

Ratemaking Components Schedule

For Private Passenger Rate Filings for Basic and Additional Coverage Submitted On or After October 1, 2014

Loss Development Factors

The Board approved benchmark loss development factors for use by insurers in developing filings are outlined in Attachment 1.

Loss Trends

The following are the Board approved benchmark trend rates for use by insurers in developing filings:

Coverage	Oliver Wyman Selected Trend Rates
Bodily Injury	+2.5%
Property Damage	+2.0%
AB - Medical	+3.0%
AB - Disability	-1.5%
AB-Total	+2.0%
Collision	+2.5%
Comprehensive	+1.0%

The Board acknowledges that 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 that it is credible and apply the Board's accepted industry benchmark trend rates without adjustment as the complement of credibility; or (c) apply the Board's accepted industry benchmark trend rates without adjustment.

Catastrophe Loading

The Board approved Catastrophe Loading is 40%. Where the 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.

Investment Income Rate

The Board approved risk-free rate for all coverage is 1.7%. Insurers must use a risk-free rate that is no lower than 1.7% when discounting claims in filings submitted to the Board. This rate is updated on a semi-annual basis.

Administrative Expense & Unallocated Loss Adjustment Expense (ULAE)

The Board approved expense ratio is 24.4% and the approved ULAE factor is 1.105. Insurers' own experience should be used when filing with the Board.

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 Minister of Finance's website at http://www.finance.alberta.ca/publications/tax_rebates/healthcostsrecovery/heal18.html. (2014 assessment factor is 5%)

Profit

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

Attachment 1

**Oliver Wyman Selected Age-to-Ultimate Development Factors
As of December 31, 2013
Alberta**

Private Passenger Automobile (Excluding Farmers)

As of 2013-2

**Age-to-Ultimate Factors
Incurred Claim Amount**

	Bodily Injury	Property Damage	AB - Disability Income	AB - Medical Rehab	AB - Funeral	AB - Death	AB - Uninsured
180-Ult	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
168-Ult	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
156-Ult	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
144-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000
138-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000
132-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000
126-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000
120-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000
114-Ult	1.000	1.000	1.000	1.000	1.000	1.000	0.976
108-Ult	1.000	1.000	1.000	1.000	1.000	1.000	0.972
102-Ult	1.000	1.000	1.000	1.000	1.000	1.000	0.970
96-Ult	1.007	1.000	1.000	1.000	1.000	1.000	0.971
90-Ult	1.013	1.000	1.000	1.001	1.000	1.000	0.972
84-Ult	1.020	1.000	1.000	0.999	1.000	1.000	0.881
78-Ult	1.031	1.000	1.000	1.000	1.000	1.000	0.983
72-Ult	1.049	1.000	1.000	1.001	1.000	1.000	1.160
66-Ult	1.076	1.000	0.999	1.003	1.000	1.000	1.252
60-Ult	1.101	1.000	1.006	1.002	0.998	1.003	1.197
54-Ult	1.140	1.000	1.008	1.004	0.996	1.005	1.337
48-Ult	1.194	1.000	1.010	1.006	0.990	0.998	1.378
42-Ult	1.263	0.999	1.007	1.007	0.989	0.998	1.532
36-Ult	1.360	1.000	1.009	1.006	0.986	0.995	1.603
30-Ult	1.477	0.998	1.010	1.006	0.975	0.989	2.120
24-Ult	1.587	0.999	1.007	0.977	0.961	0.976	3.001
18-Ult	1.694	1.003	1.065	0.976	0.948	0.971	3.028
12-Ult	1.731	1.012	1.187	0.921	0.934	0.961	6.820
6-Ult	2.106	1.213	1.599	0.686	1.019	1.150	13.328

Oliver Wyman Selected Age-to-Ultimate Development Factors
As of December 31, 2013
Alberta
Private Passenger Automobile (Excluding Farmers)

As of 2013-2
Age-to-Ultimate Factors
Incurred Claim Amount

	Collision	Comprehensive	Specified Perils	All Perils	Underinsured
180-Ult	1.000	1.000	1.000	1.000	1.000
174-Ult	1.000	1.000	1.000	1.000	1.000
168-Ult	1.000	1.000	1.000	1.000	1.000
162-Ult	1.000	1.000	1.000	1.000	1.000
156-Ult	1.000	1.000	1.000	1.000	0.991
150-Ult	1.000	1.000	1.000	1.000	0.993
144-Ult	1.000	1.000	1.000	1.000	1.001
138-Ult	1.000	1.000	1.000	1.000	1.002
132-Ult	1.000	1.000	1.000	1.000	1.007
126-Ult	1.000	1.000	1.000	1.000	1.000
120-Ult	1.000	1.000	1.000	1.000	1.007
114-Ult	1.000	1.000	1.000	1.000	1.004
108-Ult	1.000	1.000	1.000	1.000	1.053
102-Ult	1.000	1.000	1.000	1.000	1.080
96-Ult	1.000	1.000	1.000	1.000	1.052
90-Ult	1.000	1.000	1.000	1.000	1.045
84-Ult	1.000	1.000	1.000	1.000	1.029
78-Ult	1.000	1.000	1.000	1.000	1.040
72-Ult	1.000	1.000	1.000	1.000	1.063
66-Ult	1.000	1.000	1.000	1.000	1.033
60-Ult	1.000	1.000	1.000	0.998	1.030
54-Ult	1.000	1.000	0.997	1.001	1.032
48-Ult	1.000	1.000	0.998	0.999	1.053
42-Ult	1.000	1.000	0.998	1.000	1.063
36-Ult	0.999	1.000	0.993	1.001	1.174
30-Ult	0.997	1.000	0.988	1.001	1.277
24-Ult	0.987	1.000	0.983	0.987	1.497
18-Ult	0.961	0.997	0.980	0.984	1.799
12-Ult	0.848	0.987	0.957	0.949	2.498
6-Ult	0.615	1.000	0.988	0.809	6.401