

# Assurances et gestion des risques Insurance and Risk Management

## Introduction

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## **Introduction**

**par/by Georges Dionne**

Ce deuxième numéro spécial contient cinq articles et une chronique sur l'assurance automobile. Il est davantage axé sur les problèmes de l'industrie dans différentes provinces canadiennes que le précédent. L'article de Jean-Louis Gauvin fait exception en traitant du régime québécois. Ce numéro introduit également deux nouvelles chroniques, soit celle sur la gestion des risques financiers, sous la responsabilité de Martin Boyer, et celle sur la gestion des risques majeurs, sous la responsabilité de Jean-Bernard Guindon.

M. Gauvin demeure d'avis que le régime actuel d'indemnisation sans égard à la responsabilité pour la couverture des dommages corporels demeure le meilleur pour le Québec; il critique cependant la gestion des indemnités par la Société de l'assurance automobile du Québec (SAAQ). Il propose qu'un mécanisme d'ajustement périodique des indemnités soit mis en place et géré indépendamment de la SAAQ. L'auteur est également positif envers l'administration privée des dommages matériels, où la concurrence entre les assureurs maintient les primes à l'un des niveaux les plus bas au Canada. Cette administration privée n'est pas réglementée. Les Américains se posent d'ailleurs beaucoup de questions sur les avantages de la réglementation des tarifs d'assurance (Cummins 2002).

M. Gauvin n'aborde pas en détail le droit de poursuite que certains veulent réintroduire, mais rappelle que le choix du gouver-

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Dans sa chronique Assurances et gestion des risques, Gilles Bernier discute des problèmes courants de l'assurance automobile au Canada. Il décrit les mesures de correction envisagées dans les provinces présentant les problèmes les plus aigus, soit l'Ontario, l'Alberta et les provinces maritimes. Deux de ces provinces font l'objet d'un article du présent numéro et un article consacré à l'Ontario est en préparation pour le prochain numéro. Il semble que les réclamations pour les dommages corporels soient les plus coûteuses, du fait qu'elles nécessitent souvent des poursuites devant les tribunaux. Il est intéressant de remarquer que la plupart de ces provinces envisagent comme solution la réglementation des primes, plutôt que de laisser le marché fixer les prix, comme il est fait au Québec pour les dommages matériels. Selon l'article de Jean-Louis Gauvin, le système québécois semble bien fonctionner. Des études américaines laissent conclure que la réglementation des primes d'assurance n'abaisse pas nécessairement leur niveau (Harrington, 2002); elles dépendent plutôt des réclamations problématiques, comme l'indiquent la plupart des articles de ce numéro.

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This second special issue contains five articles and one column on automobile insurance. It is more focused on the industry's problems in other provinces than the previous one. The exception is Jean-Louis Gauvin's article on the Quebec insurance plan. This issue also introduces two new columns: one on the management of financial risks by Martin Boyer and the other on the management of major risks by Jean-Bernard Guindon.

Mr. Gauvin is still of the opinion that the current no-fault insurance scheme is the best for Quebec; he does, however, criticize the way the SAAQ (*Société de l'assurance automobile du Québec*) manages compensations. He proposes that some mechanism (operated independently of the SAAQ) should be set up to make periodical adjustments in compensations. The author also has positive things to say about the private sector's administration of material damages; here, competition among insurers provides some of the lowest premiums in Canada. This private administration is not regulated. Americans are actually questioning the advantages of regulating insurance rates (Cummins, 2002).

Mr. Gauvin does not go into detail on the right to sue, which some would like to reintroduce, but he does remind us that, strongly motivated by the 1974 Gauvin Committee Report, the Quebec government chose in 1978 to consider the right to compensation as a

fundamental element of its plan. He also clarifies a reality which is misunderstood by more than a few, this being that civil liability does not truly penalize those individuals who cause accidents because they can ensure themselves against the losses incurred (coverage net of deductible). It is rather all policyholders who, through higher insurance premiums, pay for privately insured drivers who cause accidents. Finally, the author shows that there are not actually more accident victims in Quebec than in the rest of Canada, whereas before 1978 this was the case (almost 2,000 deaths per year before 1978 versus about 800 over the last few years). He mentions various factors which may explain this improvement in Quebec's road record, these include: vehicle safety, driving environment, and changes in attitude towards safe driving. Of course, this latter aspect is partially the result of the various safe-driving incentives set up and managed by the SAAQ.

The 1999 data indicate that the number of deaths on Quebec's roads amounted to 9.88 per 100,000, as compared with 9.84 in Canada, 13.32 in France, and 15.50 in the United States (the different sources of these data are cited in the bibliography). Canadian provinces, several American states, and France use a system with civil liability. According to many specialists, a no-fault insurance system would not seem a very promising incentive for safe driving; however, contrary to all general predictions, the statistics show that the current Quebec scheme, when combined with safe-driving incentives, is indeed effective.

It is always best to be cautious when making this kind of international comparison, when different legal systems are involved. And Michael Smith rightly reminds us of this fact in his article. For example, the denominator of a rate used to compare the mortality data is important; this denominator measures more or less directly citizens' exposure to risk in different countries and regions. The important thing here is not to show that one measure is superior to another, but to point out that results must undergo sensitivity studies before any definitive conclusions are reached. The number of deaths per 100,000 license holders is better at taking into account drivers' exposure to accident risks, but does not perform well when it comes to pedestrians and cyclists. And the number of vehicles registered may simply show that richer societies, such as the United States, have more vehicles per license holder. This study also shows how complementary measures of exposure to risk can reconcile apparently contradictory results.

Martin Boyer and Jörg Schiller examine some of the difficulties experienced by automobile insurance plans in the Canadian maritime

provinces. For these authors, insurance fraud is one of the major causes of the increased costs of claims and premiums. They suggest that the four provinces should merge their automobile insurance regulation, which would allow them to reduce the costs of checking doubtful claims. They also suggest an insurance tax system designed to help reduce insurance fraud.

Anne Kleffner and Norma Nielson propose an analytical framework designed to improve the management of insurance liability in Canadian provinces. They suggest means of reducing the costs of claims and of improving compensations to victims. The main recommendations consist in: (1) improving the coordination between organizations providing health care; (2) setting compensation for victims at levels that reduce administration costs; (3) reducing compensations for non-economic losses that do not entail permanent damage; (4) improving the system of conflict resolution; (5) introducing an equitable system of insurance rates that would also encourage safe driving.

The article by Philip Jacobs, Douglas Lier, and Donald Schopflocher studies the scope of the medical costs linked to automobile accidents in Alberta where there is a private insurance system with liability. Insurers there are also committed to reimburse the government for costs incurred by non-liable accident victims. These costs increased a great deal for 1997 to 2002, rising from \$ 35 M to \$54 M. However, it is not evident that the existing methods of measurement are still suitable for evaluating these costs. The article develops a new approach to counting the costs of injuries, based on newly available information. These data cover the number of visits to emergency rooms as well as the opening of patient files on accident victims and their follow up over time. This new information allows a more direct measurement of costs. The complementary data obtained from insurers and from the system of administration for non-hospital health administration make it possible to assess costs for accidents that do not involve hospitalization. The method proposed is also capable of estimating the degree of liability of accident victims. The article gives a detailed description of the new procedure developed, thanks to collaboration with different actors in the field.

In his column, *Assurances et gestion des risques*, Gilles Bernier discusses the problems now current in the field of automobile insurance in Canada. He describes the corrective measures envisioned in provinces with the most serious problems: Ontario, Alberta, and the Maritimes. Two of these provinces are covered in an article in this issue and an article on Ontario is being written for the next issue. It seems that claims for bodily injuries are the most costly, since

they often end in law suits. It is interesting to note that most of these provinces see regulating premiums as the solution, rather than letting the market fix the price as Quebec does for material damages. Some american studies lead to the conclusion that regulating insurance premiums does not necessarily lower their level (Harrington, 2002); premiums are more likely to depend on problems associated with claims, as indicated by most of the articles in this issue.

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