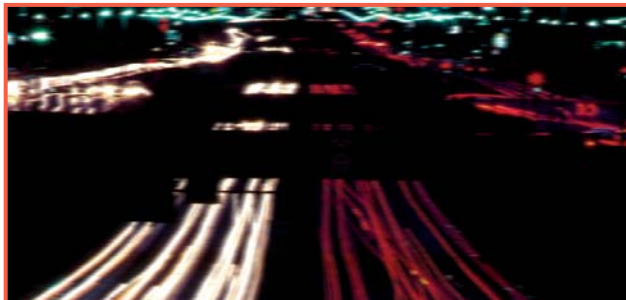


Some facts never shared by supporters of government-run car insurance

- Just two years after government-run car insurance was introduced in BC, the taxpayers of the province had to bail out the government-run car insurer in the amount of \$181 million (\$627.3 million in 2005 dollars). That money was never paid back.
- In 1982, the taxpayers of Saskatchewan bailed out the province's insurance company, Saskatchewan Government Insurance (SGI), with a payment of \$74 million (\$147 million in 2005 dollars).
- Government-run insurance companies can - and do - implement rate increases for policyholders without actually increasing premiums. A favourite method of increasing revenues, without a premium increase, is raising minimum deductibles. This, in effect, increases the number of claims that are paid directly by consumers. A 2001 increase in deductibles has saved BC's government-run insurer - and cost consumers - approximately \$160 million annually.
- There is no incentive for government-run insurers to improve customer service or the insurance product itself. They have a captive market. Claims satisfaction surveys for government-run insurers always run below that of private insurers.
- Government-run insurers face the same cost pressures as private insurers. (The 2004 annual report of the Saskatchewan government insurer reported that, "claim costs represent over 85 per cent of the Auto Fund's costs each year.")



Insurance Bureau of Canada is the national trade association representing 90% of private property and casualty insurers in Canada. For more information, please contact your insurance broker or agent, or one of the following Insurance Bureau of Canada offices.

Atlantic Provinces

1969 Upper Water Street, Suite 1706
Purdy's Wharf, Tower 2
Halifax, Nova Scotia B3J 3R7
(902) 429 2730
Consumer information: 1 800 565 7189

Ottawa Office

155 Queen Street, Suite 808
Ottawa, Ontario K1P 6L1
(613) 236 5043

Québec

500 Sherbrooke Street West, Suite 600
Montréal, Québec H3A 3C6
(514) 288 1563
Consumer information: (514) 288 6015 or
1 800 361 5131

Ontario

151 Yonge Street, 19th Floor
Toronto, Ontario M5C 2W7
(416) 362 2031
Consumer information: (416) 362 9528 or
1 800 387 2880

Prairies, Northwest Territories and Nunavut

10722-103 Avenue, Suite 401
Edmonton, Alberta T5J 5G7
(780) 423 2212
Consumer information: 1 800 377 6378

British Columbia and Yukon

510 Burrard Street, Suite 1010
Vancouver, BC V6C 3A8
(604) 684 3635
Consumer information: 1 877 772 3777

NOVA SCOTIANS

deserve competition and
choice in car insurance



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Some Nova Scotians believe that government should own and operate the province's auto insurance business. They believe this monopoly will lead to cheaper prices and increased benefits. Few people, however, know that insurers today provide car insurance within a strict framework of provincial laws, supervised by a number of government agencies, including a provincial rate review board and a federal and provincial regulator. Insurers deliver a product that is defined by these laws and regulations. These insurers, 144 of them, support competition and choice for Nova Scotians.

Nova Scotia's private insurers are:

Providing jobs.

Currently, home and car insurance companies directly indirectly employ more than 3,160 people in communities throughout Nova Scotia. In a government-run car insurance system, these jobs would likely be replaced with fewer civil service jobs, requiring different skill sets, in a centralized urban location.

Paying taxes.

In 2003, the government of Nova Scotia collected \$94.4 million in taxes from insurance companies. Insurers also paid more than \$14 million to the provincial government for the medical care of those injured in car accidents. Under a government-run system, Nova Scotia would have to look elsewhere for this revenue, including potentially making cuts to public services.

Investing in communities.

Through their investments in municipal and provincial bonds, insurers help build hospitals, pave roads and support community life. In 2003, home, business and car insurance companies made a total direct investment of \$1.3 billion to support Nova Scotia communities.

Competing for your business

Auto insurance is sold by private companies that compete for your business in almost every jurisdiction in North America, and most people believe in the free market for the products and services they buy. In fact, over the last number of years, governments have introduced competition in several areas once dominated by public monopolies, and consumers have won every time. Thanks to competition and choice, consumers now enjoy lower long-distance telephone rates and more choice and real competition in cable television services.

Consumers are also benefiting from a competitive, and now healthy, auto insurance industry. In Nova Scotia, drivers have enjoyed two consecutive years of premium reductions in auto insurance, amounting to a 21% decrease.

Government-run car insurance is a solution in search of a problem

Recent government reforms are benefiting Nova Scotians. Nevertheless, some political leaders continue to tout government-run car insurance as “the solution.”

With no exception, every commission, task force and committee on the subject, including one formed by the Council of Atlantic Premiers, has determined that government-run auto insurance is not a solution to insurance concerns of policyholders. This “solution” would result in lost jobs, lost tax revenue, loss of investment in the province and massive taxpayer-financed start-up costs, and would not guarantee lower prices or a better insurance product for consumers. Forcing private insurers to withdraw would send a negative signal to the world that Nova Scotia is closed for business.

Every insurance company collects premiums and pays claims and benefits. Premiums are lower when either the number of claims is reduced or the amount of benefits paid to policyholders is reduced - it doesn't matter whether the insurance company is government-run or privately held. (The Saskatchewan government insurer already sells insurance in PEI under the banner of The Insurance Company of Prince Edward Island. The rates provided by this government-run company are competitive with the price of privately-held insurers because it is operating within the framework of the laws and regulations of the province.)

