

## P05 - Review of Automobile Insurance Trends and Premiums

### Policy

The Automobile Insurance Rate Board (AIRB) conducts a transparent review of automobile insurance in accordance with the legislation.

### Authority

The AIRB's authority is provided under the Automobile Insurance Premiums Regulation (Premiums Regulation). The Premiums Regulation, section 9, requires the AIRB to conduct an annual review of automobile insurance trends and premiums relating to basic coverage and additional coverage for private passenger vehicles. The Premiums Regulation requires the review consider the following on an industry wide basis:

- (a) loss costs, as that term is understood by the AIRB;
- (b) administrative expenses, including commissions, taxes and general expenses;
- (c) profitability;
- (d) other matters recommended by the Superintendent and approved by the AIRB;
- (e) any other matters the AIRB considers appropriate.

The AIRB is also required to publish a preliminary report of its findings and invite comments from stakeholders. A final report must be published by September 30 each year and include:

- (a) *the AIRB's findings;*
- (b) *a report of the consumer representative;*
- (c) *the AIRB's responses to comments received from stakeholders;*
- (d) *the target for profitability for the following year; and*
- (e) *the target for administrative expenses for the following year.*

The AIRB must also conduct an open meeting each year, in accordance with the AIRB's policies and procedures, to receive comments from the automobile insurance industry, the consumer representative and the public.

### Procedures

The AIRB conducts an annual review of automobile insurance trends and premiums for both private passenger and commercial vehicles. In addition, the AIRB also conducts a semi annual review for private passenger vehicles.

#### **Annual Review Private Passenger Vehicles**

The AIRB conducts an annual review of automobile insurance trends and premiums related to all coverages for private passenger vehicles. The annual review includes seeking input from all stakeholders including industry, public and the consumer representative.

- The annual review considers data to December 31 of the prior year to update loss cost trends to reflect the most current available experience.
- The AIRB's consulting actuary will conduct a review based on data submitted to the General Insurance Statistical Agency, and present its preliminary findings to the AIRB in June.
- The AIRB consulting actuary will provide a report to the AIRB on:

- Loss cost trends (past and future);
  - Target profitability (as set by the AIRB); and
  - Average administration expenses for most current available year.
- The AIRB will review the consulting actuary's report and post it on the AIRB website, and invite stakeholder comments.
  - The AIRB will hold an open meeting in August to consider data to December 31 of the prior year and stakeholder comments.
  - AIRB will review stakeholder comments, amend the preliminary report and publish its findings as well as an industry benchmark schedule, effective October 1.
  - The AIRB will issue a final report no later than September 30 of each year in accordance with the Premiums Regulation. The conclusions of this report will provide benchmarks for ratemaking components for filings submitted on or after October 1 up to and including March 31 of the following year. AIRB will review submissions and amend the preliminary report and publish its findings.

### **Annual Review Commercial Vehicles**

The AIRB conducts an annual review of automobile insurance trends and premiums related to all coverages for commercial vehicles. The annual review includes seeking input from all stakeholders.

- The annual review considers data to December 31 of the prior year to update loss cost trends to reflect the most current available experience.
- The AIRB's consulting actuary will conduct a review based on data submitted to the General Insurance Statistical Agency, and present its preliminary findings to the AIRB in June.
- The AIRB will review the consulting actuary's report and post it on the AIRB website, and invite stakeholder comments.
- AIRB will review stakeholder comments and amend the preliminary report and publish its findings and an industry benchmark schedule, effective October 1.

### **Semi Annual Review – Private Passenger Vehicles Only**

The AIRB conducts a semi-annual review of automobile insurance trends and premiums related to all coverages for private passenger vehicles.

- The semi-annual review considers data through to June 30 of the prior year to update loss cost trends to reflect the most current available experience.
- The AIRB's consulting actuary will conduct a review based on data submitted to the General Insurance Statistical Agency, and present its preliminary findings to the AIRB in January.
- The AIRB will review the consulting actuary's report and post it on the AIRB website, and invite stakeholder comments.
  - AIRB will review stakeholder comments and amend the preliminary report and publish its findings and an industry benchmark schedule, effective April 1.

**Approved by the AIRB: June 27, 2014; Effective July 1, 2014**

**Amended by the AIRB: November 27, 2020; Effective January 1, 2021**