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## The Personal Cost and Affordability of Automobile Insurance in Canada

2008 Edition

by Brett Skinner





# **The Personal Cost and Affordability of Automobile Insurance in Canada (2008 Edition)**

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## Executive summary

This study estimates and compares the average cost of personal passenger automobile insurance premiums in each of the 10 Canadian provinces for the year 2007. Other studies have examined the price of auto insurance by selectively comparing individual cases across provinces (CAC, 2003). It is often mistakenly believed that such comparisons reflect actual average premiums in each province. This error can lead to false conclusions regarding the relative cost of auto insurance.

Fair comparisons of averages are difficult to produce because of differences in the way that government and private sector auto insurers report data in each of the provinces. Four provinces in Canada have government-owned monopolies that sell insurance coverage to drivers. The other six provinces rely on a regulated competitive private sector to provide auto insurance. Government auto insurers in British Columbia, Saskatchewan, Manitoba, and Quebec do not publish data that can be directly compared to the other provinces. By contrast, in the six provinces with regulated competitive markets for auto insurance, private sector insurers are required by law to report data in a universal standardized format that makes direct inter-provincial comparisons possible. Therefore, this study applies reasonable assumptions to the data published by auto insurance authorities in British Columbia, Saskatchewan, Manitoba, and Quebec in order to calculate and draw fair comparisons of average auto insurance premiums across all ten provinces.

Using publicly available 2007 data, this study asks what we would observe if average auto insurance premiums were calculated in the same way in each province. The analysis suggests that, when calculated assuming comparable definitions for the data, the average cost of auto insurance tended to be high in the provinces with government auto insurance monopolies relative to the provinces with regulated competitive private sector auto insurance markets.

In direct nominal comparisons across all ten provinces in 2007, the average price for auto insurance premiums was highest in British Columbia. The next most expensive provinces for auto insurance were Ontario, Saskatchewan, and Manitoba. This means that three of the four highest average premiums in 2007 were observed in provinces with government-run auto insurance monopolies. The least expensive average premium in 2007 was in Prince Edward Island where auto insurance is delivered in a regulated, competitive, private-sector insurance market.

The findings of this study are generally consistent with previous annual editions of this study (Skinner 2007) and other previous research comparing auto insurance in 61 international jurisdictions including all 10 Canadian provinces (Skinner, 2006). All studies show that auto insurance does not tend to be less costly in jurisdictions that have government auto insurance monopolies, despite claims to the contrary.

## Introduction

This study estimates and compares the average cost of personal passenger automobile insurance premiums in each of the 10 Canadian provinces for the year 2007.

Six provinces (Alberta, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland and Labrador) have private competitive insurance industries that provide auto insurance for their populations in a regulated market environment. Three provinces (British Columbia, Saskatchewan, and Manitoba) each have a government-owned automobile insurer that has a monopoly over the provision of basic auto insurance and also competes for the sale of optional insurance coverage with private companies. Government insurers in these three provinces occupy between 95 and 98 percent of market share (Skinner, 2006). One province (Quebec) has a government insurer with a monopoly over basic auto insurance, but which does not compete with the private sector for the sale of optional insurance coverage and therefore occupies a much smaller market share than government insurers in British Columbia, Saskatchewan, or Manitoba.

It is important to compare the cost of auto insurance among the provinces to verify the validity of published claims that provinces with government auto insurers produce lower premiums for drivers than provinces that rely on private sector competition for the delivery of auto insurance (CAC, 2003).

Varying inter-provincial definitions for reported data make calculating comparable average premiums difficult. Government auto insurers do not publish audited data in a format that permits a simple calculation of average premiums in their provinces that can be directly compared to other provinces. In order to estimate and fairly compare the average cost of auto insurance in every province, this study applies (by estimation) the same data definitions that government regulators require from private sector insurers in six provinces to the published data of the government auto insurance monopolies in four provinces.

The main research question of this study is: Assuming that the actual number of annualized risk exposures per total provincial population in the provinces with government auto insurance monopolies is roughly proportional to the average of the provinces for which appropriate standardized comparable data is provided, what is the estimated average cost of auto insurance premiums in each province?

## Findings

Following the methodology described in the sections that follow, table 1 displays the estimated average auto insurance premium in each province for 2007. Nominal comparisons of auto insurance premiums are a way to measure relative cost. These data are displayed beside calculations of the cost of auto insurance as a percentage of provincial gross domestic product (GDP) per person, personal income (PI) per person, and personal disposable income (PDI) per person—i.e., personal income remaining after taxes—in each province. Looking at cost as a percentage of local GDP controls for differences in general price levels between jurisdictions that could skew fair comparisons of auto insurance costs. Comparing costs as a percentage of PI and PDI demonstrates the relative affordability of the cost of auto insurance across jurisdictions.

### Relative cost

Table 1 shows that in nominal comparisons, three of the four most expensive average auto insurance premiums in Canada in 2007 were in British Columbia, Saskatchewan, and Manitoba, with BC being the most expensive overall. In a nominal comparison, five of the six provinces with least expensive premiums in a direct nominal comparison

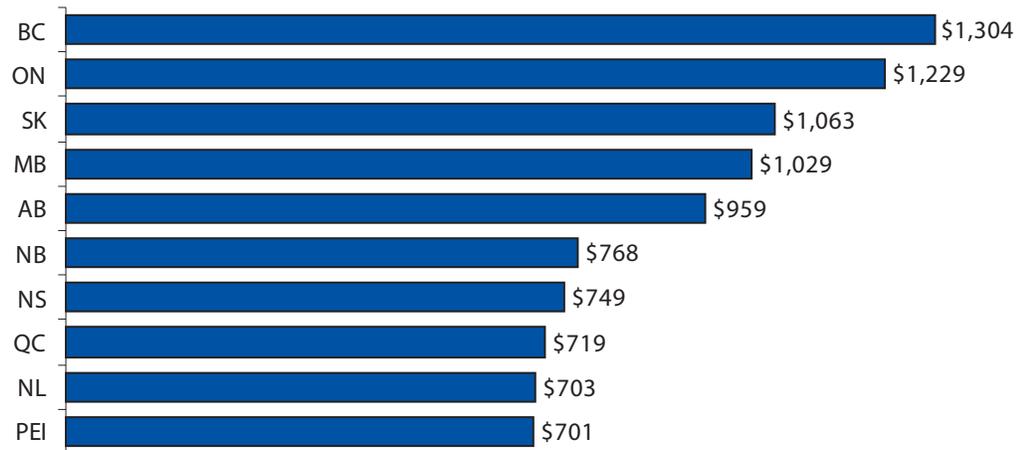
**Table 1: Estimated average net automobile insurance premiums, 2007, by province (relative cost and affordability statistics shown)**

Province	Average net auto insurance premium	Average premium as a % of GDP per person	Average premium as a % of PI per person	Average premium as a % of PDI per person
PEI	\$701	2.1%	2.5%	3.1%
NL	\$703	1.2%	2.3%	2.9%
QC	\$719	1.9%	2.2%	2.9%
NS	\$749	2.1%	2.4%	3.1%
NB	\$768	2.2%	2.6%	3.2%
AB	\$959	1.3%	2.1%	2.8%
MB	\$1,029	2.5%	3.2%	4.1%
SK	\$1,063	2.1%	3.4%	4.3%
ON	\$1,229	2.7%	3.4%	4.5%
BC	\$1,304	3.0%	3.8%	4.9%

Sources: IBC (2008a, 2008b); ICBC (2008); SGI (2008); MPI (2008); SAAQ (2008); MSA Research Inc. (2008); Statistics Canada (2008); author's calculations.

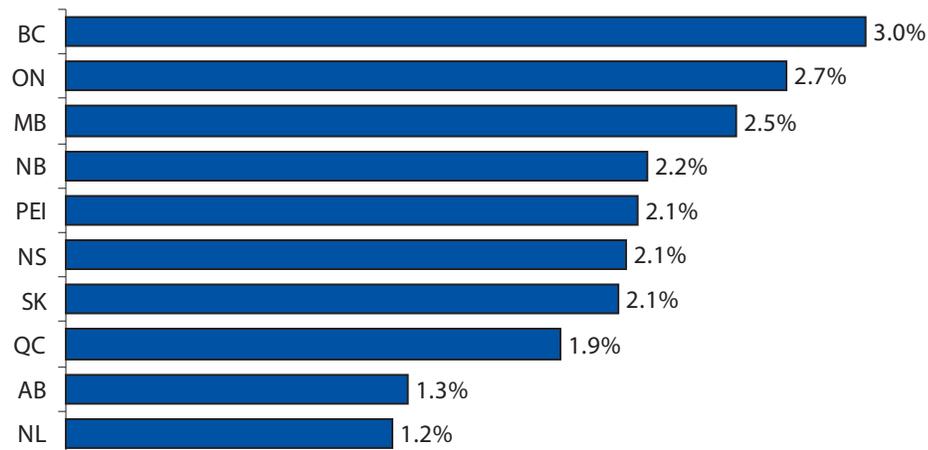
of average auto insurance premiums in 2007 were Prince Edward Island, Newfoundland & Labrador, Nova Scotia, New Brunswick, and Alberta, all of which have regulated competitive private sector markets for auto insurance. Quebec is also among the least expensive provinces in nominal comparisons of average auto insurance premiums, but its government insurer is restricted to selling basic coverage only, while the private sector delivers 100 percent of the optional auto insurance market.

**Figure 1a: Average net earned premium**



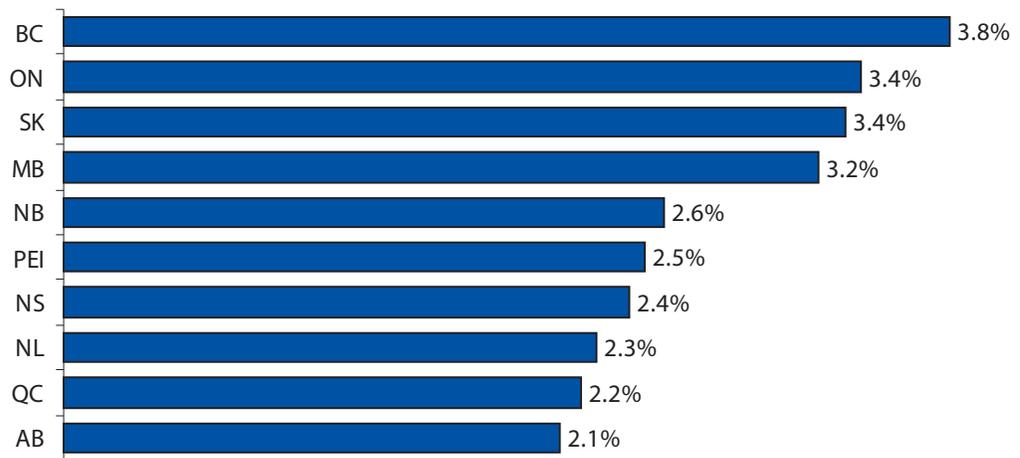
Sources: IBC (2008a, 2008b); ICBC (2008); SGI (2008); MPI (2008); SAAQ (2008); MSA Research Inc. (2008); Statistics Canada (2008); author's calculations.

**Figure 1b: Average net earned premium as a percent of GDP per person**



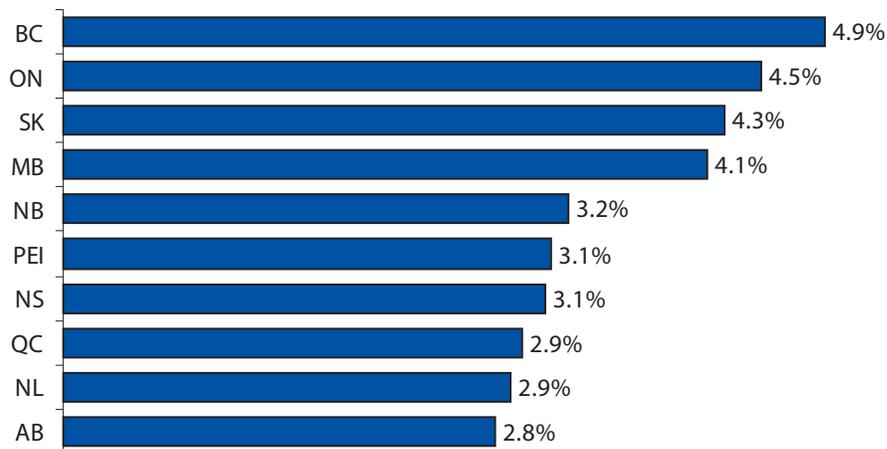
Sources: IBC (2008a, 2008b); ICBC (2008); SGI (2008); MPI (2008); SAAQ (2008); MSA Research Inc. (2008); Statistics Canada (2008); author's calculations.

**Figure 1c: Average net earned premium as a percent of personal income per person**



Sources: IBC (2008a, 2008b); ICBC (2008); SGI (2008); MPI (2008); SAAQ (2008); MSA Research Inc. (2008); Statistics Canada (2008); author's calculations.

**Figure 1d: Average net earned premium as a percent of personal disposable income per person**



Sources: IBC (2008a, 2008b); ICBC (2008); SGI (2008); MPI (2008); SAAQ (2008); MSA Research Inc. (2008); Statistics Canada (2008); author's calculations.

### **Relative affordability**

Table 1 shows that as a percentage of various income measures, average auto insurance premiums were most affordable in Newfoundland & Labrador and Alberta. Compared to income, average auto insurance was consistently least affordable in British Columbia, Ontario, Saskatchewan, and Manitoba.

## Conclusions

An auto insurance policy premium is calculated based on a mix of factors. These include the number of drivers insured under the policy, the risk profile of drivers insured under the policy, the number of vehicles insured under the policy, the type and quality of vehicles insured under the policy, the scope of the insurance benefits payable, the frequency of claims and collision rates, prices for auto repair or insured medical care, rates of auto theft and vandalism, and legal costs.

The results of this study suggest that premium costs under government auto insurance monopolies tend to be higher than observed in private sector competitive markets. The findings are generally consistent with previous editions of this study (Skinner, 2007) and other previous research comparing auto insurance in 61 international jurisdictions including all 10 Canadian provinces (Skinner, 2006). Mullins (2003, 2004) and Milke (2006) have also examined average auto insurance premiums using different methods and have reached similar conclusions. All of these studies show that auto insurance does not tend to be less costly in jurisdictions that have government auto insurance monopolies, despite claims to the contrary.

This empirical finding implies that government-run auto insurance is less efficient than auto insurance provided by a regulated competitive market. When auto insurance is provided by government, coverage and pricing decisions become politicized and are usually not based on sound economics. For instance, jurisdictions with government auto insurance monopolies tend to require excessive benefits coverage and therefore tend to require expensive premiums. Whether consumers believe that this scope of coverage is necessary, or even valuable, is another question. Previous research comparing international auto insurance systems implies that where consumers are given a choice, they will often prefer a lower level of benefit coverage in exchange for lower premiums (Skinner, 2006). In other words, in jurisdictions where government provides auto insurance, regulations also tend to require drivers to over-insure themselves. Over-supply (or under-supply) of goods and services is a typical result of central planning interference in a market.

It is a myth that the profit motive necessarily leads to higher auto insurance costs for consumers. As long as the private sector insurance industry is open to competition and consumer choice is protected, the portion of auto insurance premiums that are earned as profits can not result from excessive prices, but come from cost efficiencies achieved by successful claims management, pricing strategies, customer service, and good business management. Private sector insurers are also able to use the returns on invested surpluses that accrue during profitable years to subsidize premium rates in years where losses exceed the premiums paid by drivers. Such efficiencies are lost in government auto insurance monopolies where there tends to be a higher frequency of claims and the suppression of rates for high-risk drivers below the actuarial cost of

insuring them (Mullins, 2004). The suppression of rates for small numbers of high-risk drivers requires all other premiums to be higher than actuarially necessary to cover the difference. The suppression of high-risk rates also produces moral hazard, i.e., it encourages riskier driving behaviour, which increases the frequency and severity of vehicle collisions (Mullins, 2004). The data presented in this study also show that many government auto insurers run annual deficits that are possibly eventually subsidized by provincial taxpayers, many of whom might not even drive an automobile.

Finally, it is important to make consumers aware that government auto insurers do not publish audited data in a format necessary to allow for a calculation of average premiums in their provinces that can be easily and directly compared to other provinces. This is problematic because the lack of directly comparable, standardized data hinders transparency and public accountability.

## Policy recommendations

The evidence presented in this study along with the findings of previous research reinforce the conclusion that private competitive auto insurance markets are better able to deliver lower premium costs than government auto insurance monopolies. Private competitive markets tend to be less heavily regulated than markets that are dominated by government auto insurance monopolies. As long as private markets are open to competition, appropriately regulated, and consumers have freedom of choice, we should expect to observe the lowest possible premiums for any given level of insurance benefit.

Drivers in British Columbia, Saskatchewan, and Manitoba should be asking why their provinces have eliminated their choices as consumers, and forced them to buy auto insurance from a costly and unnecessary government-run monopoly. Drivers in these provinces would benefit from moving to an appropriately regulated market where auto insurance is obtained from private sector insurers operating in competition with each other.

Quebec taxpayers should be seeking accountability for the finances of that province's government-run auto insurer, which this study has shown are in serious long-term deficit.

And drivers in other provinces should beware of misleading promises regarding the value of public auto insurance because the evidence shows that competitive private sector markets are producing better results for consumers.

## Purpose of this study

This study attempts to estimate the average cost of auto insurance premiums as accurately as possible (the limitations of this analysis are described below) because published reports by other researchers have used methodologies for comparing auto insurance premiums that could produce misleading conclusions about actual averages. In particular, case-by-case comparisons such as those published by groups like the Consumer's Association of Canada (CAC, 2003) and some government auto insurers themselves are not valid reflections of actual averages, though they are often perceived as such by the public. For instance, the CAC selects non-random quotes from the Internet for its comparisons that are not reflective of actual averages across the whole market in each jurisdiction—a method that has been criticized by researchers (Mullins, 2003, 2004; Milke, 2006). A calculation of actual average premiums is preferable to case-by-case comparisons because it accounts for all the various risk profiles and differences between policies that make it impossible to use a case-by-case analysis as a reflection of the average across the entire market.

## About the data

### **Data sources**

For the private sector insurance industries in Alberta, Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland & Labrador, all data used for this analysis come from the Insurance Bureau of Canada (IBC). Formerly, IBC was the official statistical agency that governments relied on to collect, store, and report data on the property and casualty insurance industry. IBC is now under contract to provide statistical services to the General Insurance Statistical Agency (GISA), a federal government agency that is the new official source for general insurance data in Canada (GISA, 2006). All data on government insurers are taken directly from the annual reports of the government auto insurers themselves: in British Columbia this is the Insurance Corporation of British Columbia (ICBC); in Saskatchewan it is the Saskatchewan Government Insurance (SGI) Auto Fund; in Manitoba it is the Manitoba Public Insurance (MPI); and in Quebec it is the Société de l'assurance automobile du Québec (SAAQ). Data for all private insurers operating in the optional markets in British Columbia, Saskatchewan, Manitoba, and Quebec come from MSA Research Inc. The source for general economic and population data is Statistics Canada.

## **Counting personal passenger automobiles only**

All data on private sector insurers in Alberta, Ontario, New Brunswick, Nova Scotia, PEI and Newfoundland & Labrador used in this study account only for personal passenger automobiles. Regulators in British Columbia, Saskatchewan, Manitoba, and Quebec do not require auto insurers (government or private) to publish data on personal passenger vehicles separately from commercial or recreational vehicles. In order to estimate the percentage of the total premium figures published in British Columbia, Saskatchewan, Manitoba, and Quebec that includes only personal passenger automobiles, it was necessary to apply the average of the provinces for which actual data exist.

## **Calculating averages**

In order to accurately calculate the average cost of premiums in a market and make it reasonably comparable across jurisdictions, the total amount of all premiums must be divided by a denominator that is defined uniformly across all jurisdictions. The ideal divisor is the number of risk exposures. However, the number of risk exposures is a difficult concept to define statistically. Risk exposures could be defined as the number of insurance policies, the number of insured vehicles, or the number of insured drivers. The problem with using the number of policies to represent risk exposures is that jurisdictions with risk pricing policies that encourage higher rates of per capita vehicle ownership will produce more insurance policies than jurisdictions with policies that encourage lower rates of vehicle ownership (see Mullins, 2003, 2004). This could create a misleadingly low average premium when the number of policies is used as a divisor to calculate an average across jurisdictions with dissimilar pricing policies.

The first edition of this study (Skinner, 2007) conducted a brief analysis of the ratio of earned vehicles (i.e., “policies” in BC and Manitoba and “insured vehicles” in Saskatchewan) to total population in each jurisdiction to see if the number of published risk exposures (as defined in each jurisdiction) could be used as a comparable divisor for the purposes of calculating an average. The analysis showed that even after adjusting the reported figures of the government auto insurers downward to account only for personal passenger automobiles, the number of policies or insured vehicles published by government insurers in those provinces represented a dramatically higher percentage of the total population in BC (63%), Manitoba (67%) and Saskatchewan (81%) than either the individual ratios, or the average ratio (51%) across the six provinces for which audited data was available to confirm the number of risk exposures.

All 6 provinces with private sector auto insurance (Alberta, Ontario, New Brunswick, Nova Scotia, PEI and Newfoundland & Labrador) use the same definition for calculating earned exposures. The large difference between the average ratios of these six provinces and the ratios shown for BC, Saskatchewan, and Manitoba suggest that the

figures that government insurers in those provinces publish on the number of policies or insured vehicles are not comparably defined relative to the figures shown for the six provinces that have private sector auto insurance, or even among their fellow government insurers. To the author's knowledge, there are no published definitions available from ICBC, SGI, or MPI for these figures. There is also no data available on the number of insured drivers in each jurisdiction. The number of licensed drivers is one possible proxy for this. However, in Ontario and Quebec where a large percentage of the provincial population resides in urban metropolitan areas uniquely serviced by light rail, subway, and commuter rail systems, there tends to be greater use of mass transit systems and lower vehicle ownership. Therefore, using the number of licensed drivers will inflate the divisor and artificially deflate premiums in Ontario and Quebec as a result.

The average premiums shown here for British Columbia, Saskatchewan, Manitoba, and Quebec are adjusted for the reasons stated above, by assuming that the number of earned risk exposures in these provinces is the same as the average of the other six provinces for which comparable standardized data is available.

### ***Calculating net premiums***

Government auto insurers sometimes return rebates to drivers either from operational surpluses, or in compliance with legislated directives. These rebates are subtracted from the cost of auto insurance in this study because the rebates reduce the effective cost of auto insurance for drivers.

The data available to this study indicate that government auto insurers artificially deflate premiums in some years by running deficits. Occasionally, provinces with government auto insurers have even legislated rebates that have produced net total losses on the income statements of government insurers, or have legislated freezes or roll-backs of auto insurance rates that have produced deficits in some years, despite nominal provisions requiring government insurers to be self-sustaining. As public entities, government auto insurers can ultimately default on their obligation to be self-sustaining and rely on the province to fund operations that are in a deficit position and therefore can carry over such losses without fully adjusting premiums in future years to recover the costs, or by carrying losses forward over many years. This is evident in Quebec where significant SAAQ deficits have accumulated over many years. Therefore, this study adds any net total loss reported on audited income statements for SAAQ, MPI, SGI and ICBC to estimate the actual cost of auto insurance provided by government insurers within each year. The adjustment made to the data here is designed to produce a fair comparison between provinces of the actual premiums required to fully cover actual costs within each year.

Many insurers (public and private) will also subsidize current premiums from returns on invested surpluses from past years as a competitive strategy. Premium fig-

ures are not adjusted to account for such subsidies because they are fully funded in the current period.

In the provinces with private sector insurance markets, provincial governments require auto insurers to pay health levies for the recovery of the costs of publicly funded medical care delivered to victims of vehicle collisions. Notably, these health levies are not applied to government auto insurers in Quebec, Manitoba, or BC. In order to make fair comparisons of the direct costs of auto insurance premiums, these levies have been deducted from premiums.

Finally, various types of taxes (on premiums, sales, and others) are applied to auto insurance premiums in the provinces, and these taxes have been removed to allow for a fair comparison of the direct cost of auto insurance premiums.

**Appendix 1a: Base data and calculations for provinces with private sector automobile insurance**

	NL	PEI	NS	NB	ON	AB	6-province average (used for estimates)
Population	506,000	139,000	934,000	750,000	12,804,000	3,474,000	18,607,000
Earned Private Passenger Vehicles (PPVs) <sup>a</sup>	245,162	77,653	493,659	411,737	6,309,801	2,054,665	9,592,677
PPVs as a % of population	48.5%	55.9%	52.9%	54.9%	49.3%	59.1%	51.6%
Gross Domestic Product (GDP)	\$29,034,000,000	\$4,538,000,000	\$33,296,000,000	\$26,410,000,000	\$582,019,000,000	\$259,941,000,000	
GDP per person	\$57,379	\$32,647	\$35,649	\$35,213	\$45,456	\$74,825	
Personal Income (PI)	\$15,547,000,000	\$3,915,000,000	\$28,780,000,000	\$22,379,000,000	\$459,795,000,000	\$156,722,000,000	
PI per person	\$30,725	\$28,165	\$30,814	\$29,839	\$35,910	\$45,113	
Personal Disposable Income (PDI)	\$12,350,000,000	\$3,106,000,000	\$22,592,000,000	\$17,762,000,000	\$350,493,000,000	\$119,830,000,000	
PDI per person	\$24,407	\$22,345	\$24,188	\$23,683	\$27,374	\$34,493	
Total Earned Premiums (EP) <sup>b</sup>	\$261,554,212	\$72,405,529	\$486,818,619	\$448,195,894	\$9,560,110,467	\$2,836,154,687	
Plus unfunded premiums deficit <sup>c</sup>	\$0	\$0	\$0	\$0	\$0	\$0	
Minus rebates paid to insured drivers <sup>d</sup>	\$0	\$0	\$0	\$0	\$0	\$0	
Net total EP	\$261,554,212	\$72,405,529	\$486,818,619	\$448,195,894	\$9,560,110,467	\$2,836,154,687	\$13,665,239,408
EP PPV only <sup>e</sup>	\$219,521,013	\$58,931,558	\$401,925,126	\$350,026,258	\$8,141,901,649	\$2,112,815,200	\$11,285,120,804
PPV EP % Total EP	83.9%	81.4%	82.6%	78.1%	85.2%	74.5%	82.6%
Health levies	\$5,449,477	\$1,850,000	\$11,096,683	\$19,800,000	\$142,300,000	\$80,000,000	

**Appendix 1a: Base data and calculations for provinces with private sector automobile insurance**

	NL	PEI	NS	NB	ON	AB	6-province average (used for estimates)
Est. premium tax on PPV EP	\$8,780,840.52	\$2,062,604.53	\$16,077,005.04	\$10,500,787.74	\$244,257,049.47	\$63,384,456.00	
Est. sales tax on PPV EP	\$32,928,151.95	\$0	\$0	\$0	\$0	\$0	
Est. other tax on PPV EP	\$0	\$589,316	\$5,024,064	\$3,500,263	\$0	\$0	
PPV EP minus levies and taxes	\$172,362,544	\$54,429,638	\$369,727,374	\$316,225,208	\$7,755,344,600	\$1,969,430,744	
Avg. Net PPV EP	\$703	\$701	\$749	\$768	\$1,229	\$959	
Avg. Net PPV EP as a % of GDP per person	1.2%	2.1%	2.1%	2.2%	2.7%	1.3%	
Avg. Net PPV EP as a % of PI per person	2.3%	2.5%	2.4%	2.6%	3.4%	2.1%	
Avg. Net PPV EP as a % of PDI per person	2.9%	3.1%	3.1%	3.2%	4.5%	2.8%	

<sup>a</sup>Data for NL, PEI, NS, NB, ON, and AB are actual figures supplied by IBC (2008b); QC, MB, SK, and BC do not report data that are comparably defined to that published by the other six provinces. Therefore, data from QC, MB, SK, and BC are estimated by applying the proportional average of the other provinces for which data is reported consistent with a universal regulatory standard.

<sup>b</sup>Total Earned Premiums cover the entire market (i.e., public plus private insurers; personal passenger, commercial, and recreational vehicles) and include any insurance-related service fees charged to insured drivers.

<sup>c</sup>ie., net total loss reported on audited income statements for SAAQ, MPI, SGI, and ICBC.

<sup>d</sup>Government insurers sometimes return current year surpluses to drivers in the form of rebates. Sometimes these rebates are legislated regardless of whether there is a current year surplus.

<sup>e</sup>Data for NL, PEI, NS, NB, ON, and AB are actual figures supplied by IBC (2008b); QC, MB, SK, and BC do not report data that are comparably defined to that published by the other six provinces. Therefore, data from QC, MB, SK, and BC are estimated by applying the proportional average of the other provinces for which data is reported consistent with a universal regulatory standard.

Sources: IBC (2008a, 2008b); ICBC (2008); SGI (2008); MPI (2008); SAAQ (2008); MSA Research Inc. (2008); Statistics Canada (2008); author's calculations.

**Appendix 1b: Base data and calculations for provinces with public sector automobile insurance**

	QC	MB <sup>a</sup>	SK	BC
Population	7,701,000	1,187,000	997,000	4,380,000
Earned Private Passenger Vehicles (PPVs) <sup>b</sup>	3,970,184	611,948	513,995	2,258,071
PPVs as a % of population	51.6%	51.6%	51.6%	51.6%
Gross Domestic Product (GDP)	\$298,157,000,000	\$48,586,000,000	\$51,166,000,000	\$190,214,000,000
GDP per person	\$38,717	\$40,932	\$51,320	\$43,428
Personal Income (PI)	\$249,407,000,000	\$37,751,000,000	\$31,559,000,000	\$150,379,000,000
PI per person	\$32,386	\$31,804	\$31,654	\$34,333
Personal Disposable Income (PDI)	\$187,793,000,000	\$29,500,000,000	\$24,902,000,000	\$116,546,000,000
PDI per person	\$24,386	\$24,853	\$24,977	\$26,609
Total Earned Premiums (EP) <sup>c</sup>	\$3,430,335,000	\$859,016,000	\$708,741,000	\$3,730,246,000
Plus unfunded premiums deficit <sup>d</sup>	\$341,400,000	\$0	\$103,368,000	\$0
Minus rebates paid to insured drivers <sup>e</sup>	\$0	\$62,565,000	\$99,308,000	\$0
Net total EP	\$3,771,735,000	\$796,451,000	\$712,801,000	\$3,730,246,000
EP PPV only <sup>f</sup>	\$3,114,799,810	\$657,730,573	\$588,650,162	\$3,080,537,083
PPV EP % Total EP	82.6%	82.6%	82.6%	82.6%
Health levies	\$0	\$0	\$12,966,000	\$0
Est. premium tax on PPV EP	\$104,345,793.64	\$19,731,917.20	\$29,432,508.11	\$135,543,631.63
Est. sales tax on PPV EP	\$155,739,990.51	\$0	\$0	\$0
Est. other tax on PPV EP	\$0	\$8,221,632	\$0	\$0
PPV EP minus levies and taxes	\$2,854,714,026	\$629,777,024	\$546,251,654	\$2,944,993,451

**Appendix 1b: Base data and calculations for provinces with public sector automobile insurance**

	QC	MB <sup>a</sup>	SK	BC
Avg Net PPV EP	\$719	\$1,029	\$1,063	\$1,304
Avg Net PPV EP % GDP per person	1.9%	2.5%	2.1%	3.0%
Avg Net PPV EP % PI per person	2.2%	3.2%	3.4%	3.8%
Avg Net PPV EP % PDI per person	2.9%	4.1%	4.3%	4.9%

<sup>a</sup>MPI uses an unusual fiscal year for reporting data that covers March 1 to February 28/29 each year; therefore for MPI data, the fiscal year ending February 29, 2008 covers 10 months of the year 2007 and 2 months of the year 2008, but is used here for comparison to the 2007 figures reported by calendar year by all other jurisdictions, and by private insurers operating in the optional market in Manitoba.

<sup>b</sup>Data for NL, PEI, NS, NB, ON, and AB are actual figures supplied by IBC (2008b); QC, MB, SK, and BC do not report data that are comparably defined to that published by the other six provinces. Therefore, data from QC, MB, SK, and BC are estimated by applying the proportional average of the other provinces for which data is reported consistent with a universal regulatory standard.

<sup>c</sup>Total Earned Premiums cover the entire market (i.e., public plus private insurers; personal passenger, commercial, and recreational vehicles) and include any insurance-related service fees charged to insured drivers.

<sup>d</sup>ie., net total loss reported on audited income statements for SAAQ, MPI, SGI, and ICBC.

<sup>e</sup>Government insurers sometimes return current year surpluses to drivers in the form of rebates. Sometimes these rebates are legislated regardless of whether there is a current year surplus.

<sup>f</sup>Data for NL, PEI, NS, NB, ON, and AB are actual figures supplied by IBC (2008b); QC, MB, SK, and BC do not report data that are comparably defined to that published by the other six provinces. Therefore, data from QC, MB, SK, and BC are estimated by applying the proportional average of the other provinces for which data is reported consistent with a universal regulatory standard.

Sources: IBC (2008a, 2008b); ICBC (2008); SGI (2008); MPI (2008); SAAQ (2008); MSA Research Inc. (2008); Statistics Canada (2008); author's calculations.

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## About the author

**Brett J. Skinner** is the Director of Bio-Pharma and Health Policy research and of Insurance Policy research at the Fraser Institute and works from the Institute's Toronto office. He is a Ph.D. candidate in Political Science, specializing in public policy, at the University of Western Ontario in London, Ontario, where he has lectured in both the Faculty of Health Sciences and the Political Science Department. He earned a B.A. through the University of Windsor in Windsor, Ontario, and an M.A. through joint studies between the University of Windsor and Wayne State University in Detroit, Michigan. He also spent a year working as a research consultant to the Insurance Bureau of Canada in Toronto. Mr Skinner's research has been published in many major papers, articles, and opinion editorials through the Fraser Institute in Vancouver and Toronto as well as the Atlantic Institute for Market Studies in Halifax, Nova Scotia. He appears frequently as an expert in the North American media and his research and opinions have been cited in media from around the world.

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