

Saskatchewan Auto Fund Proposal for Rate Adjustment

May 2009

Table of Contents

1. Synopsis and Overall Summary	1
2. Background	3
2.1 Auto Fund Overview	3
2.1.1 Adequate Premium Rates to Break Even	3
2.1.2 Fairness in Rating	4
2.1.3 Maintaining Adequate Capital	4
2.2 Historical Rate Changes	5
2.3 Cross-Canada Rate Comparison	6
3. Overview of Ratemaking Methodology	7
3.1 Vehicle Rating Classes	7
3.2 Pure Premium Calculation	8
3.3 Adequate Gross Premium Calculation	9
3.3.1 Annual Discount Factor	9
3.3.2 Expenses and Other Income	9
3.3.3 Investment Income on Required RSR	10
3.3.4 Financial Penalty Component of SDR	10
3.4 Indicated Required Rate Change	10
3.4.1 Current On-Level Average Written Premium	10
3.4.2 Indicated Direct Required Premium	10
4. Rate Indications by Class	11
4.1 Class LV – Private Passenger Vehicles	11
4.1.1 Farm Car Dislocation from LV	13
4.2 Class LV – Motorhomes	14
4.3 Class LV – Motorhomes – U Drive	15
4.4 Class LV – Motorcycle	15
4.5 Class LV – U Drive	20
4.6 Class LV – Police Vehicles	20
4.7 Class LV – Antiques	20
4.8 Class PT – Taxis	21
4.9 Class F – Light Trucks	22
4.10 Class F – Farm Vehicles – Heavy Trucks	23
4.11 Class F – Farm Vehicles – Power Units	25
4.12 Class F – Trailers	27
4.13 Class PB – Passenger Inter-City Buses	28
4.14 Class PC – Passenger City Buses	29
4.15 Class PS – Passenger School Buses	31
4.16 Class L – Dealer Plates	32
4.17 Class LT – Trailer Dealers/Movers	33
4.18 Class MT – Snowmobiles	34
4.19 Class MT – Snowmobiles – U Drive	34
4.20 Class T – Private Trailers	34
4.21 Class TS – Commercial Trailers	37
4.22 Class A – Light – One-Ton Models And Smaller	37
4.23 Class A – Heavy Trucks	38
4.24 Class A – Power Units	40

4.25	Class A – \$15,000 Deductible	42
4.26	Class A – Excess Coverage	43
4.27	Classes C And D – Heavy Trucks And Vans	43
4.28	Classes C And D – Power Units	45
4.29	Classes C And D – Excess Coverage	48
4.30	Classes C And D – Industrial Tracked Vehicle	48
4.31	Class C – Tractor	48
4.32	Class LV – Restricted Buses	49
4.33	Class LV – Buses	50
4.34	Class LV – Hearses	51
4.35	Class LV – Ambulances	51
4.36	Class LV – Pedal Bikes	52
4.37	Class PV – Heavy Trucks And Vans	52
4.38	Class PV – Power Units	53
5.	Verification of Indicated Increase with 2008 Data	54
6.	Proposed Timelines	55
7.	Summary and Conclusion	55
Appendices		
	Appendix A – Proposed Rate Changes by Vehicle Class	56
	Appendix B – Five-Year Financial Forecast	58
	Appendix C – Glossary of Terms	59
	Appendix D – Summary of Vehicle Classifications and Rating Criteria	62

1. Synopsis and Overall Summary

SGL is requesting that the Saskatchewan Rate Review Panel (SRRP) approve a 4.2 per cent rate increase to Saskatchewan Auto Fund rates, with rate rebalancing, effective Nov. 1, 2009.

The Saskatchewan Auto Fund provides basic, universal insurance coverage to Saskatchewan drivers and vehicle owners. It operates on a self-sustaining basis over time and neither receives money from, nor pays dividends to, the Government of Saskatchewan. It is administered by SGL.

The Auto Fund provides services to ensure that drivers and vehicles are properly licensed, and also invests in traffic safety activities to reduce the human, social and economic costs of vehicle collisions.

Fairness in Rating

SGL's focus is on fairness in vehicle rating. While SGL's proposal will result in a 4.2 per cent increase in the Auto Fund's revenue, it does not impose an across the board rate increase for all customers. In fact, nearly half (45%) of SGL customers will see either a decrease or no change to their rates.

Rebalancing takes into account collision frequency and severity, including damage, injury and liability costs. Currently, some customers are paying too much for their vehicle insurance and others are paying too little.

Rates are determined based on the actual risk each vehicle make, model and year represents for being involved in a claim, and the actual costs of paying that claim. To minimize rate shock for customers, increases will be capped.

This will be the first Auto Fund rate increase since 2000. Even with an increase in 2009, SGL customers will continue to have the lowest average private auto insurance rates in the country.

Why the Auto Fund Requires a Rate Increase

The cost of Auto Fund claims and expenses is outpacing growth in premium and investment income, resulting in the need for a 4.2 per cent increase in revenue in 2009.

Claim costs are rising for a number of reasons:

- With the growth in Saskatchewan's economy, more vehicles are being registered in the province and residents tend to be on the road more often. This means the number of auto collisions in the province is growing, and is expected to continue growing.
- The cost of auto injury claims is likely to continue growing due to the increase in the number of collisions, as well as because Saskatchewan wages are increasing at a higher rate, which impacts income replacement benefits.
- Vehicle repair costs are expected to increase as the labour rate for repair shops is rising as well as the cost of replacement parts.

Customer Impact

The proposed rate increase and rebalancing effective Nov. 1, 2009 includes:

- increases for about 553,000 Saskatchewan vehicles (55%) with an average increase of \$55
- decreases for about 126,000 Saskatchewan vehicles (13%) with an average reduction of \$21
- no change for about 321,000 Saskatchewan vehicles (32%)

Customers whose rates are going down will automatically receive a refund for the difference between their old rate and new rate for the period from Nov. 1, 2009 to the expiry of their registration term. Customers whose rates are increasing won't have to pay the new rate until their next renewal on or after Nov. 1.

While rebalancing is important to ensure fairness, increases have been capped to minimize rate shock. This is important to SGI, which focuses on being a customer-driven insurance organization. Increases are capped as follows:

- Maximum increases of 12.5 per cent for private passenger vehicles to a limit of \$125 (average increase \$64 annually)
- Maximum increases of 10 per cent for other vehicle classes, with the exception of:
 - Up to 25 per cent (average increase \$230 annually) for sport motorcycles and 15 per cent for other motorcycle types (average increases of \$23 and \$110 annually for dual purpose/other and cruiser/touring motorcycles respectively)
 - Up to 22.5 per cent (average increase \$186 annually) for light commercial trucks that travel out of province
 - Up to 17.5 per cent (average increase \$89 annually) for taxis in rural areas
 - Up to 17.5 per cent (average \$129 annually) for U drive rental vehicles

The table below shows the proposed rate change for each vehicle class:

Vehicle Class	Proposed Rate Change	Vehicle Class	Proposed Rate Change
LV - Private Passenger Vehicles	4.8%	C and D - Commercial Vehicles:	
LV - Motorhomes	9.8%	Heavy Trucks	-9.8%
LV - Motorcycles	13.4%	Power Units	-4.0%
LV - U Drive	5.0%	LV - Restricted Buses	-5.0%
LV - Police Vehicles	-10.0%	LV - Bus	5.1%
LV - Antiques	10.0%	LV - Hearse	0.0%
PT - Taxis	9.1%	LV - Ambulance	0.0%
F - Farm Vehicles:		PV - Private Vehicles:	
Light Trucks - 1993 and older	-6.9%	Heavy Trucks	0.0%
Light Trucks - 1994 and newer	0.2%	Power Units	0.0%
Heavy Trucks	-8.5%	All Other Classes	+10% / -10%
Power Units	-5.2%	TOTALS	
Trailers	5.7%	All Vehicles Excluding Trailers	4.2%
PB - Passenger Inter-City Buses	9.3%	All Vehicles	4.2%
PC - Passenger City Buses	10.0%		
PS - Passenger School Buses	9.8%		
L - Dealer Plates	-1.9%		
LT - Trailer Dealers/Movers	3.4%		
MT - Snowmobiles	-10.0%		
T - Personal Trailers	7.5%		
TS - Commercial Trailers	1.1%		
A - Commercial Vehicles:			
Light Trucks	10.0%		
Heavy Trucks	-4.1%		
Power Units	7.7%		

2. Background

2.1 Auto Fund Overview

The Saskatchewan Auto Fund provides basic, universal insurance coverage to Saskatchewan drivers and vehicle owners. It operates on a self-sustaining basis over time with the goal of maintaining an adequate balance in the Rate Stabilization Reserve (RSR) to pay future claims and to protect customers against rate shock for years in which claim costs are higher than average. The Auto Fund neither receives money from, nor pays dividends to, the Government of Saskatchewan.

The Auto Fund provides services to ensure that drivers and vehicles are properly licensed. These services include licensing for over 704,000 drivers, registration services for about 931,000 vehicles, driver examinations, driver and vehicle fitness programs, and safety and audit programs for carriers who transport goods or passengers. These services are provided through over 420 independent motor licence issuer offices throughout Saskatchewan. The Auto Fund also invests in traffic safety activities to reduce the human, social and economic costs of vehicle collisions.

The coverage provided by the Auto Fund is legislated in *The Automobile Accident Insurance Act*, and can be divided into three components:

- **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 for damages that their vehicles may cause to the property of others, or 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).

The major operating philosophies of the Auto Fund include:

- providing basic automobile insurance coverage that is universal and fair
- fairly rating insurance premiums for vehicle classes based on their claims loss experience and cost of repair
- keeping rates as low as possible

In determining premium rates for the Auto Fund there are three components to consider:

1. Adequate premium rates to break even
2. Fairness in rating
3. Maintaining adequate capital

2.1.1 Adequate Premium Rates to Break Even

The first requirement in analyzing the Auto Fund's rates is performing an actuarial analysis on the rating year to determine if expected premiums at current rates will be sufficient to cover expected claims and expenses. Because the Auto Fund is a trust account for motorists, there is no profit component required when pricing the product. For the rating year being considered (Nov. 1, 2009 to Oct. 31, 2010) the Auto Fund anticipates claim and expense growth will outpace growth in premium and investment income, resulting in an overall 4.2 per cent increase in revenue being required.

In completing the actuarial analysis, the largest and most difficult cost to predict is claims, which represent about 83 per cent of the total costs annually for the Auto Fund. Damage claims represent about 66 per cent of total claim costs, while injury and liability costs represent the remaining 34 per cent.

In the rating year being considered, damage costs are expected to increase due to a higher average claim cost combined with increased claim frequency. The average claim cost is affected by expected increases in labour rates paid to autobody shops along with the rising cost of vehicle parts. The increased frequency of collisions is consistent with a strong Saskatchewan economy as more vehicles are on the road, resulting in more collisions.

Injury costs are also forecast to continue to increase due to a higher average claim cost. For instance, due to a strong Saskatchewan economy, wages are increasing at a higher rate than in the past, resulting in rising costs for income replacement benefits.

2.1.2 Fairness in Rating

A key component of the Auto Fund's strategy to meet and exceed customer expectations is ensuring fairness in rates by ensuring each vehicle class is paying sufficient premium to cover its claim costs. Regular rate rebalancing is required to minimize levels of cross-subsidization. Rebalancing takes into account collision frequency and severity, including damage, injury and liability costs. Rates are determined to more accurately reflect the actual risk each vehicle make, model and year represents for being involved in a claim, and the actual costs of paying that claim.

The Auto Fund last rebalanced rates in 2007, and more rebalancing is required. Regular rebalancing ensures that vehicle owners pay the premium that best reflects the costs associated with their specific rate group. A balanced approach to achieving rate adequacy must be considered to avoid rate shock for customers, therefore this program proposes capping rate increases. As a result of capping rate increases, decreases must also be capped to ensure the overall 4.2 per cent premium increase is obtained. Appendix A provides details of proposed rate changes by vehicle class.

2.1.3 Maintaining Adequate Capital

One of the operating principles for the Auto Fund is ensuring consistency and stability in rates so that customers are not subject to ongoing price fluctuations or large rate increases. In order to provide this stability, an adequate balance in the Rate Stabilization Reserve (RSR) is required to provide a financial resource to draw on when adverse financial events occur, such as higher than expected claim costs or a decline in investment income. This reserve protects customers from large rate increases.

In order to determine the appropriate level of operating capital and a target level for the RSR, the Auto Fund uses a common industry measurement, the Minimum Capital Test (MCT). Insurance regulators require a MCT score for regulated companies to be 150 per cent or higher. However, because the Auto Fund is a compulsory program it does not face the same premium risks as a competitive insurers, and has established a MCT target range of between 100 per cent and 125 per cent. The expected investment earnings on the RSR are factored into the proposed rates.

The analysis for 2009, prepared using Dec. 31, 2007 information, indicated that with a 4.2 per cent rate increase the Auto Fund would be able to maintain the RSR within the target MCT range of 100 per cent to 125 per cent throughout the five-year forecast period. However, since that time, investment markets have declined significantly and the MCT has declined from 113 per cent at the end of July to 61 per cent at the end of 2008. Please refer to Appendix B – Five-Year Financial Forecast.

Because the Auto Fund is below its MCT target capital range, a surcharge in addition to premium rates was considered to help return capital to the target level over a reasonable period of time. However, due to the fact that the Auto Fund is recommending a higher than inflationary rate increase to ensure rates are adequate to cover costs, and because the long-term impact on investment markets is unclear at this time, it is recommended that no additional charge be included in the proposed rate program to replenish capital. The downturn in the capital markets may reverse over the next 12 to 24 months, making the capital replenishment requirement much less than it would be today.

2.2 Historical Rate Changes

In 1997, the Auto Fund presented customers with options for a three-year rate program and introduced the one that most customers supported. In addition to rate increases of five per cent in 1998, two per cent in 1999 and two per cent in 2000, the basic deductible was increased from \$500 to \$700. Rates were rebalanced in 2001 with no general rate increase and there were no changes to vehicle insurance rates until 2007.

Many customers paid less for their insurance over that six-year period with the introduction of the Safe Driver Recognition (SDR) program in 2002, which rewards safe drivers with discounts as high as 20 per cent off the base insurance premium, based on driving history.

In 2004, the Auto Fund introduced the Business Recognition (BR) program, which rewards businesses with discounts of up to 10 per cent on their base vehicle insurance cost for maintaining a good loss experience.

Even with the introduction of the SDR and BR programs, the Auto Fund was still collecting more premiums than required to pay claims and expenses, and was carrying excess capital in the RSR. To return premiums to shareholders, the Auto Fund provided a \$44 million rebate in 2006 on 2005 insurance premiums to 520,000 customers who received an average rebate of \$84.

In 2007, the Auto Fund provided a \$100 million rebate on 2006 insurance premiums to 540,000 customers who received an average rebate of \$185. In addition to the rebate, the Auto Fund implemented a 7.1 per cent general rate decrease effective July 1, 2007 to reduce premium revenue collected from customers on a go-forward basis, coupled with rate rebalancing to address the Auto Fund's objective of increasing fairness in rates.

The following table highlights compounded rate adjustments in comparison to the Saskatchewan Consumer Price Index (CPI) in the last 10 years.

**History of Rate Adjustments in Saskatchewan
in Comparison to CPI**

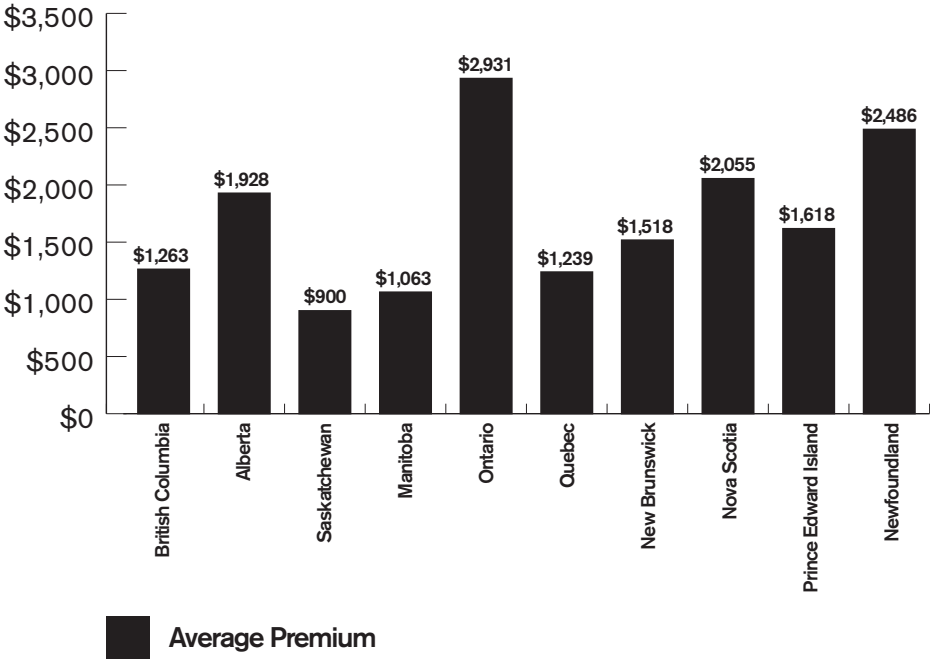
	Rate Adjustments	CPI
Total Change	1.5%	25.8%
2007	-7.1%	2.8%
2006	0	2.1%
2005	0	2.2%
2004	0	2.2%
2003	0	2.3%
2002	0	2.9%
2001	0	3.0%
2000	2.0%	2.6%
1999	2.0%	1.8%
1998	5.0%	1.3%

2.3 Cross-Canada Rate Comparison

Saskatchewan's auto insurance rates have been among the lowest in Canada based on a comparison of vehicle insurance costs for Saskatchewan's most popular vehicles and a standard package of coverage. Insurance is provided by private insurers in all provinces with the exception of Manitoba and British Columbia. In Quebec injury coverage is provided through a government plan.

The following graph illustrates average rate comparisons for Saskatchewan's 34 most popular vehicles for the year 2008.

SGI's 2008 cross-Canada automobile insurance survey (unaudited)



3. Overview of Ratemaking Methodology

3.1 Vehicle Rating Classes

Vehicles in the Auto Fund fall into two major rating groups:

i) CLEAR-Rated Vehicles

In the Auto Fund, only light passenger vehicles are rated using the Canadian Loss Experience Automobile Rating (CLEAR) system. The Insurance Bureau of Canada, through the Vehicle Information Centre of Canada (VICC), captures Canada-wide loss experience for light passenger vehicles 15 years of age or newer. CLEAR analyzes historical records of collision frequency and repair costs of each vehicle make and model in order to predict future losses. Through statistical analysis, relationships are established between vehicle characteristics and insurance claims. These relationships are then adjusted according to the actual claim history of individual models, in order to predict future losses for each model. Other rating factors such as a person's driving record or where they live do not affect CLEAR. As part of its analysis, VICC considers several factors, including vehicle construction, safety equipment and susceptibility to damage. VICC also works closely with vehicle manufacturers to monitor new developments. CLEAR is used by insurance companies Canada-wide to rate damage and injury coverage for light passenger vehicles.

Light passenger vehicle types include:

- private passenger vehicles
- police vehicles
- commercial class A – light vehicles
- U drives
- rural taxis
- light farm trucks, model years 1994 and newer

Rates for these vehicles are determined based on the loss experience of each class. The Auto Fund uses the CLEAR system to supplement Saskatchewan data when the number of vehicles in a risk group is not large enough to produce credible numbers.

Under the CLEAR system, vehicles are assigned to one of 99 damage rate groups and five injury rate groups. This year a damage rate group 0 has been added to the analysis. The rate group 0 for damage has been implemented to account for vehicles that are older than 15 years of age and that were rated as rate group 1 last year. CLEAR only assigns rate groups to vehicles 15 years of age or newer, stating that vehicles older than this should have their rate group decreased by one for each year older than that listed to a minimum rate group of 1. Since the vehicle population in Saskatchewan contains numerous older vehicles, under the CLEAR system they were all being rated as rate group 1, which was causing the rate group 1 results to become skewed. Essentially, the current rate group 1 has been split into two rate groups: rate group 1 for vehicles that are actually assigned to this group, and rate group 0 for vehicles that were rate group 1 previously but have aged past this point. An analysis was performed to validate the decision to split rate group 1. It was found that rate group 0's losses were half of rate group 1's.

CLEAR rates for light passenger vehicles affect 72 per cent of the Saskatchewan vehicle population (85 per cent of vehicles if trailers are excluded). The cross-subsidization that currently exists between rating classes will decrease over time through the use of CLEAR and regular rebalancing of rates.

ii) Conventionally-Rated Vehicles

Conventional rating is used for all vehicles that do not qualify as light vehicles. This includes:

- heavy trucks and power units
- farm vehicles (excluding vehicles less than one ton)
- taxis (excluding rural taxis)
- buses
- snowmobiles
- motorcycles
- vehicle dealers
- special use vehicles (ambulance, hearse and antique)
- trailers
- motorhomes

The criteria used for conventional vehicle classes is based on the significant rating attributes of each vehicle class. For example, buses are rated by seating capacity and model year. Motorcycles are rated by body style, engine size and model year. Recreational motorhomes and trailers are rated by declared value.

Rate changes are determined by comparing the claims experience in each class to current premiums. Capping then limits the total change introduced within the current year rate program. A complete list of vehicle classes and the rating criteria for each is included in Appendix D.

3.2 Pure Premium Calculation

Pure premium, also known as loss cost, is the average loss amount per unit of exposure. For the purposes of the Auto Fund rate indication, data for accident years 2000 – 2007 is used to calculate average loss costs per coverage. Loss development factors calculated using the ultimate claim costs from the May 2008 actuarial valuation are used to bring the incurred (paid for income replacement and care benefits) losses to their ultimate value. These ultimate losses are then divided by the number of exposures to get the ultimate loss cost or pure premium. Trend factors are chosen by coverage, and class or subclass, based on exponential regressions. These trend factors bring the loss cost values to the rating period level.

One additional adjustment is made to the ultimate loss costs on three coverages: income replacement, care and death. These coverages are discounted to the date of valuation in the actuarial valuation. They are also indexed coverages. This means that on the anniversary date of a claim the amount of payment increases by an index rate determined annually by the Auto Fund. The purpose of this index rate is to ensure that the payments are increased to compensate for inflation. A future index rate of 3.4 per cent was chosen. This index rate was applied to the ultimate losses for these coverages.

3.3 Adequate Gross Premium Calculation

The pure premiums now have to be adjusted for the time value of money, expenses, investment income on the Rate Stabilization Reserve (RSR) and the financial penalty component of the Safe Driver Recognition (SDR) program. These are discussed in turn below.

3.3.1 Annual Discount Factor

Because the projected losses will be paid over time, the current value of these projected losses is less than their ultimate value. In the time between when an insurance company knows about a claim and can reserve for it, to the time it actually pays out the full value of the claim, the company makes investment income on this reserve. The amount that a policyholder pays should be offset by the amount of this investment income.

Payment patterns for each coverage were determined using the paid development factors chosen in the May 2008 actuarial valuation.

The discount rate chosen was 5.18 per cent, which is the rate of return on the Auto Fund's entire investment portfolio that was expected when the rate indication analysis was performed.

The three coverages that are discounted in the May actuarial valuation – care benefits, income replacement benefits and death benefits – are not discounted as described above. The discounting in the May actuarial valuation for these three coverages takes into account the time value of money and inflation. Therefore, for rate indication purposes, the discount factor is set to 1.000.

3.3.2 Expenses and Other Income

Expenses are an average of those projected for the 2009 and 2010 Auto Fund budgets. Fixed expenses were allocated to the coverages to which they apply as shown in the following table.

Fixed expenses: (Net)	Amount (000's) (\$)	Coverage(s) to which the expense applies
Issuer fees	32,334	Damage, injury and liability
Administrative expenses	44,345	Damage, injury and liability
Loss adjusting expenses	53,246	Damage, injury and liability
Salvage recovery	(14,998)	Damage
Reinsurance premiums	2,276	Damage and injury
Total	117,203	

Those expenses that apply to more than one coverage were allocated based on the discounted loss costs of the coverages with the exception of loss adjusting expenses. Loss adjusting expenses were allocated based on the proportion of ultimate claim counts by class and coverage. The total fixed expenses by coverage were divided by the number of written exposures forecasted for 2009 to get a fixed expense per exposure charge.

The variable expenses and their percentages of premiums are as follows:

Premium taxes	5.00%
Traffic safety programs	3.13%
Short Term and AutoPay	-2.71%
Total variable expense	5.42%

3.3.3 Investment Income on Required RSR

A key operating principle for the Auto Fund is ensuring consistency and stability in rates so that customers are not subject to ongoing price fluctuations or large rate increases. Therefore, the forecasted RSR is taken into consideration when calculating the adequate gross premium for each class. The investment income on required RSR is an average of the 2009 and 2010 forecast RSR including the chosen 5.18 per cent rate of return per written vehicle, excluding trailers.

3.3.4 Financial Penalty Component of SDR

Also included in the adequate gross premium calculation, for vehicle types that qualify, is the financial penalty component of SDR. Unlike the SDR discount, which is a percentage amount that depends on your safety rating and reduces your insurance premium, the financial penalty is a flat \$25 per demerit point which is collected at the time of the incident. Due to the nature of the collection process, the financial penalty component needs to be accounted for independently.

3.4 Indicated Required Rate Change

The indicated required rate change is simply the indicated required premium divided by the current on-level average written premium minus one.

3.4.1 Current On-Level Average Written Premium

Auto Fund registration history at the transaction level was the basis for measuring exposure and premiums written. The number of insured days (exposure) was calculated from the effective and expiry dates on each transaction, applying prorated exposure to the transaction's yearly base premium yielded premiums written before incentives (SDR and Business Recognition (BR)). To the limits of available database history (at least calendar year 2000), aggregate yearly measures of each were calculated and studied, leading to forecasts of drift and change in exposure (increase in number of vehicles).

The last rate change (July 1, 2007) was accompanied by automatic refunds on unearned premiums for vehicles with declining base premiums. Average premiums (per exposure) were determined for the one-year period ending June 30, 2008, excluding the July 1, 2007 midterm refunds, leading to average premiums, at July 1, 2007 rate levels, for transactions effective in the year. Together with the above forecasts of drift and change in exposure, average premiums for this recent, one-year period became the basis of rate indications for a number of component fleet results.

As with premiums written before incentives (above), so too were yearly bonus premiums (discounts) related to SDR determined. Expressed as proportions of premiums written before incentives on qualifying registrations, these results were regression-fitted and extrapolated.

Finally, registrations qualifying for BR may indicate surcharge or discount components, and yearly measures of each were calculated from transaction history. Introduced only May 2004, and with program eligibility changed January 2005, the basis for forecasting for this incentive program is limited. For purposes of this actuarial indication, forecasts were made by extrapolating relative changes in discount and surcharge premiums (expressed in proportionate terms, against qualifying registrations) measured from recent history.

3.4.2 Indicated Direct Required Premium

The indicated direct required premium is the sum of the individual adequate gross premiums by coverage, the pure premium for investment income on required RSR and the financial penalty component on SDR (if applicable) by vehicle type.

4. Rate Indications by Class

4.1 Class LV – Private Passenger Vehicles

The private passenger vehicle class represents 68 per cent of insured vehicles (80 per cent of vehicles excluding trailers). The recommendation is to increase rates for this class by 4.8 per cent, consistent with the actuarial indication. The recommended capping for this rate class is a 12.5 per cent increase to a maximum of \$125 and no decreases, which will produce the 4.8 per cent revenue increase requirement. With these caps, the following range of increases will be implemented:

Premium increase	Per cent of private vehicles impacted
\$100 to \$125 annually	17%
\$50 to \$100 annually	17%
\$1 to \$50 annually	29%
No increase	37%

Private passenger vehicles that are model year 1993 or older account for 21 per cent of the total private passenger exposures. Sixty-seven per cent of these older model year vehicles will receive no premium increase.

The liability, physical damage and injury premiums calculated on an overall basis in this manner can only be looked at as an average premium. The premium for each individual make and model has to be determined based on a further rate group relativity analysis.

This rate group relativity analysis is based on eight years of Auto Fund data by make and model code. CLEAR rate groups were assigned to each Auto Fund code, one rate group for physical damage and another for injury. A relativity analysis was then performed. The Auto Fund relativities were credibility weighted with the CLEAR recommended rate group factors to determine calculated rate group factors for physical damage and the CLEAR recommended relativities were used for injury.

One of the balanced scorecard objectives for the Auto Fund is fairness in rating which is measured as the percentage of private passenger vehicles within 10 per cent of CLEAR. With the current rate program, 72 per cent of private passenger vehicles are within 10 per cent of CLEAR. The proposed program would increase this to 87 per cent of private passenger vehicles being within 10 per cent of the correct CLEAR rate and thus improve fairness in rating within this class. The following table shows the dislocation of private passenger vehicles from CLEAR.

Per cent dislocation from CLEAR suggested premiums	Current rate program	Proposed rate program
$X < -20\%$	0.11%	0.11%
$-20\% \leq X < -18\%$	0.36%	0.36%
$-18\% \leq X < -16\%$	0.14%	0.14%
$-16\% \leq X < -14\%$	1.02%	1.02%
$-14\% \leq X < -12\%$	0.74%	0.74%
$-12\% \leq X < -10\%$	3.92%	3.92%
$-10\% \leq X < -8\%$	2.08%	2.08%
$-8\% \leq X < -6\%$	4.93%	4.93%
$-6\% \leq X < -4\%$	5.96%	5.96%
$-4\% \leq X < -2\%$	6.73%	6.73%
$-2\% \leq X < 0\%$	8.89%	8.89%

Per cent dislocation from CLEAR suggested premiums	Current rate program	Proposed rate program
X = 0%	1.48%	47.56%
0% < X ≤ 2%	9.74%	4.31%
2% < X ≤ 4%	8.96%	2.24%
4% < X ≤ 6%	10.86%	1.62%
6% < X ≤ 8%	7.70%	1.16%
8% < X ≤ 10%	5.03%	1.21%
10% < X ≤ 12%	4.75%	1.64%
12% < X ≤ 14%	3.34%	1.70%
14% < X ≤ 16%	1.83%	1.00%
16% < X ≤ 18%	1.46%	0.87%
18% < X ≤ 20%	1.38%	0.24%
X > 20%	8.61%	1.58%
Total	100%	100%

The calculated rate group factors are used to determine a make and model's physical damage premium and injury premium, to which a flat fee is added, giving a final calculated actuarially sound premium by make and model. These actuarially sound premiums are then compared to current premiums to determine the extent of dislocation. Capping then takes place to ensure that rate shock on individual vehicle premiums is minimized.

The flat fee is the sum of the premiums for the liability coverages, the investment income on the Rate Stabilization Reserve (RSR) and an amount for the financial penalty component of the Safe Driver Recognition (SDR) program. These component amounts are shown in the table below.

Liability coverages	\$160.46
Investment income on RSR	\$(8.52)
SDR financial penalties	\$(12.82)
Total flat fee	\$139.12

The rate indication for this class of business is for 4.8 per cent change in the current premiums overall.

Recommendation: SGI proposes moving to CLEAR with caps of +12.5 per cent and -0 per cent and +\$125. This will have a positive 4.758 per cent impact on the premium for this class of vehicles as a whole. The dislocation that would result with the implementation of this proposal is shown below.

All LV PPV Vehicle Types (+12.5%, -0%, +\$125 caps)

Dollar Change in Premium Interval	LV- PPV			LV - Farm Discount			LV - Farm Rate			All LV		
	Exposures (Years)	Exposure Distribution	Cumulative Distribution	Exposures (Years)	Exposure Distribution	Cumulative Distribution	Exposures (Years)	Exposure Distribution	Cumulative Distribution	Exposures (Years)	Exposure Distribution	Cumulative Distribution
X = \$0	242,616	37.36%	37.36%	5,756	37.31%	37.31%	5,266	35.56%	35.56%	253,638	37.32%	37.32%
\$0 < X <= \$25	96,024	14.79%	52.15%	3,377	21.89%	59.20%	2,838	19.16%	54.72%	102,239	15.04%	52.36%
\$25 < X <= \$50	88,740	13.67%	65.81%	2,978	19.30%	78.50%	2,605	17.59%	72.31%	94,323	13.88%	66.24%
\$50 < X <= \$75	58,519	9.01%	74.83%	1,448	9.38%	87.88%	2,032	13.72%	86.03%	61,998	9.12%	75.37%
\$75 < X <= \$100	50,205	7.73%	82.56%	877	5.69%	93.57%	987	6.66%	92.69%	52,069	7.66%	83.03%
\$100 < X <= \$125	113,276	17.44%	100.00%	992	6.43%	100.00%	1,083	7.31%	100.00%	115,351	16.97%	100.00%
Total	649,380	100.00%	100.00%	15,428	100.00%	100.00%	14,810	100.00%	100.00%	679,618	100.00%	100.00%

All LV PPV Vehicle Types (+12.5%, -0%, +\$125 caps)

% Change in Premium Interval	LV- PPV			LV - Farm Discount			LV - Farm Rate			All LV		
	Exposures (Years)	Exposure Distribution	Cumulative Distribution	Exposures (Years)	Exposure Distribution	Cumulative Distribution	Exposures (Years)	Exposure Distribution	Cumulative Distribution	Exposures (Years)	Exposure Distribution	Cumulative Distribution
X = 0%	242,616	37.36%	37.36%	5,756	37.31%	37.31%	5,266	35.56%	35.56%	253,638	37.32%	37.32%
0% < X <= 2%	55,903	8.61%	45.97%	1,747	11.32%	48.63%	1,925	13.00%	48.55%	59,575	8.77%	46.09%
2% < X <= 4%	57,763	8.90%	54.87%	1,858	12.04%	60.68%	1,252	8.46%	57.01%	60,873	8.96%	55.04%
4% < X <= 6%	69,871	10.76%	65.62%	2,171	14.07%	74.75%	1,742	11.76%	68.77%	73,785	10.86%	65.90%
6% < X <= 8%	49,678	7.65%	73.27%	1,103	7.15%	81.90%	1,638	11.06%	79.84%	52,420	7.71%	73.61%
8% < X <= 10%	33,235	5.12%	78.39%	925	5.99%	87.90%	657	4.43%	84.27%	34,817	5.12%	78.74%
10% < X <= 12%	57,815	8.90%	87.30%	718	4.66%	92.55%	1,257	8.48%	92.76%	59,790	8.80%	87.53%
12% < X <= 14%	82,498	12.70%	100.00%	1,149	7.45%	100.00%	1,073	7.24%	100.00%	84,720	12.47%	100.00%
Total	649,380	100.00%	100.00%	15,428	100.00%	100.00%	14,810	100.00%	100.00%	679,618	100.00%	100.00%

4.1.1 Farm Car Dislocation from LV

In Class LV – Private Passenger, there are two types of farm vehicles. The first is LV with special feature ‘F’. These are farm cars and receive a 10 per cent discount on LV rates. The second type is LV with use ‘20’. These are farm light vans and SUVs that access their own rate table independent of the LV rate table. It would improve equity in rates if the vehicles with use ‘20’ moved to the standard 10 per cent discount that the vehicles with special feature ‘F’ receive.

Recommendation: SGI recommends allowing these vehicles to migrate to the 10 per cent discount with the use of caps over the next few years. This will prevent rate shock.

4.2 Class LV – Motorhomes

The rate indication shows that the premiums for these vehicles require a 27.9 per cent rate increase. A pure premium relativity analysis was done on value.

Recommendation: SGI suggests an increase of 10 per cent to the base rate and no changes to the relativities. This was due to lack of credibility in the high end of the table leading to inconsistencies in the relativities. The relativity analysis results are shown below.

Value	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Loss (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity	Credibility Weighted Relativity	Selected Relativity
\$10,000 & Less	2,753	4,977,757	3,624,397	72.81%	1.0000	1.0000	1.0000	1.0000
\$10,001-20,000	970	2,458,828	1,571,969	63.93%	1.1035	1.2423	1.1500	1.2423
\$20,001-30,000	391	1,165,931	1,037,569	88.99%	1.8806	1.5771	1.7243	1.5771
\$30,001-50,000	443	1,241,786	930,141	74.90%	1.7534	1.7577	1.7553	1.7577
\$50,001-75,000	206	678,873	1,279,767	188.51%	5.2281	2.0837	3.5035	2.0837
\$75,001-100,000	188	457,205	425,526	93.07%	2.7749	2.1189	2.3646	2.1189
\$100,001-125,000	63	214,191	115,211	53.79%	2.0891	2.6740	2.5254	2.6740
\$125,001-150,000	68	204,512	104,931	51.31%	2.0439	2.8062	2.6239	2.8062
\$150,001-200,000	68	224,809	219,432	97.61%	3.9214	3.1145	3.3268	3.1145
\$200,001-250,000	32	107,860	85,307	79.09%	3.3036	3.1586	3.1827	3.1586
\$250,001-300,000	15	44,233	50,858	114.98%	5.0165	3.3084	3.5285	3.3084
\$300,001-400,000	12	38,683	7,400	19.13%	0.8299	3.3921	3.1460	3.3921
\$400,001-500,000	2	7,096	10,790	152.06%	6.8345	3.5022	3.6453	3.5022
> \$500,000	2	5,416	0	0.00%	0.0000	3.5903	3.5903	3.5903

With the changes to the relativities as proposed above, and the change to the base rate, the following changes would result:

Value	Current Premium	Proposed Premium	% Change in Premium	\$ Change in Premium
\$10,000 & Less	\$227	\$249	9.69%	\$22
\$10,001-20,000	\$282	\$310	9.93%	\$28
\$20,001-30,000	\$358	\$393	9.78%	\$35
\$30,001-50,000	\$399	\$438	9.77%	\$39
\$50,001-75,000	\$473	\$520	9.94%	\$47
\$75,001-100,000	\$481	\$529	9.98%	\$48
\$100,001-125,000	\$607	\$667	9.88%	\$60
\$125,001-150,000	\$637	\$700	9.89%	\$63
\$150,001-200,000	\$707	\$777	9.90%	\$70
\$200,001-250,000	\$717	\$788	9.90%	\$71
\$250,001-300,000	\$751	\$826	9.99%	\$75
\$300,001-400,000	\$770	\$847	10.00%	\$77
\$400,001-500,000	\$795	\$874	9.94%	\$79
> \$500,000	\$815	\$896	9.94%	\$81

An overall increase of 9.77 per cent in premiums would result in an estimated increase of \$104,674 to this class's expected rating year written premium.

4.3 Class LV – Motorhomes – U Drive

Currently these vehicles are surcharged 15 per cent above the motorhome premium. The data is so thin on this subclass that the rate indication is not credible. A loss ratio analysis was performed and the results are shown below.

Accident Year	Earned Premium (\$)	Ultimate Losses (\$)	Loss Ratio
2000	11,459	3,031	26.45%
2001	10,031	11,264	112.30%
2002	9,706	9,968	102.70%
2003	12,161	4,180	34.38%
2004	10,484	13,000	123.99%
2005	10,040	5,765	57.42%
2006	12,235	3,653	29.86%
2007	12,016	4,386	36.50%
Total	88,131	55,248	62.69%

Recommendation: It is recommended that the surcharge on these vehicles not be changed. They will, however, receive the same 10 per cent increase to the base rate as the vehicles in LV – Motorhome.

4.4 Class LV – Motorcycle

The rate indication for this class shows that it requires a 139.9 per cent increase in rates to be break even as a class. Relativity analyses were performed based on engine capacity, model year and body style.

Recommendation: The results of the relativity analysis and the proposed relativities are shown in the table below.

Model Type	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity Credibility	Weighted Relativity	Selected Relativity
Cruiser/Touring	6,288	16,552,251	29,881,555	180.53%	1.0000	1.0000	1.0000	1.0000
Sport	1,451	3,778,774	14,591,220	386.14%	2.1695	1.0896	2.1695	1.1986
Dual Purpose/Other	938	861,629	1,538,681	178.58%	0.3867	0.9565	0.8017	0.8609

Model Year	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity Credibility	Weighted Relativity	Selected Relativity
1982 & Older	1,414	2,366,142	3,679,469	155.50%	0.2882	0.5801	0.4730	0.5221
1983 - 1986	907	2,012,517	2,973,414	147.75%	0.3807	0.6993	0.5942	0.6294
1987 - 1992	427	1,171,411	1,080,608	92.25%	0.3003	0.8056	0.6439	0.7250
1993 - 1996	469	1,436,757	2,354,143	163.85%	0.6063	0.8780	0.7843	0.7902
1997 - 2000	960	3,267,478	8,054,174	246.50%	0.9834	0.9510	0.9692	0.9692
2001 - 2004	2,090	7,109,347	17,606,068	247.65%	1.0000	1.0000	1.0000	1.0000
2005 - 2007	2,367	3,781,672	10,254,986	271.18%	1.1082	1.0603	1.0910	1.0910
2008 - 2010	43	47,329	8,594	18.16%	0.0917	1.1294	1.0848	1.0848

Engine Capacity	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity Credibility	Weighted Relativity	Selected Relativity
100 CC & Less	307	172,326	141,183	81.93%	0.0829	0.2066	0.1916	0.1916
101 - 400 CC	788	420,083	938,994	223.53%	0.2021	0.2078	0.2064	0.2064
401 - 750 CC	2,264	5,061,721	12,569,643	248.33%	0.8615	0.7500	0.8520	0.8250
751 - 1100 CC	1,919	5,272,932	12,395,603	235.08%	1.0021	0.8691	0.9613	0.9560
1101 CC & Greater	3,400	10,265,591	19,966,034	194.49%	1.0000	1.0000	1.0000	1.0000

The rates are calculated using a base rate and then multiplying out by the relativities shown on the previous page. A 25 per cent cap was put on the increase for sport motorcycles; a 15 per cent cap was put on the increase for cruiser motorcycles and dual-purpose motorcycles. All vehicles in this class will receive at least a five per cent increase. The current and proposed rates are shown in the tables below.

Current Rate					
Cruiser/Touring	Engine Size				
Model Year	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1,100 CC	1,101 CC & Greater
1982 & Older	\$147	\$147	\$472	\$674	\$774
1983 - 1986	\$175	\$180	\$609	\$768	\$874
1987 - 1992	\$196	\$204	\$734	\$858	\$978
1993 - 1996	\$214	\$223	\$802	\$939	\$1,069
1997 - 2000	\$231	\$241	\$867	\$1,012	\$1,156
2001 - 2004	\$243	\$254	\$913	\$1,063	\$1,217
2005 - 2007	\$258	\$268	\$967	\$1,125	\$1,288
2008 - 2010	\$273	\$284	\$1,024	\$1,198	\$1,364

Sport	Engine Size				
Model Year	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1,100 CC	1,101 CC & Greater
1982 & Older	\$154	\$154	\$493	\$705	\$810
1983 - 1986	\$189	\$189	\$637	\$856	\$960
1987 - 1992	\$216	\$216	\$795	\$914	\$1,043
1993 - 1996	\$239	\$239	\$889	\$1,001	\$1,126
1997 - 2000	\$262	\$262	\$981	\$1,058	\$1,210
2001 - 2004	\$277	\$277	\$1,029	\$1,111	\$1,272
2005 - 2007	\$293	\$293	\$1,090	\$1,176	\$1,348
2008 - 2010	\$311	\$311	\$1,155	\$1,246	\$1,427

Dual Purpose/Other	Engine Size				
Model Year	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1,100 CC	1,101 CC & Greater
1982 & Older	\$134	\$134	\$429	\$613	\$704
1983 - 1986	\$164	\$164	\$554	\$744	\$835
1987 - 1992	\$188	\$188	\$691	\$795	\$907
1993 - 1996	\$208	\$208	\$773	\$870	\$979
1997 - 2000	\$228	\$228	\$853	\$920	\$1,052
2001 - 2004	\$241	\$241	\$895	\$966	\$1,106
2005 - 2007	\$255	\$255	\$948	\$1,023	\$1,172
2008 - 2010	\$270	\$270	\$1,004	\$1,083	\$1,241

Proposed Rate

Cruiser/Touring	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1,100 CC	1,101 CC & Greater
Model Year					
1982 & Older	\$155	\$155	\$542	\$708	\$813
1983 - 1986	\$184	\$189	\$695	\$807	\$918
1987 - 1992	\$206	\$215	\$801	\$928	\$1,027
1993 - 1996	\$225	\$235	\$873	\$1,011	\$1,123
1997 - 2000	\$249	\$268	\$997	\$1,163	\$1,298
2001 - 2004	\$256	\$276	\$1,049	\$1,222	\$1,339
2005 - 2007	\$280	\$301	\$1,112	\$1,293	\$1,461
2008 - 2010	\$287	\$300	\$1,177	\$1,377	\$1,452

Sport	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1,100 CC	1,101 CC & Greater
Model Year					
1982 & Older	\$162	\$173	\$616	\$801	\$851
1983 - 1986	\$199	\$208	\$796	\$965	\$1,010
1987 - 1992	\$227	\$240	\$960	\$1,112	\$1,163
1993 - 1996	\$251	\$262	\$1,046	\$1,212	\$1,268
1997 - 2000	\$298	\$321	\$1,226	\$1,322	\$1,512
2001 - 2004	\$307	\$331	\$1,286	\$1,388	\$1,590
2005 - 2007	\$335	\$361	\$1,362	\$1,470	\$1,685
2008 - 2010	\$333	\$359	\$1,436	\$1,557	\$1,741

Dual Purpose/Other	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1,100 CC	1,101 CC & Greater
Model Year					
1982 & Older	\$141	\$141	\$493	\$644	\$740
1983 - 1986	\$173	\$173	\$598	\$782	\$877
1987 - 1992	\$198	\$198	\$726	\$835	\$953
1993 - 1996	\$219	\$219	\$812	\$914	\$1,028
1997 - 2000	\$240	\$240	\$922	\$1,058	\$1,117
2001 - 2004	\$254	\$254	\$951	\$1,102	\$1,162
2005 - 2007	\$268	\$268	\$1,037	\$1,176	\$1,257
2008 - 2010	\$284	\$284	\$1,055	\$1,195	\$1,304

The dollar change and the per cent change are shown below.

Dollar Change					
Cruiser/Touring	Engine Size				
Model Year	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1,100 CC	1,101 CC & Greater
1982 & Older	\$8	\$8	\$70	\$34	\$39
1983 - 1986	\$9	\$9	\$86	\$39	\$44
1987 - 1992	\$10	\$11	\$67	\$70	\$49
1993 - 1996	\$11	\$12	\$71	\$72	\$54
1997 - 2000	\$18	\$27	\$130	\$151	\$142
2001 - 2004	\$13	\$22	\$136	\$159	\$122
2005 - 2007	\$22	\$33	\$145	\$168	\$173
2008 - 2010	\$14	\$16	\$153	\$179	\$88

Sport	Engine Size				
Model Year	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1,100 CC	1,101 CC & Greater
1982 & Older	\$8	\$19	\$123	\$96	\$41
1983 - 1986	\$10	\$19	\$159	\$109	\$50
1987 - 1992	\$11	\$24	\$165	\$198	\$120
1993 - 1996	\$12	\$23	\$157	\$211	\$142
1997 - 2000	\$36	\$59	\$245	\$264	\$302
2001 - 2004	\$30	\$54	\$257	\$277	\$318
2005 - 2007	\$42	\$68	\$272	\$294	\$337
2008 - 2010	\$22	\$48	\$281	\$311	\$314

Dual Purpose/Other	Engine Size				
Model Year	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1,100 CC	1,101 CC & Greater
1982 & Older	\$7	\$7	\$64	\$31	\$36
1983 - 1986	\$9	\$9	\$44	\$38	\$42
1987 - 1992	\$10	\$10	\$35	\$40	\$46
1993 - 1996	\$11	\$11	\$39	\$44	\$49
1997 - 2000	\$12	\$12	\$69	\$138	\$65
2001 - 2004	\$13	\$13	\$56	\$136	\$56
2005 - 2007	\$13	\$13	\$89	\$153	\$85
2008 - 2010	\$14	\$14	\$51	\$112	\$63

Per cent Change

Cruiser/Touring	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1,100 CC	1,101 CC & Greater
Model Year					
1982 & Older	5.44%	5.44%	14.83%	5.04%	5.04%
1983 - 1986	5.14%	5.00%	14.12%	5.08%	5.03%
1987 - 1992	5.10%	5.39%	9.13%	8.16%	5.01%
1993 - 1996	5.14%	5.38%	8.85%	7.67%	5.05%
1997 - 2000	7.79%	11.20%	14.99%	14.92%	12.28%
2001 - 2004	5.35%	8.66%	14.90%	14.96%	10.02%
2005 - 2007	8.53%	12.31%	14.99%	14.93%	13.43%
2008 - 2010	5.13%	5.63%	14.94%	14.94%	6.45%

Sport	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1,100 CC	1,101 CC & Greater
Model Year					
1982 & Older	5.19%	12.34%	24.95%	13.62%	5.06%
1983 - 1986	5.29%	10.05%	24.96%	12.73%	5.21%
1987 - 1992	5.09%	11.11%	20.75%	21.66%	11.51%
1993 - 1996	5.02%	9.62%	17.66%	21.08%	12.61%
1997 - 2000	13.74%	22.52%	24.97%	24.95%	24.96%
2001 - 2004	10.83%	19.49%	24.98%	24.93%	25.00%
2005 - 2007	14.33%	23.21%	24.95%	25.00%	25.00%
2008 - 2010	7.07%	15.43%	24.33%	24.96%	22.00%

Dual Purpose/Other	Engine Size				
	100 CC & Less	101 - 400 CC	401 - 750 CC	751 - 1,100 CC	1,101 CC & Greater
Model Year					
1982 & Older	5.22%	5.22%	14.92%	5.06%	5.11%
1983 - 1986	5.49%	5.49%	7.94%	5.11%	5.03%
1987 - 1992	5.32%	5.32%	5.07%	5.03%	5.07%
1993 - 1996	5.29%	5.29%	5.05%	5.06%	5.01%
1997 - 2000	5.26%	5.26%	8.09%	15.00%	6.18%
2001 - 2004	5.39%	5.39%	6.26%	14.08%	5.06%
2005 - 2007	5.10%	5.10%	9.39%	14.96%	7.25%
2008 - 2010	5.19%	5.19%	5.08%	10.34%	5.08%

All of the proposed changes result in an overall increase in motorcycle premiums of 13.37 per cent, which will have an expected written premium impact of \$1,076,753. The dislocation of the 2007 written exposures by per cent change to the base rates and dollar change to the base rates is shown below:

2007 Written Exposures				2007 Written Exposures			
% Change	Cruiser	Sport	Dual Purpose	\$ Change	Cruiser	Sport	Dual Purpose
0% < x ≤ 5%	30	0	0	\$0 < x ≤ \$10	226	0	256
5% < x ≤ 10%	1,803	11	927	\$10 < x ≤ \$20	10	19	502
10% < x ≤ 15%	4,623	107	46	\$20 < x ≤ \$30	39	11	0
15% < x ≤ 20%	0	62	0	\$30 < x ≤ \$40	680	0	18
20% < x ≤ 25%	0	1,317	0	\$40 < x ≤ \$50	448	11	15
				\$50 < x ≤ \$60	237	11	71
				\$60 < x ≤ \$70	549	25	51
				\$70 < x ≤ \$80	114	0	0
				\$80 < x ≤ \$90	355	0	52
				\$90 < x ≤ \$100	0	35	0
				\$100 < x ≤ \$110	0	22	0
				\$110 < x ≤ \$120	0	2	0
				\$120 < x ≤ \$130	1,028	79	0
				\$130 < x ≤ \$140	176	0	3
				\$140 < x ≤ \$150	605	19	0
				\$150 < x ≤ \$160	523	95	5
				\$160 < x ≤ \$170	363	48	0
				\$170 < x ≤ \$190	1,105	0	0
				\$190 < x ≤ \$190	0	0	0
				x > \$190	0	1,121	0

4.5 Class LV – U Drive

The rate indication shows that the premium for these vehicles should increase by 33.5 per cent to remain adequate.

Recommendation: SGI recommends increasing the current surcharge of 10 per cent by five per cent to 15 per cent. The premium for these vehicles will also be affected by any change to the LV – Private Passenger rates.

4.6 Class LV – Police Vehicles

These vehicles are currently surcharged 45 per cent on top of the LV - Private Passenger vehicle premium. The rate indication shows that this vehicle type's premium could go down 29.5 per cent and remain adequate.

Recommendation: SGI recommends that the current surcharge of 45 per cent be reduced by 10 per cent to 35 per cent. The premium for these vehicles will also be affected by any change to the LV – Private Passenger rates.

4.7 Class LV – Antiques

These vehicles are currently charged a flat rate of \$60. The rate indication suggests that they require a 40.3 per cent rate increase.

Recommendation: SGI recommends an increase of 10 per cent to \$66 for the premium for this class.

4.8 Class PT – Taxis

The rate indication for this class shows that a 41.5 per cent rate increase overall is required. The rates for this class vary by location. A pure premium relativity analysis was performed based on location.

Recommendation: SGI recommends changes to the relativities for the locations as shown in the tables below.

Location Table	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity	Credibility Weighted Relativity	Selected Relativity
A - Small Cities	223	1,450,405	1,595,898	110.03%	0.5047	0.4735	0.4920	0.4735
B - Large Cities	94	1,507,129	1,443,849	95.80%	0.8115	0.8843	0.8419	0.8419
C - Regina & Saskatoon	309	6,202,521	6,218,180	100.25%	1.0000	1.0000	1.0000	1.0000
Special Feature "T"	88	1,273,048	2,320,975	182.32%	0.7971			

The impact of these changes is a 9.09 per cent increase in premium. This will increase the rating year written premium by approximately \$134,804.

Location Table	Current Premium	Proposed Premium	% Change in Premium	\$ Change in Premium
A - Small Cities	\$1,285	\$1,414	10.04%	\$129
B - Large Cities	\$2,400	\$2,513	4.71%	\$113
C - Regina & Saskatoon	\$2,714	\$2,985	9.99%	\$271

The dislocation of the 2007 written exposures based on the proposed changes is as follows:

% Change	2007 Written Exposures	\$ Change	2007 Written Exposures
$x = 0\%$	0	$\$110 < x \leq \120	106
$0\% < x \leq 5\%$	106	$\$180 < x \leq \190	240
$5\% < x \leq 10\%$	339	$x > \$190$	339
$10\% < x \leq 15\%$	240		

The loss ratios for all of the location tables are shown below.

Location Table	Accident Year								Total
	2000	2001	2002	2003	2004	2005	2006	2007	
A - Small Cities	67.31%	82.36%	81.22%	267.83%	86.10%	84.09%	96.35%	110.56%	110.03%
B - Large Cities	48.88%	150.71%	76.46%	124.92%	81.66%	91.65%	116.37%	72.80%	95.80%
C - Regina & Saskatoon	110.90%	146.21%	125.25%	100.06%	69.75%	78.40%	67.87%	105.02%	100.25%
Special Feature "T"	77.90%	536.03%	193.88%	75.98%	149.45%	98.99%	100.51%	97.22%	182.32%

Location code "T" applies to all taxis that are outside the locations listed in Tables A, B or C. Currently these vehicles are charged the LV – Private Passenger rate with a 55 per cent surcharge. The loss ratio for these vehicles is fairly high. SGI recommends an increase of five per cent to this surcharge, bringing it to 60 per cent.

4.9 Class F – Light Trucks

A unique rating table rates this class of vehicles.

1993 and Older Model Years: The rate indication for model years 1993 and older in this class shows that a 30.5 per cent decrease is warranted. A relativity analysis was performed on model year groupings as well as on full-size and compact groupings.

Recommendation: For the model years 1993 and older, SGI recommends decreasing the base rate of \$123, which is the full-size, 1976 and prior model year rate, by 15 per cent. The changes have been capped at -10 per cent. The steps in the selection of the relativities are shown in the tables below.

Model Year	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity Credibility	Weighted Relativity	Selected Relativity
1976 & Prior	3,734	4,347,025	606,669	13.96%	1.0000	1.0000	1.0000	1.0000
1977 - 1978	1,269	2,325,561	526,970	22.66%	2.2557	1.3042	1.6400	1.4346
1979 - 1980	1,884	4,551,784	699,846	15.38%	1.9125	1.6085	1.7602	1.7602
1981 - 1982	1,977	5,317,745	2,405,069	45.23%	6.1893	1.7633	4.5314	1.9397
1983	823	2,526,045	744,628	29.48%	4.4593	1.9400	3.1155	2.1340
1984	1,155	3,739,215	2,050,591	54.84%	8.9449	2.1133	5.7666	2.3246
1985	1,234	4,113,138	1,325,953	32.24%	5.7063	2.3002	4.3036	2.5302
1986	1,702	5,952,771	1,807,113	30.36%	5.7872	2.4836	4.8918	2.7320
1987	1,059	4,130,612	1,192,417	28.87%	6.0456	2.7435	4.8473	3.0178
1988	1,604	6,660,559	2,544,368	38.20%	8.6958	2.9835	8.2001	3.2819
1989	1,688	7,069,503	3,939,749	55.73%	13.5929	3.2156	13.3850	3.5372
1990	1,806	7,803,447	4,976,621	63.77%	16.7818	3.4672	16.7818	3.8140
1991	1,872	8,499,868	5,049,478	59.41%	16.7498	3.7288	16.7498	4.1016
1992	2,118	10,055,691	5,477,199	54.47%	16.4486	3.9980	16.4486	4.3978
1993	2,289	10,870,523	7,092,415	65.24%	20.5799	4.1878	20.5799	4.6066
Body Type	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity	Credibility Weighted Relativity	Selected Relativity
Compact	2,648	8,313,575	3,608,034	43.40%	0.7802	0.8689	0.7802	0.7820
Full	23,567	79,644,404	36,830,326	46.24%	1.0000	1.0000	1.0000	1.0000

The impact of these changes is a 6.86 per cent decrease in premium. This will decrease the rating year written premium by approximately \$565,273.

1994 and Newer Model Years: The rate indication for model years 1994 and newer in this class shows that a 15.2 per cent increase is warranted.

Recommendation: SGI recommends a change in the way these vehicles are rated. For these model years, it would be best to rate them at a 15 per cent discount of LV so they would be in line with the farm light trucks that are in the LV class.

The impact of these changes is a 0.19 per cent increase in premium. This will increase the rating year written premium by approximately \$43,678.

4.10 Class F – Farm Vehicles – Heavy Trucks

The rate indication for this subclass shows a 34.8 per cent required rate decrease. Relativity analysis was performed on the model year of the vehicle.

Recommendation: SGI recommends a 15 per cent decrease to the base rate, which is the 1979 and prior model year rate. The relativity analysis and the proposed relativities are shown in the table below.

Model Year	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity Credibility	Weighted Relativity	Selected Relativity
1979 & Prior	19,484	18,225,372	5,077,791	27.86%	1.0000	1.0000	1.0000	1.0000
1980	1,419	1,774,789	679,609	38.29%	2.0132	1.3587	1.5746	1.4946
1981	1,396	2,006,483	909,737	45.34%	2.7999	1.6522	2.0791	1.8174
1982	777	1,377,422	513,465	37.28%	2.8440	2.0652	2.2794	2.2717
1983	517	1,086,206	231,590	21.32%	1.9293	2.4457	2.3326	2.4457
1984	557	1,285,080	388,936	30.27%	3.1592	2.9565	3.0065	3.0065
1985	541	1,557,401	550,150	35.32%	4.1711	3.3913	3.6109	3.6109
1986	630	1,916,834	618,782	32.28%	4.1989	3.7174	3.8637	3.8637
1987	537	1,662,733	512,338	30.81%	4.4143	4.1413	4.2200	4.2200
1988	440	1,541,004	625,630	40.60%	6.1495	4.3152	4.8197	4.7467
1989	343	1,281,433	479,898	37.45%	5.9086	4.5109	4.8478	4.8478
1990	330	1,292,776	413,093	31.95%	5.2952	4.6739	4.8489	4.8489
1991	237	996,027	432,069	43.38%	7.6407	4.7609	5.5133	5.2370
1992	195	844,295	282,345	33.44%	6.2116	5.1304	5.3783	5.3783
1993	210	859,637	287,661	33.46%	6.4632	5.4130	5.6559	5.6559
1994	319	1,235,358	693,181	56.11%	11.1522	5.6196	7.1132	6.1816
1995	408	1,461,803	694,709	47.52%	9.7829	5.8478	7.1070	6.4326
1996	223	883,570	472,075	53.43%	11.5022	6.6739	7.9183	7.3413
1997	203	971,885	688,651	70.86%	16.1862	6.9565	10.0017	7.6522
1998	176	634,621	312,519	49.24%	11.6882	7.0870	8.1605	7.7957
1999	143	517,781	270,739	52.29%	13.5125	7.2174	8.5421	7.9391
2000	87	418,025	505,529	120.93%	33.9162	8.4130	15.1658	9.2543
2001	64	314,147	223,945	71.29%	21.2262	8.9130	11.9282	9.8043
2002	33	300,450	226,918	75.53%	24.0019	9.0109	11.9617	9.9120
2003	40	201,347	147,880	73.45%	23.8994	9.1087	11.8413	10.0196
2004	30	87,299	3,944	4.52%	1.5298	9.6522	9.4055	10.3324
2005	27	64,929	29,667	45.69%	15.8332	10.2283	10.6453	10.6453
2006	28	52,530	18,548	35.31%	13.0620	10.8370	10.9722	10.9722
2007	21	24,926	0	0.00%	0.0000	11.4891	11.4891	11.4891
2008	4	4,184	0	0.00%	0.0000	12.1739	12.1739	12.1739
2009	0	0	0			12.7826		12.7826

The current and proposed premiums are shown in the table below.

Model Year	Current Premium	Proposed Premium	% Change in Premium	\$ Change in Premium
1979 & Prior	\$92	\$83	-9.78%	-\$9
1980	\$125	\$117	-6.40%	-\$8
1981	\$152	\$142	-6.58%	-\$10
1982	\$190	\$178	-6.32%	-\$12
1983	\$225	\$203	-9.78%	-\$22
1984	\$272	\$245	-9.93%	-\$27
1985	\$312	\$282	-9.62%	-\$30
1986	\$342	\$308	-9.94%	-\$34
1987	\$381	\$343	-9.97%	-\$38
1988	\$397	\$371	-6.55%	-\$26
1989	\$415	\$379	-8.67%	-\$36
1990	\$430	\$387	-10.00%	-\$43
1991	\$438	\$410	-6.39%	-\$28
1992	\$472	\$425	-9.96%	-\$47
1993	\$498	\$448	-10.04%	-\$50
1994	\$517	\$483	-6.58%	-\$34
1995	\$538	\$503	-6.51%	-\$35
1996	\$614	\$574	-6.51%	-\$40
1997	\$640	\$598	-6.56%	-\$42
1998	\$652	\$610	-6.44%	-\$42
1999	\$664	\$621	-6.48%	-\$43
2000	\$774	\$724	-6.46%	-\$50
2001	\$820	\$767	-6.46%	-\$53
2002	\$829	\$775	-6.51%	-\$54
2003	\$838	\$784	-6.44%	-\$54
2004	\$888	\$808	-9.01%	-\$80
2005	\$941	\$847	-9.99%	-\$94
2006	\$997	\$898	-9.93%	-\$99
2007	\$1,057	\$952	-9.93%	-\$105
2008	\$1,120	\$1,009	-9.91%	-\$111
2009	\$1,176	\$1,059	-9.95%	-\$117

The changes to the base rate and the relativities result in an approximate 8.54 per cent decrease in premiums which is expected to decrease rating year written premium by \$449,867.

The dislocation of the 2007 written exposures due to the proposed changes above are as follows:

% Change	2007 Written Exposures	\$ Change	2007 Written Exposures
-15% \Rightarrow $x < -10\%$	218	\$120 \Rightarrow $x < -\$110$	9
-10% \Rightarrow $x < -5\%$	29,487	\$110 \Rightarrow $x < -\$100$	31
-5.0% \Rightarrow $x < -0\%$	0	\$100 \Rightarrow $x < -\$90$	57
$x = 0\%$	0	\$80 \Rightarrow $x < -\$70$	31
		-\$60 \Rightarrow $x < -\$50$	166
		-\$50 \Rightarrow $x < -\$40$	1,440
		-\$40 \Rightarrow $x < -\$30$	2,545
		-\$30 \Rightarrow $x < -\$20$	2,398
		-\$20 \Rightarrow $x < -\$10$	796
		-\$10 \Rightarrow $x < \$0$	22,232

4.11 Class F – Farm Vehicles – Power Units

The rate indication shows that a 26.3 per cent decrease is warranted for this class. A relativity analysis based on model year was performed.

Recommendation: SGI recommends a 10 per cent reduction in the base rate, the 1986-1990 model year rate, for this type of vehicle. The results of the relativity analysis and the proposed relativities are shown below.

Model Year	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity	Credibility Weighted Relativity	Selected Relativity
1981 & Prior	577	1,116,004	1,070,437	95.92%	0.8140	0.4310	0.5351	0.4741
1982 - 1985	373	1,016,125	655,089	64.47%	0.8699	0.7816	0.8009	0.8009
1986 - 1990	1,221	3,930,099	2,078,098	52.88%	1.0000	1.0000	1.0000	1.0000
1991 - 1994	986	3,115,799	1,405,214	45.10%	1.0474	1.2414	1.1574	1.1574
1995 - 1998	1,565	4,019,512	3,043,086	75.71%	1.9604	1.5862	1.7866	1.7448
1999	290	627,329	578,661	92.24%	2.8343	1.8966	2.1019	2.0862
2000	250	432,615	354,826	82.02%	2.6657	2.0086	2.1300	2.1300
2001	109	188,297	132,515	70.38%	2.3577	2.1034	2.1371	2.1371
2002	31	51,376	25,931	50.47%	1.8702	2.1580	2.1385	2.1385
2003	36	66,832	27,997	41.89%	1.6321	2.2155	2.1624	2.1624
2004	35	72,292	22,844	31.60%	1.2952	2.4339	2.3492	2.3492
2005	22	50,681	18,344	36.19%	1.6406	2.6523	2.5770	2.5770
2006	25	52,674	57,144	108.49%	5.3519	2.6897	2.9036	2.9036
2007	19	28,011	25,456	90.88%	4.4789	2.7557	2.8839	2.9360
2008	3	2,783	0	0.00%	0.0000	2.8247	2.8247	2.9680
2009	0	0	0			2.8822		3.0000

The results of the base rate change and the changes to the relativities are shown in the table below.

Model Year	Current Premium	Proposed Premium	% Change in Premium	\$ Change in Premium
1981 & Prior	\$150	\$149	-0.67%	-\$1
1982 - 1985	\$272	\$251	-7.72%	-\$21
1986 - 1990	\$348	\$313	-10.06%	-\$35
1991 - 1994	\$432	\$389	-9.95%	-\$43
1995 - 1998	\$552	\$546	-1.09%	-\$6
1999	\$660	\$653	-1.06%	-\$7
2000	\$699	\$667	-4.58%	-\$32
2001	\$732	\$669	-8.61%	-\$63
2002	\$751	\$670	-10.79%	-\$81
2003	\$771	\$694	-9.99%	-\$77
2004	\$847	\$762	-10.04%	-\$85
2005	\$923	\$831	-9.97%	-\$92
2006	\$936	\$909	-2.88%	-\$27
2007	\$959	\$920	-4.07%	-\$39
2008	\$983	\$930	-5.39%	-\$53
2009	\$1,003	\$940	-6.28%	-\$63

Changes to these rates were capped at -10 per cent. The changes to the base rate and the relativities result in an approximate 5.2 per cent decrease in premiums which is expected to decrease rating year written premium by \$153,127. The dislocation of the 2007 written exposures by per cent change to the base rates and dollar change to the base rates is shown below:

% Change	2007 Written Exposures	\$ Change	2007 Written Exposures
-15% \leq x < -10%	1,432	-\$100 \leq x < -\$90	34
-10% \leq x < -5%	1,732	-\$90 \leq x < -\$80	87
-5.0% \leq x < -0%	3,200	-\$80 \leq x < -\$70	57
x = 0%	0	-\$70 \leq x < -\$60	146
		-\$60 \leq x < -\$50	6
		-\$50 \leq x < -\$40	1,089
		-\$40 \leq x < -\$30	1,700
		-\$30 \leq x < -\$20	431
		-\$10 \leq x < \$0	2,813
		x = \$0	0

4.12 Class F – Trailers

The rate indication shows that a 12.5 per cent increase is warranted for this class. A relativity analysis based on body type was performed.

Recommendation: SGI recommends a five per cent increase to the base premium for semi-trailers as well as changes to the relativities for the other body types. The results of the relativity analysis and the proposed relativities are shown below.

Trailer Type	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity	Credibility Weighted Relativity	Selected Relativity
Utility Trailer	2,450	528,932	345,287	65.28%	0.3819	0.2222	0.2667	0.2289
Semi-Trailer	19,070	4,977,364	2,707,077	54.39%	1.0000	1.0000	1.0000	1.0000
Transport Trailer	585	1,442,809	595,915	41.30%	0.4084	0.3111	0.3473	0.3204

The results of the base rate change and the changes to the relativities are shown in the table below.

Trailer Type	Current Premium	Proposed Premium	% Change in Premium	\$ Change in Premium
Utility Trailer	\$20	\$22	10.00%	\$2
Semi-Trailer	\$90	\$95	5.56%	\$5
Transport Trailer	\$28	\$30	7.14%	\$2

The changes to relativities result in an approximate 5.68 per cent increase in premiums, which is expected to increase rating year written premium by \$114,093. The dislocation of the 2007 written exposures by per cent change to the base rates and dollar change to the base rates is shown below:

% Change	2007 Written Exposures	\$ Change	2007 Written Exposures
$x = 0\%$	0	$x = \$0$	0
$0\% < x \leq 5\%$	0	$\$0 < x \leq \10	24,692
$5\% < x \leq 10\%$	24,692		

4.13 Class PB – Passenger Inter-City Buses

The rate indication shows a required 42.6 per cent rate increase for this class. Pure premium relativity analysis was performed on model year and seating capacity.

Recommendation: SGI recommends a 10 per cent increase to the base rate, which is the 1999-2004 model year, 25 and greater seating capacity rate, with no changes to the relativities between rates. The results of the relativity analysis and the proposed relativities are in the two tables below.

Model Year	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity Credibility	Weighted Relativity	Selected Relativity
1981 & Prior	8	150,321	35,835	23.84%	0.2075	0.6257	0.5799	0.6257
1982 - 1986	14	229,677	62,593	27.25%	0.2578	0.6905	0.6197	0.6905
1987 - 1992	60	582,634	485,311	83.30%	0.8155	0.8587	0.8461	0.8587
1993 - 1998	74	801,002	1,324,786	165.39%	1.6375	0.9142	1.2303	0.9142
1999 - 2004	105	778,032	779,711	100.22%	1.0000	1.0000	1.0000	1.0000
2005 - 2008	33	72,574	53,231	73.35%	0.8071	1.0600	1.0256	1.0600
2009 - 2012	0	0	0			1.1264		1.1264
Seating Capacity	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity Credibility	Weighted Relativity	Selected Relativity
9 & Less	96	679,511	718,348	105.72%	0.5572	0.5401	0.5475	0.5401
10 - 15	47	329,751	273,373	82.90%	0.4334	0.5050	0.4854	0.5050
16 - 24	20	93,390	55,973	59.93%	0.3393	0.5576	0.5245	0.5576
25 or More	131	1,511,587	1,693,774	112.05%	1.0000	1.0000	1.0000	1.0000

The current rates and the proposed rates with these changes are shown below.

Current Rate

Model Year	Seating Capacity			
	9 & Less	10 - 15	16 - 24	25 or More
1981 & Prior	\$660	\$605	\$709	\$1,249
1982 - 1986	\$743	\$660	\$779	\$1,372
1987 - 1992	\$920	\$872	\$935	\$1,674
1993 - 1998	\$984	\$932	\$968	\$1,816
1999 - 2004	\$1,063	\$1,007	\$1,100	\$1,962
2005 - 2008	\$1,126	\$1,068	\$1,166	\$2,080
2009 - 2012	\$1,194	\$1,132	\$1,236	\$2,226

Proposed Rate

Model Year	Seating Capacity			
	9 & Less	10 - 15	16 - 24	25 or More
1981 & Prior	\$726	\$665	\$753	\$1,350
1982 - 1986	\$805	\$726	\$831	\$1,490
1987 - 1992	\$1,001	\$936	\$1,028	\$1,841
1993 - 1998	\$1,066	\$996	\$1,064	\$1,973
1999 - 2004	\$1,166	\$1,090	\$1,204	\$2,158
2005 - 2008	\$1,236	\$1,155	\$1,276	\$2,288
2009 - 2012	\$1,313	\$1,228	\$1,356	\$2,431

% Change

Model Year	Seating Capacity			
	9 & Less	10 - 15	16 - 24	25 or More
1981 & Prior	10.00%	9.92%	6.21%	8.09%
1982 - 1986	8.34%	10.00%	6.68%	8.60%
1987 - 1992	8.80%	7.34%	9.95%	9.98%
1993 - 1998	8.33%	6.87%	9.92%	8.65%
1999 - 2004	9.69%	8.24%	9.45%	9.99%
2005 - 2008	9.77%	8.15%	9.43%	10.00%
2009 - 2012	9.97%	8.48%	9.71%	9.21%

\$ Change

Model Year	Seating Capacity			
	9 & Less	10 - 15	16 - 24	25 or More
1981 & Prior	\$66	\$60	\$44	\$101
1982 - 1986	\$62	\$66	\$52	\$118
1987 - 1992	\$81	\$64	\$93	\$167
1993 - 1998	\$82	\$64	\$96	\$157
1999 - 2004	\$103	\$83	\$104	\$196
2005 - 2008	\$110	\$87	\$110	\$208
2009 - 2012	\$119	\$96	\$120	\$205

The changes proposed to the base rate and the relativities result in an approximate 9.3 per cent increase in premiums or \$39,190.

4.14 Class PC – Passenger City Buses

The rate indication shows a 34.4 per cent rate increase for this class. Pure premium relativity analysis was performed on model year and seating capacity.

Recommendation: SGI recommends a 10 per cent increase to the base rate and no changes to the relativities. The results of the relativity analysis and the proposed relativities are in the two tables below.

Model Year	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity Credibility	Weighted Relativity	Selected Relativity
1984 & Prior	59	774,314	455,306	58.80%	0.7959	0.9037	0.8603	0.9037
1985 - 1992	128	1,171,238	869,317	74.22%	1.0000	1.0000	1.0000	1.0000
1993 - 2000	99	845,740	1,057,612	125.05%	1.4633	1.1981	1.3357	1.1981
2001 - 2004	101	443,737	646,127	145.61%	1.6371	1.2864	1.4088	1.2864
2005 - 2008	77	174,713	130,509	74.70%	1.2833	1.3298	1.3203	1.3298
2009 - 2012	0	0	0			1.3965		1.3965
Seating Capacity	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity Credibility	Weighted Relativity	Selected Relativity
9 & Less	49	231,392	521,046	225.18%	0.9183	0.3629	0.5247	0.3629
10 - 15	148	624,974	430,966	68.96%	0.4423	0.5044	0.4786	0.5044
16 - 24	25	144,527	166,932	115.50%	0.8565	0.6005	0.6527	0.6005
25 or More	242	2,408,849	2,039,927	84.68%	1.0000	1.0000	1.0000	1.0000

The impacts of these changes on the rates are shown below.

Current Rate

Model Year	Seating Capacity			
	9 & Less	10 - 15	16 - 24	25 or More
1984 & Prior	\$392	\$545	\$649	\$1,081
1985 - 1992	\$434	\$603	\$718	\$1,196
1993 - 2000	\$520	\$723	\$860	\$1,432
2001 - 2004	\$558	\$776	\$924	\$1,538
2005 - 2008	\$577	\$802	\$955	\$1,590
2009 - 2012	\$606	\$842	\$1,003	\$1,670

% Change

Model Year	Seating Capacity			
	9 & Less	10 - 15	16 - 24	25 or More
1984 & Prior	9.95%	9.91%	9.86%	9.99%
1985 - 1992	9.91%	9.95%	9.89%	9.95%
1993 - 2000	10.00%	9.96%	10.00%	9.99%
2001 - 2004	9.86%	9.92%	9.96%	9.95%
2005 - 2008	9.88%	9.98%	9.95%	10.00%
2009 - 2012	9.90%	9.98%	9.97%	10.00%

Proposed Rate

Model Year	Seating Capacity			
	9 & Less	10 - 15	16 - 24	25 or More
1984 & Prior	\$431	\$599	\$713	\$1,189
1985 - 1992	\$477	\$663	\$789	\$1,315
1993 - 2000	\$572	\$795	\$946	\$1,575
2001 - 2004	\$613	\$853	\$1,016	\$1,691
2005 - 2008	\$634	\$882	\$1,050	\$1,749
2009 - 2012	\$666	\$926	\$1,103	\$1,837

\$ Change

Model Year	Seating Capacity			
	9 & Less	10 - 15	16 - 24	25 or More
1984 & Prior	\$39	\$54	\$64	\$108
1985 - 1992	\$43	\$60	\$71	\$119
1993 - 2000	\$52	\$72	\$86	\$143
2001 - 2004	\$55	\$77	\$92	\$153
2005 - 2008	\$57	\$80	\$95	\$159
2009 - 2012	\$60	\$84	\$100	\$167

These changes will result in a 9.97 per cent increase in written premium or an estimated increase in rating year written premium of \$48,538. The dislocation of the 2007 written exposures by per cent change to the base rates and dollar change to the base rates is shown below:

% Change	2007 Written Exposures
x = 0%	0
0% < x <= 5%	0
5% < x <= 10%	472

\$ Change	2007 Written Exposures
\$30 < x <= \$40	3
\$40 < x <= \$50	8
\$50 < x <= \$60	60
\$70 < x <= \$80	134
\$80 < x <= \$90	4
\$90 < x <= \$100	11
\$100 < x <= \$110	55
\$110 < x <= \$120	88
\$140 < x <= \$150	43
\$150 < x <= \$160	67

4.15 Class PS – Passenger School Buses

The rate indication is for a 55.2 per cent rate increase for this class. A relativity analysis was performed on model year and number of seats.

Recommendation: SGI recommends a 10 per cent increase to the base rate, which is the 1999-2002 model year, 25 and greater seating capacity rate, with no changes to the relativities between rates. The results of the relativity analysis and the proposed relativities are in the two tables below.

Model Year	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity Credibility	Weighted Relativity	Selected Relativity
1986 & Prior	37	399,049	238,966	59.88%	0.2806	0.5614	0.4842	0.5614
1987 - 1990	234	1,083,827	545,169	50.30%	0.2942	0.7992	0.5621	0.7992
1991 - 1994	415	945,785	507,330	53.64%	0.3246	0.7992	0.6107	0.7992
1995 - 1998	579	968,987	804,738	83.05%	0.5445	0.8941	0.7497	0.8941
1999 - 2002	821	1,361,671	1,798,913	132.11%	1.0000	1.0000	1.0000	1.0000
2003 - 2006	627	530,985	445,345	83.87%	0.6212	0.9888	0.8712	0.9888
2007 - 2010	355	115,374	424,209	367.68%	2.8822	1.0595	1.4309	1.0595
Seating Capacity	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity Credibility	Weighted Relativity	Selected Relativity
24 & Less	401	931,830	578,780	62.11%	0.6936	1.0135	0.8707	1.0135
25 or More	2,667	4,473,847	4,185,892	93.56%	1.0000	1.0000	1.0000	1.0000

The impacts of these changes on the rates are shown below.

Current Rate			Proposed Rate		
Seating Capacity			Seating Capacity		
Model Year	24 & Less	25 or More	Model Year	9 & Less	25 or More
1986 & Prior	\$151	\$151	1986 & Prior	\$166	\$165
1987 - 1990	\$217	\$213	1987 - 1990	\$238	\$234
1991 - 1994	\$217	\$213	1991 - 1994	\$238	\$234
1995 - 1998	\$242	\$239	1995 - 1998	\$266	\$262
1999 - 2002	\$271	\$267	1999 - 2002	\$297	\$293
2003 - 2006	\$268	\$264	2003 - 2006	\$294	\$290
2007 - 2010	\$287	\$283	2007 - 2010	\$315	\$311
% Change			\$ Change		
Seating Capacity			Seating Capacity		
Model Year	9 & Less	25 or More	Model Year	9 & Less	25 or More
1986 & Prior	9.93%	9.27%	1986 & Prior	\$15	\$14
1987 - 1990	9.68%	9.86%	1987 - 1990	\$21	\$21
1991 - 1994	9.68%	9.86%	1991 - 1994	\$21	\$21
1995 - 1998	9.92%	9.62%	1995 - 1998	\$24	\$23
1999 - 2002	9.59%	9.74%	1999 - 2002	\$26	\$26
2003 - 2006	9.70%	9.85%	2003 - 2006	\$26	\$26
2007 - 2010	9.76%	9.89%	2007 - 2010	\$28	\$28

These changes will result in a 9.77 per cent increase in written premium or an estimated increase in rating year written premium of \$73,763. The dislocation of the 2007 written exposures by per cent change to the base rates and dollar change to the base rates is shown below:

% Change	2007 Written Exposures	\$ Change	2007 Written Exposures
$x = 0\%$	0	$x = \$0$	0
$0\% < x \leq 5\%$	0	$\$0 < x \leq \10	0
$5\% < x \leq 10\%$	2,990	$\$10 < x \leq \20	34
		$\$20 < x \leq \30	2,956

4.16 Class L –Dealer Plates

The rate indication suggests that a 5.3 per cent rate decrease on this class is warranted. A relativity analysis was performed on type of dealer.

Recommendation: SGI recommends a two per cent decrease to the base rate, which is the automobile dealer. The results of the relativity analysis and the proposed relativities are in the two tables below.

Dealer Type	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity Credibility	Weighted Relativity	Selected Relativity
Automobile	3,344	18,273,268	10,001,348	54.73%	1.0000	1.0000	1.0000	1.0000
Motorcycle	78	153,635	181,728	118.29%	1.0283	0.5172	0.5753	0.5690
Snowmobile	41	40,299	0	0.00%	0.0000	0.1646	0.1646	0.1646

Dealer Type	Current Premium	Proposed Premium	% Change in Premium	\$ Change in Premium
Automobile	\$638	\$625	-2.04%	-\$13
Motorcycle	\$330	\$356	7.88%	\$26
Snowmobile	\$105	\$103	-1.90%	-\$2

The changes made to the base rate and the motorcycle dealer relativity is expected to decrease rating year written premium by \$48,431 or 1.93 per cent.

4.17 Class LT – Trailer Dealers/Movers

The rate indication shows that a 32.7 per cent rate increase is required for these vehicles. A relativity analysis was performed by body type.

Recommendation: SGI recommends a 10 per cent increase to the base rate as well as changes to the relativities as shown in the table below.

Trailer Type	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity Credibility	Weighted Relativity	Selected Relativity
Utility Trailer	121	98,395	133,991	136.18%	0.1401	0.1527	0.1513	0.1513
Tent Trailer	1	464	4,612	993.12%	0.9785	0.1443	0.1696	0.1443
Semi-Trailer	55	137,022	7,213	5.26%	0.0210	0.5266	0.5000	0.5000
Transport Trailer	61	67,361	3,664	5.44%	0.0222	0.5616	0.5332	0.5332
Metal Cabin Trailer	116	294,686	543,599	184.47%	1.2259	1.0000	1.0665	1.0000
Fiberglass/ Other Cabin Trailer	163	644,410	931,282	144.52%	1.0000	1.0000	1.0000	1.0000

The following shows the effect of these changes on the rates.

Trailer Type	Current Premium	Proposed Premium	% Change in Premium	\$ Change in Premium
Utility Trailer	\$109	\$119	9.17%	\$10
Tent Trailer	\$103	\$113	9.71%	\$10
Semi-Trailer	\$376	\$376	0.00%	\$0
Transport Trailer	\$401	\$401	0.00%	\$0
Metal Cabin Trailer	\$714	\$785	9.94%	\$71
Fiberglass/ Other Cabin Trailer	\$714	\$785	9.94%	\$71

These changes will increase expected rating year written premium by 3.36 per cent or \$1,273. The dislocation of the 2007 written exposures by per cent change to the base rates and dollar change to the base rates is shown below:

% Change	2007 Written Exposures	\$ Change	2007 Written Exposures
x = 0%	132	x = \$0	132
0% < x =< 5%	0	\$0 < x =< \$10	127
5% < x =< 10%	426	\$70 < x =< \$80	299

4.18 Class MT – Snowmobiles

The rate indication indicates a 63.1 per cent rate decrease is required for this class.

Recommendation: SGI recommends that the rate be lowered by 10 per cent. The table below shows the proposed change.

Engine Size	Current Premium	Proposed Premium	% Change in Premium	\$ Change in Premium
All	\$90	\$81	-10%	-\$9

These changes will decrease expected 2009 rating year written premium by 10 per cent or \$51,226.

4.19 Class MT – Snowmobiles – U Drive

These vehicles are currently surcharged 30 per cent above the snowmobile rates. These types of vehicles have incurred no claims.

Recommendation: SGI recommends reducing the surcharge on these vehicles by 10 per cent to 20 per cent.

4.20 Class T – Private Trailers

The rate indication suggests that an increase of 14.7 per cent is warranted for the premiums for this class. A relativity analysis was performed on value and body style.

Recommendation: SGI recommends a 10 per cent increase in the base rate as well as changes to relativities. The results of the relativity analyses are shown below.

Value	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity	Credibility Weighted Relativity	Selected Relativity
\$1,000 & Less	2,012	324,006	93,038	28.71%	0.2810	0.5346	0.4572	0.4811
\$1,001 to 3,000	5,055	1,473,939	781,926	53.05%	1.0000	1.0000	1.0000	1.0000
\$3,001 to 5,000	3,245	1,712,111	1,336,118	78.04%	2.5537	1.8774	2.3498	2.0652
\$5,001 to 10,000	3,517	3,549,109	3,744,749	105.51%	7.0573	3.8774	7.0573	4.2652
\$10,001 to 15,000	2,877	3,484,472	5,388,504	154.64%	12.1755	4.5399	12.1755	4.9939
\$15,001 to 20,000	2,671	4,027,167	5,266,760	130.78%	12.0434	5.3002	12.0434	5.8302
\$20,001 to 25,000	1,794	3,015,943	3,118,285	103.39%	13.1340	7.3002	12.4417	8.0302
\$25,001 to 40,000	3,117	5,052,105	3,506,057	69.40%	10.5371	8.7753	10.5224	9.6528
\$40,001 to 60,001	905	1,430,228	993,382	69.46%	11.6717	9.7682	10.7111	10.7111
\$60,001 to 80,000	257	380,244	259,540	68.26%	12.5726	10.7559	11.2432	11.2432
\$80,001 to 100,000	34	53,173	119,891	225.47%	45.6380	11.6194	15.7524	12.7814
\$100,001 & More	8	21,528	24,610	114.31%	27.5782	14.2049	15.2795	15.2795
Trailer Type	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity	Credibility Weighted Relativity	Selected Relativity
55 (Tent)	1,941	748,493	438,219	58.55%	0.2109	0.8093	0.5422	0.7284
57 (Semi) & 58 (Transport)	4,660	1,106,465	296,185	26.77%	0.1315	0.8533	0.6319	0.7680
62 (Metal Cabin)	11,528	14,439,123	18,045,467	124.98%	1.0000	1.0000	1.0000	1.0000
63 (Fiberglass)	7,362	8,229,945	5,852,990	71.12%	0.9311	0.8694	0.9311	0.9311

Utility trailers were handled separately because of the large volume of exposures. The five-year ultimate loss ratio was calculated as shown below.

	2007 Earned Exposures	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Earned Premium (\$)	8-Year Ultimate Loss Ratio
Utility	59,415	1,473,518	8,093,282	18.21%

The loss ratio is very low for utility trailers so SGI recommends that their premium remains at \$20.

The current and proposed rates are shown below.

Current Rate					
Value	Trailer Type				
	50 (Utility)	55 (Tent)	57 (Semi) & 58 (Transport)	62 (Metal Cabin)	63 (Fiberglass)
\$1,000 & Less	\$20	\$20	\$20	\$22	\$20
\$1,001 to 3,000	\$20	\$35	\$37	\$44	\$38
\$3,001 to 5,000	\$20	\$66	\$70	\$82	\$71
\$5,001 to 10,000	\$20	\$136	\$144	\$170	\$147
\$10,001 to 15,000	\$20	\$159	\$169	\$199	\$172
\$15,001 to 20,000	\$20	\$186	\$197	\$232	\$201
\$20,001 to 25,000	\$20	\$256	\$271	\$320	\$277
\$25,001 to 40,000	\$20	\$308	\$326	\$384	\$333
\$40,001 to 60,001	\$20	\$342	\$363	\$428	\$371
\$60,001 to 80,000	\$20	\$377	\$400	\$471	\$408
\$80,001 to 100,000	\$20	\$407	\$432	\$509	\$441
\$100,001 & More	\$20	\$498	\$528	\$622	\$539

Proposed Rate					
Value	Trailer Type				
	50 (Utility)	55 (Tent)	57 (Semi) & 58 (Transport)	62 (Metal Cabin)	63 (Fiberglass)
\$1,000 & Less	\$20	\$18	\$18	\$23	\$22
\$1,001 to 3,000	\$20	\$35	\$37	\$48	\$41
\$3,001 to 5,000	\$20	\$72	\$77	\$90	\$78
\$5,001 to 10,000	\$20	\$149	\$158	\$187	\$161
\$10,001 to 15,000	\$20	\$174	\$185	\$218	\$189
\$15,001 to 20,000	\$20	\$204	\$216	\$255	\$221
\$20,001 to 25,000	\$20	\$281	\$298	\$352	\$304
\$25,001 to 40,000	\$20	\$338	\$358	\$422	\$366
\$40,001 to 60,001	\$20	\$376	\$398	\$470	\$408
\$60,001 to 80,000	\$20	\$396	\$418	\$518	\$448
\$80,001 to 100,000	\$20	\$447	\$475	\$559	\$485
\$100,001 & More	\$20	\$539	\$568	\$684	\$592

% Change					
Value	Trailer Type				
	50 (Utility)	55 (Tent)	57 (Semi) & 58 (Transport)	62 (Metal Cabin)	63 (Fiberglass)
\$1,000 & Less	0.00%	-10.00%	-10.00%	4.55%	10.00%
\$1,001 to 3,000	0.00%	0.00%	0.00%	9.09%	7.89%
\$3,001 to 5,000	0.00%	9.09%	10.00%	9.76%	9.86%
\$5,001 to 10,000	0.00%	9.56%	9.72%	10.00%	9.52%
\$10,001 to 15,000	0.00%	9.43%	9.47%	9.55%	9.88%
\$15,001 to 20,000	0.00%	9.68%	9.64%	9.91%	9.95%
\$20,001 to 25,000	0.00%	9.77%	9.96%	10.00%	9.75%
\$25,001 to 40,000	0.00%	9.74%	9.82%	9.90%	9.91%
\$40,001 to 60,001	0.00%	9.94%	9.64%	9.81%	9.97%
\$60,001 to 80,000	0.00%	5.04%	4.50%	9.98%	9.80%
\$80,001 to 100,000	0.00%	9.83%	9.95%	9.82%	9.98%
\$100,001 & More	0.00%	8.23%	7.58%	9.97%	9.83%

\$ Change					
Value	Trailer Type				
	50 (Utility)	55 (Tent)	57 (Semi) & 58 (Transport)	62 (Metal Cabin)	63 (Fiberglass)
\$1,000 & Less	\$0	-\$2	-\$2	\$1	\$2
\$1,001 to 3,000	\$0	\$0	\$0	\$4	\$3
\$3,001 to 5,000	\$0	\$6	\$7	\$8	\$7
\$5,001 to 10,000	\$0	\$13	\$14	\$17	\$14
\$10,001 to 15,000	\$0	\$15	\$16	\$19	\$17
\$15,001 to 20,000	\$0	\$18	\$19	\$23	\$20
\$20,001 to 25,000	\$0	\$25	\$27	\$32	\$27
\$25,001 to 40,000	\$0	\$30	\$32	\$38	\$33
\$40,001 to 60,001	\$0	\$34	\$35	\$42	\$37
\$60,001 to 80,000	\$0	\$19	\$18	\$47	\$40
\$80,001 to 100,000	\$0	\$40	\$43	\$50	\$44
\$100,001 & More	\$0	\$41	\$40	\$62	\$53

For those body styles, excluding utility, the changes will result in an approximate increase of 7.47 per cent or \$443,593 in rating year written premium. The dislocation of the 2007 written exposures by per cent change to the base rates and dollar change to the base rates is shown below:

% Change	2007 Written Exposures	\$ Change	2007 Written Exposures
-10% \leq x < -5%	1,155	-\$10 \leq x < \$0	1,155
-5.0% \leq x < -0%	0	x = \$0	66,067
x = 0%	66,067	\$0 < x \leq \$10	7,459
0% < x \leq 5%	840	\$10 < x \leq \$20	8,412
5% < x \leq 10%	23,349	\$20 < x \leq \$30	2,605
		\$30 < x \leq \$40	5,525
		\$40 < x \leq \$50	178
		\$50 < x \leq \$60	8
		\$60 < x \leq \$70	1

4.21 Class TS – Commercial Trailers

The rate indication for this class is for a 5.3 per cent rate increase. These trailers are rated by value up to \$15,000 and are then charged \$19 per \$1,000 of value above \$15,000. A relativity analysis was completed for the value bands up to \$15,000 and a loss ratio analysis was done for those trailers with values above \$15,000.

Recommendation: SGI proposes an increase to the base rate of 4.5 per cent, as well as changes to the relativities. Due to rounding to a whole number and the minimal monetary value of the base rate, the actual effect of the 4.5 per cent rate increase is only 3.64 per cent. The analysis and results are shown below.

Value	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity Credibility	Weighted Relativity	Selected Relativity
\$2,000 & Less	7,521	2,205,967	983,115	44.57%	0.2104	0.4545	0.2911	0.4091
\$2,001 - 5,000	14,403	5,684,308	6,348,962	111.69%	1.0000	1.0000	1.0000	1.0000
\$5,001 - 7,000	2,277	1,646,180	617,372	37.50%	0.5356	1.3636	1.0281	1.2273
\$7,001 - 10,000	2,755	2,753,981	1,247,696	45.31%	0.9097	1.9273	1.4166	1.7345
\$10,001 - 12,000	1,279	1,354,137	785,340	58.00%	1.4245	2.3818	2.0465	2.1436
\$12,001 - 15,000	2,842	13,133,887	8,739,871	66.54%	3.1402	4.6727	3.1402	4.2055
More Than 15,000	1,385	5,539,729	2,314,628	41.78%	3.2823			

Value	Current Premium	Proposed Premium	% Change in Premium	\$ Change in Premium
\$2000 & Less	\$25	\$24	-4.00%	-\$1
\$2,001 - 5,000	\$55	\$57	3.64%	\$2
\$5,001 - 7,000	\$75	\$71	-5.33%	-\$4
\$7,001 - 10,000	\$106	\$100	-5.66%	-\$6
\$10,001 - 12,000	\$131	\$123	-6.11%	-\$8
\$12,001 - 15,000	\$257	\$242	-5.84%	-\$15

The changes to the relativities for those trailers valued at less than \$15,000 is expected to increase rating year written premium by 1.1 per cent or \$14,696.

Commercial Vehicles

Classes A, C and D make up the commercial vehicles that are part of the Auto Fund's fleet.

Private insurance companies generally rate these types of vehicles based on the use of the vehicle. Various uses include artisan trucks, petroleum trucks, gravel trucks, etc. The data required for an actuarial analysis of the use of the truck as a rating variable is not available on the Auto Fund's system at this time. With the Auto Fund system redevelopment project, this data will be collected and analyzed over time.

Class A – Public Service – Interprovincial Trucks

This class is comprised of three subclasses – one-ton models and smaller, heavy trucks and vans, and power units. Each of the subclasses was analyzed individually and the results of these are discussed below.

4.22 Class A – Light – One-Ton Models and Smaller

The rate indication for this subclass shows that a 192.7 per cent rate increase is warranted. Currently these vehicles run off of the LV – Private Passenger rate table.

Recommendation: Currently these rates are surcharged 10 per cent. SGI recommends increasing this surcharge by 10 per cent to 20 per cent.

4.23 Class A – Heavy Trucks

The rate indication shows that a decrease of 18.4 per cent is warranted for this class of vehicles.

A relativity analysis was performed on gross vehicle weight (GVW) and model year for these vehicles.

Recommendation: SGI also recommends a five per cent reduction to the base rate for this class. A relativity analysis was done on model year and GVW. The results of these analyses are shown below.

GVW	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity	Credibility Weighted Relativity	Selected Relativity
no GVW	15	204,481	243,983	119.32%	1.4728	0.7101	0.9107	0.7101
5,001-11,000	232	941,083	916,481	97.39%	1.0557	0.7101	0.8764	0.7101
11,001-13,000	66	382,164	354,773	92.83%	1.3081	0.8762	1.0067	0.8762
13,001-22,000	365	2,295,803	1,340,155	58.37%	1.0000	1.0000	1.0000	1.0000
22,001-34,000	297	1,622,127	620,954	38.28%	0.7051	1.1060	0.9911	1.1060
34,001-40,000	46	301,802	117,798	39.03%	0.8648	1.2607	1.2006	1.2607
40,001-50,000	79	432,864	157,880	36.47%	0.9474	1.3407	1.2860	1.3407
50,001-62,500	27	315,384	165,773	52.56%	1.4463	1.5696	1.5546	1.5696
Model Year	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity	Credibility Weighted Relativity	Selected Relativity
<1976	12	40,371	10,933	27.08%	0.1504	0.3807	0.3650	0.4187
1976	0	12,402	2,272	18.32%	0.2525	0.7954	0.7789	0.7954
1977-1981	24	330,895	70,692	21.36%	0.3272	0.9041	0.8114	0.9041
1982-1986	38	350,691	106,987	30.51%	0.3979	0.9248	0.8151	0.9248
1987-1991	87	807,784	347,386	43.00%	0.5649	0.9481	0.8185	0.9481
1992-1996	151	1,408,861	917,163	65.10%	0.9356	0.9690	0.9543	0.9690
1997-2001	271	2,113,027	1,421,449	67.27%	1.0000	1.0000	1.0000	1.0000
2002-2006	423	1,286,666	1,018,476	79.16%	1.1856	1.0315	1.0934	1.0315
2007-2011	122	145,011	22,438	15.47%	0.2714	1.0642	1.0052	1.0642

The rate change for any particular model year/GVW combination was capped at +10 per cent and –10 per cent. The impact on the rates for these vehicles is shown in the tables below.

Current Rate

GVW	Model Year								
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011
no GVW	\$280	\$426	\$585	\$585	\$585	\$585	\$585	\$585	\$585
5,001-11,000	\$280	\$426	\$585	\$585	\$585	\$585	\$585	\$585	\$585
11,001-13,000	\$301	\$542	\$702	\$730	\$745	\$745	\$745	\$745	\$745
13,001-22,000	\$318	\$698	\$742	\$771	\$800	\$829	\$873	\$917	\$962
22,001-34,000	\$349	\$818	\$818	\$846	\$878	\$910	\$957	\$1,005	\$1,056
34,001-40,000	\$385	\$945	\$945	\$965	\$1,001	\$1,038	\$1,092	\$1,147	\$1,204
40,001-50,000	\$385	\$1,016	\$1,016	\$1,032	\$1,071	\$1,110	\$1,168	\$1,227	\$1,288
50,001-62,500	\$385	\$1,114	\$1,200	\$1,247	\$1,294	\$1,341	\$1,411	\$1,482	\$1,556

Proposed Rate

GVW	Model Year								
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011
no GVW	\$252	\$468	\$532	\$544	\$558	\$570	\$589	\$607	\$626
5,001-11,000	\$252	\$468	\$532	\$544	\$558	\$570	\$589	\$607	\$626
11,001-13,000	\$304	\$578	\$657	\$672	\$689	\$704	\$726	\$749	\$773
13,001-22,000	\$347	\$659	\$749	\$767	\$786	\$803	\$829	\$855	\$882
22,001-34,000	\$383	\$737	\$829	\$848	\$869	\$888	\$917	\$946	\$976
34,001-40,000	\$423	\$851	\$945	\$966	\$991	\$1,013	\$1,045	\$1,078	\$1,112
40,001-50,000	\$423	\$915	\$1,005	\$1,028	\$1,054	\$1,077	\$1,111	\$1,146	\$1,183
50,001-62,500	\$423	\$1,035	\$1,176	\$1,203	\$1,234	\$1,261	\$1,301	\$1,342	\$1,401

% Change

GVW	Model Year								
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011
no GVW	-10.00%	9.86%	-9.06%	-7.01%	-4.62%	-2.56%	0.68%	3.76%	7.01%
5,001-11,000	-10.00%	9.86%	-9.06%	-7.01%	-4.62%	-2.56%	0.68%	3.76%	7.01%
11,001-13,000	1.00%	6.64%	-6.41%	-7.95%	-7.52%	-5.50%	-2.55%	0.54%	3.76%
13,001-22,000	9.12%	-5.59%	0.94%	-0.52%	-1.75%	-3.14%	-5.04%	-6.76%	-8.32%
22,001-34,000	9.74%	-9.90%	1.34%	0.24%	-1.03%	-2.42%	-4.18%	-5.87%	-7.58%
34,001-40,000	9.87%	-9.95%	0.00%	0.10%	-1.00%	-2.41%	-4.30%	-6.02%	-7.64%
40,001-50,000	9.87%	-9.94%	-1.08%	-0.39%	-1.59%	-2.97%	-4.88%	-6.60%	-8.15%
50,001-62,500	9.87%	-7.09%	-2.00%	-3.53%	-4.64%	-5.97%	-7.80%	-9.45%	-9.96%

\$ Change

GVW	Model Year								
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011
no GVW	-\$28	\$42	-\$53	-\$41	-\$27	-\$15	\$4	\$22	\$41
5,001-11,000	-\$28	\$42	-\$53	-\$41	-\$27	-\$15	\$4	\$22	\$41
11,001-13,000	\$3	\$36	-\$45	-\$58	-\$56	-\$41	-\$19	\$4	\$28
13,001-22,000	\$29	-\$39	\$7	-\$4	-\$14	-\$26	-\$44	-\$62	-\$80
22,001-34,000	\$34	-\$81	\$11	\$2	-\$9	-\$22	-\$40	-\$59	-\$80
34,001-40,000	\$38	-\$94	\$0	\$1	-\$10	-\$25	-\$47	-\$69	-\$92
40,001-50,000	\$38	-\$101	-\$11	-\$4	-\$17	-\$33	-\$57	-\$81	-\$105
50,001-62,500	\$38	-\$79	-\$24	-\$44	-\$60	-\$80	-\$110	-\$140	-\$155

The impact of the changes to this subclass would reduce premiums by approximately 4.10 per cent or \$44,196 in written premium.

The dislocation of the 2007 written exposures by per cent change to the base rates and dollar change to the base rates is shown below:

% Change	2007 Written Exposures	\$ Change	2007 Written Exposures
-15% $\leq x < -10\%$	5	-\$160 $\leq x < -\$150$	5
-10% $\leq x < -5\%$	595	-\$140 $\leq x < -\$130$	10
-5.0% $\leq x < -0\%$	374	-\$110 $\leq x < -\$100$	24
$x = 0\%$	0	-\$100 $\leq x < -\$90$	8
0% $< x \leq 5\%$	220	-\$90 $\leq x < -\$80$	32
5% $< x \leq 10\%$	56	-\$80 $\leq x < -\$70$	104
		-\$70 $\leq x < -\$60$	132
		-\$60 $\leq x < -\$50$	185
		-\$50 $\leq x < -\$40$	135
		-\$40 $\leq x < -\$30$	94
		-\$30 $\leq x < -\$20$	133
		-\$20 $\leq x < -\$10$	81
		-\$10 $\leq x < \$0$	33
		$x = \$0$	0
		$\$0 < x \leq \10	86
		$\$10 < x \leq \20	7
		$\$20 < x \leq \30	133
		$\$30 < x \leq \40	3
		$\$40 < x \leq \50	48

4.24 Class A – Power Units

The rate indication shows that an increase of eight per cent is warranted for this class of vehicles.

A relativity analysis was performed on GVW and model year for these vehicles.

Recommendation: SGI also recommends an eight per cent increase to the base rate for this class. A relativity analysis was done on model year and gross vehicle weight. The results of these analyses are shown below.

GVW	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity	Credibility Weighted Relativity	Selected Relativity
5,001-11,000	5	14,650	3,843	26.23%	0.0553	0.3620	0.3488	0.3620
11,001-13,000	14	20,556	0	0.00%	0.0000	0.4583	0.4583	0.4583
13,001-22,000	57	288,204	114,807	39.84%	0.1716	0.5343	0.4701	0.5343
22,001-34,000	142	1,164,461	1,155,911	99.27%	0.5115	0.6066	0.5714	0.6066
34,001-40,000	1,203	16,043,852	26,371,026	164.37%	1.0230	0.8500	1.0230	0.8500
40,001-55,000	2,456	25,566,125	33,407,436	130.67%	1.0000	1.0000	1.0000	1.0000
55,001-62,500	1,874	25,402,363	25,170,721	99.09%	0.8629	1.0949	0.8629	1.0949

Model Year	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity	Credibility Weighted Relativity	Selected Relativity
<1976	7	29,442	6,341	21.54%	0.0497	0.2974	0.2824	0.3272
1976	2	33,279	0	0.00%	0.0000	0.8066	0.8066	0.8066
1977-1981	26	507,373	97,533	19.22%	0.1482	0.8746	0.7760	0.8746
1982-1986	40	1,030,828	295,078	28.63%	0.2255	0.9139	0.7589	0.9139
1987-1991	118	3,511,201	2,285,502	65.09%	0.5217	0.9528	0.7227	0.9528
1992-1996	551	14,162,675	12,412,354	87.64%	0.7243	0.9762	0.7243	0.9762
1997-2001	1,968	35,207,204	43,694,297	124.11%	1.0000	1.0000	1.0000	1.0000
2002-2006	2,193	12,194,338	14,956,353	122.65%	0.8571	1.0227	0.8571	1.0227
2007-2011	845	1,823,872	12,476,286	684.05%	5.7918	1.0484	3.0237	1.0484

The rate change for any particular model year/GVW combination was capped at +10 per cent and -10. The impact on the rates for these vehicles is shown in the tables below.

Current Rate

GVW	Model Year								
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011
5,001-11,000	\$280	\$426	\$502	\$529	\$553	\$566	\$580	\$585	\$600
11,001-13,000	\$280	\$581	\$670	\$705	\$737	\$755	\$773	\$793	\$813
13,001-22,000	\$280	\$784	\$791	\$833	\$870	\$892	\$914	\$936	\$960
22,001-34,000	\$280	\$961	\$961	\$961	\$988	\$1,012	\$1,037	\$1,063	\$1,089
34,001-40,000	\$385	\$1,170	\$1,306	\$1,375	\$1,437	\$1,472	\$1,508	\$1,546	\$1,584
40,001-55,000	\$385	\$1,415	\$1,570	\$1,653	\$1,727	\$1,770	\$1,813	\$1,858	\$1,905
55,001-62,500	\$385	\$1,634	\$1,727	\$1,818	\$1,900	\$1,947	\$1,994	\$2,044	\$2,095

Proposed Rate

GVW	Model Year								
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011
5,001-11,000	\$252	\$468	\$552	\$581	\$608	\$622	\$638	\$643	\$660
11,001-13,000	\$294	\$639	\$737	\$775	\$810	\$830	\$850	\$872	\$894
13,001-22,000	\$308	\$844	\$870	\$916	\$957	\$981	\$1,005	\$1,029	\$1,056
22,001-34,000	\$308	\$958	\$1,039	\$1,057	\$1,086	\$1,113	\$1,140	\$1,169	\$1,197
34,001-40,000	\$423	\$1,287	\$1,436	\$1,512	\$1,580	\$1,619	\$1,658	\$1,700	\$1,742
40,001-55,000	\$423	\$1,556	\$1,713	\$1,789	\$1,866	\$1,911	\$1,958	\$2,002	\$2,053
55,001-62,500	\$423	\$1,729	\$1,875	\$1,959	\$2,043	\$2,093	\$2,144	\$2,193	\$2,248

% Change

GVW	Model Year								
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011
5,001-11,000	-10.00%	9.86%	9.96%	9.83%	9.95%	9.89%	10.00%	9.91%	10.00%
11,001-13,000	5.00%	9.98%	10.00%	9.93%	9.91%	9.93%	9.96%	9.96%	9.96%
13,001-22,000	10.00%	7.65%	9.99%	9.96%	10.00%	9.98%	9.96%	9.94%	10.00%
22,001-34,000	10.00%	-0.31%	8.12%	9.99%	9.92%	9.98%	9.93%	9.97%	9.92%
34,001-40,000	9.87%	10.00%	9.95%	9.96%	9.95%	9.99%	9.95%	9.96%	9.97%
40,001-55,000	9.87%	9.96%	9.11%	8.23%	8.05%	7.97%	8.00%	7.75%	7.77%
55,001-62,500	9.87%	5.81%	8.57%	7.76%	7.53%	7.50%	7.52%	7.29%	7.30%

\$ Change

GVW	Model Year								
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011
5,001-11,000	-\$28	\$42	\$50	\$52	\$55	\$56	\$58	\$58	\$60
11,001-13,000	\$14	\$58	\$67	\$70	\$73	\$75	\$77	\$79	\$81
13,001-22,000	\$28	\$60	\$79	\$83	\$87	\$89	\$91	\$93	\$96
22,001-34,000	\$28	-\$3	\$78	\$96	\$98	\$101	\$103	\$106	\$108
34,001-40,000	\$38	\$117	\$130	\$137	\$143	\$147	\$150	\$154	\$158
40,001-55,000	\$38	\$141	\$143	\$136	\$139	\$141	\$145	\$144	\$148
55,001-62,500	\$38	\$95	\$148	\$141	\$143	\$146	\$150	\$149	\$153

The impact of these changes to the base rate and relativities would increase premiums by approximately 8.09 per cent or \$914,432 in written premium. The dislocation of the 2007 written exposures by per cent change to the base rates and dollar change to the base rates is shown below:

% Change	2007 Written Exposures	\$ Change	2007 Written Exposures
-10% \leq x < -5%	1	-\$30 \leq x < -\$20	1
-5.0% \leq x < -0%	1	-\$10 \leq x < \$0	1
x = 0%	0	x = \$0	0
0% < x \leq 5%	0	\$20 < x \leq \$30	3
5% < x \leq 10%	6,260	\$30 < x \leq \$40	2
		\$40 < x \leq \$50	0
		\$50 < x \leq \$60	5
		\$60 < x \leq \$70	0
		\$70 < x \leq \$80	12
		\$80 < x \leq \$90	28
		\$90 < x \leq \$100	51
		\$100 < x \leq \$110	139
		\$110 < x \leq \$120	0
		\$120 < x \leq \$130	3
		\$130 < x \leq \$140	81
		\$140 < x \leq \$150	4,731
		\$150 < x \leq \$160	1,205

4.25 Class A – \$15,000 Deductible

There is a \$15,000 deductible option for both Heavy Trucks and Power Units. A relativity analysis was performed on the regular deductible and the \$15,000 deductible. The results are shown below.

Regular Deductible:	1.000
\$15,000 Deductible	0.585

Recommendation: Currently the rate for the \$15,000 deductible option is a 38 per cent discount off the regular deductible rate. SGI proposes changing to a 40 per cent discount.

4.26 Class A – Excess Coverage

Currently a policyholder insuring a vehicle valued at more than \$15,000 is charged \$19 per \$1,000 of coverage. A loss ratio approach was used to analyze the excess claims and premiums. The results are shown below.

Accident Year	Excess Earned Premium (\$)	Ultimate Claims Incurred on Excess Coverage (\$)	Loss Ratio	Weight
2000	238,964	130,416	55%	5%
2001	62,313	127,104	204%	5%
2002	64,448	105,429	164%	5%
2003	78,655	58,927	75%	15%
2004	40,126	7,723	19%	15%
2005	47,572	114,641	241%	15%
2006	62,870	62,579	100%	20%
2007	72,383	27,959	39%	20%
Weighted Ultimate Loss Ratio on Excess Coverage			99%	

Although the 2005 and 2006 accident years' loss ratios are very high, accident years 2003, 2004 and 2007 were very good.

Recommendation: SGI recommends an increase of \$1 to the current charge of \$19, to \$20 per \$1,000 of value.

Classes C and D

The rates for these classes are currently the same. Because the risk is similar for these two classes the indication and relativity analysis were done with combined experience. The reason that they are kept as two separate classes is because of the registration system. Classes C and D are defined differently for registration purposes. Before the classes can be combined totally the registration system would have to be updated.

The subclasses heavy trucks and vans, and power units were looked at individually.

4.27 Classes C and D – Heavy Trucks and Vans

The rate indication shows that these vehicles' premiums could sustain a 19.1 per cent decrease overall and remain adequate. A relativity analysis was performed on both GVW and model year. The 1976 model year was grouped with model years 1975 and older when performing the relativity analysis.

Recommendation: SGI recommends a reduction to the base rate of 10 per cent. The results of the relativity analysis are shown below.

GVW	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity	Credibility Weighted Relativity	Selected Relativity
5,001-20,000	6,045	32,776,593	18,671,663	56.97%	1.0000	1.0000	1.0000	1.0000
20,001-30,000	3,009	16,186,983	7,041,256	43.50%	1.0894	1.3545	1.0894	1.2191
30,001-40,000	793	4,423,539	1,940,579	43.87%	1.2223	1.4016	1.3033	1.3033
40,001-50,000	273	1,515,090	789,739	52.12%	1.7132	1.6375	1.6605	1.6605
50,001-62,500	75	480,834	274,146	57.01%	2.2684	2.0439	2.0907	2.0907

Model Year	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity	Credibility Weighted Relativity	Selected Relativity
<1976	489	1,986,987	656,012	33.02%	0.2160	0.5335	0.4027	0.4801
1976	121	850,129	190,512	22.41%	0.2460	0.8798	0.7450	0.7918
1977-1981	965	7,200,659	2,466,203	34.25%	0.4218	0.9002	0.5943	0.8102
1982-1986	880	6,673,717	1,861,534	27.89%	0.3486	0.9251	0.5190	0.8326
1987-1991	1,615	10,824,654	4,574,218	42.26%	0.5707	0.9502	0.5740	0.8551
1992-1996	1,689	10,850,568	7,465,731	68.80%	0.9513	0.9751	0.9513	0.9513
1997-2001	2,090	11,889,633	7,973,339	67.06%	1.0000	1.0000	1.0000	1.0000
2002-2006	1,849	4,714,857	3,245,922	68.84%	1.0433	1.0249	1.0392	1.0392
2007-2011	497	391,836	283,912	72.46%	1.0781	1.0507	1.0567	1.0567

The final premium change was capped at -10 per cent and +10 per cent. The results on the premiums are shown in the tables below.

Current Rate

GVW	Model Year								
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011
5,001-20,000	\$330	\$373	\$384	\$395	\$405	\$416	\$427	\$437	\$448
20,001-30,000	\$330	\$523	\$537	\$552	\$567	\$582	\$597	\$611	\$626
30,001-40,000	\$330	\$553	\$556	\$571	\$587	\$602	\$617	\$633	\$649
40,001-50,000	\$330	\$642	\$659	\$677	\$696	\$714	\$732	\$751	\$770
50,001-62,500	\$330	\$812	\$835	\$858	\$881	\$904	\$927	\$951	\$975

Proposed Rate

GVW	Model Year								
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011
5,001-20,000	\$297	\$336	\$346	\$356	\$365	\$375	\$385	\$399	\$406
20,001-30,000	\$297	\$471	\$484	\$497	\$511	\$524	\$538	\$550	\$564
30,001-40,000	\$297	\$498	\$501	\$514	\$529	\$542	\$556	\$570	\$585
40,001-50,000	\$306	\$578	\$594	\$610	\$627	\$643	\$659	\$676	\$693
50,001-62,500	\$363	\$731	\$752	\$773	\$793	\$814	\$835	\$856	\$878

% Change

GVW	Model Year								
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011
5,001-20,000	-10.00%	-9.92%	-9.90%	-9.87%	-9.88%	-9.86%	-9.84%	-8.70%	-9.38%
20,001-30,000	-10.00%	-9.94%	-9.87%	-9.96%	-9.88%	-9.97%	-9.88%	-9.98%	-9.90%
30,001-40,000	-10.00%	-9.95%	-9.89%	-9.98%	-9.88%	-9.97%	-9.89%	-9.95%	-9.86%
40,001-50,000	-7.27%	-9.97%	-9.86%	-9.90%	-9.91%	-9.94%	-9.97%	-9.99%	-10.00%
50,001-62,500	10.00%	-9.98%	-9.94%	-9.91%	-9.99%	-9.96%	-9.92%	-9.99%	-9.95%

\$ Change

GVW	Model Year								
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011
5,001-20,000	-\$33	-\$37	-\$38	-\$39	-\$40	-\$41	-\$42	-\$38	-\$42
20,001-30,000	-\$33	-\$52	-\$53	-\$55	-\$56	-\$58	-\$59	-\$61	-\$62
30,001-40,000	-\$33	-\$55	-\$55	-\$57	-\$58	-\$60	-\$61	-\$63	-\$64
40,001-50,000	-\$24	-\$64	-\$65	-\$67	-\$69	-\$71	-\$73	-\$75	-\$77
50,001-62,500	\$33	-\$81	-\$83	-\$85	-\$88	-\$90	-\$92	-\$95	-\$97

The result of these changes is a 9.77 per cent reduction in expected written premium for heavy trucks and vans, which is an approximate reduction in rating year written premium of \$548,235.

The dislocation of the 2007 written exposures by per cent change to the base rates and dollar change to the base rates is shown below.

% Change	2007 Written Exposures	\$ Change	2007 Written Exposures
-10% \leq x < -5%	11,499	-\$100 \leq x < -\$90	68
		-\$90 \leq x < -\$80	16
		-\$80 \leq x < -\$70	279
		-\$70 \leq x < -\$60	1,273
		-\$60 \leq x < -\$50	2,952
		-\$50 \leq x < -\$40	2,737
		\$40 \leq x < -\$30	4,173
		\$30 \leq x < -\$20	1

4.28 Classes C and D – Power Units

The rate indication shows that these vehicles' premiums could sustain a 5.2 per cent decrease overall and remain adequate. A relativity analysis was performed on both GVW and model year. The 1976 model year was grouped with model years 1975 and older when performing the relativity analysis.

Recommendation: SGI recommends no change to the base rate. The results of the relativity analysis are shown below.

GVW	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity	Credibility Weighted Relativity	Selected Relativity
5,000-20,000	324	1,130,301	474,803	42.01%	0.1998	0.4101	0.3407	0.3691
20,001-30,000	377	1,808,943	817,171	45.17%	0.3205	0.5142	0.4355	0.4628
30,001-35,000	298	2,732,772	1,584,830	57.99%	0.4933	0.6324	0.5600	0.5692
35,001-36,000	22	211,825	80,957	38.22%	0.3728	0.7626	0.7096	0.7096
36,001-40,000	994	11,236,713	6,519,014	58.02%	0.7105	0.8929	0.7227	0.8036
40,001-50,000	1,540	14,561,744	10,326,527	70.92%	1.0000	1.0000	1.0000	1.0000
50,001-62,500	645	7,457,060	4,625,098	62.02%	0.9882	1.0417	1.0004	1.0004

Model Year	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity	Credibility Weighted Relativity	Selected Relativity
<1976	36	168,113	98,480	58.58%	0.2076	0.4237	0.3929	0.3929
1976	7	121,351	20,832	17.17%	0.1975	0.8685	0.8277	0.8277
1977-1981	76	1,416,655	314,026	22.17%	0.2622	0.8967	0.7378	0.8070
1982-1986	146	2,628,636	907,679	34.53%	0.4482	0.9037	0.7424	0.8133
1987-1991	472	7,633,607	2,957,762	38.75%	0.5512	0.9899	0.6896	0.8909
1992-1996	1,007	11,711,431	7,665,498	65.45%	1.0000	1.0000	1.0000	1.0000
1997-2001	1,466	11,473,898	8,497,938	74.06%	1.1568	1.0250	1.1568	1.1275
2002-2006	733	3,546,773	3,360,258	94.74%	1.4667	1.0500	1.3059	1.1550
2007-2011	257	438,893	605,925	138.06%	2.1162	1.0761	1.2995	1.1837

The final premium change was capped at +5 per cent and -10 per cent. The results on the premiums are shown in the tables below.

Current Rate

GVW	Model Year								
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011
5,001-20,000	\$330	\$361	\$380	\$384	\$422	\$427	\$437	\$448	\$459
20,001-30,000	\$330	\$523	\$523	\$523	\$557	\$563	\$577	\$591	\$606
30,001-35,000	\$330	\$639	\$662	\$668	\$735	\$742	\$761	\$779	\$798
35,001-36,000	\$330	\$799	\$827	\$834	\$918	\$927	\$951	\$974	\$998
36,001-40,000	\$330	\$946	\$994	\$1,003	\$1,104	\$1,115	\$1,143	\$1,171	\$1,200
40,001-50,000	\$330	\$1,074	\$1,130	\$1,140	\$1,256	\$1,268	\$1,300	\$1,332	\$1,365
50,001-62,500	\$330	\$1,170	\$1,176	\$1,187	\$1,307	\$1,320	\$1,353	\$1,386	\$1,421

Proposed Rate

GVW	Model Year								
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011
5,001-20,000	\$297	\$356	\$347	\$350	\$384	\$431	\$458	\$470	\$481
20,001-30,000	\$297	\$471	\$471	\$471	\$502	\$540	\$605	\$620	\$636
30,001-35,000	\$297	\$576	\$596	\$602	\$662	\$668	\$749	\$767	\$786
35,001-36,000	\$325	\$720	\$745	\$751	\$827	\$835	\$933	\$956	\$980
36,001-40,000	\$346	\$852	\$895	\$903	\$994	\$1,004	\$1,057	\$1,083	\$1,110
40,001-50,000	\$346	\$967	\$1,017	\$1,026	\$1,131	\$1,167	\$1,315	\$1,347	\$1,381
50,001-62,500	\$346	\$1,053	\$1,059	\$1,069	\$1,177	\$1,188	\$1,316	\$1,348	\$1,381

% Change

GVW	Model Year								
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011
5,001-20,000	-10.0%	-1.4%	-8.7%	-8.9%	-9.0%	0.9%	4.8%	4.9%	4.8%
20,001-30,000	-10.0%	-9.9%	-9.9%	-9.9%	-9.9%	-4.1%	4.9%	4.9%	5.0%
30,001-35,000	-10.0%	-9.9%	-10.0%	-9.9%	-9.9%	-10.0%	-1.6%	-1.5%	-1.5%
35,001-36,000	-1.5%	-9.9%	-9.9%	-10.0%	-9.9%	-9.9%	-1.9%	-1.8%	-1.8%
36,001-40,000	4.8%	-9.9%	-10.0%	-10.0%	-10.0%	-10.0%	-7.5%	-7.5%	-7.5%
40,001-50,000	4.8%	-10.0%	-10.0%	-10.0%	-10.0%	-8.0%	1.2%	1.1%	1.2%
50,001-62,500	4.8%	-10.0%	-9.9%	-9.9%	-9.9%	-10.0%	-2.7%	-2.7%	-2.8%

\$ Change

GVW	Model Year								
	<1976	1976	1977-1981	1982-1986	1987-1991	1992-1996	1997-2001	2002-2006	2007-2011
5,001-20,000	-\$33	-\$5	-\$33	-\$34	-\$38	\$4	\$21	\$22	\$22
20,001-30,000	-\$33	-\$52	-\$52	-\$52	-\$55	-\$23	\$28	\$29	\$30
30,001-35,000	-\$33	-\$63	-\$66	-\$66	-\$73	-\$74	-\$12	-\$12	-\$12
35,001-36,000	-\$5	-\$79	-\$82	-\$83	-\$91	-\$92	-\$18	-\$18	-\$18
36,001-40,000	\$16	-\$94	-\$99	-\$100	-\$110	-\$111	-\$86	-\$88	-\$90
40,001-50,000	\$16	-\$107	-\$113	-\$114	-\$125	-\$101	\$15	\$15	\$16
50,001-62,500	\$16	-\$117	-\$117	-\$118	-\$130	-\$132	-\$37	-\$38	-\$40

The result of these changes is a 3.99 per cent decrease in expected written premium for power units which is an approximate decrease in rating year written premium of \$211,431. The dislocation of the 2007 written exposures by per cent change to the base rates and dollar change to the base rates is shown below.

% Change	2007 Written Exposures	\$ Change	2007 Written Exposures
-10% \Rightarrow $x < -5\%$	2,265	-\$140 \Rightarrow $x < -\$130$	152
-5.0% \Rightarrow $x < -0\%$	827	-\$130 \Rightarrow $x < -\$120$	167
$x = 0\%$	0	-\$120 \Rightarrow $x < -\$110$	328
0% $< x \Rightarrow$ 5%	1,755	-\$110 \Rightarrow $x < -\$100$	541
		-\$100 \Rightarrow $x < -\$90$	84
		-\$90 \Rightarrow $x < -\$80$	592
		-\$80 \Rightarrow $x < -\$70$	127
		-\$70 \Rightarrow $x < -\$60$	39
		-\$60 \Rightarrow $x < -\$50$	94
		-\$50 \Rightarrow $x < -\$40$	0
		-\$40 \Rightarrow $x < -\$32$	707
		-\$32 \Rightarrow $x < -\$20$	107
		-\$20 \Rightarrow $x < -\$10$	152
		-\$10 \Rightarrow $x < \$0$	2
		$x = \$0$	0
		$\$0 < x \Rightarrow$ \$10	87
		$\$10 < x \Rightarrow$ \$20	1,271
		$\$20 < x \Rightarrow$ \$32	397

4.29 Classes C and D – Excess Coverage

Currently a policyholder insuring a vehicle valued more than \$15,000 is charged \$19 per \$1,000 of coverage. A loss ratio approach was used to analyze the excess claims and premiums. The results are shown below.

Accident Year	Excess Earned Premium (\$)	Ultimate Claims Incurred on Excess Coverage (\$)	Loss Ratio	Weight
2000	347,698	115,102	33%	5%
2001	339,852	441,129	130%	5%
2002	314,298	204,554	65%	5%
2003	327,177	103,110	32%	15%
2004	364,422	379,716	104%	15%
2005	416,260	193,910	47%	15%
2006	516,340	343,264	66%	20%
2007	600,344	256,198	43%	20%
Weighted Ultimate Loss Ratio on Excess Coverage			61%	

Recommendation: SGI recommends no change to the current charge of \$19 per \$1,000 of value.

4.30 Classes C and D – Industrial Tracked Vehicle

A loss ratio analysis was done for these vehicles based on combined Class C and D data. As shown in the table below the data is very thin for this vehicle type.

Accident Year	Earned Premium (\$)	Ultimate Losses (\$)	Loss Ratio
2000	458	-	0%
2001	583	-	0%
2002	635	-	0%
2003	484	-	0%
2004	389	11,837	3,046%
2005	422	6,440	1,527%
2006	372	-	0%
2007	360	-	0%
Total	3,703	18,278	494%

Recommendation: SGI recommends no change to the current premium of \$200 for this vehicle type.

4.31 Class C - Tractor

There were no losses incurred by this type of vehicle in the analysis period.

Recommendation: SGI recommends that the premium remain at its current level of \$65.

4.32 Class LV – Restricted Buses

Because of the thinness of the data, simple pure premium relativity and loss ratio analyses were performed.

Recommendation: SGI recommends a decrease of five per cent to the base rate and no change to the relativities. The results of the relativity and loss ratio analyses are shown in the tables below.

Seating Capacity	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity	Credibility Weighted Relativity	Selected Relativity
15 or Less Capacity	39	101,660	52,837	51.97%	1.0000	1.0000	1.0000	1.0000
16 to 24 Capacity	5	16,509	3,085	18.69%	0.3716	1.0126	0.9789	1.0126
25 and More Capacity	11	40,850	10,994	26.91%	0.6435	1.1639	1.1285	1.1639

Accident Year	Earned Premium (\$)	Ultimate Losses (\$)	Loss Ratio
2000	22,176	8,900	40.13%
2001	24,279	11,038	45.46%
2002	24,682	5,744	23.27%
2003	22,667	14,158	62.46%
2004	19,387	1,558	8.04%
2005	17,550	13,077	74.51%
2006	15,880	9,104	57.33%
2007	12,396	5,698	45.97%
Total	159,018	69,277	43.57%

The impact on the rates is shown below.

Seating Capacity	Current Premium	Proposed Premium	% Change in Premium	\$ Change in Premium
15 or Less Capacity	\$238	\$226	-5.04%	-\$12
16 to 24 Capacity	\$241	\$229	-4.98%	-\$12
25 and More Capacity	\$277	\$263	-5.05%	-\$14

An overall decrease of 5.04 per cent in premiums would result in an estimated decrease of \$653 to this class's expected rating year written premium.

4.33 Class LV – Buses

The data for this class is very thin as well. Loss ratio and relativity analyses were performed.

Recommendation: SGI recommends a five per cent increase to the base rate and no changes to the relativities. The results of the relativity and loss ratio analyses are shown in the tables below.

Seating Capacity	2007 Earned Exposures	2000 - 2007 Earned Premium (\$)	2000 - 2007 Ultimate Losses (\$)	2000 - 2007 Loss Ratio	8-Year Relativity	Current Relativity	Credibility Weighted Relativity	Selected Relativity
15 or Less Capacity	111	132,187	100,469	76.01%	0.8103	0.7310	0.7415	0.7310
16 to 24 Capacity	67	115,882	278,341	240.19%	2.9483	0.9357	1.2591	0.9357
25 and More Capacity	113	267,523	185,339	69.28%	1.0000	1.0000	1.0000	1.0000

Accident Year	Earned Premium (\$)	Ultimate Losses (\$)	Loss Ratio
2000	50,637	6,171	12.19%
2001	48,215	6,346	13.16%
2002	53,584	13,072	24.40%
2003	61,466	23,410	38.09%
2004	69,022	30,585	44.31%
2005	71,699	197,893	276.01%
2006	77,733	366,893	471.99%
2007	83,235	64,943	78.02%
Total	515,591	709,313	137.57%

A table outlining the proposed change is below.

Seating Capacity	Current Premium	Proposed Premium	% Change in Premium	\$ Change in Premium
15 or Less Capacity	\$250	\$263	5.20%	\$13
16 to 24 Capacity	\$320	\$336	5.00%	\$16
25 and More Capacity	\$342	\$359	4.97%	\$17

The expected impact on the rating year written premium is an increase of 5.05 per cent or \$4,694.

4.34 Class LV – Hearses

These vehicles are currently charged the LV – Private Passenger rate with a cap of \$400. The data for this class is very thin. A loss ratio analysis was performed and the results are shown below.

Accident Year	Earned Premium (\$)	Ultimate Losses (\$)	Loss Ratio
2000	38,196	3,721	9.74%
2001	43,256	56,601	130.85%
2002	41,910	9,074	21.65%
2003	42,418	6,159	14.52%
2004	41,434	16,905	40.80%
2005	40,139	21,873	54.49%
2006	40,072	31,649	78.98%
2007	42,349	41,321	97.57%
Total	329,774	187,302	56.80%

Recommendation: SGI recommends no change to the capped rate for this class.

4.35 Class LV – Ambulances

These vehicles are currently charged an insurance premium of \$823. The data for this class is very thin. A loss ratio analysis was performed and the results are shown below.

Accident Year	Earned Premium (\$)	Ultimate Losses (\$)	Loss Ratio
2000	193,233	74,834	38.73%
2001	192,168	267,700	139.31%
2002	198,467	188,467	94.96%
2003	202,501	215,210	106.28%
2004	202,096	163,912	81.11%
2005	198,964	160,404	80.62%
2006	195,906	119,518	61.01%
2007	198,450	70,721	35.64%
Total	1,581,783	1,260,765	79.71%

Recommendation: SGI recommends no change to the rates for this class

4.36 Class LV – Pedal Bikes

These vehicles are currently charged \$40. A loss ratio analysis was performed.

Accident Year	Earned Premium (\$)	Ultimate Losses (\$)	Loss Ratio
2000	1,197	0	0.00%
2001	1,541	0	0.00%
2002	1,728	0	0.00%
2003	1,497	500	33.42%
2004	1,075	161,067	14,978.79%
2005	1,164	0	0.00%
2006	1,751	0	0.00%
2007	603	0	0.00%
Total	10,557	161,567	1,530.45%

Recommendation: SGI recommends an increase of 10 per cent to \$44 for the premium for this class.

4.37 Class PV – Heavy Trucks and Vans

A loss ratio analysis was performed for this class.

Accident Year	Earned Premium (\$)	Ultimate Losses (\$)	Loss Ratio
2000	1,237,390	627,191	50.69%
2001	1,221,289	470,102	38.49%
2002	1,306,726	990,674	75.81%
2003	965,433	465,377	48.20%
2004	470,457	227,363	48.33%
2005	165,510	108,963	65.83%
2006	128,371	28,295	22.04%
2007	154,552	26,538	17.17%
Total	5,649,730	2,944,504	52.12%

Recommendation: Since the data for this class is thin SGI recommends no changes to rates for this class.

4.38 Class PV – Power Units

A loss ratio analysis was performed for this class.

Accident Year	Earned Premium (\$)	Ultimate Losses (\$)	Loss Ratio
2000	3,916	0	0.00%
2001	10,013	0	0.00%
2002	10,140	0	0.00%
2003	11,013	1,182	10.73%
2004	9,663	0	0.00%
2005	6,790	1,508	22.20%
2006	5,797	3,030	52.26%
2007	9,471	19,231	203.07%
Total	66,804	24,950	37.35%

Recommendation: Since the data for this class is thin SGI recommends no changes to rates for this class.

5. Verification of Indicated Increase with 2008 Data

Since the time that this rate indication was first completed, 2008 loss year data has become available. To verify the 4.2 per cent indicated and proposed rate change for all vehicles, excluding trailers, an updated analysis was completed using 2008 loss year data.

Listed below are other changes made from the original rate indications. For the updated indication, the projected rating year used was Nov. 1, 2009 to Oct. 31, 2010.

- The investment income on the Rate Stabilization Reserve (RSR) amount has been updated based on forecasted expected RSR values in 2009 and 2010, rather than the required RSR amount to meet the 100 per cent to 125 per cent MCT target.
- The discount rate has been updated to reflect the current economic forecast for the Auto Fund. It has been decreased from 5.18 per cent to 3.99 per cent.
- Payment patterns have been updated based on the Dec. 31, 2008 actuarial valuation. Payment patterns are used to determine the annual discount factor by coverage line.
- Both fixed and variable expenses have been updated based on the final approved budgeted forecast for 2009 and 2010, and the weighting between the two years has been adjusted to account for the new rating year.
- Allocation weighting of the fixed and variable expenses based on claim counts has been updated to include the additional loss years' data.
- The financial penalty component of the Safe Driver Recognition program has changed slightly as a result of the updated projected rating year.
- The loss development and claim development factors have been updated based on the Dec. 31, 2008 actuarial valuation selections.
- New past and future trends have been selected by coverage where required.
- The future index rate for care benefits, income replacement benefits and death benefits has been lowered from 3.4 per cent to 3.0 per cent. The 3.4 per cent was initially set based on what inflation was expected to be for Saskatchewan during 2009 and 2010; however, since the initial analysis was completed the provincial forecast has diminished slightly.

With the above changes made, the updated indication verifies that an increase is still required and justified, even with the addition of another loss year of data.

6. Proposed Timelines

To implement rate changes by Nov. 1, 2009, the Auto Fund requires time to test new rate tables and to ensure system integrity. It is important that vehicle renewal notices are produced and mailed to customers prior to the expiry of their current insurance contract. The Auto Fund normally mails renewals four to six weeks prior to expiry. Further, the Auto Fund requires time to print and produce rate manuals to provide to motor licence issuers with information on vehicle rates. It will also be important to ensure that customers have access to information about rate changes, which requires time to update all vehicle rate information on SGI's website. Therefore, approval is required by Sept. 4, 2009 if rate changes are to be effective Nov. 1, 2009.

Task	Timeline	Comments
Submission of rate proposal to the SRRP	May 1, 2009	SRRP has 120 days to review rate applications.
Recommendations from SRRP	Aug. 28, 2009	
Final Cabinet approval	Sept. 4, 2009	Cabinet approval is required at the beginning of September so rate changes can be implemented and tested before the end of October.
Mail Nov. 1, 2009 vehicle insurance renewals	Oct. 1, 2009	Insurance renewals will be mailed Oct. 1, 2009 so that customers have them prior to expiry.
Process refunds	Oct. 31, 2009	Mid-term refund processing requires an extended period of time to complete.
Mail refunds	November 2009	Refund cheques will be mailed mid-November.

7. Summary and Conclusion

The Saskatchewan Auto Fund requires a 4.2 per cent increase in revenue, as the cost of claims and expenses is outpacing growth in premium and investment income.

SGI's focus is on fairness in vehicle rating. Customers will not see an across the board increase. While the net result is a 4.2 per cent increase in revenue, some customers will see increases and some will see decreases. In fact, nearly half (45%) of SGI customers will see either a decrease or no change to their rates.

Rebalancing takes into account collision frequency and severity, including damage, injury and liability costs. Currently, some customers are paying too much for their vehicle insurance and others are paying too little.

Rates are determined based on the actual risk each vehicle make, model and year represents for being involved in a claim, and the actual costs of paying that claim. To minimize rate shock for customers, increases will be capped.

This will be the first Auto Fund rate increase since 2000. Even with an increase in 2009, SGI customers will continue to have among the lowest auto insurance rates in the country.

Appendix A

Proposed Rate Changes by Vehicle Class

Vehicle Class	Indicated Rate Change	Proposed Rate Change	Maximum \$ Increase	Maximum \$ Decrease	Average \$ Increase	Average \$ Decrease	# of Vehicles Increased	# of Vehicles Decreased	# of Vehicles Unchanged	Maximum Increase/Decrease
LV - Private Passenger Vehicles	4.8%	4.8%	\$125	\$0	\$64	\$0	425,980	0	253,638	+12.5%
LV - Motorhomes	27.9%	9.8%	\$81	\$0	\$30	\$0	5,421	0	0	+10%
LV - Motorcycles:	139.9%	13.4%	\$337	\$0	\$121	\$0	8,927	0	0	
Cruiser/Touring			\$179	\$0	\$110	\$0	6,457	0	0	+15%
Dual Purpose/Other			\$153	\$0	\$23	\$0	973	0	0	+15%
Sport			\$337	\$0	\$230	\$0	1,497	0	0	+25%
LV - U Drive	33.5%	5% ¹	\$217	\$0	\$129	\$0	5,635	0	0	+17.5%
LV - Police Vehicles	-29.5%	-10% ²	\$68	-\$129	\$44	-\$69	148	333	0	+2.5%
LV - Antiques	40.3%	10.0%	\$6	\$0	\$6	\$0	8,701	0	0	+10%
PT - Taxis:	41.5%	9.1%	\$271	\$0	\$197	\$0	775	0	0	
Taxis (Small City)			\$129	\$0	\$129	\$0	240	0	0	+10%
Taxis (Large City)			\$113	\$0	\$113	\$0	106	0	0	+5%
Taxis (Regina/Saskatoon)			\$271	\$0	\$271	\$0	339	0	0	+10%
Taxis (Rural)	*	5% ³	\$254	\$0	\$89	\$0	90	0	0	+17.5%
F - Farm Vehicles:										
Light Trucks - 1993 & Older	-30.5%	-6.9%	\$0	-\$47	\$0	-\$21	0	27,536	0	-10%
Light Trucks - 1994 & Newer	15.2%	0.2%	\$30	-\$100	\$23	-\$23	18,944	16,731	30	+6%/-10%
Heavy Trucks	-34.8%	-8.5%	\$0	-\$117	\$0	-\$15	0	29,704	0	-10%
Power Units	-26.3%	-5.2%	\$0	-\$92	\$0	-\$24	0	6,364	0	-10%
Trailers	12.5%	5.7%	\$5	\$0	\$5	\$0	24,692	0	0	+10%
PB - Passenger Inter City Buses	42.6%	9.3%	\$208	\$0	\$125	\$0	313	0	0	+10%
PC - Passenger City Buses	34.4%	10.0%	\$167	\$0	\$103	\$0	472	0	0	+10%
PS - Passenger School Buses	55.2%	9.8%	\$28	\$0	\$25	\$0	2,990	0	0	+10%
L - Dealer Plates:	-5.3%	-1.9%	\$26	-\$13	\$26	-\$13	81	3,926	0	
Automobile			\$0	-\$13	\$0	-\$13	0	3,880	0	-2%
Motorcycle			\$26	\$0	\$26	\$0	81	0	0	+8%
Snowmobile			\$0	-\$2	\$0	-\$2	0	46	0	-2%
LT - Trailer Dealers/Movers:	32.7%	3.4%	\$71	\$0	\$53	\$0	426	0	132	
Utility			\$10	\$0	\$10	\$0	126	0	0	+10%
Tent			\$10	\$0	\$10	\$0	1	0	0	+10%
Semi			\$0	\$0	\$0	\$0	0	0	64	No Change
Transport			\$0	\$0	\$0	\$0	0	0	68	No Change
Metal Cabin			\$71	\$0	\$71	\$0	117	0	0	+10%
Fiberglass Cabin			\$71	\$0	\$71	\$0	182	0	0	+10%
MT - Snowmobile	-63.1%	-10.0%	\$0	-\$9	\$0	-\$9	0	5,692	0	-10%
T - Private Trailers:	14.7%	7.5%	\$62	-\$2	\$18	-\$2	24,189	1,155	66,067	
Utility			\$0	\$0	\$0	\$0	0	0	63,317	No Change
Tent			\$41	-\$2	\$11	-\$2	834	558	689	+10%/-10%
Semi & Transport			\$43	-\$2	\$12	-\$2	3,165	596	2,060	+10%/-10%
Metal Cabin			\$62	\$0	\$16	\$0	12,029	0	0	+10%
Fiberglass Cabin			\$53	\$0	\$25	\$0	8,161	0	0	+10%
TS - Commercial Trailers	5.3%	1.1%	\$2	-\$15	\$2	-\$5	16,889	18,947	0	+10%/-10%
A - Commercial Vehicles										
Light Trucks	192.7%	10% ⁴	\$270	\$0	\$186	\$0	317	0	0	+22.5%
Heavy Trucks	-18.4%	-4.1%	\$42	-\$155	\$20	-\$51	276	974	0	+10%/-10%
Power Units	8.0%	7.7%	\$158	-\$28	\$132	-\$15	6,260	2	0	+10%/-10%

Vehicle Class	Indicated Rate Change	Proposed Rate Change	Maximum \$ Increase	Maximum \$ Decrease	Average \$ Increase	Average \$ Decrease	# of Vehicles Increased	# of Vehicles Decreased	# of Vehicles Unchanged	Maximum Increase/Decrease
C & D - Commercial Vehicles										
Heavy Trucks	-19.1%	-9.8%	\$33	-\$97	\$0	-\$48	0	11,499	0	-10%
Power Units	-5.2%	-4.0%	\$30	-\$132	\$17	-\$78	1,755	3,093	0	+5%/-10%
LV - Restricted Buses	*	-5.0%	\$0	-\$14	\$0	-\$12	0	53	0	-5%
LV - Buses	*	-5.1%	\$17	\$0	\$15	\$0	308	0	0	+5%
LV - Hearse	*	0.0%	\$0	\$0	\$0	\$0	0	0	130	No Change
LV - Ambulance	*	0.0%	\$0	\$0	\$0	\$0	0	0	275	No Change
PV - Private Vehicles:										
Heavy Trucks	*	0.0%	\$0	\$0	\$0	\$0	0	0	447	No Change
Power Units	*	0.0%	\$0	\$0	\$0	\$0	0	0	16	No Change
Other Classes	*	+10%/-10%	\$48	-\$10			45	10	6	+10%/-10%
TOTALS	4.2%	4.2%	\$337	-\$155	\$55	-\$21	553,544	126,018	320,742	

* No rate indicated due to insufficient premium or claims data. Therefore, the proposed rate change is selected based upon review of the eight-year ultimate accident year loss ratios for the specific class.

- ¹ Increase surcharge on LV rates from 10% to 15%
- ² Decrease surcharge on LV rates from 45% to 35%
- ³ Increase surcharge on LV rates from 55% to 60%
- ⁴ Increase surcharge on LV rates from 10% to 20%

Appendix B

2009 Budget – 4.2% rate increase effective Nov. 1, 2009

Saskatchewan Auto Fund Statement of Operations (000,s)

year ended December 31	Forecast				
	2009	2010	2011	2012	2013
	\$	\$	\$	\$	\$
Direct premium	652,897	716,021	756,744	799,154	844,275
Claims incurred	(2,251)	(2,300)	(2,300)	(2,300)	(2,300)
Net premiums written	650,646	713,721	754,444	796,854	841,975
Net premiums earned	632,326	681,363	734,436	776,017	819,806
Claims incurred	549,623	584,267	624,719	662,478	701,540
Loss adjusting expense (LAE)	52,237	54,255	55,826	57,449	59,119
Issuer fees and premium taxes	63,825	67,232	73,571	76,973	79,142
Administrative expenses	50,569	49,560	50,907	51,427	53,497
Traffic safety	17,798	20,620	22,033	23,281	24,594
Total claims and expenses	734,052	775,934	827,058	871,608	917,892
Underwriting loss	(101,726)	(94,571)	(92,622)	(95,591)	(98,086)
Investment earnings	50,603	60,256	64,438	68,116	70,854
Other income	22,733	24,544	25,798	26,985	28,239
Increase (decrease) to RSR before rebate	(28,390)	(9,771)	(2,386)	(490)	1,007
Rebate to policyholders *	(610)	(659)	(696)	-	-
Increase (decrease) to RSR	(29,000)	(10,430)	(3,082)	(490)	1,007
RSR:					
Balance beginning of year	102,535	79,864	74,544	76,364	79,455
Appropriation from Redevelopment Reserve	6,329	5,110	4,902	3,581	3,140
Balance, End of year	79,864	74,544	76,364	79,455	83,602

* The rebate in 2008 is the Green Rebate initiative net of 2007 general rebate cheques that were staledated in 2008. From 2009 through 2011, the rebate relates to the Green Rebate initiative.

Appendix C - Glossary

Terminology	Definition
Administrative expenses	Operating expenses such as salaries, infrastructure costs, system support costs and traffic safety program costs. Administrative expenses are approximately seven per cent in relation to total revenue. Traffic safety program costs consist of programs, sponsorship and advertising associated with promoting traffic safety. The goal of this investment is to provide social and economic benefits by reducing the number of collisions. Traffic safety program costs are approximately three per cent in relation to total revenue.
Average accident date	Assuming that policies are written uniformly throughout the policy year and that policies are written on an annual basis (12-month term), the average accident date of a policy is six months after the written date. For example, if a vehicle's policy is written on Jan. 1, 2009, its average accident date would be July 1, 2009.
Base rates	The base rate is the premium for the base group. The base group is typically the group with the largest number of exposures, because the larger the numbers, the more credible the data. As an example, for the LV – Motorhomes class, the base group is motorhomes valued at \$10,000 or less. Premiums for groups, other than the base group, are derived by adjusting the base rate by a per cent that reflects the variance in loss experience between the group (see Relativities definition).
Business Recognition (BR) program	<p>A program to reward businesses with safe driving records. Companies that own and operate commercial vehicles and have a loss ratio of less than 70 per cent in the past five years are eligible for a discount, to a maximum of 10 per cent, on their vehicle insurance premiums. A loss ratio between 70-80 per cent is SGI's approximate break-even range. The break-even range is calculated by subtracting administrative costs, premium taxes, issuer fees and traffic safety program costs from the total premiums paid for all vehicles. Therefore, for every \$1 of premium collected, between 70 - 80 cents can be paid out in claim costs to break even.</p> <p>Under the BR program, any operator with a loss ratio greater than 80 per cent is subject to financial penalties. However, relative to the size of the vehicle fleet, losses are capped to ensure premium increases are fair and reasonable. A capped five-year loss ratio determines how much customers save or are surcharged on their vehicle insurance.</p>
Claims frequency	The number of claims (or occurrences) per exposure.
Claims severity	Average amount of loss per claim (or per occurrence).

Terminology	Definition
CLEAR	An acronym for the industry-wide Canadian Loss Experience Automobile Rating system. The Insurance Bureau of Canada, through the Vehicle Information Centre of Canada (VICC), captures Canada-wide loss experience for light passenger vehicles 15 years of age or newer. CLEAR analyzes historical records of collision frequency and repair costs of each vehicle make and model in order to predict future losses. Through statistical analysis, relationships are established between vehicle characteristics and insurance claims. These relationships are then adjusted according to the actual claim history of individual models, in order to predict future losses for each model. Other rating factors such as a person's driving record, or where they live, do not affect CLEAR. As part of its analysis, VICC considers several factors, including vehicle construction, safety equipment and susceptibility to damage. VICC also works closely with vehicle manufacturers to monitor new developments. CLEAR is used by insurance companies Canada-wide to rate damage and injury coverage for light passenger vehicles. Under the CLEAR system, vehicles are assigned to one of 99 damage rate groups and five injury rate groups.
Credibility	The actual (experience) and expected (exposure) components of the experience rating calculation are weighted to produce the costs the entity under consideration will pay. The weight assigned to the experience component is called credibility and commonly denoted by Z. The weight assigned to the exposure component is 1-Z. Credibility follows the Law of Large Numbers, where the larger the numbers, the more credible the data. As an example, the Auto Fund experience for a specific light vehicle would be Z and the corresponding light vehicle experience using CLEAR would be 1-Z.
Deductible	An agreed specified sum to be deducted from the amount of loss and assumed by the insured. It is the amount the insured must pay before their insurance benefits begin to cover remaining costs.
Exposures	Rating units on which insurance premium is based, or units by which the probability and size of loss are measured. For the purposes of this report, an exposure is equivalent to a vehicle written on a policy. For example, one motorcycle = one exposure.
Insurance issuance costs	Premium taxes and issuer fees. They include a five per cent 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 licence issuance and vehicle insurance transactions.
Loss ratio	Losses divided by premiums expressed as a percentage.
Relativities	The per cent difference between rating groups that reflect the variance in loss experience. For example, when looking at the LV – Motorhome class, the base group is motorhomes with a value of \$10,000 or less. To determine the premium for vehicles valued at more than \$10,000, the base group rate is multiplied by the calculated relativity for the specified group. If the specified group's experience is worse than the base group's, then the premium charged will be higher than the base group's. The reverse is also true.

Terminology	Definition
Safe Driver Recognition (SDR) program	A program designed to reward safe drivers with a discount on their vehicle insurance. The program also ensures drivers who demonstrate risky behaviour pay their share, as drivers with at-fault collisions and/or more serious traffic convictions are assessed a financial penalty for each incident they are involved in. These financial penalties are assessed immediately after an incident and help offset the cost of discounts for safe drivers.

Appendix D

Summary of Auto Fund Rate Classes

Vehicle Class	Definition	Rating Criteria
LV (Light Vehicle)	A vehicle (one ton and smaller) with various uses as defined below	
Private Passenger Vehicles (PPV)	A vehicle (one ton and smaller) used primarily for private or personal purposes	Make, model and year
PPV with special feature "F"	Light farm located cars	Discount on LV rate
PPV with type of use "20"	Light SUVs and vans with farm use	Make, model and year
Motorhomes	Recreational vehicles designed for personal habitation and equipped with at least one attached bed together with at least two of the following: a refrigerator wired permanently into the vehicle's electrical system; a permanently attached stove; a permanently attached washing/toilet facility	Declared value
Motorhomes - U Drive	A motorhome that is rented or leased for a period of 30 days or less	Surcharge on the LV - Motorhome rate
Motorcycles	A sport, touring/cruiser or dual purpose motorcycle	Model, year and engine size
U Drive	A vehicle that is rented or leased for a period of 30 days or less	Surcharge on the LV rate
Police Vehicles	A vehicle used by the police force for police purposes	Surcharge on the LV rate
Antique	A vehicle that has a model year that is 30 years or older	Flat
Restricted Bus	A van or a bus that is used exclusively to transport Sunday school students and teachers to and from Sunday school and church, or to transport patients or persons with special needs to and from hospitals, care homes or recreation centers	Seating capacity
Bus	A bus not used for commercial purposes and operated without compensation	Seating capacity
Hearse	A vehicle used for transporting persons during funeral processions	Make, model and year to a maximum \$400
Ambulance	A vehicle used as an ambulance	Flat
Pedal Bike	A motorized pedal bike	Flat

Vehicle Class	Definition	Subclass	Rating Criteria
PT - Taxi	A vehicle used to transport the public for compensation	Special feature "T" All others	Surcharge on LV rate Geographical location
F - Farm	A vehicle used in operation of a farm	Light Trucks Heavy Trucks Power Units Trailers	Make, model and year Model year Model year Type
PB - Passenger Inter-City Bus	A bus that provides provincial/interprovincial transportation for the public		Model year and seating capacity
PC - Passenger City Bus	A city transit bus used as public transportation in major cities		Model year and seating capacity
PS - Passenger School Bus	A school bus used for transport of children to and from school		Model year and seating capacity
L - Dealer	A plate used by a dealer to move vehicles owned by or under consignment to the dealer		Flat
LT - Trailer Dealer	A plate used by a trailer dealer, manufacturer or mover		Type
MT - Snowmobile	A recreational off-road snow machine		Flat
MT - Snowmobile - U Drive	A recreational off-road snow machine that is rented or leased for a period of 30 days or less		Surcharge on MT - Snowmobile rate
T - Private Trailer	A privately owned trailer	Utility All others	Flat Type of trailer and declared value
TS - Commercial Trailer	A trailer or semi-trailer used within a commercial operation		Declared value and excess value
A - Commercial	An unrestricted commercial trucking vehicle used provincially, interprovincially and internationally	Light Vehicles Heavy Trucks and Vans Power Units	Surcharge on the LV rate Gross vehicle weight, model year and excess value Gross vehicle weight, model year and excess value
C - Commercial	A vehicle that is used primarily for commercial or business purposes	Heavy Trucks and Vans Power Units All others	Gross vehicle weight, model year and excess value Gross vehicle weight, model year and excess value Flat and excess value
D - Commercial	A vehicle that is used primarily for commercial or business purposes. Class D vehicles are allowed to transport a greater number of goods over a greater distance than class C vehicles	Heavy Trucks and Vans Power Units All others	Gross vehicle weight, model year and excess value Gross vehicle weight, model year and excess value Flat and excess value

