

**Notice 02-2019**  
**Date: June 27, 2019**

## **Notice to all Stakeholders**

### **Annual Review of Automobile Insurance Loss Experience**

The Automobile Insurance Rate Board (AIRB) has commenced its 2019 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 October 1, 2019. The AIRB invites comments from interested stakeholders as part of its Annual Review and is calling for those interested stakeholders to file a letter of intent to participate in the process by Friday, July 5, 2019. This 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 Thursday on August 15, 2019 from 9:00 am to 4:00 pm.

#### **Background**

The AIRB is holding an open meeting to review Alberta industry loss experience for PPV to establish industry benchmarks to be used in the review of insurers' PPV filings for basic and additional coverage.

The AIRB's focus for this year's Open Meeting:

- **Loss Development.** The AIRB's consulting actuary, Oliver Wyman reports continued prior years' adverse loss development (based on its estimates) for bodily injury coverage, and significant adverse loss development since 2015 for medical payments and disability income. Are Oliver Wyman's findings consistent the experience of individual insurers? If no, what are the causes?
- **Loss trends.** In particular:
  - Cause(s) for the continued increase in bodily injury claim severity (More claims being settled outside the Minor Injury Cap? Increase in legal representation? Other reasons?).
  - Cause(s) for the sharp increase in medical expense severity in 2015, and whether this represents (and should be treated as) a change in severity level.
  - Causes(s) for the sharp increase in disability income severity in 2015, and whether this represents (and should be treated as) a change in severity level or a data point outlier.
  - Cause(s) for the rise in theft claims, and whether the high frequency trend will continue.
  - Causes(s) for the differing trends in comprehensive and specified perils coverage.
- The impact from **Minor Injury Regulation** amendment regarding bodily injury severity and frequency.
- The impact from **Legalization of Cannabis** with Canadian data to support any change in loss frequency or severity.

All interested parties may attend the Open Meeting, but only those parties whose letter of intent to participate is approved by the AIRB will be permitted to present.

### **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 AIRB at the Open Meeting;
- Send a written submission to the AIRB regarding the Annual Review; or
- Contact the AIRB Consumer Representative.

#### **1) Letter of Intent to Present at the Open Meeting:**

All interested parties wishing to present to the AIRB during the Open Meeting must file a letter of intent by Friday, July 5, 2019. Your letter of intent should include a list of the issues you wish to present to the AIRB, in addition, a description of how these issues apply to the criteria that must be considered by the AIRB and to industry experience over the past year.

The AIRB will evaluate the letters of intent and presenters will be selected based on adherence to the criteria identified above and relevance to the mandate of the AIRB. The purpose of a submission process is to ensure presentations are within the scope of the Annual Review and relate to industry-wide experience.

Presenters will be notified by Wednesday, July 10, 2019 of their scheduled time to present at the Open Meeting. Each presenter must file their submission with the AIRB by Thursday, July 25, 2019. Your presentation should contain information that is accurate, based on current circumstances and relevant to the Alberta insurance market. The presenters' submissions and presentation materials introduced at the Open Meeting will be posted to the AIRB website Friday, August 16, 2019 following the Open Meeting.

The AIRB's Preliminary Report (as prepared by Oliver Wyman, AIRB consulting actuary) on industry experience was posted on the AIRB website on Thursday June 27, 2019. Presenters are invited to comment on the report during their oral presentation.

#### **2) Written Submissions:**

As either a supplement or an alternative to making a presentation during the Open Meeting, stakeholders are invited to make a written submission to the AIRB on issues related to the Annual Review. Written submissions must be received by Thursday, July 25, 2019. Submissions will be posted to the AIRB website Friday, August 16<sup>th</sup>, 2019, following the Open Meeting.

#### **3) Input to the Consumer Representative:**

Consumers not wishing to make a presentation or submit a written submission may provide comments regarding the Annual Review to the AIRB Consumer Representative, Mr. James Cuming. During the Open Meeting, the Consumer Representative will present a report to the AIRB on the input he has received. His preliminary report was posted on the AIRB website on Thursday, June 27, 2019.

**Attendance at Open Meeting:**

The Annual Review is 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 AIRB.
- Presenters are invited to ask the AIRB 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 AIRB will reserve the right to go into in-camera sessions if necessary to protect proprietary data.

**Important Dates:**

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|--------------------------------------|---|
| 1. June 27, 2019                     | Oliver Wyman’s Preliminary Report posted to the AIRB website<br>AIRB Consumer Representative’s Preliminary Report posted to the AIRB website <a href="http://www.airb.alberta.ca">www.airb.alberta.ca</a> |
| 2. July 5, 2019                      | Deadline for letter of intent   |
| 3. July 25, 2019                     | Deadline for written submissions  |
| 4. August 15, 2019                   | Open Meeting  |
| 5. August 16, 2019                   | Submissions and presentation materials posted to the AIRB website   |
| 6. September 30 <sup>th</sup> , 2019 | Oliver Wyman’s Final Report posted to the AIRB website  |

**Public disclosure of all presentations and written submissions:**

Subject to section 816 of the *Insurance Act*, any information (including personal or business information) submitted to the AIRB 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 available to the public upon request to the AIRB.

**Letters of intent and submissions should be sent to:**  
[AIRB@gov.ab.ca](mailto:AIRB@gov.ab.ca)

**To contact the Consumer Representative:**  
Mr. James Cuming  
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

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