

BULLETIN: 10-2021  
DATE: SEPTEMBER 24, 2021

## Bulletin to All Commercial Vehicle Insurers

### Commercial Vehicle Benchmark Schedule Effective October 1, 2021

#### **Purpose:**

The Automobile Insurance Rate Board (AIRB) is issuing this Bulletin to advise all commercial vehicle insurers operating in Alberta the 2021 review of commercial vehicle experience has been completed on data to December 31, 2020. The Commercial Vehicle Industry Benchmarks Schedule (Schedule) effective October 1, 2021 has been approved. The Schedule and the related actuarial report have been posted on the AIRB [website](#).

#### **Background:**

The Insurance Act Section 602(1) requires all insurers' rating programs and changes there to be approved by the AIRB.

Prior to 2015, the AIRB reviewed commercial vehicle trend rates on an annual basis for internal use in the review of commercial vehicle filings. At its meeting of October 23, 2015, the AIRB enhanced its transparency by placing the approved Schedule and the actuarial report on the AIRB [website](#).

The draft report for the 2021 review was shared with industry on June 25, 2021 and industry was invited to participate through written submissions.

#### **Action Required:**

Based on the analysis of Alberta commercial vehicle loss experience ending December 31, 2020, the AIRB approved the Commercial Vehicle Industry Benchmarks Schedule to take effect on October 1, 2021.

Insurers, when preparing filings, should incorporate the most current industry benchmarks to the extent that their own data is not fully credible. The industry benchmarks will be used as the basis of the AIRB's review of commercial vehicle filings submitted on or after October 1, 2021.

Should you have any questions relating to this Bulletin, please contact the AIRB at (780) 427-5428 or by email [tbf.airb@gov.ab.ca](mailto:tbf.airb@gov.ab.ca).

Laurie Balfour, MBA, CPA, CMA  
Executive Director

## 2021 Industry Benchmarks Schedule – Commercial

*Effective Date: For basic and/or additional coverage filings submitted on or after October 1, 2021*

### Loss Development Factors

The AIRB approved benchmark loss development factors for use by insurers in developing filings are outlined in Appendix #1.

### Loss Trends

The AIRB approved benchmark trend rates for use by insurers in developing filings:

| Coverage              | Oliver Wyman Selected Past/Future Trend Rates |
|-----------------------|---|
| TPL - Bodily Injury   | +6.0%   |
| TPL - Property Damage | +2.0%   |
| Accident Benefits     | +1.0%   |
| Collision             | +0.0%   |
| Comprehensive         | ++5.0%/+3.5% <sup>1</sup>                     |
| All Perils            | +1.5%/+1.0%                                   |
| Specified Perils      | ++5.0%/+3.5%                                  |
| Underinsured Motorist | +6.0%   |

<sup>1</sup> Future trend rate begins October 1, 2020

The AIRB acknowledges insurers may select different trend rates based on their own claim experience.

### Other Benchmarks

| Other Benchmark      | Selected Benchmark |
|----------------------|--------------------|
| Catastrophe          | 24.00%             |
| Health Cost Recovery | 2.94%              |
| Operating Expenses   | 26.00%             |
| Profit Provision     | 7.00%              |

AIRB Approved Age-to-Ultimate Development Factors  
As of December 31, 2020  
Alberta  
Commercial Vehicles (Excluding Farmers)

As of 2020-2  
Age-to-Ultimate Factors  
Incurred Claim Amount

|         | Bodily Injury | Property Damage | Accident Benefits | Collision | Comprehensive | Comprehensive Theft | All Perils | Specified Perils | Underinsured |
|---------|---------------|-----------------|-------------------|-----------|---------------|---------------------|------------|------------------|--------------|
| 180-Ult | 1.000         | 1.000           | 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      | 1.000            | 1.000        |
| 168-Ult | 1.000         | 1.000           | 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      | 1.000            | 1.000        |
| 156-Ult | 1.000         | 1.000           | 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      | 1.000            | 1.000        |
| 144-Ult | 1.000         | 1.000           | 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      | 1.000            | 1.000        |
| 132-Ult | 1.000         | 1.000           | 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      | 1.000            | 1.000        |
| 120-Ult | 0.998         | 1.000           | 1.000             | 1.000     | 1.000         | 0.999               | 1.000      | 1.000            | 1.000        |
| 114-Ult | 1.002         | 1.000           | 1.000             | 1.000     | 1.000         | 0.999               | 1.000      | 1.000            | 1.034        |
| 108-Ult | 1.009         | 1.000           | 1.000             | 1.000     | 1.000         | 0.999               | 0.998      | 1.000            | 1.095        |
| 102-Ult | 1.010         | 1.000           | 1.000             | 1.000     | 1.000         | 0.999               | 0.998      | 1.000            | 1.184        |
| 96-Ult  | 1.013         | 0.998           | 1.000             | 1.000     | 0.999         | 0.999               | 0.998      | 1.000            | 1.238        |
| 90-Ult  | 1.017         | 1.001           | 1.000             | 1.000     | 0.999         | 0.999               | 0.997      | 1.000            | 1.222        |
| 84-Ult  | 1.022         | 1.002           | 1.002             | 1.000     | 0.999         | 0.999               | 0.997      | 1.000            | 1.197        |
| 78-Ult  | 1.030         | 1.001           | 1.012             | 1.000     | 0.999         | 0.999               | 0.996      | 1.000            | 1.106        |
| 72-Ult  | 1.040         | 1.002           | 1.014             | 1.000     | 0.999         | 0.999               | 0.996      | 1.000            | 1.058        |
| 66-Ult  | 1.057         | 1.003           | 1.014             | 1.000     | 0.999         | 0.999               | 0.995      | 1.000            | 1.037        |
| 60-Ult  | 1.078         | 1.002           | 1.015             | 0.998     | 0.999         | 0.998               | 0.992      | 0.999            | 1.113        |
| 54-Ult  | 1.121         | 1.002           | 1.021             | 0.996     | 0.999         | 0.998               | 0.990      | 1.002            | 1.146        |
| 48-Ult  | 1.176         | 0.999           | 1.038             | 0.996     | 0.998         | 0.998               | 0.989      | 1.001            | 1.118        |
| 42-Ult  | 1.248         | 1.001           | 1.010             | 0.996     | 0.998         | 0.996               | 0.989      | 1.000            | 1.122        |
| 36-Ult  | 1.363         | 1.003           | 1.032             | 0.995     | 0.998         | 0.996               | 0.988      | 1.006            | 1.304        |
| 30-Ult  | 1.531         | 1.004           | 1.043             | 0.994     | 0.998         | 0.996               | 0.986      | 1.004            | 1.468        |
| 24-Ult  | 1.803         | 1.011           | 1.046             | 0.984     | 0.999         | 0.995               | 0.977      | 1.009            | 2.223        |
| 18-Ult  | 2.067         | 1.040           | 1.178             | 0.960     | 1.000         | 0.993               | 0.963      | 1.017            | 3.059        |
| 12-Ult  | 2.392         | 1.094           | 1.281             | 0.890     | 0.997         | 0.983               | 0.932      | 1.006            | 5.436        |
| 6-Ult   | 3.282         | 1.534           | 1.294             | 0.787     | 1.063         | 0.987               | 0.994      | 1.002            | 9.905        |

AIRB Approved Age-to-Ultimate Development Factors  
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As of 2020-2  
Age-to-Ultimate Factors  
Incurred Claim Count

|         | Bodily Injury | Property Damage | Accident Benefits | Collision | Comprehensive | Comprehensive Theft | All Perils | Specified Perils | Underinsured |
|---------|---------------|-----------------|-------------------|-----------|---------------|---------------------|------------|------------------|--------------|
| 180-Ult | 1.000         | 1.000           | 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      | 1.000            | 1.000        |
| 168-Ult | 1.000         | 1.000           | 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      | 1.000            | 1.000        |
| 156-Ult | 1.000         | 1.000           | 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      | 1.000            | 1.000        |
| 144-Ult | 1.000         | 1.000           | 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      | 1.000            | 1.000        |
| 132-Ult | 1.000         | 1.000           | 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      | 1.000            | 1.000        |
| 120-Ult | 1.000         | 1.000           | 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               | 1.000      | 1.000            | 1.045        |
| 108-Ult | 0.999         | 1.000           | 1.000             | 1.000     | 1.000         | 1.000               | 1.000      | 1.000            | 1.045        |
| 102-Ult | 0.999         | 1.000           | 1.000             | 1.000     | 1.000         | 1.000               | 1.000      | 1.000            | 0.901        |
| 96-Ult  | 0.999         | 1.000           | 1.000             | 1.000     | 1.000         | 1.000               | 1.000      | 1.000            | 0.795        |
| 90-Ult  | 0.999         | 1.000           | 1.000             | 1.000     | 1.000         | 1.000               | 1.000      | 1.000            | 0.712        |
| 84-Ult  | 0.997         | 1.000           | 1.000             | 1.000     | 1.000         | 1.001               | 0.999      | 1.000            | 0.795        |
| 78-Ult  | 0.996         | 1.000           | 1.000             | 1.000     | 1.000         | 1.001               | 0.999      | 0.999            | 0.701        |
| 72-Ult  | 0.994         | 1.000           | 1.000             | 0.999     | 1.000         | 1.001               | 0.999      | 0.999            | 0.669        |
| 66-Ult  | 0.991         | 1.000           | 0.999             | 0.999     | 1.000         | 1.001               | 0.999      | 0.999            | 0.609        |
| 60-Ult  | 0.989         | 1.000           | 0.999             | 0.999     | 1.000         | 1.001               | 0.998      | 0.999            | 0.552        |
| 54-Ult  | 0.985         | 1.000           | 0.999             | 0.999     | 1.000         | 1.001               | 0.998      | 0.999            | 0.506        |
| 48-Ult  | 0.982         | 0.999           | 0.999             | 0.999     | 1.000         | 1.001               | 0.998      | 0.999            | 0.464        |
| 42-Ult  | 0.980         | 0.999           | 0.998             | 0.999     | 1.000         | 1.001               | 0.998      | 0.999            | 0.430        |
| 36-Ult  | 0.983         | 0.999           | 0.997             | 0.999     | 1.000         | 1.001               | 0.998      | 0.999            | 0.458        |
| 30-Ult  | 0.989         | 0.998           | 0.998             | 0.997     | 1.000         | 1.000               | 0.996      | 0.999            | 0.537        |
| 24-Ult  | 1.020         | 0.998           | 1.001             | 0.993     | 1.002         | 1.001               | 0.990      | 1.001            | 0.810        |
| 18-Ult  | 1.045         | 1.010           | 1.000             | 0.974     | 1.004         | 1.002               | 0.979      | 1.003            | 1.000        |
| 12-Ult  | 1.050         | 1.032           | 0.990             | 0.911     | 1.005         | 1.003               | 0.927      | 0.996            | 1.170        |
| 6-Ult   | 1.217         | 1.237           | 0.915             | 0.729     | 1.035         | 1.018               | 0.833      | 1.015            | 2.665        |