



Government
of
Saskatchewan

Minister's Order
Saskatchewan Rate Review Panel
Saskatchewan Auto Fund Rate Increase and Rebalancing Proposal Terms of Reference

WHEREAS by an Order dated January 1, 2013, issued pursuant to Section 16 of *The Government Organization Act*, the Minister of Crown Investments appointed a Ministerial Advisory Committee known as the Saskatchewan Rate Review Panel;

AND WHEREAS that Order provides for specific terms of reference for particular Crown Corporation rate change reviews to be attached by further Minister's Order;

AND WHEREAS it is desirable to establish terms of reference for a Saskatchewan Auto Fund vehicle insurance rate change and rebalancing review and to attach the terms of reference to the previously mentioned Minister's Order;

NOW THEREFORE, I hereby amend the said Minister's Order by attaching Appendix A affixed hereto as "**Schedule A: Saskatchewan Auto Fund Rate Increase and Rebalancing Proposal Terms of Reference**" to the said Minister's Order.

Dated at Regina, Saskatchewan this 4 day of February, 2014

A handwritten signature in blue ink, appearing to read "Donna Huxford", written over a horizontal line.

Minister of Crown Investments

Schedule A
Saskatchewan Auto Fund Rate Increase and Rebalancing Proposal Terms of Reference

The Saskatchewan Rate Review Panel is requested to conduct a review of the Saskatchewan Auto Fund's request for a general increase and rebalancing of vehicle insurance rates targeted for implementation on August 31, 2014.

Cabinet may implement any rate change adjustment on an interim basis pending receipt of the Panel's recommendation(s).

The Panel shall function within its mandate and operational terms of reference as specified in the Minister's Order dated January 1, 2013. The Panel shall 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 Corporation's 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.

In conducting its review, the Panel will consider the following factors:

- A) The reasonableness of the proposed rate changes in the context of:
- (i) the Saskatchewan Auto Fund's mandate to operate on a self-sustaining basis over time;
 - (ii) the objective to maintain adequate capital in a Rate Stabilization Reserve to serve as a cushion to protect customers from large rate increases within the terms of the SGI Board approved Capital Management Policy;
 - (iii) the impact of rising claims costs
 - (iv) the assumptions, estimates and methodology used in forecasting premiums, investment income, claims and expenses for the rate indication being considered; and
 - (v) the objective of ensuring stability and fairness in vehicle insurance rating such that each vehicle class pays sufficient premiums to cover its anticipated claim costs to minimize cross subsidization.
- B) The Panel shall consider the following parameters as given:
- (i) the compulsory insurance coverage provided by the Saskatchewan Auto Fund through its legislative mandate;
 - (ii) the Saskatchewan Auto Fund is a public fund for motorists with no profit component required in pricing of the product;
 - (iii) the existing program parameters of the Safe Driver Recognition Program and the Business Recognition Program;
 - (iv) the vehicle risk groups used by the Saskatchewan Auto Fund; and,

- (v) the accounting and operating policies and procedures used by the Saskatchewan Auto Fund.

SGI will provide the Panel with its application package immediately. SGI will also provide the Panel with any supplementary information as the Panel may require fulfilling its mandate and these Terms of Reference.

The Panel shall determine a public consultation process for this rate change application appropriate and cost effective under the circumstances and within the timeline for the review as established by the Minister of Crown Investments.

The Panel shall provide members of the public with the opportunity to review and comment on SGI's rate change submission outside any public meeting, to the extent reasonable and within the timeline for the review as established by the Minister of Crown Investments.

The Panel shall provide an opportunity to SGI to make a presentation to it and to the public as the Panel considers appropriate to discuss noteworthy rate application issues.

The Panel shall, in a timely and efficient manner, forward to SGI for response questions that the Panel receives from the public, individual Panel members and its technical consultant.

The Panel shall provide SGI with the opportunity and reasonable time to review the Panel's technical consultant's preliminary report prior to its finalization to ensure there is no error in data or in the interpretation of data. The preliminary report shall include the consultant's observations (e.g. outstanding issues and questions), but will not include the consultant's recommendations to the Panel.

The Panel must include in its report an explanation of how, in its opinion, implementation of the Panel's recommendations will allow the Saskatchewan Auto Fund to achieve the performance inherent in the parameters outlined in section (A), where the Panel's recommendations are different from SGI's proposed rate changes.

SGI CANADA and SGI CANADA Insurance Services Ltd. are separate entities from the Saskatchewan Auto Fund and therefore are not to be considered part of the Saskatchewan Auto Fund rate application review.

Consistent with the "Confidentiality Guidelines" for the Panel (March 11, 2010), the Panel will not publicly release or require SGI to publicly release Confidential Information supplied by the Crown Corporation to the Panel during the course of the rate change application review.

The Panel will release, as part of its final report, the results of the review of SGI's Saskatchewan Auto Fund rate change request as conducted by an independent third party. By doing so the Panel shall ensure there has been no indirect release of any of SGI's Confidential Information.

Conduct of the Review

The Panel will present its report to the Minister of Crown Investments no later than June 12, 2014.