



**Report by the Panel of Experts**  
**RECOMMENDATIONS BY THE PANEL OF EXPERTS REGARDING THE AUTOMOBILE INSURANCE**  
**CONTRIBUTIONS PROPOSED BY THE SOCIÉTÉ DE L'ASSURANCE AUTOMOBILE DU QUÉBEC FOR**  
**2016-2018**

**Québec, April 30, 2015.** – Following completion of its work, the Panel of Experts on automobile insurance contributions, whose mandate was to examine the insurance contributions proposed by the Société de l'assurance automobile du Québec (SAAQ) for 2016-2018, has concluded that no changes need to be made to the proposed insurance contributions. In making its recommendations, the Panel of Experts is looking towards the future by proposing a certain number of measures aimed at managing funding of the Fonds d'assurance automobile du Québec in a way that is prudent and responsible, refining the rating process and, more generally, ensuring that the insurance plan evolves in accordance with the needs of insured individuals.

In the Panel of Experts' opinion, the SAAQ's proposal is consistent with the overall rating parameters prescribed by the *Act respecting the Société de l'assurance automobile du Québec* and the *Automobile Insurance Act* and attendant regulations, as well as the accepted actuarial practices in Canada relating to a public insurance corporation. It bears reminding that, in its 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.

Before making its recommendations, the Panel of Experts wished to emphasize that it supports the general principles that guided the SAAQ in drafting its insurance proposal for 2016-2018, in particular the full financing of the automobile insurance plan, equity among different categories of contributors, encouraging caution on the road and the stability of insurance contributions.

In its report presented to the SAAQ Board of Directors, the Panel of Experts makes 13 recommendations and issues comments on two additional subjects, all of which are listed below:

**Recommendation 1 – General rating principle: equity**

The Panel of Experts recommends the SAAQ:

- always determine, for each category and subcategory of contributors, insurance contributions that correspond to the assessment of their risk, while avoiding rate shock, to maintain the equity of the automobile insurance plan.



### **Recommendation 2 – The funding policy**

The Panel of Experts recommends the SAAQ:

- make its funding policy more specific, in particular with respect to the amortization period used to calculate insurance contributions for funding purposes when the funding ratio is outside the proposed stabilization corridor of 100% to 120%. The amortization period should explicitly take into account the deviation between the current and projected funding ratios and the boundary of the stabilization corridor to be reached, with a view to maintain the stability of insurance contributions.

### **Recommendation 3 – Sharing the cost of prevention and promotion initiatives between the SAAQ and the Fonds d'assurance**

The Panel of Experts recommends the SAAQ:

- determine, in accordance with the provisions of the *Act respecting the Société de l'assurance automobile du Québec*, 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.

### **Recommendation 4 – Vehicle classification**

The Panel of Experts recommends the SAAQ:

- review the classification of certain categories and subcategories of vehicles according to insurance criteria, considering the nature of risks and the credibility of data.

### **Recommendation 5 – Reallocation of motorcyclists' insurance contributions between driver's licences and registration**

The Panel of Experts recommends the SAAQ:

- analyze, before the next amendments to insurance contributions, the method of reallocation of motorcyclists' insurance contributions between the driver's licences and registration, while basing the reallocation on objective risk criteria.

### **Recommendation 6 – Motorcyclists who do not own a motorcycle**

The Panel of Experts recommends the SAAQ:

- take appropriate measures to ensure that all motorcycle licence holders who have not owned a motorcycle for a certain number of years have the skills required to operate a motorcycle safely if they decide to acquire a motorcycle.

### **Recommendation 7 – Motorcyclists and road safety**

The Panel of Experts recommends the SAAQ:

- analyze, in cooperation with the Ministère des Transports du Québec, the appropriateness of facilitating, in the short term, the creation of a lead agency dedicated to motorcycle safety.

**Recommendation 8 – Restricted–area use motorcycles**

The Panel of Experts recommends the SAAQ:

- review, in the short term, the conditions applicable to restricted-area use motorcycles in order to better meet the expectations of vintage motorcycle collectors.

**Recommendation 9 – Demerit points**

The Panel of Experts recommends the SAAQ:

- update the schedule of demerit points to associate the number of demerit points related to *Highway Safety Code* offences to the accident risk of drivers at fault.

**Recommendation 10 – Insurance coverage**

The Panel of Experts recommends the SAAQ:

- continue its work in order to modernize the coverage provided by the automobile insurance plan, and take into account the financial implications of changes to the insurance coverage during the next amendment of insurance contributions. The SAAQ should also plan periodic reviews of the insurance coverage provided.

**Recommendation 11 – Telematics**

The Panel of Experts recommends the SAAQ:

- proceed with its pilot project to assess the potential impact of telematics on the road safety record and, if results are conclusive, to invite the population to a public consultation on the use of telematics for rating purposes.

**Recommendation 12 – Payment notice**

The Panel of Experts recommends the SAAQ:

- modify payment notices to distinguish between the basic insurance contribution and the additional contribution associated with demerit points.

**Recommendation 13 – Creation of a panel of experts to examine  
any amendments to the regulation respecting fees**

The Panel of Experts recommends the SAAQ:

- bundle, to the extent possible, any amendments to the regulation respecting fees and any amendments to the regulation respecting insurance contributions in order to create a single panel of experts which would be assigned both mandates simultaneously.

**Additional comments**

Without formulating these as official recommendations, the Panel of Experts has made additional comments on two issues.

The Panel of Experts invites the SAAQ to continue its efforts to upgrade its information systems in order to make its activities more efficient, in particular with respect to the evaluation of actuarial and rating commitments.

Lastly, the Panel of Experts is of the opinion that the discussion document published by the SAAQ to make public its insurance proposal could include more information concerning different categories of insurance contributors so that any individual interested in rating has the information needed to develop an informed opinion on the new insurance proposal.

**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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