



Saskatchewan Auto Fund 2021 Rate Proposal

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The table below summarizes the current fees for permits.

Permit Type	Registration Fee	Insurance Fee	Total
24-Hour	\$15	\$5	\$20
8-Day	\$24	\$24	\$48
In-transit	\$13	\$17	\$30
TIC	\$0	\$11	\$11

Vehicles with high premiums can make use of the flat-rated 24-hour and eight-day permits instead of paying for short-term registrations, which may have driven up claims for this group. Aside from the low insurance costs, permits are attractive because there is no limit to the number of permits that can be purchased for vehicles that do not require an inspection. Vehicles requiring inspection (such as those with a total loss or other unsafe status) are limited to two eight-day permits and four 24-hour permits.

The following table shows the proposed fees for permits.

Permit Type	Registration Fee	Proposed Insurance Fee	Total
24-Hour	\$15	\$11	\$26
8-Day	\$24	\$49	\$73
In-transit	\$13	\$30	\$43
TIC	\$0	\$27	\$27

Permit fees have not been adjusted in more than 20 years. Applying the proposed insurance fee, as noted in the preceding chart, now makes these rate adequate as the total cost more accurately reflects the claim risk for vehicles using these permits.

5.8 Ridesharing

Regulations allowing ridesharing in Saskatchewan took effect Dec. 14, 2018. Rideshare drivers use their private passenger vehicles to transport passengers for compensation and are not required to purchase additional insurance beyond their basic plate coverage within the light vehicle class. The rideshare company, also known as a transportation network company (TNC), must purchase insurance that covers its affiliated drivers and vehicles while ridesharing.

From the moment a rideshare driver accepts a fare using the TNC's mobile application until the trip is completed or the fare is cancelled, drivers are engaged in ridesharing and the TNC's insurance coverage applies. Otherwise, the driver's basic plate insurance is in effect. The TNC's insurance premium is calculated and charged based on the number of kilometers travelled while drivers are engaged in ridesharing.

An initial rate of 11 cents per kilometer has been established for rideshare vehicles which provides the TNC with basic plate insurance for all its affiliated drivers and vehicles. This rate was based on the insurance costs and kilometers driven of passenger-for-hire vehicles in Saskatchewan and Alberta. As a part of this rate program, no changes are proposed, but the TNC insurance rate will be reviewed and included in future rate programs as data is gathered on the actual experience of rideshare vehicles. One year of TNC premiums and claims have been accounted for within the private passenger vehicle class and a separate TNC indication will be provided once the TNC experience becomes more credible.

In addition to the basic insurance coverage, TNCs must also purchase a minimum of \$1 million in additional third-party liability insurance to cover all its affiliated drivers and vehicles.

5.9 Large loss policy

Large loss smoothing is a part of the ratemaking process to level the volatility caused by unusually large losses from one indication to the next. The process involves identifying a threshold to define large losses and capping claims at that threshold – eliminating the portion that exceeds the predetermined amount. The expected excess amounts are

6.25 Class PT – Urban taxis

The rate indication for this class shows that a 37.9% rate increase overall is required.

Recommendation: SGI recently grouped large and small cities together for rating purposes; however, it will take a number of rate programs for their rates to converge due to the effects of capping. Prince Albert, Regina and Saskatoon have significantly different claims histories than all other locations. For this reason, these cities also have separate damage rates. While the rates will be separate for these three locations, the final premium will incorporate average loss experience for all three locations combined to ensure stable, credible results. Both damage and injury portions of the rates will vary by location.

SGI recommends an overall average rate increase of 15.0% which includes the effects of capping. It becomes a 13.1% increase with the capital margin.

The impact on the rates for these vehicles is shown in the table below.

Location Table	Current Rate excluding Capital Margin	Proposed Rate excluding Capital Margin	% Change excluding Capital Margin	\$ Change excluding Capital Margin	Current Rate including Capital Margin	Proposed Rate including Capital Margin	% Change including Capital Margin	\$ Change including Capital Margin
Table A	\$2,055	\$2,363	15%	\$308	\$2,101	\$2,376	13%	\$275
Table B	\$3,647	\$4,194	15%	\$547	\$3,728	\$4,218	13%	\$490
Prince Albert	\$3,654	\$4,202	15%	\$548	\$3,735	\$4,226	13%	\$491
Regina	\$4,340	\$4,991	15%	\$651	\$4,437	\$5,019	13%	\$582
Saskatoon	\$4,340	\$4,991	15%	\$651	\$4,437	\$5,019	13%	\$582

6.26 Transportation Network Companies (TNCs)

The current rate of 11 cents per kilometer was established Dec. 14, 2018 along with the new ridesharing regulations. As a part of this rate program, no changes are proposed to the TNC rate, but it will be reviewed and included in future rate programs as data is collected on the actual experience of rideshare vehicles.

Trailers

Typically, the only coverage available to trailers is first-party damage with all other coverages being provided under the towing vehicle.

6.27 Class F – Farm trailers

The rate indication shows that a 15.9% increase is warranted for this class. A relativity analysis based on body type was performed.

Recommendation: SGI recommends an overall average rate increase of 15.9% for these trailers (13.4% once the capital margin is applied). Ninety-two per cent of the farm trailer population will receive an average increase of \$11/year (\$21/year maximum). The remaining vehicles will receive an average decrease of \$3/year (\$3/year maximum).

The impact on the rates for these trailers is shown in the table below.

Body	Current Rate excluding Capital Margin	Proposed Rate excluding Capital Margin	% Change excluding Capital Margin	\$ Change excluding Capital Margin	Current Rate including Capital Margin	Proposed Rate including Capital Margin	% Change including Capital Margin	\$ Change including Capital Margin
Utility Trailer	\$44	\$42	-5%	-\$2	\$45	\$42	-7%	-\$3
Semi Trailer	\$91	\$113	24%	\$22	\$93	\$114	23%	\$21
Transport	\$49	\$52	6%	\$3	\$50	\$52	4%	\$2