

**BULLETIN: 04-2020**  
**DATE: SEPTEMBER 25, 2020**

**Bulletin to All Private Passenger Vehicle Insurers**  
**Private Passenger Vehicle Industry Benchmark Schedule Effective October 1, 2020**

**Purpose:**

The Automobile Insurance Rate Board (AIRB) is issuing this Bulletin to advise all private passenger vehicle (PPV) insurers operating in Alberta the 2020 Annual Review of PPV experience has been completed on data to December 31, 2019. The PPV Industry Benchmarks Schedule (Schedule) effective October 1, 2020 has been approved. The Schedule and the related actuarial report have been posted on the AIRB [website](#).

**Background:**

On July 1, 2014, Section 9 of the Automobile Insurance Premiums Regulations came into effect requiring the AIRB to conduct an **Annual Review** of industry experience based on data to December 31. In addition, AIRB Policy P06 requires the AIRB to carry out a **Semi-annual Review** based on data to June 30.

The AIRB's final report 2020 Annual Review has been posted to the AIRB [website](#).

**Action Required:**

Based on the Annual Review analysis of Alberta PPV loss experience ending December 31, 2019, the AIRB approved the PPV Industry Benchmarks Schedule (Bulletin 04-2020) to take effect on October 1, 2020.

Insurers in preparation of filings should incorporate the most current industry benchmarks to the extent that their own data is not fully credible. The industry benchmarks will be used as the basis of the AIRB's review of PPV filings submitted on or after October 1, 2020.

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"*

Laurie Balfour, MBA, CPA, CMA  
Executive Director

**Attachment:**

2020 Annual Review Industry Benchmarks Schedule - PPV - effective October 1, 2020

## 2020 Annual Review Industry Benchmarks Schedule – PPV

*Effective Date: For basic and/or additional coverage filings submitted on or after October 1, 2020*

### Loss Development Factors

The AIRB approved benchmark loss development factors for use by insurers in developing filings are outlined in Appendix #1.

### Loss Trends

The AIRB approved benchmark trend rates for use by insurers in developing filings:

Coverage	Oliver Wyman Selected Past/Future Trend Rates
TPL - Bodily Injury	+7.0%/+6.0%*
TPL - Property Damage	+1.5%
TPL – Subtotal	+5.4%/+4.7%
Accident Benefits	+8.5%
Collision	+1.5%
Comprehensive	+6.5%
Specified Perils	+6.0%
All Perils	+4.0%
Underinsured Motorist	+4.0%

\* Future trend rate begins October 1, 2019

The AIRB acknowledges insurers may select different trend rates based on their own claim experience. Insurers have the option to (a) use their own experience where it is fully credible; (b) use their own experience to the extent credible and apply the AIRB’s accepted industry benchmark trend rates without adjustment as the complement of credibility; or (c) apply the AIRB’s accepted industry benchmark trend rates without adjustment.

### Catastrophe Loading

The AIRB approved catastrophe loading is 51%. Where insurers’ own claim experience differs from industry and is credible, the Board acknowledges that insurers may select a different catastrophe loading based on their own claim experience, providing their catastrophe definition has been consistent in the experience period.

### Administrative Expense & Unallocated Loss Adjustment Expense (ULAE)

The AIRB approved expense ratio is 26.0% based on 2018 GISA Expense Report; and the approved ULAE factor is 1.108 based on the published GISA accident year 2019 ULAE provision. Insurers’ own experience should be used when filing with the AIRB.

### **Health Cost Recovery**

Health Cost Recovery is a component of claims costs reported by insurers. Insurers must use the most current percentage published on the President of Treasury Board and Minister of Finance's [website](#). The 2020 assessment factor is 4.74%.

### **Profit**

The AIRB approved 7% of premium as a target pre-tax profit provision for all coverages.

AIRB Approved Age-to-Ultimate Development Factors  
As of December 31, 2019  
Alberta  
Private Passenger Automobile (Excluding Farmers)

As of 2019-2  
Age-to-Ultimate Factors  
Incurred Claim Amount

	Bodily Injury	Property Damage	Accident Benefits	Collision	Comprehensive	Comprehensive Theft	All Perils	Specified Perils	Underinsured
180-Ult	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
174-Ult	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
168-Ult	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
162-Ult	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
156-Ult	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.005
150-Ult	1.002	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.018
144-Ult	1.003	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.018
138-Ult	1.004	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.016
132-Ult	1.005	1.000	1.003	1.000	1.000	1.000	1.000	1.000	1.012
126-Ult	1.005	1.000	1.003	1.000	1.000	1.000	1.000	1.000	1.011
120-Ult	1.008	1.000	1.004	1.000	1.000	1.000	1.000	1.000	1.002
114-Ult	1.010	1.000	1.003	1.000	1.000	1.000	1.000	1.000	0.998
108-Ult	1.013	1.000	1.002	1.000	1.000	1.000	1.000	1.000	1.011
102-Ult	1.016	1.000	1.003	1.000	1.000	1.000	1.000	1.000	1.029
96-Ult	1.020	1.000	1.003	1.000	1.000	1.000	1.000	1.000	1.017
90-Ult	1.024	1.000	1.004	1.000	1.000	1.000	1.000	1.001	1.020
84-Ult	1.028	1.000	1.003	1.000	1.000	0.999	1.000	1.001	1.014
78-Ult	1.032	1.000	1.004	1.000	1.000	0.999	0.999	1.002	1.018
72-Ult	1.044	1.000	1.004	1.000	1.000	1.000	0.998	1.002	1.019
66-Ult	1.056	1.000	1.005	1.000	1.000	1.000	1.000	1.003	1.030
60-Ult	1.068	1.000	1.008	0.999	1.000	0.999	1.000	1.003	1.036
54-Ult	1.088	1.000	1.012	0.999	0.999	0.999	1.001	1.002	1.069
48-Ult	1.119	1.000	1.018	0.999	0.999	0.999	0.999	1.002	1.065
42-Ult	1.175	0.999	1.019	0.999	0.999	0.999	1.001	1.002	1.088
36-Ult	1.258	1.000	1.022	0.999	0.999	0.999	1.001	1.000	1.191
30-Ult	1.384	1.000	1.023	0.997	0.999	0.998	1.000	1.000	1.422
24-Ult	1.575	1.004	1.004	0.985	1.000	0.997	0.991	0.996	1.795
18-Ult	1.813	1.019	1.055	0.956	1.002	0.994	0.968	0.994	2.166
12-Ult	2.110	1.061	1.094	0.859	1.000	0.982	0.916	0.975	2.893
6-Ult	2.871	1.317	1.024	0.625	1.013	0.936	0.810	0.903	7.835

AIRB Approved Age-to-Ultimate Development Factors  
As of December 31, 2019  
Alberta  
Private Passenger Automobile (Excluding Farmers)

As of 2019-2  
Age-to-Ultimate Factors  
Incurred Claim Count

	Bodily Injury	Property Damage	Accident Benefits	Collision	Comprehensive	Comprehensive Theft	All Perils	Specified Perils	Underinsured
180-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
174-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
168-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
162-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
156-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
150-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.990
144-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.990
138-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.984
132-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.979
126-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.945
120-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.934
114-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.894
108-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.860
102-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.833
96-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.800
90-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.772
84-Ult	0.998	1.000	1.000	1.000	1.000	0.999	1.000	1.000	0.726
78-Ult	0.997	1.000	1.000	1.000	1.000	0.999	1.000	1.000	0.678
72-Ult	0.997	1.000	1.000	1.000	1.000	0.999	1.000	1.000	0.618
66-Ult	0.995	1.000	1.000	0.999	1.000	0.999	1.000	1.000	0.580
60-Ult	0.994	1.000	1.000	0.999	1.000	0.999	1.000	1.000	0.528
54-Ult	0.992	1.000	1.000	0.999	1.000	0.999	1.000	1.000	0.492
48-Ult	0.990	1.000	1.000	0.999	1.000	0.999	1.000	1.000	0.461
42-Ult	0.987	0.999	0.999	0.999	1.000	0.999	1.000	1.000	0.438
36-Ult	0.989	0.999	0.999	0.999	1.000	0.999	1.000	1.001	0.445
30-Ult	0.989	0.999	0.999	0.998	1.000	0.998	1.001	1.001	0.500
24-Ult	1.013	0.997	0.999	0.993	1.002	0.999	1.001	1.000	0.696
18-Ult	1.035	1.005	0.999	0.976	1.006	0.999	1.000	1.001	0.821
12-Ult	1.035	1.026	0.996	0.912	1.014	0.998	0.993	0.997	1.008
6-Ult	1.189	1.185	0.960	0.717	1.047	1.003	0.986	1.015	1.394