

SASKATCHEWAN POWERSPORT DEALER ASSOCIATION

Good Evening Ladies and Gentlemen.

My name is Rick Dobson. I am a retired motorcycle dealer of some 21 years from Saskatoon currently representing the over 35 Powersport Dealers in Saskatchewan whose livelihood is being adversely affected by SGI and their pursuit of increased premiums year over year.

Our dealers are all directly family-owned and operated, or part of a larger family-owned enterprise. Together they represent some 825 business-years in Saskatchewan. They provide employment for approximately 525 people, with a payroll of some 20.5 million dollars. Together they collect annually some 10 million dollars in Saskatchewan sales tax for the province.

SGI's initial proposal for an increase on the average of some 74% to motorcycle insurance premiums would have had a catastrophic affect on our member businesses, doubtless resulting in the closure of many of the smaller members who depend primarily on motorcycle sales. Capping the increases to 15% per year (plus surcharges) only prolongs the agony and slows the death. Every insurance increase reduces our family's business income. Every insurance increase reduces the number of motorcycles on the road and thus makes it more dangerous for those left, as automobile driver's awareness decreases. In this age of growing urban congestion, pollution and fossil fuel shortages, motorcycles offer a viable alternative to automobiles for at least some of each year.

As with all business today, SGI does not operate in a vacuum. Comparative prices with private insurers, as nearby as Alberta, but certainly all across the United States are readily available for cost comparison. SGI's current rates are found to be 20 to 300% higher than is commonly available in the private sector. After the proposed increase, from 30 to 400% higher. In fact, when questioned, SGI will admit they are only competitive with other government-owned monopoly insurers, and do not compare themselves to private insurers. Research will show that government monopoly insurers have some of the highest, if not the highest insurance rates in North America.

SGI will argue that is because we have No-Fault insurance and private insurers rely on the Tort system. However, we will all recall No-Fault was touted as a way to keep rates low in Saskatchewan when it was legislated.

SGI will argue that we have a "Cadillac" benefit package and will provide a list of benefits that COULD possibly exceed Alberta's simpler tort system, provided of course the claimant actually qualifies at the top of all categories. A minimum wage earner in Saskatchewan would not achieve any further benefits here than Alberta, nor would a retired rider whose income would not be interrupted by an injury.

While it is true some would have to "top up" the basic insurance available in the private sector when compared to SGI's "Cadillac" benefit package, it is also true that many of our citizens are forced to pay for a policy they would likely not buy if the choice was given. It is similar to being forced to pay to insure a million dollar home when only living in a trailer.

It is also true that many citizens already have all-risk injury coverage through employment benefits and contracts. SGI's insurance takes the primary role in traffic-related injuries, thereby letting these other

policies “off the hook”. Because of the much smaller pool, it stands to reason that SGI’s injury coverage is more expensive than what could be available elsewhere.

Finally it is very true that multiple vehicle owners pay multiple injury premiums with no more exposure than the single vehicle owner. This is typically true of motorcyclists, who usually have a second vehicle. Thus the multi-vehicle owner is paying significantly more with no more exposure.

It is an overly simplified program designed more for the system than the user.

SGI uses an archaic and unfair classification system for motorcycles. Insurance standards dictate some 19 different models, whereas SGI uses four large groupings, and unrelated engine-displacement breaks instead of horsepower. The result is two virtually identical motorcycles with a 10 horsepower difference can have a drastic difference in insurance premiums – as much as three times as much. “Cruiser” motorcycles are grouped with Touring motorcycles. The first, primarily used for city riding, the second for long distance – two totally different usages, and presumably different risk –exposure factors. Many touring bikes have been wrongly classified as dual sport bikes, because of their looks rather than their usage. Many small low-horsepower beginner bikes have been classed as “Sport” motorcycles because their looks.

Engine displacement unfairly penalizes big engine/low horsepower over small engine/high horsepower. A modern 399cc motorcycle can have as much horsepower as a 1200cc bike of older design. We believe weight and horsepower are bigger contributors to risk factors than style and engine displacement.

SGI has been aware of this problem for several years and continues to ignore the issue.

Again, an overly simplified system that penalizes the user.

Similarly, SGI is aware of many proven safety-related solutions that could reduce accidents and/or mitigate injury, and are endorsed by our organization. These include:

- Required certification for re-built total loss bikes as they have for automobiles.
- Required safety inspections on regular basis, especially if the motorcycle hasn’t been continuously licensed
- Required safety garments – properly fastened DOT or SNELL approved helmets, gloves, boots, long pants and jacket.
- Weight and horsepower limits on motorcycles to coincide with graduated riders license program
- More stringent and consistent testing of riders, by licensed riders. Currently it is our understanding some testers are not, in fact motorcyclists.
- Secondary testing before full license is granted.

It is clear SGI will not make changes to improve as long as the SRRP continues to grant increases. In private business, prices are controlled by competition. Businesses are forced to improve the way they do business, how they control efficiencies, and how they package their product, and in jurisdictions where there is private insurers, we see the results of that with significantly lower premiums, and various insurance packages to meet the consumer’s needs. In Saskatchewan there is no such incentive. *OTHER THAN THE RATE REVIEW PANEL.*

We urge the Rate Review Panel to recognize that our monopoly insurer, SGI is either unwilling or unable to offer a competitive product or pricing to what is privately available. We urge the Panel to deny SGI any increase in motorcycle insurance rates until such time as a full and detailed comparison can be made between private insurance and our so-called public system.

Simply put, we believe if the Crown Corporation cannot provide a product at a comparable price to what is available in the private sector, then they have outlived their usefulness.