

Bulletin 12-2018
November 1, 2018

Bulletin to all Private Passenger Vehicle Insurers

Filing Guideline Exception for Ministerial Order No. 14/2018

The Automobile Insurance Rate Board (AIRB) is issuing this Bulletin to advise all private passenger vehicle insurers operating in Alberta the AIRB may permit a filing under the Simplified Filing Guidelines for up to +5.0% during the period of December 1, 2018 – August 31, 2019.

Background:

Section 602 of the Insurance Act and Sections 2 and 5 of the Automobile Insurance Premiums Regulation require insurers to submit a filing and obtain prior approval for implementation of a new or revisions to an existing rating program for private passenger vehicles. The AIRB has two guidelines for insurers to follow in developing their filings - a Simplified Filing and a Full Filing.

The Minister of Treasury Board and Finance issued Ministerial Order 14/2018, on October 31, 2018, which states unless otherwise directed by the Minister, the AIRB may not approve filings from insurers for cumulative rate increases on private passenger vehicles greater than +5.0% during the period between December 1, 2018 and August 31, 2019.

One of the criteria in a Simplified Filing is the overall increase in rate level does not exceed +3.0% in one policy year. The AIRB recognizes the cost and time required for insurers to develop a Full Filing. With the +5.0% limitation of cumulative rate increases continuing for a further nine months, the AIRB considered options for insurers to submit filings for a maximum increase of +5.0%.

Process:

The AIRB may permit an exception to the Guidelines for Private Passenger Rating Program - Simplified Filings and allow an insurer to submit a filing for **up to +5.0% for approval during the period December 1, 2018 to August 31, 2019** if:

- The insurer has submitted a Full Filing within the past twelve months;
- The above Full Filing submitted included a full actuarial analysis with indications developed;
- The Simplified Filing includes updated indications trended for the latest benchmarks;
- The updated indication must support the proposed rate level change;
- Maximum 5% increase on overall premium level; and
- All other filing requirements in the Guidelines for Private Passenger Rating Program – Simplified Filing are met including:
 - The change to existing differentials for rating variables (including base rate) has an increase not exceeding **+10.0%**; and
 - There is no more than **+20.0%** dislocation to any policyholder prior to capping.

Required Action:

Insurers must contact the AIRB prior to developing their filing to ensure a clear understanding of filing requirements so as not to delay the review process. Should you have any questions relating to this Bulletin, please contact the AIRB at (780) 427-5428 or by email tbf.airb@gov.ab.ca.

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Laurie Balfour MBA, CPA, CMA
Executive Director