

**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. [See FAQs for Ministerial Order 14/2018.](#)

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](mailto:tbf.airb@gov.ab.ca).

*{Original Signed}*

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Executive Director

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## Frequently Asked Questions

### Filing Guideline Exemptions for Ministerial Order

December 1, 2018 – August 31, 2019

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The Automobile Insurance Rate Board (AIRB) has issued [AIRB Bulletin 12-2018 - Filing Guideline Exception for Ministerial Order No. 14/2018](#). The following Frequently Asked Questions (FAQ) answer questions related to filings submitted during the period December 1, 2018 – August 31, 2019.

- 1. Q: Can a simplified filing be used for any request within the timeframe of the new Ministerial Order? Will there be criteria in place or will a request up to +5.0% under a simplified filing be sufficient?**

A: Refer to the [AIRB Bulletin 12-2018 - Filing Guideline Exception for Ministerial Order No. 14/2018](#).

- 2. Q: After increasing rates by +5.0% during the timeframe identified in the current Ministerial Order, can an insurer file rating program changes with an overall rate change of 0.0%?**

A: Yes, however, insurers may wish to consider the implications of rating program changes and the resultant dislocation impacts on individual Albertans. The overall intent of the Ministerial Order remains unchanged and is to protect Albertans from significant rate shocks.

- 3. Q: Does the Ministerial Order have any limitations on insurers' use of capping?**

A: No, subject to the answer to the question immediately above.

- 4. Q: Does the Ministerial Order apply to a filing's submission date or AIRB approval date?**

A: The Ministerial Order applies to AIRB approval date.

- 5. Q: "The insurer has submitted a full filing within the past twelve months." Is this based on effective date, submission date or the AIRB approval date of last full filing.**

A: The AIRB will consider the submission date from the last full filing.

**6. Q. Does the accumulative +6.0% over the three years for simplified filing still apply?**

A: Yes, provided the full filing meets the criteria under a simplified filing. We recommend insurers contact the AIRB at [tbf.airb@gov.ab.ca](mailto:tbf.airb@gov.ab.ca) to discuss their individual circumstances.

**7. Q: I have already submitted a full filing for a +5.0% increase; can the filing be reviewed as simplified filing now, provided it meets all of the criteria outlined in the Bulletin?**

A: Contact the AIRB staff to confirm the status of your filing and timelines for it to be reviewed.

**8. Q: What is the process for an insurer to request an exemption from the +5.0% limitation?**

A: Contact the Superintendent of Insurance at [tbf.insurance@gov.ab.ca](mailto:tbf.insurance@gov.ab.ca).

**9. Q: If an insurer did not take the full +5.0% during the period November 1, 2017 – November 30, 2018 can they file for the unused portion with the +5.0% available from December 1, 2018 – August 31, 2019?**

A: No, insurers are limited to a maximum of +5.0% under the Ministerial Order for the period December 1, 2018 – August 31, 2019.

**10. Q: Whom do I contact if I cannot find the answers to my question in the FAQ document?**

A: If you have a question that is not listed in the current FAQs, please contact the AIRB at [tbf.airb@gov.ab.ca](mailto:tbf.airb@gov.ab.ca) and we will respond, then add the question to this document.