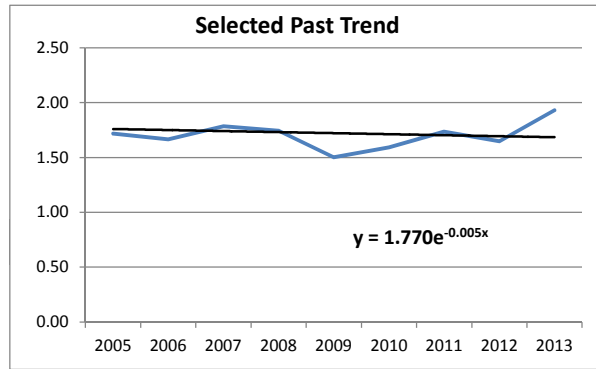
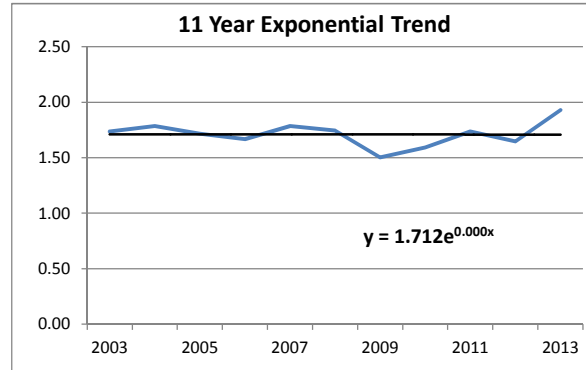
**Heavy Vehicles**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	56,005	974	0.9992	973	3,921,824	0.9596	1.1181	4,207,755	1.74	4,323	75.13
2004	55,811	997	0.9993	996	4,740,140	0.9556	1.1088	5,022,665	1.78	5,042	89.99
2005	55,799	959	0.9992	958	4,104,570	0.9615	1.0997	4,339,973	1.72	4,530	77.78
2006	55,327	923	0.9990	922	4,168,384	0.9628	1.0905	4,376,392	1.67	4,747	79.10
2007	56,642	1,012	0.9992	1,011	4,736,034	0.9655	1.0816	4,945,952	1.78	4,892	87.32
2008	58,601	1,024	0.9987	1,023	4,969,017	0.9684	1.0676	5,137,349	1.75	5,022	87.67
2009	60,137	905	0.9988	904	4,062,958	0.9654	1.0358	4,063,047	1.50	4,497	67.56
2010	60,745	969	0.9989	968	4,668,121	0.9669	1.0089	4,553,652	1.59	4,704	74.96
2011	61,070	1,047	1.0134	1,061	5,496,121	0.9716	1.0029	5,355,462	1.74	5,049	87.69
2012	63,573	966	1.0842	1,047	5,291,785	1.1057	1.0000	5,851,041	1.65	5,589	92.04
2013	24,383	319	1.4742	471	1,622,103	1.3866	1.0000	2,249,146	1.93	4,777	92.24
Ratio 2004/2003	0.9965			1.0235				1.1937	1.0270	1.1663	1.1978
Ratio 2005/2004	0.9998			0.9618				0.8641	0.9621	0.8984	0.8643
Ratio 2006/2005	0.9915			0.9621				1.0084	0.9703	1.0481	1.0170
Ratio 2007/2006	1.0238			1.0966				1.1301	1.0711	1.0306	1.1039
Ratio 2008/2007	1.0346			1.0119				1.0387	0.9781	1.0264	1.0040
Ratio 2009/2008	1.0262			0.8833				0.7909	0.8607	0.8954	0.7707
Ratio 2010/2009	1.0101			1.0713				1.1207	1.0605	1.0462	1.1095
Ratio 2011/2010	1.0053			1.0959				1.1761	1.0900	1.0732	1.1698
Ratio 2012/2011	1.0410			0.9870				1.0925	0.9481	1.1070	1.0495
Ratio 2013/2012	0.3836			0.4498				0.3844	1.1727	0.8547	1.0022

SGI  
 Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles

Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Damage Liability to Others Auto (21)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 4-2  
**Frequency for Heavy Vehicles**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-0.02%	0.0001
10-yr exp trend	0.08%	0.0013
9-yr exp trend	0.48%	0.0342
8-yr exp trend	0.81%	0.0666
7-yr exp trend	0.95%	0.0622
6-yr exp trend	2.50%	0.2854
5-yr exp trend	5.49%	0.7913
4-yr exp trend	5.37%	0.6451
3-yr exp trend	5.44%	0.4272



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past	N/A	Past N/A
Future	N/A	Future N/A

Trend Selection Notes:

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past	-0.50%	Past -0.50%
Future	-0.50%	Future -0.50%

Trend Selection Notes:

Past Trend: Based on 9 year trend excluding 2013. Future Trend: Equal to past trend.

SGI

Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Damage Liability to Others Auto (21)

Rating year: 31/08/2014

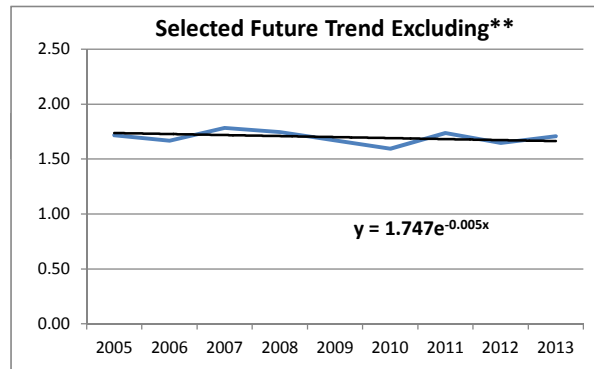
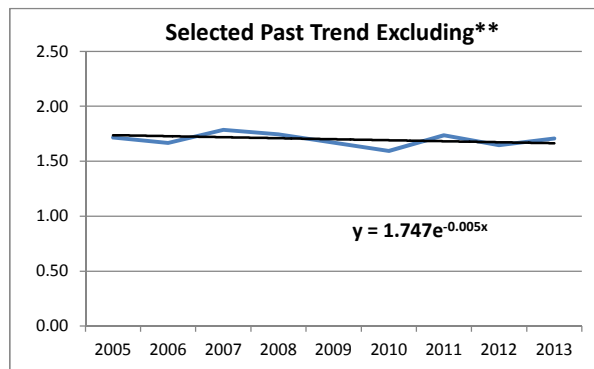
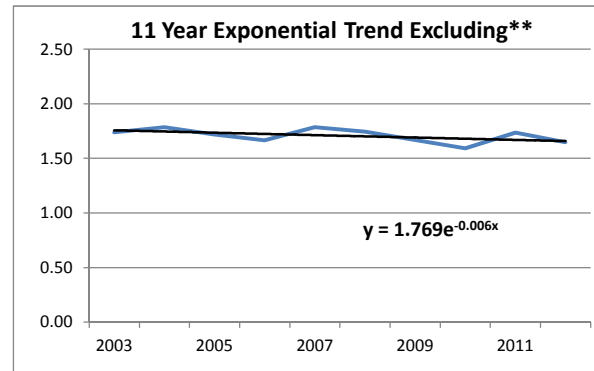
Exhibit 3 - Page 4-3

**Frequency for Heavy Vehicles**

**Excluding Years: 2009, 2013**

Period w Years Excluded	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11 -yr exp trend excl **	-0.62%	0.2625
10 -yr exp trend excl **	-0.71%	0.2633
9 -yr exp trend excl **	-0.54%	0.1334
8 -yr exp trend excl **	-0.64%	0.1287
7 -yr exp trend excl **	-1.39%	0.3870
6 -yr exp trend excl **	-0.94%	0.1365
5 -yr exp trend excl **	1.66%	0.1431
4 -yr exp trend excl **	1.66%	0.1431
3 -yr exp trend excl **	-5.19%	1.0000

\*\* Years excluded: 2009, 2013

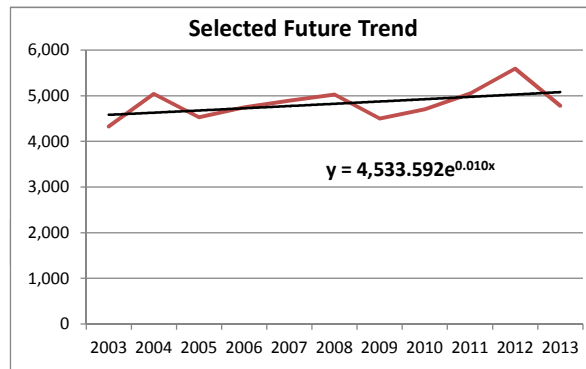
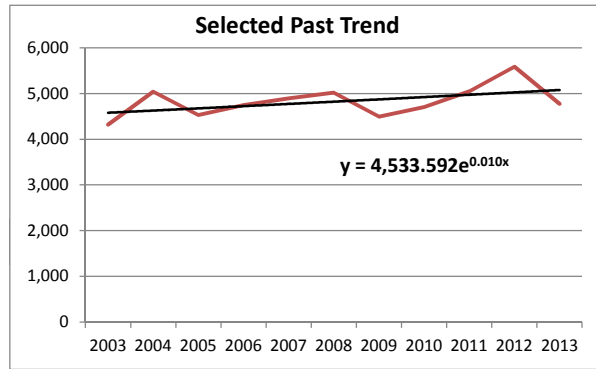
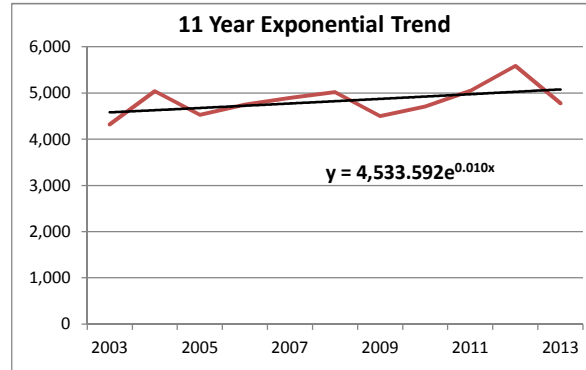




SGI  
 Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles

Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Damage Liability to Others Auto (21)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 4-4  
**Severity for Heavy Vehicles**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	1.04%	0.2365
10-yr exp trend	0.65%	0.0947
9-yr exp trend	1.17%	0.2331
8-yr exp trend	0.92%	0.1196
7-yr exp trend	0.93%	0.0838
6-yr exp trend	1.36%	0.1128
5-yr exp trend	2.97%	0.3081
4-yr exp trend	1.48%	0.0595
3-yr exp trend	-2.73%	0.1210



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past 0.00%	N/A	Past N/A
Future 0.00%		Future N/A

Trend Selection Notes:  
 Graph relatively flat from 2004 onward. No past trend, and no expectations of the future differing from the past.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past 1.00%	1.0000	Past 1.00%
Future 1.00%		Future 1.00%

Trend Selection Notes:  
 Past Trend: Based on longer term trends. Future Trend: Equal to past trend.

SGI

Class Group: Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Damage Liability to Others Auto (21)

Rating year: 31/08/2014

Exhibit 3 - Page 5-1

**Ambulance and Bus**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	4,434	229	0.9992	229	586,722	0.9596	1.1181	629,499	5.16	2,750	141.97
2004	4,422	208	0.9993	208	491,362	0.9556	1.1088	520,648	4.71	2,499	117.73
2005	4,373	210	0.9992	210	476,647	0.9615	1.0997	503,983	4.81	2,397	115.25
2006	4,379	243	0.9990	243	641,608	0.9628	1.0905	673,625	5.55	2,771	153.82
2007	4,452	257	0.9992	257	712,991	0.9655	1.0816	744,593	5.78	2,894	167.24
2008	4,523	223	0.9987	223	576,091	0.9684	1.0676	595,606	4.93	2,673	131.70
2009	4,652	315	0.9988	314	776,200	0.9654	1.0358	776,217	6.76	2,469	166.85
2010	4,698	298	0.9989	298	882,853	0.9669	1.0089	861,204	6.33	2,895	183.32
2011	4,780	296	1.0134	300	849,531	0.9716	1.0029	827,790	6.27	2,763	173.18
2012	4,954	289	1.0842	314	788,980	1.1057	1.0000	872,363	6.33	2,782	176.09
2013	2,080	132	1.4742	194	390,051	1.3866	1.0000	540,830	9.33	2,787	260.02
Ratio 2004/2003	0.9974			0.9102				0.8271	0.9125	0.9087	0.8292
Ratio 2005/2004	0.9888			1.0091				0.9680	1.0205	0.9593	0.9789
Ratio 2006/2005	1.0015			1.1565				1.3366	1.1548	1.1557	1.3347
Ratio 2007/2006	1.0166			1.0582				1.1054	1.0409	1.0445	1.0873
Ratio 2008/2007	1.0158			0.8661				0.7999	0.8526	0.9236	0.7875
Ratio 2009/2008	1.0287			1.4108				1.3032	1.3715	0.9238	1.2669
Ratio 2010/2009	1.0098			0.9464				1.1095	0.9372	1.1723	1.0987
Ratio 2011/2010	1.0174			1.0068				0.9612	0.9896	0.9547	0.9447
Ratio 2012/2011	1.0364			1.0466				1.0538	1.0098	1.0069	1.0168
Ratio 2013/2012	0.4198			0.6190				0.6200	1.4743	1.0016	1.4766

SGI

Class Group: Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

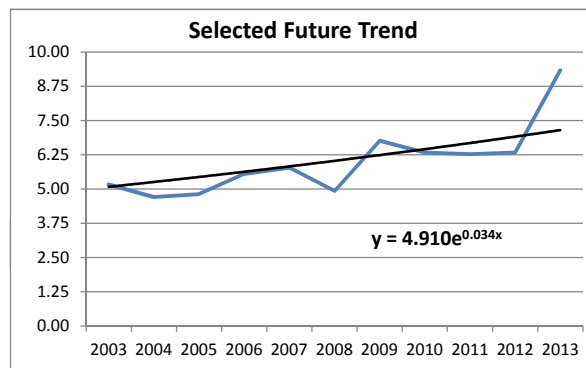
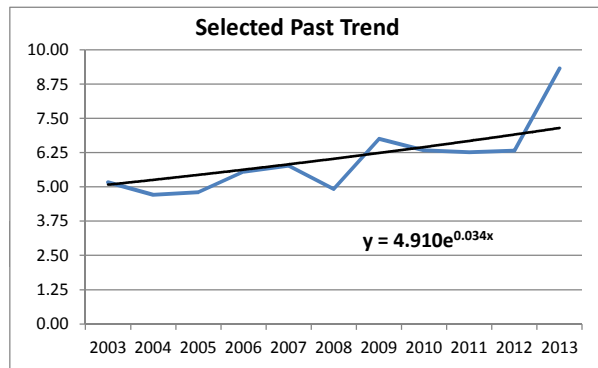
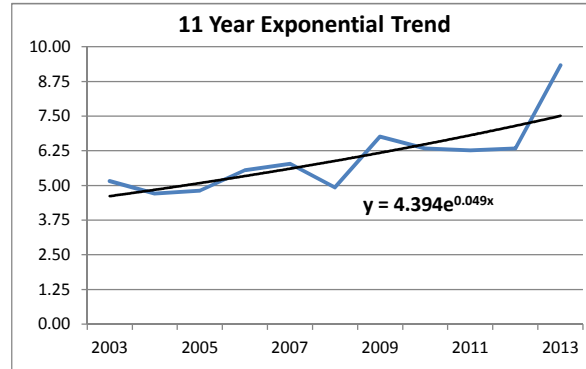
Coverage: Damage Liability to Others Auto (21)

Rating year: 31/08/2014

Exhibit 3 - Page 5-2

**Frequency for Ambulance and Bus**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	4.99%	0.6702
10-yr exp trend	5.78%	0.7037
9-yr exp trend	5.93%	0.6460
8-yr exp trend	5.81%	0.5514
7-yr exp trend	6.88%	0.5518
6-yr exp trend	8.90%	0.6021
5-yr exp trend	6.66%	0.3595
4-yr exp trend	12.44%	0.5982
3-yr exp trend	22.02%	0.7684



**2011 Year End**

Selected Trends

Past	N/A
Future	N/A

Credibility  
N/A

Credibility Weighted Trends

Past	N/A
Future	N/A

Trend Selection Notes:

**2013 Rate Program**

Selected Trends

Past	3.50%
Future	3.50%

Credibility  
1.0000

Credibility Weighted Trends

Past	3.50%
Future	3.50%

Trend Selection Notes:

Past Trend: Longer term trends excluding 2013. Future Trend: Equal to past trend.

SGI

Class Group: Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Damage Liability to Others Auto (21)

Rating year: 31/08/2014

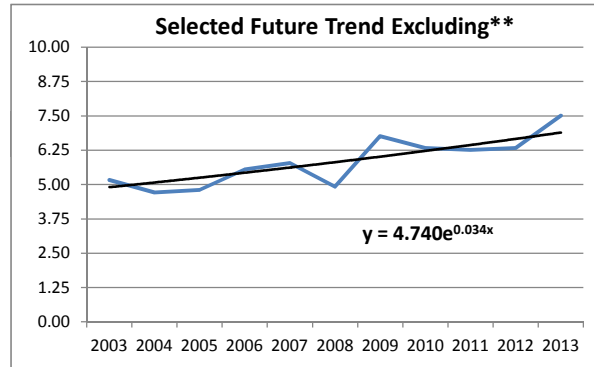
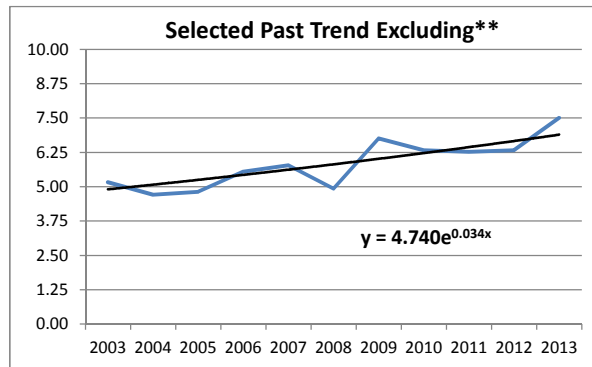
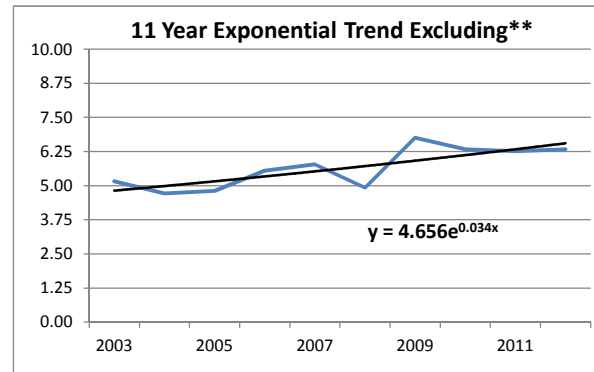
Exhibit 3 - Page 5-3

**Frequency for Ambulance and Bus**

**Excluding Years: 2013**

Period w Years Excluded	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11 -yr exp trend excl **	3.48%	0.6210
10 -yr exp trend excl **	4.07%	0.6499
9 -yr exp trend excl **	3.79%	0.5347
8 -yr exp trend excl **	2.92%	0.3423
7 -yr exp trend excl **	3.23%	0.2853
6 -yr exp trend excl **	4.34%	0.3037
5 -yr exp trend excl **	-2.05%	0.5965
4 -yr exp trend excl **	-0.03%	0.0035
3 -yr exp trend excl **	0.98%	1.0000

\*\* Years excluded: 2013



SGI

Class Group: Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

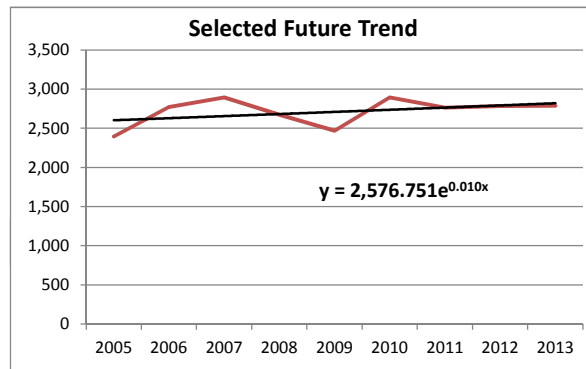
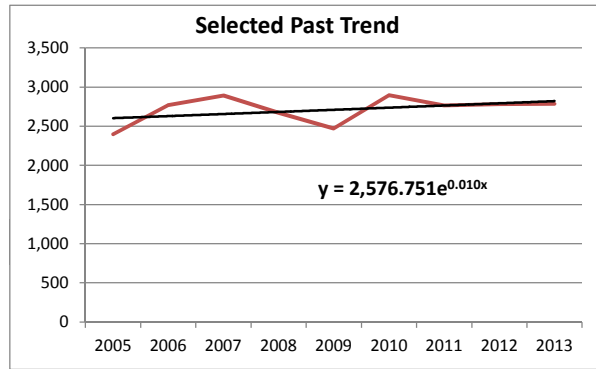
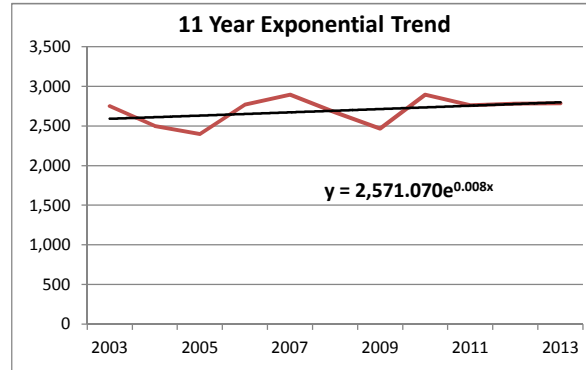
Coverage: Damage Liability to Others Auto (21)

Rating year: 31/08/2014

Exhibit 3 - Page 5-4

**Severity for Ambulance and Bus**

Period	Trends	Coefficient of Correlation - R <sup>2</sup>
	Severity	Severity
11-yr exp trend	0.78%	0.1596
10-yr exp trend	1.18%	0.2774
9-yr exp trend	1.01%	0.1733
8-yr exp trend	0.12%	0.0035
7-yr exp trend	0.29%	0.0127
6-yr exp trend	1.50%	0.2604
5-yr exp trend	2.05%	0.2844
4-yr exp trend	-1.06%	0.4339
3-yr exp trend	0.42%	0.8846



**2011 Year End**

Selected Trends		Credibility
Past	N/A	N/A
Future	N/A	N/A

Credibility Weighted Trends	
Past	N/A
Future	N/A

Trend Selection Notes:

**2013 Rate Program**

Selected Trends		Credibility
Past	1.00%	1.0000
Future	1.00%	

Credibility Weighted Trends	
Past	1.00%
Future	1.00%

Trend Selection Notes:

Past Trend: Similar to Heavy group. Based on longer term trends. Future Trend: Equal to past trend.

***Damage to Others Property***

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SGI

Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Damage Liability to Others Property (22)

Rating year: 31/08/2014

Exhibit 3 - Page 2-1

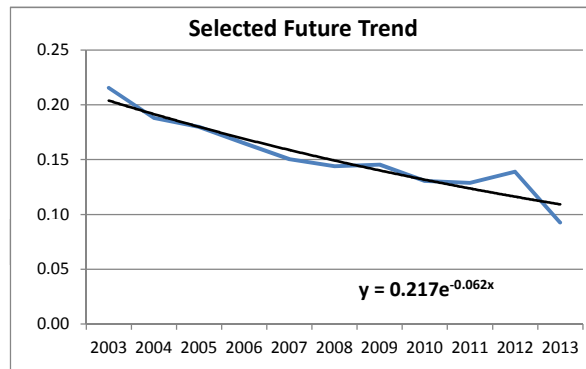
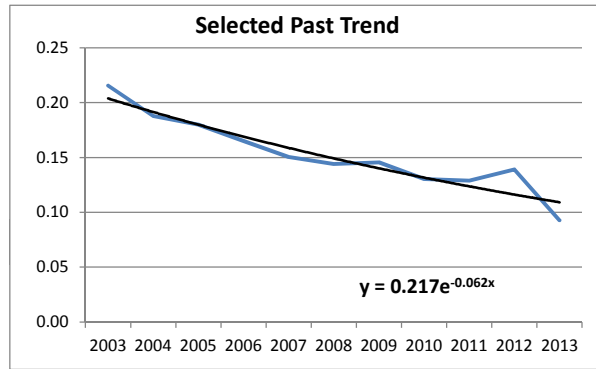
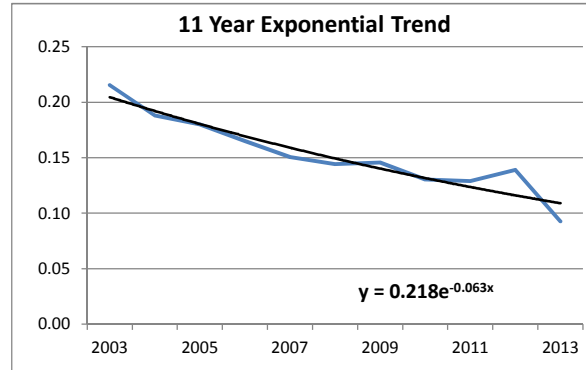
**All Vehicles Excluding Trailers**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	734,326	1,594	0.9931	1,583	4,538,421	0.9913	1.0000	4,498,887	0.22	2,842	6.13
2004	744,040	1,401	0.9986	1,399	4,718,632	0.9782	1.0000	4,615,728	0.19	3,299	6.20
2005	751,916	1,357	0.9971	1,353	4,610,166	0.9988	1.0000	4,604,680	0.18	3,403	6.12
2006	761,754	1,263	0.9952	1,257	5,211,390	0.9829	1.0000	5,122,087	0.17	4,075	6.72
2007	786,225	1,187	0.9966	1,183	6,015,876	1.0098	1.0000	6,074,874	0.15	5,135	7.73
2008	821,650	1,188	0.9966	1,184	6,063,167	1.0185	1.0000	6,175,343	0.14	5,216	7.52
2009	843,168	1,229	0.9984	1,227	5,994,083	0.9994	1.0000	5,990,340	0.15	4,882	7.10
2010	858,951	1,127	0.9942	1,120	6,067,178	1.0347	1.0000	6,277,909	0.13	5,603	7.31
2011	867,890	1,065	1.0504	1,119	5,978,445	1.0217	1.0000	6,108,263	0.13	5,460	7.04
2012	895,540	948	1.3138	1,245	5,202,858	1.3648	1.0000	7,100,992	0.14	5,702	7.93
2013	363,248	195	1.7261	337	1,056,150	2.2350	1.0000	2,360,482	0.09	7,013	6.50
Ratio 2004/2003	1.0132			0.8838				1.0260	0.8722	1.1609	1.0126
Ratio 2005/2004	1.0106			0.9671				0.9976	0.9570	1.0315	0.9872
Ratio 2006/2005	1.0131			0.9290				1.1124	0.9170	1.1973	1.0980
Ratio 2007/2006	1.0321			0.9411				1.1860	0.9118	1.2602	1.1491
Ratio 2008/2007	1.0451			1.0008				1.0165	0.9577	1.0157	0.9727
Ratio 2009/2008	1.0262			1.0363				0.9700	1.0099	0.9360	0.9453
Ratio 2010/2009	1.0187			0.9132				1.0480	0.8964	1.1476	1.0287
Ratio 2011/2010	1.0104			0.9984				0.9730	0.9881	0.9746	0.9630
Ratio 2012/2011	1.0319			1.1133				1.1625	1.0790	1.0442	1.1266
Ratio 2013/2012	0.4056			0.2703				0.3324	0.6663	1.2300	0.8195

SGI  
Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Damage Liability to Others Property (22)  
Rating year: 31/08/2014  
Exhibit 3 - Page 2-2  
**Frequency for All Vehicles Excluding Trailers**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-6.11%	0.8611
10-yr exp trend	-5.78%	0.8149
9-yr exp trend	-5.79%	0.7624
8-yr exp trend	-5.64%	0.6816
7-yr exp trend	-5.71%	0.5944
6-yr exp trend	-6.51%	0.5583
5-yr exp trend	-8.05%	0.5554
4-yr exp trend	-9.06%	0.4504
3-yr exp trend	-15.21%	0.5845



**2011 Year End**

Selected Trends		Credibility
Past	-7.00%	N/A
Future	-7.00%	

Credibility Weighted Trends	
Past	N/A
Future	N/A

Trend Selection Notes:

Past Trend: Based on long term trends. Future Trend: Equal to past trend.

**2013 Rate Program**

Selected Trends		Credibility
Past	-6.00%	N/A
Future	-6.00%	

Credibility Weighted Trends	
Past	
Future	

Trend Selection Notes:

Past Trend: Based on long term trends. Future Trend: Equal to past trend.



## SGI

Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban)

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Damage Liability to Others Property (22)

Rating year: 31/08/2014

Exhibit 3 - Page 3-1

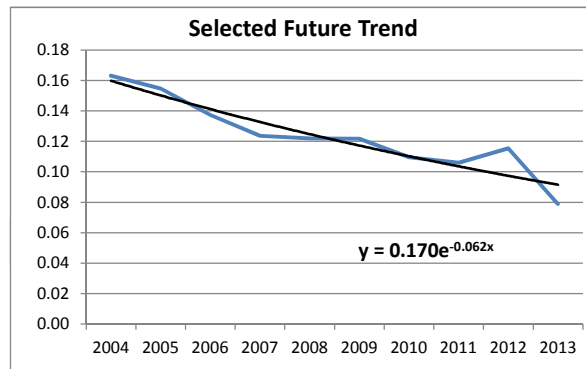
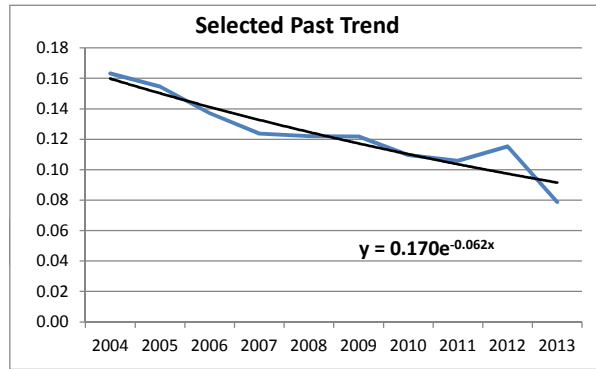
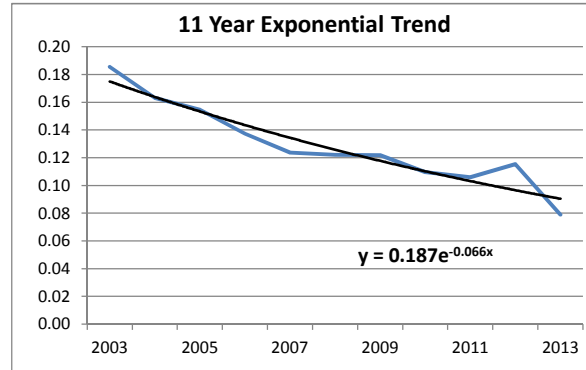
**Light Vehicles**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	673,887	1,258	0.9931	1,250	2,461,440	0.9913	1.0000	2,439,998	0.19	1,953	3.62
2004	683,806	1,118	0.9986	1,116	2,747,607	0.9782	1.0000	2,687,688	0.16	2,408	3.93
2005	691,744	1,073	0.9971	1,070	2,526,571	0.9988	1.0000	2,523,564	0.15	2,358	3.65
2006	702,047	968	0.9952	963	2,490,947	0.9829	1.0000	2,448,262	0.14	2,541	3.49
2007	725,131	900	0.9966	897	2,734,741	1.0098	1.0000	2,761,561	0.12	3,079	3.81
2008	758,526	928	0.9966	925	3,460,652	1.0185	1.0000	3,524,678	0.12	3,809	4.65
2009	778,379	950	0.9984	948	3,707,227	0.9994	1.0000	3,704,911	0.12	3,908	4.76
2010	793,508	875	0.9942	870	3,572,830	1.0347	1.0000	3,696,925	0.11	4,249	4.66
2011	802,040	808	1.0504	849	3,242,918	1.0217	1.0000	3,313,335	0.11	3,902	4.13
2012	827,014	726	1.3138	954	2,927,590	1.3648	1.0000	3,995,649	0.12	4,188	4.83
2013	336,785	154	1.7261	265	774,648	2.2350	1.0000	1,731,328	0.08	6,525	5.14
Ratio 2004/2003	1.0147			0.8932				1.1015	0.8802	1.2332	1.0855
Ratio 2005/2004	1.0116			0.9589				0.9389	0.9479	0.9792	0.9282
Ratio 2006/2005	1.0149			0.9002				0.9702	0.8870	1.0777	0.9559
Ratio 2007/2006	1.0329			0.9308				1.1280	0.9012	1.2118	1.0921
Ratio 2008/2007	1.0461			1.0318				1.2763	0.9864	1.2370	1.2201
Ratio 2009/2008	1.0262			1.0245				1.0511	0.9984	1.0260	1.0243
Ratio 2010/2009	1.0194			0.9177				0.9978	0.9002	1.0873	0.9788
Ratio 2011/2010	1.0108			0.9760				0.8962	0.9656	0.9183	0.8867
Ratio 2012/2011	1.0311			1.1235				1.2059	1.0896	1.0733	1.1695
Ratio 2013/2012	0.4072			0.2781				0.4333	0.6830	1.5580	1.0640

SGI  
 Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban)

Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Damage Liability to Others Property (22)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 3-2  
**Frequency for Light Vehicles**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-6.40%	0.8798
10-yr exp trend	-6.03%	0.8403
9-yr exp trend	-5.88%	0.7857
8-yr exp trend	-5.51%	0.6995
7-yr exp trend	-5.57%	0.6133
6-yr exp trend	-6.58%	0.6071
5-yr exp trend	-7.88%	0.5836
4-yr exp trend	-8.66%	0.4644
3-yr exp trend	-13.73%	0.5455



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past -8.00%	N/A	Past N/A
Future -8.00%		Future N/A

Trend Selection Notes:

Past Trend: Seems consistent with All Including Trailers, but a bit more extreme. Based on available trends. Future Trend: Equal to past trend, no changes expected.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past -6.00%	1.0000	Past -6.00%
Future -6.00%		Future -6.00%

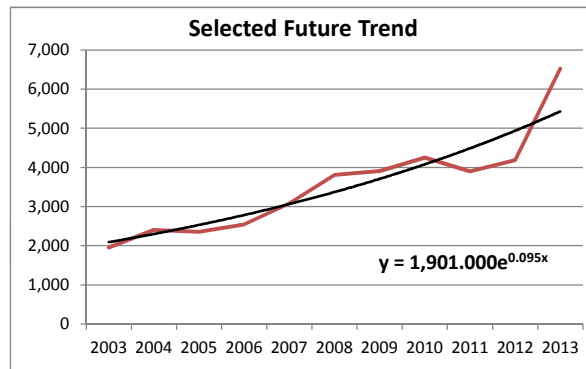
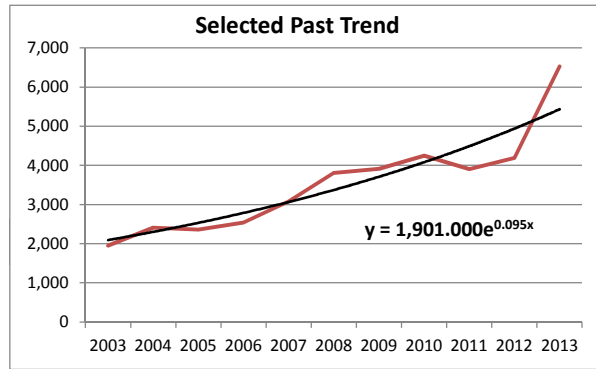
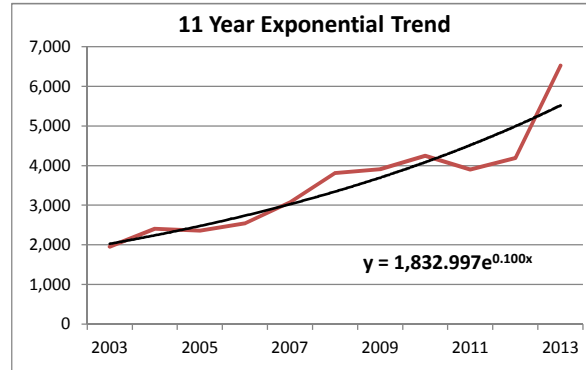
Trend Selection Notes:

Past Trend: Based on long term trends. Future Trend: Equal to past trend.

SGI  
 Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban)

Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Damage Liability to Others Property (22)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 3-4  
**Severity for Light Vehicles**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	10.54%	0.9044
10-yr exp trend	10.27%	0.8730
9-yr exp trend	10.80%	0.8520
8-yr exp trend	10.38%	0.7919
7-yr exp trend	9.11%	0.6883
6-yr exp trend	8.37%	0.5455
5-yr exp trend	10.63%	0.5480
4-yr exp trend	14.54%	0.5605
3-yr exp trend	29.31%	0.8510



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past 12.00%	N/A	Past N/A
Future 10.00%		Future N/A

**Trend Selection Notes:**

Past Trend: Based on long term trend excluding 2011. Although the past has a pattern of large severity increases, the 2011 year may be indicating that this trend will begin to slow. Future Trend: Expect that 2011 will be will have smaller increase than past years. Selection considers mid-term and short-term trends including loss year 2011.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past 10.00%	1.0000	Past 10.00%
Future 10.00%		Future 10.00%

**Trend Selection Notes:**

Past Trend: Steep long term upward trend apparent. Trains and bridges have a large impact on the severity here. The Auto Fund gets charged what it costs them (e.g. CN Rail) to fix it. Future Trend: Equal to past trend.

## SGI

Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Damage Liability to Others Property (22)

Rating year: 31/08/2014

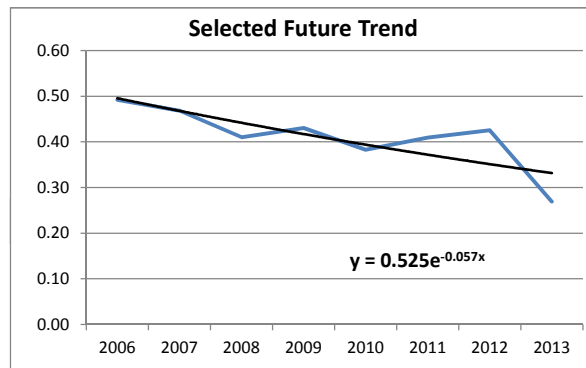
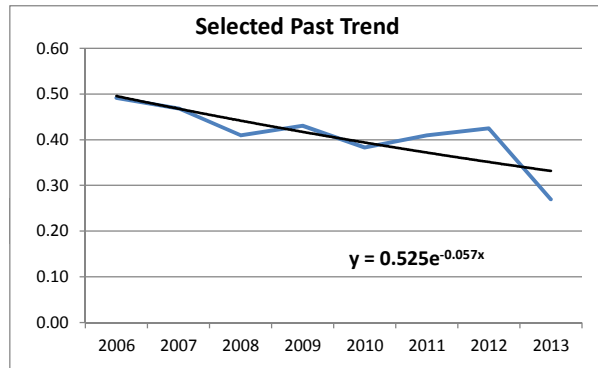
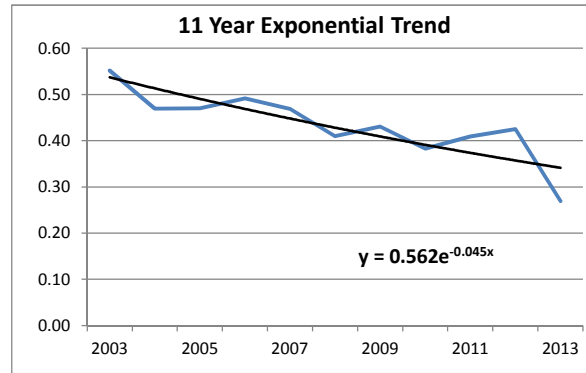
Exhibit 3 - Page 4-1

**Heavy Vehicles**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	60,439	336	0.9931	333	2,076,981	0.9913	1.0000	2,058,889	0.55	6,176	34.07
2004	60,234	283	0.9986	283	1,971,024	0.9782	1.0000	1,928,040	0.47	6,816	32.01
2005	60,172	284	0.9971	283	2,083,596	0.9988	1.0000	2,081,116	0.47	7,360	34.59
2006	59,707	295	0.9952	294	2,720,443	0.9829	1.0000	2,673,825	0.49	9,109	44.78
2007	61,094	287	0.9966	286	3,281,135	1.0098	1.0000	3,313,313	0.47	11,577	54.23
2008	63,123	260	0.9966	259	2,602,515	1.0185	1.0000	2,650,665	0.41	10,248	41.99
2009	64,789	279	0.9984	279	2,286,856	0.9994	1.0000	2,285,428	0.43	8,193	35.27
2010	65,443	252	0.9942	250	2,494,347	1.0347	1.0000	2,580,983	0.38	10,304	39.44
2011	65,850	257	1.0504	270	2,735,528	1.0217	1.0000	2,794,928	0.41	10,370	42.44
2012	68,527	222	1.3138	291	2,275,268	1.3648	1.0000	3,105,343	0.43	10,658	45.32
2013	26,463	41	1.7261	71	281,502	2.2350	1.0000	629,154	0.27	8,832	23.77
Ratio 2004/2003	0.9966			0.8484				0.9364	0.8513	1.1037	0.9396
Ratio 2005/2004	0.9990			0.9997				1.0794	1.0007	1.0797	1.0805
Ratio 2006/2005	0.9923			1.0381				1.2848	1.0462	1.2377	1.2948
Ratio 2007/2006	1.0232			0.9750				1.2392	0.9528	1.2710	1.2110
Ratio 2008/2007	1.0332			0.9037				0.8000	0.8747	0.8852	0.7743
Ratio 2009/2008	1.0264			1.0785				0.8622	1.0508	0.7994	0.8400
Ratio 2010/2009	1.0101			0.8979				1.1293	0.8889	1.2577	1.1180
Ratio 2011/2010	1.0062			1.0760				1.0829	1.0693	1.0064	1.0762
Ratio 2012/2011	1.0406			1.0811				1.1111	1.0389	1.0277	1.0677
Ratio 2013/2012	0.3862			0.2445				0.2026	0.6331	0.8287	0.5246

SGI  
 Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses  
 Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Damage Liability to Others Property (22)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 4-2  
**Frequency for Heavy Vehicles**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-4.43%	0.6631
10-yr exp trend	-4.26%	0.5789
9-yr exp trend	-4.88%	0.5902
8-yr exp trend	-5.58%	0.5885
7-yr exp trend	-5.68%	0.4980
6-yr exp trend	-5.75%	0.3881
5-yr exp trend	-8.00%	0.4562
4-yr exp trend	-9.68%	0.3942
3-yr exp trend	-18.90%	0.6822



2011 Year End Selected Trends		Credibility
Past	-5.00%	N/A
Future	-5.00%	

Credibility Weighted Trends	
Past	N/A
Future	N/A

Trend Selection Notes:  
 Past Trend: Based on mid term trends. Future Trend: Equal to past trend, no changes expected.

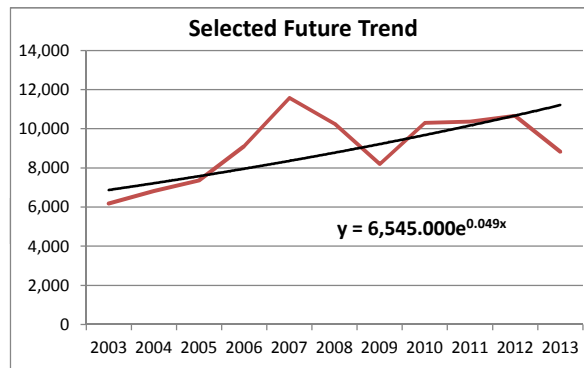
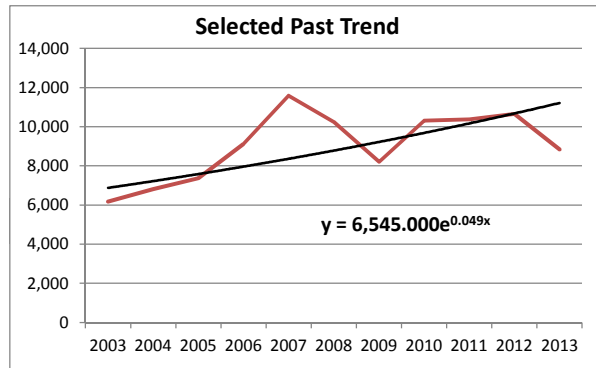
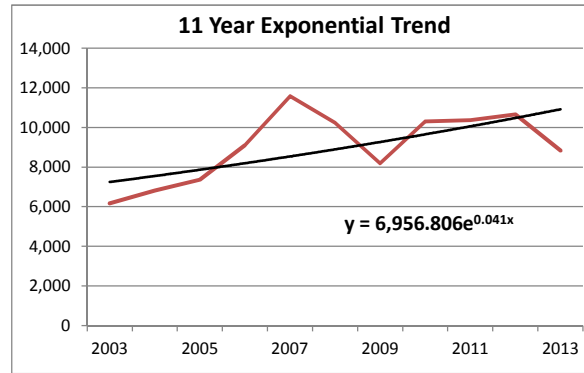
2013 Rate Program Selected Trends		Credibility
Past	-5.50%	1.0000
Future	-5.50%	

Credibility Weighted Trends	
Past	-5.50%
Future	-5.50%

Trend Selection Notes:  
 Past Trend: Based on mid term trends. Future Trend: Equal to past trend.

SGI  
 Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses  
 Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Damage Liability to Others Property (22)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 4-4  
**Severity for Heavy Vehicles**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	4.18%	0.4452
10-yr exp trend	3.08%	0.2824
9-yr exp trend	1.66%	0.0974
8-yr exp trend	-0.43%	0.0088
7-yr exp trend	-1.76%	0.1061
6-yr exp trend	0.15%	0.0007
5-yr exp trend	1.86%	0.0627
4-yr exp trend	-4.26%	0.4365
3-yr exp trend	-7.71%	0.6255



**2011 Year End**

Selected Trends	Credibility
Past	5.00%
Future	5.00%

Credibility Weighted Trends
Past
Future

Trend Selection Notes:  
 Past Trend: Based on 7 year trend. Future Trend: Consistent with past trend, no changes expected.

**2013 Rate Program**

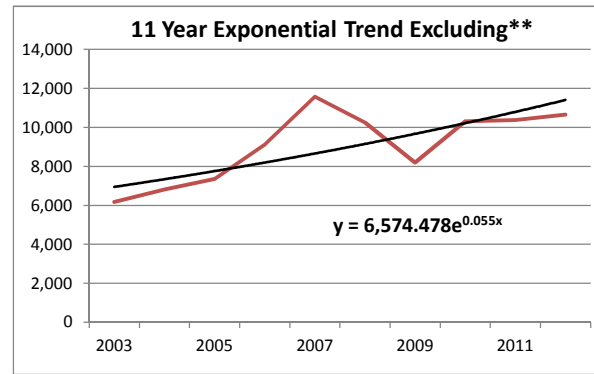
Selected Trends	Credibility
Past	5.00%
Future	5.00%

Credibility Weighted Trends
Past
Future

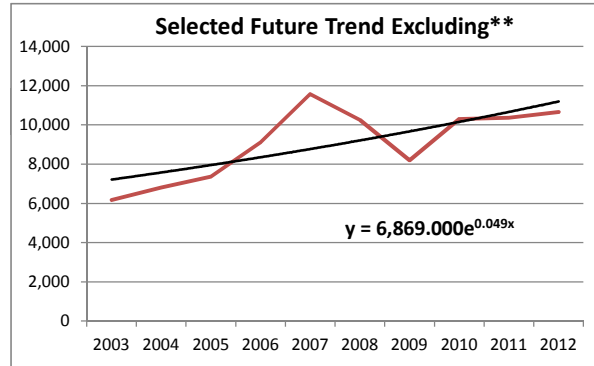
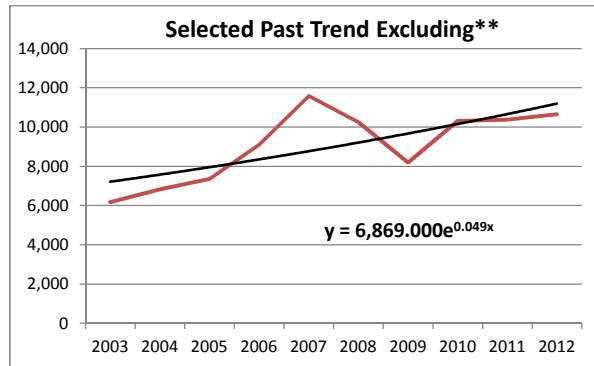
Trend Selection Notes:  
 Past Trend: Volatile. Trust longer term trends excluding 2013. Future Trend: Equal to past trend.

SGI  
 Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses  
 Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Damage Liability to Others Property (22)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 4-5  
**Severity for Heavy Vehicles**  
**Excluding Years: 2013**

Period w Years Excluded	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11 -yr exp trend excl **	5.66%	0.6041
10 -yr exp trend excl **	4.63%	0.4626
9 -yr exp trend excl **	3.23%	0.2652
8 -yr exp trend excl **	0.92%	0.0306
7 -yr exp trend excl **	-0.42%	0.0048
6 -yr exp trend excl **	3.19%	0.2134
5 -yr exp trend excl **	8.28%	0.7060
4 -yr exp trend excl **	1.70%	0.8863
3 -yr exp trend excl **	2.77%	1.0000



\*\* Years excluded: 2013



***Loss of Use***

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SGI

Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Damage Liability Loss of Use (23)

Rating year: 31/08/2014

Exhibit 3 - Page 2-1

**All Vehicles Excluding Trailers**

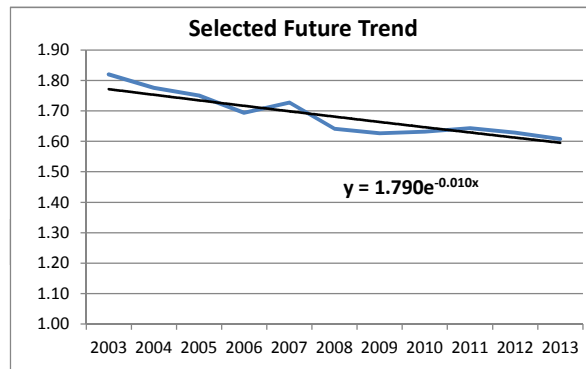
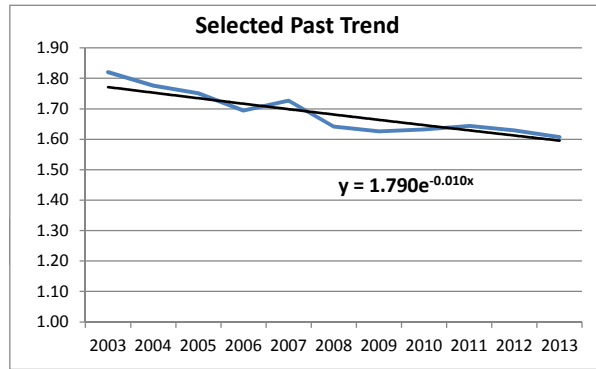
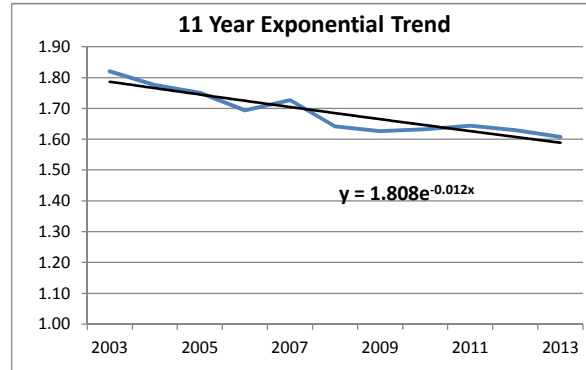
Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	734,326	13,369	0.9998	13,366	4,781,182	1.0016	1.0000	4,788,807	1.82	358	6.52
2004	744,040	13,217	0.9998	13,215	4,561,138	1.0014	1.0000	4,567,360	1.78	346	6.14
2005	751,916	13,162	1.0001	13,163	4,566,981	0.9967	1.0000	4,551,706	1.75	346	6.05
2006	761,754	12,908	0.9998	12,905	4,970,457	1.0046	1.0000	4,993,520	1.69	387	6.56
2007	786,225	13,580	0.9999	13,579	5,624,589	0.9984	1.0000	5,615,520	1.73	414	7.14
2008	821,650	13,490	0.9997	13,486	5,687,675	0.9982	1.0000	5,677,274	1.64	421	6.91
2009	843,168	13,714	0.9998	13,711	5,356,041	0.9985	1.0000	5,347,811	1.63	390	6.34
2010	858,951	14,016	1.0002	14,018	6,063,555	1.0058	1.0000	6,098,897	1.63	435	7.10
2011	867,890	14,114	1.0105	14,263	6,640,419	1.0246	1.0000	6,803,927	1.64	477	7.84
2012	895,540	13,984	1.0431	14,587	6,946,295	1.0716	1.0000	7,443,784	1.63	510	8.31
2013	363,248	4,744	1.2309	5,839	2,487,768	1.2402	1.0000	3,085,356	1.61	528	8.49
Ratio 2004/2003	1.0132			0.9887				0.9538	0.9758	0.9647	0.9413
Ratio 2005/2004	1.0106			0.9961				0.9966	0.9856	1.0005	0.9861
Ratio 2006/2005	1.0131			0.9804				1.0971	0.9677	1.1190	1.0829
Ratio 2007/2006	1.0321			1.0522				1.1246	1.0195	1.0687	1.0896
Ratio 2008/2007	1.0451			0.9932				1.0110	0.9503	1.0180	0.9674
Ratio 2009/2008	1.0262			1.0167				0.9420	0.9907	0.9265	0.9179
Ratio 2010/2009	1.0187			1.0224				1.1404	1.0036	1.1154	1.1195
Ratio 2011/2010	1.0104			1.0174				1.1156	1.0069	1.0965	1.1041
Ratio 2012/2011	1.0319			1.0227				1.0940	0.9911	1.0697	1.0603
Ratio 2013/2012	0.4056			0.4003				0.4145	0.9869	1.0354	1.0219

SGI  
Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Damage Liability Loss of Use (23)  
Rating year: 31/08/2014  
Exhibit 3 - Page 2-2

**Frequency for All Vehicles Excluding Trailers**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-1.17%	0.8531
10-yr exp trend	-1.05%	0.8121
9-yr exp trend	-0.94%	0.7426
8-yr exp trend	-0.77%	0.6336
7-yr exp trend	-0.78%	0.5411
6-yr exp trend	-0.26%	0.3856
5-yr exp trend	-0.25%	0.2446
4-yr exp trend	-0.54%	0.5788
3-yr exp trend	-1.10%	0.9877



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past -1.50%	N/A	Past N/A
Future -1.50%		Future N/A

**Trend Selection Notes:**

Past Trend: Based on mid to long term trends. Future Trend: Equal to past trend, no changes expected.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past -1.00%	N/A	Past
Future -1.00%		Future

**Trend Selection Notes:**

Past Trend: Based on long term trends. Could be that more people have multiple vehicles, so there is less need to rent a car. Future Trend: Equal to past trend.

SGI

Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban)

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Damage Liability Loss of Use (23)

Rating year: 31/08/2014

Exhibit 3 - Page 3-1

**Light Vehicles**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	673,887	12,867	0.9998	12,864	4,441,567	1.0016	1.0000	4,448,649	1.91	346	6.60
2004	683,806	12,730	0.9998	12,728	4,212,768	1.0014	1.0000	4,218,515	1.86	331	6.17
2005	691,744	12,704	1.0001	12,705	4,259,417	0.9967	1.0000	4,245,170	1.84	334	6.14
2006	702,047	12,467	0.9998	12,464	4,542,147	1.0046	1.0000	4,563,223	1.78	366	6.50
2007	725,131	13,084	0.9999	13,083	5,153,859	0.9984	1.0000	5,145,549	1.80	393	7.10
2008	758,526	13,025	0.9997	13,021	5,319,843	0.9982	1.0000	5,310,115	1.72	408	7.00
2009	778,379	13,289	0.9998	13,286	5,075,095	0.9985	1.0000	5,067,297	1.71	381	6.51
2010	793,508	13,529	1.0002	13,531	5,608,728	1.0058	1.0000	5,641,419	1.71	417	7.11
2011	802,040	13,635	1.0105	13,778	6,151,078	1.0246	1.0000	6,302,537	1.72	457	7.86
2012	827,014	13,474	1.0431	14,054	6,478,436	1.0716	1.0000	6,942,417	1.70	494	8.39
2013	336,785	4,530	1.2309	5,576	2,256,398	1.2402	1.0000	2,798,409	1.66	502	8.31
Ratio 2004/2003	1.0147			0.9894				0.9483	0.9751	0.9584	0.9345
Ratio 2005/2004	1.0116			0.9982				1.0063	0.9867	1.0082	0.9948
Ratio 2006/2005	1.0149			0.9810				1.0749	0.9666	1.0957	1.0591
Ratio 2007/2006	1.0329			1.0497				1.1276	1.0162	1.0743	1.0917
Ratio 2008/2007	1.0461			0.9953				1.0320	0.9515	1.0369	0.9865
Ratio 2009/2008	1.0262			1.0203				0.9543	0.9943	0.9353	0.9299
Ratio 2010/2009	1.0194			1.0185				1.1133	0.9991	1.0931	1.0921
Ratio 2011/2010	1.0108			1.0182				1.1172	1.0074	1.0972	1.1053
Ratio 2012/2011	1.0311			1.0200				1.1015	0.9892	1.0799	1.0683
Ratio 2013/2012	0.4072			0.3967				0.4031	0.9742	1.0161	0.9898

SGI  
 Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban)

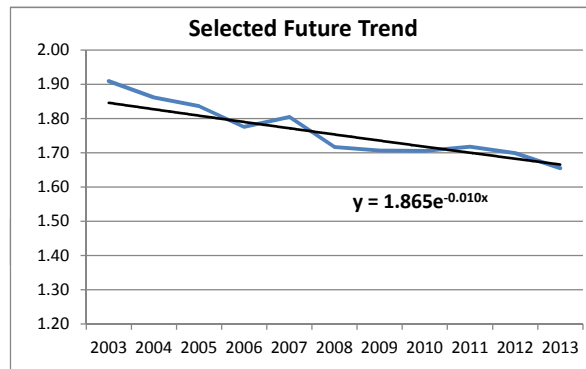
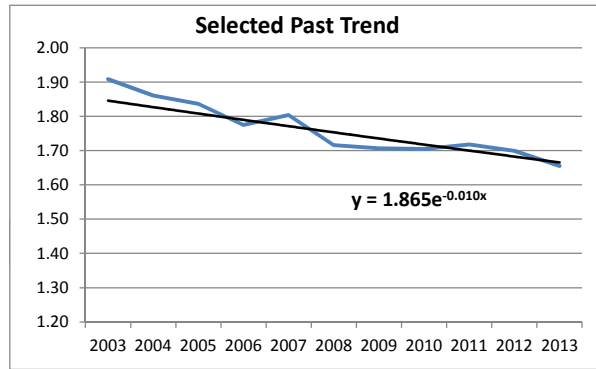
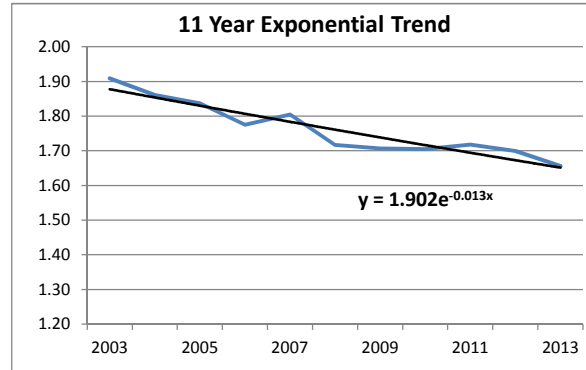
Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Damage Liability Loss of Use (23)

Rating year: 31/08/2014

Exhibit 3 - Page 3-2

**Frequency for Light Vehicles**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-1.28%	0.8914
10-yr exp trend	-1.17%	0.8626
9-yr exp trend	-1.08%	0.8118
8-yr exp trend	-0.93%	0.7349
7-yr exp trend	-0.97%	0.6662
6-yr exp trend	-0.53%	0.5354
5-yr exp trend	-0.64%	0.5066
4-yr exp trend	-0.99%	0.6381
3-yr exp trend	-1.83%	0.9460



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past -1.50%	N/A	Past N/A
Future -1.50%		Future N/A

Trend Selection Notes:

Past Trend: Based on mid to long term trends. Future Trend: Equal to past trend.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past -1.00%	1.0000	Past -1.00%
Future -1.00%		Future -1.00%

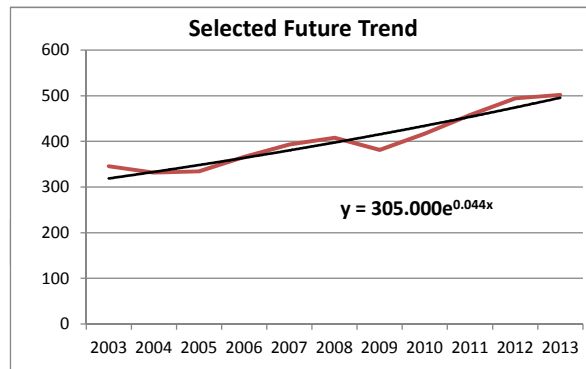
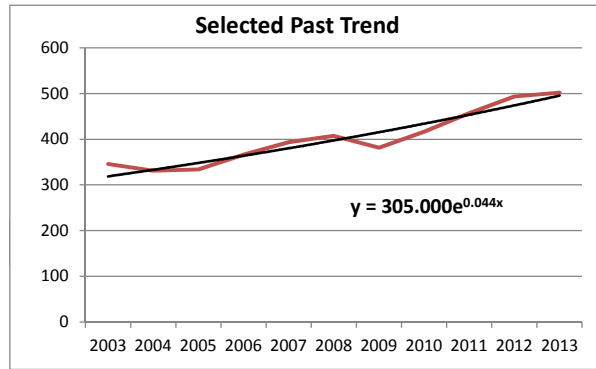
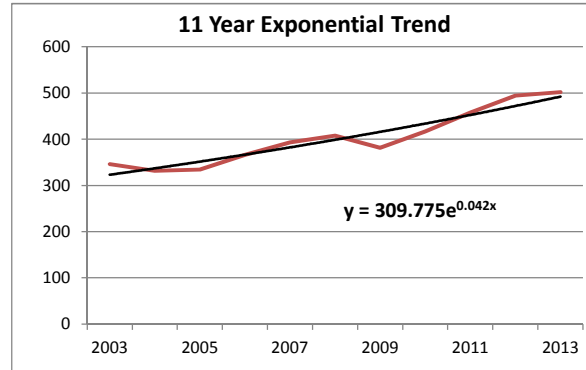
Trend Selection Notes:

Past Trend: Based on long term trends. Could be that more people have multiple vehicles, so there is less need to rent a car. Future Trend: Equal to past trend.

SGI  
 Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban)

Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Damage Liability Loss of Use (23)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 3-4  
**Severity for Light Vehicles**

Period	Trends	Coefficient of Correlation - R <sup>2</sup>
	Severity	Severity
11-yr exp trend	4.30%	0.9051
10-yr exp trend	4.77%	0.9293
9-yr exp trend	4.87%	0.9095
8-yr exp trend	4.60%	0.8709
7-yr exp trend	4.74%	0.8280
6-yr exp trend	5.60%	0.8473
5-yr exp trend	7.45%	0.9573
4-yr exp trend	6.54%	0.9271
3-yr exp trend	4.75%	0.8743



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past 4.50%	N/A	Past N/A
Future 4.50%		Future N/A

Trend Selection Notes:

Past Trend: Based on mid to long term trends. Future Trend: 2012 was a mild winter, but unsure of what 2013 will bring. Future trend set equal to past trend.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past 4.50%	1.0000	Past 4.50%
Future 4.50%		Future 4.50%

Trend Selection Notes:

Past Trend: In available trends. Future Trend: Equal to past trend.

SGI

Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Damage Liability Loss of Use (23)

Rating year: 31/08/2014

Exhibit 3 - Page 4-1

**Heavy Vehicles**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	56,005	404	0.9998	404	298,338	1.0016	1.0000	298,814	0.72	739	5.34
2004	55,811	397	0.9998	397	324,019	1.0014	1.0000	324,461	0.71	817	5.81
2005	55,799	372	1.0001	372	277,322	0.9967	1.0000	276,395	0.67	743	4.95
2006	55,327	327	0.9998	327	389,761	1.0046	1.0000	391,569	0.59	1,198	7.08
2007	56,642	390	0.9999	390	435,179	0.9984	1.0000	434,477	0.69	1,114	7.67
2008	58,601	371	0.9997	371	335,451	0.9982	1.0000	334,837	0.63	903	5.71
2009	60,137	306	0.9998	306	240,255	0.9985	1.0000	239,886	0.51	783	3.99
2010	60,745	366	1.0002	366	379,583	1.0058	1.0000	381,796	0.60	1,043	6.29
2011	61,070	353	1.0105	357	438,078	1.0246	1.0000	448,865	0.58	1,258	7.35
2012	63,573	387	1.0431	403	404,773	1.0716	1.0000	433,762	0.63	1,075	6.82
2013	24,383	145	1.2309	179	199,551	1.2402	1.0000	247,485	0.73	1,382	10.15
Ratio 2004/2003	0.9965			0.9827				1.0858	0.9861	1.1049	1.0896
Ratio 2005/2004	0.9998			0.9373				0.8519	0.9375	0.9088	0.8520
Ratio 2006/2005	0.9915			0.8781				1.4167	0.8856	1.6133	1.4288
Ratio 2007/2006	1.0238			1.1934				1.1096	1.1657	0.9298	1.0838
Ratio 2008/2007	1.0346			0.9508				0.7707	0.9190	0.8105	0.7449
Ratio 2009/2008	1.0262			0.8261				0.7164	0.8050	0.8672	0.6981
Ratio 2010/2009	1.0101			1.1952				1.5916	1.1833	1.3316	1.5756
Ratio 2011/2010	1.0053			0.9744				1.1757	0.9692	1.2066	1.1694
Ratio 2012/2011	1.0410			1.1308				0.9664	1.0863	0.8546	0.9283
Ratio 2013/2012	0.3836			0.4439				0.5706	1.1572	1.2855	1.4876

SGI  
 Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles

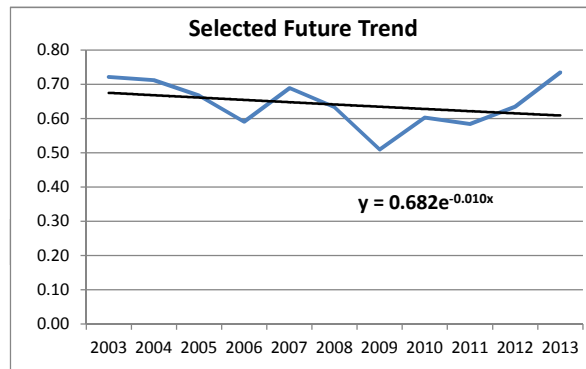
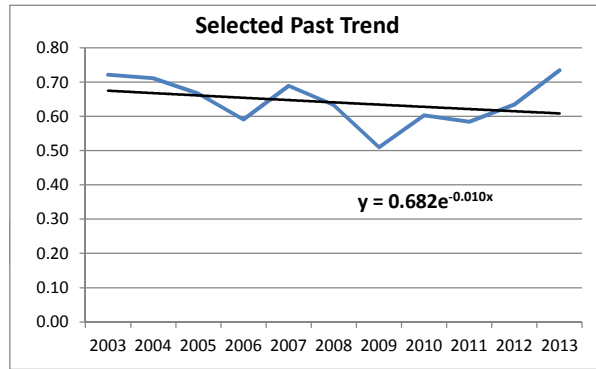
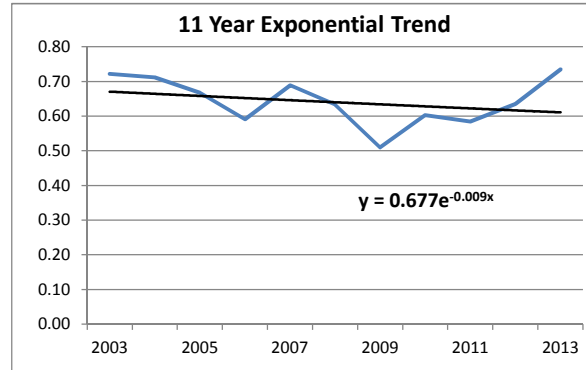
Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Damage Liability Loss of Use (23)

Rating year: 31/08/2014

Exhibit 3 - Page 4-2

**Frequency for Heavy Vehicles**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-0.93%	0.0785
10-yr exp trend	-0.44%	0.0154
9-yr exp trend	0.37%	0.0091
8-yr exp trend	1.25%	0.0756
7-yr exp trend	1.21%	0.0483
6-yr exp trend	4.00%	0.3750
5-yr exp trend	8.14%	0.8701
4-yr exp trend	6.98%	0.7404
3-yr exp trend	12.12%	0.9751



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past -3.00%	N/A	Past N/A
Future -3.00%		Future N/A

**Trend Selection Notes:**

Past Trend: Based on mid to long term trends. Future Trend: Equal to past trend, no changes expected.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past -1.00%	1.0000	Past -1.00%
Future -1.00%		Future -1.00%

**Trend Selection Notes:**

Past Trend: Based on long term trend. Future Trend: 2012 and 2013 are the opposite direction of other trends. Set equal to past trend and keep an eye on it.

SGI  
 Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles

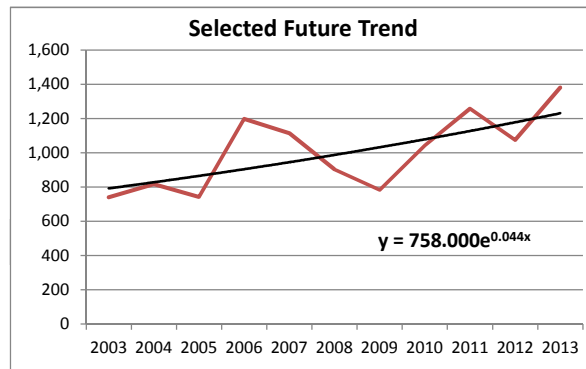
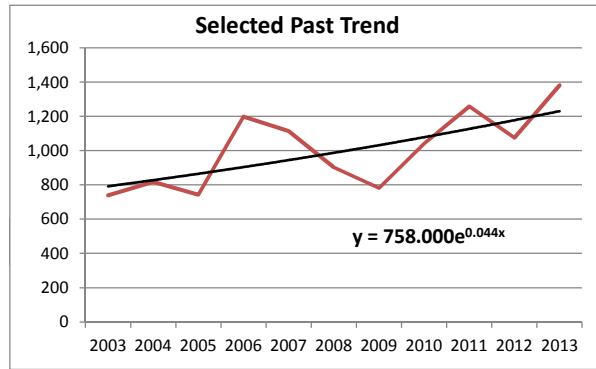
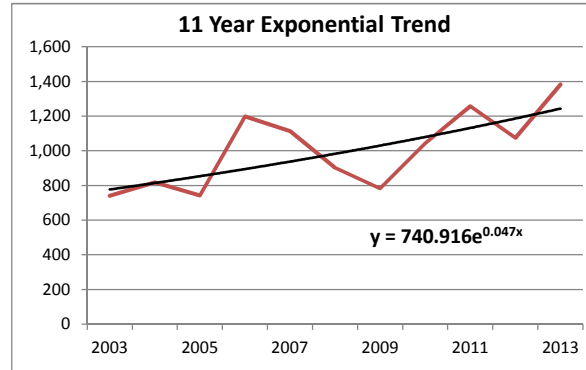
Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Damage Liability Loss of Use (23)

Rating year: 31/08/2014

Exhibit 3 - Page 4-4

**Severity for Heavy Vehicles**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	4.82%	0.4909
10-yr exp trend	4.48%	0.3884
9-yr exp trend	4.34%	0.3031
8-yr exp trend	2.54%	0.1133
7-yr exp trend	5.39%	0.3509
6-yr exp trend	9.79%	0.7012
5-yr exp trend	12.38%	0.7226
4-yr exp trend	7.13%	0.4465
3-yr exp trend	4.81%	0.1372



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past 0.00%	N/A	Past N/A
Future 0.00%		Future N/A

**Trend Selection Notes:**

No clear trend. Assume flat 0% trend for both past and future as a result.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past 4.50%	1.0000	Past 4.50%
Future 4.50%		Future 4.50%

**Trend Selection Notes:**

Past Trend: Based on long term trends. Future Trend: Equal to past trend.



SGI

Class Group: Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Damage Liability Loss of Use (23)

Rating year: 31/08/2014

Exhibit 3 - Page 5-1

**Ambulance and Bus**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	4,434	98	0.9998	98	41,278	1.0016	1.0000	41,344	2.20	423	9.32
2004	4,422	90	0.9998	90	24,351	1.0014	1.0000	24,384	2.03	272	5.51
2005	4,373	86	1.0001	86	30,242	0.9967	1.0000	30,141	1.96	352	6.89
2006	4,379	114	0.9998	114	38,549	1.0046	1.0000	38,728	2.60	340	8.84
2007	4,452	106	0.9999	106	35,551	0.9984	1.0000	35,494	2.38	335	7.97
2008	4,523	94	0.9997	94	32,381	0.9982	1.0000	32,321	2.07	345	7.15
2009	4,652	119	0.9998	119	40,691	0.9985	1.0000	40,628	2.56	342	8.73
2010	4,698	121	1.0002	121	75,244	1.0058	1.0000	75,682	2.57	627	16.11
2011	4,780	126	1.0105	127	51,262	1.0246	1.0000	52,525	2.67	412	10.99
2012	4,954	124	1.0431	129	63,087	1.0716	1.0000	67,605	2.60	525	13.65
2013	2,080	69	1.2309	84	31,819	1.2402	1.0000	39,462	4.06	467	18.97
Ratio 2004/2003	0.9974			0.9177				0.5898	0.9201	0.6427	0.5913
Ratio 2005/2004	0.9888			0.9558				1.2361	0.9666	1.2932	1.2501
Ratio 2006/2005	1.0015			1.3295				1.2849	1.3276	0.9664	1.2830
Ratio 2007/2006	1.0166			0.9284				0.9165	0.9132	0.9872	0.9015
Ratio 2008/2007	1.0158			0.8856				0.9106	0.8719	1.0282	0.8965
Ratio 2009/2008	1.0287			1.2688				1.2570	1.2335	0.9907	1.2220
Ratio 2010/2009	1.0098			1.0150				1.8628	1.0052	1.8352	1.8447
Ratio 2011/2010	1.0174			1.0557				0.6940	1.0376	0.6574	0.6821
Ratio 2012/2011	1.0364			1.0112				1.2871	0.9756	1.2729	1.2418
Ratio 2013/2012	0.4198			0.6557				0.5837	1.5618	0.8902	1.3903

SGI

Class Group: Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

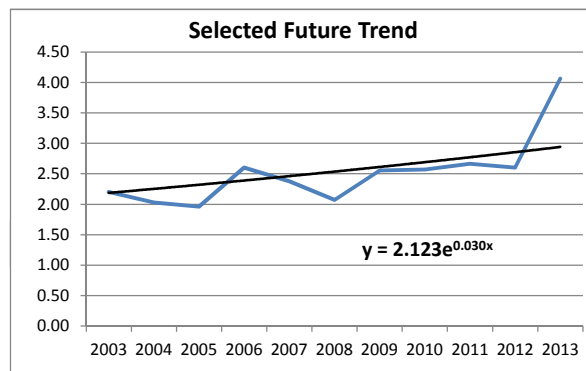
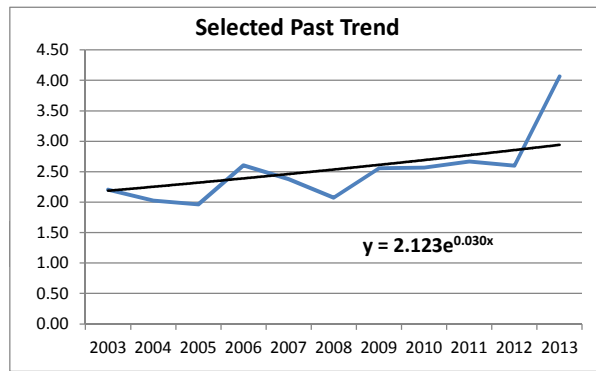
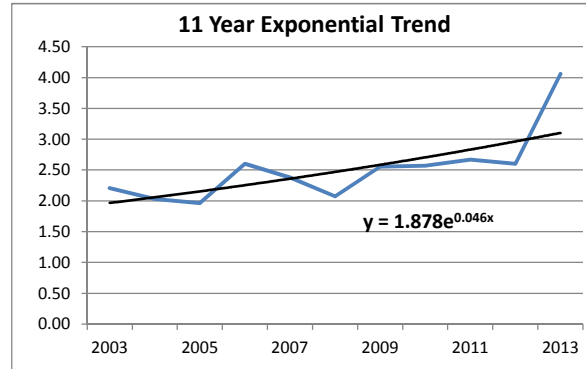
Coverage: Damage Liability Loss of Use (23)

Rating year: 31/08/2014

Exhibit 3 - Page 5-2

**Frequency for Ambulance and Bus**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	4.67%	0.5743
10-yr exp trend	5.47%	0.6089
9-yr exp trend	5.75%	0.5576
8-yr exp trend	5.29%	0.4325
7-yr exp trend	7.80%	0.6143
6-yr exp trend	10.37%	0.6990
5-yr exp trend	9.84%	0.5473
4-yr exp trend	14.45%	0.6193
3-yr exp trend	23.44%	0.7062



**2011 Year End**

Selected Trends

Past	N/A
Future	N/A

Credibility  
N/A

Credibility Weighted Trends

Past	N/A
Future	N/A

Trend Selection Notes:

**2013 Rate Program**

Selected Trends

Past	3.00%
Future	3.00%

Credibility  
0.7826

Compliment: Light Vehicle:

Credibility Weighted Trends

Past	2.13%
Future	2.13%

Trend Selection Notes:

Past Trend: Long term trends excluding 2013. Future Trend: Equal to past trend.

SGI

Class Group: Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Damage Liability Loss of Use (23)

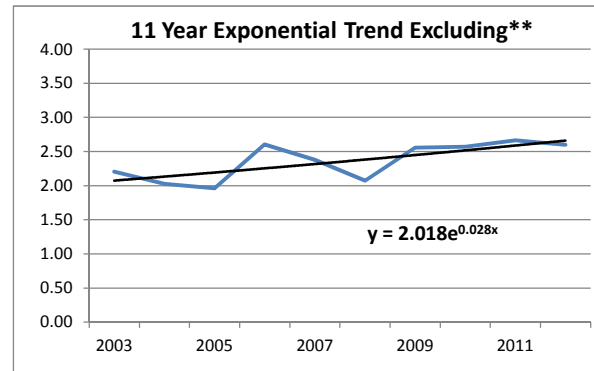
Rating year: 31/08/2014

Exhibit 3 - Page 5-3

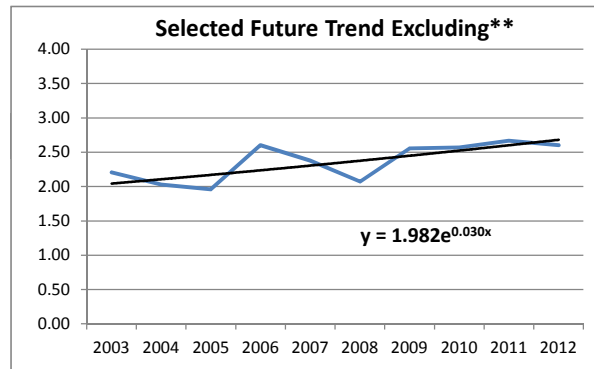
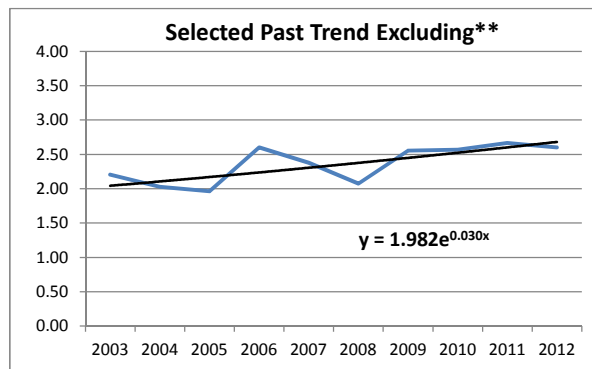
**Frequency for Ambulance and Bus**

**Excluding Years: 2013**

Period w Years Excluded	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11 -yr exp trend excl **	2.80%	0.4998
10 -yr exp trend excl **	3.33%	0.5279
9 -yr exp trend excl **	3.07%	0.4044
8 -yr exp trend excl **	1.59%	0.1517
7 -yr exp trend excl **	3.52%	0.4817
6 -yr exp trend excl **	5.09%	0.5880
5 -yr exp trend excl **	0.89%	0.3753
4 -yr exp trend excl **	0.61%	0.1053
3 -yr exp trend excl **	-2.44%	1.0000



\*\* Years excluded: 2013



SGI

Class Group: Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

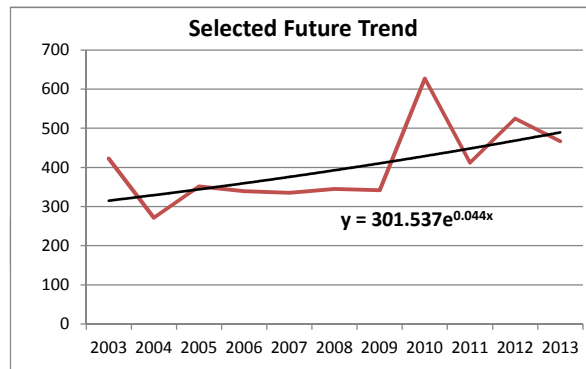
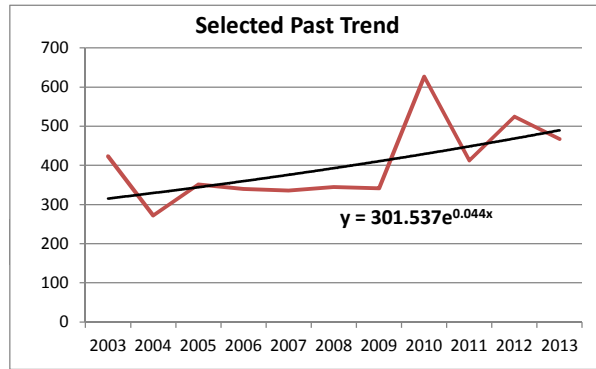
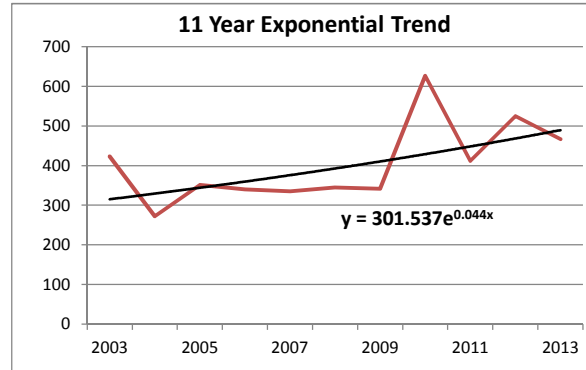
Coverage: Damage Liability Loss of Use (23)

Rating year: 31/08/2014

Exhibit 3 - Page 5-4

**Severity for Ambulance and Bus**

Period	Trends	Coefficient of Correlation - R <sup>2</sup>
	Severity	Severity
11-yr exp trend	4.51%	0.3744
10-yr exp trend	6.58%	0.5928
9-yr exp trend	5.92%	0.4726
8-yr exp trend	6.90%	0.4719
7-yr exp trend	7.48%	0.4132
6-yr exp trend	7.05%	0.2825
5-yr exp trend	4.57%	0.0937
4-yr exp trend	-6.22%	0.2160
3-yr exp trend	6.45%	0.2681



**2011 Year End**

Selected Trends

Past	N/A
Future	N/A

Credibility  
N/A

Credibility Weighted Trends

Past	N/A
Future	N/A

Trend Selection Notes:

**2013 Rate Program**

Selected Trends

Past	4.50%
Future	4.50%

Credibility  
0.7826

Compliment: Light Vehicle:

Credibility Weighted Trends

Past	4.50%
Future	4.50%

Trend Selection Notes:

Past Trend: Thinner data for this grouping, and not enough evidence to select a different trend than the other classes. Future Trend: Equal to past trend.



***Damage to Own Vehicle***

---

## SGI

Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban), T - Utility

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Damage to Own Vehicle (31)

Rating year: 31/08/2014

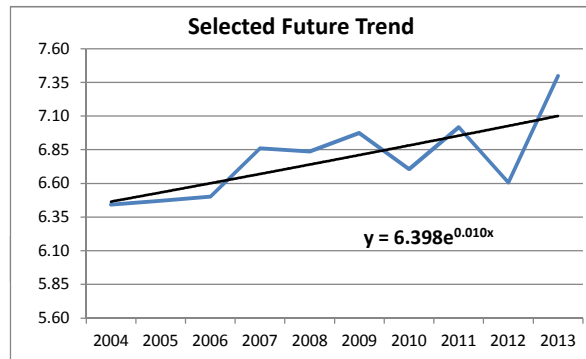
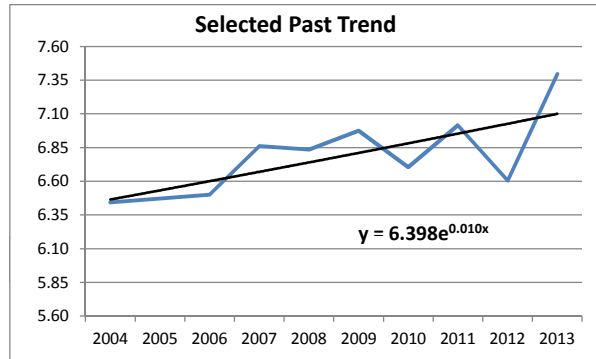
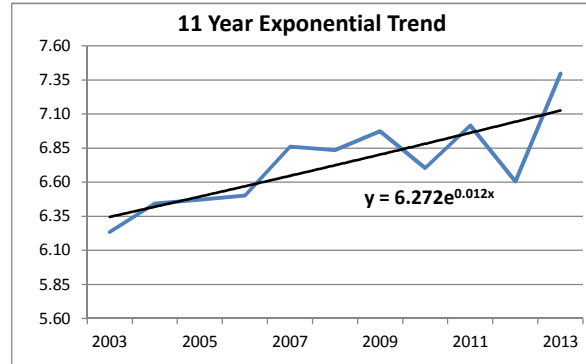
Exhibit 3 - Page 3-1

**Light Vehicles**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	717,614	46,059	0.9714	44,744	131,443,716	0.9616	1.1067	139,888,401	6.24	3,126	194.94
2004	729,225	48,392	0.9708	46,978	141,107,945	0.9607	1.0983	148,897,239	6.44	3,169	204.19
2005	738,986	49,322	0.9696	47,821	146,306,990	0.9626	1.0901	153,517,780	6.47	3,210	207.74
2006	752,355	50,560	0.9674	48,912	154,309,539	0.9632	1.0818	160,778,336	6.50	3,287	213.70
2007	779,259	54,917	0.9736	53,465	165,550,555	0.9674	1.0737	171,955,522	6.86	3,216	220.67
2008	818,616	57,156	0.9791	55,961	174,838,677	0.9658	1.0611	179,179,987	6.84	3,202	218.88
2009	842,452	59,967	0.9798	58,755	189,646,937	0.9607	1.0324	188,081,858	6.97	3,201	223.26
2010	861,017	58,986	0.9787	57,729	191,227,489	0.9704	1.0080	187,054,994	6.70	3,240	217.25
2011	870,717	61,838	0.9880	61,094	204,477,566	0.9760	1.0026	200,088,631	7.02	3,275	229.80
2012	899,500	57,726	1.0292	59,414	194,437,080	1.0527	1.0000	204,686,582	6.61	3,445	227.56
2013	361,153	21,940	1.2176	26,714	80,660,785	1.1411	1.0000	92,044,234	7.40	3,446	254.86
Ratio 2004/2003	1.0162			1.0499				1.0644	1.0332	1.0138	1.0475
Ratio 2005/2004	1.0134			1.0179				1.0310	1.0045	1.0129	1.0174
Ratio 2006/2005	1.0181			1.0228				1.0473	1.0046	1.0239	1.0287
Ratio 2007/2006	1.0358			1.0931				1.0695	1.0553	0.9785	1.0326
Ratio 2008/2007	1.0505			1.0467				1.0420	0.9964	0.9955	0.9919
Ratio 2009/2008	1.0291			1.0499				1.0497	1.0202	0.9998	1.0200
Ratio 2010/2009	1.0220			0.9825				0.9945	0.9614	1.0122	0.9731
Ratio 2011/2010	1.0113			1.0583				1.0697	1.0465	1.0108	1.0578
Ratio 2012/2011	1.0331			0.9725				1.0230	0.9414	1.0519	0.9902
Ratio 2013/2012	0.4015			0.4496				0.4497	1.1198	1.0001	1.1200

SGI  
 Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban), T - Utility  
 Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Damage to Own Vehicle (31)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 3-2  
**Frequency for Light Vehicles**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	1.17%	0.6319
10-yr exp trend	1.05%	0.5235
9-yr exp trend	1.02%	0.4308
8-yr exp trend	0.90%	0.2977
7-yr exp trend	0.58%	0.1175
6-yr exp trend	0.79%	0.1364
5-yr exp trend	1.03%	0.1345
4-yr exp trend	2.37%	0.3520
3-yr exp trend	2.67%	0.2171



**2011 Year End**

Selected Trends	Credibility
Past	1.00%
Future	1.00%

Credibility Weighted Trends
Past
Future

**Trend Selection Notes:**

Past Trend: Based on mid term trends. Future Trend: Equal to past trend.

**2013 Rate Program**

Selected Trends	Credibility
Past	1.00%
Future	1.00%

Credibility Weighted Trends
Past
Future

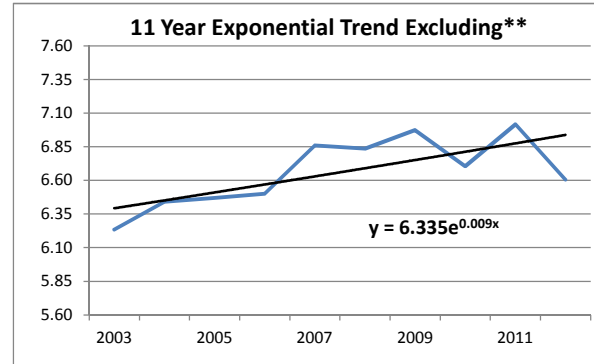
**Trend Selection Notes:**

Past Trend: Underlying trend over a longer period. Frequency bounces around depending on how severe winter is. Future Trend: No reason to select future different than past.

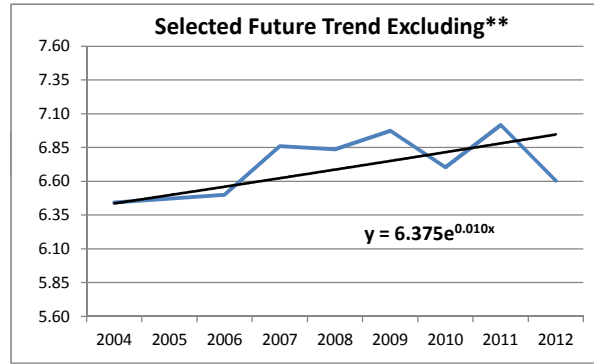
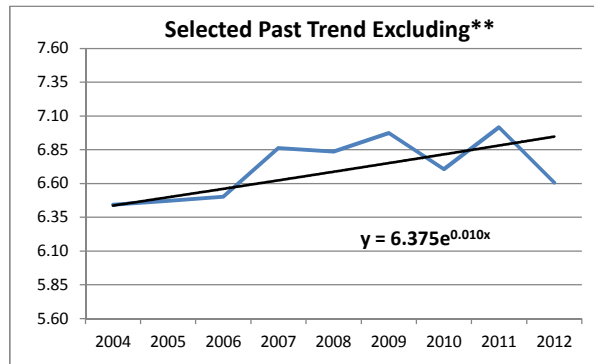


SGI  
 Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban), T - Utility  
 Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Damage to Own Vehicle (31)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 3-3  
**Frequency for Light Vehicles**  
**Excluding Years: 2013**

Period w Years Excluded	Trends	Coefficient of Correlation
	Frequency	- R <sup>2</sup>
11 -yr exp trend excl **	0.91%	0.5102
10 -yr exp trend excl **	0.70%	0.3451
9 -yr exp trend excl **	0.57%	0.2014
8 -yr exp trend excl **	0.26%	0.0401
7 -yr exp trend excl **	-0.43%	0.1234
6 -yr exp trend excl **	-0.62%	0.1497
5 -yr exp trend excl **	-1.17%	0.2641
4 -yr exp trend excl **	-0.75%	0.0565
3 -yr exp trend excl **	-5.86%	1.0000

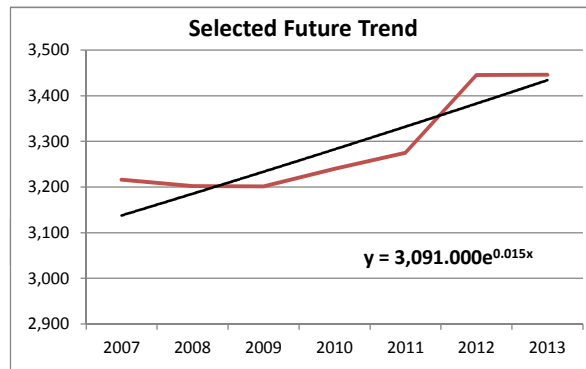
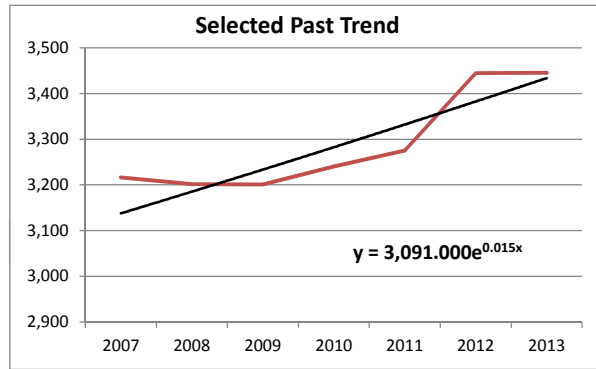
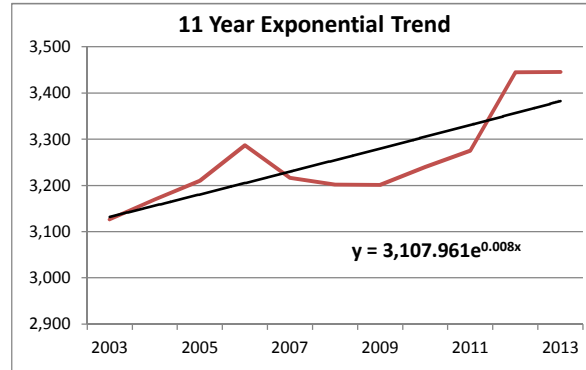


\*\* Years excluded: 2013



SGI  
 Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban), T - Utility  
 Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Damage to Own Vehicle (31)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 3-4  
**Severity for Light Vehicles**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	0.77%	0.6619
10-yr exp trend	0.76%	0.5878
9-yr exp trend	0.79%	0.5295
8-yr exp trend	0.90%	0.5191
7-yr exp trend	1.35%	0.7755
6-yr exp trend	1.72%	0.8591
5-yr exp trend	2.11%	0.8957
4-yr exp trend	2.38%	0.8635
3-yr exp trend	2.57%	0.7521



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past	0.50%	N/A
Future	1.00%	N/A

**Trend Selection Notes:**

Past Trend: Based on mid term trends. Future Trend: See the notes in the intro to the loss trend committee exhibits.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past	1.50%	1.50%
Future	1.50%	1.50%

**Trend Selection Notes:**

Past Trend: Based on mid term trends. Future Trend: Equal to past trend.

SGI

Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, TS - Commercial Trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Damage to Own Vehicle (31)

Rating year: 31/08/2014

Exhibit 3 - Page 4-1

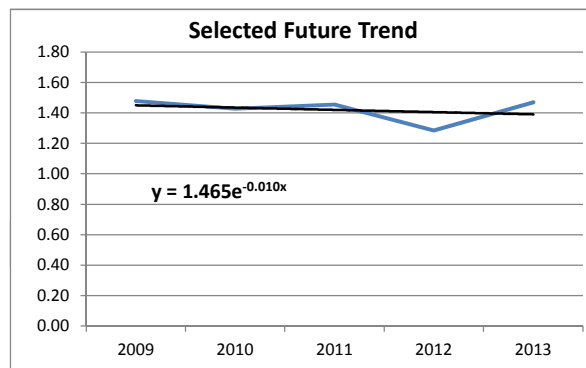
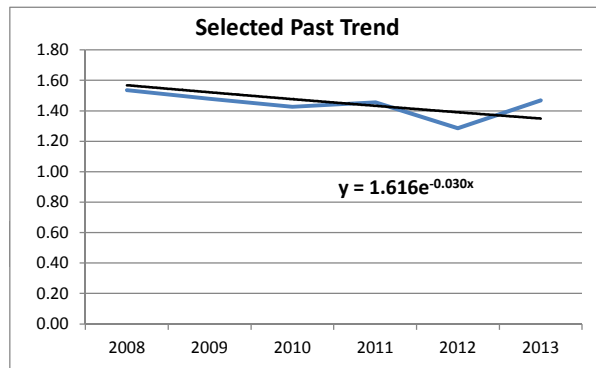
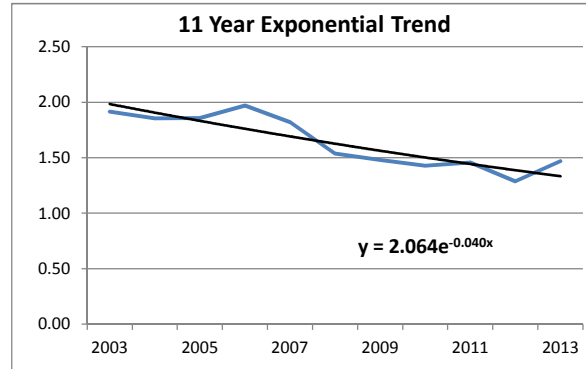
**Heavy Vehicles**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	84,049	1,656	0.9714	1,609	10,491,671	0.9616	1.1067	11,165,715	1.91	6,941	132.85
2004	85,469	1,632	0.9708	1,584	10,619,207	0.9607	1.0983	11,205,397	1.85	7,074	131.10
2005	87,025	1,667	0.9696	1,616	10,601,664	0.9626	1.0901	11,124,171	1.86	6,883	127.83
2006	85,911	1,750	0.9674	1,693	11,255,419	0.9632	1.0818	11,727,256	1.97	6,928	136.51
2007	88,867	1,661	0.9736	1,617	11,902,215	0.9674	1.0737	12,362,698	1.82	7,644	139.12
2008	94,286	1,480	0.9791	1,449	10,964,657	0.9658	1.0611	11,236,913	1.54	7,756	119.18
2009	98,608	1,488	0.9798	1,458	12,055,673	0.9607	1.0324	11,956,182	1.48	8,201	121.25
2010	101,618	1,482	0.9787	1,450	12,304,660	0.9704	1.0080	12,036,178	1.43	8,300	118.45
2011	104,929	1,546	0.9880	1,527	13,210,803	0.9760	1.0026	12,927,244	1.46	8,463	123.20
2012	111,372	1,391	1.0292	1,432	11,794,084	1.0527	1.0000	12,415,794	1.29	8,672	111.48
2013	44,673	539	1.2176	656	3,653,573	1.1411	1.0000	4,169,192	1.47	6,355	93.33
Ratio 2004/2003	1.0169			0.9847				1.0036	0.9683	1.0191	0.9869
Ratio 2005/2004	1.0182			1.0203				0.9928	1.0020	0.9730	0.9750
Ratio 2006/2005	0.9872			1.0473				1.0542	1.0609	1.0066	1.0679
Ratio 2007/2006	1.0344			0.9555				1.0542	0.9237	1.1033	1.0191
Ratio 2008/2007	1.0610			0.8958				0.9089	0.8443	1.0146	0.8567
Ratio 2009/2008	1.0458			1.0062				1.0640	0.9621	1.0574	1.0174
Ratio 2010/2009	1.0305			0.9947				1.0067	0.9653	1.0120	0.9769
Ratio 2011/2010	1.0326			1.0533				1.0740	1.0201	1.0197	1.0401
Ratio 2012/2011	1.0614			0.9373				0.9604	0.8831	1.0247	0.9049
Ratio 2013/2012	0.4011			0.4582				0.3358	1.1424	0.7328	0.8372

SGI  
 Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, TS - Commercial Trailers

Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Damage to Own Vehicle (31)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 4-2  
**Frequency for Heavy Vehicles**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-3.90%	0.7967
10-yr exp trend	-4.13%	0.7752
9-yr exp trend	-4.46%	0.7593
8-yr exp trend	-4.64%	0.7077
7-yr exp trend	-3.56%	0.5634
6-yr exp trend	-1.77%	0.3047
5-yr exp trend	-1.17%	0.1044
4-yr exp trend	-0.38%	0.0065
3-yr exp trend	0.44%	0.0035



2011 Year End		Credibility	Credibility Weighted Trends
Selected Trends			
Past	-2.50%	N/A	Past N/A
Future	-0.50%		Future N/A

Trend Selection Notes:  
 Past Trend: Based on trends excluding 2006. Future Trend: Trend has flattened out since 2008, expect that this will continue going forward.

2013 Rate Program		Credibility	Credibility Weighted Trends
Selected Trends			
Past	-3.00%	1.0000	Past -3.00%
Future	-1.00%		Future -1.00%

Trend Selection Notes:  
 Past Trend: Based on 6 year trends including and excluding 2006 & 2013. Future Trend: More current years indicate negative trend may be slowing.

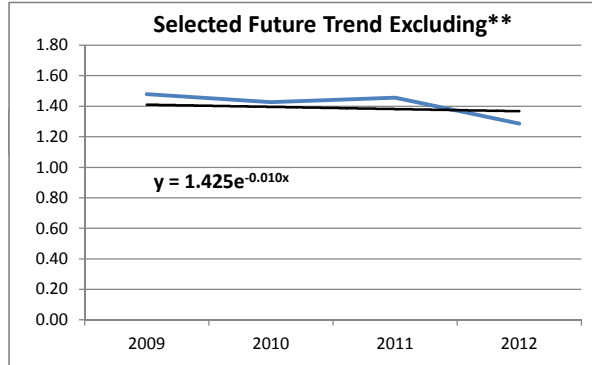
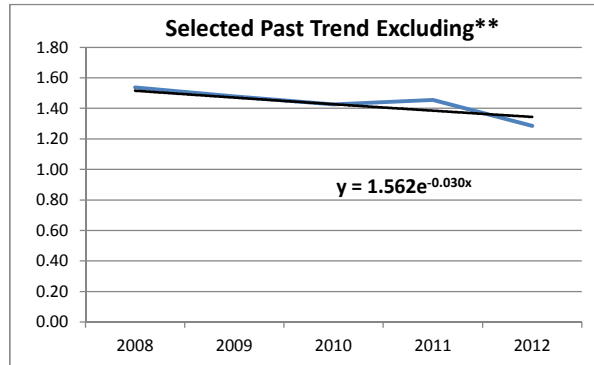
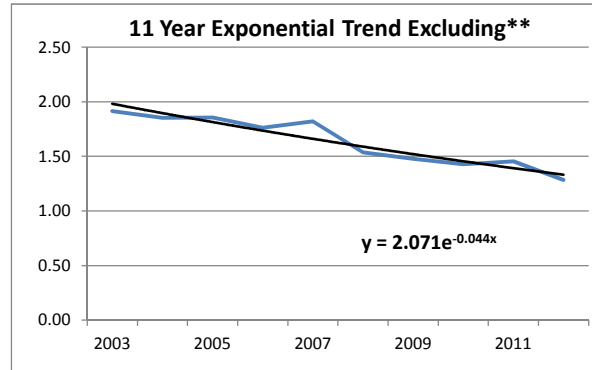
SGI  
 Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, TS - Commercial Trailers

Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Damage to Own Vehicle (31)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 4-3

**Frequency for Heavy Vehicles  
 Excluding Years: 2006, 2013**

Period w Years Excluded	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11 -yr exp trend excl **	-4.29%	0.9050
10 -yr exp trend excl **	-4.58%	0.8935
9 -yr exp trend excl **	-5.06%	0.8865
8 -yr exp trend excl **	-5.38%	0.8211
7 -yr exp trend excl **	-5.38%	0.8211
6 -yr exp trend excl **	-3.65%	0.7742
5 -yr exp trend excl **	-3.92%	0.6678
4 -yr exp trend excl **	-5.09%	0.6114
3 -yr exp trend excl **	-11.69%	1.0000

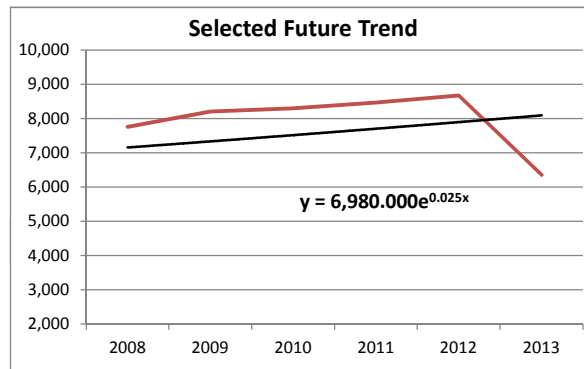
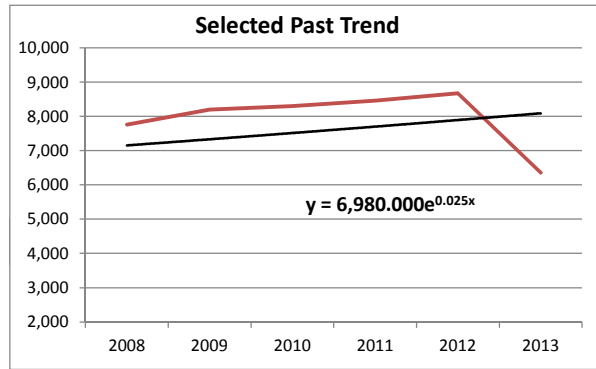
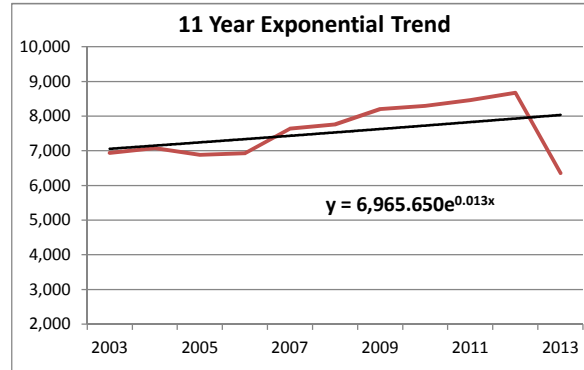
\*\* Years excluded: 2006, 2013



SGI  
 Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, TS - Commercial Trailers

Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Damage to Own Vehicle (31)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 4-4  
**Severity for Heavy Vehicles**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	1.30%	0.1747
10-yr exp trend	1.19%	0.1177
9-yr exp trend	1.05%	0.0701
8-yr exp trend	0.36%	0.0067
7-yr exp trend	-1.06%	0.0485
6-yr exp trend	-2.29%	0.1440
5-yr exp trend	-4.56%	0.3374
4-yr exp trend	-7.47%	0.4770
3-yr exp trend	-13.35%	0.6866



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past 2.00%	N/A	Past N/A
Future 0.00%		Future N/A

**Trend Selection Notes:**

Past Trend: Based on mid term trends. Future Trend: Trend seems to be flattening out due to lower 2010 and 2011 severities. Not enough evidence to switch entirely to a negative trend given the long history of severity increases, but no longer expected to necessarily increase in the future. Future trend selected as 0%, and will continue to watch it going forward.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past 2.50%	1.0000	Past 2.50%
Future 2.50%		Future 2.50%

**Trend Selection Notes:**

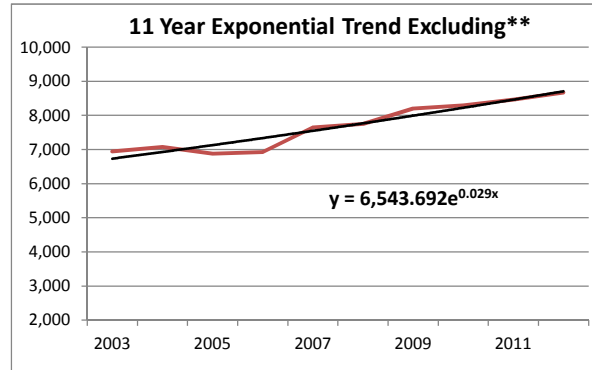
Past Trend: Excluding 2013, trends look rather consistent. Based on mid term trends excluding 2013. Future Trend: Equal to past trend.

SGI  
 Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, TS - Commercial Trailers

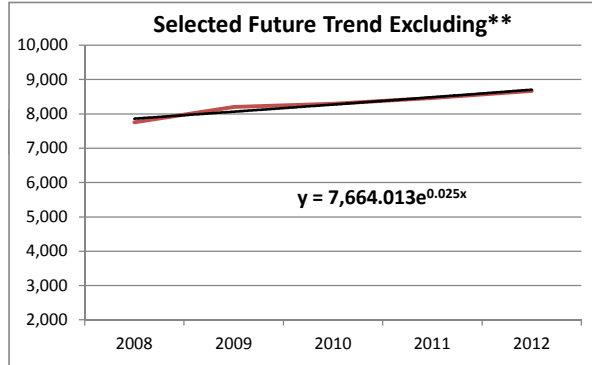
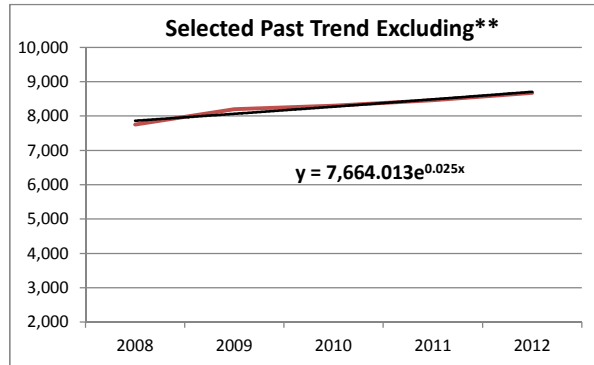
Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Damage to Own Vehicle (31)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 4-5

**Severity for Heavy Vehicles  
 Excluding Years: 2013**

Period w Years Excluded	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11 -yr exp trend excl **	2.90%	0.9086
10 -yr exp trend excl **	3.16%	0.9152
9 -yr exp trend excl **	3.54%	0.9355
8 -yr exp trend excl **	3.43%	0.9033
7 -yr exp trend excl **	2.62%	0.9588
6 -yr exp trend excl **	2.58%	0.9286
5 -yr exp trend excl **	1.89%	0.9782
4 -yr exp trend excl **	2.22%	0.9958
3 -yr exp trend excl **	2.47%	1.0000



\*\* Years excluded: 2013



SGI

Class Group: Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Damage to Own Vehicle (31)

Rating year: 31/08/2014

Exhibit 3 - Page 5-1

**Ambulance and Bus**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	4,434	159	0.9714	155	533,369	0.9616	1.1067	567,636	3.49	3,668	128.02
2004	4,422	139	0.9708	135	647,757	0.9607	1.0983	683,514	3.06	5,057	154.56
2005	4,373	158	0.9696	153	545,711	0.9626	1.0901	572,607	3.51	3,731	130.94
2006	4,379	148	0.9674	143	647,809	0.9632	1.0818	674,966	3.28	4,704	154.12
2007	4,452	145	0.9736	141	894,458	0.9674	1.0737	929,064	3.18	6,569	208.68
2008	4,523	178	0.9791	175	859,920	0.9658	1.0611	881,272	3.86	5,047	194.86
2009	4,652	181	0.9798	178	762,816	0.9607	1.0324	756,521	3.82	4,257	162.62
2010	4,698	223	0.9787	218	956,749	0.9704	1.0080	935,873	4.64	4,290	199.21
2011	4,780	220	0.9880	217	958,894	0.9760	1.0026	938,312	4.54	4,325	196.31
2012	4,954	217	1.0292	223	1,036,874	1.0527	1.0000	1,091,532	4.51	4,888	220.33
2013	2,080	87	1.2176	106	387,905	1.1411	1.0000	442,649	5.12	4,157	212.82
Ratio 2004/2003	0.9974			0.8735				1.2041	0.8758	1.3785	1.2073
Ratio 2005/2004	0.9888			1.1353				0.8377	1.1482	0.7379	0.8472
Ratio 2006/2005	1.0015			0.9350				1.1788	0.9336	1.2608	1.1770
Ratio 2007/2006	1.0166			0.9858				1.3765	0.9697	1.3963	1.3540
Ratio 2008/2007	1.0158			1.2345				0.9486	1.2153	0.7684	0.9338
Ratio 2009/2008	1.0287			1.0177				0.8584	0.9893	0.8435	0.8345
Ratio 2010/2009	1.0098			1.2278				1.2371	1.2158	1.0076	1.2250
Ratio 2011/2010	1.0174			0.9944				1.0026	0.9773	1.0083	0.9854
Ratio 2012/2011	1.0364			1.0292				1.1633	0.9931	1.1302	1.1224
Ratio 2013/2012	0.4198			0.4769				0.4055	1.1359	0.8503	0.9659



SGI

Class Group: Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

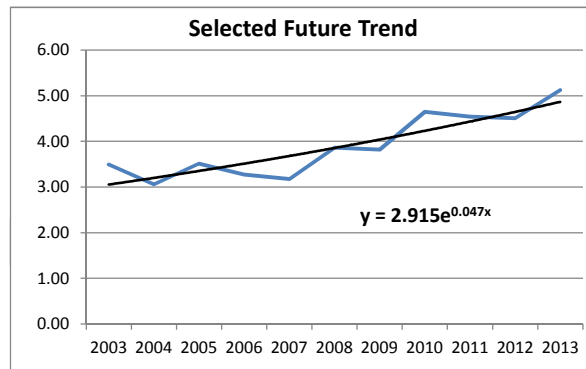
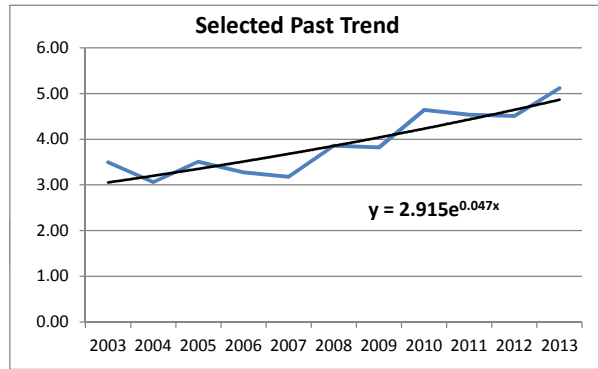
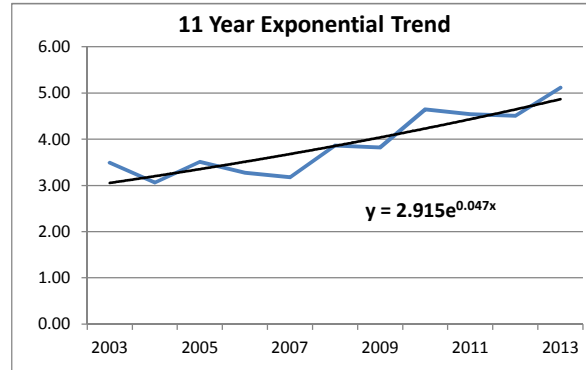
Coverage: Damage to Own Vehicle (31)

Rating year: 31/08/2014

Exhibit 3 - Page 5-2

**Frequency for Ambulance and Bus**

Period	Trends	Coefficient of Correlation - R <sup>2</sup>
	Frequency	Frequency
11-yr exp trend	4.77%	0.7880
10-yr exp trend	5.70%	0.8694
9-yr exp trend	5.77%	0.8324
8-yr exp trend	6.84%	0.8846
7-yr exp trend	7.07%	0.8475
6-yr exp trend	5.53%	0.7870
5-yr exp trend	5.72%	0.6935
4-yr exp trend	2.90%	0.3911
3-yr exp trend	6.21%	0.7067



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past	N/A	Past N/A
Future	N/A	Future N/A

Trend Selection Notes:

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past	5.00%	Past 5.00%
Future	5.00%	Future 5.00%

Trend Selection Notes:

Past Trend: In available trends. Future Trend: Equal to past trend.

SGI

Class Group: Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

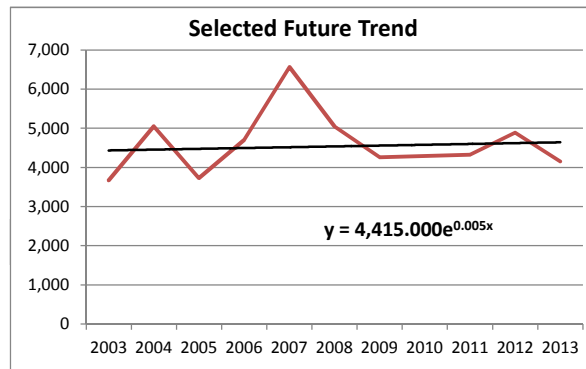
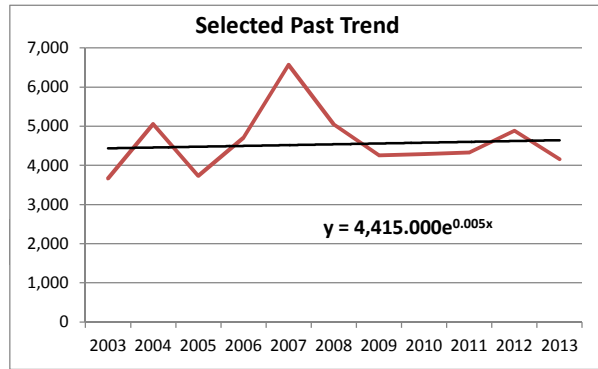
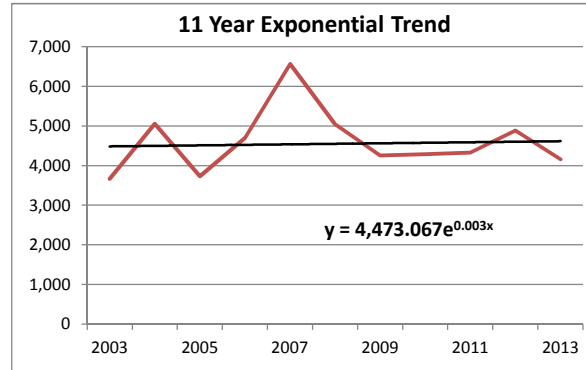
Coverage: Damage to Own Vehicle (31)

Rating year: 31/08/2014

Exhibit 3 - Page 5-4

**Severity for Ambulance and Bus**

Period	Trends	Coefficient of Correlation - R <sup>2</sup>
	Severity	Severity
11-yr exp trend	0.29%	0.0034
10-yr exp trend	-1.05%	0.0425
9-yr exp trend	-0.75%	0.0163
8-yr exp trend	-3.28%	0.2942
7-yr exp trend	-4.95%	0.4550
6-yr exp trend	-1.55%	0.1292
5-yr exp trend	0.83%	0.0423
4-yr exp trend	0.28%	0.0026
3-yr exp trend	-1.97%	0.0552



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past	N/A	Past N/A
Future	N/A	Future N/A

Trend Selection Notes:

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past	0.50%	Past 0.50%
Future	0.50%	Future 0.50%

Trend Selection Notes:

Past Trend: Believe there are enough claims to trust that there is a trend above 0%, but not as high as the other groupings. Future Trend: Equal to past trend.

SGI

Class Group: Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Damage to Own Vehicle (31)

Rating year: 31/08/2014

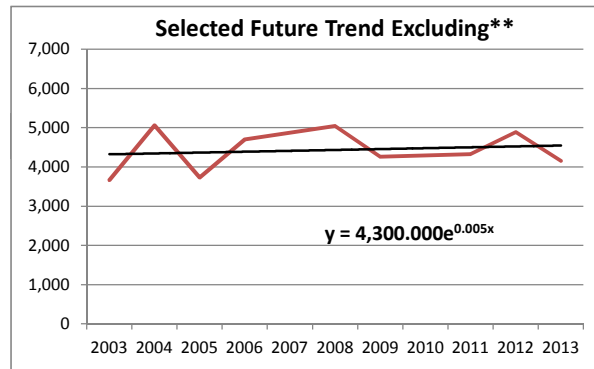
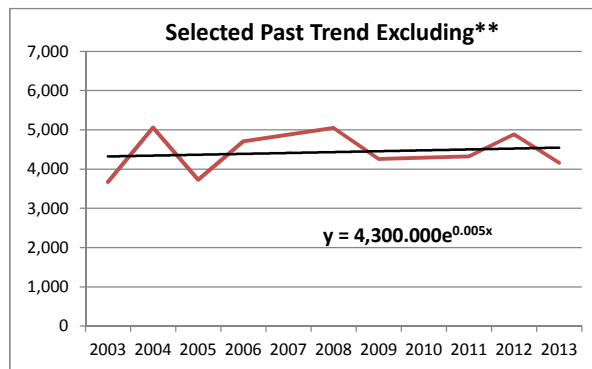
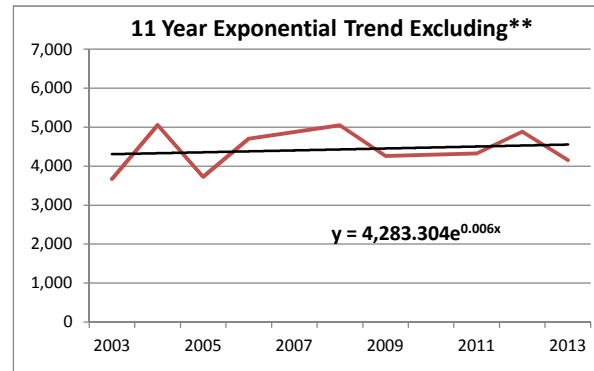
Exhibit 3 - Page 5-5

Severity for Ambulance and Bus

Excluding Years: 2007

Period w Years Excluded	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11 -yr exp trend excl **	0.66%	0.0398
10 -yr exp trend excl **	-0.37%	0.0130
9 -yr exp trend excl **	0.63%	0.0325
8 -yr exp trend excl **	-1.31%	0.1733
7 -yr exp trend excl **	-1.55%	0.1292
6 -yr exp trend excl **	-1.55%	0.1292
5 -yr exp trend excl **	0.83%	0.0423
4 -yr exp trend excl **	0.28%	0.0026
3 -yr exp trend excl **	-1.97%	0.0552

\*\* Years excluded: 2007



SGI

Class Group: F - Trailers, LT - Trailer Dealer/Mover, T - Personal Trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Damage to Own Vehicle (31)

Rating year: 31/08/2014

Exhibit 3 - Page 6-1

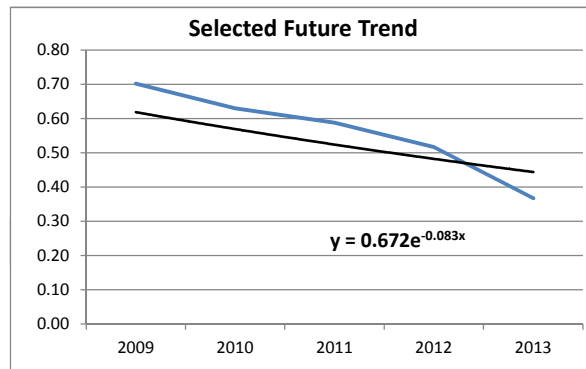
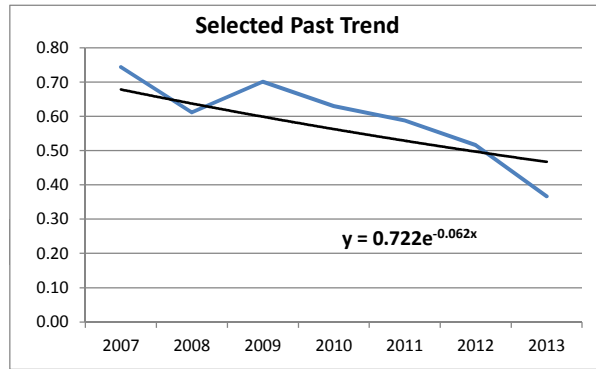
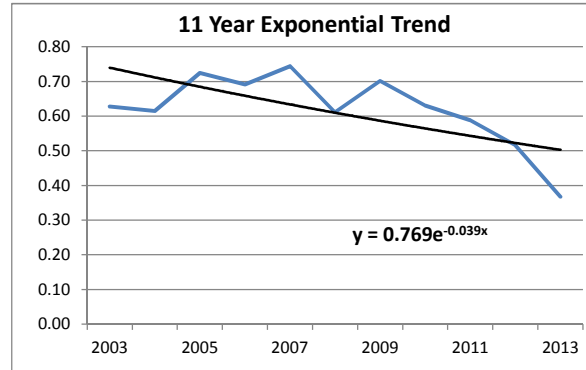
**Trailers**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	36,107	233	0.9714	227	988,328	0.9616	1.1067	1,051,824	0.63	4,638	29.13
2004	37,661	238	0.9708	231	1,173,253	0.9607	1.0983	1,238,017	0.61	5,349	32.87
2005	40,499	303	0.9696	293	1,386,143	0.9626	1.0901	1,454,460	0.72	4,958	35.91
2006	43,749	313	0.9674	302	1,558,586	0.9632	1.0818	1,623,923	0.69	5,369	37.12
2007	47,979	367	0.9736	357	1,841,687	0.9674	1.0737	1,912,940	0.74	5,358	39.87
2008	54,219	339	0.9791	332	1,806,087	0.9658	1.0611	1,850,933	0.61	5,583	34.14
2009	59,914	429	0.9798	420	1,955,547	0.9607	1.0324	1,939,408	0.70	4,616	32.37
2010	63,906	412	0.9787	403	2,195,871	0.9704	1.0080	2,147,958	0.63	5,333	33.61
2011	67,398	401	0.9880	396	2,313,945	0.9760	1.0026	2,264,278	0.59	5,714	33.60
2012	74,276	373	1.0292	384	2,164,084	1.0527	1.0000	2,278,161	0.52	5,940	30.67
2013	27,337	82	1.2176	100	493,489	1.1411	1.0000	563,134	0.37	5,611	20.60
Ratio 2004/2003	1.0430			1.0207				1.1770	0.9785	1.1532	1.1284
Ratio 2005/2004	1.0754			1.2674				1.1748	1.1786	0.9270	1.0925
Ratio 2006/2005	1.0802			1.0312				1.1165	0.9546	1.0828	1.0336
Ratio 2007/2006	1.0967			1.1803				1.1780	1.0763	0.9980	1.0741
Ratio 2008/2007	1.1301			0.9287				0.9676	0.8218	1.0419	0.8562
Ratio 2009/2008	1.1050			1.2673				1.0478	1.1468	0.8268	0.9482
Ratio 2010/2009	1.0666			0.9586				1.1075	0.8987	1.1554	1.0384
Ratio 2011/2010	1.0546			0.9838				1.0542	0.9328	1.0715	0.9995
Ratio 2012/2011	1.1020			0.9679				1.0061	0.8783	1.0395	0.9130
Ratio 2013/2012	0.3680			0.2617				0.2472	0.7111	0.9445	0.6716

SGI  
 Class Group: F - Trailers, LT - Trailer Dealer/Mover, T - Personal Trailers

Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Damage to Own Vehicle (31)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 6-2  
**Frequency for Trailers**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-3.79%	0.4180
10-yr exp trend	-4.83%	0.5168
9-yr exp trend	-6.50%	0.6922
8-yr exp trend	-7.43%	0.7008
7-yr exp trend	-8.98%	0.7495
6-yr exp trend	-9.62%	0.6896
5-yr exp trend	-13.87%	0.8950
4-yr exp trend	-16.06%	0.8868
3-yr exp trend	-20.97%	0.9371



**2011 Year End**

Selected Trends	Credibility
Past -5.00%	N/A
Future -5.00%	N/A

Credibility Weighted Trends
Past N/A
Future N/A

**Trend Selection Notes:**

Past Trend: Based on long term trends. Future Trend: Equal to past trend.

**2013 Rate Program**

Selected Trends	Credibility
Past -6.00%	1.0000
Future -8.00%	

Credibility Weighted Trends
Past -6.00%
Future -8.00%

**Trend Selection Notes:**

Past Trend: Based on 7 year trend excluding 2013. Future Trend: Exposure base continues to grow while claims do not. Select -8% to move towards more recent trends.

SGI

Class Group: F - Trailers, LT - Trailer Dealer/Mover, T - Personal Trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Damage to Own Vehicle (31)

Rating year: 31/08/2014

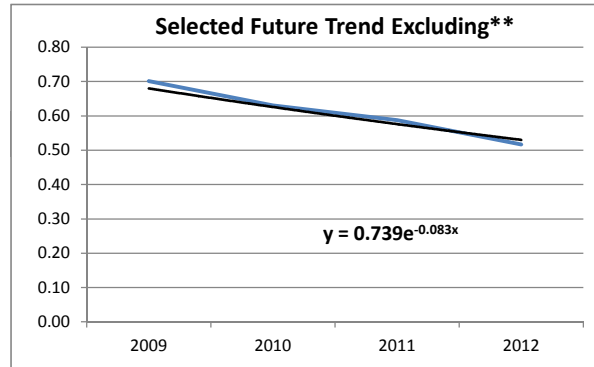
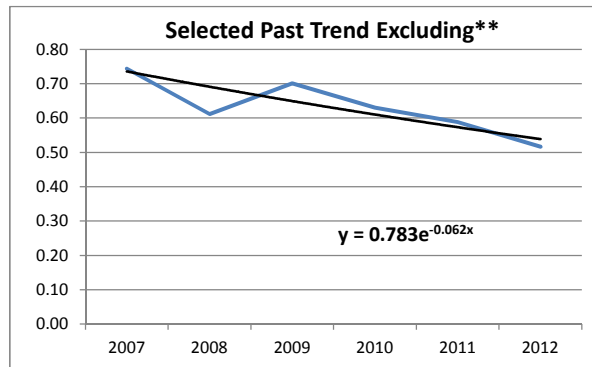
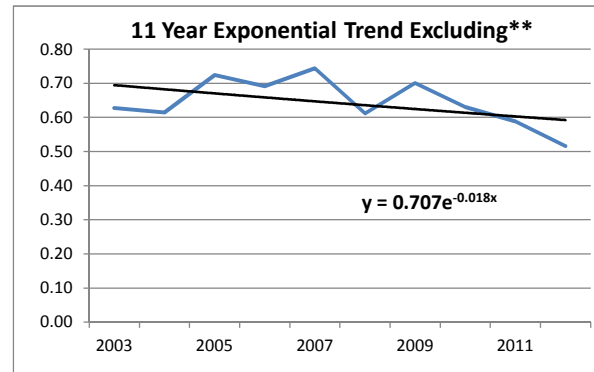
Exhibit 3 - Page 6-3

**Frequency for Trailers**

**Excluding Years: 2013**

Period w Years Excluded	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11 -yr exp trend excl **	-1.75%	0.2353
10 -yr exp trend excl **	-2.58%	0.3739
9 -yr exp trend excl **	-4.13%	0.6967
8 -yr exp trend excl **	-4.59%	0.6701
7 -yr exp trend excl **	-5.69%	0.7130
6 -yr exp trend excl **	-5.02%	0.5351
5 -yr exp trend excl **	-9.41%	0.9877
4 -yr exp trend excl **	-9.49%	0.9704
3 -yr exp trend excl **	-12.17%	1.0000

\*\* Years excluded: 2013



SGI

Class Group: F - Trailers, LT - Trailer Dealer/Mover, T - Personal Trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

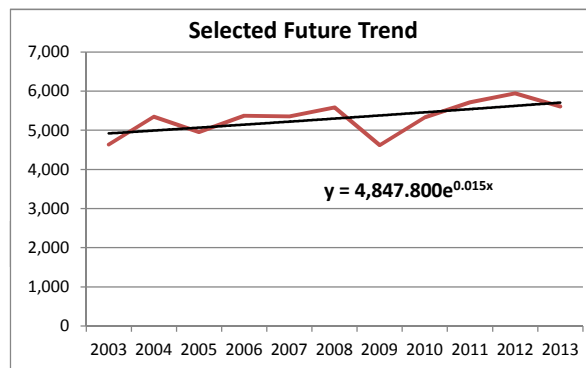
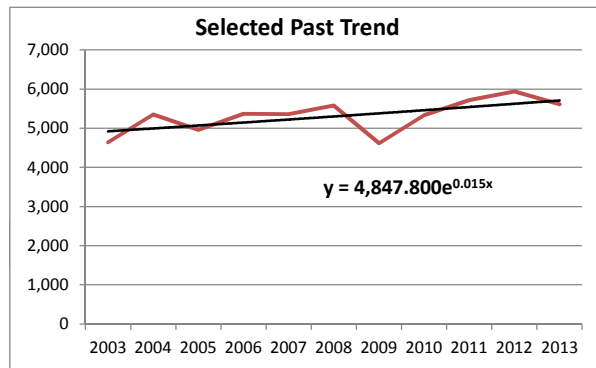
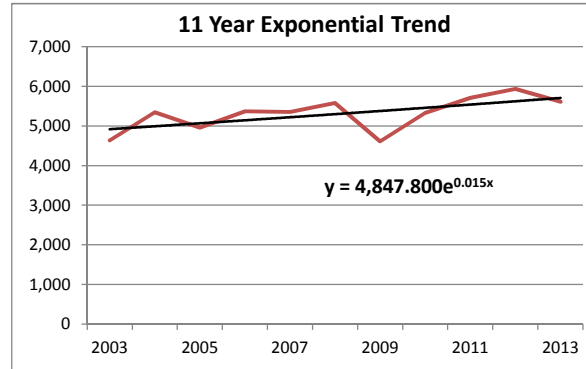
Coverage: Damage to Own Vehicle (31)

Rating year: 31/08/2014

Exhibit 3 - Page 6-4

**Severity for Trailers**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	1.50%	0.3658
10-yr exp trend	1.10%	0.2102
9-yr exp trend	1.48%	0.2763
8-yr exp trend	1.24%	0.1624
7-yr exp trend	1.71%	0.2053
6-yr exp trend	2.46%	0.2642
5-yr exp trend	5.11%	0.6456
4-yr exp trend	1.93%	0.3033
3-yr exp trend	-0.91%	0.0988



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past	See notes	N/A
Future	See notes	N/A

**Trend Selection Notes:**

Select based on Heavy and Light. Perhaps light trailers could use light trends, and heavy trailers use Heavy.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past	1.50%	1.0000
Future	1.50%	1.50%

**Trend Selection Notes:**

Past Trend: Steady increase in severity except for 2009. Select based on longer term trends. Future Trend: Equal to past trend.

## ***Comprehensive Coverage***

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SGI

Class Group: All vehicles including trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Comprehensive Coverage (32)

Rating year: 31/08/2014

Exhibit 3 - Page 1-1

**All Vehicles Including Trailers**

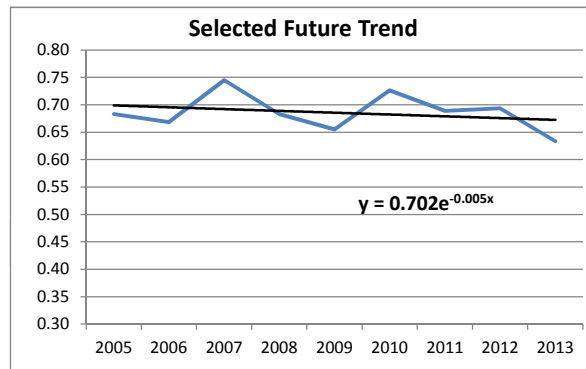
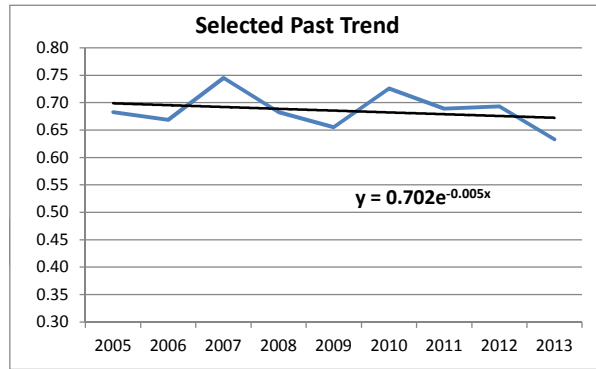
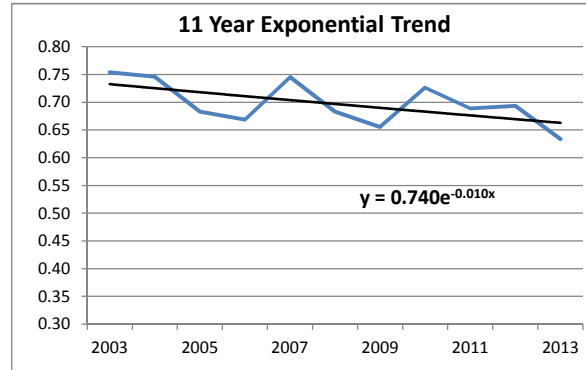
Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	842,204	6,428	0.9879	6,350	9,604,633	0.9146	1.1284	9,912,736	0.75	1,561	11.77
2004	856,778	6,462	0.9890	6,391	11,435,932	0.9450	1.1184	12,086,058	0.75	1,891	14.11
2005	870,883	6,058	0.9817	5,947	10,563,338	0.9452	1.1085	11,067,413	0.68	1,861	12.71
2006	886,395	6,018	0.9850	5,928	10,419,061	0.9491	1.0984	10,861,553	0.67	1,832	12.25
2007	920,557	7,014	0.9782	6,861	13,946,958	0.9270	1.0887	14,076,104	0.75	2,052	15.29
2008	971,644	6,844	0.9697	6,636	12,710,841	0.9496	1.0735	12,957,558	0.68	1,953	13.34
2009	1,005,627	6,762	0.9744	6,589	13,303,148	0.9767	1.0390	13,499,885	0.66	2,049	13.42
2010	1,031,238	7,748	0.9664	7,488	18,106,652	0.9196	1.0096	16,811,397	0.73	2,245	16.30
2011	1,047,824	7,273	0.9926	7,219	18,094,560	0.9321	1.0032	16,919,604	0.69	2,344	16.15
2012	1,090,102	6,994	1.0808	7,559	18,445,828	1.1478	1.0000	21,171,981	0.69	2,801	19.42
2013	435,242	1,676	1.6448	2,757	4,932,796	1.9194	1.0000	9,467,824	0.63	3,434	21.75
Ratio 2004/2003	1.0173			1.0065				1.2192	0.9893	1.2114	1.1985
Ratio 2005/2004	1.0165			0.9305				0.9157	0.9155	0.9841	0.9009
Ratio 2006/2005	1.0178			0.9968				0.9814	0.9794	0.9845	0.9642
Ratio 2007/2006	1.0385			1.1573				1.2960	1.1144	1.1198	1.2479
Ratio 2008/2007	1.0555			0.9673				0.9205	0.9164	0.9517	0.8721
Ratio 2009/2008	1.0350			0.9929				1.0419	0.9593	1.0493	1.0066
Ratio 2010/2009	1.0255			1.1364				1.2453	1.1082	1.0958	1.2144
Ratio 2011/2010	1.0161			0.9641				1.0064	0.9488	1.0439	0.9905
Ratio 2012/2011	1.0403			1.0471				1.2513	1.0065	1.1950	1.2028
Ratio 2013/2012	0.3993			0.3647				0.4472	0.9134	1.2262	1.1200

SGI  
Class Group: All vehicles including trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Comprehensive Coverage (32)  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-2

**Frequency for All Vehicles Including Trailers**

Period	Trends	Coefficient of Correlation - R <sup>2</sup>
	Frequency	Frequency
11-yr exp trend	-1.00%	0.3380
10-yr exp trend	-0.81%	0.2097
9-yr exp trend	-0.48%	0.0715
8-yr exp trend	-0.73%	0.1153
7-yr exp trend	-1.45%	0.3184
6-yr exp trend	-0.74%	0.0854
5-yr exp trend	-1.13%	0.1152
4-yr exp trend	-3.95%	0.8375
3-yr exp trend	-4.12%	0.6926



**2011 Year End**

Selected Trends	Credibility
Past	N/A
Future	N/A

Credibility Weighted Trends
Past
Future

Trend Selection Notes:

**2013 Rate Program**

Selected Trends	Credibility
Past	-0.50%
Future	-0.50%

Credibility Weighted Trends
Past
Future

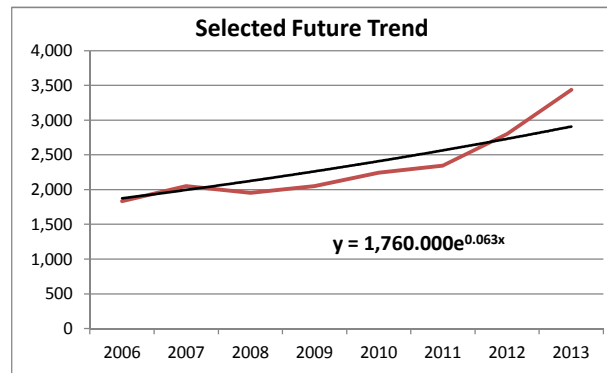
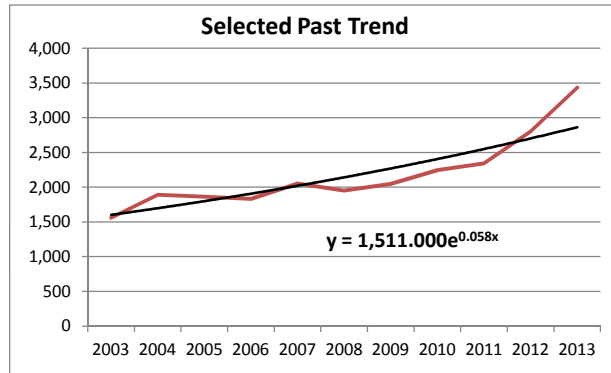
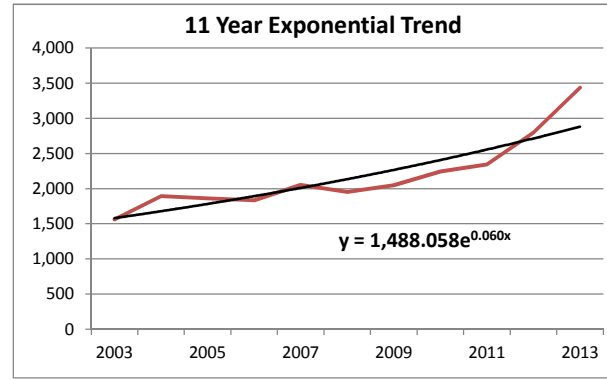
Trend Selection Notes:

Past Trend: Based on 9 year trend. Future Trend: Equal to past trend.

SGI  
Class Group: All vehicles including trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Comprehensive Coverage (32)  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-4  
**Severity for All Vehicles Including Trailers**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	6.19%	0.8325
10-yr exp trend	6.11%	0.7844
9-yr exp trend	7.13%	0.8266
8-yr exp trend	8.17%	0.8476
7-yr exp trend	8.96%	0.8303
6-yr exp trend	11.48%	0.9217
5-yr exp trend	13.36%	0.9345
4-yr exp trend	15.64%	0.9373
3-yr exp trend	21.05%	0.9985



**2011 Year End**

Selected Trends	Credibility
Past 4.00%	N/A
Future 4.00%	

Credibility Weighted Trends
Past N/A
Future N/A

Trend Selection Notes:

Past Trend: Based on long term trends. Future Trend: Equal to past trend, no changes expected.

**2013 Rate Program**

Selected Trends	Credibility
Past 6.00%	N/A
Future 6.50%	

Credibility Weighted Trends
Past
Future

Trend Selection Notes:

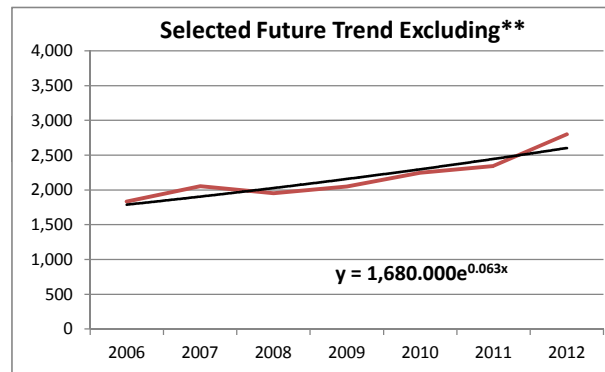
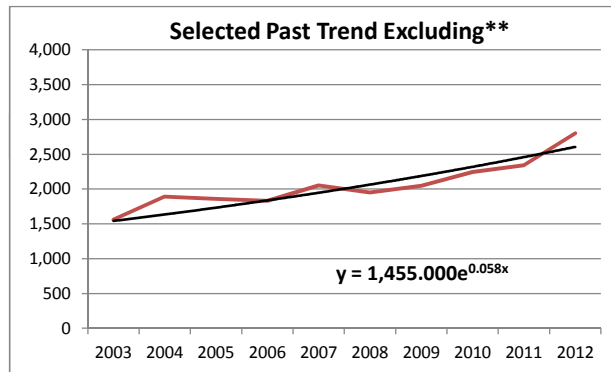
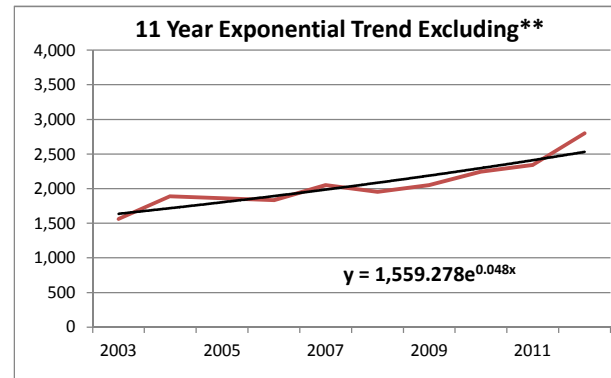
Past Trend: Based on long term trends. Future Trend: Even excluding 2013, recent years are increasing at a greater rate.

SGI  
Class Group: All vehicles including trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Comprehensive Coverage (32)  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-5  
**Severity for All Vehicles Including Trailers**  
**Excluding Years: 2013**

Period w Years Excluded	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11 -yr exp trend excl **	4.96%	0.8473
10 -yr exp trend excl **	4.55%	0.7906
9 -yr exp trend excl **	5.39%	0.8382
8 -yr exp trend excl **	6.18%	0.8505
7 -yr exp trend excl **	6.48%	0.7989
6 -yr exp trend excl **	8.94%	0.9347
5 -yr exp trend excl **	10.31%	0.9310
4 -yr exp trend excl **	11.69%	0.8893
3 -yr exp trend excl **	19.50%	1.0000

\*\* Years excluded: 2013



SGI

Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban), T - Utility

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Comprehensive Coverage (32)

Rating year: 31/08/2014

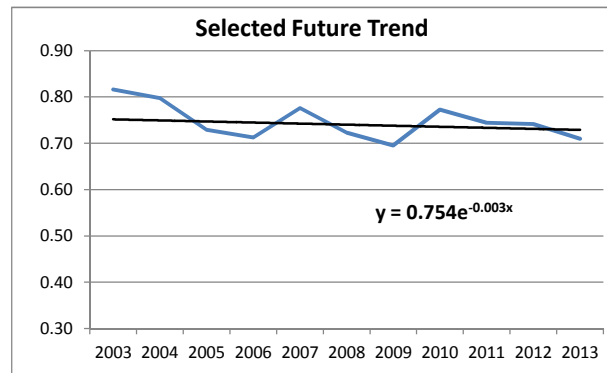
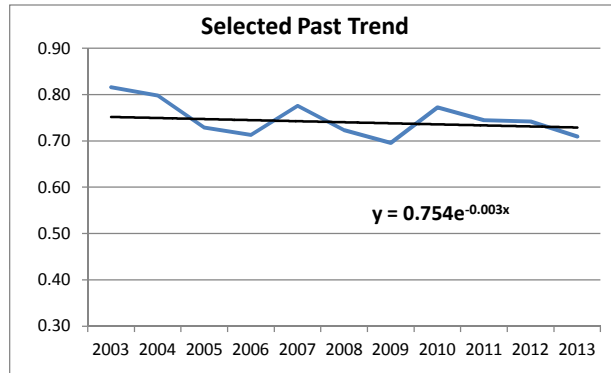
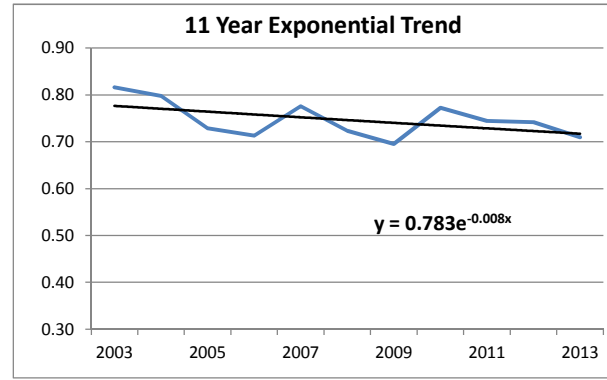
Exhibit 3 - Page 3-1

**Light Vehicles**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	717,614	5,929	0.9879	5,857	8,254,485	0.9146	1.1284	8,519,277	0.82	1,455	11.87
2004	729,225	5,882	0.9890	5,817	9,657,152	0.9450	1.1184	10,206,155	0.80	1,754	14.00
2005	738,986	5,487	0.9817	5,387	8,872,931	0.9452	1.1085	9,296,341	0.73	1,726	12.58
2006	752,355	5,444	0.9850	5,363	8,572,877	0.9491	1.0984	8,936,963	0.71	1,666	11.88
2007	779,259	6,182	0.9782	6,047	10,930,828	0.9270	1.0887	11,032,045	0.78	1,824	14.16
2008	818,616	6,105	0.9697	5,920	10,253,138	0.9496	1.0735	10,452,151	0.72	1,766	12.77
2009	842,452	6,012	0.9744	5,858	10,841,390	0.9767	1.0390	11,001,721	0.70	1,878	13.06
2010	861,017	6,882	0.9664	6,651	14,858,188	0.9196	1.0096	13,795,311	0.77	2,074	16.02
2011	870,717	6,532	0.9926	6,483	14,756,904	0.9321	1.0032	13,798,676	0.74	2,128	15.85
2012	899,500	6,173	1.0808	6,672	14,533,849	1.1478	1.0000	16,681,842	0.74	2,500	18.55
2013	361,153	1,558	1.6448	2,563	4,201,914	1.9194	1.0000	8,064,995	0.71	3,147	22.33
Ratio 2004/2003	1.0162			0.9933				1.1980	0.9775	1.2061	1.1789
Ratio 2005/2004	1.0134			0.9260				0.9109	0.9137	0.9837	0.8988
Ratio 2006/2005	1.0181			0.9956				0.9613	0.9779	0.9656	0.9443
Ratio 2007/2006	1.0358			1.1275				1.2344	1.0886	1.0948	1.1918
Ratio 2008/2007	1.0505			0.9790				0.9474	0.9319	0.9678	0.9019
Ratio 2009/2008	1.0291			0.9896				1.0526	0.9616	1.0636	1.0228
Ratio 2010/2009	1.0220			1.1354				1.2539	1.1109	1.1044	1.2269
Ratio 2011/2010	1.0113			0.9747				1.0002	0.9638	1.0262	0.9891
Ratio 2012/2011	1.0331			1.0291				1.2089	0.9962	1.1747	1.1703
Ratio 2013/2012	0.4015			0.3841				0.4835	0.9567	1.2586	1.2041

SGI  
 Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban), T - Utility  
 Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Comprehensive Coverage (32)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 3-2  
**Frequency for Light Vehicles**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-0.79%	0.2640
10-yr exp trend	-0.46%	0.1012
9-yr exp trend	-0.01%	0.0000
8-yr exp trend	-0.08%	0.0022
7-yr exp trend	-0.53%	0.0779
6-yr exp trend	0.18%	0.0078
5-yr exp trend	0.00%	0.0000
4-yr exp trend	-2.55%	0.9218
3-yr exp trend	-2.37%	0.8092



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past 0.00%	N/A	Past N/A
Future 0.00%		Future N/A

Trend Selection Notes:  
 No clear trend. Could be seen as decreasing from 2001-2011 or increasing from 2006-2011. Select 0%.

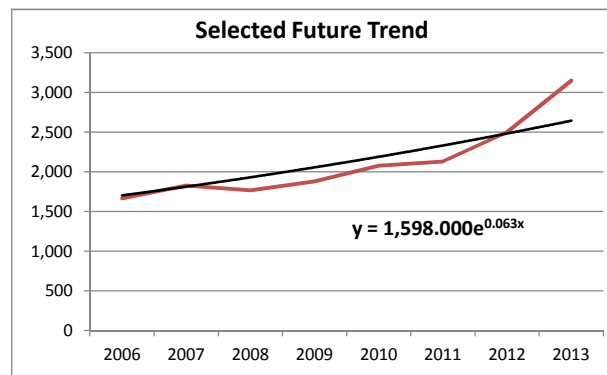
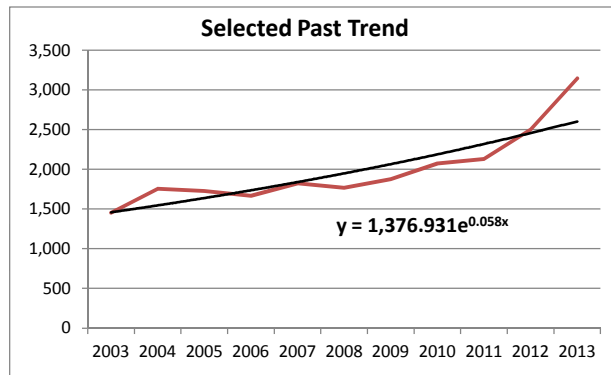
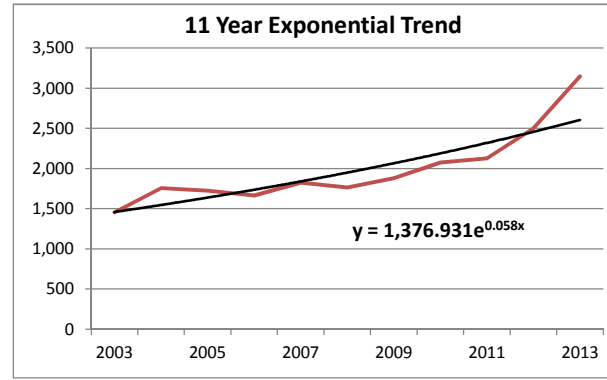
**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past -0.25%	1.0000	Past -0.25%
Future -0.25%		Future -0.25%

Trend Selection Notes:  
 Past Trend: Similar to All Vehicles incl Trailers, but not as negative with trailers removed. Future Trend: Equal to past trend.

SGI  
 Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban), T - Utility  
 Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Comprehensive Coverage (32)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 3-4  
**Severity for Light Vehicles**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	5.96%	0.8115
10-yr exp trend	5.94%	0.7623
9-yr exp trend	7.05%	0.8187
8-yr exp trend	8.28%	0.8598
7-yr exp trend	9.17%	0.8507
6-yr exp trend	11.39%	0.9147
5-yr exp trend	12.97%	0.9121
4-yr exp trend	15.16%	0.9036
3-yr exp trend	21.59%	0.9897



**2011 Year End**

Selected Trends	Credibility
Past 5.00%	N/A
Future 5.00%	

Credibility Weighted Trends
Past N/A
Future N/A

Trend Selection Notes:

Past Trend: Based on mid term trends. Future Trend: Equal to past trends, no changes expected.

**2013 Rate Program**

Selected Trends	Credibility
Past 6.00%	1.0000
Future 6.50%	

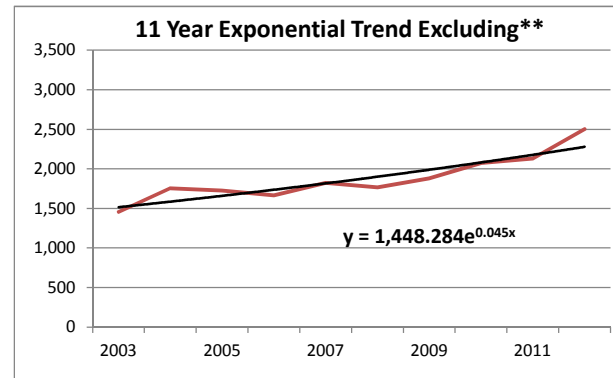
Credibility Weighted Trends
Past 6.00%
Future 6.50%

Trend Selection Notes:

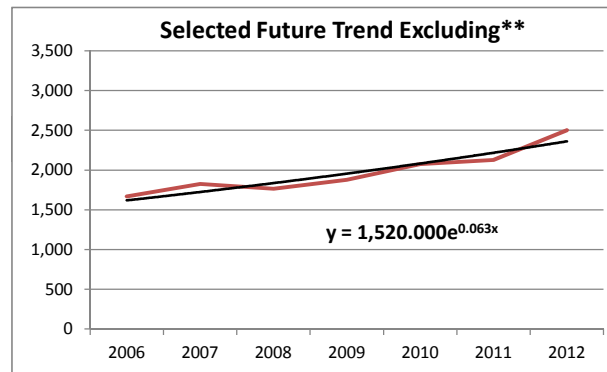
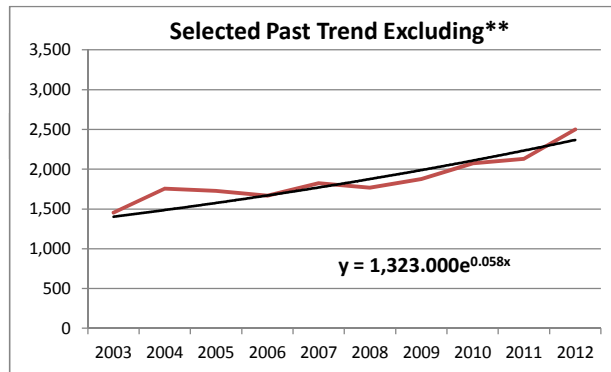
Past Trend: Based on long term trends. Future Trend: Even excluding 2013, recent years are increasing at a greater rate.

SGI  
 Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban), T - Utility  
 Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Comprehensive Coverage (32)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 3-5  
**Severity for Light Vehicles**  
**Excluding Years: 2013**

Period w Years Excluded	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11 -yr exp trend excl **	4.63%	0.8366
10 -yr exp trend excl **	4.28%	0.7753
9 -yr exp trend excl **	5.21%	0.8479
8 -yr exp trend excl **	6.21%	0.8951
7 -yr exp trend excl **	6.60%	0.8635
6 -yr exp trend excl **	8.56%	0.9502
5 -yr exp trend excl **	9.25%	0.9260
4 -yr exp trend excl **	9.80%	0.8516
3 -yr exp trend excl **	17.47%	1.0000



\*\* Years excluded: 2013





SGI

Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, TS - Commercial Trailers, Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Comprehensive Coverage (32)

Rating year: 31/08/2014

Exhibit 3 - Page 4-1

**Heavy Vehicles**

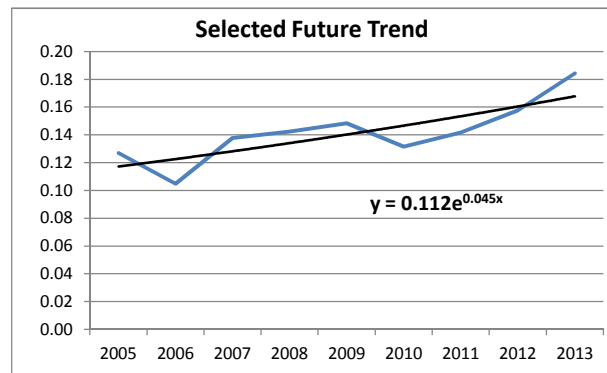
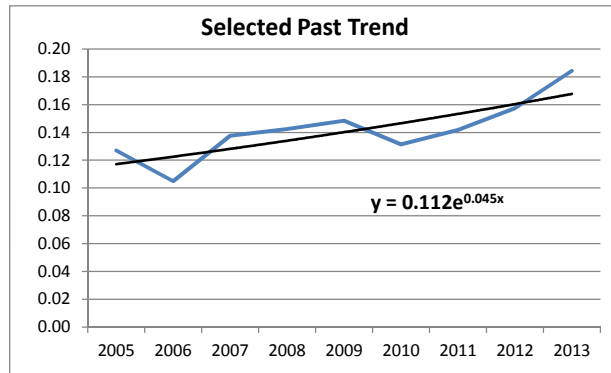
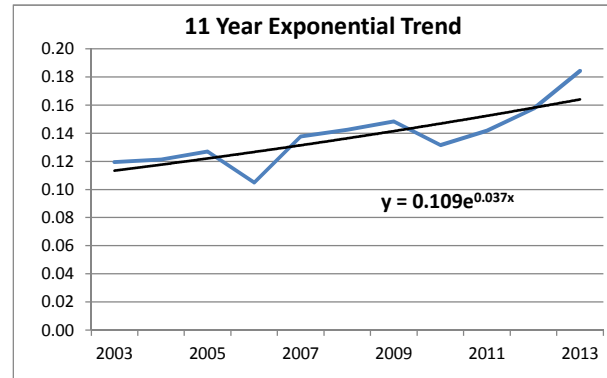
Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	88,483	107	0.9879	106	463,721	0.9146	1.1284	478,596	0.12	4,524	5.41
2004	89,892	110	0.9890	109	505,949	0.9450	1.1184	534,712	0.12	4,906	5.95
2005	91,398	118	0.9817	116	510,319	0.9452	1.1085	534,671	0.13	4,609	5.85
2006	90,290	96	0.9850	95	508,563	0.9491	1.0984	530,161	0.10	5,601	5.87
2007	93,319	131	0.9782	128	646,829	0.9270	1.0887	652,818	0.14	5,082	7.00
2008	98,808	145	0.9697	141	808,650	0.9496	1.0735	824,345	0.14	5,856	8.34
2009	103,260	157	0.9744	153	1,001,980	0.9767	1.0390	1,016,798	0.15	6,638	9.85
2010	106,316	145	0.9664	140	912,661	0.9196	1.0096	847,374	0.13	6,064	7.97
2011	109,709	157	0.9926	156	1,038,148	0.9321	1.0032	970,737	0.14	6,242	8.85
2012	116,326	170	1.0808	183	1,278,608	1.1478	1.0000	1,467,577	0.16	8,009	12.62
2013	46,753	52	1.6448	86	420,450	1.9194	1.0000	806,996	0.18	9,368	17.26
Ratio 2004/2003	1.0159			1.0302				1.1173	1.0140	1.0845	1.0997
Ratio 2005/2004	1.0168			1.0644				0.9999	1.0468	0.9394	0.9834
Ratio 2006/2005	0.9879			0.8160				0.9916	0.8260	1.2152	1.0037
Ratio 2007/2006	1.0335			1.3570				1.2314	1.3129	0.9074	1.1914
Ratio 2008/2007	1.0588			1.0959				1.2627	1.0350	1.1523	1.1926
Ratio 2009/2008	1.0451			1.0881				1.2335	1.0412	1.1336	1.1803
Ratio 2010/2009	1.0296			0.9123				0.8334	0.8861	0.9135	0.8094
Ratio 2011/2010	1.0319			1.1130				1.1456	1.0786	1.0293	1.1102
Ratio 2012/2011	1.0603			1.1783				1.5118	1.1113	1.2831	1.4258
Ratio 2013/2012	0.4019			0.4701				0.5499	1.1697	1.1697	1.3682

SGI  
 Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, TS - Commercial Trailers, Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses

Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Comprehensive Coverage (32)  
 Rating year: 31/08/2014

Exhibit 3 - Page 4-2  
**Frequency for Heavy Vehicles**

Period	Trends	Coefficient of Correlation - R <sup>2</sup>
	Frequency	Frequency
11-yr exp trend	3.77%	0.6577
10-yr exp trend	4.14%	0.6466
9-yr exp trend	4.59%	0.6328
8-yr exp trend	5.49%	0.6672
7-yr exp trend	3.75%	0.5089
6-yr exp trend	4.51%	0.4987
5-yr exp trend	6.34%	0.5827
4-yr exp trend	11.84%	0.9741
3-yr exp trend	14.01%	0.9874



**2011 Year End**

Selected Trends	Credibility
Past 4.50%	0.6441
Future 4.50%	

Compliment: Light Vehicles

Credibility Weighted Trends	
Past 2.90%	
Future 2.90%	

Trend Selection Notes:  
 Past Trend: Based on consideration using 5-9 yr trends. Future Trend: Equal to past trend, no changes expected. Credibility used to weight the trend with light vehicles.

**2013 Rate Program**

Selected Trends	Credibility
Past 4.50%	0.8809
Future 4.50%	

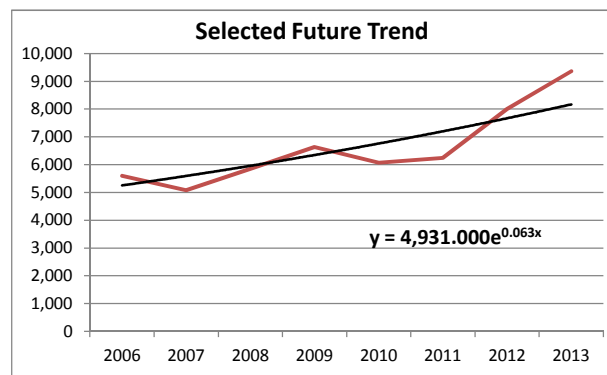
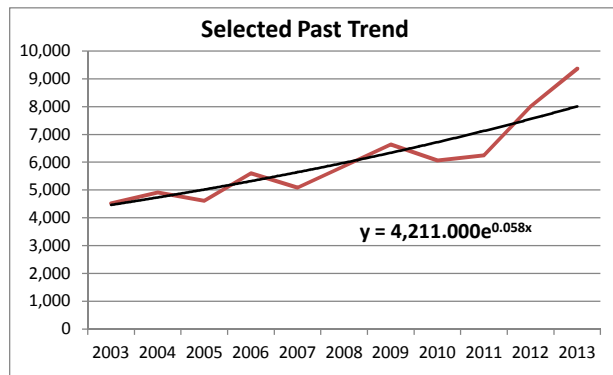
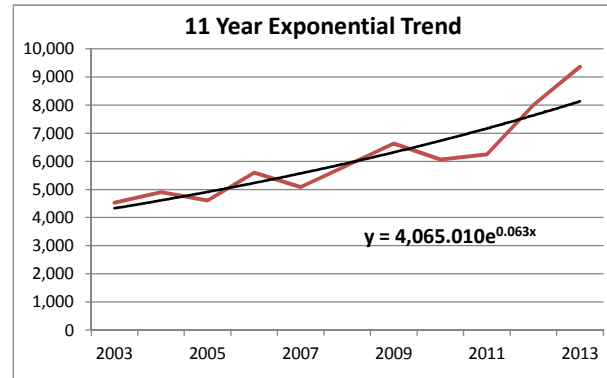
Compliment: Light Vehicles

Credibility Weighted Trends	
Past 3.93%	
Future 3.93%	

Trend Selection Notes:  
 Past Trend: Based on consideration of mid term trends. Future Trend: Equal to past trend.

SGI  
 Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, TS - Commercial Trailers, Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses  
 Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Comprehensive Coverage (32)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 4-4  
**Severity for Heavy Vehicles**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	6.51%	0.8489
10-yr exp trend	6.82%	0.8272
9-yr exp trend	7.53%	0.8287
8-yr exp trend	7.37%	0.7656
7-yr exp trend	8.95%	0.8129
6-yr exp trend	8.76%	0.7236
5-yr exp trend	10.15%	0.6828
4-yr exp trend	16.81%	0.9307
3-yr exp trend	22.51%	0.9830



**2011 Year End**

Selected Trends		Credibility
Past	2.50%	0.6441
Future	2.50%	

Compliment: All incl Trailer:

Credibility Weighted Trends	
Past	3.03%
Future	3.03%

Trend Selection Notes:

Past Trend: Based on long term trends excluding 2009. Future Trend: Equal to past trend, no changes expected. Credibility used to weight the selected trend with all vehicles including trailers.

**2013 Rate Program**

Selected Trends		Credibility
Past	6.00%	0.8809
Future	6.50%	

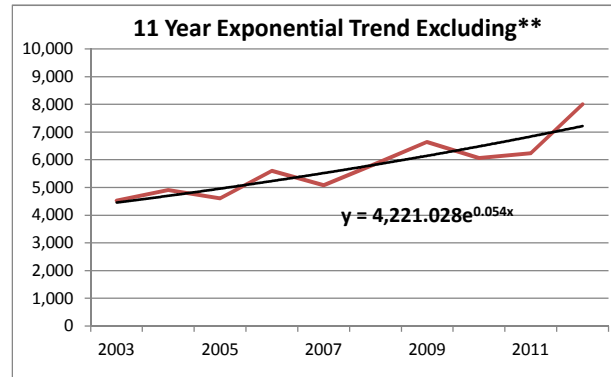
Compliment: All incl Trailer:

Credibility Weighted Trends	
Past	6.00%
Future	6.50%

Trend Selection Notes:

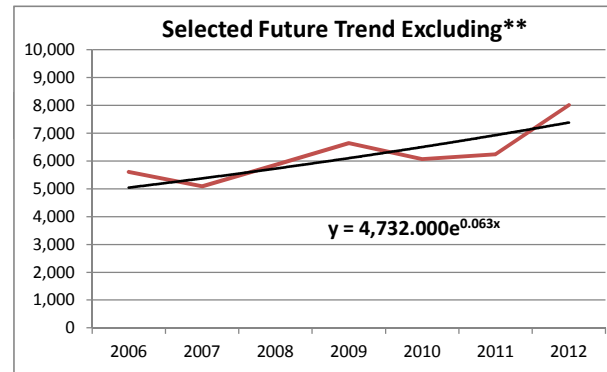
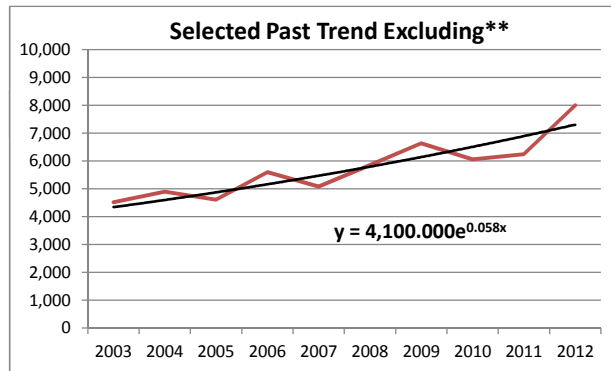
Past Trend: Based on long term trends. Future Trend: Even excluding 2013, recent years are increasing at a greater rate.

SGI  
 Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, TS - Commercial Trailers, Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses  
 Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Comprehensive Coverage (32)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 4-5  
**Severity for Heavy Vehicles**  
**Excluding Years: 2013**



Period w Years Excluded	Trends Severity	Coefficient of Correlation
		- R <sup>2</sup> Severity
11 -yr exp trend excl **	5.51%	0.8301
10 -yr exp trend excl **	5.65%	0.7898
9 -yr exp trend excl **	6.22%	0.7756
8 -yr exp trend excl **	5.57%	0.6671
7 -yr exp trend excl **	7.02%	0.7127
6 -yr exp trend excl **	5.81%	0.5197
5 -yr exp trend excl **	6.10%	0.3735
4 -yr exp trend excl **	14.92%	0.8269
3 -yr exp trend excl **	28.31%	1.0000

\*\* Years excluded: 2013



SGI

Class Group: F - Trailers, LT - Trailer Dealer/Mover, T - Personal Trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Comprehensive Coverage (32)

Rating year: 31/08/2014

Exhibit 3 - Page 6-1

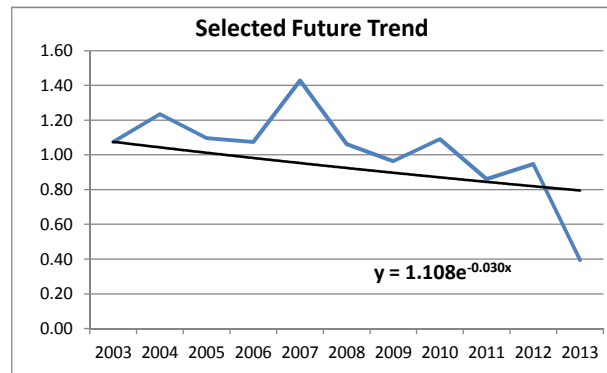
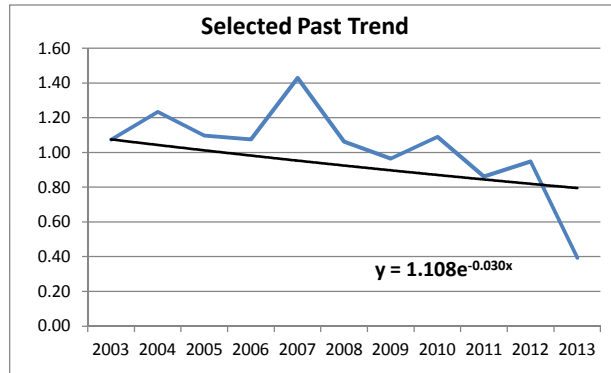
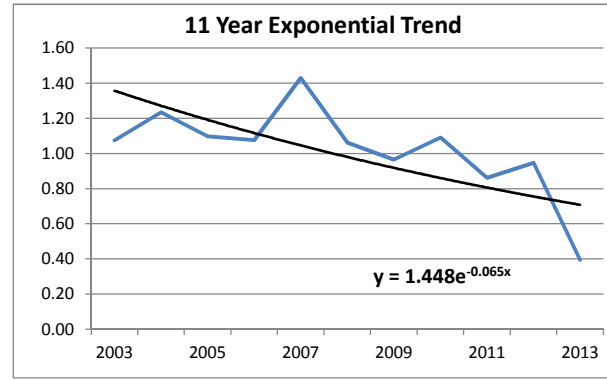
**Trailers**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	36,107	392	0.9879	388	886,427	0.9146	1.1284	914,863	1.07	2,360	25.34
2004	37,661	470	0.9890	465	1,272,831	0.9450	1.1184	1,345,191	1.23	2,895	35.72
2005	40,499	453	0.9817	444	1,180,088	0.9452	1.1085	1,236,401	1.10	2,782	30.53
2006	43,749	477	0.9850	470	1,337,620	0.9491	1.0984	1,394,429	1.08	2,965	31.87
2007	47,979	701	0.9782	685	2,369,301	0.9270	1.0887	2,391,241	1.43	3,489	49.84
2008	54,219	594	0.9697	576	1,649,053	0.9496	1.0735	1,681,061	1.06	2,920	31.00
2009	59,914	593	0.9744	578	1,459,778	0.9767	1.0390	1,481,367	0.96	2,565	24.72
2010	63,906	721	0.9664	697	2,335,803	0.9196	1.0096	2,168,712	1.09	3,113	33.94
2011	67,398	585	0.9926	580	2,299,508	0.9321	1.0032	2,150,191	0.86	3,706	31.90
2012	74,276	651	1.0808	704	2,633,371	1.1478	1.0000	3,022,563	0.95	4,295	40.69
2013	27,337	65	1.6448	108	310,433	1.9194	1.0000	595,833	0.39	5,533	21.80
Ratio 2004/2003	1.0430			1.1989				1.4704	1.1494	1.2264	1.4097
Ratio 2005/2004	1.0754			0.9562				0.9191	0.8892	0.9612	0.8547
Ratio 2006/2005	1.0802			1.0584				1.1278	0.9798	1.0656	1.0440
Ratio 2007/2006	1.0967			1.4572				1.7149	1.3288	1.1768	1.5637
Ratio 2008/2007	1.1301			0.8399				0.7030	0.7433	0.8370	0.6221
Ratio 2009/2008	1.1050			1.0032				0.8812	0.9079	0.8784	0.7975
Ratio 2010/2009	1.0666			1.2063				1.4640	1.1310	1.2136	1.3725
Ratio 2011/2010	1.0546			0.8328				0.9915	0.7897	1.1905	0.9401
Ratio 2012/2011	1.1020			1.2129				1.4057	1.1006	1.1590	1.2756
Ratio 2013/2012	0.3680			0.1530				0.1971	0.4158	1.2883	0.5356

SGI  
 Class Group: F - Trailers, LT - Trailer Dealer/Mover, T - Personal Trailers

Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Comprehensive Coverage (32)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 6-2  
**Frequency for Trailers**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-6.30%	0.4273
10-yr exp trend	-7.76%	0.4969
9-yr exp trend	-8.70%	0.4884
8-yr exp trend	-10.79%	0.5506
7-yr exp trend	-13.95%	0.6520
6-yr exp trend	-13.92%	0.5383
5-yr exp trend	-17.55%	0.5591
4-yr exp trend	-25.61%	0.6994
3-yr exp trend	-32.36%	0.6593



**2011 Year End**

Selected Trends	Credibility
Past 0.00%	N/A
Future 0.00%	

Credibility Weighted Trends
Past N/A
Future N/A

Trend Selection Notes:

No clear trend. If extreme years 2007 and 2011 ignored, the pattern is quite flat.

**2013 Rate Program**

Selected Trends	Credibility
Past -3.00%	1.0000
Future -3.00%	

Credibility Weighted Trends
Past -3.00%
Future -3.00%

Trend Selection Notes:

Past Trend: Based on trends excluding 2007 and 2013. Future Trend: Equal to past trend.

SGI

Class Group: F - Trailers, LT - Trailer Dealer/Mover, T - Personal Trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Comprehensive Coverage (32)

Rating year: 31/08/2014

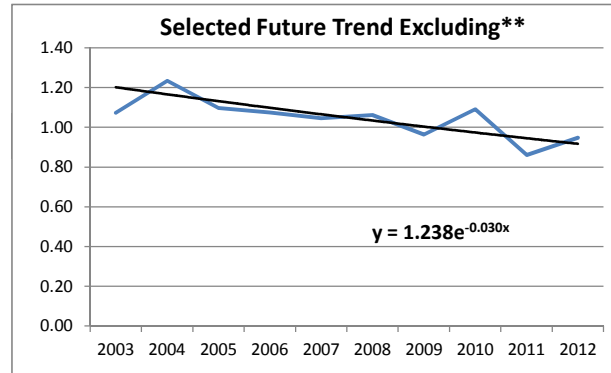
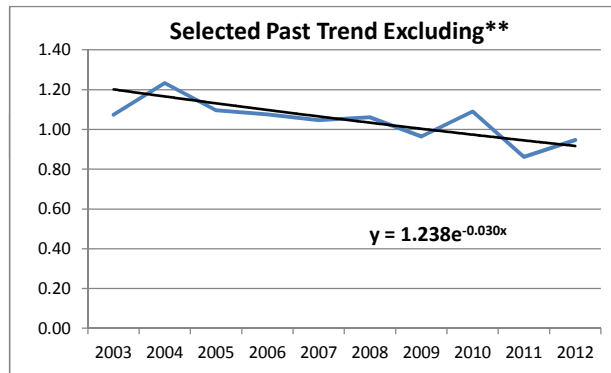
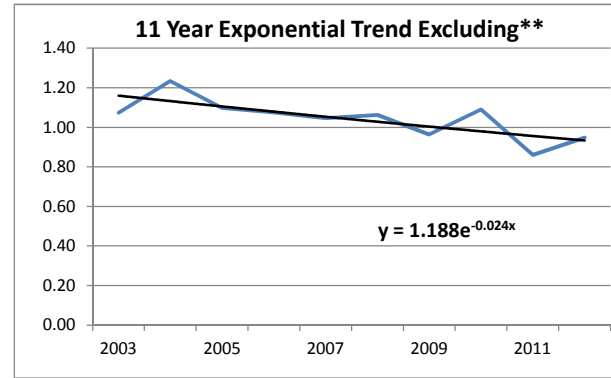
Exhibit 3 - Page 6-3

**Frequency for Trailers**

Excluding Years: 2007, 2013

Period w Years Excluded	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11 -yr exp trend excl **	-2.39%	0.5541
10 -yr exp trend excl **	-3.06%	0.6610
9 -yr exp trend excl **	-2.51%	0.5016
8 -yr exp trend excl **	-2.73%	0.4155
7 -yr exp trend excl **	-3.35%	0.3230
6 -yr exp trend excl **	-3.35%	0.3230
5 -yr exp trend excl **	-2.84%	0.1469
4 -yr exp trend excl **	-6.78%	0.3490
3 -yr exp trend excl **	10.06%	1.0000

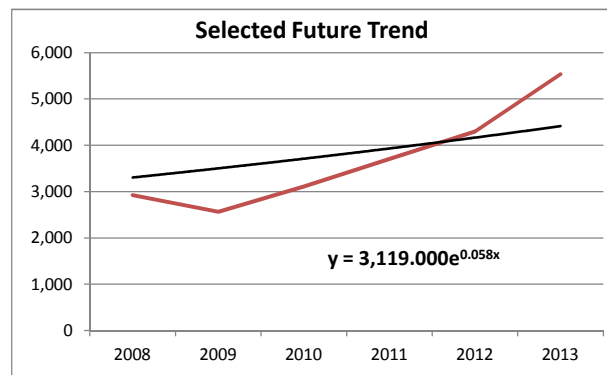
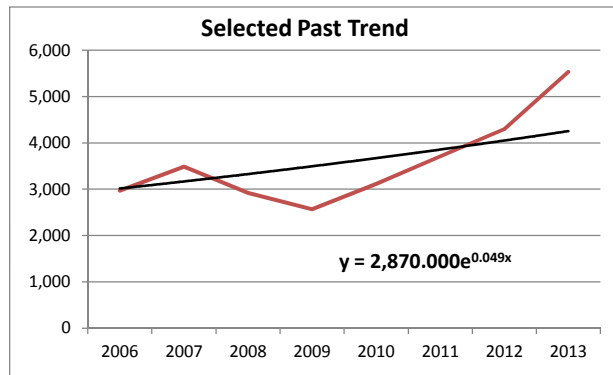
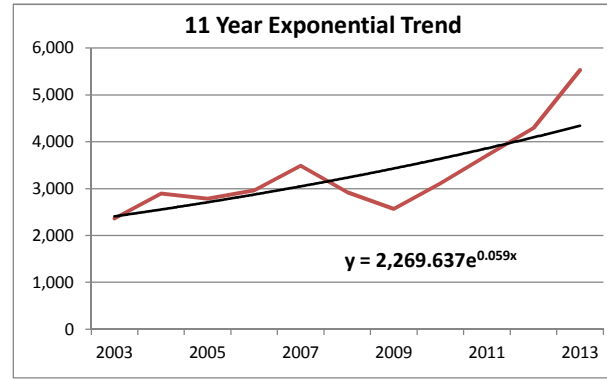
\*\* Years excluded: 2007, 2013



SGI  
 Class Group: F - Trailers, LT - Trailer Dealer/Mover, T - Personal Trailers

Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Comprehensive Coverage (32)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 6-4  
**Severity for Trailers**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	6.08%	0.6372
10-yr exp trend	5.94%	0.5580
9-yr exp trend	6.98%	0.5817
8-yr exp trend	7.81%	0.5583
7-yr exp trend	9.43%	0.5735
6-yr exp trend	15.08%	0.8719
5-yr exp trend	20.44%	0.9930
4-yr exp trend	20.60%	0.9863
3-yr exp trend	22.19%	0.9773



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past 0.50%	N/A	Past N/A
Future 0.50%		Future N/A

Trend Selection Notes:

Past Trend: Gradual positive trend evident despite the yearly fluctuations. Based on 6 year trend. Future Trend: Equal to past trend, no changes expected.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past 5.00%	1.0000	Past 5.00%
Future 6.00%		Future 6.00%

Trend Selection Notes:

Past Trend: Mid term trends excluding 2013. Future Trend: Recent years increasing at a greater rate.



SGI

Class Group: F - Trailers, LT - Trailer Dealer/Mover, T - Personal Trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Comprehensive Coverage (32)

Rating year: 31/08/2014

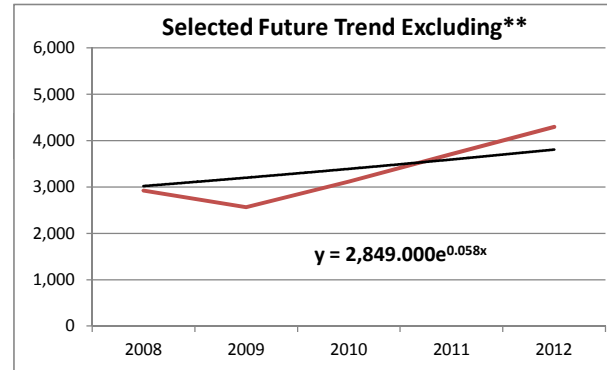
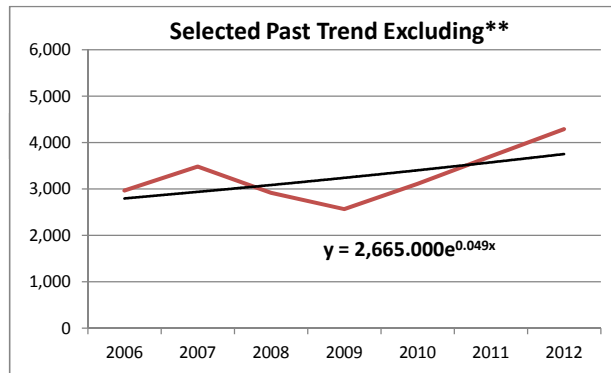
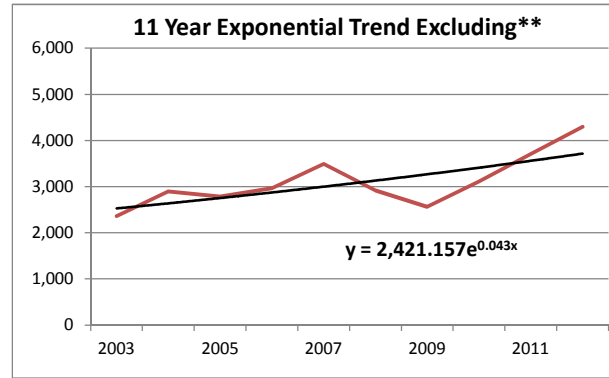
Exhibit 3 - Page 6-5

**Severity for Trailers**

**Excluding Years: 2013**

Period w Years Excluded	2013	
	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11 -yr exp trend excl **	4.38%	0.5346
10 -yr exp trend excl **	3.78%	0.3991
9 -yr exp trend excl **	4.48%	0.4057
8 -yr exp trend excl **	4.74%	0.3377
7 -yr exp trend excl **	5.72%	0.3229
6 -yr exp trend excl **	12.07%	0.7910
5 -yr exp trend excl **	18.78%	0.9964
4 -yr exp trend excl **	17.46%	0.9977
3 -yr exp trend excl **	15.90%	1.0000

\*\* Years excluded: 2013



***Glass Coverage***

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SGI

Class Group: All vehicles including trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Glass Coverage (33)

Rating year: 31/08/2014

Exhibit 3 - Page 1-1

**All Vehicles Including Trailers**

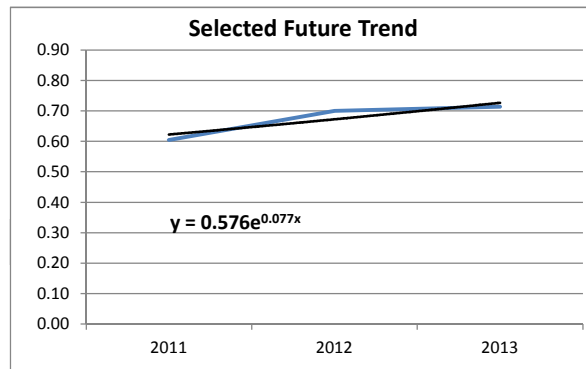
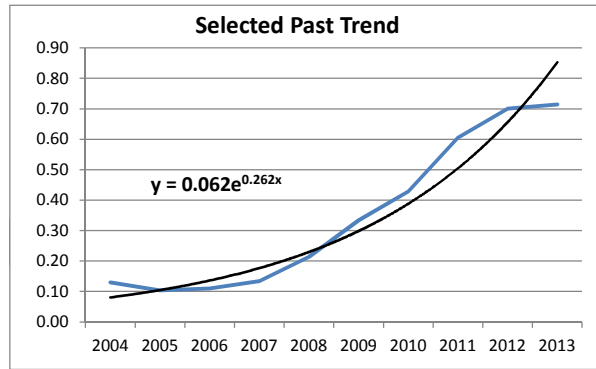
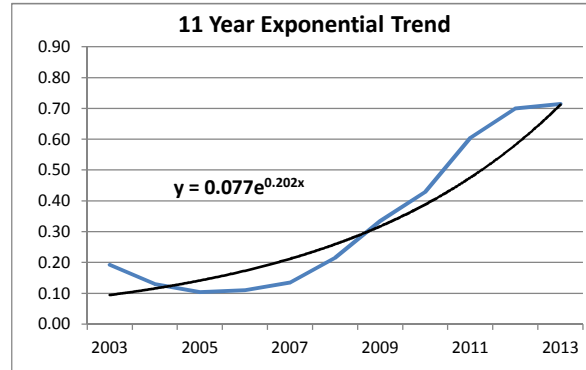
Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	842,204	1,616	0.9988	1,614	641,903	0.9999	1.1737	753,291	0.19	467	0.89
2004	856,778	1,114	0.9991	1,113	386,276	1.0000	1.1601	448,117	0.13	403	0.52
2005	870,883	904	1.0000	904	307,689	1.0029	1.1467	353,865	0.10	391	0.41
2006	886,395	975	0.9959	971	332,957	0.9999	1.1331	377,244	0.11	389	0.43
2007	920,557	1,239	0.9992	1,238	365,320	0.9998	1.1200	409,063	0.13	330	0.44
2008	971,644	2,085	0.9990	2,083	528,239	1.0006	1.0994	581,132	0.21	279	0.60
2009	1,005,627	3,360	0.9994	3,358	845,952	1.0009	1.0527	891,343	0.33	265	0.89
2010	1,031,238	4,418	0.9998	4,417	1,042,830	1.0010	1.0130	1,057,474	0.43	239	1.03
2011	1,047,824	6,318	1.0030	6,337	1,497,076	1.0091	1.0043	1,517,239	0.60	239	1.45
2012	1,090,102	7,334	1.0407	7,632	1,706,911	1.0604	1.0000	1,809,931	0.70	237	1.66
2013	435,242	1,885	1.6489	3,108	408,826	1.8360	1.0000	750,588	0.71	241	1.72
Ratio 2004/2003	1.0173			0.6896				0.5949	0.6779	0.8627	0.5848
Ratio 2005/2004	1.0165			0.8122				0.7897	0.7991	0.9722	0.7769
Ratio 2006/2005	1.0178			1.0741				1.0661	1.0553	0.9925	1.0474
Ratio 2007/2006	1.0385			1.2750				1.0843	1.2277	0.8505	1.0441
Ratio 2008/2007	1.0555			1.6826				1.4206	1.5941	0.8443	1.3459
Ratio 2009/2008	1.0350			1.6121				1.5338	1.5576	0.9514	1.4820
Ratio 2010/2009	1.0255			1.3154				1.1864	1.2827	0.9019	1.1569
Ratio 2011/2010	1.0161			1.4347				1.4348	1.4120	1.0001	1.4121
Ratio 2012/2011	1.0403			1.2044				1.1929	1.1577	0.9904	1.1466
Ratio 2013/2012	0.3993			0.4072				0.4147	1.0200	1.0183	1.0387

SGI  
Class Group: All vehicles including trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Glass Coverage (33)  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-2

**Frequency for All Vehicles Including Trailers**

Period	Trends	Coefficient of Correlation - R <sup>2</sup>
	Frequency	Frequency
11-yr exp trend	22.41%	0.7939
10-yr exp trend	28.33%	0.9229
9-yr exp trend	32.71%	0.9635
8-yr exp trend	34.24%	0.9570
7-yr exp trend	32.93%	0.9359
6-yr exp trend	27.79%	0.9269
5-yr exp trend	22.28%	0.9148
4-yr exp trend	18.29%	0.8409
3-yr exp trend	8.67%	0.8378



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past	40.00%	N/A
Future	40.00%	N/A

**Trend Selection Notes:**

Past Trend: Based on mid term and recent trends. Future Trend: Expect that frequency will keep rising in the future as more glass claims exceed the deductible amount. This is the cause of the rapid growth in glass frequency.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past	30.00%	N/A
Future	8.00%	N/A

**Trend Selection Notes:**

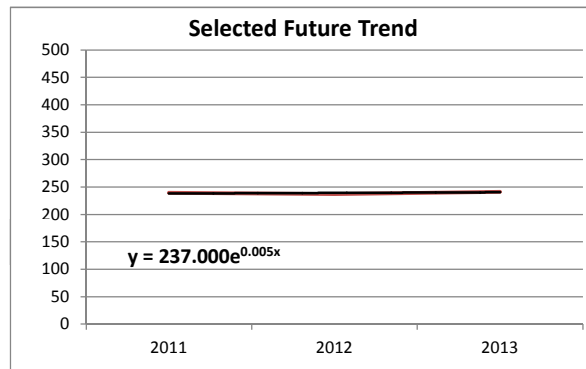
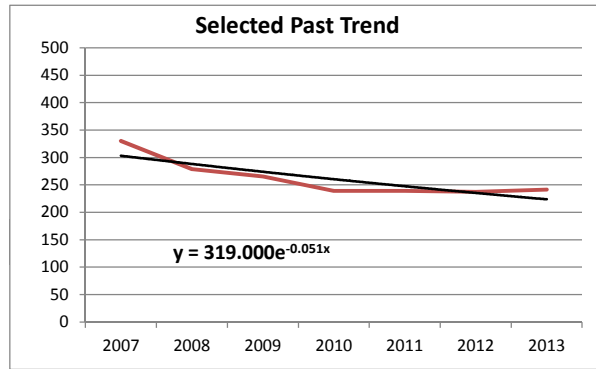
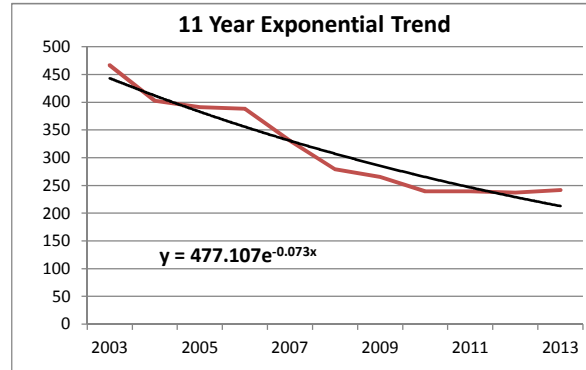
Past Trend: Based on mid to long term trends. Future Trend: Seems to be leveling off in recent years.

SGI  
Class Group: All vehicles including trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Glass Coverage (33)  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-4

**Severity for All Vehicles Including Trailers**

Period	Trends	Coefficient of Correlation - R <sup>2</sup>
	Severity	Severity
11-yr exp trend	-7.08%	0.9158
10-yr exp trend	-6.76%	0.8887
9-yr exp trend	-6.78%	0.8538
8-yr exp trend	-6.39%	0.7917
7-yr exp trend	-4.77%	0.7405
6-yr exp trend	-2.98%	0.6872
5-yr exp trend	-1.97%	0.4527
4-yr exp trend	0.16%	0.0802
3-yr exp trend	0.43%	0.2215



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past	-8.00%	N/A
Future	-5.00%	N/A

**Trend Selection Notes:**

Past Trend: Based on mid term trends. Future Trend: As glass costs continue to increase, so too will the severity of claims in excess of the deductible. Even if a claim is impacted by just normal inflation, the severity of that claim in excess of the deductible will be greater than the level of inflation. Although new claims will continue to breach the deductible level (creating new small dollar claims), the average severity is no longer expected to decrease at the same rate as it has in the past

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past	-5.00%	N/A
Future	0.50%	N/A

**Trend Selection Notes:**

Past Trend: Based on 7 year trend. Future Trend: Effect of new claims just getting above the deductible is going away. Inflation is having more of an effect.

SGI

Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban), T - Utility, F - Trailers, LT - Trailer Dealer/Mover, T - Personal Trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Glass Coverage (33)

Rating year: 31/08/2014

Exhibit 3 - Page 3-1

**Light Vehicles**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	753,721	1,590	0.9988	1,588	617,777	0.9999	1.1737	724,978	0.21	457	0.96
2004	766,886	1,105	0.9991	1,104	383,169	1.0000	1.1601	444,513	0.14	403	0.58
2005	779,485	901	1.0000	901	307,544	1.0029	1.1467	353,698	0.12	393	0.45
2006	796,104	970	0.9959	966	331,641	0.9999	1.1331	375,752	0.12	389	0.47
2007	827,238	1,235	0.9992	1,234	363,537	0.9998	1.1200	407,066	0.15	330	0.49
2008	872,836	2,079	0.9990	2,077	527,199	1.0006	1.0994	579,987	0.24	279	0.66
2009	902,367	3,343	0.9994	3,341	843,055	1.0009	1.0527	888,290	0.37	266	0.98
2010	924,923	4,400	0.9998	4,399	1,032,384	1.0010	1.0130	1,046,882	0.48	238	1.13
2011	938,115	6,292	1.0030	6,311	1,488,106	1.0091	1.0043	1,508,148	0.67	239	1.61
2012	973,776	7,303	1.0407	7,600	1,691,253	1.0604	1.0000	1,793,328	0.78	236	1.84
2013	388,489	1,876	1.6489	3,093	406,267	1.8360	1.0000	745,890	0.80	241	1.92
Ratio 2004/2003	1.0175			0.6952				0.6131	0.6833	0.8819	0.6026
Ratio 2005/2004	1.0164			0.8161				0.7957	0.8029	0.9750	0.7828
Ratio 2006/2005	1.0213			1.0722				1.0624	1.0498	0.9908	1.0402
Ratio 2007/2006	1.0391			1.2774				1.0833	1.2293	0.8481	1.0426
Ratio 2008/2007	1.0551			1.6831				1.4248	1.5952	0.8465	1.3504
Ratio 2009/2008	1.0338			1.6086				1.5316	1.5559	0.9521	1.4814
Ratio 2010/2009	1.0250			1.3166				1.1785	1.2845	0.8951	1.1498
Ratio 2011/2010	1.0143			1.4347				1.4406	1.4145	1.0041	1.4204
Ratio 2012/2011	1.0380			1.2043				1.1891	1.1602	0.9874	1.1455
Ratio 2013/2012	0.3990			0.4070				0.4159	1.0202	1.0219	1.0425

SGI  
 Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban), T - Utility, F - Trailers, LT - Trailer Dealer/Mover, T - Personal Trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

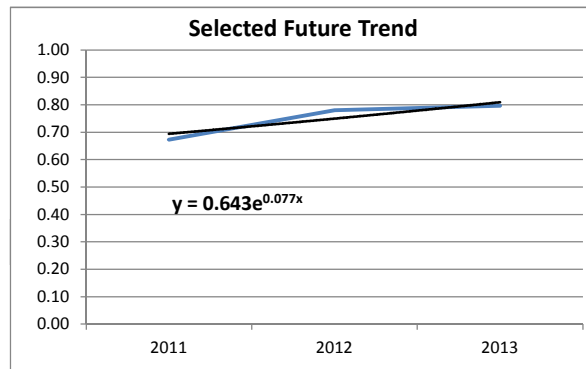
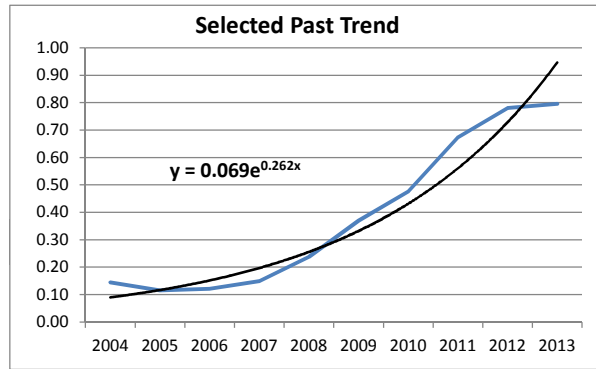
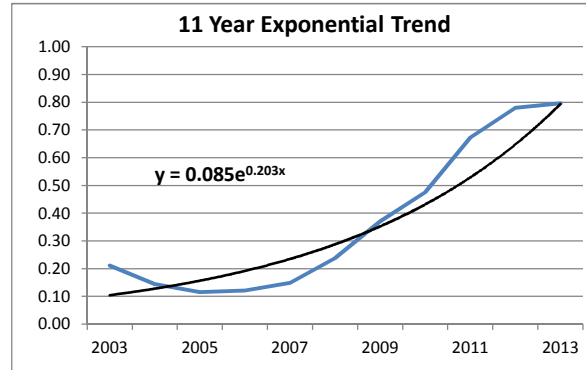
Coverage: Glass Coverage (33)

Rating year: 31/08/2014

Exhibit 3 - Page 3-2

**Frequency for Light Vehicles**

Period	Trends	Coefficient of Correlation - R <sup>2</sup>
	Frequency	Frequency
11-yr exp trend	22.51%	0.7968
10-yr exp trend	28.40%	0.9232
9-yr exp trend	32.77%	0.9636
8-yr exp trend	34.36%	0.9576
7-yr exp trend	33.06%	0.9367
6-yr exp trend	27.94%	0.9279
5-yr exp trend	22.47%	0.9154
4-yr exp trend	18.47%	0.8421
3-yr exp trend	8.80%	0.8376



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past	40.00%	N/A
Future	40.00%	N/A

Trend Selection Notes:

Past Trend: Based on mid term and recent trends. Future Trend: Expect that frequency will keep rising in the future as more glass claims exceed the deductible amount.

**2013 Rate Program**

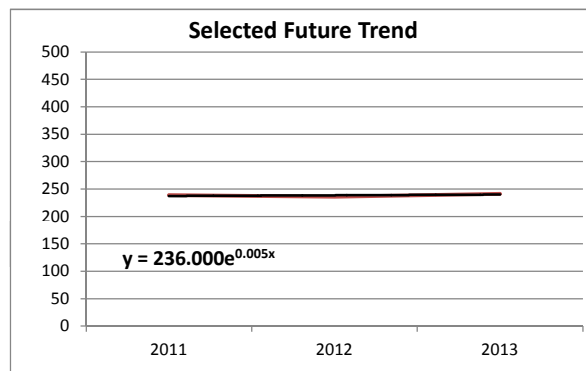
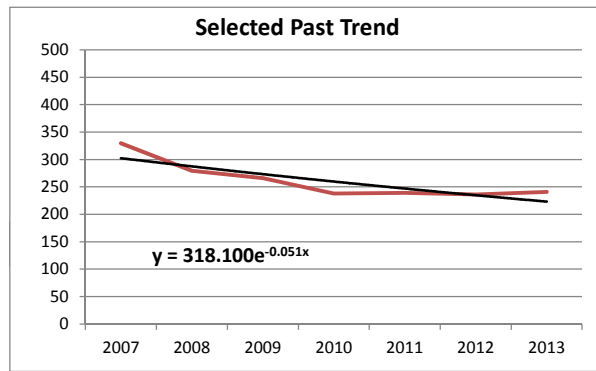
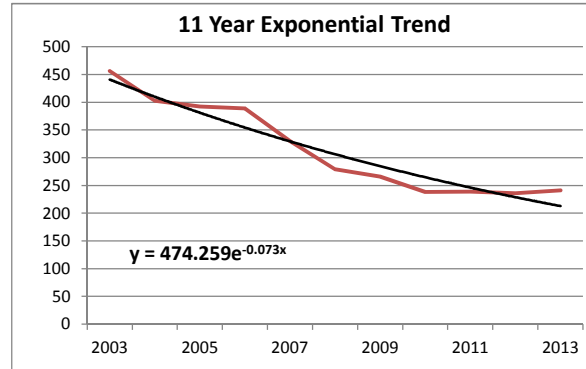
Selected Trends	Credibility	Credibility Weighted Trends
Past	30.00%	30.00%
Future	8.00%	8.00%

Trend Selection Notes:

Past Trend: Based on mid to long term trends. Future Trend: Seems to be leveling off in recent years.

SGI  
 Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban), T - Utility, F - Trailers, LT - Trailer Dealer/Mover, T - Personal Trailers  
 Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Glass Coverage (33)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 3-4  
**Severity for Light Vehicles**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	-7.03%	0.9166
10-yr exp trend	-6.81%	0.8888
9-yr exp trend	-6.84%	0.8544
8-yr exp trend	-6.45%	0.7925
7-yr exp trend	-4.82%	0.7412
6-yr exp trend	-3.06%	0.6738
5-yr exp trend	-2.02%	0.4298
4-yr exp trend	0.27%	0.1449
3-yr exp trend	0.45%	0.1691



2011 Year End		Credibility	Credibility Weighted Trends
Selected Trends			
Past	-8.00%	N/A	Past N/A
Future	-5.00%		Future N/A

**Trend Selection Notes:**

Past Trend: Based on mid term trends. Future Trend: As glass costs continue to increase, so too will the severity of claims in excess of the deductible. Even if a claim is impacted by just normal inflation, the severity of that claim in excess of the deductible will be greater than the level of inflation. Although new claims will continue to breach the deductible level (creating new small dollar claims), the average severity is no longer expected to decrease at the same rate as it has in the past

2013 Rate Program		Credibility	Credibility Weighted Trends
Selected Trends			
Past	-5.00%	1.0000	Past -5.00%
Future	0.50%		Future 0.50%

**Trend Selection Notes:**

Past Trend: Based on 7 year trend. Future Trend: Effect of new claims just getting above the deductible is going away. Inflation is having more of an effect.



## SGI

Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, TS - Commercial Trailers, Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Glass Coverage (33)

Rating year: 31/08/2014

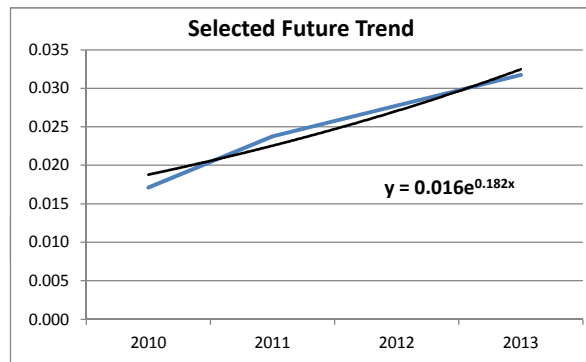
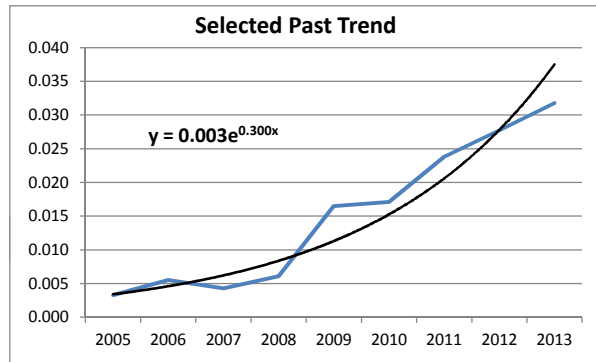
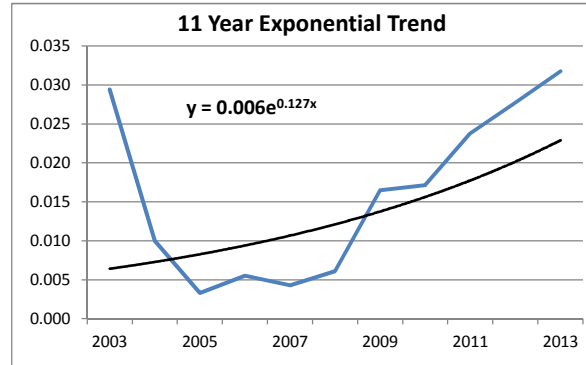
Exhibit 3 - Page 4-1

**Heavy Vehicles**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	88,483	26	0.9988	26	24,127	0.9999	1.1737	28,313	0.03	1,088	0.32
2004	89,892	9	0.9991	9	3,107	1.0000	1.1601	3,604	0.01	400	0.04
2005	91,398	3	1.0000	3	145	1.0029	1.1467	167	0.00	56	0.00
2006	90,290	5	0.9959	5	1,316	0.9999	1.1331	1,491	0.01	299	0.02
2007	93,319	4	0.9992	4	1,783	0.9998	1.1200	1,997	0.00	499	0.02
2008	98,808	6	0.9990	6	1,040	1.0006	1.0994	1,144	0.01	191	0.01
2009	103,260	17	0.9994	17	2,897	1.0009	1.0527	3,052	0.02	180	0.03
2010	106,316	18	0.9998	18	10,446	1.0010	1.0130	10,593	0.02	582	0.10
2011	109,709	26	1.0030	26	8,970	1.0091	1.0043	9,091	0.02	349	0.08
2012	116,326	31	1.0407	32	15,658	1.0604	1.0000	16,603	0.03	514	0.14
2013	46,753	9	1.6489	15	2,559	1.8360	1.0000	4,698	0.03	316	0.10
Ratio 2004/2003	1.0159			0.3457				0.1273	0.3403	0.3682	0.1253
Ratio 2005/2004	1.0168			0.3341				0.0463	0.3286	0.1387	0.0456
Ratio 2006/2005	0.9879			1.6579				8.9310	1.6782	5.3871	9.0406
Ratio 2007/2006	1.0335			0.8025				1.3388	0.7764	1.6684	1.2954
Ratio 2008/2007	1.0588			1.5000				0.5730	1.4167	0.3820	0.5411
Ratio 2009/2008	1.0451			2.8333				2.6680	2.7112	0.9416	2.5529
Ratio 2010/2009	1.0296			1.0707				3.4702	1.0399	3.2411	3.3705
Ratio 2011/2010	1.0319			1.4332				0.8582	1.3888	0.5989	0.8317
Ratio 2012/2011	1.0603			1.2371				1.8263	1.1667	1.4763	1.7224
Ratio 2013/2012	0.4019			0.4601				0.2829	1.1448	0.6149	0.7040

SGI  
 Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, TS - Commercial Trailers, Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses  
 Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Glass Coverage (33)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 4-2  
**Frequency for Heavy Vehicles**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	13.57%	0.2553
10-yr exp trend	25.72%	0.7069
9-yr exp trend	35.83%	0.9222
8-yr exp trend	35.82%	0.8924
7-yr exp trend	39.96%	0.8880
6-yr exp trend	33.70%	0.8305
5-yr exp trend	19.68%	0.9556
4-yr exp trend	22.24%	0.9503
3-yr exp trend	15.57%	0.9986



**2011 Year End**

Selected Trends	Credibility
Past 45.00%	0.1993
Future 45.00%	

Compliment: All Vehicles incl Trailers

Credibility Weighted Trends
Past 41.00%
Future 41.00%

Trend Selection Notes:  
 Past Trend: Based on mid term trends. Future Trend: Expect that frequency will continue to rise at the same rate in the future as inflation causes more glass claims exceed the deductible amount.

**2013 Rate Program**

Selected Trends	Credibility
Past 35.00%	0.3175
Future 20.00%	

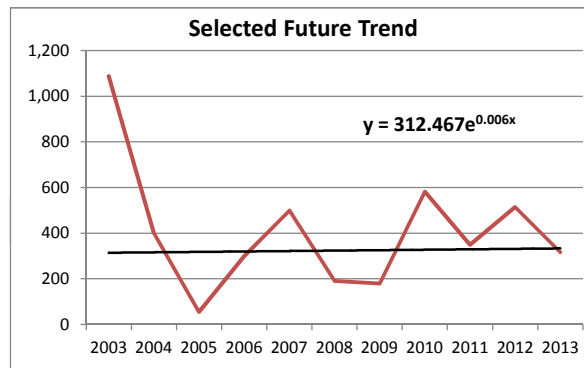
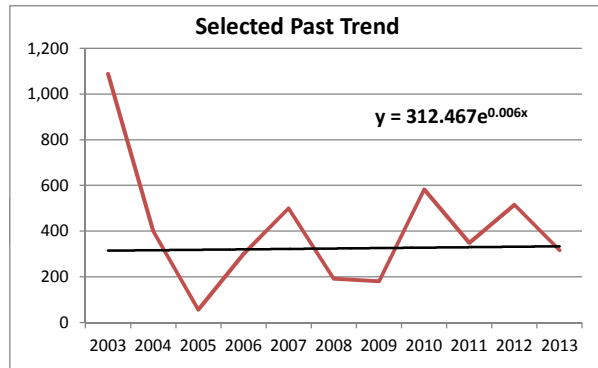
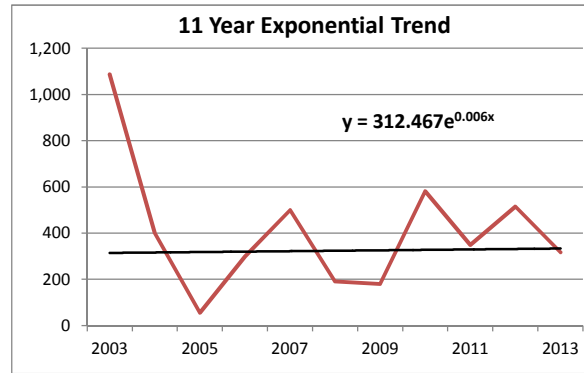
Compliment: All Vehicles incl Trailers

Credibility Weighted Trends
Past 31.59%
Future 11.81%

Trend Selection Notes:  
 Past Trend: Based on mid to long term trends. Future Trend: Seems to be leveling off in recent years.

SGI  
 Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, TS - Commercial Trailers, Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses  
 Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Glass Coverage (33)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 4-4  
**Severity for Heavy Vehicles**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	0.59%	0.0006
10-yr exp trend	9.27%	0.1476
9-yr exp trend	16.15%	0.3151
8-yr exp trend	4.29%	0.0540
7-yr exp trend	4.68%	0.0432
6-yr exp trend	15.94%	0.3212
5-yr exp trend	10.62%	0.1186
4-yr exp trend	-13.40%	0.3954
3-yr exp trend	-4.72%	0.0353



**2011 Year End**

Selected Trends	Credibility
Past -10.00%	0.1993
Future -10.00%	

Compliment: All Vehicles incl Trailer:

Credibility Weighted Trends
Past -8.40%
Future -6.00%

Trend Selection Notes:  
 Past: Selected using the trend since 2006, it's quite consistent. Future: Expected to continue, no changes expected.

**2013 Rate Program**

Selected Trends	Credibility
Past 0.00%	0.3175
Future 0.00%	

Credibility Weighted Trends
Past -3.41%
Future 0.34%

Trend Selection Notes:  
 Past: Relatively flat since 2006 Future: Assume that this will remain flat into the future.

***Fire, Lightning, and Explosion***

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SGI

Class Group: All vehicles including trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Fire/Lightning/Explosion Coverage (41)

Rating year: 31/08/2014

Exhibit 3 - Page 1-1

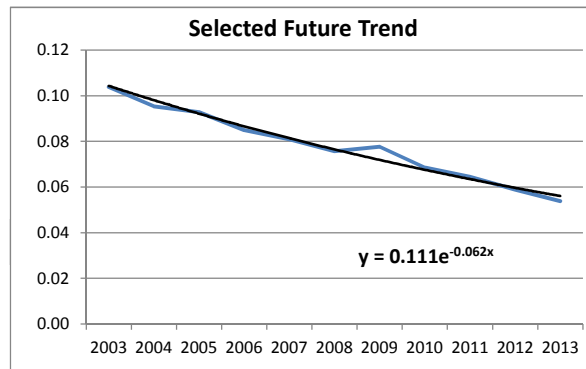
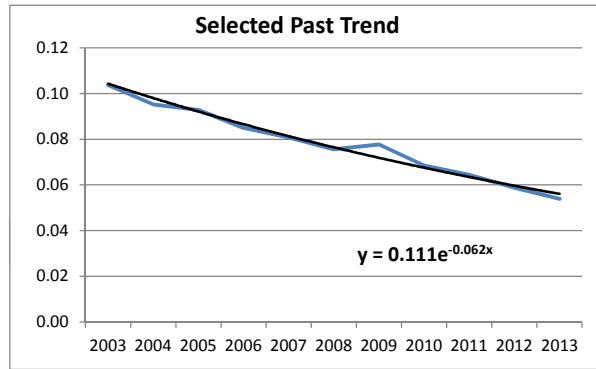
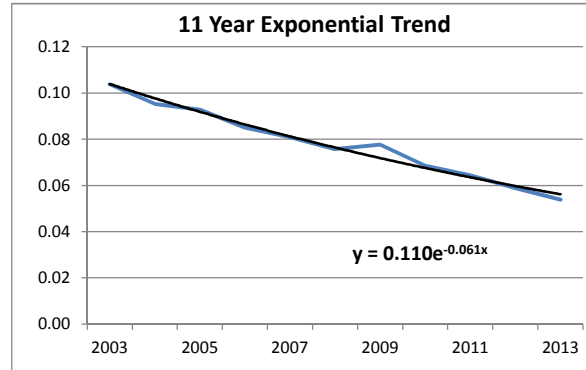
**All Vehicles Including Trailers**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	842,204	895	0.9754	873	4,978,343	0.9965	1.0286	5,102,625	0.10	5,845	6.06
2004	856,778	834	0.9784	816	5,093,419	1.0115	1.0264	5,287,875	0.10	6,480	6.17
2005	870,883	840	0.9620	808	5,651,636	1.0028	1.0242	5,804,380	0.09	7,184	6.66
2006	886,395	774	0.9729	753	5,099,119	0.9939	1.0219	5,179,235	0.08	6,878	5.84
2007	920,557	767	0.9705	744	5,930,358	0.9864	1.0198	5,965,288	0.08	8,014	6.48
2008	971,644	773	0.9513	735	5,944,355	0.9968	1.0164	6,022,568	0.08	8,191	6.20
2009	1,005,627	844	0.9260	781	6,470,134	0.9827	1.0087	6,413,300	0.08	8,208	6.38
2010	1,031,238	755	0.9361	707	6,443,814	1.0050	1.0021	6,490,059	0.07	9,185	6.29
2011	1,047,824	717	0.9418	675	6,659,019	1.0278	1.0007	6,848,784	0.06	10,145	6.54
2012	1,090,102	683	0.9394	642	6,469,895	0.9723	1.0000	6,290,472	0.06	9,805	5.77
2013	435,242	231	1.0150	234	2,160,413	1.0386	1.0000	2,243,719	0.05	9,575	5.16
Ratio 2004/2003	1.0173			0.9347				1.0363	0.9188	1.1087	1.0187
Ratio 2005/2004	1.0165			0.9902				1.0977	0.9742	1.1085	1.0799
Ratio 2006/2005	1.0178			0.9319				0.8923	0.9156	0.9575	0.8767
Ratio 2007/2006	1.0385			0.9885				1.1518	0.9518	1.1652	1.1090
Ratio 2008/2007	1.0555			0.9879				1.0096	0.9360	1.0220	0.9565
Ratio 2009/2008	1.0350			1.0626				1.0649	1.0267	1.0022	1.0289
Ratio 2010/2009	1.0255			0.9044				1.0120	0.8819	1.1190	0.9868
Ratio 2011/2010	1.0161			0.9554				1.0553	0.9403	1.1045	1.0386
Ratio 2012/2011	1.0403			0.9503				0.9185	0.9134	0.9665	0.8829
Ratio 2013/2012	0.3993			0.3653				0.3567	0.9149	0.9765	0.8933

SGI  
Class Group: All vehicles including trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Fire/Lightning/Explosion Coverage (41)  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-2  
**Frequency for All Vehicles Including Trailers**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-5.96%	0.9772
10-yr exp trend	-5.98%	0.9700
9-yr exp trend	-6.19%	0.9659
8-yr exp trend	-6.21%	0.9525
7-yr exp trend	-6.59%	0.9474
6-yr exp trend	-7.15%	0.9454
5-yr exp trend	-8.48%	0.9905
4-yr exp trend	-7.82%	0.9930
3-yr exp trend	-8.59%	1.0000



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past -5.00%	N/A	Past N/A
Future -5.00%		Future N/A

**Trend Selection Notes:**

Past Trend: Based on available trends, almost all trends agree that -5% is appropriate. Future Trend: Equal to past trend, no changes expected.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past -6.00%	N/A	Past
Future -6.00%		Future

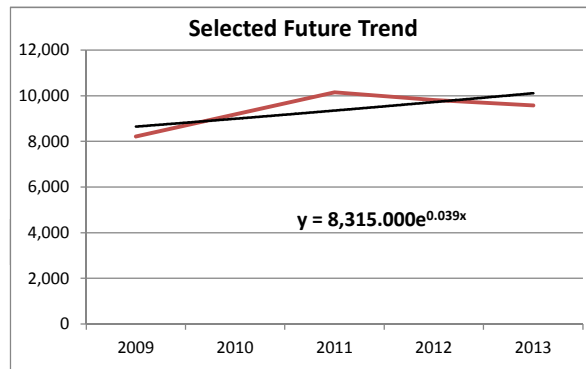
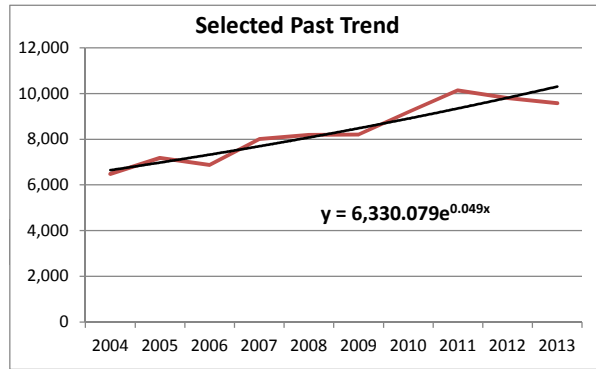
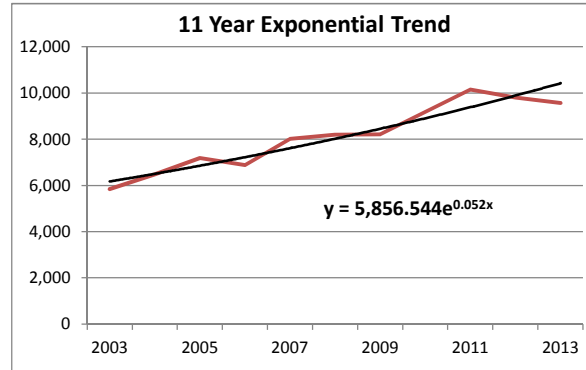
**Trend Selection Notes:**

Past Trend: In available trends. Future Trend: Equal to past trend.

SGI  
Class Group: All vehicles including trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Fire/Lightning/Explosion Coverage (41)  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-4  
**Severity for All Vehicles Including Trailers**

Period	Trends	Coefficient of Correlation - R <sup>2</sup>
	Severity	Severity
11-yr exp trend	5.38%	0.9212
10-yr exp trend	5.00%	0.9013
9-yr exp trend	4.78%	0.8643
8-yr exp trend	4.97%	0.8320
7-yr exp trend	4.03%	0.7695
6-yr exp trend	4.12%	0.6865
5-yr exp trend	3.80%	0.5210
4-yr exp trend	0.91%	0.0785
3-yr exp trend	-2.85%	0.9897



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past 6.00%	N/A	Past N/A
Future 8.00%		Future N/A

**Trend Selection Notes:**

Past Trend: Based on available trends. Future Trend: Average of 3 and 4 year trend. Also, see the notes in the intro to the loss trend committee exhibits.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past 5.00%	N/A	Past
Future 4.00%		Future

**Trend Selection Notes:**

Past Trend: Long term trend. Future Trend: Smaller increasing trend in more current years.

SGI

Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban), T - Utility, F - Trailers, LT - Trailer Dealer/Mover, T - Personal Trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Fire/Lightning/Explosion Coverage (41)

Rating year: 31/08/2014

Exhibit 3 - Page 3-1

**Light Vehicles**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	753,721	796	0.9754	777	3,811,595	0.9965	1.0286	3,906,750	0.10	5,030	5.18
2004	766,886	729	0.9784	714	4,037,602	1.0115	1.0264	4,191,749	0.09	5,875	5.47
2005	779,485	728	0.9620	700	4,396,777	1.0028	1.0242	4,515,607	0.09	6,449	5.79
2006	796,104	684	0.9729	666	4,291,937	0.9939	1.0219	4,359,371	0.08	6,549	5.48
2007	827,238	663	0.9705	644	4,350,668	0.9864	1.0198	4,376,294	0.08	6,799	5.29
2008	872,836	670	0.9513	638	4,426,115	0.9968	1.0164	4,484,352	0.07	7,034	5.14
2009	902,367	696	0.9260	644	4,577,033	0.9827	1.0087	4,536,828	0.07	7,041	5.03
2010	924,923	615	0.9361	576	4,492,451	1.0050	1.0021	4,524,692	0.06	7,853	4.89
2011	938,115	598	0.9418	563	5,210,531	1.0278	1.0007	5,359,018	0.06	9,512	5.71
2012	973,776	566	0.9394	532	4,497,789	0.9723	1.0000	4,373,056	0.05	8,222	4.49
2013	388,489	190	1.0150	193	1,592,867	1.0386	1.0000	1,654,288	0.05	8,558	4.26
Ratio 2004/2003	1.0175			0.9186				1.0730	0.9028	1.1681	1.0545
Ratio 2005/2004	1.0164			0.9814				1.0773	0.9655	1.0977	1.0598
Ratio 2006/2005	1.0213			0.9506				0.9654	0.9308	1.0156	0.9452
Ratio 2007/2006	1.0391			0.9671				1.0039	0.9307	1.0381	0.9661
Ratio 2008/2007	1.0551			0.9904				1.0247	0.9387	1.0346	0.9712
Ratio 2009/2008	1.0338			1.0107				1.0117	0.9776	1.0010	0.9786
Ratio 2010/2009	1.0250			0.8942				0.9973	0.8724	1.1154	0.9730
Ratio 2011/2010	1.0143			0.9779				1.1844	0.9641	1.2112	1.1677
Ratio 2012/2011	1.0380			0.9440				0.8160	0.9095	0.8644	0.7861
Ratio 2013/2012	0.3990			0.3634				0.3783	0.9110	1.0409	0.9482



SGI  
 Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban), T - Utility, F - Trailers, LT - Trailer Dealer/Mover, T - Personal Trailers

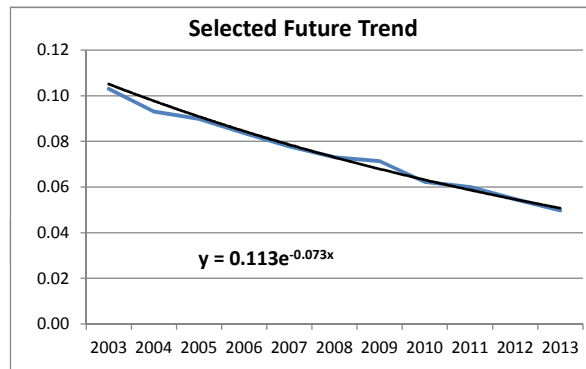
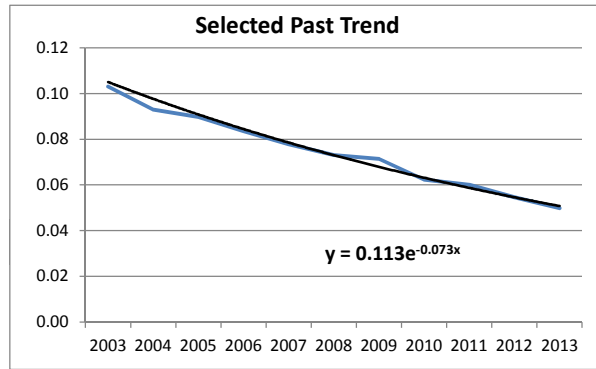
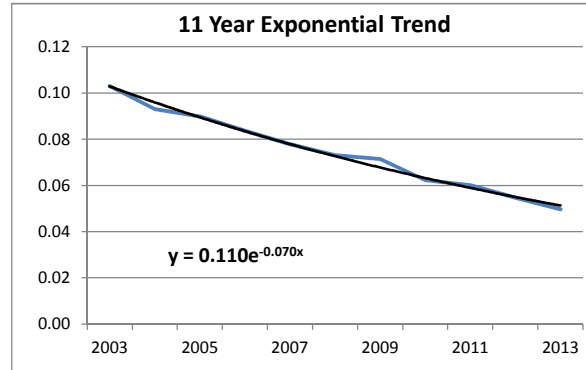
Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Fire/Lightning/Explosion Coverage (41)

Rating year: 31/08/2014

Exhibit 3 - Page 3-2

**Frequency for Light Vehicles**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-6.72%	0.9902
10-yr exp trend	-6.71%	0.9869
9-yr exp trend	-6.94%	0.9876
8-yr exp trend	-7.03%	0.9835
7-yr exp trend	-7.21%	0.9785
6-yr exp trend	-7.58%	0.9758
5-yr exp trend	-8.18%	0.9771
4-yr exp trend	-7.40%	0.9678
3-yr exp trend	-8.98%	1.0000



**2011 Year End**

Selected Trends	Credibility
Past -6.00%	N/A
Future -6.00%	N/A

Credibility Weighted Trends
Past N/A
Future N/A

**Trend Selection Notes:**

Past Trend: Based on mid-long term trends. Future Trend: Equal to past trend, no changes expected.

**2013 Rate Program**

Selected Trends	Credibility
Past -7.00%	1.0000
Future -7.00%	

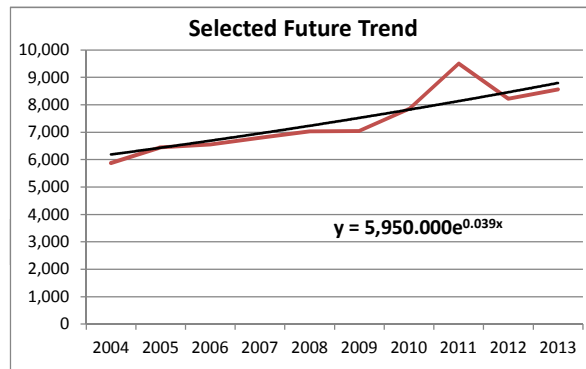
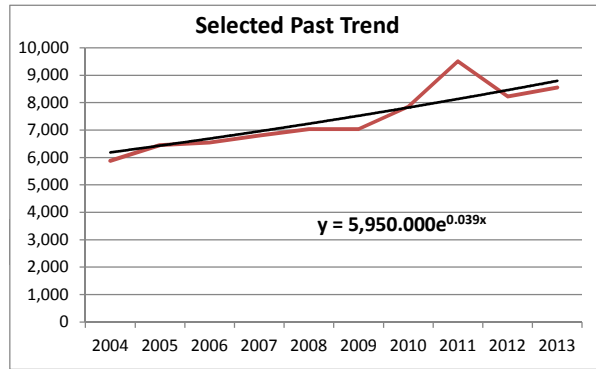
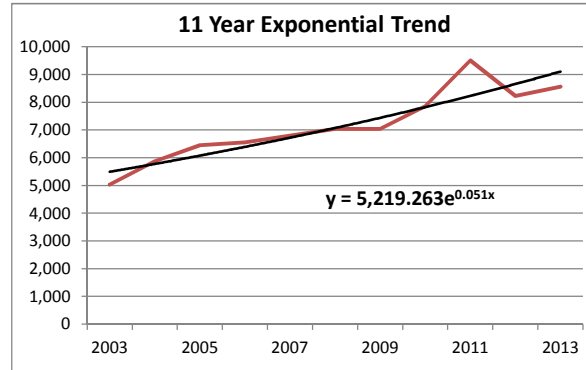
Credibility Weighted Trends
Past -7.00%
Future -7.00%

**Trend Selection Notes:**

Past Trend: In available trends. Future Trend: Equal to past trend.

SGI  
 Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban), T - Utility, F - Trailers, LT - Trailer Dealer/Mover, T - Personal Trailers  
 Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Fire/Lightning/Explosion Coverage (41)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 3-4  
**Severity for Light Vehicles**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	5.19%	0.8681
10-yr exp trend	4.58%	0.8398
9-yr exp trend	4.42%	0.7835
8-yr exp trend	4.67%	0.7436
7-yr exp trend	4.76%	0.6680
6-yr exp trend	4.79%	0.5595
5-yr exp trend	4.46%	0.3886
4-yr exp trend	1.13%	0.0313
3-yr exp trend	-5.15%	0.4926



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past 6.00%	N/A	Past N/A
Future 6.50%		Future N/A

**Trend Selection Notes:**

Past Trend: Based on available trends. Future Trend: See the notes in the intro to the loss trend committee exhibits.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past 4.00%	1.0000	Past 4.00%
Future 4.00%		Future 4.00%

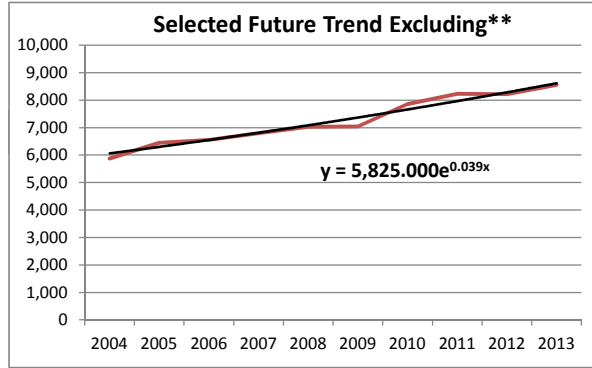
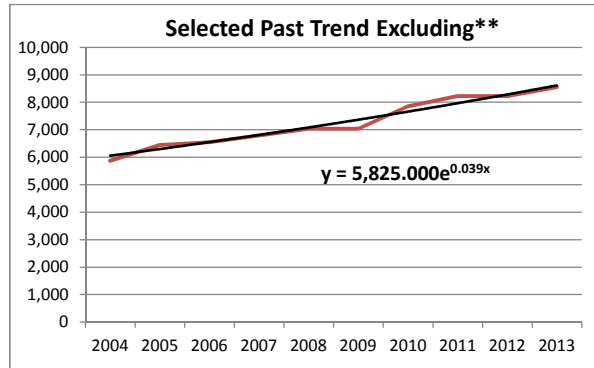
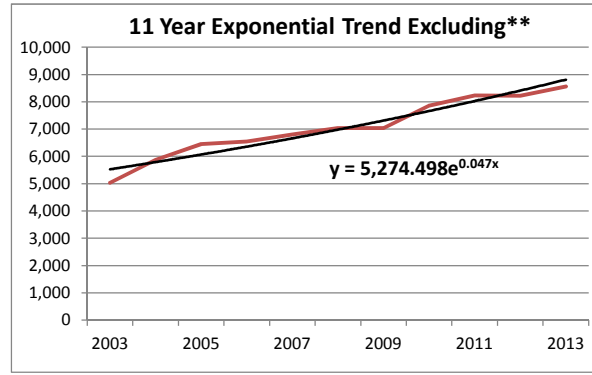
**Trend Selection Notes:**

Past Trend: In available trends excluding 2011. Future Trend: Equal to past trend.

SGI  
 Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban), T - Utility, F - Trailers, LT - Trailer Dealer/Mover, T - Personal Trailers  
 Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Fire/Lightning/Explosion Coverage (41)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 3-5  
**Severity for Light Vehicles**  
**Excluding Years: 2011**

Period w Years Excluded	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11 -yr exp trend excl **	4.69%	0.9233
10 -yr exp trend excl **	4.00%	0.9666
9 -yr exp trend excl **	3.78%	0.9611
8 -yr exp trend excl **	3.99%	0.9596
7 -yr exp trend excl **	4.08%	0.9454
6 -yr exp trend excl **	4.24%	0.9260
5 -yr exp trend excl **	4.46%	0.8936
4 -yr exp trend excl **	2.82%	0.9774
3 -yr exp trend excl **	4.09%	1.0000

\*\* Years excluded: 2011



## SGI

Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, TS - Commercial Trailers, Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Fire/Lightning/Explosion Coverage (41)

Rating year: 31/08/2014

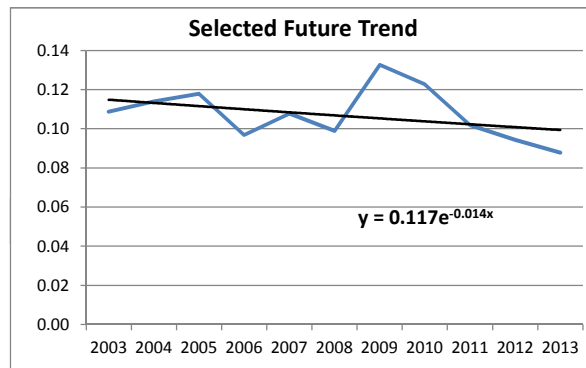
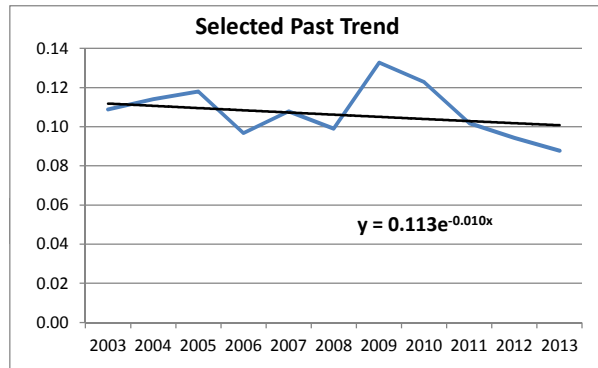
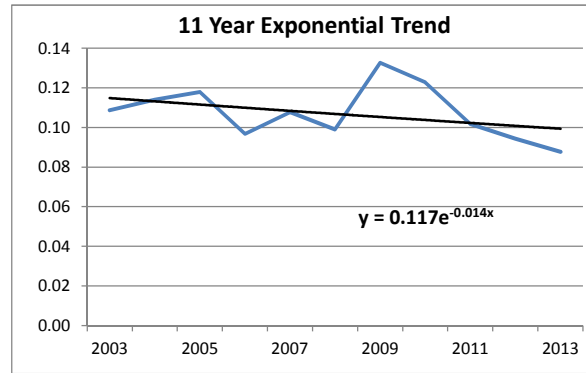
Exhibit 3 - Page 4-1

**Heavy Vehicles**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	88,483	99	0.9754	96	1,166,748	0.9965	1.0286	1,195,875	0.11	12,426	13.52
2004	89,892	105	0.9784	102	1,055,817	1.0115	1.0264	1,096,126	0.11	10,695	12.19
2005	91,398	112	0.9620	108	1,254,859	1.0028	1.0242	1,288,773	0.12	11,955	14.10
2006	90,290	90	0.9729	87	807,182	0.9939	1.0219	819,864	0.10	9,383	9.08
2007	93,319	104	0.9705	101	1,579,690	0.9864	1.0198	1,588,994	0.11	15,794	17.03
2008	98,808	103	0.9513	98	1,518,239	0.9968	1.0164	1,538,216	0.10	15,730	15.57
2009	103,260	148	0.9260	137	1,893,101	0.9827	1.0087	1,876,472	0.13	13,698	18.17
2010	106,316	139	0.9361	130	1,951,363	1.0050	1.0021	1,965,367	0.12	15,064	18.49
2011	109,709	119	0.9418	112	1,448,488	1.0278	1.0007	1,489,766	0.10	13,336	13.58
2012	116,326	117	0.9394	110	1,972,106	0.9723	1.0000	1,917,415	0.09	17,483	16.48
2013	46,753	40	1.0150	41	567,546	1.0386	1.0000	589,431	0.09	14,364	12.61
Ratio 2004/2003	1.0159			1.0650				0.9166	1.0483	0.8606	0.9022
Ratio 2005/2004	1.0168			1.0518				1.1758	1.0344	1.1179	1.1564
Ratio 2006/2005	0.9879			0.8105				0.6362	0.8205	0.7849	0.6440
Ratio 2007/2006	1.0335			1.1515				1.9381	1.1141	1.6832	1.8752
Ratio 2008/2007	1.0588			0.9719				0.9680	0.9179	0.9960	0.9143
Ratio 2009/2008	1.0451			1.4009				1.2199	1.3405	0.8708	1.1673
Ratio 2010/2009	1.0296			0.9524				1.0474	0.9250	1.0998	1.0173
Ratio 2011/2010	1.0319			0.8562				0.7580	0.8298	0.8853	0.7346
Ratio 2012/2011	1.0603			0.9818				1.2871	0.9259	1.3110	1.2138
Ratio 2013/2012	0.4019			0.3742				0.3074	0.9310	0.8216	0.7649

SGI  
 Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, TS - Commercial Trailers, Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses  
 Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Fire/Lightning/Explosion Coverage (41)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 4-2  
**Frequency for Heavy Vehicles**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-1.44%	0.1506
10-yr exp trend	-1.79%	0.1773
9-yr exp trend	-1.91%	0.1519
8-yr exp trend	-1.59%	0.0803
7-yr exp trend	-3.43%	0.2679
6-yr exp trend	-5.04%	0.3687
5-yr exp trend	-10.32%	0.9685
4-yr exp trend	-10.26%	0.9383
3-yr exp trend	-7.16%	0.9996



**2011 Year End**

Selected Trends	Credibility
Past 3.00%	0.7075
Future 3.00%	

Compliment: All incl Trailers

Credibility Weighted Trends
Past 0.66%
Future 0.66%

Trend Selection Notes:  
 Past Trend: Based on mid to long term trends. Future Trend: Equal to past trend, no changes expected.

**2013 Rate Program**

Selected Trends	Credibility
Past -1.00%	0.7911
Future -1.00%	

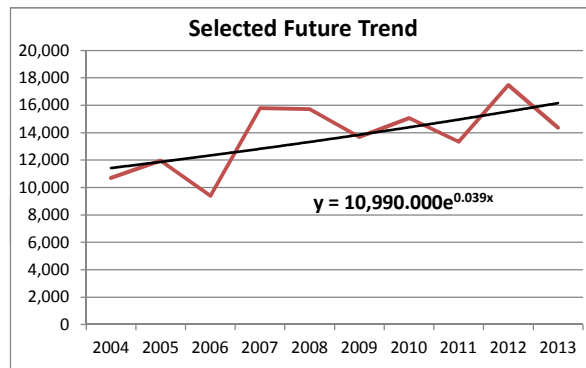
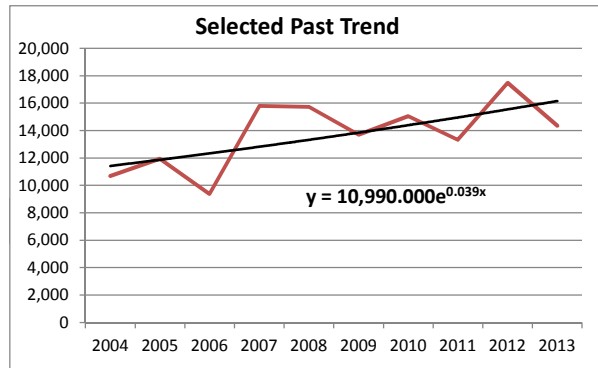
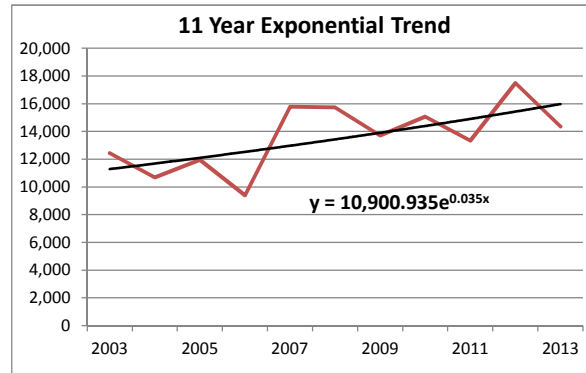
Compliment: All incl Trailer

Credibility Weighted Trends
Past -2.04%
Future -2.04%

Trend Selection Notes:  
 Past Trend: Few claim counts, and the frequency jumps around. Select small negative trend. Future Trend: Equal to past trend.

SGI  
 Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, TS - Commercial Trailers, Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses  
 Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Fire/Lightning/Explosion Coverage (41)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 4-4  
**Severity for Heavy Vehicles**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	3.54%	0.3919
10-yr exp trend	4.20%	0.4206
9-yr exp trend	3.77%	0.3031
8-yr exp trend	3.74%	0.2312
7-yr exp trend	-0.36%	0.0069
6-yr exp trend	0.45%	0.0070
5-yr exp trend	2.47%	0.1302
4-yr exp trend	1.29%	0.0209
3-yr exp trend	3.78%	0.0704



**2011 Year End**

Selected Trends	Credibility
Past 2.00%	0.7075
Future 2.00%	

Compliment: All incl Trailers

Credibility Weighted Trends	
Past	3.17%
Future	3.76%

Trend Selection Notes:  
 Past Trend: Based on mid to long term trends. Future Trend: Equal to past trend, no changes expected.

**2013 Rate Program**

Selected Trends	Credibility
Past 4.00%	0.7911
Future 4.00%	

Compliment: All incl Trailer

Credibility Weighted Trends	
Past	4.21%
Future	4.00%

Trend Selection Notes:  
 Past Trend: Long term trends. Future Trend: Equal to past trend.



***Theft***

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SGI

Class Group: All vehicles including trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Theft Coverage (42)

Rating year: 31/08/2014

Exhibit 3 - Page 1-1

**All Vehicles Including Trailers**

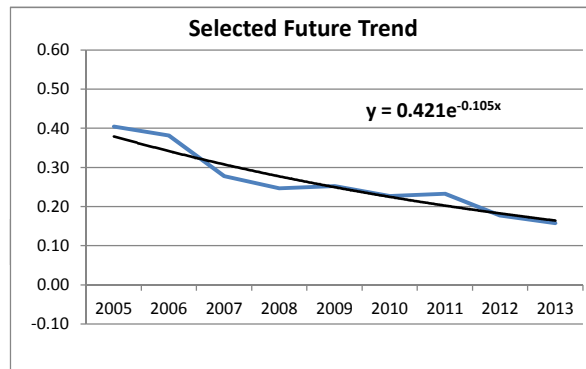
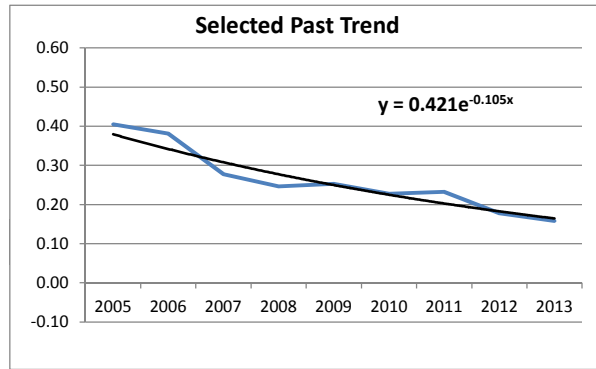
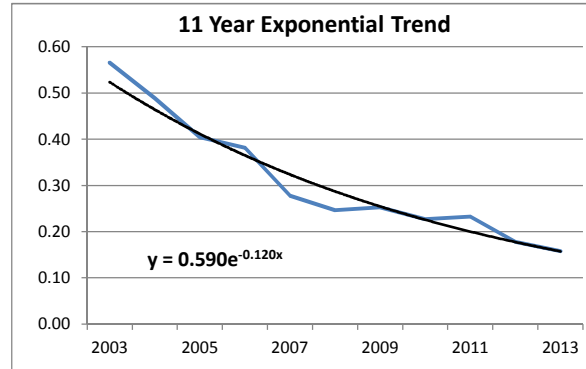
Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	842,204	4,920	0.9679	4,762	12,797,724	0.9983	1.0527	13,448,758	0.57	2,824	15.97
2004	856,778	4,318	0.9699	4,188	12,700,870	1.0022	1.0485	13,346,842	0.49	3,187	15.58
2005	870,883	3,708	0.9501	3,523	10,971,106	1.0076	1.0445	11,546,255	0.40	3,277	13.26
2006	886,395	3,546	0.9535	3,381	11,154,151	0.9975	1.0404	11,575,854	0.38	3,424	13.06
2007	920,557	2,745	0.9304	2,554	10,068,723	1.0086	1.0364	10,525,273	0.28	4,121	11.43
2008	971,644	2,867	0.8349	2,394	9,856,912	1.0167	1.0302	10,323,473	0.25	4,313	10.62
2009	1,005,627	2,895	0.8767	2,538	10,685,301	1.0236	1.0160	11,112,249	0.25	4,379	11.05
2010	1,031,238	2,690	0.8704	2,341	10,569,998	1.0413	1.0040	11,049,750	0.23	4,719	10.72
2011	1,047,824	2,730	0.8924	2,436	11,356,936	1.0473	1.0013	11,909,629	0.23	4,889	11.37
2012	1,090,102	2,213	0.8749	1,936	8,476,323	1.0551	1.0000	8,943,626	0.18	4,619	8.20
2013	435,242	615	1.1176	687	2,668,038	1.2767	1.0000	3,406,201	0.16	4,956	7.83
Ratio 2004/2003	1.0173			0.8795				0.9924	0.8645	1.1284	0.9755
Ratio 2005/2004	1.0165			0.8412				0.8651	0.8276	1.0284	0.8511
Ratio 2006/2005	1.0178			0.9597				1.0026	0.9429	1.0447	0.9850
Ratio 2007/2006	1.0385			0.7554				0.9092	0.7273	1.2037	0.8755
Ratio 2008/2007	1.0555			0.9373				0.9808	0.8880	1.0464	0.9293
Ratio 2009/2008	1.0350			1.0602				1.0764	1.0244	1.0153	1.0400
Ratio 2010/2009	1.0255			0.9225				0.9944	0.8996	1.0779	0.9697
Ratio 2011/2010	1.0161			1.0405				1.0778	1.0241	1.0358	1.0608
Ratio 2012/2011	1.0403			0.7948				0.7510	0.7640	0.9449	0.7218
Ratio 2013/2012	0.3993			0.3550				0.3809	0.8890	1.0729	0.9539

SGI  
Class Group: All vehicles including trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Theft Coverage (42)  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-2

**Frequency for All Vehicles Including Trailers**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-11.32%	0.9518
10-yr exp trend	-10.87%	0.9383
9-yr exp trend	-10.25%	0.9195
8-yr exp trend	-9.82%	0.8852
7-yr exp trend	-8.30%	0.8580
6-yr exp trend	-8.88%	0.8211
5-yr exp trend	-11.16%	0.8863
4-yr exp trend	-12.70%	0.8611
3-yr exp trend	-17.59%	0.9513



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past -5.00%	N/A	Past N/A
Future -5.00%		Future N/A

Trend Selection Notes:

Past Trend: Based on 5 year trend. Future Trend: Trend appears to be consistent since 2007, expect it to continue.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past -10.00%	N/A	Past
Future -10.00%		Future

Trend Selection Notes:

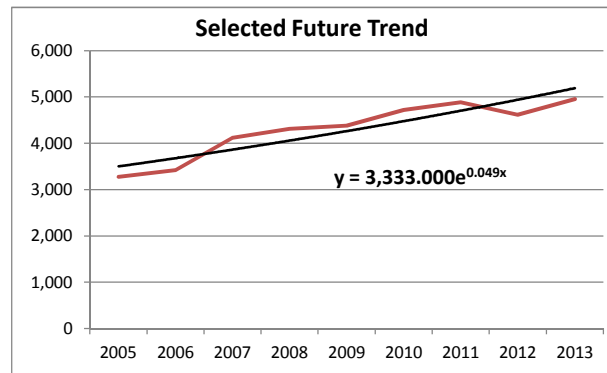
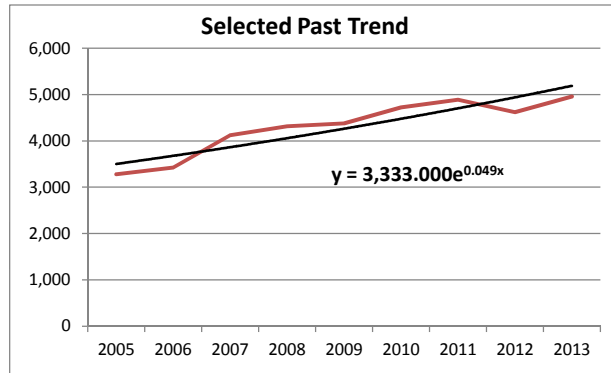
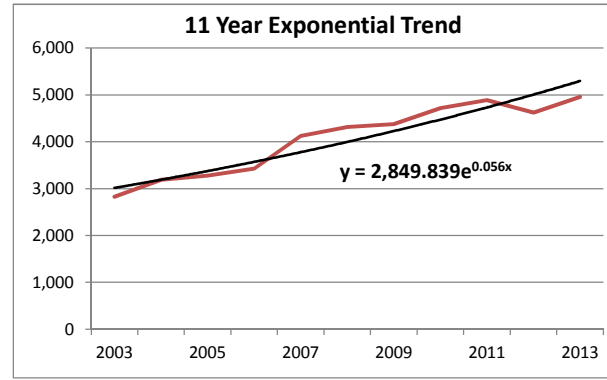
Past Trend: Based on 8-9 year trends. Future Trend: Equal to past trend.

SGI  
Class Group: All vehicles including trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Theft Coverage (42)  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-4

**Severity for All Vehicles Including Trailers**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	5.80%	0.9057
10-yr exp trend	5.34%	0.8811
9-yr exp trend	5.10%	0.8366
8-yr exp trend	4.39%	0.7745
7-yr exp trend	2.90%	0.8145
6-yr exp trend	2.58%	0.7046
5-yr exp trend	2.29%	0.5285
4-yr exp trend	0.90%	0.1299
3-yr exp trend	0.69%	0.0335



**2011 Year End**

Selected Trends	Credibility
Past 7.00%	N/A
Future 7.00%	

Credibility Weighted Trends
Past N/A
Future N/A

Trend Selection Notes:

Past Trend: Based on available trends. Future Trend: Equal to past trend.

**2013 Rate Program**

Selected Trends	Credibility
Past 5.00%	N/A
Future 5.00%	

Credibility Weighted Trends
Past
Future

Trend Selection Notes:

Past Trend: Based on longer term trends. Future Trend: Equal to past trend.

SGI

Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban), T - Utility

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Theft Coverage (42)

Rating year: 31/08/2014

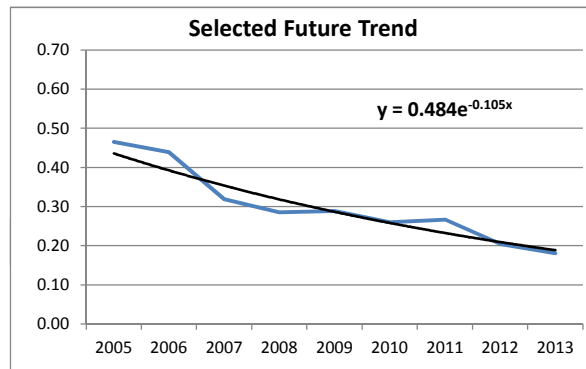
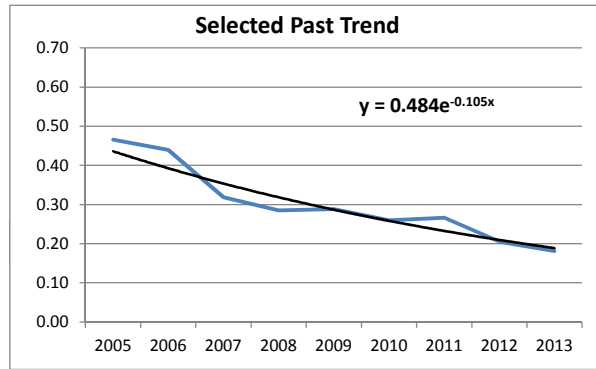
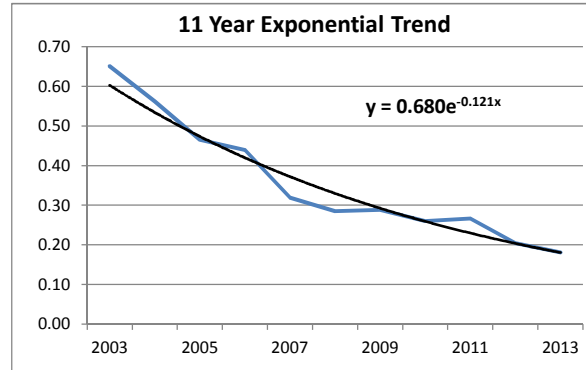
Exhibit 3 - Page 3-1

**Light Vehicles**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	717,614	4,827	0.9679	4,672	12,436,737	0.9983	1.0527	13,069,408	0.65	2,798	18.21
2004	729,225	4,228	0.9699	4,100	12,280,916	1.0022	1.0485	12,905,529	0.56	3,147	17.70
2005	738,986	3,621	0.9501	3,440	10,636,706	1.0076	1.0445	11,194,325	0.47	3,254	15.15
2006	752,355	3,466	0.9535	3,304	10,844,542	0.9975	1.0404	11,254,539	0.44	3,406	14.96
2007	779,259	2,670	0.9304	2,484	9,735,108	1.0086	1.0364	10,176,530	0.32	4,097	13.06
2008	818,616	2,796	0.8349	2,334	9,482,001	1.0167	1.0302	9,930,817	0.29	4,254	12.13
2009	842,452	2,773	0.8767	2,431	10,106,264	1.0236	1.0160	10,510,075	0.29	4,323	12.48
2010	861,017	2,570	0.8704	2,237	9,959,792	1.0413	1.0040	10,411,848	0.26	4,655	12.09
2011	870,717	2,599	0.8924	2,319	10,822,196	1.0473	1.0013	11,348,867	0.27	4,893	13.03
2012	899,500	2,103	0.8749	1,840	7,915,541	1.0551	1.0000	8,351,928	0.20	4,539	9.29
2013	361,153	585	1.1176	654	2,510,788	1.2767	1.0000	3,205,445	0.18	4,899	8.88
Ratio 2004/2003	1.0162			0.8777				0.9875	0.8638	1.1250	0.9717
Ratio 2005/2004	1.0134			0.8389				0.8674	0.8279	1.0339	0.8559
Ratio 2006/2005	1.0181			0.9606				1.0054	0.9435	1.0466	0.9875
Ratio 2007/2006	1.0358			0.7517				0.9042	0.7257	1.2030	0.8730
Ratio 2008/2007	1.0505			0.9398				0.9759	0.8946	1.0384	0.9289
Ratio 2009/2008	1.0291			1.0416				1.0583	1.0121	1.0161	1.0284
Ratio 2010/2009	1.0220			0.9199				0.9907	0.9001	1.0769	0.9693
Ratio 2011/2010	1.0113			1.0370				1.0900	1.0254	1.0511	1.0779
Ratio 2012/2011	1.0331			0.7934				0.7359	0.7680	0.9275	0.7124
Ratio 2013/2012	0.4015			0.3555				0.3838	0.8855	1.0795	0.9559

SGI  
 Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban), T - Utility  
 Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Theft Coverage (42)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 3-2  
**Frequency for Light Vehicles**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-11.36%	0.9534
10-yr exp trend	-10.91%	0.9406
9-yr exp trend	-10.30%	0.9227
8-yr exp trend	-9.87%	0.8898
7-yr exp trend	-8.34%	0.8673
6-yr exp trend	-8.93%	0.8337
5-yr exp trend	-11.04%	0.8852
4-yr exp trend	-12.59%	0.8603
3-yr exp trend	-17.53%	0.9565



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past -6.00%	N/A	Past N/A
Future -6.00%		Future N/A

Trend Selection Notes:

Past Trend: Based on mid-short term trends. Future Trend: Based on recent trends, expected to continue.

**2013 Rate Program**

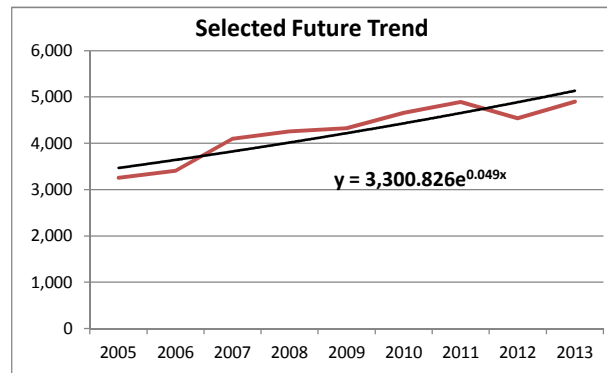
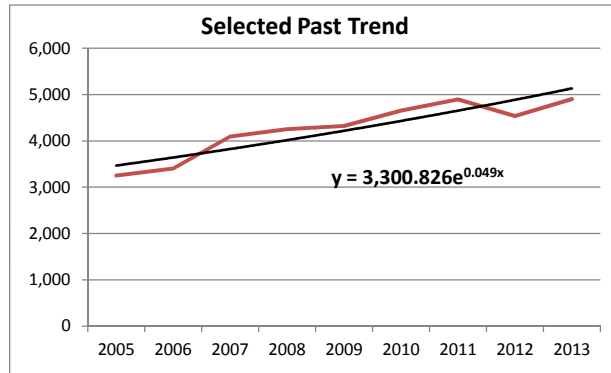
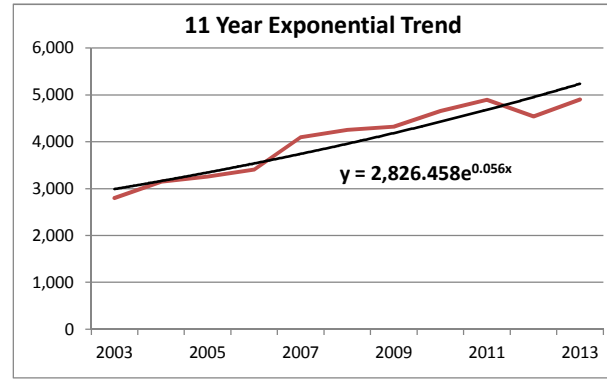
Selected Trends	Credibility	Credibility Weighted Trends
Past -10.00%	1.0000	Past -10.00%
Future -10.00%		Future -10.00%

Trend Selection Notes:

Past Trend: Based on 8-9 year trends. Future Trend: Equal to past trend.

SGI  
 Class Group: CLEAR, Farm Vehicles - Light Trucks - 1993 & Older, LV - Antiques, Hearses, L - Dealer Plates, LV - Motorcycles, LV - Motorhomes, LV - Pedal Cycle, MT - Snowmobiles, PT - Taxis(Urban), T - Utility  
 Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Theft Coverage (42)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 3-4  
**Severity for Light Vehicles**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	5.77%	0.9017
10-yr exp trend	5.30%	0.8757
9-yr exp trend	5.03%	0.8292
8-yr exp trend	4.32%	0.7630
7-yr exp trend	2.86%	0.7690
6-yr exp trend	2.61%	0.6443
5-yr exp trend	2.28%	0.4510
4-yr exp trend	0.78%	0.0708
3-yr exp trend	0.06%	0.0002



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past 7.00%	N/A	Past N/A
Future 7.50%		Future N/A

Trend Selection Notes:

Past Trend: Based on available trends. Future Trend: See the notes in the intro to the loss trend committee exhibits.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past 5.00%	1.0000	Past 5.00%
Future 5.00%		Future 5.00%

Trend Selection Notes:

Past Trend: Based on longer term trends. Future Trend: Equal to past trend.

## SGI

Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, TS - Commercial Trailers, Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Theft Coverage (42)

Rating year: 31/08/2014

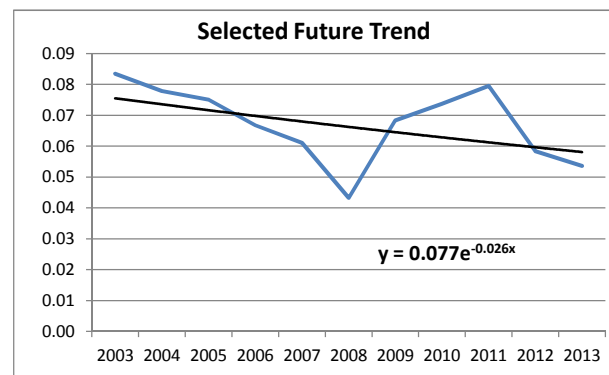
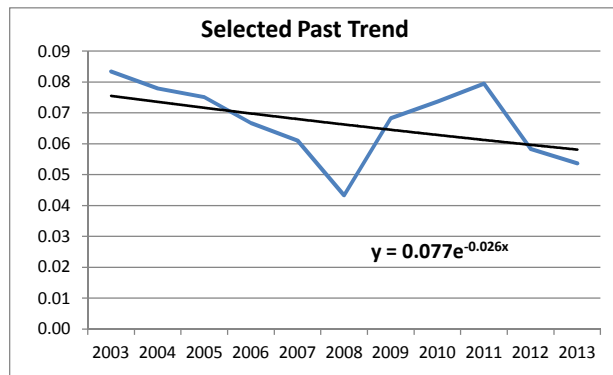
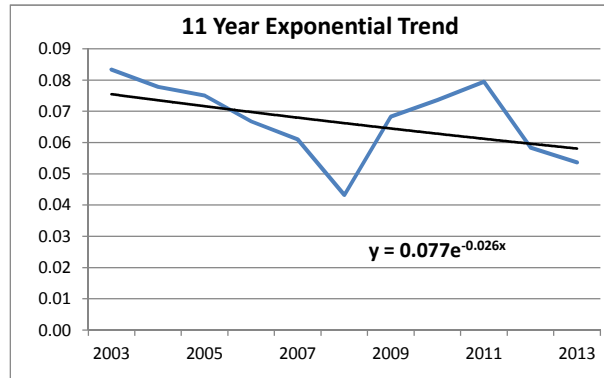
Exhibit 3 - Page 4-1

**Heavy Vehicles**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Inurred Losses	Inurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	88,483	76	0.9679	74	277,977	0.9983	1.0527	292,118	0.08	3,958	3.30
2004	89,892	72	0.9699	70	263,286	1.0022	1.0485	276,677	0.08	3,952	3.08
2005	91,398	72	0.9501	69	267,892	1.0076	1.0445	281,936	0.08	4,109	3.08
2006	90,290	63	0.9535	60	213,951	0.9975	1.0404	222,040	0.07	3,685	2.46
2007	93,319	61	0.9304	57	281,367	1.0086	1.0364	294,125	0.06	5,166	3.15
2008	98,808	51	0.8349	43	210,622	1.0167	1.0302	220,592	0.04	5,162	2.23
2009	103,260	80	0.8767	70	388,390	1.0236	1.0160	403,908	0.07	5,729	3.91
2010	106,316	90	0.8704	78	415,424	1.0413	1.0040	434,279	0.07	5,544	4.08
2011	109,709	98	0.8924	87	346,672	1.0473	1.0013	363,543	0.08	4,169	3.31
2012	116,326	78	0.8749	68	362,801	1.0551	1.0000	382,802	0.06	5,641	3.29
2013	46,753	22	1.1176	25	115,810	1.2767	1.0000	147,851	0.05	5,896	3.16
Ratio 2004/2003	1.0159			0.9487				0.9471	0.9338	0.9984	0.9323
Ratio 2005/2004	1.0168			0.9800				1.0190	0.9639	1.0398	1.0022
Ratio 2006/2005	0.9879			0.8782				0.7876	0.8890	0.8968	0.7972
Ratio 2007/2006	1.0335			0.9450				1.3246	0.9143	1.4018	1.2817
Ratio 2008/2007	1.0588			0.7505				0.7500	0.7088	0.9994	0.7083
Ratio 2009/2008	1.0451			1.6498				1.8310	1.5787	1.1098	1.7521
Ratio 2010/2009	1.0296			1.1112				1.0752	1.0793	0.9676	1.0443
Ratio 2011/2010	1.0319			1.1131				0.8371	1.0787	0.7520	0.8112
Ratio 2012/2011	1.0603			0.7782				1.0530	0.7340	1.3530	0.9931
Ratio 2013/2012	0.4019			0.3695				0.3862	0.9194	1.0452	0.9610

SGI  
 Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, TS - Commercial Trailers, Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses  
 Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Theft Coverage (42)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 4-2  
**Frequency for Heavy Vehicles**

Period	Trends	Coefficient of Correlation - R <sup>2</sup>
	Frequency	Frequency
11-yr exp trend	-2.59%	0.1937
10-yr exp trend	-1.94%	0.0952
9-yr exp trend	-1.14%	0.0268
8-yr exp trend	0.18%	0.0005
7-yr exp trend	1.31%	0.0186
6-yr exp trend	1.96%	0.0260
5-yr exp trend	-6.91%	0.4834
4-yr exp trend	-11.86%	0.7610
3-yr exp trend	-17.85%	0.9015



**2011 Year End**

Selected Trends		Credibility
Past	9.00%	0.2582
Future	9.00%	

Compliment: All incl Trailer:

Credibility Weighted Trends	
Past	-1.39%
Future	-1.39%

Trend Selection Notes:  
 Past Trend: Based on 7 year trend. Future Trend: Equal to past trend.

**2013 Rate Program**

Selected Trends		Credibility
Past	0.00%	0.6278
Future	0.00%	

Compliment: All incl Trailer:

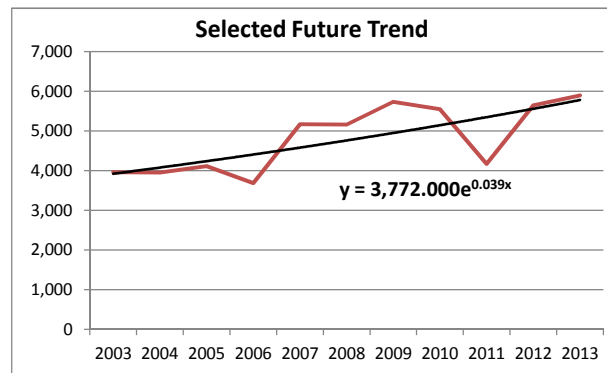
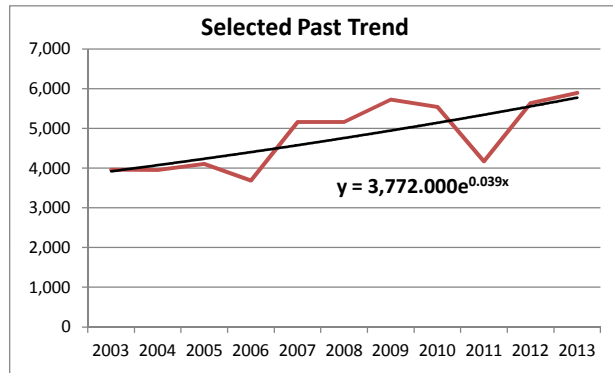
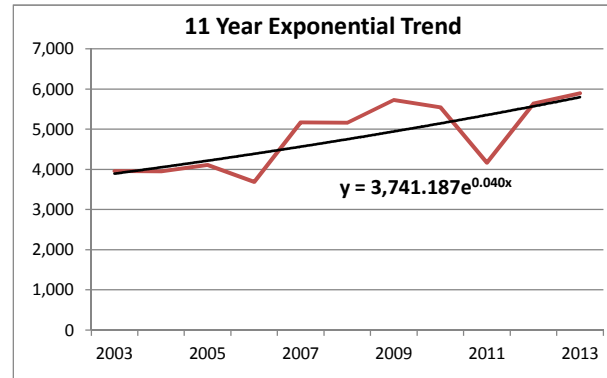
Credibility Weighted Trends	
Past	-3.72%
Future	-3.72%

Trend Selection Notes:  
 Past Trend: Volatile trends. Future Trend: Equal to past trend.



SGI  
 Class Group: A - Heavy Trucks IRP, A - Heavy Trucks Non-IRP, A - Power Units IRP, A - Power Units Non-IRP, C&D - Heavy Trucks, C&D - Power Units, C&D - Non Resident, Farm Vehicles - Heavy Trucks, Farm Vehicles - Power Units, Industrial Tracked Vehicles, PV - Heavy Trucks, PV - Power Units, PV - Converted Vehicles, TS - Commercial Trailers, Ambulances, LV - Buses, LV - Buses(restricted), PB - Passenger Inter-City Buses, PC - Passenger City Buses, - PS - Passenger School Buses  
 Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Theft Coverage (42)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 4-4  
**Severity for Heavy Vehicles**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	4.06%	0.5470
10-yr exp trend	4.18%	0.4896
9-yr exp trend	4.02%	0.3936
8-yr exp trend	3.71%	0.2810
7-yr exp trend	0.92%	0.0285
6-yr exp trend	0.96%	0.0194
5-yr exp trend	0.75%	0.0070
4-yr exp trend	4.99%	0.1589
3-yr exp trend	18.92%	0.8440



**2011 Year End**

Selected Trends	Credibility
Past 4.00%	0.2582
Future 4.00%	

Compliment: All incl Trailer:

Credibility Weighted Trends	
Past	6.23%
Future	6.23%

Trend Selection Notes:  
 Past Trend: Based on mid to long term trends. Future Trend: Equal to past trend, no changes expected.

**2013 Rate Program**

Selected Trends	Credibility
Past 4.00%	0.6278
Future 4.00%	

Compliment: All incl Trailer:

Credibility Weighted Trends	
Past	4.37%
Future	4.37%

Trend Selection Notes:  
 Past Trend: Based on longer term trends. Future Trend: Equal to past trend.

SGI

Class Group: F - Trailers, LT - Trailer Dealer/Mover, T - Personal Trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Theft Coverage (42)

Rating year: 31/08/2014

Exhibit 3 - Page 6-1

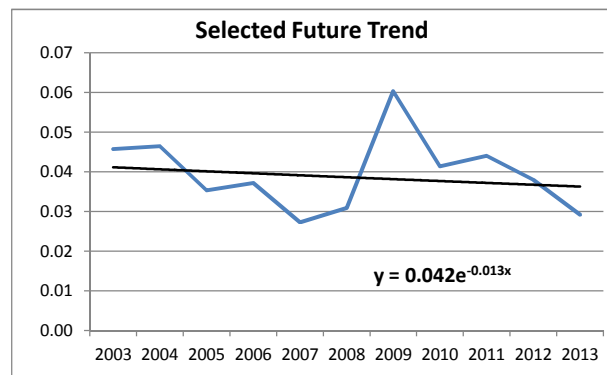
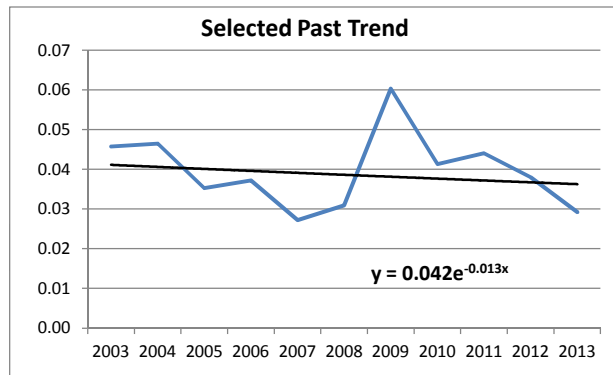
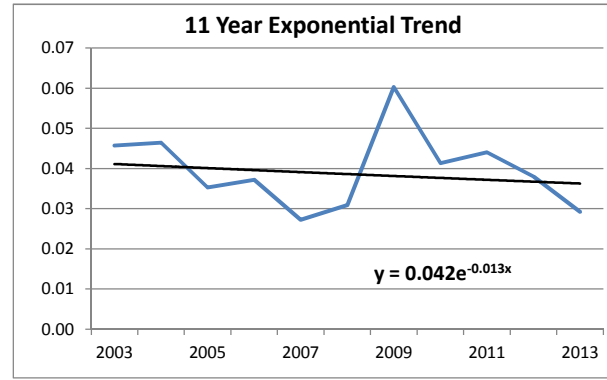
**Trailers**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	36,107	17	0.9679	17	83,010	0.9983	1.0527	87,233	0.05	5,284	2.42
2004	37,661	18	0.9699	18	156,668	1.0022	1.0485	164,636	0.05	9,406	4.37
2005	40,499	15	0.9501	14	66,508	1.0076	1.0445	69,994	0.04	4,897	1.73
2006	43,749	17	0.9535	16	95,658	0.9975	1.0404	99,275	0.04	6,106	2.27
2007	47,979	14	0.9304	13	52,248	1.0086	1.0364	54,618	0.03	4,180	1.14
2008	54,219	20	0.8349	17	164,289	1.0167	1.0302	172,065	0.03	10,268	3.17
2009	59,914	41	0.8767	36	190,648	1.0236	1.0160	198,266	0.06	5,488	3.31
2010	63,906	30	0.8704	26	194,782	1.0413	1.0040	203,623	0.04	7,711	3.19
2011	67,398	33	0.8924	30	188,067	1.0473	1.0013	197,219	0.04	6,648	2.93
2012	74,276	32	0.8749	28	197,981	1.0551	1.0000	208,896	0.04	7,407	2.81
2013	27,337	7	1.1176	8	41,440	1.2767	1.0000	52,905	0.03	6,631	1.94
Ratio 2004/2003	1.0430			1.0603				1.8873	1.0165	1.7800	1.8094
Ratio 2005/2004	1.0754			0.8167				0.4251	0.7594	0.5206	0.3954
Ratio 2006/2005	1.0802			1.1375				1.4183	1.0530	1.2469	1.3130
Ratio 2007/2006	1.0967			0.8037				0.5502	0.7329	0.6845	0.5017
Ratio 2008/2007	1.1301			1.2823				3.1504	1.1347	2.4568	2.7878
Ratio 2009/2008	1.1050			2.1561				1.1523	1.9512	0.5344	1.0428
Ratio 2010/2009	1.0666			0.7309				1.0270	0.6852	1.4052	0.9629
Ratio 2011/2010	1.0546			1.1235				0.9686	1.0652	0.8621	0.9184
Ratio 2012/2011	1.1020			0.9507				1.0592	0.8626	1.1142	0.9611
Ratio 2013/2012	0.3680			0.2829				0.2533	0.7687	0.8952	0.6881

SGI  
 Class Group: F - Trailers, LT - Trailer Dealer/Mover, T - Personal Trailers

Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Theft Coverage (42)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 6-2  
**Frequency for Trailers**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-1.25%	0.0320
10-yr exp trend	-0.55%	0.0049
9-yr exp trend	0.93%	0.0110
8-yr exp trend	0.78%	0.0055
7-yr exp trend	1.09%	0.0071
6-yr exp trend	-4.50%	0.1071
5-yr exp trend	-14.24%	0.8582
4-yr exp trend	-11.23%	0.7236
3-yr exp trend	-18.57%	0.9744



**2011 Year End**

Selected Trends		Credibility
Past	-4.00%	0.7819
Future	-4.00%	

**Compliment: All incl Trailer:**

Credibility Weighted Trends	
Past	-4.22%
Future	-4.22%

**Trend Selection Notes:**

Past Trend: Based on mid to long term trends. Future Trend: Equal to past trend.

**2013 Rate Program**

Selected Trends		Credibility
Past	0.00%	0.3929
Future	0.00%	

**Compliment: All incl Trailer:**

Credibility Weighted Trends	
Past	-6.07%
Future	-6.07%

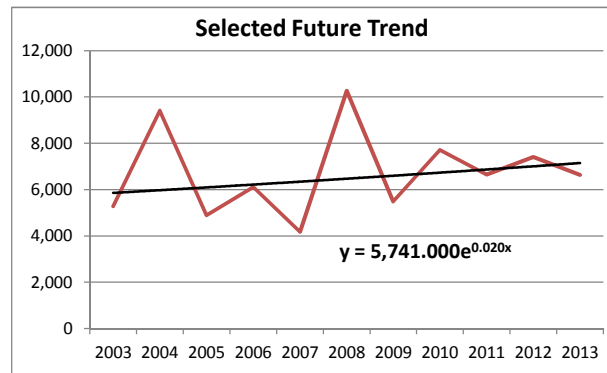
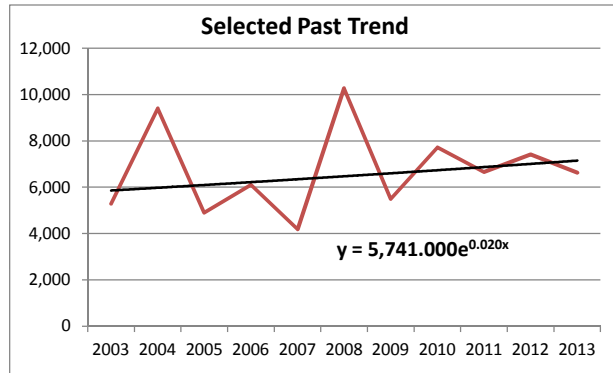
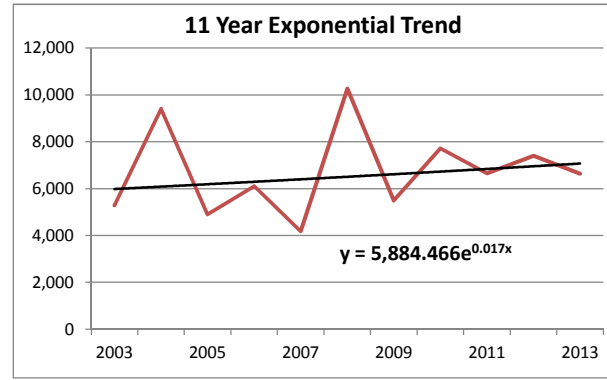
**Trend Selection Notes:**

Past Trend: Very, very few claims. Future Trend: Equal to past trend.

SGI  
 Class Group: F - Trailers, LT - Trailer Dealer/Mover, T - Personal Trailers

Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Theft Coverage (42)  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 6-4  
**Severity for Trailers**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	1.68%	0.0412
10-yr exp trend	0.84%	0.0084
9-yr exp trend	4.14%	0.1759
8-yr exp trend	2.99%	0.0757
7-yr exp trend	3.35%	0.0641
6-yr exp trend	-4.02%	0.1347
5-yr exp trend	3.44%	0.1641
4-yr exp trend	-3.39%	0.3377
3-yr exp trend	-0.13%	0.0004



**2011 Year End**

Selected Trends		Credibility
Past	5.00%	0.7819
Future	5.00%	

**Compliment: All incl Trailer:**

Credibility Weighted Trends	
Past	5.44%
Future	5.44%

Trend Selection Notes:

**2013 Rate Program**

Selected Trends		Credibility
Past	2.00%	0.3929
Future	2.00%	

**Compliment: All incl Trailer:**

Credibility Weighted Trends	
Past	3.82%
Future	3.82%

Trend Selection Notes:

Past Trend: Based on long term trend. Future Trend: Equal to past trend.



## *Damage Catastrophes*

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SGI

Class Group: All vehicles including trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Damage Catastrophes

Rating year: 31/08/2014

Exhibit 3 - Page 1-1

**All Vehicles Including Trailers**

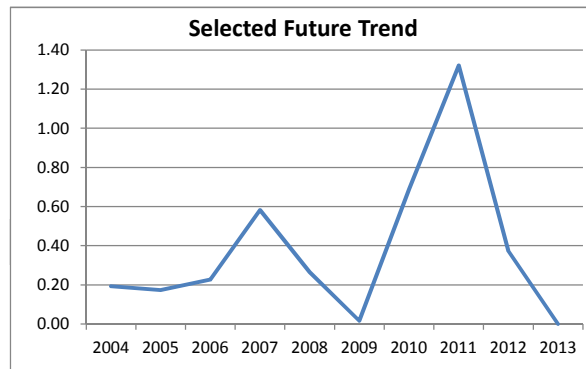
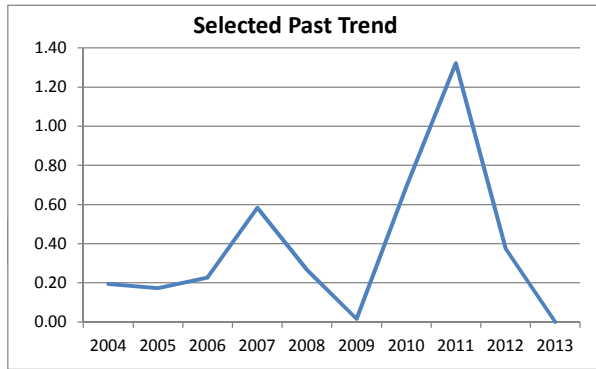
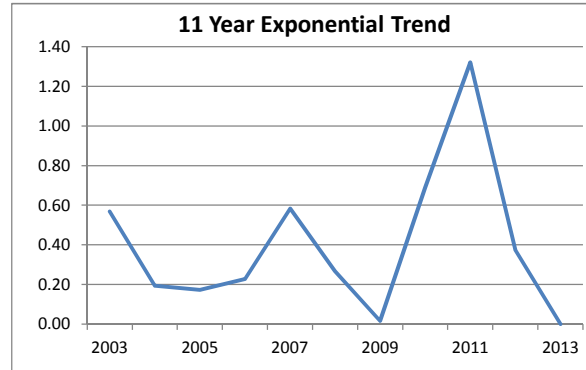
Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	On-Level Labour Rate Change Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	842,204	4,789	1.0000	4,789	14,583,469	0.9395	1.0000	13,701,412	0.57	2,861	16.27
2004	856,778	1,654	1.0000	1,654	4,909,465	1.0000	1.0000	4,909,465	0.19	2,968	5.73
2005	870,883	1,505	1.0000	1,505	4,973,807	1.0000	1.0000	4,973,807	0.17	3,305	5.71
2006	886,395	2,015	1.0000	2,015	8,122,128	1.0000	1.0000	8,122,128	0.23	4,031	9.16
2007	920,557	5,367	1.0000	5,367	17,298,212	1.0000	1.0000	17,298,212	0.58	3,223	18.79
2008	971,644	2,581	1.0000	2,581	8,551,165	1.0000	1.0000	8,551,165	0.27	3,313	8.80
2009	1,005,627	159	1.0000	159	620,071	1.0000	1.0000	620,071	0.02	3,900	0.62
2010	1,031,238	7,111	1.0000	7,111	27,701,144	0.7865	1.0000	21,787,889	0.69	3,064	21.13
2011	1,047,824	13,507	1.0251	13,846	49,909,015	0.7008	1.0000	34,975,633	1.32	2,526	33.38
2012	1,090,102	3,455	1.1780	4,070	9,542,301	1.2267	1.0000	11,705,470	0.37	2,876	10.74
2013	435,242	0	0.9961	0	0	0.9405	1.0000	0	0.00	0	0.00
Ratio 2004/2003	1.0173			0.3454				0.3583	0.3395	1.0375	0.3522
Ratio 2005/2004	1.0165			0.9099				1.0131	0.8952	1.1134	0.9967
Ratio 2006/2005	1.0178			1.3389				1.6330	1.3154	1.2197	1.6044
Ratio 2007/2006	1.0385			2.6635				2.1298	2.5647	0.7996	2.0507
Ratio 2008/2007	1.0555			0.4809				0.4943	0.4556	1.0279	0.4683
Ratio 2009/2008	1.0350			0.0616				0.0725	0.0595	1.1771	0.0701
Ratio 2010/2009	1.0255			44.7233				35.1377	43.6125	0.7857	34.2651
Ratio 2011/2010	1.0161			1.9471				1.6053	1.9163	0.8244	1.5799
Ratio 2012/2011	1.0403			0.2939				0.3347	0.2825	1.1386	0.3217
Ratio 2013/2012	0.3993			0.0000				0.0000	0.0000	0.0000	0.0000

SGI  
Class Group: All vehicles including trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Damage Catastrophes  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-2

**Frequency for All Vehicles Including Trailers**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	9.69%	0.0652
10-yr exp trend	17.55%	0.1532
9-yr exp trend	20.32%	0.1482
8-yr exp trend	22.04%	0.1239
7-yr exp trend	27.15%	0.1219
6-yr exp trend	61.44%	0.3091
5-yr exp trend	115.56%	0.4565
4-yr exp trend	-1.48%	0.0012
3-yr exp trend	-13.01%	0.0440



**2011 Year End**

Selected Trends	Credibility
Past	3.50%
Future	3.50%

Credibility Weighted Trends
Past
Future

**Trend Selection Notes:**

Past Trend: Based on long term trend. Future Trend: Equal to past trend.

**2013 Rate Program**

Selected Trends	Credibility
Past	3.50%
Future	3.50%

Credibility Weighted Trends	
Past	3.50%
Future	3.50%

**Trend Selection Notes:**

When excluding 2011 & 2013, the 7-10 yr trends seem to vary from 3-4%. Keep last year's 3.5% selection for past & future.



SGI

Class Group: All vehicles including trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Damage Catastrophes

Rating year: 31/08/2014

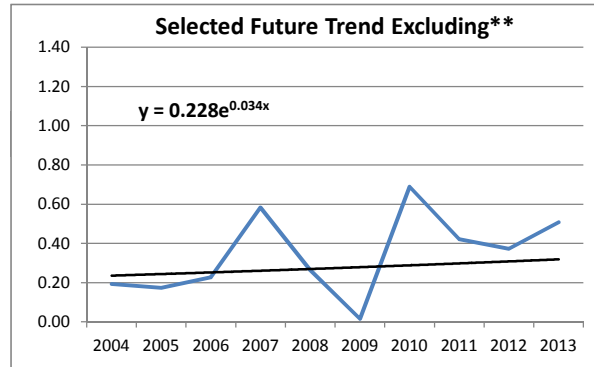
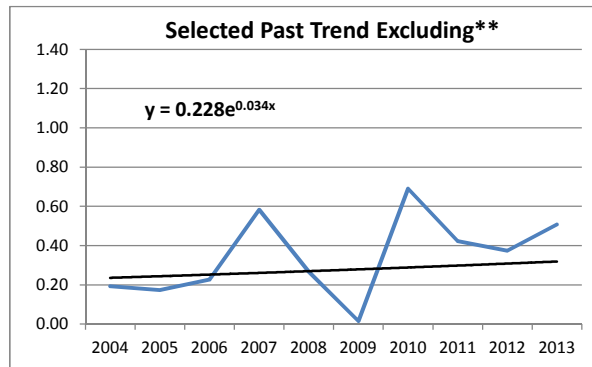
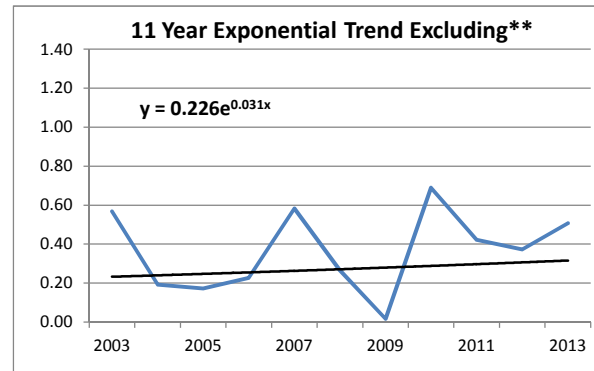
Exhibit 3 - Page 1-3

**Frequency for All Vehicles Including Trailers**

Excluding Years: 2011, 2013

Period w Years Excluded	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11 -yr exp trend excl **	-2.93%	0.0059
10 -yr exp trend excl **	3.93%	0.0077
9 -yr exp trend excl **	4.26%	0.0063
8 -yr exp trend excl **	2.48%	0.0015
7 -yr exp trend excl **	3.79%	0.0022
6 -yr exp trend excl **	42.85%	0.1324
5 -yr exp trend excl **	136.21%	0.4200
4 -yr exp trend excl **	-26.42%	1.0000
3 -yr exp trend excl **	#DIV/0!	#DIV/0!

\*\* Years excluded: 2011, 2013

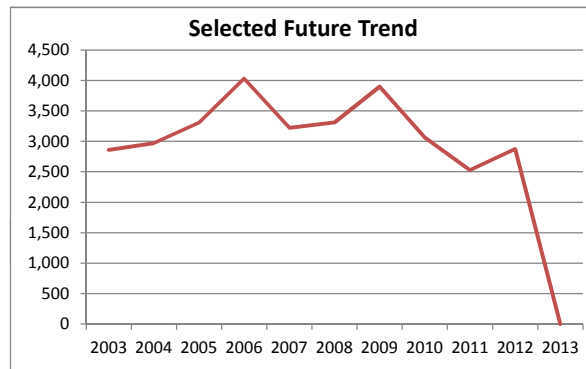
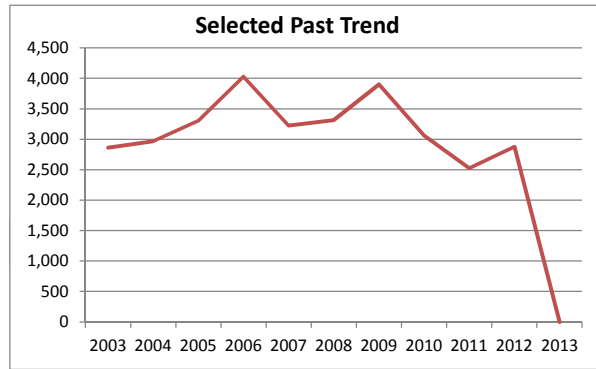
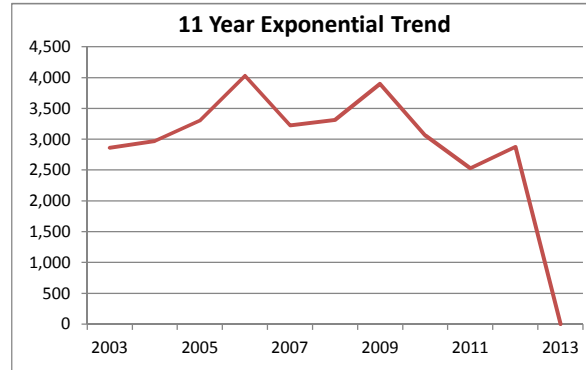


SGI  
Class Group: All vehicles including trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Damage Catastrophes  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-4

**Severity for All Vehicles Including Trailers**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	-31.17%	0.2588
10-yr exp trend	-36.63%	0.2916
9-yr exp trend	-43.25%	0.3305
8-yr exp trend	-50.89%	0.3705
7-yr exp trend	-58.98%	0.3999
6-yr exp trend	-69.56%	0.4588
5-yr exp trend	-80.99%	0.5340
4-yr exp trend	-90.89%	0.6061
3-yr exp trend	-98.01%	0.7376



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past	0.00%	N/A
Future	0.00%	N/A

**Trend Selection Notes:**

2011 costs are unusually low, no clear trend. Possible reason why this severity is not climbing the same as claim cover code 32: paintless dent removal. This procedure isn't very new any more, but reduces the cost of repairing small hail damage.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past	0.00%	N/A
Future	0.00%	0.00%

**Trend Selection Notes:**

Volatile, but quite flat. In the absence of any better info, keep at 0%.



***Appeal***

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SGI

Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Injury - Appeal

Rating year: 31/08/2014

Exhibit 3 - Page 1-1

**All Vehicles Excluding Trailers**

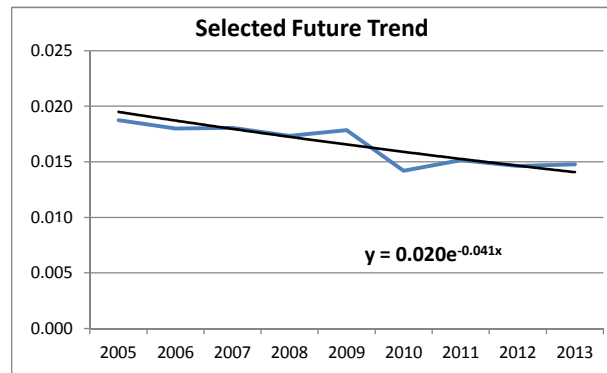
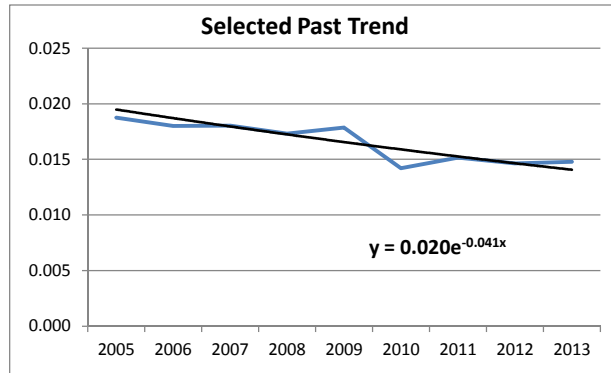
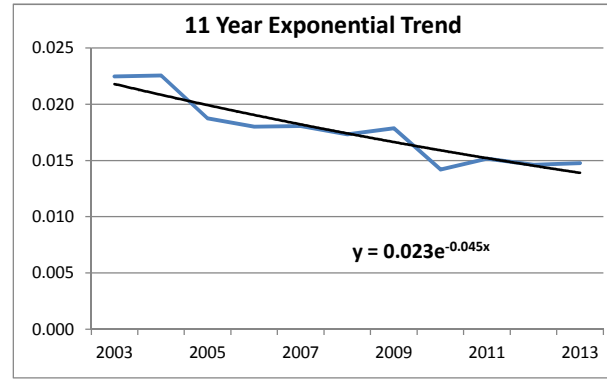
Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	734,326	157	1.0509	165	486,470	1.8814	915,268	0.02	5,547	1.25
2004	744,040	158	1.0627	168	252,580	2.3828	601,848	0.02	3,585	0.81
2005	751,916	129	1.0925	141	245,761	2.6844	659,718	0.02	4,681	0.88
2006	761,754	123	1.1151	137	175,856	3.5351	621,661	0.02	4,533	0.82
2007	786,225	124	1.1445	142	519,510	2.5093	1,303,581	0.02	9,186	1.66
2008	821,650	115	1.2380	142	144,251	5.0024	721,601	0.02	5,069	0.88
2009	843,168	109	1.3836	151	121,403	6.2482	758,553	0.02	5,036	0.90
2010	858,951	71	1.7177	122	70,811	11.6091	822,056	0.01	6,740	0.96
2011	867,890	43	3.0597	132	52,595	17.6295	927,221	0.02	7,047	1.07
2012	895,540	9	14.5543	131	6,359	149.3910	949,920	0.01	7,252	1.06
2013	363,248	2	26.8334	54	1	4,096.9906	4,097	0.01	76	0.01
Ratio 2004/2003	1.0132			1.0176			0.6576	1.0043	0.6462	0.6490
Ratio 2005/2004	1.0106			0.8394			1.0962	0.8306	1.3059	1.0847
Ratio 2006/2005	1.0131			0.9732			0.9423	0.9606	0.9683	0.9301
Ratio 2007/2006	1.0321			1.0347			2.0969	1.0025	2.0265	2.0317
Ratio 2008/2007	1.0451			1.0032			0.5536	0.9599	0.5518	0.5297
Ratio 2009/2008	1.0262			1.0579			1.0512	1.0309	0.9936	1.0244
Ratio 2010/2009	1.0187			0.8097			1.0837	0.7949	1.3384	1.0638
Ratio 2011/2010	1.0104			1.0788			1.1279	1.0677	1.0455	1.1163
Ratio 2012/2011	1.0319			0.9956			1.0245	0.9649	1.0290	0.9929
Ratio 2013/2012	0.4056			0.4097			0.0043	1.0101	0.0105	0.0106

SGI  
Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Appeal  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-2

**Frequency for All Vehicles Excluding Trailers**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-4.40%	0.8611
10-yr exp trend	-4.21%	0.8151
9-yr exp trend	-3.48%	0.7749
8-yr exp trend	-3.58%	0.7210
7-yr exp trend	-3.87%	0.6751
6-yr exp trend	-3.73%	0.5483
5-yr exp trend	-3.44%	0.3725
4-yr exp trend	0.84%	0.1583
3-yr exp trend	-1.28%	0.4867



**2011 Year End**

Selected Trends	Credibility
Past -3.00%	N/A
Future -4.00%	

Credibility Weighted Trends
Past N/A
Future N/A

**Trend Selection Notes:**

Past Trend: Recent years still have significant development, prefer long term trend with consideration given to mid-term and short-term trends as well. Future Trend: The Auto Fund had been successful at winning appeal claims. Recent figures show that the Auto Fund won 23 out of the last 24 appeals. Expect future frequency trend will be more negative than past.

**2013 Rate Program**

Selected Trends	Credibility
Past -4.00%	N/A
Future -4.00%	

Credibility Weighted Trends
Past
Future

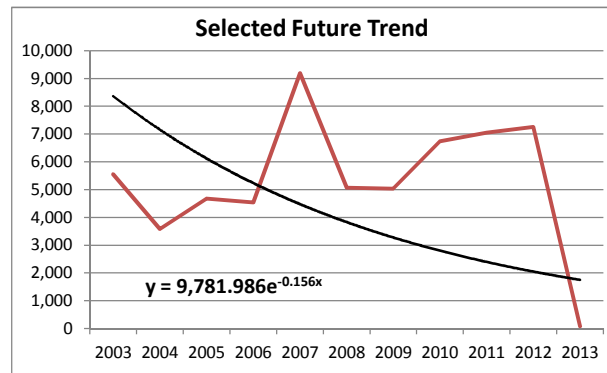
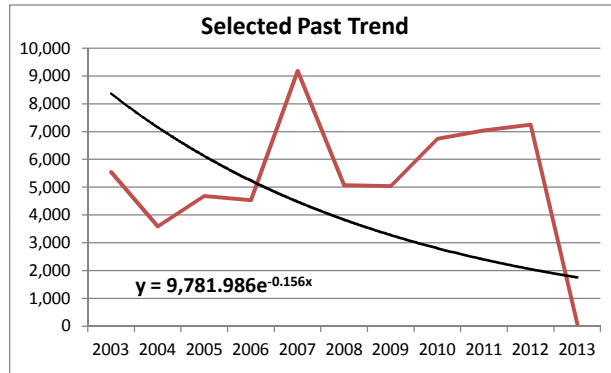
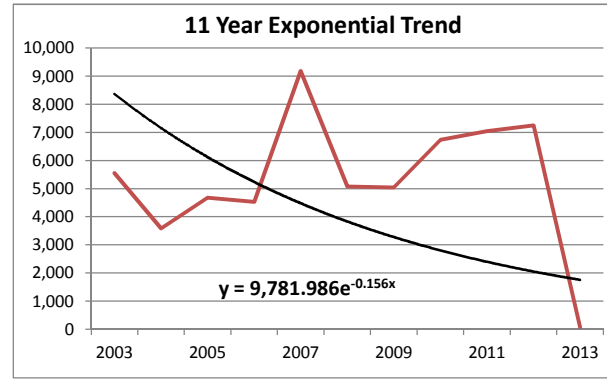
**Trend Selection Notes:**

Past Trend: In available trends. Future Trend: Equal to past trend.

SGI  
Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Appeal  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-4  
**Severity for All Vehicles Excluding Trailers**

Period	Trends	Coefficient of Correlation - R <sup>2</sup>
	Severity	Severity
11-yr exp trend	-14.47%	0.1530
10-yr exp trend	-16.78%	0.1599
9-yr exp trend	-22.51%	0.2241
8-yr exp trend	-28.76%	0.2785
7-yr exp trend	-37.85%	0.3665
6-yr exp trend	-43.27%	0.3475
5-yr exp trend	-56.42%	0.4356
4-yr exp trend	-73.85%	0.5870
3-yr exp trend	-89.59%	0.7453



**2011 Year End**

Selected Trends	Credibility
Past	10.00%
Future	10.00%

Credibility Weighted Trends
Past
Future

**Trend Selection Notes:**

Past Trend: Select from trends excluding 2007 as one large claim is causing a spike in the data. In 2004, started using lawyers instead of injury reps which caused severity to increase. Select 8 year trend excluding 2007. Future Trend: Don't know each year if we will hire council, or how many. Set equal to past trend.

**2013 Rate Program**

Selected Trends	Credibility
Past	9.00%
Future	9.00%

Credibility Weighted Trends
Past
Future

**Trend Selection Notes:**

Past Trend: Based on 8 year trend excluding 2007, 2013. Future Trend: Equal to past trend.

SGI

Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Injury - Appeal

Rating year: 31/08/2014

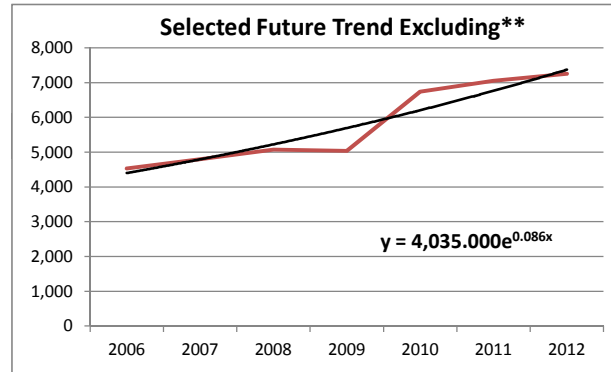
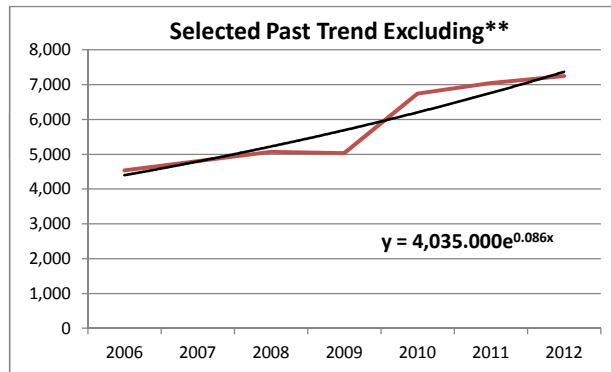
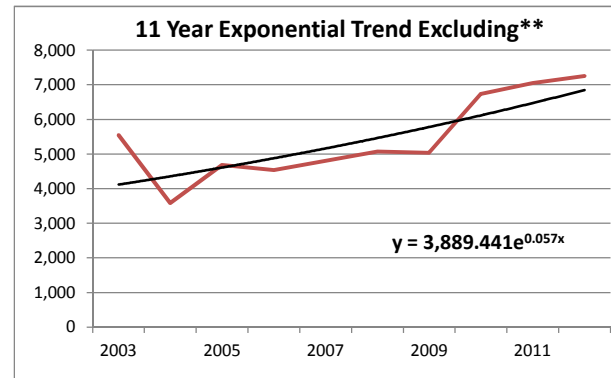
Exhibit 3 - Page 1-5

Severity for All Vehicles Excluding Trailers

Excluding Years: 2007, 2013

Period w Years Excluded	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11 -yr exp trend excl **	5.77%	0.5945
10 -yr exp trend excl **	8.46%	0.8939
9 -yr exp trend excl **	7.62%	0.8454
8 -yr exp trend excl **	9.27%	0.8781
7 -yr exp trend excl **	11.10%	0.8427
6 -yr exp trend excl **	11.10%	0.8427
5 -yr exp trend excl **	12.06%	0.7647
4 -yr exp trend excl **	3.72%	0.9844
3 -yr exp trend excl **	2.90%	1.0000

\*\* Years excluded: 2007, 2013







*Care*

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SGI

Class Group: All vehicles excluding trailers and motorcycles

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Injury - Care

Rating year: 31/08/2014

Exhibit 3 - Page 2-1

**All Vehicles Excluding Trailers and Motorcycles**

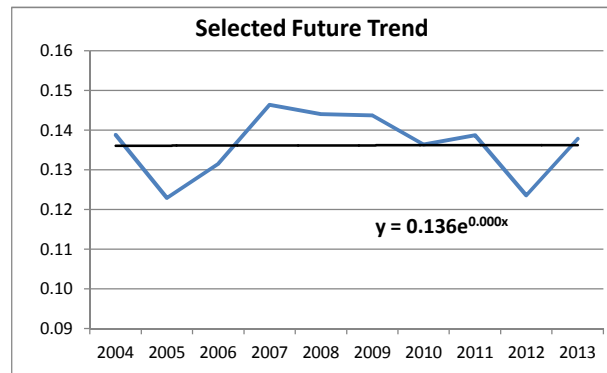
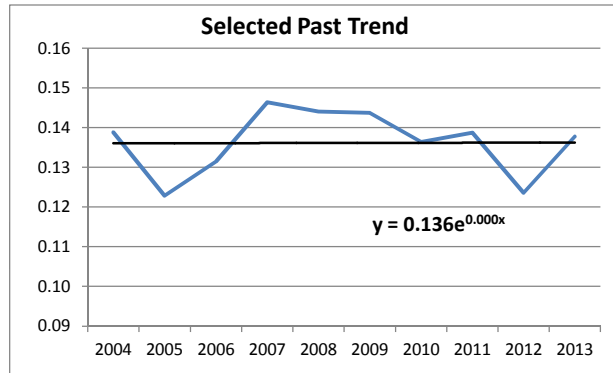
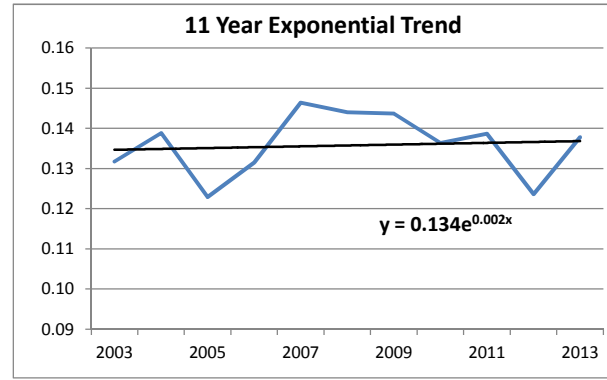
Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	Inflation Adjustment Factor	Undiscounted and Adjusted Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	728,874	960	1.0006	960	15,338,244	1.4147	1.2477	27,074,922	0.13	28,191	37.15
2004	738,199	1,020	1.0049	1,025	12,531,024	1.5100	1.2114	22,920,879	0.14	22,370	31.05
2005	745,209	910	1.0057	916	9,693,232	1.6753	1.1911	19,342,951	0.12	21,123	25.96
2006	754,104	983	1.0089	992	6,181,166	2.5974	1.1598	18,620,804	0.13	18,779	24.69
2007	777,561	1,130	1.0076	1,138	9,207,956	2.4902	1.1371	26,072,412	0.15	22,905	33.53
2008	811,595	1,161	1.0070	1,169	9,003,503	2.5487	1.1115	25,505,953	0.14	21,822	31.43
2009	832,402	1,184	1.0104	1,196	7,611,778	3.0610	1.0750	25,046,483	0.14	20,941	30.09
2010	847,514	1,146	1.0088	1,156	6,705,976	3.4343	1.0570	24,343,078	0.14	21,064	28.72
2011	856,765	1,164	1.0205	1,188	4,878,038	4.9685	1.0465	25,363,946	0.14	21,346	29.60
2012	883,783	1,055	1.0349	1,092	3,282,804	7.5906	1.0210	25,441,820	0.12	23,295	28.79
2013	361,263	292	1.7074	498	966,100	11.3549	1.0000	10,969,937	0.14	22,039	30.37
Ratio 2004/2003	1.0128			1.0669				0.8466	1.0534	0.7935	0.8359
Ratio 2005/2004	1.0095			0.8937				0.8439	0.8853	0.9443	0.8360
Ratio 2006/2005	1.0119			1.0828				0.9627	1.0701	0.8890	0.9513
Ratio 2007/2006	1.0311			1.1479				1.4002	1.1133	1.2197	1.3579
Ratio 2008/2007	1.0438			1.0268				0.9783	0.9838	0.9527	0.9372
Ratio 2009/2008	1.0256			1.0233				0.9820	0.9977	0.9596	0.9574
Ratio 2010/2009	1.0182			0.9662				0.9719	0.9490	1.0059	0.9546
Ratio 2011/2010	1.0109			1.0282				1.0419	1.0171	1.0134	1.0307
Ratio 2012/2011	1.0315			0.9191				1.0031	0.8910	1.0913	0.9724
Ratio 2013/2012	0.4088			0.4558				0.4312	1.1150	0.9461	1.0548

SGI  
Class Group: All vehicles excluding trailers and motorcycles

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Care  
Rating year: 31/08/2014  
Exhibit 3 - Page 2-2

**Frequency for All Vehicles Excluding Trailers and Motorcycles**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	0.16%	0.0082
10-yr exp trend	0.01%	0.0001
9-yr exp trend	0.18%	0.0060
8-yr exp trend	-0.81%	0.1297
7-yr exp trend	-1.85%	0.5089
6-yr exp trend	-1.86%	0.3949
5-yr exp trend	-1.81%	0.2607
4-yr exp trend	-0.84%	0.0402
3-yr exp trend	-0.33%	0.0026



**2011 Year End**

Selected Trends	Credibility
Past 1.00%	N/A
Future 0.00%	

Credibility Weighted Trends
Past N/A
Future N/A

**Trend Selection Notes:**

Past Trend: Compromise between older and newer trends. Future Trend: Recent years have decreasing trend. Committee unable to determine a definite reason why, but from the data the persistent positive trend from 2001 has stopped since 2007. 2011 has increased over 2010, so no trend for future seems appropriate.

**2013 Rate Program**

Selected Trends	Credibility
Past 0.00%	N/A
Future 0.00%	

Credibility Weighted Trends
Past
Future

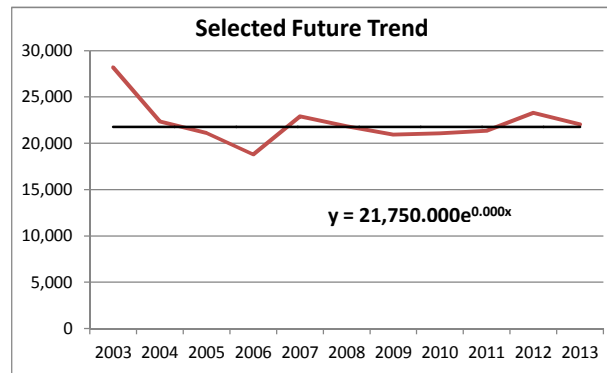
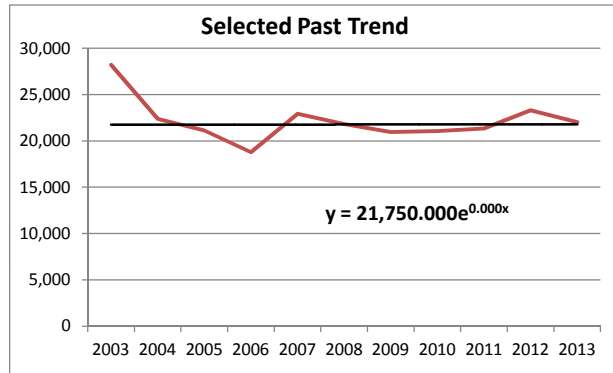
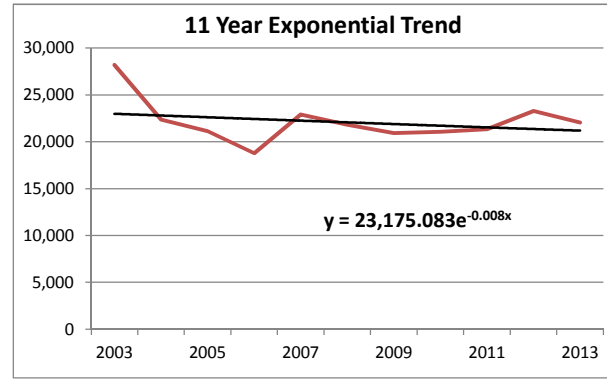
**Trend Selection Notes:**

Past Trend: Long term trend is flat. Future Trend: Equal to past trend.

SGI  
Class Group: All vehicles excluding trailers and motorcycles

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Care  
Rating year: 31/08/2014  
Exhibit 3 - Page 2-4  
**Severity for All Vehicles Excluding Trailers and Motorcycles**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	-0.81%	0.0743
10-yr exp trend	0.55%	0.0751
9-yr exp trend	1.07%	0.2201
8-yr exp trend	1.37%	0.2536
7-yr exp trend	0.12%	0.0041
6-yr exp trend	1.10%	0.2707
5-yr exp trend	2.05%	0.5351
4-yr exp trend	2.26%	0.4130
3-yr exp trend	1.61%	0.1305



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past -3.00%	N/A	Past N/A
Future -3.00%		Future N/A

**Trend Selection Notes:**

Past Trend: Select based on long term trend as recent years have significant development. Although excluding some points was considered, because there are several fluctuations both up and down, the selected trend does not exclude any points. Future Trend: Equal to past trend.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past 0.00%	N/A	Past
Future 0.00%		Future

**Trend Selection Notes:**

Past Trend: Trend line is quite flat, select 0% as a result. This changed from last year's -3% because the 2010 and 2011 ultimate loss turned out to be deficient, flattening the line. Future Trend: Equal to past trend.

SGI  
 Class Group: Motorcycles

Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Injury - Care  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 3-1

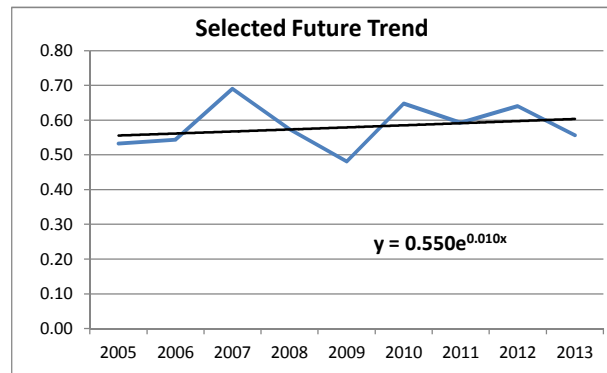
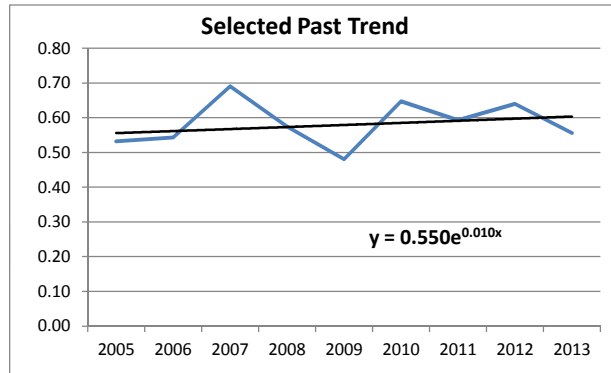
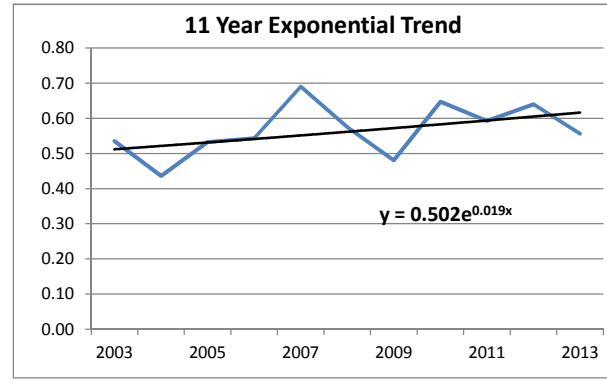
**Motorcycles**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	Inflation Adjustment Factor	Undiscounted and Adjusted Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	5,451	29	1.0006	29	474,031	1.4147	1.2477	836,756	0.53	28,700	153.49
2004	5,841	25	1.0049	25	137,074	1.5100	1.2114	250,725	0.44	9,852	42.92
2005	6,707	36	1.0057	36	1,183,215	1.6753	1.1911	2,361,118	0.53	66,110	352.02
2006	7,649	41	1.0089	42	318,864	2.5974	1.1598	960,580	0.54	23,104	125.58
2007	8,664	59	1.0076	60	285,741	2.4902	1.1371	809,079	0.69	13,524	93.38
2008	10,054	57	1.0070	58	240,338	2.5487	1.1115	680,851	0.57	11,794	67.72
2009	10,766	51	1.0104	52	293,935	3.0610	1.0750	967,191	0.48	18,693	89.84
2010	11,438	73	1.0088	74	483,832	3.4343	1.0570	1,756,337	0.65	23,714	153.56
2011	11,125	65	1.0205	66	269,512	4.9685	1.0465	1,401,359	0.59	21,256	125.96
2012	11,758	73	1.0349	75	188,491	7.5906	1.0210	1,460,809	0.64	19,417	124.24
2013	1,985	6	1.7074	11	33,158	11.3549	1.0000	376,500	0.56	34,109	189.68
Ratio 2004/2003	1.0715			0.8728				0.2996	0.8146	0.3433	0.2797
Ratio 2005/2004	1.1483			1.4034				9.4171	1.2222	6.7100	8.2010
Ratio 2006/2005	1.1405			1.1641				0.4068	1.0207	0.3495	0.3567
Ratio 2007/2006	1.1327			1.4389				0.8423	1.2704	0.5854	0.7436
Ratio 2008/2007	1.1604			0.9649				0.8415	0.8315	0.8721	0.7252
Ratio 2009/2008	1.0708			0.8963				1.4206	0.8370	1.5849	1.3266
Ratio 2010/2009	1.0624			1.4315				1.8159	1.3474	1.2686	1.7093
Ratio 2011/2010	0.9727			0.8901				0.7979	0.9151	0.8964	0.8203
Ratio 2012/2011	1.0568			1.1412				1.0424	1.0798	0.9135	0.9864
Ratio 2013/2012	0.1688			0.1467				0.2577	0.8691	1.7567	1.5267

SGI  
Class Group: Motorcycles

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Care  
Rating year: 31/08/2014  
Exhibit 3 - Page 3-2  
**Frequency for Motorcycles**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	1.87%	0.2123
10-yr exp trend	2.17%	0.2165
9-yr exp trend	0.80%	0.0375
8-yr exp trend	0.21%	0.0019
7-yr exp trend	-0.79%	0.0206
6-yr exp trend	1.76%	0.0896
5-yr exp trend	2.84%	0.1321
4-yr exp trend	-3.73%	0.4746
3-yr exp trend	-3.13%	0.2044



**2011 Year End**

Selected Trends	Credibility
Past	1.00%
Future	0.00%

Credibility Weighted Trends	
Past	N/A
Future	N/A

Trend Selection Notes:

Low claim volumes, not enough information to select a trend for this class on its own. Set equal to all vehicles excluding trailers & MC.

**2013 Rate Program**

Selected Trends	Credibility
Past	1.00%
Future	1.00%

Compliment: All Vehicles excl Trailers and MC	
Credibility Weighted Trends	
Past	0.48%
Future	0.48%

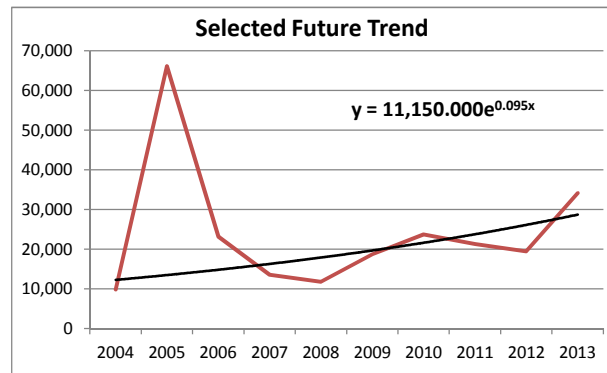
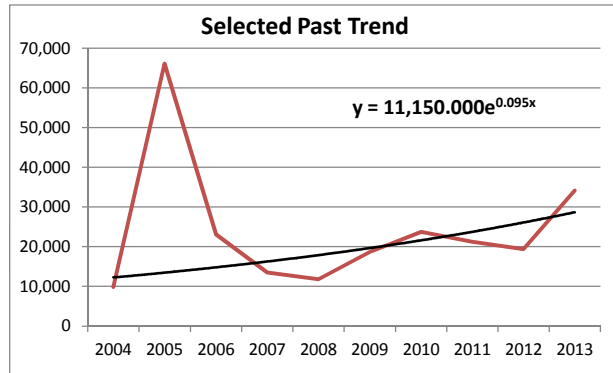
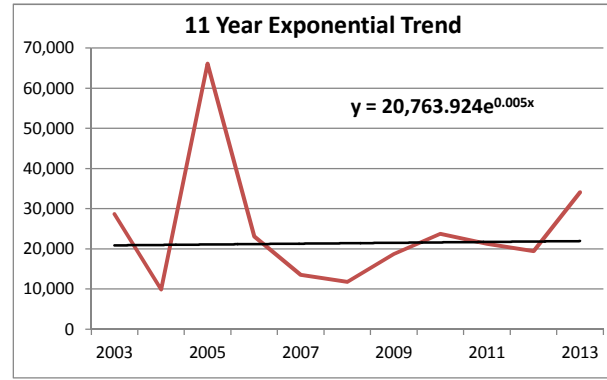
Trend Selection Notes:

Past Trend: A long term 1% seems appropriate given the 9-10 year trend lines. Future Trend: Equal to past trend.

SGI  
Class Group: Motorcycles

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Care  
Rating year: 31/08/2014  
Exhibit 3 - Page 3-4  
**Severity for Motorcycles**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	0.50%	0.0010
10-yr exp trend	2.66%	0.0211
9-yr exp trend	-2.58%	0.0197
8-yr exp trend	8.10%	0.3287
7-yr exp trend	14.95%	0.7284
6-yr exp trend	16.40%	0.6738
5-yr exp trend	10.55%	0.4299
4-yr exp trend	10.52%	0.2727
3-yr exp trend	26.68%	0.6107



**2011 Year End**

Selected Trends		Credibility
Past	10.00%	0.4951
Future	10.00%	

Compliment: All Vehicles excl Trailers and MC

Credibility Weighted Trends	
Past	3.44%
Future	3.44%

**Trend Selection Notes:**

Past Trend: Select trends excluding 2003 and 2005 because of large spikes in data. Future Trend: Equal to past trend, no changes expected.

**2013 Rate Program**

Selected Trends		Credibility
Past	10.00%	0.4785
Future	10.00%	

Compliment: All Vehicles excl Trailers and MC

Credibility Weighted Trends	
Past	4.78%
Future	4.78%

**Trend Selection Notes:**

Past Trend: Selected 10% based on a mix of the 9-10 year trends excluding 2005. A 10% trend was selected last year as well, and new experience seems to reinforce this selection. Future Trend: Equal to past trend.

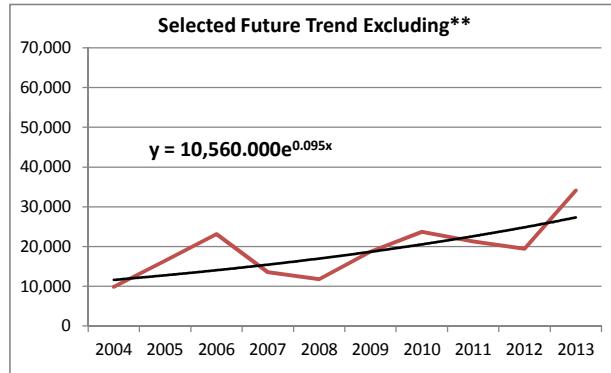
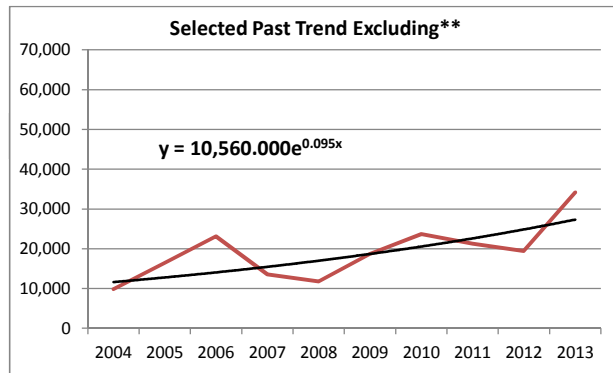
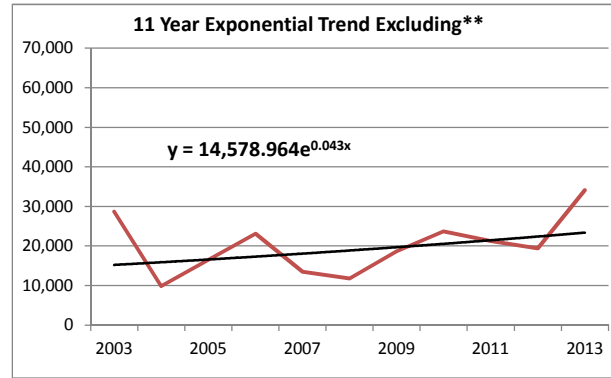


SGI  
Class Group: Motorcycles

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Care  
Rating year: 31/08/2014  
Exhibit 3 - Page 3-5  
**Severity for Motorcycles**  
**Excluding Years: 2005**

Period w Years Excluded	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11 -yr exp trend excl **	4.36%	0.1314
10 -yr exp trend excl **	10.16%	0.5360
9 -yr exp trend excl **	8.10%	0.3287
8 -yr exp trend excl **	8.10%	0.3287
7 -yr exp trend excl **	14.95%	0.7284
6 -yr exp trend excl **	16.40%	0.6738
5 -yr exp trend excl **	10.55%	0.4299
4 -yr exp trend excl **	10.52%	0.2727
3 -yr exp trend excl **	26.68%	0.6107

\*\* Years excluded: 2005



## ***Income Replacement***

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SGI

Class Group: All vehicles excluding trailers and motorcycles

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Injury - Income Replacement

Rating year: 31/08/2014

Exhibit 3 - Page 2-1

**All Vehicles Excluding Trailers and Motorcycles**

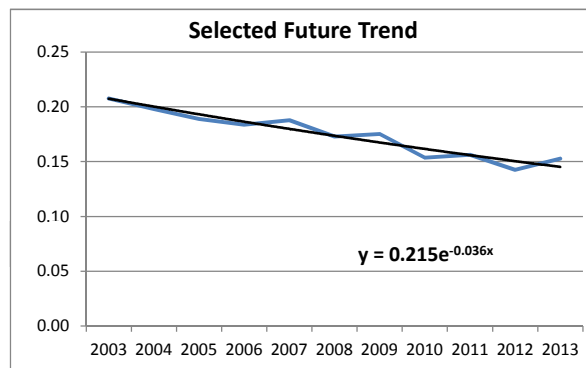
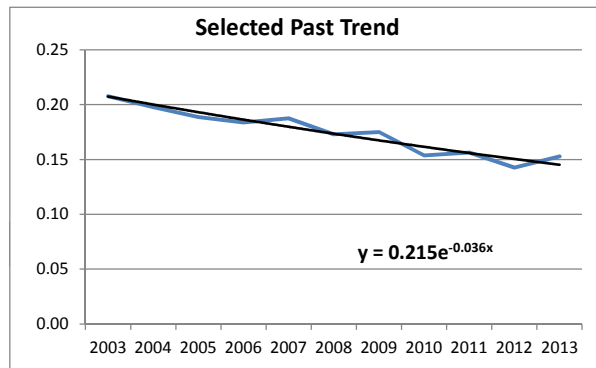
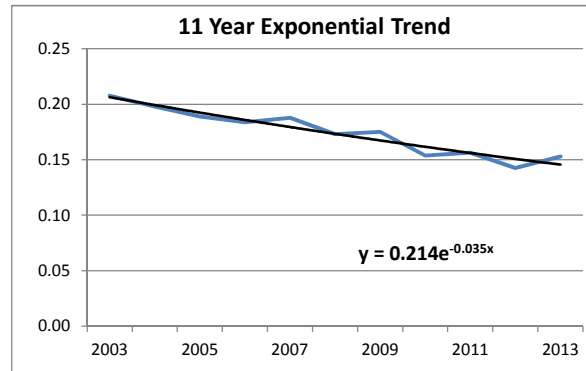
Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	Inflation Adjustment Factor	Undiscounted and Adjusted Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	728,874	1,522	0.9940	1,513	37,538,216	1.6304	1.2477	76,361,180	0.21	50,462	104.77
2004	738,199	1,465	0.9972	1,461	29,890,706	1.8504	1.2114	67,000,990	0.20	45,871	90.76
2005	745,209	1,405	1.0016	1,408	26,731,287	1.9925	1.1911	63,442,220	0.19	45,071	85.13
2006	754,104	1,382	1.0024	1,385	26,321,117	2.3765	1.1598	72,549,543	0.18	52,377	96.21
2007	777,561	1,458	1.0012	1,460	30,491,848	2.4476	1.1371	84,860,491	0.19	58,133	109.14
2008	811,595	1,398	1.0043	1,404	29,991,273	2.6432	1.1115	88,111,860	0.17	62,754	108.57
2009	832,402	1,448	1.0066	1,457	37,603,821	2.5405	1.0750	102,693,298	0.18	70,459	123.37
2010	847,514	1,298	1.0034	1,302	25,106,373	3.4776	1.0570	92,286,816	0.15	70,854	108.89
2011	856,765	1,316	1.0177	1,339	23,853,442	4.0813	1.0465	101,883,128	0.16	76,072	118.92
2012	883,783	1,193	1.0563	1,260	16,330,540	6.3644	1.0210	106,115,996	0.14	84,221	120.07
2013	361,263	307	1.7992	552	1,834,868	27.4930	1.0000	50,446,049	0.15	91,420	139.64
Ratio 2004/2003	1.0128			0.9652				0.8774	0.9530	0.9090	0.8663
Ratio 2005/2004	1.0095			0.9637				0.9469	0.9546	0.9826	0.9380
Ratio 2006/2005	1.0119			0.9840				1.1436	0.9724	1.1621	1.1301
Ratio 2007/2006	1.0311			1.0539				1.1697	1.0221	1.1099	1.1344
Ratio 2008/2007	1.0438			0.9619				1.0383	0.9215	1.0795	0.9948
Ratio 2009/2008	1.0256			1.0380				1.1655	1.0121	1.1228	1.1364
Ratio 2010/2009	1.0182			0.8936				0.8987	0.8777	1.0056	0.8826
Ratio 2011/2010	1.0109			1.0283				1.1040	1.0172	1.0736	1.0921
Ratio 2012/2011	1.0315			0.9408				1.0415	0.9120	1.1071	1.0097
Ratio 2013/2012	0.4088			0.4380				0.4754	1.0714	1.0855	1.1630

SGI  
Class Group: All vehicles excluding trailers and motorcycles

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Income Replacemen  
Rating year: 31/08/2014  
Exhibit 3 - Page 2-2

**Frequency for All Vehicles Excluding Trailers and Motorcycles**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-3.43%	0.9140
10-yr exp trend	-3.39%	0.8867
9-yr exp trend	-3.43%	0.8538
8-yr exp trend	-3.63%	0.8274
7-yr exp trend	-3.92%	0.8003
6-yr exp trend	-3.43%	0.6815
5-yr exp trend	-3.42%	0.5487
4-yr exp trend	-1.10%	0.1237
3-yr exp trend	-1.15%	0.0584



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past	-3.00%	N/A
Future	-3.50%	N/A

**Trend Selection Notes:**

Past Trend: Based on longer term trends with high R<sup>2</sup>. Future Trend: Move towards more recent trends. New years still very immature for this long-tailed injury line, so don't fully trust either the 2010 large drop or the 2011 slight increase.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past	-3.50%	N/A
Future	-3.50%	N/A

**Trend Selection Notes:**

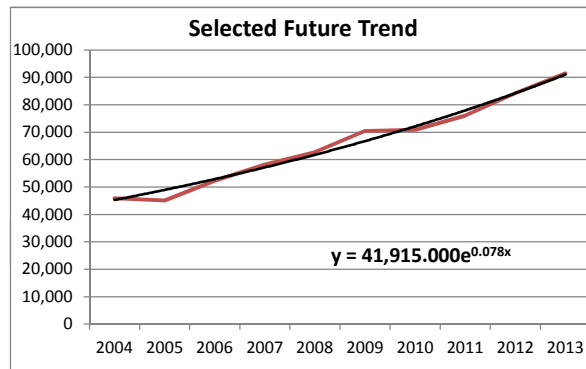
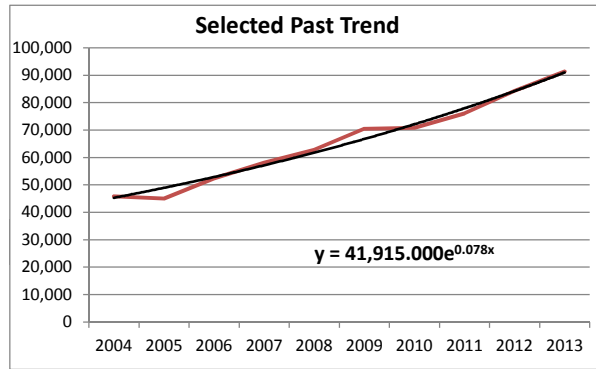
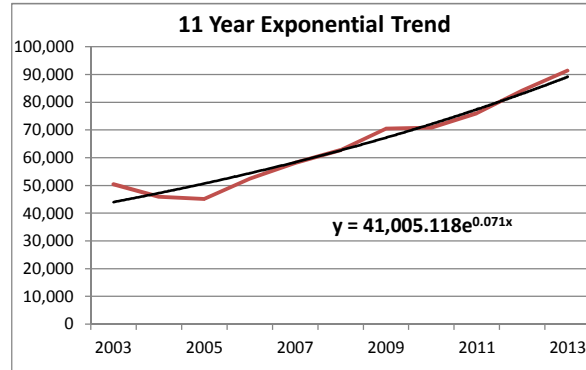
Past Trend: In available trends. Future Trend: Equal to past trend.

SGI  
Class Group: All vehicles excluding trailers and motorcycles

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Income Replacemen  
Rating year: 31/08/2014  
Exhibit 3 - Page 2-4

**Severity for All Vehicles Excluding Trailers and Motorcycles**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	7.32%	0.9345
10-yr exp trend	8.30%	0.9795
9-yr exp trend	8.53%	0.9758
8-yr exp trend	7.83%	0.9831
7-yr exp trend	7.49%	0.9781
6-yr exp trend	7.37%	0.9650
5-yr exp trend	7.18%	0.9388
4-yr exp trend	9.05%	0.9958
3-yr exp trend	9.62%	0.9962



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past 8.00%	N/A	Past N/A
Future 8.00%		Future N/A

**Trend Selection Notes:**

Past Trend: Selected 7.5% for last rate program, and 2011 continues to increase. As well, high R<sup>2</sup> for 8-9%. Future Trend: Set equal to past trend. No reason to expect a change in the future.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past 8.00%	N/A	Past
Future 8.00%		Future

**Trend Selection Notes:**

Past Trend: Based on long term trends. Future Trend: Equal to past trend.

SGI

Class Group: Motorcycles

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Injury - Income Replacement

Rating year: 31/08/2014

Exhibit 3 - Page 3-1

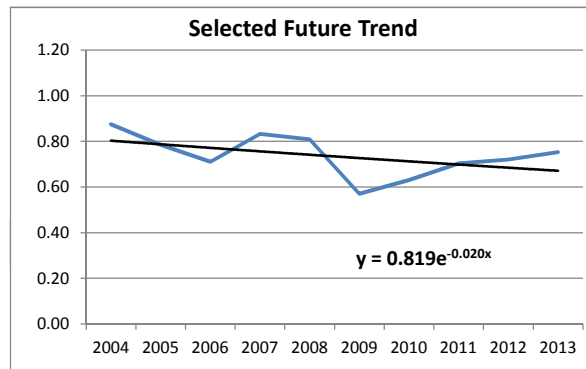
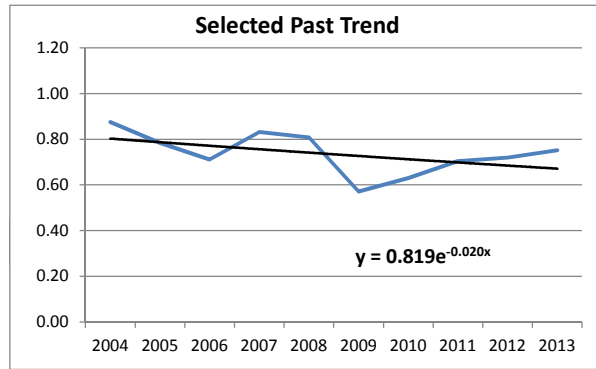
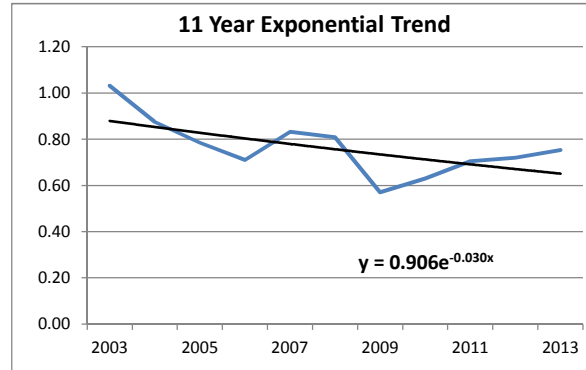
**Motorcycles**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	Inflation Adjustment Factor	Undiscounted and Adjusted Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	5,451	57	0.9940	56	2,067,107	1.6304	1.2477	4,204,962	1.03	74,736	771.34
2004	5,841	51	0.9972	51	809,748	1.8504	1.2114	1,815,077	0.88	35,512	310.74
2005	6,707	53	1.0016	53	3,055,382	1.9925	1.1911	7,251,435	0.78	137,758	1,081.13
2006	7,649	54	1.0024	54	1,747,210	2.3765	1.1598	4,815,877	0.71	88,585	629.57
2007	8,664	72	1.0012	72	3,372,452	2.4476	1.1371	9,385,719	0.83	130,201	1,083.25
2008	10,054	81	1.0043	81	4,692,349	2.6432	1.1115	13,785,730	0.81	169,663	1,371.13
2009	10,766	61	1.0066	61	4,566,014	2.5405	1.0750	12,469,453	0.57	203,007	1,158.19
2010	11,438	72	1.0034	72	3,639,959	3.4776	1.0570	13,379,878	0.63	185,509	1,169.80
2011	11,125	77	1.0177	78	3,008,628	4.0813	1.0465	12,850,491	0.70	164,040	1,155.05
2012	11,758	80	1.0563	85	1,726,195	6.3644	1.0210	11,216,828	0.72	132,513	954.01
2013	1,985	8	1.7992	15	50,533	27.4930	1.0000	1,389,308	0.75	93,010	699.93
Ratio 2004/2003	1.0715			0.9084				0.4317	0.8478	0.4752	0.4029
Ratio 2005/2004	1.1483			1.0299				3.9951	0.8969	3.8792	3.4792
Ratio 2006/2005	1.1405			1.0328				0.6641	0.9056	0.6430	0.5823
Ratio 2007/2006	1.1327			1.3260				1.9489	1.1707	1.4698	1.7206
Ratio 2008/2007	1.1604			1.1272				1.4688	0.9714	1.3031	1.2658
Ratio 2009/2008	1.0708			0.7560				0.9045	0.7060	1.1965	0.8447
Ratio 2010/2009	1.0624			1.1742				1.0730	1.1053	0.9138	1.0100
Ratio 2011/2010	0.9727			1.0861				0.9604	1.1166	0.8843	0.9874
Ratio 2012/2011	1.0568			1.0805				0.8729	1.0225	0.8078	0.8259
Ratio 2013/2012	0.1688			0.1765				0.1239	1.0453	0.7019	0.7337

SGI  
Class Group: Motorcycles

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Income Replacemen  
Rating year: 31/08/2014  
Exhibit 3 - Page 3-2  
**Frequency for Motorcycles**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-2.96%	0.3860
10-yr exp trend	-1.91%	0.2044
9-yr exp trend	-1.18%	0.0726
8-yr exp trend	-0.75%	0.0224
7-yr exp trend	-1.14%	0.0344
6-yr exp trend	1.30%	0.0370
5-yr exp trend	7.10%	0.9311
4-yr exp trend	5.68%	0.9000
3-yr exp trend	3.38%	0.9646



**2011 Year End**

Selected Trends	Credibility
Past -3.00%	0.5438
Future -3.50%	

Compliment: All Vehicles excl Trailers and MC

Credibility Weighted Trends
Past -3.00%
Future -3.50%

**Trend Selection Notes:**

Past Trend: Class has low claim volumes but a negative trend is apparent. Use trend for All Vehicles Excluding Trailers and Motorcycles. Future Trend: Use trend for All Vehicles Excluding Trailers and Motorcycles.

**2013 Rate Program**

Selected Trends	Credibility
Past -2.00%	0.5351
Future -2.00%	

Compliment: All Vehicles excl Trailers and MC

Credibility Weighted Trends
Past -2.70%
Future -2.70%

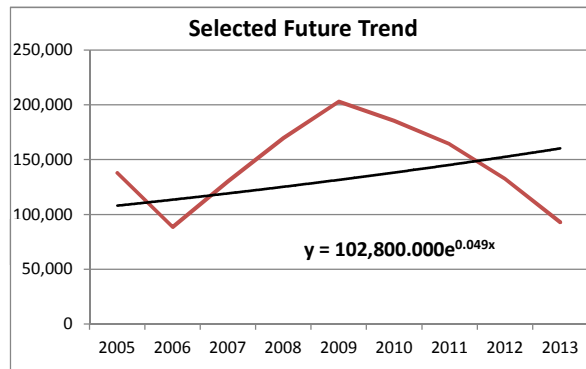
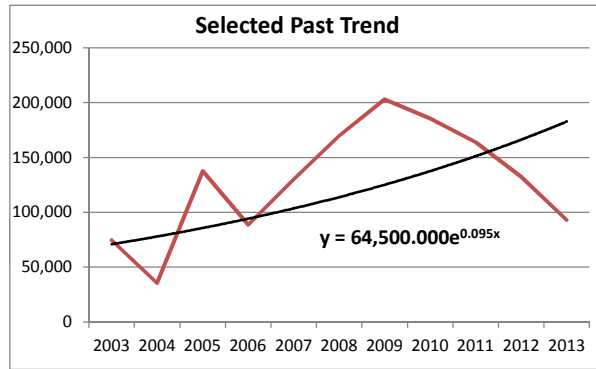
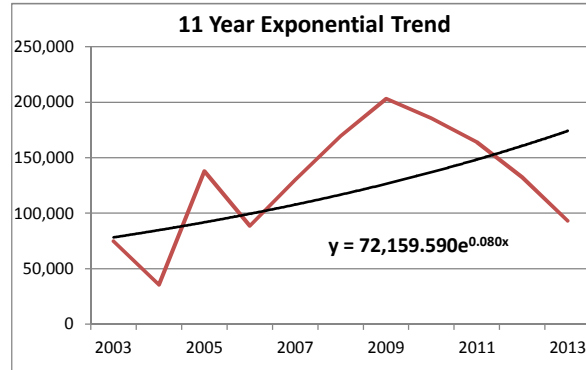
**Trend Selection Notes:**

Past Trend: Based on long term trends. Future Trend: Equal to past trend.

SGI  
Class Group: Motorcycles

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Income Replacemen  
Rating year: 31/08/2014  
Exhibit 3 - Page 3-4  
**Severity for Motorcycles**

Period	Trends	Coefficient of Correlation - R <sup>2</sup>
	Severity	Severity
11-yr exp trend	8.34%	0.2739
10-yr exp trend	8.01%	0.2079
9-yr exp trend	0.31%	0.0009
8-yr exp trend	0.28%	0.0005
7-yr exp trend	-5.95%	0.2484
6-yr exp trend	-11.83%	0.6922
5-yr exp trend	-17.28%	0.9268
4-yr exp trend	-20.42%	0.9509
3-yr exp trend	-24.70%	0.9800



**2011 Year End**

Selected Trends		Credibility
Past	20.00%	0.5438
Future	20.00%	

Compliment: All Vehicles excl Trailers and MC

Credibility Weighted Trends	
Past	14.53%
Future	14.53%

**Trend Selection Notes:**

Past Trend: Select 10 year trend excluding 2009 spike up and 2011 spike down. Prefer long term trend due to volatility. Future Trend: Equal to past trend, no changes expected.

**2013 Rate Program**

Selected Trends		Credibility
Past	10.00%	0.5351
Future	5.00%	

Compliment: All Vehicles excl Trailers and MC

Credibility Weighted Trends	
Past	9.07%
Future	6.39%

**Trend Selection Notes:**

Past Trend: There has been a dramatic shift in the past trend from last year's rate program, mainly because of the addition of low severities in recent years (especially the premature 2013). Select 10% to consider the trend both including and excluding 2013. Future Trend: An investigation of the motorcycle claim severities revealed that the downward shift in severities since 2009 is not the result of MGDL or any other explainable cause. Future trend set lower than past trend, but still positive since there is no reason for a flat or negative trend to continu

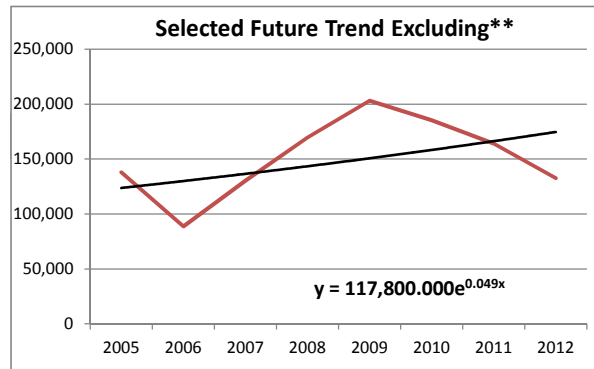
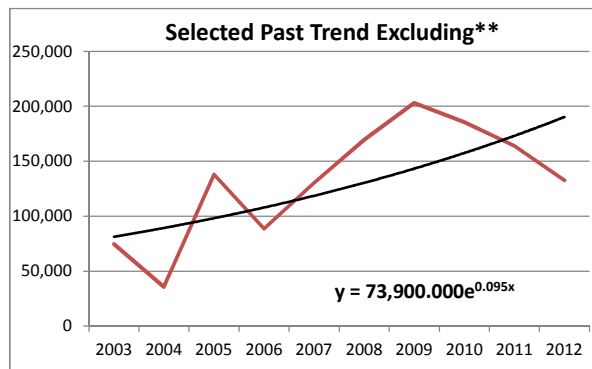
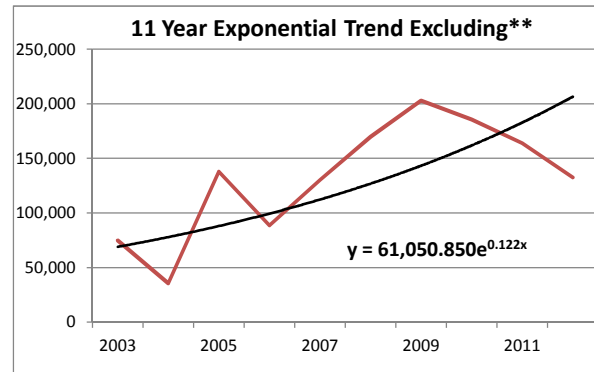


SGI  
Class Group: Motorcycles

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Income Replacemen  
Rating year: 31/08/2014  
Exhibit 3 - Page 3-5  
**Severity for Motorcycles**  
**Excluding Years: 2013**

Period w Years Excluded	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11 -yr exp trend excl **	12.96%	0.4865
10 -yr exp trend excl **	13.72%	0.4359
9 -yr exp trend excl **	4.94%	0.2047
8 -yr exp trend excl **	6.49%	0.2342
7 -yr exp trend excl **	-0.29%	0.0010
6 -yr exp trend excl **	-6.83%	0.4889
5 -yr exp trend excl **	-13.09%	0.9612
4 -yr exp trend excl **	-15.48%	0.9765
3 -yr exp trend excl **	-19.22%	1.0000

\*\* Years excluded: 2013



***Death Benefits***

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SGI

Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Injury - Death

Rating year: 31/08/2014

Exhibit 3 - Page 1-1

**All Vehicles Excluding Trailers**

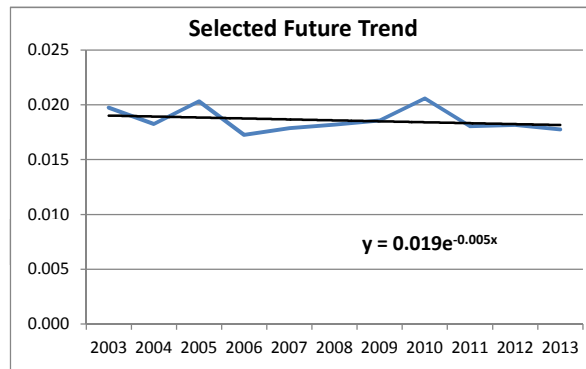
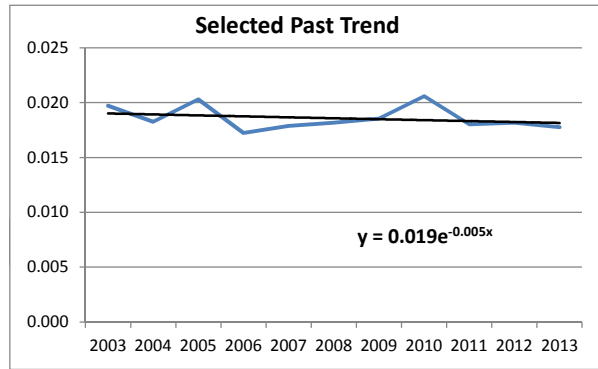
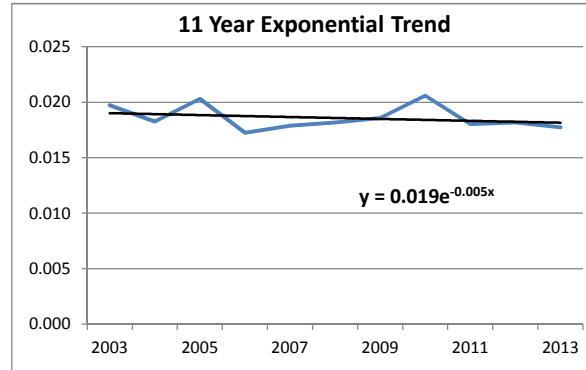
Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	734,326	143	1.0135	145	16,571,249	1.0244	16,974,910	0.02	117,126	23.12
2004	744,040	134	1.0135	136	14,938,361	1.0407	15,545,974	0.02	114,471	20.89
2005	751,916	152	1.0049	153	16,741,415	1.0443	17,483,512	0.02	114,460	23.25
2006	761,754	129	1.0183	131	15,349,465	1.0349	15,885,407	0.02	120,927	20.85
2007	786,225	140	1.0038	141	20,696,269	1.0490	21,710,289	0.02	154,490	27.61
2008	821,650	147	1.0163	149	16,621,273	1.0804	17,958,035	0.02	120,208	21.86
2009	843,168	155	1.0100	157	18,489,090	1.0750	19,875,205	0.02	126,954	23.57
2010	858,951	172	1.0280	177	26,768,894	1.1000	29,446,825	0.02	166,546	34.28
2011	867,890	151	1.0368	157	23,101,672	1.1286	26,073,188	0.02	166,548	30.04
2012	895,540	154	1.0567	163	20,448,997	1.1974	24,485,486	0.02	150,460	27.34
2013	363,248	35	1.8424	64	5,526,351	2.2347	12,349,737	0.02	191,511	34.00
Ratio 2004/2003	1.0132			0.9371			0.9158	0.9248	0.9773	0.9039
Ratio 2005/2004	1.0106			1.1247			1.1246	1.1130	0.9999	1.1129
Ratio 2006/2005	1.0131			0.8600			0.9086	0.8489	1.0565	0.8969
Ratio 2007/2006	1.0321			1.0698			1.3667	1.0365	1.2775	1.3241
Ratio 2008/2007	1.0451			1.0631			0.8272	1.0172	0.7781	0.7915
Ratio 2009/2008	1.0262			1.0479			1.1068	1.0212	1.0561	1.0785
Ratio 2010/2009	1.0187			1.1294			1.4816	1.1086	1.3119	1.4544
Ratio 2011/2010	1.0104			0.8854			0.8854	0.8763	1.0000	0.8763
Ratio 2012/2011	1.0319			1.0395			0.9391	1.0074	0.9034	0.9101
Ratio 2013/2012	0.4056			0.3963			0.5044	0.9769	1.2728	1.2435

SGI  
Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Death  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-2

**Frequency for All Vehicles Excluding Trailers**

Period	Trends	Coefficient of Correlation - R <sup>2</sup>
	Frequency	Frequency
11-yr exp trend	-0.46%	0.0713
10-yr exp trend	-0.22%	0.0134
9-yr exp trend	-0.40%	0.0328
8-yr exp trend	0.44%	0.0410
7-yr exp trend	-0.18%	0.0059
6-yr exp trend	-0.90%	0.0994
5-yr exp trend	-2.12%	0.3299
4-yr exp trend	-4.27%	0.6841
3-yr exp trend	-0.79%	0.4469



**2011 Year End**

Selected Trends		Credibility
Past	2.00%	N/A
Future	2.00%	

Credibility Weighted Trends	
Past	N/A
Future	N/A

Trend Selection Notes:  
All excluding trailers and motorcycles.

**2013 Rate Program**

Selected Trends		Credibility
Past	-0.50%	N/A
Future	-0.50%	

Credibility Weighted Trends	
Past	
Future	

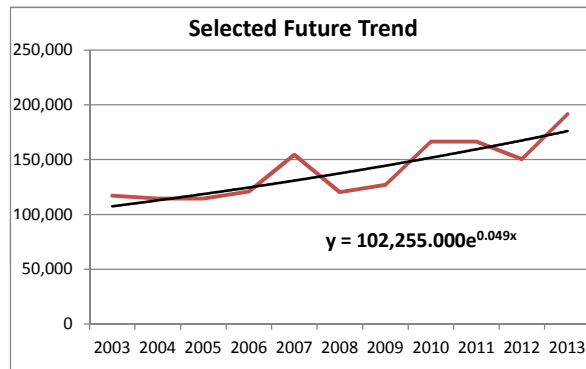
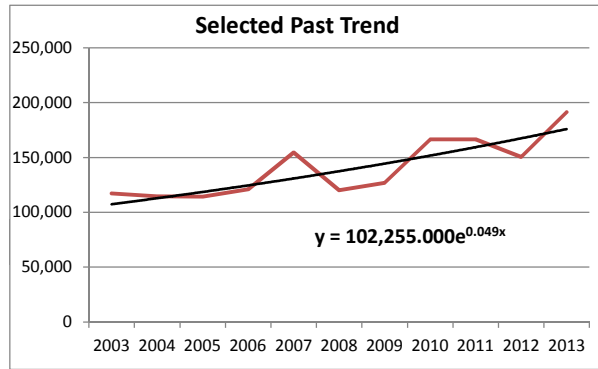
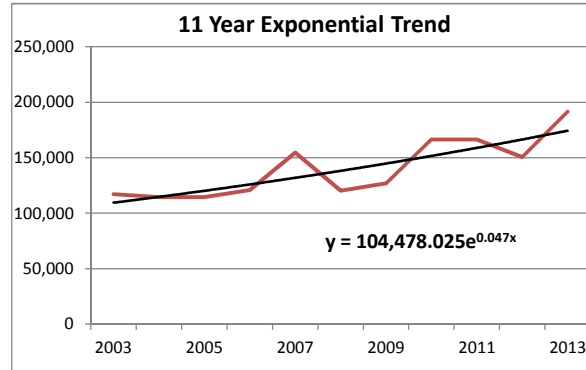
Trend Selection Notes:  
Past Trend: Long term trend. Future Trend: Equal to past trend.

SGI  
Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Death  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-4

**Severity for All Vehicles Excluding Trailers**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	4.77%	0.7042
10-yr exp trend	5.24%	0.6972
9-yr exp trend	5.46%	0.6473
8-yr exp trend	5.30%	0.5485
7-yr exp trend	5.00%	0.4212
6-yr exp trend	8.45%	0.7299
5-yr exp trend	7.47%	0.5607
4-yr exp trend	3.23%	0.1710
3-yr exp trend	7.23%	0.3324



**2011 Year End**

Selected Trends	Credibility
Past 3.50%	N/A
Future 3.50%	

Credibility Weighted Trends
Past N/A
Future N/A

Trend Selection Notes:

All excluding trailers and motorcycles.

**2013 Rate Program**

Selected Trends	Credibility
Past 5.00%	N/A
Future 5.00%	

Credibility Weighted Trends
Past
Future

Trend Selection Notes:

Past Trend: Based on long term trends. Future Trend: Equal to past trend.

***Economic Loss***

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SGI

Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Injury - Economic Loss

Rating year: 31/08/2014

Exhibit 3 - Page 1-1

**All Vehicles Excluding Trailers**

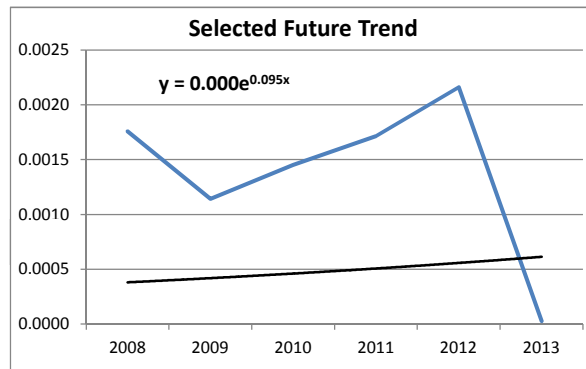
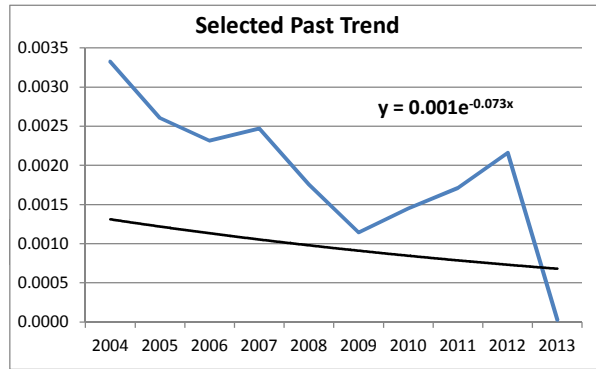
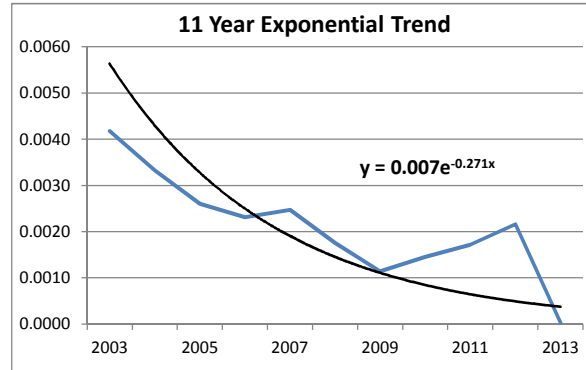
Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	734,326	31	0.9893	31	844,326	1.0709	904,190	0.00	29,482	1.23
2004	744,040	25	0.9893	25	629,277	1.1040	694,703	0.00	28,088	0.93
2005	751,916	20	0.9793	20	398,840	1.2109	482,971	0.00	24,658	0.64
2006	761,754	18	0.9793	18	507,195	1.2362	627,001	0.00	35,569	0.82
2007	786,225	20	0.9708	19	484,941	1.1780	571,252	0.00	29,421	0.73
2008	821,650	15	0.9624	14	648,751	1.1435	741,872	0.00	51,392	0.90
2009	843,168	10	0.9624	10	499,415	1.2729	635,713	0.00	66,057	0.75
2010	858,951	12	1.0383	12	225,777	2.3406	528,456	0.00	42,412	0.62
2011	867,890	12	1.2387	15	272,273	2.8937	787,871	0.00	53,003	0.91
2012	895,540	12	1.6120	19	427,074	3.0453	1,300,548	0.00	67,232	1.45
2013	363,248	0	1.0476	0	0	1.0356	0	0.00	0	0.00
Ratio 2004/2003	1.0132			0.8065			0.7683	0.7959	0.9527	0.7583
Ratio 2005/2004	1.0106			0.7919			0.6952	0.7836	0.8779	0.6879
Ratio 2006/2005	1.0131			0.9000			1.2982	0.8884	1.4425	1.2815
Ratio 2007/2006	1.0321			1.1014			0.9111	1.0672	0.8272	0.8827
Ratio 2008/2007	1.0451			0.7435			1.2987	0.7114	1.7468	1.2427
Ratio 2009/2008	1.0262			0.6667			0.8569	0.6497	1.2854	0.8350
Ratio 2010/2009	1.0187			1.2947			0.8313	1.2709	0.6420	0.8160
Ratio 2011/2010	1.0104			1.1930			1.4909	1.1807	1.2497	1.4755
Ratio 2012/2011	1.0319			1.3013			1.6507	1.2612	1.2685	1.5997
Ratio 2013/2012	0.4056			0.0052			0.0000	0.0127	0.0000	0.0000

SGI  
Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Economic Loss  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-2

**Frequency for All Vehicles Excluding Trailers**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-23.73%	0.4329
10-yr exp trend	-25.24%	0.4005
9-yr exp trend	-27.54%	0.3784
8-yr exp trend	-31.29%	0.3757
7-yr exp trend	-36.40%	0.3806
6-yr exp trend	-41.39%	0.3564
5-yr exp trend	-50.60%	0.3735
4-yr exp trend	-68.84%	0.5225
3-yr exp trend	-87.32%	0.7080



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past -15.00%	N/A	Past N/A
Future -15.00%		Future N/A

**Trend Selection Notes:**

Past Trend: Ignore 2011 as expected development quite high. Select based on long term trends. Future Trend: Equal to past trend.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past -7.00%	N/A	Past
Future 10.00%		Future

**Trend Selection Notes:**

Past Trend: Based on 10 year trend excluding 2013. Future Trend: Expect that future trend will go up, as more people are making more than the maximum amount. Need to rely on past trends because statements of claim are coming in, but payments are not made until later years.



SGI

Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Injury - Economic Loss

Rating year: 31/08/2014

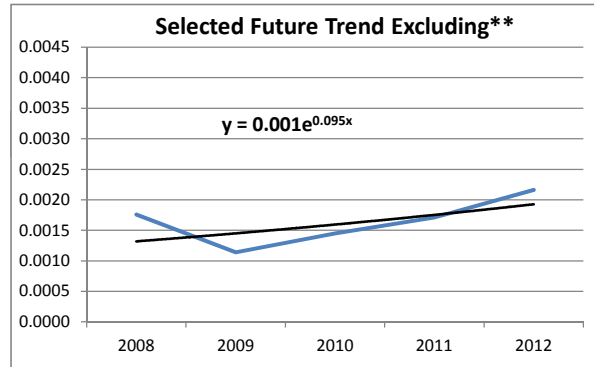
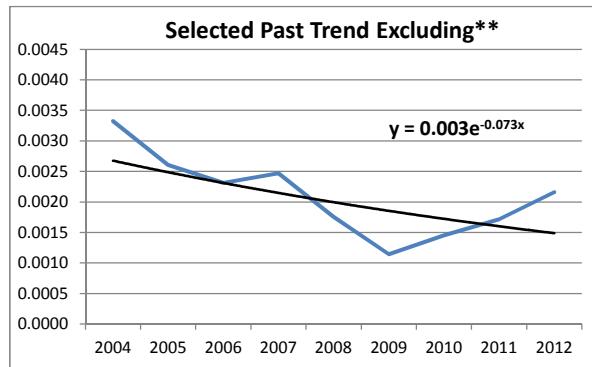
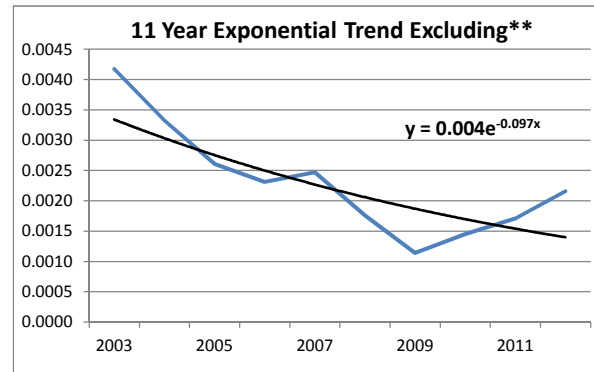
Exhibit 3 - Page 1-3

**Frequency for All Vehicles Excluding Trailers**

**Excluding Years: 2013**

Period w Years Excluded	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11 -yr exp trend excl **	-9.22%	0.5762
10 -yr exp trend excl **	-7.52%	0.4269
9 -yr exp trend excl **	-5.60%	0.2438
8 -yr exp trend excl **	-3.96%	0.1006
7 -yr exp trend excl **	-1.44%	0.0096
6 -yr exp trend excl **	8.54%	0.2955
5 -yr exp trend excl **	23.12%	0.9954
4 -yr exp trend excl **	22.03%	0.9909
3 -yr exp trend excl **	26.12%	1.0000

\*\* Years excluded: 2013

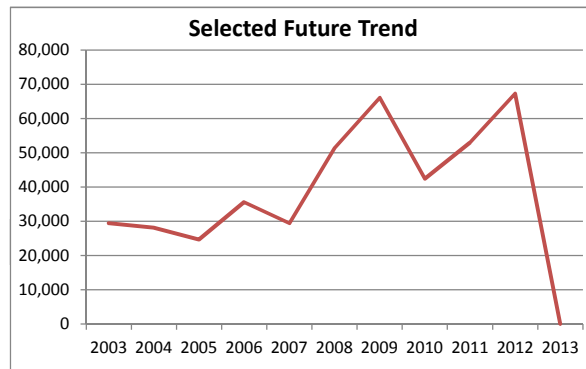
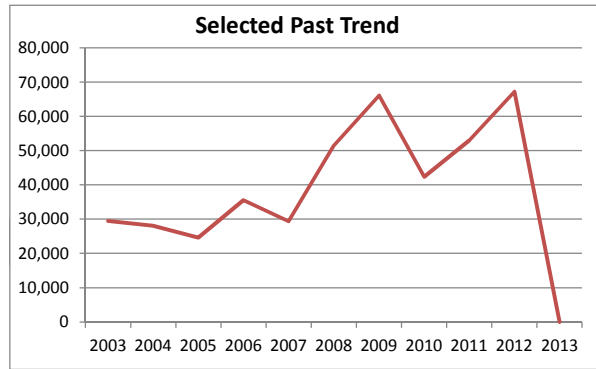
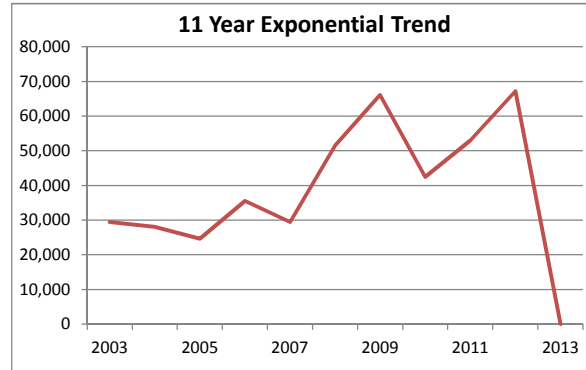


SGI  
Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Economic Loss  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-4

**Severity for All Vehicles Excluding Trailers**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	-33.28%	0.1742
10-yr exp trend	-39.10%	0.1971
9-yr exp trend	-46.52%	0.2295
8-yr exp trend	-56.32%	0.2825
7-yr exp trend	-66.42%	0.3310
6-yr exp trend	-78.60%	0.4181
5-yr exp trend	-88.62%	0.4930
4-yr exp trend	-95.81%	0.5659
3-yr exp trend	-99.57%	0.7336



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past	10.00%	N/A
Future	10.00%	N/A

Trend Selection Notes:

Past Trend: Selection consistent with last rate program, as well as mid to long term trends. Again, 2011 year is far to immature to trust at all. Future Trend: Equal to past trend, no changes expected.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past	11.00%	N/A
Future	11.00%	N/A

Trend Selection Notes:

Past Trend: Based on long term trend excluding 2013. Future Trend: Equal to past trend.

SGI

Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Injury - Economic Loss

Rating year: 31/08/2014

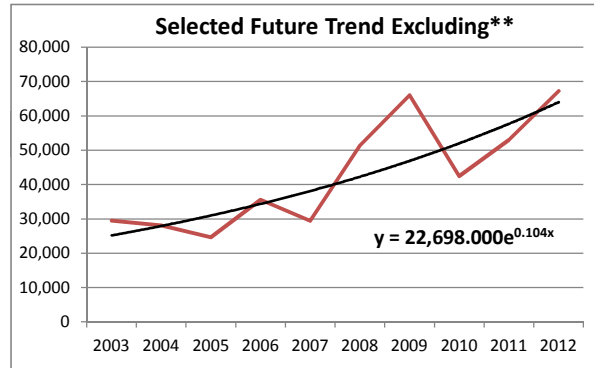
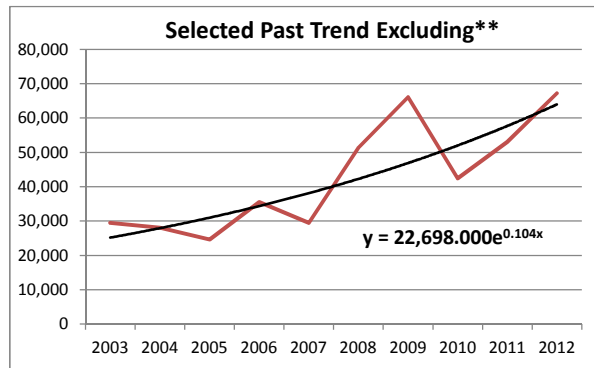
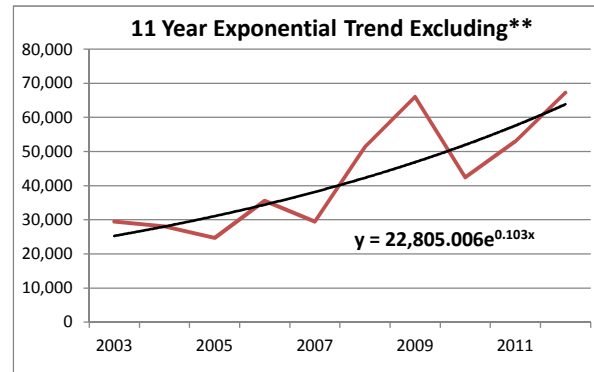
Exhibit 3 - Page 1-5

**Severity for All Vehicles Excluding Trailers**

**Excluding Years: 2013**

Period w Years Excluded	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11 -yr exp trend excl **	10.85%	0.7131
10 -yr exp trend excl **	12.28%	0.7181
9 -yr exp trend excl **	13.13%	0.6751
8 -yr exp trend excl **	10.89%	0.5219
7 -yr exp trend excl **	11.41%	0.4278
6 -yr exp trend excl **	3.22%	0.0683
5 -yr exp trend excl **	2.80%	0.0270
4 -yr exp trend excl **	25.91%	0.9997
3 -yr exp trend excl **	26.85%	1.0000

\*\* Years excluded: 2013



***Non Economic Loss***

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SGI

Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Injury - Non Economic Loss

Rating year: 31/08/2014

Exhibit 3 - Page 1-1

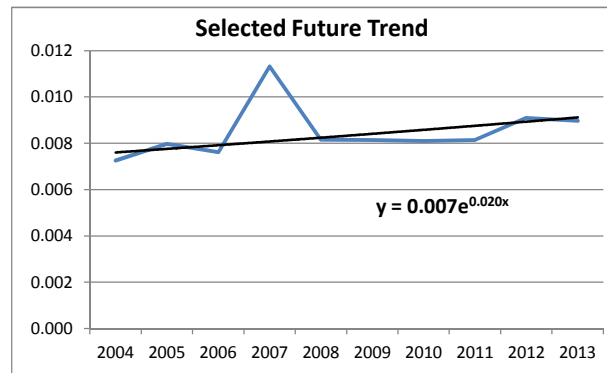
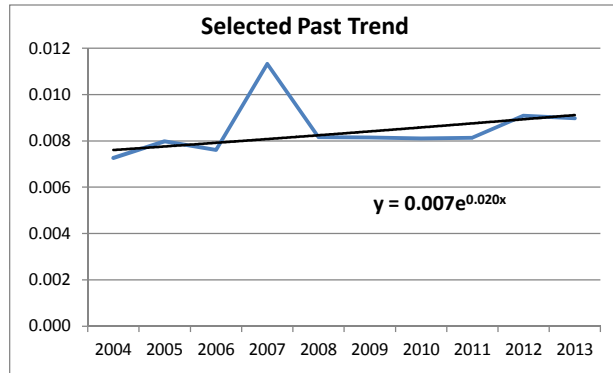
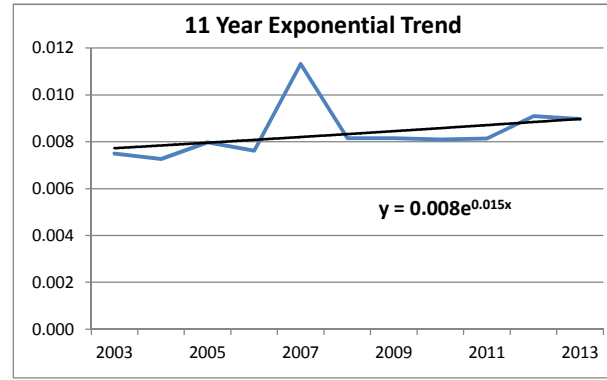
**All Vehicles Excluding Trailers**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	734,326	55	1.0000	55	1,631,546	1.0000	1,631,546	0.01	29,664	2.22
2004	744,040	54	1.0000	54	1,852,423	1.0746	1,990,526	0.01	36,862	2.68
2005	751,916	60	1.0000	60	3,016,071	1.0000	3,016,071	0.01	50,268	4.01
2006	761,754	58	1.0000	58	2,680,044	1.0000	2,680,044	0.01	46,208	3.52
2007	786,225	89	1.0000	89	3,416,307	1.0729	3,665,351	0.01	41,184	4.66
2008	821,650	67	1.0000	67	3,729,896	1.0456	3,900,000	0.01	58,209	4.75
2009	843,168	67	1.0252	69	3,246,300	1.2209	3,963,461	0.01	57,704	4.70
2010	858,951	70	0.9938	70	4,248,683	1.1843	5,031,684	0.01	72,329	5.86
2011	867,890	75	0.9412	71	3,584,018	1.2297	4,407,168	0.01	62,432	5.08
2012	895,540	80	1.0174	81	4,833,808	1.0444	5,048,341	0.01	62,025	5.64
2013	363,248	17	1.9165	33	890,045	2.5576	2,276,364	0.01	69,867	6.27
Ratio 2004/2003	1.0132			0.9818			1.2200	0.9690	1.2426	1.2041
Ratio 2005/2004	1.0106			1.1111			1.5152	1.0995	1.3637	1.4993
Ratio 2006/2005	1.0131			0.9667			0.8886	0.9542	0.9192	0.8771
Ratio 2007/2006	1.0321			1.5345			1.3676	1.4867	0.8913	1.3251
Ratio 2008/2007	1.0451			0.7528			1.0640	0.7204	1.4134	1.0181
Ratio 2009/2008	1.0262			1.0252			1.0163	0.9990	0.9913	0.9903
Ratio 2010/2009	1.0187			1.0128			1.2695	0.9942	1.2534	1.2462
Ratio 2011/2010	1.0104			1.0147			0.8759	1.0043	0.8632	0.8669
Ratio 2012/2011	1.0319			1.1530			1.1455	1.1174	0.9935	1.1101
Ratio 2013/2012	0.4056			0.4003			0.4509	0.9869	1.1264	1.1117

SGI  
Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Non Economic Loss  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-2  
**Frequency for All Vehicles Excluding Trailers**

Period	Trends	Coefficient of Correlation - R <sup>2</sup>
	Frequency	Frequency
11-yr exp trend	1.51%	0.1660
10-yr exp trend	1.31%	0.1012
9-yr exp trend	0.55%	0.0162
8-yr exp trend	0.04%	0.0001
7-yr exp trend	-1.71%	0.0929
6-yr exp trend	2.34%	0.6377
5-yr exp trend	3.13%	0.7063
4-yr exp trend	4.26%	0.7603
3-yr exp trend	5.01%	0.6503



**2011 Year End**

Selected Trends	Credibility
Past	0.00%
Future	0.00%

Credibility Weighted Trends
Past
Future

**Trend Selection Notes:**

No clear trend. Since 2003, this coverage's frequency has increased, decreased back to the original level, and potentially begun to grow again.

**2013 Rate Program**

Selected Trends	Credibility
Past	2.00%
Future	2.00%

Credibility Weighted Trends
Past
Future

**Trend Selection Notes:**

Past Trend: Based on long term trends excluding 2007. Future Trend: Equal to past trend.

SGI

Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Injury - Non Economic Loss

Rating year: 31/08/2014

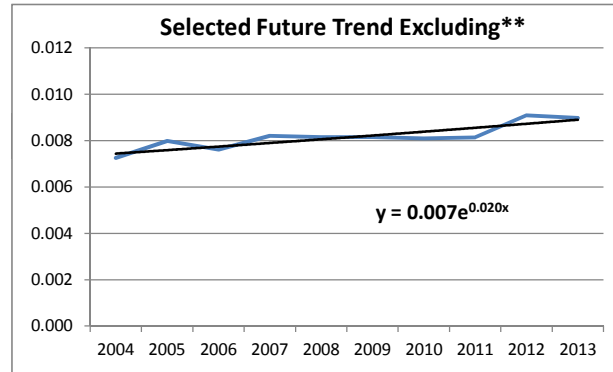
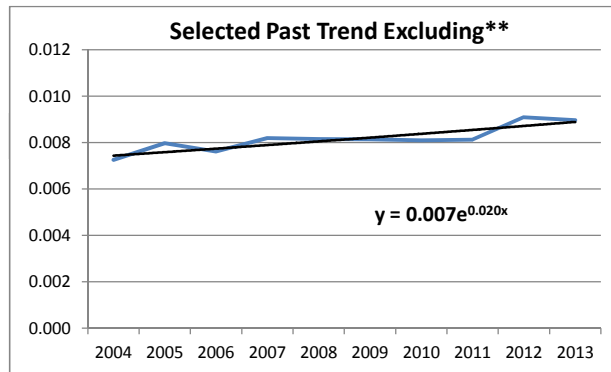
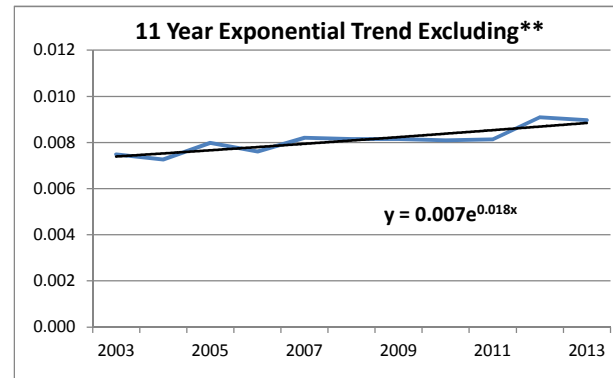
Exhibit 3 - Page 1-3

**Frequency for All Vehicles Excluding Trailers**

**Excluding Years: 2007**

Period w Years Excluded	Trends Frequency	Coefficient of Correlation
		- R <sup>2</sup> Frequency
11 -yr exp trend excl **	1.85%	0.7931
10 -yr exp trend excl **	1.98%	0.7728
9 -yr exp trend excl **	1.75%	0.6729
8 -yr exp trend excl **	2.30%	0.7725
7 -yr exp trend excl **	2.34%	0.6377
6 -yr exp trend excl **	2.34%	0.6377
5 -yr exp trend excl **	3.13%	0.7063
4 -yr exp trend excl **	4.26%	0.7603
3 -yr exp trend excl **	5.01%	0.6503

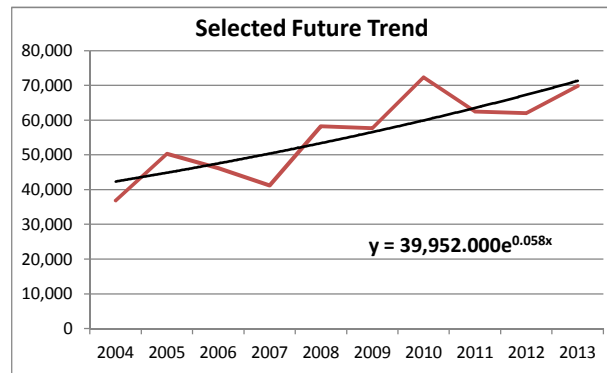
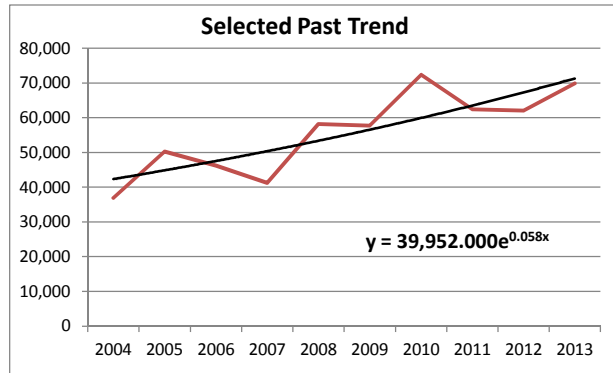
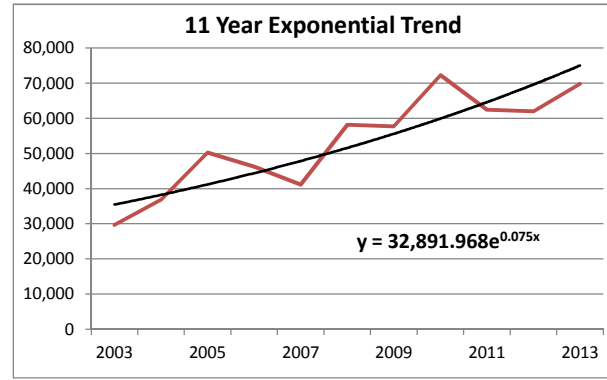
\*\* Years excluded: 2007



SGI  
Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Non Economic Loss  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-4  
**Severity for All Vehicles Excluding Trailers**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	7.79%	0.7865
10-yr exp trend	6.51%	0.7304
9-yr exp trend	5.56%	0.6293
8-yr exp trend	6.61%	0.6565
7-yr exp trend	6.61%	0.5600
6-yr exp trend	2.85%	0.3158
5-yr exp trend	2.31%	0.1519
4-yr exp trend	-1.10%	0.0332
3-yr exp trend	5.79%	0.7065



**2011 Year End**

Selected Trends	Credibility
Past 15.00%	N/A
Future 15.00%	

Credibility Weighted Trends
Past N/A
Future N/A

**Trend Selection Notes:**

Past Trend: Select long term trend. Future Trend: Equal to past trend.

**2013 Rate Program**

Selected Trends	Credibility
Past 6.00%	N/A
Future 6.00%	

Credibility Weighted Trends
Past
Future

**Trend Selection Notes:**

Past Trend: Based on mid to long term trends. Future Trend: Equal to past trend.





***Out of Province***

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SGI

Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Injury - Out of Province

Rating year: 31/08/2014

Exhibit 3 - Page 1-1

**All Vehicles Excluding Trailers**

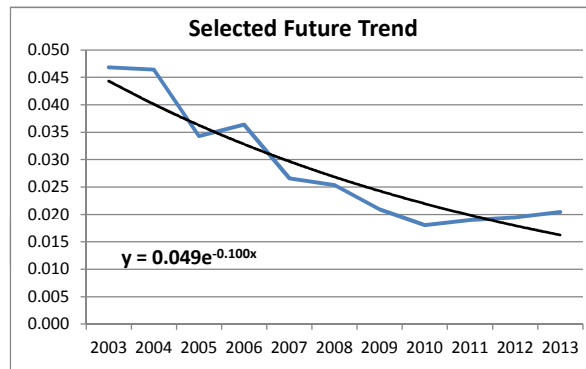
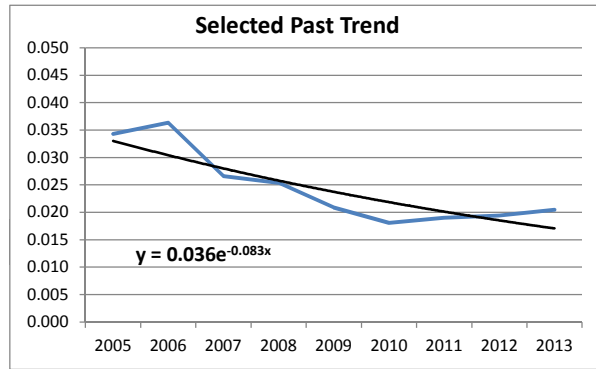
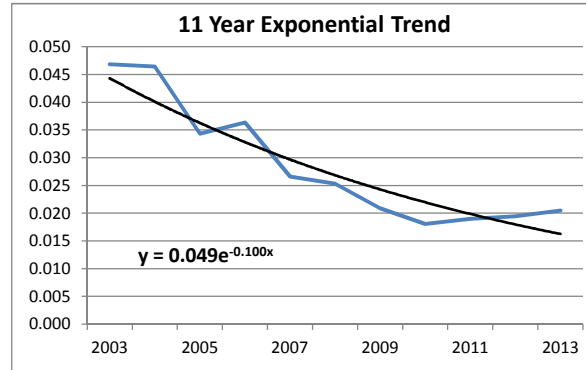
Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	734,326	343	1.0027	344	12,434,096	1.0104	12,563,730	0.05	36,529	17.11
2004	744,040	345	1.0019	346	14,387,355	1.0110	14,545,334	0.05	42,082	19.55
2005	751,916	257	1.0037	258	9,322,424	1.0089	9,405,731	0.03	36,463	12.51
2006	761,754	276	1.0037	277	9,069,937	1.0111	9,170,666	0.04	33,105	12.04
2007	786,225	208	1.0048	209	7,191,650	1.0288	7,398,925	0.03	35,400	9.41
2008	821,650	207	1.0062	208	8,085,586	1.0388	8,399,355	0.03	40,326	10.22
2009	843,168	174	1.0121	176	7,953,613	1.0602	8,432,647	0.02	47,886	10.00
2010	858,951	152	1.0208	155	6,523,852	1.1192	7,301,487	0.02	47,058	8.50
2011	867,890	167	0.9872	165	7,420,313	1.1413	8,468,870	0.02	51,370	9.76
2012	895,540	175	0.9950	174	8,268,916	1.1441	9,460,252	0.02	54,330	10.56
2013	363,248	55	1.3508	74	3,066,855	1.3925	4,270,665	0.02	57,481	11.76
Ratio 2004/2003	1.0132			1.0050			1.1577	0.9919	1.1520	1.1426
Ratio 2005/2004	1.0106			0.7463			0.6466	0.7385	0.8665	0.6399
Ratio 2006/2005	1.0131			1.0739			0.9750	1.0601	0.9079	0.9624
Ratio 2007/2006	1.0321			0.7545			0.8068	0.7310	1.0693	0.7817
Ratio 2008/2007	1.0451			0.9965			1.1352	0.9536	1.1392	1.0863
Ratio 2009/2008	1.0262			0.8455			1.0040	0.8239	1.1874	0.9783
Ratio 2010/2009	1.0187			0.8811			0.8659	0.8649	0.9827	0.8499
Ratio 2011/2010	1.0104			1.0625			1.1599	1.0516	1.0916	1.1479
Ratio 2012/2011	1.0319			1.0562			1.1171	1.0236	1.0576	1.0826
Ratio 2013/2012	0.4056			0.4267			0.4514	1.0519	1.0580	1.1129

SGI  
Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Out of Province  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-2

**Frequency for All Vehicles Excluding Trailers**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-9.55%	0.8632
10-yr exp trend	-9.22%	0.8184
9-yr exp trend	-7.93%	0.7624
8-yr exp trend	-7.56%	0.6742
7-yr exp trend	-4.92%	0.5482
6-yr exp trend	-3.47%	0.3128
5-yr exp trend	0.32%	0.0075
4-yr exp trend	4.04%	0.9816
3-yr exp trend	3.77%	0.9565



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past	-10.00%	N/A
Future	-5.00%	N/A

Trend Selection Notes:

Past Trend: Selection based 4 and 5 year trend. Future Trend: Recent trends still negative but not as steep.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past	-8.00%	N/A
Future	1.00%	N/A

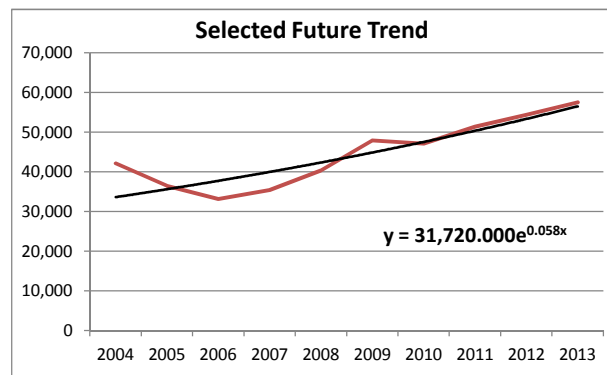
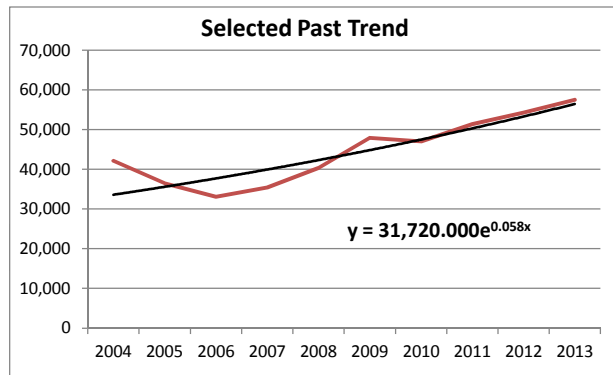
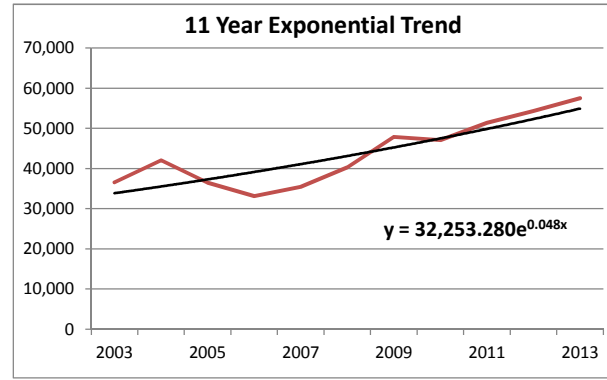
Trend Selection Notes:

Past Trend: Based on 9 year trend. Future Trend: Over the past three years, there has been a trend toward more Sask residents travelling out of the province on vacation. On top of that, many minor accidents in the US that used to not result in injuries have been reporting more soft-tissue injuries (could relate to the state of the US economy). In addition, residence requirements were changed in 2012 which may allow for longer periods of covered out of province travel for qualifying resident:

SGI  
Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Out of Province  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-4  
**Severity for All Vehicles Excluding Trailers**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	4.96%	0.7258
10-yr exp trend	5.49%	0.7264
9-yr exp trend	7.26%	0.9136
8-yr exp trend	8.32%	0.9491
7-yr exp trend	7.87%	0.9256
6-yr exp trend	6.61%	0.9174
5-yr exp trend	5.22%	0.9131
4-yr exp trend	6.78%	0.9864
3-yr exp trend	5.78%	1.0000



**2011 Year End**

Selected Trends	Credibility
Past 6.00%	N/A
Future 6.00%	

Credibility Weighted Trends
Past N/A
Future N/A

Trend Selection Notes:

Past Trend: Dedicated increase from 2005 and forward. Future Trend: Equal to past trend.

**2013 Rate Program**

Selected Trends	Credibility
Past 6.00%	N/A
Future 6.00%	

Credibility Weighted Trends
Past
Future

Trend Selection Notes:

Past Trend: Based on longer term trends. Future Trend: Equal to past trend.

***Medical Excluding Funding***

---

SGI

Class Group: All vehicles excluding trailers and motorcycles

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Injury - Medical Excluding Funding

Rating year: 31/08/2014

Exhibit 3 - Page 2-1

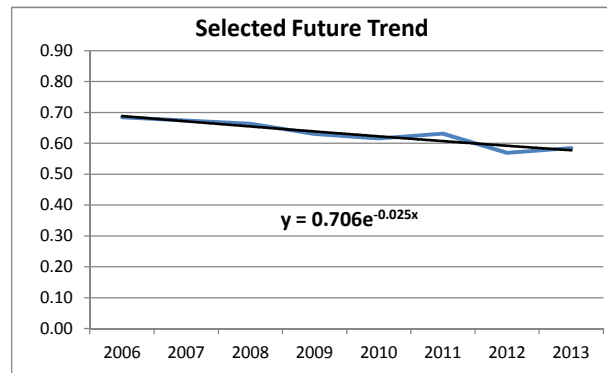
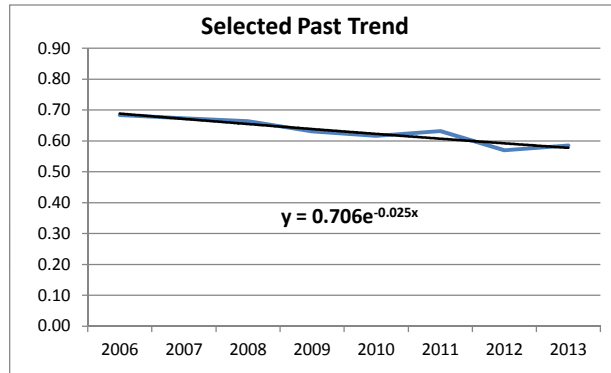
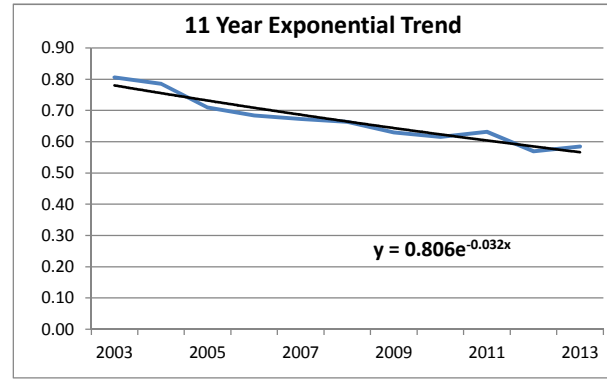
**All Vehicles Excluding Trailers and Motorcycles**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	728,874	5,907	0.9946	5,875	28,238,079	1.2987	36,671,525	0.81	6,242	50.31
2004	738,199	5,823	0.9964	5,802	23,815,876	1.4203	33,824,832	0.79	5,830	45.82
2005	745,209	5,301	0.9982	5,292	20,145,542	1.5349	30,922,014	0.71	5,844	41.49
2006	754,104	5,162	0.9989	5,156	22,426,281	1.5121	33,910,005	0.68	6,577	44.97
2007	777,561	5,246	0.9978	5,235	26,541,384	1.4327	38,026,219	0.67	7,264	48.90
2008	811,595	5,403	0.9972	5,388	28,681,649	1.4027	40,232,618	0.66	7,467	49.57
2009	832,402	5,253	0.9986	5,246	28,489,798	1.4945	42,578,466	0.63	8,117	51.15
2010	847,514	5,230	0.9978	5,218	27,257,067	1.6009	43,636,934	0.62	8,363	51.49
2011	856,765	5,412	1.0001	5,412	25,424,750	1.8040	45,867,000	0.63	8,474	53.54
2012	883,783	5,005	1.0047	5,029	25,436,597	1.8592	47,292,522	0.57	9,404	53.51
2013	361,263	1,872	1.1287	2,112	8,542,373	2.4839	21,218,449	0.58	10,044	58.73
Ratio 2004/2003	1.0128			0.9876			0.9224	0.9751	0.9340	0.9107
Ratio 2005/2004	1.0095			0.9120			0.9142	0.9034	1.0024	0.9056
Ratio 2006/2005	1.0119			0.9744			1.0966	0.9629	1.1254	1.0837
Ratio 2007/2006	1.0311			1.0153			1.1214	0.9846	1.1045	1.0876
Ratio 2008/2007	1.0438			1.0292			1.0580	0.9861	1.0280	1.0137
Ratio 2009/2008	1.0256			0.9736			1.0583	0.9493	1.0870	1.0319
Ratio 2010/2009	1.0182			0.9947			1.0249	0.9770	1.0303	1.0066
Ratio 2011/2010	1.0109			1.0373			1.0511	1.0261	1.0133	1.0398
Ratio 2012/2011	1.0315			0.9292			1.0311	0.9007	1.1097	0.9996
Ratio 2013/2012	0.4088			0.4201			0.4487	1.0276	1.0681	1.0976

SGI  
Class Group: All vehicles excluding trailers and motorcycles

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Medical Excluding Funding  
Rating year: 31/08/2014  
Exhibit 3 - Page 2-2  
**Frequency for All Vehicles Excluding Trailers and Motorcycles**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-3.15%	0.9216
10-yr exp trend	-2.94%	0.9013
9-yr exp trend	-2.52%	0.9096
8-yr exp trend	-2.48%	0.8728
7-yr exp trend	-2.57%	0.8337
6-yr exp trend	-2.58%	0.7598
5-yr exp trend	-2.26%	0.5967
4-yr exp trend	-2.56%	0.4944
3-yr exp trend	-3.79%	0.5078



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past -2.00%	N/A	Past N/A
Future -2.00%		Future N/A

Trend Selection Notes:

Past Trend: Based on mid term trends. Future Trend: Decreasing trend may be leveling off, keep eye on this for the future. For now, keep future = past.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past -2.50%	N/A	Past
Future -2.50%		Future

Trend Selection Notes:

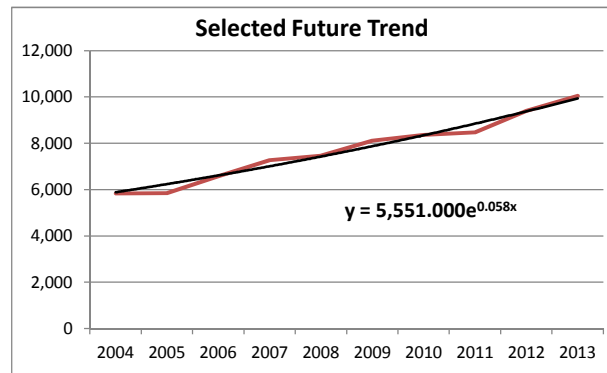
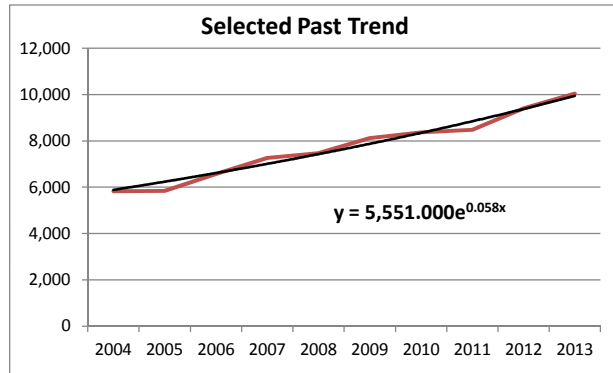
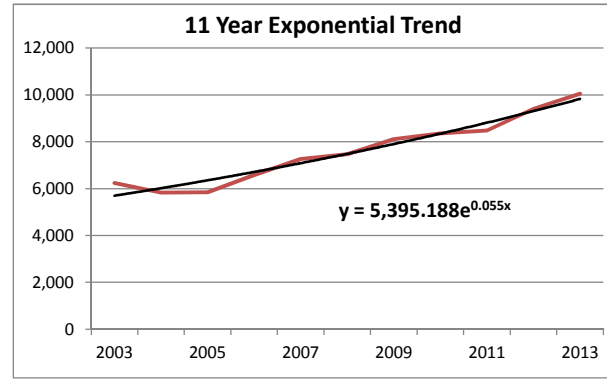
Past Trend: In available trends. Future Trend: Equal to past trend.



SGI  
Class Group: All vehicles excluding trailers and motorcycles

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Medical Excluding Funding  
Rating year: 31/08/2014  
Exhibit 3 - Page 2-4  
**Severity for All Vehicles Excluding Trailers and Motorcycles**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	5.60%	0.9419
10-yr exp trend	6.25%	0.9743
9-yr exp trend	6.29%	0.9656
8-yr exp trend	5.71%	0.9719
7-yr exp trend	5.41%	0.9619
6-yr exp trend	5.69%	0.9510
5-yr exp trend	5.59%	0.9151
4-yr exp trend	6.76%	0.9334
3-yr exp trend	8.87%	0.9834



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past 6.00%	N/A	Past N/A
Future 5.00%		Future N/A

**Trend Selection Notes:**

Past Trend: Based on long term trends. Future Trend: 2011 is more flat, and trend over the past 4 years is a bit lower than the longer-term past trend. Preliminary indications from more recent medical contract rates indicate slightly lower growth in the future (including chiro). Set future trend at around the 4-year level and review next year.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past 6.00%	N/A	Past
Future 6.00%		Future

**Trend Selection Notes:**

Past Trend: In available trends. Future Trend: Equal to past trend.

SGI  
 Class Group: Motorcycles

Ratemaking date as of: 31/05/2013  
 Data Source: Internal Data  
 Coverage: Injury - Medical Excluding Funding  
 Rating year: 31/08/2014  
 Exhibit 3 - Page 3-1

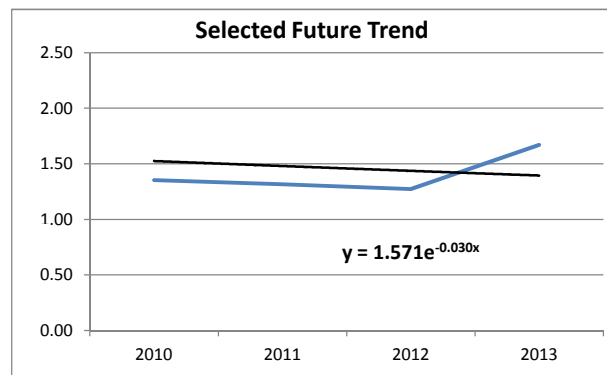
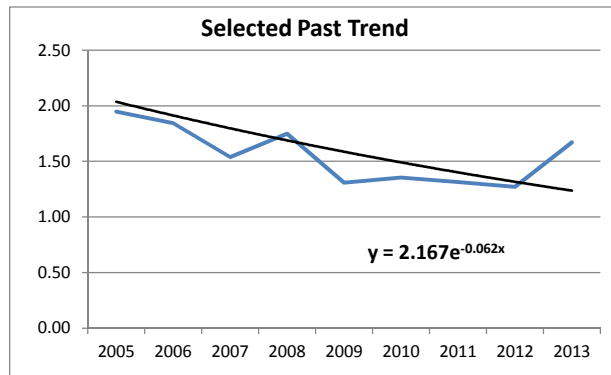
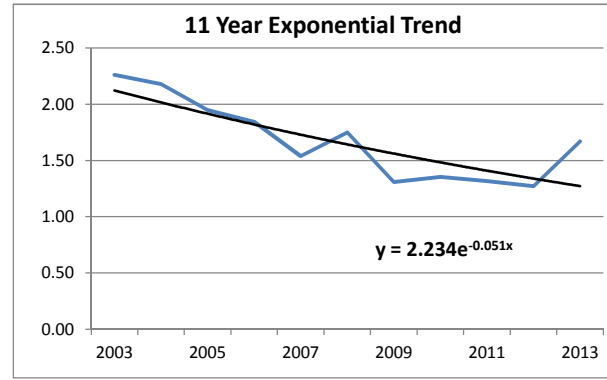
**Motorcycles**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	5,451	124	0.9946	123	1,144,908	1.2987	1,486,840	2.26	12,056	272.74
2004	5,841	128	0.9964	127	536,757	1.4203	762,337	2.18	5,991	130.51
2005	6,707	131	0.9982	131	1,164,774	1.5349	1,787,848	1.95	13,687	266.55
2006	7,649	141	0.9989	141	911,073	1.5121	1,377,602	1.84	9,765	180.09
2007	8,664	134	0.9978	133	1,552,374	1.4327	2,224,108	1.54	16,675	256.70
2008	10,054	176	0.9972	176	1,690,602	1.4027	2,371,458	1.75	13,487	235.87
2009	10,766	141	0.9986	141	1,533,030	1.4945	2,291,138	1.31	16,275	212.81
2010	11,438	155	0.9978	155	1,863,524	1.6009	2,983,390	1.35	19,257	260.84
2011	11,125	146	1.0001	146	1,531,634	1.8040	2,763,112	1.32	18,878	248.36
2012	11,758	149	1.0047	149	1,813,960	1.8592	3,372,571	1.27	22,563	286.84
2013	1,985	29	1.1287	33	409,778	2.4839	1,017,850	1.67	30,703	512.79
Ratio 2004/2003	1.0715			1.0319			0.5127	0.9630	0.4969	0.4785
Ratio 2005/2004	1.1483			1.0265			2.3452	0.8939	2.2848	2.0424
Ratio 2006/2005	1.1405			1.0800			0.7705	0.9470	0.7134	0.6756
Ratio 2007/2006	1.1327			0.9454			1.6145	0.8347	1.7077	1.4254
Ratio 2008/2007	1.1604			1.3183			1.0663	1.1361	0.8088	0.9189
Ratio 2009/2008	1.0708			0.8006			0.9661	0.7477	1.2067	0.9022
Ratio 2010/2009	1.0624			1.1005			1.3021	1.0359	1.1832	1.2257
Ratio 2011/2010	0.9727			0.9447			0.9262	0.9713	0.9803	0.9522
Ratio 2012/2011	1.0568			1.0212			1.2206	0.9663	1.1952	1.1550
Ratio 2013/2012	0.1688			0.2218			0.3018	1.3138	1.3608	1.7877

SGI  
Class Group: Motorcycles

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Medical Excluding Funding  
Rating year: 31/08/2014  
Exhibit 3 - Page 3-2  
**Frequency for Motorcycles**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-4.99%	0.6589
10-yr exp trend	-4.58%	0.5592
9-yr exp trend	-3.76%	0.4099
8-yr exp trend	-2.90%	0.2388
7-yr exp trend	-1.37%	0.0532
6-yr exp trend	-0.98%	0.0175
5-yr exp trend	4.35%	0.3730
4-yr exp trend	6.12%	0.3893
3-yr exp trend	12.67%	0.6442



**2011 Year End**

Selected Trends	Credibility
Past -7.00%	0.7915
Future -5.00%	

Compliment: All Vehicles excl Trailers and MC

Credibility Weighted Trends
Past -5.96%
Future -4.37%

Trend Selection Notes:

Past Trend: Based on available trends - mid-term trends seem to all be within 1% of -7%. Future Trend: Trend seems to be tapering off in recent years, but still expect to see impact from GDL in future years.

**2013 Rate Program**

Selected Trends	Credibility
Past -6.00%	0.7907
Future -3.00%	

Compliment: All Vehicles excl Trailers and MC

Credibility Weighted Trends
Past -5.27%
Future -2.90%

Trend Selection Notes:

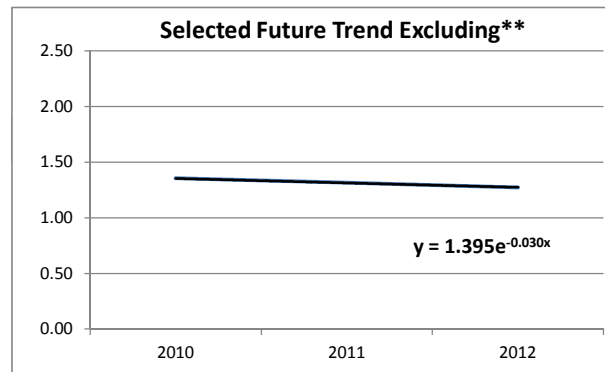
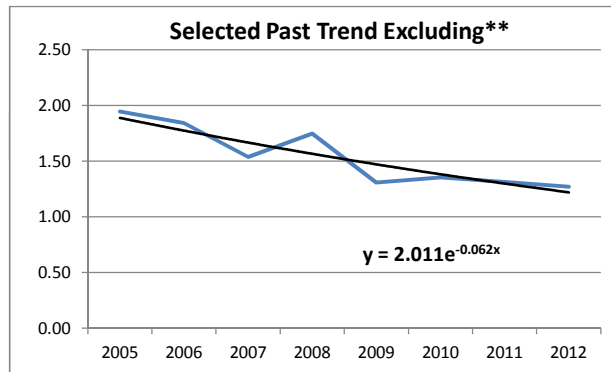
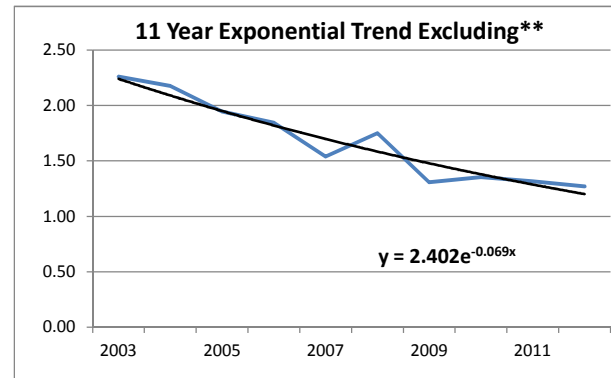
Past Trend: 8-9 year trend excluding 2013. Future Trend: In recent years, the trend is not as negative as it used to be. Earned exposure growth is coming down, but there is not as much of a reduction in riding time (shorter registrations).

SGI  
Class Group: Motorcycles

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Medical Excluding Funding  
Rating year: 31/08/2014  
Exhibit 3 - Page 3-3  
**Frequency for Motorcycles**  
**Excluding Years: 2013**

Period w Years Excluded	Trends Frequency	Coefficient of Correlation
		- R <sup>2</sup> Frequency
11 -yr exp trend excl **	-6.70%	0.9073
10 -yr exp trend excl **	-6.62%	0.8748
9 -yr exp trend excl **	-6.17%	0.8213
8 -yr exp trend excl **	-5.84%	0.7380
7 -yr exp trend excl **	-4.95%	0.5858
6 -yr exp trend excl **	-6.12%	0.5857
5 -yr exp trend excl **	-1.13%	0.3181
4 -yr exp trend excl **	-3.12%	0.9978
3 -yr exp trend excl **	-3.37%	1.0000

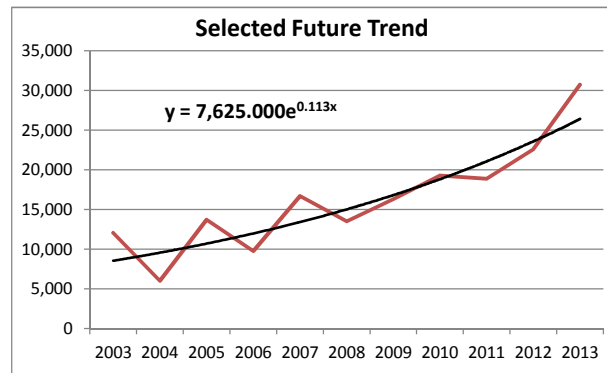
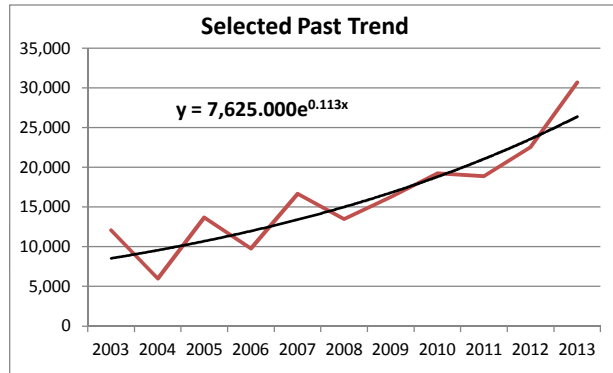
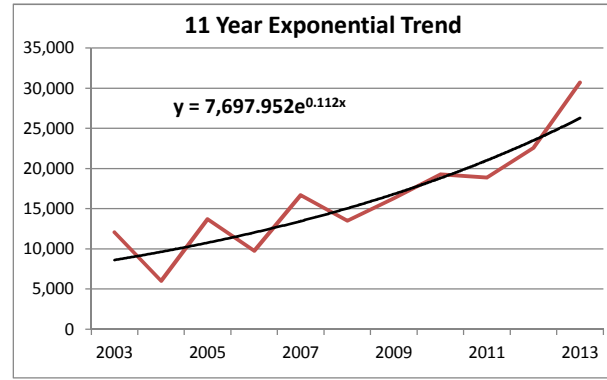
\*\* Years excluded: 2013



SGI  
Class Group: Motorcycles

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Medical Excluding Funding  
Rating year: 31/08/2014  
Exhibit 3 - Page 3-4  
**Severity for Motorcycles**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	11.81%	0.7185
10-yr exp trend	14.35%	0.8002
9-yr exp trend	11.16%	0.7755
8-yr exp trend	13.60%	0.8413
7-yr exp trend	11.35%	0.7728
6-yr exp trend	15.60%	0.9258
5-yr exp trend	15.35%	0.8741
4-yr exp trend	17.09%	0.8211
3-yr exp trend	27.53%	0.9768



**2011 Year End**

Selected Trends		Credibility
Past	8.00%	0.7915
Future	8.00%	

Compliment: All Vehicles excl Trailers and MC

Credibility Weighted Trends	
Past	7.58%
Future	7.37%

Trend Selection Notes:

Past Trend: Average of long term trends including an excluding 2011. Future Trend: Equal to past trend, no changes expected.

**2013 Rate Program**

Selected Trends		Credibility
Past	12.00%	0.7907
Future	12.00%	

Compliment: All Vehicles excl Trailers and MC

Credibility Weighted Trends	
Past	10.74%
Future	10.74%

Trend Selection Notes:

Past Trend: Focus on long term trend. Newer years are still quite immature. Future Trend: Equal to past trend.

***Permanent Impairment***

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SGI

Class Group: All vehicles excluding trailers and motorcycles

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Injury - Permanent Impairment

Rating year: 31/08/2014

Exhibit 3 - Page 2-1

**All Vehicles Excluding Trailers and Motorcycles**

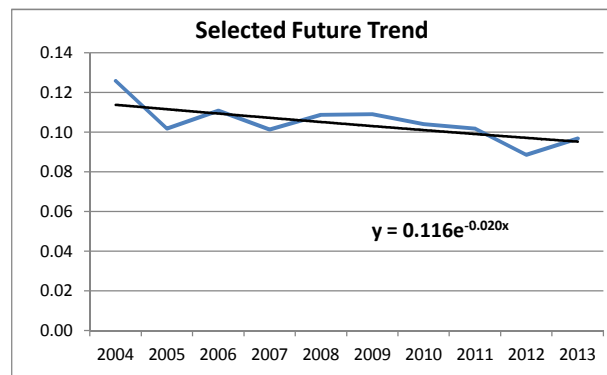
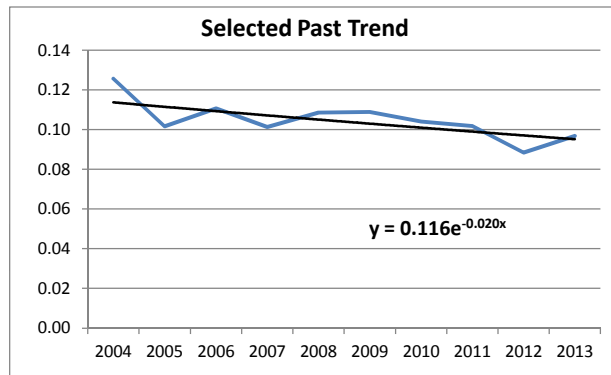
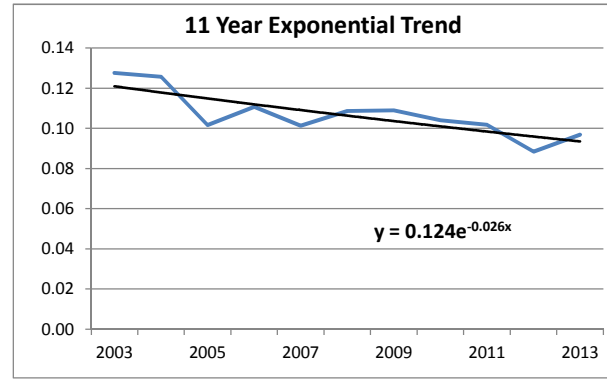
Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	728,874	930	0.9999	930	15,697,536	1.0173	15,968,471	0.13	17,174	21.91
2004	738,199	924	1.0040	928	13,167,857	1.0238	13,480,698	0.13	14,528	18.26
2005	745,209	751	1.0083	758	11,778,290	1.0047	11,834,185	0.10	15,618	15.88
2006	754,104	825	1.0128	835	13,644,358	1.0161	13,863,625	0.11	16,600	18.38
2007	777,561	779	1.0119	788	14,072,566	1.0227	14,391,808	0.10	18,269	18.51
2008	811,595	862	1.0229	881	16,697,589	1.0069	16,812,208	0.11	19,073	20.72
2009	832,402	876	1.0359	907	15,329,206	0.9868	15,127,367	0.11	16,677	18.17
2010	847,514	835	1.0556	882	16,098,300	1.0214	16,443,421	0.10	18,646	19.40
2011	856,765	804	1.0854	872	13,764,641	1.1064	15,228,969	0.10	17,460	17.77
2012	883,783	692	1.1291	782	10,857,883	1.5060	16,352,418	0.09	20,913	18.50
2013	361,263	165	2.1243	350	2,035,972	3.3614	6,843,776	0.10	19,570	18.94
Ratio 2004/2003	1.0128			0.9979			0.8442	0.9853	0.8460	0.8335
Ratio 2005/2004	1.0095			0.8166			0.8779	0.8089	1.0750	0.8696
Ratio 2006/2005	1.0119			1.1022			1.1715	1.0892	1.0628	1.1577
Ratio 2007/2006	1.0311			0.9432			1.0381	0.9148	1.1006	1.0068
Ratio 2008/2007	1.0438			1.1190			1.1682	1.0720	1.0440	1.1192
Ratio 2009/2008	1.0256			1.0290			0.8998	1.0033	0.8744	0.8773
Ratio 2010/2009	1.0182			0.9722			1.0870	0.9549	1.1181	1.0676
Ratio 2011/2010	1.0109			0.9890			0.9261	0.9784	0.9364	0.9161
Ratio 2012/2011	1.0315			0.8965			1.0738	0.8691	1.1978	1.0409
Ratio 2013/2012	0.4088			0.4473			0.4185	1.0942	0.9357	1.0238

SGI  
Class Group: All vehicles excluding trailers and motorcycles

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Permanent Impairmen  
Rating year: 31/08/2014  
Exhibit 3 - Page 2-2

**Frequency for All Vehicles Excluding Trailers and Motorcycles**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-2.54%	0.6445
10-yr exp trend	-2.20%	0.5299
9-yr exp trend	-1.49%	0.3538
8-yr exp trend	-2.19%	0.5361
7-yr exp trend	-2.17%	0.4311
6-yr exp trend	-3.43%	0.6818
5-yr exp trend	-3.91%	0.6291
4-yr exp trend	-3.51%	0.4089
3-yr exp trend	-2.49%	0.1253



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past 0.50%	N/A	Past N/A
Future 0.50%		Future N/A

Trend Selection Notes:

Past Trend: From 2005 forward, small increasing trend. Future Trend: Set equal to past trend, no changes expected.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past -2.00%	N/A	Past
Future -2.00%		Future

Trend Selection Notes:

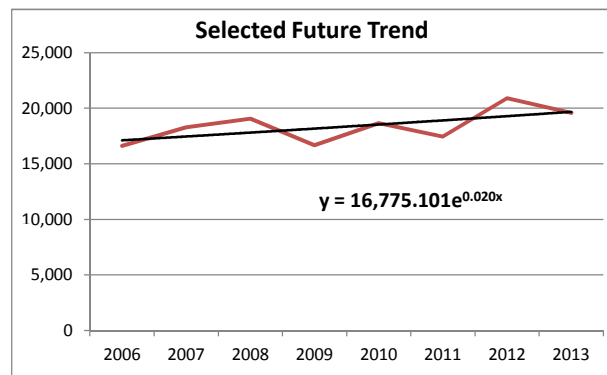
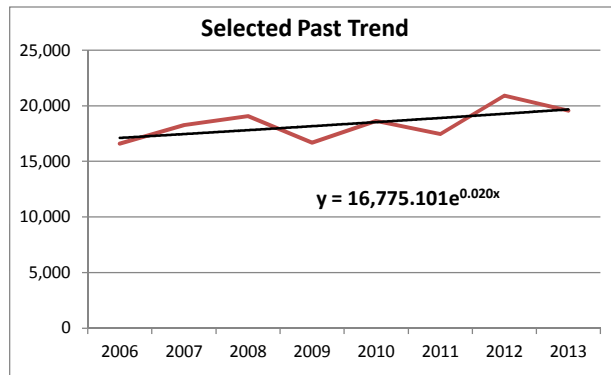
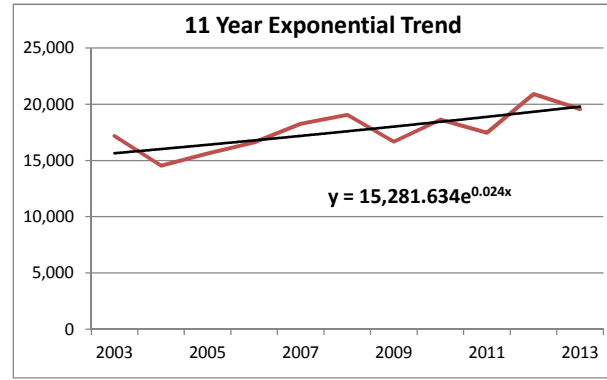
Past Trend: Mid to long term trend. Future Trend: Equal to past trend.



SGI  
Class Group: All vehicles excluding trailers and motorcycles

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Permanent Impairmen  
Rating year: 31/08/2014  
Exhibit 3 - Page 2-4  
**Severity for All Vehicles Excluding Trailers and Motorcycles**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	2.38%	0.5515
10-yr exp trend	3.02%	0.6651
9-yr exp trend	2.50%	0.5403
8-yr exp trend	2.01%	0.3737
7-yr exp trend	1.57%	0.2050
6-yr exp trend	2.14%	0.2399
5-yr exp trend	4.44%	0.5860
4-yr exp trend	3.31%	0.3035
3-yr exp trend	5.87%	0.3903



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past 0.00%	N/A	Past N/A
Future 0.00%		Future N/A

**Trend Selection Notes:**

Past Trend: Lots of up and down between years. No apparent trend as 2011 level is very similar to 2001 level.. Future Trend: Set equal to past trend, no changes expected.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past 2.00%	N/A	Past
Future 2.00%		Future

**Trend Selection Notes:**

Past Trend: Based on mid trem trends. Future Trend: Equal to past trend.

SGI

Class Group: Motorcycles

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Injury - Permanent Impairment

Rating year: 31/08/2014

Exhibit 3 - Page 3-1

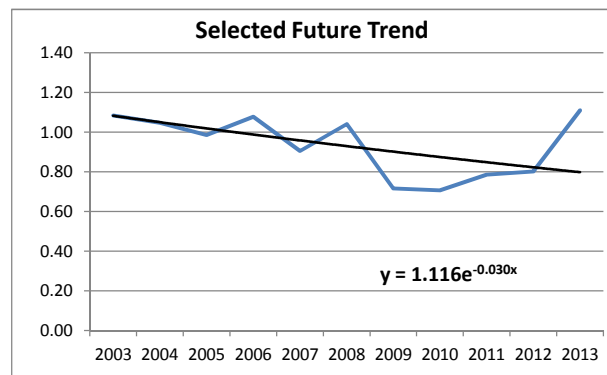
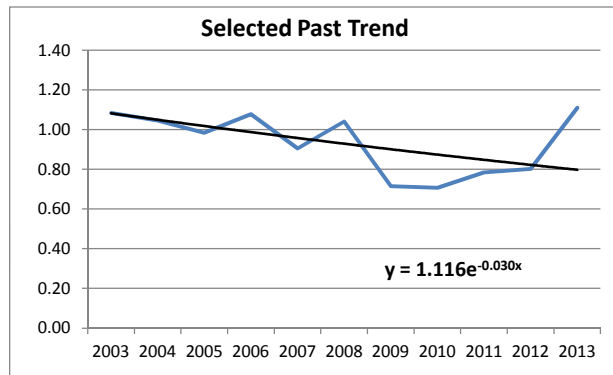
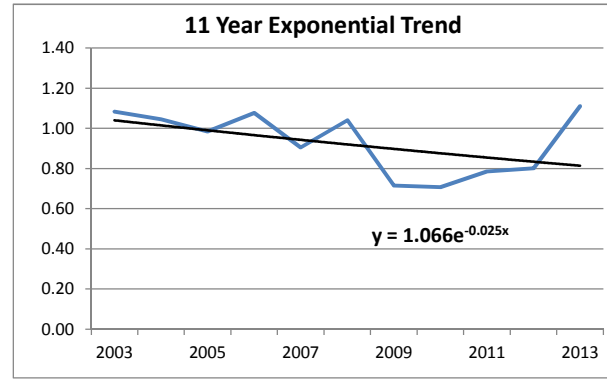
**Motorcycles**

Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	5,451	59	0.9999	59	1,052,180	1.0173	1,070,340	1.08	18,122	196.34
2004	5,841	61	1.0040	61	841,631	1.0238	861,627	1.05	14,106	147.51
2005	6,707	66	1.0083	66	1,381,767	1.0047	1,388,325	0.98	21,018	206.99
2006	7,649	81	1.0128	82	1,545,691	1.0161	1,570,531	1.08	19,057	205.31
2007	8,664	77	1.0119	78	1,441,004	1.0227	1,473,694	0.90	18,801	170.09
2008	10,054	102	1.0229	105	2,042,932	1.0069	2,056,955	1.04	19,671	204.59
2009	10,766	74	1.0359	77	1,368,385	0.9868	1,350,368	0.72	17,522	125.43
2010	11,438	77	1.0556	81	1,398,975	1.0214	1,428,967	0.71	17,677	124.93
2011	11,125	80	1.0854	87	1,427,900	1.1064	1,579,805	0.78	18,100	142.00
2012	11,758	84	1.1291	94	1,223,351	1.5060	1,842,417	0.80	19,539	156.70
2013	1,985	10	2.1243	22	140,695	3.3614	472,937	1.11	21,465	238.27
Ratio 2004/2003	1.0715			1.0342			0.8050	0.9652	0.7784	0.7513
Ratio 2005/2004	1.1483			1.0814			1.6113	0.9417	1.4900	1.4032
Ratio 2006/2005	1.1405			1.2476			1.1312	1.0940	0.9067	0.9919
Ratio 2007/2006	1.1327			0.9511			0.9383	0.8397	0.9866	0.8284
Ratio 2008/2007	1.1604			1.3341			1.3958	1.1497	1.0462	1.2028
Ratio 2009/2008	1.0708			0.7370			0.6565	0.6883	0.8908	0.6131
Ratio 2010/2009	1.0624			1.0489			1.0582	0.9873	1.0089	0.9961
Ratio 2011/2010	0.9727			1.0797			1.1056	1.1100	1.0239	1.1366
Ratio 2012/2011	1.0568			1.0803			1.1662	1.0222	1.0795	1.1035
Ratio 2013/2012	0.1688			0.2337			0.2567	1.3841	1.0986	1.5205

SGI  
Class Group: Motorcycles

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Permanent Impairmen  
Rating year: 31/08/2014  
Exhibit 3 - Page 3-2  
**Frequency for Motorcycles**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-2.42%	0.2208
10-yr exp trend	-2.16%	0.1452
9-yr exp trend	-1.78%	0.0783
8-yr exp trend	-1.48%	0.0395
7-yr exp trend	0.66%	0.0065
6-yr exp trend	2.23%	0.0458
5-yr exp trend	10.56%	0.7506
4-yr exp trend	14.76%	0.8286
3-yr exp trend	18.95%	0.7973



**2011 Year End**

Selected Trends		Credibility
Past	-4.00%	0.6143
Future	-4.00%	

Compliment: All Vehicles excl Trailers and MC

Credibility Weighted Trends	
Past	-2.26%
Future	-2.26%

Trend Selection Notes:

Past Trend: Based on mid to long term trends. Future Trend: Don't want to rely too heavily on 2011 as it is too immature. Set equal to past trend, as no changes expected.

**2013 Rate Program**

Selected Trends		Credibility
Past	-3.00%	0.5787
Future	-3.00%	

Compliment: All Vehicles excl Trailers and MC

Credibility Weighted Trends	
Past	-2.58%
Future	-2.58%

Trend Selection Notes:

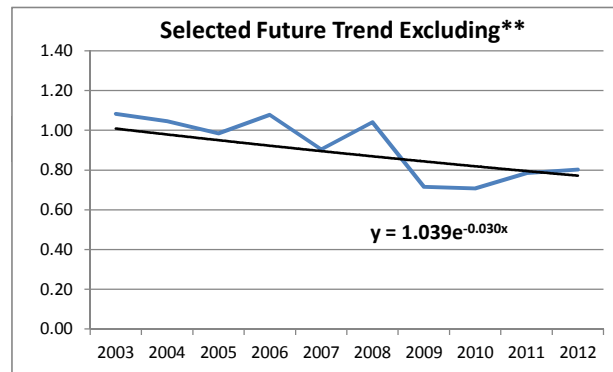
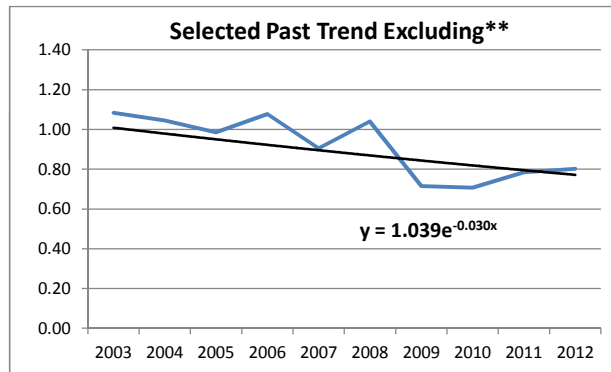
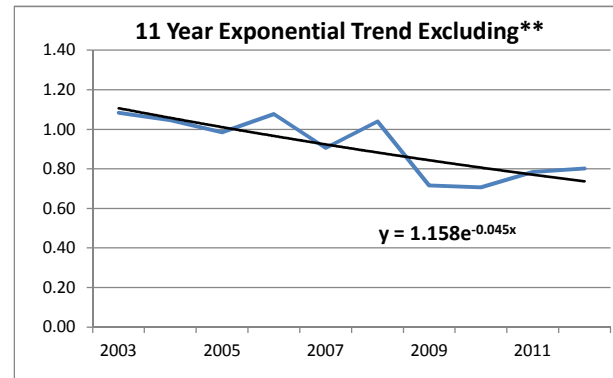
Past Trend: Compromise in long term trends including and excluding 2013. Future Trend: Equal to past trend.

SGI  
Class Group: Motorcycles

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Permanent Impairmen  
Rating year: 31/08/2014  
Exhibit 3 - Page 3-3  
**Frequency for Motorcycles**  
**Excluding Years: 2013**

Period w Years Excluded	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11 -yr exp trend excl **	-4.42%	0.6463
10 -yr exp trend excl **	-4.59%	0.5912
9 -yr exp trend excl **	-4.81%	0.5283
8 -yr exp trend excl **	-5.41%	0.4970
7 -yr exp trend excl **	-4.09%	0.2794
6 -yr exp trend excl **	-4.19%	0.1891
5 -yr exp trend excl **	4.55%	0.8122
4 -yr exp trend excl **	6.52%	0.8759
3 -yr exp trend excl **	2.22%	1.0000

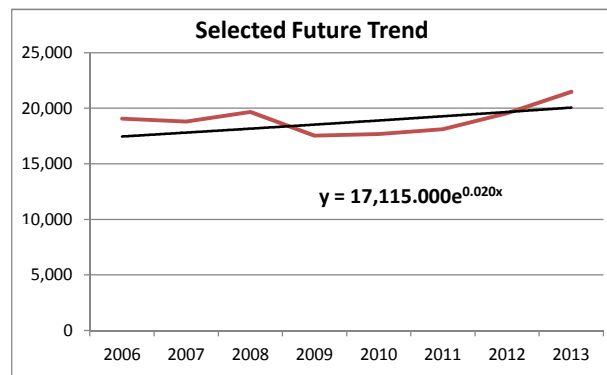
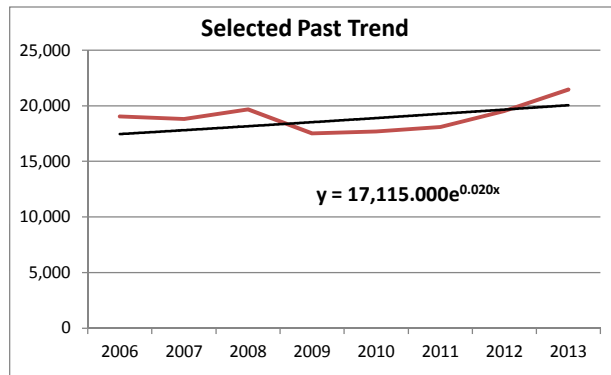
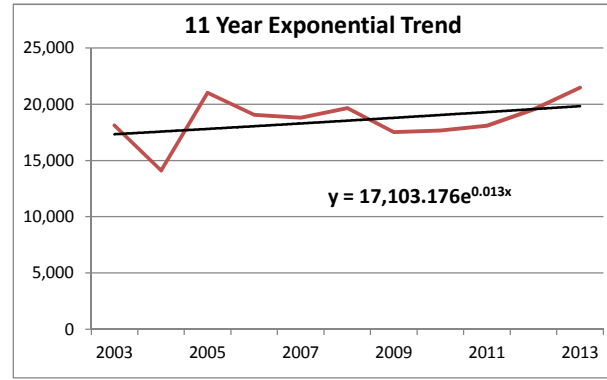
\*\* Years excluded: 2013



SGI  
Class Group: Motorcycles

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Injury - Permanent Impairmen  
Rating year: 31/08/2014  
Exhibit 3 - Page 3-4  
**Severity for Motorcycles**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	1.35%	0.1585
10-yr exp trend	1.66%	0.1778
9-yr exp trend	-0.04%	0.0002
8-yr exp trend	0.94%	0.1180
7-yr exp trend	1.50%	0.1999
6-yr exp trend	2.27%	0.2859
5-yr exp trend	5.19%	0.8756
4-yr exp trend	6.81%	0.9435
3-yr exp trend	8.90%	0.9965



**2011 Year End**

Selected Trends	Credibility
Past 0.00%	0.6143
Future 0.00%	

Compliment: All Vehicles excl Trailers and MC

Credibility Weighted Trends
Past 0.00%
Future 0.00%

Trend Selection Notes:

Past Trend: Lots of up and down between years. No apparent trend, especially since 2011 is immature. Future Trend: Set equal to past trend.

**2013 Rate Program**

Selected Trends	Credibility
Past 2.00%	0.5787
Future 2.00%	

Compliment: All Vehicles excl Trailers and MC

Credibility Weighted Trends
Past 2.00%
Future 2.00%

Trend Selection Notes:

Past Trend: Equal to All Vehicles Excluding Trailers and Motorcycles. Not enough information for separate trend. Future Trend: Equal to past trend.

***Tort Injury***

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SGI

Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Tort - Injury

Rating year: 31/08/2014

Exhibit 3 - Page 1-1

**All Vehicles Excluding Trailers**

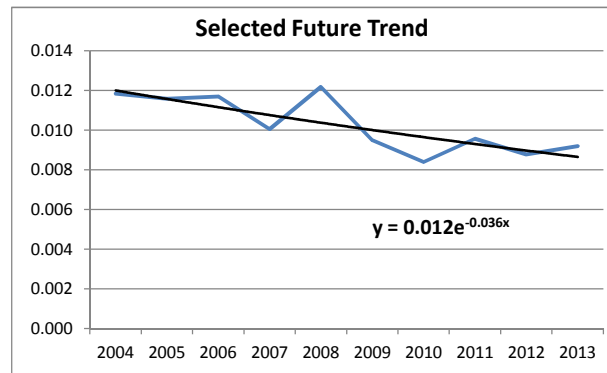
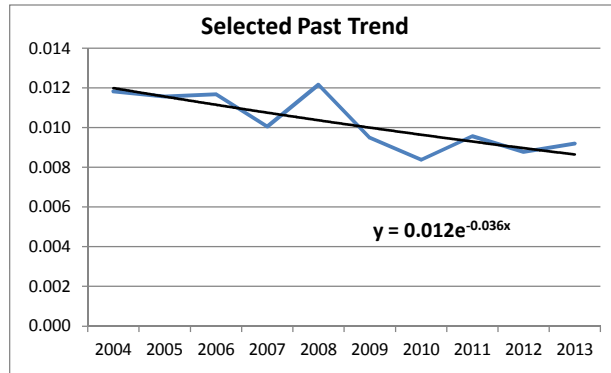
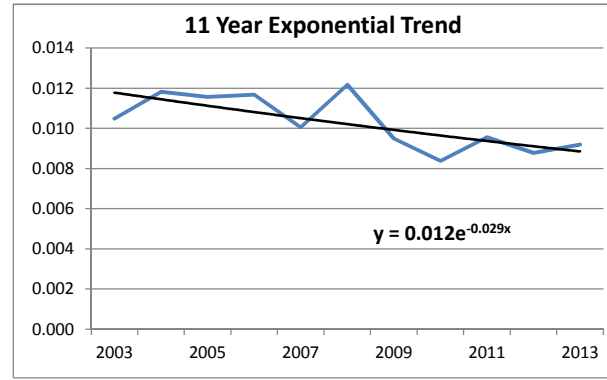
Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	734,326	77	1.0000	77	464,487	1.0000	464,487	0.01	6,032	0.63
2004	744,040	88	1.0000	88	353,248	1.0109	357,087	0.01	4,058	0.48
2005	751,916	87	1.0000	87	1,242,071	1.0338	1,284,029	0.01	14,759	1.71
2006	761,754	89	1.0000	89	459,538	1.0953	503,328	0.01	5,655	0.66
2007	786,225	79	1.0000	79	798,810	1.0563	843,774	0.01	10,681	1.07
2008	821,650	100	1.0000	100	1,027,887	1.0453	1,074,477	0.01	10,745	1.31
2009	843,168	80	1.0000	80	481,781	1.1290	543,947	0.01	6,799	0.65
2010	858,951	72	1.0000	72	589,641	1.0966	646,591	0.01	8,980	0.75
2011	867,890	83	1.0000	83	460,323	1.1461	527,579	0.01	6,356	0.61
2012	895,540	78	1.0073	79	556,218	1.2306	684,484	0.01	8,712	0.76
2013	363,248	31	1.0773	33	135,699	1.9865	269,562	0.01	8,072	0.74
Ratio 2004/2003	1.0132			1.1429			0.7688	1.1279	0.6727	0.7587
Ratio 2005/2004	1.0106			0.9886			3.5958	0.9783	3.6372	3.5582
Ratio 2006/2005	1.0131			1.0230			0.3920	1.0098	0.3832	0.3869
Ratio 2007/2006	1.0321			0.8876			1.6764	0.8600	1.8886	1.6242
Ratio 2008/2007	1.0451			1.2658			1.2734	1.2112	1.0060	1.2185
Ratio 2009/2008	1.0262			0.8000			0.5062	0.7796	0.6328	0.4933
Ratio 2010/2009	1.0187			0.9000			1.1887	0.8835	1.3208	1.1669
Ratio 2011/2010	1.0104			1.1528			0.8159	1.1409	0.7078	0.8075
Ratio 2012/2011	1.0319			0.9466			1.2974	0.9174	1.3706	1.2573
Ratio 2013/2012	0.4056			0.4251			0.3938	1.0479	0.9265	0.9709

SGI  
Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Tort - Injury  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-2

**Frequency for All Vehicles Excluding Trailers**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	-2.82%	0.5296
10-yr exp trend	-3.57%	0.6449
9-yr exp trend	-3.68%	0.5857
8-yr exp trend	-3.74%	0.5058
7-yr exp trend	-3.21%	0.3427
6-yr exp trend	-4.21%	0.3834
5-yr exp trend	-0.17%	0.0024
4-yr exp trend	1.93%	0.1863
3-yr exp trend	-1.95%	0.2084



**2011 Year End**

Selected Trends	Credibility
Past -3.00%	N/A
Future 0.00%	

Credibility Weighted Trends
Past N/A
Future N/A

Trend Selection Notes:

Past Trend: Based on mid to long term trends, has seen some decrease from the 2004-2006 level. Future Trend: No clear trend in recent years. Since 2007, we have seen two increases and two decreases, ending with the 2011 frequency a bit higher than the 2007 level.

**2013 Rate Program**

Selected Trends	Credibility
Past -3.50%	N/A
Future -3.50%	

Credibility Weighted Trends
Past
Future

Trend Selection Notes:

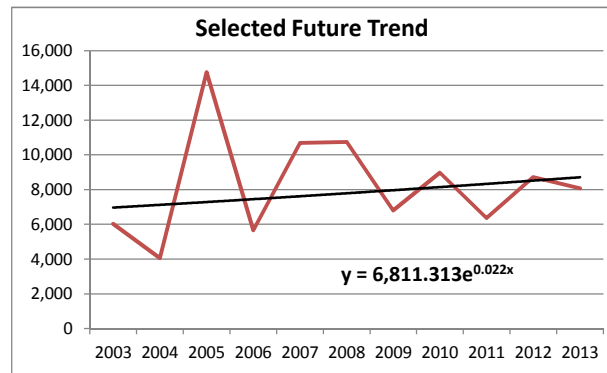
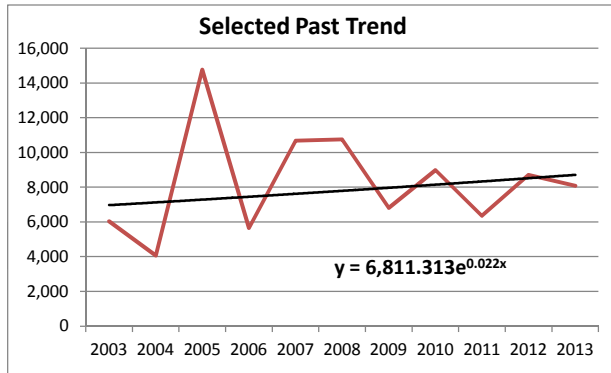
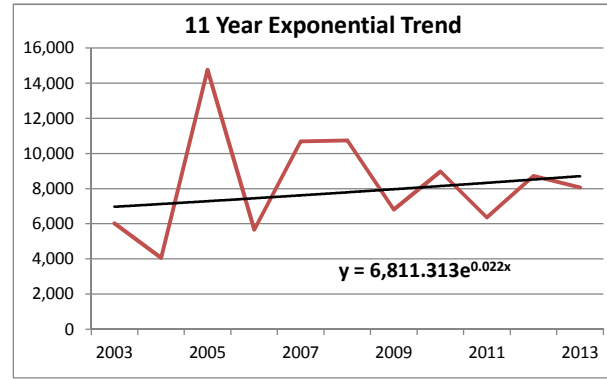
Past Trend: Based on 6-7 year trends. Future Trend: Equal to past trend.



SGI  
Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Tort - Injury  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-4  
**Severity for All Vehicles Excluding Trailers**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	2.26%	0.0423
10-yr exp trend	1.28%	0.0110
9-yr exp trend	-3.82%	0.1268
8-yr exp trend	0.21%	0.0005
7-yr exp trend	-4.63%	0.2541
6-yr exp trend	-2.91%	0.0823
5-yr exp trend	3.18%	0.1047
4-yr exp trend	-0.05%	0.0000
3-yr exp trend	12.69%	0.5275



**2011 Year End**

Selected Trends	Credibility
Past 0.00%	N/A
Future 0.00%	

Credibility Weighted Trends
Past N/A
Future N/A

Trend Selection Notes:  
No clear trend.

**2013 Rate Program**

Selected Trends	Credibility
Past 0.00%	N/A
Future 0.00%	

Credibility Weighted Trends
Past
Future

Trend Selection Notes:  
No clear trend.

***Tort Liability***

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SGI

Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013

Data Source: Internal Data

Coverage: Tort - Liability

Rating year: 31/08/2014

Exhibit 3 - Page 1-1

**All Vehicles Excluding Trailers**

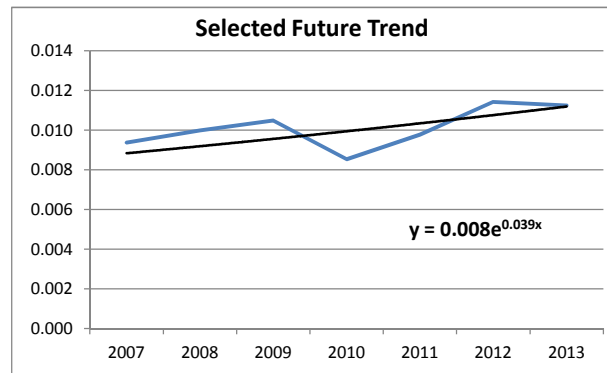
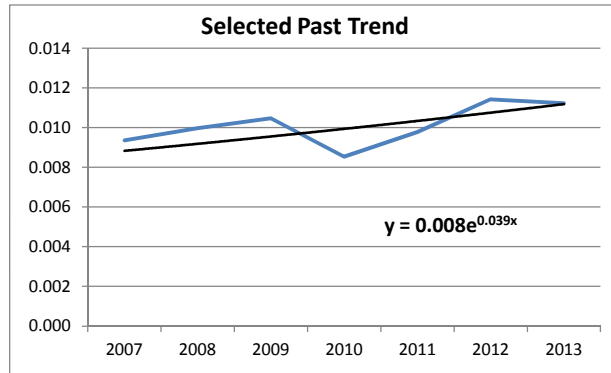
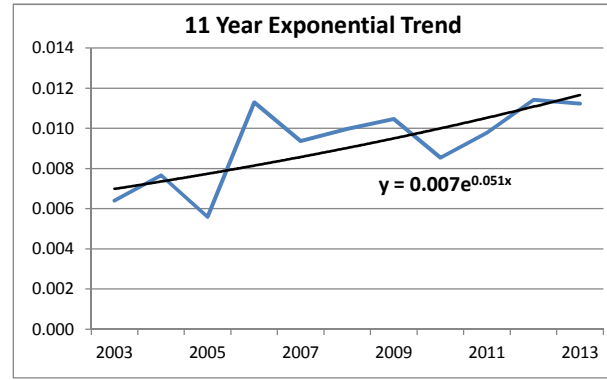
Accident Year	Earned Exposures	Number of Claims	Claim Count Development Factor	Ultimate Number of Claims	Incurred Losses	Incurred Loss Development Factor	Ultimate Losses	Percent Ultimate Frequency	Ultimate Severity	Ultimate Pure Premium
2003	734,326	47	1.0000	47	1,272,143	1.1245	1,430,540	0.01	30,437	1.95
2004	744,040	57	1.0000	57	1,128,259	1.1468	1,293,916	0.01	22,700	1.74
2005	751,916	42	1.0000	42	1,039,337	1.0669	1,108,831	0.01	26,401	1.47
2006	761,754	86	1.0000	86	2,256,672	1.0504	2,370,477	0.01	27,564	3.11
2007	786,225	73	1.0087	74	1,545,589	1.1093	1,714,530	0.01	23,284	2.18
2008	821,650	81	1.0120	82	2,101,511	1.1049	2,321,962	0.01	28,325	2.83
2009	843,168	87	1.0151	88	2,128,391	1.1887	2,530,034	0.01	28,649	3.00
2010	858,951	71	1.0320	73	1,713,731	1.3808	2,366,263	0.01	32,293	2.75
2011	867,890	80	1.0605	85	1,919,432	1.5239	2,925,009	0.01	34,477	3.37
2012	895,540	86	1.1892	102	2,392,895	1.4599	3,493,340	0.01	34,158	3.90
2013	363,248	28	1.4571	41	920,000	1.6202	1,490,599	0.01	36,534	4.10
Ratio 2004/2003	1.0132			1.2128			0.9045	1.1969	0.7458	0.8927
Ratio 2005/2004	1.0106			0.7368			0.8570	0.7291	1.1630	0.8480
Ratio 2006/2005	1.0131			2.0476			2.1378	2.0212	1.0440	2.1102
Ratio 2007/2006	1.0321			0.8562			0.7233	0.8296	0.8447	0.7008
Ratio 2008/2007	1.0451			1.1133			1.3543	1.0653	1.2165	1.2959
Ratio 2009/2008	1.0262			1.0773			1.0896	1.0498	1.0114	1.0618
Ratio 2010/2009	1.0187			0.8297			0.9353	0.8145	1.1272	0.9181
Ratio 2011/2010	1.0104			1.1578			1.2361	1.1459	1.0676	1.2234
Ratio 2012/2011	1.0319			1.2055			1.1943	1.1682	0.9907	1.1574
Ratio 2013/2012	0.4056			0.3989			0.4267	0.9835	1.0696	1.0520

SGI  
Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Tort - Liability  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-2

**Frequency for All Vehicles Excluding Trailers**

Period	Trends Frequency	Coefficient of Correlation - R <sup>2</sup> Frequency
11-yr exp trend	5.26%	0.5057
10-yr exp trend	4.65%	0.3857
9-yr exp trend	4.70%	0.3184
8-yr exp trend	0.82%	0.0379
7-yr exp trend	2.70%	0.3156
6-yr exp trend	2.86%	0.2448
5-yr exp trend	4.41%	0.3298
4-yr exp trend	10.31%	0.8625
3-yr exp trend	7.19%	0.6615



**2011 Year End**

Selected Trends	Credibility	Credibility Weighted Trends
Past 4.00%	N/A	Past N/A
Future 0.00%		Future N/A

**Trend Selection Notes:**

Past Trend: Based on mid to long term trends. Future Trend: The number of people opting for tort coverage remains fairly consistent, but the population continues to grow. Therefore, expect that frequency (measured using all exposure base) will decrease. Additionally, it appears that recent years may even be showing a decreasing frequency trend since 2006. Select 0%, and will keep an eye on this one for the future.

**2013 Rate Program**

Selected Trends	Credibility	Credibility Weighted Trends
Past 4.00%	N/A	Past
Future 4.00%		Future

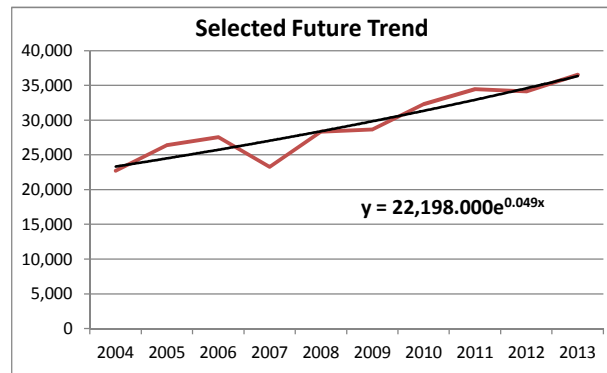
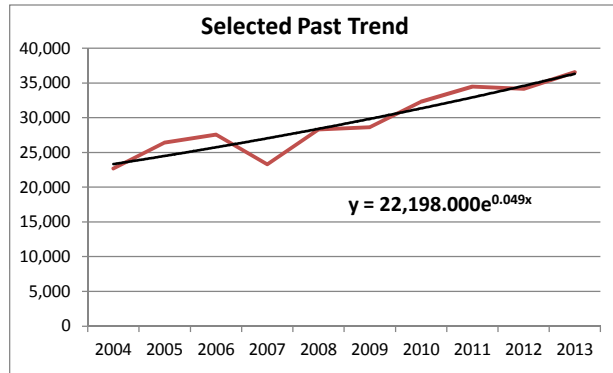
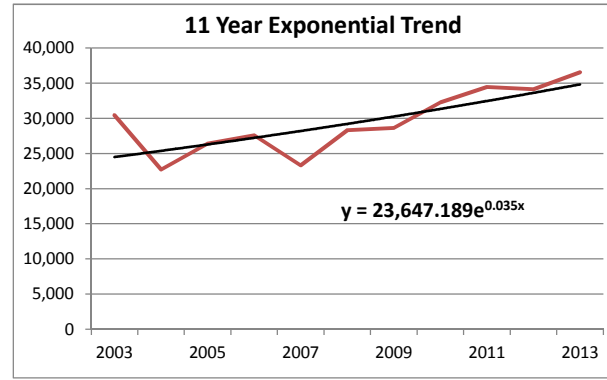
**Trend Selection Notes:**

Past Trend: Based on 5 year trend. Future Trend: Equal to past trend.

SGI  
Class Group: All vehicles excluding trailers

Ratemaking date as of: 31/05/2013  
Data Source: Internal Data  
Coverage: Tort - Liability  
Rating year: 31/08/2014  
Exhibit 3 - Page 1-4  
**Severity for All Vehicles Excluding Trailers**

Period	Trends Severity	Coefficient of Correlation - R <sup>2</sup> Severity
11-yr exp trend	3.58%	0.5594
10-yr exp trend	5.09%	0.8421
9-yr exp trend	4.88%	0.7852
8-yr exp trend	5.63%	0.8062
7-yr exp trend	7.06%	0.8975
6-yr exp trend	5.47%	0.9177
5-yr exp trend	5.57%	0.8689
4-yr exp trend	3.67%	0.8504
3-yr exp trend	2.94%	0.6323



**2011 Year End**

Selected Trends	Credibility
Past 5.00%	N/A
Future 5.00%	

Credibility Weighted Trends
Past N/A
Future N/A

**Trend Selection Notes:**

Past Trend: Based on long term trends. Future Trend: No reason to expect trend will change in the future.

**2013 Rate Program**

Selected Trends	Credibility
Past 5.00%	N/A
Future 5.00%	

Credibility Weighted Trends
Past
Future

**Trend Selection Notes:**

Past Trend: In available trends. Future Trend: Equal to past trend.



# 7. Rationale for Differences between Indicated and Requested Rates

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## **Auto Fund Coverage Review**

For class A non-IRP, C, D and TS commercial vehicles/trailers, the Auto Fund provides damage coverage up to a limit of \$15,000 for damage to a customer's own vehicle. A customer has the option of purchasing excess value coverage either through the Auto Fund or a competitive insurer. The rate indication for this excess coverage shows that a large decrease is warranted for all of these classes.

SGI is recommending no rate change for class A, C or D excess value at this time. As part of the Auto Fund coverage review, SGI is considering not providing excess coverage in the future and, as such, does not want to lower the rate only to tell customers that they cannot purchase the coverage anymore. The fee will remain the same for each class with this coverage.

## **Capping Structure**

Because the rate changes for individual vehicles within a class are capped, the requested overall rate change for some classes differs from their indicated rate change. Any shortfall or excess to the Auto Fund's overall projected revenue as a result of these caps is offset by adjusting the base rate for CLEAR-rated vehicles.

## **Motorcycle Review Committee Recommendations**

The previous (2013) rate program, initially proposed on February 15, 2013, would have resulted in significant increases for most motorcycle owners. Saskatchewan's motorcycle community reacted quickly, vocally and publically to the proposed increase. On March 14, 2013 SGI was directed by government to amend its rate proposal to cap motorcycle increases at 15%. These rates were approved and implemented effective August 31, 2013.

At the same time, the company was directed to review its rating approach for motorcycles, including injury benefit levels provided with the basic coverage, and to examine ways to improve motorcycle safety. The Motorcycle Review Committee (MRC) was formed to assist with this review and recommendations were submitted to government.

Once approved recommendations are implemented, it will take time for them to have an impact on claim costs. In the interest of fairness to all vehicle owners, it is recommended that motorcycle rates be increased by a flat 2.7% - the average required for all vehicles. This

approach recognizes that a number of initiatives are about to be implemented that will reduce the rate need for the motorcycle class, while bringing them closer to covering the cost of motorcycle claims that will be incurred in the upcoming rating year. With this rate program, the difference in revenue between the adequate and proposed rate change for motorcycles is not being offset by adjusting the base rate for CLEAR-rated vehicles.



## 8. Rate Rebalancing Measures Proposed

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The following information measures the number of rate programs to attain the required rates in the 2014 rate indication. The estimate assumes the application of the current capping guideline. Future changes in these estimates may lead to increases or decreases in the required time to achieve adequate rates. An anticipated additional 1.4% increase in rate to cover increased auto body labour rates for the August 31, 2015 to August 30, 2016 rating year has not been factored into these estimates.



Saskatchewan Government Insurance  
**2014 Rate Program**  
**Adequacy Summary**

Vehicle Class	2014 Indicated Average Rate Change	2014 Proposed Average Rate Change	2014 Proposed Average Rate Change with RSR Surcharge	% of Class Currently within +/-5% of Adequate	% of Class That Will Be within +/-5% of Adequate with 2014 Proposed Rates	# of Rate Programs Until 95% of Vehicles are Adequate	# of Rate Programs Until All Vehicles are Adequate	# of Rate Programs Until Class is Adequate
<b>CLEAR Rated Vehicles</b>	2.3%	2.4%	4.9%					
A - Commercial Light Trucks		15.4%	18.2%	0.0%	0.0%	2	2	2
F - Farm Light Truck - 1994 & Newer		-0.3%	2.1%	46.0%	100.0%	1	2	2
LV - Private Passenger Vehicles (PPV)		2.5%	5.0%	59.6%	99.6%	1	2	2
LV - PPV - Farm Cars, SUVs and Vans		2.0%	4.4%	49.0%	99.3%	1	2	2
LV - Police Cars		16.9%	19.7%	0.5%	100.0%	1	3	1
LV - Police Trucks, Vans & SUVs		-8.7%	-6.5%	32.1%	100.0%	1	2	1
LV - U Drives		4.3%	6.8%	53.7%	100.0%	1	3	1
PT - Taxis (Rural)		5.7%	8.2%	24.8%	100.0%	1	2	2
<b>Conventionally Rated Vehicles</b>								
Ambulances	2.9%	2.9%	5.4%	0.0%	100.0%	1	1	1
A - Commercial Vehicles:								
Heavy Trucks and Vans IRP Reg. Ded.	2.8%	2.8%	5.3%	79.5%	99.4%	1	2	1
Heavy Trucks and Vans IRP \$15K Ded.	-11.8%	-9.5%	-7.2%	16.1%	90.4%	2	3	1
Heavy Trucks and Vans Non-IRP	3.2%	2.9%	5.4%	94.0%	99.5%	1	3	2
Power Units IRP Reg. Ded.	1.8%	1.6%	4.0%	96.5%	98.9%	1	4	2
Power Units IRP \$15K Ded.	-4.5%	-4.6%	-2.4%	53.3%	99.0%	1	6	2
Power Units Non-IRP	-2.5%	-2.5%	-0.2%	46.8%	98.2%	1	3	1
C & D - Commercial Vehicles:								
Heavy Trucks and Vans	11.9%	9.5%	12.1%	22.7%	100.0%	1	1	1
Power Units	3.3%	1.6%	4.0%	71.1%	93.5%	2	3	2
F - Farm Vehicles:								
Heavy Trucks and Vans	-10.4%	-3.6%	-1.2%	3.8%	89.4%	3	5	2
Light Trucks - 1993 & Older	-12.0%	-12.0%	-9.9%	43.5%	100.0%	1	1	1
Power Units	7.5%	7.8%	10.4%	7.8%	100.0%	1	1	1
Hearses	0.2%	0.2%	2.6%	100.0%	100.0%	1	1	1
L - Automobile & Motorcycle Dealer Plate:	-3.9%	-3.9%	-1.5%	100.0%	100.0%	1	1	1
L - Snowmobile Dealers	0.0%	0.0%	1.6%	100.0%	100.0%	1	1	1
LV - Antiques	4.4%	3.8%	6.2%	0.0%	0.0%	2	2	2
LV - Buses	10.6%	10.0%	12.7%	0.0%	100.0%	1	1	1
LV - Buses (Restricted)	-0.8%	-0.9%	1.5%	100.0%	100.0%	1	1	1
LV - Motorcycles:	46.8%	2.7%	5.2%	15.0%	16.2%	4	5	1
Cruiser/Touring		2.7%	5.2%	17.1%	18.6%	4	4	1
Dual Purpose/Other		2.7%	5.2%	20.4%	20.5%	4	4	1
Sport		2.7%	5.2%	0.2%	0.2%	4	5	3
LV - Motorhomes	8.7%	7.6%	10.2%	63.9%	89.1%	2	3	2
MT - Snowmobiles	-4.1%	-3.8%	-1.2%	0.0%	100.0%	1	2	2
PB - Passenger Inter-city Buses	3.7%	3.4%	5.9%	54.1%	100.0%	1	2	2
PC - Passenger City Buses	30.7%	10.2%	12.9%	11.2%	39.4%	6	7	4
PS - Passenger School Buses	11.3%	11.6%	14.4%	3.4%	99.9%	1	2	1
PT - Taxis	36.3%	14.5%	17.3%	0.0%	35.4%	5	5	4

Vehicle Class	2014 Indicated Average Rate Change	2014 Proposed Average Rate Change	2014 Proposed Average Rate Change with RSR Surcharge	% of Class Currently within +/-5% of Adequate	% of Class That Will Be within +/-5% of Adequate with 2014 Proposed Rates	# of Rate Programs Until 95% of Vehicles are Adequate	# of Rate Programs Until All Vehicles are Adequate	# of Rate Programs Until Class is Adequate
<b>Trailers</b>								
F - Trailers	4.2%	3.9%	5.7%	37.2%	100.0%	1	1	1
LT - Trailer Dealers/Movers	0.1%	0.1%	2.6%	100.0%	100.0%	1	1	1
T - Personal Trailers	15.7%	14.3%	17.2%	0.0%	92.2%	2	2	2
T - Utility	13.3%	14.7%	17.6%	0.0%	100.0%	1	1	1
TS - Commercial Trailers	10.8%	10.8%	13.0%	0.0%	100.0%	1	1	1
<b>Miscellaneous Classes</b>								
A - Excess Value	-22.6%	0.0%	5.9%	0.0%	0.0%	6	6	6
C&D - Non-Resident	0.0%	0.0%	2.6%	100.0%	100.0%	1	1	1
C&D - Excess Value	-45.6%	0.0%	5.9%	0.0%	0.0%	13	13	13
Industrial Tracked Vehicles	-0.2%	0.0%	2.5%	100.0%	100.0%	1	2	2
LV - Motorized Bicycle	87.4%	56.8%	60.0%	0.0%	0.0%	2	2	2
PV - Converted Vehicles	-1.5%	-1.9%	0.6%	86.5%	100.0%	1	1	1
PV - Heavy Trucks and Vans	-4.5%	-3.2%	-0.9%	45.2%	92.5%	2	3	2
PV - Power Units	0.0%	0.8%	3.2%	60.5%	100.0%	1	1	1
TS - Excess Value	-25.3%	0.0%	5.9%	0.0%	0.0%	7	7	7
<b>Total</b>								
All Vehicles Excluding Trailers & Misc	3.3%	2.5%	4.9%	53.8%	96.7%	1	7	4
All Vehicles	3.4%	2.7%	5.2%	45.0%	97.0%	1	13	13

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# 9. Changes to CLEAR-Rated Vehicle Categories

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There have not been any changes made to the CLEAR-rated vehicle categories since the 2013 rate program.

# 10. Changes to Conventionally-Rated Vehicle Categories

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There have not been any changes made to the Conventionally-rated vehicle categories since the 2013 rate program.

# 11. Changes to Vehicle Classification Systems

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There were three changes made to the vehicle classifications with the 2014 rate program.

## **Class F – Farm light trucks (1993 and older)**

Currently, class F farm light trucks (1993 and older) produces 36 different rates based on model year and size (compact or full) for a vehicle population that has been decreasing by approximately 13% per year. With the 2014 rate program, these vehicles will be flat-rated.

## **Class PS – School Buses**

School bus rates currently vary by seating capacity and model year. The rates are very similar between the two seating capacities. In the 2014 rate program, seating capacity is being removed as a rating variable.

## **Class PT – Urban Taxis**

Currently class PT urban taxi rates are based on geographical location. A review of Class PT urban taxis has been completed and based on that review the following changes have been made to the rating criteria:

- Small and large city taxis will have their rates combined since there is little difference between the two groups in terms of losses.
- Prince Albert will be removed from large cities and weighted against Regina and Saskatoon taxis
- Regina and Saskatoon will no longer have the same rates

## 12. Most Recent Parameters of SDR and BR Incentive Programs

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## SAFE DRIVER RECOGNITION

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Safe Driver Recognition is an incentive program for safe driving. Offering discounts on basic vehicle insurance is our way of thanking motorists for driving safely.

If you own or lease a vehicle registered in Class LV, PV or F (light), you may qualify for a discount on your insurance depending on your driving history. That discount will apply to every qualifying vehicle you insure.

At the same time, drivers with a history of at-fault crashes, for example, may have to pay a financial penalty for each incident they are responsible for.

### Discounts

Every year you drive incident-free, you earn a safety rating point. Each step in the Safety Zone corresponds to a two per cent discount on basic insurance, to a maximum of 20 per cent.

Safe Driver Recognition considers driving history since 1995. Effective Jan. 1, 2013, drivers will be able to earn up to 18 safety rating points.

Even if you do not own or lease a vehicle, a safety rating in the Safety Zone is beneficial. It protects you from financial penalties if you are involved in future incidents.

### Financial penalties

Drivers lose points for unsafe driving – such as being at fault for a collision (-6 points) or certain traffic convictions and roadside suspensions (-3 or -4 points). Driving disqualifications (arising from Criminal Code offences, for example) automatically move drivers to at least -20 on the scale, regardless of their position before the incident.

Financial penalties are assessed for incidents that result in a safety rating of less than zero. Each step in the Penalty Zone means a \$25 penalty, so the more incidents drivers have, the larger the penalty.

When incidents result in a safety rating of at least -20, the maximum financial penalty is charged. This is \$500, except for Criminal Code offences resulting in injury or death, when the penalty is \$2,500.

Motorists are assessed penalties immediately and have 90 days to pay. After 90 days, payment must be made before new transactions with SGI can occur.

Please note: Financial penalties in Safe Driver Recognition are in addition to fines required by law enforcement for traffic convictions. Those at fault for collisions also pay the insurance deductibles.

### Platinum customers

Drivers with a safety rating of at least 11 are known as Platinum customers. Their discount remains 20 per cent, but points they earn beyond 10 help shield them in the event of a driving incident.

## SAFE DRIVER RECOGNITION

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### How motorists move on the scale

The Safety Rating Scale is based on points and works like a slide-ruler – your safety rating moves from side to side (zone to zone) based on your driving record.

If you are at 10, you receive a 20 per cent discount on the base premium of every private-use passenger vehicle you insure.

If you're a Platinum customer at 11 and lose three points for failing to yield, you move to 8 and lose four per cent of your discount. If you didn't have the one-point cushion, you would have moved to 7 and lost six per cent of your discount.

If you're a new driver, you are placed at zero (neutral) on the scale. On any vehicles you insure, you pay the base premium.

If you are at 7 and lose three points for insufficient signaling, you move to 4. However, you still qualify for a discount (eight per cent) on your vehicle insurance.

If you are at 4 and are found at fault for a collision, you lose six points. This moves you to -2 in the Penalty Zone, resulting in a financial penalty of \$50. You pay the base premium upon renewal. If you have another incident that causes you to lose more points, you pay another financial penalty that corresponds to your new position on the scale.

If you are at -5 and drive with no incidents over the next year, you will move one point towards the Safety Zone, to -4. You do not pay another financial penalty at this position. Upon renewal of your vehicle insurance, you continue to pay the base insurance premium.

### Leaving the Penalty Zone

Each year of incident-free driving moves you one step towards the Safety Zone. As long as you are moving towards the Safety Zone, you do not pay another financial penalty – you pay only the base premium on your vehicle insurance.

After three consecutive years of safe driving, drivers still in the Penalty Zone automatically return to neutral (the starting point) and begin earning points towards a discount.

### Appeals

The following explains the appeal process for Safe Driver Recognition.

*SGI has found me at fault for a collision and reduced my safety rating. I feel this is unfair. What can I do?*

Drivers can appeal SGI's assessment of demerit points for a collision. Appeals are decided by the Highway Traffic Board, which is independent of SGI. There is a \$25 fee for each appeal.

A safety rating appeal deals with the safety rating movement as a result of a motor vehicle collision. It does not address fault, recovery of a deductible, other insured loss or traffic convictions.

## SAFE DRIVER RECOGNITION

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If your appeal is successful, your safety rating will be amended, and provided you are not indebted to SGI, the \$25 appeal fee and any financial penalty you paid as a result of the collision will be reimbursed to you.

*Can I appeal traffic tickets to the Highway Traffic Board?*

No. Drivers who wish to contest traffic tickets or convictions must do so through the court system.

*What is the effect of a safety rating appeal?*

This appeal deals strictly with safety rating movement; it does not change collision responsibility. For that reason, your driver's abstract will continue to indicate a collision for which you were at least 50 per cent responsible.

*What if I want to appeal collision responsibility?*

Drivers involved in a collision with another vehicle where damage has been sustained and wish to contest fault must do so through the court system.

*How do I initiate a safety rating appeal?*

To initiate a safety rating appeal, please contact an SGI motor licence issuer. For information on what to expect at an appeal hearing, visit [www.highwaytrafficboard.sk.ca](http://www.highwaytrafficboard.sk.ca). Remember that there is a \$25 fee for each appeal.

*How much time do I have to initiate a safety rating appeal?*

Safety rating appeals must be made within 90 days of receiving your safety rating change notice. If you are facing a financial penalty as a result of the safety rating change, appealing may mean avoiding the penalty altogether if your appeal is successful.

*How does the appeal process work?*

The hearings are informal, take place during the day, and last 15 to 20 minutes. Participation is by telephone. You will be asked to explain the collision circumstances and why you feel your safety rating should not be affected by the collision. You will not require a lawyer.

Hearings are usually scheduled within a few weeks of the date the appeal is filed. You will be contacted by telephone regarding the date and time of your hearing.

Members of the Highway Traffic Board will deliberate over the collision circumstances and provide you a decision shortly after the hearing.

*What should I do if I am unable to participate at the scheduled time and date of my appeal hearing?*

If you are unable to participate at the scheduled date and time, please call the Highway Traffic Board in Regina at (306) 775-6674 and ask to reschedule.

## SAFE DRIVER RECOGNITION

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If you do not reschedule and you do not participate, your appeal will be heard in your absence and a decision will be made from the information provided in the claim file.

*What if I disagree with the decision made by the independent board?*

The decision made by the Highway Traffic Board is final and cannot be appealed.

*What happens if my appeal is successful?*

Once SGI receives a decision from the Highway Traffic Board, your safety rating will be adjusted accordingly. Provided you are not indebted to SGI, you will also be reimbursed the \$25 appeal fee and any financial penalty you paid for being at fault for the collision.

Please note: Traffic convictions related to the collision may still affect your safety rating.

*If my appeal is successful and I am in a second collision, what will happen to my safety rating?*

Although the first collision remains on your driving record, it does not affect your safety rating. Any impact on your safety rating from the second collision will be solely due to that second incident.

### Frequently asked questions

*What if I own more than one vehicle – are they all eligible for my discount?*

Yes. Each vehicle you insure in classes LV, PV or F (light) qualifies for your discount.

*If someone else is at fault for a collision while driving my vehicle, do I lose my discount?*

No. The discount applied to your vehicle is based on your driving record. The driver at fault for the collision will lose safety rating points and may be subject to a financial penalty.

*Can I appeal movement on the Safety Rating Scale?*

Drivers can appeal SGI's assessment of demerit points for a collision. For more information, please read the earlier section titled "Appeals".

*What's the maximum penalty?*

When incidents result in a safety rating of at least -20, the maximum financial penalty is charged. This is \$500, except for Criminal Code offences resulting in injury or death, when the penalty is \$2,500.

*When are financial penalties payable?*

Financial penalties are assessed immediately following an incident, but motorists have 90 days to pay. After 90 days, payment must be made before new transactions with SGI can occur.

*Why am I being assessed a (higher) financial penalty for a driving incident SGI assessed previously?*

## SAFE DRIVER RECOGNITION

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Financial penalties are assessed immediately following an incident, based on the driver's history to date. Later if we become aware of a new incident that occurred before another in the driver's history, it may result in a reassessment of the more recent incident.

*After a driving incident, when can I expect to earn a new safety rating point?*

One year (365 days) from the date the incident occurred, your safety rating will automatically increase by one point. This is your clear-year date. For at-fault collisions, this is one year from the date of loss. For roadside suspensions, it's one year from the suspension effective date. For convictions applied to driving history on or after April 1, 2009, it's one year from the date of the offence.

*Are co-owners of vehicles eligible for a discount in Safe Driver Recognition?*

Yes. The discount for a co-owned vehicle is based on the average safety rating of the individual owners' safety ratings.

Co-owners continue to have the option of registering their vehicles in the name of one individual, if they prefer.

*What happens when an at-fault collision and traffic conviction(s) occur at the same time?*

As of Nov. 8, 2008, the answer depends on where the collision places you on the Safety Rating Scale.

Safety Zone

If you remain at zero or above after the collision is applied, you will not be penalized (lose additional safety points) for the traffic conviction(s).

Penalty Zone

If you fall below zero after the collision is applied, you will receive a financial penalty for the collision (based on your safety rating at this point). Then your safety rating will be reduced for the traffic conviction(s). You will not be charged financial penalties for the traffic conviction(s).

Please note: This does not pertain to offences assessed -10 points (for example, Criminal Code offences).

### Demerit points

The number of points assessed for each driving incident depends on how likely the behaviour is to cause a crash. The exception is failing to wear a seatbelt, which is assessed points because of the increased chance of injury.

The most common incidents in each point category are listed first.

#### **- 3 points**

- driver fail to wear seatbelt
- exceed speed limit in school zone

## SAFE DRIVER RECOGNITION

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- drive while passenger unrestrained
- turn left across traffic
- fail to yield or proceed before safe
- proceed contrary to signage
- exceed 60 km/h when passing emergency vehicle
- disobey amber light
- exceed 60 km/h when passing highway worker or flag person
- fail to yield to driver on the right
- insufficient signaling
- fail to yield to pedestrian
- fail to yield when entering highway
- fail to yield when leaving lane or alley
- allow rider on vehicle exterior
- fail to yield to pedestrian on amber light
- fail to yield on green arrow
- fail to stop for peace officer
- disobey directions of flag person or peace officer
- impede traffic
- drive unsafely on being overtaken
- radar warning device in commercial vehicle
- overcrowded steering compartment
- exceed 60 km/h when passing tow truck
- turn left on red light when prohibited by sign
- proceed contrary to green arrow

### – 4 points

- operating a vehicle while using a cellular telephone
- fail to stop or proceed before safe
- 24-hour roadside suspension (experienced driver)
- without due care or reasonable consideration
- disobey red light
- drive while licence suspended or cancelled, or refused issue
- 30-day roadside suspension (new driver)
- stunting
- exceed a safe, reasonable speed
- fail to report collision
- exceed speed limit by more than 50 km/h
- disobey traffic control device
- contest of speed
- pass to the right
- fail to stop for railway crossing signal
- disobey school bus signal
- disobey flashing red light
- drive while on 24-hour suspension

## SAFE DRIVER RECOGNITION

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- false statement
- drive left of median
- fail to yield to emergency vehicle
- fail to stop for level railway crossing
- drive over median
- enter or leave controlled access highway unlawfully
- racing
- insecure load
- fail to activate school bus signal

### – 6 points

- At-fault motor vehicle collisions (where SGI pays \$305 or more)

For the following incidents, drivers will automatically move to -20 on the Safety Rating Scale, regardless of their position on the scale before the incident. In cases where drivers are already at -20 or less on the scale before the incident, drivers will move an additional -10 points. They will have to pay the maximum financial penalty of \$500, or \$2,500 if the incident results in injury or death.

- over 80 mg alcohol
- drive while disqualified (provincial offence)
- impaired driving
- drive while disqualified (federal offence)
- fail to comply with demand
- dangerous driving
- flight
- leave scene of accident
- impaired driving (injury)
- dangerous driving (injury)
- impaired driving (death)
- criminal negligence (injury)
- dangerous driving (death)
- criminal negligence (death)
- manslaughter
- criminal negligence
- flight (injury)
- flight (death)
- over 80 mg alcohol (injury)
- over 80 mg alcohol (death)
- fail to comply with demand (injury)
- fail to comply with demand (death)
- leave scene of accident (injury)
- leave scene of accident (death)
- criminal negligence while street racing (death)
- criminal negligence while street racing (injury)

## SAFE DRIVER RECOGNITION

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- dangerous driving while street racing
- dangerous driving while street racing (injury)
- dangerous driving while street racing (death)

In the event of a discrepancy between the above wording and the governing legislation, the legislation will prevail.



## BUSINESS RECOGNITION PROGRAM

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Business Recognition rewards safe driving Saskatchewan businesses with basic insurance discounts of up to 10 per cent.

If your business owns and operates vehicles and its claims history has been clear the last five calendar years, you'll receive a maximum discount of 10 per cent. This discount will apply to every qualifying vehicle your business insures.

If your business has claims for which you or your drivers are considered responsible, you may receive a lesser discount or pay a surcharge.

The level of discount or surcharge applied to your business's vehicles is called your Business Recognition "assessment."

### Who qualifies for this program?

Business Recognition includes heavy vehicles in the commercial and farm classes, and any vehicles registered to a company. Specifically, this includes:

- Vehicles in classes A, C and D (commercial)
- Heavy vehicles in Class F (farm plate)
- Vehicles in Class L (dealer plate)
- Vehicles in classes PB, PC and PS (bus)
- Vehicles in Class PT (taxi)
- International Registration Plan (IRP) vehicles
- Police vehicles, ambulances, hearses and restricted buses
- Rental vehicles
- Vehicles registered to a limited or incorporated company

### How does the program work?

If your business has a loss ratio over the last five calendar years of 70 per cent or less, it's eligible for a basic insurance discount of up to 10 per cent. Businesses with a loss ratio of more than 80 per cent are subject to surcharges.

A loss ratio of 70.1 to 80 per cent is SGI's break-even range. SGI calculates this break-even range by subtracting administrative costs, premium taxes, issuer fees and traffic safety programming costs from premiums collected for all vehicles.

For every dollar of premium collected, 70 to 80 cents can be paid out in claims costs and the Saskatchewan Auto Fund will still break even financially. For this reason, businesses with a loss ratio of 70.1 to 80 per cent receive neither a surcharge nor a discount.

When determining your business's loss ratio, no single loss can exceed two times the business's premium for the year in which the loss occurred. This is to protect small businesses, for which even a single, excessive loss could dramatically affect their loss ratios.

## BUSINESS RECOGNITION PROGRAM

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SGI reviews IRP customers with six or more registered vehicles and a loss ratio greater than 80 per cent on an individual basis. These carriers are subject to varying financial penalties and the cap on losses may not apply.

SGI does not consider traffic convictions when determining your Business Recognition assessment.

### What is a loss ratio?

Your loss ratio is calculated by dividing the amount SGI has paid out in claims where your company was at fault in a collision in the last five calendar years by the amount you've paid in premiums to SGI in the last five calendar years.

For example: If, in the last five years, SGI has paid \$1,000 in claims where your company was held responsible and for the same time period you've paid \$4,000 in premiums to SGI, divide \$1,000 by \$4,000 to determine your loss ratio of 25 per cent. You qualify for a discount.

### What is a "capped" loss ratio?

For businesses with a small premium base, one claim could take the customer from the largest discount to the largest penalty. To avoid this situation, SGI "caps" each claim at no more than twice the premium paid by the customer for the year the loss occurred.

For example: For the past five years you've paid \$5,000 in insurance premiums – \$1,000 per year. In those five years, you were claims-free in every year except one, when you were responsible for one major collision where SGI paid \$15,000.

Instead of having a loss ratio of 300 per cent for that year and a large surcharge as a result, SGI caps that one large claim at a value of \$2,000, or twice the premium paid for that year, and your resulting "capped" loss ratio for that year is 200 per cent.

When you factor in your other four years of claims-free driving, your five-year loss ratio is 40 per cent and you are still entitled to a discount.

### What kind of assessment will I receive?

Depending on your business's five-year loss ratio, the following chart outlines the discount or surcharge you can expect.

Loss Ratio	Discount/Surcharge
0%	-10%
0.1 – 10%	-8%
10.1 – 20%	-6%
20.1 – 30%	-6%
30.1 – 40%	-6%
40.1 – 50%	-4%
50.1 – 60%	-4%

# BUSINESS RECOGNITION PROGRAM

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60.1 – 70%	-4%
70.1 – 80%	0
80.1 – 90%	+10%
90.1 – 100%	+20%
100.1 – 110%	+35%
110.1 – 120%	+50%
120.1 – 130%	+65%
130.1 – 140%	+80%
140.1 – 150%	+95%
150.1 – 160%	+105%
160.1 – 170%	+115%
170.1 – 180%	+130%
180.1 – 190%	+145%
190.1 – 200%	+160%
200.1 – 250%	+175%
250.1 – 300%	+185%
300.1 – 350%	+195%
350.1 – 400%	+200%
400.1 & higher	+200%

Each January, your business’s assessment is calculated on the five-year period ending last December 31. You will be notified of your assessment by mail each March.

The assessment will apply to vehicles registered on or after May 1 of that year. The assessment will remain in place until the following May 1, by which time an updated assessment will be available.

International Registration Plan (IRP) carriers are assessed separately from other commercial vehicles due to risks associated with inter-provincial travel. As a result, surcharges for IRP vehicles may differ from those charged for non-IRP vehicles. Companies that register both IRP and non-IRP vehicles will receive separate assessments for each group.

SGI periodically monitors your business’s loss history, and if you experience a significant change in your loss ratio, you may be contacted. SGI will explain any consequences and may encourage you to improve your loss performance. One outcome may be an immediate adjustment of your assessment.

## **If I own a new business**

If you have never registered a commercial vehicle in Saskatchewan, your business may be required to submit its claims history, as well as that of the vehicles to be insured.

If at least 50 per cent of your new business’s vehicles or drivers were previously registered with another company, the claims history of the previous company will be considered when assessing your business’s risk.

For new IRP carriers, an inexperience adjustment may apply to the insurance premium.

## BUSINESS RECOGNITION PROGRAM

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### **Can I appeal my assessment?**

Yes. If you believe claims in your assessment should be excluded because of the circumstances surrounding the incidents, you may appeal to the Highway Traffic Board (HTB).

The HTB is independent of SGI. Appeals are conducted over the telephone.

A fee of \$25 will be charged for each claim you appeal. SGI will refund this fee if your appeal is successful.

To appeal your non-IRP assessment, simply identify the claims you believe should not be included and visit any SGI motor licence issuer. To appeal an IRP assessment, call Branch and IRP Issuing Services in Regina at 751-1250, or toll free at 1-800-667-8015 (ext. 1250).

For information on what to expect at an appeal hearing, please visit [www.highwaytrafficboard.sk.ca](http://www.highwaytrafficboard.sk.ca).

### **If one of my drivers wins his appeal under Safe Driver Recognition, will it still be included on my Business Recognition assessment?**

It may. If your driver wins an appeal under Safe Driver Recognition, the Highway Traffic Board will determine whether it will appear on your business's assessment.

### **What happens if my business's vehicles are registered to an individual?**

Heavy vehicles in the commercial and farm classes registered to individuals are eligible for discounts under Business Recognition. However, since individuals responsible for collisions are assessed financial penalties under SGI's Safe Driver Recognition program, they will not face surcharges under Business Recognition.

IRP vehicles registered to individuals can be subject to surcharges.

### **I'm the sole operator of a business vehicle. Why can't I benefit from my 20 per cent discount under Safe Driver Recognition?**

Even though some business vehicles are registered to individuals, SGI cannot determine if a sole operator or other employees of the business operate the vehicles. Therefore, using an employee's personal driving record, which is how Safe Driver Recognition discounts and penalties are determined, is not an accurate way to determine if a discount or surcharge should be applied to a business.

For these reasons, commercial vehicles are excluded from Safe Driver Recognition. Business Recognition uses the at-fault claims recorded against the company to determine the assessment, which we believe is a more appropriate way to measure the insurance risk posed by the business.

### **I just moved my business to Saskatchewan from another jurisdiction. If I provide my previous claims history, will it be considered so I can receive a discount?**

New businesses from outside Saskatchewan pay the base premium until December 31. In January the business's assessment will be calculated based on the loss history accumulated in Saskatchewan. If the claims performance is not favourable, a surcharge may apply the following May 1. If the claims performance is and continues to be favourable, a discount will apply one year later.

Where appropriate, SGI may consider your claims experience from other jurisdictions.

## SDR AND BR REVIEW

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SGI is currently undertaking a review of the SDR and BR programs to ensure they continue to meet the needs of our customers. SDR was implemented in 2002 and BR followed in 2004. These programs have not been reviewed since their inception. The programs will be reviewed to ensure fairness to customers and to ensure discounts and penalties/surcharges are appropriate.

Due to other priorities during 2013, both the SDR and BR reviews have been delayed. The majority of any proposed changes will not be implemented until a future rate program.

# 13. Provisions for Adverse Deviations

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The following table provides the historically selected margins for adverse deviation (MfADs) for claims, reinsurance and interest rates by year. These margins are not used in the rate analysis and are only factored into the May reserve valuation.

**Saskatchewan Auto Fund  
Historically Selected MfADs  
As of May 31, 2013**

**Claims Development MfADs**

<b>Line of Business</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Damage - Excluding Catastrophes and Liability	2.50%	2.50%	3.50%	3.50%	3.50%	3.50%	3.50%	4.00%	4.00%
Damage - Liability	2.50%	2.50%	3.50%	3.50%	3.50%	3.50%	3.50%	4.00%	4.00%
Damage - Catastrophes	4.50%	4.50%	5.00%	5.00%	5.00%	5.00%	5.50%	5.50%	5.50%
No-Fault Injury - Appeal	2.50%	2.50%	2.50%	2.50%	2.50%	3.50%	3.50%	3.50%	3.50%
No-Fault Injury - Care Benefits	8.75%	8.75%	8.75%	8.75%	8.75%	11.00%	9.00%	9.00%	9.00%
No-Fault Injury - Income Replacement Benefits Excluding Lump Sum	8.75%	8.75%	8.75%	8.75%	8.75%	11.00%	9.00%	9.00%	9.00%
No-Fault Injury - Death Benefits	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.50%	8.50%	8.50%
No-Fault Injury - Medical	8.75%	8.75%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
No-Fault Injury - Permanent Impairment	8.75%	8.75%	5.00%	5.00%	5.00%	5.00%	5.00%	4.50%	4.50%
No-Fault Injury - Lump Sum	8.75%	8.75%	8.75%	8.75%	8.75%	11.00%	11.00%	11.00%	11.00%
No-Fault Liability - Economic Loss Excluding WCB	5.00%	5.00%	5.00%	5.00%	5.00%	4.00%	4.00%	4.50%	4.50%
No-Fault Liability - Non-Economic Loss Excluding WCB	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
No-Fault Liability - WCB Master Claim File	5.00%	5.00%	5.00%	5.00%	5.00%	8.75%	7.50%	7.50%	7.50%
No-Fault Liability - Out of Province	8.75%	8.75%	5.00%	8.75%	8.75%	5.00%	5.00%	5.00%	5.00%
Tort Injury	8.75%	8.75%	8.75%	8.75%	8.75%	5.00%	5.00%	4.50%	4.50%
Tort Liability	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.00%	8.00%
Pre-95 Injury Cover 07	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%

**Reinsurance Recovery MfADs**

<b>Line of Business</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
All Valuation Lines	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

**Interest Rate MfADs**

<b>All Lines of Business</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Care, IRB, Death Lines	0.75%	0.75%	0.75%	0.90%	0.80%	-	-	-	-
Other Lines	0.75%	0.75%	0.75%	0.90%	0.60%	-	-	-	-
Bond-Backed Cash flows	-	-	-	-	-	0.50%	0.50%	0.50%	0.50%
Equity-Backed Cash flows	-	-	-	-	-	1.00%	1.00%	1.00%	1.00%



# 14. Traffic Safety Programs

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There are two sections to this minimum filing requirement: an evaluation of implemented initiatives and detail of major safety initiative costs (actual and budgeted).

**EVALUATED INITIATIVES FROM SGI  
BY THE TRAFFIC SAFETY PROGRAM EVALUATION  
GROUP**

**Enforcement Overdrive Program  
Report Impaired Drivers Program  
Motorcycle Graduated Driver Licensing**

## **Enforcement Overdrive – Evaluation of Long-Term Effects**

### **Background**

In mid-2000, the Regina Police Service approached SGI with a proposal to implement a traffic checkstop program for a trial period. The program was based on a similar program called CounterAttack that had operated in British Columbia since 1995. Under this program, regular traffic enforcement activities are supplemented by voluntary officer overtime in the form of stationary checkstops for the primary purpose of detecting impaired drivers. The cost of overtime as well as other related program expenses was to be sponsored by SGI, and in turn, enforcement agencies agreed to submit summary data such as the length of the checkstop period, number of vehicles checked, charges laid and suspensions issued.

Saskatchewan's Enforcement Overdrive (EOD) program was developed with the following goals in mind:

1. Create a consistent traffic enforcement program, designed to achieve the critical mass awareness necessary to reduce collisions involving impaired drivers;
2. Increase drivers' perceived risk of apprehension for driving while impaired in order to achieve desirable changes in behaviour;
3. Save lives and prevent injuries by reducing the number of collisions where impaired driving or alcohol involvement is a major contributing factor; and,
4. Increase education and enforcement related to traffic safety issues in Saskatchewan.

EOD was launched in Regina in late 2000 with expansion to Saskatoon and Prince Albert over the next few years. Moose Jaw and Estevan followed soon after, and by 2010, the program included all municipal police services, RCMP detachments and the File Hills First Nations Police Service. In 2011, the Wilton Rural Municipality Police Service became involved with EOD.

The primary tactic is to establish a high-visibility deterrence-based presence in a community through the use of stationary checkstops. While this approach lends itself better to larger cities, effectiveness tends to decrease in smaller communities where the locations of such checkstops quickly become widespread public knowledge and are therefore easily avoided. Recognizing this, the focus of the program was broadened in 2011 to include both mobile patrols of targeted areas and stationary checkstops.

### **Evaluation Question**

What is the long-term effect of the Enforcement Overdrive program on alcohol-related (AR) casualty collisions in Saskatchewan communities?

## **Objectives**

1. Compile all summary statistics for the EOD program as provided to SGI by law enforcement agencies;
2. Determine the number of collisions prevented by the presence of the EOD program; and,
3. Estimate the cost-benefit ratio of funding the EOD program.

### **Report Impaired Drivers – Evaluation of Short-Term Effects**

## **Background**

In 2007, Mothers Against Drunk Driving (MADD) launched Campaign 911 in partnership with the Canadian Association of Chiefs of Police, the Canadian Police Association and the Canadian Association of Police Boards. Representatives of MADD work in collaboration with local enforcement agencies, government and community partners to develop and promote a citizen reporting program within a jurisdiction. Public awareness of the program is paramount to its success with efforts focusing primarily on road signage and billboards, as well as public announcements and media advertising. These programs are now in place in communities in Newfoundland and Labrador, Prince Edward Island, New Brunswick, Nova Scotia, Ontario, Manitoba, Alberta, British Columbia and Yukon.

In partnership with the Saskatchewan Liquor and Gaming Authority (SLGA), MADD and Students Against Drunk Driving (SADD), the Report Impaired Drivers (RID) program was piloted in Saskatoon in March 2010. The RID program encourages residents to call 911 and report drivers they suspect to be impaired. Available police resources will be alerted and they will attempt to locate the vehicle in question. If the vehicle can't be intercepted, a warning letter is sent to the registered owner informing them that their vehicle was the subject of a 911 complaint regarding suspected impaired driving.

After positive initial results, it was expanded to Regina later in 2010. Moose Jaw and Prince Albert joined RID in March 2011 followed by Weyburn and Estevan in September 2011. The program expanded province-wide in November 2011 with support from the RCMP.

## **Evaluation Question**

What is the short-term effect of the Report Impaired Drivers program on alcohol-related (AR) casualty collisions in Saskatchewan communities?

## **Objectives**

1. Compile all summary statistics for the RID program as provided to SGI by law enforcement agencies;
2. Determine the number of collisions prevented by the presence of the RID program; and,

3. Estimate the cost-benefit ratio of funding the RID program.

## **Motorcycle GDL – Initial Assessment of Program Effects**

### **Background**

On June 19, 2011, Saskatchewan implemented a graduated driver's licensing program for motorcyclists (MGDL). The MGDL is a staged program which allows new motorcycle riders to move on to incrementally more risky driving situations as they gain experience. Restrictions at various stages of the program include night time riding, passengers, sidecars and zero blood alcohol content if the rider is also part of the Class 5 GDL program. There is currently no mandatory training component in Saskatchewan's MGDL.

Riders enter the Learner stage after successful completion of a written knowledge test. After one year, they become eligible to complete a road test. They enter the Novice 1 stage after successful completion of the road test and progress to the Novice 2 stage automatically following one uninterrupted year. Following another uninterrupted year, the rider graduates to a full, unrestricted motorcycle licence.

The program was structured in such a way that no rider would be grandfathered out of the program. Those who had held a learner's licence for more than two years were automatically placed into the program with the additional restriction to ride only within one hundred kilometers of their primary or secondary address (a restriction from the former motorcycle learner stage). These riders were credited with their time already spent as a learner and were eligible to complete the road test immediately to move to the Novice 1 stage. If a motorcycle learner had less than two years riding experience when MGDL came into effect they were given four years to complete the road test to move to the Novice 1 stage. After four years, their learner's endorsement will no longer be valid.

### **Evaluation Question**

What short-term effects has Saskatchewan's MGDL program had on motorcycle trends and collisions in the province?

### **Objectives**

1. Determine if the MGDL program effectively reduces a motorcyclist's risk of collision during their first year of riding experience; and,
2. Explore MDGL's effect on trends in motorcycling in Saskatchewan.

## Method

All Saskatchewan drivers who had a motorcycle endorsement as of December 31, 2012 were extracted from the Auto Fund database. Riders were identified as MGDL or Pre-MGDL based on the date they successfully completed the written knowledge exam (for learners) or completed the road test (for experienced riders). Four rider groups were examined – MGDL Learners compared to their Pre-MGDL equivalents and MGDL Novice 1 compared to their Pre-MGDL equivalents.

Each group's collision experience was tracked for twelve months following the date they completed either their written test or their road test using SGI's Traffic Accident Information System database. Only collisions involving a motorcycle were considered. The collision involvement of each group was used to calculate their average collision rates and binomial regression was used to determine the effect of the MGDL program on a rider's risk of being involved in a collision.

Information regarding the total number of new motorcycle licence endorsements, vehicle insured years and collisions involving a motorcycle were used to examine the trends in motorcycling in Saskatchewan over the past few years.

## Results

- During the Learner stage, the MGDL program was associated with a 15 percent (C.I. -21 to 40 percent) reduction in the likelihood of being involved in a collision within the first year of riding following the written test. However, the effect was not statistically significant.
- During the Novice 1 stage, the MGDL program was associated with a 56 percent (C.I. 32 to 71 percent) reduction in the likelihood of being involved in a collision within the first year of riding following the road test. This effect was found to be statistically significant.
- Implementation of the MGDL program has not had an observable impact on motorcycle registration in the province. Total motorcycle insured years dropped very slightly in 2011 but rebounded in 2012.
- The number of new licenses issued fell by 19 percent from 2010 to 2011 and again fell by 17% from 2011 to 2012. The analysis indicates that the number of new motorcycle licenses issued appears have not been impacted significantly by the implementation of the MGDL program. There was an initial rush to obtain new learner licences prior to the implementation of the program—apparently due to the announcement of the impending program--however, the number of new licences have returned to the pre-implementation levels, an indication of no significant effect of the MDGL program.

## Conclusion

Consistent with other graduated licensing programs, the bulk of the reduction in collision risk appears to be associated with early licence stages where riding is more restricted. The MGDL Learner and Novice groups seem to have a lower risk of collision involvement within their first year licensed than the pre-GDL groups.

We found no significant differences between the MGDL Learner stage and the pre-MGDL Learner stage because the programs are very similar. The only difference is the removal of the 100 km riding restriction for the MGDL group, which provides them with the impetus to ride more than those pre-program counterparts. The effect is much more significant when comparing MGDL Novices to their pre-MGDL counterparts. This is likely due to the continued restrictions on riding activity after successful road test completion present in the MGDL. Prior to MGDL, a rider was unrestricted upon completing their road test. Results suggest that restricting riding for a longer period of time could lead to greater decreases in the risk of collision involvement.

Due to the short evaluation period and limited data available, a more robust model of collision risk is not possible at this time. Therefore we are unable to evaluate any potential long-term or sustained effects of the MGDL program on the collision risk of motorcyclists. Evaluation of the MGDL program in Saskatchewan will be revisited once three to five years of collision data is available. Covariates such as age and gender will be considered at that time. Future study will also consider the effect of MGDL on at-fault claim experience and traffic convictions. The effect of individual stage restrictions will also be examined, pending the availability of data.

## Major Safety Initiative Costs

Year	2008	2009	2010	2011	2012	2013 (Budget)	2014 (Budget)
<b>TRAFFIC SAFETY PROMOTION</b>							
(education, public awareness, community involvement, partnership building, enforcement programs, infrastructure improvements)							
In School Road Safety Resources	\$ 1,004						
Child Passenger Safety Training Program	\$ 1,304	\$ 1,217	\$ 1,126	\$ 632	\$ -	\$ 6,000	\$ 6,000
Ride's On Us	\$ 77,430	\$ 95,703	\$ 55,000	\$ 81,881	\$ 76,879	\$ 55,000	\$ 55,000
SADD	\$ 102,064	\$ 102,069	\$ 102,069	\$ 102,069	\$ 102,069	\$ 102,069	\$ 102,069
Saskatchewan Safety Council	\$ 201,810	\$ 155,989	\$ 142,718	\$ 142,718	\$ 133,000	\$ 55,000	\$ 55,000
Saskatchewan Wildlife Federation	\$ 21,700	\$ 20,000	\$ 20,000	\$ 39,900	\$ 20,000	\$ 20,000	\$ 20,000
Server Intervention	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Community Grants	\$ 86,932	\$ 50,000	\$ 57,406	\$ 61,944	\$ 40,256	\$ 25,000	\$ 25,000
First Nation School Contest						\$ 165,000	\$ 165,000
Enforcement Overdrive	\$ 288,086	\$ 417,071	\$ 419,100	\$ 450,400	\$ 483,500	\$ 469,000	\$ 461,000
No Regrets Program	\$ 16,500	\$ 16,500	\$ 16,500	\$ 20,000	\$ 20,000	\$ 16,500	\$ 16,500
Police Partnership – Training			\$ 474	\$ 7,391	\$ 1,499	\$ 10,000	\$ 10,000
Police Partnership – Vehicles	\$ 16,800	\$ 19,200	\$ 18,000	\$ 19,800	\$ 20,400	\$ 19,200	\$ 19,200
Safe Saskatchewan	\$ 50,000	\$ 50,000	\$ 50,000	\$ 45,000			
Report Impaired Drivers				\$ 100,000	\$ 125,000	\$ 125,000	\$ 125,000
Winter Road Maintenance	\$ 217,384			\$ -	\$ -	\$ 25,000	\$ 25,000
55 Alive	\$ 30,000	\$ 60,000	\$ 60,000	\$ 30,000	\$ 52,500	\$ 70,000	\$ 70,000
First Nation Role Model Tour	\$ 30,223	\$ 31,923				\$ 45,000	\$ 50,000
Infrastructure Improvements	\$ 222,000	\$ 139,850	\$ 354,000	\$ 150,000	\$ 18,400	\$ 238,500	\$ 238,500
Traffic Safety Scholarship	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000			
Seat Belt Challenge	\$ 66,306	\$ 61,752	\$ 170,272	\$ 64,160	\$ 146,977		
Pedestrian Safety Project		\$ 5,000	\$ 7,500	\$ -	\$ -	\$ 10,000	\$ 10,000
Impaired Driving Projects (MADD, Operation Red Nose, Designated Driver)			\$ 35,000	\$ 24,202	\$ 56,339	\$ 42,996	\$ 37,996
Red light cameras						\$ 125,000	\$ -
First Nations Traffic Safety Positions			\$ 43,500	\$ 83,635	\$ 167,000	\$ 184,000	\$ 279,000
Child Traffic Safety Position		\$ 72,000	\$ 72,720	\$ 76,811	\$ 78,040	\$ 76,811	\$ 84,500
Atoskata Youth Camp	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000			
Red Feather Spirit Lodge	\$ 9,480	\$ 9,480	\$ 9,480	\$ 9,480			
PA Intersection Enforcement				\$ 50,000		\$ 50,000	\$ 50,000
Enhanced enforcement - intersections						\$ 250,000	\$ 280,000
Multi-Agency Seat Belt Team/Monthly blitzes				\$ 30,000	\$ 30,000		
Automatic Licence Plate Recognition				\$ 129,491	\$ 100,000	\$ 207,000	\$ 225,000
Selective Traffic Enforcement Program				\$ 33,785	\$ 33,000	\$ 63,785	\$ 83,785
Safety Awareness - Corporate Relations			\$ 65,149	\$ 58,778	\$ 53,021	\$ 66,000	\$ 66,000
Highway Safety signs			\$ 50,645	\$ -	\$ -	\$ 120,000	\$ 120,000
Wildlife Solutions				\$ -	\$ -	\$ 500,000	\$ 500,000
Programs that may come out of the traffic safety all party committee							\$ 232,400
Funding for policing pilot coming out of Provincial TS Committee							\$ 4,000,000
Work Zone Photo Radar						\$ 950,000	\$ 800,000
Road Side Alcohol Screening Devices							\$ 75,000
<b>TOTAL</b>	<b>\$ 1,479,023</b>	<b>\$ 1,347,754</b>	<b>\$ 1,790,659</b>	<b>\$ 1,852,077</b>	<b>\$ 1,762,880</b>	<b>\$ 4,096,861</b>	<b>\$ 8,291,950</b>



## Major Safety Initiative Costs

Year	2008	2009	2010	2011	2012	2013 (Budget)	2014 (Budget)
<b>TRAFFIC SAFETY PROGRAM EVALUATION</b>							
(program evaluation, program development, research)							
Motorcycle Safety		\$ 225,000	\$ 23,893	\$ 45,423	\$ 20,000	\$ 40,000	\$ 60,000
GIS Development				\$ 18,336	\$ 1,512	\$ 30,000	\$ 30,000
<b>TOTAL</b>		<b>\$ 225,000</b>	<b>\$ 23,893</b>	<b>\$ 63,759</b>	<b>\$ 21,512</b>	<b>\$ 70,000</b>	<b>\$ 90,000</b>

<b>DRIVER PROGRAMS</b>							
(impaired driving, driver improvement)							
Medical Payments	\$ 284,380	\$ 347,823	\$ 350,000	\$ 402,776	\$ 404,427	\$ 436,103	\$ 437,103
District Health Funding	\$ 1,185,599	\$ 1,291,889	\$ 1,366,136	\$ 1,309,660	\$ 1,287,042	\$ 1,337,024	\$ 1,433,543
Rehabilitation Assessment	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
<b>TOTAL</b>	<b>\$ 2,069,979</b>	<b>\$ 2,239,712</b>	<b>\$ 2,316,136</b>	<b>\$ 2,312,436</b>	<b>\$ 2,291,469</b>	<b>\$ 2,373,127</b>	<b>\$ 2,470,646</b>

<b>DRIVER DEVELOPMENT</b>							
(driver education)							
Aboriginal Driver Education	\$ 112,638	\$ 93,115	\$ 125,000	\$ 50,000			
Immigrant Driver Education		\$ 122,100	\$ 100,000	\$ 100,000			
Translation services for driver testing						\$ 120,000	\$ 70,000
High School Driver Education				\$ 1,700,000	\$ 7,375,000	\$ 8,251,074	\$ 8,862,216
Annual Driver Educator Seminar				\$ 40,000	\$ 40,000	\$ 45,000	\$ 45,000
<b>TOTAL</b>	<b>\$ 112,638</b>	<b>\$ 215,215</b>	<b>\$ 225,000</b>	<b>\$ 1,890,000</b>	<b>\$ 7,415,000</b>	<b>\$ 8,416,074</b>	<b>\$ 8,977,216</b>

<b>CARRIER SAFETY SERVICES</b>							
(carrier safety audits, services)							
Safety Seminars	\$ 7,000	\$ 9,407	\$ 21,000			\$ 18,000	\$ 18,000
<b>TOTAL</b>	<b>\$ 7,000</b>	<b>\$ 9,407</b>	<b>\$ 21,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,000</b>	<b>\$ 18,000</b>

<b>TRAFFIC SAFETY ADVERTISING</b>							
Booster Seats	\$ 167,000	\$ 167,000	\$ 167,000	\$ 167,000			
Child Restraint	\$ 86,380	\$ 86,380	\$ 86,380	\$ 86,380	\$ 165,000	\$ 165,000	\$ 165,000
Drinking & Driving	\$ 715,000	\$ 790,000	\$ 790,000	\$ 790,000	\$ 250,000	\$ 250,000	\$ 790,000
Driver Distraction	\$ 276,537	\$ 276,537	\$ 276,537	\$ 276,537	\$ 10,000	\$ 10,000	\$ 276,000
Road Safety – Y.L.	\$ 544,000	\$ 544,000	\$ 544,000	\$ 544,000			
Rural Seatbelts	\$ 163,000	\$ 263,000	\$ 263,000	\$ 263,000			
Aboriginal Media	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000			
Aging Driver	\$ 60,000	\$ 60,000					
Drive Right	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000			
Cell phones			\$ 800,000	\$ 450,000			
Speed Issues		\$ 50,000	\$ 50,000	\$ 50,000			
Miscellaneous	\$ 50,000	\$ 50,000	\$ 50,000	\$ 59,430			
SADD Advertising	\$ 125,000						

**Major Safety Initiative Costs**

<b>Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013 (Budget)</b>	<b>2014 (Budget)</b>
Wildlife					\$ 100,000	\$ 100,000	\$ 100,000
Motorcycle					\$ 75,000	\$ 75,000	\$ 500,000
RID Advertising						\$ 400,000	
Expansion of Photo Radar							\$ 500,000
Safety Awareness - Brochures				\$ 301,705		\$ 319,900	\$ 240,000
<b>TOTAL</b>	<b>\$ 2,536,917</b>	<b>\$ 2,636,917</b>	<b>\$ 3,376,917</b>	<b>\$ 3,338,052</b>	<b>\$ 600,000</b>	<b>\$ 600,000</b>	<b>\$ 1,831,000</b>

# 15. Capital Management Policy and Historical MCT Ratios

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The Capital Management Policy for the Saskatchewan Auto Fund (SAF) was first approved by the Board effective January 1, 2010. In June 2011, the Office of the Superintendent of Financial Institutions (OSFI) issued Guideline A-4, Internal Target Capital Ratio for Insurance Companies. This, along with OSFI's Supervisory Framework, last updated in 2010, provided context for insurance industry best practice as it relates to capital management.

The OSFI Guideline specifies the use of Dynamic Capital Adequacy Tests (DCAT) to establish capital targets. As such, SAF revised its Capital Management Policy to address these changes.

A new target MCT of 100% has been set. The previous policy had stated the target range for the 12-month rolling MCT was between 75% and 150%, with a target 12-month rolling MCT of 112.5%.

In addition, the revised policy no longer calls for the application of a Rate Stabilization Reserve (RSR) surcharge on rate if the 12-month rolling MCT drops below the target range (75% MCT) or a rebate should the 12-month rolling MCT go above the target range (150%). Rather, the revised policy has two components, a Capital Build and Release Provision and a Capital Maintenance Provision which are included in the rate at all times. These are outlined in the revised Capital Management Policy attached.

**Capital Management Policy**  
**Saskatchewan Auto Fund Rate Stabilization Reserve**  
**November 28, 2013**

**1. Purpose**

This document constitutes the Capital Management Policy for the Saskatchewan Auto Fund (SAF). It has been prepared using guidance from Guideline A-4, *Internal Target Capital Ratio for Insurance Companies*, which the Office of the Superintendent of Financial Institutions (“OSFI”) issued in June 2011.

The primary objective of the Capital Management Policy is to maintain a level of capital in the Rate Stabilization Reserve (RSR) sufficient to cushion the Auto Fund from the volatility inherent in investment and underwriting operations and ensure a positive RSR without the need for excessive rate increases for Auto Fund customers.

**2. Context**

The context for the guideline is OSFI’s *Supervisory Framework*, a document it first introduced in 1999 and last updated in 2010, in which it sets out its approach to assessing the safety and soundness of a financial institution. Capital is a cornerstone of this assessment process. While SAF is not regulated by OSFI, the guideline provides a useful reference as evidence of industry best practices.

The guideline provides OSFI’s views and requirements with respect to capital and capital management before then setting out its framework for the capital management policy. This section summarizes OSFI’s views and requirements. SAF’s capital management policy follows in the next section.

**a) Overview**

The guideline states that the level and quality of an insurer’s capital and its capital management is expected to be appropriate to its circumstances, including its risk profile, tolerance for risk, and operating environment. It also notes that past and emerging trends, including the outlook for capital, earnings and liquidity, as well as the insurer’s preparedness to deal with potential capital deficiencies, are also relevant in assessing the adequacy of the insurer’s current capital position.

**b) Capital Management**

The guideline defines capital management as the on-going process of determining and maintaining the quantity and quality of capital appropriate for an insurer to support planned operations. It notes that capital management should be integrated with both the insurer’s enterprise risk management program and its regular planning cycle, with capital being managed to withstand adverse economic conditions, maintain financial strength, allow for growth opportunities, and meet other risk management and business objectives.

### c) Required Capital

#### i) Minimum capital requirements

OSFI has established minimum capital requirements for all federally regulated property & casualty insurance companies. These requirements are expressed as a ratio, with the numerator comprising risk-adjusted capital and the denominator comprising various risk-factor charges against assets, loss provisions, unearned premiums, and exposure to unlicensed reinsurers. This ratio is known as the Minimum Capital Test (MCT)

OSFI's stated Minimum and Supervisory Target MCT requirements are 100% and 150%. If a federally regulated insurer's MCT approached 150% OSFI would intervene, and it would take all action necessary to prevent the MCT falling below 100%, including assumption of control.

It is important to note that as long as the MCT is positive, the insurer is solvent as its assets exceed its liabilities. As such, with OSFI's stated minimum and target MCTs of 100% and 150%, the regulator has built in an excess capital buffer to protect consumers should an insurer encounter financial difficulty. As a monopoly, an excess capital buffer is not required for SAF, nor is it desirable.

#### ii) Target MCT

OSFI recognizes that the risks specific to a particular insurer cannot be addressed by industry-wide tests alone. It therefore requires each insurer to establish a Target MCT by considering its own risk appetite and risk profile. Two factors override SAF's risk analysis: its monopoly position; and, that it generates positive cash flow.

#### iii) Establishing the Target MCT

The Target MCT is to be established by applying rigorous stress testing using scenarios incorporating plausible adverse events against the insurer's base case financial projections. The plausible events would range from relatively likely, one in ten year occurrences to exceptional, one in one hundred year situations. OSFI recommends using the Dynamic Capital Adequacy Testing process and reverse stress testing (using the Minimum and Supervisory MCT ratios as the applicable bases) for this purpose, along with any other approaches management considers appropriate.

As a monopoly, SAF's capital target should represent that level required to remain solvent in all plausible maximum loss events, without the establishment of any excess capital buffers.

#### iv) Operating target

Although not specifically stipulated by OSFI, insurance industry practice establishes an operating target MCT that provides a cushion above the Target MCT to at least absorb the impact of a relatively likely, one in ten year occurrence. Given SAF's monopoly position, establishing an additional capital buffer, through a separate operating target, is not required.

#### **d) Board Involvement**

Ultimate responsibility for the establishment of the Target MCT rests with SGI's Board of Directors. Consequently, the Board is expected to oversee the process for determining the Target MCT and confirm its appropriateness. The process is expected to include the identification and assessment of all material risks faced by the insurer. For SAF, risk identification and assessment is conducted in conjunction with the DCAT process.

Management is required to provide a formal report to the Board detailing how the Internal Target was determined. It must be presented in the context of the insurer's risk appetite, strategic and business plans and capital management policy, and is to be updated at least annually and more frequently if warranted.

### **3. Capital Management Policy**

#### **a) Target MCT**

Based on the work performed in accordance with the procedures set out in this policy, SAF's Target MCT has been set at 100%. This ratio is subject to at least annual review to confirm its continuing appropriateness. More frequent reviews will be conducted if circumstances warrant.

There are two components of a process designed to move capital towards the policy level, a Capital Build and Release Provision and a Capital Maintenance Provision. These are outlined below:

##### **i. Capital Build and Release Provision**

The capital build and release provisions are intended to build or release capital through rates in a measured way by reducing rate volatility that would arise if the full amount of any shortfall or excess were accounted for in the rates in a single rate change. The capital build provision requires that SAF recover 1/5 of the deficiency in capital below 100% MCT every year in the base insurance rate. Similarly, for the capital release provision, SAF would release 1/5 of the surplus above 100% MCT into the basic insurance rate every year. SAF will include a capital build or release provision as part of the ongoing rate indication.

##### **ii. Capital Maintenance Provision**

As SAF's business volume grows through inflationary pressures and vehicle population, an additional amount of capital is required in order to maintain the MCT at its current level. Specifically, the denominator in the MCT calculation (capital required) is increased by factors such as higher claim costs and growth in investments. Correspondingly the numerator (capital available) must grow by the same percentage as the denominator in order to maintain the same MCT ratio. Put another way, even if SAF were able to break even on rates every year, MCT would erode over time as the growth in capital required outpaced the growth in capital available.

To address this, a Capital Maintenance Provision will be added to the base rate, designed to offset the decline in MCT arising from the overall growth in SAF's business.

**b) Identification and assessment of material risks**

The identification and assessment of material risks to which SAF is exposed, and which factor into the determination of its Target Capital Ratio, will take place in the course of conducting the Dynamic Capital Adequacy Testing (DCAT).

**c) Capital adequacy**

The scenarios resulting from the preceding material risks will be used to stress test SAF's capital, both at its current level and at the level selected as its Target. This stress testing will be done as part of the DCAT, using SAF's base case five-year financial projections. These financial projections will be based on SAF's strategic and business plans for the period covered.

SAF's chief financial officer will be responsible for ensuring the risks and scenarios identified and selected are adequately documented and reviewed by other members of senior management for confirmation. This documentation, along with the results of the DCAT, will be presented to the Board at least annually for its approval.

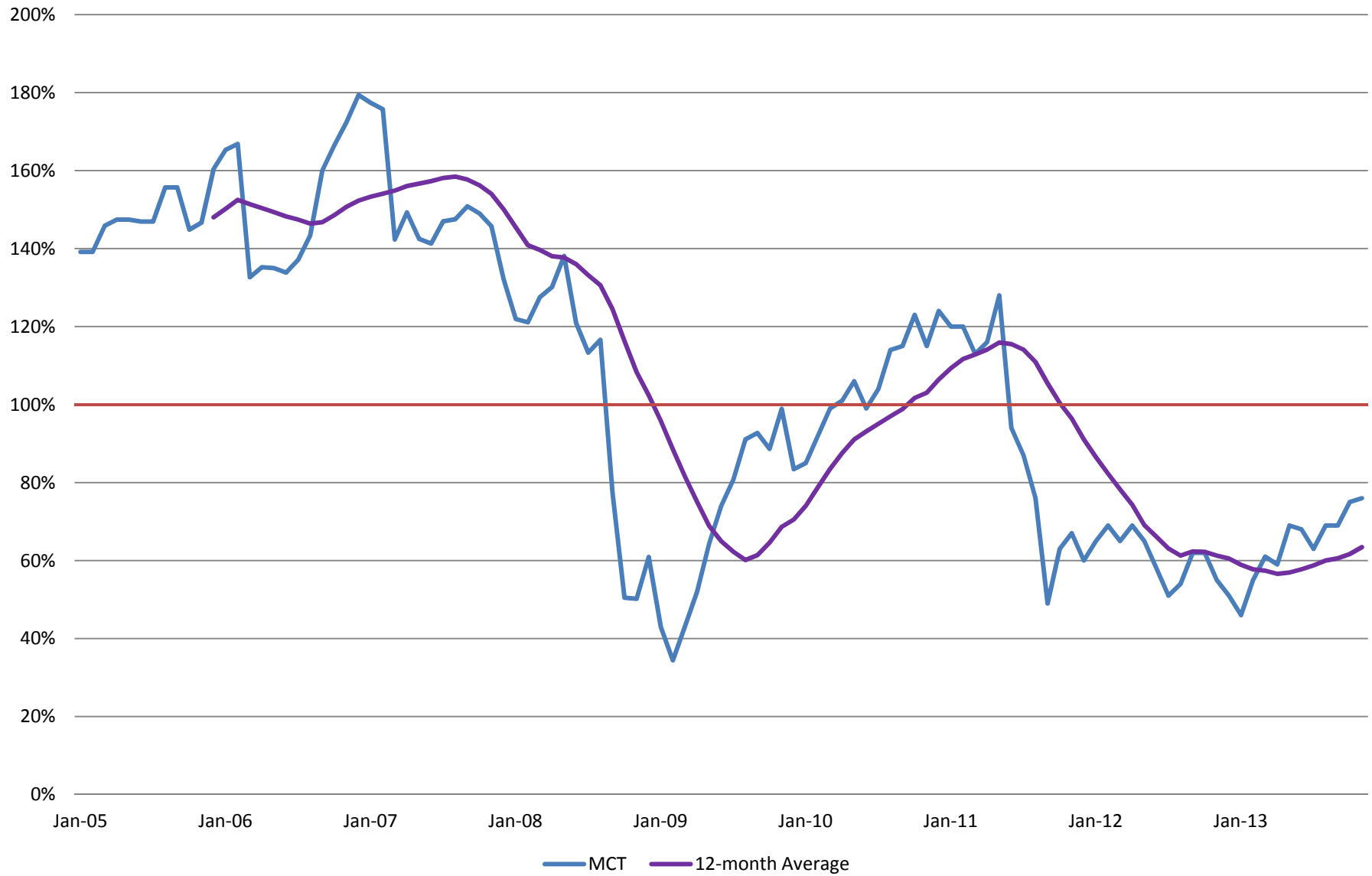
**d) Board role and responsibility**

Annually, or more frequently if warranted by the circumstances, management will present the Board with a formal report documenting the analysis used to support the determination of SAF's Target MCT, along with the supporting assumptions and context. The information provided will be sufficient to enable the Board to assess the work performed, the overall result, and the appropriateness of the Target.

Notwithstanding the specific procedures set out above, final authority as to what, if any, rate action is to be taken, is reserved to the Board and the Board may in its discretion decide to deviate from the specified actions because of the circumstances prevailing at the time.

The Board will review and approve this policy at least annually.

## Auto Fund Minimum Capital Test Results 2005-2013





# 17. Statement of Investment Policies and Goals

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**Statement of  
Investment  
Policies and  
Goals**

Saskatchewan Auto  
Fund

November 2013

# Contents

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<b>Section 1—Overview</b>	<b>1</b>
1.01 Purpose of Statement	1
1.02 General	1
1.03 Nature of the Auto Fund	2
1.04 Liability Characteristics	2
1.05 Investment and Risk Philosophy	3
<b>Section 2—Asset Mix Policy</b>	<b>5</b>
2.01 Asset Mix	5
<b>Section 3—Permitted and Prohibited Investments</b>	<b>8</b>
3.01 General Investment Guidelines	8
3.02 Permitted Investments	8
3.03 Minimum Quality and Quantity Guidelines	10
3.04 Prior Permission Required	13
3.05 Prohibited Investments	13
3.06 Securities Lending	14
<b>Section 4—Monitoring and Control</b>	<b>15</b>
4.01 Responsibility of an Investment Manager	15
4.02 Compliance Reporting	15
4.03 Performance Measurement	15
4.04 Soft Dollars	17
4.05 Dismissal of an Investment Manager	17
4.06 Standard of Professional Conduct	17
<b>Section 5—Administration</b>	<b>18</b>
5.01 Conflicts of Interest	18
5.02 Related Party Transactions	19
5.03 Selecting an Investment Manager	19
5.04 Monitoring of an Investment Manager	19
5.05 Voting Rights	19
5.06 Valuation of Investments not Regularly Traded	20
5.07 Annual Review	20

## **Appendix A – Compliance Reports**

## **Appendix B – Return Seeking Portfolio Benchmark Portfolio Weights**

# Section 1—Overview

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## 1.01 Purpose of Statement

The purpose of this policy statement is to provide a framework for the prudent investment and administration of the Saskatchewan Auto Fund investment portfolio (the Fund). This policy provides an investment manager with a written statement of specific quality, quantity, and rate of return standards for the corporation's investment portfolio.

A major goal of this policy is to establish ongoing communication between Saskatchewan Government Insurance (“SGI” or the “Company”) and an investment manager. Effective communication will contribute to management of the portfolio in a manner that is consistent with market conditions and with the objectives of the Company. Consultation between the parties will take the form of regular meetings supplemented, from time to time, by informal contact requested by any of the parties.

## 1.02 General

The Saskatchewan Auto Fund was established to provide compulsory automobile insurance to Saskatchewan people. The Fund is self-sustaining with the objective of breaking even over the long term.

Section 87(3) of *The Automobile Accident Insurance Act* (Act) authorizes the Fund to hold property of every nature and kind.

Section 92(1) of the Act authorizes investment of monies in the Fund subject to the restrictions and limitations contained in:

- The *Insurance Companies Act (Canada)*; and
- Any securities authorized for investment by *The Crown Corporations Act* which takes into consideration the *Pension Benefits Standards Act and Regulations*.

The overall standard guiding investment of the portfolio is the “prudent person rule” which is set out in section 492 of the *Insurance Companies Act (Canada)*. This standard requires that investments be made in a manner that “a reasonable and prudent person would apply in respect of a portfolio of investments to avoid undue risk of loss and to obtain a reasonable return.”

Both the *Insurance Companies Act (Canada)* and the *Pension Benefits Standards Act and Regulations* follow this “prudent person portfolio approach.”

Quantitative guidelines established by the *Insurance Companies Act (Canada)* are:

- Real estate – maximum 10% of total assets
- Equities – maximum 25% of total assets
- Real estate and equities – maximum 35% of total assets

Quantitative guidelines established by the *Pension Benefits Standards Act and Regulations* are:

- Maximum 10% of the book value of total assets in any one corporation or two or more affiliated corporations
- Maximum 30% of the voting shares of any one corporation

Responsibility for the investment policy rests with the Board of Directors. The Board has delegated day to day implementation and monitoring to management.

SGI has delegated its investment authority to professional investment managers to invest in accordance with this policy. In addition, a trust company has been appointed as custodian with responsibilities for safekeeping of investments, income collection, and settlement of investment transactions. The Investment Committee (Committee) of the Board makes recommendations on policy matters contained in this document and monitors the performance of the investment assets.

### **1.03 Nature of the Auto Fund**

The Auto Fund, as the compulsory automobile insurance program for Saskatchewan residents, provides vehicle registrations, driver's licenses, the basic minimum liability insurance required to operate a vehicle and coverage for damage to or loss of an insured's vehicle, subject to a deductible. Uncertain claim levels due to driving conditions, storm activity and court awards leads to cyclical profits from underwriting activities. Due to this instability of profits from underwriting, stability from investment income is an important objective along with safety of capital. Investment capital is used to cover policyholder liabilities.

### **1.04 Liability Characteristics**

The most significant characteristics of the Auto Fund's assets and liabilities, which impact on the investment strategy, are:

- Unpaid claims and unearned premiums account for 97% of total liabilities. At December 31, 2012, the liability for these two items was \$1.6 billion, up from \$1.5 billion one year prior.
- A significant majority of unpaid claims are paid within three years of the date of loss. Currently, unpaid claims account for approximately 76% of the liabilities. The duration of the unpaid claims liability decreased slightly to approximately 7.9 years as at December 31, 2012 from 8.2 years at December 31, 2011. With the addition of expected losses in unearned premiums the duration on the total unpaid liabilities is 6.7 years (2011– 6.9 years).
- At December 31, 2012, the market value of investments was \$1,540 million, up from \$1,433 million last year. The market value of investments increased again in 2012, recovering from weak investment markets of 2008 and early 2009. As measured by the Minimum Capital Test at December 31, 2012, assets were 51% of required capital and below the target range of 75% - 150%.

- At December 31, 2012 the Rate Stabilization Reserve balance was at \$127 million, down from \$134 million in 2011.

Projected liability cash flows up to 20 years are matched off with fixed income securities. A partial cash flow matching approach has been adopted for the portfolio which allows some diversification into equities, real estate and infrastructure in order to match longer-dated liabilities. This diversification into other asset classes serves to increase the long-term return on investment potential while controlling overall portfolio risk. Measures to shore up the rate stabilization reserve and improve the MCT are currently in progress.

## **1.05 Investment and Risk Philosophy**

### **(a) Investment Beliefs**

The Policy sets out the parameters under which the Fund is managed, which are influenced by several basic assumptions about the characteristics and trends in capital markets. The key investment beliefs that shape the Policy are:

- (i) Asset allocation is the most important determining factor in the investment performance of the Fund.
- (ii) In the long term, equities will outperform bonds to compensate for their higher risk.
- (iii) Accepting mismatch risk between portfolio assets and liabilities provides an opportunity to enhance long term returns but introduces specific risks like interest rate risk, credit risk and equity market risk. A liability sensitive approach to investing reduces these risks somewhat by matching both the size and duration of claims liabilities with fixed income securities. Investing the remaining assets in asset classes with long term return expectations greater than fixed income investments provides the potential to improve overall returns.
- (iv) Market movements between asset classes are not perfectly correlated as equity, bond and other asset class portfolios respond differently to economic factors. In addition, Canadian and foreign asset classes are not perfectly correlated due to different economic environments and the underlying composition of the capital markets. As a result, diversification across different asset classes and markets offers the opportunity to improve risk-adjusted returns.
- (v) Exposure to foreign currencies as a result of moderate levels of foreign investments has provided diversification benefits. However, as foreign exposure is increased, eliminating some foreign currency exposure through choice of a target hedge ratio is seen as appropriate risk management where cost effective.
- (vi) The success of active management varies based on efficiency of capital markets. Where markets are efficient, the quick dissemination of information limits the ability of investment professionals to consistently add value to the broad market indices.

**(b) Investment Philosophy**

Fund assets should be prudently managed to assist in avoiding excessive volatility in annual rates of return.

The prudent management of investment portfolios requires that the Company adhere to investment and lending policies that a reasonable and prudent person would apply in respect of a portfolio of investments and loans to avoid undue risk of loss and obtain a reasonable return.

Assessment of the risk tolerance of the Fund considers the nature of the industry and liability characteristics as outlined above. Based on these factors, the Fund can assume a low level of investment risk (defined as the volatility of returns). Accordingly, a diversified long-term asset mix strategy with a bias to fixed income is warranted. Further, the fixed income allocation and target benchmark indices are set with regard to the structure of the claims liabilities.

**(c) Risk Philosophy**

In order to achieve the long-term investment goals, the Fund must invest in assets that have uncertain returns, such as Canadian equities, foreign equities, bonds, real estate and infrastructure (when added in the future). Interest rate risk, one of the primary risks faced by the portfolio, is addressed by matching the size and duration of the claims liabilities with fixed income securities. Equity market risk is partially managed through diversification by sector and country. Credit risk is addressed by ensuring broad diversification by sector in a high quality (investment grade) portfolio.

The Fund accepts foreign currency exposure to a limited degree, in its equity portfolios and potential future infrastructure portfolio. This limited foreign currency exposure provides some diversification benefits without accepting undue risk.

The Fund is invested relative to a Benchmark Portfolio. The return from the benchmark portfolio represents an achievable return for the Fund given the capital market conditions in which it is invested. The specific weights for each asset class are set based on the risk tolerance of the Fund. Risk tolerance is assessed through a detailed review of the Fund and the investment markets that considers:

- Liability structure
- Investment time horizon
- Liquidity needs
- Regulatory environment
- Other unique factors
- Historical and prospective risk (volatility) and return of various asset classes and benchmark portfolios.

## Section 2—Asset Mix Policy

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### 2.01 Asset Mix

The following guidelines are based on the total market value of each of the investment portfolios. The Committee may consider and approve temporary deviations from these guidelines, or other policy constraints, based on changing market conditions and/or investment manager requests. Should an investment manager wish to deviate from these guidelines or the quantity and quality guidelines, or revise them, a written request will be forwarded to the Company.

#### (a) Matching Portfolio

The Matching Portfolio will be constructed to match the anticipated liability cash flows as provided by SGI to an investment manager from time to time. Annual estimated liability cash flows will be supplied from 0 through 20 years. (Liability cash flows beyond the Matching Portfolio will be backed by the Return Seeking Portfolio which is outlined next). The Matching Portfolio will be constructed to match the liability cash flows in the following term groupings (buckets):

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#### Liability Cash Flow Buckets\*

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Up to 1 year (short-term investments)\*\*  
Over 1 year to 3 years  
Over 3 years to 5 years  
Over 5 years to 10 years  
Over 10 years to 15 years  
Over 15 years to 20 years (or as far out as assets allow)

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\* For Liability Cash Flow Buckets with terms over 1 year, asset cash flows are to be matched to within +/- 5% of the estimated liability cash flow for each bucket. The Up to 1 year Liability Cash Flow Bucket, is to be matched to within +/- 10% of the estimated liability cash flow for the bucket.

\*\* A minimum of \$5 million is to be held in cash and overnight deposits.

The Matching Portfolio will be comprised of:

- Short-term investments and cash;
- Bonds of Canadian issuers; and
- Mortgages, to a maximum of 12% of the Matching Portfolio (distributions from the Mortgage Pooled Fund are to be received as cash in the Matching Portfolio).



## (b) Return Seeking Portfolio

	Minimum <sup>(2)</sup> %	Benchmark <sup>(2)(3)</sup> %	Maximum <sup>(2)</sup> %
Canadian equities	<u>28.0/18.0</u>	<u>38.0/28.0</u>	<u>48.0/38.0</u>
U.S. equities	10.5	15.5	20.5
Non-North American equities	8.0	13.0	19.0
Global small cap equities	<u>8.0</u>	<u>13.0</u>	<u>19.0</u>
Foreign equities	<u>20.0</u>	<u>41.5</u>	<u>52.0</u>
Total Equities <sup>(1)</sup>	<u>40.0</u>	<u>79.5/69.5</u>	<u>80.0</u>
Real estate	<u>15.0</u>	<u>20.5</u>	<u>25.0</u>
Infrastructure	<u>0.0</u>	<u>0/10.0</u>	<u>15.0</u>
Total		100.0	

(1) Convertible securities and preferred shares are considered to be equities in the asset mix guidelines.

(2) Where two figures are shown, the first represents the current benchmark, while the second represents the long term target benchmark. Transition to the long term target benchmark will occur incrementally as the Auto Fund's commitment to the infrastructure manager is drawn down.

(3) The current benchmark was effective September 1, 2013.

The Return Seeking Portfolio is managed under a specialist structure, where each asset class is a separate mandate. It is expected that each asset class would be fully invested with cash and short term investments not to exceed 10% of the market value of the asset class.

## (c) Canadian Equity Rebalancing

The Return Seeking Portfolio uses two managers that have different but complementary styles. Each manager has a current benchmark weight of 19% and long term target benchmark weight of 14%. The range for each manager shall be within +/- 5% of their benchmark weight and shall be rebalanced consistent with the cash flow and rebalancing policy set out in Section 2.01(d) below..

## (d) Cash Flow and Rebalancing

Cash generated in each of the Matching and Return Seeking Portfolios will typically be reinvested in those portfolios, while net external cash flows will typically be drawn from or invested in the Matching Portfolio. SGI shall, however, exercise judgment in allocating and drawing cash flows based on:

- i) the magnitude of the cash flow;
- ii) liquidity considerations;
- iii) transaction cost considerations;
- iv) the necessity to rebalance assets between the Matching Portfolio and the Return Seeking Portfolio;
- v) the necessity to rebalance assets within the Return Seeking Portfolio; and
- vi) in order to meet cash commitments related to investment in any new asset class that may be introduced to the benchmark.

Unless otherwise instructed, external cash flows in the Matching Portfolio will be invested in, or drawn from, the short-term investment (up to one year) bucket.

The Matching Portfolio will be rebalanced, as necessary, in conjunction with the Auto Fund's tri-annual actuarial valuations, to align the asset cash flows with the revised liability cash flows and to allocate assets between the Matching and Return Seeking Portfolios.

For the Return Seeking Portfolio, the assets allocated to each manager will be reviewed subsequent to each month end. Should any manager's range be breached, SGI Management will initiate a rebalancing and advise the Investment Committee of the rebalancing at its next meeting.

## Section 3—Permitted and Prohibited Investments

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### 3.01 General Investment Guidelines

The investments must comply with the requirements and restrictions imposed by the applicable legislation, including but not limited to, the Insurance Companies Act (Canada) and The Crown Corporations Act.

### 3.02 Permitted Investments

Provisions respecting permitted investments as may be applicable for each of the Matching and Return Seeking Portfolios are outlined in this section. In general, and subject to Section 3.04 and the restrictions in Section 2 and 3, an investment manager may, within its mandate, invest the investment assets in the following asset classes and any of the investment instruments listed below.

#### (a) Canadian and Foreign Equities

- (i) Common and preferred stock, listed on a recognized exchange.
- (ii) Debentures convertible into common or convertible preferred stock.
- (iii) Rights, warrants and special warrants for common or preferred stock.
- (iv) Installment receipts, American Depository Receipts and Global Depository Receipts.
- (v) Exchange traded index participation units (i.e., iUnits and Standard and Poor's Depository Receipts).
- (vi) Income trusts registered as reporting issuers under the Securities Act, domiciled in jurisdictions that provide limited liability protection to unitholders.
- (vii) TSX exchange-traded limited partnerships.
- (viii) Private placement equity where an Investment Manager determines the security will become eligible for trading on a listed exchange within a reasonable and defined time frame, not to exceed six months, and the issuing company is publicly listed on a recognized exchange.
- (ix) Private Placement equities (subject to section 3.04(a)).

**(b) Bonds, Mortgages and Real Estate**

- (i) Bonds, debentures, notes, and other evidence of indebtedness denominated and payable in Canadian dollars. Issuers may be Canadian, supranational or foreign if domiciled in developed markets.
- (ii) Mortgages secured against Canadian real estate subject to Section 3.03 below.
- (iii) Mortgage-backed securities of Canadian issuers.
- (iv) Asset-backed securities of Canadian issuers.
- (v) Term deposits and guaranteed investment certificates.
- (vi) Private placements of bonds subject to Section 3.03.
- (vii) Real Estate subject to 3.03(e) below.

**(c) Cash and Short-Term Investments**

- (i) Cash on hand and demand deposits.
- (ii) Treasury bills issued by the federal and provincial governments and their agencies.
- (iii) Obligations of trust companies and Canadian and foreign banks chartered to operate in Canada, including bankers' acceptances.
- (iv) Commercial paper and term deposits.
- (v) Non-bank asset backed commercial paper is not permitted.

**(d) Infrastructure**

- (i) Indirect infrastructure investment via independently managed pooled funds, limited partnerships or specialist corporate structures (eg. LLCs). The mandate of each fund, partnership or corporate structure will vary with the long-term goal of assembling a diversified portfolio.
- (ii) Permitted and prohibited investments in infrastructure will be governed by the terms and conditions set out in the respective pooled fund contract, Offering Memorandum, Trust Agreement or similar document that is applicable to each Investment Manager.

**(e) Other Investments**

- (i) Investments in open-or closed-ended pooled funds provided that the assets of such funds are permissible investments under the Policy.
- (ii) Deposit accounts of the custodian can be used to invest surplus cash holdings.

**(f) Derivatives**

The use of derivatives (such as options, futures and forward contracts) is permitted with prior approval by the Committee to protect against losses from changes in exchange rates, interest rates and market indices; and for non-hedging purposes, as a substitute for direct investment. Sufficient assets or cash must be held to cover commitments due to the derivatives transactions. No derivatives can be used for speculative trading or to create a portfolio with leverage. Derivative use in pooled funds is subject to the pooled fund guidelines.

**(g) Pooled Funds**

Investment in pooled funds is permissible. Pooled funds are governed by the policies for each fund. The Committee shall review the guidelines for any pooled fund investment to determine if they are appropriate. Any change to the pooled fund policy shall be communicated to the Company at least 30 days prior to the change. However, the managers will endeavor to provide 90 days notice of material change to the policy.

**3.03 Minimum Quality and Quantity Guidelines**

Provisions respecting quality and quantity guidelines as may be applicable for each of the Matching and Return Seeking Portfolios are outlined in this section.

Investments of any kind (stocks, bonds, real estate, mortgages, short term investments) of any one issuer in the aggregate (other than the Government of Canada or a Canadian province) should not exceed 10% of the market value of the related Matching or Return Seeking portfolio.

**(a) Capital Stock**

- (i) An investment manager is expected to maintain a relatively high quality portfolio. In general, investments should be limited to stocks that are publicly traded on a recognized securities market.
- (ii) No single issuer's equities, private or public, shall represent more than 10% of the market value of each of the Canadian and U.S. equity portfolios.
- (iii) No one holding can represent more than 10% of the voting shares of any corporation, except for substantial investments, as defined by the Insurance Companies Act (no substantial investments can be made without prior approval).
- (iv) Total private placement equities shall not exceed 10% of the equity portfolio market value at the time of purchase.
- (v) As well, in accordance with subsection 9(3) of Schedule III of the regulations of the Pension Benefits Standards Act, the 10% limit referred to in the preceding paragraph does not apply to investments in an investment corporation, real estate corporation or resource corporation.

- (vi) Industry weightings of the equity portfolio should not exceed the greater of 10% of the market value of the equity portfolio or 2.0 times the relevant industry weights of the group indexes on the S&P/TSX Capped Composite for Canadian equities and the S&P 500 for U.S. equities.
- (vii) Investments in non-North American equities are held in a pooled fund vehicle, subject to 3.02(d)(i) and 3.02(f). The investment guidelines of the pooled fund, as updated from time to time, shall be disclosed to SGI.
- (viii) The minimum quality standard for individual preferred shares is P-1 or equivalent, as rated by a recognized credit rating service at the time of purchase.

**(b) Bonds**

- (i) The minimum quality standard for purchase of bonds and debentures is “BBB” or equivalent rating, as rated by a recognized credit rating service (includes all sub-rating levels within the overall “BBB” rating). If a bond issue receives different ratings, the rating that is most common will generally prevail. When a majority does not exist on a bond issue, the most conservative rating shall prevail. In the event that split ratings straddle the minimum quality standard of “BBB” or equivalent, then the most conservative rating will be used irrespective of majority.
- (ii) “BBB” bonds may not be purchased if it would result in raising holdings rated “BBB” or lower to more than 15% of the market value of the bond portfolio.
- (iii) An investment manager will take the following steps in the event of a downgrade in the credit rating of a portfolio asset by a recognized bond rating agency to below the purchase standards set out in Section 3.03(b)(i):
  - (A) The Company will be notified of the downgrade at the earliest possible opportunity;
  - (B) Within five business days of the downgrade, an investment manager will advise the Company in writing of the course of action taken or to be taken by the investment manager, and its rationale; and
  - (C) An investment manager will provide regular reporting on the status of the asset until such time as it matures, is sold or is upgraded to a level consistent with the purchase quality standards as expressed in the above guidelines.
- (iv) An investment manager shall report to the Company, along with the recommended strategy for bringing the portfolio into line with the policy restrictions, should the total exposure to “BBB” or lower bonds move above 15% of the market value of the bond portfolio.

- (v) The minimum quality rating for mortgage backed and asset backed securities is “AA” or equivalent.
- (vi) Unrated bonds should be assigned a rating by an investment manager before purchase.
- (vii) No more than 10% of the market value of the bond portfolio shall be invested in bonds of foreign issuers.
- (viii) Holdings for any one province should not exceed 20% of the market value of the bond portfolio.
- (ix) Private bond placements should not exceed 15% of the market value of the bond portfolio and are subject to the following conditions.
  - (A) The issues acquired must be minimum ‘A’ or equivalent rated (prior approval of the Committee is required before purchasing private bond placements with credit ratings lower than “A”).
  - (B) The investment portfolio may not hold more than 5% of the market value of any one private placement.
  - (C) An investment manager must be satisfied that there is sufficient liquidity to ensure sale at a reasonable price.

**(c) Rating Agencies**

For the purposes of this Policy, the following rating agencies shall be considered to be ‘recognized bond rating agencies’:

- (i) DBRS;
- (ii) Standard and Poor’s;
- (iii) Moody’s Investors Services; and
- (iv) Fitch Ratings (for foreign issuers only).

**(d) Mortgages**

- (i) Investments in mortgages are held in a pooled fund vehicle subject to 3.02 (d)(i) and 3.02 (f). The investment guidelines of the pooled fund, as updated from time to time, shall be disclosed to SGI.

**(e) Real Estate**

When considering real estate purchases or investment in real estate pooled funds, the following are attributes favoured by the Company:

- (i) Canadian real estate capable of yielding overall rates of return in excess of current and projected levels of inflation in the long term.
- (ii) A portfolio capable of providing a stable long term income flow.

- (iii) Land held for future development is allowable but should be limited in amount.

**(f) Short Term Investments**

- (i) Short-term investments for the purpose of this Statement are defined as securities purchased with a maturity of one year or less.
- (ii) It is anticipated that an investment manager will invest only in instruments of the highest quality. Securities with an “R-1” or equivalent rating, as rated by a recognized credit rating service, are permissible investments (includes all sub-rating levels within the overall “R-1” rating).
- (iii) Holdings for any one issuer, other than the Government of Canada or a Canadian province, should not exceed 10% of the market value of the combined short-term investment and bond portfolios in the Matching Portfolio and 10% of the market value of the short-term investment portfolio in the Return Seeking Portfolio.

**(g) Exceptions**

When applying the Quality and Quantity Guidelines, it is recognized that there may be occasions during which these guidelines are not met temporarily for valid investment reasons. It is the responsibility of an investment manager to report any violations to the Company immediately, and to recommend an appropriate course of action.

**3.04 Prior Permission Required**

The following investments are permitted provided that prior permission for such investments has been obtained from the Committee:

- (a) Investments in private placement equities, other than those permitted in Section 3.02 (a)(viii);
- (b) Investments in private placement bonds with credit ratings lower than “A”;
- (c) Derivatives, as per Section 3.02(e) above;
- (d) Any other investments not expressly permitted by this policy statement.

**3.05 Prohibited Investments**

An investment manager shall not:

- (a) Directly invest in companies for the purpose of managing them;
- (b) Purchase securities on margin or engage in short sales, except as allowed in 3.02(e); or,
- (c) Make any investment not specifically permitted by this Policy.



### **3.06 Securities Lending**

The investments of the assets may be loaned, for the purpose of generating revenue for the Fund assets, subject to the provisions of the applicable legislation.

Such loans must be secured by cash and/or readily marketable government bonds, treasury bills and/or letters of credit, discount notes and banker's acceptances of Canadian chartered banks. The amount of collateral taken for securities lending should reflect best practices in local markets. In Canada, the current market practice is to obtain collateral of at least 102% of the market value of the securities lent. This market relationship must be calculated at least daily.

If the assets are invested in a pooled fund, security lending will be governed by the terms and conditions set out in the pooled fund contract. The pooled fund manager shall disclose whether the fund uses securities lending.

## Section 4—Monitoring and Control

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### 4.01 Responsibility of an Investment Manager

The overall responsibility of an investment manager is to provide competitive returns over time, measured against specified market-oriented standards.

An investment manager will have full discretion in managing the portfolio subject to the general guidelines presented in this policy statement, and any amendments, that may be made from time to time, by SGI's Board of Directors.

An investment manager will report to SGI as requested by the Company. The meetings will allow the managers to report on investment performance, and to advise the Company of the investment strategy that is being followed, and any changes in the strategy.

An investment manager should, within 30 business days of each quarter-end, forward a written report to the Company each quarter on the performance of the assets under management and on the firm's investment outlook.

An investment manager will notify the Board immediately, in writing, of any legal or regulatory proceedings or charges of which the manager may be aware, against the manager's firm or investment personnel, or against any sub-advisor or that firm's investment personnel.

The investment standards outlined in this policy statement provide a framework for management of the portfolio within levels of risk acceptable to the Company. If a manager believes the Asset Mix Guidelines are inappropriate for anticipated economic conditions, the manager is responsible for advising the Company that a change in guidelines is desirable, and the reasons therefore.

### 4.02 Compliance Reporting

A report on compliance with the investment policy, directed to Management, will be completed quarterly. The report format is included as part of this policy. The Company must be notified immediately of any deviation from the investment policy.

### 4.03 Performance Measurement

Investment results will be monitored on a quarterly basis. Performance will be evaluated over moving four-year periods.

Return objectives include realized and unrealized capital gains and losses plus income from all sources. Investment returns are measured on a time-weighted basis.

**(a) Matching Portfolio Benchmark**

The primary objective is to exceed the return of the least risk portfolio (LRP). The LRP is a portfolio of investable federal government bonds, meeting the quality and quantity guidelines set out in this policy, structured to match the annual liability cash flows as calculated by SGI and provided to an investment manager from time to time. A hurdle rate will be added to the return of the LRP based on the average yield spread for a portfolio constructed with an approximate weight of 1/3 in each of the federal, provincial and corporate sectors. It is expected that the structure of the LRP will change up to three times per year as updated cash flows are provided based on tri-annual actuarial valuations.

**(b) Return Seeking Portfolio Benchmark**

The primary objective is to outperform a benchmark portfolio consisting of the following market index total returns weighted as follows:

<b>Asset Class</b>	<b>Representative Index</b>	<b>Weight <sup>(1)(2)</sup> %</b>
Canadian equities	S&P/TSX Capped Composite	38.0/28.0
U.S. equities	S&P 500 (\$C)	15.5
Non-North American equities	MSCI EAFE (\$C)	13.0
Global small cap equities	MSCI All Country World Small Cap Index (\$C)	13.0
Real estate	Investment Property Databank	20.5
Infrastructure	Canadian CPI + 5%	0.0/10.0
		<u>100.0</u>

<sup>(1)</sup> The current benchmark was effective September 1, 2013. Historical benchmark portfolio weights are shown in Appendix B.

<sup>(2)</sup> Where two figures are shown, the first represents the current benchmark, while the second represents the long term target benchmark. Transition to the long term target benchmark will occur incrementally as the Auto Fund's commitment to the infrastructure manager is drawn down.

**(c) Asset Class Benchmarks**

A secondary objective is to earn asset class returns that exceed the benchmark index for each of the asset classes in which an investment manager invests. In addition, the following value added objectives have been set, which will be monitored over rolling four-year periods.

<b>Asset Class</b>	<b>Representative Index</b>	<b>Value added target basis points<sup>(1)</sup></b>
Canadian equities	S&P/TSX Capped Composite	125
U.S. equities	S&P 500 (\$C)	50
Non-North American equities	MSCI EAFE (\$C)	150
Global small cap equities	MSCI All Country World Small Cap Index (\$C)	150
Real Estate	Investment Property Databank	n/a
Infrastructure	Canadian CPI + 5%	n/a
Short term investments	DEX 91-Day T-Bills	n/a

<sup>(1)</sup> Asset class value added targets are before fees.

The market indices referred to in this section may be changed by the Committee to match the specific investment mandates for an investment manager selected to manage the portfolio, recognizing that at all times the Fund must be managed in accordance with the asset mix guidelines set out in Section 2 and permitted and prohibited investments set out in Section 3 above.

#### **4.04 Soft Dollars**

The Fund does not use soft dollars (directed commissions) to pay for any goods or services. An investment manager may use soft dollars to pay for research and other investment-related services with disclosure to the Company, provided they comply with the Soft Dollar Standards promulgated by the CFA Institute.

#### **4.05 Dismissal of an Investment Manager**

Reasons for reviewing and considering the termination of the services of an investment manager include, but are not limited to, the following factors:

- (a) Performance results, which over a reasonable period of time, are below the stated performance benchmarks;
- (b) Changes in the overall structure of the Fund such that an investment manager's services are no longer required;
- (c) Change in personnel, firm structure and investment philosophy, style or approach which might adversely affect the potential return and/or risk level of the portfolio;
- (d) Legal or regulatory proceedings against an investment manager or its investment personnel, or any sub-advisor firm or that firm's investment personnel;
- (e) Failure to adhere to this Policy; and/or
- (f) Performance consistently falling below the median of an investment manager peer group.

#### **4.06 Standard of Professional Conduct**

An investment manager is expected to comply, at all times and in all respects, with the Code of Ethics and Standards of Professional Conduct as promulgated by the CFA Institute or such other internal code of conduct as considered acceptable by SGI. An investment manager will manage the assets with the care, diligence and skill that a prudent person skilled as a professional investment manager would use in dealing with an investment portfolio. An investment manager will also use all relevant knowledge and skill that it possesses or ought to possess as a prudent investment manager.

## Section 5—Administration

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### 5.01 Conflicts of Interest

#### (a) Fiduciary Responsibilities

This standard applies to Board members, members of the Committee, management advisors and all agents employed by the Company.

An agent is defined to mean a company, organization, association or individual retained by the Committee to provide services to the Company.

In carrying out their fiduciary responsibilities, these parties must act at all times in the best interest of the Company.

#### (b) Disclosure

In execution of their duties, Board members, Committee members, management advisors and agents shall disclose any material conflict of interest relating to them, or any material ownership of securities, which could impair their ability to render unbiased decisions as it relates to administration of the Fund.

Parties affected by this Statement shall not make any personal financial gain (direct or indirect) because of their fiduciary position. However, normal and reasonable fees and expenses incurred in the discharge of their responsibilities are permitted if documented and approved by the Committee.

Any party affected by this Statement who believes that he/she may have a conflict of interest, or who is aware of any conflict of interest, must notify the Chair of the Committee. Disclosure should be made promptly after the affected person becomes aware of the conflict. The Chair will decide what action is appropriate under the circumstances, but at a minimum, will table the matter at the next regularly scheduled meeting of the Committee.

No affected person who has or is required to make a disclosure which is determined to be in conflict as contemplated by this policy shall participate in any discussion, decision or vote relating to any proposed investment or transaction in respect of which he or she has made or is required to make disclosure.

No affected person shall accept a gift or gratuity or other personal favour, other than one of nominal value, from an individual or entity that the person deals with in performing responsibilities for the Company.

## **5.02 Related Party Transactions**

The Fund may not enter into a transaction with a related party unless:

- (a) The transaction is required for the operation or administration of the Fund and the terms and conditions of the transaction are not less favourable to the Fund than market terms and conditions; or
- (b) The securities of the related party are acquired at a public exchange.

Related party includes any officer, director or employee of the Company. It also includes the investment managers and their employees, a union representing employees of the Company, a spouse or child of the persons named previously, or a corporation that is directly or indirectly controlled by the persons named previously, among others.

Under the preceding conflict of interest guidelines, it is incumbent on any person to notify the Committee Chair if a conflict arises. Such conflict includes related party transactions.

## **5.03 Selecting an Investment Manager**

If a new investment manager is to be selected or additional investment manager(s) added to the existing investment managers, the Committee will undertake an investment manager search. The criteria used for selecting an investment manager will be consistent with the investment and risk philosophy set out in Section 1.05 (Investment and Risk Philosophy).

## **5.04 Monitoring of an Investment Manager**

To enable the Committee to fulfill its responsibility of monitoring and reviewing an investment manager, the investment consultant will assist the Committee, on an ongoing basis, in considering:

- (a) Investment manager's staff turnover, consistency of style and record of service;
- (b) Investment manager's current economic outlook and investment strategies;
- (c) Investment manager's compliance with this Policy, where a manager is required to complete and sign a compliance report; and,
- (d) Investment performance of the assets of the Fund in relation to the rate of return expectations outlined in this Policy.

## **5.05 Voting Rights**

The Company has delegated voting rights acquired through investments to the custodian of the securities to be exercised in accordance with investment manager instructions.

An investment manager is expected to exercise all voting rights related to investments held by the Fund in the best interests of the Fund.

The Company reserves the right to direct the custodian to vote in a specified manner.

An investment manager should disclose their proxy voting policies and report annually on (1) whether all eligible proxies were voted on the Fund's behalf and (2) if the proxy voting guidelines were followed and report on any deviations.

## **5.06 Valuation of Investments not Regularly Traded**

The following principles will apply for the valuation of investments that are not traded regularly:

### **(a) Equities**

Average of bid-and-ask prices from two major investment dealers, at least once every calendar quarter.

### **(b) Bonds**

Same as for equities.

### **(c) Mortgages**

Unless in arrears, at the outstanding principal.

### **(d) Infrastructure**

Value based on the manager(s) internal appraisal process, with ultimate values determined upon sale of assets.

### **(e) Others**

Securities that are not publicly traded and for which no external transaction or other evidence of market value exists, will be valued at cost.

## **5.07 Annual Review**

This policy is open to review at any time, but must be reviewed annually.

# Appendix A – Compliance Reports



**Saskatchewan Auto Fund  
Matching Portfolio**  
Compliance Report for the Period from \_\_\_\_\_ to \_\_\_\_\_  
(date) (date)

		Guidelines	Policy Complied With Yes/No*
<b>Matching Portfolio</b>	Asset cash flows matched in term buckets greater than 1 year within +/- 5% of liability cash flows and +/-10% of liability cash flows for the less than 1 year term bucket		
	Minimum balance of \$5 million in cash and overnight deposits within the liability cash flow bucket for liabilities up to one year		
<b>Constraints</b>			
<b>Permitted and Prohibited Investments</b>	- Bonds and Mortgages	Only as permitted in Section 3.02 (b)	
	- Cash and Short-Term Investments	Only as permitted in Section 3.02 (c)	
	- Derivatives	Only as permitted in Section 3.02 (f)	
	- Foreign Currency Exposure	Securities denominated and payable in Canadian dollars	
<b>Bonds</b>	- Single Issuer	Max 10% of short-term and bond portfolio market value other than Government of Canada or a province	
	- Quality	Min "BBB" for bonds Min "AA" for asset-backed and mortgage-backed "BBB" ineligible for purchase if it would raise "BBB" or lower holdings above 15% of the market value of the bond portfolio Minimum "A" for private placement bonds	
	- Foreign Issuer	Max 10% of bond portfolio market value	
	- Concentration	Max 20% of total bond portfolio market value in any one province	
	- Private bond placements	Max 15% of bond portfolio, 5% in a single private placement security considered to have sufficient liquidity	
<b>Short Term Investments</b>	- Maximum term	One year or less	
	- Minimum Quality	"R-1" or equivalent	
	- Single Issuer	Max 10% other than Government of Canada or a province	
<b>Pooled Funds</b>	- Compliance	Pooled funds in compliance with their investment policies	
	- Disclosure	Changes to pooled fund policies disclosed to SGI	
<b>Other</b>	- Statutory Requirements	Compliance with the Insurance Companies Act (Canada) and The Crown Corporations Act	
	- Proxy Voting	All eligible voting rights voted in best interest of Fund	
	- Soft Dollars	Manager uses Soft Dollars (yes/no)? If yes, manager complies with CFA Institute Soft Dollar Standards	
<b>Conflicts of Interest</b>	- Disclosure	Conflicts of interest (if any) disclosed to the Chair of the Board and Chair of the Investment Committee.	
<b>Policy Violations</b>	- Disclosure	All circumstances that either are or may potentially be in violation to the Statement of Investment Policies and Goals disclosed to SGI	

*\*If policy not complied with, comment on specifics.*

I believe this to be a factual representation of compliance with the Statement of Investment Policies and Goals throughout the reporting period.

\_\_\_\_\_  
Signature and Title

Greystone Managed Investments Inc.  
\_\_\_\_\_  
Company Name

**Saskatchewan Auto Fund  
Canadian Equity Management**  
Compliance Report for the Period from \_\_\_\_\_ to \_\_\_\_\_  
(date) (date)

		Guidelines %	Policy Complied With Yes/No*
<b>Canadian Equity Portfolio</b>	- Strategy	Triasima Canadian All Cap Equity	
	- Objective	Outperform the return of the S&P/TSX Composite Index over rolling four-year periods; add value of at least 125 basis points.	
<b>Constraints</b>			
<b>Equities</b>	- Public traded on recognized securities market		
	- Diversification	Max 10% of the market value in any single issuer's equities	
	- Concentration	Max 10% of the voting shares of a single company	
		Max is the greater of 10% the equity portfolio or 2.0 times the S&P/TSX industry weighting	
		No more than 10% of the market value of the portfolio in private placement issues, at the time of purchase	
	- Quality	Min quality standard of preferred shares is P-1	
		Private placements allowed where security will be eligible for trading on a listed exchange within 6 months and the issuing company is publicly listed	
<b>Short Term Investments</b>	- Minimum Quality	"R-1"	
	- Single Issuer	Max 10% in issues of a single issuer other than the Government of Canada or a Canadian province	
<b>Derivatives</b>	- Permitted in accordance with Section 3.02 (f) of the Statement of Investment Policies and Goals		
<b>Other Investments</b>	- Prior Approval Required		
<b>Other</b>	- Statutory Requirements	Compliance with the Insurance Companies Act (Canada) and The Crown Corporations Act	
	- Proxy Voting	All eligible voting rights voted in best interest of Fund	
	- Soft Dollars	Manager uses Soft Dollars (yes/no)?	
		If yes, manager complies with CFA Institute Soft Dollar Standards	
<b>Conflicts of Interest</b>	- Disclosure	Conflicts of interest (if any) disclosed to the Chair of the Board and Chair of the Investment Committee.	

\* Provide actual weight or range where appropriate. If policy not complied with, comment on specifics.

I believe this to be a factual representation of compliance with the Statement of Investment Policies and Goals throughout the reporting period.

\_\_\_\_\_  
Signature and Title

Triasima Portfolio Management Inc.  
\_\_\_\_\_  
Company Name

**Saskatchewan Auto Fund  
Canadian Equity Management**  
Compliance Report for the Period from \_\_\_\_\_ to \_\_\_\_\_  
(date) (date)

		Guidelines %	Policy Complied With Yes/No*
<b>Canadian Equity Portfolio</b>	- Strategy	Sionna All Cap Canadian Equity	
	- Objective	Outperform the return of the S&P/TSX Composite Index over rolling four-year periods; add value of at least 125 basis points.	
<b>Constraints</b>			
<b>Equities</b>	- Public traded on recognized securities market		
	- Diversification	Max 10% of the market value in any single issuer's equities	
	- Concentration	Max 10% of the voting shares of a single company	
		Max is the greater of 10% the equity portfolio or 2.0 times the S&P/TSX industry weighting	
		No more than 10% of the market value of the portfolio in private placement issues, at the time of purchase	
	- Quality	Min quality standard of preferred shares is P-1	
		Private placements allowed where security will be eligible for trading on a listed exchange within 6 months and the issuing company is publicly listed	
<b>Short Term Investments</b>	- Minimum Quality	"R-1"	
	- Single Issuer	Max 10% in issues of a single issuer other than the Government of Canada or a Canadian province	
<b>Derivatives</b>	- Permitted in accordance with Section 3.02 (f) of the Statement of Investment Policies and Goals		
<b>Other Investments</b>	- Prior Approval Required		
<b>Other</b>	- Statutory Requirements	Compliance with the Insurance Companies Act (Canada) and The Crown Corporations Act	
	- Proxy Voting	All eligible voting rights voted in best interest of Fund	
	- Soft Dollars	Manager uses Soft Dollars (yes/no)?	
		If yes, manager complies with CFA Institute Soft Dollar Standards	
<b>Conflicts of Interest</b>	- Disclosure	Conflicts of interest (if any) disclosed to the Chair of the Board and Chair of the Investment Committee.	

\* Provide actual weight or range where appropriate. If policy not complied with, comment on specifics.

I believe this to be a factual representation of compliance with the Statement of Investment Policies and Goals throughout the reporting period.

\_\_\_\_\_  
Signature and Title

Sionna Investment Managers Inc.

\_\_\_\_\_  
Company Name

**Saskatchewan Auto Fund  
U.S. Equity Management  
Compliance Report for the Period from \_\_\_\_\_ to \_\_\_\_\_  
(date) (date)**

		Guidelines %	Policy Complied With Yes/No*
<b>U.S. Equity Portfolio</b>	- Strategy	Greystone U.S. Equity	
	- Objective	Outperform the return of the C\$ S&P 500 Index over rolling four-year periods; add value of at least 50 basis points	
<b>Constraints</b>			
<b>Equities</b>	- Public traded on recognized securities market		
	- Diversification	Max 10% of the market value in any single issuer's equities	
	- Concentration	Max 10% of the voting shares of a single company	
		Max is the greater of 10% the equity portfolio or 2.0 times the S&P 500 industry weighting	
		No more than 10% of the market value of the portfolio in private placement issues, at the time of purchase	
	- Quality	Min quality standard of preferred shares is P-1	
		Private placements allowed where security will be eligible for trading on a listed exchange within 6 months and the issuing company is publicly listed	
<b>Short Term Investments</b>	- Minimum Quality	"R-1"	
	- Single Issuer	Max 10% in issues of a single issuer other than the Government of Canada or a Canadian province	
<b>Derivatives</b>	- Permitted in accordance with Section 3.02 (f) of the Statement of Investment Policies and Goals		
<b>Other Investments</b>	- Prior Approval Required		
<b>Other</b>	- Statutory Requirements	Must meet requirements for eligible investments outlined in <u>The Pension Benefits Act</u> .	
		Must meet requirements for eligible investments outlined in the <u>Income Tax Act</u> .	
<b>Pooled Fund</b>	- Compliance	Compliance with Pooled Fund guidelines	
<b>Conflicts of Interest</b>	- Disclosure	Conflicts of interest (if any) disclosed to the Chair of the Board and Chair of the Investment Committee.	
<b>CFA Institute Code of Ethics and Standards of Professional Conduct</b>	- Compliance	CFA Institute Code of Ethics and Standards of Professional Conduct complied with	
<b>Voting Rights</b>	- Compliance	All proxies voted in compliance with the manager's proxy voting guidelines	
<b>Soft Dollars</b>	- Compliance	Compliance with CFA Institute or internal guidelines as applicable	

\* Provide actual weight or range where appropriate. If policy not complied with, comment on specifics.

I believe this to be a factual representation of compliance with the Statement of Investment Policies and Goals throughout the reporting period.

\_\_\_\_\_  
Signature and Title

\_\_\_\_\_  
Greystone Managed Investments Inc.  
Company Name

**Saskatchewan Auto Fund  
Non-North American Equity Management  
Compliance Report for the Period from \_\_\_\_\_ to \_\_\_\_\_  
(date) (date)**

		Guidelines %	Policy Complied With Yes/No*
<b>Non-North American Equity Portfolio</b>	- Strategy	Greystone EAFE Growth Fund (Hansberger sub-advised)	
	- Objective	Outperform the return of the C\$ MSCI EAFE Index over rolling four-year periods; add value of at least 150 basis points.	
<b>Other</b>	- Statutory Requirements	Must meet requirements for eligible investments outlined in <u>The Pension Benefits Act</u> .	
		Must meet requirements for eligible investments outlined in the <u>Income Tax Act</u> .	
<b>Pooled Fund</b>	- Compliance	Compliance with Pooled Fund guidelines	
<b>Conflicts of Interest</b>	- Disclosure	Conflicts of interest (if any) disclosed to the Chair of the Board and Chair of the Investment Committee.	
<b>CFA Institute Code of Ethics and Standards of Professional Conduct</b>	- Compliance	CFA Institute Code of Ethics and Standards of Professional Conduct complied with	
<b>Voting Rights</b>	- Compliance	All proxies voted in compliance with the manager's proxy voting guidelines	
<b>Soft Dollars</b>	- Compliance	Compliance with CFA Institute or internal guidelines as applicable	

\* Provide actual weight or range where appropriate. If policy not complied with, comment on specifics.

I believe this to be a factual representation of compliance with the Statement of Investment Policies and Goals throughout the reporting period.

\_\_\_\_\_  
Signature and Title

\_\_\_\_\_  
Greystone Managed Investments Inc.  
Company Name

**Saskatchewan Auto Fund  
Canadian Real Estate Management**  
Compliance Report for the Period from \_\_\_\_\_ to \_\_\_\_\_  
(date) (date)

		Guidelines %	Policy Complied With Yes/No*
<b>Asset Mix (at Market Value)</b>			
<b>Real Estate</b>	Canadian Real Estate	80 – 100	
	Short-term investments	0 – 20	
<b>Constraints</b>			
<b>Real Estate</b>	- Leverage	Reasonable (indicate %)	
	- Type of Real Estate	Land held for future development limited in amount	
<b>Other Investments</b>		None	
<b>Other</b>	- Statutory Requirements	Must meet requirements for eligible investments outlined in <u>The Pension Benefits Act</u> .	
		Must meet requirements for eligible investments outlined in the <u>Income Tax Act</u> .	
<b>Conflicts of Interest</b>	- Disclosure	Conflicts of interest disclosed to the Chair of the Board and Chair of the Investment Committee.	
<b>CFA Institute Code of Ethics and Standards of Professional Conduct</b>	- Compliance	CFA Institute Code of Ethics and Standards of Professional Conduct complied with	

\* Provide actual weight or range where appropriate. If policy not complied with, comment on specifics.

I believe this to be a factual representation of compliance with the Statement of Investment Policies and Goals throughout the reporting period.

\_\_\_\_\_  
Signature and Title

Greystone Managed Investments  
\_\_\_\_\_  
Company Name

**Saskatchewan Auto Fund**  
**Global Small Cap Equity Management**  
**Compliance Report for the Period from \_\_\_\_\_ to \_\_\_\_\_**  
(date) (date)

		Guidelines %	Policy Complied With Yes/No*
<b>Global Small Cap Equity Portfolio</b>	- Strategy	Invesco Global Small Cap Equity	
	- Objective	Outperform the return of the C\$ MSCI ACWI Small Cap Index over rolling four-year periods; add value of at least 150 basis points.	
<b>Constraints</b>			
<b>Pooled Fund</b>	- Concentration	Max 10% of the market value of the pooled fund	
<b>Compliance</b>		The pooled fund has been managed as outlined in its investment policy. If "No" please specify variations	
<b>Other</b>	- Form ADV	Any material changes to the investment policy since the prior quarter have been reported to SGI	
<b>Firm Proceedings</b>	- Disclosure	Change in personnel, firm structure and investment philosophy, style or approach that might adversely affect the potential return and/or risk level of the portfolio have been communicated to SGI	
		Legal or regulatory proceedings against the manager or its investment personnel, or any sub-advisor firm or that firms' investment personnel have been communicated to SGI	
<b>Conflicts of Interest</b>	- Disclosure	Conflicts of interest disclosed to the Chair of the Board and Chair of the Investment Committee.	
<b>Code of Ethics</b>	- Compliance	The manager has adhered to their internal Code of Ethics and has disclosed any material Code of Ethics changes made since the prior quarter	

\* Provide actual weight or range where appropriate. If policy not complied with, comment on specifics.

I believe this to be a factual representation of compliance with the Statement of Investment Policies and Procedures throughout the reporting period.

Invesco Canada Ltd.

\_\_\_\_\_  
Signature and Title

\_\_\_\_\_  
Company Name

**Saskatchewan Auto Fund  
Infrastructure Management Compliance**

## **Compliance Report**

A letter confirming compliance with the investment policies and procedures as set out in the Limited Partnership Agreement and related documents shall be periodically completed when requested by SGI. Deviations, if any, from the investment policies and procedures and explanation for such deviations, along with any changes to the investment policies and procedures shall be provided to SGI.



# **Appendix B – Return Seeking Portfolio Benchmark Portfolio Weights**

# Return Seeking Portfolio Benchmark Portfolio Weights

## Return Seeking Portfolio Current Benchmark Portfolio Weights<sup>(1)</sup>

Asset Class <sup>(2)</sup>	Representative Index	Weight <sup>(3)</sup> %
Canadian equities	S&P/TSX Capped Composite	38.0/28.0
U.S. equities	S&P 500 (\$C)	15.5
Non-North American equities	MSCI EAFE (\$C)	13.0
Global small cap equities	MSCI All Country World Small Cap Index (\$C)	13.0
Real estate	Investment Property Databank	20.5
Infrastructure	CPI + 5%	0.0/10.0
		<u>100.0</u>

<sup>(1)</sup> Effective September 1, 2013

<sup>(2)</sup> Convertible securities and preferred shares are considered to be equities in the asset mix guidelines.

<sup>(3)</sup> Where two figures are shown, the first represents the current benchmark, while the second represents the long term target benchmark. Transition to the long term target benchmark will occur incrementally as the Auto Fund's commitment to the infrastructure manager is drawn down.

## Historical Benchmark Portfolio Weights

Asset Class	Prior to Oct 1, 1991	Oct 1, 1991	Jan 1, 1995	Aug 1, 1996	Jan 1, 1999	Feb 1, 2003	Feb 1, 2004	Jan 1, 2006	Apr 1, 2006	Oct 1, 2006	Dec 1, 2008	Oct 1, 2010	Apr 1, 2012
Canadian equities	22	20	15	15	15	15	15	15	15	15	15	50	37.5
U.S. equities	5	5	5	5	5	5	5	5	5	5	5	16	15.0
NNA equities	-	-	5	-	5	5	5	5	5	5	5	16	12.5
Global SC equities	-	-	-	-	-	-	-	-	-	-	-	-	12.5
Real estate	-	-	-	2	2	2	1	1	3	5	5	16	20.0
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	0.0
"Universe" bonds	58	55	55	58	63	32	38	69	67	65	62	-	-
Short-term bonds	-	-	-	-	-	31	31	-	-	-	-	-	-
Mortgages	-	5	5	5	-	-	-	-	-	-	5	-	-
Short-term investments	<u>15</u>	<u>15</u>	<u>15</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>3</u>	<u>2</u>	<u>2.5</u>
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100.0</u>

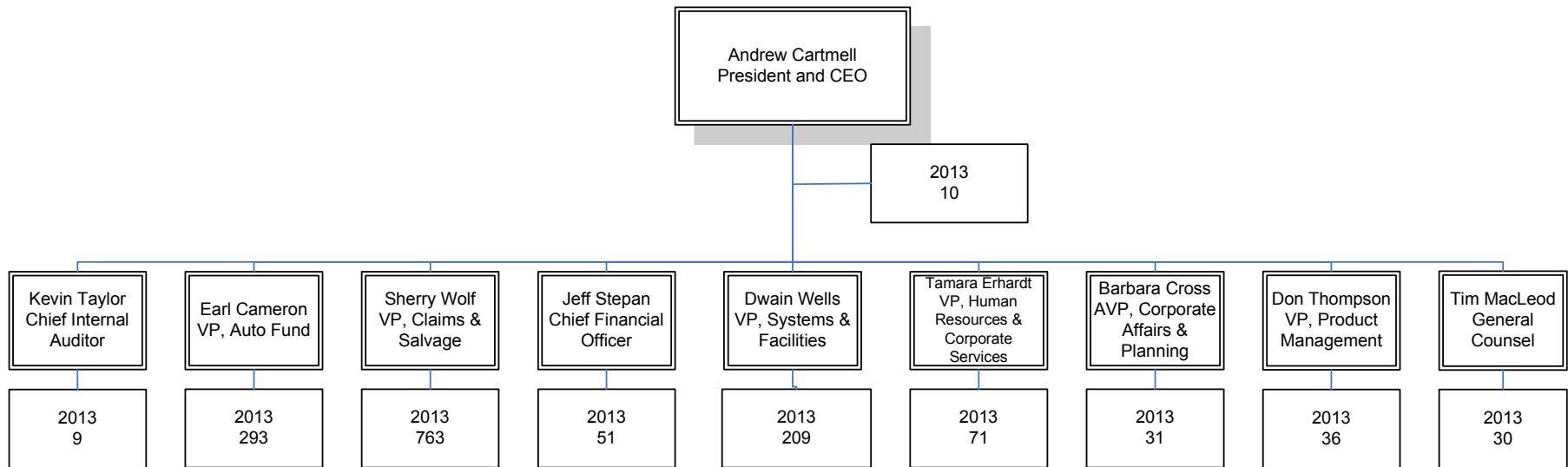
Total Fund historical benchmark weights to September 30, 2010 and Return Seeking historical benchmark weights thereafter.

## 19. Past, Current and Future Staffing Levels

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# SGI Organizational Summary

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**Out-of-Scope vs Inscope**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>Budget 2014</b>
In-scope	1,264	1,244	1,233	1,229	1,260	1,283
Management	218	219	226	229	243	260
<b>Total</b>	<b>1,482</b>	<b>1,463</b>	<b>1,459</b>	<b>1,458</b>	<b>1,503</b>	<b>1,543</b>

**20) Staffing Levels**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Andrew Cartmell - President & CEO	13	14	15	11	10	10
Kevin Taylor - Chief Internal Auditor	8	8	9	10	9	10
Barbara Cross - AVP Corporate Affairs & Planning	13	15	15	27	31	37
Tim McLeod - General Counsel				28	30	33
Earl Cameron - VP Auto Fund	309	298	277	279	293	296
Don Thompson - VP Product Management	0	2	25	34	36	46
Sherry Wolf - VP Claims & Salvage	771	773	778	748	763	760
Marketing & Communications (discontinued in 2012)	21	20	22			0
Jeff Stepan - Chief Financial Officer	73	65	47	49	51	52
Tamara Erhardt - VP HR & Corporate Services	75	69	70	69	71	87
Dwain Wells - VP Systems & Facilities	199	199	201	203	209	212
<b>Total</b>	<b>1,482</b>	<b>1,463</b>	<b>1,459</b>	<b>1,458</b>	<b>1,503</b>	<b>1,543</b>

**Notes:**

Highway Traffic Board positions reported under Barbara Cross.

Fair Practices positions reported under Marketing & Communications (2009 & 2010); under Barbara Cross in 2011

Legal positions now reported separately under Tim MacLeod (formerly were in Claims)

Marketing Communications positions split in 2012 between Corporate Affairs and Customer & Distribution Strategy.

**Note: Executive Offices of 10 Positions comprised of (See Breakdown below)**

**Executive:**

Barbara Cross	1
Executive	8
CEO	1
<b>Total</b>	<b>10</b>

**Executive Breakdown:**

AutoFund	1
Claims/Salvage	1
Operations	1
Other	5
<b>Total</b>	<b>8</b>

## 20. Taxes

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As part of the Reciprocal Tax Agreement, expenses for Crown corporations such as SGI are exempt from paying GST.

The Auto Fund pays a 5% premium (income) tax into the general revenue fund (GRF).

In terms of claim payments, if the claimant is subject to GST or PST and incurs this cost, then the Auto Fund will indemnify the customer/claimant. If the claimant is not subject to taxes or can claim an Input Tax Credit (ITC) for GST, then the customer/claimant's net loss is indemnified and the Auto Fund would not pay the GST as they are eligible for the ITC.

If the vehicle is deemed to be a total loss, then the Auto Fund will indemnify the GST and PST if it has been incurred originally and if incurred again upon replacement. Various rules and guidelines exist for late model vehicles (vehicle is 2 years old or newer) and for the different arrangements.

## 22. Auto Fund Programs Introduced or Eliminated, by Type

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During 2013 the Saskatchewan Auto Fund introduced the following programs:

- Motorcycle telematics pilot program,
- Electronic driver abstracts were made available on MySGI, and
- First Nations high school driver education.

There were no programs that were eliminated in 2013.

## 23. Productivity and Efficiencies

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Initiative	Initiative Description	Financial Statement Account	2013 Results/ Savings	2014 Projected Efficiency Results/ Savings	2015 Projected Efficiency Results/ Savings	2016 Projected Efficiency Results/ Savings	2017 Projected Efficiency Results/ Savings	2018 Projected Efficiency Results/ Savings
New west partnership- Canadian Association of Oil well Drilling Contractors-self road testing.	Less examiner resources required to complete testing.	Salaries	\$ 1,400	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100	\$ 2,100
No Show Policy	Customers that do not attend appointments will be required to pay for a subsequent appointment versus receiving a credit. This will encourage attendance and reduce wasted examiner time.	MVD Admin Fee revenue	\$ 64,000	\$ 77,000	\$ 77,000	\$ 77,000	\$ 77,000	\$ 77,000
Eliminate Saturday scheduling service	Reduces staffing hours-forces customers to schedule their appointments through MySGI. Implemented December 2013.	Salaries	\$ 200	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400	\$ 2,400
Internal Build of Test Drive	Decision to internally build the MySGI portions of test drive rather than contracting it out as had been originally planned.	Special Services expense	\$ 85,000					
Consolidation of Vehicle renewals	Auto Fund renewal batch process has been modified to group five or less renewals based on the same customer number and send the letters in one envelope.	Postage & supplies	\$ 37,500	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
Moving to 20lb white bond paper Digitized letterhead for Driver products	Cost savings because new paper is cheaper.	Supplies	\$ 1,840	\$ 5,257	\$ 5,257	\$ 5,257	\$ 5,257	\$ 5,257
Auto Fund Application Support Model Review	Completed a LEAN review of the issue reporting process for the Auto Fund application (SAM and MySGI). Changes have been made to eliminate certain notices entirely and other issues are going directly to specialists rather than the entire team. This has reduced emails relating to issues by 40% which allows analysts to complete their analysis and testing during normal business hours. This has in turn resulted in less overtime being worked and fewer guest testers being seconded to help with testing.	Salaries & Overtime	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000

The efficiencies listed above are the efficiencies implemented in 2013 that resulted in actual hard dollar savings for the Auto Fund. The account you will find the savings in are listed beside each efficiency. The Auto Fund also implemented several other efficiencies in 2013 that resulted in soft savings (i.e. hours saved, improved customer service, etc.) but because they did not result in hard dollar savings they are not listed here.

**Note: Estimated savings in future years have not factored in inflation**

# 24. Capital Improvements Spending Plans

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The impact of depreciation on all capital expenditure projects was an increase to the overall indicated rates of 0.4%. Information technology accounted for approximately half of this amount, with all other projects combined accounting for the other half.

The following table provides the capital expenditure projects, with their depreciation, by year.

### Saskatchewan Auto Fund Capital Improvements Spending Plans with Depreciation

	Capital Purchases			Depreciation in:			
	2012	2013	2014	2012	2013	2014	2015
Buildings							
North Battleford Claims	\$ 72,606	\$ 16,067.00	\$ -	211,452	224,726	227,787	227,787
Regina NW Claims	-	4,161	-	49,850	50,153	50,153	50,153
Regina Operations Centre (ROC)	30,558	30,995	90,000	5,157	5,992	9,466	9,466
Prince Albert Claims	-	-	-	3,101	3,101	3,101	3,101
Swift Current Claims	532,211	805,278	-	2,531	272,957	272,957	272,957
Weyburn Claims	-	-	-	2,417	2,417	2,417	2,417
Lloydminster Claims	9,053	-	-	2,642	3,243	3,243	3,243
Saskatoon Salvage	-	-	-	8,957	8,957	8,957	8,957
Yorkton Claims	19,247	-	-	2,479	3,492	3,492	3,492
Saskatoon East Claims	-	819,642	-	711	50,146	50,146	50,146
Saskatoon West Claims	5,000	836,791	-	762	48,849	48,849	48,849
Tisdale Claims	52,103	24,982	-	138,572	144,473	147,664	147,664
Regina East Claims	25,447	-	-	50,607	52,341	52,341	52,341
Weyburn Claims	13,006	-	-	54,367	55,249	55,249	55,249
Meadow Lake Claims	(23,136)	-	-	57,522	56,037	56,037	56,037
Saskatoon Central Claims	93,763	-	300,000	23,473	30,507	56,985	56,985
Estevan Claims Centre*	-	26,395	2,000,000	-	-	-	-
Fleet Street Salvage	6,276	(3,250)	-	66	166	55	55
Saskatoon Salvage	892	-	-	15	62	62	62
North Battleford Salvage	-	-	460,000	-	-	23,000	23,000
Yorkton Salvage*	-	-	1,000,000	-	-	-	-
Regina South Claims	-	-	-	-	-	-	-
Saskatoon North	571,528	224,380	-	-	-	-	-
	<u>1,408,554</u>	<u>2,785,441</u>	<u>3,850,000</u>	<u>614,681</u>	<u>1,012,867</u>	<u>1,071,959</u>	<u>1,071,959</u>
Information Technology	1,252,718	1,696,835	4,634,050	1,105,491	1,206,967	1,755,526	2,319,081
Other Equipment & Vehicles	945,834	1,484,011	753,000	281,147	524,132	680,921	696,395
<b>Total</b>	<b>\$ 3,607,106</b>	<b>\$ 5,966,287</b>	<b>\$ 9,237,050</b>	<b>\$ 2,001,319</b>	<b>\$ 2,743,966</b>	<b>\$ 3,508,407</b>	<b>\$ 4,087,436</b>

\* Note: Estevan and Yorkton are not anticipated to be into use until late 2015, therefore no depreciation impact in 2014 and 2015.

## 26. Implementation of Previous Panel Recommendations

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## **Recommendation 1**

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**That the proposed overall rate increase of 1.03% be approved, and further, that calculations for any future requested break-even margin be part of the Minimum Filing Requirements for future applications.**

Response:

Upon Cabinet approval, SGI implemented a 1.03% overall rate increase effective August 31, 2013. SGI agrees to include break-even margin calculations as part of the Minimum Filing Requirements of all future applications.

## **Recommendation 2**

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**That the proposed 1.23% Rate Stabilization Reserve surcharge be approved for one year only.**

Response:

Upon Cabinet approval, SGI implemented a 1.23% Rate Stabilization Reserve surcharge effective August 31, 2013 that will be removed August 30, 2014.

## **Recommendation 3**

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**That all vehicle classes be subject to the same rate cap rules as set out in the revised Application and further, that rate rebalancing occur annually, whether or not a rate change is required.**

Response:

SGI agrees with the Panel regarding proposed capping levels.

SGI will continue to submit rate adjustment applications, with rate rebalancing, on an annual basis dependent upon corporate priorities at the time.

## **Recommendation 4**

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**That the Panel's Terms of Reference be expanded to include:**

- a) Analysis of the Capital Management Policy and the Minimum Capital Test**
- b) The Safe Driver Recognition and Business Recognition programs**
- c) The existing vehicle risk groups**
- d) The SAF's accounting and operating policies and procedures.**

Response:

The role of the Panel is to provide an opinion of the fairness and reasonableness of SGI's proposed Auto Fund rate change having consideration for the following:

- The interests of the Crown Corporation, its customers and the public;
- Consistency with the Crown Corporations' mandate, objectives and methodologies;
- Relevant industry practices and principles; and
- The effect of the proposed change of vehicle insurance rates on the competitiveness of the Crown Corporation related to other jurisdictions.

It is not felt that the Panel needs to opine on the four requested items in order to meet their mandate. Rather, these items are the responsibility of SGI's Board and Management.

However, as has been the case in the past, SGI will continue to provide requested information related to its capital management policy, Safe Driver Recognition and Business Recognition programs, and vehicle risk groups, as well as the Auto Fund's financial reports.