



Government
— of —
Saskatchewan

Minister's Order

WHEREAS by an Order dated December 22, 2018, issued pursuant to Section 15 of *The Executive Government Administration Act*, the Minister of Crown Investments Corporation appointed a Ministerial Advisory Committee known as the Saskatchewan Rate Review Panel;

AND WHEREAS that Order provides for specific terms of reference for particular Crown corporation rate change reviews to be attached by further Minister's Order;

AND WHEREAS it is desirable to establish terms of reference for a Saskatchewan Auto Fund vehicle insurance rate rebalancing review and to attach the terms of reference to the previously mentioned Minister's Order;

NOW THEREFORE, I hereby amend the said Minister's Order by attaching Appendix A affixed hereto as "**Schedule A: Saskatchewan Auto Fund Rate Rebalancing Application, Terms of Reference**" to the said Minister's Order.

Dated at Regina, Saskatchewan this 1st day of June, 2021

Minister of Crown Investments Corporation

Schedule A
Saskatchewan Auto Fund Rate Rebalancing Application
Terms of Reference

The Saskatchewan Rate Review Panel is requested to conduct a review of the Saskatchewan Auto Fund's (Auto Fund) request to rebalance vehicle insurance rates targeted for implementation on January 21, 2022.

Cabinet may implement any rate change adjustment on an interim basis pending receipt of the Panel's recommendation(s).

The Panel shall function within its mandate and operational terms of reference as specified in the Minister's Order dated June 1, 2021. The Panel shall provide an opinion of the fairness and reasonableness of the proposed Auto Fund rate rebalancing having consideration for the following:

- (i) the interests of the Auto Fund, its customers and the public;
- (ii) consistency with the Auto Fund's mandate, objectives and methodologies;
- (iii) relevant industry practices and principles; and
- (iv) the effect of the proposed rate rebalancing on the competitiveness of the Auto Fund relative to other jurisdictions.

In conducting its review, the Panel will consider the following factors:

- A) The reasonableness of the proposed rate rebalancing in the context of:
 - (i) a revenue neutral rate rebalancing;
 - (ii) the Auto Fund's mandate to operate on a self-sustaining basis over time;
 - (iii) the total forecasted premium revenue requirement by vehicle risk group including the assumptions, estimates and methodology used in forecasting premiums, investment income, claims and expenses for the basic (non-capital portion) rate indication being considered; and
 - (iv) the objective of ensuring stability and fairness in vehicle insurance rating such that each vehicle class pays sufficient premiums to cover its anticipated claim costs to minimize cross subsidization subject to capping of annual base premium changes to a maximum \$150 if the base premium is \$1,000 or less, or 15% for base premiums greater than \$1,000.
- B) The Panel shall consider the following parameters as given:
 - (i) the compulsory insurance coverage provided by the Auto Fund through its legislative mandate;
 - (ii) the Auto Fund is a public fund for motorists with no profit component required in pricing of the product;
 - (iii) SGI CANADA and SGI CANADA Insurance Services Ltd. are separate commercial entities from the Saskatchewan Auto Fund and shall not be considered part of the Auto Fund rate rebalancing review;
 - (iv) the existing program parameters of the International Registration Plan, Safe Driver Recognition Program and the Business Recognition Program;

- (v) the terms of the approved Capital Management Policy and approved target capital levels;
- (vi) the vehicle risk groups used by the Auto Fund; and
- (vii) the accounting and operating policies and procedures used by the Auto Fund.

The Auto Fund will provide the Panel with its application package immediately. The Auto Fund will also provide the Panel with any supplementary information as the Panel may require fulfilling its mandate and these Terms of Reference.

The Panel shall determine a public consultation process for this rate rebalancing application that is appropriate and cost effective under the circumstances and within the timeline for the review as established by the Minister of Crown Investments Corporation.

The Panel shall provide members of the public with the opportunity to review and comment on the Auto Fund's rate rebalancing submission outside any public meeting, to the extent reasonable and within the timeline for the review as established by the Minister of Crown Investments Corporation.

The Panel shall provide an opportunity to the Auto Fund to make a presentation to it and to the public as the Panel considers appropriate to discuss noteworthy rate rebalancing issues.

The Panel shall, in a timely and efficient manner, forward to the Auto Fund for response, questions that the Panel receives from the public, individual Panel members and its technical consultant.

The Panel shall provide the Auto Fund with the opportunity and reasonable time to review the Panel's technical consultant's preliminary report prior to its finalization to ensure there is no error in data or in the interpretation of data. The preliminary report shall include the consultant's observations (e.g. outstanding issues and questions), but will not include the consultant's recommendations to the Panel.

The Panel must include in its report an explanation of how, in its opinion, implementation of the Panel's recommendations will allow the Auto Fund to achieve the performance inherent in the parameters outlined in section (A), where the Panel's recommendations are different from the Auto Fund's proposed rate rebalancing.

Consistent with the "Confidentiality Guidelines" for the Panel, the Panel will not publicly release or require the Auto Fund to publicly release Confidential Information it has supplied to the Panel during the course of the rate rebalancing application review.

The Panel will release, as part of its final report, the results of the review of the Auto Fund's rate change request as conducted by an independent third party. By doing so the Panel shall ensure there has been no indirect release of any of the Auto Fund's Confidential Information.

Conduct of the Review

The Panel will present its report to the Minister of Crown Investments Corporation no later than October 20, 2021.