Auto Insurance Rates for the Second Quarter of 2018

This notice provides an overview of the private passenger automobile insurance rate changes approved or ordered by the Financial Services Commission of Ontario (FSCO) for filings reviewed in the second quarter of 2018. The number of filings reviewed by FSCO and the overall average rate change for the Ontario market may vary from quarter to quarter, based on updated information about claims costs, market conditions, financial factors and the resulting impact that these factors have on the adequacy of an insurance company's current rates.

Average Rate Changes

Thirty-seven insurers, representing approximately 76 per cent of the market based on premium volume, had rates approved in the quarter. Approved rates increased on average by 1.11 per cent when applied across the total market. Rate changes approved for each insurer this quarter and effective dates of the rate changes are shown in Table 1.

This compares to an increase of 2.23 per cent on average for the first quarter of 2018.

Individual Rates

The rate change shown for each insurance company is the average for that company, based on all the drivers it insures.

However, an individual policyholder may experience a rate change that is either higher or lower than the industry-wide average rate change, or the average rate change for a particular insurer, depending on several factors, such as:

- the vehicle insured
- where he or she lives
- driving experience
- at-fault accident and conviction history of drivers
- whether the vehicle is used for pleasure or commuting, and
- choices made by the policyholder on coverages purchased and deductible or liability limits.

Also, as most policyholders purchase annual policies, any changes approved for the insurer and effective prior to the policy renewal date, or changes in the policyholder's circumstances since their last renewal (e.g., at-fault accidents, driving convictions), will impact the policyholder's rate at renewal.

Consumers are urged to shop around for auto insurance. Ontario has a very competitive marketplace. Rates for the same coverage vary based on each insurer's claims costs and the insurer's rating system.

FSCO has several resources to help consumers better understand auto insurance, including an Understanding Rates Interactive Tool and tips on shopping around and saving on auto insurance.

FSCO's Rate Approval Process

Insurers must submit proposed changes to their rates to FSCO for approval along with supporting actuarial data.

FSCO and its actuaries review this data and insurers' assumptions regarding claims costs, expenses and investment income to ensure that, as required by law, the proposed rates are:

- just and reasonable;
- not excessive; and
- not going to impair a company's financial solvency.

As a result of FSCO's review, an insurance company may be required to amend its proposed rates before they are approved.

Most premium dollars collected by insurers go towards paying for claims for people injured in car accidents. Insured persons who are injured can make a claim for Accident Benefits (AB), regardless of fault.

In some cases, seriously injured parties can also make a claim by launching a lawsuit against the at-fault driver. These claims are paid under the Third Party Liability – Bodily Injury (TPL) coverage of an automobile insurance policy.

The AB and TPL coverages accounted for 52.4 per cent of claims costs in 2017, as shown in Graph 1.

When an insurance company adjusts its rates for a particular coverage, it means that the company has experienced a change in the claims costs for that coverage. For example, an increase in rates for TPL coverage would indicate that an insurer has experienced a higher number or higher average cost of bodily injury claims. A company must provide claims costs data to FSCO when proposing a rate change for any coverage.

It is important to understand the coverages available to consumers under an automobile insurance policy in Ontario. FSCO has a number of consumer-friendly descriptions of these coverages available on its website.

FSCO is monitoring two evolving trends that may be affecting auto insurance rates in Ontario. First, insurance companies are reporting an increase in claims costs related to property damage, in part because of the rising cost of repairing increasingly technologically advanced vehicles. Second, FSCO notes the growing concern related to distracted driving. As the number of accidents due to inattentive driving increases, so too do the claims costs. FSCO will continue to monitor any impact these trends have on insurance rates.

Table 1

Ontario Private Passenger Automobile Insurance Rate Filings Approved/Ordered

Filings reviewed April 1, 2018 – June 30, 2018

Insurer	2017 Market Share (%)	Effective New Business Date	Effective Renewal Business Date	Approved Average Rate Change (%)
Allstate Insurance Company of Canada (3)	5.57	1-Jul-2018	1-Sep-2018	0.00
Aviva Insurance Company of Canada	6.60	18-Jun-2018	18-Jun-2018	2.97
Belair Insurance Company Inc. (1)	5.19	12-Aug-2018	8-Oct-2018	0.00

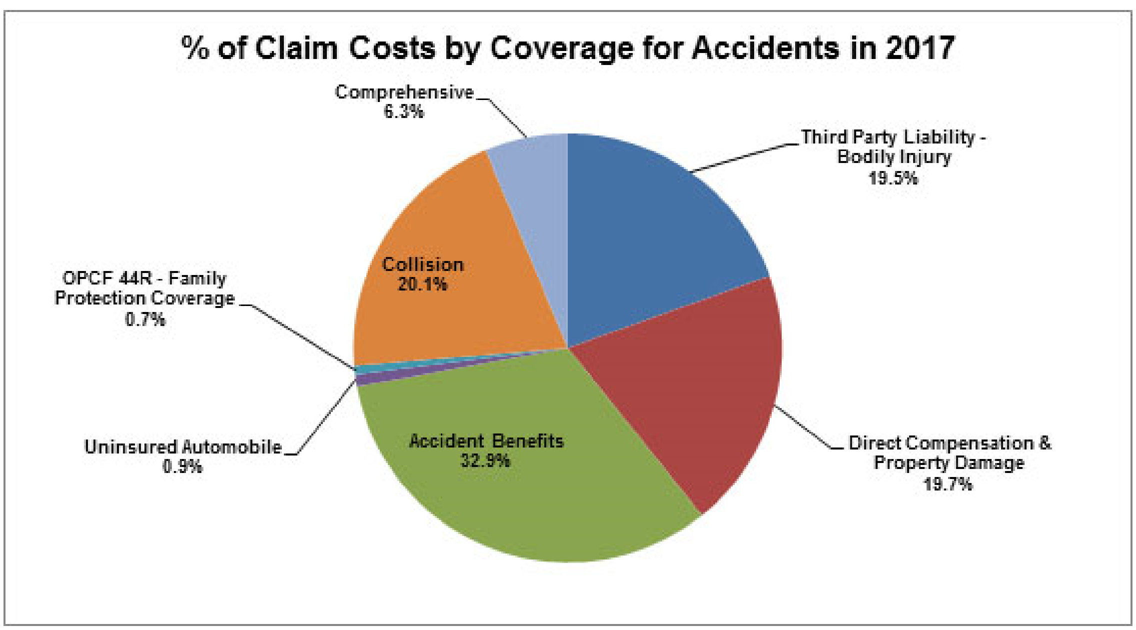
Certas Direct Insurance Company (2)	2.80	3-Aug-2018	2-Oct-2018	0.00
Certas Home and Auto Insurance Company (2)	8.53	3-Aug-2018	2-Oct-2018	0.00
Chubb Insurance Company of Canada (including Mitsui Sumitomo Insurance Company, Limited and Federal Insurance Company) (2)	0.44	1-Jul-2018	1-Oct-2018	0.00
Continental Casualty Company (2)	0.00	1-Jul-2018	1-Jul-2018	0.00
Co-operators General Insurance Company (2)	5.11	11-Jul-2018	10-Aug-2018	0.00
COSECO Insurance Company (2)	1.29	1-Sep-2018	1-Oct-2018	0.00
CUMIS General Insurance Company (2)	0.41	1-Sep-2018	1-Oct-2018	0.00
CUMIS General Insurance Company	0.41	2-Sep-2018	1-Nov-2018	-0.02
Echelon Insurance (2)	0.65	1-Jul-2018	1-Jul-2018	0.00
Economical Mutual Insurance Company (4)	6.29	12-Aug-2018	15-Sep-2018	8.15
Esurance Insurance Company of Canada (2)	0.00	16-May-2018	30-Jun-2018	0.00
Federated Insurance Company of Canada (2)	0.02	1-Jul-2018	1-Jul-2018	0.00
Guarantee Company of North America, The (2)	0.60	1-Jul-2018	1-Jul-2018	0.00
Hartford Fire Insurance Company (2)	0.00	1-Jul-2018	1-Jul-2018	0.00
Intact Insurance Company (1)	9.32	8-Aug-2018	8-Sep-2018	0.00
Jevco Insurance Company (2)	0.77	13-Jul-2018	13-Jul-2018	0.00

Liberty Mutual Insurance Company (2)	0.00	1-Jul-2018	1-Jul-2018	0.00
Northbridge General Insurance Corporation (2)	0.65	1-Jun-2018	1-Jul-2018	-0.03
Northbridge General Insurance Corporation	0.65	1-Jul-2018	1-Aug-2018	-0.26
Novex Insurance Company (1)	1.04	8-Aug-2018	8-Sep-2018	0.00
Optimum Insurance Company Inc. (2)	0.18	1-Jul-2018	1-Jul-2018	0.00
Personal Insurance Company, The (2)	4.08	3-Aug-2018	2-Oct-2018	0.00
Portage La Prairie Mutual Insurance Company, The (2)	0.18	1-Jul-2018	1-Jul-2018	0.00
Primmum Insurance Company	1.58	15-Jun-2018	15-Jul-2018	5.01
S & Y Insurance Company	0.06	1-Aug-2018	1-Aug-2018	3.71
Scottish & York Insurance Co. Limited	1.15	18-Jun-2018	18-Jun-2018	0.53
Security National Insurance Company	6.82	15-Jun-2018	15-Jul-2018	3.99
SGI CANADA Insurance Services Ltd. (1)	0.07	1-Jun-2018	1-Jul-2018	0.00
SGI CANADA Insurance Services Ltd. (2)	0.07	15-Jul-2018	15-Aug-2018	-0.69
Sovereign General Insurance Company, The (2)	0.00	1-Jul-2018	1-Jul-2018	0.00
TD General Insurance Company	1.70	15-Jun-2018	15-Jul-2018	2.02
Tokio Marine and Nichido Fire Insurance Co., Ltd. (1)	0.01	1-Jul-2018	1-Aug-2018	0.00
	0.01	1-Jun-2018	1-Jul-2018	0.00

Tokio Marine and Nichido Fire Insurance Co., Ltd. (2)				
Traders General Insurance Company	1.63	18-Jun-2018	18-Jun-2018	0.52
Unifund Assurance Company (2)	2.97	1-Jul-2018	1-Sep-2018	0.00
XL Specialty Insurance Company (2)	0.00	1-Jun-2018	1-Jun-2018	0.00
Zenith Insurance Company (2)	0.44	1-Jun-2018	1-Jul-2018	0.00
Zurich Insurance Company Ltd (2)	0.00	1-Jun-2018	1-Jun-2018	0.00
Total Market Impact				**+1.11%**

1. Rate changes with no overall impact.
2. Implementation of Canadian Loss Experience Automobile Rating (CLEAR) update. CLEAR is the system used by the industry to assign private passenger vehicle rate groups to be used in rating, based on the estimated loss costs of different make, model and model year vehicles.
3. Rating rule changes only.
4. Merger of Economical Mutual Insurance Company with Waterloo Insurance Company and Perth Insurance Company.

Graph 1



2017 GISA Automobile Statistical Plan AUTO1005

Private Passenger excluding Farmers Actual Loss Ratio Exhibit

NOTE: The above numbers may not add up to 100 per cent due to rounding.

Accessible Description of Graph 1:

Accident Benefits 32.9 per cent, Third Party Liability - Bodily Injury 19.5 per cent, Direct Compensation and Property Damage 19.7 per cent, Collision 20.1 per cent, Comprehensive 6.3 per cent, Uninsured Automobile 0.9 per cent, OPCF 44R - Family Protection Coverage 0.7 per cent.