



QUÉBEC'S PUBLIC AUTOMOBILE
INSURANCE PLAN



For a
**Sustainable and
 Equitable Plan**

DISCUSSION DOCUMENT ON THE
 PROPOSAL CONTAINED IN THE
 DRAFT REGULATION RESPECTING
 INSURANCE CONTRIBUTIONS



Summary

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MESSAGE FROM THE CHAIRMAN OF THE BOARD

Dear Sir or Madam,

This document contains an analysis of the financial situation of the Fonds d'assurance automobile du Québec conducted by SAAQ's staff and members of the Board of Directors.

This situation is of concern. The government is keenly aware of it and has already implemented important corrective measures. Other remedial actions have been taken by the SAAQ, but all these efforts will not be enough to enable the Fonds to regain the sound financial footing it needs to honour its responsibilities to victims of road accidents. Given the situation, an increase in insurance contributions turns out to be inevitable.

We will begin with a review of some of the benefits our automobile insurance plan has to offer. Our plan is simple: the only criterion necessary to be eligible for compensation benefits is to establish a connection between bodily injuries and a motor vehicle accident. Our plan is universal: everyone is eligible, regardless of fault. Our plan is efficient: we immediately take charge of accident victims and remain with them, if need be, throughout their entire life. Our plan is also extremely cost-effective: insurance contributions are by far the lowest in Canada and even if they were to be increased as proposed in this document, they would still be among the lowest in the country.

To restore the financial situation of the Fonds, the SAAQ proposes gradual increases to insurance contributions that reflect the plan's financial needs and that are equitable for all categories of contributors.

The public consultation that is beginning regarding this proposal will be spearheaded by a panel of experts that will be making its recommendations to us in late spring. We should therefore be able to implement the anticipated changes as early as 2007.

On behalf of the Board of Directors, I can assure you that your comments and suggestions will be examined closely.



JOHN HARBOUR, FCA
Chairman of the Board of Directors and CEO

INTRODUCTION

This discussion document briefly outlines Québec's public automobile insurance plan and describes its current financial status of concern. It then highlights the actions already taken to partially remedy the situation and presents the different options for increasing insurance contributions. The last chapter focuses on the SAAQ's proposed solution for the different categories of vehicles.

A UNIQUE PLAN

In 1978, the province of Québec introduced a public automobile insurance plan with the creation of the Régie de l'assurance automobile du Québec, which in June 1990 went on to become the Société de l'assurance automobile du Québec (SAAQ).

The mission of the SAAQ is to protect individuals against the risks of road accidents, based on a model that is unique in the world and which encompasses accident prevention, highway enforcement and compensation. This model allows Quebecers to benefit from a very advantageous public insurance plan.

A DISCONCERTING FINANCIAL SITUATION

Since the plan was first established, insurance contributions have remained low, considering the insurance coverage the plan provides. Contributions are at the level they were at in 1985, despite the fact that inflation was 70% over the same period. Indemnities awarded to victims, however, have been indexed each year, but contributions have not, with the result that over the last 20 years the plan has been under-financed. In other words, revenues in any given year do not cover costs related to accidents that occur during the same year. Over the years, this shortfall has grown significantly and was an estimated \$450 million in 2004.

Despite this recurrent annual financing gap, a series of circumstances enabled the SAAQ to avoid, at least until 2000, sinking into a series of successive deficits. These circumstances were essentially as follows: higher than anticipated investment earnings, fewer road accidents and lower than anticipated costs for compensation benefits.

**INTRODUCTION
OF BILL 55**

To take on this issue, the government of Québec's first course of action was to pass in December 2004, the Act to amend the *Act respecting the Société de l'assurance automobile du Québec* (Bill 55) to create a social trust called the "Fonds d'assurance automobile du Québec" (the Fonds).

With the creation of this fund, insurance contributions became a patrimony trust distinct from other SAAQ and government activities. Therefore, since January 1, 2004, the Fonds has been devoted exclusively to the compensation of accident victims and to road safety promotion.

Bill 55 also makes provisions for the SAAQ to gradually rectify the Fonds' financial situation. It grants the SAAQ's Board of Directors more independence from the government and more responsibilities, particularly the responsibility for determining automobile insurance contributions, based on the recommendations of a panel of experts, which is required to hold a public consultation and submit its recommendations. It is this process that the SAAQ is currently embarking upon.

A PUBLIC AUTOMOBILE INSURANCE PLAN TO BE PRESERVED

AN ADVANTAGEOUS PLAN FOR QUÉBEC

Compensation plans vary significantly from province to province (**Appendix A** contains a comparison of provincial insurance plans). Comparisons between these different plans must therefore be interpreted on the basis of the varied differences between these plans, which include type of plan (public or private), legal context (with or without liability, the latter commonly called *no-fault*) or level of compensation provided. Other more technical aspects also come into play including traffic density, weather patterns, road infrastructure, state of the roadway and number of vehicles in use.

Comparison of insurance contributions for bodily injuries only

At the request of the SAAQ, an actuarial consulting firm¹ analyzed the level of the average premiums paid for coverage for bodily injuries in automobile insurance across Canada.

The study arrived at two main conclusions:

1. Of all of the systems studied, public plans were found to benefit victims most and were the least costly. The authors of the report indicate the following: “Our analysis shows that a no-fault compensation plan, where the right to sue does not exist, compensates victims more generously and is the least expensive.” (SAAQ translation) Such plans are in effect in Québec, Manitoba and Saskatchewan.
2. The firm also found that «Québec is the province with the lowest premiums.» (SAAQ translation)

The tables that follow show a comparison between four realistic cases of drivers of a passenger vehicle (cases 1 and 2) or a motorcycle (cases 3 and 4).

Note that in all cases, Quebecers pay less for their insurance contribution. The differences are much more pronounced for motorcycles than for passenger vehicles.

When it comes to motorcycles, it would appear that in provinces where the insurance industry is run by the private sector, major insurers sometimes refuse to insure certain high-risk motorcycle drivers such as young males who own a sport motorcycle.

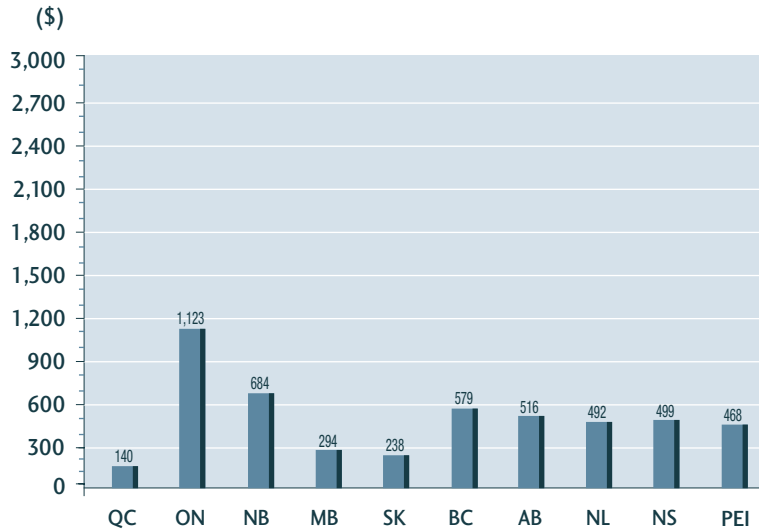
1. Source: *Rapport sur les primes d'assurance automobile pour l'indemnisation des blessures au Canada*, Eckler associés ltée, July 2005.

Furthermore, where such motorcyclists do manage to find an insurer, the cost is so high that they are forced to enter into a contract that essentially reduces their personal protection. Motorcyclists therefore receive minimal compensation benefits for single-vehicle accidents or two-vehicle accidents for which they are responsible. It is only in two-vehicle accidents for which they are not deemed responsible that they can, by exercising their right to sue, receive full compensation.

PASSENGER VEHICLES

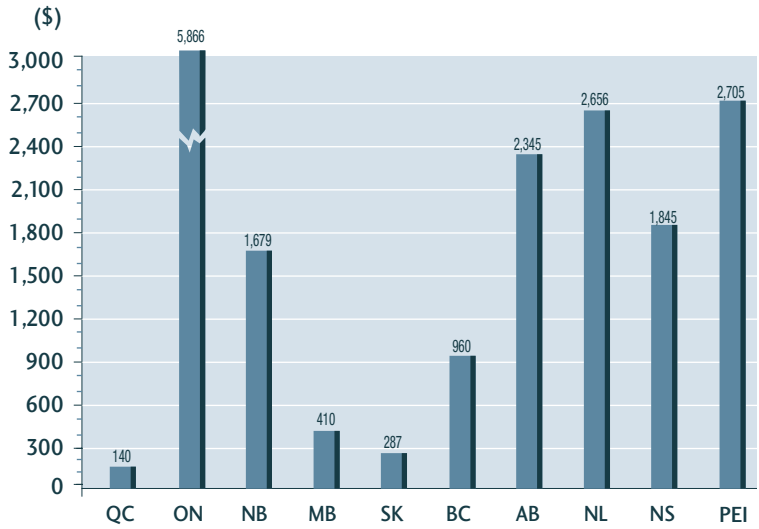
• **CASE 1** •
Male age 42

Male age 42, licence holder for 24 years.
A single passenger vehicle, no claim.
No Highway Safety Code violation within last 5 years.
Vehicle used to drive to work.



• **CASE 2** •
Male age 18

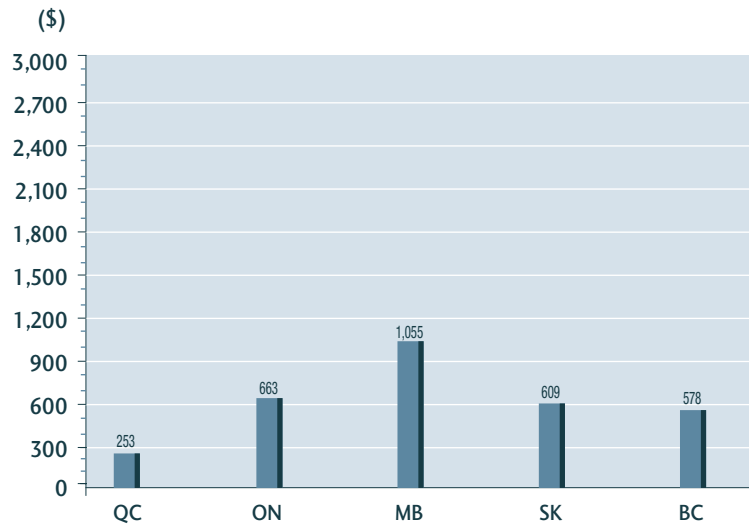
Male age 18, no experience.
A single passenger vehicle, no claim.
Vehicle used to drive to work.



MOTORCYCLES

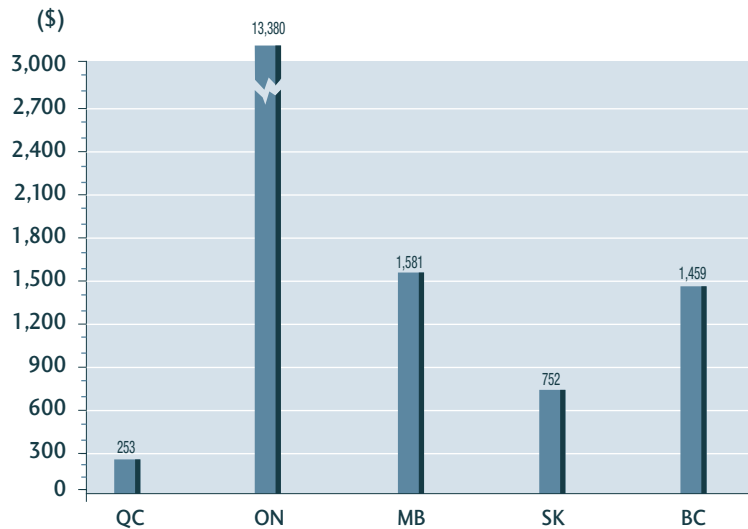
• **CASE 3** •
Male age 42

Male age 42, licence holder for 24 years.
A single 750 cc regular motorcycle, no claim.
No Highway Safety Code violation within last 5 years.
Vehicle used to drive to work.



• **CASE 4** •
Male age 21

Licence holder male age 21, no experience.
A single 750 cc sport motorcycle, no claim.
Vehicle used to drive to work.



A PLAN WORTH PRESERVING

Based on these comparisons and on the benefits offered, it is clear that Québec's plan is one of the best in Canada.

Indeed, even factoring in the proposed insurance contribution increases, the contributions Quebecers will be paying are still lower than those in other Canadian provinces.

Given this situation, there is no doubt that our public automobile insurance plan must be preserved. The manner in which the plan is financed, however, must be reviewed in order to restore the financial equilibrium required to fulfill its mission, for the sake of equity among all categories of insured persons and generations.

A DISCONCERTING FINANCIAL SITUATION

Each year, Quebecers pay insurance contributions to finance compensation for bodily injuries sustained in road accidents and the promotion of road safety. These contributions are collected upon payment of driver's licence and motor vehicle registration fees.

FINANCING OF THE FONDS

Below is a payment notice for a driver's licence holder who has no demerit points on his driving record. This invoice is payable every two years.

Driver's Licence Payment Notice

DEMERIT POINTS								
REFERENCE PERIOD	FROM	2003 06 08	TO	2005 06 07				
OFFENCE	RECORDED	DESCRIPTION	POINTS	OFFENCE	RECORDED	DESCRIPTION	POINTS	
AMOUNT PAYABLE DETAILS								
GOUVERNEMENT DU QUÉBEC ▶	LICENCE FEE	32,00	+	TAX ON INSURANCE	4,13	=	36,13	
SOCIÉTÉ DE L'ASSURANCE AUTOMOBILE DU QUÉBEC ▶	INSURANCE PREMIUM	45,87	+	ADMINISTRATIVE CHARGE	4,00	=	49,87	
							PREVIOUS BALANCE ▶	0,00
ADD \$3 IF PAYING THROUGH AN OUTLET OFFERING SOCIÉTÉ SERVICES.							AMOUNT PAYABLE	86,00

Below is a payment notice for registration of a passenger vehicle. This invoice is payable each year.

Payment Notice for Registration of a Passenger Vehicle

AMOUNT PAYABLE DETAILS								
LICENCE PLATE NO.	UNIT NO.	NOTICE NO.	ISSUE DATE	2005 07 20	DUE DATE	2005 08 31		
GOUVERNEMENT DU QUÉBEC ▶	REGISTRATION FEE	104,00	+	ADD. REGISTRATION FEE	0,00			
	TAX ON INSURANCE	9,67	+	PUBLIC TRANSIT	30,00	+	TAXI FEE	0,00 =
SAAQ ▶	INSURANCE PREMIUM	107,33	+	ADMINISTRATIVE CHARGE	4,00	=		111,33
							PREVIOUS BALANCE ▶	0,00
ADD \$ 3,00 IF PAYING THROUGH AN OUTLET OFFERING SOCIÉTÉ SERVICES.							AMOUNT PAYABLE	255,00

FINANCING

For accidents that occurred in 2004, the Fonds recorded a deficit of \$448 million. Its revenues were \$743 million while the expenditures related to the accidents represented \$1.191 billion. Therefore, each year, the accidents that occur generate expenditures that exceed the Fonds' revenues.

Financing Deficit of the Fonds, Accidents That Occurred in 2004 (\$M)

Revenues	743
Expenditures	1,191
Deficit	(448)

As previously mentioned, under-financing of the Fonds is attributable to the fact that insurance contributions are virtually the same as they were 20 years ago while the compensation benefits paid to road accident victims are indexed each year.

In comparison, premiums collected by private automobile insurers to cover property damage increased by some 70% during the past 20 years.²

Table 2.4 shows the insurance contributions for a licence holder, owner of a passenger vehicle, and the contributions that drivers would have paid had contributions increased at the same rate as inflation.

Furthermore, as mentioned above, the SAAQ indexes almost all of the indemnities paid to accident victims in accordance with the rate of inflation.

Between 2000 and 2004, the cost of the plan increased by some \$300 million. The impact of the plan's under-financing is far-reaching: because expenditures year after year have grown faster than revenues, the financing deficit is increasing in scale.

If nothing is done, under-financing will only continue to escalate and the SAAQ forecasts that it will reach some \$500 million in 2006.

FUNDING

The following table shows the under-funded status of the Fonds on December 31, 2004.

Under-Funded Status of the Fonds as at December 31, 2004 (\$M)

Fonds liabilities	7,560
Fonds assets	6,943
Total deficit	(617)
Funding rate	92%

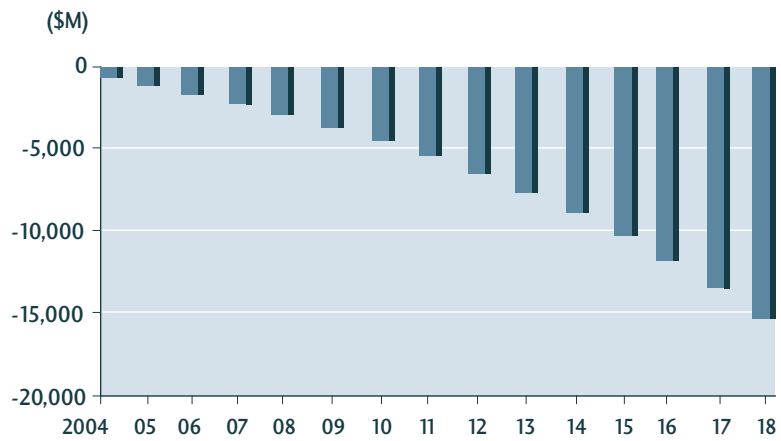
On December 31, 2004, for the first time since the public automobile insurance plan was created, the plan was under-funded. A total deficit of \$617 million was posted by the Fonds. The total deficit corresponds to the difference between assets and liabilities.

2. Source: Groupement des assureurs automobiles

**NEED TO
REDRESS THE
FINANCIAL SITUATION**

The following table shows the extent of the current imbalance and the need to act now. It illustrates the accumulation of projected deficits in the years to come if the situation remains unchanged.

Projected Total Deficit of the Funds, 2004-2018



If nothing is done, the total deficit could reach \$15 billion by 2018, at which point the Funds would be depleted.

To save the public plan, the financial health of the Funds must be restored.

ACTIONS ALREADY TAKEN

	<p>Actions have already been taken by the government and the SAAQ. They are a step in the right direction to reduce expenses.</p> <p>However, these efforts will not be enough to allow the SAAQ to respect its commitments toward road accident victims. An increase in insurance contributions is inevitable.</p>
<p>INTRODUCTION OF BILL 55</p>	<p>As previously mentioned, the government of Québec took a first course of action in 2004. By passing Bill 55, it created a social trust called the “Fonds d’assurance automobile du Québec” (the Fonds).</p> <p>With the creation of this fund, insurance contributions became a patrimony trust distinct from other SAAQ and government activities.</p>
<p>REDUCTION OF EXPENDITURES BY \$100 MILLION</p>	<p>The government has assumed major expenditures that, up until now, were paid by the SAAQ. This is the case for contributions that go towards ambulance transportation, funding of the vehicle adaptation and parking permit program for the disabled, as well as some administrative expenditures related to accessing the road network, responsibilities that represented a recurring annual sum of over \$100 million.</p>
<p>CREATION OF THE QUÉBEC ROAD SAFETY COMMITTEE</p>	<p>Road safety has a direct and immediate impact on the costs of the plan and, unfortunately, the road safety record in Québec has deteriorated in recent years.</p> <p>The Transport Minister announced the creation of the <i>Québec Road Safety Committee</i>. Several countries have improved their safety record in recent years due to concerted action in this area. Given this context, while it is premature to count on short-term benefits for the Fonds, the future does hold promise.</p>

<p>CONTROL OF THE PLAN'S COSTS</p>	<p>To better control the plan's costs, the SAAQ is currently looking into practices involving claims, use of new technologies and expenditures related to plan operations.</p>
<p>REVIEW OF LEGISLATION AND REGULATIONS</p>	<p>Another avenue for reducing plan costs is to clarify the Act and regulations involving compensation paid to victims of road accidents.</p> <p>In this context, the SAAQ intends to propose corrective measures for the plan. Such measures could affect, for example, eligibility, the scope or review of certain compensation benefits. In short, the SAAQ's fundamental mission, that of ensuring fair, efficient and sensitive handling of claims for road accident victims, must be upheld.</p>

OPTIONS STUDIED

	<p>To restore the plan’s sound financial footing, different possibilities are open to the SAAQ; legislation, however, imposes two guidelines.</p> <ul style="list-style-type: none"> • The first requires the SAAQ to restore financial health to the Fonds by 2015. • The second guideline is that all deficits recorded must be eliminated over a maximum period of fifteen years.
<p>OPTION OF INCREASING CONTRIBUTIONS ALL AT ONCE</p>	<p>A possible option is to increase insurance contributions all at once to redress the financial situation as soon as possible.</p> <p>This option has the benefit of immediately restoring equity among categories of contributors to the plan and limiting as much as possible the financial burden handed down to future generations.</p> <p>According to this option, it would be necessary to increase the insurance contribution of drivers of passenger vehicles to \$65 on average starting with 2006. In the case of motorcyclists, this increase would reach approximately \$800.</p> <p>To maintain full funding of the plan, the SAAQ would then index insurance contributions to the cost of living.</p> <p>As a result, once financial health is restored, the total deficit in the Fonds would be around \$1 billion.</p>
<p>OPTION 2015</p>	<p>Since, according to legislation in effect, the SAAQ has until December 31, 2015 to fully fund the costs of accidents for a year (revenues = expenditures), it could provide gradual annual increases for the entire period.</p> <p>This option limits the amount of annual increases but adds to the financial burden that will be handed down to future generations. Furthermore, equity among contributors would not be remedied until 2015.</p> <p>For drivers of passenger vehicles, the needed increase of \$65 would be distributed over ten years and indexed to the cost of living.</p> <p>However, in 2015, once financial health is restored, the total deficit in the Fonds would reach over \$5 billion. One thing is obvious: what is not paid today must be paid later, with added interest.</p>

SAAQ'S OPTION

The SAAQ's option for restoring the financial health of the Fonds would be to take a middle ground drawing upon both of the above-mentioned options. It consists of restoring full financing over a four-year period starting in 2007.

This option provides a compromise in terms of, on the one hand, the pace for restoring financial health and equity and, on the other, the desire to lighten the deficit burden handed down to future generations.

The proposed increases for 2007 and 2008 will nevertheless still fall short of correcting the current under-funding. The SAAQ will need to take stock of the situation again in a few years to assess such things as the impact of the different measures, the road safety record and the economic conditions that will have prevailed during the period. The SAAQ may then need to impose new rates and take steps to correct any under-funding observed at the time.

SAAQ'S PROPOSED SOLUTION

The SAAQ wants insurance contributions to be fair, reasonable and equitable. It is, therefore, proposing new insurance contributions for 2007 and 2008 based on actuarial valuations and principles.

THE PRINCIPLES

- Maintain the no-fault principle in rate-setting
- Plan financing by vehicle users
- Uniform rates, regardless of drivers' age, sex and region
- Encouragement of safe road use behaviour
- Target equity among different categories of contributors

RATING SHORTFALL

The Fonds' financing deficit is a direct result of the rating shortfall of the insurance contributions. If these contributions remained unchanged, the projected 2006 rating shortfall would reach \$501 million. This shortfall is distributed between the different categories of vehicles, as shown in the following table.

Distribution of the Projected Shortfall, 2006

Category	Needs (\$M)	Receipts (\$M)	Shortfall (\$M)
Passenger vehicles	902	568	(334)
Motorcycles	144	35	(109)
Mopeds and scooters	7	1	(6)
Commercial vehicles	151	99	(52)
	1,204	703	(501)

On the basis of the principles stated and the option chosen, the SAAQ intends to completely offset the rating shortfall by 2010. It is therefore proposing a gradual increase in insurance contributions for 2007 and 2008.

INDEXATION OF INSURANCE CONTRIBUTIONS

Along with the changes proposed above, the SAAQ is proposing to increase compensation benefits and insurance contributions each year in accordance with the changes in the cost of living, based on official statistics.

Passenger Vehicles

RATING SHORTFALL FOR PASSENGER VEHICLES

Based on current insurance contributions, the projected 2006 rating shortfall for passenger vehicles is \$334 million.

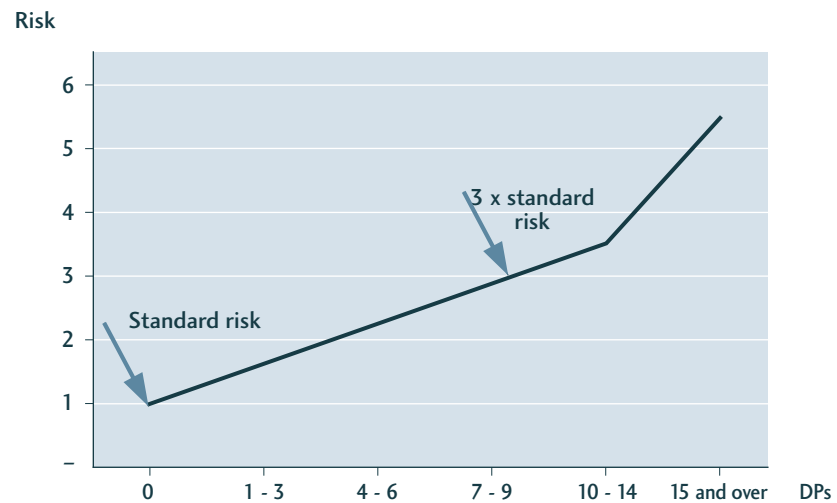
SAAQ'S PROPOSAL INCREASE THE INSURANCE CONTRIBUTION ON THE LICENCE ONLY

The SAAQ proposes to increase insurance contribution collected on the driver's licence. This method of doing things has the merit of ensures greater equity among categories of contributors. Being linked to demerit points, this also recognizes accident risk.

The insurance contribution collected on a driver's licence varies according to the number of demerit points entered on the holder's driving record.

The more demerit points a driver accumulates, the more likely he is to be involved in an accident, as soon as the first demerit point is recorded, as shown in the following table.

Risk of Accident Based on Number of Demerit Points (DPs)



The SAAQ is proposing a new rate structure based on demerit points that will better reflect risk. Following this assumption, the insurance contribution will increase as soon as one demerit point is entered on a licence holder's driving record.

Proposed Insurance Contributions, Licence Authorizing the Holder to Drive a Passenger Vehicle (class 5)

Demerit points	Contribution proposed for 2007 for two years (\$)	Contribution proposed for 2008 for two years (\$)
0	102	127
1 to 3	149	194
4 to 6	221	278
7 to 9	292	352
10 to 14	401	467
15 and +	597	706

Motorcycles

RATING SHORTFALL FOR MOTORCYCLES

Based on current insurance contributions, the projected 2006 rating shortfall for motorcycles is \$109 million.

Projected Shortfall in 2006 for Motorcycles

Number	Needs (\$M)	Receipts (\$M)	Shortfall (\$M)
141,000	144	35	(109)

SAAQ'S PROPOSAL

To take into consideration the behaviour of motorcyclists in the rating structure, the SAAQ is proposing to allocate funding of the cost of compensation attributed to motorcycles between a specific insurance contribution on the driver's licence and an insurance contribution payable upon registration. Therefore, 25% of the financing would be obtained through insurance contributions on the licence and 75% by the insurance contributions payable upon registration. This allocation is aimed at taking into account the behaviour of drivers.

REGISTRATION: NEW CLASSIFICATION OF MOTORCYCLES AND CYLINDERS

For motorcycles over 400 cc, the SAAQ proposes creating two broad classifications: *sport* motorcycles and *regular* motorcycles, and to review the groups representing cylinder size according to the degree of risk observed.

According to studies conducted by the SAAQ, the risk of accident is linked to the cylinder capacity and type of motorcycle driven. For example, *sport* motorcycles are involved in four times more accidents than other types of motorcycles.

There is no national or international procedure for classifying a motorcycle in a *sport* category. SAAQ's experts drew up a list that would be used to identify the motorcycles in question.

Approximately 11% of all motorcycles currently on the road in Québec are considered *sport* motorcycles.

Proposed Insurance Contributions Payable Upon Registration of Motorcycles

Category	Cylinder size	Proposed contribution for 2007 (\$)	Proposed contribution for 2008 (\$)
Regular	less than 125 cc	156	177
	126 to 400 cc	256	294
	401 to 700 cc	393	470
	701 cc and +	430	527
Sport	401 to 700 cc	735	993
	701 cc and +	957	1,332

**RECOGNITION
OF THE LICENCE
HOLDER'S
BEHAVIOUR**

Prior to July 1978, the right to operate a motorcycle was granted automatically to anyone who held a driver's licence, without the need for a road test or other formality. Québec currently has over two million "potential" motorcycle drivers. It is therefore not possible to determine which licence holders actually operate a motorcycle and are thereby subject to the inherent risks.

However, as is the case with every other vehicle, the driver's behaviour is a determining risk factor and the SAAQ would like to encourage good driving behaviour through its fee structure.

The SAAQ is therefore proposing to require, starting in 2007, payment of a separate insurance contribution upon issue of a driver's licence, for licence holders authorized to operate a motorcycle. This insurance contribution, payable upon issue of a driver's licence, would be in addition to the contribution payable to retain the right to drive a passenger vehicle.

Licence holders would have the choice of retaining or relinquishing the right to operate a motorcycle. Those who relinquish this right but would like to drive a motorcycle at a later date would have to apply for a new licence according to the norms in effect at that time.

Proposed Insurance Contributions for Licences to Operate a Motorcycle³

	Current contribution (\$)	Contribution every two years 2007 (\$)	Contribution every two years 2008 (\$)
Driver's licence classes 5 and 6A, B or C	0	102	127

3. Currently and until 2008, licence holders authorized to drive only a motorcycle (classes 6A, B or C only) will be required to pay the same insurance contribution as holders authorized to drive a passenger vehicle.

Mopeds and Motorized Scooters																																																											
RATING SHORTFALL FOR MOPEDS AND SCOOTERS	Based on current insurance contributions for mopeds and motorized scooters, the projected shortfall for 2006 is \$6 million.																																																										
SAAQ'S PROPOSAL	Proposed Insurance Contributions Upon Registration of Mopeds and Scooters																																																										
	<table border="1"> <thead> <tr> <th>Current contribution (\$)</th> <th>Proposed contribution for 2007 (\$)</th> <th>Proposed contribution for 2008 (\$)</th> </tr> </thead> <tbody> <tr> <td>46</td> <td>140</td> <td>190</td> </tr> </tbody> </table>	Current contribution (\$)	Proposed contribution for 2007 (\$)	Proposed contribution for 2008 (\$)	46	140	190																																																				
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RATING SHORTFALL FOR COMMERCIAL AND OTHER VEHICLES	Based on current insurance contributions, the projected 2006 rating shortfall for "commercial and other vehicles" (including trucks, public and private carriers, taxis and farm vehicles, among others) is \$52 million.																																																										
SAAQ'S PROPOSAL	The SAAQ is of the opinion that there is a need to examine the classification of commercial vehicles in order to ensure that the classification adequately reflects the levels of risk of each type of vehicle. These studies will be conducted over the next few years in cooperation with the partners and clients of the SAAQ.																																																										
	<p>Proposed Insurance Contributions Payable Upon Registration of Commercial and Other Vehicles (most popular categories)</p> <table border="1"> <thead> <tr> <th>Classes</th> <th>Plates</th> <th></th> <th>Current 2006 (\$)</th> <th>Proposed contribution for 2007 (\$)</th> <th>Proposed contribution for 2008 (\$)</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Commercial vehicles</td> <td rowspan="2">F</td> <td>Farmers</td> <td>83</td> <td>109</td> <td>124</td> </tr> <tr> <td>Others</td> <td>123</td> <td>145</td> <td>158</td> </tr> <tr> <td>Restricted circulation vehicles</td> <td>C</td> <td>Farm tractors</td> <td>28</td> <td>31</td> <td>33</td> </tr> <tr> <td rowspan="3">Trucks</td> <td rowspan="3">L</td> <td>2 axles</td> <td>147</td> <td>164</td> <td>174</td> </tr> <tr> <td>3-4 axles</td> <td>207</td> <td>238</td> <td>256</td> </tr> <tr> <td>5 axles and +</td> <td>349</td> <td>453</td> <td>513</td> </tr> <tr> <td>Public transport bus</td> <td rowspan="2">A</td> <td>10,001 kg and +</td> <td>528</td> <td>1,095</td> <td>1,400</td> </tr> <tr> <td>Private transport bus</td> <td>3,001 kg to 8,000 kg</td> <td>183</td> <td>225</td> <td>248</td> </tr> <tr> <td>Taxis</td> <td>T</td> <td></td> <td>337</td> <td>543</td> <td>656</td> </tr> <tr> <td>Floater plates</td> <td>X</td> <td></td> <td>189</td> <td>216</td> <td>231</td> </tr> </tbody> </table>	Classes	Plates		Current 2006 (\$)	Proposed contribution for 2007 (\$)	Proposed contribution for 2008 (\$)	Commercial vehicles	F	Farmers	83	109	124	Others	123	145	158	Restricted circulation vehicles	C	Farm tractors	28	31	33	Trucks	L	2 axles	147	164	174	3-4 axles	207	238	256	5 axles and +	349	453	513	Public transport bus	A	10,001 kg and +	528	1,095	1,400	Private transport bus	3,001 kg to 8,000 kg	183	225	248	Taxis	T		337	543	656	Floater plates	X		189	216
Classes	Plates		Current 2006 (\$)	Proposed contribution for 2007 (\$)	Proposed contribution for 2008 (\$)																																																						
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CONCLUSION

It is to ensure the future of Québec's public automobile insurance plan and to guarantee full access to future generations that the SAAQ is proposing modifications to insurance contributions.

As was previously stated, our public automobile insurance plan is considered to be one of the most generous in Canada and it must be preserved. The manner in which the plan is financed, however, must be reviewed in order to restore the financial equilibrium required to fulfill its mission, for the sake of fairness among all categories of contributors.

Actions have already been taken by the government and the SAAQ but these efforts will not be enough. Given the situation, the SAAQ's proposal to modify insurance contributions turns out to be a minimal measure that is practically inevitable. The SAAQ will need to take stock of the situation again later and may eventually need to modify insurance contributions a second time.

Although the SAAQ is convinced that the proposal is realistic and fair to all categories of contributors, it remains open to requests for changes and new ideas. Among other things, payment of driver's licence fees every year and staggered payment over several months could be envisaged.

The Board of Directors strongly encourages individuals and groups to participate in this consultation. The important thing to keep in mind is the fundamental objective of this process: to ensure the plan's sustainability for all road users in Québec, those of today and tomorrow.

APPENDIX A

Comparison of Canadian Insurance Plans

Benefits payable in 2006

		Québec	Manitoba
SOURCES OF INCOME	Licence Registration Insurance contract	••• •••	••• •••
ACCIDENT INDEMNITIES			
Disability benefits	Partial Total % of salary Maximum/week Waiting period	up to age 68 90% of net \$720 (estim.) 7 days	90% of net \$850 (estim.) 7 days
Death benefits	Time limit Classification Head of household Spouse Dependant	None Age and income \$55,246-275,000 \$55,246-275,000 \$26,240-48,341	None Age and income \$48,899-325,000 \$48,899-325,000 \$23,226-42,787
Permanent disability	Maximum, disabling injury Max. non-disabling injury	\$193,719 \$193,719	\$122,244 \$122,244
Medical expenses	Maximum/person Limited period	Unlimited None	Unlimited None
Funeral expenses		\$4,142	\$6,663
RIGHT TO SUE			
Pain and suffering Over and above no-fault		No No	No No
THIRD PARTY LIABILITY			
Minimum Selected	Per accident Per accident	\$50,000 \$1,000,000	\$200,000 \$200,000
ADMINISTRATION			
Bodily injury Property damage		Gov't Private	Gov't Gov't/private

Source: *Rapport sur les primes d'assurance automobile pour l'indemnisation des blessures au Canada*, Eckler associés ltée, July 2005.

Saskatchewan	British Columbia	Alberta	New Brunswick	Newfoundland	Nova Scotia	Ontario	Prince Edward Island
...
Lifetime 90% of net \$785 (estim.) 7 days	104 weeks Lifetime 75% of gross \$300 7 days	104 weeks Lifetime 80% of gross \$300 7 days	104 weeks Lifetime \$250 7 days	104 weeks Lifetime \$140 7 days	104 weeks Lifetime \$140 7 days	104 weeks Lifetime 80% of net \$400 7 days	104 weeks Lifetime -\$140 7 days
	None	None	180 days	180 days	180 days	180 days	180 days
\$54,351 \$54,351 \$54,351	\$5,000 \$2,500 \$1,500	\$10,000 \$10,000 \$3,000	\$50,000 \$25,000 \$5,000	\$10,000 \$10,000 \$2,000	\$10,000 \$10,000 \$2,000	\$25,000 \$25,000 \$10,000	\$10,000 \$10,000 \$2,000
\$184,396 \$150,947							
\$5,268,450	\$150,000	\$50,000 None	\$50,000 4 years	\$25,000 4 years	\$25,000 4 years	\$100,000	\$25,000 4 years
\$7,903	\$2,500	\$2,000	\$2,500	\$1,000	\$1,000	\$6,000	\$1,000
No Yes	Yes Yes	Yes Yes	Yes Yes	Yes Yes	Yes Yes	Yes Yes	Yes Yes
\$200,000 \$200,000	\$200,000 \$1,000,000	\$200,000 \$1,000,000	\$200,000 \$1,000,000	\$200,000 \$1,000,000	\$500,000 \$1,000,000	\$200,000 \$1,000,000	\$200,000 \$1,000,000
Gov't Gov't/private	Gov't Gov't/private	Private Private	Private Private	Private Private	Private Private	Private Private	Private Private

APPENDIX B

Overview of the Proposal to Increase Insurance Contributions Overview

LICENCE						
	Classes	Demerit points	Period covered	Current (\$)	Proposed contribution for 2007 (\$)	Proposed contribution for 2008 (\$)
Driver's licence and probationary licence	1 - 5	0	24 months	46	102	127
		1 - 3		46	149	194
		4 - 6		92	221	278
		7 - 9		92 - 160	292	352
		10 - 14		160 - 262	401	467
		15 and over		365	597	706
Learner's licence issued	1 - 5		18 months	15	25	30
Restricted licence			12 months	34	128	131
Driver's licence and probationary	6A, 6B or 6C in addition to class 1 to 5 licence		24 months	0	102	127

VEHICLE REGISTRATION						
			Period covered	Current (\$)	Proposed contribution for 2007 (\$)	Proposed contribution for 2008 (\$)
Passenger vehicles			12 months	107	indexed	indexed
Motorcycles Regular	less than 125 cc			74-120	156	177
	126 to 400 cc			189	256	294
	401 to 700 cc			253	393	470
	701 cc and over			253	430	527
Sport	401 to 700 cc			253	735	993
	701 cc and over			253	957	1,332

**Overview
of the Proposal to
Increase Insurance
Contributions
Overview
(cont)**

VEHICLE REGISTRATION

		Period covered	Current (\$)	Proposed contribution for 2007(\$)	Proposed contribution for 2008(\$)
Mopeds and scooters		12 months	46	140	190
Commercial and other vehicles					
Commercial Agriculture			83	109	124
Other			123	145	158
Restricted use					
Farm tractors			28	31	33
70 km/h zone			34	40	44
Unconnected zone - Other			91	108	117
Trucks	2 axles		147	164	174
	3-4 axles		207	238	256
	5 or more axles		349	453	513
Farmers, governments	2 axles		123	145	158
	3-4 axles		156	183	200
	5 or more axles		183	216	234
Bus Public transport	up to 3,000 kg		283	331	360
	3,001 to 8,000 kg		367	428	466
	8,001 to 10,000 kg		446	520	565
	10,001 kg and over		528	1,095	1,400
Private transport	up to 3,000 kg		123	146	159
	3,001 to 8,000 kg		183	225	248
	8,001 to 10,000 kg		252	295	321
	10,001 kg and over		333	388	420
Taxis			337	543	656
Floater plates		189	216	231	

This document has been prepared by the Société de l'assurance automobile du Québec.

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In this document, use of the masculine is generic and applies to both men and women.



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