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September 14, 2018

Ms. Cheryl Blundon
Director of Corporate Services and Board Secretary
Board of Commissioners of Public Utilities
P.O. Box 21040, St. John's, NL A1A 5B2
120 Torbay Road, Prince Charles Building, Suite E-210

Re: Public Utilities Board Review into Automobile Insurance

Dear Ms. Blundon,

The Associated Canadian Car Rental Operators (ACCRO) is a Canadian organization dedicated to the continuous improvement of the Canadian car and truck daily rental industry. ACCRO is also considered the voice of the industry in Canada and aims to improve legislation that affects our industry.

In Newfoundland and Labrador, the car and truck rental industry we represent contributes more than \$200 million in direct and indirect economic activity, with nearly 300 employees living and working in every corner of the province – in communities big and small. We are actively engaged in our communities through supporting local businesses and contributing to charities across the province.

Since 2010, our members have worked hard to promote the need for a consistent regulatory environment across all Canadian jurisdictions. First and foremost, we wish to maintain a regulatory environment in the province that allows our members in Newfoundland and Labrador to provide high-level, efficient and competitive service for consumers. Ensuring this becomes a reality will make it easier for rental car operators to invest and maintain services and employment throughout Newfoundland and Labrador.

The rental industry's role of providing essential services to domestic, corporate, and tourism sectors gives us a unique perspective on the effect of regulation on a fragile marketplace and informs our input on effective regulation that both balances the needs of the public with the opportunity for economic growth. As engaged corporate citizens in Newfoundland and Labrador, ACCRO and our members are committed to managing businesses that are sustainable for the long term.

Proposed Regulatory Reforms

We are pleased to participate in the current Automobile Insurance Review and appreciate the open debate that the government has encouraged on tort liability reform. We welcome the stated goal of the review to "modernize the system to provide greater benefits and better value to residents of the province." Our industry believes that finding an appropriate balance between fair compensation while ensuring that premiums are affordable is good for all parties in Newfoundland and Labrador.

Almost without exception, Canadian provinces have recognized the need to introduce limitations on the right to sue as a key component in maintaining affordable compulsory automobile insurance. No-fault plans, deductibles, caps and thresholds have all been implemented and refined. Our experience operating in all jurisdictions in Canada has indicated that a monetary cap on claims for non-economic loss for minor/mild injuries with an annual inflation adjustment is the most effective way to control claims costs while ensuring a fair and streamlined system for individuals in the event of an automobile collision.

Here is a sample of our industry's claims experience between 2010 and 2018 in Newfoundland and Labrador as compared with other Atlantic Canadian provinces:

- Body Injury claims in Newfoundland and Labrador are 73% higher than the other Atlantic Provinces.
- Only 26% of Bodily Injury claims in Newfoundland and Labrador are under \$20,000 compared with 87% in the other Atlantic Provinces.

The rental industry supports the implementation of a \$5,000 minor injury cap on non-pecuniary damages with an annual adjustment for inflation. We also support a minor injury definition that includes sprains, strains and whiplash injuries, including any clinically associated sequelae, whether physical or psychological in nature that does not result in a serious impairment.

Conclusion

Our industry remains committed to providing high-level, efficient and competitive service for residents, corporations, and visitors to Newfoundland and Labrador. A fair and predictable automobile insurance environment is one key aspect to sustainability and growth for our members. We thank you for the opportunity to take part in the Newfoundland and Labrador Automobile Insurance review.

Warm Regards,



Craig Hirota
Vice President Government Relations and Member Services
Associated Canadian Car Rental Operators

Enclosure

Copy:

Scott LeBlanc, Risk Manager, Atlantic Canada, Enterprise Holdings Incorporated
Bill Boxberger, Vice President, Avis Budget Group
Vince Bunyan, Vice President, Hertz Canada
Barry Singer, Vice President, Discount Canada
Kathleen Harrison, Claims Manager, U-Haul Canada