

Terms of Reference
For the Public Utilities Board Review
Into Automobile, Homeowners, Commercial and Marine Insurance

The Public Utilities Board shall undertake a review and report on the issues outlined below with respect to Automobile, Homeowner, Commercial and Marine insurance in the province and in addition shall detail other issues of concern raised by stakeholders participating in the review, including public insurance.

Automobile Insurance

- ▶ To conduct a closed claim study to determine the costs associated with third party liability bodily injury claims arising from the use of private passenger automobiles and commercial automobiles.
- ▶ To review the impact on rates of the use of a monetary cap of various amounts on claims for non-economic loss for minor/mild injuries and the implications of such a cap for claimants.
- ▶ To review the impact on rates of the use of a deductible of various amounts on claims for non-economic loss and the implications of such a deductible for claimants.
- ▶ To review the feasibility and impact on rates of providing consumers one of the following choice options when purchasing liability coverage:
 - 1)no restrictions on non-economic loss; or
 - a cap on the amount of non-economic loss recoverable; and
 - 2)no restrictions on non-economic loss; or
 - a deductible from the amount of non-economic loss recoverable.
- ▶ In relation to accident benefits, to review the implications of mandating that consumers carry accident benefits coverage with respect to:
 - the impact on rates,
 - benefits to claimants; and
 - integration with other insurance plans.
- ▶ To review the implications to policyholders of the elimination of age, gender and marital status as rating factors, including an examination of alternative rating systems such as the proposed Alberta grid rating system with an all comers rule.
- ▶ To review the implications of permitting group rating.
- ▶ To report on any additional cost saving measures identified by the Board during its review.

Homeowners Insurance

- ▶ **Report on issues which may be raised surrounding availability and accessibility of this insurance in light of the associated profit margins and identify ways in which these issues may be addressed such as through:**
 - **rate regulation;**
 - **alternative means of providing this insurance, including the introduction of risk sharing pools;**
 - and**
 - **underwriting guidelines.**

Commercial Insurance

- ▶ **Report on issues which may be raised surrounding availability and accessibility of this insurance in light of the associated profit margins, particularly in reference to the hospitality/tourism industry, as well as, not-for-profit organizations, volunteer organizations and other individuals involved in volunteer activities. Identify ways in which these issues may be addressed such as through:**
 - **rate regulation;**
 - **alternative means of providing this insurance including the introduction of risk sharing pools, caps or deductibles; and**
 - **grouping or classification of commercial consumers in setting rates.**

Marine Insurance

- ▶ **Report on issues that may be raised with respect to the accessibility and availability of marine insurance.**
- ▶ **Report on possible reasons for high loss ratios and year to year variation.**

Note: In addition to the issues the Public Utilities Board is directed to undertake in these Terms of Reference, the Board is undertaking public hearings to review its benchmarks in respect to both commercial and private passenger automobile insurance and issues surrounding how benchmarks are established such as rate of return on equity, rate classification systems, reserves and benchmarking policies and procedures generally.