

To whom it may concern,

I would like you to address and voice my strong concerns over the published 2013 SGI Auto Fund Rate Proposal to increase motorcycle insurance premiums at a capped amount of 15.4% (before the RSR surcharge). There are many concerns with this proposed motorcycle insurance rate increase. The attached Appendix provides detailed comments on the motorcycle rate change proposal. Please review them for the full analysis and rationale. The following is a summary of the major themes in the attached Appendix.

There has to be much more care taken in proposed rate reviews and the changes they suggest, because draconian proposals such as the February motorcycle rate change proposal have immediate strong negative effects on people, businesses, industries, and the economy in this province, whether or not the rate increases are eventually approved. I am asking for you to hold people accountable for the damage done to the Province and prevent it from happening in the future. Such proposals and reckless actions do a disservice to all the people of the Province.

SGI has defended proposed rate increases by noting many times that vehicle classes are required pay sufficient (insurance) premium to cover their claim costs. Unfortunately, SGI have based motorcycle insurance rates and increases only on vehicle claims class coverage philosophy while completely disregarding all other considerations in their prescribed philosophies. Furthermore, it is disturbing to see that SGI, in the revised March 2013 Auto Fund Rate Proposal (<http://www.saskratereview.ca/images/docs/sgi-2013/sgi-auto-fund-2013-rate-proposal-revised-march.pdf>), describe three major operating philosophies and three supporting components, while completely ignoring the 2011 Auto Fund annual report philosophy statement, where *"all drivers are treated equally unless their driving record shows they are a greater risk for causing a collision"* (http://www.sgi.sk.ca/pdf/annualreports/SGI_2011_Annual_Full.pdf); this statement is conspicuously absent in the 2013 proposal as is its consideration. It appears that SGI is cherry picking philosophies, depending upon which report or proposal is published. This is unacceptable. Where is the consistency on such a basic theme? And which philosophy is correct?

There are also significant problems with how SGI has interpreted the three major philosophies found in Auto Fund in the 2013 March proposal. Additionally, there are issues in the proposal with how SGI is defining and employing the three components used in determining premium rates, which support the three major philosophies. Specifically, SGI has completely ignored interpreting the statement of *"insurance... that is... fair"* in the first philosophy. There is no overall discussion of fairness in the proposal. No guidelines, no evaluation parameters, and no metrics for overall fairness in the rate proposal. SGI has only very narrowly interpreted fairness in the second component, described as *"fairness in rating"*, to be the coverage of claims costs for each vehicle class. This is an extremely limited interpretation of *"fairness in rating"*, and no interpretation of overall fairness, which results in a lot of unfairness and inequity between drivers in different classes of vehicle, and such unfairness has come to fruition with the motorcycle class

proposal. There is NO consideration of comparative or competitive insurance rates in other jurisdictions, or consideration of the negative effects that happen when a small numbers of vehicles in a class results in a lack of economies of scale and disparate rate changes (described in more detail in the next paragraph). In fact, there is no consideration in this proposal of overall fairness in the insurance rates or rate changes within a single vehicle class or between vehicle classes. This is totally unacceptable. I strongly advocate that SGI in their rate proposal be reminded and directed to:

- consider all the philosophies and components listed to be of equal priority so that no single philosophy or component be permitted to completely overrule the other or others;
- define a much broader definition of “*fairness*” in the philosophies and components listed, such as considering reasonable insurance rates by applying consistent rules and rate changes between groups and by comparison of rates with other jurisdictions; and
- acknowledge that “*fairness*” includes the consideration that some vehicle classes may have inherent characteristics making class claims cost coverage very difficult or impossible due to resulting unreasonable insurance rates (especially in comparison with other jurisdictions), and that some subsidization may be necessary and reasonably undertaken for certain vehicles classes (subsidization is a current operating practice wildlife collisions, young drivers, and old drivers and it is reasonable and consistent to use it as a consideration for motorcycle drivers, as another class of driver).

The number of motorcycles, as a class of vehicle, are a tiny amount of the overall vehicle registrations in the Province (<1.4%) and this impairs the ability to cover their claims costs. There is not enough size in the motorcycle class to be able to cover their claims costs without massive rate shock changes. Other vehicle classes in the Province have the benefit of large sizes (leading to economies of scale) allowing class claims costs to be spread out over a large population of vehicles, thereby cushioning drivers against high rates. Vehicle classes with low numbers, such as motorcycles, and especially its subclasses (where SGI divides motorcycles into four sub-sub-sub-sub classes, some with very few numbers such as tens of motorcycles), are disproportionately, unfairly, and heavily impacted by the class claims costs coverage objective because there are no economies of scale. It is very disappointing for SGI to not include basic economies of scale considerations in the motorcycle rate review. I strongly advocate that SGI be directed to make these considerations in the future, and that there not be a division of motorcycles in to sub-sub-sub-sub classes. To maximize the economies of scale, motorcycles should be considered a single class for insurance rating purposes.

While avoiding the subsidization of a class of vehicles by others may be a reasonable objective of SGI, it has been insulting to see SGI representatives, such as Mr. Cartmell, Mr. Thompson, and Donna Harpauer use this argument in a black and white manner to justify motorcycle rate increases. SGI has very conveniently ignored the FACT that the subsidization of a number of classes of drivers already has precedent in SGI and is in current practice (e.g., young drivers

under 21). Analysis of SGI reports show the rate of subsidization of young drivers in the Province is much higher than motorcyclist drivers, with young drivers under 21 having over 20X the number of accidents compared to all motorcyclists. SGI also subsidizes the costs of wildlife related collisions in the province to the amount of \$48 million dollars in 2010, which is over five times greater than the total reported costs of subsidizing motorcyclists (about \$9 million). I strongly advocate that SGI must not have any more issue with the subsidization of motorcyclists in the Province than they do with subsidizing young drivers and wildlife collisions. It is patently unfair to treat one class of drivers (motorcyclists) differently from others. In fact, it is against the Auto Fund philosophy described earlier, where *“all drivers are treated equally unless their driving record shows they are a greater risk for causing a collision”*.

Examination of published SGI information demonstrates that the current amount of subsidization of motorcycles (as a class of driver) in the Province by other types of drivers is very very small. It is under \$11 per vehicle registration in the Province, which represents less than 1.05% of the average \$1044 vehicle registration cost (http://www.sgi.sk.ca/pdf/tais/TAIS_2010_Annual_Report.pdf and <http://www.saskratereview.ca/images/docs/sgi-2013/saf-minimum-filing-requirements-proposal.pdf>). Furthermore, as noted earlier, wildlife collisions are subsidized by other drivers at over five times the cost.

Current motorcycle insurance rates already have a significant cost premium attached to driver insurance. Sport motorcycles have been subjected to a 46% rate increase since 2012 if the proposed March Auto Fund rates are accepted, and 61% since 2010 even before taking into account the compounding of the individual rate changes! Furthermore, the proposed March Auto Fund motorcycle insurance rate increases in Saskatchewan (15.4%) result in insurance costs for sport bikes (with the maximum 20% discount safe driver applied) that are generally 40-50% higher than Alberta facility rates (i.e., the rates charged to the poorest drivers, by driving record, in the province)! (<http://www.sgi.sk.ca/pdf/rateproposal/Aug31-2013/motorcycle-rate-comparison-top-15.pdf>) The proposed SGI sport bike rates (again with the maximum 20% discount applied) are also much much higher than average ICBC rates, at about 100% more. This is completely unacceptable, unreasonable, and an outrage. Sport motorcycles are being singled out, discriminated against, and being treated unfairly. The Appendix also provides cost analysis with cost comparisons to other vehicle classes (e.g., cars), demonstrating the disparately high rates already being paid on motorcycle insurance rates.

The Auto Fund and SGI need to find an alternative means of shortening and removing the gap between insurance rates and claims costs (i.e., decrease or remove the subsidization) in the motorcycle class beyond what has been a yearly 15% or higher increase in insurance rates to all motorcycle drivers. These increases are causing undue hardship, are unfair to safe motorcyclists, and, if continued along the path of the original Feb Auto Fund proposal, will easily become the highest motorcycle rates in Canada. I strongly advocate that any increases in proposed rates to

account for Auto Fund financial shortfalls, beyond inflationary measures, should be applied using driving records, thus holding bad drivers accountable for their costs. In essence, bad drivers should pay more to cover their claims costs in the Province. Using driving records to determine vehicle insurance rates and rate changes are congruent with the philosophy in the 2011 Auto Fund annual report where *“all drivers are treated equally unless their driving record shows they are a greater risk for causing a collision”*. Basing massive rate increases on what a driver has for a vehicle, regardless of his driving record, is NOT congruent with the Auto Fund philosophy. There are also other considerations SGI can undertake to address the claims losses for the motorcycle class of vehicles, which are discussed in the Appendix.

To consolidate the earlier comments put forth, there is a basic responsibility for SGI, as a government organization, to keep insurance rates fair. The very philosophy of the Auto Fund embraces the concept of fairness by noting in the latest 2011 annual report that *“all drivers are treated equally unless their driving record shows they are a greater risk for causing a collision”*. So while preventing subsidization between vehicle classes may be a goal, it is only one of many goals that need to be considered and balanced amongst each other when setting vehicle insurance rates. When there is the lack of scale in an entire class of drivers (the motorcycle class drivers in this case) that results in very unfair proposed insurance rates (which are much much higher than neighbouring provinces), it is incumbent upon SGI and the Rate Review Panel to consider the broader interests and be fair and reasonable. The Panel is required in its terms of reference to take these additional considerations in recommending insurance rate changes. SGI need to put broader considerations of fairness and rate evaluation into the Auto Fund philosophies and components. It is shameful to see SGI ignore these basic perspectives and considerations with the proposed motorcycle rates.

I strongly advocate that the proposed motorcycle rate increases be rejected, and that motorcycle rate increases be changed to be congruent with rate increases for other drivers overall (1.03%) to prevent outright discrimination by the unequal treatment of certain drivers, which itself is explicitly prohibited in the Auto Fund philosophy. Shortcomings in motorcycle rates and subsidization of the motorcycle class should be addressed by making bad drivers pay notably more through their insurance rates. As my government representative in the Province of Saskatchewan, please bring these important issues forward on my behalf and work to effect these changes to the proposals. I look forward to continuing to support government parties that work towards consistent fairness for all residents of Saskatchewan.

With respect,

Peter Wivcharuk

Appendix – Detailed comments on the 2013 SGI Auto Fund Rate Proposal

In reviewing the current work of the Saskatchewan Rate Review Panel (the Panel) with regards to this proposed insurance rate increase on their website through March, I found the panel members information to be out of date. The majority of members listed as having their appointments expired at the end of 2012. <http://www.saskratereview.ca/>. This lack of basic panel information for three months is unacceptable.

SGI, in its original February motorcycle rate proposal, asked to increase motorcycle insurance rates at a much higher rate than other vehicles (<http://www.saskratereview.ca/images/docs/sgi-2013/saf-minimum-filing-requirements-proposal.pdf>). Such a disparate rate increase was scandalous, made more so by the magnitude of the proposed increase (an average of 73%). It was all the more shocking to see my own personal motorcycle insurance having a proposed base rate increase from \$1804 to \$4290, which represents an astounding 237% of my current insurance rate. The original February motorcycle rate increase proposal, and its defense by SGI employees including Mr. Cartmell, Mr. Thompson, and Donna Harpauer even though SGI has now revised it, has done considerable damage to motorcycle owners, businesses, and the province of Saskatchewan. The original proposal has led to fears of financial hardship and suffering for many owners who now believe these rates are coming in the future. Fears of these eventual proposed rates also have spin-off effects, such as lower motorcycle resale values, further affecting current motorcycle owners. Additionally there are negative effects and suffering for the motorcycle sales, service, and support industries, whose livelihoods depend upon a stable motorcycle industry. Here is another example where the proposed February rate increases have generated much negative comment in Ontario, with a remark from an individual who was looking to relocate to Saskatchewan for employment that he will no longer do so because of the proposed rate increase (<http://www.gtamotorcycle.com/vbforum/showthread.php?168052-Saskatchewan-proposed-rates>). Even the government goal of drawing people to the Province has been negatively impacted by the February SGI motorcycle rate proposal. The negative results have had ripple effects throughout the Saskatchewan economy.

The revised March 2013 Auto Fund Rate Proposal (<http://www.saskratereview.ca/images/docs/sgi-2013/sgi-auto-fund-2013-rate-proposal-revised-march.pdf>) notes that “*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”*

However, in the most recent SGI annual full report (2011), the following philosophy is explicitly stated: (http://www.sgi.sk.ca/pdf/annualreports/SGI_2011_Annual_Full.pdf)

“The Auto Fund’s philosophy is that all drivers are treated equally unless their driving record shows they are a greater risk for causing a collision. It does not use a driver’s

age, gender or where they live to determine a vehicle insurance premium or the fee for a driver's licence. It has successfully maintained this philosophy while offering Saskatchewan customers low rates, proving its merit."

It is disturbing to see that SGI in the revised March 2013 Auto Fund Rate Proposal, has completely ignored the 2011 Auto Fund philosophy statement; it is conspicuously absent from the report; as is its consideration. It appears that SGI is cherry picking philosophies, depending upon which report is published. This is unacceptable. Where is the consistency? Furthermore, the 2011 report philosophy conflicts with how SGI has interpreted the philosophies in the 2013 proposal. Specifically, in the 2013 report, SGI notes that they interpret the fairness in rating philosophical component *"by ensuring each class of vehicle is paying sufficient premium to cover its claim costs."* Essentially, SGI does not treat drivers equally, but charges them premiums based on what vehicle they drive. This is a direct conflict with the 2011 philosophy. SGI and the Auto Fund need to address these very important problems.

There are also other significant problems with how SGI has interpreted the three major philosophies found in Auto Fund in the 2013 March proposal, and there are issues in the proposal with how SGI is defining and employing the three components used in determining premium rates, which support the three major philosophies. Specifically, SGI has completely ignored interpreting the statement of *"insurance... that is... fair"* in the first philosophy. There is no overall discussion of fairness in the proposal. No guidelines, no evaluation parameters, and no metrics for overall fairness in the rate proposal. SGI has only very narrowly interpreted fairness in the second component, described as *"fairness in rating"*, to be the coverage of claims costs for each vehicle class. This is an extremely limited interpretation of *"fairness in rating"*, and no interpretation of overall fairness, which results in a lot of unfairness and inequity between drivers in different classes of vehicle. Such unfairness has come to fruition with the motorcycle class proposal. There is NO consideration of comparative or competitive insurance rates in other jurisdictions, or consideration of the negative effects that happen when a small numbers of vehicles in a class results in a lack of economies of scale and disparate rate changes. Additionally there is no consideration of overall fairness within vehicles classes and between vehicle classes. In fact, there is no consideration in this proposal of overall fairness in the insurance rates or rate changes. This is totally unacceptable. Some specific suggestions follow.

I strongly advocate that SGI in their rate proposal be reminded and directed to:

- consider all the philosophies and components listed to be of equal priority so that no single philosophy or component be permitted to completely overrule the other or others;
- define a much broader definition of *"fairness"* in the philosophies and components listed, such as considering reasonable insurance rates by applying consistent rules and rate changes between groups and by comparison of rates with other jurisdictions; and
- acknowledge that *"fairness"* includes the consideration that some vehicle classes may have inherent characteristics making class claims cost coverage very difficult or

impossible due to resulting unreasonable insurance rates (especially in comparison with other jurisdictions), and that some subsidization may be necessary and reasonably undertaken for certain vehicles classes (subsidization is a current operating practice wildlife collisions, young drivers, and old drivers and it is reasonable and consistent to use it as a consideration for motorcycle drivers, as another class of driver).

It was very disappointing to see SGI President and CEO Andrew Cartmell in news media describe motorcycles as recreational and optional in nature and such comments point to the biased approach SGI has taken in the proposed rate review. Don Thompson, an SGI vice president, further promotes this unacceptable bias in the press. See <http://www.leaderpost.com/proposes+rate+surcharge/7974362/story.html> and <http://www.thestarphoenix.com/cars/Crown+faces+backlash+over+increases/8000294/story.html>. These statements are discriminatory, unacceptable, and offensive to an entire class of drivers. There are residents in Saskatchewan who use motorcycles as primary transportation whenever possible due to parking efficiencies and fuel cost savings. What about Bentley, Ferrari, Lamborghini, and other sports cars in the province; why are they not classified as recreational vehicles since they are not primary vehicles nor used year round? What about classic vehicles and show vehicles? It is discriminatory and all drivers are NOT treated equally when SGI proposes that only a certain class of vehicles be changed to recreational, while other obviously recreational classes are ignored. Such unequal treatment is against the Auto Fund philosophy and is a slippery slope that should be avoided for many obvious reasons.

According to a recently published Saskatoon Star Phoenix article, as well as the 2013 Saskatchewan Auto Fund Rate Proposal, SGI has justified the proposed increase over the context that motorcycles are not paying enough to cover the costs of their at fault accident claims. <http://www.thestarphoenix.com/news/saskatchewan/proposescon+surcharge+insurance+rates/7972635/story.html>. Mr Cartmell further noted that *"it's pretty hard for us [SGI] to defend to other drivers why they should be subsidizing motorcyclists"*. Mr. Thompson in the earlier referenced article also gives a similar justification. These statements reflect a disturbing lack of basic Auto Fund knowledge by the CEO of the Corporation and senior managers. SGI already asks many drivers to subsidize other classes of drivers, and justifies it! SGI seems to have no problem defending the well-known fact that there are higher claims costs from young drivers and SGI currently uses all other Saskatchewan drivers to subsidize them. Donna Harpauer, the minister responsible for SGI, acknowledges that older drivers are subsidizing younger drivers in the Province, as noted here, <http://www.globalregina.com/despite+increases+government+says+public+insurance+still+the+way+to+go/6442812411/story.html>. This is because SGI is required to treat all drivers equally as per the Auto Fund philosophy. There is obvious precedent and current practice for insurance rate subsidization by drivers in the Province. To delve deeper into subsidization, the current relative rate of subsidization of motorcycles (as a class of driver) by other drivers in the Province is very low on a per vehicle registration basis and will be lower

than relative rate of subsidization of young drivers. Don Thompson, in the previous referenced article associated with him, has noted that the motorcycle driving class is losing over \$9 million. The actual cost of the subsidization of motorcycles as a class of driver is under \$11 to each vehicle registration in the province (based on 2010 data in the Saskatchewan Traffic Accident Facts report at http://www.sgi.sk.ca/pdf/tais/TAIS_2010_06.pdf). This represents a tiny amount, only 1.05% of the average \$1044 vehicle insurance rate in Saskatchewan (from the March 2013 SGI Auto Fund Rate Proposal). While the insurance rate subsidization for young drivers is currently unavailable on the internet, the 2010 Saskatchewan Traffic Accident Facts report notes that there were 6170 collisions in 2010 by drivers under 21, and over 10,000 collisions for drivers under 25. The number of collisions in 2010 for drivers under 21 in the Province, alone, is over 20 times higher in magnitude than the number of total motorcycle collisions (308). Even with lower claims costs on average per accident for young drivers, total costs cannot overcome the massive difference in the number of excess collisions. Therefore, the total claims costs by young drivers in the Province are much higher than motorcycles as a class of driver, and it results in notably higher costs of subsidization by other drivers. So if Donna Harpauer characterizes the subsidization of young drivers as "*in a small way*" (in the previous article), then motorcyclist are subsidized even less, and can be reasonably referred to as *in a very very small way*. Higher total claims costs for young drivers are consistently observed in all other provinces, where young drivers have much higher insurance rates than other drivers, including when compared to motorcyclists as a class of driver. SGI also subsidizes the costs of wildlife related collisions in the province to the amount of \$48 million dollars in 2010. These subsidization comparisons for various classes of drivers put the \$9 million subsidization of motorcycle drivers in the province into perspective. To repeat, the current rate of motorcycle subsidization in the province is very very small when compared to other classes of drivers and when compared to other types of SGI subsidization. The issues around subsidization, rates, and rate changes for young drivers and motorcyclists are similar, as well the issues around other accepted types of subsidization; it is illogical, insulting, and discriminatory to come to different conclusions on how to treat motorcyclists as a class of drivers compared to other classes of drivers.

Another example of disparate and inconsistent insurance rate changes between classes of vehicles and subsidization can be found in the SGI 2013 Auto Fund Rate Proposal referenced earlier. The report notes that "*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.*" However, instead of making that class of vehicles pay for its claims costs (as is proposed for motorcycles), SGI recommends no further change to the current rate, other than the proposed surcharge. This is yet another example of the scandalous nature from which SGI has cherry-picked and inconsistently applied its philosophies (quoted earlier) and goals to rate changes.

I observed in the 2013 Saskatchewan Rate Review Panel Terms of Reference regarding SGI's 2013 Auto Fund Rate Proposal application, located here <http://www.saskratereview.ca/images/docs/sgi-2013/signed-mo-and-t-of-r-.pdf>, that included in the Panel's terms of reference is "*consideration [for]... the interests of... [SGI's] customers, and the public*" and "*consistency with the Crown Corporation mandate [and] objectives.*" The Panel was to also consider "*the objective of ensuring stability and fairness in vehicle insurance rating such that each vehicle class pays sufficient premiums to cover its anticipated claim*". This last consideration has to be undertaken with great caution in the current rate review because of the potential for it to conflict with the first two considerations. I strongly advocate that the last consideration, as it has been applied to motorcyclist drivers in the SGI current rate proposal, is also in direct conflict with the 2011 Auto-Fund Policy philosophy (reference earlier), where "*all drivers are treated equally unless their driving record shows they are a greater risk for causing a collision.*" By applying the vehicle class objective of full claims coverage all the way down to a sub-sub-sub-sub-class of vehicles (motorcycles as a subset, the type of motorcycle as another subset, the engine size as another subset, and the year of motorcycle as another subset), which represents a miniscule amount of the overall vehicle registrations in the province, SGI is being considerably discriminatory and these actions conflict with first two considerations quoted. In 2010, the entire class of motorcycle and moped registrations in Saskatchewan represented less than 1.4% of the total vehicle registrations in the Province (http://www.sgi.sk.ca/pdf/tais/TAIS_2010_06.pdf). Furthermore, some of these sub-sub-sub-sub classes will likely have only tens of motorcycles in them for the entire province, which statistically, is a completely unreasonably small sample size from which to set insurance rates and rate changes upon. Such actions will result in what amounts to a small number drivers paying potentially high rates and high rate changes for a few claims by others in their miniscule vehicle sub-sub-sub-sub-class, rather than spreading out the claims costs to a larger population of drivers (vehicles) which will cushion drivers against large rate changes from small claims numbers. Other vehicle classes in the Province have the benefit of large sizes (leading to economies of scale) allowing class claims costs to be spread out over a large population of vehicles, thereby cushioning drivers against high rates. The vagaries of wild insurance rate swings are also in direct conflict with the interests of SGI customers and the public (which is explicitly listed as part of the Panel's mandate and considerations, described above). It is important that SGI and the Panel apply appropriate vehicle class rate premiums and rate changes only at high macro vehicle class levels so as to not discriminate against a small minority of vehicle sub-class owners in the Province by introducing unreasonable insurance rate changes and swings. A general vehicle sub-class should not have any significant difference in overall proposed rates or rate changes as compared to the overall vehicle class they are in. For example, all four door midsize sedans combined (a class of vehicle with a large number in the province) should have a similar rate or rate increase to the car vehicle class. Motorcycles as a class of vehicle are a very tiny fraction of the total vehicles in the Province and it is imprudent to further fragment them into more subclasses for insurance rates or rate changes. Motorcycle rate sand rate changes should be applied equally to all types of motorcycles.

Sport motorcycles have been subjected to a 46% rate increase in the last two years if the proposed March Auto Fund rates are accepted, and 61% since 2010 before even taking into account the compounding of the individual rate changes! This magnitude of a rate increase completely contradicts the operating principles of the SGI Auto Fund, where I note in the most recent 2011 annual report (referenced earlier) "*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.*" Are motorcyclists considered by SGI and the Government of Saskatchewan to be second class citizens not worthy of such consideration? Such proposals by SGI are insulting to me and many Saskatchewan citizens in the context of the operating principles outlined above.

If the Autofund seeks to have the motorcycle class pay its claims costs only by increasing motorcycle insurance rates for all, as observed in the February 2013 rate proposal, Saskatchewan motorcycle drivers will be subjected to some of the highest basic insurance rates in Canada, much much higher than neighbouring provinces. This is a complete reversal from the most recent 2011 SGI annual report noted earlier, where it is quoted:

"the Auto Fund continues to provide among the lowest average personal vehicle rates in Canada and remains focused to deliver on its vision to be a company where every customer, employee, owner and business partner across Canada is proud to do business and work with it."

My current motorcycle insurance rate is as high as each of my cars, one of which is three years newer than my motorcycle (and more than three times as much money to replace), the other of which is 8 years newer (and about six times as much money to replace). It is obvious there is already a premium put into current insurance rates for motorcycle ownership.

As noted earlier in the 2011 Auto Fund philosophy, "*drivers should be treated equally unless their driving record shows they are a greater risk for causing a collision.*" I strongly support this philosophy and ask you to make sure that SGI, the Auto Fund, and SGI respect it, by NOT discriminating against a class of driver (motorcyclists) and NOT permitting annual large rate increases, compared to other drivers. This philosophy should be in all rate proposals. According to this philosophy, it is a driving record which can be used to determine a vehicle insurance premium or rate increase. Therefore, any rate changes to account for higher Auto Fund costs (outside of normal inflationary accounting) should be applied directly to an individual's driving record, thus holding drivers more accountable for their records. People with poor driving records in the Province should pay much higher rates than they are currently being charged. Poor driving record insurance rates in other provinces can be 100% more than base rates, 200% more, or even larger. In Saskatchewan, it is only a maximum of 20%. The effect of much higher bad driver

rates will cover the costs of their claims as well as get some bad drivers off the road, removing their future claims from each vehicle class.

SGI could further address claims costs and decrease rate increases by permitting higher deductible options. Why has SGI completely ignored this option? SGI's highest deductible option of \$700 is extremely low compared to other provinces (e.g., Ontario). To better serve the interests of the public, SGI, and its customers (which is part of the Panel's terms of reference), higher deductible options should be permitted for motorcycles. I advocate it would be entirely reasonable to offer a \$3000 deductible for insurance.

SGI has already recently taken steps to decrease motorcycle accidents and claims. Graduated licensing for motorcycles was recently introduced in 2011. However, the beneficial effects on the Auto Fund will take some time to come to fruition. It is disappointing to see the massive SGI proposed rate increases, rather than waiting to see these steps SGI has made to affect the Auto Fund in a positive manner.

Of related interesting note, it appears SGI is impairing the promotion of motorcycle safety with very own policies on claims coverage. While the promotion of using appropriate riding gear is an important part of overall motorcycle safety, and is an important component in reducing claims costs, SGI appears to only cover the replacement of helmets in an insurance claim. No other safety equipment, such as jackets, gloves, boots, back protectors, riding pants, etc., are covered in the event of an accident. This policy is disincentive for people to use safety gear. SGI needs to change this policy and actively promote the use of appropriate riding gear.

In conclusion, I find the proposed motorcyclist insurance rate increases very disappointing. I strongly advocate that the proposed motorcycle rate increases be rejected, and that motorcycle rate increases be changed to be congruent with rate increases for drivers overall (1.03%) to prevent outright discrimination by the unequal treatment of certain drivers, which itself is explicitly prohibited in the philosophy of the 2011 Auto Fund report. The subsidization of a class of drivers already has precedent in SGI and is in current practice (e.g., young drivers, wildlife collisions). The very very low amount of subsidization of motorcycles (as a class of driver) in the Province compared to other types of driver subsidization (e.g., young drivers) demonstrates that there no justification to treat motorcyclists (as a class of driver) any differently from other classes of drivers. Current motorcycle insurance rates demonstrate that there is already a premium put onto the costs of motorcycle driver insurance. The proposed SGI motorcycle rate increase will have very damaging effects on motorcyclists as a class of driver, the motorcycle support industries in the province, and the economy. Therefore, in the broader context (which is part of the terms of reference that the Rate Review Panel must consider, as described earlier), the proposal is very much NOT in the interests of SGI customers or the general public. Any increases in proposed rates to account for Auto Fund financial shortfalls, beyond inflationary

measures, should be applied using driving records as the metric for insurance rate increases, thus holding drivers accountable for their driving records. Using driving records to determine vehicle insurance rates and rate changes is most fair and congruent with the Auto Fund philosophy. There are also other considerations SGI can undertake to address the claims losses for the motorcycle class of vehicles. It is extremely disappointing to see SGI ignoring its own Auto Fund mandates and philosophies with their 2013 rate proposal. And it is important to consider the broader context of such radical proposed rate increases along with the issue of keeping rates fair.