



AIRB Annual Review 2016

Public Hearing
August 16, 2016

Bill Adams
Vice-President, Western & Pacific

Ryan Stein
Director of Policy



Agenda

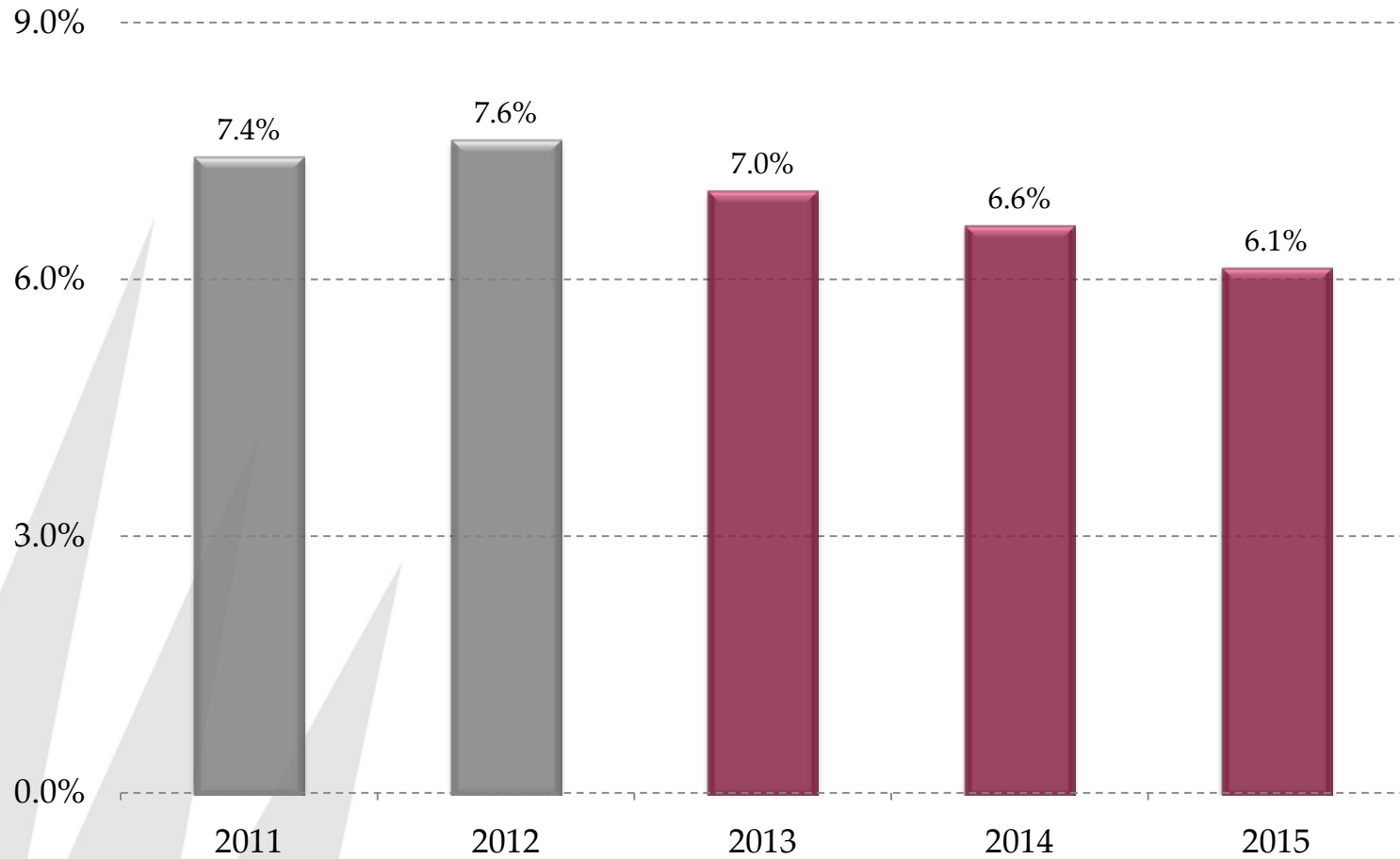
Loss experience of the grid vehicle population

Bodily injury claims trends

Loss cost trend rates and benchmarks that the AIRB will use when considering rating programs

Loss Experience of the Grid Population (1/4)

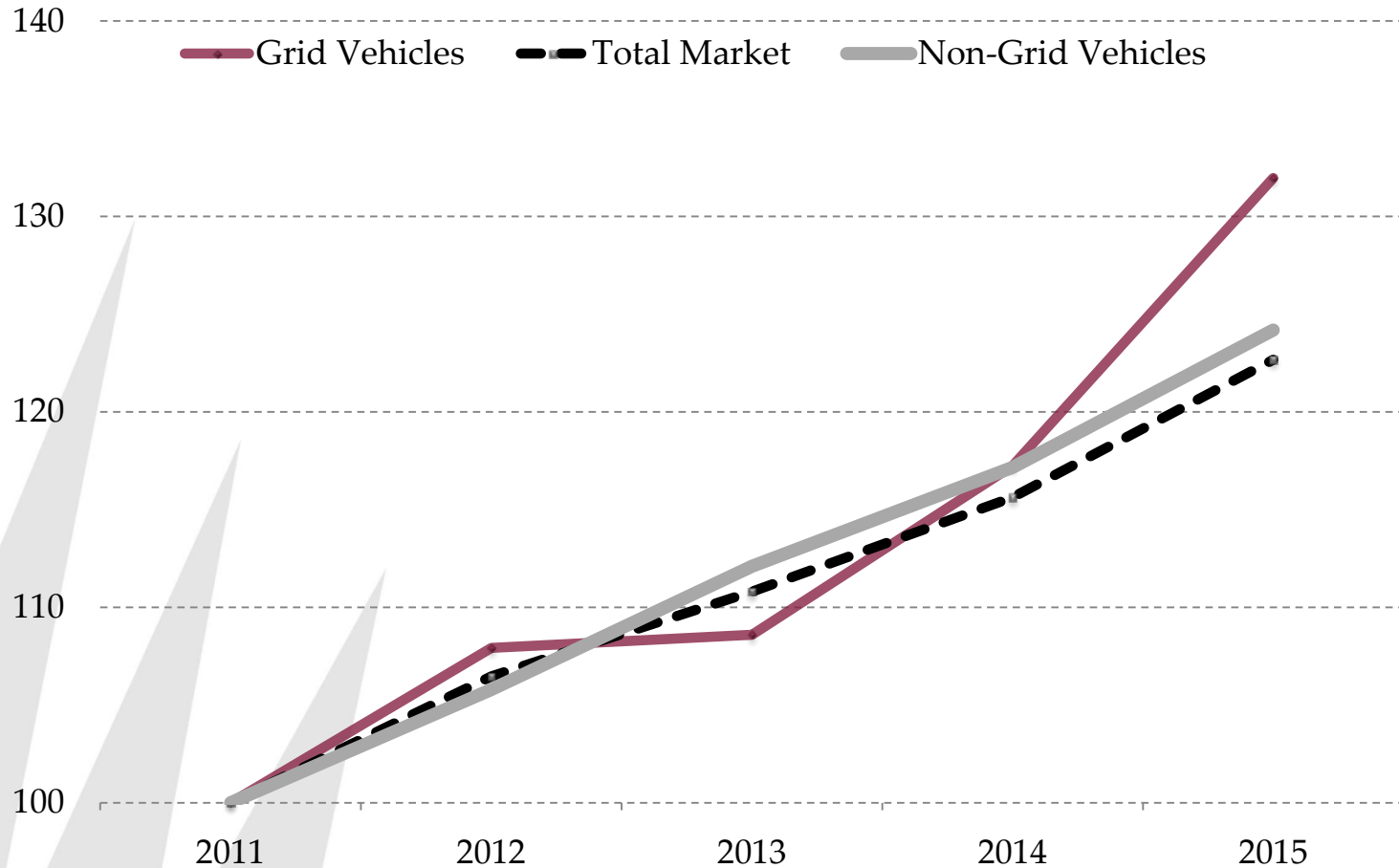
Market Share of Grid Vehicles



Source: IBC with data from Dr. Ron Miller. Based on car-years earned exposure.

Loss Experience of the Grid Population (2/4)

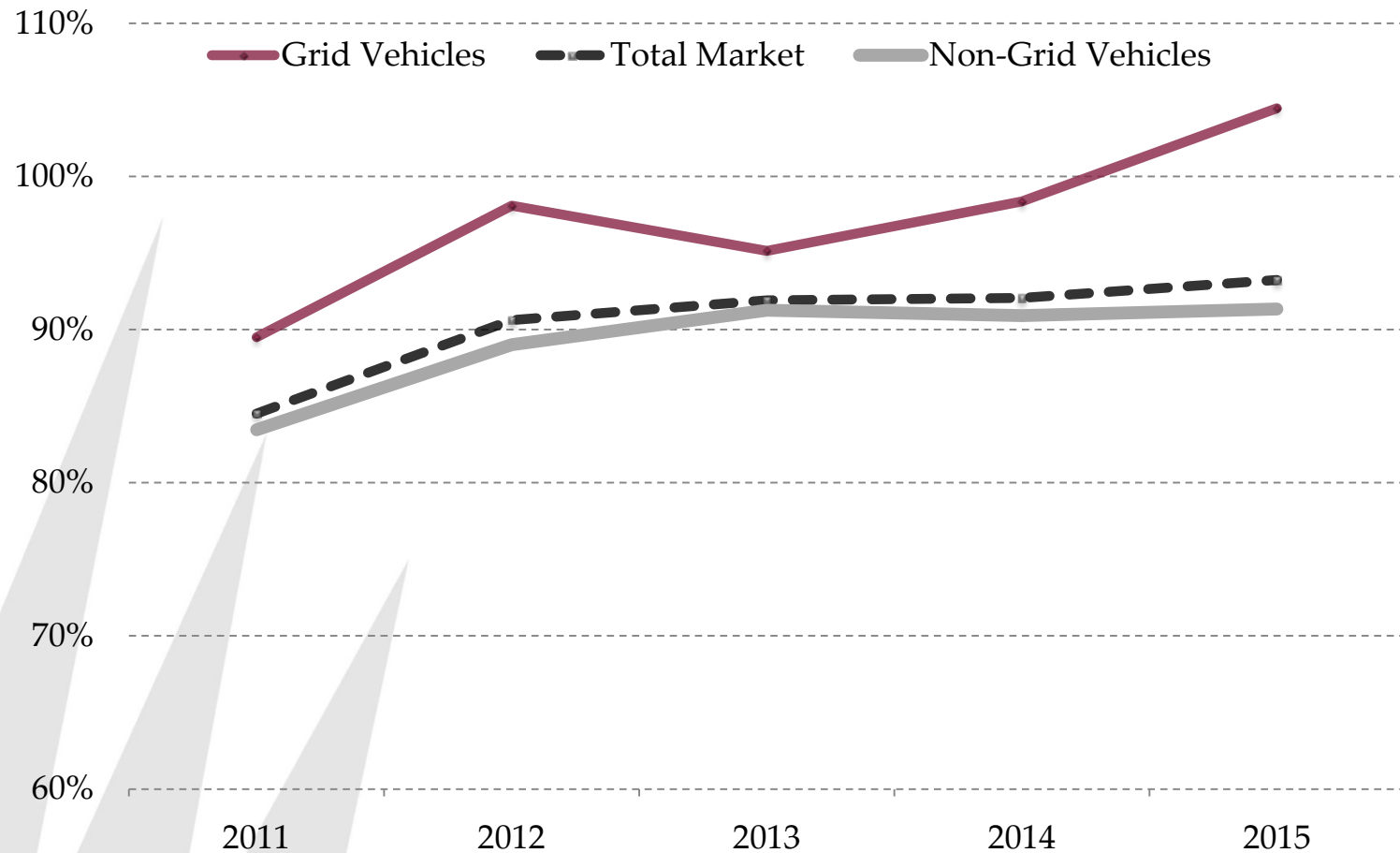
Loss Cost Movement for Basic Coverage, Indexed to 2011



Source: IBC with data from Dr. Ron Miller. Includes ULAE and the health levy.

Loss Experience of the Grid Population (3/4)

Loss Ratio for Basic Coverage



Source: IBC with data from Dr. Ron Miller. Includes ULAE and the health levy.

Loss Experience of the Grid Population (4/4)

Underwriting Results for Grid Vehicles for Basic Coverage



Source: IBC with data from Dr. Ron Miller. Includes ULAE and the health levy. Operating expenses based on data from GISA and Dr. Miller.

Bodily Injury Claims Trends (1/5)

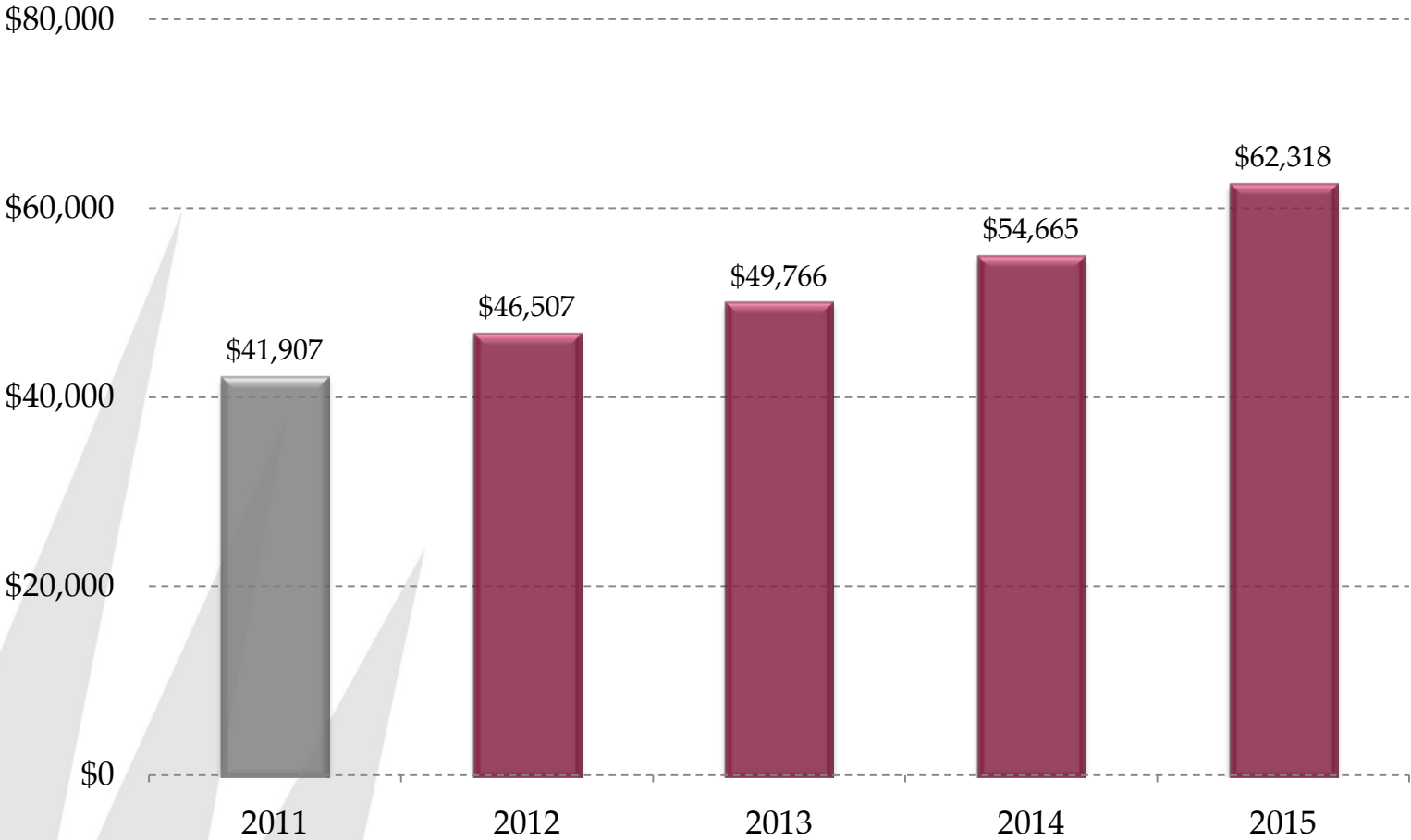
Loss Cost by Sub-Coverage

	BI	PD	AB	COLL	COMP
2011	\$251	\$154	\$39	\$227	\$110
2012	\$275	\$155	\$42	\$227	\$175
2013	\$291	\$165	\$41	\$245	\$167
2014	\$314	\$167	\$41	\$252	\$186
2015	\$342	\$162	\$45	\$246	\$186
Annual Change	8.0%	1.4%	3.6%	2.0%	14.0%

Source: IBC with data from GISA. Includes ULAE but excludes the health levy.

Bodily Injury Claims Trends (2/5)

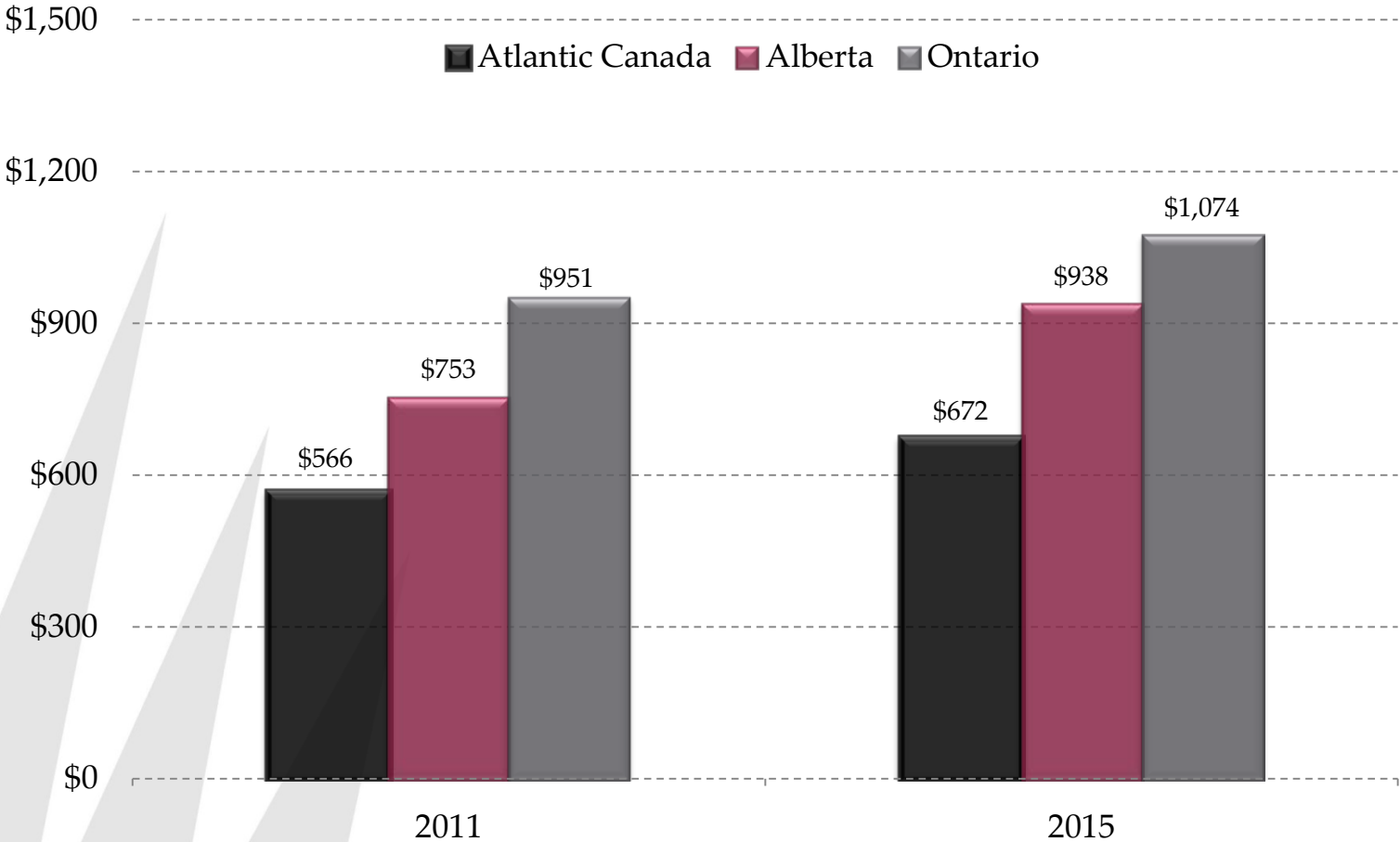
Average Cost of a Bodily Injury Claim



Source: IBC with data from GISA. Includes ULAE but excludes the health levy.

Bodily Injury Claims Trends (3/5)

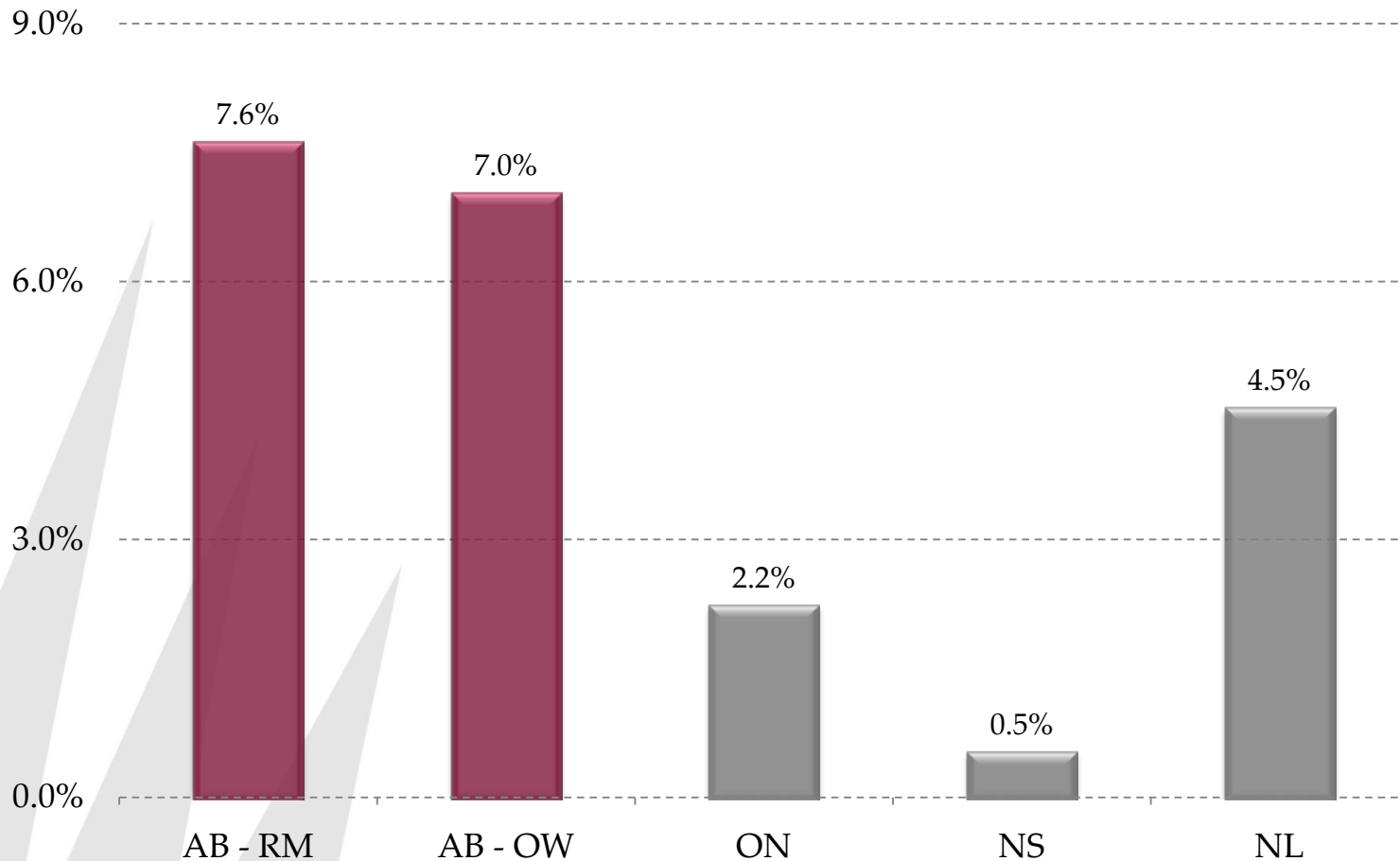
Loss Cost for Total Coverage



Source: IBC with data from GISA.

Bodily Injury Claims Trends (4/5)

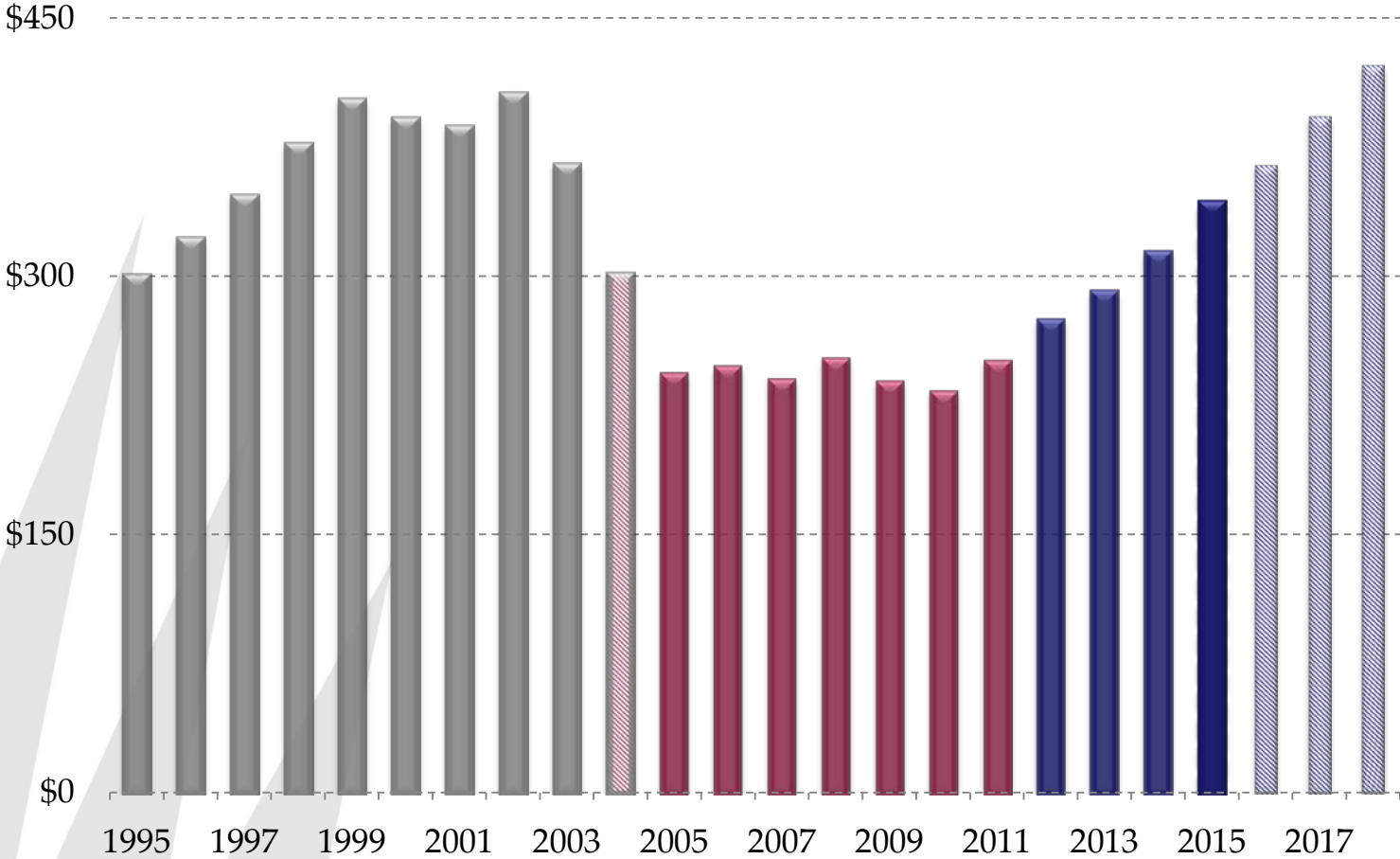
Published Future Loss Cost Trend Rates for Bodily Injury Claims



Source: Alberta data is from Oliver Wyman and Dr. Ron Miller. Ontario data is from the Financial Services Commission of Ontario and is based on data up to the second half of 2014. Nova Scotia and Newfoundland and Labrador data is from Oliver Wyman and is based on data up to the first half of 2015.

Bodily Injury Claims Trends (5/5)

Loss Cost for Bodily Injury Claims



Source: IBC with data from Dr. Ron Miller. Includes ULAE but excludes the health levy.

Loss Cost Trend Rates and Benchmarks (1/3)

Loss Cost by Sub-Coverage

	OW 2015	RM 2015	OW 5-Year Change	RM 5-Year Change
BI	\$341	\$342	35.8%	37.0%
PD	\$161	\$162	4.9%	5.6%
AB-MR	\$31	\$31	15.7%	16.0%
AB-DI	\$11	\$11	8.2%	9.9%
COLL	\$244	\$245	7.8%	7.8%
COMP	\$186	\$186	68.8%	68.9%

Source: IBC with data from Oliver Wyman and Dr. Ron Miller. Includes ULAE but excludes the health levy.

Loss Cost Trend Rates and Benchmarks (2/3)

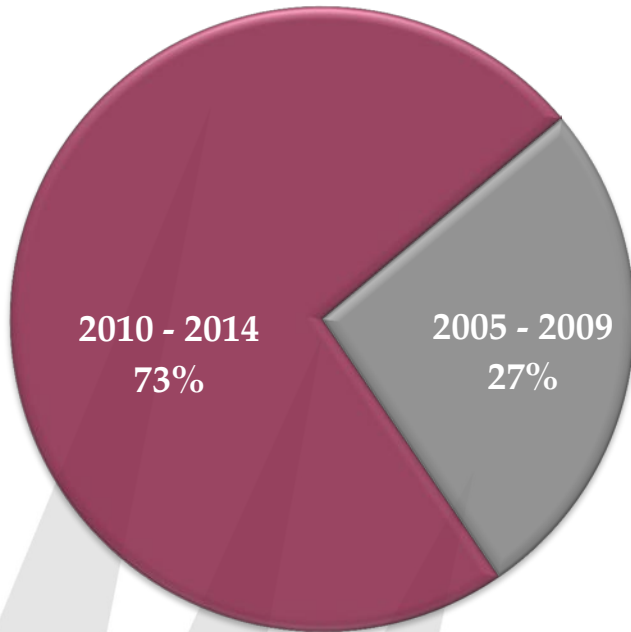
Future Loss Cost Trend Rate by Sub-Coverage

	OW	RM	Difference
BI	+7.0%	+7.6%	0.6 p/p
PD	+3.5%	+2.0%	(1.5 p/p)
AB-MR	+3.0%	+2.6%	(0.4 p/p)
AB-DI	0.0%	+2.9%	2.9 p/p
COLL	+4.0%	+3.5%	(0.5 p/p)
COMP	N/A	+1.7%	N/A

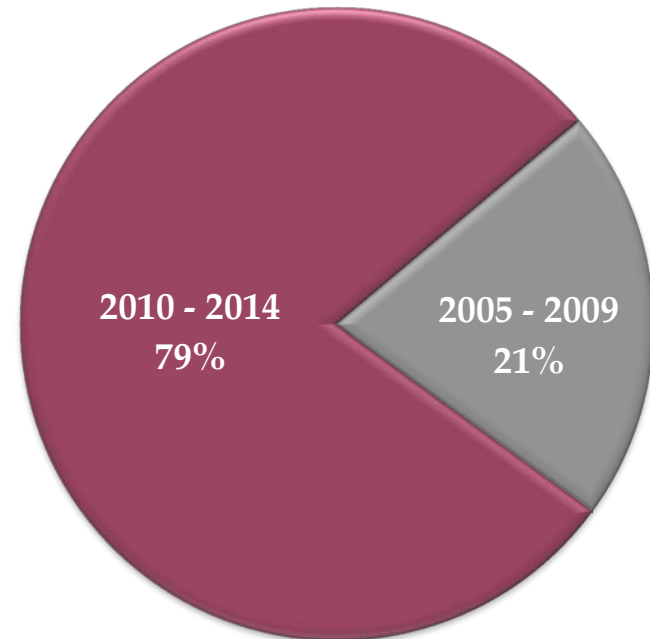
Source: IBC with data from Oliver Wyman and Dr. Ron Miller.

Comprehensive Catastrophe Provision

Total Number of Claims from Natural Catastrophes
2005 - 2014



Total Value of Claims Costs from Natural Catastrophes
2005 - 2014



Source: IBC with data from GISA.

Conclusion

Overview

The grid base premiums require a significant increase

Without action to fix the *Minor Injury Regulation*, the cost of bodily injury claims will continue to rise

Insurers may use reasonable trend rates and assumptions that differ from Oliver Wyman

The changing climate supports a catastrophe provision based on five years of experience
