

The Personal Cost and Affordability of Auto Insurance in Canada 2011 Edition

Type: Research Studies
Date Published: October 3, 2011
Authors: [Neil Mohindra](#)
[Emrul Hasan](#)
Research Topics: Insurance

This study compares the average cost and affordability of personal passenger automobile insurance premiums in each of the 10 Canadian provinces from 2007 to 2009. Four provinces have government-owned monopolies that sell insurance coverage to drivers. The other six rely on a regulated competitive private sector to provide auto insurance.

Comparisons across all 10 provinces in the years from 2007 to 2009 show that the average price for auto insurance premiums was highest in British Columbia, Ontario, Manitoba, and Saskatchewan. Of those provinces, three have government-run auto insurance monopolies. The least expensive average premium in 2008 was in Prince Edward Island where auto insurance is delivered in a regulated, competitive, private-sector insurance market. The least expensive premium in 2007 and 2009 was in Quebec, which has a government-run auto insurance monopoly but only for bodily injury.

The study examines why Ontario has relatively high average premiums and why Quebec's average premiums are relatively low. Ontario has relatively severe regulations, and is experiencing a significant problem with insurance fraud. Quebec has less onerous rate regulations and less generous prescribed benefits.

The findings are generally consistent with previous editions of this study and other previous research comparing auto insurance in international jurisdictions including all 10 Canadian provinces. All studies show that auto insurance does not tend to be less costly in jurisdictions that have government auto insurance monopolies, despite claims to the contrary.