

June 29, 2015

Notice 02-15

**Notice to all Stakeholders:
Annual Review of Automobile Insurance Loss Experience**

The Automobile Insurance Rate Board (AIRB) is commencing its 2015 Annual Review process to analyze industry loss experience for private passenger vehicles (PPV) to establish industry benchmarks to be used in the review of insurers' PPV rate filings for basic and additional coverage, effective Thursday, October 1st, 2015. The Board will consult with interested stakeholders as part of its Annual Review and is calling for stakeholders to file a letter of intent to participate in the process by Friday, July 10th, 2015. This consultation process will conclude with an Open Meeting:

The Open Meeting will take place in Edmonton at Canadian Western Bank Place, 10303 Jasper Avenue, Western Room, lower level on Tuesday, August 18th, 2015 from 9:00 am to 4:00 pm.

Background

The AIRB will be holding a consultation meeting to review Alberta industry loss experience for private passenger vehicles to establish industry benchmarks to be used in the review of insurers' PPV filings for basic and additional coverage.

The Board's focus for this year's Open Meeting is on:

- Loss trends
- Causes for increasing severity of bodily injury claims resulting from increased incidence of claims being settled outside the Minor Injury Cap

In addition to the above, during our 2015 semi-annual review a suggestion was made that the provision for unallocated loss adjustment expense (ULAE) not be reflected in the trend rate analysis. In our analysis, ULAE has always been included in order to avoid any bias that may be caused by individual insurers changing the categorization of claim costs from ALAE to ULAE or vice versa. The Board is seeking input on this suggestion as well.

The profit provision will remain at 7% of premium for the 2015 Rate Filing Guidelines.

In order to participate in this year's Open Meeting, all stakeholders are invited to send a letter of intent to the AIRB. The letter of intent should specifically identify all the topics the presentation will cover. The AIRB will evaluate the letter of intent and presenters will be selected based on adherence to the areas identified above and relevance to the mandate of the AIRB. The purpose of a submission process is to ensure that presentations are within the scope of the Annual Review and relate to industry-wide experience. All interested parties may attend the Open Meeting, but only those parties selected by the AIRB will be permitted to present to the Board.

The Process

There are three ways for interested parties to participate in the Annual Review

- Submit a Letter of Intent to make a presentation to the Board at the Open Meeting.
- Send a Written Submission to the AIRB regarding the Annual Review.

- Contact the Consumer Representative.

1) Letter of Intent to Present at Open Meeting

All interested parties wishing to present to the Board during the Open Meeting must file a letter of intent by Friday, July 10th, 2015. Your letter of intent should include:

- A list of the issues that you wish to present to the Board, including a description of how these issues apply to the criteria that must be considered by the Board and to industry experience for the past year.
- Your presentation should contain information that is accurate, based on current circumstances and related to the Alberta insurance market.

Presenters will be notified by Wednesday, July 15th, 2015 of when they are scheduled to present at the Open Meeting. Each presenter must file their submission with the AIRB by Friday, July 24th, 2015. The presenters' submissions and presentation materials introduced at the Open Meeting will be posted to the AIRB website following their presentations.

The AIRB's Preliminary Report (as prepared by Oliver Wyman, AIRB consulting Actuary) on industry experience has been posted on the AIRB website on Monday, June 29th, 2015. Presenters are invited to comment on the report during their oral presentation.

2) Written Submissions

As an alternative to making a presentation during the Open Meeting, stakeholders are invited to make a written submission to the Board on issues related to the Annual Review. Written submissions must be received by Friday, July 24th, 2015. Submissions will be posted to the AIRB website Tuesday, August 18th, 2015 following the Open Meeting.

3) Input to the Consumer Representative:

Consumers not wishing to make a presentation or submit a written submission may make comments regarding the Annual Review to the Consumer Representative. The Board may also direct parties to provide their input to the Consumer Representative, Chris Daniel, who will collect the input of consumers. During the Open Meeting, the Consumer Representative will present a report to the Board on the input that he has received.

Attendance at Open Meeting:

The Annual Review will be an open process and all interested parties may attend the Open Meeting. However:

- Only those parties who have been invited to make a presentation will have an opportunity to speak to the Board.
- Presenters are invited to ask the Board questions at the end of their presentation.
- All presenters and attendees at the Open Meeting will be responsible for any expenses they incur in order to attend the Meeting.
- During the Open Meeting, the Board will reserve the right to go into in-camera sessions if necessary to protect proprietary data.

Important Dates:

1. June 29th, 2015 Board Preliminary Report posted to the AIRB website
www.airb.alberta.ca
2. July 10th, 2015 Deadline for Letter of Intent
3. July 24th, 2015 Deadline for written submissions
4. August 18th, 2015 Open Meeting
Submissions and presentation materials posted to the AIRB website
www.airb.alberta.ca
5. September 30th, 2015 Board's Final Report posted to website

Public disclosure of all presentation and written submissions:

Subject to section 816 of the *Insurance Act*, any information (including personal or business information) that is submitted to the Board for consideration in the Annual Review process will be considered made in the context of a public meeting, whether made as a written submission or an oral presentation, and will be made available to the public upon request to the Board.

Letters of intent and submissions should be sent to:

Automobile Insurance Rate Board
2440 Canadian Western Bank Place
10303 Jasper Avenue
Edmonton, AB T5J 3N6

Phone: 780-427-5428, or
Alberta toll free: 310-0000
Fax: 780-638-4254
Email: AIRB@gov.ab.ca

To contact the Consumer**Representative:**

Mr. Chris Daniel
c/o Automobile Insurance Rate Board
2440 Canadian Western Bank Place
10303 Jasper Avenue
Edmonton, AB T5J 3N6

Phone: 780-427-5428, or
Alberta toll free: 310-0000
Fax: 780-638-4254
Email: AIRB@gov.ab.ca