Table of contents

Implementation of Previous Panel Recommendations

As part of the report to the Minister of the Crown Investments Corporation of Saskatchewan concerning the November 1, 2009 Saskatchewan Auto Fund Rate Rebalancing and Rate Adjustment, the following four principal recommendations were proposed.

Recommendation One: That the average rate increase of 4.2 per cent for the Auto Fund be implemented, effective November 1, 2009.

Upon approval from Cabinet, the rate program was implemented into the Auto Fund system on September 13, 2009, with an effective date of November 1, 2009.

Recommendation Two: That the Auto Fund test the appropriateness of the currently prescribed Minimum Capital Test target range for the Rate Stabilization Reserve. Once the target range is determined, the Panel recommends that a formal policy on an action plan be developed to address situations where the Minimum Capital Test for the Rate Stabilization Reserve falls significantly above or below the target range. The Panel expects the policy and any required action plan will be filed with the next Auto Fund rate application.

The Minimum Capital Test (MCT) has been tested for appropriateness and revisions made. The target MCT has been determined to be 112.5% with a minimum threshold of 75% and a maximum limit of 150%. A policy has been developed to address an action plan for situations when the MCT falls significantly above or below the new target range. This policy can be found in the section of the rate application labeled RSR Capital Management Policy.

Recommendation Three: That the Auto Fund examine all aspects of its operation with the goal of achieving productivity gains and efficiencies that will produce savings that benefit the Rate Stabilization Reserve, and ultimately Auto Fund customers, and that these productivity gains and efficiencies be reported in future rate applications.

The Auto Fund agrees with the recommendation and has and will continue to examine all aspects of its operation with the goal of achieving productivity gains and efficiencies. Productivity gains and efficiencies have been reported in the section labeled Productivity Gains and Efficiencies within the rate application.

Recommendation Four: The Panel repeats the recommendation it made in its report on the 2007 rate application: that the Auto Fund submit rate adjustment applications, with rate rebalancing, on an annual basis.

Due to challenges associated with the Auto Fund Redevelopment project, a rate application was not submitted to the Panel in 2010. However, a rate analysis was completed that showed an overall rate change of 0%.

In addition to the four recommendations above, the consultants, Brian Pelly and Myron Kostelnyk had recommendations of their own. The following are the Auto Fund's responses to their recommendations.

Consultant Recommendation One: In their report the consultants note that the discounts and penalties administered under the Safe Driver Recognition Program and Business Recognition Program are not actuarially based, although such an analysis is likely possible. The Panel recognizes that there are public policy issues associated with these programs, and that providing incentives to encourage safe driving is a commendable goal. In the interest of rate fairness, the Panel believes it would be helpful for the Auto Fund to submit an analysis of its experience with the two programs with its next application.

SGI is planning a full review of all coverages, benefits and programs under *The Automobile Accident Insurance Act,* and associated regulations in 2012. SGI would like this to include a review of both the Safe Driver Recognition Program and the Business Recognition program, and their respective bonuses and penalties. The review would include input from SGI's actuaries as well as consultations with various stakeholder groups. SGI is currently awaiting final approval from its shareholder with respect to the scope of the review.

Consultant Recommendation Two: The Auto Fund uses the Canadian Loss Experience Automobile Rating (CLEAR) system to supplement its own experience in developing a more statistically reliable basis for rating light vehicle classes, which covers the great majority of vehicles in the province. The consultants note that injury coverage under the CLEAR system is currently being reviewed, with the intent of enhancing injury claims for CLEAR-rated vehicles. In the consultants' words:

„, the pending VICC CLEAR injury coverage initiative to enhance the recognition of injury claims in CLEAR could be of great significance to the Auto Fund going forward, both in terms of fairness in rating and as a source of potential rate shock as it is phased in.

The Panel welcomes this advance warning from its consultants. Because it is unclear at this time what cost implications the injury coverage initiative might have in Saskatchewan, the Panel thinks it would be beneficial for the Auto Fund to undertake a detailed study of the CLEAR injury coverage review, and submit a proposal for implementing any changes when the financial impact of the CLEAR review is evident. Further, we recommend that the Auto Fund undertake a thorough study of the VICC CLEAR injury coverage initiative and bring forward a proposal for implementation in Saskatchewan with its next Application.

The Insurance Bureau of Canada (IBC) does not use SK, MB, or BC data when determining their CLEAR injury rate group assignments or relativities due to non-homogeneous results compared to the rest of the country. A comparison of injury loss costs by rate group for Auto Fund data to those reported by IBC confirms that the results are not similar. Due to the differences in geography and lifestyles between provinces, it is not ideal to continue using the IBC injury rate groups since they are based on data extracted solely from other provinces. In order to better represent the vehicle loss experience in Saskatchewan, a new injury rate group system was created using only Auto Fund's claims data.

The new injury rate group system uses separate relativities for vans, four door cars, station wagons, trucks, two door cars, SUVs, and convertible cars, derived directly from Auto Fund past loss experience.

Consultant Recommendation Three: Consider expanding the use of credibility (an actuarial tool) to enhance the comparability of results between classes and vehicles and to better address the limitations posed by small numbers in rate groupings.

Although credibility is not used in the trend selection, similar types of vehicles are now grouped together to enhance the credibility of selected trends for that particular type. Smaller groups of vehicles will now contribute data to the trend selection of similar larger groups of vehicles, and be trended in a similar manner. For example, the "Heavy" group combines heavy trucks and power units from several different classes using those vehicles for various purposes. This process mitigates the limitations posed by small numbers in some rate groupings.

We reviewed our credibility in determining damage relativity rate group factors for CLEAR and in rating classifications for conventionally rated vehicles to enhance comparability of results between vehicles. For CLEAR, the full-credibility standard is selected so that our estimate is correct to within +/- 5%, with a 99% probability (2,656 claim counts). For all other classes, the full-credibility standard is selected so that our estimate is correct to within +/- 5%, with a 95% probability (1,082 claim counts).

The probability for CLEAR is higher because IBC's relativities are a better compliment of credibility for our CLEAR relativities than our current relativities are as a compliment for our other class relativities. In the future, the current relativities may have more relevance as they are updated with annual rate applications.

Consultant Recommendation Four: Continue exploring the need to develop distinct rate levels for tort vs. no-fault coverage, and if justified, the practical challenges of implementing such a change. The Panel understands the limitations within the current computer system prevent making the distinction between tort and no-fault. The Panel will be interested to learn if this capability will be one of the benefits of the Auto Fund Redevelopment Project.

SGI has not implemented this recommendation due to other priorities with the rate program.

The choice of no-fault coverage verses tort coverage is available to all residents of Saskatchewan regardless of whether or not they own or operate a motor vehicle. There are approximately 6,200 who have chosen tort coverage.

With only 6,200 people choosing tort, limited claims data is available to analyze and provide credible results. Another challenge with developing distinct rate levels is that coverage lies with the Saskatchewan resident and not with the vehicles so a methodology on how to assign the loss costs to each vehicle class will need to be developed.

Consultant Recommendation Five: Consider developing more rigorous trend models using longer experience histories in conjunction with commonly available modeling tools to promote stability between successive Applications and enhance the strength of the forecasting process. Also, consider mitigating the variability in selected trend assumptions by class of vehicle.

The above-mentioned grouping of similar types of vehicles for trend assumption selection helps mitigate variability in the selected trends. Additionally, to promote stability and incorporate more knowledge, the trends for the class groupings are now selected by the damage and injury loss trend committees.

We agree that developing more rigorous trend models to enhance the strength of the forecasting process is important. We plan to improve our current models with each rate program.

As part of the rate indication, data from 2001 to May 31, 2011 has been used in the analysis; however, legislative changes from August 1, 2002 limit the relevance of early data. Each year going forward will add another year of new data that we intend to include in our pure premium estimates. As the number of years of data grows, we expect to use longer experience history for our injury, liability, tort and catastrophe coverages. For our non-catastrophe damage lines, we plan to continue to use the same number of historical years because the greater relevance of the newer years outweighs the mitigation of variability from including older years.

Consultant Recommendation Six: Consider introducing a process to mitigate the impact of a small number of extraordinary claims in analyzing experience by class of vehicle and/or rating classification within a class of vehicle.

The use of many years worth of data will help to mitigate the impact of large losses on the pure premium and relativity analysis for small classes of vehicles. Also, the use of credibility in rate group analysis severely restricts the impact of a small number of extraordinary claims. In order for a rate group to have very credible data, it must have a large number of claims, which will outweigh the impact of any extraordinary claims.

Now that classes are grouped for trend selection, individual claims have reduced impact.

In rating classifications for many classes, models are now fit separately for frequency and severity when determining relativities, which better reveals the impact of extraordinary claims. In addition, the goodness-of-fit measures of these models help to identify when extraordinary claims are interfering with relativity selection.

Consultant Recommendation Seven: Consider timing the submission of future Applications to optimize the availability and use of the most current experience available.

The Auto Fund agrees with the recommendation and has and will continue to make improvements to optimize the availability and use of the most current experience. For the previous rate program, the time from when the process was started to the effective date of rate program was 22 months. With this rate program, the time will be reduced to 14 months. It must also be noted that the analysis and approval process of a rate program take a significant amount of time.

Consultant Recommendation Eight: The Consultants recommend some level of RSR surcharge, to at least start the process of rebuilding the RSR and responding to what is, for the Panel, a given parameter for its review of the Auto Fund's Application, i.e., the target RSR range.

Should the Panel adopt this recommendation, we further recommend that the Auto Fund be instructed to segregate the RSR surcharge in its accounting and its communications with policyholders, to enhance transparency.

This recommendation was not implemented as part of the November 1, 2009 rate program since the Panel did not recommend that we surcharge the rates to rebuild the RSR. However, how and when future RSR surcharges are applied to the Auto Fund are detailed in the RSR Capital Management Policy.

Consultant Recommendation Nine: The Consultants recommend that the Auto Fund undertake further analysis of the exposure of the RSR to volatility from sources of risk facing the Auto Fund, with the objective of testing the appropriateness of its currently prescribed target range.

The exposure of the RSR to volatility from sources of risk facing the Auto Fund has been included as part of the Capital Management Policy.

Consultant Recommendation Ten: The Consultants recommend that the Panel encourage the Auto Fund to continue to pursue internal efficiencies, and that the staff complement, as well as average compensation, be reviewed when the Auto Fund Redevelopment Project has been fully implemented and is totally operational.

Productivity gains and efficiencies have been reported in the section labeled Productivity Gains and Efficiencies within the rate application.

In 2011, SGI engaged the Ward Group to conduct a study benchmarking the operations of the Auto Fund against the results of a peer group of insurance companies for the years ended December 2010, 2011 and 2012. A few of the key measures related to efficiencies from the 2010 results are detailed below:

Measure	Auto Fund	Canada Personal Lines Benchmark
Gross expenses as % of gross written premium	24%	38%
Net paid loss adjusting expenses as % of net premiums earned	7%	8%
FTEs per $100M written premium	122	117
Staff to management ratio	9	6

FTEs per $100M written premium is slightly higher than the peer groups. Given that our average premium is 34% lower for the Auto Fund, we have to write over 30% more policies to get the same premium. That we are close to the benchmark is favourable.

Consultant Recommendation Eleven: The Consultants recommend the Panel encourage the Auto Fund to continue with the research and monitoring activities and include updates, including most recent estimated cost savings flowing from the Traffic Safety initiatives.

In January of 2012, the SGI Board approved an evaluation framework for traffic safety initiatives and programs. The framework is intended to help answer the questions:

- Is SGI currently spending its traffic safety investment wisely? and;
- Given choices, where should SGI be directing our future traffic safety investment?

In other words, the framework will be a tool for evaluating retrospectively, that is, on current programs and for future initiatives.

Traffic Safety program evaluation is a well established field of study in the academic and practical world. SGI's framework is based on research and experience and provides a structured approach to decision making using cost benefits analysis, a common tool in public policy analysis.

SGI will begin using this framework in 2012.

Consultant Recommendation Twelve: The Consultants recommend the Panel accept the issuer fees as filed for the 2009 Application, and require the Auto Fund to update the financial impact of the change to the commission basis for vehicle transactions when available.

Included as part of the rate program documentation is the remuneration schedule for issuer fees effective July 1, 2011. For the rate indication analysis, issuer fees have been changed from a fixed expense amount to a variable expense loaded into the pure premium by class.

Indication Changes between the 2009 Rate Program and the 2012 Rate Program

Process Changes Affecting All Classes of Vehicles

- Issuer fees for vehicle transactions have moved from a fixed expense to a variable expense based on premium collected, with the exception of IRP vehicles which have a fixed issuer fee of $4 per vehicle. The IRP remuneration fee is fixed because the transactions are processed by Auto Fund staff and issuers only have to collect payment on the transaction. To date, the Auto Fund has not paid any remuneration on IRP vehicles as this service has not been rolled out to issuers. This has the largest impact on highest and lowest rate classes. For example, F-Farm Vehicles – Light Trucks – 1993 & Older and trailer classes have low rates, and see a large decline in issuer fees allocated to their class. Higher rate classes like PB – Passenger Inter-City Buses and PC – Passenger City Buses now have a larger amount of issuer fees allocated to them.

- Several changes have been made in the 2012 Rate Program relating to internal loss adjusting expenses (LAE).
    - Trailers, antiques and snowmobiles are being allocated LAE. Previous rate programs did not allocate LAE to these classes.
    - In past rate programs, forecasted LAE amounts have been totaled by coverage (damage, injury and liability) and then divided by the number of exposures for all vehicles excluding trailer, antiques and snowmobiles to get the average LAE per exposure. This average LAE per exposure was then allocated to the various classes using claim volumes (financial claim counts); this was an error. The total LAE amount, not the average LAE per exposure, is now allocated to the various classes using claim volumes.

- A contingency margin of 3.5% has been added to the rate indications for all classes.
    - In past rate indications, some trend assumptions were conservative. In this indication, best estimate assumptions were selected, and the contingency margin explicitly recognizes potential volatility in critical assumptions.
    - As an example, future rating year CLEAR-rated vehicles catastrophe losses are assumed to be 1.42% of premium using a long-term average. However, in 2011, the overall catastrophe loss ratio is 4.70% of premium. Catastrophes alone demonstrate the importance of this contingency margin.
    - Another major source of uncertainty in our rate indication are the injury long-tail coverages. These claims are expected to pay out up to 50 years after a claim occurs, and we only have 17 years of experience since the no-fault program began in 1995. The margin helps cover uncertainty in the remaining 33 years.

- Drift factors are now selected by class. In the 2009 indication, a 4.5% drift factor was selected based on all vehicles and applied equally to all classes. Some classes have had large changes from the 4.5% factor, leading to significant changes in the indication. For example, class F – Farm Vehicles – Light Trucks – 1993 & Older now have 0% drift as it doesn't make sense to have the average premium increase since these vehicles are not being replaced by newer vehicles within the same class.

- Discount factors coming from the valuation are now determined using a discount rate curve; different discount rates are used depending on the expected time of a claim's cash flows. For the first 20 years of claim payments, it is assumed that bond cash flows will match the payments, consistent with the Auto Fund's current asset-liability matching practice. For payments later than 20 years, it is assumed that they will be backed by equity and real estate cash flows.

- Appeal commissions have been removed from the pure premium calculations and added as an expense component since these costs are expenses which are outside of the Auto Fund's control.

- Pure premium selections are based on the following weights by accident year:

Coverage	2009 Rate Program	2012 Rate Program
Damage	2003-2009: 14.3%	2006: 10%; 2007-2010: 20%; 2011: 10%
Catastrophes	2003-2009: 14.3%	2003-2010: 12.5%; 2011: 0%
Injury	2003-2009: 14.3%	2003-2011: 11.11%
Liability	2003-2009: 14.3%	2006: 10%; 2007-2010: 20%; 2011: 10%
Tort	2003-2009: 14.3%	2006: 10%; 2007-2010: 20%; 2011: 10%

Data Changes Affecting Classes

- Injury costs are now assigned to vehicle classes based on fault (at-fault allocation). In the past, the injuries of a vehicle's occupants were all assigned to the vehicle they were in at the time of the accident. Some classes like LV – Motorcycles have lower injury losses assigned to it as a result of this change. Other classes, like PB – Passenger City Buses and PT – Taxis, have seen an increase in injury cost assignments.

- Outstanding recoveries are now accounted for independently in the ultimate losses. Ultimate loss estimates are still net of recoveries, as in the past, but ultimate recovery amounts are forecasted separate from losses gross of recoveries.

- Trailer liability and injury claims have been allocated to other classes based on incurred claim amounts. Snowmobile, damage and injury claims have been allocated to other classes based on incurred claim amounts.

- Double counting of the index factor has been removed from care, income replacement and death benefits.

- Double counting of salvage purchases, which are included in damage ultimate losses, has been removed from the expense allocation.

- Damage excluding catastrophes & liability vs. damage liability allocation issue has been corrected. Although the overall damage information was correct, how it was being allocated between the coverage groupings was not correct.

CLEAR-Rated Vehicles Indication Changes

- In the 2009 Rate Program, a CLEAR-rated vehicle rate indication was not completed; rather each CLEAR-rated vehicle was analyzed independently and then compared to the LV-PPV indication. With the 2012 Rate Program, premium and losses for all CLEAR-rated vehicles were combined to produce a CLEAR-rated vehicle rate indication. Then, the pure premiums for the various CLEAR-rated vehicles were compared to the LV-PPV pure premium.

- Due to the change in injury cost allocations, injury losses for CLEAR-rated vehicles have increased (i.e. CLEAR-rated vehicles cause more injuries than they had been charged for under the no-fault method).

- CLEAR injury rate group relativities are no longer based off of externally published rate group relativities.
    - The Insurance Bureau of Canada (IBC) does not use SK, MB, or BC data when determining their CLEAR injury rate group assignments or relativities due to non-homogeneous results compared to the rest of the country. A comparison of injury loss costs by rate group for Auto Fund data to those reported by IBC confirms that the results are not similar. In order to better represent the vehicle loss experience in Saskatchewan, a new injury rate group system was created using only Auto Fund's claims data.
    - The new injury rate group system uses separate relativities for vans, four door cars, station wagons, trucks, two door cars, SUVs, and convertible cars, derived directly from Auto Fund past loss experience.

- CLEAR damage rate group relativities combine Auto Fund historical experience with IBC rate group relativities. Credibility is used to weight the relativity between the two estimates, with 2,656 being the standard of full credibility (estimate correct to within +/- 5% with 99% probability).
    - For rate groups 0-36, Auto Fund data is sufficient to determine the rate group relativities.
    - For rate groups 37-60, weighted averages of Auto Fund and IBC relativities are used.
    - For rate groups 61-99, almost all estimates use only IBC rate group relativities.

Changes Affecting Other Specific Classes

- This year, Ambulances, C&D Commercial Vehicles – Non-residents, and LV - Antiques have received full rate indications. In the 2009 Rate Program, only loss ratio analyses were completed for these classes.

- Premiums and losses for Hearse cars and trucks have been combined in the 2012 Rate Program indication. These vehicles now receive the same rate and are exposed to the same risks. In the 2009 Rate Program only a simple loss ratio analysis was completed.

- Under the 2012 Rate Program, International Registration Plan (IRP) vehicles and non-IRP vehicles had separate analyses completed. In past rate programs, the two vehicle types were combined. This affects class A – Commercial Vehicles (both HTV and PU). As a result, indications for this class cannot be directly compared to past rate programs.

- Excess value premiums and losses have been excluded from the indications of class A – Commercial Vehicles (both HTV and PU), class C&D – Commercial Vehicles (both HTV and PU), and class TS – Commercial Trailers. As a result, indications for these classes cannot be directly compared to past rate programs.

- The credit for short term registration and AutoPay fees are no longer applied to class **A –** Commercial Vehicles (both HTV and PU) IRP indications or to the MT – Snowmobiles indication since these vehicles do not qualify for these options.

- The credit and malus portions of the Safe Driver Recognition (SDR) program is no longer applied to class F – Farm Vehicles – Heavy Trucks and Vans. This class is not eligible for the SDR program, and its rates will no longer be adjusted for it as a result.

- Snowmobile dealer premium and losses have been excluded from the class L – Dealer Plates indication since snowmobile dealers have only liability coverage.

- Motorhome U-drive vehicles have been included in the overall class LV – Motorhomes indication, and snowmobile U-drive vehicles have been included in the MT – Snowmobiles indication, instead of each having their own indication.

- Rural taxis have been removed from the class PT – Taxi indication, and are now based off the CLEAR indication. The remaining taxes are urban taxis only. As a result, a direct comparison between this year’s taxi indication and those in previous rate programs cannot be made.

- Trailer, antique, and snowmobile indications now include a small loss adjusting expense component, affecting F – Farm Trailers, LT – Trailer Dealers/Movers, T – Personal Trailers, T – Utility, TS – Commercial Trailers, LV – Antiques, and MT – Snowmobiles.

- Utility trailers now have a separate indication, instead of being included with the other personal trailers. As a result, the indication for T – Personal Trailers cannot be compared directly to the previous years’ indications.

Efficiencies from Redevelopment

From 2005 to 2010 the Auto Fund undertook a major redevelopment project to create a new system that would allow for more timely changes, offer more choices to customers, provide more complete and easily accessible information, reduce costs and be better positioned for the future. The teams involved in the project looked at almost every process in the Auto Fund and tried to improve them, resulting in many efficiencies and productivity gains overall. Some of the major efficiencies and productivity gains resulting from the Redevelopment Project include:

- An integrated system – All systems in the Auto Fund are now integrated. Prior to Redevelopment, the Permit Office and International Registration Plan (IRP) areas operated from separate systems. If permit and IRP customers owed the Auto Fund money, the other systems didn't know it. Now, each customer's activity with the Auto Fund is stored in one integrated system which allows the Auto Fund to provide better information to customers.
- A web-based application – The new Auto Fund system is web-based allowing users to access it from anywhere they have Internet. Law Enforcement and Driver examiners can be in their vehicles, customers can perform transactions online through MySGI, etc.
- Real Time Processing – The new system runs in real time so that when a transaction is processed, it is recorded immediately. The old system had to wait for a pre-processor to run each night before the transactions for that day were processed to the back end of the system. Now the Auto Fund can provide the most up-to-date information to customers and partners.
- MySGI – Customers can now log into their MySGI account and see their business with SGI (i.e. see when their driver and vehicle renewals are coming up or how much their monthly vehicle registration payments are, review their Safe Driver Recognition history and their Driving Record, etc.) They can also renew or cancel their vehicle registrations, complete their annual Registration Eligibility Declarations, book driver exams, request driver abstracts and make receivable payments. Having customers perform these transactions on-line has resulted in remuneration savings for the Auto Fund in 2011 of approximately $38,000 to the end of September.
- New technology – New hardware has been introduced which makes many employees' and partners' jobs more efficient. The introduction of scanners and signature pads alone have helped to eliminate the Auto Fund's Imaging department since documents and signatures are captured right at the point of sale. Positions were eliminated and are included in the position cost savings stated below.
- Stronger controls over the collection of PST – The Auto Fund often collects PST due upon the purchase of a vehicle when the owner first registers it. In the new system, controls over the collection of PST were made more stringent, which helped to contribute to the $637,000 increase in PST collections remitted to the Saskatchewan Ministry of Finance in 2010. The Ministry of Finance has also been able to achieve efficiencies by streamlining its audit process as relevant audit information and supporting documentation are available to them electronically, and they spend less time following up on outstanding taxes.

- JIRA – This is the Auto Fund's new issue logging application. It is electronic and web-based and gives the Auto Fund a more efficient way of reporting and tracking system issues.
- Improved Management Information – The Auto Fund now has better reports available in the system which allows management to make more informed decisions. The Auto Fund can respond quicker to inquiries and have better data to analyze.
- Issuer Management System – Over 400 issuers throughout the province now have the ability to update their information real time and the Auto Fund can better manage the issuer force.
- Vehicle Inspection Station Management System – Information for almost 900 inspection stations across the province can now be found in one place. Edits in the new system also ensure all vehicles requiring an inspection are flagged and trigger letters to be sent to customers automatically.
- Improved Driver Examination processes – Exam scheduling can now be done at issuer offices and on MySGI making it more convenient for customers to book their exams. The scheduling system is entirely integrated into the Auto Fund system; the customer file is more complete and the full picture is accessible by multiple departments. Online driver examination certificates have also been implemented reducing administration and improving accuracy. The Auto Fund has also expanded Test Drive, a computer based examination tool, from being in two branches to now being in all 12 driver examination branches. Efficiencies are gained as the exams are automatically and accurately scored and stored on the system.
- Mobile issuing service in northern Saskatchewan – The new system gave the ability to implement a mobile SAM application for use in communities where there are no private licence issuing offices. Customers can renew their driver's licence, have their photos taken and perform vehicle registration transactions when Auto Fund representatives visit their community.
- Ability to make changes faster:
    - New West Partnership – The Auto Fund had to implement changes to the Permit Office application to be compliant with the New West Partnership Trade Agreement. The Auto Fund was able to make these changes in half the time originally estimated.
    - One Part Driver's Licence –The Auto Fund was able to quickly and smoothly implement a new One Part Driver's licence in Saskatchewan effective January 1, 2011. This would have been extremely difficult to do with the old system.
- Reduced Costs:
    - In total, 15 positions were eliminated because of the Redevelopment Project. Five of those positions were re-used elsewhere in the Auto Fund, while eight were completely abolished and two were transferred to SGI's Systems Division. The majority of the positions eliminated were clerical in nature and were replaced by more efficient processes within the system. Savings from these positions is approximately $625,000 annually.
    - Reduction in ongoing software maintenance costs - Now that the Auto Fund has an integrated system, the Auto Fund no longer has to pay maintenance costs for the

old Permit Office and IRP systems resulting in savings or approximately $263,000 per year..

- Revenue stream –The Auto Fund's new system is one of the best licencing and registration systems in Canada, if not North America. The Auto Fund has been approached by other jurisdictions and may be able to sell or licence the system to these jurisdictions for a profit.

Recent Efficiencies

SGI's 2011-2015 Corporate Plan is taking a major focus on efficiency. SGI established a "PEP Squad" tasked with finding ways to collectively promote efficiency, increase productivity and streamline processes throughout the corporation. The PEP squad plans to introduce the LEAN Methodology in various areas of the corporation so that employees are thinking efficiency in everything they do.

The first area to undergo LEAN was the Highway Traffic Board (HTB). Just recently, they examined all of their existing day-to-day processes to eliminate non-value added activities. The process resulted in reduced printing costs at HTB by upwards of 80% and increased the number of hearings per week by 20% which helps with the backlog of customers requesting appeals. The next area being reviewed by the PEP squad is the Print and Distribution area of the corporation. In 2012, the PEP squad plans to complete one large efficiency project and 10 smaller process efficiency improvements.

Since the Redevelopment Project has concluded, the majority of the systems contractors have left SGI and transitioned their knowledge to SGI staff. SGI staff continue to help the Auto Fund become more efficient and have implemented many initiatives to further produce productivity gains. Some major items implemented since the project completed include:

- E-rates – All Auto Fund vehicle registration and insurance rates are now available on-line 24 hours per day, 7 days per week. There will be no more large bulky rate manuals printed for issuers or consumer rate booklets printed for the public. Rates will be kept current as new vehicle models and model years are added throughout the year. In addition, these E-rates were added to all Issuers' desktop computers so that Issuers can help customers with rates even when the Internet is down without having to flip through a large paper manual. Savings are estimated to be approximately $25,000 each year a rate program is implemented.
- Issuer E-manual – Everything an issuer needs to know about licencing and registration transactions can now be found in an on-line manual versus large bulky issuer manuals that may be out of date if they are not regularly maintained. By making this information available electronically, the Auto Fund hopes to eliminate the existing paper manuals and save significant paper costs, mailing costs, staff time, and administration.
- BOSS on SAM terminals - SGI issuers that sell extension automobile insurance are now able to process applications for extension coverage from their issuing counter through SGI CANADA's BOSS system. This new link makes it faster and more convenient for customers to purchase this coverage while completing an SGI licensing or registration transaction. This new webservice generates annual revenues of $26,400 per insurer and is available to all Saskatchewan extension auto insurers.

- Miscellaneous paper – The Auto Fund changed the paper that Issuers use to a new card stock and changed the quantities of each package resulting in less waste. Savings are estimated to be approximately $35,000 per year.
- Emailing IRP Renewals – IRP customers are now emailed their renewal notices instead of having them mailed to them. This will result in postage, forms and administration savings of almost $6,000 per year.

Future Efficiencies

Efficiency will not stop there. The Auto Fund continues to keep efficiency and productivity as a major focus and is working hard on MySGI in order to get as many customers and transactions as possible on the Internet. The Auto Fund is developing a communication and promotion strategy to notify customers of this value added service. The Auto Fund is also focusing on putting more information on the Auto Fund's website rather than mailing information to customers to save on postage and printing costs. The Auto Fund is also looking at more improvements to the Permit Office including a Mapping/Routing application (preliminary review), automation of term permits and expanding the transactions that can be done by self-issuers and permit agents to improve customer service, reduce costs and streamline processes.

Auto Fund Financial Requirements

The following section provides a detailed explanation of financial components that impact the Statement of Operations. Appendix A provides actual financial results from 2006-2010 and the five-year forecast with a 3.7% rate increase and Appendix B provides the same information but with no rate increase. Appendix C provides a comparison of 2010 actual to 2010 projected results as well as 2011 budget to 2011 projected results. It is important to remember that the proposed rate indication is an actuarially based rate indication and not a financial based rate indication.

1.1 Revenues

1.1.1 Premiums

As demonstrated in the financial forecast in Appendix A, net Auto Fund premiums will increase from approximately $745 million in 2011 to $802 million in 2012, when the proposed 3.7 % rate increase is applied. The per cent growth from 2011 to 2012 is 7.7%. This is larger than the proposed rate increase because of other factors that have a significant impact on Auto Fund premiums:

- volume of vehicles;
- mix of vehicles; and,
- discounts and surcharges under driver recognition programs.

Volume of Vehicles

Because the Auto Fund is a monopoly, it insures all vehicles in the province and its projected premium revenue changes based on the number of vehicles insured in the province. Over the past 10 years, overall growth for vehicles excluding trailers has been 2.20% per year.

Vehicle Mix

Vehicle owners upgrading to newer models impacts the mix of vehicles in the province. As an example, a Saskatchewan resident upgrades to a 2011 model vehicle and sells their 2000 vehicle. The 2011 model will cost more to insure because it is more expensive to repair or replace. In recent years, the premium mix has generated, on average, an annual premium increase of over 3% for the Auto Fund. The combined growth in premiums for mix and volume is projected to be 5.78% in 2011. For 2012, excluding any change in rates, the impact of mix and volume on premiums is an increase of 6.30% as the forecast for volume increases.

Safe Driver Recognition

The majority of customers in Saskatchewan qualify for Safe Driver Recognition. To the end of 2010, the program provided over $512 million in discounts to vehicle owners and will provide an estimated $95 million in discounts in 2011 and $103 million in 2012. The program also collects revenue from drivers who are in the penalty zone of the program at the time of the incident. While rating rules and discount levels under Safe Driver Recognition are to be accepted by the panel as given, more details about this program are provided in the Proposal for Rate Adjustment and under the Safe Driver Recognition tab of the binder.

Business Recognition

Business Recognition rewards safe driving Saskatchewan businesses with basic insurance discounts of up to 10%. To the end of 2010, the Auto Fund will have provided approximately $34 million in discounts to Saskatchewan businesses, and will provide an additional estimated $7.1 million in discounts in 2011 and $7.7 million in discounts in 2012.

While rating rules and discount levels under Business Recognition are to be accepted by the panel as given, more details about this program are provided in the Proposal for Rate Adjustment and under the Business Recognition tab of the binder.

1.1.2 Investment Income

The Auto Fund has an investment portfolio of approximately $1.4 billion. The portfolio is derived from two main sources: (1) the accumulation of profits and losses over time in the RSR (roughly $140 million); and, (2) money set aside and invested to meet future liabilities (primarily claim liabilities of $1.2 billion).

For private insurers whose goal, at minimum, is to break even on their insurance operations, the investment portfolio in large part is used to provide profit for the company. However, as the Auto Fund operates on a break-even basis over time, its portfolio is used to reduce rates for vehicle owners. Over the 10 years ended December 31, 2010, the Auto Fund’s portfolio has provided investment income equal to 10% of premiums annually, resulting in lower rates for its customers.

Section 92 of *The Automobile Accident Insurance Act* authorizes the investment of monies by the Auto Fund subject to the restrictions and limitations contained in the *Insurance Companies Act (Canada)*. This legislation provides the framework for the Auto Fund’s investment policy which is reviewed and approved annually by the Board of Directors. Among other considerations, the policy provides detailed requirements for permissible investments, quality and quantity guidelines and asset mix parameters. A copy of the Auto Fund’s Statement of Investment Policies and Goals is included under a separate tab in our submission document. Because a large portion of insurance companies’ portfolios are monies set aside to meet future claim obligations, the legislation requires a substantial amount of the portfolio to be invested in fixed income investments.

In 2010, the Auto Fund adopted a new investment strategy with the creation of the Matching Portfolio, holding all fixed income investments including mortgages and the Return Seeking Portfolio, containing all equity and real estate investments. The Matching Portfolio was transitioned to an asset liability matching strategy which attempts to match asset cash flows with estimated liability payments. This approach aims to reduce the volatility caused by changes in interest rates whereby changes in claims liabilities due to discounting are substantially offset by changes in the value of fixed income investments.

In 2011, the Investment Policy Review focused primarily on the Return Seeking Portfolio identifying a number of "optimal" portfolios that would improve the overall risk-return relationship. The analysis found the addition of infrastructure and global small cap equities in place of Canadian equities significantly reduce the volatility and potential downside for the Auto Fund Return Seeking Portfolio without sacrificing returns. The transition to the new investment portfolio is expected to take some time. The table below illustrates the asset allocation policy parameters for investment of the Auto Fund's Return Seeking portfolio:

Return Seeking Portfolio	New Target %	Current Target %
Canadian equities	27.5	50.0
U.S. equities	15.0	16.0
Non-North American equities	12.5	16.0
Global small cap equities	12.5	-
Real estate	20.0	16.0
Infrastructure	10.0	-
Short-term investments	2.5	2.0

The Auto Fund uses the services of a professional investment management firm which has been successful in providing above average investment returns for the Auto Fund. The investment manager's performance is measured against a benchmark portfolio, weighted with investment returns from various market indices, consistent with the Auto Fund's portfolio.

Investment earnings for the Auto Fund are derived from two main sources: (1) cash flow from invested asset, such as interest and dividends; and, (2) realized and unrealized gains on investments. Using asset class return forecasts prepared as at August 31, 2011, the table below illustrates the 2011-2014 return forecast for the Auto Fund investment portfolio:

Auto Fund Return Forecast	2011	2012	2013	2014
Expected Return (net of fees)	2.86	3.13	2.11	2.58

1.1.3 Other Income

The Auto Fund's other income includes income from premium payment options, which consists of charges for administration and lost investment income for short-term financing (insurance terms of 28 to 364 days) and for monthly payment financing. Also included in other income is profit from salvage operations, which consists of salvage recovery from total loss vehicles through sales of whole vehicles and vehicle parts. See Appendix A for a breakdown of Other Income.

1.2 Expenses

1.2.1 Claim Costs

Actuarial Estimation

For insurance companies, claim costs represent the largest expense and for the Auto Fund on average they represent about 80% of total costs. To determine claim costs, insurance companies utilize the services of professional actuaries. Actuaries consider many different factors to estimate claim costs, including historical trends involving claim payments, economic conditions, inflation and the characteristics of the class of business.

Claim costs are grouped into accident years, which is the year in which the claim occurred. At the end of each accident year, the actuary estimates the total ultimate costs for all claims that have occurred and that are reported during the current accident year along with those that have occurred but have not yet been reported to the insurance company. As well, at the end of the fiscal year, the actuary reviews prior accident years to determine if the estimates are still appropriate. If an adjustment is required on prior accident years, it is included in the current year's financial statements. It is a reduction to claim costs if the estimate was too high, which is commonly referred to as a redundancy and an increase to claim costs if the estimate was too low, which is described as a deficiency.

For the Auto Fund, claim costs are separated into three categories:

- Personal injury coverage provides Saskatchewan residents with benefits if they are injured or killed in an automobile collision. All Saskatchewan residents have a choice between No Fault Coverage and Tort Coverage.
- Third-party liability coverage provides vehicle owners with up to $200,000 to pay the cost of damages that their vehicles cause in a motor vehicle collision, including the damage to the other driver's vehicle, damage to any property and costs resulting from injuries caused to others.
- Physical damage coverage (collision and comprehensive) pays for damages to the vehicle due to a collision or other occurrence such as hail, fire or theft. Claims for damages to a vehicle are subject to a deductible (which is $700 for most vehicles).

Generally, damage claims represent 58% of total claim costs in a loss year, with the injury and liability component accounting for 42%. Damage claims are typically resolved and paid fairly quickly with 77% of total claim costs paid in the year the loss is reported. Within 12 months of the end of the loss year, more than 99% of damage claim costs are paid. Because these claims (referred to as short-tail claims) are settled fairly quickly, there is minimal risk that the estimate by the actuary of the unpaid claims will create a redundancy or deficiency that will materially impact the current year financial results.

Injury and liability claims, however, take much longer to resolve than damage claims. For the injury program, only 30% of total estimated costs are paid in the year the loss is reported, and for liability claims only 3% of total estimated costs are paid in the year the loss is reported; compared to 77% for damage. As an example of the long-term nature of these claims (referred to as long-tail claims), for some catastrophic injuries the no-fault injury program will make claim payments for the remainder of the person's life. As well, the no-fault program provides lifetime coverage for traffic accident-related injuries. Therefore, a claim file could be dormant with no payments for 10 to 20 years and then be reopened because the injured party had a reoccurrence of the injury requiring medical treatment. These examples illustrate the uncertainty inherent in estimates for these types of claims. Other factors will also have an impact on the estimate for these claims, such as inflation (no-fault benefits are indexed to inflation), medical innovations and rehabilitation programs.

There is over 13 years of historical data and experience with the injury program. While 13 years of data certainly provides some comfort that the Auto Fund is in a better position to estimate injury costs, factors such as reoccurrence rates are very difficult to anticipate 10 to 20 years into the future. While the Auto Fund's objective is to keep estimates as accurate as possible with minimal changes to prior-year claim estimates, given the nature of this program, changes are inevitable in the future.

Accident Year Costs

Accident year costs can change significantly from year to year for the Auto Fund, but generally on average will increase each year.

Damage claim costs typically increase annually as the cost to repair or replace vehicles and property rises each year as a result of several factors, including:

- insuring newer vehicles which cost more to replace and repair;
- technological advances in vehicles are more expensive to replace and repair; and,
- increases in vehicle parts prices and labour rates to repair vehicles.

Since 2000, damage loss year costs have increased on average by 5.5% per year, with the largest growth in 2007 at 12.6%, primarily due to significant winter storm activity. In developing damage loss cost estimates, historical trends are utilized to assist in developing the budget.

Injury claims will also generally increase each year as no-fault injury and tort accident benefits are indexed to inflation. Since 2000, injury costs have increased on average by 3.8% each year. However, there is a larger variance from year to year than for damage claims due to a lower volume of claims and a higher average cost per claim. With a smaller volume of claims and a large average cost per claim, increases in the number of claims can significantly impact the total ultimate costs for the loss year. Since 2000, the largest increase was more than 10% in 2003 and the largest decrease was negative 10% in 2004.

1.2.2 Insurance Issuance Costs

Insurance issuance costs include a 5% premium tax charge on insurance premiums, which is collected and remitted to the provincial government. The other component of issuance costs is issuer fees, which is compensation paid to Auto Fund motor licence issuers for driver's license issuance and vehicle insurance transactions. The issuer fee accounts for around 4.7% of total Auto Fund costs.

1.2.3 Administrative Expenses

Administrative expenses consist of operating expenses such as salaries, infrastructure and system support costs. Operating expenses in relation to total costs is approximately 6.3%. The other component of administrative expenses is traffic safety costs. These costs consist of programs, sponsorship and advertising associated with promoting traffic safety. The goal of this investment is to provide social and economic benefits through the promotion of safe driving, which reduces accidents. The cost of the safety traffic program in relation to total costs is about 3%. More details about the allocation of administrative expenses are provided under the SGI Cost Allocation tab of the binder.

1.3 Rate Stabilization Reserve

More details about the RSR are provided in the Proposal for Rate Adjustment and under the Rate Stabilization Reserve tab of the binder.

1.4 Summary of Financial Requirements and Rationale for Recommendation

The actuarial rate indication showed that premium revenue needs to increase by 3.7% to allow the Auto Fund to break even for policies sold between August 4, 2012 and August 3, 2013. However, the inherent difficulty that all insurance companies face (including the Auto Fund) is pricing insurance products in advance of knowing what claim costs are.

Volatility in claim costs is caused by many factors the Auto Fund has no control over. These include winter driving conditions and summer storm activity that cause fluctuations in accident frequency (number of claims) and severity (average cost per claim) where small variations can have a significant impact on financial results in any year. Increases in parts prices and labour rates and insuring newer vehicles also increase the cost to repair or replace vehicles. In addition, there is complexity associated with determining the cost of injury claims today when benefits for some customers are provided for life.

Other factors, such as investment returns and vehicle mix also impact financial results. The following illustrates how a 1% change in the following can affect the overall rate indication:

- a 1.0% increase in vehicle drift will decrease the rate indication by 2.2%.
- a 1.0% increase in expected investment earnings will decrease the rate indication by 1.9%.

The uncertainty of the above factors requires the Auto Fund to proceed prudently in reducing rates. The recommendation ensures adequacy in rates by proposing an increase of 3.7%. The recommendation also proposes reasonable rate adjustments to ensure customers are not subject to rate shock.

SASKATCHEWAN AUTO FUND
Statement of Operations
($000s)
Rate Increase of 3.7% effective August 4, 2012

	Actual	Actual	Actual	Actual	Actual	Forecast					
year ended December 31	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	$	$	$	$	$	$	$	$	$	$	$
Premiums Written											
Net premiums written before discounts	624,106	623,589	681,775	730,128	795,194	835,885	900,013	978,120	1,039,770	1,105,303	1,174,967
Safe Driver Recognition Bonus	(67,894)	(69,291)	(76,110)	(83,451)	(90,798)	(95,472)	(102,949)	(111,863)	(118,906)	(126,392)	(134,350)
Safe Driver Recognition Malus	9,415	10,046	10,314	10,673	10,726	11,278	12,161	13,214	14,046	14,930	15,870
Business Recognition Bonus	(5,195)	(5,098)	(5,487)	(5,932)	(6,772)	(7,121)	(7,678)	(8,343)	(8,869)	(9,427)	(10,021)
Premiums Written - net	**560,432**	**559,246**	**610,492**	**651,418**	**708,350**	**744,570**	**801,547**	**871,128**	**926,041**	**984,414**	**1,046,466**
Premiums Earned	**542,204**	**557,087**	**587,918**	**630,559**	**684,821**	**726,059**	**772,608**	**843,311**	**901,547**	**958,380**	**1,018,796**
Claims Incurred	403,087	476,826	509,301	546,950	549,235	735,663	642,345	674,205	697,983	771,444	828,713
Loss Adjusting Expense (LAE)	45,985	55,391	54,664	53,482	55,451	61,455	62,570	67,540	72,854	78,113	83,989
Premium Taxes	27,221	27,970	29,510	31,640	34,376	36,469	38,846	42,392	45,315	48,169	51,202
Issuer Fees	22,936	27,161	29,145	31,355	34,813	45,929	31,788	43,815	46,573	49,505	52,622
Administrative Expenses	29,945	36,180	42,332	46,346	51,770	54,003	54,504	58,321	59,499	61,746	64,583
Traffic Safety Programs	10,790	13,674	16,345	17,405	17,285	21,013	26,275	23,724	24,336	24,901	25,507
Total Expenses	**539,964**	**637,202**	**681,297**	**727,178**	**742,930**	**954,532**	**856,328**	**909,997**	**946,560**	**1,033,878**	**1,106,616**
Underwriting Loss	**2,240**	**(80,115)**	**(93,379)**	**(96,619)**	**(58,109)**	**(228,473)**	**(83,720)**	**(66,686)**	**(45,013)**	**(75,498)**	**(87,820)**
Investment Earnings	78,669	91,349	29,405	31,050	119,367	52,761	44,274	31,272	40,510	78,468	92,150
Short Term Registration Income	6,093	5,962	6,165	6,614	7,386	7,176	7,738	8,763	9,315	9,901	10,525
Auto Pay Income	8,504	9,156	9,841	10,766	12,575	12,512	13,491	14,897	15,835	16,831	17,891
Salvage Net Profit	5,632	5,651	5,345	7,454	9,824	10,657	10,837	11,283	11,508	11,739	11,973
Gain on Disposal of Asset					1,704						
Increase (decrease) to RSR	**101,138**	**32,003**	**(42,623)**	**(40,735)**	**92,747**	**(145,367)**	**(7,380)**	**(471)**	**32,155**	**41,441**	**44,719**
Rebate to policyholders	(44,097)	(99,308)	(68)	(19)	-	-	-	-	-	-	-
Increase (decrease) to RSR	**57,041**	**(67,305)**	**(42,691)**	**(40,754)**	**92,747**	**(145,367)**	**(7,380)**	**(471)**	**32,155**	**41,441**	**44,719**
RSR :											
RSR Balance, Beginning of Year	147,264	205,601	140,975	102,535	67,211	271,856	131,817	128,794	131,770	165,446	206,887
Opening adjustment for IFRS (Jan 1, 2010)					105,207						
Appropriated (to) from Redevelopment Reserve	1,296	2,679	4,251	5,430	6,691	5,328	4,357	3,447	1,521	-	-
RSR Balance, End of Year	**205,601**	**140,975**	**102,535**	**67,211**	**271,856**	**131,817**	**128,794**	**131,770**	**165,446**	**206,887**	**251,606**
Redevelopment Reserve (RDR) :											
Balance, Beginning of Year	35,000	33,704	31,025	26,774	21,344	14,653	9,325	4,968	1,521	-	-
Appropriated (to) from Rate Stabilization Reserve	(1,296)	(2,679)	(4,251)	(5,430)	(6,691)	(5,328)	(4,357)	(3,447)	(1,521)	-	-
RDR Balance, End of Year	**33,704**	**31,025**	**26,774**	**21,344**	**14,653**	**9,325**	**4,968**	**1,521**	**-**	**-**	**-**
Pure Loss Ratio (excluding LAE)	74.3%	85.6%	86.6%	86.7%	80.2%	101.3%	83.1%	79.9%	77.4%	80.5%	81.3%
Loss Ratio (including LAE)	82.8%	95.5%	95.9%	95.2%	88.3%	109.8%	91.2%	88.0%	85.5%	88.6%	89.6%
Issuer Fee and Tax Ratio	9.3%	9.9%	10.0%	10.0%	10.1%	11.3%	9.1%	10.2%	10.2%	10.2%	10.2%
Administrative Expense Ratio	5.5%	6.5%	7.2%	7.3%	7.6%	7.4%	7.1%	6.9%	6.6%	6.4%	6.3%
Traffic Safety Program Expense Ratio	2.0%	2.5%	2.8%	2.8%	2.5%	2.9%	3.4%	2.8%	2.7%	2.6%	2.5%
Combined Ratio	**99.6%**	**114.4%**	**115.9%**	**115.3%**	**108.5%**	**131.4%**	**110.7%**	**107.9%**	**105.0%**	**107.8%**	**108.6%**
Minimum Capital Test	**179%**	**132%**	**61%**	**83%**	**124%**	**52%**	**46%**	**46%**	**56%**	**66%**	**75%**

SASKATCHEWAN AUTO FUND
Statement of Operations
($000s)
No Rate Increase

	Actual	Actual	Actual	Actual	Actual	Forecast					
year ended December 31	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
	$	$	$	$	$	$	$	$	$	$	$
Premiums Written											
Net premiums written before discounts	624,106	623,589	681,775	730,128	795,194	824,187	874,686	929,820	988,428	1,050,730	1,116,958
Safe Driver Recognition Bonus	(67,894)	(69,291)	(76,110)	(83,451)	(90,798)	(84,639)	(89,968)	(95,632)	(101,653)	(108,053)	(114,856)
Safe Driver Recognition Malus	9,415	10,046	10,314	10,673	10,726	11,278	11,988	12,743	13,545	14,398	15,304
Business Recognition Bonus	(5,195)	(5,098)	(5,487)	(5,932)	(6,772)	(6,256)	(6,650)	(7,068)	(7,513)	(7,987)	(8,489)
Premiums Written - net	**560,432**	**559,246**	**610,492**	**651,418**	**708,350**	**744,570**	**790,056**	**839,863**	**892,807**	**949,088**	**1,008,917**
Premiums Earned	**542,204**	**557,087**	**587,918**	**630,559**	**684,821**	**726,059**	**769,196**	**817,680**	**869,220**	**924,007**	**982,247**
Claims Incurred	403,087	476,826	509,301	546,950	549,235	735,663	642,345	674,205	697,983	771,444	828,713
Loss Adjusting Expense (LAE)	45,985	55,391	54,664	53,482	55,451	61,455	62,570	67,540	72,854	78,113	83,989
Premium Taxes	27,221	27,970	29,510	31,640	34,376	36,469	38,675	41,110	43,699	46,450	49,375
Issuer Fees	22,936	27,161	29,145	31,355	34,813	45,929	31,214	42,251	44,911	47,739	50,745
Administrative Expenses	29,945	36,180	42,332	46,346	51,770	54,003	54,504	58,321	59,499	61,746	64,583
Traffic Safety Programs	10,790	13,674	16,345	17,405	17,285	21,013	28,525	29,124	29,736	30,301	30,907
Total Expenses	**539,964**	**637,202**	**681,297**	**727,178**	**742,930**	**954,532**	**857,833**	**912,551**	**948,682**	**1,035,793**	**1,108,312**
Underwriting Loss	**2,240**	**(80,115)**	**(93,379)**	**(96,619)**	**(58,109)**	**(228,473)**	**(88,637)**	**(94,871)**	**(79,462)**	**(111,786)**	**(126,065)**
Investment Earnings	78,669	91,349	29,405	31,050	119,367	52,761	44,157	30,992	39,416	74,773	86,125
Short Term Registration Income	6,093	5,962	6,165	6,614	7,386	7,176	7,628	8,450	8,982	9,548	10,149
Auto Pay Income	8,504	9,156	9,841	10,766	12,575	12,512	13,299	14,365	15,270	16,231	17,253
Salvage Net Profit	5,632	5,651	5,345	7,454	9,824	10,657	10,837	11,283	11,508	11,739	11,973
Gain on Disposal of Asset					1,704						
Increase (decrease) to RSR	**101,138**	**32,003**	**(42,623)**	**(40,735)**	**92,747**	**(145,367)**	**(12,716)**	**(29,781)**	**(4,286)**	**505**	**(565)**
Rebate to policyholders	(44,097)	(99,308)	(68)	(19)	-	-	-	-	-	-	-
Increase (decrease) to RSR	**57,041**	**(67,305)**	**(42,691)**	**(40,754)**	**92,747**	**(145,367)**	**(12,716)**	**(29,781)**	**(4,286)**	**505**	**(565)**
RSR :											
RSR Balance, Beginning of Year	147,264	205,601	140,975	102,535	67,211	271,856	131,817	123,458	97,124	94,359	94,864
Opening adjustment for IFRS (Jan 1, 2010)					105,207						
Appropriated (to) from Redevelopment Reserve	1,296	2,679	4,251	5,430	6,691	5,328	4,357	3,447	1,521	-	-
RSR Balance, End of Year	**205,601**	**140,975**	**102,535**	**67,211**	**271,856**	**131,817**	**123,458**	**97,124**	**94,359**	**94,864**	**94,299**
Redevelopment Reserve (RDR) :											
Balance, Beginning of Year	35,000	33,704	31,025	26,774	21,344	14,653	9,325	4,968	1,521	-	-
Appropriated (to) from Rate Stabilization Reserve	(1,296)	(2,679)	(4,251)	(5,430)	(6,691)	(5,328)	(4,357)	(3,447)	(1,521)	-	-
RDR Balance, End of Year	**33,704**	**31,025**	**26,774**	**21,344**	**14,653**	**9,325**	**4,968**	**1,521**	**-**	**-**	**-**
Pure Loss Ratio (excluding LAE)	74.3%	85.6%	86.6%	86.7%	80.2%	101.3%	83.5%	82.5%	80.3%	83.5%	84.4%
Loss Ratio (including LAE)	82.8%	95.5%	95.9%	95.2%	88.3%	109.8%	91.6%	90.7%	88.7%	91.9%	92.9%
Issuer Fee and Tax Ratio	9.3%	9.9%	10.0%	10.0%	10.1%	11.3%	9.1%	10.2%	10.2%	10.2%	10.2%
Administrative Expense Ratio	5.5%	6.5%	7.2%	7.3%	7.6%	7.4%	7.1%	7.1%	6.8%	6.7%	6.6%
Traffic Safety Program Expense Ratio	2.0%	2.5%	2.8%	2.8%	2.5%	2.9%	3.7%	3.6%	3.4%	3.3%	3.1%
Combined Ratio	**99.6%**	**114.4%**	**115.9%**	**115.3%**	**108.5%**	**131.4%**	**111.5%**	**111.6%**	**109.1%**	**112.1%**	**112.8%**
Minimum Capital Test	**179%**	**132%**	**61%**	**83%**	**124%**	**52%**	**42%**	**31%**	**29%**	**27%**	**25%**

SASKATCHEWAN AUTO FUND
2010 Actual vs. 2010 Projection and 2011 Projection vs. 2011 Budget
Statement of Operations
($000s)

year ended December 31	2010 Actual*	2010 Projection	Variance		Note	2011 Projection	2011 Budget	Variance		Note
	$	$	$	%		$	$	$	%	
Premiums Written										
Net premiums written before discounts	805,920	814,734	(8,814)	-1.1%		847,163	869,462	(22,299)	-2.6%	
Safe Driver discounts	(90,798)	(91,778)	980	-1.1%		(95,472)	(97,926)	2,454	-2.6%	
Business Recognition discounts	(6,772)	(6,523)	(249)	3.7%		(7,121)	(6,960)	(161)	2.3%	
Premiums Written - net	**708,350**	**716,433**	**(8,083)**	**-1.1%**		**744,570**	**764,576**	**(20,006)**	**-2.7%**	
Premiums Earned	**684,821**	**688,074**	**(3,253)**	**-0.5%**		**726,059**	**741,814**	**(15,755)**	**-2.2%**	
Claims Incurred	604,686	612,240	(7,554)	-1.2%		797,118	644,872	152,246	19.1%	(4)
Premium Taxes	34,376	34,536	(160)	-0.5%		36,469	37,233	(764)	-2.1%	
Issuer Fees	34,813	35,527	(714)	-2.1%		45,929	37,760	8,169	17.8%	(5)
Administrative Expenses	51,770	53,283	(1,513)	-2.9%		54,003	56,823	(2,820)	-5.2%	
Traffic Safety Programs	17,285	18,206	(921)	-5.3%		21,013	20,736	277	1.3%	
Total Expenses	**742,930**	**753,792**	**(10,862)**	**-1.5%**		**954,532**	**797,424**	**157,108**	**16.5%**	
Underwriting Loss	**(58,109)**	**(65,718)**	**7,609**	**-13.1%**		**(228,473)**	**(55,610)**	**(172,863)**	**75.7%**	
Investment Earnings	119,367	62,067	57,300	48.0%	(1)	52,761	26,610	26,151	49.6%	(6)
Other Income	31,489	26,737	4,752	15.1%	(2)	30,345	26,752	3,593	11.8%	(7)
Increase (Decrease) to RSR	**92,747**	**23,086**	**69,661**	**75.1%**		**(145,367)**	**(2,248)**	**(143,119)**	**98.5%**	
Rate Stabilization Reserve:										
Balance, Beginning of Year	67,211	67,211				271,856	271,856			
Jan. 1, 2010 adjustment - IFRS	105,207	-	105,207	100.0%	(3)					
Appropriated (to) from Redevelopment Reserve	6,691	6,813	(122)	-1.8%		5,328	5,745	(417)	-7.8%	
RSR Balance, End of Year	**271,856**	**97,110**	**174,746**	**64.3%**		**131,817**	**275,353**	**(143,536)**	**-108.9%**	
Redevelopment Reserve (RDR):										
Balance, Beginning of Year	21,344	21,344	-	0.0%		14,653	14,653	-	0.0%	
Appropriated (to) from Rate Stabilization Reserve	(6,691)	(6,813)	122	-1.8%		(5,328)	(5,745)	417	-7.8%	
RDR Balance, End of Year	**14,653**	**14,531**	**122**	**0.8%**		**9,325**	**8,908**	**417**	**4.5%**	
Loss Ratio	88.3%	89.0%		(0.7%)		109.8%	86.9%		22.9%	
Issuer Fee and Tax Ratio	10.1%	10.2%		(0.1%)		11.3%	10.1%		1.2%	
Administrative Expense Ratio	7.6%	7.7%		(0.1%)		7.4%	7.7%		(0.3%)	
Traffic Safety Program Expense Ratio	2.5%	2.6%		(0.1%)		2.9%	2.8%		0.1%	
Combined Ratio	108.5%	109.5%		(1.0%)		131.4%	107.5%		23.9%	
Minimum Capital Test	124%	96%		28%		52%	87%		(35%)	

* restated on an International Financial Reporting Standards (IFRS) basis

Notes:

(1) - Investment returns are forecasted in August, based on July data. The last five months of 2010 saw better returns than anticipated, primarily a function of higher gains on the sale of investments in the last five months of 2010. Additionally, an unrealized gain of $19.3 million primarily related to equities was recorded upon adoption of IFRS.

(2) - Other income is comprised of revenues from the Short Term and Auto Pay vehicle registration programs, as well as net profit from salvage operations. In 2010, the $4.7 million variance to forecast was largely attributable to higher than anticipated profits from salvage operations.

(3) - The adjustment to the RSR is a result of transitioning to IFRS. Upon transition the Auto Fund is now discounting unpaid claims on all lines of business resulting in an adjustment of $47.1 million. The other significant impact is that unrealized gains and losses on investments are now being realized in the statement of operations instead of accumulated other comprehensive income, resulting in a reclassification to the RSR of $66.5 million.

(4) - Claims incurred were adversely impacted in 2011 by poor winter driving conditions, significant summer storm activity, actuarial analysis indicating worsening long-tail injury claim costs and financial market instability impacting claims discounting on the unmatched portion of the liability.

(5) - Issuer fees projected for 2011 reflect an unbudgeted $8.5 million premium deficiency as indicated in the August 2011 actuarial review. It is anticipated to reverse in 2012.

(6) - The investment earnings budget anticipated a rise in interest rates in 2011, which would have resulted in lower returns on the bond portfolio due to capital losses. Interest rates did not rise as expected in 2011.

(7) - Other income in 2011 is anticipated to be higher than budget due to profits from salvage operations.

Saskatchewan Auto Fund
Rate Stabilization Reserve
Capital Management Policy

The overriding principle of this policy is prudent management of the capital of the Saskatchewan Auto Fund and any action with respect to this policy should be governed by that principle.

Objective:
The primary objective of the Capital Management Policy is to maintain a level of capital in the Rate Stabilization Reserve (RSR) sufficient to cushion the Auto Fund from the volatility inherent in investment and underwriting operations and ensure a positive RSR without the need for excessive rate increases for Auto Fund customers.

Policy:
The Minimum Capital Test (MCT) will be used to determine capital adequacy. A target MCT has been established at 112.5% with a minimum threshold of 75% and a maximum limit of 150%. If, at the time of the rate adequacy analysis, the MCT calculation is above 150% or below 75%, the following actions shall be taken:

MCT below 75% minimum:

- Calculate the 12-month moving average MCT score. If the 12-month average MCT is below 75%, then Management shall bring to the Board of Directors a proposal to address the shortfall, including consideration of obtaining additional revenue to replenish the RSR.
- Any additional rate would be obtained as a percentage surcharge to the total vehicle premium before incentives, and would be identified as such to the customer.
- The surcharge would be removed when projections in the current rate program indicate the MCT target would be achieved without the surcharge.
- The surcharge would be set as the lower of:
  - The amount required to return the MCT score to target within three years; or
  - 5%.

MCT above 150 per cent maximum:

- Calculate the 12-month moving average MCT score. If the 12-month average MCT is above 150%, then Management shall bring to the Board of Directors a proposal to address the excess, including consideration of providing a rebate to customers.
- The rebate would be calculated as the amount required to return the RSR, after payment of the rebate, to a point where the MCT score would be below the upper limit, but no less than the target MCT during the rating period being considered.

Process:
In this policy, MCT means the Minimum Capital Test prescribed by the Office of the Superintendent of Financial Institutions (OSFI) from time to time, subject to any alterations thereto approved by the Board.

While monitoring of the MCT will take place monthly, determining the actions necessary to apply the policy is to be done annually in conjunction with the Auto Fund rate adequacy analysis.

Notwithstanding the specific targets and ranges set out above, final authority as to what, if any, action is to be taken, is reserved to the Board and the Board may in its discretion decide to deviate from the specified ranges/actions because of the circumstances prevailing at the time.

Statement of Investment Policies and Goals

Saskatchewan Auto Fund

November 2011

Contents

Section 1—Overview

1.01 Purpose of Statement

The purpose of this policy statement is to provide a framework for the prudent investment and administration of the Saskatchewan Auto Fund investment portfolio (the Fund). This policy provides the investment manager with a written statement of specific quality, quantity, and rate of return standards for the corporation's investment portfolio.

A major goal of this policy is to establish ongoing communication between Saskatchewan Government Insurance ("SGI" or the "Company") and the investment manager. Effective communication will contribute to management of the portfolio in a manner that is consistent with market conditions and with the objectives of the Company. Consultation between the parties will take the form of regular meetings supplemented, from time to time, by informal contact requested by any of the parties.

1.02 General

The Saskatchewan Auto Fund was established to provide compulsory automobile insurance to Saskatchewan people. The Fund is self-sustaining with the objective of breaking even over the long term.

Section 87(3) of *The Automobile Accident Insurance Act* (Act) authorizes the Fund to hold property of every nature and kind.

Section 92(1) of the Act authorizes investment of monies in the Fund subject to the restrictions and limitations contained in:

- The *Insurance Companies Act (Canada)*; and
- Any securities authorized for investment by *The Crown Corporations Act* which takes into consideration the *Pension Benefits Standards Act and Regulations*.

The overall standard guiding investment of the portfolio is the "prudent person rule" which is set out in section 492 of the *Insurance Companies Act (Canada).* This standard requires that investments be made in a manner that "a reasonable and prudent person would apply in respect of a portfolio of investments to avoid undue risk of loss and to obtain a reasonable return."

Both the *Insurance Companies Act (Canada)* and the *Pension Benefits Standards Act and Regulations* follow this "prudent person portfolio approach."

Quantitative guidelines established by the *Insurance Companies Act (Canada)* are:

- Real estate – maximum 10% of total assets
- Equities – maximum 25% of total assets
- Real estate and equities – maximum 35% of total assets

Quantitative guidelines established by the *Pension Benefits Standards Act and Regulations* are:

- Maximum 10% of the book value of total assets in any one corporation or two or more affiliated corporations
- Maximum 30% of the voting shares of any one corporation

Responsibility for the investment policy rests with the Board of Directors. The Board has delegated day to day implementation and monitoring to management.

SGI has delegated its investment authority to professional investment managers to invest in accordance with this policy. In addition, a trust company has been appointed as custodian with responsibilities for safekeeping of investments, income collection, and settlement of investment transactions. The Investment Committee (Committee) of the Board makes recommendations on policy matters contained in this document and monitors the performance of the investment assets.

1.03 Nature of the Auto Fund

The Auto Fund, as the compulsory automobile insurance program for Saskatchewan residents, provides vehicle registrations, driver's licenses, the basic minimum liability insurance required to operate a vehicle and coverage for damage to or loss of an insured's vehicle, subject to a deductible. Uncertain claim levels due to driving conditions, storm activity and court awards leads to cyclical profits from underwriting activities. Due to this instability of profits from underwriting, stability from investment income is an important objective along with safety of capital. Investment capital is used to cover policyholder liabilities.

1.04 Liability Characteristics

The most significant characteristics of the Auto Fund's assets and liabilities, which impact on the investment strategy, are:

- Unpaid claims and unearned premiums account for 95% of total liabilities. At December 31, 2010, the liability for these two items was $1.4 billion, up from $1.3 billion one year prior.

- A significant majority of unpaid claims are paid within three years of the date of loss. Currently, unpaid claims account for approximately 73% of the liabilities. The duration of the unpaid claims liability decreased slightly to approximately 7.6 years as at December 31, 2010 from 7.7 years at December 31, 2009. With the addition of expected losses in unearned premiums the duration on the total unpaid liabilities is 6.4 years (2009 – 6.3 years).

- At December 31, 2010, the market value of investments was $1,311 million, up from $1,226 million last year. The market value of investments increased again in 2010, recovering from weak investment markets of 2008 and early 2009. As measured by the Minimum Capital Test at December 31, 2010, assets were 124% of required capital and within the target range of 75% - 150%.

- At December 31, 2010 the Rate Stabilization Reserve balance was at $142.3 million, up from $67.2 million in 2009.

Projected liability cash flows up to 20 years are matched off with fixed income securities. A partial cash flow matching approach has been adopted for the portfolio which allows some diversification into equities, real estate and infrastructure in order to match longer-dated liabilities.

1.05 This diversification into other asset classes serves to increase the long-term return on investment potential while controlling overall portfolio risk. Investment and Risk Philosophy

(a) Investment Beliefs

The Policy sets out the parameters under which the Fund is managed, which are influenced by several basic assumptions about the characteristics and trends in capital markets. The key investment beliefs that shape the Policy are:

(i) Asset allocation is the most important determining factor in the investment performance of the Fund.

(ii) In the long term, equities will outperform bonds to compensate for their higher risk.

(iii) Accepting mismatch risk between portfolio assets and liabilities provides an opportunity to enhance long term returns but introduces specific risks like interest rate risk, credit risk and equity market risk. A liability sensitive approach to investing reduces these risks somewhat by matching both the size and duration of claims liabilities with fixed income securities. Investing the remaining assets in asset classes with long term return expectations greater than fixed income investments provides the potential to improve overall returns.

(iv) Market movements between asset classes are not perfectly correlated as equity, bond and other asset class portfolios respond differently to economic factors. In addition, Canadian and foreign asset classes are not perfectly correlated due to different economic environments and the underlying composition of the capital markets. As a result, diversification across different asset classes and markets offers the opportunity to improve risk-adjusted returns.

(v) Exposure to foreign currencies as a result of moderate levels of foreign investments has provided diversification benefits. However, as foreign exposure is increased, eliminating some foreign currency exposure through choice of a target hedge ratio is seen as appropriate risk management where cost effective.

(vi) The success of active management varies based on efficiency of capital markets. Where markets are efficient, the quick dissemination of information limits the ability of investment professionals to consistently add value to the broad market indices.

(b) Investment Philosophy

Fund assets should be prudently managed to assist in avoiding excessive volatility in annual rates of return.

The prudent management of investment portfolios requires that the Company adhere to investment and lending policies that a reasonable and prudent person would apply in respect of a portfolio of investments and loans to avoid undue risk of loss and obtain a reasonable return.

Assessment of the risk tolerance of the Fund considers the nature of the industry and liability characteristics as outlined above. Based on these factors, the Fund can assume a low level of investment risk (defined as the volatility of returns). Accordingly, a diversified long-term asset mix strategy with a bias to fixed income is warranted. Further, the fixed income allocation and target benchmark indices are set with regard to the structure of the claims liabilities.

(c) Risk Philosophy

In order to achieve the long-term investment goals, the Fund must invest in assets that have uncertain returns, such as Canadian equities, foreign equities, bonds, real estate and infrastructure. Interest rate risk, one of the primary risks faced by the portfolio, is addressed by matching the size and duration of the claims liabilities with fixed income securities. Equity market risk is partially managed through diversification by sector and country. Credit risk is addressed by ensuring broad diversification by sector in a high quality (investment grade) portfolio.

The Fund accepts foreign currency exposure to a limited degree, in its equity and infrastructure portfolios. This limited foreign currency exposure provides some diversification benefits without accepting undue risk.

The Fund is invested relative to a Benchmark Portfolio. The return from the benchmark portfolio represents an achievable return for the Fund given the capital market conditions in which it is invested. The specific weights for each asset class are set based on the risk tolerance of the Fund. Risk tolerance is assessed through a detailed review of the Fund and the investment markets that considers:

- Liability structure
- Investment time horizon
- Liquidity needs
- Regulatory environment
- Other unique factors
- Historical and prospective risk (volatility) and return of various asset classes and benchmark portfolios.

Section 2—Asset Mix Policy

2.01 Asset Mix

The following guidelines are based on the total market value of each of the investment portfolios. The Committee may consider and approve temporary deviations from these guidelines, or other policy constraints, based on changing market conditions and/or investment manager requests. Should the investment manager wish to deviate from these guidelines or the quantity and quality guidelines, or revise them, a written request will be forwarded to the Company.

(a) Matching Portfolio

The Matching Portfolio will be constructed to match the anticipated liability cash flows as provided by SGI to the investment manager from time to time. Annual estimated liability cash flows will be supplied from 0 through 20 years. (Liability cash flows beyond the Matching Portfolio will be backed by the Return Seeking Portfolio which is outlined next). The Matching Portfolio will be constructed to match the liability cash flows in the following term groupings (buckets):

Liability Cash Flow Buckets*
Up to 1 year (short-term investments)**
Over 1 year to 3 years
Over 3 years to 5 years
Over 5 years to 10 years
Over 10 years to 15 years
Over 15 years to 20 years (or as far out as assets allow)

* *For Liability Cash Flow Buckets with terms over 1 year, asset cash flows are to be matched to within +/- 5% of the estimated liability cash flow for each bucket. The Up to 1 year Liability Cash Flow Bucket, is to be matched to within +/- 10% of the estimated liability cash flow for the bucket.*

** *A minimum of $5 million is to be held in cash and overnight deposits.*

The Matching Portfolio will be comprised of:

- Short-term investments and cash;
- Bonds of Canadian issuers; and
- Mortgages, to a maximum of 12% of the Matching Portfolio (distributions from the Mortgage Pooled Fund are to be received as cash in the Matching Portfolio).

(b) Return Seeking Portfolio[1]

	Minimum %	Benchmark[3] %	Maximum %
Canadian equities	40 (18.0)	50 (27.5)	60 (37.0)
U.S. equities	6 (10.0)	16 (15.0)	21 (20.0)
Non-North American equities	6 (7.0)	16 (12.5)	21 (18.0)
Global small cap equities	0 (7.0)	0 (12.5)	0 (18.0)
Foreign equities	12 (19.0)	32 (40.0)	42 (50.0)
Total Equities[2]	59 (37.0)	82 (67.5)	90 (80.0)
Real estate	10 (15.0)	16 (20.0)	21 (25.0)
Infrastructure	0 (0.0)	0 (10.0)	0 (15.0)
Total Equities, Real Estate and Infrastructure	80 (80.0)	98 (97.5)	100 (100.0)
Short-term investments and cash	0 (0.0)	2 (2.5)	20 (20.0)
		100	

(1) Unbracketed figures represent current benchmark target weights and guidelines. Bracketed figures represent the long term benchmark target weights and guidelines that will be transitioned to as the global small cap equity and the infrastructure mandates are implemented.

(2) Convertible securities and preferred shares are considered to be equities in the asset mix guidelines.

(3) The current benchmark was effective October 1, 2011.

(c) Return Seeking Portfolio—Multi-Asset Class Manager[1]

	Minimum %	Benchmark[3] %	Maximum %
Canadian equities	40 (25.0)	50 (35.5)	60 (45.0)
U.S. equities	6 (13.0)	16 (19.5)	21 (25.0)
Non-North American equities	6 (9.0)	16 (16.0)	21 (23.0)
Foreign equities	12 (22.0)	32 (35.5)	42 (48.0)
Total Equities[2]	59 (47.0	82 (71.0)	90 (80.0)
Real estate	10 (20.0)	16 (26.0)	21 (34.0)
Total Equities and Real Estate	80 (80.0)	98 (97.0)	100 (100.0)
Short-term investments and cash	0 (0.0)	2 (3.0)	20 (20.0)
		100	

(1) Unbracketed figures represent current benchmark target weights and guidelines. Bracketed figures represent the long term benchmark target weights and guidelines that will be transitioned to as the global small cap equity and the infrastructure mandates are implemented.

(2) Convertible securities and preferred shares are considered to be equities in the asset mix guidelines.

(3) The current benchmark was effective October 1, 2011.

(d)

Return Seeking Portfolio—Specialty Managers

	% of Return Seeking Portfolio	% of Mandate
Global small cap equities	12.5 %	100%
Infrastructure	10.0%	100%

(e) Cash Flow and Rebalancing

Cash generated in each of the Matching and Return Seeking Portfolios will typically be reinvested in those portfolios, while net external cash flows will typically be drawn from or invested in the Matching Portfolio. SGI shall, however, exercise judgment in allocating and drawing cash flows based on:

i) the magnitude of the cash flow;
ii) liquidity considerations;
iii) transaction cost considerations;
iv) the necessity to rebalance assets between the Matching Portfolio and the Return Seeking Portfolio;
v) the necessity to rebalance assets within the Return Seeking Portfolio; and
vi) in order to meet cash commitments related to investment in infrastructure

Unless otherwise instructed, external cash flows in the Matching Portfolio will be invested in, or drawn from, the short-term investment (up to one year) bucket. External cash flows to or from the Return Seeking Portfolio are to be managed in line with the asset mix guidelines for that portfolio.

The Matching Portfolio will be rebalanced, as necessary, in conjunction with the Auto Fund's tri-annual actuarial valuations, to align the asset cash flows with the revised liability cash flows and to allocate assets between the Matching and Return Seeking Portfolios.

3.01 General Investment Guidelines

The investments must comply with the requirements and restrictions imposed by the applicable legislation, including but not limited to, the Insurance Companies Act (Canada) and The Crown Corporations Act.

3.02 Permitted Investments

Provisions respecting permitted investments as may be applicable for each of the Matching and Return Seeking Portfolios are outlined in this section. In general, and subject to Section 3.04 and the restrictions in Section 2 and 3, an investment manager may, within its mandate, invest the investment assets in the following asset classes and any of the investment instruments listed below.

(a) Canadian and Foreign Equities

(i) Common and preferred stock, listed on a recognized exchange.

(ii) Debentures convertible into common or convertible preferred stock.

(iii) Rights, warrants and special warrants for common or preferred stock.

(iv) Installment receipts, American Depository Receipts and Global Depository Receipts.

(v) Exchange traded index participation units (i.e., iUnits and Standard and Poor's Depository Receipts).

(vi) Income trusts registered as reporting issuers under the Securities Act, domiciled in jurisdictions that provide limited liability protection to unitholders.

(vii) TSX exchange-traded limited partnerships.

(viii) Private placement equity where the Investment Manager determines the security will become eligible for trading on a listed exchange within a reasonable and defined time frame, not to exceed six months, and the issuing company is publicly listed on a recognized exchange.

(ix) Private Placement equities (subject to section 3.04(a)).

(b) Bonds, Mortgages and Real Estate

(i) Bonds, debentures, notes, and other evidence of indebtedness denominated and payable in Canadian dollars. Issuers may be Canadian, supranational or foreign if domiciled in developed markets.

(ii) Mortgages secured against Canadian real estate subject to Section 3.03 below.

(iii) Mortgage-backed securities of Canadian issuers.

(iv) Asset-backed securities of Canadian issuers.

(v) Term deposits and guaranteed investment certificates.

(vi) Private placements of bonds subject to Section 3.03.

(vii) Real Estate subject to 3.03(e) below.

(c) Cash and Short-Term Investments

(i) Cash on hand and demand deposits.

(ii) Treasury bills issued by the federal and provincial governments and their agencies.

(iii) Obligations of trust companies and Canadian and foreign banks chartered to operate in Canada, including bankers' acceptances.

(iv) Commercial paper and term deposits.

(v) Non-bank asset backed commercial paper is not permitted.

(d) Infrastructure

(i) Indirect infrastructure investment via independently managed pooled funds, limited partnerships or specialist corporate structures (eg. LLCs). The mandate of each fund, partnership or corporate structure will vary with the long-term goal of assembling a diversified portfolio.

(ii) Permitted and prohibited investments in infrastructure will be governed by the terms and conditions set out in the respective pooled fund contract, Offering Memorandum, Trust Agreement or similar document that is applicable to each Investment Manager.

(e) Other Investments

(i) Investments in open-or closed-ended pooled funds provided that the assets of such funds are permissible investments under the Policy.

(ii) Deposit accounts of the custodian can be used to invest surplus cash holdings.

(f) Derivatives

The use of derivatives (such as options, futures and forward contracts) is permitted with prior approval by the Committee to protect against losses from changes in exchange rates, interest rates and market indices; and for non-hedging purposes, as a substitute for direct investment. Sufficient assets or cash must be held to cover commitments due to the derivatives transactions. No derivatives can be used for speculative trading or to create a portfolio with leverage. Derivative use in pooled funds is subject to the pooled fund guidelines.

(g) Pooled Funds

Investment in pooled funds is permissible. Pooled funds are governed by the policies for each fund. The Committee shall review the guidelines for any pooled fund investment to determine if they are appropriate. Any change to the pooled fund policy shall be communicated to the Company at least 30 days prior to the change. However, the manager will endeavor to provide 90 days notice of material change to the policy.

3.03 Minimum Quality and Quantity Guidelines

Provisions respecting quality and quantity guidelines as may be applicable for each of the Matching and Return Seeking Portfolios are outlined in this section.

Investments of any kind (stocks, bonds, real estate, mortgages, short term investments) of any one issuer in the aggregate (other than the Government of Canada or a Canadian province) should not exceed 10% of the market value of the related Matching or Return Seeking portfolio.

(a) Capital Stock

(i) The investment manager is expected to maintain a relatively high quality portfolio. In general, investments should be limited to stocks that are publicly traded on a recognized securities market.

(ii) No single issuer's equities, private or public, shall represent more than 10% of the market value of each of the Canadian and U.S. equity portfolios.

(iii) No one holding can represent more than 10% of the voting shares of any corporation, except for substantial investments, as defined by the Insurance Companies Act (no substantial investments can be made without prior approval).

(iv) Total private placement equities shall not exceed 10% of the equity portfolio market value at the time of purchase.

(v) As well, in accordance with subsection 9(3) of Schedule III of the regulations of the Pension Benefits Standards Act, the 10% limit referred to in the preceding paragraph does not apply to investments in an investment corporation, real estate corporation or resource corporation.

(vi) Industry weightings of the equity portfolio should not exceed the greater of 10% of the market value of the equity portfolio or 2.0 times the relevant industry weights of the group indexes on the S&P/TSX Capped Composite for Canadian equities and the S&P 500 for U.S. equities.

(vii) Investments in non-North American equities are held in a pooled fund vehicle, subject to 3.02(d)(i) and 3.02(f). The investment guidelines of the pooled fund, as updated from time to time, shall be disclosed to SGI.

(viii) The minimum quality standard for individual preferred shares in P-1 or equivalent, as rated by a recognized credit rating service at the time of purchase.

(b) Bonds

(i) The minimum quality standard for purchase of bonds and debentures is "BBB" or equivalent rating, as rated by a recognized credit rating service (includes all sub-rating levels within the overall "BBB" rating). If a bond issue receives different ratings, the rating that is most common will generally prevail. When a majority does not exist on a bond issue, the most conservative rating shall prevail. In the event that split ratings straddle the minimum quality standard of "BBB" or equivalent, then the most conservative rating will be used irrespective of majority.

(ii) "BBB" bonds may not be purchased if it would result in raising holdings rated "BBB" or lower to more than 15% of the market value of the bond portfolio.

(iii) The investment manager will take the following steps in the event of a downgrade in the credit rating of a portfolio asset by a recognized bond rating agency to below the purchase standards set out in Section 3.03(b)(i):

(A) The Company will be notified of the downgrade by telephone at the earliest possible opportunity;

(B) Within five business days of the downgrade, the investment manager will advise the Company in writing of the course of action taken or to be taken by the investment manager, and its rationale; and

(C) The investment manager will provide regular reporting on the status of the asset until such time as it matures, is sold or is upgraded to a level consistent with the purchase quality standards as expressed in the above guidelines.

(iv) The investment manager shall report to the Company, along with the recommended strategy for bringing the portfolio into line with the policy restrictions, should the total exposure to "BBB" or lower bonds move above 15% of the market value of the bond portfolio.

(v) The minimum quality rating for mortgage backed and asset backed securities is "AA" or equivalent.

(vi) Unrated bonds should be assigned a rating by the investment manager before purchase.

(vii) No more than 10% of the market value of the bond portfolio shall be invested in bonds of foreign issuers.

(viii) Holdings for any one province should not exceed 20% of the market value of the bond portfolio.

(ix) Private bond placements should not exceed 15% of the market value of the bond portfolio and are subject to the following conditions.

(A) The issues acquired must be minimum ‘A’ or equivalent rated (prior approval of the Committee is required before purchasing private bond placements with credit ratings lower than “A”).

(B) The investment portfolio may not hold more than 5% of the market value of any one private placement.

(C) The investment manager must be satisfied that there is sufficient liquidity to ensure sale at a reasonable price.

(c) Rating Agencies

For the purposes of this Policy, the following rating agencies shall be considered to be ‘recognized bond rating agencies’:

(i) DBRS;
(ii) Standard and Poor’s;
(iii) Moody’s Investors Services; and
(iv) Fitch Ratings (for foreign issuers only).

(d) Mortgages

(i) Investments in mortgages are held in a pooled fund vehicle subject to 3.02 (d)(i) and 3.02 (f). The investment guidelines of the pooled fund, as updated from time to time, shall be disclosed to SGI.

(e) Real Estate

When considering real estate purchases or investment in real estate pooled funds, the following are attributes favoured by the Company:

(i) Canadian real estate capable of yielding overall rates of return in excess of current and projected levels of inflation in the long term.

(ii) A portfolio capable of providing a stable long term income flow.

(iii) Land held for future development is allowable but should be limited in amount.

(f) Short Term Investments

(i) Short-term investments for the purpose of this Statement are defined as securities purchased with a maturity of one year or less.

(ii) It is anticipated that the investment manager will invest only in instruments of the highest quality. Securities with an “R-1” or equivalent rating, as rated by a recognized credit rating service, are permissible investments (includes all sub-rating levels within the overall “R-1” rating).

(iii) Holdings for any one issuer, other than the Government of Canada or a Canadian province, should not exceed 10% of the market value of the combined short-term investment and bond portfolios in the Matching Portfolio and 10% of the market value of the short-term investment portfolio in the Return Seeking Portfolio.

(g) Exceptions

When applying the Quality and Quantity Guidelines, it is recognized that there may be occasions during which these guidelines are not met temporarily for valid investment reasons. It is the responsibility of the investment manager to report any violations to the Company immediately, and to recommend appropriate remedies.

3.04 Prior Permission Required

The following investments are permitted provided that prior permission for such investments has been obtained from the Committee:

(a) Investments in private placement equities, other than those permitted in Section 3.02 (a)(viii);

(b) Investments in private placement bonds with credit ratings lower than “A”;

(c) Derivatives, as per Section 3.02(e) above;

(d) Any other investments not expressly permitted by this policy statement.

3.05 Prohibited Investments

The investment manager shall not:

(a) Directly invest in companies for the purpose of managing them;

(b) Purchase securities on margin or engage in short sales, except as allowed in 3.02(e); or,

(c) Make any investment not specifically permitted by this Policy.

3.06 Securities Lending

The investments of the assets may be loaned, for the purpose of generating revenue for the Fund assets, subject to the provisions of the applicable legislation.

Such loans must be secured by cash and/or readily marketable government bonds, treasury bills and/or letters of credit, discount notes and banker's acceptances of Canadian chartered banks. The amount of collateral taken for securities lending should reflect best practices in local markets. In Canada, the current market practice is to obtain collateral of at least 102% of the market value of the securities lent. This market relationship must be calculated at least daily.

If the assets are invested in a pooled fund, security lending will be governed by the terms and conditions set out in the pooled fund contract. The pooled fund manager shall disclose whether the fund uses securities lending.

Section 4—Monitoring and Control

4.01 Responsibility of the Investment Manager

The overall responsibility of the investment manager is to provide competitive returns over time, measured against specified market-oriented standards.

The investment manager will have full discretion in managing the portfolio subject to the general guidelines presented in this policy statement, and any amendments, that may be made from time to time, by SGI's Board of Directors.

The investment manager will report to SGI as requested by the Company. The meetings will allow the manager to report on investment performance, and to advise the Company of the investment strategy that is being followed, and any changes in the strategy.

The investment manager should, within 30 business days of each quarter-end, forward a written report to the Company each quarter on the performance of the assets under management and on the firm's investment outlook.

The investment manager will notify the Board immediately, in writing, of any legal or regulatory proceedings or charges of which the manager may be aware, against the manager's firm or investment personnel, or against any sub-advisor or that firm's investment personnel.

The investment standards outlined in this policy statement provide a framework for management of the portfolio within levels of risk acceptable to the Company. If the manager believes the Asset Mix Guidelines are inappropriate for anticipated economic conditions, the manager is responsible for advising the Company that a change in guidelines is desirable, and the reasons therefore.

4.02 Compliance Reporting

A report on compliance with the investment policy, directed to Management, will be completed quarterly. The report format is included as part of this policy. The Company must be notified immediately of any deviation from the investment policy.

4.03 Performance Measurement

Investment results will be monitored on a quarterly basis. Performance will be evaluated over moving four-year periods.

Return objectives include realized and unrealized capital gains and losses plus income from all sources. Investment returns are measured on a time-weighted basis.

(a) Matching Portfolio Benchmark

The primary objective is to exceed the return of the least risk portfolio (LRP). The LRP is a portfolio of investable federal government bonds, meeting the quality and quantity guidelines set out in this policy, structured to match the annual liability cash flows as calculated by SGI and provided to the investment manager from time to time. A hurdle rate will be added to the return of the LRP based on the average yield spread for a portfolio constructed with an approximate weight of 1/3 in each of the federal, provincial and corporate sectors. It is expected that the structure of the LRP will change up to three times per year as updated cash flows are provided based on tri-annual actuarial valuations.

(b) Return Seeking Portfolio Benchmark

The primary objective is to outperform a benchmark portfolio consisting of the following market index total returns weighted as follows:

Asset Class	Representative Index	Weight [1, 2] %
Canadian equities	S&P/TSX Capped Composite	50 (27.5)
U.S. equities	S&P 500 ($C)	16 (15.0)
Non-North American equities	MSCI EAFE ($C)	16 (12.5)
Global small cap equities	MSCI World Small Cap Index ($C)	0 (12.5)
Real estate	Investment Property Databank	16 (20.0)
Infrastructure	Canadian CPI + 5%	0 (10.0)
Short-term investments	DEX 91-Day T-Bills	2 (2.5)
		100(100.0)

1. The current benchmark was effective October 1, 2010. Historical benchmark portfolio weights are shown in Appendix B.
2. Bracketed percentages represent the long term target asset mix that will be transitioned to as the global small cap equity and the infrastructure mandates are implemented.

(c) Return Seeking Portfolio—Multi-Asset Class Manager Benchmark

The primary objective of the multi-asset class manager is to outperform a benchmark portfolio consisting of the following market index total returns weighted as follows:

Asset Class	Representative Index	Weight [1, 2] %
Canadian equities	S&P/TSX Capped Composite	50 (35.5)
U.S. equities	S&P 500 ($C)	16 (19.5)
Non-North American equities	MSCI EAFE ($C)	16 (16.0)
Real estate	Investment Property Databank	16 (26.0)
Short-term investments	DEX 91-Day T-Bills	2 (3.0)
		100 (100)

1. The current benchmark was effective October 1, 2010. Historical benchmark portfolio weights are shown in Appendix B.
2. Bracketed percentages represent the long term target asset mix that will be transitioned to as the global small cap equity and the infrastructure mandates are implemented.

(d) Asset Class Benchmarks

A secondary objective is to earn asset class returns that exceed the benchmark index for each of the asset classes in which the investment manager invests. In addition, the following value added objectives have been set, which will be monitored over rolling four-year periods.

Asset Class	Representative Index	Value added target (basis points)[1]
Canadian equities	S&P/TSX Capped Composite	125
U.S. equities	S&P 500 ($C)	50
Non-North American equities	MSCI EAFE ($C)	150
Global small cap equities	MSCI World Small Cap Index ($C)	150

[1] *Asset class value added targets are before fees.*

The market indices referred to in this section may be changed by the Committee to match the specific investment mandates for the investment manager selected to manage the portfolio, recognizing that at all times the Fund must be managed in accordance with the asset mix guidelines set out in Section 2 and permitted and prohibited investments set out in Section 3 above.

4.04 Soft Dollars

The Fund does not use soft dollars (directed commissions) to pay for any goods or services. The investment manager may use soft dollars to pay for research and other investment-related services with disclosure to the Company, provided they comply with the Soft Dollar Standards promulgated by the CFA Institute.

4.05 Dismissal of an Investment Manager

Reasons for reviewing and considering the termination of the services of an investment manager include, but are not limited to, the following factors:

(a) Performance results, which over a reasonable period of time, are below the stated performance benchmarks;

(b) Changes in the overall structure of the Fund such that the investment manager's services are no longer required;

(c) Change in personnel, firm structure and investment philosophy, style or approach which might adversely affect the potential return and/or risk level of the portfolio;

(d) Legal or regulatory proceedings against the investment manager or its investment personnel, or any sub-advisor firm or that firm's investment personnel;

(e) Failure to adhere to this Policy; and/or

(f) Performance consistently falling below the median of the investment manager peer group.

4.06 Standard of Professional Conduct

The investment manager is expected to comply, at all times and in all respects, with the Code of Ethics and Standards of Professional Conduct as promulgated by the CFA Institute.

The investment manager will manage the assets with the care, diligence and skill that a prudent person skilled as a professional investment manager would use in dealing with an investment portfolio. The investment manager will also use all relevant knowledge and skill that it possesses or ought to possess as a prudent investment manager.

4.07 Suppression of Terrorism Regulations

The investment manager must comply at all times and in all respects with the federal Suppression of Terrorism Regulations.

Section 5—Administration

5.01 Conflicts of Interest

(a) Fiduciary Responsibilities

This standard applies to Board members, members of the Committee, management advisors and all agents employed by the Company.

An agent is defined to mean a company, organization, association or individual retained by the Committee to provide services to the Company.

In carrying out their fiduciary responsibilities, these parties must act at all times in the best interest of the Company.

(b) Disclosure

In execution of their duties, Board members, Committee members, management advisors and agents shall disclose any material conflict of interest relating to them, or any material ownership of securities, which could impair their ability to render unbiased decisions as it relates to administration of the Fund.

Parties affected by this Statement shall not make any personal financial gain (direct or indirect) because of their fiduciary position. However, normal and reasonable fees and expenses incurred in the discharge of their responsibilities are permitted if documented and approved by the Committee.

Any party affected by this Statement who believes that he/she may have a conflict of interest, or who is aware of any conflict of interest, must notify the Chair of the Committee. Disclosure should be made promptly after the affected person becomes aware of the conflict. The Chair will decide what action is appropriate under the circumstances, but at a minimum, will table the matter at the next regularly scheduled meeting of the Committee.

No affected person who has or is required to make a disclosure which is determined to be in conflict as contemplated by this policy shall participate in any discussion, decision or vote relating to any proposed investment or transaction in respect of which he or she has made or is required to make disclosure.

No affected person shall accept a gift or gratuity or other personal favour, other than one of nominal value, from an individual or entity that the person deals with in performing responsibilities for the Company.

5.02 Related Party Transactions

The Fund may not enter into a transaction with a related party unless:

(a) The transaction is required for the operation or administration of the Fund and the terms and conditions of the transaction are not less favourable to the Fund than market terms and conditions; or

(b) The securities of the related party are acquired at a public exchange.

Related party includes any officer, director or employee of the Company. It also includes the investment managers and their employees, a union representing employees of the Company, a spouse or child of the persons named previously, or a corporation that is directly or indirectly controlled by the persons named previously, among others.

Under the preceding conflict of interest guidelines, it is incumbent on any person to notify the Committee Chair if a conflict arises. Such conflict includes related party transactions.

5.03 Selecting an Investment Manager

If a new investment manager is to be selected or additional investment manager(s) added to the existing investment manager, the Committee will undertake an investment manager search. The criteria used for selecting an investment manager will be consistent with the investment and risk philosophy set out in Section 1.05 (Investment and Risk Philosophy).

5.04 Monitoring of an Investment Manager

To enable the Committee to fulfill its responsibility of monitoring and reviewing the investment manager, the investment consultant will assist the Committee, on an ongoing basis, in considering:

(a) Investment manager’s staff turnover, consistency of style and record of service;

(b) Investment manager’s current economic outlook and investment strategies;

(c) Investment manager’s compliance with this Policy, where a manager is required to complete and sign a compliance report; and,

(d) Investment performance of the assets of the Fund in relation to the rate of return expectations outlined in this Policy.

5.05 Voting Rights

The Company has delegated voting rights acquired through investments to the custodian of the securities to be exercised in accordance with investment manager instructions.

The investment manager is expected to exercise all voting rights related to investments held by the Fund in the best interests of the Fund.

The Company reserves the right to direct the custodian to vote in a specified manner.

The investment manager should disclose their proxy voting policies and report annually on (1) whether all eligible proxies were voted on the Fund's behalf and (2) if the proxy voting guidelines were followed and report on any deviations.

5.06 Valuation of Investments not Regularly Traded

The following principles will apply for the valuation of investments that are not traded regularly:

(a) Equities

Average of bid-and-ask prices from two major investment dealers, at least once every calendar quarter.

(b) Bonds

Same as for equities.

(c) Mortgages

Unless in arrears, at the outstanding principal.

(d) Infrastructure

Value based on the manager(s) internal appraisal process, with ultimate values determined upon sale of assets.

(e) Others

Securities that are not publicly traded and for which no external transaction or other evidence of market value exists, will be valued at cost.

5.07 Annual Review

This policy is open to review at any time, but must be reviewed annually.

Appendix A – Compliance Report

Saskatchewan Auto Fund
Matching Portfolio and Return Seeking Portfolio Multi Asset Class Management
Compliance Report for the Period from ____________ to ____________
(date) (date)

		Guidelines %	Policy Complied With Yes/No*
Asset Mix (at Market Value)			
Matching Portfolio	Asset cash flows matched in term buckets greater than 1 year within +/- 5% of liability cash flows and +/-10% of liability cash flows for the less than 1 year term bucket		
Return Seeking Portfolio—Multi-Asset Class			
Equities	Canadian	40 – 60 (25-45)	
	U.S.	6 – 21 (13-25)	
	Non-North American	6 – 21 (9-23)	
	Foreign	12 – 42 (22-48)	
	Total	59 – 90 (47-80)	
Real Estate		10 – 21 (20-34)	
Equities and Real Estate	Total	80 – 100 (80-100)	
Short Term & Cash		0 – 20 (0-20)	
Constraints			
Total Fund	- Diversification	Max 10% of the market value in any one issuer	
Equities	- Private placements	Compliant with policy	
	- Public traded on recognized securities market		
	- Diversification	Max 10% of the market value in Cdn. or U.S. equities in any single issue	
	- Concentration	Max 10% of the equity of a single company	
	- Single Industry	Max greater of 10% the Cdn. or U.S. equity portfolio or 2.0 TSX or S&P industry weighting	
Bonds	- Private placements	Prior approval required unless min "A" rating. Max 15% of market value of bond portfolio	
	- Quality	Min "BBB" for bonds; "AA" for asset-backed and mortgage-backed	
		"BBB" ineligible for purchase if it would raise "BBB" or lower holdings above 15% of the market value of the bond portfolio	
	- Diversification	Max 10% of the bond and short-term portfolio market value in single issuer other than the Government of Canada or a province	
	- Concentration	Max 20% of total bond portfolio market value in any one province	
	- Foreign Issuer	Max 10% of bond portfolio market value	
	- Foreign Currency	Not permissible	

**If policy not complied with, comment on specifics.*

Saskatchewan Auto Fund
Matching Portfolio and Return Seeking Portfolio Multi Asset Class Management
Compliance Report for the Period from ____________ to ____________
(date) (date)

Short Term Investments	- Minimum Quality	"R-1"	
	- Single Issuer	For Matching Portfolio, max 10% of short-term and bond portfolio market value other than Government of Canada or a province (max 10% of short-term portfolio for Return Seeking Portfolio)	
Real Estate	- Permitted in accordance with the policy		
Derivatives	- Permitted in accordance with the policy		
Other Investments	- Prior Approval Required		
Pooled Funds	- Compliance	Compliance with all pooled fund investment policies	
Other	- Statutory Requirements	Compliance with the Insurance Companies Act (Canada) and The Crown Corporations Act	
	- Concentration	Max 10% of the total portfolio market value in any single issuer other than the Government of Canada or a Canadian province for each of the related Matching or Return Seeking portfolios	
	- Proxy Voting	All eligible voting rights voted in best interest of Fund	
	- Soft Dollars	Manager uses Soft Dollars (yes/no)?	
		If yes, manager complies with CFA Institute Soft Dollar Standards	
Conflicts of Interest	- Disclosure	Conflicts of interest (if any) disclosed to the Chair of the Committee of the Board.	
CFA Institute Code of Ethics and Standards of Professional Conduct	- Compliance	CFA Institute Code of Ethics and Standards of Professional Conduct complied with	
Suppression of Terrorism	- Compliance	Compliance with Federal Suppression of Terrorism Regulations	

I believe this to be a factual representation of compliance with the Statement of Investment Policies and Goals throughout the reporting period.

______________________________ Greystone Managed Investments Inc.
Signature and Title Company Name

Saskatchewan Auto Fund
Global Small Cap Specialty Equity Management
Compliance Report for the Period from ____________ to ____________

(date) (date)

		Guidelines %	Yes/No*
Asset Mix (at Market Value)			
Equities	Global Small Cap	100†	
Constraints			
Pooled Fund	- Concentration	Max 10% of the market value of the pooled fund	
Compliance		The pooled fund has been managed as outlined in its investment policy. If "No" please specify variations	
Other	- Form ADV	Any material changes to the investment policy since the prior quarter have been reported to SGI	
Firm Proceedings	Disclosure	Change in personnel, firm structure and investment philosophy, style or approach that might adversely affect the potential return and/or risk level of the portfolio have been communicated to SGI	
		Legal or regulatory proceedings against the manager or its investment personnel, or any sub-advisor firm or that firms' investment personnel have been communicated to SGI	
Conflicts of Interest	- Disclosure	Conflicts of interest disclosed to SGI	
CFA Institute Code of Ethics and Standards of Professional Conduct	- Compliance	CFA institute code of Ethics and Standards of Professional Conduct complied with	
Code of Ethics	- Compliance	The manager has adhered to their internal Code of Ethics and has disclosed any material Code of Ethics changes made since the prior quarter	
Suppression of Terrorism	- Compliance	Compliance with Federal Suppression of Terrorism Regulations	

* *Provide actual weight or range where appropriate.* *If policy not complied with, comment on specifics.*

† *A pooled fund is deemed fully invested in global small cap equities notwithstanding cash and short-term investments held in the fund.*

I believe this to be a factual representation of compliance with the Statement of Investment Policies and Procedures throughout the reporting period.

______________________________ ______________________________

Signature and Title Company Name

Compliance Report

A letter confirming compliance with the investment policies and procedures as set out in the Limited Partnership Agreement and related documents shall be periodically completed when requested by SGI. Deviations, if any, from the investment policies and procedures and explanation for such deviations, along with any changes to the investment policies and procedures shall be provided to SGI.

Appendix B – Return Seeking Portfolio Benchmark Portfolio Weights

Return Seeking Portfolio Benchmark Portfolio Weights

Current Benchmark Portfolio Weights**

Asset Class	Representative Index	Weight* %
Canadian equities	S&P/TSX Capped Composite	50 (27.5)
U.S. equities	S&P 500 ($C)	16 (15.0)
Non-North American equities	MSCI EAFE ($C)	16 (12.5)
Global small cap equities	MSCI World Small Cap Index ($C)	0 (12.5)
Real estate	Investment Property Databank	16 (20.0)
Infrastructure	CPI + 5%	0 (10.0)
Short-term investments	DEX 91-Day T-Bills	2 (2.5)
		100 (100.0)

Convertible securities and preferred shares are considered to be equities in the asset mix guidelines.

* *Effective October 1, 2010*

*** Return Seeking Portfolio*

Historical Benchmark Portfolio Weights

Asset Class	Prior to Oct 1, 1991	Oct 1, 1991	Jan 1, 1995	Aug 1, 1996	Jan 1, 1999	Feb 1, 2003	Feb 1, 2004	Jan 1, 2006	Apr 1, 2006	Oct 1, 2006	Dec 1, 2008
Canadian equities	22	20	15	15	15	15	15	15	15	15	15
U.S. equities	5	5	5	5	5	5	5	5	5	5	5
NNA equities	-	-	5	5	5	5	5	5	5	5	5
Real estate	-	-	-	2	2	2	1	1	3	5	5
“Universe” bonds	58	55	55	58	63	32	38	69	67	65	62
Short-term bonds	-	-	-	-	-	31	31	-	-	-	-
Mortgages	-	5	5	5	-	-	-	-	-	-	5
Short-term investments	15	15	15	10	10	10	5	5	5	5	3
	100	100	100	100	100	100	100	100	100	100	100

Auto Fund Treaty Information

The Auto Fund maintains two catastrophe excess of loss programs designed to mitigate adverse effects to the Rate Stabilization Reserve as a result of catastrophic losses caused by either a weather event or an automobile collision resulting in multiple serious injuries. Those two programs are the Auto Physical Damage Catastrophe Reinsurance Program and the Personal Auto Injury Insurance Excess of Loss Reinsurance Program.

Auto Physical Damage Catastrophe Reinsurance Program

This program runs for a 12-month term with an inception date of May 1. The protection provided is for Auto Fund licensed vehicles and covers auto physical damage (excluding collision, upset, theft, fire, lightning, explosion and road hazard glass) primarily for weather-related perils, such as hail. The amount of coverage provided is $100 million with a $5 million retention and an additional $5 million annual aggregate deductible. The decision to increase the cover to $100 million was made during the 2010 renewal cycle. Prior to that, there had been very little change to the structure of this program.

The premium paid for this program is based on a flat premium. It is difficult to anticipate what future cost would be for such a program as there are various factors that influence the rates set by reinsurers. Such influences are the Auto Fund's experience, vehicle growth in the province, and world catastrophic events (like - Hurricane Katrina). The 2010 and 2011 year has seen significant activity to this treaty and we anticipate a pricing correction as a result of this activity during the 2012/2013 renewal term. The following chart illustrates the premiums paid and claim recoveries made by the Auto Fund since 2001.

Treaty Term	Premium Paid	Claim Recovery Made
2001 – 2002	1,471,650	-
2002 – 2003	2,086,137	$1,706,851
2003 – 2004	1,921,288	$882,058
2004 – 2005	1,977,064	-
2005 – 2006	1,348,000	-
2006 – 2007	1,628,000	-
2007 – 2008	1,551,000	-
2008 – 2009	1,552,600	-
2009 - 2010	1,592,000	-
2010 - 2011	2,200,00	$4,092,736
2011 - 2012	2,427,000	$13,709,357

Personal Auto Injury Insurance Excess of Loss Cover Reinsurance Program

This program is an Excess of Loss Reinsurance Catastrophe cover providing protection of $30 million, in excess of a $20 million retention (similar to a deductible). The program structure in 2000 and 2001 provided protection $30 million, in excess of a $5 million retention. After the events of Sept. 11, 2001, our renewal quote increased dramatically resulting in the decision to no longer purchase the cover.

The program is purchased to protect against a catastrophic crash (i.e. a bus load of young children suffer catastrophic injuries). This cover was revisited and purchased on Oct. 15, 2005 for a 17.5 month term based on the current structure. We continue to maintain this coverage with an inception date of April 1 for a 12-month term. There have been no claims made to this program since its inception. The premiums paid, on a flat basis, since 2001 are:

Treaty Term	Premium Paid
July 1, 2001 to June 30, 2002	$100,000
Oct. 15, 2005 to March 31, 2007	$984,375*
April 1, 2007 to March 31, 2008	$705,360
April 1, 2008 to March 31, 2009	$700,000
April 1, 2009 to March 31, 2010	$700,000
April 1, 2010 to March 31, 2011	$700,000
April 1, 2011 to March 31, 2012	$715,000

* This rate is for 17.5 months. The amount charged for 12 months would translate to $675,000.

Once again, it is difficult to predict what reinsurers will charge for this program in the future, as there are several global factors that influence pricing. Should this cover remain claims free we would expect that any increase in pricing would be primarily inflationary in nature.

Claim Repair and Rehabilitation Costs

Claim Repair Costs

Effective January 1, 2004 SGI and the repair industry agreed on the use of CAPA (Certified Aftermarket Parts Association) approved aftermarket body repair parts. The repairers and SGI must inform the customer of the use of aftermarket body repair parts. The Technical Committee, comprised of representatives from SGI and the repair industry, have developed procedures and guidelines to specify the use of after market body repair parts.

As well, the use of recycled parts in the repair process is common practice for the repair of collision damaged automobiles. Only quality recycled parts are used for the repairs of vehicles. Any issues concerning liability arising from the use of recycled or aftermarket parts that arise are dealt with on a priority basis and investigated by SGI's Claims Technical Services department. This department monitors repair techniques and is represented at the Technical Committee.

The following tables show the costs of recycled, aftermarket and OEM parts used in auto repairs from 2007 to 2010.

	2007	2008	2009	2010
Recycled	$26,825,918	$27,548,582	$28,337,089	$31,097,355
Aftermarket	7,451,644	7,652,384	8,905,942	9,668,399
OEM	40,238,878	41,322,874	43,720,082	41,644,013
Total	$74,516,440	$76,523,840	$80,963,113	$82,409,767

The table below shows the estimated savings from the use of recycled or aftermarket parts.

	2007	2008	2009	2010
Recycled	$12,565,632	$13,087,971	$13,934,095	$15,463,641
Aftermarket	9,477,350	10,309,910	9,854,650	10,923,352

The overall auto repair costs in labour, paint allowance, shop material and other costs between 2007 and 2010 are as follows:

	2007	2008	2009	2010
Labour	$73,873,344	$73,893,341	$80,044,085	$88,596,906
Paint allowance	15,090,719	15,340,105	16,323,839	17,297,817
Shop material & other	4,194,152	4,688,324	4,044,954	3,893,473
Glass repair	346,869	469,431	810,981	992,786

The following table shows the schedule of labour rates paid for auto damage repair:

Cars/Light trucks:

Maximum body/paint hourly labour rate	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Accredited car/light truck	53.92	55.54	57.76	67.00	68.27	69.63
Accredited large truck (>12,000 lbs GVW)	60.76	62.58	65.08	67.00	68.27	77.03
Accredited Refinish	54.57	56.21	58.46	67.00	68.27	69.63
Non-accredited	35.35	35.35	35.35	35.35	46.50	46.50

Max frame/mechanical hourly labour rate	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Car/light truck frame	55.94	57.62	59.92	67.00	68.27	69.63
Truck >12,000 lbs GVW frame	62.30	64.17	66.74	67.00	68.27	78.97
Mechanical labour rate for operations outlined in the appraisal policies	80.00	82.40	85.70	67.00	68.27	69.63

Effective January 1, 2011 a blended rate of $69.63 was agreed to with the repair industry organizations in Saskatchewan (Saskatchewan Automobile Dealers Association (SADA) and the Saskatchewan Association of Automobile Repairers (SAAR)) for all car and light truck operations. SGI and SADA/SARR have agreed to participate in an industry analysis to ensure that the industry continues to remain viable in meeting the needs of SGI, the collision repair industry and our mutual customers. Discussions will include the repair industry profitability, the ability to attract and retain employees in the repair industry and changes in repair techniques and requirements which constantly evolve with the repair of new age vehicles. The current rate of $69.63 will remain in effect until completion of the study.

Large Trucks:

Maximum body/refinish hourly labour rate	May 1/08	May 1/09	May 1/10	May 1/11
Accredited heavy truck > 19,500 GVW	77.50	89.36	91.06	92.88
Accredited refinish – heavy truck	77.50	89.36	91.06	92.88

Maximum frame/mechanical hourly labour rate	May 1/08	May 1/09	May 1/10	May 1/11
Frame heavy truck > 19,500 GVW	80.40	92.70	94.46	96.35
Mechanical Labour rate for operations	91.57	105.58	107.59	109.74

Heavy vehicle repair labour rate discussions occur between SGI and the Commercial Vehicle Repairers Association of Saskatchewan (CVRAS) on an annual basis.

Each year, SGI produces revenue from the sale of salvaged parts from total loss vehicles. Since 2007 the following revenues have been raised:

	2007	**2008**	**2009**	**2010**
Salvage Revenue $	22,643,283	23,773,475	28,681,012	32,342,359

Since 1987, the *Vehicle Inspection Regulations* administered by the Auto Fund have required written-off (total loss) vehicles to pass a mechanical fitness inspection before allowing subsequent registration. In 2002, this program, as part of a National Stolen and Wrecked Vehicle Monitoring Program, was expanded to require written-off vehicles that have sustained structural damage or have evidence of structural damage or corrosion that would jeopardize the structural integrity of the vehicle to also pass a body (structural) integrity inspection. Once the vehicle passes the required inspections, the vehicle is branded as a rebuilt total loss vehicle as a consumer protection service. If SGI, as administrator, determines the total loss vehicle cannot be repaired in accordance with industry standards or it is not in the public's best interest to allow registration, the vehicle is deemed non-repairable and is not eligible for further registration. The Auto Fund provides the same protection against out-of-province total loss vehicles by checking for the status of each imported vehicle prior to permitting registration in Saskatchewan. Saskatchewan's written-off/total loss vehicle inspection program does not include motorcycles, snowmobiles or trailers not equipped with air brakes.

Section 113 of *The Traffic Safety Act* prohibits anyone from operating a vehicle on a highway that is not equipped in accordance with the Act and its regulations. Law enforcement routinely enforces this requirement by authority of section 279 of *The Traffic Safety Act*. Since 1997, the Auto Fund has supported law enforcement's efforts to make deficient and unsafe vehicles compliant or safe through a program referred to as the unsafe vehicle program. This program allows a law enforcement officer to report unsafe vehicles to SGI, as administrator, to ensure the vehicles are made safe prior to subsequent registration or renewal of registration. This may include the termination of the existing registration of an identified unsafe vehicle. The Auto Fund also provides related training and technical support to law enforcement.

Since 1994, Saskatchewan has required used vehicles that have most recently been registered, licensed or titled in another jurisdiction, to pass inspection to ensure the roadworthiness of the vehicle prior to registration in Saskatchewan.

<u>Rehabilitation Costs</u>

SGI reimburses the Ministry of Health for hospital and physician services provided to individuals injured in motor vehicle collisions. This is done by way of contract and quarterly payments to the Ministry of Health. Until 2010, the contract included partial payment of chiropractic treatments. Effective April 1, 2010, chiropractic treatments were "de-insured" and SGI became responsible for the full cost of chiropractic treatments. For other rates, such as outpatient physiotherapy visits for motor vehicle collision clients, Saskatchewan Health does not provide coverage for nor do they determine the rate. In instances like this SGI negotiates the rate with the health care provider association.

The following schedule of medical service rates have been used since 2007:

Treatment		2007	2008	2009	2010	2011
Chiropractic	Initial	22	23	23	23	45
Chiropractic	Subsequent	16	17	17	17	33
Massage	Initial	25	25	31	31	31
Massage	Subsequent	25	25	30	30	30
Physiotherapy	Initial	75	75	76.88	76.88	84.76
Physiotherapy	Subsequent	33.75	33.75	34.60	34.60	38.15
Acupuncture	Initial	55	55	55	55	55
Acupuncture	Subsequent	40	40	40	40	40
Voc Rehab		90/hr	90/hr	92/hr	94/hr	96/hr
Occupational Therapy		90/hr	90/hr	92/hr	94/hr	96/hr

Assignment of Claims Costs by Class of Vehicle

The claims system captures a number of data elements related to a claim including customer number, plate, at-fault indicator, as well as financial information sorted by the applicable coverages. The "vehicle experience" reporting extracts information from the claims system and performs the attribution process.

For damage claims the at-fault vehicle is attributed with the claim costs for all of the vehicles involved.

For injury claims the claim costs are allocated to the vehicle that the injured person was travelling in at the time of the collision.

Accreditation Agreement

SGI and the organization representing the repairers, the Saskatchewan Automobile Dealers Association (SADA), the Saskatchewan Association of Automobile Repairers (SAAR) and the Commercial Vehicle Repairers Association of Saskatchewan negotiated an Accreditation Agreement. The Agreement specified the criteria for a repairer to qualify as a non-accredited, accredited, glass, recreational vehicle or heavy truck repairer. A copy of the Agreement follows.

Accreditation Agreement

Accredited and Non-Accredited Repairers for SGI

This agreement establishes the guidelines for a working agreement between the Repairer and Saskatchewan Government Insurance, hereinafter "SGI", for the repair of motor vehicles, which are insured by SGI, to provide the public with confidence in the repair industry and to ensure uniform repair processes. The agreement will ensure that reasonable charges are invoiced and payments are made for the repair of damage to motor vehicles which are insured by SGI and for which SGI has the obligation to pay on behalf of its customers; the parties have now placed those terms and conditions into written form and agree to be bound by those terms and conditions as follows:

<u>APPLICATION TO SGI</u>

1. The Repairer will make application to SGI for a Repairer number in the form prescribed by SGI. SGI will review the application, inspect the premises, and on the approval of the Manager of Appraisals, issue a Repairer number at SGI's sole discretion, based on the Repairer's qualifications, identifying the Repairer's status as a "Non-accredited Repairer", an "Accredited Repairer" or a "Speciality Repairer".

2. A subsisting Repairer number will allow the Repairer to directly invoice SGI for work performed on motor vehicles insured by SGI.

<u>NON-ACCREDITED REPAIRERS</u>

3. The Repairer warrants that:

(a) Their premises meet all local zoning by-laws and building codes;

(b) They operate a full-time business during normal business hours;

(c) They will provide to SGI proof on request that their employees participate annually in available training programs (I-CAR or equivalent) and that their employees are trained in uni-body structure repair, welding and refinishing systems;

(d) Their business has all current local licenses and permits, and operates within the laws of the Province of Saskatchewan that apply to their business including all Workers' Compensation Legislation and the Regulations, OHSC Regulations, safety, legal and environmental regulations;

(e) Their firm has a current waste generator number issued by Saskatchewan Environment and Public Safety, to the extent that such waste generator numbers remain generally available from Saskatchewan Environment and Public Safety.

(f) Their firm maintains a garage liability insurance policy with liability coverage in an amount not less than $1,000,000.00 per occurrence together with coverage for "Damage to Customer's Auto", and they will provide proof of insurance to SGI upon request;

(g) Work performed by the Repairer will:

(i) meet all acceptable repair standards of vehicle manufacturers and the repair industry and the Repairer accepts the appraisal standards for estimating purposes identified in paragraph 17 of this agreement.

(ii) carry a minimum one-year parts and labour warranty.

(h) The Repairer has on his premises:

(i) a paint spray booth approved by the Saskatchewan Department of Labour and the Fire Commissioner's office;

(ii) welding equipment including oxyacetylene and mig welder.

(i) On or before January 31st of each year the Repairer will furnish to SGI a current Repairer Number/Accreditation Request form that will include the following:

(i) certificate(s) issued by the relevant institution as to the completion by the Repairers employees of the annual training programs referred to in Subparagraph 3(c);

(ii) a copy of the business licence issued to the Repairer by the municipality in which it carries on business;

(iii) a certificate issued by the underwriter or its agent or broker as to the continuation in force of the insurance provided for in Subparagraph 3(f);

(j) A Non-Accredited Repairer will not display signage portraying they are an Accredited Repairer.

3.1 Effective January 1, 2008, the Repairer agrees that the sole method of payment by SGI to a Repairer will be by Direct Deposit, meaning the weekly electronic transfer of funds by SGI to the Repairer's banking institution.

4. The maximum labour rate for Repairers, who meet the requirements of Non-Accredited Repairer, will be the Non-accredited labour rate as set forth in Schedule "A" of this agreement.

ACCREDITED REPAIRERS

5. In addition to the requirements for Non-accredited Repairers, the Repairer warrants that:

(a) They employ at least one auto body repair journeyman.

(i) repairers who held Accredited status prior to January 1, 2007, who were Accredited based on equivalent work experience, will continue to be Accredited as long as they meet all other terms and conditions of this agreement.

(ii) should any change of ownership of the Repairer occur the Repairer will require one journeyman to retain their accredited status.

(b) Their firm has sufficient auto body repair tools and equipment, to perform repairs of a safe, acceptable quality which meet industry standard, including but not limited to:

(i) a four point anchoring system to hold vehicles in stationery positions during structural pulls suitable for the type of vehicle being repaired;

(ii) a measuring device suitable for symmetrical uni-body structure dimensioning for the type of vehicle being repaired;

(iii) frame specifications available for the type of vehicle being repaired;

(iv) a paint mixing and application system with the ability to reproduce original manufacturers specified finishes;

5.1 Effective June 1, 2008, to maintain their accreditation status, the Repairer will use the SGI electronic payment system, ePay, for at least 70% of their payments. This will be measured on a quarterly basis. For the purposes of this section quarters will end on March 31, June 30, September 30 and December 31 of each year.

(a) Repairers whose total repair accounts were less than $25,000 in the calendar year prior to the current calendar year are not required to use ePay to maintain their accreditation status.

6. The maximum labour rate for Repairers who meet the requirements for an Accredited Repairer will be the Accredited labour rate as set forth in Schedule "A" to this agreement.

ACCREDITED SPECIALTY REPAIRERS

7. Speciality Repairers, other than motor vehicle body Repairers, will be issued Repairer numbers when they comply with the requirements for a Non-accredited Repairer, paragraphs 3(a)(b)(d)(f)(g), and Accredited Repairer, paragraphs 5(b) – meaning tools of their particular trade - 5.1.

8. The Manager of Appraisals will set Speciality Repairer maximum labour rates as either the Non-accredited or Accredited labour rate.

GLASS REPAIR AND REPLACEMENT

9. The maximum glass repair and replacement labour rates and material costs will be developed outside of this agreement and posted in Schedule "B", of this agreement.

ACCREDITED HEAVY TRUCK REPAIRER (Added May 1, 2008)

10. In addition to the requirements for Accredited Repairers, the Repairer warrants that equipment on the premises includes:

(a) for Repairers wishing to qualify as a Body and Paint facility, a spray booth that is at least 13 feet 6 inches high by 32 feet long, and,

(b) for Repairers wishing to qualify as a Frame Repair facility, full truck and trailer frame repair capability for class 6,7 or 8 units with a drive-on designed frame machine. The unit must be capable of all frame repair functions including multi pull or push operations, and,

(c) heavy duty jacks (minimum 20 tons), floor stands and appropriate chains,

(d) heavy pulling and pushing equipment capable of pulling or pushing structural components on class 6, 7 or 8 units,

(e) shop doors must be a minimum of 13 feet 6 inches high and 10 feet wide to allow all types of class 6, 7 or 8 units to enter,

(f) welding equipment that will weld steel and aluminium,

(g) a huck riveting system, and,

(h) appropriate scaffolding to work on class 6, 7 and 8 units.

10.1 Repairers who qualify as a Body and Paint facility or Frame Repair facility will be paid the heavy truck rate only for those particular repair or refinish operations.

10.2 The owner or an employee must to properly licensed to operate customers' class 6, 7 and 8 units.

10.3 The maximum labour rate for Repairers who meet the requirements for an Accredited Heavy Truck Repairer will be the <u>Accredited Heavy Truck</u> rates as set forth in Schedule "C" to this agreement.

<u>INSPECTIONS BY SGI</u>

11. SGI reserves the right to conduct an accreditation evaluation audit at any time during <u>normal</u> business hours, being mindful not to disrupt the Repairer's business. SGI will discuss any proposals it has for the Repairer to meet the accreditation standards with the Repairer and provide a reasonable time, not exceeding 60 days, for compliance by the Repairer.

12. To determine the quality of repairs the SGI Managers of Appraisals or their appointed representative will conduct in-progress repair audits and post repair audits of its customers' vehicles at SGI's discretion.

13. SGI agrees to provide to the Repairer a written report within 30 days of an audit.

14. Post repair audits will be conducted within 60 days of the delivery of the vehicle to the customer unless there are extenuating circumstances or SGI discovers a continuing failure by the Repairer to maintain a high level of quality control.

15. Post repair audits of vehicles returned to SGI by customers or deficiencies found during subsequent repairs are not subject to paragraph 14 of this agreement. Thorough inspection and investigation will be done, in consultation with the Repairer, to ensure that the deficiency relates to the original repair.

APPRAISALS

16. SGI may use any generally industry accepted and recognized appraisal system that meets SGI's business requirements. Appraisals will be prepared using the latest version of the appraisal system available to SGI. Given the volatile nature of parts supply, Repairers must verify part numbers and descriptions prior to ordering parts shown on the appraisal. Any discrepancies must be reported to SGI immediately or recorded on a call back.

16.1 Manual or generic estimates can be written at SGI's discretion.

17. SGI and the Repairer acknowledge that they are familiar with the following guidelines and agree that they will conform to the guidelines, procedures and practices set forth therein:

- (a) SGI Appraisal policy;
- (b) SGI Appraisal procedures and guidelines;
- (c) current SGI appraisal system procedure explanations;
- (d) SGI Refinishing policy;
- (e) SGI Frame and uni-body structural repairs policy;
- (f) SGI Salvage pricing rules;
- (g) SGI Grid system for repair times;
- (h) Manufacturers bulletins;
- (i) SGI Salvage Verification Number Procedure;
- (j) The After Market Parts Program, and;
- (k) Supplement Best Practices

18. The parties acknowledge that sub-paragraph 17 (h**)** of this agreement will be revised with every relevant release of information from the manufacturers and that SGI in consultation with the repair industry will from time to time revise the guidelines, procedures and practices.

PAYMENT OF ACCOUNTS

19. The Repairer may only directly invoice SGI if an appraisal by SGI has been completed on the vehicle and any supplements have been <u>authorized</u> by SGI. At SGI's discretion a Repairer may be given authorization to complete repairs without a written estimate.

20. The Repairer may only invoice SGI provided the insured has authorized completion of the repairs and the work specified on the appraisal is complete.

20.1 The Repairer will not request payment on the ePay system or request payment in any form before the work specified on the SGI appraisal is completed and the customer or his agent has signed the Certificate of Repair.

20.2 The penalties outlined in paragraph 32.1 of this agreement will apply to any contravention of paragraphs 20 or 20.1.

21. The invoice submitted shall not exceed the appraisal and any supplements completed by SGI. Any amounts in addition to the appraisal and approved supplements shall not be paid by SGI.

22. When submitting a repair account the Repairer shall ensure that:

(a) the Repairer number and firm name are clearly shown,

(b) all sublet invoices will be attached to the repair account, and,

(c) the Certificate of Repair signed by the vehicle owner, or their representative, stating that the repairs appear to be satisfactory. <u>An officer or employee of the repair firm may not sign on behalf of a vehicle owner.</u>

23 Upon receiving an invoice SGI will use its best efforts to make payment to the Repairer within 30 days of receipt of the appraisal/repair account and SGI will use its best efforts to identify all payments individually by invoice and show the amount paid for each invoice.

24. The Repairer shall maintain complete and accurate accounting records in accordance with generally accepted accounting principles for the automobile repair industry to substantiate the Repairer’s invoices. The Repairer shall maintain a record of the repairs as described in paragraph 22 of this agreement, for a minimum of 3 years, or as required by law.

25. In the event of a delay or discrepancy in payments inquiries shall be directed to the SGI Claims Office closest to where the Repairer resides. Repairers shall provide the claim number to which their inquiry relates.

CONTRACT PRICE

26. From time to time SGI will ask the Repairer to provide a contract price or "guaranteed cost" for repairs when a vehicle is considered a borderline total loss by SGI. The contract price will include all damage related to the claim, whether identified on the appraisal or not.

26.1 SGI will pay an allowance of 2.5 hours for jobs in excess of $3,000.00 and 1.0 hour for jobs of $3,000.00 or less when the Repairer is requested by SGI to provide a contract price for repair of the vehicle.

27. The Repairer will submit an itemized list of all repairs and replacement parts considered in the contract price.

28. The contract price, including all applicable taxes, will be the maximum cost to repair the vehicle. The final repair account will be the true cost of repair or the contract price whichever is lesser.

DEDUCTIBLES, DEPRECIATION, BETTERMENT AND TAXES

29. The Repairer will collect from the vehicle owner all amounts identified as deductibles, taxes, or depreciation indicated on the SGI appraisal at the time of delivery of the vehicle to the insured, or any other agreed contribution to the repair cost.

30. The Repairer shall not absorb or waive collection of any monies indicated in paragraph 29 of this agreement.

31. The Repairer will not refund cash or provide any other form of discount or gratuity that is not identified in the invoice to SGI. The Repairer will reduce the invoice to SGI by any amount equal to either the actual or fair market value of any such incentive given by the Repairer to the vehicle owner or their agent. The only exceptions to this statement are miscellaneous items that you would normally do for free or referral fees that do not exceed a $50.00 value which cannot be for the direct benefit of the customer or the customer's family living within the same household or any individual who has been in any way involved with the claim.

32. SGI will take what action it deems reasonable to investigate each complaint that it receives in respect of a Repairer’s alleged non-compliance or apparent non-compliance with paragraphs 29, 30, and/or 31 of this agreement.

32.1 In the event the Repairer is found to be in contravention of paragraphs 20, 20.1, 29, 30, or 31 of this agreement, the following penalties will apply:

- (a) In the first instance - $5,000.00
- (b) In the second instance - $10,000.00
- (c) The third instance will be considered a deliberate fraudulent act.

33. Paragraph 31 of this agreement, does not apply to the loan of a courtesy vehicle by the Repairer to the owner while the damaged vehicle is being repaired.

REPAIR PERIODS

34. The Repairer will complete repairs as soon as possible based on the nature and extent of the damage to the vehicle and the availability of parts.

35. Any part or repair procedure not affecting the safe operation of the vehicle may be shown as back ordered or labour delayed operations. Payment will be made to the Repairer on the understanding that the Repairer will, upon receipt of the back ordered parts, complete the balance of the repairs on the vehicle. Back ordered parts will be identified by the designation "B/O". The customer will be advised and an explanatory note will be attached to the account explaining the reasons for the back order.

36. In the interests of customer service, SGI, at their discretion, may authorize duplicate dismantling.

37. The Repairer will, wherever possible, schedule and repair vehicles to avoid keeping the vehicle over weekends and holidays.

QUALITY CONTROL

38. SGI will ensure that original appraisals and supplements are provided in a timely manner and are accurate. SGI and the Repairer recognize that quality control of repair requires the co-operation of both parties, and that quality control of the finished repair is the responsibility of the Repairer. Quality control includes the quality of the original appraisal and supplements, the quality of work of the finished repair, and the accuracy of the final repair account in relation to the goods and services provided.

39. The failure of the Repairer to supply the goods or services, or provision of work of unacceptable quality, billed to a customer and paid by SGI will constitute a deficiency. Each final repair account, regardless of the number of deficiencies found, will count as one instance.

40. When a deficiency is found, the Repairer will be notified and be given the opportunity to explain the deficiency. At the request of the Repairer, the Manager of Appraisals will meet with the Repairer to review the deficiency. When asked to review a deficiency, the Manager of Appraisals will determine if the instance is to be considered a deficiency.

41. In all instances when a deficiency is found the Repairer will, with the consent of the vehicle owner, be given the first opportunity to correct the deficiency.

LOSS OF ACCREDITATION STATUS AND RESULTANT PENALTIES

42. When a deficiency is found, the Repairer will correct the deficiency**,** or pay to have it corrected, within 30 days and in addition in the:

(a) First instance, the Repairer will pay a penalty sum of 5 times the cost of the total deficient repairs to SGI;
(b) Second instance, the Repairer's labour rate will be reduced from the accredited rate to the non-accredited rate for three (3) months;
(c) Third instance, the Repairer's labour rate will be reduced from the accredited rate to the non-accredited rate for the period of one (1) year.
(d) Fourth and subsequent instances will be considered deliberate fraud.

43. For the purposes of paragraph 42. of this agreement, each 12-month period clear of instances will reduce the total instances by one.

44. A reduction to a Repairer's labour rate will apply to all work completed during the term specified for the labour rate reduction by SGI. (Amended December 31, 2007)

45. When a Repairer fails to maintain an electronic payment ratio of 70% of their accounts for two consecutive quarters, the labour rate will be reduced from the accredited to the non-accredited rate until the end of the next quarter in which they achieve an electronic payment ratio of at least 70% of their accounts.

46. For the purposes of this agreement “electronic payment ratio” shall mean the portion of the repairer’s repair accounts paid through ePay as a percentage of the total number of repair accounts submitted by the Repairer.

47. When a Repairer does not qualify for the maximum accredited labour rate, the current labour rate of the Repairer will be reduced by a percentage equal to the percentage difference between the current Accredited and Non-Accredited labour rates.

48. The "cost of the deficiency" shall mean the amount billed by the Repairer on the repair invoice and the date of the repair invoice will be used to determine the date of the deficiency.

49. The provisions of the Loss of Accreditation Status and Resultant Penalties section shall not limit the ability of the customer or SGI from taking civil or criminal action.

APPEAL

50. The Repairer may appeal a decision pursuant to the following sections within 30 days of the date the Repairer was notified of SGI’s decision:

(a) Payment of Accounts,
(b) Deductibles, Depreciation, Betterment and Taxes, and,
(c) Loss of Accreditation Status and Resultant Penalties.

51. A Repairer who chooses to appeal a decision shall provide written notice of appeal to SGI, including an appeal fee of $1000.00 payable to SGI, and name a representative to act on their behalf in the appeal process. In the event the Repairer is successful with the appeal, the appeal fee paid will be refunded to the Repairer, otherwise the appeal fee will be retained by SGI.

52. A panel consisting of one representative from SGI, one for the Repairer and a disinterested umpire elected by the two representatives will make a determination of the validity of SGI’s decision. The umpire shall be elected within 30 days of the Repairer’s notice to appeal. The two representatives will present their arguments and any documentation to the umpire, and each other, within fourteen days of the umpire’s appointment.

53. Should the representatives fail to agree on an umpire, a panel consisting of a member from the Saskatchewan Automobile Dealers Association, hereinafter “SADA”, the Saskatchewan Association of Automotive Repairers, hereinafter “SAAR”, and SGI shall select the umpire, from names suggested by the representatives, by agreement of any two of the three panel members.

54. A decision can be made by the two representatives, or one representative and the umpire, and shall be made within thirty days of the presentation of the first documentation to the umpire.

55. Should either representative fail to co-operate with the umpire or fail to meet the specified time requirements, a decision based on the other representative’s evidence will be made by the umpire.

56. SGI and the Repairer will be responsible for the costs of their representative, and each will share equally in the costs of the umpire.

CONFIDENTIALITY OF PERSONAL INFORMATION

57. The Repairer acknowledges that in the day to day transaction of business with SGI, SGI and a customer will supply information to the Repairer. This information includes, but is not limited to, the customer's name, address, phone number, employment information, credit information and accident circumstances. The parties agree that it is essential to the success of SGI that its business, affairs, and information of its customers be kept in the strictest confidence. Information includes, but is not limited to, any personal information as defined by The Freedom of Information and Privacy Act, S.S.1990-91, c. F-22.01, the provisions, which bind SGI.

57.1 The Repairer acknowledges that SGI has a statutory obligation to protect information under its control and the Repairer agrees to take all reasonable steps to establish and maintain safeguards for the information to ensure:

(a) that the information received will not be used in any way that is inconsistent with this agreement or the laws or regulations of the Province of Saskatchewan and Canada, including The Freedom of Information and Privacy Act, S.S.1990-91, c. F-22.0;
(b) that the information obtained from SGI is reasonably secured to ensure that no unauthorized person will have access to the information;
(c) that the information obtained from SGI is only used for the purposes outlined in this agreement and that no person authorized to access the information makes unauthorized use or disclosure of the information, including making unauthorized copies of the information.

57.2. The terms of paragraphs 57 and 57.1 shall survive the term of this agreement

NOTICE

58. Any notice shall be in writing, and shall be delivered to SGI and the Repairer at their respective addresses**.**

59. In case of the Repairer, the address shall be as set forth by the Repairer on the application referred to in paragraph 1 of this agreement. In the case of SGI, the address shall be as follows:

Attention: Assistant Vice President Claims - Urban
2260 – 11th Avenue
Regina, Saskatchewan
S4P 0J9

ASSIGNMENT

60. Except for an assignment of rights pursuant to the sublet provisions of this agreement, neither party shall assign any of its rights or obligations under this agreement without the prior written consent of the other party. Any permitted assignment will not relieve the assignor of its obligations arising before or after such assignment. The Repairer shall not allow any repair to be made elsewhere other than in the Repairer's own establishments as provided for in this agreement or pursuant to the terms of the sublet provisions contained in the guidelines referred to in paragraph 17 of this agreement.

61. Nothing in this agreement shall be construed as limiting the vehicle owner's right to finance deductible and additional repair costs, or assign the vehicle as security for any such financing. Nor does it prohibit the Repairer from receiving a fee or a commission for arranging or directing financing of deductibles or repair costs.

RELATIONSHIP

62. The Repairer is not an agent of SGI and remains an independent contractor.

WORKING RELATIONSHIP (Added December 31, 2007)

62.1 SGI is required by law to provide a work environment for their employees that is safe and free from harassment. SGI employees are required to treat others with the courtesy and respect they deserve, and expect the same from SGI's customers and business partners. SGI's Respectful Workplace policy enforces the corporation's commitment to a harassment free workplace.

62.2 Harassment is any conduct, comment, or display by a person that is unwelcome and perceived to create a negative psychological or emotional state. This includes harassment from co-workers, customers, or others with whom the company does business.

INDEMNIFICATION

63. The Repairer agrees to indemnify and save SGI and its directors, officers, and employees harmless against all liability, loss, damage, costs and expenses (including cost of defence and reasonable legal fees) which any or all of them may hereafter suffer themselves or pay out to another (by reason of any claim, actions, or right of action, at law or in equity) because of any injury or damage to person or property which arises out of or is in connection with the performance of the work and occurs to, or is caused in whole or in party by the Repairer or any person or corporation directly or indirectly employed or engaged by the Repairer.

64. Notwithstanding the provisions of paragraph 63. of this agreement, SGI agrees that the Repairer shall not be liable to SGI or any third party for loss, damage, costs and expenses as aforesaid which result solely from errors or omissions in the Repairer's work performed completely and in accordance with the direction or appraisal provided by SGI or solely from the negligence of SGI, its directors, officers or employees.

TERM

65. This agreement will be offered annually to the Repairer for renewal. On or before January 31st of each year the Repairer must submit an application in the form prescribed by SGI. SGI will review the Repairer's eligibility for renewal of the repairer number and their status as an Accredited, Non-Accredited Repairer or Speciality Repairer. The Repairer number will remain in effect unless terminated for cause.

TERMINATION (66(f) added December 31, 2007)

66. SGI will terminate the Repairer number in the event the Repairer has:

(a) failed to meet the standards of a Non-Accredited Repairer,

(b) engaged in a deliberate fraudulent act,

(c) repeatedly failed to comply with established industry and manufacturer repair standards or practices,

(d) failed to repair to vehicle safety standards,

(e) failed to exercise all reasonable precautions to protect the confidentiality of any personal information of the customer, or

(f) continued harassment of an SGI employee as described in paragraph 62.2.

66.1 To terminate the Repairer number SGI shall provide the Repairer with written notice of its intention to terminate. In the event SGI terminates the Repairer number in accordance with this paragraph, it shall provide full written particulars of its decision together with the reasons for the decision to the Repairer within 30 days of notice to terminate.

67. The rights and obligations of both SGI and the Repairer set forth herein shall continue in regard to any repair underway prior to receipt of a notice of termination under any section of this agreement.

68. SGI shall not, by reason of termination of the Repairer number, be liable to the Repairer for compensation, reimbursement or damages on account of the loss of prospective profits on anticipated sales or an account of expenditures, investments, leases or commitments in connection with the business or goodwill of the Repairer or otherwise unless proven at law.

69. The Repairer number will terminate with any change in ownership of the Repairer.

AMENDMENT

70. Amendments to this agreement, which have been agreed to by SADA, SAAR, and SGI, shall only be made in writing. SGI will provide proposed amendments to the individual Repairer by regular mail at the address shown on SGI's record for the Repairer's payee number. The Repairer will have 30 days to decline an amendment, in writing to the nearest to the address shown for SGI in paragraph 59, in which case the Repairer number will be terminated.

71. Schedule "A" and Schedule “B” of this agreement will be amended as required or as specified in the Schedule. The amended Schedule will be provided to the Saskatchewan Automobile Dealers Association and the Saskatchewan Association of Automotive Repairers. Amendments will be available from SGI Claims offices and posted with the Accreditation Agreement on the SGI Partners website.

ENTIRE AGREEMENT

72. The application described in paragraph 1. of this agreement, this agreement with Schedule “A” and Schedule “B”, as revised from time to time, constitutes the whole agreement between the parties.

ENUREMENT

73. This agreement shall be binding upon and enure to the benefit of the successors and assigns of the parties.

Remuneration Rates Effective July 1, 2011

In-Office Remuneration: This is the regular remuneration applicable when a transaction is completed in your office.

Minimum In-Office Commission: This is the minimum commission that will be paid for an in-office or an internet transaction where commission is paid.

Internet Remuneration: This is the remuneration paid for a transaction completed on the Internet through your issuer banner.

Reduced Remuneration: a reduced remuneration rate of **one-half of the regular remuneration rate** is applicable for issuers that have been advised by SGI to use the reduced remuneration rate due to high error rates or those who have not followed the Issuer Manual or SGI policy. The reduced remuneration rate is automatically deducted when completing your End of Period.

Notes:
*Minimum commission does not apply to trailers or snowmobiles.
Commission applies to the insurance premium only.

Transaction Type	In-Office Remuneration	*Minimum In-Office Commission	Internet Remuneration
Customer			
Add Company Customer	$2.00	N/A	N/A
Change Company Customer	$2.00	N/A	$0
Add Individual Customer	$2.00	N/A	N/A
Change Individual Customer	$2.00	N/A	N/A
Add Group Customer	$2.00	N/A	$0
Change Group Customer	$2.00	N/A	N/A
Add Proxy	$0	N/A	$0

Transaction Type	In-Office Remuneration	*Minimum In-Office Commission	Internet Remuneration
Driver's Licence			
Add Driver's Licence with Photo	$9.00	N/A	N/A
Change Driver's Licence	$1.00	N/A	N/A
Reprint Driver's Licence Certificate (Dec 31, 2010)	$1.00	N/A	$1.00
Reprint Temporary Driver Licence (Jan. 1, 2011)	$1.00	N/A	$1.00
Reprint Detail Authority Card	$0	N/A	$0
Reprint Driver's Licence with Existing Photo	$2.00	N/A	$1.00
Reprint Driver's Licence with New Photo	$2.00	N/A	N/A
Renew Driver's Licence with Photo	$4.90	N/A	N/A
Renew Driver's Licence (2011 transition)	$1.00	N/A	N/A
Collect Annual DL Fees	$0	N/A	$0
Retake Photo	$2.00	N/A	N/A
Add Non Driver Photo ID	$2.00	N/A	N/A
Reprint Non Driver Photo ID	$2.00	N/A	$1.00
Add Driver Exam Receipt	$1.00	N/A	N/A

Add DWI Course Receipt	$2.55	N/A	N/A
Add Restricted Licence Receipt	$2.55	N/A	$1.00
Add Restricted Licence Appeal Receipt	$2.55	N/A	$1.00
Expedited Driver Licence Request	$2.55	N/A	$1.00
Add Driver Abstract Request	$1.00	N/A	$1.00
Add SDR Accident Appeal	$2.55	N/A	$1.00
Exam Appointment Add	$3.55	N/A	$0
Exam Appointment Change	$2.55	N/A	$0
Vehicle			
Add Vehicle Impound Hearing	$2.55	N/A	$1.00
Add Vehicle Impound Release Receipt	$2.55	N/A	$1.00
Change Tort Injury Coverage	$2.55	N/A	$0
New Vehicle Registration	4.75%	$3.50	N/A
Renew Vehicle Registration (includes amended renewal)	4.75%	$3.50	3.75%
Cancel Vehicle Registration	$2.00	N/A	$0
Change Vehicle Registration	$5.00	N/A	$0
Change Registration Term	4.75%	$3.50	N/A
Change AutoPay Contract	$0	N/A	N/A
Transfer Registration	$5.00	N/A	N/A
Replace Plate	$2.00	N/A	N/A
Replace Vehicle Registration Certificate	$2.00	N/A	$0
Estate Transfer	$5.00	N/A	N/A
24 hour permit	$2.00	N/A	N/A
Intransit Permit	$2.00	N/A	N/A
Transaction Type	**In-Office Remuneration**	***Minimum In-Office Commission**	**Internet Remuneration**
Vehicle			
7 Day TIC without Plate	$2.00	N/A	N/A
New Certificate of Safety Fitness	$5.50	N/A	N/A
Reprint Certificate of Safety Fitness	$2.55	N/A	N/A
Change AutoPay Withdrawal Day	$0	N/A	$0
AutoPay Arrears	$0	N/A	$0
BR Accident Appeal	$2.55	N/A	N/A
Reprint Payment Schedule	$0	N/A	$0
Reprint Injury Coverage	$0	N/A	N/A
Add Vin Search	$1.00	N/A	$0
Print General Receipt	$0	N/A	N/A
New AutoPay Contract	$0	N/A	N/A
Cancel PAC Agreement	$0	N/A	N/A
Change PAC Agreement	$0	N/A	N/A
Lease Buyout	$5.00	N/A	N/A
Return Plates	$2.55	N/A	N/A
New Special Order Plate	$2.55	N/A	$0
Reprint Special Order Plate	$2.55	N/A	$0
PAC Pre-Payment	$0	N/A	$0
Registration Eligibility Declaration	4.75%	$3.50	3.75%
PAC Cancel/Payout	$0	N/A	N/A
Change Renewal Day	$5.00	N/A	$0
8 Day Permit	$2.00	N/A	N/A
7 Day TIC with Plate	$2.00	N/A	N/A

Add Pulp Haul Permit	$2.00	N/A	N/A
Receivable Payment	$0	N/A	$0
DPP Payment	$0	N/A	N/A
Add Inspection	$2.55	N/A	N/A
Add/Delete Co-owner Consent	$2.55	N/A	$0
Choose Communication Method	$2.00	N/A	$0
Collect Email Address	$2.00	N/A	$0
Add CPP	$0	N/A	N/A
IRP collection (per vehicle)	$4.00	N/A	N/A
Customer Pre-payment	$0	N/A	N/A

Provincial Sales Tax

Deduct commission of 7% on the first $300.00 of tax collected and 1% on the balance for each casual return.
Example:

Tax Collected:	$400.00
Commission of 7% on $300.00:	$ 21.00
Commission of 1% on $100.00:	$ 1.00
Total Commission:	$ 22.00

Debit Card (Interac) / Credit Card Transaction Fee Reimbursement

SGI will reimburse debit card and credit card transaction fees when customers purchase Auto Fund products using credit cards. The reimbursement will be netted against your remitted amount for the reporting period. **You will be responsible for your own costs of monthly equipment rental and installation.** Rates for reimbursement are as follows:

Card Type	Reimbursement Rate
Debit card	**$ 0.045* per transaction.**
***When completing a discrepency for a debit transaction, please use $0.05.**	
VISA credit card	**1.880% of purchase amount.**
MasterCard credit card	**1.984% of purchase amount**
American Express	**1.95% + $0.08/transaction fee**
Other credit cards	**2.07% of purchase amount.**

These rates are based on an agreement SGI Canada has in place with Moneris Solutions (and subject to change). If your office chooses to work with a different supplier of debit or credit card services, you will still be eligible for reimbursement of your debit/credit card transaction fees at the above rates, provided you do not charge a debit or credit card usage fee to the customer. If your office is charging a debit or credit card usage fee to the customer, you will be required to complete a Discrepancy Report for the debit or credit card reimbursement since your office would not qualify for it.

TAXES

As part of the Reciprocal Tax Agreement, expenses for Crown corporations such as SGI are exempt from paying GST.

The Auto Fund pays a 5% premium (income) tax into the general revenue fund (GRF).

In terms of claim payments, if the claimant is subject to GST or PST and incurs this cost, then the Auto Fund will indemnify the customer/claimant. If the claimant is not subject to taxes or can claim an Input Tax Credit (ITC) for GST, then the customer/claimant's net loss is indemnified and the Auto Fund would not pay the GST as they are eligible for the ITC.

If the vehicle is deemed to be a total loss, then the Auto Fund will indemnify the GST and PST if it has been incurred originally and if incurred again upon replacement. Various rules and guidelines exist for late model vehicles (vehicle is 2 years old or newer) and for the different arrangements.

2011 – 2015 TRAFFIC SAFETY STRATEGY

Improving road safety in Saskatchewan is a high priority for SGI. Investing in road safety initiatives is aimed at assisting the Auto Fund in meeting its vision of becoming the best customer-driven and affordable insurance plan in Canada.

In January 2011, SGI's Board of Directors approved the 2011-2015 Traffic Safety Strategy to save lives, reduce injuries and lower claim costs. To support this strategy the corporation increased its investment in traffic safety from 2% to 3% of earned premiums. This strategy is based on the use of a combination of education, engineering, and enforcement solutions to reduce the number of fatal, injury and property damage collisions in the province.

Cost-benefit analysis is used to estimate the impacts of individual safety programs and assist in guiding program/initiative selection. Analysis is done from two perspectives: overall societal costs and claim costs paid by SGI. From the societal perspective, all economic impacts will be taken into consideration. From the claim cost perspective, only the impact of the program on claim payouts will be of interest.

To achieve the goals of road casualty and claims cost reduction, seven main areas of focus were identified through accident data analysis and research. These are:

a) Impaired driving (including impairment by drugs)

Nearly 45% of fatal collisions in the province are alcohol-related. It is more difficult to measure level of impairment due to drug use and, therefore, the contribution of drug-impaired driving is not very well known at this time. The most recent information on fatally injured drivers who tested positive for a drug (legal or illicit) in Saskatchewan reported that in 2007 this group accounted for 28% of driver fatalities.

Following a long downward trend in alcohol-related traffic fatalities, injuries and PDO collisions in the province, numbers increased from 1,181 in 2006 to 1,417 in 2007, 1,712 in 2008, 1,594 in 2009 and 1,613 in 2010. Typically, at least 75% of fatal collisions on First Nations roads and about 50% on rural roads are alcohol-related.

b) Wildlife-vehicle collisions

Collisions involving wildlife, mostly deer, are a serious concern on Saskatchewan roads. Finding cost-effective ways of managing these collisions has been a challenge to SGI because of the geographical spread of this problem over the highway network and the fluctuating animal population.

The following SGI auto damage claims data puts the magnitude of this problem in perspective:

Year	Number of Claims	Claim Costs	Claims/100,000 Residents
2004	11,631	29.2 million	1,169
2007	13,225	37.8 million	1,327
2009	14,067	45.5 million	1,367
2010	13,733	47.9 million	1,308

Collisions with wild animals typically occur on provincial highways and rural roads and contribute to most of the PDO collisions that occur on these roads. On average, there are over 11,300 PDO accidents on provincial highways each year. Of these, over 90% are single-vehicle collisions and over 80% of the cases involve hitting an object on the roadway, usually wildlife.

c) Distracted driving

In Saskatchewan, driver inattention/distraction is the most cited contributory factor in all collisions, accounting for close to 25% of all factors reported in collisions. In fatal collisions, it is the second most commonly cited factor. It is likely that driver distraction is under-reported, as with many distractions, it is difficult to prove they were a factor in the collision if the driver or other vehicle occupant does not volunteer the information.

There are many sources of driver distraction. The most visible these days is the use of hand-held cellphones while driving. The growth in the number of drivers seen talking, and more recently texting, has led to public demand for governments to deal with this issue. However, it is important to note that although cellphone use has received a lot of attention, there are many other distracting behaviours which have potential to lead to collisions occurring in vehicles daily, such as eating, shaving, attending to radios or CD players, etc.

In 2006, the National Highway Traffic Safety Administration and the Virginia Tech Transportation Institute released the results of an in-depth study. One hundred cars were equipped with video recorders and were used to collect data over 18 months. The study found that drivers who were distracted were three times more likely to be involved in a collision than attentive drivers. The table below shows the likelihood of a collision or near-collision involvement when engaging in secondary tasks (e.g. reaching for a moving object was found to multiply the risk of a collision or near collision by almost nine times).

d) Seatbelt use

Failure to use occupant restraints, particularly seatbelts, is a significant contributor to fatalities and serious injuries in Saskatchewan. Sixty per cent of fatalities on rural roads, and almost all fatalities on roads in First Nation communities, involve unbelted (and often ejected) occupants. The use of occupant restraints, such as seatbelts, can increase an individual’s chance of surviving a crash, or sustaining a less serious injury, by 50%. Proper use of child restraint systems can reduce the likelihood of injury by 70% and fatality by 90%.

Seatbelt use rates in urban areas of Saskatchewan are around 95%. In rural areas, the use rate is generally below 80%, while use rates in First Nations communities are generally below 50%.

Because Saskatchewan already has primary seatbelt legislation, countermeasures for reducing casualties from non-use of seatbelts rely heavily on education and enforcement.

e) Speed management

Driving at inappropriate speeds is the leading driver action contributing to collisions resulting in death and/or serious injuries in Saskatchewan. Speed-related collisions contributed to 25% of lives lost and 28% of serious injuries reported annually from 2008 to 2010. About 23% of speed-related collisions result in death and injury to vehicle occupants, compared with 11% for non-speed related crashes.

f) Intersection safety

About 27% of fatal collisions, 56% of injury collisions and 39% of PDO collisions occur at intersections. Approximately 50% of all injury collisions and 34% of all PDO collisions occur at urban intersections.

Safety interventions are commonly targeted at high-collision intersections and usually employ a combination of engineering and enforcement techniques. Engineering solutions focus on changes to intersection geometry, signalization and signage to improve safety for road users. Other approaches involve the use of manual or automated enforcement measures to deter risky behaviour at intersections.

g) New drivers

New drivers are over-represented in traffic collisions. Research suggests this results from a combination of inexperience and over-confidence in their driving ability. In some cases, this is further aggravated by the use of alcohol/drugs or by distractions such as the use of electronic devices while driving or having other passengers in their vehicles.

Drivers aged 16 to 20 represent only about 8% of drivers in Saskatchewan, yet are involved in over 16% of fatal, injury and PDO collisions. Also, as mentioned earlier, drivers aged 18 through 22 years account for about 9% of the driving population, but represent 28% of drivers involved in drinking and driving crashes.

Motorcycle riders with less than five years of experience are eight times more likely to get in a collision than experienced riders. Motorcycles are inherently riskier than other forms of transportation. The risk of a motorcycle rider sustaining serious injury is about five times greater than for drivers of passenger vehicles. Over 50% of collisions involving a motorcycle result in a fatality (compared to 13% for all collisions).

RECENT INITIATIVES

Impaired Driving (including drugs)

Impaired driving continues to be the number one contribution factor to fatal collisions in the province. A number of initiatives have been put into place to address this issue:

Operation Red Nose
Operation Red Nose (ORN), a holiday season safe ride home program, was introduced to Saskatchewan in North Battleford in 2009. The 2011 holiday season will see the program expand to Prince Albert. ORN is a program that uses community volunteers to provide safe transportation home for a drinking client and their vehicle. Expenses are covered by community funding and sponsorship. Any honourariums that are provided by the clients are turned back into youth programs in the community.

Enforcement Overdrive
Enforcement Overdrive, a program that enables police to operate check stops, focusing on drinking and driving, over and above regular duty enforcement, with funding for the increased staffing provided by SGI, continues to operate in all municipal police services as well as within the RCMP.

Report Impaired Drivers
Report Impaired Drivers (RID) is an impaired driving initiative that was piloted in Saskatoon in 2010. The project encourages residents to call 911 and report suspected impaired drivers. Since the pilot, RID has been expanded to all municipal police services in the province, with the plan to include RCMP jurisdiction, which will make if province-wide, before the end of 2011.

Develop Relationships With Tribal Councils
In 2010/11 SGI worked with two tribal councils to establish community traffic safety liaison positions. These positions work with the communities in the Tribal Council to raise awareness of traffic safety issues like impaired driving and the importance of occupant restraints, including child safety seats, etc.

As part of the 2011-2015 Traffic Safety Strategy there are plans to:

- Research to better understand the motivations of those who continue to drive while impaired and the barriers to curb this behavior, as well as the best approaches to reach K-12 youth with a proactive approach to impaired driving
- Recommend some impaired driving legislative changes
- Develop partnerships with First Nation communities

Wildlife-Vehicle Collisions

Collisions involving wildlife, mostly deer, are a serious concern on Saskatchewan roads. Initiatives that have been in place for a number of years in an attempt to reduce the number of wildlife-vehicle collisions:

Standard Highway Signs
There are permanent deer crossing signs mounted around the province. These signs are usually installed in areas know to be high wildlife-vehicle collision areas.

Wildlife Fencing
SGI partnered with the Ministry of Highways and Infrastructure to erect a five-kilometer long fence on both sides of Highway 7 in the game preserve west of the town of Harris to manage wildlife collisions.

Education and Awareness
Annually, the Saskatchewan Wildlife Federation partners with SGI on an advertising campaign (billboards, bus wrap, radio and TV public service announcements) which reminds motorists to slow down in areas where there is a high risk of encountering wildlife. This campaign has focused on deer for many years but in 2011 the message was switched to moose. The campaign runs twice a year – in the spring and again in late fall.

As part of the 2011-15 Traffic Safety Strategy a committee of stakeholders, with representatives from Ministry of Highways and Infrastructure, Ministry of Environment, Saskatchewan Wildlife Federation, Highway Traffic Board and SGI has been established. The committee has been tasked with coming up with innovative and "out-of-the-box" ideas, that are also proven effective, to help address this problem. The committee will consider solutions that:

- aim to change driver behaviour;
- aim to change animal behaviour;
- physically separate animals from the roadway, and
- aim to reduce wildlife population

Distracted Driving

In Saskatchewan, driver inattention/distraction is the most cited contributory factor in all collisions, accounting for close to 25% of all factors reported in collisions. Distracted driving is an emerging issue and few initiatives have been implemented to address it:

Legislation

The use of hand-held cellphones while driving was banned in Saskatchewan in January 2010. The law allows the use of hands-free devices by experienced drivers, but imposes a total ban on cellphone use for all new drivers. An offence attracts a $280 fine and four demerit points. Prior to the introduction of this law, SGI had been doing multimedia (e.g. TV, radio, print media, billboards) awareness campaigns on the dangers of driver distractions in general. SGI also sent information packages to all Saskatchewan high schools to educate new drivers about the law and the dangers of using an electronic device when driving. While this general approach continues, there have been more cellphone specific education and awareness campaigns in 2010 following the new legislation

Education and Awareness
Multi-media campaign, including TV, web-based and radio.

Highway Infrastructure Solutions
In partnership with Ministry of Highways and Infrastructure centre/edge line rumble strips have been constructed to reduce run-off-the-road and lane departure collisions on highways, typically due to distracted/drowsy driving.

The 2011-15 Traffic Safety Strategy sees the implementation of the following initiatives to further address distracted driving.

- Research the targeted market and develop an awareness and education campaign that will best reach that audience.
- Work with Saskatchewan law enforcement to research effective ways of creating visible and credible enforcement of the new cellphone law and distracted driving in general.
- Monitor other developments to identify new opportunities for dealing with the problem.

Seat Belt Use

Even though Saskatchewan has one of the highest seat belt use rates in the country at 96.8 per cent, 60 per cent of fatalities on rural roads, and almost all fatalities on roads in First Nation communities, involve unbelted (and often ejected) occupants. Current initiatives to address seat belt use rates include:

Seatbelt Challenge
The Seatbelt Challenge is a community-driven project designed to improve seatbelt use in the province. By partnering with communities across Saskatchewan, SGI raised awareness about buckling up through roadside activities and community-based events. In 2011 we had two separate challenges with three communities participating in each. The community in each challenge with the highest increase in seatbelt usage won a cash prize of up to $50,000 to be used for local road safety improvements. The seat belt challenge started 2008 and in a vast majority of the communities participating over the years saw an increase in seatbelt usage rates. Seat belt use was measured, again after a year, in the communities involved in 2008 with the result being the increased rates obtained were sustained. With continued success the Seatbelt Challenge will continue in 2012. The ultimate goal of this initiative is to raise seat belt use rates in communities across the province.

Develop Relationships With Tribal Councils
As mentioned in the previous Impaired Driving section SGI's work with two tribal councils – File Hills Qu'Appelle and Saskatoon - raises awareness of the importance of using occupant restraints, including child safety seats as well as impaired driving and other traffic safety issues that are important to the communities,

Multi Agency Seatbelt Team check stops
To keep seatbelt use top of mind in Saskatchewan communities, SGI partnered with municipal police services and RCMP Traffic Services across the province, as well as the Canadian National Railway Police and the Canadian Pacific Railway Police, to form the Multi Agency Seatbelt Team (MASTeam). MASTeam conducted seatbelt check stops in the communities of Estevan, Humboldt and Regina in 2011. SGI sponsors the cost of meals and accommodations for participants that were from out-of-town. A total of 277 seatbelt charges were issued across the three communities, along with other charges, including cell phones. MASTeam serves as a reminder to all Saskatchewan residents that it pays to buckle up. SGI plans to expand its MASTeam check stops to additional communities in 2012

Some of the initiates planned in the 2011-15 Traffic Safety Strategy to address seat belt use are:

- Continue with the Seat Belt Challenge until all four corners of the province have been touched.
- Research effective approaches to youth-specific awareness and education of seatbelt use (K to 12 with a focus on rural and First Nations communities)
- Maintain current relationships and develop additional First Nations communities and establish liaisons.
- Create a child restraint grant program specifically for low-income communities to ensure everyone has access to child restraints.

Speed

Speeding is a particular traffic safety challenge, because most drivers exceed posted speed limits under certain conditions and SGI's research has shown public tolerance for some types of speeding. Initiatives currently in place to address the speed issue are:

High Risk Speed Related Violations
Higher fines for high-risk speed-related violations including speeding in school zones, traveling 50 km/h over the speed limit and passing emergency/construction workers or tow trucks/snowplows too fast.

Public awareness campaign on speeding at high-risk locations.
Posters are placed on bus shelters in school zones in Regina, Saskatoon and Prince Albert with reminders to motorists to slow down. Billboards are placed on high-speed roadways in Regina, Saskatoon, Prince Albert, Yorkton and Moose Jaw to remind people to drive for the road conditions and not the speed limit.

Speed Reader Boards
Speed reader boards are used to collect speed data at different times of the day at high-collision locations. This data is used to develop a strategy to deal with excessive speeding and raise awareness of speed limits in school and playground zones.

Variable Message Signs
Changeable message signs on Ring Road in Regina at high-collision locations that advise road users of adverse weather and road conditions.

Some of the initiatives planned to address the speed issue in the 2011-15 Traffic Safety Strategy are:

- Research and develop a business case for innovative ways of introducing photo radar for speed enforcement.
- Continue to co-fund the use of high publicity speed reader boards in conjunction with manual enforcement at high accident/high-risk locations based on data.
- Research and identify additional speeding countermeasures using speed data collected from the speed reader boards.
- Where feasible, work with municipal engineers to introduce variable speed limits.
- Develop and implement new targeted public awareness messaging based on research.

Intersection Safety

Safety interventions are commonly targeted at high-collision intersections and usually employ a combination of engineering and enforcement techniques.

Red Light Cameras
SGI provided funding for red-light cameras at high-risk intersections in Saskatoon and Regina to assist with enforcement.

Intersection and Roadway Corridor Improvements
SGI provides targeted investments in road infrastructure improvements in Regina, Prince Albert, Saskatoon and rural communities (e.g. Lewvan corridor with the City of Regina, intersection improvements at College Drive and Preston Avenue with the City of Saskatoon and warning lights at intersections in rural Saskatchewan with the Ministry of Highways and Infrastructure (MHI)).

Enforcement
SGI provides funding for targeted enforcement at high-risk intersections in Prince Albert.

Public Education and Awareness
SGI engages in initiatives that raise public awareness of pedestrian safety aimed at both vehicle operators and pedestrians, encouraging the use of pedestrian corridors and crossings through advertising campaigns and school tours.

Some of the initiatives in the 2011-15 Traffic Safety Strategy to address the issue of speed are:

- Increase investment in intersection/corridor safety improvements for vehicle and/or pedestrian collisions.
- Based on existing intersection collision statistics, partner with the cities to research and develop a proposal for the additional use of red light camera technology at appropriate high-collision intersections in Regina and Saskatoon.
- Research target audience for awareness campaign and the best approach to reaching them.
- Targeted enforcement at high-risk (crash) intersections and locations safety

New driver safety

New drivers are over-represented in traffic collisions. Research suggests this results from a combination of inexperience and over-confidence in their driving ability. In some cases, this is further aggravated by the use of alcohol/drugs or by distractions such as the use of electronic devices while driving or having other passengers in their vehicles.

Driver Education Grant
SGI allocates funds to an Aboriginal and Immigrant driver education grant program to assist these groups in obtaining their driver's licences.

Motorcycle Training Schools
SGI works with private sector to increase the number of motorcycle driver training schools and to expand the availability of training spaces in the province.

Practice Make Perfect – Learner Driver Logs
All learner drivers are asked to record their in-car hours in a practice log. SGI recommends a learner driver log a minimum of 36 hours under different driving conditions over the nine-month learning period. SGI experience has shown that driver's who get a lot of in-car practice, and who drive exactly the way they were taught by their driver educator, usually pass the road test on their first attempt.

Some of the initiatives in the 2011-15 Traffic Safety Strategy to help improve new drivers are:

- Continue to work with private sector schools to expand availability of training spots for new motorcycle riders.
- Research and analysis of enhancements to the existing GDL program based on results of evaluation and findings on program impacts in other jurisdictions.
- Research target audience (new car and motorcycle drivers) for education and awareness campaigns and the best approach to reaching them.
- Research opportunities for enhancing driver education.

Emerging Issues
There are a number of traffic safety issues that SGI views as emerging. The magnitude of collisions associated with these issues is not high at this time. However, population and risk trends indicate a potential for them contributing to a high number of collisions in the next five to 10 years. Plans for addressing these issues need to be developed sooner than later.

Aging Drivers
Aging drivers are at a higher risk of developing health impairments that affect safe driving and they have high fatality rates compared to other drivers because of their fragility. The number of aging drivers is growing as the Baby Boom generation moves into retirement age.

Current initiatives to assist aging drivers to be safe on the roads are:

- SGI monitors drivers who have medical conditions that may affect their ability to drive. Drivers who have such medical conditions must report them when diagnosed or when they renew their driver's licence. Physicians and optometrists are also legally required (since 1996) to report individuals who have such medical conditions. Most of the drivers in this program are older drivers.
- SGI's Older and Wiser Driver handbook is sent to drivers when they turn 65 and is promoted in issuer offices. It includes a self-rated driver assessment, tips to recognize unsafe driving and actions drivers can take to make their driving safer, among other topics.
- SGI partners with the Saskatchewan Safety Council and the Saskatoon and District Safety Council to offer 55 Alive – a six-hour course on the aging process as it affects driving, compensating for changes in age, and adapting to road and weather conditions, amongst other related topics.
- SGI participates in the Canadian Council of Motor Transport Administrators to research, share best practices and analyze approaches to managing aging drivers.

The 2011-15 Traffic Safety Strategy includes the following initiatives to address the aging driver issue:

- Research target audience for public education and awareness campaign and the best approach to reaching them.
- Continue the expansion of 55 Alive program.
- Research effective solutions for managing the safety and mobility of aging drivers.
- Work with the medical community to encourage doctors and other medical practitioners to identify drivers who have medical issues that could affect their ability to drive to SGI.

Unusual Vehicles

The emergence of new vehicles that do not meet Canadian Motor Vehicle Safety Standards and demand by manufacturers and retailers of these vehicles for provinces to allow their use in mixed traffic is increasingly becoming an issue. These vehicles are generally marketed to customers and governments for their environmental friendliness. Because of their design, these vehicles pose significant safety risks to their occupants and other road users; for example, low-speed electric vehicles. Currently SGI is working with Transport Canada and the other Canadian jurisdictions to get a better understanding of the safety implications of integrating unusual vehicles with mixed traffic.

Program Evaluation and Research

An invaluable component of the safety strategy is the monitoring and evaluation of the programs that are implemented by SGI. This enables us to be data driven in program development, discontinue programs that are ineffective and explore creative opportunities for enhancing cost effective programs. In 2011 the following surveys have been conducted and currently under analysis stage:

Impaired Survey

The impaired driving survey will serve as a baseline for assessing the public's knowledge of the consequences of impaired driving and also enable profiles of impaired drivers to be developed.

Distracted Driving Survey and Observational Cell Phone Use Survey

These two surveys are part of the monitoring for the implementation of the Cell Use Legislation.

2010 Seat Belt Challenge Results

	Drivers Belt Use		Passengers Belt Use		Overall Belt Use	
	Before	After	Before	After	Before	After
Birch Narrows	76.4%	40.1%	26.2%	41.3%	59.0%	40.5%
Buffalo River	11.5%	63.8%	9.0%	62.9%	10.7%	63.5%
Canoe Lake	25.5%	64.7%	27.1%	60.2%	25.9%	63.2%
English River	41.4%	56.4%	42.5%	63.1%	51.2%	56.8%
Flying Dust	76.3%	93.4%	63.4%	95.4%	71.8%	94.1%
Island Lake	48.9%	98.9%	39.3%	96.7%	44.9%	98.0%
Kinistin Saulteaux	25.3%	84.0%	22.7%	69.0%	24.8%	81.4%
Mistawasis	73.5%	96.8%	44.7%	98.6%	63.1%	97.4%
Muskeg Lake	65.1%	71.5%	36.8%	75.6%	57.1%	72.7%
Muskoday	48.5%	95.3%	57.1%	*	48.7%	95.3%
One Arrow	38.5%	55.6%	45.3%	48.7%	40.2%	53.4%
Yellow Quill	75.4%	85.6%	76.3%	83.2%	75.5%	84.7%

*none reported

OTHER DEPARTMENTS RELATED TO TRAFFIC SAFETY

Vehicle Standards and Inspection

VS&I is responsible for the administration of the provincial first-time vehicle registration program, two-stage total-loss inspections and the commercial periodic motor vehicle inspection program. The department develops regulations/policy and provides regulatory interpretation relating to equipment standards for commercial and private vehicles, school buses and new and emerging vehicle types, such as low-speed vehicles and right-hand drive vehicles.

VS&I also administers the provincial unsafe vehicle program in partnership with enforcement. The department administers provincial inspection programs through a network of 865 private certified inspection station facilities located throughout Saskatchewan.

Carrier Safety Programs

Carrier Safety Programs is responsible for many aspects of commercial carrier safety, including the management of the National Safety Code. This includes monitoring the safety record of commercial carriers and taking remedial action to help those with deteriorating safety performance to improve. This area also provides commercial carrier safety seminars, in partnership with the Ministry of Highways and Infrastructure, to provide safety information to bus and trucking companies on a range of topics, including the carrier profile, record-keeping requirements and hours of service regulations.

TRAFFIC SAFETY COSTS

One hundred per cent of SGI's traffic safety costs are absorbed by the Auto Fund.

The Traffic Safety Program Evaluation (TSPE) group within the Auto Fund is responsible for evaluating the loss reduction and cost-effectiveness of current and prospective traffic safety programs, and for identifying and participating in the development of new or modified programs and policies to maximize loss reduction in return for SGI's traffic safety investment.

The TSPE group develops safety evaluation frameworks and timetables for the Auto Fund's safety initiatives to ensure that the progress of these programs are monitored and evaluated to provide opportunities for program improvements and fine tuning where necessary.

The tables on the following pages detail traffic safety expenditures, by specific program type, from 2005 to 2010 and projections for 2011, in terms of external costs, major initiatives costs, program administration and total expenditures.

MAJOR SAFETY INITIATIVES

Year	2006	2007	2008	2009	2010	2011 Projections
TRAFFIC SAFETY PROMOTION improvements)						
In School Road Safety Resources	$4,815	$1,785	$1,004		$4,000	
Szarka (speaker) Presentations						
Rollover Simulator	$6,860	$2,042				
Child Passenger Safety Training Program	$977	$3,292	$1,304	$1,217	$6,000	$6,000
MADD Sponsorship						
Ride's On Us	$73,947	$55,000	$77,430	$95,703	$55,000	$55,000
SADD	$88,100	$88,100	$102,064	$102,069	$102,069	$102,069
Saskatchewan Safety Council	$192,905	$199,913	$201,810	$155,989	$142,718	$142,718
Saskatchewan Wildlife Federation	$20,000	$20,000	$21,700	$20,000	$20,000	$20,000
Server Intervention	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000
Community Grants	$60,808	$164,053	$86,932	$50,000	$50,000	$50,000
First Nation School Contest		$7,464				
First Nation Community Programming	$11,735					
Enforcement Overdrive	$233,165	$156,307	$288,086	$417,071	$419,100	$419,100
No Regrets Program	$103,350	$74,650	$16,500	$16,500	$16,500	$16,500
Police Partnership – Training	$22,218	$4,071			$10,000	$10,000
Police Partnership – Vehicles	$17,600	$18,669	$16,800	$19,200	$19,200	$19,200
Safe Saskatchewan	$50,000	$50,000	$50,000	$50,000	$50,000	$50,000
Road Safety Youth Conference		$2,652				
Enhanced Enforcement	$129,175	$199,250	$198,120	$351,275	$351,300	$352,100
PA Intersection Enforcement				$50,000	$50,000	$50,000
Report Impaired Drivers				$50,000	$100,000	$100,000
Multi-Agency Seat Belt Blitz				$40,000	$40,000	$30,000
Automatic Licence Plate Recognition					$130,000	$129,491
Speed Trailers					$31,300	$31,300
Selective Traffic Enforcement Program			$19,785	$19,785	$23,785	$33,785
Breath Testing Equipment Replacement				$120,000		
Winter Road Maintenance		$48,330	$217,384		$25,000	$25,000
55 Alive	$30,000		$30,000	$60,000	$60,000	$70,000
First Nation Role Model Tour			$30,223	$31,923		
Infrastructure Improvements	$85,585	$459,127	$222,000	$139,850	$658,500	$458,500
Traffic Safety Scholarship			$25,000	$25,000	$25,000	$25,000
Seat Belt Challenge			$66,306	$61,752	$165,000	$165,000
Pedestrian Safety Project				$5,000	$10,000	$10,000
Impaired Driving Project					$87,996	$87,996
First Nations Traffic Safety Positions					$152,000	$174,000
Child Traffic Safety Position				$72,000	$72,000	$72,000
TOTAL	**$1,136,240**	**$1,559,705**	**$1,677,448**	**$1,959,334**	**$2,881,468**	**$2,709,759**
TRAFFIC SAFETY PROGRAM EVALUATION (program evaluation, program development, research)						
Motorcycle Safety				$225,000	$20,000	$20,000
GIS Development						$15,000
TOTAL				**$225,000**	**$20,000**	**$35,000**
DRIVER PROGRAMS (impaired driving, driver improvement)						
Medical Payments	$171,017	$176,631	$284,380	$347,823	$359,955	$196,347
District Health Funding	$1,625,227	$1,442,478	$1,185,599	$1,291,889	$1,374,525	$979,745
Rehabilitation Assessment	$262,000	$600,000	$600,000	$600,000	$600,000	$600,000
TOTAL	**$2,058,244**	**$2,219,109**	**$2,069,979**	**$2,239,712**	**$2,334,480**	**$1,776,092**
DRIVER DEVELOPMENT (driver education)						
Aboriginal Driver Education	$56,384	$104,644	$112,638	$93,115	$125,000	$80,000
Immigrant Driver Education				$122,100	$100,000	$100,000
High School Driver Education						$2,460,000
Annual Driver Educator Seminar				$70,000	$70,000	$45,000
TOTAL	**$56,384**	**$104,644**	**$112,638**	**$215,215**	**$225,000**	**$2,685,000**

CARRIER SAFETY SERVICES (carrier safety audits, services)						
Safety Seminars			$7,000	$9,407	$21,000	$21,000
TOTAL					**$21,000**	**$21,000**
TRAFFIC SAFETY ADVERTISING						
Bike Helmet	$57,231	$167,000				
Booster Seats	$80,593	$167,000	$167,000	$167,000	$167,000	
Child Restraint	$83,860	$86,380	$86,380	$86,380	$86,380	$273,280
Designated Driver						
Drinking & Driving	$694,823	$715,000	$715,000	$790,000	$790,000	$829,800
Driver Distraction	$180,598	$276,537	$276,537	$276,537	$276,537	$296,437
Road Safety – Y.L.	$589,909	$544,000	$544,000	$544,000	$544,000	$564,900
Rural Seatbelts	$2,458	$163,000	$163,000	$263,000	$263,000	$282,900
Aboriginal Media		$100,000	$100,000	$100,000	$100,000	$119,900
Aging Driver			$60,000	$60,000		
Drive Right			$250,000	$250,000	$250,000	
Cell phones					$800,000	
Speed Issues				$50,000	$50,000	$69,900
Miscellaneous			$50,000	$50,000	$50,000	
Slow to 60	$127,234					
SADD Advertising		$275,000	$125,000			
TOTAL	**$1,816,706**	**$2,493,917**	**$2,536,917**	**$2,636,917**	**$3,376,917**	**$2,437,117**

PROGRAM ADMINISTRATION

YEAR	2006	2007	2008	2009	2010 Actual	2011 Projections
REVENUE SOURCES						
Driver Development	$1,174,106	$1,213,501	$1,340,355	$1,457,055	$1,466,970	$1,470,565
Driving Without Impairment	$404,550	$444,600	$474,000	$458,850	$442,800	$444,000
Carrier Audit	$235,933	$141,560	$72,580	$345,480	$222,472	$189,672
Driver Programs	$163,732	$170,628	$220,050	$233,193	$221,351	$226,211
Vehicle Standards and Inspection	$493,815	$536,011	$563,876	$541,827	$546,442	$574,000
Highway Traffic Board	$111,928	$69,405	$2,716	$4,465	$3,595	-$1,505
TOTAL	**$2,584,064**	**$2,575,705**	**$2,673,577**	**$3,040,870**	**$2,903,630**	**$2,902,943**
SUPPORT SALARIES AND BENEFITS						
Driver Programs	$999,093	$1,333,067	$1,382,800	$1,311,256	$1,381,645	$1,758,683
Driver Development Safety Services	$2,400,108	$2,718,896	$3,104,006	$3,466,784	$3,752,649	$4,123,585
Driving Without Impairment	$43,116	$47,145	$48,931	$51,775	$50,676	$50,676
Carrier Audit	$260,909	$330,836	$375,506	$402,586	$431,119	$549,987
AVP Driver and Vehicle Safety Services	$1,029,817	$1,173,731	$1,518,753	$1,202,645	$1,094,990	$197,982
Enforcement Strategy						$110,992
Traffic Safety Program Evaluation	$488,054	$769,167	$709,146	$745,517	$663,168	$671,904
Traffic Safety Promotion	$227,422	$311,539	$363,050	$465,078	$486,285	$467,041
Vehicle Standards and Inspection	$570,120	$706,379	$672,067	$731,834	$722,239	$980,240
Highway Traffic Board (HTB)	$368,870	$411,270	$423,133	$440,831	$426,844	$411,940
TOTAL	**$6,387,509**	**$7,802,030**	**$8,597,392**	**$8,818,306**	**$9,009,615**	**$9,323,030**
PROGRAM ADMINISTRATION AND SUPPORT (travel, auto expense, telephone, meals, lodging, supplies, etc)						
Driver Programs	$71,970	$110,559	$82,125	$96,024	$72,870	$134,041
Driver Development	$368,632	$508,373	$531,355	$533,553	$517,553	$617,953
Driving Without Impairment	$337,875	$361,119	$369,770	$367,916	$385,812	$421,354
Carrier Audit	$50,471	$47,218	$57,491	$77,192	$41,505	$85,515
AVP Driver and Vehicle Safety Services	$29,844	$26,922	$39,162	$31,595	$48,616	$47,618
Enforcement Strategy					$8,361	$7,672
Traffic Safety Program Evaluation	$23,918	$86,614	$27,563	$31,290	$33,605	$69,366
Traffic Safety Promotion	$51,469	$60,098	$127,398	$103,599	$133,876	$116,983
Vehicle Standards and Inspection	$175,411	$177,272	$197,275	$207,250	$234,182	$207,413
Highway Traffic Board	$337,787	$351,628	$375,218	$424,129	$456,153	$488,408
TOTAL	**$1,447,377**	**$1,729,803**	**$1,807,357**	**$1,872,549**	**$1,932,533**	**$2,196,323**

TOTAL TRAFFIC SAFETY COSTS

Year	2006	2007	2008	2009	2010	2011 Projections
Driver Programs	$2,957,916	$3,479,303	$3,294,270	$3,395,906	$3,546,141	$3,952,254
Driver Development Safety Services	$1,651,019	$2,118,412	$2,407,584	$2,758,496	$3,029,786	$5,120,973
Driving Without Impairment	($23,559)	($36,256)	($55,299)	($39,159)	($6,316)	$28,030
Carrier Safety Programs	$75,447	$236,493	$360,418	$134,298	$250,150	$445,830
AVP - Driver & Veh Safety Services	$1,059,660	$1,200,653	$1,557,915	$1,234,240	$1,143,600	$245,600
Vehicle Standards & Inspection	$251,716	$347,640	$305,466	$397,257	$409,980	$613,653
Highway Traffic Board	$594,730	$693,493	$795,636	$860,495	$879,400	$901,853
Enforcement Strategy					$801,089	$912,340
Traffic Safety Prog Evaluation	$713,745	$2,653,020	$736,709	$1,001,806	$722,799	$779,606
Traffic Safety Promotions - A/F			$2,051,061	$2,667,427	$2,150,123	$2,238,298
AVP - Traffic Safety Services			$659,241			
Traffic Safety Serv -Campaigns	$3,487,388	$2,961,910	$2,519,743	$3,382,686	$2,572,529	$3,338,053
Regina Driver Testing - Bldg	$21,672	$19,333	$25,269	$30,442	$25,249	$135,540
TOTAL	**$10,789,734**	**$13,674,001**	**$14,658,013**	**$15,823,897**	**$15,524,530**	**$18,712,030**
Indirect costs as allocated			$1,686,395	$1,580,689	$1,760,221	$2,300,736
TOTAL	**$10,789,734**	**$13,674,001**	**$16,344,408**	**$17,404,585**	**$17,284,751**	**$21,012,766**

SAFE DRIVER RECOGNITION

Safe Driver Recognition is an incentive program for safe driving. Offering discounts on basic vehicle insurance is our way of thanking motorists for driving safely.

If you own or lease a vehicle registered in Class LV, PV or F (light), you may qualify for a discount on your insurance depending on your driving history. That discount will apply to every qualifying vehicle you insure.

At the same time, drivers with a history of at-fault crashes, for example, may have to pay a financial penalty for each incident they are responsible for.

Discounts

Every year you drive incident-free, you earn a safety rating point. Each step in the Safety Zone corresponds to a two per cent discount on basic insurance, to a maximum of 20 per cent.

Safe Driver Recognition considers driving history since 1995. Effective Jan. 1, 2012, drivers will be able to earn up to 17 safety rating points.

Even if you do not own or lease a vehicle, a safety rating in the Safety Zone is beneficial. It protects you from financial penalties if you are involved in future incidents.

Financial penalties

Drivers lose points for unsafe driving – such as being at fault for a collision (-6 points) or certain traffic convictions and roadside suspensions (-3 or -4 points). Driving disqualifications (arising from Criminal Code offences, for example) automatically move drivers to at least -20 on the scale, regardless of their position before the incident.

Financial penalties are assessed for incidents that result in a safety rating of less than zero. Each step in the Penalty Zone means a $25 penalty, so the more incidents drivers have, the larger the penalty.

When incidents result in a safety rating of at least -20, the maximum financial penalty is charged. This is $500, except for Criminal Code offences resulting in injury or death, when the penalty is $2,500.

Motorists are assessed penalties immediately and have 90 days to pay. After 90 days, payment must be made before new transactions with SGI can occur.

Please note: Financial penalties in Safe Driver Recognition are in addition to fines required by law enforcement for traffic convictions. Those at fault for collisions also pay the insurance deductibles.

Platinum customers

Drivers with a safety rating of at least 11 are known as Platinum customers. Their discount remains 20 per cent, but points they earn beyond 10 help shield them in the event of a driving incident.

How motorists move on the scale

The Safety Rating Scale is based on points and works like a slide-ruler – your safety rating moves from side to side (zone to zone) based on your driving record.

If you are at 10, you receive a 20 per cent discount on the base premium of every private-use passenger vehicle you insure.

If you're a Platinum customer at 11 and lose three points for failing to yield, you move to 8 and lose four per cent of your discount. If you didn't have the one-point cushion, you would have moved to 7 and lost six per cent of your discount.

If you're a new driver, you are placed at zero (neutral) on the scale. On any vehicles you insure, you pay the base premium.

If you are at 7 and lose three points for insufficient signaling, you move to 4. However, you still qualify for a discount (eight per cent) on your vehicle insurance.

If you are at 4 and are found at fault for a collision, you lose six points. This moves you to -2 in the Penalty Zone, resulting in a financial penalty of $50. You pay the base premium upon renewal. If you have another incident that causes you to lose more points, you pay another financial penalty that corresponds to your new position on the scale.

If you are at -5 and drive with no incidents over the next year, you will move one point towards the Safety Zone, to -4. You do not pay another financial penalty at this position. Upon renewal of your vehicle insurance, you continue to pay the base insurance premium.

Leaving the Penalty Zone

Each year of incident-free driving moves you one step towards the Safety Zone. As long as you are moving towards the Safety Zone, you do not pay another financial penalty – you pay only the base premium on your vehicle insurance.

After three consecutive years of safe driving, drivers still in the Penalty Zone automatically return to neutral (the starting point) and begin earning points towards a discount.

Appeals

The following explains the appeal process for Safe Driver Recognition.

SGI has found me at fault for a collision and reduced my safety rating. I feel this is unfair. What can I do?

Drivers can appeal SGI's assessment of demerit points for a collision. Appeals are decided by the Highway Traffic Board, which is independent of SGI. There is a $25 fee for each appeal.

A safety rating appeal deals with the safety rating movement as a result of a motor vehicle collision. It does not address fault, recovery of a deductible, other insured loss or traffic convictions.

If your appeal is successful, your safety rating will be amended, and provided you are not indebted to SGI, the $25 appeal fee and any financial penalty you paid as a result of the collision will be reimbursed to you.

Can I appeal traffic tickets to the Highway Traffic Board?

No. Drivers who wish to contest traffic tickets or convictions must do so through the court system.

What is the effect of a safety rating appeal?

This appeal deals strictly with safety rating movement; it does not change collision responsibility. For that reason, your driver's abstract will continue to indicate a collision for which you were at least 50 per cent responsible.

What if I want to appeal collision responsibility?

Drivers involved in a collision with another vehicle where damage has been sustained and wish to contest fault must do so through the court system.

How do I initiate a safety rating appeal?

To initiate a safety rating appeal, please contact an SGI motor licence issuer. For information on what to expect at an appeal hearing, visit www.highwaytrafficboard.sk.ca. Remember that there is a $25 fee for each appeal.

How much time do I have to initiate a safety rating appeal?

Safety rating appeals must be made within 90 days of receiving your safety rating change notice. If you are facing a financial penalty as a result of the safety rating change, appealing may mean avoiding the penalty altogether if your appeal is successful.

How does the appeal process work?

The hearings are informal, take place during the day, and last 15 to 20 minutes. Participation is by telephone. You will be asked to explain the collision circumstances and why you feel your safety rating should not be affected by the collision. You will not require a lawyer.

Hearings are usually scheduled within a few weeks of the date the appeal is filed. You will be contacted by telephone regarding the date and time of your hearing.

Members of the Highway Traffic Board will deliberate over the collision circumstances and provide you a decision shortly after the hearing.

What should I do if I am unable to participate at the scheduled time and date of my appeal hearing?

If you are unable to participate at the scheduled date and time, please call the Highway Traffic Board in Regina at (306) 775-6674 and ask to reschedule.

If you do not reschedule and you do not participate, your appeal will be heard in your absence and a decision will be made from the information provided in the claim file.

What if I disagree with the decision made by the independent board?

The decision made by the Highway Traffic Board is final and cannot be appealed.

What happens if my appeal is successful?

Once SGI receives a decision from the Highway Traffic Board, your safety rating will be adjusted accordingly. Provided you are not indebted to SGI, you will also be reimbursed the $25 appeal fee and any financial penalty you paid for being at fault for the collision.

Please note: Traffic convictions related to the collision may still affect your safety rating.

If my appeal is successful and I am in a second collision, what will happen to my safety rating?

Although the first collision remains on your driving record, it does not affect your safety rating. Any impact on your safety rating from the second collision will be solely due to that second incident.

Frequently asked questions

What if I own more than one vehicle – are they all eligible for my discount?

Yes. Each vehicle you insure in classes LV, PV or F (light) qualifies for your discount.

If someone else is at fault for a collision while driving my vehicle, do I lose my discount?

No. The discount applied to your vehicle is based on your driving record. The driver at fault for the collision will lose safety rating points and may be subject to a financial penalty.

Can I appeal movement on the Safety Rating Scale?

Drivers can appeal SGI's assessment of demerit points for a collision. For more information, please read the earlier section titled "Appeals".

What's the maximum penalty?

When incidents result in a safety rating of at least -20, the maximum financial penalty is charged. This is $500, except for Criminal Code offences resulting in injury or death, when the penalty is $2,500.

When are financial penalties payable?

Financial penalties are assessed immediately following an incident, but motorists have 90 days to pay. After 90 days, payment must be made before new transactions with SGI can occur.

Why am I being assessed a (higher) financial penalty for a driving incident SGI assessed previously?

Financial penalties are assessed immediately following an incident, based on the driver's history to date. Later if we become aware of a new incident that occurred before another in the driver's history, it may result in a reassessment of the more recent incident.

After a driving incident, when can I expect to earn a new safety rating point?

One year (365 days) from the date the incident occurred, your safety rating will automatically increase by one point. This is your clear-year date. For at-fault collisions, this is one year from the date of loss. For roadside suspensions, it's one year from the suspension effective date. For convictions applied to driving history on or after April 1, 2009, it's one year from the date of the offence.

Are co-owners of vehicles eligible for a discount in Safe Driver Recognition?

Yes. The discount for a co-owned vehicle is based on the average safety rating of the individual owners' safety ratings.

Co-owners continue to have the option of registering their vehicles in the name of one individual, if they prefer.

What happens when an at-fault collision and traffic conviction(s) occur at the same time?

As of Nov. 8, 2008, the answer depends on where the collision places you on the Safety Rating Scale.

Safety Zone

If you remain at zero or above after the collision is applied, you will not be penalized (lose additional safety points) for the traffic conviction(s).

Penalty Zone

If you fall below zero after the collision is applied, you will receive a financial penalty for the collision (based on your safety rating at this point). Then your safety rating will be reduced for the traffic conviction(s). You will not be charged financial penalties for the traffic conviction(s).

Please note: This does not pertain to offences assessed -10 points (for example, Criminal Code offences).

Demerit points

The number of points assessed for each driving incident depends on how likely the behaviour is to cause a crash. The exception is failing to wear a seatbelt, which is assessed points because of the increased chance of injury.

The most common incidents in each point category are listed first.

- 3 points

- driver fail to wear seatbelt
- exceed speed limit in school zone
- drive while passenger unrestrained
- turn left across traffic
- fail to yield or proceed before safe
- proceed contrary to signage
- exceed 60 km/h when passing emergency vehicle
- disobey amber light
- exceed 60 km/h when passing highway worker or flag person
- fail to yield to driver on the right
- insufficient signalling
- fail to yield to pedestrian
- fail to yield when entering highway
- fail to yield when leaving lane or alley
- allow rider on vehicle exterior
- fail to yield to pedestrian on amber light

- fail to yield on green arrow
- fail to stop for peace officer
- disobey directions of flag person or peace officer
- impede traffic
- drive unsafely on being overtaken
- radar warning device in commercial vehicle
- overcrowded steering compartment
- exceed 60 km/h when passing tow truck
- turn left on red light when prohibited by sign
- proceed contrary to green arrow

– 4 points

- operating a vehicle while using a cellular telephone
- fail to stop or proceed before safe
- 24-hour roadside suspension (experienced driver)
- without due care or reasonable consideration
- disobey red light
- drive while licence suspended or cancelled, or refused issue
- 30-day roadside suspension (new driver)
- stunting
- exceed a safe, reasonable speed
- fail to report collision
- exceed speed limit by more than 50 km/h
- disobey traffic control device
- contest of speed
- pass to the right
- fail to stop for railway crossing signal
- disobey school bus signal
- disobey flashing red light
- drive while on 24-hour suspension
- false statement
- drive left of median
- fail to yield to emergency vehicle
- fail to stop for level railway crossing
- drive over median
- enter or leave controlled access highway unlawfully
- racing
- insecure load
- fail to activate school bus signal

– 6 points

- At-fault motor vehicle collisions (where SGI pays $305 or more)

For the following incidents, drivers will automatically move to -20 on the Safety Rating Scale, regardless of their position on the scale before the incident. In cases where drivers are already at -20 or less on the scale before the incident, drivers will move an additional -10 points. They will have to pay the maximum financial penalty of $500, or $2,500 if the incident results in injury or death.

- over 80 mg alcohol
- drive while disqualified (provincial offence)
- impaired driving
- drive while disqualified (federal offence)
- fail to comply with demand
- dangerous driving
- flight
- leave scene of accident
- impaired driving (injury)
- dangerous driving (injury)
- impaired driving (death)
- criminal negligence (injury)
- dangerous driving (death)
- criminal negligence (death)
- manslaughter
- criminal negligence
- flight (injury)
- flight (death)
- over 80 mg alcohol (injury)
- over 80 mg alcohol (death)
- fail to comply with demand (injury)
- fail to comply with demand (death)
- leave scene of accident (injury)
- leave scene of accident (death)
- criminal negligence while street racing (death)
- criminal negligence while street racing (injury)
- dangerous driving while street racing
- dangerous driving while street racing (injury)
- dangerous driving while street racing (death)

In the event of a discrepancy between the above wording and the governing legislation, the legislation will prevail.

BUSINESS RECOGNITION PROGRAM

What is Business Recognition?

Business Recognition rewards safe driving Saskatchewan businesses with basic insurance discounts of up to 10 per cent.

If your business owns and operates vehicles and its claims history has been clear the last five calendar years, you'll receive a maximum discount of 10 per cent. This discount will apply to every qualifying vehicle your business insures.

If your business has claims for which you or your drivers are considered responsible, you may receive a lesser discount or pay a surcharge.

The level of discount or surcharge applied to your business's vehicles is called your Business Recognition "assessment."

Who qualifies for this program?

Business Recognition includes heavy vehicles in the commercial and farm classes, and any vehicles registered to a company. Specifically, this includes:

- vehicles in classes A, C and D (commercial)
- heavy vehicles in Class F (farm plate)
- vehicles in Class L (dealer plate)
- vehicles in classes PB, PC and PS (bus)
- vehicles in Class PT (taxi)
- International Registration Plan (IRP) vehicles
- police vehicles, ambulances, hearses and restricted buses
- rental vehicles
- vehicles registered to a limited or incorporated company

How does the program work?

If your business has a loss ratio over the last five calendar years of 70 per cent or less, it's eligible for a basic insurance discount of up to 10 per cent. Businesses with a loss ratio of more than 80 per cent are subject to surcharges.

A loss ratio of 70.1 to 80 per cent is SGI's break-even range. SGI calculates this break-even range by subtracting administrative costs, premium taxes, issuer fees and traffic safety programming costs from premiums collected for all vehicles.

For every dollar of premium collected, 70 to 80 cents can be paid out in claims costs and the Saskatchewan Auto Fund will still break even financially. For this reason, businesses with a loss ratio of 70.1 to 80 per cent receive neither a surcharge nor a discount.

When determining your business's loss ratio, no single loss can exceed two times the business's premium for the year in which the loss occurred. This is to protect small businesses, for which even a single, excessive loss could dramatically affect their loss ratios.

SGI reviews IRP customers with six or more registered vehicles and a loss ratio greater than 80 per cent on an individual basis. These carriers are subject to varying financial penalties and the cap on losses may not apply.

SGI does not consider traffic convictions when determining your Business Recognition assessment.

What is a loss ratio?

Your loss ratio is calculated by dividing the amount SGI has paid out in claims where your company was at fault in a collision in the last five calendar years by the amount you've paid in premiums to SGI in the last five calendar years.

For example: If, in the last five years, SGI has paid $1,000 in claims where your company was held responsible and for the same time period you've paid $4,000 in premiums to SGI, divide $1,000 by $4,000 to determine your loss ratio of 25 per cent. You qualify for a discount.

What is a "capped" loss ratio?

For businesses with a small premium base, one claim could take the customer from the largest discount to the largest penalty. To avoid this situation, SGI "caps" each claim at no more than twice the premium paid by the customer for the year the loss occurred.

For example: For the past five years you've paid $5,000 in insurance premiums – $1,000 per year. In those five years, you were claims-free in every year except one, when you were responsible for one major collision where SGI paid $15,000.

Instead of having a loss ratio of 300 per cent for that year and a large surcharge as a result, SGI caps that one large claim at a value of $2,000, or twice the premium paid for that year, and your resulting "capped" loss ratio for that year is 200 per cent.

When you factor in your other four years of claims-free driving, your five-year loss ratio is 40 per cent and you are still entitled to a discount.

What kind of assessment will I receive?

Depending on your business's five-year loss ratio, the following chart outlines the discount or surcharge you can expect.

Loss Ratio	**Discount/Surcharge**
0%	-10%
0.1 – 10%	-8%
10.1 – 20%	-6%
20.1 – 30%	-6%
30.1 – 40%	-6%
40.1 – 50%	-4%
50.1 – 60%	-4%
60.1 – 70%	-4%
70.1 – 80%	0
80.1 – 90%	+10%
90.1 – 100%	+20%
100.1 – 110%	+35%
110.1 – 120%	+50%
120.1 – 130%	+65%
130.1 – 140%	+80%
140.1 – 150%	+95%
150.1 – 160%	+105%
160.1 – 170%	+115%
170.1 – 180%	+130%
180.1 – 190%	+145%
190.1 – 200%	+160%
200.1 – 250%	+175%
250.1 – 300%	+185%
300.1 – 350%	+195%
350.1 – 400%	+200%
400.1 & higher	+200%

Each January, your business's assessment is calculated on the five-year period ending last December 31. You will be notified of your assessment by mail each March.

The assessment will apply to vehicles registered on or after May 1 of that year. The assessment will remain in place until the following May 1, by which time an updated assessment will be available.

International Registration Plan (IRP) carriers are assessed separately from other commercial vehicles due to risks associated with inter-provincial travel. As a result, surcharges for IRP vehicles may differ from those charged for non-IRP vehicles. Companies that register both IRP and non-IRP vehicles will receive separate assessments for each group.

SGI periodically monitors your business's loss history, and if you experience a significant change in your loss ratio, you may be contacted. SGI will explain any consequences and may encourage you to improve your loss performance. One outcome may be an immediate adjustment of your assessment.

If I own a new business

If you have never registered a commercial vehicle in Saskatchewan, your business may be required to submit its claims history, as well as that of the vehicles to be insured.

If at least 50 per cent of your new business's vehicles or drivers were previously registered with another company, the claims history of the previous company will be considered when assessing your business's risk.

For new IRP carriers, an inexperience adjustment may apply to the insurance premium.

Can I appeal my assessment?

Yes. If you believe claims in your assessment should be excluded because of the circumstances surrounding the incidents, you may appeal to the Highway Traffic Board (HTB).

The HTB is independent of SGI. Appeals are conducted over the telephone.

A fee of $25 will be charged for each claim you appeal. SGI will refund this fee if your appeal is successful.

To appeal your non-IRP assessment, simply identify the claims you believe should not be included and visit any SGI motor licence issuer. To appeal an IRP assessment, call Branch and IRP Issuing Services in Regina at 751-1250, or toll free at 1-800-667-8015 (ext. 1250).

For information on what to expect at an appeal hearing, please visit www.highwaytrafficboard.sk.ca.

If one of my drivers wins his appeal under Safe Driver Recognition, will it still be included on my Business Recognition assessment?

It may. If your driver wins an appeal under Safe Driver Recognition, the Highway Traffic Board will determine whether it will appear on your business's assessment.

What happens if my business's vehicles are registered to an individual?
Heavy vehicles in the commercial and farm classes registered to individuals are eligible for discounts under Business Recognition. However, since individuals responsible for collisions are assessed financial penalties under SGI's Safe Driver Recognition program, they will not face surcharges under Business Recognition.

IRP vehicles registered to individuals can be subject to surcharges.

I'm the sole operator of a business vehicle. Why can't I benefit from my 20 per cent discount under Safe Driver Recognition?

Even though some business vehicles are registered to individuals, SGI cannot determine if a sole operator or other employees of the business operate the vehicles. Therefore, using an employee's personal driving record, which is how Safe Driver Recognition discounts and penalties are determined, is not an accurate way to determine if a discount or surcharge should be applied to a business.

For these reasons, commercial vehicles are excluded from Safe Driver Recognition. Business Recognition uses the at-fault claims recorded against the company to determine the assessment, which we believe is a more appropriate way to measure the insurance risk posed by the business.

I just moved my business to Saskatchewan from another jurisdiction. If I provide my previous claims history, will it be considered so I can receive a discount?

New businesses from outside Saskatchewan pay the base premium until December 31. In January the business's assessment will be calculated based on the loss history accumulated in Saskatchewan. If the claims performance is not favourable, a surcharge may apply the following May 1. If the claims performance is and continues to be favourable, a discount will apply one year later.

Where appropriate, SGI may consider your claims experience from other jurisdictions.

SGI
Organizational Summary

Andrew Cartmell
President and
Chief Executive Officer

2010
14

2011
15

	2010	2011
Kevin Taylor Chief Internal Auditor	8	9
Tim Kydd AVP, Marketing and Communications	20	22
Sherry Wolf VP, Auto Fund	298	277
Earl Cameron VP, Claims & Salvage	773	778
Jeff Stepan Chief Financial Officer	65	47
Dwain Wells VP, Systems & Facilities	199	201
Tamara Erhardt VP, Human Resources & Corporate Services	69	70
Barbara Cross AVP, Corporate Affairs & Planning	15	15
Don Thompson VP, Product Management	2	25

2010 numbers represent actual number of full-time equivalents
2011 numbers represent actual number of full-time equivalents

Out-of-Scope vs Inscope

	2009	2010	2011
In-scope	1,264	1,244	1,233
Management	218	219	226
Total	**1,482**	**1,463**	**1,459**

Staffing Levels per Executive	**2009**	**2010**	**2011**
Andrew Cartmell - President & CEO	13	14	15
Kevin Taylor - Chief Internal Auditor	8	8	9
Barbara Cross - AVP Corporate Affairs & Planning	13	15	15
Sherry Wolf - VP Auto Fund	309	298	277
Don Thompson - VP Product Management	0	2	25
Earl Cameron - VP Claims & Salvage	771	773	778
Tim Kydd - AVP Marketing and Communications	21	20	22
Jeff Stepan - Chief Financial Officer	73	65	47
Tamara Erhardt - AVP HR & Corporate Services	75	69	70
Dwain Wells - VP Systems & Facilities	199	199	201
Total	**1,482**	**1,463**	**1,459**

Notes:
Highway Traffic Board positions reported under Barbara Cross.
Fair Practices positions reported under Tim Kydd (2009 & 2010); under Barbara Cross in 2011

Note: Executive Offices of 15 Positions comprised of (See Breakdown below)

Executive:	
Barbara Cross	1
Secretaries	5
Executive	8
CEO	1
Total	**15**

Executive Breakdown:	
AutoFund	1
Claims/Salvage	1
UW/ Cdn Ops	2
Other	4
Total	**8**

Note: FTE values exclude Canadian Operations and Underwriting

Appeal Processes

Costs for Highway Traffic Board (HTB) expenditures are allocated to Traffic Safety Services within the Auto Fund.

The number of appeals that have occurred by appeal type and year are as follows:

Appeal	2005	2006	2007	2008	2009	2010	Total
Vehicle Impound	600	541	656	734	755	659	3,945
Traffic Safety Act, police seizures	14	46	49	358	604	983	2,054
Restricted Licence (CC)	205	237	243	253	279	299	1,516
Medical	127	158	118	157	158	184	902
Driver Improvement	182	122	140	152	67	123	786
Graduated Drivers Licence	76	25	85	181	236	236	839
Roadside							0
Roadside (Oral)	18	31	24	27	30	17	147
Roadside (Written)	27	31	19	23	24	23	147
ID Misuse	50	27	49	43	37	31	237
Ignition Interlock	0	0	1	3	4	5	13
Safe Driver Recognition	1,491	1,276	1,447	1,434	1,688	1,605	8,941
Business Recognition	44	38	19	26	38	57	222

The Automobile Injury Appeal Commission (AIAC) was in place for Jan. 1, 2003. Total appeal costs include: the cost of the AIAC, Court of Queen's Bench appeal costs, costs of mediations, cost of external counsel for appeals and costs awarded by the AIAC. By year, appeals have cost the Auto Fund the following amounts:

Year	AIAC costs from Inception	Appeal Costs	Number of Injury Appeals
2000	Nil	$195,183	Nil
2001	Nil	258,225	Nil
2002	$83,540	341,245	Nil
2003	239,469	391,599	155
2004	494,584	725,064	181
2005	696,373	1,070,024	159
2006	736,950	1,277,642	149
2007	856,737	1,311,047	162
2008	866,464	1,396,071	139
2009	1,028,695	1,523,741	141
2010	1,232,999	1,735,116	193
Total	6,235,811	10,224,957	1,279

All costs for appeals and mediations are charged to claims incurred. These costs are accumulated on specific claim files except for the AIAC costs, which are accumulated in a separate file.