

BULLETIN: 04-2021
DATE: MARCH 26, 2021

Bulletin to All Private Passenger Vehicle Insurers
2021 Semi-Annual Review Industry Benchmark Schedule
Effective April 1, 2021 for Private Passenger Vehicles

Purpose:

The Automobile Insurance Rate Board (AIRB) is issuing this Bulletin to advise all private passenger vehicle (PPV) insurers operating in Alberta the AIRB has concluded the 2021 Semi-Annual Review. The AIRB has approved the 2021 Semi-Annual Review PPV [Industry Benchmarks Schedule](#).

Background:

Section 9 of the Automobile Insurance Premiums Regulation requires the AIRB to conduct an annual review. In addition, the AIRB's [Policy P05 – Review of Automobile Insurance Trends and Premiums](#) requires a semi-annual review to ensure the most current available data in the review of rate filings.

Process:

Annually, the AIRB requests its consulting actuary, Oliver, Wyman Limited, (Oliver Wyman) to complete a Review of Industry Experience (as of June 30) for PPV, once the data is available.

Once AIRB has reviewed and approved Oliver Wyman's draft for distribution, it posts to the website. The AIRB provides stakeholders an opportunity to provide input by written submission to the AIRB. The AIRB posts comments received during the review to the [website](#).

Following a review of all comments received, Oliver Wyman updates the draft report considering any new information provided by stakeholders and submits a final report to the AIRB.

The AIRB reviews and approves the final report, and issues a Bulletin to all Stakeholders providing Industry Benchmarks used in its review of insurers' rate filings effective April 1.

Action Required:

The AIRB uses Industry Benchmarks as the basis of the review of PPV filings submitted on or after April 1, 2021. All PPV filings received on or after April 1, 2021, should incorporate the most current Industry Benchmarks to the extent their own data is not fully credible.

Should you have any questions relating to this Bulletin, please contact our office at (780) 427-5428 or by email: airb@gov.ab.ca.

Laurie Balfour, MBA, CPA, CMA
Executive Director

2021 Annual Review Industry Benchmarks Schedule – PPV

Effective Date: For all filings submitted on or after April 1, 2021

Loss Development Factors

Appendix #1 outlines the AIRB approved benchmark loss development factors for use by insurers in developing filings.

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%/+5.0%*
TPL - Property Damage	+1.5%
TPL – Subtotal	+5.4%/+4.7%
Accident Benefits	0.0%/+11.5%**
Collision	+1.5%/+1.0%*
Comprehensive	+6.5%
Specified Perils	+4.0%
All Perils	+3.0%
Underinsured Motorist	+4.0%

* Future trend rate begins April 1, 2020

** Future trend rate begins January 1, 2015

Insurers may use these benchmark loss trend rates without further support. Insurer should provide full support if using their own data to select loss trend rates.

Catastrophe Loading

The AIRB approved catastrophe loading is 51%. Where insurers' own claim experience differs from industry and is credible, the Board acknowledges 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 2019 GISA Expense Report; and the approved ULAE factor is 1.108 based on the published GISA accident year 2019 ULAE provision. Insurers' should use their own experience 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](#).

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 June 30, 2020
Alberta
Private Passenger Automobile (Excluding Farmers)

As of 2020-1
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	1.000	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	1.002	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	1.015
144-Ult	1.003	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.016
138-Ult	1.004	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.012
132-Ult	1.004	1.000	1.002	1.000	1.000	1.000	1.000	1.000	1.007
126-Ult	1.004	1.000	1.003	1.000	1.000	1.000	1.000	1.000	1.005
120-Ult	1.006	1.000	1.003	1.000	1.000	1.000	1.000	1.000	0.997
114-Ult	1.006	1.000	1.003	1.000	1.000	1.000	1.000	1.000	0.992
108-Ult	1.009	1.000	1.002	1.000	1.000	1.000	1.000	1.000	1.005
102-Ult	1.012	1.000	1.003	1.000	1.000	1.000	1.000	1.000	1.023
96-Ult	1.017	1.000	1.003	1.000	1.000	1.000	1.000	1.000	1.009
90-Ult	1.021	1.000	1.004	1.000	1.000	1.000	1.000	1.001	1.010
84-Ult	1.023	1.000	1.004	1.000	1.000	1.000	1.000	1.001	1.000
78-Ult	1.026	1.000	1.004	1.000	1.000	1.000	1.000	1.002	0.999
72-Ult	1.033	1.000	1.005	1.000	1.000	1.000	0.999	1.002	1.001
66-Ult	1.043	1.000	1.005	1.000	1.000	1.000	1.000	1.003	1.014
60-Ult	1.054	1.000	1.008	1.000	1.000	1.000	1.000	1.003	1.035
54-Ult	1.075	1.000	1.012	1.000	1.000	0.999	1.001	1.002	1.074
48-Ult	1.104	1.000	1.018	1.000	1.000	0.999	1.000	1.002	1.073
42-Ult	1.155	0.999	1.019	1.000	1.000	0.999	1.002	1.002	1.098
36-Ult	1.239	1.000	1.024	0.999	1.000	1.000	1.001	1.000	1.202
30-Ult	1.368	1.001	1.025	0.998	1.000	0.999	1.003	1.001	1.427
24-Ult	1.577	1.005	1.007	0.987	1.001	0.999	0.993	0.997	1.814
18-Ult	1.820	1.021	1.057	0.958	1.002	0.995	0.970	0.995	2.202
12-Ult	2.116	1.061	1.091	0.864	1.000	0.984	0.914	0.978	2.942
6-Ult	2.817	1.202	1.035	0.612	0.975	0.945	0.815	0.906	7.655

AIRB Approved Age-to-Ultimate Development Factors
As of June 30, 2020
Alberta
Private Passenger Automobile (Excluding Farmers)

As of 2020-1
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	0.985
132-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.985
126-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.949
120-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.938
114-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.898
108-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.864
102-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.841
96-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.806
90-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.780
84-Ult	0.999	1.000	1.000	1.000	1.000	0.999	1.000	1.000	0.730
78-Ult	0.998	1.000	1.000	1.000	1.000	0.999	1.000	1.000	0.684
72-Ult	0.997	1.000	1.000	1.000	1.000	0.999	1.000	1.000	0.624
66-Ult	0.996	1.000	1.000	1.000	1.000	0.999	1.000	1.000	0.588
60-Ult	0.994	1.000	1.000	1.000	1.000	0.999	1.000	1.000	0.538
54-Ult	0.992	1.000	1.000	0.999	1.000	0.999	1.000	1.000	0.505
48-Ult	0.990	1.000	1.000	0.999	1.000	0.999	1.000	1.000	0.473
42-Ult	0.987	1.000	0.999	0.999	1.000	0.999	1.000	1.000	0.449
36-Ult	0.991	1.000	1.000	0.999	1.000	0.999	1.000	1.001	0.456
30-Ult	0.991	0.999	0.999	0.999	1.000	0.999	1.001	1.001	0.513
24-Ult	1.020	0.998	1.000	0.994	1.002	1.000	1.000	1.000	0.710
18-Ult	1.047	1.006	1.000	0.978	1.006	1.000	0.999	1.002	0.833
12-Ult	1.047	1.023	0.996	0.914	1.015	0.998	0.986	0.999	1.018
6-Ult	1.115	1.116	0.965	0.716	1.111	1.002	0.956	1.023	1.406