

# **A Comparison of Automobile Insurance Regimes in Canada**

Report Prepared for the Trial Lawyers Association of BC

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## Executive Summary

This report was prepared for the Trial Lawyers Association of BC. The objective is to compare and contrast automobile insurance provision across Canadian jurisdictions, with particular emphasis on comparing how British Columbia fares relative to other provinces. These jurisdictions are grouped as having a privately-provided automobile insurance regime (Alberta, Ontario, New Brunswick, Nova Scotia, Newfoundland and Labrador, and Prince Edward Island) or a publicly-provided one (British Columbia, Saskatchewan, Manitoba and Quebec). Comparable data could not be obtained for Quebec, hence only three public provinces are compared. In addition, four provinces have no-fault provisions (Saskatchewan, Manitoba, Ontario and Quebec) – the first three have ‘partial’ regimes whereas Quebec has ‘pure’ no-fault (no recourse to the courts for damages).

The report provides a brief discussion of the different automobile insurance regimes, as well as the mandated packages in each province. I obtained price quotes by jurisdiction for the mandated package as well as for enhanced packages, for a hypothetical driver (either male or female) with a driving record that is good or poor, who is 45 years of age and drives a Honda Civic. Table 1 reviews these price quotes across jurisdictions. Table 2 reports the average price quotes by jurisdiction for the minimum mandated package. Prices in Vancouver, BC are in the middle of the pack, and are much lower than in Toronto, Ontario for a driver with a good record. BC average prices are similar to those in Saskatchewan and Manitoba.

I also examine loss ratios (ratio of claims to premiums earned, table 3), these vary quite a bit over the past five years (2011-2015) with no clear pattern except that they are always higher in public regimes than private ones. Because these ratios fluctuate from year to year, no one single province has performed consistently or significantly better than the others. BC has remained in the pack. I present a table of average claim costs (table 5) and discuss why much caution needs to be exercised when interpreting this information because of interjurisdictional and intertemporal differences in the way in which claims are counted.

Two graphs depict motor vehicle registrations per capita by province and fatal vehicle collisions per 10,000 registered vehicles – indicators of demand for automobile insurance. BC is in the lower end of per capita registered vehicles, along with Quebec and Ontario; it is in the middle to high end of per capita fatal collisions, along with Alberta and Manitoba.

The Appendix contains several more tables, including ones detailing the elements of the mandated packages across jurisdictions and ones detailing all of the elements underlying table 1’s price quotes.

The report has been very careful at pointing out the problems associated with drawing hard and fast conclusions because of the differences in insurance packages across provinces and the aggregated and limited nature of much of the available data. Four conclusions are notable:

- Automobile prices charged in BC are in line with those of Manitoba (with some nuancing: for instance, BC tends to penalize poor driving records much more than either of the other public provinces).
- A driver in Vancouver pays significantly less than an otherwise comparable driver in Toronto.
- In the private system, Ontario has the lowest loss ratios; in the public system, there is *no discernable, stable, relationship across the three jurisdictions. BC is in the pack.*
- Average claim costs cannot be compared across regimes. Differences in the way in which data are gathered in public versus private jurisdictions render comparisons across these two types of jurisdictions meaningless.

## **0. Introduction**

I was contracted by the Trial Lawyers Association of BC to provide an interprovincial comparison of automobile insurance regimes in Canada. I undertook this project on the strict understanding that I would analyse the data and reach conclusions based on these data, without any prior expectation one way or another. The TLA was agreeable to these terms.

It is very difficult to obtain good data in any one jurisdiction let alone across all of the provinces in Canada. Several compromises had to be made. For instance, the Quebec data were simply not comparable to the other jurisdictions on several fronts, and hence had to be eliminated. I had to rely on data from the General Insurance Statistical Agency (GISA) for the six provinces with private automobile insurance regimes and these data were only available from 2011 to 2015. The good news is that these data are reasonably comparable across these provinces. But obtaining comparable data from the public provinces was complicated. I have indicated throughout this report when caution has to be taken.

Insurance prices were obtained largely through a price-quote agency, as well as through direct contact with various firms. There was no attempt to put any particular regime in a better light than others. After much thought and several preliminary investigations, I decided to let the representative driver be a reasonably average one – 45 years of age, driving a Honda Civic, employed .... I think that the price quotes are indicative of what one would be facing in the different provinces.

This report is structured as follows. I start with a review of the compulsory insurance packages mandated in each regime. While the list of benefits accompanying these packages is very similar, quite a bit of variation is seen in the details of these benefits across provinces. This review groups provinces as liability or no-fault regimes, and as private and public provision. The

next section provides data on the price of automobile insurance by province (except Quebec). Quotes were obtained from a variety of companies, especially in the private regimes. Huge variations were found in prices. When I compared someone living in Toronto to the same person in Vancouver, a good driving record resulted in a much lower price in BC than in Ontario. The third section compares costs across public and private regimes. Intra-regime comparisons are much more reliable than inter-regime ones. That being said, private regimes had lower loss ratios in general when compared to public ones. The BC regime is reasonably comparable to the other two public systems in this regard. It is not possible to compare average claim costs across public and private regimes because, among other reasons, of the way in which claims are counted. A fourth section examines some of the factors influencing demand for insurance, especially the number of registered vehicles per capita on the road. Alberta and Saskatchewan stand out as having the highest and second highest number, respectively. BC is in the middle of the pack. There is a slight upward trend across the board in this number. Fatal accidents per registered vehicle, displays an overall downward trend. Finally, I say a few words about the public versus private provision debate. Overall, there is remarkably little empirical work done on this issue, I found one serious undertaking for Canada done in 1976. Not surprisingly, there is no clear cut answer as to which regime is better: the public regime is likely to reap economies of scale and hence have lower costs, but the private one is likely to provide a larger range of products. A few overall conclusions are discussed in the last section.

## **1. A Brief Review of Automobile Insurance in Canadian Provinces**

A minimum level of automobile insurance coverage is mandated and compulsory in every jurisdiction in Canada. Automobile insurance regimes can be described as being based primarily upon liability-based or no-fault-based rules, and can be described as being publicly or privately provided. Six provinces have purely private provision (subject always to public regulations), and four have public monopoly provision (they are really ‘hybrid’ systems insofar as private companies can provide insurance beyond the basic mandated package; Quebec is an outlier insofar as it has publicly provided insurance for bodily injuries, and privately provided insurance for property damages).

Each province mandates the minimum requirements for an automobile insurance policy. These are described in the Appendix tables A1: table A1a details the requirements in the private provinces and table A1b details the same for the public provinces. While the list of benefits provided in all jurisdictions is more or less the same, there are differences across the regimes in terms of amounts and details. Tables A1a and b reveal, for instance, differences in the amount of medical care provided in the event of an accident, death and survivor benefits, and income replacement rules, across the jurisdictions. It is important to look at the significant differences across provinces in terms of the minimum or basic insurance package, because these will affect the minimum price of insurance.

### **1.1 Liability-Based Vs No-Fault-Based Automobile Insurance Regimes**

Under a liability regime, damages incurred by not-at-fault victims of accidents are recovered from at-fault drivers; drivers thus take out third-party liability insurance to cover these costs in the event of an at-fault accident. Tables A1a and A1b reveal that all provincial jurisdictions in Canada mandate third-party coverage. If an insurance package were comprised

*only* of third-party liability provisions, then those who suffered losses as a result of the fault of others, would be entitled to compensation by the at fault drivers, but the at-fault drivers would not receive any indemnification for own injuries or damages. But this does not describe the situation in Canadian provinces. All automobile insurance regimes in Canada except for Newfoundland and Labrador where it is optional, require some first-party coverage that compensates for ‘own’ (first party) losses irrespective of fault. Some commentators describe regimes with such first party coverage as ‘no fault’ ones, but normally to be classified as a ‘no-fault’ regime, there are restrictions on the right to sue the at-fault driver for damages incurred.

All private insurance regimes have restrictions on the amount of money that can be awarded by the courts for pain and suffering, as indicated in table A1a. Those provinces that have maximum awards for pain and suffering for minor injuries, namely Alberta, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador, are not usually considered as no-fault jurisdictions. Whereas Ontario, which limits the right to sue for pain and suffering to injuries that are deemed to be ‘severe’, is considered to be a ‘partial’ no-fault regime.

Of the four public insurance provinces, three have no-fault regimes. Manitoba and Quebec do not allow any suits for pain and suffering, and Saskatchewan imposes a \$5,000 deductible on awards for pain and suffering (since 2003, Saskatchewan has allowed drivers to opt out of no-fault provisions, but this is rarely done). Manitoba and Saskatchewan would be considered as ‘partial’ no-fault regimes as the right to sue for economic losses in excess of no-fault benefits is maintained. By contrast, Quebec has a pure no-fault system for all road accidents involving bodily injuries. This means that Quebecers cannot resort to the tort system to sue for additional damage recovery.

The point of this brief overview is to highlight the main similarities and differences across provincial jurisdictions with the view to identifying where problems may arise when comparing provincial automobile insurance plans, especially with respect to prices and financial outcomes. One expects big differences to exist across public and private regimes, and liability and no-fault ones. I will expand upon some of the intricacies of these differences as needed below. I now turn to a discussion of the price of automobile insurance in each jurisdiction. In order to compare across provincial jurisdictions, quotes were obtained for several different driver profiles. The following section presents this information.

## **2. The Price of Auto Insurance across Provinces**

Insurance prices depend upon a variety of factors which may differ across provincial jurisdictions. Table A2 in the Appendix lists these factors, including: type of vehicle; place of residence; driving record; use of vehicle; sex; age; and marital status. These latter three ‘personal’ criteria are regularly criticized as being ‘discriminatory’. Whereas statistically, young, single, males have more accidents, the argument is often raised that individuals should not be judged ex ante based on statistical averages. The public provinces do not price based on age or sex.

As indicated in table A2, many factors are taken into account when pricing insurance. For the purposes of this report, I obtained estimates for the price of insurance for a man and for a woman with the following characteristics: 45 years old, single, employed, driving to work 15 kilometres, annual driving of 15,000 kilometres, 2008 Honda Civic (4 door, DX model), living in a city (the most populous city in the province, as specified in the table). This price was obtained for someone with a ‘clean’ driving record (no at fault accidents in past 10 years, see the footnote

that follows this sentence) and a ‘poor’ record defined as one partially at-fault accident and one speeding ticket over the past three years.<sup>1</sup> For the private insurance regimes, I used the Kanetix web site which provides a host of prices for the identified driver from several companies (but the company with the ‘lowest’ price in Ontario is not identified, one has to contact Kanetix directly for this information).<sup>2</sup> In addition, I obtained price quotes from several other large insurance companies either by telephone or on line. All prices were obtained in May-June 2017.

All price quotes were obtained for the ‘mandated’ coverage (as required by law, and defined in tables A1a and A1b) and for a ‘complete’ package with higher-than-mandated liability limits, comprehensive coverage, as well as other benefits (defined in Appendix table A3). One important caveat is that in the private regimes, insurance companies typically do not offer packages with just the minimum prescribed third party insurance amounts, as these are inadequate to cover damages in the event of an accident. Normally, insurance companies require that one takes out at least one million dollars in such coverage (whereas the mandated amount is \$200,000 in most jurisdictions). In the public regime, the minimum mandated amount is

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<sup>1</sup> From the Kanetix web site (see next footnote), these records are defined specifically as follows:

**Clean Record**

- At fault accidents in last 10 years: **None**
- Not at fault accidents in last 10 years: **None**
- Non-accident claims in last 6 years: **None**
- Tickets in last 3 years (not including parking tickets): **None**

**Poor Record**

- At fault accidents in last 10 years: **One**
  - **Partially at fault accident**
- Not at fault accidents in last 10 years: **None**
- Non-accident claims in last 6 years: **None**
- Tickets in last 3 years (not including parking tickets): **One**
  - **Speeding**

<sup>2</sup> The auto insurance price quotes were obtained from: <https://www.kanetix.ca/auto-insurance>. This web site harvests quotes from a long list of companies, found here: [https://www.kanetix.ca/about\\_suppliers\\_gen](https://www.kanetix.ca/about_suppliers_gen).

provided. Table A3 also provides the minimum amounts of liability coverage available by jurisdiction.

For the public regimes, the prices were obtained in Manitoba from the Autopac web site; in Saskatchewan, basic coverage was obtained from the SGI web site and the complete package was obtained by telephone from the broker companies located around the postal code of the representative driver, recommended on the SGI website.<sup>3</sup> All of the information for British Columbia was also obtained by calling the brokers recommended on the ICBC website around the postal code of the driver.

All of the data gathered on prices are provided in the Appendix, tables A4a-d. Tables A4a-d present all of the price quotes received by jurisdiction and important notes to take into account. Table A4a contains prices for the private provinces for our representative driver with a good driving record; table A4b contains the same for a poor driving record (except for Newfoundland and Labrador which did not provide quotes for poor drivers). Tables A4c and d present the same information but this time for the public provinces. Before turning to a discussion of pricing tendencies from tables A4a-d, it is interesting to note that for the 45 year old driver featured here, the insurance price for women is often higher than that for men. It is for young drivers that the opposite occurs: young men are typically charged higher prices than young women in private regimes. For instance, a 21 year old female student living at home but principal driver of the aforementioned 2008 Honda Civic, is charged at least \$3,459 for the mandated coverage, whereas an otherwise similar male would be charged \$3,997.<sup>4</sup>

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<sup>3</sup> Quebec is omitted partly because the insurance price includes driver license and registration fees and it was too difficult to render this price comparable to the others.

<sup>4</sup> These were the minimum prices quoted from specified insurance companies from the Kanetix web site previously mentioned.

In order to focus the discussion, I synthesize the key data presented in tables A4a-d, and present them in table 1. Table 1 reports three prices (with a fourth for Ontario) each for males and for females, for mandated coverage and for complete (optional) coverage, and for a clean driving record and for a poor driving record (as previously defined). The three prices are as follows: the first number is the minimum price quoted by an identified insurance company; the next number below is the maximum price quoted by an identified insurance company; underneath the maximum price in Ontario only is the ‘lowest unspecified price’ from Kanetix;<sup>5</sup> lastly, I report the average of all of the quotes obtained. All of this information is given for all provinces except Quebec: the private regimes are presented first followed by the public ones.

**Table 1: Price Quotes for 45 year old, Employed Driver (Honda Civic) Source: Appendix Tables A4a-d**

	Clean Record				Poor Record			
	Required Coverage		Complete Coverage		Required Coverage		Complete Coverage	
	Female	Male	Female	Male	Female	Male	Female	Male
<b>Ontario (Toronto)</b>	1 671	1 661	1 815	1 930	2 538	2 493	3 149	3 255
Maximum	3 948	3 948	4 724	4 463	6 572	6 572	7 809	7 809
Unspecified Minimum	N/A	1 285	N/A	1 727	N/A	N/A	N/A	N/A
Average	2 464	2 497	2 815	2 848	4 394	4 354	5 295	5 259
<b>Alberta (Calgary)</b>	669	667	1 223	1 223	1 216	1 216	2 481	2 481
Maximum	978	902	1 897	1 954	1 236	1 236	2 862	2 991
Average	796	782	1 466	1 473	1 223	1 223	2 663	2 669
<b>Nova Scotia (Halifax)</b>	653	643	1 032	1 032	856	845	1 464	1 479
Maximum	924	924	1 433	1 190	1 374	1 374	2 153	2 153
Average	764	760	1 170	1 176	1 115	1 110	1 809	1 816
<b>PEI (Charlottetown)</b>	391	391	1 002	1 002	554	554	1 545	1 604
Maximum	629	629	1 213	1 213	887	887	1 967	1 967
Average	517	516	1 074	1 085	721	721	1 756	1 756
<b>NB (Moncton)</b>	587	587	1 049	1 049	933	933	1 432	1 432
Maximum	898	898	1 349	1 349	2 035	2 035	2 776	2 776

<sup>5</sup> For Ontario, Kanetix provided an unidentified lowest price, but not for the other provinces.

Average	775	775	1 180	1 180	1 484	1 481	2 102	2 104
<b>NL (St Johns)</b>	918	918	1 329	1 329				
Maximum	1 751	1 751	2 377	2 377				
Average	1 258	1 258	1 832	1 832				
<b>BC (Vancouver)</b>	1 064	1 064	1 618	1 618	1 514	1 514	1 743	1 743
Maximum	1 123	1 123	2 372	2 372	1 618	1 618	2 640	2 640
Average	1 087	1 087	1 853	1 853	1 571	1 571	2 310	2 310
<b>Manitoba (Winnipeg)</b>	1 167	1 167	1 451	1 451	1 239	1 239	1 541	1 541
Maximum	1 167	1 167	1 451	1 451	1 239	1 239	1 541	1 541
Average	1 167	1 167	1 451	1 451	1 239	1 239	1 541	1 541
<b>Saskatchewan (Saskatoon)</b>	917	917	1 125	1 125	978	978	1 186	1 186
Maximum	917	917	1 142	1 142	978	978	1 196	1 196
Average	917	917	1 131	1 131	978	978	1 192	1 192

## 2.1 Private Insurance Regime Prices

Several observations can be made from Table 1 with respect to the private provinces.

First, it reveals the importance of driving record – for mandatory coverage, a poor record for a driver in Toronto, Ontario, results in an increase in the lowest rates from \$1,406 to \$2,538 for a woman, and from \$1,661 to \$2,493 for a man. In Calgary, Alberta, the comparable minimum coverage rates go from \$669 to \$1,216 for females and from \$667 to \$1,216 for males. Table 1 also reveals the importance of coverage – moving from the mandated coverage to a more complete coverage results in a significant increase in rates. For the 45 year old male living in Toronto, his best price goes from \$1,661 (mandatory package) to \$1,930 (complete package). The prices in the Maritime Provinces are different than in Ontario, but display a similar pattern.

Whereas the previous paragraph focused on the lowest price quoted for the private regimes, if one looks at the average of all of the quoted prices (as reported in Tables A4a and b),

it renders even clearer that Ontario is by far the most expensive province for drivers, irrespective of sex or driving record. It is actually quite startling the magnitude of the rates quoted for Toronto relative to these other, albeit much smaller, cities.

Finally, with respect to the private regimes, there is a huge difference between the prices quoted for Ontario (Toronto) and for the other provinces especially for the basic, mandated, coverage. These differences are smaller when one compares prices for the complete insurance package, but it is clear that population size (actually, more likely to be population density) plays a role in explaining prices.

## **2.2 Public Insurance Regime Prices**

Information on prices from the three public jurisdictions (excluding Quebec) is presented in the bottom part of table 1. These prices do not vary by gender but do vary by driving record. All prices reported for the public provinces exclude registration and licensing fees which were initially reported in the insurance price: in Manitoba I subtracted \$161, in Saskatchewan \$68 and in BC, \$61.

The price for someone with a clean driving record and mandatory coverage in Winnipeg, Manitoba is \$1,167 and for the extended, 'complete' coverage, it is \$1,451. In Saskatoon, Saskatchewan, basic coverage costs \$917 while the price of complete coverage varies a bit according to brokers used, from \$1,125 to \$1,217. In Vancouver, British Columbia, both basic coverage and the optional (complete) plan vary by broker: from \$1,064 to \$1,123 (basic) and from \$1,618 to \$2,372 (complete).

Only in BC is there some variation in the prices quoted across the coverages. But the variation is quite small when compared to what was observed in the private jurisdictions. As a

consequence, average prices are only slightly different than the minimum price indicated for BC in table 1.

Having a poor driving record also leads to an increase in the price of insurance in the public provinces. Basic coverage goes up from \$1,167 to \$1,239 in Manitoba, from \$917 to \$978 in Saskatchewan, and the minimum quote in BC moves from \$1,064 to \$1,514. Even though the population of Greater Vancouver, at 2.46 million, is the same as the population of the other two public provinces combined (Saskatchewan with 1.15 million and Manitoba with 1.32 million) and far exceeds the population in the other two cities, the amount charged a driver in Vancouver for required coverage is less than that of Winnipeg (\$1,064 versus \$1,167), and not far off of the lowest-priced jurisdiction, Saskatoon (\$917).<sup>6</sup> Once complete coverage is taken into account, the Vancouver driver pays a bit more (\$1,618 versus \$1,451), but still surprisingly close given the huge population differences in these jurisdictions.

The average price of the minimum required insurance package across the three public auto insurance provinces are remarkably similar. Saskatchewan charges the lowest price on average, Manitoba charges the highest on average, and BC is in the middle. Once again, the fact that Vancouver is significantly larger and more densely populated than either Saskatoon or Winnipeg would lead one to anticipate significantly higher prices in Vancouver, but this is not clearly revealed by the data. Moreover, the fact that Saskatchewan and Manitoba run no-fault systems with restrictions on the right to sue for pain and suffering might also lead to the expectation of clearly lower prices in these jurisdictions relative to the liability-based province of British Columbia – but this is not the case either.

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<sup>6</sup> All population data in this section are from the 2016 census, retrieved from CANSIM table number: 051-0001.

### 2.3 Comparing BC Prices to other Public and Private Insurance Regimes

With much caution, one can compare across private and public regimes. To facilitate this comparison, table 2 extracts the average prices from table 1 for the **minimum required** insurance package for each province for the 45 year old employed female or male driver of a Honda Civic, with a clean driving record. These average prices are reported from highest to lowest.

**Table 2: Average Price for Minimum Required Coverage: 45 year old, Employed Driver (Honda Civic) Extracted from Table 1**

<b>Province</b>	<b>Female</b>	<b>Male</b>
Ontario (Toronto)	2,464	2,497
Newfoundland (St. John's)	1,258	1,258
Manitoba (Winnipeg)	1,167	1,167
British Columbia (Vancouver)	1,087	1,087
Saskatchewan (Saskatoon)	917	917
Alberta (Calgary)	796	782
New Brunswick (Moncton)	775	775
Nova Scotia (Halifax)	764	760
PEI (Charlottetown)	517	516

From table 2 it is clear that the average price in British Columbia (Vancouver) is in the middle of the pack and most closely comparable to the prices in Manitoba and Saskatchewan, the other two public jurisdictions. The two largest cities in this sample are Vancouver and Toronto: the Greater Toronto Area has a population of 6.42 million, while Greater Vancouver has 2.46 million. However, a driver with a good record in Vancouver pays significantly less (in fact less

than half for the driver featured in table 2) than an otherwise comparable driver in Toronto. This observation is particularly interesting because Toronto is in a no-fault province that has already severely restricted the right to sue for pain and suffering for all but severe injuries which was theoretically supposed to keep costs (and hence prices) down, whereas Vancouver is in a liability-based regime.

Once again, it is important to remember that the insurance packages are not entirely comparable across jurisdictions. The focus on mandatory packages, and minimum quotes, helps to determine the cost of entry into driving by province – which is somewhat comparable across jurisdictions. But from tables 1A and B, one can see that there are differences across many of the benefits provided in the mandatory packages, affecting prices.

### **3. Comparing Costs across Public and Private Regimes**

Before turning to comparisons of insurance costs, it is necessary to understand a couple of fundamental differences between public and private regimes when it comes to collecting and interpreting data. Since 2011, data for the private provinces are available from the General Insurance Statistical Agency (GISA) “...an independent legal entity under the Canada Corporations Act ... to carry out the activities of a statistical agent on behalf of all participating Canadian jurisdictions.”<sup>7</sup> The Insurance Bureau of Canada collects this data on behalf of GISA. Efforts are made to render these data as accurate as possible, hence facilitating interprovincial comparisons. I was unable to obtain any comparable information prior to 2011 from IBC.

Some information is not included in the available GISA data, most importantly from the point of view of this comparison, is the exemption of Facility Association residual market

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<sup>7</sup> <https://www.gisa.ca/>

information. High risk drivers, who cannot obtain automobile insurance through conventional means, have to apply to a Facility Association which provides them with coverage typically by facilitating a risk pooling contract across several companies. Facility Associations exist in all privately provided automobile insurance regimes because automobile insurance is mandatory. Not only is the information from these high risk drivers exempt from GISA data, but so too is information from uninsured drivers.<sup>8</sup> The Facility Associations have an uninsured motorist fund that indemnifies victims of uninsured drivers. Thus GISA data does not include all of the very high risk portion of the driving population.

By contrast, data from public insurance provinces are obtained from the public insurer itself. These data include all drivers, even the high risk ones. And each public insurer has a fund to deal with uninsured drivers. In other words, the insurance data presented below include all insured drivers in the public jurisdictions but not in the private jurisdictions where data on the riskiest group is excluded.

In addition to these exclusions, there is potentially a fundamental difference between the number of claims reported in a liability-based private system versus a first-party-based public one. In a liability regime, a driver involved in an accident through no fault of his/her own, will not typically make a claim on his/her own insurance policy. The claim will be on the at-fault driver's policy. As a result, such an accident with two vehicles, say, will result in one claim. In the public, first-party, system, such an accident would yield two claims, one for each vehicle. We cannot, then, compare number of claims across these two systems, which is apparent in the next section.

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<sup>8</sup> <https://www.gisa.ca/Documents/View/2168> (p.6).

### **3.1 Interprovincial Comparisons: Loss Ratios and Average Claim Costs**

Notwithstanding the difficulties associated with comparing insurance regimes across provinces, I look at a simple measure of the costs of insurance provision: the “Claim and Adjustment Expenses Incurred” divided by the “Earned Premiums” – known as the “Earned Incurred Loss Ratio” (referred to as the “Loss Ratio”). The claim and adjustment expenses refer to the amounts reported by insurance companies directly associated with claims. Earned premiums are the premiums paid for the policies during the fiscal year: if someone began their policy half way through the year but paid for a full year in advance, only one-half of these premiums would count in this number. Similarly, if someone were to cancel their policy during the year, the amount reimbursed would be netted out of this figure.

I chose to focus on the loss ratio because I was able to find reasonably comparable information on this ratio for all jurisdictions (except Quebec). The loss ratio provides a measure of the amount of money paid out for claims relative to the amount of premiums earned: the larger this number, the closer premiums reflect claims. As this ratio approaches one, claim costs approach premiums paid and arguably this implies that there is less ‘waste’ in the system. As a result, the loss ratio has been treated as a measure of performance. But it is an imperfect one. This ratio can be high for several reasons, including premiums being set ‘too low’; claims being ‘too high’; or a combination of both of these factors.

That being said, the loss ratio is one way to compare jurisdictions. Like before, it makes sense to continue to discuss the private and public systems separately. The top half of table 3 presents the earned premiums and claim expenses for the private systems: the four Atlantic Provinces (together), Ontario and Alberta, for the five year period: 2011 to 2015. As previously indicated, all of these data are gathered from the same source, the General Insurance Statistical

Agency, which helps render them comparable. The second half of the table reports the public regimes.

**Table 3: Earned Premiums, Claim and Adjustment Expenses Incurred and Earned Incurred Loss Ratio**

Province	Coverage and Accident Year	Earned Premiums	Claim and Adjustment Expenses Incurred	Earned Incurred Loss Ratio	
<b>Alberta</b>	2011	2 476 498 770	1 737 461 860	70	
	2012	2 583 782 815	2 023 238 074	78	
	2013	2 738 168 536	2 156 806 256	79	
	2014	2 931 948 823	2 357 661 553	80	
	2015	3 093 938 231	2 491 948 366	81	
	<b>Total</b>	<b>13 824 337 175</b>	<b>10 767 116 109</b>	<b>78</b>	
<b>Atlantic Provinces</b>	2011	1 163 948 471	777 985 471	67	
	2012	1 174 441 574	804 537 082	69	
	2013	1 184 283 171	865 660 975	73	
	2014	1 199 866 294	901 404 977	75	
	2015	1 218 228 911	981 135 267	81	
	<b>Total</b>	<b>5 940 768 422</b>	<b>4 330 723 772</b>	<b>73</b>	
<b>Ontario</b>	2011	10 037 791 312	6 322 237 101	63	
	2012	10 439 481 575	6 274 427 278	60	
	2013	10 582 013 779	6 806 718 445	64	
	2014	10 538 886 511	7 103 631 213	67	
	2015	10 378 560 055	7 600 789 200	73	
	<b>Total</b>	<b>51 976 733 233</b>	<b>34 107 803 237</b>	<b>66</b>	
<b>British Columbia</b>	2006	3 256 856 000	2 944 453 000	90	
	2007	3 482 434 000	2 914 550 000	84	
	2008	3 631 215 000	2 819 138 000	78	
	2009	3 650 025 000	2 970 125 000	81	
	2010	3 667 324 000	3 074 228 000	84	
	2011	3 673 210 000	3 186 563 000	87	
	2012	3 811 386 000	3 276 291 000	86	
	2013	3 927 694 000	3 434 660 000	87	
	2014	4 158 695 000	3 894 833 000	94	
	2015	4 447 931 000	4 363 495 000	98	
	<b>Total</b>	<b>37 706 770 000</b>	<b>32 878 336 000</b>	<b>86</b>	
	<b>Saskatchewan*</b>	2006	542 204 000	449 072 000	83
		2007	557 087 000	532 217 000	96
		2008	587 918 000	563 965 000	96
		2009	630 559 000	600 432 000	95
2010		684 821 000	609 673 000	89	

	2011	726 282 000	806 924 000	111
	2012	767 226 000	740 528 000	97
	2013	806 965 000	739 103 000	92
	2014	863 976 000	834 155 000	97
	2015	925 678 000	753 031 000	82
	<b>Total</b>	<b>7 092 716 000</b>	<b>6 629 100 000</b>	<b>93</b>
<b>Manitoba**</b>	2006	798 811 000	731 689 000	92
	2007	828 121 000	728 675 000	88
	2008	865 056 000	723 430 000	84
	2009	895 811 000	736 514 000	82
	2010	918 905 000	547 320 000	60
	2011	935 385 000	850 003 000	91
	2012	940 910 000	889 211 000	95
	2013	956 350 000	1 009 260 000	106
	2014	1 001 770 000	992 897 000	99
	2015	1 070 182 000	920 452 000	86
	<b>Total</b>	<b>9 211 301 000</b>	<b>8 129 451 000</b>	<b>88</b>

**Sources:** See Table A5 in the Appendix.

**Notes:**

\*The Saskatchewan Auto Fund transitioned to a March 31 year end in 2015. The current fiscal period represents the 15 months ended March 31, 2016.

\*\* Manitoba's Annual Reports results are based on a Fiscal year ending February 28/29.

Starting first with the private systems, three points are worthy of note from table 3. First, the loss ratio in Alberta is the highest in every year but the last one where it is the same as in the Atlantic Provinces. Second, Ontario always has the lowest loss ratio of this group. Finally, except for in 2012 in Ontario, the loss ratios increase every year in every jurisdiction. If one interprets this ratio as being a measure of good performance, table 3 suggests that Alberta performs better than the other jurisdictions (although it is tied with the Atlantic Provinces in 2015), and Ontario is the worst. Again, caution is required here, for the reasons stated earlier. The fact that these ratios are rising can be interpreted as meaning that the industry is performing better. But ... it may also be an indicator of impending financial difficulty to the extent that claims being paid out are approaching premiums earned.

On the topic of financial difficulty, a main source of revenue in the insurance market is returns to investments. The nature of the insurance market is such that firms collect a massive amount of money regularly, but have much more irregular payouts. Investment income is an important revenue component. Table 4 presents the average returns on equity and investment, as well as loss ratios across the country (private property and casualty insurance, of which automobile insurance is the largest component) according to the Insurance Bureau of Canada (Fact Book, 2017, p.14).<sup>9</sup> The main point to notice from this table is the falling rate of return on investments over the 2011 to 2015 period. This falling rate adversely affects the size of the revenues generated for insurance companies. As these revenues fall, shortfalls have to be made up elsewhere – principally through premium hikes or claim reductions. All insurance regimes are in the same boat when it comes to the problem of investment income. Although, arguably, public regimes have recourse to other sources of revenue (a point to which I return below).

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<sup>9</sup> [http://assets.ibc.ca/Documents/Facts%20Book/Facts\\_Book/2017/Fact-Book-2017.pdf](http://assets.ibc.ca/Documents/Facts%20Book/Facts_Book/2017/Fact-Book-2017.pdf), accessed May 16, 2017.

**Table 4: Canada Wide Returns on Investment and Equity for the Property –Causality Insurance**

	<b>Return Equity *</b>	<b>Return Investment</b>	<b>Earned loss ratio</b>	<b>Operating expense ratio</b>	<b>Combined ratio</b>
<b>1993</b>	9.5%	10.7%	77.1%	32.8%	109.9%
<b>1994</b>	6.8%	8.0%	75.7%	31.3%	107.0%
<b>1995</b>	11.7%	9.1%	73.3%	30.8%	104.1%
<b>1996</b>	13.6%	10.3%	72.7%	30.7%	103.4%
<b>1997</b>	13.1%	10.4%	71.4%	31.2%	102.6%
<b>1998</b>	6.8%	8.5%	74.9%	32.9%	107.8%
<b>1999</b>	6.5%	7.3%	72.6%	33.2%	105.9%
<b>2000</b>	6.3%	9.0%	75.9%	32.7%	108.7%
<b>2001</b>	2.6%	7.5%	80.0%	31.0%	111.0%
<b>2002</b>	1.7%	5.4%	76.9%	28.9%	105.8%
<b>2003</b>	11.6%	6.2%	69.9%	28.6%	98.4%
<b>2004</b>	18.1%	5.6%	62.7%	28.2%	91.0%
<b>2005</b>	17.2%	5.9%	64.7%	28.7%	93.4%
<b>2006</b>	16.9%	5.9%	59.5%	28.1%	87.5%
<b>2007</b>	14.1%	5.5%	62.5%	28.5%	91.0%
<b>2008</b>	6.0%	3.9%	70.3%	30.0%	100.3%
<b>2009</b>	6.9%	4.2%	69.5%	30.0%	99.6%
<b>2010</b>	7.6%	4.3%	69.1%	30.2%	99.4%
<b>2011</b>	8.0%	4.2%	68.2%	30.3%	98.4%
<b>2012</b>	10.8%	3.9%	64.7%	30.6%	95.3%
<b>2013</b>	6.9%	3.1%	68.1%	30.8%	98.9%
<b>2014</b>	9.9%	3.9%	66.6%	31.0%	97.6%
<b>2015</b>	10.0%	3.3%	63.5%	31.4%	94.9%
<b>2016</b>	6.0%	**2.7%	67.6%	31.8%	99.4%

\* Excluding Lloyd's

\*\* As per the latest OSFI regulatory filing forms, which came into effect Q4 2016

Source: Copied directly from: IBC (2017) Facts Book, p. 14, accessed at:

[http://assets.ibc.ca/Documents/Facts%20Book/Facts\\_Book/2017/Fact-Book-2017.pdf](http://assets.ibc.ca/Documents/Facts%20Book/Facts_Book/2017/Fact-Book-2017.pdf)

Returning to table 3, the bottom half presents the Earned Incurred Loss Ratio for the three public provinces included in this report. Before analysing these data, a few remarks are necessary. In 2015, the Saskatchewan Auto Fund moved to a March 31<sup>st</sup> year end and hence the data for 2015 actually comprise 15 months; the financial year is ended February 28<sup>th</sup> (29<sup>th</sup>) in Manitoba; and in 2015 the Insurance Corporation of British Columbia announced that it was no

longer considering the Loss Ratio as a performance measure effective with the 2015-2017 *Service Plan* (although I calculated and provide this figure in table 3).<sup>10</sup>

Looking across the three public jurisdictions, one finds quite a bit of variation in the loss ratio over time. For the first five years of the data (2006-2010), this ratio basically falls in BC, rises then falls in Saskatchewan, but not to as low a level as it began in 2006, and falls in Manitoba (although the rate of 60 in 2010 seems anomalously low). For the second part of the data series, namely from 2011 to 2015, the period for which private insurance regime data are also available, different patterns are displayed. It basically rises in BC, falls (but not continuously) in Saskatchewan, where it began from an anomalously high level of 111, and rises then falls in Manitoba. Over this latter five year period, the loss ratio in BC is the lowest when compared to Saskatchewan and Manitoba, except in 2015 when it is the highest. It is also notable that twice the loss ratio is greater than one – meaning that claims exceeded earned premiums in that period. Overall, therefore, when comparing the loss ratios of the three public auto insurance provinces of BC, Saskatchewan and Manitoba, it is clear that they fluctuate significantly from year to year and that no one single province has performed consistently or significantly better than the others. BC has remained in the pack.

Altogether there is a remarkable amount of year-to-year variation in this loss ratio in both the private and public jurisdictions. This observation suggests that much caution needs to be taken when relying on this figure in any given year. It is likely to be meaningful to make a statement about a continuously rising or continuously falling loss ratio – such a pattern would be suggestive, but when it regularly goes up and down, as is observed in table 3, it is difficult to rely

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<sup>10</sup> From ICBC Annual Report 2014, p. 10, retrieved at: <http://www.icbc.com/about-icbc/company-info/Documents/ar14.pdf>.

on it as an indicator of performance one way or another. Table 3 provides the total loss ratio over the period of the data series – one can see quite clearly that this total loss ratio bears very little resemblance to, say, the loss ratio of 2015. In BC, for instance, it happens to have the highest loss ratio in 2015 at 98 across all of the jurisdictions, but, at 86, it has the lowest total loss ratio across the three public provinces for the ten years of the data set, followed closely by Manitoba with 88. Ontario, with 66, has the lowest total loss ratio of all reported jurisdictions.

Comparing across the private and public jurisdictions reveals that the loss ratio is almost always highest in the public regimes (except for 2010 in Manitoba). One interpretation of this observation is that the public regimes are outperforming the private ones insofar as their claims are closer to earned premiums – but this is too facile an interpretation for the reasons already stated. Moreover, because public regimes may have more ready access to other sources of revenue typically not available to private companies, including fees for a variety of other, related, services, like drivers' permits and vehicle registrations, not to mention the possibility of transfers from general government revenues, this means that they can operate with a higher loss ratio relative to the private regimes. Another reason why public regimes may have a higher loss ratio is because their data include all of the high risk drivers – those who would have to resort to a Facility Association in the private regimes, plus those who drive uninsured.

One might be tempted to compare the average cost of claims by province. However, as discussed above, public and private regimes are inherently different in the way in which claims are counted and hence comparisons across these regimes are inappropriate. Within regime comparisons can be made. To this end, I again use the information on claim and adjustment expenses previously reported in table 3, but now these amounts need to be expressed as 'real' dollars to take account of annual inflation. If one does not account for inflation, then rising claim

costs may simply be reflecting general price increases rather than other factors. I adjust for inflation by using the provincial consumer price indices each year.<sup>11</sup> The year 2011 was chosen as the base (or reference) year, which means that all of the claim and adjustment expenses are expressed in 2011 dollars. Therefore, in table 3 the reported figures for 2011 are identical to those in table 5; for years prior to 2011, real claim expenses reported in table 5 are higher than those in table 3, and for years after 2011 they will look lower in table 5 compared to table 3 as the numbers are expressed in 2011 dollars. Once I obtain the ‘real claim costs’ (claim costs and adjustment expenses from table 3 divided through by the CPI) I can then divide this number by the number of claims each year to obtain the real average cost per claim. Table 5 provides the information on real claim costs in the column entitled “Real Claim and Adjustment Expenses Incurred”; and provides the information on the “Real Average Cost per Claim” in the last column. Remember, that the information in this last column cannot be compared across public and private regimes because of the way in which claims are calculated. Looking first at the three private regions (Alberta, Ontario and Atlantic Provinces), the (real) average cost of claims in Ontario is much higher than in the other two jurisdictions; the Atlantic Provinces are clearly the lowest on this measure. I was unable to obtain reliable information for Saskatchewan; hence only two public regimes are reported in table 3. BC has higher average claim costs when compared to Manitoba.

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<sup>11</sup> Notice this it was not necessary to deflate these numbers for table 2 as both the numerator and denominator were monetary amounts. I used CPI All Items, 2011=100 (2011 is the base year).

**Table 5: Number of Earned Vehicles, Number of Claims, Real Claim and Adjustment Expenses Incurred and Real Average Cost per Claim**

Province	Coverage and Accident Year	Number of Earned Vehicles*	Number of Claims	Real Claim and Adjustment Expenses Incurred	Real Average Cost per Claim
<b>Total</b>					
<b>Alberta</b>	2011	2 307 347	246 758	1 737 461 860	7 041
	2012	2 396 990	271 795	2 000 952 210	7 362
	2013	2 490 256	271 306	2 103 262 579	7 752
	2014	2 586 150	280 845	2 241 740 221	7 982
	2015	2 656 122	272 353	2 342 841 508	8 602
	<b>Total</b>	<b>12 436 866</b>	<b>1 343 057</b>	<b>10 426 258 378</b>	<b>7 748</b>
<b>Atlantic</b>	2011	1 374 134	160 540	777 985 471	4 846
	2012	1 401 563	153 552	789 305 161	5 140
	2013	1 423 561	157 950	837 298 374	5 301
	2014	1 440 100	162 946	857 399 657	5 262
	2015	1 459 626	172 949	931 600 368	5 387
	<b>Total</b>	<b>7 098 984</b>	<b>807 936</b>	<b>4 193 589 030</b>	<b>5 187</b>
<b>Ontario</b>	2011	6 651 053	610 535	6 322 237 101	10 355
	2012	6 766 018	592 948	6 186 853 170	10 434
	2013	6 855 617	620 882	6 646 234 839	10 705
	2014	6 953 621	634 489	6 776 378 941	10 680
	2015	7 080 296	657 761	7 165 265 172	10 893
	<b>Total</b>	<b>34 306 604</b>	<b>3 116 615</b>	<b>33 096 969 223</b>	<b>10 613</b>
<b>British Columbia</b>	2006	3 012 000	947 000	3 173 254 158	3 351
	2007	3 108 000	992 000	3 086 773 409	3 112
	2008	3 193 000	964 000	2 924 573 259	3 034
	2009	3 225 000	946 000	3 081 207 146	3 257
	2010	3 281 000	895 000	3 147 166 626	3 516
	2011	3 321 000	900 000	3 186 563 000	3 541
	2012	3 372 000	915 000	3 240 134 987	3 541
	2013	3 429 000	917 000	3 399 642 226	3 707
	2014	3 493 000	900 000	3 816 215 681	4 240
	2015	3 596 000	858 000	4 229 177 766	4 929

	<b>Total</b>	<b>33 030 000</b>	<b>9 234 000</b>	<b>33 284 708 259</b>	<b>3 623</b>
<b>Manitoba**</b>	2006		269 135	796 982 315	2 543
	2007		280 319	777 954 193	2 355
	2008		254 856	755 327 266	2 481
	2009		267 611	764 270 443	2 381
	2010		275 763	563 501 635	1 562
	2011		277 201	850 003 000	2 532
	2012		287 105	875 166 936	2 559
	2013		287 741	971 515 317	2 881
	2014		273 244	938 220 310	2 922
	2015		297 957	859 475 685	2 667
	<b>Total</b>		<b>2 770 932</b>	<b>8 152 417 099</b>	<b>2 488</b>

**Sources:** See Appendix, Table A5 and Statistics Canada, CANSIM Table 326-0021.

**Notes:**

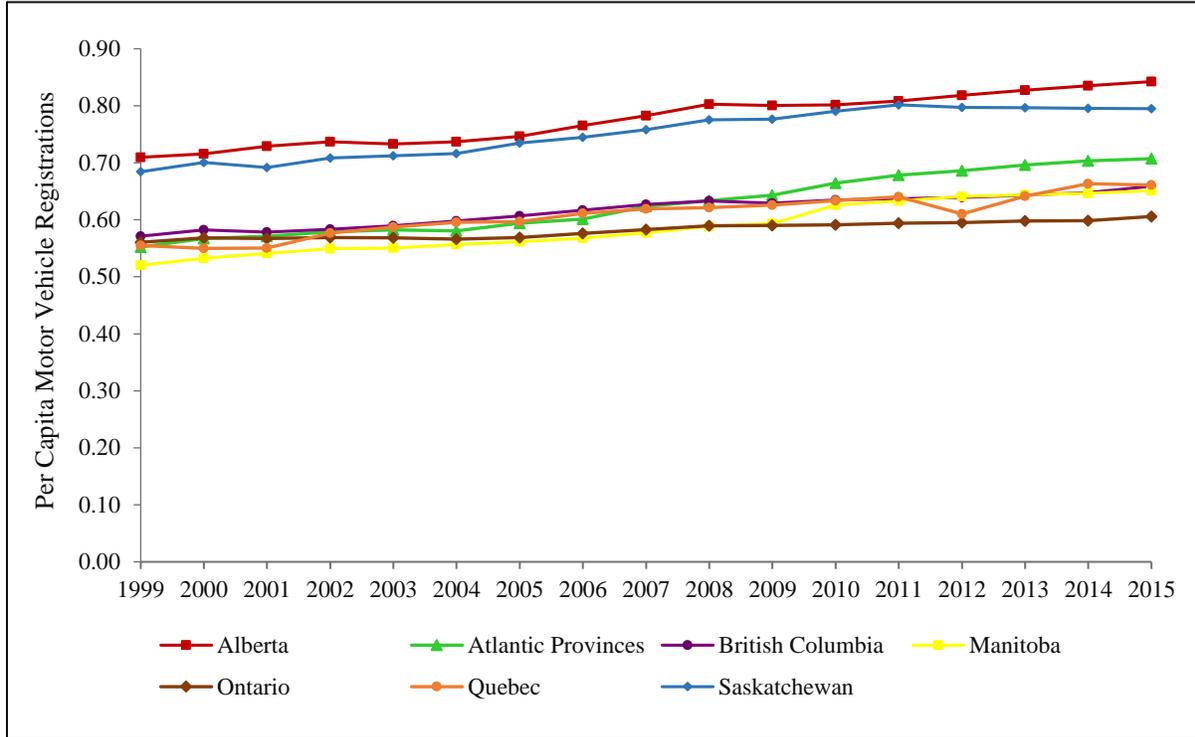
\*Earned Vehicles refers essentially to the number of vehicles insured during the year, taking into account policies that start and end throughout the year. For instance, if an insurance policy began on July 1<sup>st</sup>, then it would be counted as a 0.5 of an earned vehicle during the calendar year.

\*\*Manitoba has a fiscal year ending February 28 (29).

#### **4. Other Factors Influencing the Price of Automobile Insurance**

Several factors influence the demand for automobile insurance, not the least of which is the number of vehicles on the road. Graph 1 presents the number of motor vehicle registrations per capita per province over the period 1999 to 2015. A couple of broad points to note: the highest rate of per capita vehicle registrations is in Alberta, followed, occasionally very closely, by Saskatchewan. These two provinces are clearly higher than the others. The other regions are more clumped together, especially until about 2008 when we see Ontario having from then on the lowest per capita number of vehicles, and from 2009 the Atlantic Provinces trend upwards moving away from the pack. British Columbia has had a slight upward trend each year with a per capita rate of 0.57 in 1999 reaching a high of 0.66 in 2015 in par with the rate in Quebec and Manitoba.

**Graph 1: Per Capital Motor Vehicle Registrations 1999-2015**

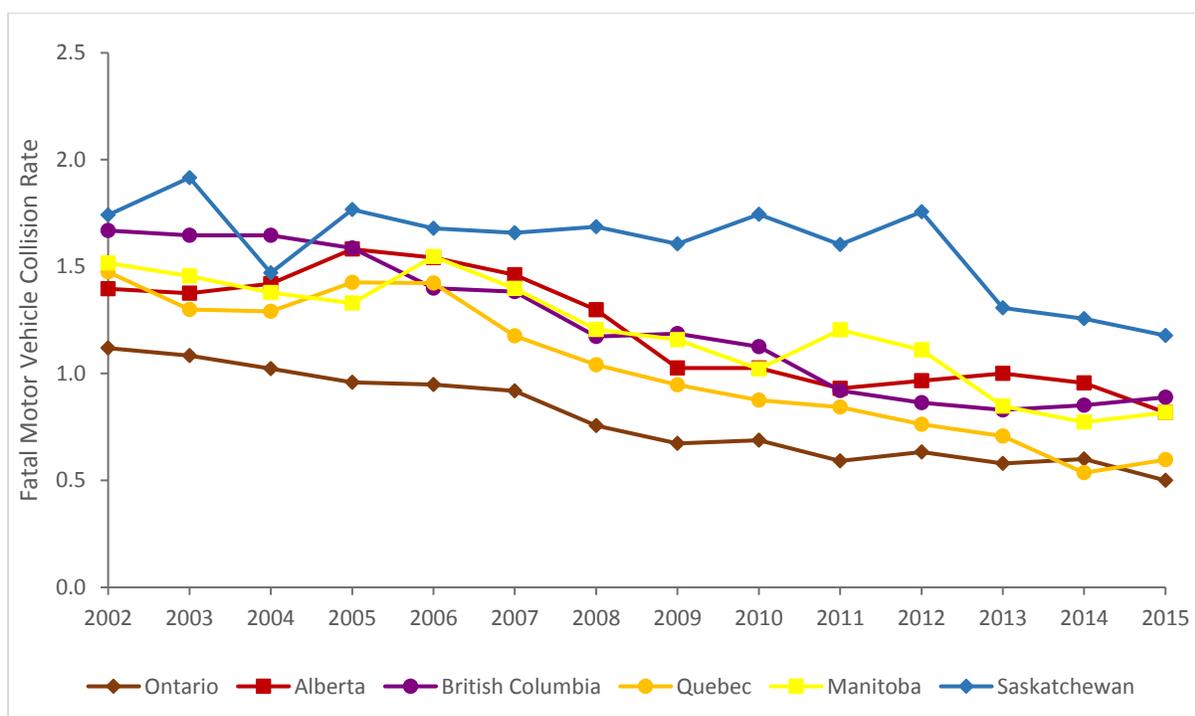


**Sources:** 1999 to 2015: Statistics Canada, CANSIM Table 405-0004 (Motor Vehicle Registrations);  
1999 to 2015: Statistics Canada, CANSIM Table 051-0001 (population).

Another factor that influences the price of insurance is the number of accidents on the road. Typically, accidents are grouped into three main types: property-damage only, bodily-injuries, and fatal. The most comparable data on accidents are those gathered by police reports. One issue with these data, however, is the practice around when police are called to the scene. Small property-damage only accidents often are not attended by police, so these are the least comparable across jurisdictions. Problems exist with bodily-injury accidents as well insofar as police presence may not be required if the injuries are minor. The only type of accident that is accurately reported is fatal accidents – these tend to provide a good indicator of driving risk over time. Graph 2 presents the rate of fatal accidents per 10,000 registered motor vehicles from 2002

to 2015 (excluding the Atlantic Provinces). Generally speaking, there is a downward trend in this rate: all of the rates are significantly lower in 2015 when compared to 2002. In 2002, the two jurisdictions with the highest fatality rates were Saskatchewan and British Columbia, with a rate of 1.7 fatal collisions per 10,000 registered vehicles (as opposed to, say, Ontario at 1.1). By 2015, the BC rate is clearly lower than that of Saskatchewan – 0.9 versus 1.2 – and Saskatchewan continues to have the highest rate. Ontario has the lowest fatal collision rate across the board except for 2014 when Quebec held that distinction.

**Graph 2: Fatal Vehicle Collisions per 10,000 Registered Vehicles**



**Sources:** See table A5.

**Notes:**

1. Ontario Statistics for 2015 and 2016 are preliminary statistics as of June 2017.
2. "Fatal Motor Vehicle collisions" include all reported motor vehicle crashes that resulted in at least one death, where death occurred within 30 days of the collision, except in Quebec before 2007 (eight days).

## 5. A Few Words on Public versus Private Provision of Insurance

The question as to whether automobile insurance is *best* provided by a public monopoly as opposed to by private insurers is one that has received little attention of late, but has been addressed in waves over the past decades. Currently, the public versus private debate rages on in the health care area, especially in the United States with its range of public, private and non-profit provision of medical services.

When it comes to the public versus private ‘debate’, much hinges on the impact of competition on prices and quality in comparison to potential cost savings associated with monopoly provision. In short – the big question centres on whether or not the provision of (automobile) insurance is subject to large enough economies of scale to warrant a public monopoly. Very little empirical work has been done on this question for automobile insurance. Kennedy (1976) wrote a PhD thesis on this private versus public issue, and used as a case study the experience in Manitoba, with the introduction of its Autopac public insurance program in November, 1971, a couple of years before the ICBC creation in March, 1974.<sup>12</sup> He compares this public provider with the private system in Alberta and concludes that neither had a clearly superior product (p.117) and that coordinating the licensing of drivers and vehicles with the provision of insurance led to fewer uninsured drivers on the road in Manitoba relative to Alberta, but that more product variety was available in the private system. He found that the price of basic coverage was cheaper in Alberta but for complete coverage, Manitoba was superior, although Autopac was allowed to run a deficit which complicated this comparison.

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<sup>12</sup> K. F. Kennedy “A Case Study in Private Vs. Public Enterprise: The Manitoba Experience with Automobile Insurance”, PhD thesis, 1976, University of Illinois at Urbana-Champaign, Business Administration.

## 6. Concluding Remarks

This report has been extremely careful to present data and analyze them cautiously. By now, it should be clear that very few definite conclusions can be drawn. So what can be said? A particularly informative table is table 1 which provides a synthesis of the price quotes obtained by jurisdiction. From this table, two main conclusions can be drawn: *prices charged in BC are in line with those of Manitoba (with some nuancing: for instance, BC tends to penalize poor driving records much more than either of the other public provinces)*. This holds true even though the demand for insurance in BC far exceeds that of the other two public provinces. *A driver in Vancouver pays significantly less than an otherwise comparable driver in Toronto*. The population in Toronto is larger which may justify some of this difference, but still the difference in some cases is quite remarkable.

One measure of performance is the earned incurred loss ratio which is reported in table 3. I have indicated why this ratio is not comparable across public and private regimes. *In the private system, Ontario has the lowest loss ratios; in the public system, there is no discernable, stable, relationship across the three jurisdictions. BC is in the pack.*

Average claim costs cannot be compared across regimes. In fact, one definite conclusion that can be made from this report is the extent to which *differences in the way in which data are gathered in public versus private jurisdictions render comparisons across these two types of jurisdictions quite meaningless.*

Road riskiness as measured by fatal accidents per 10,000 vehicles is falling over time. This is good news. Information on other types of accidents are not comparable either across jurisdictions or, indeed, across time within the same jurisdiction because of reporting rules.

## Appendix Tables

**Table A1a: Mandated Policy for Private Provinces**

<b>Benefits</b>	<b>Alberta</b>	<b>Ontario</b>	<b>New Brunswick</b>	<b>Nova Scotia</b>	<b>Newfoundland and Labrador</b>	<b>Prince Edward Island</b>
<b>Mandatory Minimum Third-party Liability</b>	\$200,000 available for any one accident. For claims involving both bodily injury and property damage, claim for property damage capped at \$10,000.	\$200,000 available for any one accident. For claims involving both bodily injury and property damage, claim for property damage capped at \$10,000.	\$200,000 available for any one accident. For claims involving both bodily injury and property damage, claim for property damage capped at \$20,000.	\$500,000 available for any one accident.	\$200,000 available for any one accident. For claims involving both bodily injury and property damage, claim for property damage capped at \$20,000.	\$200,000 available for any one accident. For claims involving both bodily injury and property damage, claim for property damage capped at \$10,000.
<b>Medical, Rehabilitation and Attendant care</b>	Up to \$50,000/person.	Up to \$3,500 for minor injury. Up to \$65 000/person for non-minor and non-catastrophic injuries. Up to \$1 million for catastrophic injury.	Up to \$50,000/person; four-year time limit.	Up to \$50,000/person; four-year time limit <b>(Consumers have option to purchase additional coverage).</b>	<b>(Optional to buy)</b> Up to \$25,000/person; four-year time limit.	Up to \$50,000/person; four-year time limit.
<b>Funeral Expenses</b>	Up to \$5,000.	Up to \$6 000. <b>(Amount may be higher if optional indexation coverage is purchased.)</b>	Up to \$2,500.	Up to \$2,500.	<b>(Optional to buy)</b> Up to \$1,000.	Up to \$2,500.
<b>Disability Income Benefits:</b>						
<b>Income Replacement</b>	80% of gross weekly wages to maximum \$400/week; 104 weeks for total disability.*	70% of gross wages to maximum \$400/week for 104 weeks (longer if victim is unable to pursue any suitable occupation).*	Maximum \$250/week; 104 weeks for partial disability, lifetime for total disability. Must be disabled for at least seven days to qualify.	Maximum \$250/week; 104 weeks for partial disability, lifetime for total disability; must be disabled for at least seven days to qualify.	<b>(Optional to buy)</b> Up to \$140/week; 104 weeks for partial disability; lifetime for total disability; must be disabled for at least seven days to qualify.	Maximum \$250/week; 104 weeks for partial disability, lifetime for total disability; must be disabled for at least seven days to qualify.

<i>Non-earners</i>	\$135/week, up to 26 weeks.	\$185/week for 104 weeks; 4-week wait; limit two years. <b>(See Note 1).</b>	N/A	N/A	N/A	N/A
<i>Homemaker</i>	N/A	\$100/week up to 104 weeks.	\$100/week up to 52 weeks.	\$100/week up to 52 weeks.	\$70/week, up to 12 weeks.	\$100/week up to 52 weeks.
<b>Death Benefits</b>						
<i>Surviving Spouse</i>	Death of head of household: \$10,000, plus 20% (\$2,000) for each dependent survivor after first, plus additional \$15,000 for first survivor and \$4,000 for each remaining survivor; Death of spouse/adult interdependent partner of head of household \$10,000.	Death within 180 days of accident (or three years if continuously disabled prior to death); \$25,000 minimum. <b>(Amount may be higher if optional indexation coverage is purchased).</b>	Death within 180 days (or two years if continuously disabled prior to death) of: Head of household, \$50,000 plus \$1,000 to each dependent after first; Spouse/partner, \$25,000.	Death within 180 days (or two years if continuously disabled prior to death) of: Head of household \$25,000 plus \$1,000 to each dependent after first. Spouse/partner \$25,000.	<b>(Optional to buy)</b> Death within 180 days (or two years if continuously disabled prior to death) of: Head of household, \$10,000, plus \$1,000 to each dependent survivor after first; Spouse, \$10,000.	Death within 180 days (or two years if continuously disabled prior to death) of: Head of household \$50,000 plus \$1,000 to each dependent after first; Spouse/partner \$25,000.
<i>Surviving Dependent</i>	Death of head of household: \$10,000, plus 20% (\$2,000) for each dependent survivor after first, plus additional \$15,000 for first survivor and \$4,000 for each remaining survivor; Death of spouse/adult interdependent partner of head of household \$10,000.	Death within 180 days of accident (or three years if continuously disabled prior to death); \$10,000 each. <b>(Amount may be higher if optional indexation coverage is purchased).</b>	Death within 180 days (or two years if continuously disabled prior to death) of: Head of household, \$50,000 plus \$1,000 to each dependent after first; Spouse/partner, \$25,000.	Death within 180 days (or two years if continuously disabled prior to death) of: Head of household \$25,000 plus \$1,000 to each dependent after first. Spouse/partner \$25,000.	<b>(Optional to buy)</b> Death within 180 days (or two years if continuously disabled prior to death) of: Head of household, \$10,000, plus \$1,000 to each dependent survivor after first; Spouse, \$10,000.	Death within 180 days (or two years if continuously disabled prior to death) of: Head of household \$50,000 plus \$1,000 to each dependent after first; Spouse/partner \$25,000.
<i>No Dependent</i>	N/A	\$10,000 per survivor. <b>(Amount may be higher if optional</b>	N/A	N/A	N/A	N/A

		<b>indexation coverage is purchased).</b>				
<i>Parent/Guardian</i>	Death of dependent relative: according to age, maximum \$3,000.	\$10 000 per survivor.	Death within 180 days (or two years if continuously disabled prior to death) of dependant, \$5,000.	Death within 180 days (or two years if continuously disabled prior to death) of dependant \$5,000.	<b>(Optional to buy)</b> Death within 180 days (or two years if continuously disabled prior to death) of dependant \$2,000.	Death within 180 days (or two years if continuously disabled prior to death) of dependant \$5,000.
<b>Right to sue for pain and suffering?</b>	Yes. If injury is deemed “minor” under provincial legislation, maximum award is \$5,020.	Yes, if injury meets severity test (called “threshold”), and subject to deductible. (See <b>Note 2</b> )	Yes. If injury is deemed “minor” under provincial legislation, maximum award is \$7,818.87.	Yes. If injury is deemed “minor” under provincial legislation, maximum award is \$8,486.	Yes. Awards are subject to deductible of \$2,500.	Yes. If injury is deemed “minor” under provincial regulation, maximum award is \$7,545.
<b>Right to sue for economic loss in excess of no-fault benefits?</b>	Yes	Yes. (See <b>Note 3</b> ).	Yes	Yes.	Yes.	Yes.

**Sources:**

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#### **Notes:**

\* Nothing for first seven days of disability.

\*\* Nothing for first seven days of disability unless catastrophically injured.

1. For Ontario the "Non-Earners Benefit" is not available if the insured is eligible for, and elects to receive, the income replacement or caregiver benefit; Income replacement award above no-fault benefit is based on net income after deductions for income tax, Canada Pension and Employment Insurance.
2. Lawsuit allowed only if injured person dies or sustains permanent and serious disfigurement and/or impairment of important physical, mental or psychological function. The court assesses damages and deducts \$36,905 (\$18,453 for a Family Law Act claim).
3. Injured person may sue for 70% of net income loss before trial, 100% of gross after trial; also for medical, rehabilitation and related costs when injury meets severity test for pain and suffering claims.

**Table A1b: Mandated Policy for Public Provinces**

<b>Benefits</b>	<b>British Columbia</b>	<b>Saskatchewan</b>		<b>Manitoba</b>	<b>Quebec</b>
<b>Mandatory Minimum Third-party Liability</b>	\$200,000 available for any one accident. For claims involving both bodily injury and property damage, property damage will be capped at \$20,000.	\$200,000 available for any one accident. For claims involving both bodily injury and property damage, property damage will be capped at \$10,000.		\$200,000 available for any one accident. For claims involving both bodily injury and property damage, property damage will be capped at \$20,000.	<b>Private Insurance:</b> \$50,000 available for any one accident; liability limits relate to property damage claims within Quebec and to personal injury and property damage claims outside Quebec.
		If no-fault option selected:	If tort option selected:		
<b>Medical, Rehabilitation and Attendant care</b>	Up to \$150,000/person.	Up to \$6,813,680/person.	Up to \$26,667/person for non-catastrophic injury; Up to \$200,000/person for catastrophic injury.	No time or amount limit.	<b>Public Insurance:</b> No time or amount limit.
<b>Funeral Expenses</b>	Up to \$2,500	Up to \$10,219.	Up to \$6,667.	Up to \$8,409.	<b>Public Insurance:</b> Up to \$5,178.
<b>Disability Income</b>					
<b>Income Replacement</b>	75% of gross weekly wages to maximum \$300/week; 104 weeks for temporary disability; lifetime for total disability.*	90% of net income based on gross annual income of maximum \$94,587/year. **	\$429/week for total disability; \$214/week for partial disability up to two years; maximum \$22,308/year.	90% of net wages based on gross annual income of maximum \$94,500/year.*	<b>Public Insurance:</b> 90% of net wages based on gross annual income of maximum \$72,500/year; indexed.*
<b>Non-earners</b>	N/A	After 180 days, will receive at least minimum wage if still disabled.	\$429/week for total disability; \$214/week for partial disability up to two years; maximum \$22,308/year.	After 180 days, will receive at least minimum wage.	<b>Public Insurance:</b> After 180 days, will receive at least minimum wage.
<b>Homemaker</b>	\$145/week, up to 104 weeks.	After 180 days, will receive at least minimum wage if still disabled.	\$429/week for total disability; \$214/week for partial disability up to two years;	N/A	N/A

			maximum \$22,308/year.		
<b>Death Benefits</b>					
<i>Surviving Spouse</i>	Death following a collision of: Head of household \$5,000, plus \$145/week up to 104 weeks; Partner/Spouse of head of household \$2,500, plus \$145/week up to 104 weeks.	45% of deceased's net income to a maximum gross salary of \$94,587 per year.	45% of deceased's net income to a maximum gross salary of \$94,587 per year.	Death any time after injury: Depends on wage and age of deceased and range from \$61,706 to \$472,500.	Death any time after accident: <b>Public Insurance:</b> Benefits depend on gross annual income multiplied by a factor between one and five, depending on age of the victim; range from \$69,102 to \$362,500.
<i>Surviving Dependent</i>	Death following a collision of: Head of household \$1,000, plus \$35/week up to 104 weeks to each child; Partner/ Spouse of head of household: \$2,500, plus \$145/week up to 104 weeks to each child.	5% of the deceased's net income per dependent child.	5% of the deceased's net income per dependent child.	Death any time after injury: Depends on the dependant's age at time of accident and range from \$29,309 to \$53,993, plus \$26,995 for a disabled dependent.	Death any time after accident: <b>Public Insurance:</b> Benefits depend on dependent child's age; Range from \$32,822 to \$60,466.
<i>No Dependent</i>	N/A	\$15,620 maximum per survivor/estate; \$70,293 maximum total payable.	Up to \$13,333 to estate.	Death any time after injury: Up to \$13, 741 per survivor.	Death any time after accident: <b>Public Insurance:</b> If there is no surviving spouse/dependant, parents or estate receive \$55,386.
<i>Parent/Guardian</i>	Death following a collision of dependent child: according to age, maximum \$1,500.	Death of dependent child: \$31,240.	N/A	N/A	Death any time after accident: <b>Public Insurance:</b> If there is no surviving spouse/dependant, parents or estate receive \$55,386.
<b>Impairment benefits</b>	N/A	Up to \$195,257 /person for non-catastrophic injury and up to \$238,479/person for catastrophic injury.	Up to \$13,333/person for non-catastrophic injury; Up to \$173,333/person for catastrophic injury.	Minimum \$770/week up to \$154,261 for non-catastrophic injury; Up to \$243,580 for catastrophic injury.	<b>Public Insurance:</b> Up to \$242,311.

<b>Right to sue for pain and suffering?</b>	Yes	Yes	Yes, subject to deductible of \$5,000.	No	<b>Public insurance: No</b>
<b>Right to sue for economic loss in excess of no-fault benefits?</b>	Yes	Yes	Yes	Yes	<b>Public insurance: No</b>

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**Notes:**

- \* Nothing for first seven days of disability.
- \*\* Nothing for first seven days of disability unless catastrophically injured.

**Table A2: Factors Affecting Insurance Prices by Province**

Criteria	Private						Public			
	AB	ON	NB	NS	PEI	NL	BC	SK	MB	QC
<b>Personal Profile</b>										
<i>Age</i>	Yes	Yes	No	No	Yes	No	No	No	No	Public: No; Private: Yes
<i>Marital Status</i>	Yes	Yes	No	No	*	No	No	No	No	Public: No; Private: *
<i>Gender</i>	Yes	Yes	No	Yes	*	No	No	No	No	Public: No; Private: Yes
<i>Driving Record</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Claim record of Policy Holder</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Vehicle</b>										
<i>Make, Model and Year of Vehicle</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Rate Class</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Territory</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
<b>Optional Coverage</b>										
<i>Optional Coverage</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Amount of Deductible Paid</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Discounts and Savings</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

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**Note:**

\* Not clear regarding effect of this factor on price.

**Table A3: Components of the Complete Insurance Package and Minimum Possible Liability Limits**

Province	Third Party Liability	Collision and Comprehensive Deductibles	Third Party Liability	Collision and Comprehensive Deductibles
<b>Private</b>				
<b>Ontario (Toronto)</b>	1,000,000	No Coverage	2,000,000	500, 500
<b>Alberta (Calgary)</b>	1,000,000	No Coverage	2,000,000	500, 500
<b>Quebec (Montreal)</b>	1,000,000	No Coverage	2,000,000	500, 500
<b>NS (Halifax)</b>	1,000,000	No Coverage	2,000,000	500, 500
<b>PEI (Charlottetown)</b>	1,000,000	No Coverage	2,000,000	500, 500
<b>NB (Moncton)</b>	1,000,000	No Coverage	2,000,000	500, 500
<b>NL (St John's)</b>	1,000,000	No Coverage	2,000,000	500, 500
<b>Public</b>				
<b>Manitoba (Winnipeg)</b>	200,000	500,500	2,000,000	200, 200
<b>Saskatchewan (Saskatoon)</b>	200,000	700,700	2,000,000	200, 200
<b>British Columbia Vancouver)</b>	200,000	No Coverage	3,000,000	300, 300

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**Notes:**

1. Complete Coverage for the provinces includes: Changing the Comprehensive Deductibles and Collision Deductible amounts respectively; Increased Third-Party Liability Limits; Loss of Use coverage and Rental vehicle coverage (excluding Manitoba).

**Table A4a: Insurance Price Quotes for Private Provinces: Good Record**

Company	Alberta, Calgary				Ontario, Toronto			
	Basic Coverage		Complete Coverage		Basic Coverage		Complete Coverage	
	Female	Male	Female	Male	Female	Male	Female	Male
**Lowest	660	660	1 162	1 162	1 185	1 234	1 575	1 629
Unspecified						1 285		1 727
Belairdirect					1 958	1 855	2 309	2 194
CAA					2 771	2 771	3 409	3 409
Coachman					3 460	3 460	4 071	4 071
Echelon					3 766	3 505	4 724	4 463
Economical	669	667	1 337	1 345	1 671	1 848	2 143	2 354
Johnson Home-Auto	698*	698*	1 223*	1 223*	1 696	1 696	1 930	1 930
PAFCO					3 948	3 948		
Pembridge	679	679	1 286	1 286	3 147	3 132	3 755	3 755
TD	822	839	1 492	1 549	1 917	1 682	2 240	2 010
Travelers Dominion					1 783	1 851	2 152	2 241
Wawanesa					2 183	2 183	2 589	2 589
SSQauto								
The Co-operators	771*	771*	1 643*	1 683*	1 725	1 661	2 343	2 268
Allstate	835	835	1 439	1 439	3 525	3 507	3 486	3 428
COSECO								
Intact	916	902	1 897	1 954	2 011	1 859	2 439	2 307
Millennium			1 265	1 265				
Desjardins	978	866	1 610	1 517	1 406		1 815	
<b>Average</b>	796	782	1 466	1 473	2 464	2 497	2 815	2 848

**Table A4a continued: Insurance Price Quotes for Private Provinces: Good Record**

Company	Moncton, NB				Halifax, NS				Charlottetown, PEI				St Johns, NL			
	Basic Coverage		Complete Coverage		Basic Coverage		Complete Coverage		Basic Coverage		Complete Coverage		Basic Coverage		Complete Coverage	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
**Lowest	774	774	956	956	658	658	1 120	1 120	391	391	993	993				
CAA	802	802	1 214	1 214												
Johnson Home-Auto	587*	587*	1 049*	1 049*	690*	690*	1 032*	1 032*	606*	606*	1 017*	1 017*	918*	918*	1 329	1 329
TD	745*	745*	1 085*	1 085*	653*	643*	1 114*	1 123*	440*	439*	1 213*	1 258*	1 106*	1 106*	1 791*	1 791*
The Co-operators	898*	898*	1 349*	1 349*	896*	883*	1 433*	1 421*	629*	629*	1 062*	1 062*	1 751*	1 751*	2 377*	2 377*
CAA Atlantic	843*	843*	1 283*	1 283*	658*	658*	1 130*	1 130*	391*	391*	1 002*	1 002*				
Allstate					924	924	1 162	1 162								
COSECO			1 099*	1 099*			1 146	1 190								
<b>Average</b>	775	775	1 180	1 180	764	760	1 170	1 176	517	516	1 074	1 085	1 258	1 258	1 832	1 832

**Sources:**

1. Quotes were obtained from the Kanetix website (\* indicates quotes obtained directly from the respective Insurance Companies website); Kanetix harvests quotes from different companies, but those companies do not necessarily quote for all cities.
2. \*\* Kanetix provides a “lowest rate” but does not identify it until the consumer calls for a quote.

**Notes:**

1. All quotes exclude the respective registration costs and any applicable taxes in each province.
2. “Average” excludes “lowest unspecified rate”.

**Table 4Ab: Insurance Price Quotes for Private Provinces: Poor Record**

Company	Alberta, Calgary				Ontario, Toronto			
	Basic Coverage		Complete Coverage		Basic Coverage		Complete Coverage	
	Female	Male	Female	Male	Female	Male	Female	Male
**Lowest	1 008	1 031	1 843	1 915	2 286	2 081	2 847	2 691
Belairdirect					4 402	4 123	5 159	4 847
CAA					6 572	6 572	7 809	7 809
Coachman					4 749	4 749	5 512	5 512
Echelon					5 243	4 979	6 408	6 144
Economical	1 236	1 236	2 688	2 688	3 393	3 755	4 148	4 572
Johnson Home-Auto	1 226	1 226	2 481	2 481				
PAFCO					4 482	4 482		
Pembridge	1 223	1 223	2 856	2 856	5 621	5 562	6 997	6 938
Travelers Dominion Product					2 896	3 022	3 476	3 639
Wawanesa					3 748	3 748	4 355	4 355
SSQauto								
The Co-operators					2 585	2 493	3 416	3 306
Intact	1 216	1 216	2 594	2 682	4 528	4 190	5 307	5 003
Allstate	1 216	1 216	2 862	2 991	6 370	6 298	7 802	7 730
Millennium			2 496	2 496				
Raptors Home+Auto					2 538	2 634	3 149	3 255
<b>Average</b>	1 223	1 223	2 663	2 699	4 394	4 354	5 295	5 259

**Table A4b continued: Insurance Price Quotes for Private Provinces: Poor Record**

Company	Moncton, NB				Halifax, NS				Charlottetown, PEI			
	Basic Coverage		Complete Coverage		Basic Coverage		Complete Coverage		Basic Coverage		Complete Coverage	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
**Lowest	1934	1934	2632	2632	1 374	1 374	2143	2143	888	888	1958	1958
TD	933*	933*	1432*	1432*	856*	845*	1464*	1479*	554*	554*	1545*	1604*
CAA Atlantic	2035*	2035*	2776*	2776*	1374*	1374*	2153*	2153*	887*	887*	1967*	1967*
<b>Average</b>	1 484	1 484	2 104	2 104	1 115	1 110	1 809	1 816	721	721	1 756	1 786

**Sources:**

1. Quotes were obtained from the Kanetix website (\* indicates quotes obtained directly from the respective Insurance Companies website); Kanetix harvests quotes from different companies, but those companies do not necessarily quote for all cities.
2. \*\* Kanetix provides a “lowest rate” but does not identify it until the consumer calls for a quote.

**Notes:**

1. All quotes exclude the respective registration costs and any applicable taxes in each province.
2. “Average” excludes “lowest unspecified rate”.

**Table A4c: Insurance Price Quotes for Public Provinces: Good Record**

Company	British Columbia, Vancouver		Saskatchewan, Saskatoon		Manitoba, Winnipeg	
	Basic Coverage	Complete Coverage	Basic Coverage	Basic Coverage	Complete Coverage	Complete Coverage
	ICBC Basic Autoplan	ICBC Optional Autoplan	SGI Basic Plate	ICBC Basic Autoplan	ICBC Optional Autoplan	MPI Optional Autopac
<b>Manitoba Public Insurance</b>					1 167	1 451
<b>Saskatchewan Government Insurance</b>			917	1 125		
<b>Affinity Insurance Services Inc Lakewood</b>			917	1 125		
<b>Affinity Insurance Services Inc Preston Ave.</b>			917	1 142		
<b>Life Line General Insurance Inc</b>			917	1 125		
<b>Hoffmann Kool Insurance</b>			917	1 135		
<b>Galon Insurance Brokers</b>			917	1 135		
<b>Westland Insurance Group Ltd</b>	1 089	1 618				
<b>Affinity Insurance Services</b>	1 072	2 372				
<b>Pemberton Insurance Corporation</b>	1 064	1 855				
<b>Hicks Pacific Centre Insurance Service Ltd</b>	1 123	1 848				
<b>BCAA</b>	1 089	1 620				
<b>Thompson Insurance Centre (1997) Inc</b>	1 082	1 807				
<b>Average</b>	1 087	1 853	917	1 131	1 167	1 451

**Sources:**

1. Manitoba Public Insurance (MPI) quotes where obtained from the MPI website.
2. Saskatchewan Government Insurance “(SGI) Basic Plate” quotes for Saskatchewan were obtained from the SGI website; The “SGI Autopak” quotes were obtained from the individual brokers listed in the table.
3. The ICBC Basic Autoplan and Optional Autoplan where both obtained from each individual broker listed.

**Notes:**

4. All quotes exclude the respective registration costs and any applicable taxes in each province.

**Table A4d: Insurance Price Quotes for Public Provinces: Poor Record**

Company	British Columbia, Vancouver		Saskatchewan, Saskatoon		Manitoba, Winnipeg	
	Basic Coverage	Complete Coverage	Basic Coverage	Complete Coverage	Basic Coverage	Complete Coverage
	ICBC Basic Autoplan	ICBC Optional Autoplan	SGI Basic Plate	SGI Autopak	MPI Basic Autopac	MPI Optional Autopac
<b>Manitoba Public Insurance</b>					1 239	1 541
<b>Saskatchewan Government Insurance</b>			978			
<b>Affinity Insurance Services Inc Lakewood</b>			978	1 236		
<b>Affinity Insurance Services Inc Preston Ave.</b>			978	1 253		
<b>Life Line General Insurance Inc</b>			978	1 207		
<b>Hoffmann Kool Insurance</b>			978	1 226		
<b>Galon Insurance Brokers</b>			978	1 226		
<b>Westland Insurance Group Ltd</b>	1 594	1 743				
<b>Affinity Insurance Services</b>	1 618	1 743				
<b>Pemberton Insurance Corporation</b>	1 514	2 640				
<b>Hicks Pacific Centre Insurance Service Ltd</b>	1 573	2 610				
<b>BCAA</b>	1 594	2 556				
<b>Thompson Insurance Centre (1997) Inc</b>	1 533	2 569				
<b>Averages</b>	1 571	2 310	978	1 230	1 239	1 541

**Sources**

See Table A4c.

**Notes:**

1. All quotes exclude the respective registration costs and any applicable taxes in each province.

**Table A5: Sources for Tables 2 and 3 in text and Graph 2**

**Sources Tables 2 and 3:**

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