

BULLETIN: 02-2022  
DATE: MARCH 25, 2022

## Bulletin to All Private Passenger Vehicle Insurers

### 2022 Semi-Annual Review Industry Benchmark Schedule

### Effective April 1, 2022 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 2022 Semi-Annual Review. The AIRB has approved the 2022 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.

Stakeholders will note **two changes** in Oliver Wyman's final report, and the AIRB's Benchmark Schedule.

1. **Catastrophe Loading** - The AIRB is no longer approving a benchmark for catastrophe loading. Insurers are expected to use their own claim experience when determining a catastrophe loading. Oliver Wyman's analysis continues to be provided for insurers who may need to supplement their own experience with industry data.
2. **Return on Investment** – Oliver Wyman's final report includes recent actual industry average return on investment rates. Insurers are expected to consider their own recent actual return on investment rates when selecting their expected return on investment rate assumption. This industry data is provided as a comparison for insurers to their own results.

#### Action Required:

The AIRB uses Industry Benchmarks as the basis of the review of PPV filings submitted on or after April 1, 2022. All PPV filings received on or after April 1, 2022, 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](mailto:airb@gov.ab.ca).

Laurie Balfour, MBA, CPA, CMA  
Executive Director

## 2022 Annual Review Industry Benchmarks Schedule – PPV

**Effective Date: For all filings submitted on or after April 1, 2022**

### 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	Selected Past/Future Trend Rates
Bodily Injury	+6.5%/+5.0% <sup>1</sup>
Property Damage	+1.5%
Direct Compensation for Property Damage	+1.5%
Accident Benefits	+1.0%/+12.0% <sup>2</sup>
Collision	+2.5%
Comprehensive	+5.0%/+3.5% <sup>3</sup>
All Perils	+2.5%
Specified Perils	+3.0%
Underinsured Motorist	+2.0%

<sup>1</sup> Future trend rate begins November 1, 2020

<sup>2</sup> Future trend rate begins January 1, 2015

<sup>3</sup> Future trend rate begins October 1, 2020

Insurers should use their own data to select loss trend rates, to the extent it is credible, and provide full support and details. If an insurer does not have credible data, they may use these benchmark loss trend rates without further support.

### Other Benchmarks

Other Benchmark	Selected Benchmark
Health Cost Recovery	Current <sup>4</sup>
Operating Expenses	26.00%
Unallocated Loss Adjustment Expenses (ULAE)	1.103
Profit Provision	7.00%

<sup>4</sup> Refer to the most current percentage published on the President of Treasury Board and Minister of Finance's [website](#).

AIRB Approved Age-to-Ultimate Development Factors  
As of June 30, 2021  
Alberta  
Private Passenger Automobile (Excluding Farmers)

As of 2021-1  
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	1.002	1.000	1.000	1.000	1.000	1.000	1.000
174-Ult	1.001	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000
168-Ult	1.001	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000
162-Ult	1.002	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.000
156-Ult	1.001	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.006
150-Ult	1.002	1.000	1.002	1.000	1.000	1.000	1.000	1.000	1.016
144-Ult	1.004	1.000	1.002	1.000	1.000	1.000	1.000	1.000	1.015
138-Ult	1.004	1.000	1.002	1.000	1.000	1.000	1.000	1.000	1.010
132-Ult	1.005	1.000	1.004	1.000	1.000	1.000	1.000	1.000	1.004
126-Ult	1.007	1.000	1.004	1.000	1.000	1.000	1.000	1.000	1.004
120-Ult	1.008	1.000	1.007	1.000	1.000	1.000	1.000	1.000	0.991
114-Ult	1.007	1.000	1.007	1.000	1.000	1.000	1.000	1.000	0.984
108-Ult	1.011	1.000	1.006	1.000	1.000	1.000	1.000	1.000	0.991
102-Ult	1.012	1.000	1.006	1.000	1.000	1.000	1.000	1.000	1.003
96-Ult	1.013	1.000	1.006	1.000	1.000	1.000	1.000	1.000	0.987
90-Ult	1.014	1.000	1.006	1.000	1.000	1.000	1.000	1.001	0.989
84-Ult	1.019	1.000	1.006	1.000	1.000	1.000	1.000	1.001	0.992
78-Ult	1.017	1.000	1.006	1.000	1.000	1.000	1.000	1.001	0.997
72-Ult	1.025	1.000	1.011	1.000	1.000	1.000	1.000	1.001	0.986
66-Ult	1.033	1.000	1.010	1.000	1.000	1.000	1.000	1.002	0.998
60-Ult	1.045	1.000	1.013	1.000	1.000	1.000	1.000	1.002	1.010
54-Ult	1.068	1.000	1.016	0.999	1.000	0.999	1.000	1.001	1.053
48-Ult	1.096	0.999	1.021	0.999	0.999	0.999	0.998	1.002	1.065
42-Ult	1.145	0.999	1.024	0.999	0.999	0.999	1.000	1.001	1.099
36-Ult	1.228	1.000	1.028	0.999	0.999	0.998	0.998	0.999	1.221
30-Ult	1.347	1.000	1.033	0.997	0.999	0.997	0.998	1.000	1.441
24-Ult	1.544	1.003	1.011	0.988	1.000	0.997	0.988	0.995	1.870
18-Ult	1.788	1.022	1.070	0.965	1.001	0.993	0.966	0.992	2.217
12-Ult	2.088	1.057	1.109	0.909	1.002	0.981	0.912	0.977	2.927
6-Ult	2.863	1.196	1.123	0.659	1.023	0.956	0.850	0.904	7.850

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As of 2021-1  
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	0.996
144-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.993
138-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.987
132-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.978
126-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.946
120-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.938
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	0.859
102-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.836
96-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.799
90-Ult	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.771
84-Ult	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.728
78-Ult	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.680
72-Ult	0.996	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.626
66-Ult	0.994	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.590
60-Ult	0.992	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.547
54-Ult	0.991	1.000	1.000	0.999	1.000	1.000	1.000	1.000	0.514
48-Ult	0.988	1.000	1.000	0.999	1.000	1.000	1.000	1.000	0.487
42-Ult	0.986	1.000	1.000	0.999	1.000	1.000	1.000	0.999	0.460
36-Ult	0.990	1.000	1.000	0.999	1.000	1.000	1.000	1.000	0.469
30-Ult	0.992	0.999	1.000	0.998	1.000	1.000	1.001	1.001	0.526
24-Ult	1.028	0.997	0.999	0.995	1.002	1.001	1.002	0.999	0.736
18-Ult	1.066	1.007	0.999	0.982	1.007	1.001	0.999	1.001	0.862
12-Ult	1.073	1.018	0.996	0.927	1.016	0.999	0.978	1.000	1.053
6-Ult	1.153	1.111	0.977	0.729	1.108	1.003	0.909	1.034	1.481