

## **FAQs about CLEAR**

*What portion of my premium will be affected by CLEAR?*

If you are insured in a province that has no-fault insurance, CLEAR could affect as much as 80% of your policy's premium. In other provinces, CLEAR would likely have an impact on about half of your policy's premium.

*So what is the bottom line? Will my premiums go up?*

Your vehicle is the only thing that will determine if CLEAR will cause your premiums to increase or decrease. An insurance company's total premiums do not change because of CLEAR; the system simply redistributes the existing premiums according to the risk assessment.

*Does my driving record still count for something?*

Yes. All other rating criteria, such as your driving record and where you live, will continue to be included in the calculation of your overall insurance premium. The CLEAR system only changes the factor that is used to assess the risk associated with the particular make, model and model-year of vehicle that you own.

*Is CLEAR compatible with no-fault auto insurance?*

Yes. Under no-fault, you claim from your own insurer. If your insurance company knows what kind of vehicle you drive (as opposed to the kind of vehicle you might have the misfortune of colliding with), it has a better opportunity to assess the potential risk and establish a fair premium to cover that risk.

*What do vehicle manufacturers think of CLEAR?*

IBC has a very good working relationship with manufacturers and they understand that insurance premiums are a concern to consumers who are in the market for a new vehicle. Therefore, it is in their best interest to make vehicles that are safer, less costly to repair and less prone to theft.

*Does CLEAR affect used vehicles?*

Yes. Some vehicles tend to perform better than others as they get older and accumulate more kilometres. Even vehicles with the same original purchase price can differ in the CLEAR system as they age.

*Why can't individual insurers calculate CLEAR-type numbers on their own?*

The Canadian auto insurance market is highly competitive and fragmented; no one insurer has enough business with enough vehicle makes and models to amass sufficiently credible data.

*Isn't CLEAR a kind of price fixing; are all insurers going to start charging the same premiums?*

No. The CLEAR system does not set premiums, it merely shares loss experience in a form that allows insurers to make rational judgments about future losses on particular vehicle models in particular circumstances.

*What happens if some insurers switch to CLEAR and some don't?*

It's quite likely that the owners of high-risk vehicles will shift their business to insurers that continue to rely on MSRP-based rating systems. Such insurers, in turn, are likely to end up insuring a disproportionate number of claim-prone vehicles.