

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.

Laurie Balfour, MBA, CPA, CMA
Executive Director

Attachment:

1. 2021 Industry Benchmarks Schedule - Commercial Vehicle - effective October 1, 2021

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% ¹
All Perils	+1.5%/+1.0%
Specified Perils	++5.0%/+3.5%
Underinsured Motorist	+6.0%

¹ 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
As of December 31, 2020
Alberta
Commercial Vehicles (Excluding Farmers)

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