THE SASKATCHEWAN RATE REVIEW PANEL

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Transcript of Proceedings

of

A PUBLIC MEETING

held by the

Saskatchewan Rate Review Panel

at the Travelodge at

Saskatoon, Saskatchewan

on Monday, April 22, 2013

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SASKATCHEWAN RATE REVIEW PANEL MEMBERS:

Kathy Weber	- Chairperson
Bill Barzeele	- Vice-Chairperson
Daryl Hasein	- Member
Burl Adams	- Member
Lyle Walsh	- Member

SGI REPRESENTATIVES:

Andrew Cartmell	- President and CEO
Don Thompson	- Vice-President Product Management
Chris McCulloch	- Pricing and Reserving Manager for Auto Fund
Jeff Stepan	- CFO
Dr. Kwei Quaye	- AVP Traffic Safety Services
Lisa MacDonald, CSR	- Official Queen's Bench Court Reporter.

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(COMMENCED AT 7:34 P.M.)

THE CHAIRPERSON: Good evening, everyone. Good evening. Thanks for joining us this evening. The purpose of tonight's meeting is to review the application and to hear presentations regarding SGI's auto fund rate application. Your participation in the Saskatchewan Rate Review Panel's process is critical.

I'm pleased to advise that five members of the panel are here with us this evening. The panel members represent a geographic cross-section of the population of Saskatchewan. The members who are here this evening are Bill Barzeele, our vice-chair from Little Bear Lake, and he advises that there's even more snow there than there is here, so there's good things happening around us here; Daryl Hasein from Biggar; Burl Adams from Kelvington; and Lyle Walsh from Yorkton. And our administrator, Karina Seidle, is with us this evening as well, and she is from Saskatoon, and I am Kathy Weber, and I am the Chair of the Saskatchewan Rate Review Panel, and I'm also from Saskatoon.

The panel's mandate is to review rate applications that are brought before us and to provide a report to the Government of Saskatchewan which balance in this case the interests of SGI auto fund, its customers and the public. During the review process, the panel engages external expert consultants to provide us with a technical review of each application as well as an independent report.

To preserve its impartiality, the panel endeavors to use independent expert consultants from outside Saskatchewan. For the purpose of this review, the panel has engaged the services of two consultants. They are Brian Pelly from Toronto and Myron Kostelnyk from Winnipeg.

I would also like to introduce Lisa behind me. Lisa is with Royal Reporting, and she will be taking a verbatim transcript of tonight's meeting, and that will be placed on our website as soon as possible.

I would like to speak briefly about the public consultation portion of the panel's review process. One of the highest priorities of the panel during the rate review process is to provide a voice to the public. In addition to meetings such as this one and the one that we held in Regina on April 9th, the panel hears directly from the province's citizens through mail, email, and by phone. Recently the panel has added Facebook and Twitter to the methods we use to communicate with public.

Your participation and feedback at meetings such as this are integral to our review process. You can be confident that the members of the Rate Review Panel are listening to you and are taking their responsibility very seriously with respect to the importance of this application to the people of Saskatchewan.

The panel through its review process is attempting to be as open as possible. If you wish, you can check our website, saskratereview.ca, and you'll find a copy of both of SGI's applications under this review, plus additional information that we have obtained during he course of the review.

Now I would like to direct

my comments to the process that we'll follow this evening. First, I would like to say that we appreciate your assistance in ensuring that the tone of this meeting remains respectful to everyone participating tonight.

The presentation portion of our meeting will begin with an overview from SGI with respect to their application as well as some specific issues that have arisen during this review. I will then call upon anyone representing an organization who has indicated that they are wishing to make a presentation to the panel this evening. Following that we will call upon individuals who have indicated they would like to make a presentation to the panel. This will be followed by anyone who wishes to ask general questions.

I would ask that anyone who is making a presentation to the panel if they would come forward to this microphone, identify yourself and as a courtesy to Royal Reporting, we would ask that you please spell your name. Also, if you're representing an organization, we would ask that you identify that organization. We would also ask that you speak directly into the microphone to ensure that we can hear you, but also to ensure that Royal Reporting is able to obtain all of the information that you're either asking or providing.

The panel is very pleased that SGI accepted the panel's invitation to make a presentation at tonight's meeting. There are a number of senior management attending including the president, Andrew Cartmell, and vice-president of product management, Don Thompson. Andrew and Don will be leading the presentation by SGI, and a number of others will be available to respond to questions should they arise. I think it's important to note that the SGI team are not just here to make their presentation, but the president has indicated to me that he and his team are very interested in listening to your comments this evening.

I will now call on Andrew Cartmell to begin the presentation on the rate application that is currently before the Saskatchewan Rate Review panel.

ANDREW CARTMELL: Thank you, Kathy.

Can you hear me at the back? It's on? Okay.

My name is Andrew Cartmell, and I'm the president and CEO of SGI. Just very quickly, in front of me, directly in front of me, is Chris McCulloch. He's a manager in the auto fund for pricing. Beside him is Don Thompson, our vp of product management. Beside Don is Jeff Stepan, our chief financial officer, and beside Jeff is Dr. Kwei Quaye; he is an AVP of traffic safety services for the auto fund.

This evening I'll just do a very quick overview of the auto fund and some of the issues that have arisen, and Don Thompson will take you through the actual rate proposal.

The rate proposal that we do have before the panel at a high level is an overall general revenue increase of 2.27 percent effective August the 31st, 2013. It does increase -- include increases for about 63 percent of Saskatchewan vehicles will average annual increases of about $35. There are decreases for about 35 percent of Saskatchewan vehicles with an average annual reduction of $21 and no premium change for about 14,000 Saskatchewan vehicles.

The rate proposal of 2.27 percent is actually made up of two parts. The first part is an overall 1.03 percent rate increase. This is what the auto fund requires to cover costs, and due to rate rebalancing, some rates are going up, some down, and some will stay the same, as I just indicated.

In addition to the 1.03 percent rate increase, we are also asking for a 1.23 percent rate stabilization reserve surcharge. This is to bolster the capital funds within the auto fund and bring it up to a minimum level over the next three years. That surcharge is applied equally to everyone on top of their rebalanced rate, and Don will go into a lot more detail with those -- the actual program.

On to SGI's corporate structure, Saskatchewan Government Insurance is actually made of up two distinct operations. We are the administrator for the

Saskatchewan auto fund on behalf of the province. In addition to that we run a competitive property/casualty insurance company known as SGI Canada. You may have heard recently in the news that SGI Canada made a profit of $82 million in 2012. The province does have capital invested in SGI Canada, and they do expect a return on that investment, so SGI Canada does try to make a profit, and last year we were successful in making a profit of $82 million.

The auto fund, however, is intended to break even. It's not intended to make a profit or a loss. Last year in 2012 the auto fund incurred about an 11-million-dollar loss. That's an 11-million-dollar loss on premium volume of about $800 million, so that's fairly close to break even.

In terms of the customer base for the auto fund, there are over 1.1 million registered vehicles and trailers in the Province of Saskatchewan. It increased 80,000 over the course of the year. 762,000 drivers with driver's licenses and related services, that increased 26,000 over the year, and the auto fund sees approximately 100,000 damage claims and 5,500 injury claims in a given year.

On to the mandate for the auto fund. As I said, it operates as a public fund for Saskatchewan motorists. The province does not have any capital invested in the auto fund, and the auto fund does not pay a dividend back to the province. It does not receive any funds from government. There is one fund, the auto fund. We all contribute to it, regardless of the vehicle that we drive, and the pool of funds that are collected are intended to pay claims and the overhead administrative costs of the auto fund. It does need to be self-sustaining, it doesn't receive money from government, and we do try to operate it on a break-even basis over time. So that does mean the auto fund needs to collect enough revenue each year through premiums. It needs to have a prudent investment strategy to supplement the premiums that we collect. We need to manage our expenses wisely in order that we can pay the claims costs that our customers that are entitled to.

In terms of our expenses, the auto fund expense ratio -- its administrative expense ratio is 6.7 percent of premiums, so 6.7 cents of every premium dollar collected go into administration of the auto fund. That compares very favourably in the insurance industry. In our industry the average overhead cost or administrative cost is 13.8 percent, so 13.8 cents of very premium dollar go into administrative costs, so the auto fund is about twice as efficient as regular insurance companies.

The operating philosophies of the auto fund are essentially three. The first is to provide basic auto insurance that's universal and fair. Insurance by its very nature is a pooling mechanism. The premiums of the many pay for the losses of the few. But within that, fairness means that the premiums we charge should be reasonably reflective of the risk an individual or a vehicle type presents to the auto fund.

We try to fairly rate

vehicle classes based on their loss experience. That is the key driver within the auto fund. The loss experience is driven by the number of claims and the cost of those claims for each different type of vehicle class. That principle is followed across all jurisdictions in Canada and the United States, and for the most part, it works very, very well. In Saskatchewan, however, we have two vehicle classes where there's a significant gap between the premium collected and claims that are paid out, and, as many of you know, those two classes would be small city taxis and motorcycles.

Our third operating philosophy is to try and keep rates as low as possible while providing the benefits that our customers are entitled to. We do benchmark ourselves against other jurisdictions, so, for example, our rates -- our rates do compare favourably to the Province of Manitoba's rates, and the reason we compare ourselves to Manitoba is that it is a province of very similar geography to Saskatchewan, and its auto insurance coverage benefit levels are also very similar to those in Saskatchewan.

In the auto coverage that you receive is defined in the *The Automobile Insurance Act* or AAIA. It consists of three parts. The first part are personal injury benefits. All drivers or vehicle owners in Saskatchewan have the option of choosing a tort product or a no-fault product for their personal injury benefits.

In addition to that, you receive third-party liability coverage, so this would be for bodily injury costs over and above what the injury benefit system would pay and also your liability if you're at fault in an accident if you damage someone else's property. That's known as property damage.

We also provide physical damage coverage to vehicles that are insured through the auto fund.

There are a number of current initiatives underway that are separate from this particular rate panel hearing. This slide shows what the four of them are. From last year's hearing, we heard a number of presentations from individuals with respect to the safe driver recognition program and the business recognition program, and I'll touch on those two in a minute.

In addition to that, the province recently set up a special committee on traffic safety, in addition to that there currently is a motorcycle coverage review underway, again, as asked for by the province.

So just briefly, with respect to the safe driver recognition program, this is the program that rewards drivers with good records with a discount on their vehicle insurance. The reason for that, of course, is to encourage drivers to be safer on the roads and to help match premium to risk. The current maximum discount is 20 percent. The maximum penalty you can incur is $2,500.

We embarked on a public consultation of this program last fall. We received quite a number of responses from the public. The program itself, for the most part, was seen to be working fairly well, but we did receive a number of recommendations from the public which include the need for perhaps considering higher discounts for good drivers.

And also we received a number of comments with respect to the Highway Traffic Board. The Highway Traffic Board is an arbiter that can rule with respect to at-fault accidents. They would like the ability to vary the number of safety rating points that are assigned on at-fault accidents based on individual circumstances.

In 2012 the safe driver recognition program refunded or provided discounts of just a little over $100 million, which was about 11 percent of premium written, and charged surcharges of about $11 million as a penalty.

The business recognition program is the exact same thing, but for commercial vehicles. In this program businesses that maintain safe driving records for their fleet of vehicles get discounts of up to 10 percent. Again, we also worked on a public consultation. There are some enhancements to the program that we're currently reviewing, and they include treating companies and individuals equally, providing a fairer balance between discounts and surcharges, and a number of the businesses would like access to timelier driver abstract information through MySGI, and those we're currently working on in terms of pricing and coming up with program additions. In 2012 that program provide $8 million worth of discounts, $2 million worth of surcharges.

Traffic safety. The Legislative Assembly appointed a special committee on traffic safety with a special emphasis on impaired driving, distracted driving, excessive speed, intersection safety, wildlife collisions and education and awareness. The reason for that is Saskatchewan has high accident frequency for injuries and fatalities relative to other provinces in Canada.

Recently other provinces have seen significant improvements, particularly in fatality rates, but also in injury rates. Unfortunately in Saskatchewan we ave not seen those types of improvements, and it's our hope that this committee will come up with recommendations that will help us embark on a more robust traffic safety program within the Province of Saskatchewan to reduce the number of injuries and fatalities on our roads.

Motorcycles. As everyone knows, SGI submitted a motorcycle program that was uncapped. The government then directed us to resubmit that program with caps, and that is the filing that is before the Rate Review Panel here today. In addition to that, we were asked by government to set up a motorcycle review, a consultation process, and I'll touch on that in a minute.

Just for everyone's reference, it is our expectation that the recommendations that come from that committee need to go through government for their support and approval. Once that happens, depending on whether it requires legislation or regulation change, those changes will be embarked upon. If everything goes really well, we're hopeful that there might be changes involved in the 2014 motorcycle riding season. It is not possible that those recommendations can be implemented in time for this year's season. It's possible that it will be later than the 2014 motorcycle season, depending on the extent of the changes that are recommended and the extent of legislation and regulation change required.

In addition to that, we are also doing an awareness campaign, something we do every spring. It's aimed at both motorcycle riders and other drivers, and the intention there, of course, is to make everyone more aware and be safer on our roads.

For reference, Saskatchewan does have motorcycle graduated driver's licensing. It was implemented in June 2011. It is a three-year graduated licensing program. We are not all the way through the first cycle of that program, so we don't have any statistics to report yet as to how well it is working. We are hopeful, however, that it will reduce injuries and fatalities amoung new riders; however, it is too soon to say.

Some of the possible safety enhancements that can be added to that program include things such as supervising drivers, limits on engine size and power, zero blood alcohol content for those in the program, rider training and safety gear.

The one other comment I would like to make with respect to this is that back in 2011 when we implemented motorcycle graduated driver's licensing, at that time we did have an initiative that was intended to bring mandatory training to Saskatchewan for motorcycle riders. Unfortunately we could not get support from all the stakeholders that we required to move forward, nor could we get training capacity across the province in order to implement that program. We're not adverse to it, by any means, we think it has lots of merit, but we're going to need significant support from all stakeholders in order to move forward with that particular program. In fact, we'll need significant support to move forward on any of these safety initiatives.

There's been a lot of talk about what's driving motorcycle costs within Saskatchewan, and this particular slide shows that the issue is injury claims costs. This slide shows that 73 percent of all dollars spent on motorcycle claims are for injury claims. That's dramatically more than for those in private passenger vehicles, in that case it's less than 25 percent, so injuries are the issue with respect to motorcycle claims costs.

The next slide shows you a breakdown of where those injury claim costs go. For the benefit of those at the back, I'll just take a moment and go through this. Medical funding accounts for 6 percent of the total injury claims costs. Medical funding includes things such as the healthcare levy that we pay to Saskatchewan Healthcare in order to pay for injured motorcyclists. It also includes funding for the acquired brain injury program and tertiary treatment centres.

We also pay out 5 percent of injury benefits into care benefits, so those would be long-term care benefits for those catastrophically-injured motorcyclists. We pay 8 percent out on permanent impairment benefits. We pay 11 percent out on medical expenses above the funding, so that would be for things such as physio, chiro and occupational therapist services, which are used in order to help that injured driver or rider get back to their pre-accident condition as quickly as possible. 15 percent of claims costs go into death benefits. The majority, however, goes into income replacement benefits, and that's 55 percent, so that is funding provided to injured motorcyclists for replacing their income while they're recovering from their injuries.

This particular slide shows a comparison to all vehicles. The difference between motorcyclists and all vehicles, it's the ratio of injury claims to collision claims. Basically what it shows is this, is that for all vehicles combined, 10 percent of all accidents involve injuries. So out of every accident on the highway, about ten percent of them will involve injuries. Unfortunately for motorcycle, it's 40 percent or four times higher, perhaps not surprisingly because motorcyclists don't have a lot to protect them in terms of the accidents.

In addition to that, the

average injury claim across all vehicle types in today's dollars is just under $30,000. Unfortunately for motorcycles it's upwards of $141,000, so an average injury that we pay out in terms of motorcycle injury benefits is $141,000. That would be made up of income replacement, death benefits, medical, permanent impairment, long-term care, all those costs, so that's five times higher than it is for all other vehicles combined, again, perhaps not surprising because motorcyclists don't have a lot of protection around then.

The next couple of slides are intended to update the people in this room with respect to some of the concerns raised by people attending the Regina meeting on April the 9th. We heard a fair bit about at-fault accidents and what happens to those claims costs, so just for clarification, for all vehicle classes, claims costs are transferred to the at-fault vehicle. That includes motorcyclists. If there is evidence available that we can transfer the claims costs to another vehicle, we do that. We do need to have some sort of verifiable evidence. We require that across all different vehicle types.

The other aspect of this is that at-fault isn't something that we make up as an organization. SGI follows charts that are known as the fault chats. All insurance companies operating in all jurisdictions across Canada have agreed to follow what are known as fault charts. The fault charts are available on our website. It shows you graphically in a number of different instances how fault is determined and who is at fault in an accident, and so when an accident happens in Saskatchewan, we try through evidence and understanding of the situation to reconstruct the position of the vehicles, and from that determine who would be at fault and who wasn't at fault.

Evidence is crucial in accidents. We heard a lot from the meeting in Regina that with respect to motorcyclists that there are a number of times when the motorcycle has to swerve to avoid a car or a vehicle that doesn't see them. There was a question that arose that if a motorcyclist had a camera mounted on their bike, would that provide enough evidence, and the answer to that is absolutely. If that video shows evidence of another vehicle cutting off a motorcyclist that then takes off, we can use that to transfer that claim out of the motorcycle pool into the general pool, and we are more than happy to do that.

The second thing that came out is in Saskatchewan we have no-fault benefits, but we do have fault-based rating. No-fault benefits were designed to provide a sweet of benefits that should cover you throughout your lifetime of riding a motorcycle or driving a car or being a pedestrian.

There were some concerns in Regina, and a retired gentleman came up to me afterwards and said I don't know why I have to pay for income replacement benefits because I'm retired. That's a fair question. I think the answer to that is, is that the suite of benefits that are available through no-fault are intended to cover you throughout your lifetime as a driver or a rider or a pedestrian.

There are times when you are driving that you do need income replacement benefits. Unfortunately there's a time you may need death benefits. There might be a time when you need more medical care than other times or more rehabilitation care. The simple -- the system we have here in Saskatchewan is designed to cover you without you having to look at selecting different benefits each and every year based on your particular needs. There are trade-offs with respect to that, but assuming you -- assuming you drive in Saskatchewan for the vast majority of your lifetime, the benefits structure is designed to look after you without you having to worry about it. That's the system we have across the province.

Another good example of that is, is that, generally speaking, younger individuals tend to recover from injuries faster than older individuals. We don't differentiate the price you pay for your medical coverage based on your age in Saskatchewan. We don't differentiate the fact that if you're an older individual, it might take you a lot longer and require a lot more care to recover from an accident. That's the way the system works today.

Premium does follow the risk, however, so you're eligible for no-fault benefits regardless of fault, but we do charge premiums that are intended to be reflective of risk. So, for example, new drivers have to earn discounts through safe driving. That's the experience portion of the safe driving recognition program. If you have a history of at-fault accidents or speeding convictions or other driving infractions, you will pay a higher rate. The intention of that is to match premium to risk and to try and reward those drivers that are safer on the roads, so we do have fault-based rating in Saskatchewan.

The next issue that came up, there's an awful lot of research out there with respect to motorcycles and what's causing accidents and who's at fault for those particular accidents. There was a very good summary done by Oxford University in 2004 that wasn't new research, but basically it was a summary of all available research done around the world at the time. It also included a lot of detail from the 1981 Hurt Report, which was a Southern California motorcycle study.

So some of the key issues that we talked about in Regina were how often are motorcyclists at fault for an accident. The Oxford University review summarized all these studies that have been done, and basically they came up with this general consensus: 75 percent of the accidents that motorcycles are involved in are multi-vehicle accidents, and 25 percent of them are single-vehicle accidents, so the motorcycle alone in the accident. Of the 75 percent that's a multi-vehicle situation, motorcyclists are only at fault one-third of the time. The big issue there is usually the other vehicle doesn't see the motorcycle; that's usually what it is.

However, on the single-vehicle accident, motorcyclists have been determined to be at fault two-thirds of the time. So if you do the math on that, basically three-quarters times one-third is

3-12ths and two-thirds times one-quarter is 2-12ths, so if you add that up, motorcyclists, according to these studies, are at fault about 5-12ths of the time, which is about 42 percent.

Our experience here in Saskatchewan is similar, but a little bit different. We have found through our own experience that motorcyclists are at fault about 52 percent of the time. We have analyzed it based on multi-vehicle versus single-vehicle. The biggest difference in Saskatchewan is that the 75/25 are almost reversed in Saskatchewan. 38 percent of the accidents in Saskatchewan involving motorcyclists are multi-vehicle, and 62 percent of them are single-vehicle accidents. The at-fault percentages in both are about the same, so the one-third of the time involving multi-vehicles holds true in Saskatchewan, and the two-thirds of the time involved in single-vehicle accidents also holds true in Saskatchewan.

So you might wonder why, why is there a difference? Why would there be more single-vehicle accidents in Saskatchewan? I haven't seen any stats that would define exactly what that would be. Looking at the studies and the research done and talking with our AVP of traffic safety services, the -- most of the studies done, the California study with Southern California, Southern California has much higher traffic density than Saskatchewan. Many of the other -- other studies done were European studies. Europe has a lot higher traffic density than Saskatchewan. So where you have higher traffic densities, I would think there's a much higher likelihood other vehicles are going to be involved, and motorcyclists aren't going to be seen because there's so many other vehicles on the road.

Conversely, road quality is another big determining factor of how many motorcycle accidents there are. We know that Saskatchewan roads have potholes, are uneven, the grid roads, gravel, it's a big cause of motorcycle accidents in Saskatchewan. That's our experience.

And my last slide -- or

second-last slide, there is also a little bit of confusion with respect to comparisons of motorcycle rates in Saskatchewan and in other provinces. One thing I don't think we did a very good job of explaining is that in Saskatchewan we don't have seasonally-adjusted motorcycle rates. Other provinces do. When you go to Alberta or Manitoba and you buy an annual motorcycle premium, it is based on the fact that you're likely riding that bike for five, six or seven months of the year.

In Saskatchewan our annual premium assumes 12 months of riding, which most of the time isn't true, unless you take your bike south and spend the winter driving around the southern United States. In fact, only 15 percent of riders in Saskatchewan actually buy an annual policy. Everyone else adds coverage in the spring, intends to remove it in the fall. So as a result of that, if you do want to compare rates to Manitoba, Ontario or Alberta, I'd suggest you take our Saskatchewan rate and take 5, 6 or 7-12ths of it, depending on how long you insure your bike for. That would be a fair comparison.

The other big difference between Saskatchewan and other provinces is the level of injury coverage. Manitoba has a no-fault system similar to ours, and their rates would be similar. In fact, their rates today for motorcyclists on a seasonal adjusted basis are higher than they are for us here in Saskatchewan. In Alberta they're comparable to us, and it's because they have a tort-based system in Alberta. You have to be not at fault and sue an identifiable driver in order to get a significant amount of injury benefits in Alberta. They do have minimal no-fault benefits, but nothing compared to what we have in Saskatchewan, different system.

Appropriate? Secondly, what more can we do with respect to motorcycle safety programming? And, thirdly, are there other alternatives with respect to injury benefit levels, and are there some different approaches that we might look at that -- in terms of that in order to contain claims costs.

And my last slide is just, very briefly, the motorcycle review that's coming up. We had a number of questions with respect to this. We are going to be holding consultation with a number of different stakeholders, motorcycle stakeholders.

We do have a set committee, and just for your reference, the committee includes a motorcycle dealer; two motorcycle driver trainers; an insurance broker; a motorcycle enthusiast; a healthcare professional; a member from R.A.G.E.; a member from the Saskatchewan Power Sport Dealers Association and a member from the Saskatchewan Dual Sports Club, so we are trying to get a broad cross-section of users in terms of motorcycle dealers, those that sell them; a healthcare expert, so someone who's got information with respect to injuries in that aspect of it as well as trainers who are aware of how we might go about doing mandatory training; and an insurance broker who is a professional in terms of assessing risk and who should have a good understanding of the concerns of Saskatchewan consumers.

There are three components that we're going to be reviewing. Certainly we've been asked to review the current rating structure with respect to motorcycles. And, honestly, we could be misclassifying some sport bikes not as sport bikes or whatever, so we're more than happy to look at that aspect in that approach.

Secondly, motorcycle safety programming, we do think motorcycle safety programming can make a big difference in terms of the number of injuries and fatalities on Saskatchewan roads.

And, lastly, we have been asked to look at the injury benefit levels themselves because injury costs are what is driving motorcycle insurance rats in Saskatchewan.

I would encourage all of you, any of you, to send your comments to the website or the email address we have up on the screen. It is our intention to meet with this committee, come up with some recommendations or some general areas of consensus, go back to the general public with respect to what the consensus is, invite feedback on that, take all that information, submit it to government for their review and consideration. Based on the direction we see from government, we then move forward with change. We're hoping to go to the government early this fall with respect to what the consensus is and be able to provide that information to them so that then we can move forward with whatever changes are required.

That's the end of my piece, and I would now like to call on Don Thompson to take you through the rate program in a bit more detail. Thank you.

DON THOMPSON: Okay, first thing I'll go over is a bit of a financial overview of the financial position of the auto fund. The first slide here is the last five years of profit and loss for the auto fund. You can see 2008, 2009 we had in the neighbourhood of 40-million-dollar losses each year, made that back in 2010 with about a 90-million-dollar profit, 2011 a really large loss of $143 million due to a number of reasons, significant summer storms that year, some reserve strengthening we had to do on our claims reserves and poor equity returns. 2012 we saw a pretty good bounceback, as Andrew indicated, and had a small loss of about $11 million.

So that's our financial operating results the last five years, and the next slide talks about what that's done to our financial capacity or ability to absorb losses, and that's in the form of our rate stabilization reserve, which for other companies would be our retained earnings or the cumulative profit or loss in the auto fund at these points in time. So, as Andrew said, the auto fund doesn't pay a profit or a dividend to the government or get any money back, so all the profit or loss since the inception of the auto fund sits in this rate stabilization reserve, and you can see it's been drawn down the last few years with the losses that we've had, and at the end of 2012 we're sitting at about $127 million, and I'll talk a bit more about that coming up.

The last slide on the financial overview is just a breakdown of all of our costs in the auto fund, and you can see the vast majority is our claims costs at a little over 83 percent. The 4.2 percent is the cost for our independent license issuers to issue licenses and insurance for all the auto fund customers. 4.3 percent goes to premium taxes which are collected and remitted to the general revenue fund. Our administrative costs at 5.8 percent and that traffic safety program that the auto fund is asked to administer on behalf of the province are 2.5 percent.

I'll now talk a bit about the auto fund rate program, and when we look at a rate program for the auto fund, there's three components that we consider when we're looking at what we need to do with rates. Aside from the work we do on traffic safety to try and reduce the number of accidents, when we look at a rate program, we look at three things, are we collecting adequate premium to break even, because we're trying to break even the auto fund. We're not trying to make a profit, we're trying to break even, so are we collecting enough premium to break even.

Second point is rate rebalancing amoung rate classes with the auto fund, each class is expected to pay its claims and expenses, and, lastly, do we have enough capital in the form of our rate stabilization reserve to avoid -- to be able to avoid a loss in one year and not have to come back with large rate increases.

So I'll talk about each -- those three components. The first one is determining adequate premium. The challenge for us as an insurance company is trying to predict what our claim costs and even what our premiums are going to be for that rating year.

In our industry it's a little more challenging maybe than some others in that we don't know what our claim costs are going to be.

We look at long-term averages to try and predict them, but there's a lot of variability. A good example is our storm claims, I'll just speak to the last four years of storm claims, and so when we're trying to set premium, we need to collect enough from everybody to pay for those storms.

In 2009 it was light a storm year; it only represented .1 percent of our whole premium. The next year, 2010, it was 4 percent, 2011 was 7 percent, and 2012 was 2 percent. So when trying to set the rate, what do we use, do we use a 7, do we use a .1? We try and look at long-term averages, but we know that we will be wrong on that estimate.

And there is many others within there, what the winter driving conditions are going to be like, what the summer driving conditions are going to be like, what type of wage inflation we're going to see in the province for income replacement benefit levels and even what are investment returns going to be like?

So we're trying to do our best job of forecasting those into the future, and so how do we do that? At a high level, really what we do is we look at trying to estimate all the income we're going to get from our premiums, how many vehicles we're going to have in the auto fund in a given year, what type of vehicles we're going to have, what we're going to get from our other sources of income like investment earnings, financing fees, and then the big estimate on what our claim costs are going to be and operating costs.

So when we look at all those, if we're going to collect more revenue than expense, we can have a rate decrease. If the reverse is true where we're not collecting enough revenue to meet our costs, we need a rate increase. In this situation this year what we're going forward for is a rate increase, and I'll talk a bit more about that.

So what we're looking for in the auto fund this year for enough revenue to break even is a 1.03 percent increase in order to break even, and there's really three components that are causing us to need to raise rates. The first is declining bond yields will result in lower investment income for us, the second component is injury costs continue to rise in the auto fund due to rising wages in the province, and, lastly, higher costs for parts used in collision repairs.

So this first slide shows you the universe bond index yields, and you can see them -- as you would know with your mortgages and things like that, interest rates continue to come down. And why is that so impactful (ph) for us? So in a given rating year the auto fund will collect about $800 million in premium revenue. A portion of that cash that we collect for those premiums will be used to pay out our immediate expenses, immediate expenses like our operating costs, some of our damage claims will be paid out right away. Another chunk -- a portion of that $800 million gets set aside and invested to pay out our claims that get paid out over longer terms like our injury claims. So that money is invested, and it's going to be invested at lower bond yields than it has in the past.

And so why do we just invest in bonds? We don't just invest in bonds, but the primary investment asset for us is bonds because as an insurance company we are required to invest a large portion of our investment portfolio in bonds because those are being used to ultimately pay for claims costs that have yet to be paid out.

So our investment forecast

is forecasting a decline of about .55 percent. Each one-point decline in that bond yield is equivalent to 1.6 percent on rate, so that impact of the -- that decline in bond yields is almost .8 percent on our rates.

The next slide shows our income replacement benefits and the average costs per claim since 2003, and you can see really since 2005 when they were under 40,000 they have more than doubled in that timeframe. The average compound increase has been over 10 percent, and that's -- a good portion of that is, as we've seen, Saskatchewan becoming more affluent. When people are hurt and off work, they're getting higher income replacement benefits because they're making more money.

So the next component of a rate program for the auto fund that I talk about is rate rebalancing. So the first component is looking at what overall rate do we need, and the next component is going and looking at each class that we have in the auto fund and really doing the same thing: Is each class paying enough revenue to cover their costs and expenses? And so within our rate structure we have different classes of vehicles that are put together based on the exposure to risk and that each of those groups have.

We have really two main components. We have about 30 rate groups, the biggest one being a CLEAR rate -- the CLEAR-rated vehicles. CLEAR stands for the Canadian Loss Experience Automobile Rating System. It's used by all insurance companies in Canada. It's a national database of insurance-related claim costs that are sent and -- put together and sent back to the insurance companies to classify private-passenger vehicles within different groups, really representing different costs that each one of those groups will have.

The next group that we have is conventional vehicles, and there's about 25 to 30 of those conventional vehicles, and within each conventional class rates are varied depending on the rating factors of that group. So examples of different classes that we have in conventional vehicles are motorcycles, taxis, motor homes, commercial vehicles, and so those are also rated based on the costs that the incur.

So when we put those groups together, as Andrew talked about, the costs for all different components of claims costs that we incur, the no-fault injury benefits, the liability benefits, the damage costs, all go back to each class based on the vehicle that caused the accident, the vehicle that was at fault. Each -- and then within that, each class of vehicle is expected to cover their costs, and if they're not, they would be getting a rate increase, and if they're paying too much, they would be getting a decrease. And so with this program, as Andrew talked about, 63 percent of vehicles will be getting an increase, and 35 percent will be getting a decrease, and the remainder would not see a change.

And so when we do that work, some rate groups need -- can need significant rate increase. We try and look at long-term averages to try and smooth those, but some groups will need larger rate increases than others, and so we've put a rate capping process in place to try and avoid significant rate shock for rate groups. And so this is the capping program we've had in place for the last two years, and it's based on what your current annual premium is, and that's how the caps would apply.

So I'm going to go through some examples of this in a little bit, but if you don't quit -- if you don't need that much rate increase, you would get less of a cap. If you need more than that, you would be capped at those amounts, and I'll walk through examples of that in a bit.

The last component of a rate program is the capital component for the auto fund. So as an insurance company, we need to operate with a certain level of capital to avoid coming back with significant rate increases after a loss.

So that rate stabilization reserve graph that I showed you acts like our savings account in the auto fund to protect us from bad years. And it certainly worked in 2011 where you saw we had that 143-million-dollar loss. If we had had -- if we did not have that rate stabilization reserve in place, the $270 million we had before that loss -- if we had no amount sitting in there, we would have had a 143-million-dollar loss, and we would have had to come forward with approximately a 20 percent rate increase to recover from that loss. So that's how the rate stabilization reserve cushions the auto fund from significant losses or significant rate need going forward.

So how do we measure how much money we need in that rate stabilization reserve? So we use an industry standard measurement for capital for insurance companies, which is called the minimum capital test, and it ensures that companies have adequate funds to pay future claims. And our measurement or our target for the auto fund is to have a 12-month average minimum capital test of between 75 to 150 percent.

So the RSR has dropped below that required level, and so we're asking for a surcharge to bring the RSR to the minimum-required level within three years.

The surcharge would be in place for three full years, and after that time if we're back to our minimum level, it would be -- it would be taken out of our rates. And so this graph just shows you the red lines or the top and the bottom level of the range that we want to be in, and you can see we're currently outside that target range, and that's why we're going forward for the 1.23 percent RSR surcharge.

So the next few slides I'm going to go through is just to explain to you how the cap increases work with our rate program. So this is just an example of a 1999 GMC Suburban. You can see that our current rate is $956, so it's between 751 and $1,000. The required rate to cover their cost is 1,195, so they need a 25 percent increase. So because they're between 750 and 1,000, we would apply that 150-dollar cap, so they would go up to $1,106, and then the RSR surcharge would be applied at 1.23 percent on top of that rate to bring them to 1,120, and that is a 17 percent overall increase.

The next example is a power unit pulling a semitrailer. Their current rate in this example is $1,130. Their required rate to cover costs -- their costs is 1,354, which is a 20 percent increase. Because their annual premium is over a thousand, they would get that 15 percent cap, and they would go to 1,299, and then we'd apply the surcharge, and they would go to 1,315 for an overall increase of 16 percent.

The caps work the same whether you need to go up or down, and so this example is a vehicle that needs to go down, and their current rate is $810, the required rate is 599, and so they need a 26 percent decrease. So they would get -- because their rate is between the 750 and 1,000, they would get a 150-dollar decrease and go down to 660, they would go back up to pay the RSR surcharge. Every vehicle pays that 1.23 percent surcharge on top of their capped rate.

This last -- this example is our ten most popular vehicles in the auto fund and what is happening to them. You can see here in the far right column is the annual change that these groups would face. The largest increase amoung our ten most popular is a 2010 Dodge Caravan, which would be going up $72 per year or about $6 a month, and the largest decreases are two vehicles that are going down $25 a year, so about $2 a month, a 2008 Ford Escape and a 2001 Ford Taurus.

As with our last several rate programs in the auto fund, for those vehicles that are going down, to avoid people wanting to come in and cancel and getting a refund on the unexpired portion of their policy for the reduced rate, we will be mailing out cheques for those -- for those differences, so people don't have to come in and cancel. So those will be sent out automatically, and vehicle owners don't need to do anything.

The last slide is our commitment to low rates in the auto fund. The black line is the Saskatchewan -- compound effect of Saskatchewan CPI. You can see it's gone up over 37 percent since 1998. In the blue line is the average auto fund increases or increases in revenue we've taken since that same time period, which is around 7 percent.

And that concludes our

presentation.

THE CHAIRPERSON: Thank you, Andrew and Don.

We will now begin hearing presentations to the panel from people representing organizations. The first presentation is by Troy Larmer, representing United Group, and just a reminder to please spell your name.

TROY LARMER: Sure.

THE CHAIRPERSON: Thanks.

TROY LARMER: Good evening, panel members and SGI executives. My name is Troy Larmer as indicated, T-R-O-Y, L-A-R-M-E-R. I'm the general manager for the United Group of Companies here in Saskatoon.

Thank you for giving me this opportunity to talk to you and discuss the proposed increase to insurance rates for vehicles in the Province of Saskatchewan, more specifically to the increase to our PT class. And as I know that this room is full of lots of motorcycle enthusiasts that are going to present lots of information to you, I hope that our presentation here doesn't go forgotten by the end of the evening.

These rate increases will affect one of our companies and the franchise owners at our company United Cabs. Although I'm here representing our company and the franchise owners, I'm also speaking for the industry as a whole.

I will get right to the point and state the proposed 16.4 percent increase, along now with the 1.23 percent increase, will have a detrimental economic impact on the industry. We have felt other impacts such as a 300 percent increase to our business licenses with no added services, the high cost of fuel will never go away, and the cost of vehicles is continuing to rise as we try to meet higher standard for our customers.

Your response to -- your response to not going down -- your response, sorry, to these increases may well be, well, raise your prices. As you are aware, we are not like other public services, and we're not like other retails. We are a -- we provide public services as a private business in a government-regulated industry. Our revenues are regulated by the civic government with our expenditures regulated by the provincial government. We cannot just go increase the rates because we have added costs to our expenditures. And I would actually suggest in fact in looking at a retail that if -- you'd have a lawsuit on your hands actually if you approached Wal-Mart and told them they had to sell the product for 5 bucks, and then the Government of Saskatchewan was going to impose a 2.50 tax on top of their cost that would be nonrefundable to them. That would impact their direct profitability.

I did review my speech from last year with the recommendation to impose the increase of 15 percent, or as well $447, which you did impose, by the way, and probably could have reprinted the same speech with the same concerns. My experiences in the past with trying to work with SGI and their consulting processes have not been overly positive. We continue to do so on a regular basis. I should have taken the easy way out and printed out the speech, come read it and said, you know, I made some good points, we'll look that, and leave with hopes thinking that we'd be consulted or a phone call returned, which, of course, never does happen.

I cannot, however, take that route this time. The increase that are being proposed are so astronomical they cannot be ignored and must be addressed. If you combine last year's increases of $447 with this year's proposal of 563 plus the 1.23 percent on top of that, you're going to be over $1,000 over the last two years, which is an increase of 33.9 percent, which is basically really unbearable and is unable to sustain within our regulated revenue industry. We are a growing have province with all the strongest economic outlook and large increase in tourism and trade shows. If you continue to raise the operating expenses, we will be a province that has it all except taxis.

At previous Rate Review Panels we have outlined the steps that we have been taking to be a part -- to minimize our claims, and we also with all other companies in Saskatchewan have continued to follow the path to keep our claims, our number of accidents at as low a level as possible. Many of us have improved on our hiring practices or instituted more stringent hiring protocols. We have become proactive when it comes to dealing with individual drivers, skills or lack of skills and enforce strict disciplinary policies to repeat offenders. As a company and individual franchise owners, we can try and invest as much dollars as we can to prevent; however, it still comes down to the human factor. It still comes down to the fact that there is a driver driving a vehicle registered to somebody else.

United Cabs employs in-car surveillance cameras to monitor not only driver safety, but also drivers' driving habits. This is done by employing cameras that are programmed to start recording whenever G-force limits have exceeded such a -- when they're turning sharp or excessive vehicle maneuvering. This comes at a cost to us, helps speed up the process -- the claim process in determining fault, similar to what has been alluded to if you put a camera on a motorcycle. We have incurred those costs, which ultimately does save SGI money.

We have been fortunate enough to have used recordings to prove our innocence in lots of drivers' collisions because the reality is, as soon as you walk into an accident and a cab is involved, immediately it's the cab's fault. In lots of situations it is, and we understand and recognize that, and we're not trying to take away from that, but in the -- in the situations where there are claims that do happen, we do speed up that process, and we do save SGI money. And this is incentive and programming that we do internally with no incentive from the government to possibly do.

Many other taxi companies have or will be employing cameras in the next few years, some because of regulations mandating their installation and use, and others will just because they realize the value of having that. A suggestion that I would have to SGI is that there should be some sort of -- when you're looking at programs for other classes, a good program might be to -- be an incentive program to have cameras installed in the vehicles, not just for the safety of the driver and the passenger, but also to reduce the claims process.

We continue to be one of the only companies in Saskatchewan that requires our vehicles to be safety inspected to SGI's standards twice a year. I go through grief with some of our car owners because we're making them do it twice, but we believe that it's in the safety and the best interests of not only our drivers, but also the customers, and we thoroughly believe that having our vehicles in good mechanical shape goes a long way to prevent those accidents by mechanical failure. Another suggestion might be another incentive -- possible incentive by SGI that if you do do two standards, you potentially could get a reimbursement for some of that cost.

We've all been working very hard at keeping our claims history as low as possible, but as hard as we try as a company or a franchise owner, the accident still comes down to the driver. There is no real impact other than some points or minimal increases to their license.

This brings me to my first

recommendation. Put more responsibility an penalty on the person who is actually at fault in the vehicle. We are unique in most cases in which that the person driving in most situations is actually not the registered owner of the car. The taxi industry is a very complex industry as it relates to franchise owners, which are the registered owner of the car but do not own the car, and somebody owns the car and drives the car and leases out the car.

And the taxi industry has another problem that I foresee as to what the high levels of insurance that we need to pay, is there's only 555 registered owners, which is far too small. The taxi industry saves other classes substantial amounts of claims. We are not a public service, but we are a service that provides to the public. The public expects us to be on the road 24/7, 365 no matter what time it is or what the weather is like. If we get a phone call, and Highway 7 is shut down because it's too icy and we tell the person we can't come, well, you would -- I can't really say what we hear on the other end of the phone because it wouldn't be appropriate in this setting. Basically they expect us to be there no matter what.

This means our industry contributes to the saving of SGI money by continuing to transport passengers during times of extreme weather conditions, flooding, heavy snow, fog, icy conditions, all conditions that increase the risk for an accident. When the public is afraid to drive or just choose not to drive to wreck their vehicle and they need to get somewhere, they call a taxi, and they expect us to be there, and we do arrive in most situations.

Proving transportation for intoxicated individuals, that's what we do. We may choose to drive -- people may choose to drive if a taxi is difficult to get, which in certain situations we are experiencing here in the City of Saskatoon, which doesn't result to SGI's problem or the board's problem here; that just has to do with the fact that we have the same number of taxis in Saskatoon as we did in 1983, thus adding more risk to the public and increasing the likelihood of an accident and injury claims.

We know that SGI recognizes the last point is very valuable, and we give you lots of kudos for that. SGI has indicated in the past that they are putting a focus on investing dollars in impaired driving programs. For example, each New Year's Eve SGI funds a bus run for free, free bus rides for everybody on New Year's Eve. I give you full credit for that, although I do see how full the buses are, and in efforts to how full our cabs are, we also do -- we do this type of service on a daily basis, and we do not receive any government funding for this. We are all presented with a huge rate increase, and this is a problem.

My second, third and fourth recommendations would be as follows: Invest dollars into the taxi industry as a preventative measure for reduced accidents due to impaired driving by spending less on general advertising and putting more back into the industry to help offset the costs. Increase the class size.

Blend us with other classes.

We -- as we sit here and look at the business recognition program, we are classed all into a commercial vehicle, but when you put us on a plate side, we're all by ourselves. And this is a big problem, and we've talked to SGI about this on several occasions, and it just doesn't seem to -- to do. We have ideas on how we can make that work on several different levels, and we'd like to work with that to -- to providing those -- that information.

Identify a percentage that we can help reduce the other classes claims rate and take that percentage of claims from our class and spread them through the others. So if we are helping the PV class or private vehicle class, reduce their accident or claim rate due to intoxicated driving or DUI's, then take some of the claims that we take and spread it over there to help offset that, which would be a very minimal increase to that cost and help offset the taxi.

Another area of concern for industry is the business recognition program, and I know you say you're looking into it, and I really hope you do because for the last three years we've been hearing that, we've been looking into it and looking into it. And, frankly, it's not that I totally disagree with the program as a whole for the public sector or as well as the commercial sector, but, once again, we are a very unique industry, and the business recognition program does not work for the taxi industry at all. At 550 taxis as well as many owners that have multiple plates, it does not work.

We all talk about training and training. As companies, we invest in training as a cost of doing business. We accept this responsibility. I know your organization looks at training as a necessary tool, and I support those -- I support that element of investment.

I propose to you to invest dollars in a training course, perhaps maybe a training CD, that we could essentially administer internally. If you invest some of those dollars in something like that and focus on good winter driving habits, as lots of our drivers have not experienced driving conditions in -- as we do have here in

Saskatchewan, this would then help us give training tips to individuals that have not really had those types of winter driving experiences.

SGI also has the technology to have realtime data. My last suggestion would be to use the technology to create potentially a class 4T for drivers. We could then identify which taxi drivers are with the T classification on the class 4 and then provide realtime reporting to the brokerages on a regular basis so that we can actually see which ones are -- are good and react to them or bad, I guess, and react to them in a quick and fast manner.

In closing, I would like to thank you again for the opportunity to address my concerns and recommendations. We would like to see a zero percent increase, as we had such a huge one last year in the PT class. And, once again, please, I know you have lots of people to hear throughout this evening, and this is the beginning of probably what is going to be a very long night, I hope that you still hear my recommendations and will look at those because the public needs the taxi industry, SGI need the taxi industry, and if the costs continue to increase in all areas of business, there will soon be no taxi industry. Thank you.

THE CHAIRPERSON: Thank you, Troy. I can assure you that your presentation will not be forgotten by the end of tonight or by the end of the review period. We will keep that in mind.

And as I recall, your report last year, thank you for not just doing a repeat. It's good to get a fresh approach, but, as I recall, it was great reading then, and it will be great reading again this year, so we will be reviewing that as well, so thank you again.

Our second presentation is Allan Syroishka from United Cabs.

ALLAN SYROISHKA: In the interest of moving this evening along, I think I'll just echo Troy's comments, I think mostly mine are the same as his, and I would just like to reiterate again that I hope our concerns don't get lost in this bigger picture tonight.

Thank you.

THE CHAIRPERSON: Thank you very much. And we appreciate your brevity in light of the large number of people, but, again, the comments that we have heard tonight will be remembered.

I will now call on Don Fuller from R.A.G.E.

Will you be -- you'll be presenting from the mic.

DON FULLER: We're going to use the podium.

THE CHAIRPERSON: Okay.

DON FULLER: How is that?

UNKNOWN SPEAKER: That's better.

DON FULLER: While Rhonda's getting set up, my name is Don Fuller, F-U-L-L-E-R, and I'm responsible for strategy and media communications for the Riders Against Governmental Exploitation, I guess R.A.G.E., if you will.

It's interesting what we've seen from Mr. Cartmell and Mr. Thompson. We don't entirely disagree. You'll see a little bit of that again. Hopefully it's not too dry, but it will have a bit of a twist on it.

It's not going to be exactly the same.

What we've come with is not just complaints, but we've also -- we've also come with a solution, a real solution, a viable solution that works. So we've got a counterproposal, but we will run through a little background, as I said, we will be talking to some of the impacts for 2013, we will be looking a little bit at the insurance industry and their direction. I'll summarize that, and then we'll get right into our counterproposal if you'll just bear with me.

Background. Two of the main causes for the proposal, as we saw, are management investment decisions and the escalating accident and long-term injury costs. We don't disagree. Now, SGI tells us through their statistical accident accounting practices that motorcycles are responsible for approximately $20 million of cost, and these are mostly to do with wage replacement. $11 million is for long term with the projected shortfall, as Mr. Cartmell said, of $9 million because motorcycles do not recover their costs, and motorcycle rates are being subsidized by all other motorists, and motorcyclists, our numbers different by 1 percent, are at fault 53 percent of the time. And if you watch carefully as the presentation went on, of course, it says that this can be equated somehow to a vehicle type or a body or whether your motorcycle is pink or blue or yellow, some interesting rationalization there.

If we look at the investment losses, SGI's investment, risk management, has resulted in significant losses, that's true, particularly in the bond market, and these losses have led directly to this rate increase or rebalancing, I suppose, to the tune of approximately 2.27 percent across the board.

Now, the investment losses are requiring a much heavier lift from the motorcycle demographic, approximately 39 percent. Up until the government clawback of a month ago, it was almost double that with some rates increasing to 450 percent. There's something wrong with that. We just have a serious problem with it. So what we have concluded is that customers and taxpayers, of course, are being asked to offset those costs of SGI's managerial decisions for investments.

If we look at accidents statistics in the analysis, SGI's practices and the rationale used for statistical analysis is questionable, and we have grave concerns with that because that is what drives the rates. If you've ever gone through the rate package, it looks like the old Sears catalog, it's full of numbers, and that's where they come from.

As for accidents themselves, we have very similar numbers, but slight discrepancies, and we have looked at the Hurt Report, the motorcycle report of all reports, FEMA, the Australian report, the MAIDS reports. We've been very busy campers for the last month and a half trying to understand where this all came from, and what we found is that 80 percent of all motorcycle accidents are multi-vehicle accidents where one vehicle is a motorcycle, and the numbers we've come up with is three-quarters of the time it's the other vehicle at fault. Now, that starts to change the bottom line considerably.

The second category is 20 percent, and that's single-vehicle accidents, and, of course, the motorcyclist or some other condition has to be at fault, but it's generally equatable to inexperience or handler error.

Now, of that 80 percent of accidents, that's where the largest injury claims come from, long-term, the injury claims that you've seen previously. Of the 20 percent, the remaining, the single-vehicle, more than half of those are -- any injuries sustained are of a minor nature. I mean, if your motorcycle tips over, you might need a little counselling because the paint job's going to cost you money or you've broken a fingernail, but really you're not going to be long-term impaired for something like that.

So what we can conclude is that in 53 percent of cases where the motorcycle is at fault and responsible is really suspect. You saw the other numbers of 42 percent, and we're wondering why. Why in Saskatchewan are we the only anomaly? Something is wrong.

So we looked to their data and rate modelling. Now, rate modelling is just a set of assumptions that you put together like a machine, and you put statistics in one end, and it crunches them out, and answers come out the other end. And actually you can stretch and manipulate that thing over time and higher, lower, longer to get any kind of outcome you would like, so the big problem is, is it consistent, and we've fond that they're not, which troubles us greatly because that's exactly what drives our rates.

Also, there is the no-fault issue. We're thinking that SGI has assumed that a no-fault policy made determination of fault and that due diligence around there are no longer required. Now, if that's what drives the formula for ratings, those assumptions are therefore flawed. And it's only since 2011 that the auto fund has started to reassign damages, liability to injury of the vehicle at fault, so the numbers become terribly suspect.

So what we can conclude from

this is SGI's statistical data and the associated costs are maybe suspect, and we also have to subscribe to that worldwide anomaly, what's wrong? Why is Saskatchewan the only place in the world where those numbers do not work, the only place in the world. And arguably, yes, motorcycles do have a high injury claim, that's true; however, the at-fault, the appropriate allocation of those injury costs all feed into the rate development, and we find those questionable. And any numbers prior to 2011 possibly do not accurately reflect those numbers, so it's a problem.

If we look back, historical rate proposals and cost recovery, the policies and the restructures have lagged behind business requirements. We see that, we understand it. Resulting, we've got a 9-million-dollar revenue shortfall. But SGI's solution to this problem has been to return to the Crown corporation old philosophy of leaning on the rate wheel, crank that up, everybody has to pay more, but it's based on flawed assumptions.

Now, we've had three rate increases over five years totalling somewhere in the range of 40 percent. Same behaviour expecting a different result. It's not changing things. Numbers are climbing. As you push up rates, of course that bottom line goes, but the problem remains, in fact, it's escalating, and now we've got another rate increase in front of us. I just talked about the numbers a minute ago, which were grossly astronomical.

Now, the government has asked them to claw back, and SGI has, to 16 percent, some still as high as 39 percent, but it's not addressing a problem. It's more application of the rate wheel. This is a solution from last century. Times have changed, things have moved on.

So what we can conclude from this is that rate hikes don't address the problem because they're not. They're addressing a symptom, not a real problem. They're not changing it now, they haven't changed it over the last five years. It's not going to change. And the projected

9-million-dollar shortfall in cross-subsidy, well, that cross-subsidy was floated out to the media as a way to sell this. Of course it will inflame a lot of the people who aren't motorcycle riders, but if you understand that you must accept the anomaly proposal, well, maybe it works for you, but you have to accept that Saskatchewan is different than anywhere else on the planet. What it does completely ignore is large cost recovery revenue streams, package policies.

Mr. Cartmell was kind enough to put up the screen that shows SGI, SGI Canada and the auto fund. All of the package policies paid out go directly, if I'm not mistaken, to SGI Canada. Revenue streams are missing. And there is more revenue streams than that, and if you're going to put things into the rate machine, into the modelling, it must include all of the revenue streams. Even fractions of them should be included to drive that bottom number, especially when the rates are excessive as we see.

So we can conclude, then, that the 9-million-dollar shortfall and, of course, the cross-subsidy issue, again, is suspect. We've got a lot of issues all over the table. Let's get down to ground level.

Safety. Learner operator requirements and accident cost escalation. SGI's numbers off the website says 25 percent of all motorcycle accidents involve operators with a learner's license, 25 percent. And SGI allows new motorcycle learners to operate a motorcycle on public roads and highways with no proof of testing of operational capability, none. In Saskatchewan you are not required to pass an operator road test before operating a motorcycle. Really, what you have to pass is a ten-minute quiz on a touchscreen that's not even motorcycle-specific. If you can withdraw $20 from an automated teller, you can ride a motorcycle in Saskatchewan. That's the premise.

It's going to get better. There is 31,000 class 5 drivers with a motorcycle learner's license in the province. I know people who have been driving for 25 years who have never been tested for operator capability, ever. That obligation belongs to

SGI and the Department of Highways. They have skin in that game. Now, 25 percent of all motorcycle accidents, if you look at $9 million, is $2,250,000 that somebody is allowing to happen without taking responsibility for it and allows it to happen year after year after year, 9 million bucks.

So what we can conclude from this is that learner training requirements are woefully inadequate in this province. 31,000, some of them riding for 20-plus years. $2,250,000, that's a big chunk. And I'm not saying there's a direct correlation there, I'm not saying that, but there is a relationship; you know it, and I know it.

So let's go to 2013. There is impacts with what's been proposed so far, and, again, I'll go back, it's the same old, same old Crown corporation philosophy, crank up the rates to cover a system -- or a symptom, right? Not a root cause; it's a symptom. There is behaviours here that are driving this cost, not a vehicle, not whether it's a bike or a truck or a car or whether your vehicle is pink or blue or yellow. We're looking at behaviour. It doesn't address that. It doesn't address the cross-subsidy issue. It only focusses on the motorcycle chimney. You take that cross-subsidy, and now you put it into the motorcyclist demographic, I have a 30 -- 40-year clean record of riding a motorcycle, I have to pay for a clown. That's cross-subsidy.

The issue that they floated out to the media still exists; it just exists with a demographic that everybody loves to hate. It's an easy sell. It does not address high-risk behaviour of all motorcycle demographics. If you're a high-risk-behaviour driver, you're probably a high-risk-behaviour rider. Your life has high risk all over the place. That's who you are. It does not look at. It looks at some sort of arbitrary actuarial class. It doesn't address the real problem. It's not focussed on it.

But what's happened fortunately, we have seen significant pushback, not just from motorcyclist, but from a large part of the Saskatchewan electorate. In fact, even the media, who really loves to vilify us, has got onboard and said the numbers are suspect, something is wrong, the rates are wrong, things are wrong, it doesn't add up. Why here? So, I mean, once the media is on our side, everybody starts to pay attention, and it is still relying on the old arbitrary actuarial plans, and that's the way they have driven this. It ignores basic progressive individualized insurance.

There is a philosophy that's changing in the insurance industry that's going away from this arbitrary thinking, and it's starting to look at individualized insurance, which is a reflection of people's behaviour. I have motor vehicles in my garage. When the doors are closed and during -- whatever, they sit there, they're not a threat or an expense to anybody. As soon as you put an operator in a car, in a truck, on a motorcycle risk can happen. It's the behaviour, not an arbitrary class of vehicle that is the problem.

Now, it also ignores the boomers. I look around, there's lots of grey hairs and beards here. The boomers are the largest, fastest-growing demographic purchasing motorcycles and riding. You've got the money, you're at the top of your earnings game. You've got the money to spend on enjoyment of lifestyle, and you also contribute heavily to the rest of the revenue streams, homes, cottages, businesses, boats, trailers, snowmobiles, business fleets, multi-car families, bonding, shirting, agro.

Package policies. Some of these are bundle with motorcycle in it, you're also paying liability, you're also paying for your long-term injury if your income is taken away, but these streams are not added into the rating philosophy, they're not in the mix. It's a problem.

Now, I had things down here about allowing untrained, unskilled persons to operate a motorcycle. That has been true. It looks like there is some move by SGI to maybe look at that, but to date, and for the numbers we're talking about today, there's nothing and nothing about awareness and sharing the road.

Now, it's just not motorcycles, so we'll get into the ancillary impacts that you see, and these are mostly to do with small business and provincial tourism. These are vital parts of our economy, and, again, the boomer demographic plays heavily into this, the enjoyment of life purchases. You people are the ones spending the money. The dealer networks are already feeling the crunch. As soon as these rates hit the paper, the dealers had customers cancelling new orders for new models right away.

The service industry and the services that are attached to it will also feel the effect, after market, safety equipment, apparel sales, all of it, but more than that, in the province lots of small business operators enjoy our tourism, our travel around the province. Any given Saturday morning you can see two, four, six, eight, ten groups of people, one after the other, out touring around the province, spending money. Restaurants in particular see a huge increase in the summer from you folks. Hotels, motels, campgrounds, favourite spots for motorcyclists. Everybody loves to camp, commune with nature and be with your bike.

All these places, once you start carving into discretionary spending, it's no longer discretionary spending. People will start to pull back. They have to make a hard choice based on SGI carving into that income.

I said -- glass of water, yeah, or gin.

THE CHAIRPERSON: Not if you're riding.

DON FULLER: Yes? You got one in your pocket? There we go.

Let's look at the industry, where it's going outside of our province, at risk management and cost recovery and what's happening out there. Recent insurance studies show that driving behaviours predict the likelihood of a claim far better than traditional rating, far better than demographic, age, year, profile, make, model of a vehicle driven, whether it's pink, blue, orange or yellow. That's where the industry is going. From the analysis of 5 billion real miles driven, they conclude that driver behaviour has twice the predictive power of any other insurance rating, arbitrary insurance rating.

The loss cause for drivers with the highest-risk driving behaviour are approximately two and a half times that of drivers with low-risk behaviour. They're not talking about sport bikes, cruiser bikes, semitrailers, passenger cars, minivans, none of that, they're not talking about what colour they are; they're talking about behaviour.

Now, anybody know Flow on TV? Flow, right, remember her from Progressive Insurance? Yeah, she's great. Anyways, her boss and CEO Glenn Renwick -- and I'm going to read this off because it's a quote: We believe that driving behaviour was the most predictive factor, but didn't expect the dramatic to -- the difference to be this dramatic. Actual driving behaviour predicts the driver's risk more than twice as strongly as any other factor.

I didn't see a slide on behaviour, I didn't see a slide on responsibility; I just saw things that you feed into an actuarial table, and that's a problem. We have the highest death rate in Saskatchewan of anyplace in Canada, and SGI is perplexed. The ratings keep going up, the accidents, the statistics, the injuries, the costs keep going up and up and up. It's because you're driving a blue vehicle? I don't think so. It's key driving behaviours that are the problem, not an arbitrary actuarial fact.

Operators not members of an actuarial class, but individuals with individual driving habits which should reflect the price they pay for their insurance, let me summarize this. SGI requires additional revenues to reduce and eliminate the existing shortfall, future cost. It's a business; we do not disagree. It's true that money needs to be recovered. What we have serious concerns with is the statistical analysis and the conclusions in how SGI has arrived at these numbers. We completely disagree with their outdated philosophy of blanket rate hikes and mechanisms to cover up a symptom, not a real problem. It's not going to go away.

So let's say this: If risk is defined as a potential that a chosen activity or action will lead to a loss, then for the purposes here today, risk and the associated costs are defined by behaviour, not an object. It's a logic stream in conclusion. Therefore to mitigate the risk, it is the behaviour of the operator that must be the focus of the cost recovery mechanism, not a CLEAR vehicle categorization type. It doesn't work. It doesn't follow a logic stream.

So, look, I said we weren't just going to come here and complain, and we're not. We've got a counterproposal, and we'll get right into it right at what appears to be the logical place, learners, the start, and looking at safety, risk and cost reduction. Mandatory training for all new motorcycle endorsement applicants, absolutely.

Graduated learner's endorsement. A level 1 endorsement would be a written test, your $20 out of the automated teller, that test, although it would be nice if it was motorcycle-specific instead of just what does a stop sign look like or what time does the sun set in Saskatchewan. Let's be relevant. That endorsement, your first level, would be issued for training class purposes only. You would be able to take a course like the Saskatchewan Safety Council course, a closed course off the roads. That's what the license would do for you.

You pass that and your written, you go to a level 2 endorsement, which is a road-eligible endorsement, much like you get now, but you've got to complete the first course. But it would be limited, one year, that's it. If you don't have your full endorsement after one year, you go back to square one. You can't ride on a learner's license for 25 years, haul a passenger, ride a huge touring motorcycle, do all those things. One year, you're back.

Then level 3 would be your full first endorsement, and it would be restricted as per SGI's policies. We like those.

Now, there's some administrative considerations that go along with added recommendations, and these reviewed motorcycle endorsement restrictions, maybe make them tighter, the zero alcohol, zero infractions. They have to be gone through. We don't have details on it, but it should be looked at, and maybe that's what the motorcycle review committee could do.

Any fees that are required for training and for this process should migrate towards compensatory fees. By compensatory, I mean they're going to break even or they're going to show a profit. As soon as there's a profit motive in there, the private sector will step in and train. They will show up and develop classes. We have people in Saskatoon who have expressed an interest who said they could be ready within one year with trainers and motorcycles, and we would be more than eager to provide the service. As soon as you create the potential for a business, the private sector will step up.

And that brings us to the second part of our proposal, excuse me, I have a cold, and we're going to step out of just the motorcycle box for the moment because we don't agree with the numbers, to start with, but there's other -- there's other issues afoot. As SGI has shown you, they are perplexed by the existing accident statistics, so this next part is for all motorists of Saskatchewan, and it has to do with risks, rates and cost recovery.

And you saw part of it, I think Mr. Cartmell had it up, on the safe driving recognition program. It's existing, it's in place, and we are proposing that they revise that safe driver recognition program, the demerits and surcharge and the schedule for all vehicle operators based on their operational and behavioural record, not the vehicle type or the body type.

So the existing safe driving program can and should be revised to reflect the fiscal consequences of high-risk behaviour, accident and injury cost. I don't care if you're 16, I don't care if you're 60, I don't care if it's a truck, a car, a bike. What happens when you get on it? What do you do? What are the choices you make? What behaviours are you choosing, and what is that doing to rates, cost, healthcare, legal? It just goes on and on, but it's the behaviour.

The motorcycle or car just sits there by the curb when left alone.

So revise those demerit categories to reflect that high-risk behaviour and the surcharges, particularly with driving infractions. Lengthen the premium surcharge to be appropriate. Right now on a left-hand turn, 25-dollar one-time fee. The majority of motorcyclists are maimed or killed in the city by left-hand turns. It's a 25-dollar one-time surcharge. It's not appropriate. And I'm not talking about just motorcycles; I'm talking about all motorists. If you look at the rates for gathering up two, three, four infractions for your behaviour, they go nowhere very, very quickly.

We've got a graph up, and I'll speak a little more to it as we go on, but what's happened here is somewhere in this neighbourhood is maybe where you're a safe driver, and what we're saying is you can be a safe driver, and you can get that 20 percent discount a year. You run somebody down, you kill a father, a mother, a family, you're responsible for that for a left-hand turn, you go to the back of the bus, you pay the big fee. It's your fault, you're responsible, you're accountable. That fee isn't a one-time charge. It lasts for some timeframe. Maybe it's five years, three years, four years, but those rates should be appropriate for the behaviour and the damage they cause.

Right now you can actually have multiple infractions, be it the 20 percent number, and all you're going to do is get less of a discount. It's not right. It doesn't reflect what's happening. As Mr. Thompson and Cartmell showed you, it's not reflective of what's happening in the real world.

So we're wanting to escalate, expand existing suspension policies. If you've got eight, nine, ten driving demerits, and there is a serious nature, you go to suspension, or if you kill somebody, you're suspended, and you're suspended for some period of time, maybe -- maybe five years. That rate that you're paying -- and we just put numbers up there for discussion. If it's that for your license a year, then it's not one time, you pay that for a number of years, and then you start to see a decline back to a neutral zone where you would get your clean driving record back and would start working your way back to a 20 percent discount. That's appropriate.

In Ontario right now it's my understanding if you get caught going 30 -- 50 kilometers over the speed limit, they stop you, they suspend your license, they impound your vehicle, and it's $10,000 for the fine. I think that's a little maybe on the outside, but those are starting to be the real-world costs. And what this does and what we're looking at is behaviour shaping, and good public policy should shape behaviour.

And the perfect example for this is 08. It's not that long ago that people drove drunk, or they didn't think they were drink, but two, three, four beers after work, drive home. Well, people were getting killed left, right and center, families destroyed, lives destroyed. 08 came into play, and it's been getting stronger and stronger and stronger over time, more and more restrictive. And let me tell you, 08 rates in comparison have dropped, and the costs have dropped. So unless your public policy is behaviour-shaping, it's a waste of time, it's dealing with symptoms, not behaviour, and you'll see those things that you don't want to continue not only continue to grow, but to escalate, and the costs will go on and on and on.

So we would also like to see them retain their rewards program. If you're good, you get your 20 percent. What will be required, of course, is stringent ongoing assessment of fault, due diligence on this. It's rarely nobody's fault, but it hasn't been a focus for a long, long time, which I think has led to some numbers we've seen in previous presentations. It will also allow future assessment for all high-risk operators. You will be able to see it. It's reflected in the license. You'll know who they are and what they're -- what they're capable of. People will be responsible for their behaviour. It enables ongoing focus to fair cost assessment, revenue recovery. You can predict, gauge future behaviour. It will require some diligence from law enforcement. I mean, the old, gee, I didn't see him won't fly anymore. I've had friends killed from people who didn't see him, left-hand turns.

So there's benefits to this. It focuses directly on operator behavioural management. It shapes behaviour as good public policy should. It's self-healing, it's policy-driven by the individual. I choose if my license is $5,000 and I'm paying it for five years, or I choose if I'm a 20-percent-discount person. I choose whether I'm going to ride around on the back wheel of my bike, whether I'm going to drive it at 200 kilometers an hour or not, but when I know the consequences of what will happen and they're real, then it's going to shape my behaviour, as good public policy should.

It utilizes in-place systems. Now, anytime you're working in a Crown corporation or a large corporation, trying to put anything new into effect is worth money. Yes, I know you think people in Crowns don't do anything. It's not true, they do lots, but it costs money to change. It costs systems money, it costs personnel money, it costs money, but these are already in place. This system exists, and it aligns with the rate shock policy.

You saw rate shock come up. There is no rate shock because it falls on the individual. It's not going to happen to me because I'm a good, safe driver. Somebody else, they're going to see rate shock all right. It will -- it will get positive public support. This kind of pushback and more won't happen. I don't know anybody on the planet who when somebody has a blood alcohol content of 1.2, 2.5, kills a husband, kills a wife, kills children, destroys property, that anybody stands up and says let them go free. It doesn't happen.

So public support is going to be huge behind this. There will be no pushback. In fact, there's liable to be very much the opposite because it will affect healthcare, it will affect SGI costs. When you shape behaviour in the public, it has the potential to make all of Saskatchewan safer all over the place. Costs will go down all over the place, safety will go up, everybody will be better off, and it's individual choices that can drive that.

It will also -- it will also reduce the frequency for future rate applications. Kathy may be out of a job, and, well, I guess these guys really have something else to do, but when the people are choosing their own rates that they will pay and what that will do in the future, is the less that SGI will have to come back to the public bucket and ask for more because those who are putting the costs in place will incur the costs. And it post guesses that recovery, eliminating cross-subsidy, doesn't care about the vehicle type. It has potential to reduce costs all over the place and also the long-term learner's endorsement, those risks, the 31,000, 25 percent.

So what we recommend, then, is that the Saskatchewan Rate Review Panel reject the 2013 Auto Fund rate application. If it was wrong for the three, four, five years it's been in place and going forward, it's wrong now. Time doesn't make that right. It's just more wrong, and not just for motorcycles, but across the board, and that the Rate Review Panel recommend adoption of behavioural-based individualized insurance ratings. It works. It's in place. Roll back motorcycle insurance rates to 2012.

Again, wrong over wrong over wrong doesn't ever make it right. Time is not going to heal that. Adopt the mandatory graduated motorcycle learner's endorsement program, remove motorcycles from the recreational vehicle status for the -- it was just for rate shock protection anyway so we could be hit with higher rates, and I would suggest keep involving the public and business groups in your proposal development. Sometimes we just got a better idea. Thank you.

THE CHAIRPERSON: Thank you, Don. We appreciate the time and the effort and the research that you have put into this, and I am understanding that you are going to provide that to the panel?

DON FULLER: Yes.

THE CHAIRPERSON: I want to also reiterate that we do have technical consultants, one of them is an actuarial expert, I think one of the top in Canada, and we will -- they are anxiously awaiting to look at your material as well, but they do review the statistics and the information that are provided to the panel by SGI as well. So be, you know, rest assured that we are looking at that in detail.

DON FULLER: Thank you.

THE CHAIRPERSON: There is one issue that I was wondering, Andrew, if you and your team could perhaps just address. It was a small issue in the overall presentation that you made, but I think it's worthy of some clarification, and that is with respect to the issue of package policies and SGI Canada. Can you just provide clarification on that, how that's outside the auto fund?

ANDREW CARTMELL: I'm not sure -- I'm not really sure what the question is, but SGI Canada offers home, commercial, farm, agro insurance. The auto fund does auto insurance.

THE CHAIRPERSON: Right, but the package policies are not part of the auto fund, and I think that was where the miscommunication was perhaps coming from, that that's part of SGI Canada.

UNKNOWN SPEAKER: Maybe if he wasn't texting, he would know an answer.

DON FULLER: Packages policies are SGI Canada.

THE CHAIRPERSON: Right, SGI Canada, not the auto fund. Okay, yes, okay. I just wanted to make sure that there was no misinformation there.

DON FULLER: Oh, do you need me to clarify or Mr. Cartmell?

THE CHAIRPERSON: No, I just wanted to make sure that there wasn't any misinformation or miscommunication.

DON FULLER: That was our issue, is that package policies are going directly to SGI Canada, and they're not included in the auto fund.

UNKNOWN SPEAKER: Can't hear you.

DON FULLER: I'm sorry.

THE CHAIRPERSON: Could you perhaps just come to this mic here? Yeah.

DON FULLER: The issue is that the

package policies and all the fragmented revenue streams are not included in this rate action, and we understand -- we're not suggesting that SGI redo its organization. It's just that all revenue streams such as package policies, which are not counted in this rate proposal, are counted before -- before the rate machine is cranked up as part of that exercise.

THE CHAIRPERSON: Okay. Our next speaker is Rick Dobson, Sask Powersport Dealer Association.

RICK DOBSON: Thank you, Madam Chairperson. I'll make this brief. I won't go through the whole thing. I did make a presentation in Regina, and some of this is repetitive.

UNKNOWN SPEAKER: Can't hear.

UNKNOWN SPEAKER: We can't hear.

RICK DOBSON: I'm sorry.

UNKNOWN SPEAKER: Use the other mic.

RICK DOBSON: Can you hear me now?

THE CHAIRPERSON: Yeah. Do you know how to raise it up?

DON FULLER: Podium, use the podium.

RICK DOBSON: Podium?

DON FULLER: Use the podium. You're a tall guy. I had to peek over it.

RICK DOBSON: Can you see me now? How is that, better?

UNKNOWN SPEAKER: Yes.

UNKNOWN SPEAKER: Yes.

UNKNOWN SPEAKER: Yeah.

RICK DOBSON: All right. Good evening. My name is Rick Dobson, D-O-B-S-O-N. I'm a retired motorcycle dealer of some 21 years from Saskatoon, currently representing the Saskatchewan Powersport Dealer Association, over 35 powersport dealers in Saskatchewan, approximately 20 of whom are solely motorcycle dealers.

Our livelihood is being threatened by SGI in 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 in excess of some 825 business years in Saskatchewan, provide employment for more than 525 people and a payroll of over $21 million. Together we collect annually over $10 million in Saskatchewan sales tax.

SGI's initial proposal for an increase of some 74 percent to the motorcycle insurance premiums would have had an immediate catastrophic effect on our member businesses, doubtless, resulting in the closure of many of those who depend primarily on motorcycle sales. Capping these increases to 15 percent per year plus surcharges only prolongs the agony and slows the death. Every insurance increase reduces our family business income. Every insurance increase reduces the number of motorcycles on the road, and thus makes it more dangerous for the rest of us. Let there be no misunderstanding here, these increases will end our businesses.

On a global front, let there also be no mistake SGI attempts to compete in the private sector with many -- in many areas of insurance in Saskatchewan. Rest assured the majority of the 25,000-odd riders in Saskatchewan and the dealers who support them will take their insurance business elsewhere when and where they can should this unfair and unfounded increase be approved.

I would like to speak to a couple of factors in the presentation that SGI has not spoken to. The first is administration. All of us in business have been through the global financial pullback, and we're all painfully aware of lower investment returns. As we know, successful businesses have made significant reductions on the expense side of the ledger to return to profitability.

SGI has not told us what reductions in their administrations costs they have made since 2009. In their reply to the panel's questions they state they are considering several ways to save through their Lean programs and various team initiatives, but let's be realistic here: To only be considering potential savings now is about four years too late and after four years of increases granted by the Rate Review Panel. We ask what administration charges are assigned to the auto fund for shared personnel and facility. Where one side of the company is for profit and the other a break-even, can we be confident it's a fair and equitable amount?

SGI didn't speak to causation, and there were no statistics presented. As an example, if a large percentage of accidents involving motorcycles also involve alcohol, then clearly it's not a motorcycle problem, but a society problem. If a large percentage of accidents were the result of equipment failure, then it's a maintenance and inspection issue, not an inherent problem with motorcyclists. Higher rates will not solve this problem, as Don said, just exacerbate them by reducing the number of bikes and ultimately dealers available to maintain the machines.

I won't speak to classification. I think we're all pretty much aware of the classification, and I did address that in Regina.

Settlement. I think it's been said that SGI's settlements are generous, and we agree. We believe they're too generous. As an ex-dealer, we know -- we know far too many parts that could be repaired or painted or replaced. Scratched frames usually result in bikes being written off. Presumably this is because SGI is unable to conclude the frame is not damaged beyond the scratch and perhaps unsafe to ride. What's outrageous is they then sell the bike through the salvage division and allow it to be relicensed without any certification. This happens more often than you might realize.

SGI routinely pays for injuries and income replacement for riders who do not take proper steps to mitigate the injuries by wearing proper safety gear. Well, we know that. Again, this proposal could have been put in place years ago when SGI mandated you had to wear approved helmets, but no.

Similarly, SGI is aware of many proven safety-related solutions that could reduce accidents and/or mitigate injury, and they're endorsed by our organization, which include required certification for rebuilt total lost bikes as they have currently for automobiles; required safety inspections on a regular basis, especially if the motorcycle hasn't been continuously licensed; required safety garments, we've spoken to that; weight and horsepower limits on motorcycles to coincide with the graduated rider's license program; more stringent and consistent testing of riders and bi-licensed riders; secondary testing for a full license is granted. As it's currently designed, the GDL program can simply be waited out. Proof of skills improvement is more critical than a simple time factor.

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 products. Thus in jurisdictions where there are private insurers, we see the results of that with significantly lower premiums and various insurance packages to meet consumer needs.

In Saskatchewan there is no such incentive other than this Rate Review Panel. The question we pose to the panel is this: What has SGI done in the past four years to mitigate expenses and exposure to warrant the four years of continuous increases granted by this panel? And will this current initiative of a committee of stakeholders be sufficient to convince the panel they are finally making an effort and deserve this current increase? We hope not.

We urge the panel to recognize that our monopoly insurer SGI has been either unwilling or unable to offer competitive product or pricing to what is privately available. To grant yet another increase in rates to SGI will be a negative incentive to implement change and have a disastrous effect on many small businesses.

We can't be asked to continuously tighten our belts or lose our businesses so SGI doesn't have to. We ask the panel to deny any increase to SGI in motorcycle insurance rates. Thank you.

THE CHAIRPERSON: Thank you, Rick.

Our next speaker is Rob Hertzog, Prairie Harley Association.

DON FULLER: Just go to that one.

THE CHAIRPERSON: Sure, that's fine.

ROB HERTZOG: Okay. I'm Rob Hertzog, H-E-R-T-Z-O-G, from Prairie Harley Davidson in

Regina. Most of the stuff that we've already heard tonight I've got on my stuff, so I'm not going to hold you guys up for everything, but I do have a few things that I do want to say.

I want to begin with saying absolutely no to the 15 percent increase. We've had a large increase just the past year, I believe it was 30 percent, as we've all heard, which most motorcycle enthusiasts have not even seen on their registration this year as with the weather.

I know that many of -- or I know there may be some increase each year, but we've endured enough. I believe the review board needs to ask SGI for better reasons for the approval for this increase. Manage the deficit rather than managing the increase of the rates. Ask for a causation study to look into the root causes. This is -- this way we can find out the exact problem and pinpoint a direction to work towards. There could be different reason for the single-vehicle accidents, wildlife, other motorists, inexperience, drunk drivers, the list can go on, as Don had noted in his presentation.

I know we can't eliminate accidents, but we all hate to see motorcycles injured -- motorcyclists injured, so let's find out what we can do and enjoy the excitement of that motorcycling. Andrew said that the definition of insurance is the premiums of many pay for the losses of a few. We are that few, and we need that backing.

One thing that I would like to mention is SGI posted a Tweet after the change down to the 15 percent cap. It read: It looks like other drivers will be subsidizing the cost. What a way to endanger the motorcyclists on our roads. We do need to work together. We do need to work together and prove the safety of the motorists, and that's all motorists.

I have lots on the other aspect of it. One of the things I do want to mention, as Don was saying, is that it's going to affect a lot of the other industries and everything out there. We have 24 full-time employees that rely on this market and this industry. Doing this can really jeopardize myself, all the other dealers and all the employees that we do have.

The other aspect is we support as motorcyclists breast cancer screening, prostate cancer, hospitals of Regina, muscular dystrophy, Ride For Breath, toy runs. All that type of stuff is in jeopardy of losing income from the motorcyclists. I believe the motorcyclists are one of the best people out there to bring money into our community, so doing this can jeopardize all of that.

So, again, I'm not going to bore you with everything, but the proposed rate increase for SGI is short term, will have a detrimental effect on my business and all other businesses around as well as all motorcyclists and related businesses throughout the loss of motorcycle service and corresponding product. It will have a profound negative long-term effect on the province in the decrease of motorcycle charitable events, support and support of local business throughout social activities.

Let us not hamper the favourable economic stance that Saskatchewan is just starting to enjoy through short-term decision-making. There is a much larger picture to be considered. The proposed rate increase needs to be scrapped and rebuilt with consolation and representation from all stakeholders. It is time for change, and that change is now. Thank you.

THE CHAIRPERSON: Thank you, Rob.

Our next speaker is Wayne Wuschke from Bikernet. I'm sorry if I'm mispronouncing names.

WAYNE WUSCHKE: Hello. My name is Wayne Wuschke. I'm a moral journalist. I write a weekly article read by over 35,000 readers every week. I'm in such publications as Bikernet.com and the West Nyack Chronicles.

SGI rate increases affect riders all around the world, not just in Saskatchewan, but in Canada and North America. The number of motorcycles on roads have increased 50 percent from 2006 to 2010. In that same time that the number of motorcycles increased, the number of motorcycles involved in accidents decreased 1.1 percent, from 3.7 to 2.6. The number of injuries and casualties decreased from 2.66 to 1.76. In 2006 there was 209 motorcycle injuries and deaths. In 2010 there was 3,925 new riders, inexperienced riders, and there was 207 injuries and deaths. That number is not per 1,000 riders. That number is a total number. Nearly 4,000 new riders, and we lower the number -- total number of injuries and deaths across the board.

Today there is 327 more motorcycles on the road compared to 2006. In 2006, 71.8 percent of riders that were involved in an accident were injured. In 2010 that number had fallen to 67 percent of motorcyclists injured in an accident.

Andrew Cartman [sic], president and CEO of SGI, presented evidence at these very hearings in Regina that today only 40 percent of motorcyclists involved in accidents will be injured. In six years we've had 17,735 new inexperienced riders, and we have cut the likelihood of being injured in a motorcycle accident by nearly half. In 2010, 5.86 percent of automobiles would be in an accident, while only 2.61 percent of motorcyclists would be involved in an accident. That means a driver is 2.2 times more likely to be in an accident than a motorcycle.

In the last six years the number of automobiles in this province have increased 26.9 percent. The number of automobiles involved in accidents have increased to 9 percent. In that same time, the number of motorcycles have increased to 327 percent, and the number of motorcycles involved in accidents have decreased. In the last six years injuries and accidents have decreased to almost 32 percent, and SGI wants to reward this by increasing our rates.

In 1983 the average Harley Davidson motorcycle had an 80-cubic-inch motor. In 2000 the Harley Davidson had an average motor of 88 cubic inches. In 2007 the Harley Davidson increased its size to 96 cubic inches. In 2012 Harley Davidson increased its average motor to 103 cubic inches. That's right, since 2006 motors have increased 17 percent, and we as riders have decreased our number of accidents and decreased the number of injuries. Even though we are riding bigger and faster machines, we are still capable of doing this.

These are the facts and figures provided by SGI in SGI's own safety reports. SGI and Mr. Cartman [sic] will tell you, and I quote, the average injury claim in today's dollars when a motorcyclist is injured is in the neighbourhood of 141,000. Where does that money go? They tell us that 55 percent of that goes to lost income or around $77,550. According to Statistics Canada, the medium average household income for a Saskatchewan family in 2010 was 7,265. That's combined income. The average rider's income in Saskatchewan would be around $43,000. Who are they paying the $77,000 of annual income to for injuries?

Mr. Cartman [sic] has stated that SGI's operating philosophies is to make insurance universal, the premiums for the many pay for the losses of the few, and to keep rates as low as possible, we're providing benefits that we're entitled to. SGI prides themselves on having the lowest insurance rates in Canada, so let's compare. I'm a 40-year-old male with a clean driving record with 25 years' experience. To insure a 2012 Harley Davidson Screaming Eagle Softail in Saskatchewan will cost me $2,553 a year -- I'm sorry, that was the initial. To insure it, it will cost me $2,055 a year, even with factoring in the short riding season and other -- SGI's current insurance rates when compared to similar policies in surrounding policies in the States are on average 30 percent higher. If SGI's proposed rates increases go through, motorcyclists will be paying 80 percent more than those around us, 80 percent more, and SGI's initial request was for us to pay 125 percent more.

SGI tells us that I'm comparing apples to oranges, that it's impossible to compare because I'm comparing to -- Saskatchewan to the United States, no-fault, tort, but when we look at automobiles and stuff like that -- like, the 2008 Escape on average is 2 percent cheaper in Saskatchewan. The 2010 Grand Caravan that we see the greatest increase is 22 percent less than anywheres else and 38 percent cheaper than Manitoba, which they say we are the most comparable to.

SGI's claims that we cannot compare ourselves is completely and utterly false. SGI rates are across Canada 80 percent higher. In Saskatchewan the premiums of the -- 25,593 motorcyclists are actually subsidizing the $1.1 million cars so that they can have cheaper insurance. Year after year, annual report after annual report from SGI they have said that they use the CLEAR program to rate vehicles, 34 vehicles that they used to rate. For motorcycles, none. They use their own data that they plug in, as Mr. Don [sic] pointed out, to make their rates.

In 2007 SGI reported a 1.3 million loss, quote, resulting from an unusually severe summer storm season and poor winter driving conditions. 2008, $42.6 million loss. Over half was lost in the stock market. 2009, SGI actually decreased its pool of injury claims by 3.1 million. SGI lost 4.8 because of poor investments and significantly -- quote, damage claims count as a result of bad driving conditions in December, and we know we all ride in December; don't we?

2010 SGI annual report, increased claims due to summer hail storms and a prolonged winter driving season. 2011, new targets were established for 2012 using a four-year fatality and injury average. Their target was 14.4 fatalities per 100,000 and 636.9 injuries per 100,000 residents. That equals out to 166 accidents for motorcycles, and we're achieving 107. We're exceeding their targets.

SGI is a billion-dollar monopoly, and they and spend millions of dollars to run us motorcyclists off the road. With our own numbers and stuff like that, we have proven that they are using the motorcyclists to subsidize lower rates for the automobiles across the board to the tune of $25.3 million in additional premiums that we could get cheaper elsewhere. Thank you.

THE CHAIRPERSON: Thanks very much.

Now we'll call on George Kool from HOG or H-O-G; how do you prefer?

GEORGE KOOL: HOG is good.

THE CHAIRPERSON: Thank you.

GEORGE KOOL: I'm actually going to shorten up my presentation. Oh, Kool, K-O-O-L.

I've been a rider for the past 15 years. I was a director of Harley Owners Group for four years and a past director for another three years. As well, I'm a retired insurance broker with some 30-years experience in the insurance industry.

I was going to talk on physical. We've talked on the physical damage.

I was going to talk about the at-fault accidents, and the only thing I can ask SGI on that one is wildlife claims, is that considered an at-fault or not at fault?

UNKNOWN SPEAKER: Not at fault.

GEORGE KOOL: Okay, because that becomes a real grey area in the question.

With respect to the injury payments, your slides show that that's where a lot of the losses are coming out of. One thing we need to keep in mind, most of us in this room license and insure more than one vehicle whether it be a motorcycle, a car, a truck, trailer, you name it. In a lot of cases I think the average would probably be three or four. Out of each one of those licenses or premiums there is a dollar amount set for injury payments.

Now, you're also saying that we're using the injury payments too extent -- or too excessive. My situation is let's look at the big picture. And we are assessed a premium on each one of those plates, but it's only to protect the party that's injured, so maybe that needs to be really looked at.

In closing, I would -- would be recommending that you consider holding the line on any rate increases and do it until a newly-formed review panel has had time to get organized, look at all the aspects of the licensing and insurance for motorcycles. I believe that this panel has to look at a lot of different things, makes, models, sport versus touring, losses in the categories, and then they have to look at coverages, physical damage, injury payments, how claims are tracked and salvage recovery and disposal of the salvage. I thank you.

THE CHAIRPERSON: Thank you, George.

And, Wayne, I forgot to ask you for a copy of your presentation, so if you could leave that with us, we could post that on our site as well.

I now have -- there are three individuals who are making presentations on behalf of Canadian Vintage Motorcycle Group. I don't know if you're wanting to present together or separately. I'm going to call all three of you, and then you can choose how you prefer to make your presentation. Jacques Toupin, Barry Zimmerman and Bob Dishaw.

BOB DISHAW: Hi. Of those three, I'm Bob Dishaw, D-I-S-H-A-W. I'm here representing the Canadian Vintage Motorcycle Group, Saskatchewan section. The Canada Vintage Motorcycle Group is an organization that's Canada-wide from the Maritimes through to British Columbia.

This submission is intended

to constructively discuss the impacts, rider experiences and possible paths forward to reducing the motorcycle insurance rate increase proposed by SGI.

In Saskatchewan, the Canadian Vintage Motorcycle Group currently has a total membership in excess of 80 motorcycle enthusiasts.

Impact of proposed rate increases to secondary-related businesses. For example, the Canadian Vintage Motorcycle Group alone puts on two major multi-day rallies per year in the communities of Biggar and Gravelbourg, benefitting local motels, restaurants, museums, stores, service stations, theaters, et cetera. This type of secondary business activity will be significantly reduced.

The Canadian Vintage Motorcycle Group puts on many single-day destination rides, museum visits and/or Show and Shine events in areas and communities such as the Honeywood Nursery, Riverhurst, Bruno, Elrose, North Battleford, Spiritwood, Batoche, Cut Knife, Rosthern, the Seager Wheeler Farm and on and on it goes, benefitting local restaurants, stores, museums, motels, service stations, et cetera. The secondary business activities will be significantly reduced if these rate increases go ahead.

The two points above only relate to our club's benefits to the province-wide business. There are many other provincial motorcycle clubs and groups that provide these benefits in secondary businesses throughout the province.

To individual motorcycles what are the impacts? Well, first off there will be some total abandonment of this form of transportation or recreational activity, significant loss of entrants into the world of motorcycling, reduced repair and sales services ability and quality for those continuing to ride as these businesses fail or significantly curtail their support of motorcyclists in general.

The following are the anticipated effects of the Saskatchewan motorcycle industry in general: Motorcycle dealerships, parts, suppliers, repair shops and related businesses will experience significant reduction in business revenue, potential business closures and workforce layoffs and reduced wages, and, finally, the loss of this highly fuel-efficient work and general travel-related form of transportation.

Now let's talk about specific rider experiences. We know that young or new inexperienced riders are the most vulnerable to being involved in accidents and injuries. I certainly remember when I was a teenager and first learning how to ride a bike. I was very glad that I was out on the farm and not in the busy streets of Saskatoon or Regina.

Young and new experienced riders allowed to own high-performance and heavy motorcycles.

Thirdly, a significant segment of Saskatchewan car and truck drivers with, first, a poor awareness and visibility of motorcyclists, for example, at the classic intersection-related left-hand turn, or, secondly, a poor awareness of motorcycle rights to equal road space, for example, tailgating motorcycles that can stop in significantly less distance than a car or truck, and, secondly, squeezing past motorcyclists at intersections where this would not be possible otherwise.

And finally on the rider experiences, mature and seasoned motorcycle riders have learned and practiced a highly relatively defensive style of riding. Those who do not learn these skills early do not survive on the streets and highways of Saskatchewan.

We do have common ground here with SGI. It's fair to say that if we could significantly reduce the number of motorcycle-related accidents and injuries in the province, all parties, including motorcycle business, riders and SGI, would benefit.

What are some of the alternatives to this rate increase? And I think a lot of this has already been discussed, but I'll go through the points anyways. Comprehensive or more comprehensive safe rider training for new and inexperienced riders, our most vulnerable group. Second, provide a public education campaign through local media, TV, radio, newspapers, highlighting some of the common errors motorists make when encountering motorcyclists in traffic. Limit size, weight and horsepower available to new inexperienced riders, and I hear some of that here tonight.

It seems counterintuitive to limit learner riders to a 100-kilometer radius of their home if their home is, say, Saskatoon our Regina, for example. Some of the most dangerous riding in these -- are in these urban environments, especially for new entrants into the world of motorcycling. Revisit this concept to see if there's a better solution. Most of us more experienced riders learned to -- learned how to handle a motorcycle out on the farm well before confronting the complexities of riding a motorcycle in heavy urban traffic.

SGI has indicated that 55 percent of the cost of motorcycle accident insurance rates is lost wage coverage resulting from rider injury and disability.

And I know probably you don't want to hear this; however, there are at least a couple rider types who do not require coverage, including retirees and established -- with established retirement income and riders with employers who will cover this cost. For example, can this sort of coverage be made optional for recreational motorcyclists? Would this not significantly reduce SGI's liability for this specific significant cost item?

Provide the option to motorcyclists with more than one late-model motorcycle, the less-than-30-year-old group, not the antique group, to purchase transferrable plates as employed in other jurisdictions successfully.

Consider a discount for motorcycles with ABS breaking systems.

And finally, the followup stakeholder group should do a more thorough review of SGI's statistics and information leading to the proposed significant rate increase, and we have heard a lot about that tonight as well. Thank you, R.A.G.E.

Conclusions. Finally, we feel that SGI's initial proposed significant increase to Saskatchewan motorcycle premiums was ill-conceived and that stakeholders should have been consulted from the very beginning. Based on this point, we feel that even the current proposed 15 percent increase cap currently being considered is not warranted, that is, at least, until SGI and the stakeholders have first had a chance to discuss potentially better and more constructive ways forward.

We would therefore respectfully request that the 2013 increase to motorcycle-related insurance be capped to what -- to that in line with the general car and truck insurance adjustments at the most. Thank you.

THE CHAIRPERSON: Thanks, Bob.

Are the other two representatives still wishing to provide more information?

BARRY ZIMMERMAN: My name is Barry Zimmerman.

THE CHAIRPERSON: You're welcome to use that mic. I think it's easier.

BARRY ZIMMERMAN: Barry Zimmerman, Z-I-M-M-E-R-M-A-N. I had presented to my MLA a letter that has some very specific input in terms of possible solutions, and I copied the Rate Review Panel. I'm not sure if it's been read, but I just wanted to add to what Bob was saying by suggesting that, you know, you possibly take into consideration some of those points.

I will also present that to SGI, give them a chance to, you know, look over the suggestions that I had and go from there. So, anyway, thank you.

THE CHAIRPERSON: Okay, thank you.

And, Jacques, did you wish to present?

JACQUES TOUPIN: To the relief of those sitting around me, what they said.

THE CHAIRPERSON: All right, thank you.

I think that concludes the number of people representing organizations. We do have some individuals who wish to make presentations, and the first is Peter, I'm sorry, I'm going to probably mispronounce your name as well, Wivcharuk?

PETER WIVCHARUK: I can't write very neatly either. My name is Peter Wivcharuk; that would be W-I-V-C-H-A-R-U-K.

I would like to start off by thanking everyone coming out tonight to show their support with many of the issues that I myself and the motorcycle community have with this proposal.

I'm here to voice some issues that I have to the Saskatchewan auto fund proposal in general and specifically how it rears its head in the motorcycle rate proposal. I have over ten years' experience in program development, policy development, guideline development, standards development at a municipal, provincial and federal level, and I brought my analytical skills to review and comment on this proposal.

Just to start off, a few of the themes you're going to hear about really issue around the concept of fairness, and it is in much of the language in these proposals. Also, we have some issues that are going to be around how they're applying to proposals. There's gaps, and there's inconsistencies.

So I have, like, a 12-page document. I won't speak to it verbatim, by any means. So just for highlighting the key themes, I'll start off by saying that I agree earlier with how this proposal has already affected not only riders in the value of their motorcycles, the resale value, the ability to afford insurance, but also motorcycle industries, supporting industries of those motorcycles. In fact, I even have a reference here that shows that immigration to the province has been affected because a person who is looking to work in the province saw the proposed increase and decided against it. So I would like to see SGI and the government take much more care in proposing, especially in that February draconian rate increase, anywhere from 73 percent on average to 300 percent or more.

SGI has defended its proposed rate increases by noting many times that vehicle classes are required to pay sufficient premium to cover their claims costs. Mr. Cartmell earlier actually said that that's what all other provinces do. That argument is kind of like standing on one leg; it's only part of the picture.

If you go and look at that, other jurisdictions are very different in how they determine their rates. They look at differences in age, in sex, even in the location of the driver, and by far most and away, as has been mentioned earlier, the driver -- well, by making bad drivers pay and not making good drivers foot the bill.

So getting to the proposal, it was interesting, I was looking at the 2013 of March proposal. In the document it notes that there are three major operating philosophies for the auto fund. First one, to provide basic automobile insurance coverage that is universal and fair. Second, to fairly rate insurance premiums for vehicle classes based on their claims loss experience and cost of repair, and, finally, to keep rates as low as possible. There is no consideration in there of how to consider amoungst those three and how -- and there is very limited interpretation of how to examine those three philosophies.

I found it very interesting, before that March proposal I was looking at the most recent SGI annualful (ph) report from 20 -- which is the 2011 report. It actually has a philosophy for the auto fund in there too, and it's different. This philosophy -- 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 fee for a driver's license. I don't read in there that it uses a person's vehicle either or vehicle class.

It's disturbing to see in the March 2013 report that it has completely ignored the 2011 auto fund philosophy statement. It's conspicuously absent, as is its consideration. It gives the appearance of SGI's cherry-picking philosophies, depending upon which report is published. This is unacceptable, and where is the consistency?

I also find, as I alluded to briefly earlier, there are other significant problems with how SGI has interpreted the three major philosophies found in the auto fund March 13 proposal, specifically with how SGI is defining and applying the three components used in determining the premium rates as well, which support the three major philosophies.

Specifically SGI has completely ignored interpreting the statement of insurance that is fair in the first major philosophy, and that is paraphrased. There is no overall discussion of fairness in the proposal, no guidelines, no evaluation parameters, no metrics for overall fairness in the rate proposal, no rate comparisons, et cetera.

SGI has only very narrowly interpreted fairness in the second component of three components in the major philosophies described as fairness in rating, and it is narrowly defined as coverage of claims costs for each vehicle class. This is an extremely limited interpretation of fairness and fairness and rating, and no interpretation of overall fairness, which results in a lot of unfairness and inequity between drivers in different classes of vehicles occurs. This has definitely come to fruition with the motorcycle class proposal.

In my comments I have made some specific recommendations around this, I won't go into much detail, but, you know, to consider these philosophies, components of equal priority, to look at broader definitions of fairness that are alluded to in the document but are not followed through upon, and also to look at subsidization closer.

It was very disappointing to see senior SGI executives in the news media describe motorcycles as recreational and optional in nature. These comments point to the biased approach in the rate proposal. That was in the original February proposal, and it was pulled out in the most recent version, the March. I worry it's going to be coming back, so I wanted to talk about it briefly.

There are residents in Saskatchewan who use motorcycles as primary transportation whenever possible due to parking efficiencies and fuel cost savings. What about Bentley cars, Ferraris, Lamborghinis and other high-end 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.

So when looking at the proposed motorcycle rate increase, some interesting information comes out. If you look at the number of motorcycles as a class of vehicle, they are a tiny amount of the overall vehicle registrations in the province, less than 1.4 percent. This impairs the ability for that vehicle class to cover their claims cost. There is not enough size in the motorcycle class to be able to cover their claims costs without massive rate shock changes as proposed.

The other vehicle classes in

the province such as cars and trucks have the benefit of very large sizes. This leads to economies of scales 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, not only motorcycles, the total number is less than 1.4 percent. But SGI has seen fit to subdivide them into four further subclasses, so we're talking sub, sub, sub, sub, subclasses, some of those subclasses which the data has not be been made available, but I would estimate would contain very few numbers such as tens of motorcycles and are disproportionately, unfairly and heavily impacted by claims in its sub, sub, sub, sub, subclass.

It is very disappointing for SGI not to include basic economies of scale considerations in the motorcycle rate review. I advocate that to maximize economies of scale, motorcycles should be considered as a single class for insurance rating purposes.

Now, next, getting to subsidization of a class of vehicles, I'm very disappointed to see some senior SGI representatives come out and use that as a reason for justifying rate increases, other drivers who are subsidizing motorcyclists. It's very disappointing because it, again, is standing on one leg.

The other side of the argument, it is actual fact that there is subsidization of a number of classes of drivers already with SGI that there is no problem they seem to have with doing, such as young drivers under 21.

Now, while avoiding the subsidization of a class of vehicles may be reasonable, there are other considerations to make. If you actually look closer at the rate of subsidization of young drivers in the province, it's much higher than motorcyclists. Young drivers under 21 in the province have over 20 times the number of accidents compared to all motorcyclists.

SGI also subsidizes the cost of wildlife-related collisions in the province to the amount of $48 million in 2010, which is over five times greater than the total reported costs of subsidizing motorcyclists, which in the news has been estimated at about 9 million.

I strongly advocate that SGI must not have anymore issue with subsidizing motorcyclists in the province than they do with subsidizing young drivers an wildlife collisions. It is patently unfair to treat one class of drivers differently from others. In fact, if you look at that 2011 annual report, as I mentioned, it said all drivers are treated equally unless their driving record shows they are at a greater risk for causing a collision.

Now, again, let's look at the subsidization another way. There is $9 million. If you take a look at it and divide it out by the number of registrations in the province, it's actually really small. Under $11 per vehicle registration currently subsidizes motorcycles. That represents less than 1.05 percent of the average 1,044-dollar vehicle registration cost. As I noted earlier, those other subsidizations are costing us much more on our registration rates.

Current motorcycle insurance already have a cost premium attached to it. I'm going to -- not only motorcyclists, but specifically our sport motorcycles have been subjected to a 46 percent rate increase since 2012 if the March auto fund rates are accepted, and 61 percent since 2010, and that's even before taking into account the compounding nature of those individual rate changes, which I have not done.

THE CHAIRPERSON: Peter, I know you've done a lot of research. Can I get you to summarize the balance of your report, and we'd be pleased to post it on our site, and we'll read it and --

PETER WIVCHARUK: Yeah, I've just got two more minutes.

THE CHAIRPERSON: Okay, thanks.

PETER WIVCHARUK: I'm getting close.

THE CHAIRPERSON: Okay.

PETER WIVCHARUK: So it was interesting, again, with Mr. Cartmell pointing to Manitoba as showing reasonable rates compared to Saskatchewan. I looked at that, and if you look across the country, Manitoba for average to safe drivers has some of the highest rates for motorcyclists in Canada, so you're comparing to the worst, and that is not appropriate.

I looked at Alberta. We're generally 40 to 50 percent higher than Alberta facility rates for sport motorcycles. That means the best-rated drivers in Saskatchewan are paying 40 to 50 percent more than the worst rates in Alberta -- worst drivers in Alberta.

Also, if you look at ICBC rates, which are BC rates, we're about 100 percent more for sport motorcyclists, double.

I advocate SGI needs to find alternative means of shortening and removing the gap between insurance rates and claims costs. The way to do this is to make bad drivers pay for their costs. The average rate difference from a good driver to a bad driver in other provinces can vary between 500 percent to 1,000 percent difference.

Currently in Saskatchewan it is 40 percent. There is very little incentive for bad drivers to stop being bad drivers.

So to consolidate my comments put forth, there is a basic responsibility for SGI as a government organization and monopoly to keep insurance rates fair. The very philosophy of the auto fund says this. Unfortunately it hasn't been followed through on in how they define fairness and consider fairness in broad terms.

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 amoungst each other when setting vehicle insurance rates. That's all. Thank you.

THE CHAIRPERSON: Thank you very much, Peter.

Our next speaker is Dale Peasley.

DALE PEASLEY: Ladies and gentlemen of the Rate Review Panel, good evening. My name is Dale Peasley, that's P-E-A-S-L-E-Y, and slight detraction, let's everybody stand up. I've, like, been in the saddle for the last 50 miles longer than I should have, so everybody stand up, stretch for a minute, get some circulation back, and then I'll give you a very brief presentation. Stand up, take a stretch, folks. It's, like, 50 miles too long in the saddle for me. Yeah, we don't need to do the hokey pokey.

Again, as I said, my name is Dale Peasley. I've been riding motorcycles in the Province of Saskatchewan for over 40 years, and for 40 years I've paid my insurance premiums to SGI without complaint, believing that our publically-owned Crown corporation was providing Saskatchewan residents with fair and equitable insurance premiums at reasonable rates.

Since 2007, however, those rates have claimed at an alarming rate. Double-digit increases on top of each other have had the cumulative effect of increases of over 70 percent in just six years. I know motorcycle accidents have not increased by the same rate, so how can it be that there is a justification for yet another increase?

The real kicker, however,

was SGI's request for increases to take place this fall, which for me and my old Goldwing would have seen an additional 115 percent increase in my premiums. For the first time in 40 years I feel compelled to stand up and say to you, SGI, enough is enough.

The actions over the past few weeks have raised some serious questions about this entire process. It is clear that SGI wants to initiate massive increases to motorcycle insurance premiums. The public outrage has prompted the premier of the Province of Saskatchewan to limit the increases to 15 percent, which in itself smacks of government interference in the process, and, in my mind, calls into question the relevance of the rate review process of which we are participating in tonight. If the premier's office can pre-determine the limit of the rate increase, what then is the point of this exercise, and what actual influence does the Rate Review Panel have on the outcome?

Even with the premier's intervention, we are still looking at yet another double-digit rate increase this year, and I suspect for each successive year, until SGI's initial goal has been achieved. Demanding more and more money does not make our roads safer. Shouldn't SGI concentrate on reducing accidents and claims by making safety a higher priority than premiums?

Ladies and gentlemen of the Rate Review Panel, this whole process has placed you in a very difficult position. We in the motorcycle community are counting on you to protect us from the outrageous rate increases demanded by a Crown corporation which appears to be out of control. It is my suggestion to you that you exercise your voice in this matter and reject SGI's proposal in its entirety.

Along with your rejection of their proposal, I recommend you instruct SGI to focus more on preventing accidents, improving rider qualifications, increasing public awareness of the need to share the road with motorcycles and reduce claims now and into the future. Thank you.

THE CHAIRPERSON: Thank you, Dale.

Our next speaker is Charles Renny.

CHARLES RENNY: Okay. My name is Charles Renny, last name is spelled R-E-N-N-Y. I am a motorcyclist like many of you here. I have held a Saskatchewan motorcycle license since 1968, which, by the way, my motorcycle plate cost me $11. I remember. It was also the year after SGI first mandated its safety requirements for motorcycles. You had to wear a helmet.

Now, there are a few things that I found incongruous about this evening from SGI, so we're going to keep it short because R.A.G.E. and everybody else has pretty much said everything I wanted to. But SGI made the comment that 6.7 percent of their -- is their cost of doing business for their premium, so 6.7 cents out of every dollar goes to running SGI. They also made the comment that it's twice as efficient as the industry. Well, if it's so efficient, why is SGI losing money on motorcycles in the industry with their frivolous ways is making money on lower premiums? Curious about that.

The other thing is, is that they said about 75 percent of the motorcycles that were involved in accidents were with cars, and the car was at fault, leaving 25 percent out in the open. They mentioned the Hurt Report for this. Well, a couple of lines later in the summary of the Hurt Report, it says that 17 percent of motorcyclists actually initiated emergency moves, but didn't have the skill to complete them, so therefore were part of the single-vehicle accidents, which actually leaves only 8 percent of the accidents that were not initiated by an automobile. Unfortunately for that 17 percent there is no car around to blame.

Bear with me, I lost my place. Actually, why don't we just leave it at that. There's a couple other discrepancies that aren't really relevant, and in the interests of getting home early and reducing my suffering of PMS, which is parked motorcycle syndrome, it's time to leave.

THE CHAIRPERSON: Thanks, Charles.

Our next speaker is Gary Chappell.

GARY CHAPPELL: Hello. My name is Gary Chappell, and it's C-H-A-P-P-E-L-L. And I'm against this rate increase because it doesn't solve the problem.

And I would like to address motorcycle injury costs. I understand SGI's need to balance the books. However, SGI has more responsibility here than just covering costs. SGI is the regulatory agency setting the minimum standards of training and the required protective gear for riding a motorcycle. That makes SGI a part owner of the cause of the problem.

When I started riding in 1967, I passed a motorcycle handling test, an SGI-run test circuit, to get my M endorsement on my driver's license. This initial training resulted in 45 years of accident-free riding. I understand today that other than a driver's license and a written test, you do not need to pass any handling test at all to immediately ride a bike of whatever size.

Imagine what would happen if you didn't need to pass a road test to drive a car. What percent of claims for accidents and injuries were from motorcyclists without the M endorsement? What percent of the claims were from young motorcyclists from age 16 to 25? What percent were from untrained new drivers on large or fast bikes? SGI should be looking at limiting the bike, the engine size or whatever, to a manageable bike for new learner motorcyclists, something like a 250 Honda Rebel or something like that, with a requirement to pass a handling test within a very short learner period. I don't know how long that should be, 30 days, 60 days, but short, and meanwhile must ride with an M-endorsed motorcyclist present.

SGI should also extend the requirement for protective gear from just a helmet to include substantial boots, a jacket, clothing covering the legs and at least some minimal eye protection.

Motorcyclists can also make themselves more visible. For the last ten years I have ran a strobe headlight that I find really makes me much more noticeable to drivers, especially those left turn guys that just scare the crap out of me, and also flashing brake lights where you put the brake on, and they flash on and off, you know, four or five times and then go solid red. These things make you much more visible, and they're -- both the headlight and the taillight are legal in all of Canada and the United States, but they are not required.

So balancing the books will not stop the accidents. Thank you.

THE CHAIRPERSON: Thanks very much. Some of the statistics you're asking questions about, we have actually asked some of those questions, and you can find them in the responses we have received from SGI to date, so if you look on our website, you'll find some of that.

Our next speaker is Russell Jacob.

RUSSELL JACOB: Okay, good evening. I'm going to start here with just opening up of saying why the Sask Rate Review shouldn't pass this current rate increase, and what I'm going to reference to is Minister Don Harpauer's requirements for the Sask Rate Review to pass the rates. And to keep it concise, I'm going to address just key points from it.

The first is from the introduction to it, which says the panel shall provide an opinion of the fairness and reasonableness of SGI's proposed auto fund rate change to have considered the following, and one of the main ones is consistency with the Crown corporation's mandate, objective and methodologies, and one of SGI's main corporate responsibilities is traffic safety.

Back in 2008 there was a series of harsh motorcycle accidents that prompted Clive Weighill, Saskatoon's police chief, and motorcycle riders to contact SGI demanding higher safety requirements. That did not -- well, they didn't come around; we all know that. So had those come into place, we wouldn't have these steps to take probably, so that's one of the first things I wish the rate review to consider.

And also my name, it's spelled R-U-S-S-E-L-L, J-A-C-O-B. Sorry about that.

And there are some key points that also the minister requires addressed by the Rate Review Panel, and one is the reasonableness of the proposed rate change, and the first one is Saskatchewan auto fund's mandate to operate on a self-sustaining basis over time.

And we just have to look at our crowd here. In motorcycles there's essentially three demographics. You have your polarized ends, which are your extreme riders, those are the ones that want to speed, go 200 miles per hour down the highway; and we have many people here, which are the safe -- many decades of safe riding; and then a large group of the casual riders, which is who I am. I'm somebody who can't afford thousands of dollars of riding, and we're going to be the first ones to leave the riding community. What we're going to see is the same level of accidents, and continually as more people leave, you're going to have fewer paying premiums until eventually the whole insurance rates will cascade, and the whole thing is not sustainable with rate increase.

And second -- let's see, where are we? I'm just trying to cut out stuff here, sorry about that. Okay. I'm really sorry, I'm trying to cut out things here.

THE CHAIRPERSON: That's okay. Take your time.

RUSSELL JACOB: Well, I'm just going to go on to directing towards SGI because I have it in the report, maybe you can read that later, my little points. And so how can SGI reduce its deficit, because in the end there is a deficit, I believe, that has to be addressed, and, of course, that's going to come down to reducing industries.

And the first thing I think SGI needs is an ability to collect back, like many people have said, larger dollars from people who are riding dangerously and severely at fault. And we had this, what Don Fuller had up there, decades ago. When I went to high school, there was one kid who totalled off two Ford Mustangs in one year, and he had to take out a loan just to renew his driver's license because it was in the thousands of dollars. We used to have that, and it got taken out. I wonder what happened to that, if there's reasons why that got taken out, and if it can be brought back, because how much money would that be brought back in?

And the addressing of mandatory training, I don't feel that we can have full classes immediately implementable (ph) for learners, just by the fact that we are a large province, and it was addressed online and other places that for new people out of town, they simply cannot come, and it's really difficult to come in and take these road tests, but what is needed is a more comprehensive learner's package. I've learned things myself about different online tutorial groups. Those should be mandatory with learners. You've got your booklet, but you have to buy the DVD's and other training information. You take your road test, you have situational testing. I've seen these online as well where it puts you in a situation, and you have to select what to do.

These are what the driver's training needs to be, not what a yield sign is. If you have your class 5, you should know that. The driver's test needs to be situational-based so we can see if people know how to react and how to control their bikes, and from then, then you can go onto the road testing, and that can be done by integrating the power limitations in with the graduated license program.

Currently it would be quite difficult to immediately implement a specific power regulation system. What I feel is that if you have your learner's or are on your first probationaries (ph) without taking a road test, you're restricted to extremely power-limited bikes, under 100 horsepower for 1,000 pounds or small CC bikes under the traditional classification such as 300 CC for sport bikes and 500 for cruiser touring, and it would be the retailer's responsibility or other forums to have these other power limitations because there are many bikes on the market that are excellent for new riders that are a large displacement.

The Harley Sportsters, they're a large displacement, but they're low power, low compression, low maintenance. They're designed for it to be easy riding.

Same with some of the new bikes coming out from Honda which cover -- one frame covers multiple areas, so if a bike looks like a sport bike and that one looks like a tour, but they're the exact same underneath, how do you insure that?

So we need to start implementing a different form of insurance anyways because the bike technology is changing, the markets are changing. There's no such thing as a sport bike, a touring bike. We're getting to be like the European demographic where there's a whole range, and there's all these cross-lines, so these are going to have to come in anyways, at which point if you do have your road test, then you can get to your probationary 2. You shouldn't be allowed -- so they're each -- the probationary 2 without taking -- oh, I think I'm confusing myself here. Sorry, I'm talking fast.

Yeah, so, anyways, yeah, you got a probationary 1 and probationary 2, but to get onto probationary 2 from now on, I think, is where the mandatory needs to be. So you have your road test, but you still need to take a safety course, get probationary 2, and that would allow you to ride larger bikes if you're on a probationary 2, which is two years, or if you reach your probationary 2 and you have your road test, then you can get the full bikes. It's -- this will be up on the page. It's a bit clearer described. Again, I'm trying to hurry.

And another one is increased mandatory safety gear we need. Aside from head injuries, the second most common injuries are leg injuries. I think that SGI needs to put in things such as mandatory higher-cuff boots to protect your ankles, you know, snapping ankles, the -- what is that, your ulna, I think it is, I can't remember the leg bones, but we need gear to protect against that as well as we should be allowed to have -- if people go above and beyond with safety gear, high-vis gear, I'm talking gauntlet gloves, armour jackets, all those things, they should be able to submit for a partial discount on their insurance because if somebody's taking the extra initiative to be safer, help make that affordable, help cut costs, because people are more inclined to do it, get the higher-end gear.

And that should go for bikes as well. If somebody has their bikes with ABS, with airbags, with proper, you know, engine guards and such -- if that is equipped to the bike, they should receive a discount on that bike, but of course -- and that is on your registration, so you might have an A, B, C, there's a discount part on your registration, that should be in there.

What else can I cut out? Anyways, just to sum it up really quick, in the reports for SGI and for the rate review board, I do address that there are many things in the mandate which SGI has failed to meet, things such as the -- like I said, the fairness of it -- oh, one point on fairness.

SGI mentioned about 15 percent -- only 15 percent of people insure annually. This is a big thing. So if the rates are designed for a one-year bracket to be paid in only seven months of it, that means there are 15 percent of people who are going to be paying 70 percent more insurance than the required premiums are, and that simply can't be allowed.

Is there anybody here who does insure for the year? Yeah, so think about every one of you are paying 70 percent more than the required premiums to cover your bike for your class because your prices are based on the fact that you'd only pay 70 -- or only pay for seven months.

So, I mean, the whole insurance does need to be received, and we need a rate freeze for about two years to work with SGI to allow their systems to be updated, to be modernized, just to get it to a point where we're not going to crash the whole system and end up in a deficit.

And, again, I cut out a lot of it, but I have the reports, which hopefully will online. I have one for SGI and one for the Rate Review to read, and if R.A.G.E. would like one, I do have a third one available. And that will be it.

THE CHAIRPERSON: Thanks very much. We'll post that on our site. Thanks.

I think that was the end of the presentations. We're now open to general questions if anyone has a question they would like to ask. Questions or comments?

Yes, you can be number 2 or 3.

Maybe just -- can you use this mic if possible if you can raise it up so it's high enough.

JACQUES TOUPIN: Sure. That works?

THE CHAIRPERSON: I think so.

JACQUES TOUPIN: I'll keep it short and sweet because I said I wasn't going to say anything. It's just a general question particularly to the CFO because I'm in that line of business.

Had a little bit of concern about some of the earlier comments made in Regina about your investment fund and how it is being invested. Obviously bond returns aren't there, and there is some risk involved on the equity side and other -- other investment structures. Is there somewhere posted on your web that outlines your investment policy and your aims and objectives in terms of reference, and if not, could those be placed so they can be looked at? Because, as you mentioned yourself, the rates of return on your investments do help mitigate some of the rate increases that you need to -- need to put forward, but right now that's pretty blank. Most people don't care. Unfortunately that's my line of business, so I do care.

THE CHAIRPERSON: Could you please provide your name before you get your answer?

JACQUES TOUPIN: Sorry, Jacques Toupin, T-O-U-P-I-N, just like it sounds.

JEFF STEPAN: Yeah, I'm not sure if the investment policies are online, but we can certainly make them available, and I believe that is part of the rate application.

Kathy, do you know off the top if that -- if the investment policies are in the rate application?

THE CHAIRPERSON: Not tonight. I believe they are, but I don't want to say definitively tonight, no.

JEFF STEPAN: Yeah. So I'm pretty sure that the investment -- or the statement of investment policies and objectives is in the rate application.

THE CHAIRPERSON: I think it is.

JEFF STEPAN: By law we are required to have 65 percent of our assets in fixed-income investments, so in bonds, so that is -- that is mandated. We can't -- we can't stray from that.

And, like you say, bond returns haven't been -- you know, the interest rates are so low you can't get much out of your bond, so a big part of the portfolio is in a matching strategy where we are looking -- we know what our payments are going to be for the next 20 years to pay for injured motorists, and we are matching those payments exactly. So it's an asset-liability-matching strategy, and, in effect, that has mitigated our interest rate risk, and a good portion of the other assets are invested in a well-diversified equity portfolio.

JACQUES TOUPIN: Okay. Has SGI gone back to the government to look at that 65 percent mandate, or is it considering doing that?

MR. STEPAN: That's a -- that is a federal guideline, so that's based on the *Insurance Companies Act of Canada*, and that's -- all insurance companies are subject to that.

JACQUES TOUPIN: Okay. That's part of it there that we needed to look at. Good, that answers that question.

THE CHAIRPERSON: Thank you.

JEFF STEPAN: Okay.

JACQUES TOUPIN: Thank you.

THE CHAIRPERSON: Next? Please remember to give your name.

JOE LUCIAK: Hello. My name is Joe Luciak, L-U-C-I-A-K. I've been riding for about ten years accident-free, and I would just like to ask out of this panel how many people ride out of here.

THE CHAIRPERSON: On the Rate Review Panel?

JOE LUCIAK: Yes.

THE CHAIRPERSON: I do not.

JOE LUCIAK: One, two do. I want to put a challenge out to you. We -- I took part in several safety rides where -- where we have encountered -- like, had police escort, parade permit where vehicles just would not wait, they'd turn into the group, so on and so forth, but also riding around out in the city by myself I've seen ladies putting on lipstick to eyelashes to -- to people eating cheeseburgers to texting, talking on cellphones.

I put a challenge out to you's. The ones that don't ride, I am willing -- if you're willing, I want to take you out for a day's ride to show you what I see that are the common problems to all our injuries because this is detrimental to our lives and to why we are here because we are talking about millions of dollars spent on injuries.

Now, if we can stop all the texting, all the nonsense that goes out on the road, then our injuries would come down. So I put a challenge out to you, I will take each and every one of you's out on the bike and show you what I see that you will not see in a car.

THE CHAIRPERSON: Thanks, Joel [sic]. Next?

JIM DRURY: Hello. I know it's getting late, so I won't take up much time. My name is Jim Drury, D-R-U-R-Y, and we've talked tonight on a lot of things, and the one thing that I wanted to bring up was all bikes aren't equal. I'm 69 years old. I bought my first bike last year, but I bought a Can-Am Spyder, and I feel it shouldn't be charged as the others are because it's a safer bike, but I still have my learner's, of course.

And another thing that we could look at maybe is the deductible on bikes. We say we have a lot of safe riders. I think there is a lot of safe riders. Let's make the deductible higher when they do have an accident, look at something along that line. Thank you.

THE CHAIRPERSON: Thank you. Next, yeah.

RHONDA CWYNAR: Hi. My name is Rhonda Cwynar, R-H-O-N-D-A, C-W-Y-N-A-R, and I just have a general question about a causation study. Have you guys done a causation study yet regarding not just the numbers around who is -- you know, what ages cause the accidents, but why the accident happened, what were the mitigating factors, how can it be stopped in the future?

DR. KWEI QUAYE: Yes, we did that when we -- prior to the introduction of the graduated driver's licensing program. We looked at that data, looked at all the factors that contributed to -- to these crashes, where were they happening, how they were happening.

RHONDA CWYNAR: Is that where you got your numbers from to come up with how Saskatchewan's flipped around from the rest of the world?

DR. KWEI QUAYE: No, this is from our claims data.

RHONDA CWYNAR: Okay. So how did you get the numbers that flip Saskatchewan around from the rest of the world?

DR. KWEI QUAYE: The numbers that Andrew spoke about is numbers from our claims information statistics.

RHONDA CWYNAR: So claims and accidents, not just accidents?

DR. KWEI QUAYE: That's right, that's right.

RHONDA CWYNAR: Okay, okay. So then the causation studies, do you continue to do that year after year after year? Is it something that we can look at to find out what's causing the accidents?

DR. KWEI QUAYE: Yes, we have -- we have data available that we can share with you. We can make our data available to you --

RHONDA CWYNAR: Okay.

DR. KWEI QUAYE: -- so that you can do your own analysis of our data.

RHONDA CWYNAR: Perfect.

DR. KWEI QUAYE: I think if you look at these studies, some of the studies that Andrew spoke about, and some of the work that we've done, we see close parallels between our experience with respect to the factors that are causing these crashes.

RHONDA CWYNAR: Right, okay. The reason I'm asking too is because I noticed in the -- in the reports that were in round one questions that in 2010 and 2011 over 1.2 million was spent on traffic safety advertising for cellphones, at the same time, zero for motorcycles; in 2012, zero for cellphone safety and 75,000 for motorcycles. So I'm wondering, how would -- how do you determine from -- do you use that causation report to determine where you should spend your money on advertising for safety?

DR. KWEI QUAYE: I think prior to 2012,

although you're quoting zero, over the years we've been doing advertising with respect to motorcycle safety. We've been working very closely with the Saskatchewan Safety Council on issues related to motorcycle safety. We have been going through -- also going through consultations prior to our introduction with GDL where we spoke with numerous, numerous motorcycle riders and associations, and based --

RHONDA CWYNAR: I understand.

DR. KWEI QUAYE: -- and based on that -- let me finish.

RHONDA CWYNAR: Mmhmm.

DR. KWEI QUAYE: And based on that information, we realized that there were areas in which we could be doing more like sharing the road --

RHONDA CWYNAR: Okay, good.

DR. KWEI QUAYE: -- with other riders and so on, like, vehicles and so on and so forth.

RHONDA CWYNAR: Okay. So you are aware there's out-of-the-box programs that you can get and put up for $500 to rent a bulletin board for a whole month?

DR. KWEI QUAYE: No, I'm not in advertising area, so I --

RHONDA CWYNAR: Okay.

DR. KWEI QUAYE: What I do is to provide the information with respect to the areas in which we should focus, and we go out, and we do advertising.

RHONDA CWYNAR: Okay.

DR. KWEI QUAYE: We also share a lot of information with the dealerships with respect to things that they could tell new riders to do and so on and so forth.

RHONDA CWYNAR: Okay. So then what I would like -- I would like to ask, then, for the Rate Review Panel that all of the causation studies that SGI has done in the past, the full causation studies, so it would be, like, the Hurt Reports, all that type of data, be available to the public. Thank you.

THE CHAIRPERSON: Thanks very much. Next?

DOUG RUTHERFORD: My name is Doug Rutherford, R-U-T-H-E-R-F-O-R-D, and this is more directed at the review committee that, you know, we're really counting on you to do, you know, an in-depth review of their -- of their numbers, basically into their financial end.

You take -- my point is there's a lot of business owners here, and every business has a centre at some point that's going to lose profitability. And SGI has decided that they are going to break out the auto fund, and they're going to have SGI Canada, and you can see some of the numbers that they've produced on that side, and leave the auto fund out to dry without anybody to subsidize it or to help manage that into the company.

You take a tire shop. You know, they charge you 20 bucks to fix a tire. They're paying the guy 20 bucks to fix the tire, but they realize they're going to get tire sales out of this thing.

So it's a whole package, and just to sit here and listen about the numbers that are -- how badly the auto fund is doing in the motorcycle end of it -- and like everybody else here has said, you kind of pick out of the -- out of the sky these numbers for the injuries and -- and on the motorcycles because there are -- every single one of us in here, I can almost guarantee it, supplies that end, the SGI Canada end, with profitability through all the package policies, all the different home insurances.

So if you take that all into one big picture, how you can separate that -- because it is all one, it is. The money is a big pool, and they're trying to break it out, or the government is, and leave that liability on the cyclist. Thanks.

THE CHAIRPERSON: Thanks for your comments. I just wanted to offer a little bit of information. We do look at that, and we do stress the importance of reviewing that, the SGI Canada versus the auto fund and the relationship between the two and the cost sharing. That's something that we look at very closely, and, again, reiterating that we do have professionals in the field that are looking at all of those numbers, so it's -- it is looked at very closely by external experts.

DOUG RUTHERFORD: Right, okay. Just making -- my point was that, you know, your -- your department is -- we are relying heavily on you for your expertise.

THE CHAIRPERSON: Thank you.

DENNIS HENRY: Hi. My name is Dennis Henry, and I have a quick question in regards to within the -- within the auto industry. Does an insurance company such as SGI have any input into the people that are actually making the vehicles such as navigation systems, all these things that they're putting into these vehicles now that are keeping their eyes off the road, stereos, CD changers and everything else that's going on?

It's hard enough for us to drive. Has anybody actually compiled all those accidents that involved a motorcycle that was the driver's fault? What were they doing? Were they eating, were they drinking, were they not paying attention? What was the cause of that accident that caused -- with that motorcycle that they took the fault?

And if you guys don't have any say to industry, maybe that's something. If you buy a vehicle with a nav (ph) or anything else and you put the stuff into your vehicle, maybe your premiums had to go up because you were higher risk of not watching the road. That's all I have to say.

THE CHAIRPERSON: Okay, thanks.

Now, Andrew, do you have some comment from one of your staff with respect to that?

DR. KWEI QUAYE: Well, the best I can say is with respect to causation of -- for the crashes, we rely on the police who will provide us with that information. So the police will send us accident reports with respect to what happened in the crash, what were the circumstances, what modifiers were involved and so on and so forth, and we rely on that information for -- analyze that information to help us make policy decisions.

With respect to what goes into vehicles, that is a federal issue. The best that we do as a province is when we meet with the federal government, and there -- there are new technologies coming up that we think can influence distraction, we raise our concerns with the federal government as to ways and means in which we can work together with the vehicle manufacturers to ensure that that doesn't produce detrimental effects on the road system overall.

THE CHAIRPERSON: Thanks, Kwei. Next?

JIM BRIDGEMAN: My name is Jim Bridgeman, and Bridgeman is fairly easy to spell, you just put a bridge and a man.

I have a couple of questions. Essentially I'm addressing these to the Rate Review Panel. I'm one of those guys like Chuck Renny who started riding in the '60s when it cost us 15, 20 bucks to register our vehicles and we had to -- had to put helmets on, and that was about as far as it went.

I think there have been a couple of things that have been discussed here that I think are very important. I'm an old teacher, I believe in education, and I think two key things are missing, and I think this is one place where SGI has really let us down, and that is, first, educating drivers and teaching them skills before they go on the road, and, secondly, to adjust their behaviour by means of punitive, if necessary, rates to add to their insurance costs when they have accidents that are their fault.

Secondly, I think there should be rate adjustments given to riders who take post-license training, some of us old types who, in fact, have been on a bike since 1969 and have never taken any formal training. If there were some incentive for me to do that besides just that I would probably become a better driver, it might cause me and maybe a few of these guys to take motorcycle training.

And I don't buy that there aren't enough trainers and we couldn't implement the policy. I would rather see fewer new riders go onto the road next spring than see the number of young riders that are being killed or injured as the situation stands now. I just can't buy the idea that you can't stop the flow so you have back away from the standards.

And finally the gear issue, I think, is an important one. Like I said, in the '60s they finally introduced the concept that you really should wear a helmet, and there are some places obviously that still don't do that, but I think all the gear all the time. And I'm one of those guys that's out there wearing an orange safety vest, the same one that the driver trainers use, just because, and I would like to print across the back what they have on some of the T-shirts in the United States that say, can you see me now, and I won't use the last word that they put at the bottom.

Essentially the only other thing I have to say is if some of these things were implemented, then we could go back to a single rating class for motorcycles. The ratings would be based on driver training, driver ability and how it's been shown in their driving and in the final analysis how safe you are on the road. Thank you.

THE CHAIRPERSON: Thank you.

JIM BRIDGEMAN: I'll fix that for everybody.

THE CHAIRPERSON: Thanks. I knew there was a way.

BRADY IVES: My name is Brady Ives, B-R-A-D-Y, and the last name is I-V-E-S. I've been riding motorcycles for about 35 years; I've never had an accident.

I currently have two motorcycles, one's a vintage motorcycle in excess of 1,000 CC's. It's the bad one that gets pointed out in the initial proposal for rate increases. It's about 300 percent. It's value is questionable. You have to be a quirky individual to want to own one of those things. They're contemporus (ph) to maintain and horrible to run, and some people covet them, some people swear at them, but, in any event, it's not worth me to insure or drive under the current proposals because it's just -- it's just not worth it. Unfortunately it's -- it will be insured way too high.

My other motorcycle is a touring motorcycle. I just acquired it. It has a sport designation, which I guess this is maybe directed towards Mr. McCulloch. This motorcycle has detachable luggage, it has a trunk, it has heated grips, it has an electronically-adjustable windshield, it has ABS brakes, it has an adjustable suspension for two-up riding, and yet it's 100 pounds less than the new Goldwing that they just came out with, it's a bit of a pig, and yet it qualifies as a sport designation because it's called a Sport-Touring Motorcycle. It's the same category as a -- that competes heads up with a BMW RT 1200, for example, which is considered a cruiser motorcycle.

So I think when SGI is taking a look at adjusting rates, you really have to drill down into the different categories for sport, touring and cruise. Like I say, my wife's van has got a sport decal on the back of it. It's a Dodge Caravan. Nobody is going to mistake that as a sporty vehicle, and I don't think anybody's going to mistake this Honda tub as a sport bike.

So the other question I have with respect to that is that I'm wondering how much the statistics have been split out with respect to the cost of claims between the sport, touring and cruise category. I think the kid who is popping wheelies on 8th Street with his GSXR 600 gets all the attention, but I'm not so sure that he is the expensive claimant. When he lays his bike down, it's a 5,000-dollar motorcycle. He makes 12 bucks an our flipping pizza someplace. The guy on a 47,000-dollar Harley making cap over the income benefit who lays his bike or down or has somebody crash into him, I suspect he's a much more expensive claimant to SGI. And I'm just wondering if that's ever been broken out into -- into claims costs.

CHRIS MCCULLOCH: Okay. Currently claims costs are split by the three different variables identified there, we have the CC's of the engine, we have the body style, which is exactly what you're talking about, and the model of your grouping.

We are currently in the process of reviewing those body styles because of a number of complaints similar to your own. And although I can't speak specifically to your exact motorcycle, we are also looking at using more of an industry-standard destination or assignment groups as used by the Insurance Bureau of Canada. So this is something that we are looking into, and, as mentioned by Andrew when he was speaking, some of them may currently be misclassified, and we are looking into that.

Now, as to whether an individual who -- like, higher-risk individuals versus lower-risk individuals, the data is first -- well, would we come with generic rates at that -- at that level, no, but those individuals, their rate would specifically be factored into their position on the safe driver recognition scale. So in that way their rate is modified, but beyond that in the basic rates that come in the manual, no.

BRADY IVES: There was some talk about adjusted premiums. I have a bit of a problem with that, and I understand the philosophy behind it, but I think, you know, what's good for the goose is good for the gander, and if SGI is contemplating adjusting motorcycle premiums to reflect seasonal use, then really the same has to apply to RV's.

And I think that would be very dangerous for SGI if they were going to say to people who had motor homes, boat trailers, campers, et cetera, that they're going to adjust their premiums accordingly, and it should -- should apply equally across the board if you're going to apply that to motorcyclists, I would think.

CHRIS MCCULLOCH: You're exactly right, and that's a lot of the considerations being discussed right now while we are playing around with the idea of, well, discussing the merits and pro's and con's of seasonality, and that's one of the items to be discussed by the motorcycle review committee that we've struck.

BRADY IVES: So I have a suggestion. You know, there was much political brouhaha with the review of no-fault insurance about ten years ago. SGI introduced a tort product, made it optional for people to select tort over no-fault coverage. Slightly inferior product with the exception, of course, death benefit were pretty much identical. But I think it was an interesting exercise, but the last I checked, approximately 1 percent of the Saskatchewan population has swapped over, so it's not a real big product, although I understand those people have higher claims histories.

I'm wondering if in order to contain costs -- because I think a lot of the catastrophic injuries, the fatalities are caused by motorists and not the motorcyclists.

I believe a lot of this left turn that you heard about tonight, people in vehicles striking motorcyclists and causing serious injuries and death, leads to a large part of those claims costs. And so if the tort product is slightly inferior, it should therefore be slightly less expensive, and I wonder if there's any contemplation of rather than have a default to no-fault for motorcycle coverage, have a default to tort coverage for motorcycles with an option to increase income under an SGI Canada policy, which is currently excluded.

ANDREW CARTMELL: The terms that the government asked us to look at the motorcycle review was around the injury benefits. We may get into the merits of tort versus no-fault. I'll leave it to the review committee to look at. I suppose it's within the range possibilities. It opens up all sorts of issues about do you elect tort as an individual or do you elect tort on a vehicle? Like, it gets complicated very quickly.

So I think that discussion will likely occur. I personally suspect that it's probably going beyond the range of what we are asked to review; however, the minister has -- at our request, has asked us to do a broader review of no-fault coverage starting this fall that goes beyond just the motorcycle component, and that -- that would be a good forum for discussions on tort versus no-fault coverage levels, options, choice, you name it.

BRADY IVES: Right, because one of the -- one of the downfalls for -- for the no-fault system, as I see it, is that it doesn't address contributory negligence in any way. And so when a person who elects to go out on a -- on a motorcycle in a pair of shorts and thongs and crashes their motorcycle and gets a whole bunch of road rash, really they're contributing significantly to the cost of that claim, and it's not addressed anywhere within the no-fault system.

Andrew CARTMELL: If they're at fault for the accident, it is; they pay a higher premium.

BRADY IVES: But their injury payout is exactly the same.

ANDREW CARTMELL: It's no-fault benefits, fault-based rating, absolutely.

BRADY IVES: They could have mitigated that loss, which is --

ANDREW CARTMELL: They could have, yeah.

BRADY IVES: -- a very important primary component of insurance.

ANDREW CARTMELL: Yeah. And the issue there is -- the issue there is should it be mandated? Like, should there be legislation that mandates that for everyone riding a motorcycle, or is it common sense, should it be encouraged? That's the issue.

BRADY IVES: Right. So the last question I have is of the IRB benefits that were paid out -- the income replacement benefits that were paid out under the no-fault system for motorcyclists, of the $140,000 on the average claim, what component of that is represented by fatality claims?

DON THOMPSON: 15 percent.

BRADY IVES: 15, you said, Don?

DON THOMPSON: 15.

ANDREW CARTMELL: Yeah, 15 percent of injury losses are death benefits.

BRADY IVES: Right.

ANDREW CARTMELL: So these are averages, so the -- so of the 141,000, 15 percent on average would go across all accidents. Now, the actual death benefit is much higher for the individual who is the fatality, but when you spread it across all claims, that's what's coming up, 15 percent.

BRADY IVES: So do we have a number for the fatality benefits paid out on motorcycle claims?

ANDREW CARTMELL: We do. I don't have it right here, but we do.

BRADY IVES: Okay. Just because -- why I ask that question is because another component of the no-fault coverage is that if I become disabled as a result of a motor vehicle accident, they pay me to age 65. If I become deceased as a result of a motor vehicle accident, they pay my surviving spouse for her life expectancy, which is well beyond 65 years of age, and so that gets quite expensive.

ANDREW CARTMELL: Chris says all that information is up on our website.

BRADY IVES: Yes, okay. Thank you. That's all I had.

THE CHAIRPERSON: Thank you.

BRIAN ELDER: Good evening. My name is Brian Elder, E-L-D-E-R, and I'm an SGI-certified motorcycle instructor teaching the basic course in Saskatoon. I'm also an advanced riding instructor through the Gold Wing Road Riders Association.

And I'd like to -- there's been lots of talk about the basic course, the one that everyone -- most people, I think, feel should be certainly encouraged, if not forced on the new riders. However, advanced riding, which I would like to talk about a little bit, is -- in the case of Gold Wing Road Riders, we've got 72,000 members in 53 countries. We teach roughly 25,000 advanced riding courses a year.

The Motorcycle Safety Foundation in the United States along with the Gold Wing Road Riders Association encourage all their members to take an advanced riding course at least once every three years, reason being we can talk about -- as much as we like, about how many accidents young people have, but the USDOT National Highway Traffic Safety Association did a ten-year study on motorcycle crashes, and over -- the over-40 age group accounted for 39 percent of the fatalities in single-vehicle motorcycle accidents. Those were supposedly people with a lot of experience.

What has been found in both the MSF and Gold Wing Road Riders' studies is that the common factor in most accidents is an inability to properly use the brakes, to properly serve and to properly do curves, in other words, the three most important emergency measures. They're not only what prevent single-vehicle accidents; they also save your butt from that left-hand turn that everybody has been talking about. If you never practice it -- you can take a basic course. If you never practice it, are you going to be able to accomplish it when it hits the fan? Of course not.

So I think in a lot of jurisdictions, particularly in the United States, that they are doing -- giving discounts on insurance for advanced motorcycle courses because they have realized that they do save lives. Okay, thank you.

THE CHAIRPERSON: Thanks.

KIM SAMOILA: My name is Kim Samoila, S-A-M-O-I-L-A. I would just like to start by sharing something about me. Female rider, had my license for just over 20 years, but my first ride actually happened in late September of 1974.

My father, much to the argument of my mother, said that I was going to learn, and at the age of three was put on my first motorcycle. It was a 1970 Yamaha RD 350, and it was my first day of school, and I became the coolest kid in kindergarten by showing up on a motorcycle. It was a very cold ride, but it's one of my earliest recollections. I remember getting on the bike, I remember it roaring underneath me. At the time children rode in front. I remember watching my father's hands and being fascinated and that rush of air against my face, and I was hooked at the age of three.

This for many of us -- and I hope I'm not overspeaking for everyone in the room, but this isn't just a hobby for most of us; it's a way of life. It's my therapy, it's what I do to unwind, it's my social circle, and the thought of not being able to afford to throw my leg over at the end of the day and clear my head breaks my heart. This is something that I've shared with my brothers, now with my own children. It's important to me, and it's important to everyone who showed up here tonight.

I have a question about the environmental vehicle program that I know used to exist, whether or not it still exists within the SGI? No enviro -- can I ask why, and why motorcycles weren't a part of that when it did exist?

DON THOMPSON: That was just administered by us. It was paid for by the department -- the department of environment, so it wasn't our -- really our program. We were asked to administer it, but it was -- it really has nothing to do with insurance rate, how -- what kind of carbon footprint you leave. Environment took the lead on that and were paying for it, and the government decided to stop running that program.

KIM SAMOILA: Okay. And just one other

question. I noticed that -- I don't know if it's an oversight on SGI's part, but when you look though all the categories and we're -- for some reason it's an insistence that we need to categorize everybody, there's absolutely nothing in existence for trikes.

And I would like to point out that the machine that I'm currently riding is a highly-visible machine, takes up the entire car lane. This will be my fourth summer with this machine, and, knock on wood, I have not had anyone cut me off since I've been riding this thing. So just a point, there is nothing out there for trikes, so --

DON THOMPSON: Mmhmm, fair enough. Okay. Thank you.

KIM SAMOILA: Thank you.

THE CHAIRPERSON: I don't see anyone else lining up to speak, so I will take this opportunity to thank everyone who participated in tonight's process. Whether you were the first or the last speaker, you were heard, and we listened to what you had to tell us, so, again, thank you.

And thank you to the

representatives from SGI who were with us tonight as well. Deadline for submissions to the panel is April 24th. The meeting is adjourned.

(Adjourned at 11:17 p.m.)

CERTIFIED COURT REPORTER'S CERTIFICATE

I, LISA MacDONALD, CSR, Certified Court Reporter, hereby certify that the foregoing pages contain a true and correct transcription of my stenograph notes taken herein to the best of my knowledge, skill and ability.

LISA MacDONALD, CSR

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