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PART II/PARTIE II

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REVISED REGULATIONS OF SASKATCHEWAN

SASKATCHEWAN REGULATIONS 5/2004*The Automobile Accident Insurance Act*

Section 81

Order in Council 73/2004, dated February 11, 2004

(Filed February 11, 2004)

Title

1 These regulations may be cited as *The Automobile Accident Insurance (General) Amendment Regulations, 2004*.

R.R.S. c.A-35 Reg 4 amended

2 *The Automobile Accident Insurance (General) Regulations, 2002* are amended in the manner set forth in these regulations.

Section 18 amended

3 Subsection 18(2) is repealed and the following substituted:

“(2) The insurer may issue a temporary certificate of insurance for any vehicle that is being moved from a point outside Saskatchewan to the place of residence in Saskatchewan of the person named in the temporary certificate of insurance”.

New section 26.1

4 The following section is added after section 26:

“Application of Part

26.1 This Part applies only to the following motor vehicles and to owners of the following motor vehicles:

(a) a motor vehicle registered in Class PV other than a hearse, U-Drive vehicle, bus, ambulance, police vehicle, RCMP vehicle or a vehicle owned by either the federal government or a Crown corporation;

(b) a motor vehicle registered in Class F with a manufacturer’s gross vehicle weight rating of 5 000 kilograms or less other than a motor vehicle registered in Class F by a non-resident owner as defined in section 18 of the Act and to which that section applies”.

Section 29 amended

5 Clause 29(3)(b) is repealed and the following substituted:

“(b) a motor vehicle registered in Class F with a manufacturer’s gross vehicle weight rating of 5 000 kilograms or less other than a motor vehicle registered in Class F by a non-resident owner as defined in section 18 of the Act and to which that section applies”.

New Part VIII.1**6 The following Part is added after section 31:****“PART VIII.1
Commercial Rate Assessment****“Interpretation of Part****31.1(1) In this Part:**

- (a) **‘assessment date’** means the assessment date for a registrant that is set by the insurer;
- (b) **‘chargeable incident’** means, other than in sections 31.8 to 31.9, an accident involving a commercial vehicle in which the driver of the commercial vehicle caused or contributed to the accident and is at least 50% at fault for the accident;
- (c) **‘commercial vehicle’** means a vehicle that is registered:
 - (i) in Class A, C, D, L, PB, PC, PS or PT;
 - (ii) in Class F, but only if:
 - (A) the manufacturer’s gross vehicle weight rating stated in the certificate of registration for the vehicle exceeds 5 000 kilograms; or
 - (B) the registrant is a corporation;
 - (iii) in Class PV, but only if:
 - (A) the vehicle is registered as a hearse, U-Drive vehicle, bus, ambulance, police vehicle or RCMP vehicle; or
 - (B) the registrant is a corporation;

but does not include any vehicle that is registered in Saskatchewan by a non-resident owner as defined in section 18 of the Act and to which that section applies;

- (d) **‘loss ratio’** means, other than in sections 31.8 to 31.9, the loss ratio, as determined pursuant to sections 31.3 and 31.4, for a registrant;
 - (e) **‘new registrant’** means a registrant that has never registered a commercial vehicle with the administrator before its first application to register a commercial vehicle;
 - (f) **‘prior registrant’** means a registrant that has previously registered a commercial vehicle with the administrator;
 - (g) **‘registrant’** means a person or partnership that registers a commercial vehicle with the administrator.
- (2) In this Part, a registrant is considered to be related to a prior registrant if:
- (a) 50% or more of the commercial vehicles registered by the registrant were previously registered by the prior registrant;
 - (b) 50% or more of the drivers employed by the registrant were previously employed by the prior registrant; and

- (c) the insurer is satisfied that:
- (i) the persons who directly or indirectly control the registrant also directly or indirectly controlled the prior registrant; or
 - (ii) the persons who directly or indirectly control the registrant and the persons who directly or indirectly controlled the prior registrant are not dealing at arm's length.
- (3) For the purposes of these regulations, persons are considered not to be dealing at arm's length if they are not dealing at arm's length within the meaning of the *Income Tax Act* (Canada).

“Application of Part

31.2 This Part applies only to commercial vehicles and to registrants of commercial vehicles.

“Limit to claims history and setting assessment date

31.21(1) Subject to sections 31.4 and 31.8 to 31.9, in determining if a registrant is entitled to a discount or is required to pay a surcharge on its basic premium with respect to a commercial vehicle, the insurer shall only consider chargeable incidents involving a registrant's commercial vehicles that occurred in the five years preceding the registrant's assessment date.

(2) For the purposes of this Part, the insurer shall set an assessment date for every registrant and provide every registrant with written notice of the registrant's assessment date and the date of an assessment within 30 days after the assessment.

“Loss ratio

31.3(1) In this section and in section 31.4:

- (a) **‘claims paid’** means, with respect to a calendar year, the sum of all amounts paid by the insurer on behalf of a registrant that are attributable to all chargeable incidents involving the registrant's commercial vehicles that occurred in the year, with the amount paid for each chargeable incident being determined in accordance with subsection (2);
 - (b) **‘premiums paid’** means the amount of all premiums paid pursuant to the Act to the insurer by the registrant to register all of the registrant's commercial vehicles in a calendar year.
- (2) For the purposes of determining the claims paid by the insurer on behalf of a registrant pursuant to subsection (3), the insurer shall include for each chargeable incident involving the registrant's commercial vehicles the lesser of:
- (a) the actual amount paid by the insurer on behalf of the registrant with respect to that chargeable incident involving that commercial vehicle; and
 - (b) two times the amount of all premiums paid pursuant to the Act to the insurer by the registrant to register all of the registrant's commercial vehicles in the calendar year.

(3) Subject to section 31.4, the loss ratio for a registrant is the amount LR expressed as a percentage and calculated in accordance with the following formula:

$$\text{LR} = \frac{(\text{CP1} + \text{CP2} + \text{CP3} + \text{CP4} + \text{CP5})}{(\text{PP1} + \text{PP2} + \text{PP3} + \text{PP4} + \text{PP5})} \times 100$$

where:

CP1 is the amount of claims paid on behalf of the registrant, or a person operating the vehicle on behalf of the registrant, with respect to chargeable incidents that occurred in the calendar year before the registrant's assessment date;

CP2 is the amount of claims paid on behalf of the registrant, or a person operating the vehicle on behalf of the registrant, with respect to chargeable incidents that occurred in the calendar year that is two years before the registrant's assessment date;

CP3 is the amount of claims paid on behalf of the registrant, or a person operating the vehicle on behalf of the registrant, with respect to chargeable incidents that occurred in the calendar year that is three years before the registrant's assessment date;

CP4 is the amount of claims paid on behalf of the registrant, or a person operating the vehicle on behalf of the registrant, with respect to chargeable incidents that occurred in the calendar year that is four years before the registrant's assessment date;

CP5 is the amount of claims paid on behalf of the registrant, or a person operating the vehicle on behalf of the registrant, with respect to chargeable incidents that occurred in the calendar year that is five years before the registrant's assessment date;

PP1 is amount of premiums paid by a registrant for all of its commercial vehicles in the calendar year before the registrant's assessment date;

PP2 is the amount of premiums paid by a registrant for all of its commercial vehicles in the calendar year that is two years before the registrant's assessment date;

PP3 is the amount of premiums paid by a registrant for all of its commercial vehicles in the calendar year that is three years before the registrant's assessment date;

PP4 is the amount of premiums paid by a registrant for all of its commercial vehicles in the calendar year that is four years before the registrant's assessment date;

PP5 is the amount of premiums paid by a registrant for all of its commercial vehicles in the calendar year that is five years before the registrant's assessment date.

“Loss ratio for new registrants

31.4(1) Subject to subsections (2) to (4) and section 31.9, the loss ratio for a new registrant is deemed to be 70.1%.

(2) If a new registrant is related to a prior registrant, the insurer shall calculate the loss ratio for the new registrant pursuant to section 31.3 as if the new registrant were the prior registrant and, for that purpose:

(a) all the claims paid on behalf of the prior registrant with respect to all chargeable incidents on every commercial vehicle registered to the prior registrant are deemed to be claims paid on behalf of the new registrant;

(b) the premiums paid by the prior registrant are deemed to be premiums paid by the new registrant; and

(c) section 31.3 applies, with any necessary modification, to the new registrant as if it were the prior registrant.

(3) The loss ratio for a new registrant is the loss ratio determined in accordance with subsection (4) if:

(a) the new registrant and prior registrant are not related within the meaning of subsection 31.1(2); and

(b) the new registrant has registered or has applied to register commercial vehicles that were previously owned by the prior registrant.

(4) In the circumstances mentioned in subsection (3), the loss ratio for the new registrant is the ratio LRNR determined in accordance with the following formula:

$$\text{LRNR} = \left(\text{LRPR} \times \frac{\text{PV}}{\text{TV}} \right) + \left(70.1\% \times \frac{\text{NV}}{\text{TV}} \right)$$

where:

LRPR is the loss ratio for the prior registrant as determined in accordance with section 31.3;

PV is the number of vehicles that were previously registered by the prior registrant and are now registered by the new registrant or with respect to which the new registrant has applied for registration;

NV is the number of vehicles registered by the new registrant or with respect to which the new registrant has applied for registration excluding those vehicles that were previously registered by the prior registrant;

TV is the total number of vehicles registered by the new registrant or with respect to which the new registrant has applied for registration.

“Discount on basic premium

31.5(1) No registrant with a loss ratio greater than 70% is entitled to a discount in the basic premium established pursuant to subsection 5(2) of the Act.

(2) Subject to these regulations, a registrant is entitled to a discount in the basic premium if the commercial vehicle is registered in the name of the registrant and the registrant has a loss ratio equal to or less than 70%.

(3) If a registrant is entitled to a discount in the premium payable, the premium payable for each commercial vehicle registered to that registrant is the amount PP calculated in accordance with the following formula:

$$PP = BP - (BP \times DA)$$

where:

BP is the basic premium established pursuant to subsection 5(2) of the Act;

DA is the identified discount percentage based on the registrant's loss ratio determined using the commercial rating scale set out in Table 4.

“Surcharge on basic premium

31.51(1) A registrant with a loss ratio greater than 70% shall pay a surcharge in the amount determined in accordance with subsection (2).

(2) If a registrant is required to pay a surcharge in addition to the basic premium, the amount payable for each commercial vehicle registered to that registrant is the amount PP calculated in accordance with the following formula:

$$PP = BP + (BP \times SA)$$

where:

BP is the basic premium established pursuant to subsection 5(2) of the Act;

SA is the identified surcharge percentage based on the registrant's loss ratio determined using the commercial rating scale set out in Table 5.

“Claims payback

31.6(1) If a commercial vehicle is involved in a motor vehicle accident and that motor vehicle accident is a chargeable incident respecting the commercial vehicle, the registrant who registered the commercial vehicle may elect to reimburse the insurer for any moneys paid out by the insurer pursuant to Parts III and IV of the Act on behalf of that commercial vehicle.

(2) If a registrant elects to reimburse the insurer pursuant to subsection (1) and makes full payment in that regard:

(a) the motor vehicle accident is not to be considered a chargeable incident for the purposes of this Part; and

(b) the insurer shall adjust the registrant's loss ratio and reimburse the registrant for any surcharge imposed with respect to that accident that the registrant was required to pay in the period following the registrant's most recent assessment date set pursuant to section 31.21.

“Where no surcharge is payable

31.7(1) This section applies to a registrant only if the insurer:

(a) has determined a safety rating pursuant to Part VIII for the registrant in the registrant's capacity as a driver; and

(b) has determined that the registrant must pay a surcharge in accordance with Part VIII.

(2) This section does not apply to commercial vehicles that are registered in Saskatchewan pursuant to the IRP.

(3) In the circumstances mentioned in subsection (1), the registrant is not required to pay a surcharge on the basic premium for the registrant's commercial vehicles.

“Loss ratio respecting certain registrants with IRP commercial vehicles

31.8(1) In this section and in sections 31.81 and 31.9:

- (a) **‘chargeable incident’** means an accident involving an IRP commercial vehicle in which the driver of the IRP commercial vehicle caused or contributed to the accident and is at least 50% at fault for the accident;
 - (b) **‘claims paid’** means, with respect to a calendar year, the sum of all amounts paid by any person who insures the IRP commercial vehicles on behalf of a registrant that are attributable to all chargeable incidents involving the registrant’s IRP commercial vehicles that occurred in the year;
 - (c) **‘IRP commercial vehicle’** means a commercial vehicle registered in Saskatchewan pursuant to the IRP;
 - (d) **‘loss ratio’** means the loss ratio calculated pursuant to subsection (2);
 - (e) **‘national safety code audit’** means an audit conducted pursuant to the national safety code that was adopted by the Council of Ministers Responsible for Transportation;
 - (f) **‘premiums paid’** means the amount of all premiums paid to any person who insures the IRP commercial vehicles by the registrant to register all of the registrant’s IRP commercial vehicles in a calendar year.
- (2) For the purposes of this section and sections 31.81 and 31.9, the loss ratio respecting IRP commercial vehicles of a registrant that has registered IRP commercial vehicles with the administrator is the amount LR expressed as a percentage and calculated in accordance with the following formula:

$$LR = \frac{(CP1 + CP2 + CP3 + CP4 + CP5)}{(PP1 + PP2 + PP3 + PP4 + PP5)} \times 100$$

where:

CP1 is the amount of claims paid on behalf of the registrant, or a person operating the vehicle on behalf of the registrant, with respect to chargeable incidents that occurred in the calendar year before the registrant’s assessment date;

CP2 is the amount of claims paid on behalf of the registrant, or a person operating the vehicle on behalf of the registrant, with respect to chargeable incidents that occurred in the calendar year that is two years before the registrant’s assessment date;

CP3 is the amount of claims paid on behalf of the registrant, or a person operating the vehicle on behalf of the registrant, with respect to chargeable incidents that occurred in the calendar year that is three years before the registrant’s assessment date;

CP4 is the amount of claims paid on behalf of the registrant, or a person operating the vehicle on behalf of the registrant, with respect to chargeable incidents that occurred in the calendar year that is four years before the registrant’s assessment date;

CP5 is the amount of claims paid on behalf of the registrant, or a person operating the vehicle on behalf of the registrant, with respect to chargeable incidents that occurred in the calendar year that is five years before the registrant's assessment date;

PP1 is amount of premiums paid by a registrant for all of its commercial vehicles in the calendar year before the registrant's assessment date;

PP2 is the amount of premiums paid by a registrant for all of its commercial vehicles in the calendar year that is two years before the registrant's assessment date;

PP3 is the amount of premiums paid by a registrant for all of its commercial vehicles in the calendar year that is three years before the registrant's assessment date;

PP4 is the amount of premiums paid by a registrant for all of its commercial vehicles in the calendar year that is four years before the registrant's assessment date;

PP5 is the amount of premiums paid by a registrant for all of its commercial vehicles in the calendar year that is five years before the registrant's assessment date.

“Surcharge respecting certain registrants with IRP commercial vehicles

31.81(1) This section applies to a registrant only if:

- (a) the registrant has registered six or more IRP commercial vehicles with the administrator; and
- (b) the registrant's loss ratio is more than 80%.

(2) Notwithstanding section 31.51, if this section applies to a registrant, a registrant shall pay a surcharge for each IRP commercial vehicle in an amount determined by the insurer based on sound underwriting practices and taking into consideration the following criteria:

- (a) the length of time that the registrant has been operating as a commercial carrier in any jurisdiction;
- (b) the number of accidents that the registrant's IRP commercial vehicle has been involved in and the dollar amounts paid on behalf of the registrant in any jurisdiction in which the carrier has operated;
- (c) the jurisdictions where the registrant operates the IRP commercial vehicle and the percentage of time spent and distance travelled in each of those jurisdictions;
- (d) the driving records of the registrant's drivers who operate the IRP commercial vehicle;
- (e) the types of goods that the registrant carries on the IRP commercial vehicle;
- (f) the rating for the IRP commercial vehicle as determined by the national safety code audit.

(3) Notwithstanding subsection (2), the maximum surcharge that the insurer may require a registrant to pay for an IRP commercial vehicle is the amount required to lower the carrier's loss ratio to 80% when the amount of the surcharge is added to the premiums paid for the registrant.

“Surcharge on certain new registrant registering IRP commercial vehicles

31.9(1) In this section, **‘new IRP registrant’** means a registrant that:

- (a) has never previously registered an IRP commercial vehicles with the administrator; or
- (b) has not registered an IRP commercial vehicle with the administrator within the five years before the current registration.

(2) This section applies only to new IRP registrants that have been carrying on business as a commercial carrier for less than three years.

(3) Notwithstanding any other provision of these regulations, no new IRP registrant to whom this section applies is entitled to a discount in its basic premium.

(4) Notwithstanding sections 31.51 and 31.8, a new IRP registrant shall pay a surcharge in addition to the basic premium on each of its IRP commercial vehicles of:

- (a) 100% of the basic premium in the first year that the new IRP registrant carries on business as a commercial carrier;
- (b) in the case of a new IRP registrant that has carried on business as a commercial carrier for at least one year but less than two years and that:
 - (i) has registered five or fewer IRP commercial vehicles, 50% of the basic premium;
 - (ii) has registered six or more IRP commercial vehicles and that has a loss ratio of 80% or less, 50% of the basic premium;
 - (iii) has registered six or more IRP commercial vehicles and that has a loss ratio greater than 80%, the greater of:
 - (A) 50% of the basic premium; and
 - (B) the surcharge determined pursuant to section 31.8;
- (c) in the case of a new IRP registrant that has carried on business as a commercial carrier for at least two years but less than three years and that:
 - (i) has registered five or fewer IRP commercial vehicles, 25% of the basic premium;
 - (ii) has registered six or more IRP commercial vehicles and that has a loss ratio of 80% or less, 25% of the basic premium;
 - (iii) has registered six or more IRP commercial vehicles and that has a loss ratio greater than 80%, the greater of:
 - (A) 25% of the basic premium; and
 - (B) the surcharge determined pursuant to section 31.8”.

Appendix C, new Tables 4 and 5

7 The following tables are added after Table 3 in Appendix C:

“TABLE 4
[Section 31.5]

Commercial Rating Discount

Loss Ratio	Discount
0%	5%
more than 0% and equal to or less than 10%	4%
more than 10% and equal to or less than 20%	3%
more than 20% and equal to or less than 30%	3%
more than 30% and equal to or less than 40%	3%
more than 40% and equal to or less than 50%	2%
more than 50% and equal to or less than 60%	2%
more than 60% and equal to or less than 70%	2%

“TABLE 5
[Section 31.51]

Commercial Rating Surcharge

Loss Ratio	Surcharge
more than 70% and equal to or less than 80%	0
more than 80% and equal to or less than 90%	10%
more than 90% and equal to or less than 100%	20%
more than 100% and equal to or less than 110%	35%
more than 110% and equal to or less than 120%	50%
more than 120% and equal to or less than 130%	65%
more than 130% and equal to or less than 140%	80%
more than 140% and equal to or less than 150%	95%
more than 150% and equal to or less than 160%	105%
more than 160% and equal to or less than 170%	115%
more than 170% and equal to or less than 180%	130%
more than 180% and equal to or less than 190%	145%
more than 190% and equal to or less than 200%	160%
more than 200% and equal to or less than 250%	175%
more than 250% and equal to or less than 300%	185%
more than 300% and equal to or less than 350%	195%
more than 350% and equal to or less than 400%	200%
more than 400%	200%”.

Transitional

8 If a registrant as defined in section 31.1 of *The Automobile Accident Insurance (General) Regulations, 2002* pays an amount in addition to the basic premium for an existing certificate of insurance in accordance with section 8 of the Act before May 1, 2004, the insurer shall include the additional amount in calculating the amount PP1, PP2, PP3, PP4 and PP5 in accordance with subsection 31.3(3) or 31.8(2) of *The Automobile Accident Insurance (General) Regulations, 2002*.

Coming into force

9(1) Subject to subsection (2), these regulations come into force on the day on which they are filed with the Registrar of Regulations.

(2) Section 3 of these regulations comes into force on June 1, 2004.

