

Alberta
airb *Automobile Insurance
Rate Board*

Business Plan 2018 - 2021



ACCOUNTABILITY STATEMENT

I am pleased to provide the 2018-2021 business plan of the Automobile Insurance Rate Board, an independent agency, established by the Minister of Finance to regulate automobile insurance premiums in Alberta.

This business plan for the three years commencing April 1, 2018 was prepared under my direction. All of the Automobile Insurance Rate Board's policy decisions as of March 31, 2018, with material economic or fiscal implications of which I am aware have been considered in preparing this plan.

The Board's priorities outlined in this business plan were developed in the context of the government's business and fiscal plans. The Board is accountable for the preparation and achievement of the strategies and objectives laid out in this business plan.

[Original Signed]

Charlene Butler, Acting Chair
May 25, 2018

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GOVERNANCE

The Minister of Finance and the Government of Alberta, through legislation (*Insurance Act*), established the Alberta Automobile Insurance Rate Board (AIRB or the Board) as an independent regulator. In this capacity, the AIRB is responsible for regulating automobile insurance rating programs for both basic and additional coverage in Alberta. The Board, through its functions and statutory duties and responsibilities, serves all Albertans – members of the general public, insurance industry and Government.

VISION

An efficient and effective automobile insurance market with fair and predictable rates.

MISSION

As an independent body, the AIRB will regulate rating programs of Alberta automobile insurers to ensure premiums are fair and predictable. The Board will also ensure consumers have access to information to facilitate informed choices.

VALUES

Respect	We foster an environment where consumers, industry, government, Board and staff members are valued and heard
Accountability	We are accountable for our actions and contributing to the efficacy of the automobile insurance system
Integrity	We behave ethically and are open, honest and fair in our dealings
Excellence	We use innovation and continuous improvement to achieve excellence

LINK TO THE TREASURY BOARD AND FINANCE BUSINESS PLAN 2018-2021

Outcome two Policy and regulatory oversight for the liquor, gaming, cannabis, financial, securities, insurance and pensions sectors that is effective, fair and in the interests of Albertans.

Key Strategies

1. Continuously scan the environment for best practices and risks to monitor the current and emerging issues and trends that may have significant impact on Alberta's liquor, gaming, cannabis, financial, securities, insurance and pensions sectors¹.
2. Lead and implement changes to keep the policy and regulation of Alberta's liquor, gaming, cannabis, financial, securities, insurance and pensions sectors current based on best practices and focused on making life better for Albertans².

MANDATE

The AIRB mandate includes two overall outcomes: regulation of automobile insurance rating programs and providing information to enable consumers to make informed choices about the purchase of automobile insurance.

¹ Treasury Board and Finance Business Plan 2018-21 Key Strategy 2.1

² Treasury Board and Finance Business Plan 2018-21 Key Strategy 2.2

OUTCOMES, GOALS, STRATEGIES & PERFORMANCE MEASURES

Outcome One: Regulation of Automobile Insurance Rating Programs

Goal 1 Encourage an efficient and effective market that allows for fair and predictable rates

Premium stability with fair and predictable pricing is an integral objective of the automobile insurance system for consumers, insurance providers and Government. In fulfilling its mandate, the Board aims to encourage competitive insurance premiums in part by supporting rating programs that demonstrate innovation that improves the matching of premium to risk. Fostering an environment that is open to new concepts that benefit consumers while maintaining fair and equitable rating models.

Key Strategies

1. Ensure procedures are efficient and consistent with legislation and regulations.
2. Submit recommendations where regulations are inconsistent with this goal.
3. Monitor industry profit and risk sharing pools as indicators of market dynamics.
4. Encourage the use of rate capping to smooth significant changes in rates.

Performance Measures	Last Actual 2017/18	Target 2018/19	Target 2019/20	Target 2020/21
Simplified filing decisions issued in 30 days or less from the date deemed complete (where filings are complete with no further external actuarial analysis required)	95%	95%	95%	95%
Full filing decisions issued in 60 days or less from the date deemed complete (where filings are complete with no further external actuarial analysis required)	80%	95%	95%	95%
Grid, Grid RSP & RSP are regularly monitored	Quarterly	Quarterly	Quarterly	Quarterly
Industry profits and benchmarks are reviewed	Semi Annually	Semi Annually	Semi Annually	Semi Annually

Linking Performance Measures to Outcomes

The first two measures track the timeliness of filing decisions to ensure that rate filings are processed within the established timelines and that insurers are able to request rate changes to respond to the market and ensure ongoing availability of automobile insurance in Alberta.

The last two measures are indicators of market dynamics and assist the Board to identify trends and areas of concern in the marketplace.

Goal 2

Maintain a strong working relationship with stakeholders

This goal aims to ensure that the AIRB maintains a good understanding of the insurance industry and emerging issues. It also aims to provide opportunities for insurance providers, other industry professionals and stakeholders to provide input to the AIRB's Industry Benchmarks based on the Annual and Semi-annual Review which are used in the review of filings and to have access to the most recent and comprehensive information on Board decisions, activities and orders.

In maintaining stakeholder relationships, the AIRB maintains transparency and accountability to the Minister and stakeholders through the key strategies listed below.

Key Strategies

1. Seeking input from automobile insurance providers and other stakeholders to inform decisions on the AIRB's Industry Benchmarks, bulletins and other initiatives.
2. Provide regular opportunities for automobile insurance providers and other stakeholders to meet with the Board.
3. Post all Board decisions on rate filings on the AIRB's website.
4. Advise the Minister on automobile insurance issues and activities of the Board.
5. Develop an Annual Report and Business Plan for submission to Minister.
6. Hold an annual Open Meeting to receive input from stakeholders.
7. Liaise regularly with the Superintendent of Insurance.
8. Actively participate and support the initiatives of the General Insurance Statistical Agency.
9. Liaise and collaborate with other Canadian automobile insurance rate regulators through participation in the Canadian Automobile Insurance Rate Regulators Association.

Performance Measures	Last Actual 2017/18	Target 2018/19	Target 2019/20	Target 2020/21
Board decisions implemented in any quarter posted within 15 business days of the end of that quarter	100%	100%	100%	100%
Annual Report and Business Plan are published	Annually	Annually	Annually	Annually
Board meets with industry stakeholders and automobile insurance providers	12 ¹	12	12	12

¹The number of industry stakeholders that meet with the Board each year

Linking Performance Measures to Outcomes

The first two measures demonstrate the AIRB's commitment to transparency and accountability to the Minister and other key stakeholders.

The third measure demonstrates the AIRB's commitment to meet with stakeholders to understand the challenges and opportunities in the market.

Outcome Two: Provision of Automobile Insurance Information

Goal 3 Ensure consumers of private passenger automobile insurance are heard and have access to sound information

This goal aims to ensure that consumers are given opportunity to be heard. The ways in which consumers may voice their concerns include:

- Contact through the AIRB's website
- Telephone or email contact directly to the AIRB office
- Annual Open Meeting
- Through the independent Consumer Representative
 - Annual consumer survey, telephone interviews and focus groups including specific sessions for seniors and youth

The AIRB is further committed to increasing consumer awareness and understanding of their rights and responsibilities regarding the purchase of automobile insurance, so that consumers make informed choices in an open and competitive market.

Key Strategies

1. Ongoing enhancements to the AIRB's website and monitoring website statistics.
2. Share information through presentations on how to shop the automobile insurance market and other relevant topics.
3. Conduct annual consumer survey, focus groups and interviews.
4. Support the Consumer Representative in consultations, collection, analysis and reporting of data.
5. Share articles on emerging trends annually to keep consumers informed.
6. Explore social media to provide consumers with more options to keep informed.

Performance Measures	Last Actual 2017/18	Target 2018/19	Target 2019/20	Target 2020/21
1. Number of instances where consumers access educational initiatives such as website hits, focus groups, and in person presentations etc. (in millions)	1.4	1.5	1.5	1.5

Linking Performance Measures to Outcomes

This measure demonstrates the AIRB's commitment to ensuring consumers have access to information to assist them to make informed decisions before purchasing automobile insurance.