

Saskatchewan Auto Fund  
2013 Rate Proposal - Revised



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# 1. Synopsis and Overall Summary

SGI requests that the Saskatchewan Rate Review Panel (SRRP) recommend a 1.03% overall rate increase and rebalancing for Saskatchewan Auto Fund rates, effective August 31, 2013. In addition to the proposed rate increase, SGI will also apply a rate surcharge of 1.23% in order to replenish the Rate Stabilization Reserve (RSR). This means, overall, rates will increase by 2.27%.

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 an 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, 2013 to August 30, 2014). The three main reasons for the increase are:

- Declining bond yields resulting in lower investment income;
- Injury costs being impacted by rising wages in the province, resulting in higher income replacement benefits for crash victims; and,
- Higher cost for parts used in collision repairs.

## 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 an increase of 1.03%, that percentage simply represents how much additional revenue SGI requires. Each customer's rate change depends on the type of vehicle they own. Some vehicles will receive rate increases (almost all will be either more or less than 1.03%, depending on the cost of claims for that vehicle type), some vehicles will receive rate decreases and some won't have any change to their rates. But the net result of all the increases and decreases will be an additional 1.03% 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.

## Why the Auto Fund requires a surcharge

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. Analysis indicates that a surcharge of 1.23% will get the RSR to the minimum required level in three years.

## The difference between the increase and the surcharge

The rate increase is needed to cover expected claim costs and other expenses for a one-year period (Aug. 31, 2013 to Aug. 30, 2014) 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 surcharge 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 above. 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 MCT average between 75% to 150%. As of Dec. 31, 2012, the 12-month rolling average was 61%. SGI is seeking a surcharge of 1.23% to bring the RSR up to the minimum of 75% in three years. The surcharge is applied equally to every vehicle rate; however, 1.23% will be applied to the vehicle premium after any increase or decrease resulting from rebalancing so the net change each customer sees will be different.

## Customer impact

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

- Rate increases for about 63% of Saskatchewan vehicles with an average annual increase of \$35;
- Rate decreases for about 35% of Saskatchewan vehicles with an average annual reduction of \$21; and,
- No rate change for about 14,000 vehicles.

Customers whose rates decrease will automatically receive a refund for the difference between their old rate and new rate for the period from August 31, 2013, to the expiry of their registration term. Customers whose rates increase will not pay the new rate until their next renewal on or after August 31.

## Reducing rate shock

While rebalancing is important to ensure fairness, all rates will be capped to reduce rate shock. A dollar cap will be applied when the annual premium is less than or equal to \$1,000 and a percentage cap 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 – 1000	\$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 Including Surcharge</b>
LV – Private Passenger Vehicles	1.5%
A – Commercial Light Trucks	21.9%
F – Farm Light Truck - 1994 & newer	3.6%
LV – PPV - Farm Cars, SUVs and Vans	-0.8%
LV – Police Cars	10.7%
LV – Police Trucks, Vans & SUVs	-12.9%
LV – U Drives	10.3%
PT – Taxis (Rural)	-5.3%

<b>Conventionally Rated Vehicles</b>	<b>Proposed Rate Change Including Surcharge</b>
Ambulances	3.3%
A – Commercial Vehicles:	
Heavy Trucks & Vans IRP \$2500 Ded.	-6.3%
Heavy Trucks & Vans IRP \$15k Ded.	-16.8%
Heavy Trucks & Vans Non-IRP	3.2%
Power Units IRP \$2500 Ded.	-0.7%
Power Units IRP \$15k Ded.	-12.3%
Power Units Non-IRP	-13.3%
C & D – Commercial Vehicles:	
Heavy Trucks & Vans	15.2%
Power Units	5.4%
F – Farm Vehicles:	
Heavy Trucks and Vans	-7.6%
Light Trucks - 1993 & Older	-14.3%
Power Units	-8.2%
Hearses	16.5%
L – Dealer Plates:	4.8%
Automobile	4.5%
Motorcycles	21.1%

<b>Conventionally Rated Vehicles</b>	<b>Proposed Rate Change Including Surcharge</b>
L – Snowmobile Dealers	1.7%
LV – Antiques	22.7%
LV – Buses	25.6%
LV – Buses (Restricted)	22.5%
LV – Motorcycles:	16.8%
Cruiser/Touring	16.5%
Dual Purpose/Other	22.2%
Sport	16.8%
Motorhomes	15.7%
MT – Snowmobiles	0.0%
PB – Passenger Inter-City Buses	14.2%
PC – Passenger City Buses	16.6%
PS – Passenger School Buses	26.7%
PT – Taxis	16.4%
<b>Trailers</b>	<b>Proposed Rate Change including Surcharge</b>
F – Trailers	17.9%
LT – Trailer Dealers/Movers	2.6%
T – Personal Trailers	10.0%
T – Utility	70.0%
TS – Commercial Trailers	13.1%
<b>Miscellaneous Classes</b>	<b>Proposed Rate Change including Surcharge</b>
A – Excess Value	0.0%
C&D – Excess Value	0.0%
C&D – Non-Resident	1.3%
Industrial Tracked Vehicles	1.1%
LV – Motorized Bicycle	2.3%
PV – Converted Vehicles	5.3%
PV – Heavy Trucks and Vans	0.6%
PV– Power Units	-1.2%
TS – Excess Value	0.0%
<b>Total</b>	<b>Proposed Rate Change including Surcharge</b>
All Vehicles Excluding Trailers & Misc.	1.9%
All Vehicles	2.3%



## 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 736,000 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 vehicle causes in a motor vehicle collision, including 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 requirement in analyzing the Auto Fund's rates is performing 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, 2013 to August 30, 2014) the Auto Fund anticipates claim and expense growth will outpace growth in premium and investment income, resulting in an overall 1.03% increase in revenue being required.

The rate-making process is a very detailed and complex actuarial process to determine 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 may be difficult to forecast, it is even more challenging to forecast these revenues and expenses for 12 to 26 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 three times (2007, 2009 and 2012). While the 2012 rate change and rebalancing corrected some rate class deficiencies, the caps that were put in place to reduce rate shock resulted in some classes still requiring significant rate rebalancing. However, a balanced approach to achieving rate adequacy must be considered to reduce rate shock, and, therefore, this program also proposes capping rate changes as outlined above. 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 Auto Fund's Capital Management Policy establishes a target MCT range of 75% to 150% to indicate an adequate RSR balance. At the time of the rate adequacy analysis, if the MCT, on a 12-month moving average basis, falls below the 75% minimum, the policy requires that: "Management shall bring to the 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 moving 12-month basis, a rebate would be considered.

The 12-month moving average MCT fell below the 75% minimum last year, and, as per the policy, additional revenue must be obtained to replenish the RSR. The objective is to get the RSR back to target (112.5%) within three years – requiring a surcharge of close to 5% in each of the next three years.

However, to reduce rate shock, a lower surcharge is recommended by SGI. Actuarial analysis indicates a three-year surcharge of 1.23% will get the RSR to an MCT of 75% – the policy minimum. The surcharge is applied to every rate, over and above any capping that may be applied.

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

## **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 2012, the SDR program provided discounts totaling \$89.5 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 cost. In 2012, the BR program provided discounts totaling \$6 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%.

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 per cent change
1998	5.00%	1.30%
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	1.6%	1.60%
Compound Change	7.44%	38.96%

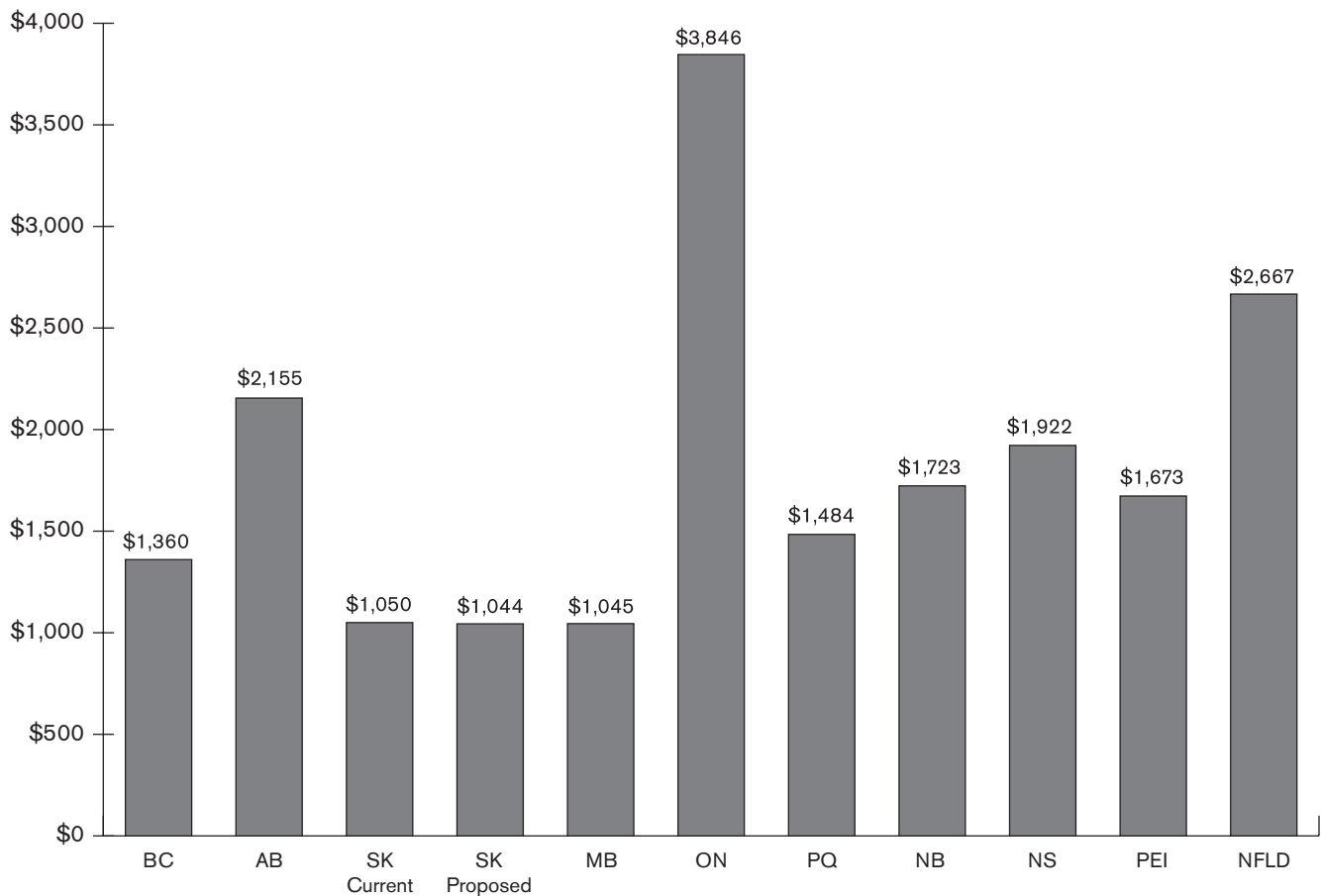
## 2.3 Cross-Canada rate comparison

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. Vehicles selected each year are those with the highest number of registrations in Saskatchewan for the previous year. For the 2012 comparison, the most popular vehicles registered in 2011 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. For 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 was made to make 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 since the survey's inception in 2005. Insurance is provided by private insurers in all provinces with the exception of 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 2012.



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 different classes based on characteristics and exposure to risk based on their use. The largest class of vehicles is private passenger vehicles, which make up 64% of all vehicles (78% 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 a lower premium to newer vehicles with a higher premium.
- 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 the 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 (at fault).

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 body shops, parts cost and the average wage of injured people (which impacts income replacement benefits), both of which are inflation-sensitive. Also, in order to determine the costs for injury claims, factors such as the impact of re-occurrence rates, medical innovations and rehabilitation programs must be considered but are difficult to anticipate.

### *Expenses*

There are two types of expenses that are charged to vehicles: variable expenses and fixed expenses. Variable expenses include expenses and credits that are dependent upon premiums written. These include expenses such as 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 the total claim and expense costs for the class. If the premium is not enough to cover the costs then a rate increase is required, and if the premium is in excess of the costs then a rate decrease is required. Importantly, the average of six years worth of damage and liability claims data, seven years worth of catastrophe claims data and nine 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 usage, 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 2007 to May 31, 2012, catastrophe data from accident years 2005 to May 31, 2012, and injury data from accident years 2004 to May 31, 2012, are used to calculate average pure premium per coverage. Loss development factors calculated using the ultimate claim costs from the May 31, 2012, 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 was 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 the 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 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.

## 4.2 Adequate gross premium calculation

The pure premiums have to be adjusted for the time value of money, loss adjusting expenses, administrative expenses, salvage amounts, reinsurance costs, medical funding, appeal costs, the Safe Driver Recognition (SDR) malus program (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 Annual discount factor

Because the projected losses will be paid over time, the current value of these projected 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 investment 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 3.85%.

Expected future claim payment patterns for different coverages were determined in the May 31, 2012, actuarial valuation using historical experience.

#### **4.2.2 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.

#### **4.2.3 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 and trailers, only half of the administrative expense for all other vehicles is charged to them.

The amount of administrative expense charged to antique vehicles, snowmobiles, snowmobile dealers and trailers is \$25.65 per exposure, with a charge of \$51.31 per exposure for all other vehicles.

#### **4.2.4 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 \$15.98 per exposure.

#### **4.2.5 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.

The cost of these 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 \$1.83; all other vehicle classes are charged \$3.66 per exposure. The injury reinsurance coverage cost per exposure for antique vehicles is \$0.40; all other vehicles, excluding trailers, are charged \$0.81. Snowmobiles and snowmobile dealers are not charged for reinsurance coverage since these vehicles have only liability coverage.

#### **4.2.6 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, almost \$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.

#### **4.2.7 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.

#### 4.2.8 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're 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 \$14 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.

#### 4.2.9 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 percentages of premiums are as follows:

Premium taxes	5.00%
Traffic safety	3.34%
Issuer commissions	5.15%
Short-term registrations	-1.17%
AutoPay	-1.80%
<u>Total variable expense</u>	<u>10.52%</u>

#### 4.2.10 Break even margin

A break even margin of 0.81% is loaded into the rates. This margin 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 provision grows each year and this growth is not accounted for anywhere else in the rates.

#### 4.2.11 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 by the forecasted investment income by the number of forecasted vehicles for the rating year for all vehicles. The credit is calculated based on a forecasted investment yield of 2.02% for the 2013 projected RSR and 1.26% applied to the 2014 projected RSR. The credit calculated is \$1.55.

### 4.3 Indicated rate change

The indicated rate change is the adequate gross premium divided by the projected on-level average premium 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 are applied to premiums that were written prior to the rate change being implemented. For example, if rates for the class changed effective August 4, 2012, all premiums written prior to August 4, 2012 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.

### 4.3.2 Direct 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.

## 4.4 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 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, snowmobiles 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 (\$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.

For private passenger vehicles and motorcycles, the premium charged to a vehicle is calculated as:

Premium = Damage Base Rate x Damage Relativity + Injury Base Rate x Injury Relativity + Liability Base Rate including Flat Fee Amount

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

Premium = Damage Base Rate x Damage Relativity + Injury Base Rate + Liability Base Rate including Flat Fee Amount

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

Premium = Damage Base Rate + Injury Base Rate + Liability Base Rate including Flat Fee Amount

Once indicated rates have been determined, dollar and percentage caps are applied to limit the amount that an individual'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.

## 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 vehicles 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 with model years between 1977 and the present. 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, 2012, 17% of the vehicles have model years 1997 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 off of Auto Fund injury claims 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. 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.

## 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 71% of the number of vehicles insured by the Auto Fund (87% of vehicles excluding trailers). The actuarial analysis indicates that a 0.8% decrease 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:** Although the indicated rate change is for a 0.8% rate decrease, due to capping in other classes, CLEAR-rated vehicles must make up the shortfall in premiums. As a result, SGI is recommending an increase to CLEAR-rated vehicle rates of 0.4%. Once the RSR surcharge is applied on top of the capped amounts, the increase for CLEAR-rated vehicles becomes 1.6%.

Private passenger rates will be increasing by 0.2%; 1.5% once the RSR surcharge 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 Surcharge
Class A - commercial light trucks	35%	55%	20.4%	21.9%
Farm cars, SUVs and vans	-20%	-20%	-2.0%	-0.8%
Farm light trucks (1994 & newer)	-25%	-25%	2.3%	3.6%
Police cars	50%	70%	9.3%	10.7%
Police trucks	5%	-10%	-14.0%	-12.9%
Rural taxis	60%	50%	-6.4%	-5.3%
UDrive (rental) vehicles	15%	25%	9.0%	10.3%

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 two 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 RSR surcharge, which any private passenger vehicle should pay is:

Damage	\$ 33
Injury	235
Liability	401
<u>Total adequate premium</u>	<u>\$ 669</u>

Due to the capping of rate changes in this rate program, and previous programs, there are some vehicles that will be paying only \$529.

The recommended changes to CLEAR-rated vehicles based on current exposures are:

- Premium increases for about 442,000 Saskatchewan vehicles (57%) with an average annual increase of \$31 and maximum increase of \$567/year;
- Premium decreases for about 319,000 Saskatchewan vehicles (41%) with an average annual reduction of \$14 and maximum decrease of \$523/year; and,
- No premium change for about 8,700 vehicles (0.6%).

The distribution of CLEAR-rated vehicles within +/-10% of adequate rates before and after the proposed 2013 rate program is as follows:

Difference between Current Rate and Adequate Rate (excluding surcharge)	Before 2013 Rate Program		After 2013 Rate Program	
	# of Vehicles	% of Vehicles	# of Vehicles	% of Vehicles
Less than -10%	5,242	1%	306	0%
Between +/-10%	692,763	90%	757,135	98%
Greater than 10%	72,274	9%	12,838	2%

## Conventionally rated vehicles

### 5.1 Ambulances

The rate indication shows that a 2% increase is required for ambulance rates to be adequate. Currently, damage costs account for 76% 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 \$947 regardless of which class they are registered in (commercial heavy or light vehicle).

**Recommendation:** SGI recommends that ambulance rates receive the indicated 2% increase and that the flat rate becomes \$966. Once the RSR surcharge is applied, the ambulance flat rate becomes \$978, for a total rate change of 3.3%.

## 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 deductible, 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

A reduction of 7.8% is warranted for this class of vehicle. Rates are calculated based on gross vehicle weight (GVW) and model year for these vehicles.

**Recommendation:** SGI recommends an overall average rate decrease of 7.4% for this class; with the RSR surcharge applied the rate decrease becomes 6.3%. Ninety-eight per cent of the current vehicle population will receive an average decrease of \$54/year, with the remaining vehicles receiving an average increase of \$47/year. Based on the current vehicle population, the maximum annual increase any customer will see will be \$81 and the maximum decrease will be \$166.

SGI is also recommending that the current model year groupings be truncated for the older model years. Each year there are fewer and fewer vehicles being registered in these older model years and, as such, it doesn't make sense to continue to rate them separately. For this class, model years 1986 and older are being grouped together.

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

Current Rate	Model Year									
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW										
No GVW	\$352	\$449	\$449	\$449	\$449	\$480	\$490	\$500	\$628	\$644
5,001-11,000	\$352	\$466	\$466	\$466	\$466	\$501	\$512	\$523	\$665	\$683
11,001-13,000	\$404	\$486	\$532	\$547	\$564	\$579	\$601	\$624	\$706	\$727
13,001-22,001	\$447	\$534	\$624	\$617	\$636	\$653	\$679	\$705	\$752	\$775
22,001-34,000	\$483	\$612	\$679	\$698	\$719	\$738	\$767	\$796	\$894	\$924
34001-40,000	\$523	\$701	\$795	\$816	\$841	\$862	\$889	\$917	\$973	\$1,007
40,001-50,000	\$523	\$765	\$855	\$874	\$896	\$916	\$945	\$975	\$1,052	\$1,090
50,001-63,500	\$523	\$880	\$1,000	\$1,023	\$1,049	\$1,072	\$1,106	\$1,141	\$1,191	\$1,241

Proposed Rate	Model Year									
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW										
No GVW	\$423	\$423	\$423	\$423	\$468	\$513	\$534	\$544	\$586	\$594
5,001-11,000	\$446	\$446	\$446	\$446	\$502	\$559	\$584	\$597	\$650	\$659
11,001-13,000	\$457	\$457	\$457	\$457	\$518	\$580	\$607	\$622	\$680	\$690
13,001-22,001	\$492	\$492	\$492	\$492	\$536	\$603	\$634	\$649	\$713	\$724
22,001-34,000	\$573	\$573	\$573	\$573	\$598	\$686	\$725	\$746	\$828	\$843
34001-40,000	\$666	\$666	\$666	\$666	\$691	\$738	\$784	\$807	\$902	\$919
40,001-50,000	\$724	\$724	\$724	\$724	\$746	\$793	\$844	\$871	\$978	\$997
50,001-63,500	\$870	\$870	\$870	\$870	\$892	\$912	\$941	\$970	\$1,013	\$1,055

Proposed Rate with Surcharge	Model Year									
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW										
No GVW	\$428	\$428	\$428	\$428	\$474	\$519	\$541	\$551	\$593	\$601
5,001-11,000	\$451	\$451	\$451	\$451	\$508	\$566	\$591	\$604	\$658	\$667
11,001-13,000	\$463	\$463	\$463	\$463	\$524	\$587	\$614	\$630	\$688	\$698
13,001-22,001	\$498	\$498	\$498	\$498	\$543	\$610	\$642	\$657	\$722	\$733
22,001-34,000	\$580	\$580	\$580	\$580	\$605	\$694	\$734	\$755	\$838	\$853
34001-40,000	\$674	\$674	\$674	\$674	\$699	\$747	\$794	\$817	\$913	\$930
40,001-50,000	\$733	\$733	\$733	\$733	\$755	\$803	\$854	\$882	\$990	\$1,009
50,001-63,500	\$881	\$881	\$881	\$881	\$903	\$923	\$953	\$982	\$1,025	\$1,068

% Change	Model Year									
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW										
No GVW	22%	-5%	-5%	-5%	6%	8%	10%	10%	-6%	-7%
5,001-11,000	28%	-3%	-3%	-3%	9%	13%	15%	15%	-1%	-2%
11,001-13,000	15%	-5%	-13%	-15%	-7%	1%	2%	1%	-3%	-4%
13,001-22,001	11%	-7%	-20%	-19%	-15%	-7%	-5%	-7%	-4%	-5%
22,001-34,000	20%	-5%	-15%	-17%	-16%	-6%	-4%	-5%	-6%	-8%
34001-40,000	29%	-4%	-15%	-17%	-17%	-13%	-11%	-11%	-6%	-8%
40,001-50,000	40%	-4%	-14%	-16%	-16%	-12%	-10%	-10%	-6%	-7%
50,001-63,500	68%	0%	-12%	-14%	-14%	-14%	-14%	-14%	-14%	-14%

\$ Change	Model Year									
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW										
No GVW	\$76	-\$21	-\$21	-\$21	\$25	\$39	\$51	\$51	-\$35	-\$43
5,001-11,000	\$99	-\$15	-\$15	-\$15	\$42	\$65	\$79	\$81	-\$7	-\$16
11,001-13,000	\$59	-\$23	-\$69	-\$84	-\$40	\$8	\$13	\$6	-\$18	-\$29
13,001-22,001	\$51	-\$36	-\$126	-\$119	-\$93	-\$43	-\$37	-\$48	-\$30	-\$42
22,001-34,000	\$97	-\$32	-\$99	-\$118	-\$114	-\$44	-\$33	-\$41	-\$56	-\$71
34001-40,000	\$151	-\$27	-\$121	-\$142	\$142	-\$115	-\$95	-\$100	-\$60	-\$77
40,001-50,000	\$210	-\$32	-\$122	-\$141	-\$141	-\$113	-\$91	-\$93	-\$62	-\$81
50,001-63,500	\$358	\$1	-\$119	-\$142	-\$146	-\$149	-\$153	-\$159	-\$166	-\$173

As you can see above, there are some model year 1975 and older rates that are increasing by more than the cap, however there are currently no vehicles insured within these GVW and model year combinations. The possibility does exist that between the time that the analysis was completed and the implementation of the proposed rates, a vehicle may be registered in the affected GVW/model year combinations.

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

Currently the \$15,000 deductible option is provided at a 40% discount from regular deductible rates. This means that the \$15,000 deductible option premium is based off of the regular deductible premium which includes coverage for damage, injury and liability. The indicated rate change for Class A - Heavy Trucks and Vans-IRP vehicles with the \$15,000 deductible is a 26.3% rate decrease.

**Recommendation:** With this rate program, SGI is proposing to move the rates for the \$15,000 deductible option to be a flat rate based on injury and liability premiums that are the same for both the regular and \$15,000 deductible options. As a result of this change and the capping of rate changes, the overall rate change proposed for this class is a 17.8% decrease. Once the RSR surcharge is applied the overall rate change becomes a 16.8% decrease. Eighty-four per cent of the current vehicle population will receive an average decrease of \$99/year, with the remaining 16% of vehicles receiving an average increase of \$43/year. Based on the current vehicle population, the maximum increase any customer will see will be \$81 and the maximum decrease will be \$120.

The impact on rates for these vehicles is shown below.

Current Rate	Model Year									
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW										
No GVW	\$211	\$269	\$269	\$269	\$269	\$288	\$294	\$300	\$377	\$386
5,001-11,000	\$211	\$280	\$280	\$280	\$280	\$301	\$307	\$314	\$399	\$410
11,001-13,000	\$242	\$292	\$319	\$328	\$338	\$347	\$361	\$374	\$424	\$436
13,001-22,001	\$268	\$320	\$374	\$370	\$382	\$392	\$407	\$423	\$451	\$465
22,001-34,000	\$290	\$367	\$407	\$419	\$431	\$443	\$460	\$478	\$536	\$554
34001-40,000	\$314	\$421	\$477	\$490	\$505	\$517	\$533	\$550	\$584	\$604
40,001-50,000	\$314	\$459	\$513	\$524	\$538	\$550	\$567	\$585	\$631	\$654
50,001-63,500	\$314	\$528	\$600	\$614	\$629	\$643	\$664	\$685	\$715	\$745

Proposed Rate	Model Year									
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW										
No GVW	\$332	\$332	\$332	\$332	\$332	\$332	\$332	\$332	\$332	\$332
5,001-11,000	\$332	\$332	\$332	\$332	\$332	\$332	\$332	\$332	\$332	\$332
11,001-13,000	\$332	\$332	\$332	\$332	\$332	\$332	\$332	\$332	\$332	\$336
13,001-22,001	\$332	\$332	\$332	\$332	\$332	\$332	\$332	\$332	\$351	\$365
22,001-34,000	\$332	\$332	\$332	\$332	\$332	\$343	\$360	\$378	\$411	\$429
34001-40,000	\$390	\$390	\$390	\$390	\$380	\$392	\$408	\$425	\$459	\$479
40,001-50,000	\$399	\$399	\$399	\$399	\$413	\$425	\$442	\$460	\$506	\$529
50,001-63,500	\$489	\$489	\$489	\$489	\$504	\$518	\$539	\$560	\$590	\$620



Proposed Rate with Surcharge	Model Year									
	<1976	1976	1977- 1981	1982- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW	<1976	1976	1977- 1981	1982- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
No GVW	\$336	\$336	\$336	\$336	\$336	\$336	\$336	\$336	\$336	\$336
5,001-11,000	\$336	\$336	\$336	\$336	\$336	\$336	\$336	\$336	\$336	\$336
11,001-13,000	\$336	\$336	\$336	\$336	\$336	\$336	\$336	\$336	\$336	\$340
13,001-22,001	\$336	\$336	\$336	\$336	\$336	\$336	\$336	\$336	\$355	\$369
22,001-34,000	\$336	\$336	\$336	\$336	\$336	\$347	\$364	\$383	\$416	\$434
34001-40,000	\$395	\$395	\$395	\$395	\$385	\$397	\$413	\$430	\$465	\$485
40,001-50,000	\$404	\$404	\$404	\$404	\$418	\$430	\$447	\$466	\$512	\$536
50,001-63,500	\$495	\$495	\$495	\$495	\$510	\$524	\$546	\$567	\$597	\$628

% Change	Model Year									
	<1976	1976	1977- 1981	1982- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW	<1976	1976	1977- 1981	1982- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
No GVW	59%	25%	25%	25%	25%	17%	14%	12%	-11%	-13%
5,001-11,000	59%	20%	20%	20%	20%	12%	9%	7%	-16%	-18%
11,001-13,000	39%	15%	5%	2%	-1%	-3%	-7%	-10%	-21%	-22%
13,001-22,001	25%	5%	-10%	-9%	-12%	-14%	-17%	-21%	-21%	-21%
22,001-34,000	16%	-8%	-17%	-20%	-22%	-22%	-21%	-20%	-22%	-22%
34001-40,000	26%	-6%	-17%	-19%	-24%	-23%	-23%	-22%	-20%	-20%
40,001-50,000	29%	-12%	-21%	-23%	-22%	-22%	-21%	-20%	-19%	-18%
50,001-63,500	58%	-6%	-18%	-19%	-19%	-19%	-18%	-17%	-17%	-16%

\$ Change	Model Year									
	<1976	1976	1977- 1981	1982- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
GVW	<1976	1976	1977- 1981	1982- 1986	1987- 1991	1992- 1996	1997- 2001	2002- 2006	2007- 2011	2012- 2016
No GVW	\$125	\$67	\$67	\$67	\$67	\$48	\$42	\$36	-\$41	-\$50
5,001-11,000	\$125	\$56	\$56	\$56	\$56	\$35	\$29	\$22	-\$63	-\$74
11,001-13,000	\$94	\$44	\$17	\$8	-\$2	-\$11	-\$25	-\$38	-\$88	-\$96
13,001-22,001	\$68	\$16	-\$38	-\$34	-\$46	-\$56	-\$71	-\$87	-\$96	-\$96
22,001-34,000	\$46	-\$31	-\$71	-\$83	-\$95	-\$96	-\$96	-\$95	-\$120	-\$120
34001-40,000	\$81	-\$26	-\$82	-\$95	-\$120	-\$120	-\$120	-\$120	-\$119	-\$119
40,001-50,000	\$90	-\$55	-\$109	-\$120	-\$120	-\$120	-\$120	-\$119	\$119	-\$118
50,001-63,500	\$181	-\$33	-\$105	-\$119	-\$119	-\$119	-\$118	-\$118	-\$118	-\$117

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

In order for this class to have adequate rates, an increase of 2.9% is required. As with Class A – Heavy Trucks and Vans – IRP vehicles, the rates for non-IRP vehicles are calculated based on GVW and model year.

**Recommendation:** SGI recommends applying the indicated rate increase, which after rate capping results in an overall average rate increase of 2.0% for this class; 3.2% once the RSR surcharge has been applied. Fifty-four per cent of the current vehicle population will receive an average decrease of approximately \$33/year, with the remaining 46% of vehicles receiving an average increase of \$102/year. Based on the current vehicle population, the maximum increase any customer will see will be \$135 and the maximum decrease will be \$113.

As with Class A – Heavy Trucks and Vans–IRP vehicles, SGI is recommending that the current model year groupings be truncated for the older model years. Each year there are fewer and fewer vehicles being registered in these older model years and, as such, it doesn't make sense to continue to rate them separately. For this class, model years 1986 to 1976 are being grouped together. Due to the impact on vehicles with model years older than 1976, the rates have not been grouped together into a 1986 and older grouping at this time.

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

Current Rate	Model Year									
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW										
No GVW	\$352	\$568	\$657	\$669	\$683	\$695	\$714	\$732	\$751	\$770
5,001-11,000	\$352	\$568	\$657	\$669	\$683	\$695	\$714	\$732	\$751	\$770
11,001-13,000	\$404	\$703	\$782	\$797	\$814	\$829	\$851	\$874	\$923	\$947
13,001-22,001	\$447	\$784	\$831	\$831	\$831	\$953	\$979	\$987	\$1,029	\$1,047
22,001-34,000	\$483	\$862	\$864	\$864	\$864	\$1,031	\$1,047	\$1,052	\$1,104	\$1,125
34001-40,000	\$523	\$896	\$896	\$896	\$896	\$1,093	\$1,112	\$1,118	\$1,179	\$1,204
40,001-50,000	\$523	\$916	\$916	\$916	\$916	\$1,132	\$1,153	\$1,159	\$1,226	\$1,253
50,001-63,500	\$523	\$937	\$1,000	\$1,023	\$1,049	\$1,170	\$1,193	\$1,200	\$1,272	\$1,302

Proposed Rate	Model Year									
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW										
No GVW	\$452	\$775	\$775	\$775	\$797	\$819	\$831	\$836	\$848	\$854
5,001-11,000	\$452	\$777	\$777	\$777	\$801	\$820	\$836	\$841	\$854	\$861
11,001-13,000	\$504	\$803	\$803	\$803	\$838	\$874	\$893	\$900	\$919	\$929
13,001-22,001	\$547	\$829	\$829	\$829	\$876	\$923	\$949	\$959	\$985	\$998
22,001-34,000	\$583	\$851	\$851	\$851	\$909	\$966	\$997	\$1,009	\$1,041	\$1,057
34001-40,000	\$648	\$874	\$874	\$874	\$942	\$1,009	\$1,046	\$1,060	\$1,098	\$1,116
40,001-50,000	\$648	\$882	\$882	\$882	\$954	\$1,026	\$1,064	\$1,079	\$1,119	\$1,139
50,001-63,500	\$648	\$899	\$899	\$899	\$978	\$1,058	\$1,101	\$1,117	\$1,161	\$1,183

Proposed Rate with Surcharge	Model Year									
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW										
No GVW	\$458	\$785	\$785	\$785	\$807	\$829	\$841	\$846	\$858	\$865
5,001-11,000	\$458	\$787	\$787	\$787	\$811	\$830	\$846	\$851	\$865	\$872
11,001-13,000	\$510	\$813	\$813	\$813	\$848	\$885	\$904	\$911	\$930	\$940
13,001-22,001	\$554	\$839	\$839	\$839	\$887	\$934	\$961	\$971	\$997	\$1,010
22,001-34,000	\$590	\$861	\$861	\$861	\$920	\$978	\$1,009	\$1,021	\$1,054	\$1,070
34001-40,000	\$656	\$885	\$885	\$885	\$954	\$1,021	\$1,059	\$1,073	\$1,112	\$1,130
40,001-50,000	\$656	\$893	\$893	\$893	\$966	\$1,039	\$1,077	\$1,092	\$1,133	\$1,153
50,001-63,500	\$656	\$910	\$910	\$910	\$990	\$1,071	\$1,115	\$1,131	\$1,175	\$1,198

% Change	Model Year									
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW										
No GVW	30%	38%	19%	17%	18%	19%	18%	16%	14%	12%
5,001-11,000	30%	39%	20%	18%	19%	19%	18%	16%	15%	13%
11,001-13,000	26%	16%	4%	2%	4%	7%	6%	4%	1%	-1%
13,001-22,001	24%	7%	1%	1%	7%	-2%	-2%	-2%	-3%	-4%
22,001-34,000	22%	0%	0%	0%	6%	-5%	-4%	-3%	-5%	-5%
34001-40,000	25%	-1%	-1%	-1%	6%	-7%	-5%	-4%	-6%	-6%
40,001-50,000	25%	-3%	-3%	-3%	5%	-8%	-7%	-6%	-8%	-8%
50,001-63,500	25%	-3%	-9%	-11%	-6%	-8%	-7%	-6%	-8%	-8%

\$ Change	Model Year									
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW										
No GVW	\$106	\$217	\$128	\$116	\$124	\$134	\$127	\$114	\$107	\$95
5,001-11,000	\$106	\$219	\$130	\$118	\$128	\$135	\$132	\$119	\$114	\$102
11,001-13,000	\$106	\$110	\$31	\$16	\$34	\$56	\$53	\$37	\$7	-\$7
13,001-22,001	\$107	\$55	\$8	\$8	\$56	-\$19	-\$18	-\$16	-\$32	-\$37
22,001-34,000	\$107	-\$1	-\$3	-\$3	\$56	-\$53	-\$38	-\$31	-\$50	-\$55
34001-40,000	\$133	-\$11	-\$11	-\$11	\$58	-\$72	-\$53	-\$45	-\$67	-\$74
40,001-50,000	\$133	-\$23	-\$23	-\$23	\$50	-\$93	-\$76	-\$67	-\$93	-\$100
50,001-63,500	\$133	-\$27	-\$90	-\$113	-\$59	-\$99	-\$78	-\$69	-\$97	-\$104

For model year 1976, there are some rates that are increasing by more than the cap, however there are currently no vehicles insured within these affected GVW and model year combinations. The possibility does exist that between the time that the analysis was completed and the implementation of the proposed rates, a vehicle may be registered in the affected GVW/model year combinations.

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

The rate indication shows that a 1.2% decrease is required for this class to be rate adequate. A relativity analysis was done on GVW and model year.

**Recommendation:** SGI is recommending that the indicated rate change be applied, which after capping of rates and rounding is an overall average rate decrease of 1.9% for this class; a 0.7% decrease once the RSR surcharge is applied. Based on the current vehicle population, 47% of vehicles will be receiving an average decrease of \$149, 40% will receive an average increase of \$134 and 13% will be unchanged. The maximum decrease that any vehicle in the current population will receive is \$279 and the maximum increase is \$336.

For this class, model years 1986 to 1976 are being grouped together. Due to the impact on vehicles with model years older than 1976, the rates have not been grouped together into a 1986 and older grouping at this time.

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

Current Rate	Model Year									
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW										
5,001-11,000	\$352	\$568	\$677	\$706	\$733	\$747	\$763	\$768	\$785	\$802
11,001-13,000	\$394	\$764	\$862	\$925	\$960	\$980	\$1,000	\$1,022	\$1,044	\$1,066
13,001-22,001	\$408	\$994	\$1,020	\$1,066	\$1,107	\$1,131	\$1,155	\$1,183	\$1,214	\$1,245
22,001-34,000	\$408	\$1,108	\$1,194	\$1,215	\$1,248	\$1,279	\$1,311	\$1,344	\$1,376	\$1,408
34001-40,000	\$523	\$1,480	\$1,550	\$1,550	\$1,550	\$1,861	\$1,906	\$1,955	\$2,003	\$2,051
40,001-55,000	\$523	\$1,654	\$1,654	\$1,654	\$1,654	\$2,163	\$2,251	\$2,302	\$2,360	\$2,419
55,001-63,500	\$523	\$1,734	\$1,734	\$1,734	\$1,737	\$2,322	\$2,465	\$2,521	\$2,585	\$2,648

Proposed Rate	Model Year									
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW										
5,001-11,000	\$452	\$831	\$831	\$831	\$858	\$872	\$913	\$918	\$935	\$952
11,001-13,000	\$494	\$1,075	\$1,075	\$1,075	\$1,110	\$1,130	\$1,150	\$1,175	\$1,200	\$1,225
13,001-22,001	\$508	\$1,225	\$1,225	\$1,225	\$1,273	\$1,300	\$1,328	\$1,360	\$1,396	\$1,431
22,001-34,000	\$508	\$1,374	\$1,374	\$1,374	\$1,435	\$1,470	\$1,507	\$1,545	\$1,582	\$1,619
34001-40,000	\$648	\$1,510	\$1,510	\$1,510	\$1,656	\$1,976	\$2,191	\$2,248	\$2,303	\$2,358
40,001-55,000	\$648	\$1,511	\$1,511	\$1,511	\$1,658	\$1,978	\$2,267	\$2,274	\$2,354	\$2,402
55,001-63,500	\$648	\$1,528	\$1,528	\$1,528	\$1,682	\$2,018	\$2,321	\$2,329	\$2,414	\$2,463

Proposed Rate with Surcharge	Model Year									
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW										
5,001-11,000	\$458	\$841	\$841	\$841	\$869	\$883	\$924	\$929	\$947	\$964
11,001-13,000	\$500	\$1,088	\$1,088	\$1,088	\$1,124	\$1,144	\$1,164	\$1,189	\$1,215	\$1,240
13,001-22,001	\$514	\$1,240	\$1,240	\$1,240	\$1,289	\$1,316	\$1,344	\$1,377	\$1,413	\$1,449
22,001-34,000	\$514	\$1,391	\$1,391	\$1,391	\$1,453	\$1,488	\$1,526	\$1,564	\$1,601	\$1,639
34001-40,000	\$656	\$1,529	\$1,529	\$1,529	\$1,676	\$2,000	\$2,218	\$2,276	\$2,331	\$2,387
40,001-55,000	\$656	\$1,530	\$1,530	\$1,530	\$1,678	\$2,002	\$2,295	\$2,302	\$2,383	\$2,432
55,001-63,500	\$656	\$1,547	\$1,547	\$1,547	\$1,703	\$2,043	\$2,350	\$2,358	\$2,444	\$2,493

% Change	Model Year									
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW										
5,001-11,000	30%	48%	24%	19%	19%	18%	21%	21%	21%	20%
11,001-13,000	27%	42%	26%	18%	17%	17%	16%	16%	16%	16%
13,001-22,001	26%	25%	22%	16%	16%	16%	16%	16%	16%	16%
22,001-34,000	26%	26%	16%	14%	16%	16%	16%	16%	16%	16%
34001-40,000	25%	3%	-1%	-1%	8%	7%	16%	16%	16%	16%
40,001-55,000	25%	-7%	-7%	-7%	1%	-7%	2%	0%	1%	1%
55,001-63,500	25%	-11%	-11%	-11%	-2%	-12%	-5%	-6%	-5%	-6%

\$ Change	Model Year									
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
GVW										
5,001-11,000	\$106	\$273	\$164	\$135	\$136	\$136	\$161	\$161	\$162	\$162
11,001-13,000	\$106	\$324	\$226	\$163	\$164	\$164	\$164	\$167	\$171	\$174
13,001-22,001	\$106	\$246	\$220	\$174	\$182	\$185	\$189	\$194	\$199	\$204
22,001-34,000	\$106	\$283	\$197	\$176	\$205	\$209	\$215	\$220	\$225	\$231
34001-40,000	\$133	\$49	-\$21	-\$21	\$126	\$139	\$312	\$321	\$328	\$336
40,001-55,000	\$133	-\$124	-\$124	-\$124	\$24	-\$161	\$44	\$0	\$23	\$13
55,001-63,500	\$133	-\$187	-\$187	-\$187	-\$34	-\$279	-\$115	-\$163	-\$141	-\$155

For model years 1981 to 1976, some rates that are increasing by more than the cap, however there are currently no vehicles insured within these affected GVW and model year combinations. The possibility does exist that between the time that the analysis was completed and the implementation of the proposed rates, a vehicle may be registered in the affected GVW/model year combinations.

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

Currently the \$15,000 deductible option is provided at a 40% discount from regular deductible rates. This means that the \$15,000 deductible option rate is based off of the regular deductible rate which includes coverage for damage, injury and liability. The indicated rate change for Class A – Power Units – IRP vehicles with the \$15,000 deductible is an 18.1% rate decrease.

Recommendation: With this rate program, SGI is proposing to move the rates for the \$15,000 deductible option to be a flat rate based on injury and liability premiums that are the same for both the regular and \$15,000 deductible options. As a result of this change, and the capping of rate changes, the overall rate change proposed for this class is a 13.3% decrease. Once the RSR surcharge is applied the overall rate change becomes a 12.3% decrease. Ninety-three per cent of the current vehicle population will receive an average decrease of \$194/year, with the remaining 7% of vehicles receiving an average increase of \$53/year. Based on the current vehicle population, the maximum increase any customer will see will be \$164 and the maximum decrease will be \$221.

The impact on rates for these vehicles is shown below.

Current Rate	Model Year									
	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
GVW										
5,001 - 11,000	\$211	\$341	\$406	\$424	\$440	\$448	\$458	\$461	\$471	\$481
11,001 - 13,000	\$236	\$458	\$517	\$555	\$576	\$588	\$600	\$613	\$626	\$640
13,001 - 22,000	\$245	\$596	\$612	\$640	\$664	\$679	\$693	\$710	\$728	\$747
22,001 - 34,000	\$245	\$665	\$716	\$729	\$749	\$767	\$787	\$806	\$826	\$845
34,001 - 40,000	\$314	\$888	\$930	\$930	\$930	\$1,117	\$1,144	\$1,173	\$1,202	\$1,231
40,001 - 55,000	\$314	\$992	\$992	\$992	\$992	\$1,298	\$1,351	\$1,381	\$1,416	\$1,451
55,001 - 63,500	\$314	\$1,040	\$1,040	\$1,040	\$1,042	\$1,393	\$1,479	\$1,513	\$1,551	\$1,589

Proposed Rate	Model Year									
	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
GVW										
5,001 - 11,000	\$286	\$524	\$524	\$524	\$540	\$548	\$558	\$561	\$571	\$581
11,001 - 13,000	\$311	\$680	\$680	\$680	\$701	\$713	\$725	\$738	\$751	\$765
13,001 - 22,000	\$320	\$765	\$765	\$765	\$789	\$804	\$818	\$835	\$853	\$872
22,001 - 34,000	\$320	\$854	\$854	\$854	\$874	\$917	\$937	\$956	\$976	\$995
34,001 - 40,000	\$414	\$1,080	\$1,080	\$1,080	\$1,080	\$1,169	\$1,169	\$1,169	\$1,169	\$1,169
40,001 - 55,000	\$414	\$1,142	\$1,142	\$1,142	\$1,142	\$1,169	\$1,169	\$1,174	\$1,204	\$1,234
55,001 - 63,500	\$414	\$1,169	\$1,169	\$1,169	\$1,169	\$1,185	\$1,258	\$1,287	\$1,319	\$1,351

Proposed Rate with Surcharge	Model Year									
	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
GVW										
5,001 - 11,000	\$290	\$530	\$530	\$530	\$547	\$555	\$565	\$568	\$578	\$588
11,001 - 13,000	\$315	\$688	\$688	\$688	\$710	\$722	\$734	\$747	\$760	\$774
13,001 - 22,000	\$324	\$774	\$774	\$774	\$799	\$814	\$828	\$845	\$863	\$883
22,001 - 34,000	\$324	\$865	\$865	\$865	\$885	\$928	\$949	\$968	\$988	\$1,007
34,001 - 40,000	\$419	\$1,093	\$1,093	\$1,093	\$1,093	\$1,183	\$1,183	\$1,183	\$1,183	\$1,183
40,001 - 55,000	\$419	\$1,156	\$1,156	\$1,156	\$1,156	\$1,183	\$1,183	\$1,188	\$1,219	\$1,249
55,001 - 63,500	\$419	\$1,183	\$1,183	\$1,183	\$1,183	\$1,200	\$1,273	\$1,303	\$1,335	\$1,368

% Change	Model Year									
	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
GVW										
5,001 - 11,000	37%	55%	31%	25%	24%	24%	23%	23%	23%	22%
11,001 - 13,000	33%	50%	33%	24%	23%	23%	22%	22%	21%	21%
13,001 - 22,000	32%	30%	26%	21%	20%	20%	19%	19%	19%	18%
22,001 - 34,000	32%	30%	21%	19%	18%	21%	21%	20%	20%	19%
34,001 - 40,000	33%	23%	18%	18%	18%	6%	3%	1%	-2%	-4%
40,001 - 55,000	33%	17%	17%	17%	17%	-9%	-12%	-14%	-14%	-14%
55,001 - 63,500	33%	14%	14%	14%	14%	-14%	-14%	-14%	-14%	-14%

\$ Change	Model Year									
	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
GVW										
5,001 - 11,000	\$79	\$189	\$124	\$106	\$107	\$107	\$107	\$107	\$107	\$107
11,001 - 13,000	\$79	\$230	\$171	\$133	\$134	\$134	\$134	\$134	\$134	\$134
13,001 - 22,000	\$79	\$178	\$162	\$134	\$135	\$135	\$135	\$135	\$135	\$136
22,001 - 34,000	\$79	\$200	\$149	\$136	\$136	\$161	\$162	\$162	\$162	\$162
34,001 - 40,000	\$105	\$205	\$163	\$163	\$163	\$66	\$39	\$10	-\$19	-\$48
40,001 - 55,000	\$105	\$164	\$164	\$164	\$164	-\$115	-\$168	-\$193	-\$197	-\$202
55,001 - 63,500	\$105	\$143	\$143	\$143	\$141	-\$193	-\$206	-\$210	-\$216	-\$221

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

The rate indication shows that a decrease of 24.1% is warranted for this class. A relativity analysis was done on GVW and model year.

**Recommendation:** SGI recommends an overall average rate decrease of 14.3% for this class; 13.3% once the RSR surcharge is applied. Ninety-nine per cent of the current vehicle population will receive decreases of approximately \$220/year, with the remaining vehicles receiving an average increase of \$143/year. The maximum increase any vehicle in the current population will see will be \$159 and the maximum decrease is \$273.

For this class, model years 1986 to 1976 are being grouped together. Due to the impact on vehicles with model years older than 1976, the rates have not been grouped together into a 1986 and older grouping at this time.

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

Current Rate	Model Year									
	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
GVW										
5,001 - 11,000	\$352	\$568	\$677	\$706	\$733	\$747	\$763	\$768	\$785	\$802
11,001 - 13,000	\$394	\$764	\$859	\$859	\$859	\$980	\$1,000	\$1,022	\$1,044	\$1,066
13,001 - 22,000	\$408	\$881	\$881	\$881	\$881	\$1,043	\$1,104	\$1,165	\$1,191	\$1,217
22,001 - 34,000	\$408	\$905	\$905	\$905	\$924	\$1,085	\$1,153	\$1,222	\$1,250	\$1,279
34,001 - 40,000	\$523	\$1,094	\$1,221	\$1,286	\$1,343	\$1,377	\$1,410	\$1,445	\$1,481	\$1,517
40,001 - 55,000	\$523	\$1,323	\$1,457	\$1,521	\$1,587	\$1,625	\$1,665	\$1,702	\$1,746	\$1,789
55,001 - 63,500	\$523	\$1,470	\$1,594	\$1,666	\$1,737	\$1,780	\$1,823	\$1,865	\$1,911	\$1,958

Proposed Rate	Model Year									
	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
GVW										
5,001 - 11,000	\$452	\$781	\$781	\$781	\$804	\$850	\$909	\$916	\$924	\$932
11,001 - 13,000	\$494	\$792	\$792	\$792	\$819	\$875	\$945	\$954	\$963	\$973
13,001 - 22,000	\$508	\$805	\$805	\$805	\$838	\$905	\$989	\$1,000	\$1,013	\$1,035
22,001 - 34,000	\$508	\$820	\$820	\$820	\$860	\$940	\$1,041	\$1,054	\$1,067	\$1,088
34,001 - 40,000	\$648	\$1,094	\$1,094	\$1,094	\$1,142	\$1,171	\$1,251	\$1,272	\$1,294	\$1,317
40,001 - 55,000	\$648	\$1,293	\$1,293	\$1,293	\$1,349	\$1,382	\$1,416	\$1,447	\$1,485	\$1,521
55,001 - 63,500	\$648	\$1,417	\$1,417	\$1,417	\$1,477	\$1,513	\$1,550	\$1,586	\$1,625	\$1,665

Proposed Rate with Surcharge	Model Year									
	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
GVW										
5,001 - 11,000	\$458	\$791	\$791	\$791	\$814	\$860	\$920	\$927	\$935	\$943
11,001 - 13,000	\$500	\$802	\$802	\$802	\$829	\$886	\$957	\$966	\$975	\$985
13,001 - 22,000	\$514	\$815	\$815	\$815	\$848	\$916	\$1,001	\$1,012	\$1,025	\$1,048
22,001 - 34,000	\$514	\$830	\$830	\$830	\$871	\$952	\$1,054	\$1,067	\$1,080	\$1,101
34,001 - 40,000	\$656	\$1,107	\$1,107	\$1,107	\$1,156	\$1,185	\$1,266	\$1,288	\$1,310	\$1,333
40,001 - 55,000	\$656	\$1,309	\$1,309	\$1,309	\$1,366	\$1,399	\$1,433	\$1,465	\$1,503	\$1,540
55,001 - 63,500	\$656	\$1,434	\$1,434	\$1,434	\$1,495	\$1,532	\$1,569	\$1,606	\$1,645	\$1,685



% Change	Model Year									
	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
GVW										
5,001 - 11,000	30%	39%	17%	12%	11%	15%	21%	21%	19%	18%
11,001 - 13,000	27%	5%	-7%	-7%	-3%	-10%	-4%	-5%	-7%	-8%
13,001 - 22,000	26%	-7%	-7%	-7%	-4%	-12%	-9%	-13%	-14%	-14%
22,001 - 34,000	26%	-8%	-8%	-8%	-6%	-12%	-9%	-13%	-14%	-14%
34,001 - 40,000	25%	1%	-9%	-14%	-14%	-14%	-10%	-11%	-12%	-12%
40,001 - 55,000	25%	-1%	-10%	-14%	-14%	-14%	-14%	-14%	-14%	-14%
55,001 - 63,500	25%	-2%	-10%	-14%	14%	-14%	-14%	-14%	-14%	-14%

\$ Change	Model Year									
	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
GVW										
5,001 - 11,000	\$106	\$223	\$114	\$85	\$81	\$113	\$157	\$159	\$150	\$141
11,001 - 13,000	\$106	\$38	-\$57	-\$57	-\$30	-\$94	-\$43	-\$56	-\$69	-\$81
13,001 - 22,000	\$106	-\$66	-\$66	-\$66	-\$33	-\$127	-\$103	-\$153	-\$166	-\$169
22,001 - 34,000	\$106	-\$75	-\$75	-\$75	-\$53	-\$133	-\$99	-\$155	-\$170	-\$178
34,001 - 40,000	\$133	\$13	-\$114	-\$179	-\$187	-\$192	-\$144	-\$157	-\$171	-\$184
40,001 - 55,000	\$133	-\$14	-\$148	-\$212	-\$221	-\$226	-\$232	-\$237	-\$243	-\$249
55,001 - 63,500	\$133	-\$36	-\$160	-\$232	-\$242	-\$248	-\$254	-\$259	-\$266	-\$273

For model year 1976, there is one rate that is increasing by more than the cap, however there are currently no vehicles insured within the affected GVW and model year combination. The possibility does exist that between the time that the analysis was completed and the implementation of the proposed rates, a vehicle may be registered with the affected rate.

## 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 a 17.9% increase is required to obtain adequate rates. A relativity analysis was performed on both GVW and model year.

**Recommendation:** SGI recommends an overall average rate increase of 13.9% for this class; 15.2% once the RSR surcharge has been applied. Ninety-three percent of the current vehicle population will receive average increases of approximately \$94/year; the remaining 7% will receive an average decrease of \$21. The maximum increase that any vehicle currently insured will receive is \$133 and the maximum decrease is \$113.

For this class, model years 1986 to 1976 are being grouped together. Due to the impact on vehicles with model years older than 1976, the rates have not been grouped together into a 1986 and older grouping at this time.

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

Current Rate	Model Year									
	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
GVW										
5,000 - 20,000	\$397	\$436	\$446	\$456	\$465	\$475	\$485	\$499	\$506	\$513
20,001 - 30,000	\$397	\$547	\$584	\$597	\$636	\$649	\$663	\$675	\$689	\$703
30,001 - 40,000	\$397	\$559	\$603	\$624	\$654	\$667	\$681	\$695	\$710	\$725
40,001 - 50,000	\$406	\$595	\$653	\$682	\$752	\$768	\$784	\$801	\$818	\$835
50,001 - 63,500	\$463	\$662	\$747	\$789	\$914	\$964	\$985	\$1,006	\$1,028	\$1,050

Proposed Rate	Model Year									
	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
GVW										
5,000 - 20,000	\$497	\$525	\$525	\$525	\$565	\$575	\$585	\$599	\$631	\$638
20,001 - 30,000	\$497	\$555	\$555	\$555	\$617	\$676	\$731	\$735	\$739	\$748
30,001 - 40,000	\$497	\$568	\$568	\$568	\$638	\$704	\$765	\$770	\$775	\$784
40,001 - 50,000	\$506	\$607	\$607	\$607	\$699	\$786	\$868	\$874	\$880	\$893
50,001 - 63,500	\$563	\$668	\$668	\$668	\$795	\$916	\$1,029	\$1,037	\$1,046	\$1,064

Proposed Rate with Surcharge	Model Year									
	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
GVW										
5,000 - 20,000	\$503	\$531	\$531	\$531	\$572	\$582	\$592	\$606	\$639	\$646
20,001 - 30,000	\$503	\$562	\$562	\$562	\$625	\$684	\$740	\$744	\$748	\$757
30,001 - 40,000	\$503	\$575	\$575	\$575	\$646	\$713	\$774	\$779	\$785	\$794
40,001 - 50,000	\$512	\$614	\$614	\$614	\$708	\$796	\$879	\$885	\$891	\$904
50,001 - 63,500	\$570	\$676	\$676	\$676	\$805	\$927	\$1,042	\$1,050	\$1,059	\$1,077

% Change	Model Year									
	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
GVW										
5,000 - 20,000	27%	22%	19%	16%	23%	23%	22%	21%	26%	26%
20,001 - 30,000	27%	3%	-4%	-6%	-2%	5%	12%	10%	9%	8%
30,001 - 40,000	27%	3%	-5%	-8%	-1%	7%	14%	12%	11%	10%
40,001 - 50,000	26%	3%	-6%	-10%	-6%	4%	12%	10%	9%	8%
50,001 - 63,500	23%	2%	-10%	-14%	-12%	-4%	6%	4%	3%	3%

\$ Change	Model Year									
	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
GVW										
5,000 - 20,000	\$106	\$95	\$85	\$75	\$107	\$107	\$107	\$107	\$133	\$133
20,001 - 30,000	\$106	\$15	-\$22	-\$35	-\$11	\$35	\$77	\$69	\$59	\$54
30,001 - 40,000	\$106	\$16	-\$28	-\$49	-\$8	\$46	\$93	\$84	\$75	\$69
40,001 - 50,000	\$106	\$19	-\$39	-\$68	-\$44	\$28	\$95	\$84	\$73	\$69
50,001 - 63,500	\$107	\$14	-\$71	-\$113	-\$109	-\$37	\$57	\$44	\$31	\$27

## 5.9 Classes C and D – Power Units

The rate indication shows that the premium for these vehicles requires a 7.3% increase overall to become adequate. A relativity analysis was performed on both GVW 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 4.1% for this class. The overall rate increase becomes 5.4% once the RSR surcharge is applied. Seventy-six per cent of the current vehicle population will receive an average increase of \$103/year. The remaining 24% of the population will receive an average decrease of \$47/year. The maximum increase that any vehicle within the current population will receive is \$209; the maximum decrease is \$160.

For this class, model years 1986 to 1976 are being grouped together. Due to the impact on vehicles with model years older than 1976, the rates have not been grouped together into a 1986 and older grouping at this time.

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

Current Rate	Model Year									
	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
GVW										
5,001 - 20,000	\$397	\$456	\$447	\$450	\$484	\$531	\$558	\$570	\$581	\$592
20,001 - 30,000	\$397	\$571	\$571	\$571	\$627	\$665	\$730	\$745	\$761	\$777
30,001 - 35,000	\$397	\$701	\$721	\$727	\$787	\$793	\$874	\$917	\$936	\$955
35,001 - 36,000	\$425	\$845	\$870	\$901	\$977	\$985	\$1,083	\$1,106	\$1,130	\$1,154
36,001 - 40,000	\$446	\$1,002	\$1,045	\$1,053	\$1,16	\$1,154	\$1,215	\$1,245	\$1,276	\$1,307
40,001 - 50,000	\$446	\$1,117	\$1,138	\$1,152	\$1,244	\$1,342	\$1,512	\$1,549	\$1,588	\$1,627
50,001 - 63,500	\$446	\$1,130	\$1,144	\$1,158	\$1,252	\$1,366	\$1,513	\$1,550	\$1,588	\$1,627

Proposed Rate	Model Year									
	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
GVW										
5,001 - 20,000	\$497	\$550	\$550	\$550	\$484	\$656	\$683	\$695	\$706	\$717
20,001 - 30,000	\$497	\$696	\$696	\$696	\$752	\$790	\$855	\$870	\$911	\$927
30,001 - 35,000	\$497	\$852	\$852	\$852	\$937	\$943	\$1,024	\$1,067	\$1,086	\$1,105
35,001 - 36,000	\$525	\$900	\$900	\$900	\$994	\$1,135	\$1,241	\$1,271	\$1,299	\$1,327
36,001 - 40,000	\$546	\$939	\$939	\$939	\$1,051	\$1,220	\$1,344	\$1,431	\$1,467	\$1,494
40,001 - 50,000	\$546	\$980	\$980	\$980	\$1,107	\$1,303	\$1,445	\$1,582	\$1,600	\$1,618
50,001 - 63,500	\$546	\$988	\$988	\$988	\$1,122	\$1,325	\$1,473	\$1,615	\$1,634	\$1,652

Proposed Rate with Surcharge	Model Year									
	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
GVW	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
5,001 - 20,000	\$503	\$557	\$557	\$557	\$591	\$664	\$691	\$704	\$715	\$726
20,001 - 30,000	\$503	\$705	\$705	\$705	\$761	\$800	\$866	\$881	\$922	\$938
30,001 - 35,000	\$503	\$862	\$862	\$862	\$949	\$955	\$1,037	\$1,080	\$1,099	\$1,119
35,001 - 36,000	\$531	\$911	\$911	\$911	\$1,006	\$1,149	\$1,256	\$1,287	\$1,315	\$1,343
36,001 - 40,000	\$553	\$951	\$951	\$951	\$1,064	\$1,235	\$1,361	\$1,449	\$1,485	\$1,512
40,001 - 50,000	\$553	\$992	\$992	\$992	\$1,121	\$1,319	\$1,463	\$1,601	\$1,620	\$1,638
50,001 - 63,500	\$553	\$1,000	\$1,000	\$1,000	\$1,136	\$1,341	\$1,491	\$1,635	\$1,654	\$1,672

% Change	Model Year									
	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
GVW	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
5,001 - 20,000	27%	22%	25%	24%	22%	25%	24%	24%	23%	23%
20,001 - 30,000	27%	23%	23%	23%	21%	20%	19%	18%	21%	21%
30,001 - 35,000	27%	23%	20%	19%	21%	20%	19%	18%	17%	17%
35,001 - 36,000	25%	8%	5%	1%	3%	17%	16%	16%	16%	16%
36,001 - 40,000	24%	-5%	-9%	-10%	-6%	7%	12%	16%	16%	16%
40,001 - 50,000	24%	-11%	-13%	-14%	-10%	-2%	-3%	3%	2%	1%
50,001 - 63,500	24%	-12%	-13%	-14%	-19%	-2%	-1%	5%	4%	3%

\$ Change	Model Year									
	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
GVW	<1976	1976	1977 - 1981	1982 - 1986	1987 - 1991	1992 - 1996	1997 - 2001	2002 - 2006	2007 - 2011	2012 - 2016
5,001 - 20,000	\$106	\$101	\$110	\$107	\$107	\$133	\$133	\$134	\$134	\$134
20,001 - 30,000	\$106	\$134	\$134	\$134	\$134	\$135	\$136	\$136	\$161	\$161
30,001 - 35,000	\$106	\$161	\$141	\$135	\$162	\$162	\$163	\$163	\$163	\$164
35,001 - 36,000	\$106	\$66	\$41	\$10	\$29	\$164	\$173	\$181	\$185	\$189
36,001 - 40,000	\$107	-\$51	-\$94	-\$102	-\$72	\$81	\$146	\$204	\$209	\$205
40,001 - 50,000	\$107	-\$125	-\$146	-\$160	-\$123	-\$23	-\$49	\$52	\$32	\$11
50,001 - 63,500	\$107	-\$130	-\$144	-\$158	-\$116	-\$25	-\$22	\$85	\$66	\$45

For model years 1981 to 1976, there are a few rates that are increasing by more than the cap, however there are currently no vehicles insured within these affected GVW and model year combinations. The possibility does exist that between the time that the analysis was completed and the implementation of the proposed rates, a vehicle may be registered in the affected GVW/model year combinations.

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

The rate indication for this subclass shows a 21.3% 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 7% per year. The decline is believed to be the result of farmers' preferences shifting from grain trucks to semi-trailers and grain carts.

**Recommendation:** SGI recommends that the overall indicated rate decrease is applied, which after the application of the caps produces an average rate decrease of 8.8% for this class; a 7.6% decrease once the RSR surcharge is applied. Seventy-two per cent of the current vehicle population will receive an average increase of \$11/year, with the remaining 28% of vehicles receiving an average decrease of \$80/year. The maximum increase any vehicle within the current population will receive is \$12; the maximum decrease is \$142. The impact on the rates for these vehicles is shown in the table below.

Model Year	Current Premium	Proposed Premium	Proposed Premium with Surcharge	% Change in Premium	\$ Change in Premium
1979 & Prior	\$113	\$123	\$125	11%	\$12
1980	\$133	\$143	\$145	9%	\$12
1981	\$147	\$153	\$155	5%	\$8
1982	\$149	\$153	\$155	4%	\$6
1983	\$151	\$153	\$155	3%	\$4
1984	\$170	\$153	\$155	-9%	-\$15
1985	\$182	\$161	\$163	-10%	-\$19
1986	\$208	\$172	\$174	-16%	-\$34
1987	\$243	\$189	\$191	-21%	-\$52
1988	\$271	\$191	\$193	-29%	-\$78
1989	\$279	\$191	\$193	-31%	-\$86
1990	\$287	\$195	\$197	-31%	-\$90
1991	\$310	\$210	\$213	-31%	-\$97
1992	\$325	\$225	\$228	-30%	-\$97
1993	\$348	\$248	\$251	-28%	-\$97
1994	\$383	\$283	\$286	-25%	-\$97
1995	\$378	\$283	\$286	-24%	-\$92
1996	\$449	\$349	\$353	-21%	-\$96
1997	\$473	\$373	\$378	-20%	-\$95
1998	\$485	\$385	\$390	-20%	-\$95
1999	\$496	\$396	\$401	-19%	-\$95
2000	\$599	\$474	\$480	-20%	-\$119
2001	\$617	\$492	\$498	-19%	-\$119
2002	\$625	\$500	\$506	-19%	-\$119
2003	\$634	\$509	\$515	-19%	-\$119
2004	\$658	\$533	\$540	-18%	-\$118
2005	\$697	\$572	\$579	-17%	-\$118
2006	\$748	\$623	\$631	-16%	-\$117
2007	\$802	\$652	\$660	-18%	-\$142
2008	\$858	\$708	\$717	-16%	-\$141
2009	\$901	\$751	\$760	-16%	-\$141
2010	\$939	\$789	\$799	-15%	-\$140
2011	\$977	\$827	\$837	-14%	-\$140
2012	\$1,014	\$862	\$873	-14%	-\$141
2013	\$1,056	\$898	\$909	-14%	-\$147

## 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 15.9% decrease is warranted. A relativity analysis was performed on model year and on vehicle size – full-size or compact.

The number of vehicles within this class has been decreasing over time, which isn't surprising given the fact that the class represents a specified vehicle age range that gets older every year. If vehicles within this class are replaced, they are likely to be replaced with a vehicle newer than model year 1993. Fifteen per cent of the vehicles within this class are model year 1976 or older.

**Recommendation:** SGI recommends an overall average rate decrease of 15.4% for this class, which becomes a rate decrease of 14.3% once the RSR surcharge is applied. Eighty-five per cent of the current vehicle population will receive an average decrease of \$49/year, with the remaining 15% of vehicles receiving an average increase of \$21/year. The maximum increase that any one vehicle will receive, based on the current population, is \$21; the maximum decrease is \$97. The impact on the rates for these vehicles is shown in the table below.

Current Rate Model Year	Size		Proposed Rate Model Year	Size	
	Full-Sized	Compact		Full-Sized	Compact
1976 & Older	\$186	\$186	1976 & Older	\$204	\$203
1977	\$225	\$219	1977	\$205	\$204
1978	\$225	\$219	1978	\$205	\$205
1979	\$234	\$234	1979	\$206	\$205
1980	\$234	\$234	1980	\$207	\$206
1981	\$237	\$237	1981	\$208	\$207
1982	\$237	\$237	1982	\$209	\$208
1983	\$240	\$240	1983	\$210	\$209
1984	\$241	\$241	1984	\$210	\$209
1985	\$244	\$244	1985	\$212	\$210
1986	\$247	\$247	1986	\$213	\$211
1987	\$250	\$250	1987	\$217	\$215
1988	\$266	\$266	1988	\$230	\$225
1989	\$272	\$272	1989	\$235	\$229
1990	\$299	\$282	1990	\$242	\$235
1991	\$329	\$298	1991	\$254	\$245
1992	\$360	\$308	1992	\$261	\$251
1993	\$382	\$328	1993	\$282	\$258

Proposed Rate with 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

% Change	Size	
	Full-Sized	Compact
1976 & Older	11%	10%
1977	-8%	-5%
1978	-8%	-5%
1979	-11%	-11%
1980	-10%	-11%
1981	-11%	-11%
1982	-11%	-11%
1983	-11%	-12%
1984	-12%	-12%
1985	-12%	-13%
1986	-13%	-13%
1987	-12%	-13%
1988	-12%	-14%
1989	-13%	-15%
1990	-18%	-16%
1991	-22%	-17%
1992	-27%	-18%
1993	-25%	-20%

\$ Change	Size	
	Full-Sized	Compact
1976 & Older	\$21	\$19
1977	-\$17	-\$12
1978	-\$17	-\$11
1979	-\$25	-\$26
1980	-\$24	-\$25
1981	-\$26	-\$27
1982	-\$25	-\$26
1983	-\$27	-\$28
1984	-\$28	-\$29
1985	-\$29	-\$31
1986	-\$31	-\$33
1987	-\$30	-\$32
1988	-\$33	-\$38
1989	-\$34	-\$40
1990	-\$54	-\$44
1991	-\$72	-\$50
1992	-\$96	-\$54
1993	-\$97	-\$67



## 5.12 Class F – Farm Power Units

The rate indication shows that a 10.9% decrease is warranted for this class. A relativity analysis based on model year was performed.

As mentioned previously, 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 decrease of 9.3% for this class; this becomes a 8.2% decrease once the RSR surcharge is applied. Sixty-eight per cent of the current vehicle population will receive an average decrease of \$68/year, with the remaining 32% of vehicles receiving an average increase of \$23/year. The maximum increase that any vehicle within the current population will receive is \$69; the maximum decrease is \$143. The impact on the rates for these vehicles is shown in the table below.

Model Year	Current Premium	Proposed Premium	Proposed Premium with Surcharge	% Change in Premium	\$ Change in Premium
1981 & Prior	\$224	\$289	\$293	31%	\$69
1982-1985	\$289	\$311	\$315	9%	\$26
1986-1990	\$315	\$328	\$332	5%	\$17
1991-1994	\$367	\$375	\$380	4%	\$13
1995-1998	\$421	\$394	\$399	-5%	-\$22
1999	\$528	\$416	\$421	-20%	-\$107
2000	\$542	\$479	\$485	-11%	-\$57
2001	\$544	\$488	\$494	-9%	-\$50
2002	\$553	\$498	\$504	-9%	-\$49
2003	\$569	\$507	\$513	-10%	-\$56
2004	\$612	\$517	\$523	-15%	-\$89
2005	\$681	\$556	\$563	-17%	-\$118
2006	\$759	\$609	\$616	-19%	-\$143
2007	\$770	\$620	\$628	-18%	-\$142
2008	\$780	\$630	\$638	-18%	-\$142
2009	\$790	\$640	\$648	-18%	-\$142
2010	\$800	\$650	\$658	-18%	-\$142
2011	\$810	\$660	\$668	-18%	-\$142
2012	\$820	\$670	\$678	-17%	-\$142
2013	\$830	\$680	\$688	-17%	-\$142

## 5.13 Hearses

These vehicles are currently charged the private passenger make and model vehicle rate with a cap of \$357, with most hearses hitting the cap. The rate indication shows that a 34.9% increase is warranted for this class.

**Recommendation:** SGI recommends an overall average rate increase of 15.1% for this class; 16.5% once the RSR surcharge is applied. The proposed cap will be adjusted to \$416.

### 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 3.3% increase is warranted for this class. A relativity analysis based on dealer type was performed.

**Recommendation:** SGI recommends an overall average rate increase of 3.5% for this class, which becomes 4.8% once the RSR surcharge is applied. The impact on the rates for these vehicles is shown in the table below.

Model Year	Current Premium	Proposed Premium	Proposed Premium with Surcharge	% Change in Premium	\$ Change in Premium
Automobile	\$708	\$731	\$740	5%	\$32
Motorcycle	\$456	\$545	\$552	21%	\$96

### 5.15 Class L – Snowmobile Dealers

Snowmobile dealers are currently charged a flat fee of \$60 per floater licence plate. These plates provide only liability coverage. New with this rate program is the application of half of the administrative expenses to this class. The rate indication shows that a 50.6% decrease is warranted for this class.

**Recommendation:** SGI recommends that due to the small premium and number of exposures, that no rate decreases be applied with rate application. The proposed premium, with the RSR surcharge, is \$61.

### 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). New with this rate program is the application of half of the administrative expenses to this class of vehicles. The rate indication suggests that this class requires a 21.4% rate increase. These vehicles are currently charged a flat rate of \$66.

**Recommendation:** SGI recommends that the indicated rate change be applied, which results in a rate increase of 21.2%; 22.7% with the RSR surcharge. The proposed flat premium, including the RSR surcharge, will therefore become \$81.

### 5.17 Class LV – Buses

Class LV buses include private or company buses with a GVW 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 70.7% is required. Bus rates differ based on seating capacity and as such, a relativity analysis was performed based on seating capacity.

**Recommendation:** SGI recommends an overall average rate increase of 24% for this class; 25.6% once the RSR surcharge is applied. All vehicles within this class will be receiving increases. The average and maximum increase is \$107/year. The impact on the rates for these vehicles is shown in the table below.

Seating Capacity	Current Premium	Proposed Premium	Proposed Premium with Surcharge	% Change in Premium	\$ Change in Premium
15 or less	\$363	\$463	\$469	29%	\$106
16 - 24	\$436	\$536	\$543	25%	\$107
25 or more	\$459	\$559	\$566	23%	\$107

## 5.18 Class LV – Restricted Buses

Vehicles registered under this class are van 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 centers.

The rate indication shows that a 20.9% increase is required 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 an overall average rate increase of 21.1% for this class; 22.5% with the RSR surcharge applied. All vehicles within this class will be receiving an increase. The average increase is \$67/year; the maximum is \$69. The impact on the rates for these vehicles is shown in the table below.

Seating Capacity	Current Premium	Proposed Premium	Proposed Premium with Surcharge	% Change in Premium	\$ Change in Premium
15 or less	\$298	\$361	\$365	22%	\$67
16 - 24	\$304	\$368	\$373	23%	\$69
25 or more	\$308	\$377	\$382	24%	\$74

## 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 70.4% 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.

While the indication for motorcycles as a group is a 70.4% increase, the increase required for sport motorcycles is 129%. Sport bikes have twice the injury costs of any other type of motorcycle body style.

**Recommendation:** To reduce rate shock, SGI is recommending an overall increase of 15.4%; 16.8% once the RSR surcharge is applied. This means an overall average rate increase of 15.1% for cruiser/touring, 20.7% for dual purpose/other and 15.3% for sport (16.5%, 22.2% and 16.8% respectively once the RSR surcharge is applied). Cruiser/touring bikes will receive an average increase of \$233/year, dual purpose/other bikes will receive an average increase of \$122/year and sport bikes will see an average increase of \$256/year. The maximum annual increases are as follows: cruiser/touring bikes \$289, dual purpose/other bikes \$254 and sport bikes \$383. The impact on the rates for these vehicles is shown in the tables below.

**Cruiser/Touring**

Current Rate	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
1982 & Older	\$230	\$230	\$667	\$833	\$963
1983 - 1986	\$247	\$264	\$820	\$957	\$1,068
1987 - 1992	\$253	\$290	\$951	\$1,078	\$1,181
1993 - 1996	\$256	\$310	\$1,023	\$1,162	\$1,291
1997 - 2000	\$260	\$368	\$1,147	\$1,337	\$1,492
2001 - 2004	\$266	\$376	\$1,206	\$1,405	\$1,539
2005 - 2007	\$267	\$401	\$1,278	\$1,486	\$1,680
2008 - 2010	\$267	\$400	\$1,353	\$1,583	\$1,669
2011 - 2013	\$270	\$425	\$1,428	\$1,680	\$1,766

Proposed Rate	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
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

Proposed Rate with Surcharge	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
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

% Change	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
1982 & Older	34%	34%	20%	19%	17%
1983 - 1986	32%	39%	20%	17%	16%
1987 - 1992	33%	36%	17%	16%	16%
1993 - 1996	32%	34%	16%	16%	16%
1997 - 2000	32%	29%	16%	16%	16%
2001 - 2004	31%	28%	16%	16%	16%
2005 - 2007	31%	26%	16%	16%	16%
2008 - 2010	31%	27%	16%	16%	16%
2011 - 2013	30%	25%	16%	16%	16%

\$ Change	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
1982 & Older	\$79	\$79	\$135	\$162	\$164
1983 - 1986	\$79	\$104	\$162	\$164	\$175
1987 - 1992	\$84	\$105	\$164	\$176	\$194
1993 - 1996	\$83	\$105	\$167	\$190	\$211
1997 - 2000	\$83	\$106	\$188	\$219	\$244
2001 - 2004	\$83	\$106	\$197	\$230	\$252
2005 - 2007	\$82	\$105	\$209	\$243	\$263
2008 - 2010	\$82	\$106	\$221	\$259	\$274
2011 - 2013	\$82	\$106	\$234	\$276	\$289

### Dual Purpose

Current Rate	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
1982 & Older	\$216	\$216	\$593	\$769	\$865
1983 - 1986	\$247	\$248	\$723	\$932	\$1,027
1987 - 1992	\$253	\$273	\$851	\$985	\$1,103
1993 - 1996	\$256	\$294	\$962	\$1,064	\$1,182
1997 - 2000	\$260	\$315	\$1,072	\$1,216	\$1,284
2001 - 2004	\$267	\$354	\$1,101	\$1,267	\$1,336
2005 - 2007	\$267	\$368	\$1,192	\$1,352	\$1,445
2008 - 2010	\$267	\$384	\$1,213	\$1,374	\$1,499
2011 - 2013	\$270	\$400	\$1,233	\$1,396	\$1,553

Proposed Rate	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
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

Proposed Rate with Surcharge	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
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

% Change	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
1982 & Older	37%	37%	23%	21%	19%
1983 - 1986	32%	32%	19%	17%	16%
1987 - 1992	32%	38%	19%	17%	16%
1993 - 1996	31%	36%	17%	16%	16%
1997 - 2000	31%	33%	16%	16%	16%
2001 - 2004	30%	30%	16%	16%	16%
2005 - 2007	30%	29%	16%	16%	16%
2008 - 2010	30%	28%	16%	16%	16%
2011 - 2013	30%	27%	16%	16%	16%

\$ Change	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
1982 & Older	\$79	\$79	\$134	\$161	\$162
1983 - 1986	\$79	\$79	\$135	\$163	\$169
1987 - 1992	\$81	\$105	\$162	\$164	\$181
1993 - 1996	\$80	\$105	\$164	\$174	\$194
1997 - 2000	\$80	\$105	\$175	\$199	\$210
2001 - 2004	\$80	\$106	\$181	\$208	\$219
2005 - 2007	\$80	\$106	\$195	\$221	\$236
2008 - 2010	\$80	\$106	\$198	\$225	\$245
2011 - 2013	\$80	\$106	\$201	\$229	\$254

## Sport

Current Rate	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
1982 & Older	\$237	\$248	\$741	\$951	\$1,001
1983 - 1986	\$274	\$283	\$946	\$1,115	\$1,313
1987 - 1992	\$302	\$315	\$1,110	\$1,445	\$1,511
1993 - 1996	\$336	\$362	\$1,359	\$1,575	\$1,648
1997 - 2000	\$356	\$421	\$1,593	\$1,718	\$1,965
2001 - 2004	\$392	\$431	\$1,671	\$1,804	\$2,067
2005 - 2007	\$393	\$461	\$1,770	\$1,911	\$2,190
2008 - 2010	\$396	\$459	\$1,866	\$2,024	\$2,263
2011 - 2013	\$413	\$489	\$1,963	\$2,137	\$2,336

Proposed Rate	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
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

Proposed Rate with Surcharge	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
Model Year					
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

% Change	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
Model Year					
1982 & Older	33%	32%	18%	17%	16%
1983 - 1986	38%	37%	17%	16%	16%
1987 - 1992	35%	33%	16%	16%	16%
1993 - 1996	26%	29%	16%	16%	16%
1997 - 2000	25%	25%	16%	16%	16%
2001 - 2004	22%	25%	16%	16%	16%
2005 - 2007	21%	23%	16%	16%	16%
2008 - 2010	21%	23%	16%	16%	16%
2011 - 2013	20%	22%	16%	16%	16%

\$ Change	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1100 CC	1101 CC & Greater
Model Year					
1982 & Older	\$79	\$79	\$136	\$164	\$164
1983 - 1986	\$105	\$105	\$163	\$183	\$215
1987 - 1992	\$105	\$105	\$182	\$236	\$247
1993 - 1996	\$89	\$106	\$222	\$258	\$270
1997 - 2000	\$89	\$106	\$261	\$281	\$322
2001 - 2004	\$85	\$107	\$274	\$296	\$339
2005 - 2007	\$84	\$107	\$290	\$313	\$359
2008 - 2010	\$82	\$107	\$305	\$332	\$371
2011 - 2013	\$83	\$107	\$322	\$350	\$383



## 5.20 Motorhomes

The rate indication shows that the premiums for these vehicles require a 21.4% rate increase. A relativity analysis was done based on declared value.

**Recommendation:** SGI recommends an overall average rate increase of 14.4% for this class, which becomes 15.7% once the RSR surcharge is applied. The current vehicle population will receive an average increase of \$65/year. The maximum rate increase that any customer in the current population will receive is \$171. The impact on the rates for these vehicles is shown in the tables below.

Value	Current Premium	Proposed Premium	Proposed Premium with Surcharge	% Change in Premium	\$ Change in Premium
\$10,000 & Less	\$239	\$264	\$267	12%	\$28
\$10,001-\$20,000	\$318	\$358	\$362	14%	\$44
\$20,001-\$30,000	\$491	\$558	\$565	15%	\$74
\$30,001-\$50,000	\$497	\$564	\$571	15%	\$74
\$50,001-\$75,000	\$645	\$770	\$779	21%	\$134
\$75,001-\$100,000	\$654	\$779	\$789	21%	\$135
\$100,001-\$125,000	\$792	\$912	\$923	17%	\$131
\$125,001-\$150,000	\$825	\$975	\$987	20%	\$162
\$150,001-\$200,000	\$927	\$1,077	\$1,090	18%	\$163
\$200,001-\$250,000	\$938	\$1,088	\$1,101	17%	\$163
\$250,001-\$300,000	\$976	\$1,126	\$1,140	17%	\$164
\$300,001-\$400,000	\$997	\$1,147	\$1,161	16%	\$164
\$400,001-\$500,000	\$1,024	\$1,177	\$1,191	16%	\$167
> \$500,000	\$1,046	\$1,202	\$1,217	16%	\$171

### 5.20.1 Motorhomes – UDrive

The current surcharge for UDrive motorhome use is 15% above the motorhome premiums listed above. A relativity analysis based on pure premium shows that an increase to the surcharge is required.

**Recommendation:** Due to the small number of exposures and even smaller number of claims, SGI recommends no change to the current surcharge amount at this time. The analysis will be completed again with the next rate program at which time, based on the results, a change may be implemented.

## 5.21 Class MT – Snowmobiles

Snowmobiles are currently charged a flat fee of \$81. Snowmobiles have only liability coverage. New with this rate program is the application of half of the administrative expenses to this class. The rate indication shows that a 1.4% decrease is warranted for this class.

**Recommendation:** SGI recommends that the indicated rate decrease be applied, which combined with the RSR surcharge results in no rate change. The proposed premium, with the RSR surcharge, is \$81.

### 5.21.1 Class MT – Snowmobiles – UDrive

Snowmobile UDrive vehicles are currently surcharged 20% above the snowmobile rates. Within the past 10 years, these types of vehicles have incurred no claims and, on average, only about seven snowmobiles with the UDrive option are insured each year.

**Recommendation:** SGI recommends that the surcharge for these vehicles remains at 20% above the snowmobile rate.

## 5.22 Class PB – Passenger Inter-city Buses

The indicated rate change for passenger inter-city buses shows that an increase of 25% is required. A relativity analysis was performed on model year and seating capacity.

**Recommendation:** SGI recommends an overall average rate increase of 12.8% for this class, which results in an average increase of 14.2% once the RSR surcharge is applied. The average increase for 95% of the current vehicle population in this class is \$269/year. The average decrease for the remaining vehicles is \$210. The maximum increase that any one vehicle within the current population will receive is \$459; the maximum decrease is \$219. For this class, model years 1986 and prior are being grouped together. The impact on the rates for these vehicles is shown in the tables below.

Current Rate	Seating Capacity			
Model Year	9 & Less	10 - 15	16 - 24	25 or More
1981 & Prior	\$851	\$790	\$903	\$1,552
1982 - 1986	\$955	\$851	\$981	\$1,713
1987 - 1992	\$1,151	\$1,086	\$1,169	\$1,878
1993 - 1998	\$1,225	\$1,146	\$1,223	\$2,268
1999 - 2004	\$1,340	\$1,253	\$1,384	\$2,481
2005 - 2008	\$1,421	\$1,328	\$1,467	\$2,631
2009 - 2012	\$1,509	\$1,412	\$1,559	\$2,795
2013 - 2016	\$1,599	\$1,496	\$1,651	\$2,960

Proposed Rate	Seating Capacity			
Model Year	9 & Less	10 - 15	16 - 24	25 or More
1981 & Prior	\$1,001	\$940	\$1,053	\$1,522
1982 - 1986	\$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 Rate with Surcharge	Seating Capacity			
Model Year	9 & Less	10 - 15	16 - 24	25 or More
1981 & Prior	\$1,013	\$952	\$1,066	\$1,541
1982 - 1986	\$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

% Change	Seating Capacity				
	Model Year	9 & Less	10 - 15	16 - 24	25 or More
	1981 & Prior	19%	21%	18%	-1%
	1982 - 1986	6%	12%	9%	-10%
	1987 - 1992	5%	12%	4%	-12%
	1993 - 1998	16%	16%	16%	13%
	1999 - 2004	16%	16%	16%	16%
	2005 - 2008	16%	16%	16%	16%
	2009 - 2012	16%	16%	13%	16%
	2013 - 2016	12%	16%	9%	16%

\$ Change	Seating Capacity				
	Model Year	9 & Less	10 - 15	16 - 24	25 or More
	1981 & Prior	\$162	\$162	\$163	-\$11
	1982 - 1986	\$58	\$101	\$85	-\$172
	1987 - 1992	\$60	\$125	\$42	-\$219
	1993 - 1998	\$200	\$187	\$200	\$286
	1999 - 2004	\$220	\$205	\$227	\$407
	2005 - 2008	\$233	\$218	\$241	\$431
	2009 - 2012	\$247	\$231	\$200	\$459
	2013 - 2016	\$195	\$245	\$143	\$486

### 5.23 Class PC – Passenger City Buses

The indicated rate change for passenger city buses is a 69.3% 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 15.2% for this class; 16.6% with the RSR surcharge. The average increase for vehicles in this class is \$235/year, with the maximum increase that any one vehicle within the population experiencing being \$346. The impact on the rates for these vehicles is shown in the tables below.

Current Rate	Seating Capacity				
	Model Year	9 & Less	10 - 15	16 - 24	25 or More
	1984 & Prior	\$531	\$724	\$838	\$1,367
	1985 - 1992	\$577	\$788	\$939	\$1,512
	1993 - 2000	\$697	\$945	\$1,096	\$1,811
	2001 - 2004	\$738	\$1,003	\$1,168	\$1,944
	2005 - 2008	\$759	\$1,032	\$1,207	\$2,011
	2009 - 2012	\$791	\$1,076	\$1,268	\$2,112
	2013 - 2016	\$823	\$1,120	\$1,329	\$2,214

<b>Proposed Rate</b>	<b>Seating Capacity</b>			
<b>Model Year</b>	<b>9 &amp; Less</b>	<b>10 - 15</b>	<b>16 - 24</b>	<b>25 or More</b>
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

<b>Proposed Rate with Surcharge</b>	<b>Seating Capacity</b>			
<b>Model Year</b>	<b>9 &amp; Less</b>	<b>10 - 15</b>	<b>16 - 24</b>	<b>25 or More</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>% Change</b>	<b>Seating Capacity</b>			
<b>Model Year</b>	<b>9 &amp; Less</b>	<b>10 - 15</b>	<b>16 - 24</b>	<b>25 or More</b>
1984 & Prior	25%	19%	19%	16%
1985 - 1992	23%	21%	17%	16%
1993 - 2000	19%	17%	16%	16%
2001 - 2004	18%	16%	16%	16%
2005 - 2008	21%	16%	16%	16%
2009 - 2012	20%	16%	16%	16%
2013 - 2016	20%	16%	16%	16%

<b>\$ Change</b>	<b>Seating Capacity</b>			
<b>Model Year</b>	<b>9 &amp; Less</b>	<b>10 - 15</b>	<b>16 - 24</b>	<b>25 or More</b>
1984 & Prior	\$133	\$135	\$162	\$224
1985 - 1992	\$134	\$162	\$163	\$247
1993 - 2000	\$135	\$163	\$179	\$297
2001 - 2004	\$136	\$164	\$192	\$318
2005 - 2008	\$161	\$169	\$198	\$329
2009 - 2012	\$162	\$176	\$208	\$346
2013 - 2016	\$162	\$184	\$218	\$363

## 5.24 Class PS – Passenger School Buses

The passenger school bus rate indication is for a 33.3% rate increase. A relativity analysis was performed on model year and number of seats.

**Recommendation:** SGI recommends an overall average rate increase of 25.2% for this class, which becomes 26.7% once the RSR surcharge is applied. The average increase for vehicles in this class is \$105/year, with a maximum increase of \$107. The impact on the rates for these vehicles is shown in the tables below.

Current Rate	Seating Capacity	
	24 & Less	25 or More
1986 & Prior	\$241	\$240
1987 - 1990	\$313	\$309
1991 - 1994	\$313	\$309
1995 - 1998	\$366	\$362
1999 - 2002	\$397	\$393
2003 - 2006	\$394	\$390
2007 - 2010	\$415	\$411
2011 - 2014	\$436	\$432

Proposed Rate	Seating Capacity	
	24 & Less	25 or More
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

Proposed Rate with Surcharge	Seating Capacity	
	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

% Change	Seating Capacity	
	24 & Less	25 or More
1986 & Prior	33%	33%
1987 - 1990	34%	34%
1991 - 1994	34%	34%
1995 - 1998	29%	29%
1999 - 2002	26%	26%
2003 - 2006	27%	27%
2007 - 2010	26%	26%
2011 - 2014	25%	25%

\$ Change	Seating Capacity	
	24 & Less	25 or More
1986 & Prior	\$79	\$79
1987 - 1990	\$105	\$105
1991 - 1994	\$105	\$105
1995 - 1998	\$106	\$106
1999 - 2002	\$103	\$103
2003 - 2006	\$106	\$106
2007 - 2010	\$106	\$106
2011 - 2014	\$107	\$107

## 5.25 Class PT – Urban Taxis

The rate indication for this class shows that a 38.4% rate increase overall is required. A relativity analysis was performed based on location.

**Recommendation:** SGI recommends an overall average rate increase of 15% for this class, which after the application of the RSR surcharge becomes 16.4%. The impact on the rates for these vehicles is shown in the table below.

Location Table	Current Premium	Proposed Premium	Proposed Premium with Surcharge	% Change in Premium	\$ Change in Premium
A - Small Cities	\$1,626	\$1,869	\$1,892	16%	\$266
B - Large Cities	\$2,889	\$3,322	\$3,363	16%	\$474
C - Regina & Saskatoon	\$3,432	\$3,946	\$3,995	16%	\$563

## Trailers

Typically, the only coverage available to trailers is first-party damage with all other coverages being provided under the towing vehicle. This will be the first rate program where administrative expenses are allocated to trailers. As mentioned previously under section 4.2.3 *Administrative expenses*, trailers, along with snowmobiles, snowmobile dealers and antiques are being allocated half of the administrative expenses that other classes of vehicles pay; \$25.65 per trailer.

## 5.26 Class F – Farm Trailers

The rate indication shows that a 15.8% increase is warranted for this class. A relativity analysis based on body type was performed.

**Recommendation:** SGI recommends an overall average rate increase of 16% for these trailers; 17.9% once the RSR surcharge is applied. Sixty-four per cent of the current farm trailer population will receive an average increase of \$17/ year. The remaining 36% of the population will receive an average decrease of \$3. The maximum increase is \$20 and the maximum decrease is \$3. The impact on the rates for these trailers is shown in the table below.

Trailer Type	Current Premium	Proposed Premium	Proposed Premium with Surcharge	% Change in Premium	\$ Change in Premium
Utility Trailer	\$22	\$41	\$42	91%	\$20
Semi Trailer	\$95	\$91	\$92	-3%	-\$3
Transport Trailer	\$30	\$45	\$46	53%	\$16

## 5.27 Class LT – Trailer Dealers and Movers

The indicated rate change is an increase of 1.3%.

**Recommendation:** After rounding, SGI recommends an overall average rate increase of 1.4% for this class; 2.6% once the RSR surcharge is applied. The average increase that will be applied is \$14/year; the maximum increase is \$33. The impact on the rates for these trailers is shown in the table below.

Model Year	Current Premium	Proposed Premium	Proposed Premium with Surcharge	% Change in Premium	\$ Change in Premium
Utility Trailer	\$128	\$158	\$160	25%	\$32
Tent Trailer	\$122	\$158	\$160	31%	\$38
Semi Trailer	\$401	\$429	\$434	8%	\$33
Transport Trailer	\$428	\$429	\$434	1%	\$6
Cabin Trailer	\$835	\$826	\$836	0%	\$1

## 5.28 Class T – Personal Trailers

The rate indication suggests that an increase of 13% 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 8.6% for this class; 10% once the RSR surcharge is applied. Sixty-seven per cent of the current trailer population will receive an average increase of \$48; the remaining 33% will receive a \$35 average reduction. The maximum increase that any trailer in the current population will receive is \$135; the maximum decrease is \$120. The impact on the rates for these trailers is shown in the tables below.

Current Rate Value	Trailer Type			
	Tent	Semi & Transport	Metal Cabin	Fiberglass
\$1,000 & Less	\$18	\$18	\$18	\$22
\$1,001 to 3,000	\$35	\$37	\$47	\$41
\$3,001 to 5,000	\$72	\$77	\$103	\$78
\$5,001 to 10,000	\$149	\$158	\$262	\$161
\$10,001 to 15,000	\$174	\$185	\$293	\$189
\$15,001 to 20,000	\$204	\$216	\$355	\$221
\$20,001 to 25,000	\$281	\$298	\$452	\$304
\$25,001 to 40,000	\$338	\$358	\$522	\$366
\$40,001 to 60,000	\$376	\$398	\$570	\$408
\$60,001 to 80,000	\$396	\$418	\$643	\$448
\$80,001 to 100,000	\$447	\$475	\$684	\$485
\$100,001 & More	\$539	\$568	\$809	\$592

Proposed Rate Value	Trailer Type			
	Tent	Semi & Transport	Metal Cabin	Fiberglass
\$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 Rate with Surcharge Value	Trailer Type			
	Tent	Semi & Transport	Metal Cabin	Fiberglass
\$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

% Change Value	Trailer Type			
	Tent	Semi & Transport	Metal Cabin	Fiberglass
\$1,000 & Less	144%	117%	144%	100%
\$1,001 to 3,000	69%	24%	55%	41%
\$3,001 to 5,000	25%	-23%	31%	13%
\$5,001 to 10,000	25%	-37%	18%	11%
\$10,001 to 15,000	45%	-22%	36%	41%
\$15,001 to 20,000	38%	-30%	30%	35%
\$20,001 to 25,000	20%	-33%	24%	6%
\$25,001 to 40,000	3%	-27%	15%	-9%
\$40,001 to 60,000	10%	-24%	24%	-3%
\$60,001 to 80,000	9%	-23%	17%	-8%
\$80,001 to 100,000	7%	-20%	20%	-5%
\$100,001 & More	-2%	-21%	15%	-15%



\$ Change	Trailer Type			
	Tent	Semi & Transport	Metal Cabin	Fiberglass
\$1,000 & Less	\$26	\$21	\$26	\$22
\$1,001 to 3,000	\$24	\$9	\$26	\$17
\$3,001 to 5,000	\$18	-\$18	\$32	\$10
\$5,001 to 10,000	\$37	-\$59	\$47	\$18
\$10,001 to 15,000	\$78	-\$41	\$105	\$78
\$15,001 to 20,000	\$78	-\$64	\$106	\$77
\$20,001 to 25,000	\$55	-\$98	\$107	\$18
\$25,001 to 40,000	\$9	-\$97	\$79	-\$33
\$40,001 to 60,000	\$36	-\$96	\$134	-\$13
\$60,001 to 80,000	\$35	-\$96	\$112	-\$34
\$80,001 to 100,000	\$32	-\$95	\$135	-\$26
\$100,001 & More	-\$13	-\$120	\$119	-\$88

### 5.29 Class T – Utility Trailers

The indication shows that utility trailers require a 69.8% increase to their rate. Currently utility trailers are charged a flat rate of \$20 per trailer.

**Recommendation:** SGI recommends that the full indicated rate change be applied to utility trailers, which when combined with rounding, results in a 70% rate increase. Due to the small premium for utility trailers and rounding to whole dollar amounts for premiums, the application of the RSR surcharge of 1.23% does not impact the rate. The proposed rate for utility trailers is \$34, an increase of \$14.

### 5.30 Class TS – Commercial Trailers

The rate indication for this class is for an 11.6% 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 rounding, results in an overall 11.7% rate increase; 13.1% once the RSR surcharge is applied. Eighty-seven per cent of the current commercial trailer population will receive an average increase of \$22. The remaining 13% of the population will receive an average decrease of \$57. The maximum increase that any commercial trailer will receive is \$26; the maximum decrease is \$57. The table below shows the impact on the rates for these trailers.

Value	Current Premium	Proposed Premium	Proposed Premium with Surcharge	% Change in Premium	\$ Change in Premium
\$2,000 & Less	\$24	\$45	\$46	92%	\$22
\$2,001 - \$5,000	\$57	\$82	\$83	46%	\$26
\$5,001 - \$7,000	\$71	\$94	\$95	34%	\$24
\$7,001 - \$10,000	\$100	\$109	\$110	10%	\$10
\$10,001 - \$12,000	\$123	\$134	\$136	11%	\$13
\$12,001 - \$15,000	\$242	\$183	\$185	-24%	-\$57

# 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 61.2% 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 any more. The fee will remain at \$17 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 65.1% 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 any more. The fee will remain at \$17 per \$1,000 of excess value.

## 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 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 a 12% decrease 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.

## 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 an 18.8% decrease is warranted for these vehicles. The current flat fee for this type of vehicle is \$275.

**Recommendation:** SGI recommends no change to the flat fee at this time, other than the application of the RSR surcharge, since there are no vehicles currently being insured. The proposed flat fee is \$278.

## 5.35 Class LV – Motorized Bicycle

Pedal bikes are currently charged a flat rate of \$44. The rate indication shows that a 6,857.2% increase is warranted for this class which is the result of one injury claim in 2004.

**Recommendation:** SGI recommends no change to the flat fee, other than the application of the RSR surcharge, at this time. The proposed flat fee for motorized bicycles is \$45.

## Private Vehicle (PV) Class

Currently, private vehicles include heavy trucks, power units and vans that are greater than one ton 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.

The rates for Class PV are currently based off of private passenger vehicle rates even though these vehicles do not have CLEAR rate group assignments since IBC does not provide information on them. SGI is proposing to move Class PV rates to their own tables with the rate program. The proposed tables will be based on GVW and model year.

### 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 54.2% rate decrease.

**Recommendation:** Because SGI is proposing the movement of converted vehicle rates from private passenger rates to their own rate table and a dislocation results from this change, no additional base rate change is being proposed at this time. The overall impact of the change results in a 4.1% overall average rate increase; 5.3% once the RSR surcharge is applied. There are currently seven vehicles registered as a class PV converted vehicle. Four of the seven vehicles will receive an average increase of \$126/year, with a maximum increase of \$135/year. The remaining three vehicles will receive an average decrease of \$68/year, with a maximum decrease of \$157/year. The tables below show the proposed rates with and without the RSR surcharge.

Proposed Rate	Model Year						
	1986 & Older	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
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 Rate with Surcharge	Model Year						
	1986 & Older	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
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

### 5.37 Class PV – Heavy Trucks and Heavy Vans

The indicated rate change for Class PV heavy trucks and vans is a 3% rate decrease.

**Recommendation:** Because SGI is proposing the movement of PV heavy truck and van rates from private passenger rates to their own rate table and a dislocation results from this change, no additional base rate change is being proposed at this time. The overall impact of the change results in a 0.6% overall average rate decrease, which becomes a 0.6% rate increase once the RSR surcharge is applied. Seventy-two per cent of the current PV heavy truck and van population will see an average increase of \$79/year. The remaining 28% of the population will see an average decrease of \$192/year. The maximum increase that any vehicle within the current PV heavy truck and van population will see is \$147; the maximum decrease is \$613. Over 60% of the current population of PV heavy trucks and vans are vehicles with model years 1986 or older. The tables below show the proposed rates with and without the RSR surcharge.

Proposed Rate	Model Year											
	1961 & Older	1962-1966	1967-1971	1972-1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
<b>GVW</b>												
No GVW	\$503	\$503	\$503	\$536	\$572	\$601	\$657	\$714	\$789	\$854	\$918	\$954
5,001-11,000	\$504	\$504	\$504	\$541	\$577	\$607	\$667	\$727	\$794	\$888	\$1,047	\$1,088
11,001-13,000	\$505	\$505	\$505	\$545	\$584	\$616	\$680	\$744	\$808	\$987	\$1,166	\$1,213
13,001-22,001	\$506	\$506	\$506	\$548	\$590	\$624	\$693	\$761	\$886	\$1,018	\$1,284	\$1,335
22,001-34,000	\$507	\$507	\$507	\$560	\$597	\$633	\$706	\$779	\$1,011	\$1,148	\$1,284	\$1,335
34,001-40,000	\$508	\$508	\$508	\$562	\$600	\$637	\$712	\$787	\$1,011	\$1,148	\$1,284	\$1,335
40,001-50,000	\$509	\$509	\$509	\$565	\$603	\$642	\$718	\$796	\$1,011	\$1,148	\$1,284	\$1,335
50,001-63,500	\$509	\$509	\$509	\$567	\$607	\$646	\$718	\$806	\$1,011	\$1,148	\$1,284	\$1,335

Proposed Rate with Surcharge	Model Year											
	1961 & Older	1962-1966	1967-1971	1972-1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
<b>GVW</b>												
No GVW	\$509	\$509	\$509	\$543	\$579	\$608	\$665	\$723	\$799	\$865	\$929	\$966
5,001-11,000	\$510	\$510	\$510	\$548	\$584	\$614	\$675	\$736	\$804	\$899	\$1,060	\$1,101
11,001-13,000	\$511	\$511	\$511	\$552	\$591	\$624	\$688	\$753	\$818	\$999	\$1,180	\$1,228
13,001-22,001	\$512	\$512	\$512	\$555	\$597	\$632	\$702	\$770	\$897	\$1,031	\$1,300	\$1,351
22,001-34,000	\$513	\$513	\$513	\$567	\$604	\$641	\$715	\$789	\$1,023	\$1,162	\$1,300	\$1,351
34,001-40,000	\$514	\$514	\$514	\$569	\$607	\$645	\$721	\$797	\$1,023	\$1,162	\$1,300	\$1,351
40,001-50,000	\$515	\$515	\$515	\$572	\$610	\$650	\$727	\$806	\$1,023	\$1,162	\$1,300	\$1,351
50,001-63,500	\$515	\$515	\$515	\$574	\$614	\$654	\$727	\$816	\$1,023	\$1,162	\$1,300	\$1,351

### 5.38 Class PV – Power Units

The indicated rate change for class PV power units is a 92.7% rate decrease.

**Recommendation:** Because SGI is proposing the movement of PV power unit rates from private passenger rates to their own rate table and a dislocation results from this change, no additional base rate change is being proposed at this time. The overall impact of the change results in a 2.4% overall average rate decrease, which becomes a 1.2% decrease once the RSR surcharge is applied. About half of the current PV power unit population will see an average increase of \$105/year; the remaining half will see an average decrease of \$122/year. The maximum increase that any vehicle within the current PV power unit population will see is \$308; the maximum decrease is \$390. The tables below show the proposed rates with and without the RSR surcharge.

Proposed Rate	Model Year									
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
<b>GVW</b>										
5,001-11,000	\$470	\$470	\$470	\$565	\$728	\$838	\$946	\$1,107	\$1,285	\$1,336
11,001-13,000	\$510	\$510	\$510	\$582	\$797	\$920	\$1,002	\$1,165	\$1,299	\$1,385
13,001-22,000	\$556	\$556	\$556	\$598	\$834	\$964	\$1,103	\$1,203	\$1,313	\$1,434
22,001-34,000	\$574	\$574	\$574	\$607	\$871	\$989	\$1,112	\$1,247	\$1,362	\$1,488
34,001-40,000	\$593	\$593	\$593	\$616	\$938	\$1,013	\$1,121	\$1,293	\$1,412	\$1,543
40,001-55,000	\$613	\$613	\$613	\$625	\$971	\$1,100	\$1,228	\$1,340	\$1,464	\$1,601
55,001-63,500	\$633	\$633	\$633	\$633	\$1,006	\$1,127	\$1,248	\$1,390	\$1,519	\$1,661

Proposed Rate with Surcharge	Model Year									
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011	2012-2016
<b>GVW</b>										
5,001-11,000	\$476	\$476	\$476	\$572	\$737	\$848	\$958	\$1,121	\$1,301	\$1,352
11,001-13,000	\$516	\$516	\$516	\$589	\$807	\$931	\$1,014	\$1,179	\$1,315	\$1,402
13,001-22,000	\$563	\$563	\$563	\$605	\$844	\$976	\$1,117	\$1,218	\$1,329	\$1,452
22,001-34,000	\$581	\$581	\$581	\$614	\$882	\$1,001	\$1,126	\$1,262	\$1,379	\$1,506
34,001-40,000	\$600	\$600	\$600	\$624	\$950	\$1,025	\$1,135	\$1,309	\$1,429	\$1,562
40,001-55,000	\$621	\$621	\$621	\$633	\$983	\$1,114	\$1,243	\$1,356	\$1,482	\$1,621
55,001-63,500	\$641	\$641	\$641	\$641	\$1,018	\$1,141	\$1,263	\$1,407	\$1,538	\$1,681

### 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 74.3% 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 and then tell customers that they cannot purchase the coverage any more. The fee will remain at \$17 per \$1,000 of excess value.

## 6. Proposed Timelines

The Auto Fund will be in a position to implement rate changes August 31, 2013. Time is required to test new rate tables and ensure system integrity.

Tentative implementation dates are as follows:

Submission to SRRP	February 15, 2013
Submission of revised proposal	March 14, 2013
Recommendations from SRRP	June 2013
Final Cabinet approval	June 2013
Rate changes and system testing complete	July 2013
August 31 renewals mailed	July 2013
Rate changes implemented	August 31, 2013
Re-rate registrations/process refunds	August 31, 2013
Mail refunds	September 2013

## 7. Summary and Conclusion

The Auto Fund requires 1.03% in additional revenue to cover claims and other expenses, and a 1.23% surcharge to replenish the Rate Stabilization Reserve.

SGI is committed to fairness in vehicle rating. Customers will not see an across the board increase. While the net result is a 2.27% increase with rebalancing, some customers will see increases and some will see decreases. In fact, over 36% 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 actual 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 39%, while the Auto Fund's rates increased by only 7.4%.

# Appendix A – Summary of Indicated and Proposed Rate Changes

By Class Indicated and Proposed Rate Changes with Dollar Impact

2013

Vehicle Class	2013	2013		Proposed		2013		Proposed		2013		Proposed		2013		Proposed							
	Indicated Average Rate Change	Proposed Average Rate Change	Proposed Rate Change with RSR	Weighted Average Current Premium	Weighted Average Proposed Premium	Weighted Average Proposed Premium with RSR	Average \$ Change	Maximum \$ Increase	Maximum \$ Decrease	Average \$ Increase	Average \$ Decrease	2013 Indicated Average Rate Change	2013 Proposed Average Rate Change	2013 Proposed Rate Change with RSR	Weighted Average Current Premium	Weighted Average Proposed Premium	Weighted Average Proposed Premium with RSR	Average \$ Change	Maximum \$ Increase	Maximum \$ Decrease	Average \$ Increase	Average \$ Decrease	
<b>CLEAR Rated Vehicles</b>	-0.8%	0.4%	1.6%	\$1,020	\$1,023	\$1,036	\$16	\$567	-\$523	\$31	-\$14												
A - Commercial Light Trucks		20.4%	21.9%	\$1,448	\$1,744	\$1,765	\$317	\$567	\$0	\$317	\$0												
F - Farm Light Truck - 1994 & Newer		2.3%	3.6%	\$832	\$852	\$862	\$30	\$159	-\$183	\$33	-\$3												
LV - Private Passenger Vehicles		0.2%	1.5%	\$1,037	\$1,039	\$1,052	\$15	\$396	-\$523	\$30	-\$15												
LV - PPV - Farm Cars, SUVs and Vans		-2.0%	-0.8%	\$844	\$827	\$837	-\$7	\$273	-\$241	\$13	-\$19												
LV - Police Cars		9.3%	10.7%	\$1,541	\$1,684	\$1,705	\$165	\$338	\$0	\$165	\$0												
LV - Police Trucks, Vans & SUVs		-14.0%	-12.9%	\$1,228	\$1,057	\$1,070	-\$158	\$41	-\$296	\$0	-\$159												
LV - J Drives		9.0%	10.3%	\$1,301	\$1,418	\$1,435	\$134	\$395	-\$112	\$134	\$0												
PT - Taxis (Rural)		-6.4%	-5.3%	\$1,623	\$1,519	\$1,538	-\$85	\$150	-\$243	\$3	-\$88												
<b>Conventionally Rated Vehicles</b>																							
Ambulances	2.0%	2.0%	3.3%	\$947	\$966	\$978	\$31	\$31	\$0	\$31	\$0												
A - Commercial Vehicles:																							
Heavy Trucks & Vans IRP \$2500 Ded.	-7.8%	-7.4%	-6.3%	\$823	\$762	\$771	-\$52	\$81	-\$166	\$47	-\$54												
Heavy Trucks & Vans IRP \$15K Ded.	-26.3%	-17.8%	-16.8%	\$451	\$371	\$375	-\$76	\$81	-\$120	\$43	-\$99												
Heavy Trucks & Vans Non-IRP	2.9%	2.0%	3.2%	\$907	\$925	\$936	\$29	\$135	-\$113	\$102	-\$33												
Power Units IRP \$2500 Ded.	-1.2%	-1.9%	-0.7%	\$2,343	\$2,299	\$2,327	-\$16	\$336	-\$279	\$134	-\$149												
Power Units IRP \$15K Ded.	-18.1%	-13.3%	-12.3%	\$1,427	\$1,237	\$1,252	-\$175	\$164	-\$221	\$53	-\$194												
Power Units Non-IRP	-24.1%	-14.3%	-13.3%	\$1,633	\$1,399	\$1,416	-\$217	\$159	-\$273	\$143	-\$220												
C & D - Commercial Vehicles:																							
Heavy Trucks & Vans	17.9%	13.9%	15.2%	\$563	\$641	\$649	\$86	\$133	-\$113	\$94	-\$21												
Power Units	7.3%	4.1%	5.4%	\$1,239	\$1,290	\$1,306	\$67	\$209	-\$160	\$103	-\$47												
F - Farm Vehicles:																							
Heavy Trucks & Vans	-21.3%	-8.8%	-7.6%	\$194	\$177	\$179	-\$15	\$12	-\$142	\$11	-\$80												
Light Trucks - 1993 & Older	-15.9%	-15.4%	-14.3%	\$271	\$229	\$232	-\$39	\$21	-\$97	\$21	-\$49												
Power Units	-10.9%	-9.3%	-8.2%	\$476	\$431	\$437	-\$39	\$69	-\$143	\$23	-\$68												
Hearses	34.9%	15.1%	16.5%	\$357	\$411	\$416	\$59	\$59	\$0	\$59	\$0												
L - Dealer Plates:	3.3%	3.5%	4.8%	\$702	\$727	\$735	\$34	\$96	\$0	\$34	\$0												
Automobile		3.2%	4.5%	\$708	\$731	\$740	\$32	\$32	\$0	\$32	\$0												
Motorcycles		19.5%	21.1%	\$456	\$545	\$552	\$96	\$96	\$0	\$96	\$0												
L - Snowmobile Dealers	-50.6%	0.0%	1.7%	\$60	\$60	\$61	\$1	\$1	\$0	\$1	\$0												
LV - Antiques	21.4%	21.2%	22.7%	\$66	\$80	\$81	\$15	\$15	\$0	\$15	\$0												
LV - Buses	70.7%	24.0%	25.6%	\$417	\$517	\$524	\$107	\$107	\$0	\$107	\$0												
LV - Buses (Restricted)	20.9%	21.1%	22.5%	\$299	\$362	\$366	\$67	\$69	\$0	\$67	\$0												

# Appendix A – Summary of Indicated and Proposed Rate Changes

By Class Indicated and Proposed Rate Changes with Dollar Impact

Vehicle Class	2013		2013		2013		2013		2013		2013		2013		2013		2013						
	Indicated Average Rate Change	Proposed Average Rate Change	Rate Change with RSR	Weighted Average Current Premium	Weighted Average Proposed Premium	Weighted Average Proposed Premium with RSR	Average \$ Change	Maximum \$ Increase	Maximum \$ Decrease	Average \$ Increase	Average \$ Decrease	Indicated Average Rate Change	Proposed Average Rate Change	Rate Change with RSR	Weighted Average Current Premium	Weighted Average Proposed Premium	Weighted Average Proposed Premium with RSR	Average \$ Change	Maximum \$ Increase	Maximum \$ Decrease	Average \$ Increase	Average \$ Decrease	
<b>Conventionally Rated Vehicles</b>																							
LV - Motorcycles:	70.4%	15.4%	16.8%	\$1,328	\$1,532	\$1,551	\$223	\$383	\$0	\$223	\$0												
Cruiser/Touring		15.1%	16.5%	\$1,409	\$1,622	\$1,642	\$233	\$289	\$0	\$233	\$0												
Dual Purpose/Other		20.7%	22.2%	\$549	\$663	\$671	\$122	\$254	\$0	\$122	\$0												
Sport		15.3%	16.8%	\$1,526	\$1,760	\$1,782	\$256	\$383	\$0	\$256	\$0												
Motorhomes	21.4%	14.4%	15.7%	\$414	\$474	\$479	\$65	\$171	\$0	\$65	\$0												
MT - Snowmobiles	-1.4%	-1.2%	0.0%	\$81	\$80	\$81	\$0	\$0	\$0	\$0	\$0												
PB - Passenger Inter-city Buses	25.0%	12.8%	14.2%	\$1,735	\$1,958	\$1,982	\$247	\$459	-\$219	\$269	-\$210												
PC - Passenger City Buses	69.3%	15.2%	16.6%	\$1,419	\$1,634	\$1,654	\$235	\$346	\$0	\$235	\$0												
PS - Passenger School Buses	33.3%	25.2%	26.7%	\$394	\$493	\$499	\$105	\$107	\$0	\$105	\$0												
PT - Taxis	38.4%	15.0%	16.4%	\$2,865	\$3,294	\$3,335	\$470	\$563	\$0	\$470	\$0												
<b>Trailers</b>																							
F - Trailers	15.8%	16.0%	17.9%	\$53	\$61	\$62	\$9	\$20	-\$3	\$17	-\$3												
LT - Trailer Dealers/Movers	1.3%	1.4%	2.6%	\$535	\$542	\$549	\$14	\$33	\$0	\$14	\$0												
T - Personal Trailers	13.0%	8.6%	10.0%	\$205	\$222	\$225	\$21	\$135	-\$120	\$48	-\$35												
T - Utility	69.8%	70.0%	70.0%	\$20	\$34	\$34	\$14	\$14	\$0	\$14	\$0												
T - Commercial Trailers	11.6%	11.7%	13.1%	\$86	\$96	\$97	\$11	\$26	-\$57	\$22	-\$57												
<b>Miscellaneous Classes</b>																							
A - Excess Value	-61.2%	0.0%	0.0%	\$17	\$17	\$17	\$0	\$0	\$0	\$0	\$0												
C&D - Non-Resident	-12.0%	0.0%	1.3%	\$75	\$75	\$76	\$1	\$1	\$0	\$1	\$0												
C&D - Excess Value	-65.1%	0.0%	0.0%	\$17	\$17	\$17	\$0	\$0	\$0	\$0	\$0												
Industrial Tracked Vehicles	-18.8%	0.0%	1.1%	\$275	\$275	\$278	\$3	\$3	\$0	\$3	\$0												
LV - Motorized Bicycle	6857.2%	0.0%	2.3%	\$44	\$44	\$45	\$1	\$1	\$0	\$1	\$0												
PV - Converted Vehicles	-5.4.2%	4.1%	5.3%	\$757	\$787	\$797	\$40	\$135	-\$157	\$126	-\$68												
PV - Heavy Trucks and Vans	-3.0%	-0.6%	0.6%	\$653	\$649	\$649	\$4	\$147	-\$613	\$79	-\$192												
PV - Power Units	-92.7%	-2.4%	-1.2%	\$972	\$960	\$960	-\$11	\$308	-\$390	\$105	-\$122												
TS - Excess Value	-74.3%	0.0%	0.0%	\$17	\$17	\$17	\$0	\$0	\$0	\$0	\$0												
<b>Total</b>																							
All Vehicles Excluding Trailers and Misc.	0.8%	0.7%	1.9%	\$14	\$14	\$14	\$14	\$567	-\$523	\$38	-\$21												
All Vehicles	1.033%	1.033%	2.27%	\$14	\$14	\$14	\$14	\$567	-\$613	\$35	-\$21												



# Appendix A – Summary of Indicated and Proposed Rate Changes

By Class Percent Impact and Number of Vehicles Changing

Vehicle Class	Average %		Maximum %		Average %		# of Vehicles*		# of Vehicles*		# of Vehicles*		# of Vehicles*		# of Vehicles*		# of Vehicles*	
	Change	% Increase	% Increase	Decrease	Increase	Decrease	Increase	Decreasing	Unchanged	Getting Max \$ Increase	Getting Max \$ Decrease	Getting Max \$ Increase	Getting Max \$ Decrease	Getting Max % Increase	Getting Max % Decrease	Getting Max % Increase	Getting Max % Decrease	
<b>CLEAR Rated Vehicles</b>																		
A - Commercial Light Trucks	1.6%	140.0%	-22.7%	3.5%	-1.3%	442,215	319,369	8,695	1	1	1	1	1	1	1	1	1	1
F - Farm Light Truck - 1994 & Newer	21.9%	38.9%	0.0%	22.0%	0.0%	140	0	0	0	140	140	1	1	1	1	1	1	140
LV - Private Passenger Vehicles	3.6%	18.3%	-16.2%	4.3%	-0.4%	41,590	8,884	64	53	1	1	12	1	1	1	1	1	1
LV - PPV - Farm Cars, SUVs and Vans	1.5%	26.5%	-15.9%	3.4%	-1.4%	386,330	296,226	8,390	0	1	1	14	1	1	1	1	1	16
LV - Police Cars	-0.8%	140.0%	-15.9%	1.8%	-2.2%	8,990	13,811	238	2	2	2	2	2	2	2	2	2	2
LV - Police Trucks, Vans and SUVs	10.7%	25.7%	0.0%	10.6%	0.0%	246	0	0	1	246	0	0	246	0	246	0	246	246
LV - U Drives	-12.9%	7.4%	-22.7%	0.1%	-12.7%	3	285	0	1	1	1	1	1	1	1	1	1	1
PT - Taxis (Rural)	10.3%	36.5%	-8.4%	10.4%	0.0%	4,899	11	0	0	0	0	0	0	0	0	0	0	0
PT - Taxis (Rural)	-5.3%	9.1%	-13.1%	0.2%	-5.4%	16	152	3	0	1	1	0	1	0	1	0	1	1
<b>Conventionally Rated Vehicles</b>																		
Ambulances	3.3%	3.3%	0.0%	3.3%	0.0%	300	0	0	300	0	300	0	300	0	300	0	300	0
A - Commercial Vehicles:																		
Heavy Trucks & Vans IRP \$2500 Ded.	-6.3%	15.5%	-16.9%	8.9%	-6.2%	11	454	0	6	11	6	6	11	6	6	6	6	2
Heavy Trucks & Vans IRP \$15K Ded.	-16.8%	25.8%	-23.2%	14.5%	-20.5%	6	30	0	1	8	1	8	1	8	1	8	1	1
Heavy Trucks & Vans Non-IRP	3.2%	30.1%	-11.0%	13.9%	-3.1%	442	519	0	15	1	2	1	2	1	2	1	2	1
Power Units IRP \$2500 Ded.	-0.7%	26.0%	-12.0%	7.2%	-5.9%	1,404	1,654	450	22	36	1	36	1	36	1	36	1	36
Power Units IRP \$15K Ded.	-12.3%	33.4%	-14.0%	6.1%	-13.2%	91	1,126	0	2	24	1	24	1	24	1	24	1	139
Power Units Non-IRP	-13.3%	26.0%	-13.9%	20.1%	-13.2%	9	1,171	0	2	12	1	12	1	12	1	12	1	916
C & D - Commercial Vehicles:																		
Heavy Trucks and Vans	15.2%	26.7%	-14.3%	18.1%	-3.3%	11,439	916	0	1,753	1	337	1	337	1	337	1	337	1
Power Units	5.4%	26.7%	-13.9%	11.4%	-3.5%	4,947	1,564	0	152	20.2	14	20.2	14	20.2	14	20.2	14	20.2
F - Farm Vehicles:																		
Heavy Trucks and Vans	-7.6%	10.6%	-31.4%	9.7%	-21.0%	18,542	7,368	0	16,138	73	14,922	73	14,922	73	14,922	73	14,922	357
Light Trucks - 1993 & Older	-14.3%	11.3%	-26.7%	11.2%	-16.1%	2,210	12,473	0	1,975	1,387	1,975	1,387	1,975	1,387	1,975	1,387	1,975	1,227
Power Units	-8.2%	30.8%	-20.3%	8.3%	-11.3%	2,975	6,377	0	382	340	382	340	382	340	382	340	382	621
Hearses	16.5%	16.5%	0.0%	16.5%	0.0%	140	0	0	140	0	140	0	140	0	140	0	140	0
L - Dealer Plates:	4.8%	21.1%	0.0%	4.9%	0.0%	3,905	0	0	94	0	94	0	94	0	94	0	94	0
Automobile	4.5%	4.5%	0.0%	4.5%	0.0%	3,811	0	0	3,811	0	3,811	0	3,811	0	3,811	0	3,811	0
Motorcycles	21.1%	21.1%	0.0%	21.1%	0.0%	94	0	0	94	0	94	0	94	0	94	0	94	0
L - Snowmobile Dealers	1.7%	1.7%	0.0%	1.7%	0.0%	33	0	0	33	0	33	0	33	0	33	0	33	0

\* Counts are based on calendar year 2011 written exposures

# 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	# of Vehicles Getting Max \$		# of Vehicles Getting Max %	
									Increase	Decrease	Increase	Decrease
<b>Conventionally Rated Vehicles</b>												
LV - Antiques	22.7%	22.7%	0.0%	22.7%	0.0%	11,538	0	0	11,538	0	11,538	0
LV - Buses	25.6%	29.2%	0.0%	25.9%	0.0%	366	0	0	220	0	145	0
LV - Buses (Restricted)	22.5%	22.7%	0.0%	22.5%	0.0%	33	0	0	3	0	3	0
LV - Motorcycles:	16.8%	39.4%	0.0%	18.3%	0.0%	11,192	0	0	6	0	27	0
Cruiser/Touring	16.5%	39.4%	0.0%	17.1%	0.0%	8,242	0	0	267	0	27	0
Dual Purpose/Other	22.2%	38.5%	0.0%	26.7%	0.0%	1,285	0	0	3	0	24	0
Sport	16.8%	37.1%	0.0%	17.7%	0.0%	1,665	0	0	6	0	4	0
Motorhomes	15.7%	20.8%	0.0%	14.6%	0.0%	5,084	0	0	5	0	332	0
MT - Snowmobiles	0.0%	0.0%	0.0%	0.0%	0.0%	0	0	4,908	0	0	0	0
PB - Passenger Inter-city Buses	14.2%	19.0%	-11.7%	15.7%	-11.3%	443	21	0	19	18	2	18
PC - Passenger City Buses	16.6%	25.0%	0.0%	16.8%	0.0%	499	0	0	31	0	2	0
PS - Passenger School Buses	26.7%	34.0%	0.0%	26.8%	0.0%	3,185	0	0	329	0	129	0
PT - Taxis	16.4%	16.4%	0.0%	16.4%	0.0%	555	0	0	312	0	555	0
<b>Trailers</b>												
F - Trailers	17.9%	90.9%	-3.2%	58.5%	-3.2%	18,766	10,697	0	2,557	10,697	2,557	10,697
LT - Trailer Dealers/Movers	2.6%	25.0%	0.0%	7.6%	0.0%	478	0	0	62	0	120	0
T - Personal Trailers	10.0%	144.4%	-37.3%	37.6%	-19.4%	26,919	13,082	0	9	2	1,298	2,696
T - Utility	70.0%	70.0%	0.0%	70.0%	0.0%	76,201	0	0	76,201	0	76,201	0
T - Commercial Trailers	13.1%	91.7%	-23.6%	47.1%	-23.6%	39,492	6,038	0	18,253	6,038	8,755	6,038
<b>Miscellaneous Classes</b>												
A - Excess Value	0.0%	0.0%	0.0%	0.0%	0.0%	0	0	281	0	0	0	0
C&D - Non-Resident	1.3%	1.3%	0.0%	1.3%	0.0%	153	0	0	153	0	153	0
C&D - Excess Value	0.0%	0.0%	0.0%	0.0%	0.0%	0	0	3,046	0	0	0	0
Industrial Tracked Vehicles	1.1%	1.1%	0.0%	1.1%	0.0%	0	0	0	0	0	0	0
LV - Motorized Bicycle	2.3%	2.3%	0.0%	2.3%	0.0%	11	0	0	11	0	11	0
PV - Converted Vehicles	5.3%	22.9%	-13.7%	18.8%	-8.9%	4	3	0	0	1	3	1
PV - Heavy Trucks and Vans	0.6%	28.2%	-41.5%	15.2%	-18.1%	381	145	0	1	1	1	1
PV - Power Units	-1.2%	45.0%	-29.4%	12.9%	-11.2%	29	33	0	1	0	1	1
TS - Excess Value	0.0%	0.0%	0.0%	0.0%	0.0%	0	0	2,124	0	0	0	0

\* Courts are based on calendar year 2011 written exposures

## Appendix B – Five-Year Forecast

2012 year-end values based on August 2012 forecast

year ended December 31 (\$000's)	Forecast Without 2013 Rate Program					
	2012	2013	2014	2015	2016	2017
	\$	\$	\$	\$	\$	\$
Direct premium	804,308	865,014	922,146	983,049	1,047,976	1,117,190
Ceded premium	(4,742)	(4,506)	(4,596)	(4,688)	(4,782)	(4,877)
<b>Net premiums written</b>	<b>799,566</b>	<b>860,508</b>	<b>917,550</b>	<b>978,361</b>	<b>1,043,194</b>	<b>1,112,313</b>
<b>Net premiums earned</b>	<b>773,871</b>	<b>832,972</b>	<b>891,113</b>	<b>950,195</b>	<b>1,013,151</b>	<b>1,080,293</b>
Claims incurred	650,702	691,052	701,022	716,880	799,276	879,447
Prior year claims (Net of Disc/PFAD)	33,211	–	–	–	–	–
Loss adjusting expense (LAE)	62,061	67,039	71,332	76,003	81,105	86,640
Issuer fees and premium taxes	79,138	85,124	90,891	96,894	103,294	110,117
Administrative expenses	52,671	55,434	56,101	56,981	59,307	61,516
Traffic safety	23,157	28,722	29,325	29,941	30,570	31,212
<b>Total claims and expenses</b>	<b>900,940</b>	<b>927,371</b>	<b>948,671</b>	<b>976,699</b>	<b>1,073,552</b>	<b>1,168,932</b>
<b>Underwriting loss</b>	<b>(127,069)</b>	<b>(94,399)</b>	<b>(57,558)</b>	<b>(26,504)</b>	<b>(60,401)</b>	<b>(88,639)</b>
Investment earnings	72,393	44,132	25,707	15,460	58,513	95,167
Other income	35,059	38,084	39,719	42,127	44,683	47,396
<b>Increase (decrease) to RSR</b>	<b>(19,617)</b>	<b>(12,183)</b>	<b>7,868</b>	<b>31,083</b>	<b>42,795</b>	<b>53,924</b>
<b>MCT</b>	<b>47%</b>	<b>40%</b>	<b>42%</b>	<b>50%</b>	<b>61%</b>	<b>71%</b>

	<b>Forecast Including 1.03% Rate Increase and 1.23% RSR Surcharge</b>					
year ended December 31	2012	2013	2014	2015	2016	2017
(\$000's)	\$	\$	\$	\$	\$	\$
Direct premium	804,308	862,767	943,103	1,005,390	1,066,657	1,128,697
Ceded premium	(4,742)	(4,506)	(4,596)	(4,688)	(4,782)	(4,877)
<b>Net premiums written</b>	<b>799,566</b>	<b>858,261</b>	<b>938,507</b>	<b>1,000,702</b>	<b>1,061,875</b>	<b>1,123,820</b>
<b>Net premiums earned</b>	<b>773,871</b>	<b>828,423</b>	<b>904,865</b>	<b>971,881</b>	<b>1,034,795</b>	<b>1,093,801</b>
Claims incurred	650,702	691,052	701,022	716,880	799,276	879,447
Prior year claims (Net of Disc/ PFAD)	33,211	–	–	–	–	–
Loss adjusting expense (LAE)	62,061	67,039	71,332	76,003	81,105	86,640
Issuer fees and premium taxes	79,138	85,283	92,627	99,097	105,311	111,367
Administrative expenses	52,671	55,434	56,101	56,981	59,307	61,516
Traffic safety	23,157	28,722	29,325	29,941	30,570	31,212
<b>Total claims and expenses</b>	<b>900,940</b>	<b>927,530</b>	<b>950,407</b>	<b>978,902</b>	<b>1,075,569</b>	<b>1,170,182</b>
<b>Underwriting loss</b>	<b>(127,069)</b>	<b>(99,107)</b>	<b>(45,542)</b>	<b>(7,021)</b>	<b>(40,774)</b>	<b>(76,381)</b>
Investment earnings	72,393	44,132	25,670	15,573	59,581	97,715
Other income	35,059	38,157	40,316	42,763	45,215	47,724
<b>Increase (decrease) to RSR</b>	<b>(19,617)</b>	<b>(16,818)</b>	<b>20,444</b>	<b>51,315</b>	<b>64,022</b>	<b>69,058</b>
<b>MCT</b>	<b>47%</b>	<b>38%</b>	<b>44%</b>	<b>59%</b>	<b>75%</b>	<b>89%</b>

## Appendix C – Glossary of Terms

### Auto Fund 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. Traffic safety program costs in relation to total revenue are approximately 3%.

**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** – The actual (experience) and expected (exposure) components of the experience rating calculation are weighted to produce the costs the entity under consideration will pay. The weight assigned to the experience component is called credibility and commonly denoted by Z. The weight assigned to the exposure component is 1-Z. Credibility follows the Law of Large Numbers, where the larger the numbers, the more credible the data. As an example, the Auto Fund experience weighted for a specific light vehicle would be Z and the corresponding light vehicle experience weighting for CLEAR would be 1-Z.

**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.

**Loss ratio** – Losses divided by premiums expressed as a percentage.

**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 \$20,001. 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 behavior 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.

## Appendix D – Summary of Auto Fund Vehicle Classifications

Class	Sub-Class	Definition	Rating Criteria/ Classification
A - Commercial	Light Trucks	An unrestricted commercial trucking vehicle used provincially, inter-provincially and internationally.	Surcharge on the LV – PPV rate
	Heavy Trucks		Gross vehicle weight, model year and excess value
	Heavy Vans		Gross vehicle weight, model year and excess value
	Industrial Tracked		Flat rate
	Non-Resident		Flat rate
	Power Units		Gross vehicle weight, model year and excess value
C - Commercial	Ambulance	A vehicle that is used primarily for commercial or business purposes with radius restrictions.	Flat rate
	Hearse		Flat rate
	Heavy Trucks		Gross vehicle weight, model year and excess value
	Heavy Vans		Gross vehicle weight, model year and excess value
	Industrial Tracked		Flat rate
	Non-Resident		Flat rate
	Power Units		Gross vehicle weight, model year and excess value
D - Commercial	Ambulance	A vehicle that is used primarily for commercial or business purposes. Class D vehicles are allowed to transport a greater number of goods over a greater distance than are class C vehicles.	Flat rate
	Hearse		Flat rate
	Heavy Trucks		Gross vehicle weight, model year and excess value
	Heavy Vans		Gross vehicle weight, model year and excess value
	Power Units		Gross vehicle weight, model year and excess value
	Non-Resident		Flat rate
F - Farm	Light Trucks (1993 & older)	A vehicle used in operation of a farm.	Model year and size (compact or full)
	Light Trucks (1994 & newer)		Discount off the LV – PPV rate
	Heavy Trucks		Model year
	Non-Resident		Flat rate
	Power Units		Model year
	Trailer		Trailer body style

Class	Sub-Class	Definition	Rating Criteria/ Classification
L - Dealer		A plate used by a dealer to move vehicles owned by or under consignment to the dealer.	Type of use (motor vehicle, motorcycle or snowmobile)
LT – Trailer Dealer		A plate used by a trailer dealer, manufacturer or mover.	Trailer body style
LV – Light Vehicle (one ton model and smaller)	Ambulance	A vehicle used as an ambulance.	Flat rate
	Antique	A vehicle that has a model year that is 30 years or older.	Flat rate
	Bus	A bus not used for commercial purposes and operated without compensation.	Seating capacity
	Hearse	A vehicle used for transporting persons during funeral processions.	Make, model, year and body style to a maximum
	Motorcycles	A sport, touring/cruising or dual purpose motorcycle.	Body style, engine size and year
	Motorhomes	Recreational vehicles designed for personal habitation and equipped with at least one attached bed together with at least two of the following: a refrigerator wired permanently into the vehicle's electrical system; a permanently attached stove; a permanently attached washing/toilet facility.	Declared value
	Motorhomes – U Drive	A motorhome that is rented or leased for a period of 30 days or less.	Surcharge on the LV – Motorhome rate
	Motorized Bicycle	A motorized pedal bike.	Flat rate
	Police Cars	A vehicle used by the police force for police purposes.	Surcharge on the LV – PPV rate
	Police Trucks	A vehicle used by the police force for police purposes.	Discount off the LV – PPV rate
LV – Light Vehicle (one ton model and smaller) continued	Private Passenger Vehicles (PPV)	A vehicle (one ton model and smaller) used primarily for private or personal purposes.	Make, model, year and body style
	PPV with Farm Discount	Farm located cars; light SUVs and vans with farm use.	Discount off the LV – PPV rate
	Restricted Bus	A van or a bus that is 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 recreational centers.	Seating capacity
	U Drive	A vehicle that is rented or leased for a period of 30 days or less.	Surcharge on the LV – PPV rate

Class	Sub-Class	Definition	Rating Criteria/ Classification
MT - Snowmobile		A recreational off-road snow machine.	Flat rate
MT – Snowmobile – U Drive		A recreational off-road snow machine that is rented or leases for a period of 30 days or less.	Surcharge on MT – Snowmobile rate
PB – Passenger Inter-city Bus		A bus that provides provincial/interprovincial transportation for the public.	Model year and seating capacity
PC – Passenger City Bus		A city transit bus used a public transportation in major cities.	Model year and seating capacity
PS – School Bus		A school bus used for transport of children to and from school.	Model year and seating capacity
PT - Taxi	Rural	A vehicle used to transport the public for compensation.	Surcharge on the LV – PPV rate
	Urban		Geographical location
PV – Private Vehicle	Antique	Vehicles that are greater than 'one-ton' can be registered in class PV as long as they are not being used for conducting a business or commercial undertaking. They can also be registered in class PV when being used to conduct a primary farming activity, if the registered owner is not eligible for class F.	Flat rate
	Buses		Model year and seating capacity
	Converted Vehicles		Gross vehicle weight and model year
	Heavy Trucks		Gross vehicle weight and model year
	Heavy Vans		Gross vehicle weight and model year
	Motorhomes		Declared value
	Power Units		Gross vehicle weight and model year
T – Private Trailer	Utility	A privately owned trailer.	Flat rate
	All Others		Trailer body style
TS – Commercial Trailer		A trailer or semi-trailer used within a commercial operation.	Declared value and excess value





