



CONSEIL D'EXPERTS  
SUR LES CONTRIBUTIONS  
D'ASSURANCE AUTOMOBILE

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**Press Release**  
First of three press releases

## **An Evolving Insurance Plan**

### **THE PANEL OF EXPERTS MAKES PUBLIC ITS REPORT ON THE AUTOMOBILE INSURANCE CONTRIBUTIONS PROPOSED BY THE SOCIÉTÉ DE L'ASSURANCE AUTOMOBILE DU QUÉBEC**

**Québec, April 30, 2015** – Today, the Panel of Experts on automobile insurance contributions makes public its report on the amendments to automobile insurance contributions proposed by the Société de l'assurance automobile du Québec (SAAQ) for 2016-2018.

After reviewing the SAAQ's proposal and holding a public consultation, the Panel of Experts has concluded that there is no reason to amend the SAAQ's proposal, but that the plan must nevertheless continue to evolve in a way that meets the needs of insured individuals.

"We believe that the insurance contributions proposed by the SAAQ are appropriate," said Mr. Michel Sanschagrín, Chair of the Panel of Experts. "Each category of contributor pays the costs attributed to it. The SAAQ's proposal is therefore in keeping with the principle of equity, which is one of the foundations of the public automobile insurance plan." In a discussion document entitled *Proposed Insurance Contributions for 2016-2018*, published in November 2014, the SAAQ proposed a decrease in insurance contributions for the majority of driver's licence holders and vehicle owners.

However, because the automobile insurance plan should evolve with the times, the Panel of Experts has published its report entitled *Un régime en évolution* (in French only) in which it makes 13 recommendations whose overall objectives are to manage funding in a manner that is both prudent and responsible, refine the rating process and, more generally, help the plan evolve in accordance with the needs of insured individuals.

The Panel of Experts is of the opinion that one of the main challenges facing the SAAQ in coming years is to manage the funding of the Fonds d'assurance automobile du Québec in an equitable manner. "The SAAQ must make sure to maintain a margin of safety that is sufficient to prevent the plan from sliding back to a deficit, while avoiding the accumulation of excessive surpluses which would create intergenerational inequities," explained Mr. Sanschagrín. The Panel of Experts encourages the SAAQ to specify, in its funding policy, that the period used to calculate amortization of potential surpluses or deficits must be chosen with a view to maintaining the stability of insurance contributions while reducing as much as possible the SAAQ's margin of discretion in this regard.

With regards to the amounts allocated to the Fonds d'assurance, the Panel of Experts is asking the SAAQ to determine objective criteria that are measurable, if possible, to apportion the funding of accident prevention and road safety promotional activities between the SAAQ and the Fonds d'assurance. "The Fonds d'assurance is a social trust patrimony," said Mr. Sanschagrín. "The funds accumulated by the Fonds d'assurance therefore belong exclusively to insured individuals and must serve only to finance the plan in accordance with the principles that apply to a public insurance corporation."



With respect to the compensation awarded to road accident victims, the Panel of Experts is of the opinion that it is time to modernize the insurance coverage, which has not been extensively reviewed for the past two decades.

With respect to motorcyclists, the Panel of Experts is asking the SAAQ to analyze the appropriateness of facilitating the creation of a lead agency dedicated to the safety of motorcyclists, whose road safety record has improved over the past years, albeit less than the record for motorists. It also recommends that the SAAQ take appropriate measures to ensure that all motorcyclists who rediscover the sport after an extended break have the skills required to operate a motorcycle safely. The Panel of Experts is also of the opinion that the SAAQ should take a fresh look at the reallocation of motorcyclists' insurance contributions between driver's licences and registration and base the reallocation on objective risk criteria. Lastly, it is recommending that the SAAQ review its definition of restricted-area use motorcycle in order to better meet the expectations of vintage motorcycle collectors.

With respect to rates, the Panel of Experts is asking the SAAQ to review the classification and processing of certain categories and subcategories of vehicles that have relatively few insurance contributors. It is encouraging the SAAQ to update the schedule of demerit points to reflect the accident risk associated with each offence. It also recommends making payment notices more explicit so motorists can see, directly on the notice, the amount of the additional premium they must pay because of accumulated demerit points: "This is an additional tool that the SAAQ can leverage to make drivers aware of the financial implications of their behaviours on the road," said Mr. Sanschagrin.

Lastly, although the automobile insurance plan has reached a certain maturity, the Panel of Experts is of the opinion that it must adapt to new technologies. Thus, the Panel of Experts is encouraging the SAAQ to proceed with its pilot project to assess the potential impact of telematics on the road safety record. If the results of this pilot project are conclusive, the Panel of Experts asks the SAAQ to invite the population to a public consultation on the use of telematics for rating purposes. "If telematics offers potential with respect to road safety, it also opens up the possibility of significant changes in the way insurance contributions are determined," said Mr. Sanschagrin. "To gain the acceptance of road users, the SAAQ must demonstrate complete openness and transparency on this matter."

"The automobile insurance plan is without a doubt one of Québec's greatest achievements," concluded Mr. Sanschagrin. "We can all be proud of it. The road safety record is improving, and the financial situation of the Fonds d'assurance has been corrected. The plan is evolving well, but we must maintain equity and make sure that it continues to grow in accordance with the needs of insured individuals."

The mandate of the three-member Panel of Experts was to review the approach taken and verify the data used in support of the amendments to insurance contributions proposed by the SAAQ. As part of its work, the Panel of Experts was also required to hold a public consultation. Four briefs on the subject were presented and the authors were all heard during a public hearing held in Montréal on March 12, 2015.

The Panel of Experts comprises three members representing the actuarial, financial and insurance sectors. The current members, who were appointed by the government in September 2014, are Mr. Michel Sanschagrin, actuary, who acted as Chair, Ms. Louise Dagnault, chartered professional accountant, and Mr. Lionel Bernier, attorney.

The mandate, approach and composition of the Panel of Experts are explained in greater detail in a separate press release. The recommendations made by the Panel of Experts are also listed in a separate press release.

**Web site**

All the information relating to the work of the Panel of Experts, including the report and press releases, are available on its Web site: [www.conseilexpert.aauto.ca](http://www.conseilexpert.aauto.ca).

**Source**

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