



# Automobile Insurance Rate Board 2019 Annual Review

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# The Wawanesa Mutual Insurance Company

## Our Mission:

***“Earning your trust since 1896”. As a policyholder-owned mutual insurance company, we will continue to earn trust by providing quality products and services at the lowest price which supports long-term growth and financial stability.”***

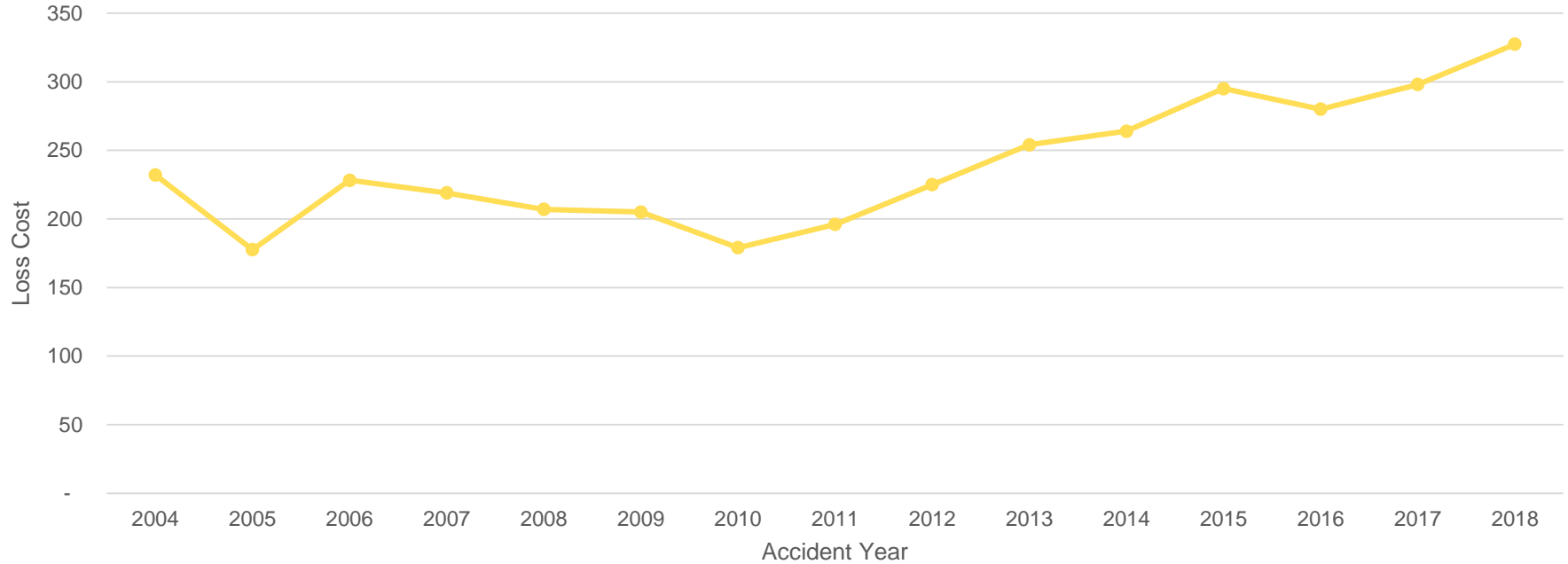
- A proud history of protecting Albertans, with our first mutual policyholder joining us back in 1899. We were protecting Albertans, before Alberta joined confederation in 1905, and have been underwriting insurance across Canada for 122 years.
- Nearly 300 independent insurance broker partners in Alberta, offering Albertans the right risk protection at the right price, for their most significant assets, their cars, their homes and their businesses.

# The Wawanesa Mutual Insurance Company

- The second largest property and casualty insurance company in Alberta underwriting over \$1 billion of annual premium of which over \$600 million is automobile insurance.
- Two Regional offices as well as our local service offices.
- We employ 600 people as well as nearly 50 summer students.
- Over 580,000 policyholders.
- Market share in Alberta for 2018 was 10%.
- Market share in Alberta for 2018 in automobile was at 13.2%.

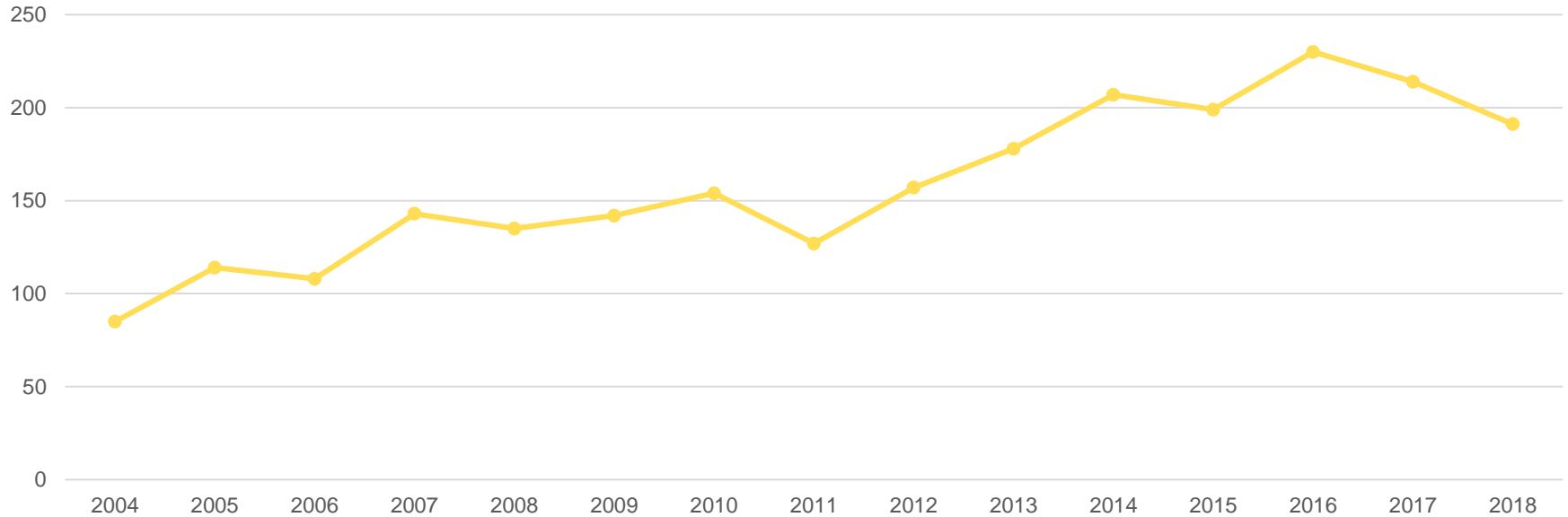
# Bodily Injury Ultimate Loss Cost

Ultimate Loss Cost - TPL BI



# Comprehensive Ultimate Loss Cost

Ultimate Loss Cost - Comprehensive



# Industry Results

- MSA data shows that the Alberta Private Automobile book in 2018 is producing a direct loss ratio of over 85% and a combined ratio well north of 100% for the industry.
- Industry 2014-2018 direct loss ratio for Alberta Private Automobile is 86%.
- The 2019, Q1 Private Automobile direct loss ratio is over 90% for Alberta's largest insurers. These insurers have over 80% of market share in the province.

# Investments in Alberta

- First, we invested in an Alberta business, Western Financial Group, paying \$775 million and maintaining its head office in High River Alberta, while investing in its growth in Alberta and beyond. Western Financial Group employs over 1600 people.
- Secondly, we implemented new technology to allow hundreds of local independent brokers in Alberta to meet the challenges of the new distribution entrants into the Alberta insurance space and maintain their presence in local communities.
- Thirdly, we have invested significant time and over \$250 million in resources to help our policyholders rebuild in their community of Fort McMurray.
- Lastly, we moved into new office space in Lethbridge, and are in the midst of planning out a multi-million dollar investment in new office space for our Edmonton location, demonstrating our long-term commitment to the Alberta market.

# Conclusions

We ask that the AIRB:

- Consider your Mission, “The AIRB independently regulates automobile insurance rating programs and educates consumers to ensure Albertans have access to a robust automobile insurance marketplace.” Drivers in Alberta will not feel they are being treated fairly when insurer’s premiums are not fair, and insurers have to implement other options to offset the impact of rate inadequacy.
- Allow larger percentage rate changes for companies that have demonstrated through their AIRB filing that they are required for sustainability and to provide a path to rate adequacy, as well as, to and bring their rates more in line with industry.
- Reverse the decision by the Board made in August 2017 to cap the cumulative all coverage total rate increase over any 12-month period at 10% for the foreseeable future.
- Recommend that the government work with the industry to look for sustainable options in product reform for private passenger automobile insurance in the province to ensure affordability for consumers in the years to come.
- Partner with the government to deliver on your Vision of “automobile insurance is accessible, equitable and sustainable for all Albertans,” operating as an independent entity, that allows the industry to respond with rates that are commensurate with the cost of the product.



# Questions?

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