

April 2, 2012 Regina Public Meetings

Re: Proposal for Rate Changes

Saskatchewan Auto Fund

Specifically: Class PT – Taxis Regina/Saskatoon

Panel Members;

Thank you for the opportunity to speak to you this evening. My name is Sandy Archibald and I'm the Operations Manager with Regina Cabs/Premiere Taxi. We are the largest fleet in the city with taxis that are operated by owner-operators and independent contracted operators. We in the PT Urban Taxis class are one of the classes that are facing an increase under this application. You heard the average monthly increase will be \$7.00. This proposal for our class is 5 & 1/3 times greater than that at \$37.00 per month.

The proposal sets out a 15% rate increase in the insurance premium for taxis in Regina & Saskatoon. We appreciate that there will be a cap to prevent rate shock but this is still a very significant increase.

As well we are dismayed at the thought of another rate increase from SGI. Currently, some in our industry could be charged significant additional premiums as high as 200% annually under the Business Recognition Program. (BR) The maximum discount is 10% yet the maximum surcharge is 200%.

Right now under BR, the insurance portion of a PT taxi class renewal registered in a corporate name could increase annually from \$2,985.00 to \$8,955.00 @ the maximum of 200%.

The insurance premium on the Urban Taxi class is already very high and with an additional 15% increase under this application, the base rate premium would be \$3,432.00 and under the most severe situation under Business Recognition Program the premium would be \$10,296.00. These are crippling amounts.

No one wants accidents, but they do happen and we purchase insurance to protect us. Under BR we are not protected but instead we are penalized substantially.

The penalty part of the BRP applies to taxis that are registered to corporations. The problem is corporations don't drive the vehicles, individuals do. Applying an additional premium surcharge to the corporation cannot affect the past or future driver record of an individual. Typically taxi drivers are contracted operators and not employees. It is not the traditional relationship like a direct employee who drives a store's delivery truck for example.

The discount part of the BRP applies to taxis registered to both corporations and to individuals. Yet, the surcharge penalty portion does not apply to taxis registered to individuals even if the individual has multiple vehicles registered to his PIC number and those taxis are involved in accidents.

What has happened is that SGI has created a program that treats some Urban Taxi businesses different from others based on being incorporated rather than based on their claims history. There is no question that a PT class vehicle is used for business purposes. That PT vehicle can be registered to either an individual or a corporation.

Our industry has met many times with S G I representatives as recently as Sept 2008, April 2009, June 2009, May 2010 and at each meeting we're promised that the Business Recognition Program will be reviewed and it still hasn't been. We had a brief meeting in January 2012 and we're promised the review will begin in June 2012. We appreciate these past meetings but to date, nothing has changed.

We ask the Board to encourage SGI to make real changes to the BRP. Our industry doesn't fit the program very well. As the SGI Handbook states: *The operation of a taxi is unique. The driver is*

constantly exposed to the risk of collision. Taxis operate 24 hours a day in high traffic density. The average number of kilometers traveled by a taxi driver in one year is nearly 4 times that of drivers of passenger cars.

We recommend that SGI take taxis out of the B R program altogether. Or in the alternative, let each registered entity by PIC number, either opt in or opt out of the program.

It will always be difficult to recover claims costs paid out in our class because the PT class is a very small class to begin with – 562 vehicles in the entire province – and now within that class not all the registered owners are being treated the same. SGI wants to achieve Fairness in Rating and set premiums based on claims loss experience by rate class but that is not the circumstance with PT taxi class. There are accidents and the surcharges under BR are not enough to offset claims costs paid, partly I suggest because only the incorporated businesses are being surcharged and not the individual PT Taxi owners whose taxi vehicles also have had accident claims.

Corporations are being held to a different standard and being penalized while others in the same class are not. This is patently unfair.

Our fleet has a comprehensive driver screening program that includes reviewing the driver's abstract for driving convictions and accident claims at a minimum of once a year. If the driver's abstract demonstrates a history of convictions and accidents the driver is not approved to drive on our fleet. In addition if there is an existing approved driver on the fleet who has been in an at-fault accident or has accumulated convictions during the prior year, his current driver abstract is reviewed and that driver may have to complete the Saskatchewan Safety Council Defensive Driving course or in some cases, he may no longer be approved to drive a taxi on the fleet.

But, those drivers can and do go elsewhere in the city and get approved by an individual owner in the PT Taxi class and drive that taxi because there is no monetary consequence to the owner if that driver has another accident on the individual's taxi license because the surcharge under BR does not apply. SGI has chosen not to discourage the individuals who have accumulated poor accident histories.

Right now, we are encouraging a consultant to develop an improved defensive driving course for Taxi Drivers, as the current course could be more specific to the real world driving demands in the industry. In addition, we distribute written information to new drivers regarding safe driving and winter driving. We also encourage mentoring among experienced drivers and new drivers who have moved to Saskatchewan from other jurisdictions.

We would again encourage S G I who has the driver's traffic convictions and accident claims history data in real time, to 'tag' class 4 driver's licenses to identify them as 'taxi drivers'. When that driver accumulates a defined number of convictions and/or a threshold dollar value amount in accidents claims, SGI takes action – meeting – training – additional surcharges etc. to encourage the driver to improve his driving performance. SGI has the real time information and the industry would be pleased to work with them to develop a reasonable approach. This would help to place the responsibility with the driver in a time period closer to 'real time' rather than well after the fact when the taxi fleet management is able to get the complete information.

Tonight, we ask this panel not to approve any increase regarding PT Urban Taxi class until SGI reviews the Business Recognition Program, which was to be completed in 2010 but now will be reviewed in 2012. We stress the need for fairness within our own class and consideration for the public service that taxis supply, which we know is difficult to quantify.

We heard the words 'high exposure' and taxis do have high exposure. Taxis are on the road 24 hours a day, 7 days a week 365

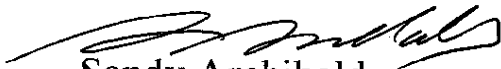
days a year - that is much more than an average driver, and the average member of the public depends on the taxi being there when their vehicle won't start or the weather is inclement and they may not wish to drive.

We provide an affordable service to people who don't own vehicles, the Senior who has decided the time has come to stop driving, the non ambulatory person who may be unable to drive and the impaired person who society does not want driving.

We supply a necessary, vital and affordable service to the public who otherwise may have no alternative. It is difficult to quantify the effect of an accident that didn't happen because an impaired person took a taxi home or a person with slower reaction time chose to call a cab. However, it is vital to factor this into the overall premium rate that is applied to our PT Taxi class to ensure the continued viability of this vital public service that does not receive any public funding.

The solution for SGI and the taxi industry is not a rate increase. The real solution is for SGI to review BR for fairness and for the option to opt out of Business Recognition, as our small class just doesn't fit into this program. As well, the industry welcomes the opportunity to continue to work constructively with SGI in screening, evaluating and educating individual drivers to meet the common goals of reducing claims and increasing safe driving in Saskatchewan.

Thank you very much for your time.



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