

For immediate release

Canadian Bar Association releases report finding auto insurance industry would be healthy without insurance cap

June 16, 2008 (Edmonton, AB) – A new study for the Canadian Bar Association (CBA) finds the automobile insurance industry would continue to be highly profitable even if the \$4,000 cap on payments for soft tissue injuries were removed. The study – *Alberta’s Minor Injury Regulation: Automobile Insurance Profits, Premium Rates, and Costs* – was prepared independently for the CBA by Economica Ltd.

“This report supports our view that the cap denies Albertans the right to access justice,” said Tom W. Achtymichuk, Q.C. of the Canadian Bar Association. “It demonstrates the insurance industry was profitable and that insurance claims were not out of control prior to introduction of the cap.”

The report found the rate of return on equity for Alberta automobile insurance averaged six per cent (or nearly \$70 million) from 1998 to 2002 and then jumped to more than 20 percent in 2003 prior to the *Minor Injury Regulation*. Bodily injury and property damage claims each rose by roughly 20 per cent per vehicle from 1996 to 2003 while premiums rose by nearly 65 per cent; an increase that cannot be explained by changes in administrative costs or rates of return on insurers’ investments.

“Even with no cap on damages, the auto insurance industry would still earn reasonable profits,” said Achtymichuk.

Introduced by the provincial government in October 2004, *Minor Injury Regulation* legislation was found to be in violation of the Canadian Charter of Rights and Freedoms by Associate Chief Justice Neil Wittmann in February 2008. Shortly thereafter, the Alberta government made a decision to appeal the ruling.

About the Canadian Bar Association

The Canadian Bar Association (CBA) is dedicated to improving the law and the administration of justice. More information on the CBA is available at www.cba.org.

The Canadian Bar Association is a national association which supports access to justice, including access to independent courts to decide fair compensation for every injured person.

-30-

For more information, please contact:

Tanja McMorris
NATIONAL Public Relations
T: 403-531-0331
E: tmcmorris@national.ca