

Bulletin to All Stakeholders

Rating Profiles for Private Passenger & Other Than Private Passenger Vehicles

Bulletin 01-2022

January 10, 2022

Purpose

The AIRB uses the rating profiles to create an interactive comparative rating tool on our website to allow consumers to compare premiums for a set of profiles that represent typical insurance customers with the most common coverage.

Background

Since their initial development, the AIRB has harmonized the rating profiles with other rate regulators nationally. The Canadian Automobile Insurance Rate Regulators Association (CARR) have recently updated the rating profiles with different vehicles to better reflect the current market. The profiles allow users to compare premiums by insurer given a standardized set of data such as age, gender, year's licensed, annual mileage and make of vehicle.

Process

On December 15, 2021, CARR released a bulletin (CARR 2021-01) with the revised rating profiles. The AIRB is adopting these revised rating profiles, however only requires insurers to file select data points. Please refer to Rating Profile Instructions for Private Passenger Vehicle and Other than Private Passenger Vehicle Rating Programs for details.

Action Required

All insurers will submit premiums for the newly developed rating profiles by February 28, 2022. These updated profiles will be used on the AIRB's rate comparison tool effective April 1, 2022.

Should you have any questions relating to this Bulletin, please contact our office at (780) 427-5428 or by email: airb@gov.ab.ca.

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Executive Director

Attachment

1. CARR Bulletin 2021-01 – Harmonized Rating Profiles (2022)



Where **Canadian Auto Insurance Rate Regulators** Converge!

To: All Insurers Required to File Rates and Risk-Classification Systems for Approval in Non-Public Insurer CARR Jurisdictions

Date: December 15, 2021

Bulletin No: **CARR 2021-01**

Harmonized Rating Profiles Update (2022)

In 2008, the Canadian Automobile Insurance Rate Regulators Association (CARR) developed a set of harmonized rating profiles to be used by members. The vehicles used in those profiles were based on suggestions from the Insurance Bureau of Canada (IBC) that reflected the types of vehicles that were commonly driven in the various jurisdictions. When the profiles were created, the intention was to periodically review and refresh the vehicles to keep them relevant. CARR made such updates in 2013 and 2017.

Earlier this year, the CARR Research Committee once again approached IBC to obtain new information about the vehicles commonly driven in each province. However, rather than merely updating the vehicles used in the profiles, the Committee reviewed and revised the other characteristics within the profiles with a goal of making sure the profiles provided useful information.

Some jurisdictions post profiles on their website to allow residents to obtain a sense of the relative premium levels across companies. The Committee modified the profiles to make them more reflective of the typical risks seeking insurance. The removal of at-fault accidents and convictions from most of the profiles results in good driver profiles, while acknowledging that occurrences of these items would act to increase the premiums. Most profiles assume the policy is new business. The profiles for private passenger vehicles include two scenarios that include accidents or convictions to provide a sense of the impact. Both are also renewing policies. CARR does not expect all jurisdictions will use these additional profiles.

CARR is releasing the new profiles with the expectation that most jurisdictions will adopt them for use as of **April 1, 2022**. The early release provides time for companies to review the new profiles and get ready to include them in future rate filings. Some jurisdictions may require all companies to complete these new profiles by a set date to allow for posting of results for all companies. Each jurisdiction will announce how it will introduce the new profiles and whether, completion of profiles will be required outside of an application.

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