

**Notice 04-2018**

**Date: June 25, 2018**

**Notice to all Stakeholders:  
Annual Review of Automobile Insurance Loss Experience**

The Automobile Insurance Rate Board (AIRB) is commencing its 2018 Annual Review process to analyze industry loss experience for private passenger vehicles (PPV) to establish industry benchmarks to be used in the review of insurers' PPV rate filings for basic and additional coverage, effective October 1<sup>st</sup>, 2018. The AIRB invites comments from interested stakeholders as part of its Annual Review and is calling for stakeholders to file a letter of intent to participate in the process by Friday, July 6<sup>th</sup>, 2018. This process will conclude with an Open Meeting.

The Open Meeting will take place in Edmonton at Canadian Western Bank Place, 10303 Jasper Avenue, Western Room, Lower Level on Tuesday, August 14<sup>th</sup>, 2018 from 9:00 am to 4:00 pm.

**Background**

The AIRB is holding an open meeting to review Alberta industry loss experience for PPV to establish industry benchmarks to be used in the review of insurers' PPV filings for basic and additional coverage.

The AIRB's focus for this year's Open Meeting is on:

- **Loss Development.** The AIRB's consulting actuary, Oliver Wyman reports continued prior years' adverse loss development (based on its estimates) for Bodily Injury, and significant adverse loss development since 2015 for Medical Payments and Disability Income. Are Oliver Wyman's findings consistent with what individual companies are experiencing? If yes, what are the causes?
- **Loss trends.** In particular:
  - Cause(s) for the continued increase in Bodily Injury claim severity (More claims being settled outside the Minor Injury Cap? Increase in legal representation? Other reasons?).
  - Cause(s) for the sharp increase in Medical Expense severity in 2015, and whether this represents (and should be treated as) a change in severity level.
  - Causes(s) for the sharp increase in Disability Income severity in 2015, and whether this represents (and should be treated as) a change in severity level or a data point outlier.
  - Cause(s) for the rise in theft claims, and whether the high frequency trend will continue.
  - Causes(s) for the differing trends in Comprehensive and Specified Perils.
- The impact from **Minor Injury Regulation** amendment regarding Bodily Injury severity and frequency.
- The impact from the **Ministerial Order No.25/2017** on company solvency and consumer premium dislocations.
- The impact from **Gender X** and legalizing recreational **Cannabis**.

All interested parties may attend the Open Meeting, but only those parties selected by the AIRB will be permitted to present.

### **The Process**

There are three ways for interested parties to participate in the Annual Review:

- Submit a Letter of Intent to make a presentation to the AIRB at the Open Meeting.
- Send a Written Submission to the AIRB regarding the Annual Review.
- Contact the Consumer Representative.

#### **1) Letter of Intent to Present at the Open Meeting**

All interested parties wishing to present to the AIRB during the Open Meeting must file a letter of intent by Friday, July 6<sup>th</sup>, 2018. Your letter of intent should include a list of the issues that you wish to present to the AIRB, in addition, a description of how these issues apply to the criteria that must be considered by the AIRB and to industry experience over the past year.

The AIRB will evaluate the letters of intent and presenters will be selected based on adherence to the criteria identified above and relevance to the mandate of the AIRB. The purpose of a submission process is to ensure that presentations are within the scope of the Annual Review and relate to industry-wide experience.

Presenters will be notified by Wednesday, July 11<sup>th</sup>, 2018 of their scheduled time to present at the Open Meeting. Each presenter must file their submission with the AIRB by Tuesday, July 24<sup>th</sup>, 2018. Your presentation should contain information that is accurate, based on current circumstances and related to the Alberta insurance market. The presenters' submissions and presentation materials introduced at the Open Meeting will be posted to the AIRB website Tuesday, August 14, 2018 following the Open Meeting.

The AIRB's Preliminary Report (as prepared by Oliver Wyman, AIRB consulting actuary) on industry experience was posted on the AIRB website on Monday, June 25<sup>th</sup>, 2018. Presenters are invited to comment on the report during their oral presentation.

#### **2) Written Submissions**

As an alternative to making a presentation during the Open Meeting, stakeholders are invited to make a written submission to the AIRB on issues related to the Annual Review. Written submissions must be received by Tuesday, July 24<sup>th</sup>, 2018. Submissions will be posted to the AIRB website Tuesday, August 14<sup>th</sup>, 2018 following the Open Meeting.

#### **3) Input to the Consumer Representative:**

Consumers not wishing to make a presentation or submit a written submission may make comments regarding the Annual Review to the Consumer Representative, Mr. Chris Daniel, who will collect the input of consumers. During the Open Meeting, the Consumer Representative will present a report to the AIRB on the input that he has received. His preliminary report was posted on the AIRB website on Monday, June 25<sup>th</sup>, 2018.

**Attendance at Open Meeting:**

The Annual Review is an open process and all interested parties may attend the Open Meeting. However:

- Only those parties who have been invited to make a presentation will have an opportunity to speak to the AIRB.
- Presenters are invited to ask the AIRB questions at the end of their presentation.
- All presenters and attendees at the Open Meeting will be responsible for any expenses they incur in order to attend the meeting.
- During the Open Meeting, the AIRB will reserve the right to go into in-camera sessions if necessary to protect proprietary data.

**Important Dates:**

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| 1. June 25 <sup>th</sup> , 2018      | AIRB Preliminary Report posted to the AIRB website<br><br>Consumer Representative’s Preliminary Report posted to the AIRB website <a href="http://www.airb.alberta.ca">www.airb.alberta.ca</a> |
| 2. July 6 <sup>th</sup> , 2018       | Deadline for Letter of Intent  |
| 3. July 24 <sup>th</sup> , 2018      | Deadline for written submissions   |
| 4. August 14 <sup>th</sup> , 2018    | Open Meeting<br>Submissions and presentation materials posted to the AIRB website  |
| 5. September 24 <sup>th</sup> , 2018 | AIRB’s Final Report posted to website  |

**Public disclosure of all presentation and written submissions:**

Subject to section 816 of the *Insurance Act*, any information (including personal or business information) that is submitted to the AIRB consideration in the Annual Review process will be considered made in the context of a public meeting, whether made as a written submission or an oral presentation, and will be made available to the public upon request to the AIRB.

**Letters of intent and submissions should be sent to:**

Automobile Insurance Rate Board  
2440 Canadian Western Bank Place  
10303 Jasper Avenue  
Edmonton, AB T5J 3N6

Phone: 780-427-5428, or  
Alberta toll free: 310-0000  
Fax: 780-638-4254  
Email: [AIRB@gov.ab.ca](mailto:AIRB@gov.ab.ca)

**To contact the Consumer Representative:**

Mr. Chris Daniel  
c/o Automobile Insurance Rate Board  
2440 Canadian Western Bank Place  
10303 Jasper Avenue  
Edmonton, AB T5J 3N6

Phone: 780-427-5428, or  
Alberta toll free: 310-0000  
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