

SUBMISSION TO THE RATE REVIEW COMMITTEE

RE: MOTORCYCLE LICENSE RATE INCREASES.

The Saskatchewan Powersport Dealer Association

Ladies and Gentlemen.

Forward:

In an era of increasing fuel costs, emissions concerns and traffic congestion, the motorcycle offers some solution – if even only for a part of the year in Saskatchewan. Furthermore they offer a great deal of satisfying hours and contribute to the quality of summer life for many recreational riders. As well, they are often the vehicle of choice, or necessity for students and lower paid workers.

SGI has demonstrated on many occasions, and in this application they have little understanding of motorcycles, the riders, safety issues, safety equipment, or common safety solutions. They continue with an outdated and vague classification system, for example. They have no policy concerning the wearing of proper safety gear – other than helmets. And finally while they tout their fairness in limiting auto increase to a maximum of 15%, they discriminate against some motorcycle classes by asking for 30% increases.

First – Motorcycle classification. Most, if not all private insurers have dozens of different classifications and despite the fact that our dealer organization has offered on at least two occasions to assist in classifying makes and models, SGI continues to use a system far too general. The result is many models are incorrectly classified, and riders overcharged or undercharged for insurance. One of the most glaring examples of this are two bikes the industry classifies as “standard, mid-size motorcycles”. These are low horsepower bikes, of light-to-moderate weight, with safe upright seating and minimal bodywork. The two bikes in question are the Kawasaki Ninja 400 and the Ninja 650. To the untrained eye these bikes are identical – in fact they utilize the same frame, weigh within pounds of each other and have a 12 horsepower difference. The designers aimed the 400 at the new rider clients or the commuter and the 650 as a “next step” motorcycle. In Saskatchewan, both are classed as sport motorcycles (despite the fact that they are NOT), and because of the archaic engine size break at 400cc, the 399cc Ninja 400 will license for \$489.00, whereas it’s almost identical brother for \$1963.00. Almost laughable is that the Suzuki GSX-R750, an extremely high performance (and a true super sports) bike is the same price. The Ninja has roughly 60 horsepower, the Suzuki almost 140. For young riders with the money to purchase the bike, there is no license fee incentive to choose a more moderate and easier to ride motorcycle. There are literally hundreds of cases like this throughout the (too-limited) categories.

Second – Rate Comparison with Private Enterprise. When compared to private insurers in Alberta, SGI rates are currently some 30% higher on average – *before* the proposed premium increase. Please see the attached rate sheet comparison. The bikes and age groups were chosen to provide a cross section of styles and age groups, and not specifically selected to show the major differences.

Mr. Don Thompson explained the difference was due to Alberta's limited personal liability for the riders, whereas in Saskatchewan our limits are apparently significantly higher – evidently resulting in much higher injury claim costs, longer payouts and thus the higher premiums we see SGI currently applying for. As with most other information from SGI we must take this at face value, as we do not have the actual benefit limit difference. However, we ask the panel to consider that, if that is the case, then the largest component of the premium is obviously the personal injury component. Why then, are two almost identical bikes (as in the previous example) some \$1,500 different in premium, given risk of personal injury is virtually identical across all motorcycles. Furthermore and as an example, in my case I have a car and two motorcycles to license in Saskatchewan. If Mr. Thompson's statement is correct, then I am paying three times the personal injury component for the same coverage as my neighbor who only licenses one vehicle, given I can only drive one vehicle at a time. As well, I already have an all-risk personal injury insurance policy, with both short and long term disability (as do, I would suggest, the majority of the working people of Saskatchewan through employee benefits). In my case, and I would put it to the panel, that in a majority of the cases, SGI is covering injuries that would be already covered by another insurer (and forcing people to pay the premium). Again, using my case as an example, I am personally covered for injury in a motorcycle accident, including short and long term disability, but I am forced to pay an additional \$2,400.00 annually (the approximate difference between licensing my bikes in Calgary and here) for a further policy with only partial (and double) coverage of that which I already have.

We would suggest that SGI reduce the personal injury component to the level Alberta does, and leave it to the rider/driver to decide whether to top up said insurance if it not already provided from another source.

Additionally, our dealer association believes the issue of injury claims will begin to come down over the next three years for the following reasons:

- Since 2008 motorcycle sales in Canada have dropped some 30%. there are fewer bikes being sold, so fewer on the road. Tightened credit has made it difficult for younger riders (inexperienced) to borrow money, resulting in fewer sales of large motorcycles to this cohort.
- The sport-bike trend is over. The current (and for the past two years) best-sellers, are "standards" and "adventure tourers". SGI will not likely recognize this trend until they correct their classifications.
- There is a large influx of Europeans to Saskatchewan to whom riding is part of their culture. By and large because of the graduated testing in Europe and rider maturity, they will tend to average down the claims, and raise the general skill level of the rider population.
- The new GRL (Graduated RIDER license) program has not been given a chance to work. SGI has brought forward this program touting its effectiveness in reducing accidents and claims, yet now is applying for a significant increase, before the (presumably) successful results of this program are known, using past history as justification.

Ultimately, Crown Corporations are in place to serve the public need. They, at the least must offer competitively priced product and provide competitive service to the private sector. When they offer less, at a higher price and mask a product that the majority of the purchasers would not buy given the choice, perhaps it is time to open the doors to private enterprise as fair competition.

We respectfully ask the Panel to deny the application for any increase in motorcycle rates. We further submit that SGI be directed to evaluate the personal injury component with an eye to either reducing it or allowing it to be waived if the licensee wishes, to eliminate the double and triple coverage many people have. We also strongly suggest SGI be directed to re-classify their motorcycle insurance categories to bring them in line with international industry standards.

Respectfully Submitted

Richard Dobson, Executive Director (acting)

Saskatchewan Powersport Dealer Association.

INSURANCE COST COMPARISON:

COVERAGE - 12 MONTHS, \$500 DEDUCTIBLE, 1 MILLION COVERAGE - quoting insurer Jevco obtained 03/21/2012

residence - Calgary Alberta

Use "pleasure"

year and model	VALUE \$	STYLE	59 year old male	40 year old male	40 year old female	25 year old male	25 year old female	18 year old male	18 year old female	"average rate"	sgi current	sgi proposed
Used												
2011 BMW R1200RT	25,000	FULLY FAIRED TOURING BIKE	597	564	564	1053	1053	1740	1740	1119	1536	1766
2004 Ducati 999	11,000	SPORT BIKE (SUPERBIKE)	461	435	435	781	781	1258	1258	825	1388	1804
2008 Kawasaki KLR 650	5000	LARGE DUAL SPORT/TOURER	474	474	474	725	725	1165	1165	788	1055	1213
New												
2012 Kawasaki Vulcan 1700	18000	LARGE CRUISER/TOURER		745	745	989	989	2260	2260	1331	1536	1766
2012 Suzuki GSXR 750	14000	MID-SIZE SUPER SPORT BIKE		453	453	595	595	1327	1327	792	1510	2137
2012 Suzuki SV650	9000	MODERATE HP STREET BIKE		433	433	566	566	1245	1245	748	1510	1963