

Saskatchewan Rate Review Panel (SRRP)

**2026 Saskatchewan Auto Fund (SAF) Rate Review
Round 1 Information Requests
February 18, 2026**

The following questions may require a response that will be deemed confidential by SAF. The Corporation is to identify those questions and file responses in confidence.

SRRP(SAF) 1 - 1

Application Part and Chapter:	3, 4, 18.	Page No.:	26, 153, 1523-1524 of 1691
Issue:	General/Strategic		
Topic:	Agreements		
MFR:			

Preamble to IR (If Any):

SGI and the Canadian Office of Professional Employees’ Union, Local 397 are within a three-year Collective Bargaining Agreement, running from January 1, 2024 to December 31, 2026.

To understand the changes in wages and benefits we require information on negotiated labour agreements with unionized employee groups.

Question:

- a) Please indicate the number and percentage of SGI staff subject to collective agreements.
- b) Please provide an update respecting collective agreement(s) and the key terms of existing agreements
- c) Provide a table of negotiated rates in collective agreements in 2013/14 through forecast 2027/28.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 2

Application Part and Chapter:	4	Page No.:	23, 24 149 of 1691
Issue:	General/Strategic		
Topic:	Strategic Initiatives		
MFR:	4. Corporate Strategy and Balanced Scorecard		

Preamble to IR (If Any):

Corporate Transformation – a multi-year program to transform key business processes and technology – is at the heart of the Auto Fund’s current strategy. As the Auto Fund navigated its transformation journey throughout 2024-25, it focused on:

- *maintaining low, stable auto insurance rates;*
- *maintaining a positive customer experience;*
- *preventing deaths, injuries and property damage caused by traffic collisions;*
- *improving long-term efficiency; and,*
- *attracting, developing and retaining its people.*

With respect to Road Safety,

The Auto Fund would ultimately like Saskatchewan’s roads to be the safest in Canada. The targets were 359.3 injuries and 5.7 fatalities per 100,000 population. With 362.2 injuries and 8.7 fatalities per 100,000 population, both targets were missed. While Saskatchewan experienced a continued and consistent decline in injuries and fatalities from 2012 to 2019, these trends reversed following the pandemic, a phenomenon observed in other jurisdictions to varying degrees. To account for shifting trends, data

from the last 10 years was used to establish targets for 2025-26, along with consideration for planned traffic safety initiatives and population growth.

In SGI's Confidential Corporate Strategic Plan outlines several strategies for the public auto insurance program. We would like to gain an understanding of each of the specific efforts to address the above-stated goals.

Question:

Please discuss, elaborate and provide a status update on strategic initiatives (specific to SAF) is proposing or has currently undertaken to enable the Corporation to accomplish the identified strategic areas of focus in its current three-year plan.

Including:

- The Corporate Digital Transformation as stated in its Annual Report, and any others that can be publicly disclosed
- Any Strategies or initiatives that are deemed confidential to be filed under the confidentiality protocol.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 3

Application Part and Chapter:	Application 4	Page No.:	9 182 of 1691
Issue:	General/Strategic		
Topic:	Balanced Scorecard		
MFR:	4. Corporate Strategy and Balanced Scorecard		

Preamble to IR (If Any):**Question:**

- a) Please provide a comparison of the balanced scorecard presented at the 2021 Rate Application with the 2025-2026 balanced scorecard and comment on changes.
- b) File the balance scorecards prepared since the 2021 Rate Application.
- c) Provide the full last assessment made of the maturity of digital insurer capabilities and include a colour-coded Appendix 2 indicating the relative progress in achieving each sub-capability
- d) Please provide an update to SRRP(SAF) 1-8 (2022 Application) that explains how the current initiatives have addressed the technical debt as forecast at the time.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 4

Application Part and Chapter:	MFR 5. Sec. 2.3	Page No.:	198 of 1691
Issue:	General/Strategic		
Topic:	Cross-Jurisdictional Comparison		
MFR:	5. Performance Management Plan and Balanced Scorecard		

Preamble to IR (If Any):

Question:

- a) Please indicate the 30 vehicle and driver profiles and the cities used in the cross- Canada rate comparison. Please describe the methods to prepare and analyze the underlying data.
- b) Please file a copy of any internal or external report prepared that assisted in preparing the 2025 cross-Canada comparison.
- c) Please file a copy of the EY 2022 Report

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 5

Application Part and Chapter:	Application	Page No.:	191 of 1691
Issue:	Rates and Revenues		
Topic:	Rate Increases		
MFR:	5. Indicated and Requested Rates		

Preamble to IR (If Any):

SAF states:

The Auto Fund aims to determine the appropriate premium revenue to cover all claim obligations and operating expenses for the proposed rating period. The primary reasons for the proposed increase are increasing damage claim costs, inflation and higher expenses. In order to align with the government’s Crown Sector Strategic Priorities and ensure vehicle insurance rates remain affordable for Saskatchewan residents, SGI is proposing a modest increase totalling 7.6% implemented over two years.

SAF indicates that the rate increase needed exceeds 36%; however, SAF is proposing rate increases totalling only 7.6% over the next two years.

Question:

- a) Please detail all the non-rate actions SAF has taken or is planning to take to meet this deficit.
- b) Please discuss any proposed product changes to Basic insurance coverage or changes to the Basic deductible.

- c) Please discuss non rate scenarios being considered to meet the revenue/cost gap and the amount that could be achieved in either increasing revenues or reducing expenditures for each.

- d) Provide a range of targeted savings from measures described in c) and the implications on the financial forecast, and the change to the indicated rates from the above scenarios to achieve MCT targets expressed in part I.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 6

Application Part and Chapter:	Indicated Rate Change	Page No.:	
Issue:	Rates and Revenues		
Topic:	Rate Increases		
MFR:	5. Indicated and Requested Rates		

Preamble to IR (If Any):

One of SGI’s key operating philosophies is to keep rates as low as possible. Over the last 20 years, the Saskatchewan Consumer Price Index has increased by 57.7%, while the Auto Fund’s rates, including capital amounts, increased by only 5.0%.

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

Question:

Please provide a table indicating the required rate increase in each of the last 20 years, the additional revenue that would have been required, the rate increase granted through this rate review process, the revenue generated, and the cumulative rate increase for the 20-year period. Provide that, in comparison with the consumer price index increase of 57.7%, there is a composite of specific annual inflation factors affecting insurance operations on that basis.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 7

Application Part and Chapter:	2025 Rate Proposal	Page No.:	54,75
Issue:	Rates and Revenues		
Topic:	Ratepayer Stakeholder Consultation		
MFR:	5. Indicated and Requested Rates		

Preamble to IR (If Any):

SGI indicated in 2021 that the potential options SGI will explore to address the shortfall between motorcycle premiums and motorcycle claim costs all require significant analysis and consultation. We are initiating a corporate project to undertake the work. The project will require resources from various areas of the company, many of whom are also required on the major systems transformation that is in progress. Therefore, this work will need to be coordinated around other priorities. All potential solutions identified to date would not, if they prove viable, be able to be implemented until systems transformation takes place. It is likely to be several years before any solutions that prove viable could be put in place. [SRRP (SAF) 1-4, July 9, 2021]

As set out in the Previous Panel Recommendations in 2021

Motorcycles and urban taxis will be excluded from year one of the rate program while SGI consults with these groups to address industry-specific concerns.

In this Application, SAF indicates that the Motorcycle rates indicate a 72.4% rate increase being warranted. SAF indicates that Urban taxis' warrant an 86.6% rate increase.

SAF proposes to exclude Motorcycles and urban taxis from the first year of this two-year rate application pending the outcome of consultations.

Question:

- a) Please provide a summary of all stakeholder consultations conducted after 2021 to date with motorcycle and urban taxi groups.
- b) Please provide an update on the options under consideration to address the shortfall for both Urban Taxis and Motorcycles.
- c) Please provide a summary of the current status of systems and their capabilities to undertake the motorcycle analysis.
- d) Please file any analysis that has been undertaken since July 2021. Provide any analysis that has been prepared that addresses the shortfalls.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 8

Application Part and Chapter:	17, Appendix A1520 of	Page No.:	1520 of 1691
Issue:	Rates and Revenues		
Topic:	Indicated and Requested Rates		
MFR:	17. Detailed Financial Information, 26. Scenario Testing		

Preamble to IR (If Any):

SGI requests that the Saskatchewan Rate Review Panel (SRRP) recommend a two-year rate program with net increases of 3.75% in each year, with rebalancing, for Saskatchewan Auto Fund rates. The changes would be effective June 1, 2026 and June 1, 2027 and have a combined impact of 7.6%.

The financial forecast in Appendix A indicates 6% increases in the respective test years. SAF is applying for 3.75%

Question:

- a) Please provide an update to Appendix A reflecting an update to the 2025/26 year, the requested 3.75% rate based on the 2026/27 (yet to be approved budget) forecast. Please explain any changes in the forecast provided.
- b) Please provide a separate line item in Revenues breaking out the additional revenue from the requested rate increases. Provide the answer in excel with formulas intact.
- c) Please file the respective balance sheet for a) including the determination of capital required at the bottom of the schedule. Provide the answer in excel with formulas intact

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 9

Application Part and Chapter:	MFR 17 Sec 1.1.1	Page No.:	1507 of 1691
Issue:	Revenue		
Topic:	Breakdown of Written Premium		
MFR:	17. Financial Information		

Preamble to IR (If Any):

Question:

Please provide an update of the breakdown of net premiums written showing each year's increment due to the proposed rate changes, vehicle drift, and fleet growth, including budgeted amounts, for the years 2014/15 through 2024/25 and forecast for 2025/26 to 2029/30

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 10

Application Part and Chapter:	17, Appendix A	Page No.:	1520 of 1691
Issue:	Rates and Revenues		
Topic:	Indicated and Requested Rates- Alternative Rate		
MFR:	17. Detailed Financial Information, 26. Scenario Testing		

Preamble to IR (If Any):**Question:**

Please provide each of the following scenarios and financial forecasts including RSR balance, Capital and required capital, MCT and MCT rolling 12-month average.

For each of the scenarios requested please show separately the revenue contribution of requested revenue increase.

- a) Rate increases of 5% in each of 2026/27 and 2027/28 followed by equal annual increases to maintain the RSR above zero, and achieve the MCT at the minimum target of 90% within the five-year period.
- b) Rate increases of 5% in each of 2026/27 and 2027/28 followed by equal annual increases to maintain the RSR above zero, and achieve the MCT at target of 90% within a ten-year period
- c) Rate increases of 6% in each of 2026/27 and 2027/28 followed by equal annual increases to maintain the RSR above zero, and achieve the MCT at the minimum target of 90% within the five-year period.

- d) Rate increases of 6% in each of 2026/27 and 2027/28 followed by equal annual increases to maintain the RSR above zero, and achieve the MCT at target of 90% within a ten-year period
- e) Equal annual rate increases in the next five years to maintain the RSR above zero, achieve the MCT at a minimum target of 90% within a five-year period.
- f) Equal annual rate increases in the next five years to maintain the RSR above zero, achieve the MCT at target of 125% within a five-year period.
- g) Equal annual rate increases over the next ten years to maintain the RSR above zero and achieve a minimum MCT level of 90% at the end of that period.
- h) Equal annual rate increases over the next ten years to maintain the RSR above zero and achieve a minimum MCT level of 125% at the end of that period.
- i) Provide a summary chart of each of the above scenarios of the required rate increases.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 11

Application Part and Chapter:		Page No.:	
Issue:	Rates and Revenues		
Topic:	Rate Indication Presentation		
MFR:	5. Indicated and Requested Rates		

Preamble to IR (If Any):

A detailed presentation was provided on the SAF application on January 20, 2026

Question:

- a) Please file a copy of the presentation in PDF and PowerPoints.
- b) With respect to the tables and graphs included in the presentation, please file tables of supporting data points in excel with formulas intact.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 12

Application Part and Chapter:	MFR 5, 6.26	Page No.:	76
Issue:	Rates and Revenues		
Topic:	TNC Rates		
MFR:	5. Indicated and Requested Rates		

Preamble to IR (If Any):

The current rate of 11 cents per kilometer was established Dec. 14, 2018 along with the new ridesharing regulations. The rate indication for this class shows that a 5.3% rate increase is required.

Recommendation: As a part of this rate program, SGI recommends a rate increase of 9.1%. This results in a rate of 12 cents per kilometer.

- a) Question: Please provide the analysis that supports the determination of the change in the per km rate established for TNC companies.
- b) Provide a schedule comparing the premiums collected in each of the years since the regulation was enacted and the claims made in each of the years by rideshare class.
- c) Please indicate the change in the per-km rate required to meet the rate indication.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 13

Application Part and Chapter:	12	Page No.:	1412 of 1691
Issue:	Rates and Revenues		
Topic:	SDR & BR Incentive Programs		
MFR:	12,17		

Preamble to IR (If Any):

Based on the analysis of MFR 12, the following has been determined from the SDR. SAF has stated its discount system is not based on actuarially indicated discounts and surcharges. MFR 12 presents the current and indicated relativities for each safety rating level to be applied to base premiums. Please provide the same exhibit presenting the surcharge or discount percentage for each safety rating level.

Safe Driver Discount Relativity

Safety Rating Unit	Current Relativity	Indicated Relativity (Selected Smoothed)	Current Discount/Surcharges	Indicated Discount/Surcharges
-25	1.3058	1.647	30.6%	64.7%
-24	1.2908	1.6213	29.1%	62.1%
-23	1.2843	1.5956	26.4%	59.6%
-22	1.2735	1.5699	27.4%	57.0%
-21	1.2656	1.5442	26.6%	54.4%
-20	1.2007	1.5185	20.1%	51.9%
-19	1.2119	1.4928	21.2%	49.3%
-18	1.1986	1.4671	19.9%	46.7%
-17	1.2276	1.4414	22.8%	44.1%
-16	1.224	1.4157	22.4%	41.6%
-15	1.198	1.39	19.8%	39.0%
-14	1.1867	1.3643	18.7%	36.4%
-13	1.1675	1.3386	16.8%	33.9%
-12	1.1529	1.3129	15.3%	31.3%
-11	1.1419	1.2872	14.2%	28.7%
-10	1.127	1.2615	12.7%	26.2%
-9	1.112	1.2358	11.2%	23.6%
-8	1.0952	1.2101	9.5%	21.0%
-7	1.0823	1.1844	8.2%	18.4%
-6	1.0724	1.1587	7.2%	15.9%
-5	1.0588	1.133	5.9%	13.3%
-4	1.0453	1.1073	4.5%	10.7%
-3	1.0522	1.0816	5.2%	8.2%
-2	1.0209	1.0559	2.1%	5.6%
-1	1.01	1.0302	1.0%	3.0%
0	1	1	0.0%	0.0%
1	0.98	0.9579	-2.0%	-4.2%
2	0.96	0.9158	-4.0%	-8.4%
3	0.94	0.8736	-6.0%	-12.6%
4	0.92	0.8315	-8.0%	-16.9%
5	0.9	0.7894	-10.0%	-21.1%
6	0.88	0.7473	-12.0%	-25.3%
7	0.86	0.7051	-14.0%	-29.5%
8	0.84	0.663	-16.0%	-33.7%
9	0.82	0.6209	-18.0%	-37.9%
10	0.8	0.5788	-20.0%	-42.1%
11	0.8	0.5788	-20.0%	-42.1%
12	0.8	0.5667	-20.0%	-43.3%
13	0.8	0.5426	-20.0%	-45.7%
14	0.8	0.5185	-20.0%	-48.2%
15	0.8	0.4944	-20.0%	-50.6%
16	0.8	0.4944	-20.0%	-50.6%
17	0.8	0.4944	-20.0%	-50.6%
18	0.8	0.4873	-20.0%	-51.3%
19	0.8	0.4763	-20.0%	-52.4%
20	0.8	0.4652	-20.0%	-53.5%
21	0.79	0.4223	-21.0%	-57.8%
22	0.78	0.4006	-22.0%	-59.9%
23	0.77	0.3789	-23.0%	-62.1%
24	0.76	0.3572	-24.0%	-64.3%
25	0.75	0.3355	-25.0%	-66.5%

Question:

- a) Please confirm the relative accuracy of the information presented and provide a narrative interpretation of drivers at DSR levels 1 to 25.
- b) Provide a similar analysis for the BR programs
- c) Please provide a schedule of the assumed number of drivers at each demerit level of the DSR scale, and the revenue derived per demerit level and total demerit revenue for 2024/25, and forecast in each year through 2029/30.

- d) Please provide a comparison of the Safe Driver Recognition Program and Business Recognition Program with similar programs provided by MPI and ICBC. Please include a description of the programs, scales, discounts, and demerit surcharges.
- e) Please provide a table that compares the total amount of discounts provided by each program and demerit revenue generated in total and on a per vehicle basis.
- f) If the decision were made to provide an actuarially indicated discount, how would such a process be accomplished? Assume additions in the top of the scale and achievement of actuarial indicated rates over ten-year period.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 14

Application Part and Chapter:	Synopsis and Overall Summary – Adequate Capital	Page No.:	2
Issue:	MCT Deterioration		
Topic:	Rate Stabilization Reserve (RSR)		
MFR:	5.1		

Preamble to IR (If Any):

The target RSR as disclosed by SGI is a 12-month rolling average MCT of 125%. As of 3/31/2025, the 12-month rolling average is 133% and projected to decrease by 36 percentage points to 97% over the next 12 months. SGI has proposed to maintain a capital margin of 0.1% in favour of the required 6.5% to reduce customer impact.

Question:

- a) What is the cause for the sharp decline projected in the 3/31/2026 12-month rolling average MCT?
- b) What would be the required capital margin to maintain RSR target of 125% at 3/31/2026?
- c) What would be the required capital margin to return to RSR target at 6/1/2028 if the 0.1% capital margin is maintained over this 2-year application?

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 15

Application Part and Chapter:	Loss Adjustments	Page No.:	5
Issue:	COVID Adjustment		
Topic:	Loss Adjustments		
MFR:	5.2		

Preamble to IR (If Any):

SGI presents COVID adjustment factors applied to losses to reduce the impact of COVID when selecting trends

Question:

- a) Please provide the analysis to support the COVID adjustments by coverage and fiscal year.
- b) It is generally accepted that COVID affected frequency but had less of an impact on severity. Why does SGI propose a COVID adjustment to both incurred losses and claim counts? Include a discussion on the potential double-counting effect from applying a COVID adjustment to both.
- c) Did SGI consider the use of external data, such as the Google Mobility Reports, in its analysis and determination of COVID adjustment factors?
- d) Why does SGI continue to include a COVID adjustment in 2023 and 2024 for liability – out of province losses?
- e) In SGI’s opinion, when would be a reasonable starting point to be considered the post-pandemic experience?

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 16

Application Part and Chapter:	Loss Adjustments	Page No.:	6
Issue:	Paint Materials		
Topic:	Loss Adjustments		
MFR:	5.2		

Preamble to IR (If Any):

SGI notes paint material costs have increased by about 7.4% annually between 2020 and 2024, and includes a paint material adjustment.

Question:

Pleaser explain how SGI determined the paint material adjustments for each coverage and provide the supporting data or analysis if available.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 17

Application Part and Chapter:	Loss Trend Summary and Exhibits	Page No.:	79
Issue:	Adjusted Ultimates		
Topic:	Loss Trends		
MFR:	5.2		

Preamble to IR (If Any):

To reduce the impact on trends, SGI applies various adjustments to the loss trend data, such as a COVID adjustment and an inflation adjustment.

Question:

Provide a discussion on why SGI chose to adjust ultimate estimates rather than model the effects of these external factors through the use of additional parameters in the trend models.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 18

Application Part and Chapter:	Loss Trend Summary and Exhibits	Page No.:	80
Issue:	Adjusted Ultimates		
Topic:	Loss Trends		
MFR:	5		

Preamble to IR (If Any):

SGI discusses the various adjustments applied to ultimate loss estimates prior to performing its trend analysis

Question:

For each coverage, provide an exhibit in Excel format to show the unadjusted ultimate loss estimates, each of the applicable loss adjustment factors separately, and the resulting adjusted ultimate losses. Provide one for frequency and one for severity.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 19

Application Part and Chapter:	Expenses	Page No.:	33
Issue:	Historical Expenses		
Topic:	Expenses		
MFR:	5.2		

Preamble to IR (If Any):

SGI provides an exhibit for projected expenses used in the rate level indication in *2026 Rate Program Expenses.xlsx*.

Question:

For each expense line item in 2026 RP Exhibit 1.xlsx Pg2, provide the historical actual expenses incurred in each of the last 3 years.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 20

Application Part and Chapter:	Large Loss Pooling	Page No.:	71
Issue:	Large Loss Loading Factors		
Topic:	Large Loss		
MFR:	5.2		

Preamble to IR (If Any):

SGI implemented a large loss pooling policy since 2022 to smooth out rate volatility caused by abnormally large claims not related to catastrophes.

Question:

- a) Provide SGI's cap limit for large losses.
- b) Provide an exhibit similar to the catastrophe exhibit on Page 74 of MFR 5 for actual experience large losses by Vehicle Group for the most recent 10, 15, and 20-year period for each coverage.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 21

Application Part and Chapter:	Loss Trend Summary and Exhibits	Page No.:	80
Issue:	Damage Catastrophes Trends		
Topic:	Loss Trends		
MFR:	5.2		

Preamble to IR (If Any):

For damage catastrophe trend, SGI selects a 0.00% frequency trend and 4.22% severity trend based on the comprehensive coverage (32) severity trend, resulting in an implied loss cost trend of 4.22%.

Question:

- a) Provide an explanation on why SGI believes this to be reasonable, given all the loss cost trends presented are negative (except for the 11-year trend of 0.20%) and SGI has determined this coverage is fully credible.
- b) Given SGI has determined damage catastrophe to be fully credible, why does SGI select a trend based on a different coverage?

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 22

Application Part and Chapter:	Loss Trend Summary and Exhibits	Page No.:	80
Issue:	Injury – Appeal Severity		
Topic:	Loss Trends		
MFR:	5.2		

Preamble to IR (If Any):

For Injury – Appeal, SGI selects a severity trend based on the average of the 7-year and 8-year trends, excluding 2024/25.

Question:

- a) Why did SGI find it reasonable to give the 8-year trend 50% weight, prior to credibility weighting, given the 8-year trend starts at a low point in the data?
- b) Provide an explanation on why SGI selects a future severity trend equal to the past trend when the most recent 3 years have been in decline, and the recent 7-year experience, including 2024/25, has been relatively flat.
- c) Why does SGI view 2024/25 as an outlier and exclude it rather than a continuation of a trend beginning 2018/19 or a potential change in trend beginning 2023?

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 23

Application Part and Chapter:	Loss Trend Summary and Exhibits	Page No.:	80
Issue:	Injury – Care Severity		
Topic:	Loss Trends		
MFR:	5.2		

Preamble to IR (If Any):

For Injury – Care, SGI’s severity trend selections are based on trends excluding years 2020 through to 2025.

Question:

The data from years 2019/20 through to 2024/25 is fairly stable. Why does SGI view this period as an outlier and exclude the points from the severity trend selection process?

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 24

Application Part and Chapter:	Loss Trend Summary and Exhibits	Page No.:	80
Issue:	Injury – Income Replacement Severity		
Topic:	Loss Trends		
MFR:	5.2		

Preamble to IR (If Any):

For Injury – Income Replacement, SGI selects severity trends based on trends excluding years 2023/24 and 2024/25.

Question:

Did SGI consider a trend change in year 2022/23? Provide a response including why SGI did not consider a trend change, or why SGI believes excluding the points is more reasonable than a trend change parameter.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 25

Application Part and Chapter:	5.1 Section 2.2	Page No.:	8
Issue:	Rate Adjustments by Class		
Topic:	Rate Adjustments vs SK CPI		
MFR:	5.1		

Preamble to IR (If Any):

SGI presents a table of historical rate changes since 2006 compared to annual Saskatchewan CPI changes, including the overall 20-year total.

Question:

Please provide this table separated by each vehicle class.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 26

Application Part and Chapter:	Discount Rate Exhibit	Page No.:	45
Issue:	Return on Investment Rate		
Topic:	Discount Rates		
MFR:	5.2		

Preamble to IR (If Any):

As a result of the transition to IFRS-17, SGI uses a discount rate curve based on projected SGI investment spot rates.

Question:

- a) Please provide SGI’s actual return on investment rate for each of the last 5 years.
- b) As a sensitivity test, please provide an alternate rate indication using the 5-year average from part a, and no other changes in assumptions.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 27

Application Part and Chapter:	Loss Adjustments	Page No.:	RP Exhibit Factors.xlsx
Issue:	Tariff Adjustment		
Topic:	Loss Adjustments		
MFR:	5.2		

Preamble to IR (If Any):

SGI includes a tariff adjustment that varies by coverage.

Question:

- a) Provide the supporting analysis for these adjustments including how the adjustment factors were derived.
- b) Provide support (statistics, research, or an explanation) for each assumption or selection used in determining the adjustment factor in the analysis provided in response to part a.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 28

Application Part and Chapter:	17. Section 1.3.1	Page No.:	1510 of 1691
Issue:	Rates and Revenue		
Topic:	Other Income - Salvage Operations		
MFR:	17. Financial Information		

Preamble to IR (If Any):

Salvage operations include the recovery of total loss vehicles and the subsequent sales of whole vehicles and vehicle parts. During 2024/2025, salvage sales were \$75.9 million and are estimated to be \$74.8 million in 2025/2026 and \$76.3 million in 2026/2027.

Salvage expenses Includes both the administrative expenses and costs of good sold (costs of recovering and getting total loss vehicle and associated parts ready for sale) related to the salvage operations.

Question:

Please provide a schedule detailing the operating statement for salvage operations for each of the years 2020/21 through 2024/25 and forecast for 2025/26 to 2027/28 and discuss the trends on profitability.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 29

Application Part and Chapter:	15	Page No.:	1468 of 1691
Issue:	Capital Management		
Topic:	RSR Balance and MCT Forecast		
MFR:	15. RSR Balances		

Preamble to IR (If Any):

SAF's Capital Management Policy envisions both a Capital Build and Release Provision and a Capital Maintenance Provision. The Capital Maintenance Provision is included to deal with the growth in Capital to deal with inflationary pressures as SAF's book of business grows.

The Capital Build and Release Provision is determined to build up or release capital (over a five-year period) to meet the approved Operating Target MCT of 140% at that time.

SAF has chosen not to adjust the capital margin in this rate proposal. SAF stated:

To maintain rate stability in the Auto Fund a capital margin is applied to all rates. The change in capital margin applies equally to all rate classes once the indicated and proposed rates have been finalized for each class. The capital margin protects the Auto Fund from the volatility inherent in investment and underwriting operations to maintain an adequate level of capital in order to mitigate excessive rate increases for customers. The current capital margin provision in the rates today is 0.06%, the calculated capital margin provision for a 2025-26 rating year is 6.5%. Despite this large capital need, the Auto Fund is proposing not to change the capital margin provision in the 2026 Rate Program for the same reason that it is limiting the proposed basic rate increase, due to considerations around affordability.

SAF has indicated that

here are two components that factor into the amount of capital required: the capital maintenance provision and the amount of capital build/release provision that will move the RSR 1/5th of the way towards the 125% MCT target. The capital maintenance provision amount required is \$21.3 million, the 1/5th capital build provision required is \$48.2 million. The combination of these two amounts results in a total required capital amount of \$69.5 million for the rating period. Note that no capital margin change is proposed.

With respect to the MCT:

In November 2018, the SGI Board first approved the current Auto Fund Capital Management policy format with Minimum Capital Test (Test) target levels set as:

- Internal Target MCT of 90%; and,*
- Operating Target MCT of 140%.*

These levels were reaffirmed annually by the Board in conjunction with the Auto Fund's Financial Condition Testing up to 2022 when the following the target levels were approved:

- Internal Target MCT of 90%; and,*
- Operating Target MCT of 125%.*

Question:

- a) Please confirm that under the policy, the MCT should be forecast to be at the Operating Target MCT level at the end of the five-year forecast, all things being equal.
- b) Please provide an explanation of why SAF changed (lowered) its MCT targets, provide the analysis that supported the decision, and when the Board approved the change.
- c) Please explain what conditions have arisen to not consider a capital build provision.

- d) Did the Corporation consider proposing the capital maintenance provision in this application. Confirm that would equate to an increase in order of 2% for that component of the capital build provision.
- e) When would the Corporation propose commencing its Capital build provision?
- f) Consistent with the graph provided in MFR 14, please extend the graph to 2029/30 based on the proposed rate request. Please provide an additional a table of supporting datapoints.
- g) Please provide an RSR continuity schedule table, including the RSR opening, change capital build (release) and closing balance for the each of the years 2004/05 to 2024/25 and forecast through 2029/30 based on the proposed rate increase. Include rows including the Capital available, capital required, and MCT ratio for each year, consistent with the information provided in part (f).

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 30

Application Part and Chapter:	17, Sec 2.1	Page No.:	1511-1512 of 1691
Issue:	Claims and Related Expenses		
Topic:	Claims Incurred Trend		
MFR:	17. Financial Information		

Preamble to IR (If Any):

For insurance companies, claim costs and the expenses to adjust claims represent the largest expense; for the Auto Fund they represent an average of about 80%-85% of total costs. To determine claim costs, insurance companies utilize the services of professional actuaries. Actuaries consider many different factors to estimate claim costs, including historical trends involving claim payments, economic conditions, inflation, and the characteristics of the class of business. Claim costs are grouped into accident years, which is the year in which the claim occurred. At the end of each accident year, the actuary estimates the total ultimate costs for all claims that have occurred and that are reported during the current accident year along with those that have occurred but have not yet been reported to the insurance company.

Question:

- a) Please provide a table detailing claims incurred by category for each of the years 2013/14 through 2024/25 and forecast for 2026/27 to 2029/30 to include the compound annual growth rate over the period.
- b) Please provide two tables, one for the number of claims and the other for claims severity by category consistent with (a).

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 31

Application Part and Chapter:	17, Sec 2.12	Page No.:	1511,1514 ,1520 of 1691
Issue:	Claims and Related Expenses		
Topic:	Loss Adjustment Expenses		
MFR:	17. Financial Information		

Preamble to IR (If Any):

Loss adjustment expenses are expenses associated with settling claims, including both internal and external legal fees, adjusters, towing, appraisal, and operating costs of claim branches. They also include an allocation of overhead from corporate divisions.

Question:

- a) Please provide a, schedule detailing a breakdown of Loss Adjustment Expenses by cost element, between internal and external costs for each of the years for 2013/14 through 2024/25 and forecast for 2025/26, 2026/27 and 2027/28. Please indicate in each year what percentage LAE represent of total insurance expenses. Provide a column including the compound annual growth for 2013/14 to 2024/25 and that forecast from 2024/25 through 2027/28
- b) Please explain whether external loss adjustment expenses are allocated to SAF from SGI or are incurred directly. If allocated, please describe the basis of allocation.
- c) Please provide an update to the schedules of SAF expenses (from SRRP (SAF) 2-5 dated August 18, 2021) for the years 2016/17 through 2024/25 and budgeted for 2025/26, 20256/27 and 2027/28 and provide a narrative description of changes in costs and trends reflected in that information.

- d) Provide a trend analysis for the last ten fiscal years through the outlook period, including growth in Loss Adjustment Expenses, Administrative Expenses relative to CPI and comment on the trend relative to inflation.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 32

Application Part and Chapter:	MFR 5 Section 4.2.4	Page No.:	15
Issue:	Claims and Related Expenses		
Topic:	Damage Reinsurance		
MFR:	5. Rate Indication		

Preamble to IR (If Any):

Previously, the Auto Fund maintained two reinsurance programs designed to mitigate adverse effects on the RSR from catastrophic losses caused by either a severe weather event, or an automobile collision resulting in multiple serious injuries. As of April 2014, it was determined that the injury reinsurance program was no longer needed. The Auto Fund has maintained only a damage reinsurance program since then. Due to recent catastrophic weather losses in Saskatchewan and in the Canadian industry in general, the cost to purchase reinsurance has increased.

Question:

- a) Please provide details on the layers of protection for the damage reinsurance program and provide a comparison with that provided at the 2021 Rate Review and explain any changes in coverage.
- b) Please provide a table summarizing the reinsurance premiums paid and recoveries received on the physical damage reinsurance program.
- c) Please provide the number of hail/weather-related events, from calendar year 2021 to 2025, the cost per each event and recoveries under reinsurance and the amount of premiums paid to re-establish coverage after a claim.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 33

Application Part and Chapter:	25.	Page No.:	1623 of 1691
Issue:	Claims and Related Expenses		
Topic:	Motorcycle Claims		
MFR:	25. Implementation of Previous Panel Recommendations		

Preamble to IR (If Any):

At the 2021 Rate Application SAF stated:

In response to Pre-Ask 4 SAF Stated:

Seasonal rating for motorcycles, where premium collected would no longer be divided evenly between each month insured but instead be weighted toward the months motorcycles are actually ridden and at risk of collision, significantly lowering the cost of a full year of motorcycle insurance....

The group was made aware that daily rating and seasonal rating options require significant computer system changes and would not be possible to implement until SGI completes replacement of its systems.”

In response to SRRP(SAF) 2 -4 (b)

Systems changes would be required to allow for seasonal rating, otherwise short-term registrations and cancellation refunds for seasonally rated vehicles would need to be calculated, billed and entered into the system manually, resulting in a significant administrative burden and a poor customer, issuer and employee experience. Manual work also increases the risk that the rates charged are inaccurate.

When the seasonal rating option was explored following the Motorcycle Review in 2013, estimates were provided to update the current system and add the ability to store or calculate monthly premiums that varied. These estimates ranged from two to four years with additional downstream implications for continuous or AutoPay customers who pay monthly premiums, and the Safe Driver Recognition and Business Recognition programs. Given that the system transformation is occurring, no updates are being made to the current system slated to be replaced.

The SRRP recommended

The Panel suggest SAF consider adopting system architecture sufficiently flexible to accommodate future changes to motorcycle rates including seasonal rating, potential SDR changes and other potential injury benefit changes. We would recommend the Panel recommend SAF report back at the next rate application on its efforts related to the progress on these measures.

SAF states,

SGI is currently working to adopt sufficiently flexible system architecture to accommodate future changes to motorcycle rates. Features of a seasonal rating structure have been developed in the new rating system including seasonal weighting, short term rates, minimum premium, and cancellation logic. Potential SDR changes and injury benefit changes have not been developed in the new system yet.

Question:

- a) Please explain why SAF has not yet developed SDR changes and injury benefit changes.
- b) Please indicate the barriers for SAF to issue seasonal rates.
- c) Please file any analysis or reports prepared internally or externally related to seasonal rating.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 34

Application Part and Chapter:	17. Section 4	Page No.:	1517 of 1691
Issue:	Claims and Related Expenses		
Topic:	Non-Controllable Expenses		
MFR:	17. Financial Information		

Preamble to IR (If Any):

SAF states:

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

Question:

- a) Please provide, in tabular form, for each year from 2020/21 to 2024/25 and forecast for 2025/26, 2026/27 and 2027/28 for expenses over which SAF has no control, specifically taxes, components of legislated programs that SAF is required to fund and other such payments, indicating the annual dollar amounts, percentage of total expenses, and the portion of rates these expenditures represent. Please also provide similar information for auto body repair and medical costs, including STARS.
- b) Please expand the table in (a) to provide forecast amounts and percentages for 2026/27 and identify where the costs are reflected in the forecast.

- c) Please summarize the terms of current agreements on autobody, medical and Stars on the claims incurred and expenses of the Corporation.

- d) Please file a table for 2026/27 forecast in the format of the financial forecast in Tab 17 Appendix separating the amount of each line item under the control of SAF, outside SAF's control and the percentage of the line item not within the Corporation's control consistent with the cost classification in (b).

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 35

Application Part and Chapter:	Rate Proposal pg. 54	Page No.:	244 of 1691
Issue:	Claims and Claims Related Expenses		
Topic:	Motorcycle Claims & Taxi Claims		
MFR:			

Preamble to IR (If Any):

SAF proposes no changes to the Motorcycle or Urban Taxi rate classes in the first year of the application. SAF indicates that motorcycle injury costs account for approximately 75–80% of the required average motorcycle premium (including medical funding), while Urban Taxi has indicated a rate increase of 86.6%.

Question:

- a) Please provide a table indicating the number of motorcycle claims in each year and the number of claims which are single vehicle accidents.
- b) Please provide a table indicating the number of Taxi claims in each year and the number of claims which are single vehicle accidents.
- c) Please provide a table that indicates the number and total amount of claims that exceed \$1 million in aggregate by year of loss and provide the incurred loss amounts by sub-coverage for the motorcycle class. Please provide the listing on both an incurred and ultimate basis from 2017 to 2025.
- d) Please provide a table that indicates the number and total amount of claims that exceed \$1 million in aggregate by year of loss and provide the incurred loss amounts by sub-coverage

for the Taxi classes. Please provide the listing on both an incurred and ultimate basis from 2017 to 2025.

- e) Please provide a table that indicates the number of claims and the total amount of Motorcycle claims where the large loss capping was applied in aggregate and on sub-coverage basis.
- f) Please provide a table that indicates the number of claims and the total amount of Taxi claims where the large loss capping was applied in aggregate and on sub-coverage basis.
- g) Please provide a similar analysis in (c) and (d) for the CLEAR rated vehicles and Other classes and comment on the differences with the Motorcycle and Taxi classes.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 36

Application Part and Chapter:	MFR 17 Sec 2.1.1	Page No.:	1513 of 1691
Issue:	Claims and Related Expenses		
Topic:	After Market Part Usage		
MFR:	17. Financial Information		

Preamble to IR (If Any):

Question:

- a) Please provide a table of the cost of parts used in auto repairs (new OEM, remanufactured, recycled (used) and aftermarket parts) for each of the years 2014/15 through 2024/25 and forecast for 2025/26 to 2027/28
- b) Please provide the table demonstrating the estimated savings from APU (remanufactured, recycled, aftermarket) part in (a) instead of OEM parts for repairs.
- c) Please provide a table detailing overall repair costs (parts, labour, Paint & Material, Windshield etc.) in each of the years 2014/15 to 2024/25 actual and forecast for 2025/26 to 2027/28.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 37

Application Part and Chapter:	5,17,20	Page No.:	206 of 1691
Issue:	Claims and Related Expenses		
Topic:	Rehabilitation Costs		
MFR:	17. Financial Information		

Preamble to IR (If Any):

Question:

- a) Please discuss any changes in medical/rehabilitation rates since the last Application.
- b) Please summarize the terms of the current agreements with the Minister of Health and medical providers.
- c) Please provide a table of medical service rates for 2020/21 through 2024/25.
- d) Please provide a schedule detailing the reimbursements made to the Minister of Health and medical providers for the years 2020/21 through 2024/25.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 38

Application Part and Chapter:	2.1.3	Page No.:	1514 of 1691
Issue:	Claims and Related Expenses		
Topic:	Payments to Government		
MFR:	7, 14, 17,19		

Preamble to IR (If Any):

Insurance issuance costs include a 5.0% premium tax charge on insurance premiums, which is collected and remitted to the provincial government into the General Revenue Fund.

Question:

- a) Please provide a table indicating all payments made by SAF, to the Province for the years 2025/26 and forecast to 2029/30.
- b) Please describe each of the fees charged, and how determined (exclude vehicle and driver registration).
- c) Please indicate the year the fee/charges were established and last changed.
- d) Services provided for the Province without receiving compensation.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 39

Application Part and Chapter:	17	Page No.:	1524 of 1691
Issue:	Operating and Administrative Expenses		
Topic:	OM&A Expenses		
MFR:	17. Financial Information 18. Past, Current and Proposed Staff Levels		

Preamble to IR (If Any):

Question:

- a) Please provide SGI's definition of an FTE, including whether overtime is included in the definition.
- b) Please provide details of the total corporate compensation wages, benefits and pension by year for the years 2020/21 through 2024/25 (actual) and forecast for 2025/26 and 2026/27 through 2029/30. Please include columns for total FTE staff and the average cost of compensation per FTE.
- c) Please supplement the schedule in (b), indicating the wages and benefits allocated to SAF for each year and the percentage of total corporate wages.
- d) Please provide SGI's average compensation per employee for both salaried and hourly personnel.
- e) Please provide a table providing a breakdown of the increases in 2024/25 Wages and Salaries, increase in FTE, Merit/Economic OS and Negotiated / Step (in Scope) and the

vacancy allowance in each of the years 2020/21 through 2024/25 and forecast for 2025/26 and 2026/27.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 40

Application Part and Chapter:	18.	Page No.:	1524 of 1691
Issue:	Operating and Administrative Expenses		
Topic:	SAF staff level changes		
MFR:	18.		

Preamble to IR (If Any):

Question:

- a) Please update the staff continuity schedule including columns for year over year changes and explain the increases since 2020.
- b) Please provide in Excel. Please extend the budget out to include 2027-28 and the outlook to 2029/30.
- c) Provide a schedule of FTE for the SAF by level, (Manager, technical, clerical etc) for each of the years 2014 though 2026/27.
- d) Please indicate the number of internal staff working on information technology in each year and identify which portion of those staff are working the transformation project.
- e) Please explain the variation in digital employees 59 in 2020/21 to 181 FTE in 2026/27
- f) Please discuss how SAF is managing open vacancies to control costs.
- g) Please provide a summary of SAF’s succession planning efforts and any analysis on this issue.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 41

Application Part and Chapter:	MFR 17, 2.1.4 Issuers Fees	Page No.:	1514 of 1691
Issue:	Operating and Administrative Expenses		
Topic:	Issuer Fees		
MFR:	17. Financial Information		

Preamble to IR (If Any):

At the 2021 Rate Application on November 1, 2016, SGI and the Insurance Brokers Association of Saskatchewan (IBAS) signed a negotiated renewal of the Auto Fund Strategic Accord effective November 1, 2016 with an expiry date of November 1, 2021.

SAF indicates: *Issuer fees are the compensation paid to Auto Fund motor licence issuers for driver's licence issuance and vehicle insurance transactions. Most in-person issuers are paid out a remuneration of 4.75% of the premium transaction. On-line issuers are paid out remunerations of 3.75% of the premium transaction.*

In 2024/2025, the Auto Fund made a lump sum payment of \$7.8 million to issuers to assist in bridging the gap between costs issuers face today compared to the last time issuer fee amounts were negotiated.

There is another similar payment budgeted for 2025/26 with the understanding that a new agreement will be negotiated in the coming years.

Question:

- a) Please provide a summary of the current terms of the Broker Accord including changes to the fee schedule for issuing SAF insurance from the previous Accord, which expired in 2021. Please indicate whether the fee structure has changed.
- b) Please file a copy of the current Broker Accord.
- c) Please provide a summary table of Broker Issuer fees and transaction fees paid by SAF by transaction type (online/ in-office/transaction fees) for 2021/22 through 2024/25 and that forecast to be spent annually through 2027/28 and the overall relative percentage of the premium earned in each year.
- d) Please explain how the lump sum payments were determined. File any correspondence related to it supporting the amount.
- e) Please provide a summary of how negotiations related to a new agreement may impact the rate application and financial forecast.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 42

Application Part and Chapter:	MFR 17, 2.1.4 Issuers Fees	Page No.:	1514 of 1691
Issue:	Operating and Administrative Expenses		
Topic:	Issuer Fees		
MFR:	17. Financial Information		

Preamble to IR (If Any):

The IBAS has issued a letter dated February 6, 2026 as part of the 2026-2027 Rate Review. IBAS has made observations and stated

“The compensatory framework for Issuers, however, was last revisited on a full scale in F17. Due to its variable correlation with premiums, the absence of rate — paired with inflation, changes to transaction modality, and other rising business costs — has translated into chronic underfunding of the customer-facing Issuer channel. “

Question:

- a) Please provide SAF’s understanding of this issue and how it plans to address the Broker model.
- b) Please provide SAF’s response to each of the issues raised by IBAS in the letter
- c) Please provide SAF’s response / rebuttal to each of the recommendations made by IBAS and describe how SAF will address each.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 43

Application Part and Chapter:	MFR 5, 4.1.2	Page No.:	5, pg.14 17. pg. 9
Issue:	Investment Strategy and Income		
Topic:	Economic & Interest Rate Forecast		
MFR:	5,17		

Preamble to IR (If Any):

2.3 Nate Insurance Finance Result SAF states

If there is a large enough increase in the risk-free rates, the result may be in a revenue position. Within the Auto Fund, the impact of the change in risk-free rates and the investment earnings related to the fixed income matching portfolio generally net against each other. In 2024/2025, the risk-free rates decreased during the year resulting in a net insurance finance loss of \$138.8 million. For 2025/2026, the risk-free rates are estimated to stay more consistent throughout the year, thus only a loss of \$22.6 million is budgeted.

Question:

- a) Please provide the risk free rate for the 2025 indication and that based on the 2026 indication.
- b) Please file a copy of the economic outlook and third-party interest rate forecast used in determining the risk-free rate and the discounting of claims liabilities. Provide in excel.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 44

Application Part and Chapter:	16.	Page No.:	1483 of 1691
Issue:	Investment Strategy and Income		
Topic:	Investment Portfolio Management		
MFR:	16. Statement of Investment Policies and Goals & Asset Return Summary		

Preamble to IR (If Any):

For the Return Seeking Portfolio, the assets allocated to each manager will be reviewed subsequent to each month end. Should any manager's range be breached, SGI Management will initiate a rebalancing and advise the Investment Committee of the rebalancing at its next meeting.

Question:

- a) Please describe the lead investment structure used to manage the Investment Portfolios indicating who is the external lead managing the portfolios.
- b) Please provide the current composition of the Investment Committee.
- c) Please file the most recent Report on investment portfolio returns and any related commentary or analysis.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 45

Application Part and Chapter:	17 Section 1.2 Investment Earnings	Page No.:	1509 of 1691
Issue:	Investment Strategy and Income		
Topic:	Investment Income		
MFR:	16. Statement of Investment Polices and Goals & Asset Return Summary		

Preamble to IR (If Any):

Question:

- a) Please provide a schedule detailing the composition of the Matching portfolio by investment type for each of the years 2020/21 to 2024/25 actual and forecast for each of the years 2025/26 to 2029/30.
- b) Please provide a schedule detailing the composition of the Return portfolio by investment type for each of the years 2020/21 to 2024/25 actual and forecast for each of the years 2025/26 to 2029/30.
- c) Please provide a separate schedule in (b) adding columns for relative weighting of each investment of the total portfolio.
- d) Please provide a comparison of the 2025/26 forecast Return portfolio composition and compare with the target range in the Investment Policy and explain any variances from the policy.

- e) Please provide the detail of Investment income by income type for each of the matching portfolio and return seeking portfolio and overall total investment income for each of the years 2020/21 through 2024/25 and forecast for each of the years 2025/26 to 2029/30.

- f) Please provide a similar analysis in (c) for 2025/26 based on current year-to-date including results to December 31, 2025.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 46

Application Part and Chapter:	16.	Page No.:	1474 of 1691
Issue:	Investment Strategy and Income		
Topic:	Investment Management		
MFR:	16. Statement of Investment Polices and Goals & Asset Return Summary		

Preamble to IR (If Any):

The investment policy and goals have evolved since the review in 2021 with changes to the asset matching strategy, revisions to asset mixes in both the matching portfolio and return portfolio and permitted investments etc.

Question:

- a) Please summarize the changes made in investment policy and goals, since the 2021 review. If possible, please provide a blackline version of the current investment policy and goals with that previously presented.
- b) Please provide a comparative table of the current versus prior asset mixes for the portfolios.
- c) Provide any analysis or ALM studies or similar interior and exteriorly prepared reports that support the changes made to the investment portfolio composition and investment management.
- d) Please provide the prior and current asset portfolios on the efficient frontier.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 47

Application Part and Chapter:	17 App A& B SRRP(SAF) 1-66 (2021 Rate Application)	Page No.:	
Issue:	Investment Strategy and Income		
Topic:	Investment Income		
MFR:	17. Financial Information		

Preamble to IR (If Any):**Question:**

- a) Please provide a schedule comparing the budget to actual detail of investment income and total investment return for each of the years 2021/22 to 2024/25 to actual and forecast for 2025/26 from what was forecast at the 2021 Rate Application. Provide commentary on the reasons for changes.
- b) Provide the details of investment income forecast for the years 2025/26 to 2029/30 reconciled to the amounts shown in MFR 20.
- c) Please provide a table comparing the actual vs forecast return assumptions for 2021/22 through 2025/26 by asset class for each portfolio, including the average assets, percentage return and dollar return and explain any changes.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 48

Application Part and Chapter:	20.	Page No.:	1535 of 1691
Issue:	Cost Allocation		
Topic:	Cost Allocation Results		
MFR:	20 Shared Services Costs		

Preamble to IR (If Any):

Question:

- a) For 2021/22 to 2024/25 actual, and 2025/26 and 2026/27 projected please provide a summary of the results of SGI's cost allocation to SGI, SAF, SGIC, SCISL, Coachman, and ICPEI in terms of total being allocated in dollars and percentage of the total for the following:
 - i. Admin direct costs,
 - ii. Admin indirect costs,
 - iii. Loss adjustment expenses, and
 - iv. Total expenses

To allow for a public disclosure of information, provide in addition the aggregate for competitive lines and SAF.

- b) Please update the table provided in MFR 20, Autofund Allocated Administrative Expenses to include columns to SGI total expenses and % allocated for both the budget and actual columns for 2024/25 and 2025/26 and extend to include 2026/27. Please provide the information in excel.

- c) Please provide the detail of expenses that were directly assigned versus allocated to each entity through the step down approach and the relative percentage of the total amount.
- d) Please explain any changes in the direct cost allocation basis since the 2021 Rate Application
- e) Please provide a table indicating the total annual IT transformation operating and capital project costs incurred in each of the years 2021/22 through 2027/28 and the amount allocated to SAF and the basis of allocation under the cost allocation methodology.
- f) Please indicate the total transformation-related costs shifted from Loss Adjustment Expenses (LAE) to insurance expenses as these costs transitioned from the project stage to production.
- g) Provide a full listing of Cost Allocators utilized, describe how each is determined and what cost centres the allocators are applied.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 49

Application Part and Chapter:	25.	Page No.:	1620 of 1691
Issue:	Cost Allocation		
Topic:	Cost Allocation Results		
MFR:	20 Shared Services Costs		

Preamble to IR (If Any):

The SRRP recommended that SAF undertake an external review of the Integrated Cost Allocation Methodology (ICAM)

SAF indicated noted that It has not undertaken an external review and had relied on the external auditors work. SAF has indicated since the last rate application they have improved the tracking of cost allocation and have made some changes in reporting and mapping, allowing for better tracking and follow through on cost allocations. Furthermore, SAF indicated that they meet annually with each business group to validate and check assumptions and ensure the allocations are correct, and that this remains both part of their internal and external audit processes.

At the 2021 Rate Application SAF indicated that its first formal annual review process of its cost allocation occurred in advance of the 2020-21 fiscal year.

Question:

- a) Please confirm that there have been no material changes since the to the cost allocation methodology since the last 2021 Rate Application. If changes have been made, please provide a description of the changes and the impact on the amount of costs that are allocated to SAF .

- b) Please indicate any changes to the chart of accounts since the 2021 Rate Application and or changes in allocators utilized. Provide any analysis or working papers supporting changes made to implement IFRS 17 Insurance Contract
- c) Please explain why the corporation did not accept the recommendation to undertake an independent cost allocation review.
- d) Please indicate the last time an independent cost allocation review was undertaken by the corporation to ensure a fair allocation to SAF.
- e) Please elaborate on what audit procedures, analysis, or work were undertaken to ensure a fair allocation of costs between SGI and SAF. File a copy of any analysis or reports undertaken to support the 2025/26 and 2026/27 allocation of costs to SAF.
- f) Please file any memos, analysis, or working papers that were provided to the auditors for 24/25 in support of the cost allocation and any correspondence that deals with the ICAM for that year.
- g) Please elaborate on all policy changes and process changes. Tracking, and mapping that have improved the fairness and accuracy of cost allocation.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 50

Application Part and Chapter:		Page No.:	1452 of 1691
Issue:	Traffic Safety		
Topic:	Traffic Safety Expenditures		
MFR:	13. Traffic Safety Programs, 17. Detailed Financial Information Appendix A		

Preamble to IR (If Any):

SAF provides a schedule of Traffic Safety expenditures in MFR 13. The total of the spending does not appear to agree with the forecast spending in MFR17 Appendix A

Question:

- a) Please provide an updated schedule of traffic safety expenses that reconcile with that reflected in the forecast.
- b) Provide the detailed list on an aggregate summary basis to be put on the public record.
- c) Please file the Road Safety spending analysis in Excel.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 51

Application Part and Chapter:	13	Page No.:	1453-1461 of 1691
Issue:	Traffic Safety		
Topic:	Traffic Safety Expenditures		
MFR:	13. Traffic Safety Programs		

Preamble to IR (If Any):

Question:

- a) Please indicate what specific metrics are used to measure the success of each traffic safety program.
- b) Please describe the benchmarks or targets set for each initiative and how they align with the overall traffic safety goals.
- c) Please discuss how the budget allocations for each program were determined.
- d) Please describe the factors that influenced significant variations in spending across years for certain programs (e.g., Enforcement Overdrive, Infrastructure Improvements).

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 52

Application Part and Chapter:	13	Page No.:	1455 of 1691
Issue:	Traffic Safety		
Topic:	Traffic Safety Expenditures – Cost Benefit Analysis		
MFR:	13		

Preamble to IR (If Any):

SAF states that the Photo Speed Enforcement program delivered a net benefit of \$18.6 million over 10 years, with \$2.09 returned for every dollar invested. From a societal perspective, the benefit-cost ratio was 5.2:1, with an \$85.4 million net present value

The PSE program significantly improved traffic safety by reducing speeds, collision severity, and injuries. With strong public support, economic viability, and measurable safety benefits, the program is well-positioned for continued expansion.

Question:

- a) Please describe how the economic benefits of programs like PSE were calculated.
- b) Please discuss whether societal benefits (e.g., reduced injuries and fatalities) were factored into the cost-benefit analysis.
- c) Please file an updated analysis if available on program spending and net benefit through 2025/26.
- d) Please indicate to what extent costs of running the PSE program is recovered.
- e) Please describe how public feedback is incorporated into PSE program adjustments.
- f) Please describe how public feedback is incorporated into other program adjustments.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 53

Application Part and Chapter:		Page No.:	1457 of 1691
Issue:	Traffic Safety		
Topic:	Traffic Safety Expenditures – Mandatory Entry-Level Training (MELT) Program		
MFR:	13		

Preamble to IR (If Any):

The 2023 findings indicate mixed outcomes for the MELT program. While it achieved reductions in certain traffic violations and improved driver awareness, the increased at-fault collision rates among MELT-trained drivers highlight areas needing improvement. The data suggest that overconfidence or gaps in the curriculum may contribute to these trends. Enhancements in training modules on situational awareness, defensive driving, and lane-changing techniques are recommended.

The MELT program demonstrates potential in addressing specific traffic safety concerns, such as distracted driving, but requires refinements to achieve its broader safety objectives. Future curriculum updates should address the identified gaps, particularly regarding collision avoidance and proper lane use. Continued longitudinal studies and further evaluation of demographic and environmental factors are essential to maximize the program’s effectiveness and ensure its alignment with road safety goals.

Question:

- a) Please describe the specific gaps in the MELT curriculum that have been identified and the steps being taken to address them.

- b) Please indicate the cost per driver for MELT training and discuss how this compares to the program's benefits.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 54

Application Part and Chapter:	13.	Page No.:	1461 of 1691
Issue:	Traffic Safety		
Topic:	Traffic Safety Expenditures – Alcohol-Impaired Driving Initiatives		
MFR:	13, 21		

Preamble to IR (If Any):

The 2014 initiatives have significantly reduced alcohol-related collisions and injuries in Saskatchewan from 2015-2017. However, the lack of statistically significant reductions in fatalities and observed variations across years suggest room for further improvement. As data from 2015–2024 matures, a comprehensive long-term evaluation will provide clearer insights into the sustained impacts of these measures.

SAF has indicated it has made the following program changes:

SGI eliminated funding to MADD Canada which was used to support the Smart Wheels educational Program campaign on Impaired Driving. In the past SGI Provided funding towards the program capital costs and ongoing funding annually.

- In 2024-25 and onward SGI has eliminated dedicated funding towards the holiday Ride for Free program. SGI Traffic Safety Community Engagement is working with the municipalities to deploy alternative transit options such as Operation Red Nose or revised Transit campaigns.

Question:

- a) Please describe any additional measures being considered to address the lack of statistically significant reductions in fatalities.

- b) Please describe the two programs noted above that were eliminated, the annual cost of funding both programs, and the reason why these programs were eliminated.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 55

Application Part and Chapter:		Page No.:	1613 of 1691
Issue:	Traffic Safety		
Topic:	Traffic Safety Expenditures – Wildlife Initiatives/ New Initiative		
MFR:			

Preamble to IR (If Any):

The committee examined dominant factors that contributed to traffic collisions in the province: impaired driving, distracted driving, excessive speed, intersection safety and wildlife collisions. The committee made a number of recommendations, including stricter penalties for impaired driving, photo speed enforcement, expanding and enhancing traffic enforcement, and introducing new measures to deal with distracted driving and speeding.

Since 2014, SGI, in collaboration with other government agencies, acted on these recommendations and launched several new initiatives including the funding of a new dedicated traffic enforcement unit, 60-day driver’s licence suspensions and three-day vehicle seizures for new drivers caught driving under the influence of alcohol or drugs. These efforts resulted in significant reductions in injuries and fatalities.

Since the pandemic, results have shown increases in injuries and fatalities. A new traffic safety strategy is in development to refocus efforts and improve outcomes.

At the 2021 Rate Application SAF was considering a number of wildlife prevention measures

Question:

- a) Please file an update on the status of each of the listed measures provided in response to SRRP(SAF) 1-43 (2021 Rate Application)

- b) Please elaborate on the new traffic safety strategy in development.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 56

Application Part and Chapter:		Page No.:	1547 of 1691
Issue:	Productivity, Benchmarking and Efficiencies		
Topic:	Cost Containment Measures		
MFR:	22. Productivity and Efficiencies		

Preamble to IR (If Any):

At the 2021 Rate Application: SAF indicated that the Saskatchewan Government has filed a Crown Corporation cost savings in response to Covid-19.

As a sector, crown corporations have been tasked with achieving \$50 million in savings in 2021-22 through crown collaboration. The allocation of the amount among crowns has not been established at that time.

Question:

- a) Please indicate whether the Corporation has received direction from Government for cost containment (collaboration and red tape reduction), an allocation of mandated savings; if so, please file the information and SAF's actions to address, targets to measure against and savings realized against the target(s).
- b) Please provide any analysis or evaluation of current and proposed cost-containment measures.
- c) Please discuss how SAF is investing in modern data office and in artificial intelligence tools to achieve efficiency gains.

- d) Please provide details on how savings are determined related to MySGI and comment on the trend through 2024/25; please indicate the number of transactions in each of the years and the percentage of total renewals made through the online portal.
- e) Provide the estimate of savings to be realized in 2025/26 and forecast for 2026/27 and 2027/28.
- f) Given the recorded savings of Receivable Collections Program, please provide the bad debt write-offs for each of the years 2017/18 to 2024/25

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 57

Application Part and Chapter:	Benchmarking	Page No.:	1564 of 1691
Issue:	Productivity, Benchmarking and Efficiencies		
Topic:	SAF Benchmarking Performance - Canada Personal Lines		
MFR:	24. External Studies		

Preamble to IR (If Any):

From a review of the AON benchmarking report, SAF information was provided on its performance. In particular

Total Gross Expenses as a % of Gross Premiums Written:
 Acquisition Expense as a % of Gross Premiums Written:
 Claims Expense as a % of Gross Premiums Written:
 FTEs per \$100M of Gross Premiums Written
 Information Technology Expense as a % of GPW:

Question:

- a) Please file any analysis, narrative or reporting prepared by AON or internally on SAF's performance relative to Benchmarks
- b) Provide a narrative description of each measure, what it represents and an interpretation of the results for SAF on each measure and how SAF is addressing any of this information.
- c) Please explain why benchmarking was not done for MPI rather than inclusion in Canada Personal Lines Benchmark along with public companies.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 58

Application Part and Chapter:		Page No.:	
Issue:	Productivity, Benchmarking and Efficiencies		
Topic:	Key Performance Metrics		
MFR:	4. Corporate Strategy 22. Productivity and Efficiencies 24. External Studies		

Preamble to IR (If Any):

The Auto Fund manages Saskatchewan’s mandatory auto insurance program. It is one of three full public auto insurance plans in Canada. The other two are operated by Manitoba Public Insurance (MPI) and the Insurance Corporation of British Columbia (ICBC).

SGI and MPI have historically held the position of lowest two rates in the country, often trading places for lowest rates. However, with ICBC’s transition to a no-fault program, the three public auto insurers are likely to find themselves closely matched for lowest rates in Canada.

Question:

If SAF participated in the Crown Corporation benchmarking initiative, please file a copy of the study if available, and provide a description of the metrics measured and SAF's interpretation of the results.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 59

Application Part and Chapter:	23	Page No.:	1550-1553 of 1691
Issue:	Capital Expenditures and Major Projects		
Topic:	2025/26 to 2029/30 Capital Plans		
MFR:	4. Corporate Strategy ,23. Capital Improvement Spending Plans		

Preamble to IR (If Any):

Question:

- a) Please provide a description of the four major project, including the business case and net present value analysis supporting. The four project have been identified from a confidential filing and will be pursued as a confidential interrogatory.
- b) Please file a summary detail of Intangible Assets for 2024/25 and 2025/26
- c) Please explain why SAF is not forecasting any spending on intangible assets beyond 2025/26.
- d) Please refile the schedule in Excel including a column for the total project cost by Project for 2024/25 through 2029/30.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 60

Application Part and Chapter:	23.	Page No.:	1553 of 1691
Issue:	Capital Expenditures and Major Projects		
Topic:	Capital Spending - Depreciation		
MFR:	23. Capital Improvement Spending Plans		

Preamble to IR (If Any):

Question:

Please provide an update to capital spending plans and depreciation schedule with depreciation expense by project for the years 2024/25 through 2029/30 in a similar format to SRRP(SAF) 1-90 (2021 Rate Application).

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 61

Application Part and Chapter:	25	Page No.:	12
Issue:	Capital Expenditures and Major Projects		
Topic:	SGI Transformation Business Case		
MFR:	25. SGI Transformation Business Case		

Preamble to IR (If Any):

Question:

- a) What is the current status of the transformation program compared to the Delivery Roadmap and Timeline?
- b) Have all planned milestones been achieved as per the updated delivery roadmap? If not, what are the reasons for delays?
- c) Are there any additional changes to the scope of the program since the last update in November 2024?

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 62

Application Part and Chapter:	25. SGI Transformation Business Case	Page No.:	13
Issue:	Capital Expenditures and Major Projects		
Topic:	SGI Transformation Business Case		
MFR:	25. SGI Transformation Business Case		

Preamble to IR (If Any):

Key Performance Indicators (KPI)

Question:

- a) Please provide commentary and analysis of the Key performance indicators for the in-service portions of the program.
- b) Please provide any reports and analysis on the operational KPI's on the success of the in-service portions of the program
- c) Have the direct loss ratio, administrative expense ratio, and combined ratio improved for the Auto Fund?
- d) What are the latest fraud detection results and savings? Are the projected savings being realized?

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 63

Application Part and Chapter:		Page No.:	23-24
Issue:	Capital Expenditures and Major Projects		
Topic:	SGI Transformation Business Case		
MFR:	25. SGI Transformation Business Case		

Preamble to IR (If Any):

SGI will incur a cumulative ongoing post-implementation from FY 26 to FY 31 expenditures

SGI indicates that the program will provide significant financial returns over the next ten years.

Question:

- a) Please provide a detailed schedule of ongoing post implementation expenditures for each of the years 2026 to 2031 and indicate what portion of these costs are allocated to SAF and where they are included in the financial forecast. Provide the amount of annual spending included in the forecast.
- b) Please provide the forecasted benefits to SAF in the same period. Provide a detailed explanation of how determined.
- c) Please provide a schedule updating the cost benefit analysis reflecting any changes in cost estimates, timing and projected savings.
- d) Please provide updated combined business case metrics based on information in (a)
- e) Discuss whether inflation and market conditions have impacted the financial projections and benefits realization?

- f) Please discuss the potential changes in benefits from the incorporation of artificial intelligence elements and whether it has resulted in any changes in the forecast FTE savings.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 64

Application Part and Chapter:	25.	Page No.:	38-39 1662 of 1691
Issue:	Capital Expenditures and Major Projects		
Topic:	Transformation Project Costs and Benefits		
MFR:	25. SGI Transformation Business Case		

Preamble to IR (If Any):

The capital cost of SGI's transformation program for the replacement of the legacy applications for both SGI CANADA and the Auto Fund is significant. These capital costs cover development, implementation, advisory, and change management costs to support business transformation.

SGI provided as part of this process, confidential information and estimates of FTE savings that would be realized because of the program's implementation.

Question:

- a) Explain why the cost estimate for the transformation project, or more particularly that portion that is applicable to SAF is confidential.
- b) Provide an update to the response to SRRP(SAF) 1-88 b, c, d (2021 Rate Application) including the portion of costs annually allocated to SAF related to the projects.
- c) Provide a comparison of the cost estimate prepared in 2021 with that included in this Application and explain any changes.
- d) Please summarize the terms of all third-party agreements related to the transformation projects
- e) Please provide the annual spend actual and forecast per third party agreement.

- f) Please provide a to date schedule Comparing the actual spending by component for implementation costs compared to the maximum estimated budget with contingency.
- g) Please update the schedule of estimated cost of the total project and the portion of those costs which are going to be allocated by line of business.
- h) Please indicate the number of internal resources FTE and the detail of internal costs incurred by year on this project and provide a comparison of the actual resources employed versus that included in Appendix 7.
- i) Please indicate the number of external consultants and annual costs for consultants on this project by year.
- j) Please indicate to what extent project implementation costs are being capitalized versus expensed in each of the years since the inception of the project.
- k) Please provide a comparison of the estimated FTE savings to be realized with actual FTE savings to date and forecast future savings.
- l) Please indicate whether there has been an update to the business case for Digital Transformation.

RESPONSE:

SAF to insert response here.

SRRP(SAF) 1 - 65

Application Part and Chapter:	26.	Page No.:	1682 of 1691
Issue:			
Topic:	Sensitivity Analysis		
MFR:	26. Scenario Testing		

Preamble to IR (If Any):

Question:

- a) Provide a financial forecast, income statement and balance sheet reflecting the requested rate increase in the application where interest rates increase or decrease by 100 basis points from that forecast.
- b) Provide a financial forecast, income statement and balance sheet reflecting the requested rate increase in the application where inflation is 100 basis points higher than what is forecast.
- c) Provide a financial forecast, income statement and balance sheet reflecting the requested rate increase in the application where spending on digital transformation is 25 % higher than what is forecast.

RESPONSE:

SAF to insert response here.