

PROPOSED

INSURANCE CONTRIBUTIONS

FOR
2022
2024



Québec 

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MESSAGE FROM THE CHAIR OF THE BOARD OF DIRECTORS





Over the past year, the Board of Directors of the Société de l'assurance automobile du Québec (SAAQ) has carried out an in-depth analysis of all the factors affecting the financial situation of Québec's public automobile insurance plan. The proposal laid out in this information document respects the guiding principles behind Québec's public automobile insurance plan and is in keeping with past reviews of insurance contributions.

The Board of Directors believes that the insurance contributions proposed for 2022-2024 will serve to emphasize the relationship between drivers' behaviour and their insurance contributions. Also, the funding ratio will ensure the SAAQ's ability to fulfill its obligations toward traffic accident victims and, by extension, protect the sustainability of the plan.

On behalf of the Board of Directors, I am submitting the draft amendments to the *Regulation respecting insurance contributions* to the Panel of Experts on Automobile Insurance Contributions, and I invite all interested individuals and groups to participate in the public consultations.

Chair of the Board of Directors

MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER





Québec's public automobile insurance plan has been an unequivocal success for more than 40 years.

Not only do traffic accident victims now have superior coverage, but contributors pay the lowest insurance contributions in Canada, year in and year out.

In order to ensure fairness among contributors and safeguard the plan's long-term financial soundness, it is important to review insurance contributions every three years.

The insurance contributions proposed for 2022-2024 reflect fluctuations in the road safety record, which has remained relatively stable despite the fact that we were expecting a more sustained improvement, and once again highlight the direct relationship between drivers' behaviour and their insurance contributions. Moreover, the plan's financial soundness will allow us to give licence holders back a portion of the surplus capital while maintaining the sustainability of the plan for the benefit of traffic accident victims.

I invite you to read this proposal, which will be the subject of a public consultation held by the Panel of Experts on Automobile Insurance Contributions, which will then make recommendations to the SAAQ in the summer of 2021.

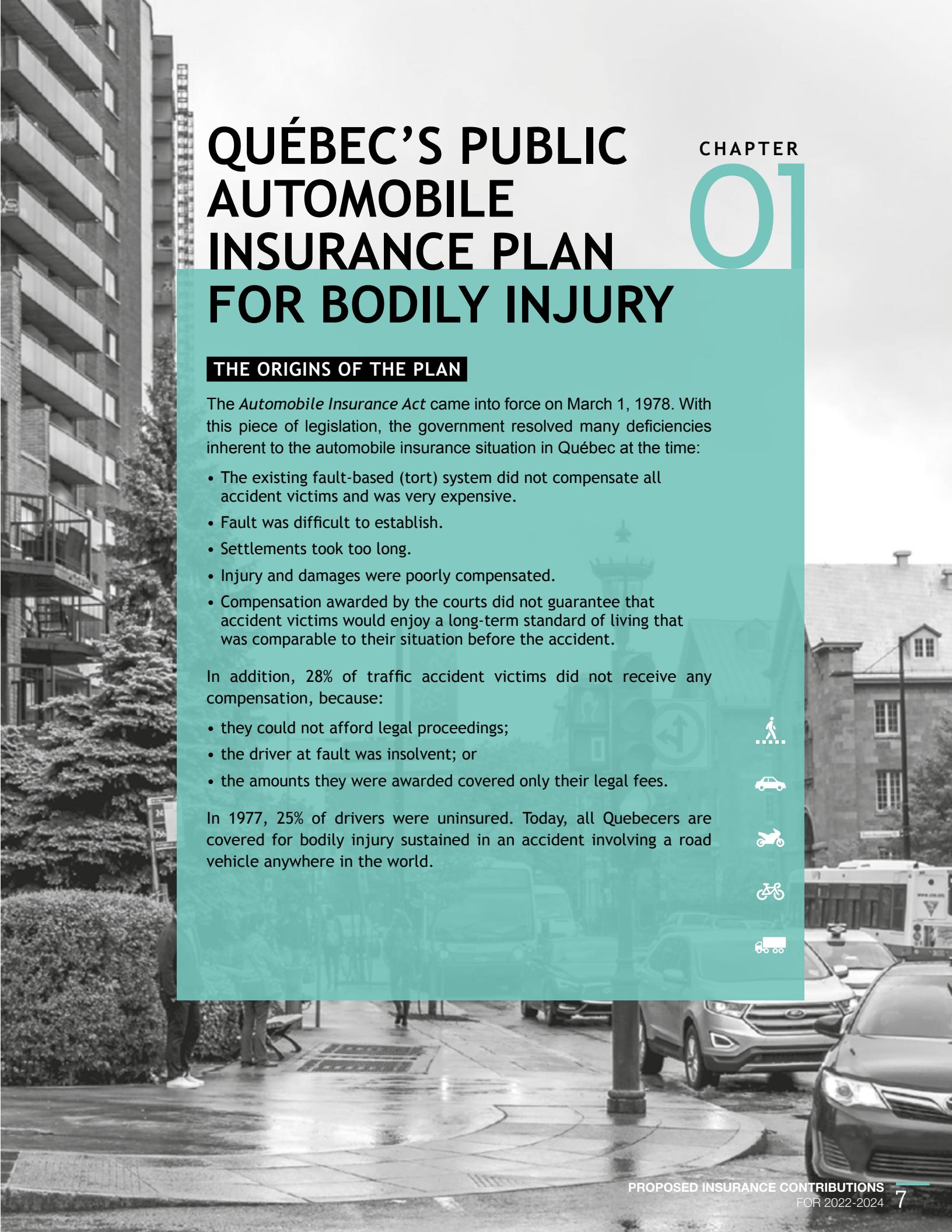
President and Chief Executive Officer

INTRODUCTION

FINANCIAL MANAGEMENT OF QUÉBEC'S PUBLIC AUTOMOBILE INSURANCE PLAN IS A LONG-TERM, ETHICAL AND SUSTAINABLE EXERCISE. IT IS INFLUENCED BY A COMBINATION OF FACTORS, THE MOST SIGNIFICANT OF WHICH ARE THE ROAD SAFETY RECORD AND ECONOMIC CONDITIONS. THE PLAN MUST THEREFORE BE REVIEWED PERIODICALLY TO ENSURE THAT IT REMAINS FINANCIALLY SOUND AND CONTINUES TO BE FAIR FOR TRAFFIC ACCIDENT VICTIMS, VEHICLE OWNERS AND DRIVERS.

In the 2018 review, the SAAQ set contribution levels until December 31, 2021. The purpose of this information document is to take stock of the plan's financial situation and propose the insurance contributions for 2022-2024.

It will start with a description of Québec's public automobile insurance program, followed by an update on the changes in its financial position and, lastly, a look at the plan's financing and funding.



QUÉBEC'S PUBLIC AUTOMOBILE INSURANCE PLAN FOR BODILY INJURY

CHAPTER

01

THE ORIGINS OF THE PLAN

The *Automobile Insurance Act* came into force on March 1, 1978. With this piece of legislation, the government resolved many deficiencies inherent to the automobile insurance situation in Québec at the time:

- The existing fault-based (tort) system did not compensate all accident victims and was very expensive.
- Fault was difficult to establish.
- Settlements took too long.
- Injury and damages were poorly compensated.
- Compensation awarded by the courts did not guarantee that accident victims would enjoy a long-term standard of living that was comparable to their situation before the accident.

In addition, 28% of traffic accident victims did not receive any compensation, because:

- they could not afford legal proceedings;
- the driver at fault was insolvent; or
- the amounts they were awarded covered only their legal fees.

In 1977, 25% of drivers were uninsured. Today, all Quebecers are covered for bodily injury sustained in an accident involving a road vehicle anywhere in the world.



AN UNEQUIVOCAL SUCCESS FOR MORE THAN 40 YEARS

THE PLAN IS:

Simple:

The only criterion to be eligible for compensation is to establish a connection between bodily injury and a traffic accident.

Universal:

All Quebecers are eligible, regardless of fault or whether the accident occurred in Québec or elsewhere in the world.

Efficient:

The SAAQ immediately takes charge of accident victims and provides them with assistance and support throughout the rehabilitation process—this support is available for the remainder of their lives if need be.

Cost-effective:

Contributions (the equivalent of premiums in private plans) are the lowest in Canada.

The insurance plan provides compensation for economic loss sustained by an accident victim as a result of an accident. Non-economic losses, such as a diminished quality of life, are also compensated. The plan includes measures that address the rehabilitation needs of accident victims, with a view to helping them resume their usual activities and return to work. Appendix A provides an overview of the main types of indemnities provided by Québec's public automobile insurance plan. Several other jurisdictions have based their own plans on the Québec model, including Manitoba, Saskatchewan and Australia.

THE SAAQ: A MODEL THAT PUTS QUEBECERS FIRST

The SAAQ's model is unique. By bringing together prevention, control over access to the road network, control of the transportation of people and goods and compensation of traffic accident victims, this model allows Quebecers to benefit from a very advantageous public insurance plan. According to the Insurance Bureau of Canada, average insurance contributions in Québec are the lowest in the country (see Appendix B).

CHANGES IN THE PLAN'S FINANCIAL SITUATION

CHAPTER

02

Two indicators are key to understanding the plan's financial situation:

- The **financing ratio** indicates whether the revenue for a given year is sufficient to cover costs related to accidents occurring in that same year. The financing ratio must be 100% each time insurance contributions are reviewed.
- The **funding ratio** indicates whether assets are sufficient to cover the compensation to be paid out to traffic accident victims, as well as administrative costs. It is important to note that good insurance guidelines target a funding ratio in excess of 100% (see Appendix C). To make sure that the plan remains financially sound and able to meet its obligations toward accident victims, the SAAQ determined that the funding ratio should be between 100% and 120%: this is called a "stabilization corridor."

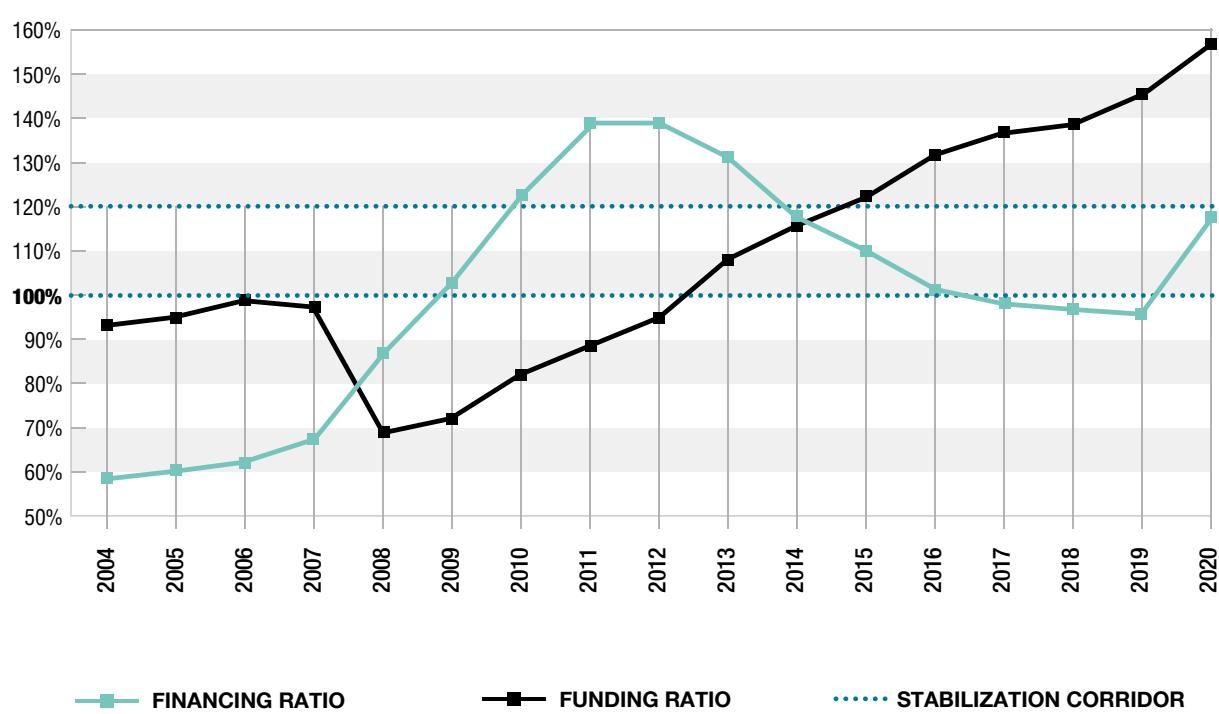
In order to ensure the financial health of the automobile insurance plan, the SAAQ has developed a strategy based on three main pillars:

- **The road safety record:** The goal is to bring the number of traffic accident victims down.
- **The costs of the plan:** The goal is to limit increasing costs and improve the quality of service through a review of insurance coverage and the continuous improvement of compensation practices.
- **Insurance contributions:** The goal is to make sure that insurance contributions take into account the road safety record and the number of people receiving compensation, and that they are indexed annually.



The following graph illustrates the changes in the Fonds d'assurance automobile du Québec since its creation in 2004:

FUNDING AND FINANCING RATIOS



— FINANCING RATIO — FUNDING RATIO STABILIZATION CORRIDOR

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Financing ratio	59%	60%	63%	68%	86%	104%	122%	139%	139%	131%	118%	110%	101%	98%	97%	96%	118% ¹
Funding ratio	92%	95%	99%	97%	69%	72%	82%	89%	95%	108%	116%	122%	132%	138%	139%	146%	156% ²

The major changes in the plan's financial situation are presented in Appendix D. ↵

¹ The year 2020 was atypical because of the pandemic. Fewer people than anticipated received compensation, resulting in lower costs than expected for the plan, which explains the 118% financing ratio.

² The funding ratio of 156% is the ratio reported in the financial statements. It must be adjusted to take into account the proposed update to insurance coverage, which makes the projected ratio 138% for 2020.

FINANCING OF QUÉBEC'S PUBLIC AUTOMOBILE INSURANCE PLAN

CHAPTER

03

The proposed insurance contributions will allow the SAAQ to achieve full financing, as required by the Act, taking into account the road safety record of each contributor category for 2017-2018-2019. This serves to remind all drivers and vehicle owners how their behaviour directly affects the amounts they pay in insurance contributions.

The proposed insurance contributions were determined further to an actuarial report³ and respect the same conditions and principles as those that have guided previous reviews:

- Contributions are calculated to ensure the plan's full financing for each new accident year.
- The contribution level for each contributor category is determined on the basis of the risk of being involved in an accident with bodily injury (taking into account both the number of accidents involving contributors in that category and the severity of the injuries sustained).
- The SAAQ encourages prudence by rewarding good behaviour.
- A balance is maintained between stable insurance contributions and the plan's financial soundness.
- There is no discrimination on the basis of age, sex or region.
- The cost of an accident is allocated equally among the categories of the vehicles involved in the accident.
- The annual increase is limited to 15%.

³ The actuarial report is available on the SAAQ's website at saaq.gouv.qc.ca/fileadmin/documents/publications/expertise-actuarielle-contributions-assurance-2022.pdf (in French only).

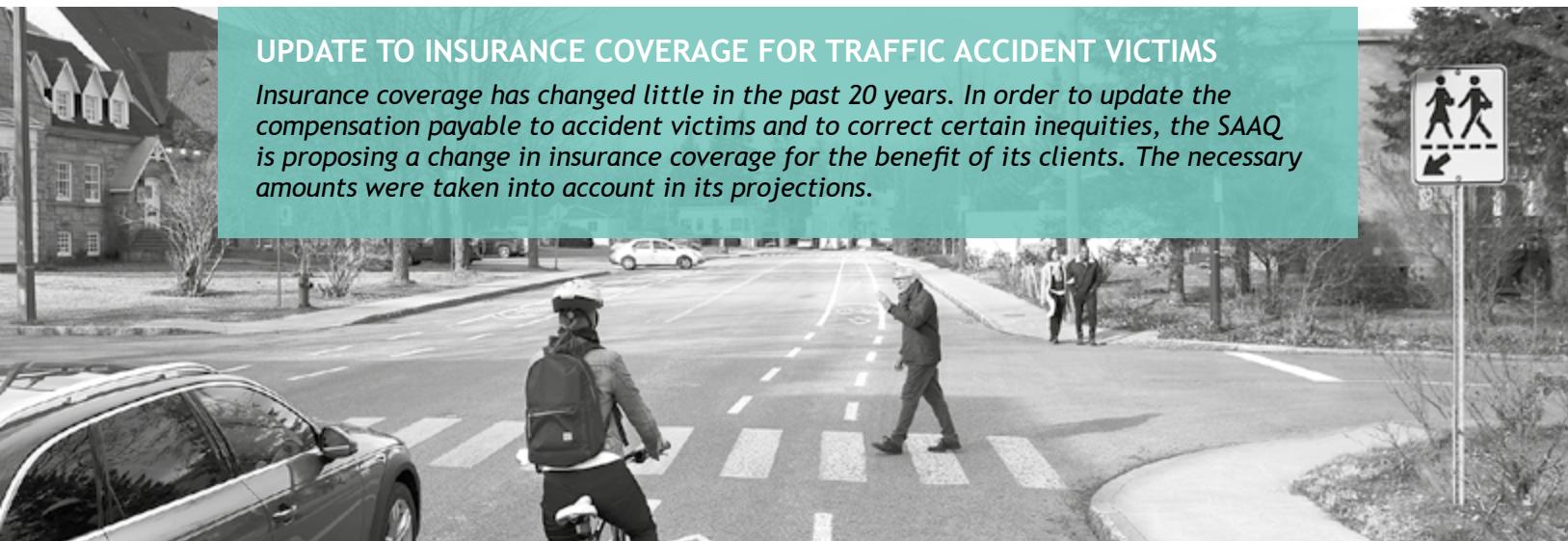


FACTS TO CONSIDER

To determine the financial needs for 2022, the following elements must be taken into consideration:

UPDATE TO INSURANCE COVERAGE FOR TRAFFIC ACCIDENT VICTIMS

Insurance coverage has changed little in the past 20 years. In order to update the compensation payable to accident victims and to correct certain inequities, the SAAQ is proposing a change in insurance coverage for the benefit of its clients. The necessary amounts were taken into account in its projections.



NUMBER OF TRAFFIC ACCIDENT VICTIMS

Historically, the road safety record and the number of people receiving compensation have trended in the same direction. For example, if the number of accidents in the road safety record dropped, the number of people receiving compensation also decreased.

An increase in the number of people receiving compensation was identified in both the last review of insurance contributions and this one.

In the past two reviews, it was observed that, although the number of accidents in the road safety record is dropping, the number of people receiving compensation has been increasing, which has an impact on the amount of insurance contributions required to cover needs.

This gap can be explained mainly by the fact that more injuries are confirmed after the accident, after a police officer indicated in his or her report that no injuries occurred. There has also been an increase in the number of claims for accidents without a police report, when the parties fill out a joint accident report, for example.

MODIFICATIONS TO THE MOTORCYCLE CATEGORY

Three-wheel motorcycles started appearing on Québec's roads at the beginning of the 2010s. At the time, to establish the insurance contribution payable, the SAAQ placed these vehicles in the motorcycle category because it was unable to assess the associated risk profile. In this review, the SAAQ has sufficient data to better assess the risk profile associated with this type of motorcycle. As a result, it has created a new class for three-wheel motorcycles to take into account the risk associated with their use. This will result in a \$399 decrease in the cost of licensing the three-wheel motorcycles covered by this particular class.

Also, there is now a special insurance contribution for learner motorcyclists, reflecting the increased risk associated with them. As of 2022, the annual cost of a motorcycle learner's licence will be \$196.

Moreover, our data shows that the risk profile of people who hold a motorcycle licence with demerit points in their record, regardless of whether the offences were committed with a motorcycle or with another type of vehicle, increases the likelihood that they will be involved in an accident. This risk must be reflected in their insurance contribution. Thus, in a spirit of fairness toward motorcyclists who adopt safe behaviour, the SAAQ will take into account all demerit points in the records of drivers with a Class 5 (passenger vehicle) licence and a Class 6 (motorcycle) licence when establishing the insurance contribution for their motorcycle driver's licence. By no longer considering a maximum of three demerit points in the records of holders of a motorcycle licence, as is currently the case, the SAAQ will further encourage safe behaviour.

The additional amounts derived from these two measures aimed at better taking risk levels into account will make it possible to reduce the insurance contributions associated with the registration of all motorcycles.

REMUNERATED PASSENGER TRANSPORTATION

Major changes in the remunerated passenger transportation industry led to the enactment of the *Act respecting remunerated passenger transportation by automobile* (CQLR, c. T-11.2), which has been in force since October 10, 2020.

The Act standardizes insurance contribution requirements for all vehicles offering remunerated passenger transportation. All so-called independent vehicles and vehicles operating under a banner (e.g. Uber) are now subject to an insurance contribution based on the accident risk associated with the vehicles.

The SAAQ recognizes that there is a good chance that the volume of vehicles qualified to offer remunerated passenger transportation will fluctuate substantially until the industry has matured. To ensure fairness toward the industry during this transformation, it is important to take into account the uncertainty regarding the fluctuation in volume and to monitor the evolution of the remunerated passenger transportation industry over the next three years. The data collected will make it possible to better reflect the new reality at the next review of insurance contributions.

During this transitional period, the SAAQ will set the insurance contribution for vehicles offering remunerated passenger transportation—there is an additional risk when these vehicles are used to transport passengers—at the same amount as for vehicles licensed as passenger vehicles or commercial vehicles (F licence plates). To establish the contribution, the SAAQ will use the insurance contribution of minibuses transporting passengers (up to 10,000 kg) as a comparator, given their similar use. Unlike minibuses, however, vehicles licensed for the remunerated transportation of passengers are already subject to an insurance contribution as either passenger vehicles or commercial vehicles (F licence plates). The insurance contribution for vehicles that offer remunerated passenger transportation will therefore be adjusted to take this difference into account.

This interim solution recognizes the increased accident risk associated with remunerated passenger transportation, as required by the *Automobile Insurance Act* (CQLR, c. A-25) and the SAAQ's fiduciary obligations. It also preserves the SAAQ's credibility with the remunerated passenger transportation industry by recognizing that structural changes are in progress and by avoiding drawing conclusions based on an evolving business model.



INSURANCE CONTRIBUTIONS FOR 2022-2024

The proposed insurance contributions for 2022 are presented below. The contributions for 2023 and 2024 are the contributions for 2022 indexed to inflation, based on an estimated 2% indexation rate.

THE PROPOSED INSURANCE
CONTRIBUTIONS ARE
THE LOWEST IN CANADA.

PASSENGER VEHICLES

DRIVER'S LICENCE (Class 5)	Insurance contribution			Number of licence holders	
	2022	2023	2024		
REGULAR OR PROBATIONARY LICENCE	No demerit points	\$83.62	\$85.29	\$87.00	4,666,000
	1-3 demerit points	\$135.91	\$138.63	\$141.40	829,000
	4-6 demerit points	\$195.23	\$199.13	\$203.11	227,000
	7-9 demerit points	\$238.72	\$243.49	\$248.36	62,000
	10-14 demerit points	\$304.35	\$310.44	\$316.65	26,000
	15 demerit points or more	\$520.51	\$530.92	\$541.54	5,000
LEARNER'S LICENCE		\$26.54	\$27.07	\$27.61	265,000
RESTRICTED LICENCE ⁴		\$180.91	\$184.53	\$188.22	10,000

VEHICLE REGISTRATION	Insurance contribution			Number of vehicles
	2022	2023	2024	
	\$59.39	\$60.58	\$61.79	5,192,000

⁴ As the result of a *Criminal Code* offence.

MOTORCYCLES

DRIVER'S LICENCE (Class 6)	Insurance contribution			Number of licence holders	
	2022	2023	2024		
REGULAR OR PROBATIONARY LICENCE (CLASS 6 LICENCE + CLASS 5 LICENCE)	No demerit points	\$69.96	\$71.36	\$72.79	377,000
	1-3 demerit points	\$112.66	\$114.91	\$117.21	95,000
	4-6 demerit points	\$151.72	\$154.75	\$157.85	29,000
	7-9 demerit points	\$203.63	\$207.70	\$211.85	8,000
	10-14 demerit points	\$233.68	\$238.35	\$243.12	4,000
	15 demerit points or more	\$481.38	\$491.01	\$500.83	1,000
REGULAR OR PROBATIONARY LICENCE (CLASS 6 LICENCE ONLY)	No demerit points	\$69.96	\$71.36	\$72.79	Fewer than 500
	1-3 demerit points	\$112.66	\$114.91	\$117.21	
	4-6 demerit points	\$151.72	\$154.75	\$157.85	
	7-9 demerit points	\$203.63	\$207.70	\$211.85	
	10-14 demerit points	\$233.68	\$238.35	\$243.12	
	15 demerit points or more	\$481.38	\$491.01	\$500.83	
LEARNER'S LICENCE	No demerit points	\$195.59	\$199.50	\$203.49	24,000
	1-3 demerit points	\$314.97	\$321.27	\$327.70	8,000
	4-6 demerit points	\$424.17	\$432.65	\$441.30	Very small number Exceptional situation
	7-9 demerit points	\$569.29	\$580.68	\$592.29	
	10-14 demerit points	\$653.31	\$666.38	\$679.71	
	15 demerit points or more	\$1,345.81	\$1,372.73	\$1,400.18	

MOTORCYCLE REGISTRATION	Insurance contribution			Number of vehicles	
	2022	2023	2024		
REGULAR MOTORCYCLES – CYLINDER CAPACITY	125 cc or less (11 kW)	\$232.41	237,06 \$	241,80 \$	3 000
	126-400 cc (12 to 35 kW)	\$364.81	372,11 \$	379,55 \$	16 000
	Over 400 cc	\$540.51	551,32 \$	562,35 \$	184 000
THREE WHEELS		\$188.96	192,74 \$	196,59 \$	20 000
AT RISK		\$1,525.05	1 555,55 \$	1 586,66 \$	7 000
RESTRICTED-AREA USE		\$104.03	106,11 \$	108,23 \$	3 000



REMUNERATED PASSENGER TRANSPORTATION

VEHICLE REGISTRATION	Insurance contribution			Number of vehicles
	2022	2023	2024	
VEHICLES OFFERING REMUNERATED PASSENGER TRANSPORTATION	\$148.19	\$151.15	\$154.17	N/A

OTHER VEHICLES

	REGISTRATION OF OTHER VEHICLES	Insurance contribution			Number of vehicles	
		2022	2023	2024		
BUSES	School buses	\$180.75	\$184.37	\$188.06	12,000	
	City buses (ATUQ members)	\$1,781.21	\$1,816.83	\$1,853.17	4,000	
	Other	Up to 10,000 kg	\$207.58	\$211.73	\$215.96	4,000
	Other	More than 10,000 kg	\$1,034.68	\$1,055.37	\$1,076.48	1,000
TRUCKS	Other than government or government agency trucks	2 axles	\$116.59	\$118.92	\$121.30	66,000
		3 or 4 axles	\$185.16	\$188.86	\$192.64	46,000
		5 or more axles	\$322.59	\$329.04	\$335.62	55,000
	Trucks belonging to the government or a recognized government agency, or farm vehicles over 3,000 kg	2 axles	\$77.71	\$79.26	\$80.85	3,000
		3 or 4 axles	\$105.04	\$107.14	\$109.28	4,000
		5 or more axles	\$167.91	\$171.27	\$174.70	2,000
COMMERCIAL VEHICLES (F LICENCE PLATES)	Other than farm vehicles	\$89.23	\$91.01	\$92.83	577,000	
	Farm vehicles up to 3,000 kg	\$76.37	\$77.90	\$79.46	21,000	
RESTRICTED-AREA USE VEHICLES		\$28.25	\$28.82	\$29.40	3,000	
MOPEDS AND MOTORIZED SCOOTERS		\$240.09	\$244.89	\$249.79	34,000	
VEHICLES OPERATED UNDER A TERRITORIAL LICENCE		\$71.49	\$72.92	\$74.38	2,000	
VEHICLES WITH A DEALER PLATE		\$124.33	\$126.82	\$129.36	22,000	
FARM TRACTORS		\$19.23	\$19.61	\$20.00	168,000	

FUNDING OF QUÉBEC'S PUBLIC AUTOMOBILE INSURANCE PLAN

During the review of insurance contributions for 2019-2021, the projected funding ratio for the Fonds d'assurance automobile du Québec was 127%. The SAAQ decided to give back \$270 million to contributors at a rate of \$90 million per year for 3 years, which lowered the projected funding ratio to 125%.

In this review, thanks to the higher than expected investment yields and the sound management of the plan, the projected funding ratio is currently 138%. The SAAQ is therefore proposing that a portion of the capital surplus once again be given back to contributors.

In order to make sure that the plan continues to have the assets required to meet its obligations toward traffic accident victims, the SAAQ believes that it must remain cautious with regard to the financial markets, especially during the post-pandemic period.

Taking all this into account, the SAAQ will give back a portion of the capital surplus equivalent to \$1.158 billion in the form of a break on insurance contributions payable, including the tax on insurance. This payment holiday will apply to passenger vehicle and motorcycle licence holders for the next 2 years.



Holders of these licences, who pay an insurance contribution determined on the basis of the number of demerit points in their record, will not be eligible for a payment holiday applicable to the portion of their contribution related to demerit points. Moreover, future learner drivers are not eligible for the payment holiday, because they did not hold a licence at the time that the capital surplus was accumulated.

Although they will receive a payment holiday from their insurance contribution, licence holders will still receive a payment notice detailing administrative and other fees payable.

SUMMARY OF CAPITAL SURPLUS RETURNS

Period	Projected funding ratio before return	Total return	Projected funding ratio after return
2022-2024	138%	\$1.158 billion	125%
2019-2021	127%	\$270 million	125%

A COMPREHENSIVE VIEW FOR OUR CLIENTS

CHAPTER

05

The following tables present the annual cost of insurance for bodily injury for the vast majority of our clients.



HOLDERS OF A CLASS 5 DRIVER'S LICENCE WITH NO DEMERIT POINTS

	2021	2022	2023*	2024*
INSURANCE CONTRIBUTION ON THE DRIVER'S LICENCE WITH NO DEMERIT POINTS	\$74.28	\$83.62	\$85.29	\$87.00
SURPLUS REDISTRIBUTION	(\$15.63)	\$(83.62)	\$(85.29)	-
ANNUAL COST OF INSURANCE FOR BODILY INJURY	\$58.65	\$0	\$0	\$87.00

- With a passenger vehicle

INSURANCE CONTRIBUTION ON THE REGISTRATION	\$67.59**	\$59.39	\$60.58	\$61.79
ANNUAL COST OF INSURANCE FOR BODILY INJURY	\$126.24	\$59.39	\$60.58	\$148.79

* Based on an estimated 2% indexation

** Contribution of \$65.03 + \$2.56. The net result of the combined redistribution is \$13.07, corresponding to -\$15.63 on the licence and \$2.56 on vehicle registration.

TOTAL SAVINGS
\$184.11
 (including tax on insurance)
 In the form of a payment
 holiday from the insurance
 contribution on the driver's
 licence for 2 years

**HOLDERS OF A CLASS 5 AND CLASS 6 LICENCE,
WITH NO DEMERIT POINTS, WHO OWN A PASSENGER VEHICLE
AND A REGULAR MOTORCYCLE (MORE THAN 400 CC)**

	2021	2022	2023*	2024*
INSURANCE CONTRIBUTION ON THE DRIVER'S LICENCE WITH NO DEMERIT POINTS (AUTOMOBILE + MOTORCYCLE)	\$74.28 + \$67.59	\$83.62 + \$69.96	\$85.29 + \$71.36	\$87.00 + \$72.79
INSURANCE CONTRIBUTION ON THE REGISTRATION (AUTOMOBILE + MOTORCYCLE)	\$65.03 + \$597.97	\$59.39 + \$540.51	\$60.58 + \$551.32	\$61.79 + \$562.35
SURPLUS REDISTRIBUTION	(\$26.14**)	\$(153.58)	\$(156.65)	-
ANNUAL COST OF INSURANCE FOR BODILY INJURY	\$778.73	\$599.90	\$611.90	\$783.93

* Based on an estimated 2% indexation

** Net result of the combined redistribution on the passenger

vehicle driver's licence and the passenger vehicle registration (\$13.07)

+ net result of the combined redistribution on the motorcycle driver's licence

and the motorcycle registration (\$13.07).

**TOTAL SAVINGS
\$338.15**

(including tax on insurance)

In the form of a payment holiday
from the insurance contribution on
the driver's licence for 2 years



**HOLDERS OF A CLASS 5 DRIVER'S LICENCE WITH NO DEMERIT POINTS,
WHO OWN A PASSENGER VEHICLE USED FOR REMUNERATED
PASSENGER TRANSPORTATION**

	2022	2023	2024
INSURANCE CONTRIBUTION ON THE DRIVER'S LICENCE WITH NO DEMERIT POINTS	\$83.62	\$85.29	\$87.00
INSURANCE CONTRIBUTION ON THE REGISTRATION (PASSENGER VEHICLE)	\$59.39	\$60.58	\$61.79
INSURANCE CONTRIBUTION FOR REMUNERATED PASSENGER TRANSPORTATION	\$148.19	\$151.15	\$154.17
SURPLUS REDISTRIBUTION	\$(83.62)	\$(85.29)	-
ANNUAL COST OF INSURANCE FOR BODILY INJURY	\$207.58	\$211.73	\$302.96

* Based on an estimated 2% indexation

**TOTAL SAVINGS
\$184.11**
(including tax on insurance)
In the form of a payment holiday
from the insurance contribution on
the driver's licence for 2 years



CONCLUSION

THE SAAQ CONDUCTS COMPREHENSIVE REVIEWS OF THE FINANCIAL SITUATION OF QUÉBEC'S PUBLIC AUTOMOBILE INSURANCE PLAN IN TERMS OF BOTH FINANCING AND FUNDING IN ORDER TO ENSURE A BALANCE BETWEEN INSURANCE COVERAGE, THE NUMBER OF PEOPLE RECEIVING COMPENSATION AND INSURANCE CONTRIBUTIONS.

In addition, it is convinced that its proposed update to insurance coverage will better meet the needs of traffic accident victims, taking new realities into account.

The SAAQ will continue to revise its model by establishing insurance contributions that take into account both drivers' behaviour and the types of vehicles they drive, and by enhancing licensing requirements.

By refining its road safety strategies, the SAAQ will continue to encourage all road users to adopt safe behaviours in order to improve the road safety record.

Insurance contributions are a source of financing intended to cover the costs of the automobile insurance policy for bodily injury for all Quebecers, wherever they may be in the world. The proposed insurance contributions for 2022-2024

once again highlight the relationship between drivers' behaviour and their insurance contributions, while at the same time ensuring the plan's sustainability and fairness among contributors.

In addition, giving back a portion of the capital surplus benefits contributors, while maintaining the assets required to meet the SAAQ's obligations toward traffic accident victims.

The SAAQ believes that its proposal is fair and reasonable. However, it is open to suggestions and therefore invites all interested individuals and groups to express their ideas and concerns during the public consultation that the Panel of Experts on Automobile Insurance Contributions will hold over the coming months.

**MAIN TYPES OF COMPENSATION PROVIDED
BY QUÉBEC'S PUBLIC AUTOMOBILE
INSURANCE PLAN.**

2020 compensation table

Compensation for accidents that occurred between January 1 and December 31, 2020

Indemnities	Amounts
INCOME REPLACEMENT INDEMNITY ⁵	90% of net income, calculated on the basis of a gross annual income of up to \$78,500
INDEMNITY FOR CARE EXPENSES	Weekly amount: \$457 for 1 person \$513 for 2 people \$566 for 3 people \$624 for 4 or more people
LUMP-SUM INDEMNITY FOR STUDENTS ⁶	\$5,479 for each school year lost at the elementary level \$10,054 for each school year lost at the secondary level \$10,054 for each term lost at the post-secondary level, up to \$20,107 per year
LUMP-SUM INDEMNITY FOR A DIMINISHED QUALITY OF LIFE	Up to \$256,383 ⁷



5 When an income replacement indemnity is awarded to an accident victim under age 65, the indemnity is reduced by 25% when the beneficiary turns 65, by 50% when the beneficiary turns 66, by 75% when the beneficiary turns 67, and ceases being paid altogether when the beneficiary turns 68.

6 Starting on the date they were scheduled to complete their studies, students may be entitled to receive an indemnity based on \$47,591, which corresponds to the average earnings of Québec workers for the current year.

7 The maximum amount is paid when the accident victim is in a vegetative coma, for example.

Types of expenses	Amounts
TRAVEL EXPENSES	<p>To receive care or undergo treatment:</p> <p>Private vehicle: \$0.145/km</p> <p>Public transit: reimbursed in full</p> <p>Taxi: reimbursed in full when public transit does not serve the route to be taken or when the victim's medical condition does not allow it to be used</p>
MEALS	<p>Up to \$10.40 for breakfast</p> <p>Up to \$14.30 for lunch</p> <p>Up to \$21.55 for supper</p>
CARE EXPENSES	<p>Weekly maximum:</p> <p>\$139 for 1 person</p> <p>\$182 for 2 people</p> <p>\$232 for 3 people</p> <p>\$275 for 4 or more people</p>
HOME CARE EXPENSES	<p>Up to \$915 per week for an accident victim whose state of health requires continuous care</p>
AVAILABILITY ALLOWANCE	<p>Up to \$35 for availability of 4 hours or less</p> <p>Up to \$70 for availability of more than 4 hours</p>
CLOTHING	<p>Up to \$400 for cleaning, repairing or replacing clothing worn during the accident</p> <p>Up to \$1,000 for leather clothing or a helmet worn in a motorcycle accident</p>
PRESCRIPTION CONTACT LENSES	<p>Up to \$110⁸</p>
PRESCRIPTION EYEGLASSES	<p>Up to \$200 for the frames</p> <p>Actual cost of the lenses reimbursed in full</p>
MEDICAL REPORTS	<p>Up to \$30 for an initial report</p> <p>Up to \$80 for an assessment report</p> <p>Up to \$80 for a progress report</p> <p>Up to \$75 for an after-effects report</p>
PROFESSIONAL FEES	<p>Physiotherapy: up to \$55 for each prescribed treatment</p> <p>Chiropractic: up to \$31 for each prescribed treatment</p> <p>Acupuncture: up to \$26 for each prescribed treatment</p> <p>Psychotherapy: up to \$86.60 for each prescribed treatment</p> <p>For other professional fees, contact our call centre</p>
SUBSTITUTE LABOUR COSTS FOR A FAMILY BUSINESS	<p>Up to \$913 per week for the first 180 days after the accident (supporting documents required)</p>
MEDICATION	<p>Automated reimbursement at the pharmacy</p> <p>or</p> <p>Reimbursement determined on presentation of bills or receipts to the SAAQ</p>
PROSTHESES, ORTHOSES, ETC.	<p>Reimbursement determined on presentation of bills or receipts, up to the maximum amount provided for by regulation</p>

⁸ Possibility of receiving a reimbursement of up to \$300, under certain conditions.

**HOW QUÉBEC COMPARES WITH OTHER
CANADIAN PROVINCES AND TERRITORIES***

Average insurance premiums**

YEAR	SAAQ	AVERAGE	SAAQ RANKING
2018	\$784	\$1,164	1/12
2017	\$753	\$1,132	1/12
2016	\$729	\$1,118	1/12

* Does not include Nunavut.

** In Québec, the “average insurance premium” includes the insurance contribution collected by the SAAQ to cover bodily injury, and the premium for private civil liability insurance taken out to cover property damage.



APPENDIX

C

FUNDING RATIOS TARGETED BY PUBLIC INSURANCE PLANS FOR BODILY INJURY⁹

JURISDICTIONS	TARGETED FUNDING RATIOS ¹⁰
ALBERTA	Between 114% and 128%
BRITISH COLUMBIA	At least 130%
PRINCE EDWARD ISLAND	Between 100% and 125%
MANITOBA	130%
NEW BRUNSWICK	Between 115% and 125%
NOVA SCOTIA	100% by 2024
ONTARIO	At least 100%
QUÉBEC (CNESST)	Between 95% and 110%
SASKATCHEWAN	Between 105% and 120%
NEWFOUNDLAND AND LABRADOR	Between 100% and 120%
NORTHWEST TERRITORIES	125%
YUKON	Between 121% and 129%



⁹ Given that the other public automobile insurance plans in Canada cover both bodily injury and property damage, here we have compared funding ratios targeted by public worker compensation plans, which also cover bodily injury but are easier to compare.

¹⁰ The targeted funding ratio is expressed as either a specific percentage or a range.

**MAJOR CHANGES IN
THE PLAN'S FINANCIAL
SITUATION**

2004:

- Underfinanced (59%)
- Underfunded (92%)
- In 2018, the plan was unable to meet its obligations toward traffic accident victims
- Creation of the Fonds d'assurance automobile du Québec, a trust patrimony separate from the government's consolidated fund

2008:

- Insurance contributions were increased to re-establish the full financing of the plan
- Underfunding of the plan was accentuated by the financial crisis in 2008

2011:

- Use of financing surplus to re-establish the plan's funding ratio
- Commitment to give contributors back any overfinancing once the funding ratio was reestablished

2016:

- Decrease in contributions (\$394 million per year for 3 years)

2019:

- First capital surplus return (\$270 million over 3 years)

2022:

- Second capital surplus return (\$1.1 billion over 2 years)



**Société de l'assurance
automobile**

Québec 

Avec vous,
au cœur de votre sécurité