

# Bulletin to Commercial Vehicle Insurers

## Commercial Vehicle Benchmark Schedule Effective October 1, 2022

### Bulletin 06-2022 September 30, 2022

#### Purpose

The Automobile Insurance Rate Board (AIRB) is issuing this Bulletin to advise all commercial vehicle insurers operating in Alberta the 2022 review of commercial vehicle experience has been completed on data to December 31, 2021. The AIRB has approved the Commercial Vehicle Industry Benchmarks Schedule (Schedule), effective October 1, 2022. The AIRB has posted the Schedule and the related actuarial report on the AIRB [website](#).

#### Background

The Insurance Act Section 602(1) requires the AIRB to approve all insurers' rating programs and changes.

Before 2015, the AIRB annually reviewed commercial vehicle trend rates for internal use in the review of commercial vehicle filings. At its meeting on October 23, 2015, the AIRB enhanced its transparency by placing the approved Benchmarks Schedule and the actuarial report on the AIRB website.

On June 24, 2022, the AIRB shared the draft report for the 2022 review with the industry and invited them to participate through written submissions.

#### Action Required

Based on the analysis of Alberta's commercial vehicle loss experience ending December 31, 2021, the AIRB approved the Commercial Vehicle Industry Benchmarks Schedule to take effect on October 1, 2022.

The AIRB expects insurers to use their data in rate filings to the extent possible, reflecting their mix of business and unique circumstances. Insurers may use the AIRB Industry Benchmarks when they do not have sufficient data or are unable to support the reasonableness of their assumptions. The AIRB will use these industry benchmarks as the basis of the AIRB's review of commercial vehicle filings submitted on or after October 1, 2022.

If you have any questions relating to this Bulletin, please contact the AIRB at (780) 427-5428 or by email at [airb@gov.ab.ca](mailto:airb@gov.ab.ca).

Laurie Balfour, MBA, CPA, CMA  
Executive Director

#### Attachment

1. 2022 Industry Benchmarks Schedule – Commercial Vehicle - effective October 1, 2022.

## 2022 Industry Benchmarks Schedule – Commercial

Effective Date: For all filings submitted on or after October 1, 2022

### Loss Development Factors

Appendix #1 outlines the AIRB approved benchmark loss development factors.

### Loss Trends

The AIRB approved benchmark trend rates:

Coverage	Selected Past/Future Trend Rates
Bodily Injury	+6.0%
Property Damage	+0.0% ‡
Direct Compensation for Property Damage	+0.0% ‡
Accident Benefits	+1.0%/+2.0% <sup>1</sup>
Collision	+0.0% ‡
Comprehensive	+4.0% ‡
All Perils	+1.0% ‡
Specified Perils	+4.0% ‡
Underinsured Motorist	+6.0%
‡ For the 2022 annual review, future trend rates should be modified to account for changes in economic conditions.	

<sup>1</sup> Future trend rate begins November 1, 2020.

Insurers should use their data to select loss trend rates to the extent it is credible and provide full support and details. If an insurer does not have credible data, they may use these benchmark loss trend rates without further support.

### Other Benchmarks

Other Benchmark	Selected Benchmark
Health Cost Recovery	Current <sup>2</sup>
Operating Expenses	27.10%
Unallocated Loss Adjustment Expenses (ULAE)	1.126
Profit Provision	7.00%

<sup>2</sup> Refer to the current percentage published on the President of Treasury Board and Minister of Finance's [website](#).

**AIRB Approved Age-to-Ultimate Development Factors  
As of December 31, 2021  
Alberta Commercial Vehicles (Excluding Farmers)**

**As of 2021-2  
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	0.999	1.000	1.000	1.000	1.000	0.999	1.000	1.000	1.000
114-Ult	1.001	1.000	1.000	1.000	1.000	0.999	1.000	1.000	1.041
108-Ult	1.007	1.000	1.000	1.000	1.000	0.999	1.000	1.000	1.088
102-Ult	1.012	1.000	1.000	1.000	1.000	0.999	1.000	1.000	1.160
96-Ult	1.012	1.004	1.000	1.000	1.000	0.999	1.000	1.000	1.213
90-Ult	1.014	1.003	1.000	1.000	1.000	0.999	0.999	1.000	1.200
84-Ult	1.018	1.004	1.002	0.999	1.000	0.999	0.999	1.000	1.186
78-Ult	1.030	1.003	1.011	0.999	1.000	0.999	0.998	1.000	1.123
72-Ult	1.033	1.003	1.013	0.999	1.000	0.999	0.998	1.000	1.060
66-Ult	1.050	1.005	1.012	0.999	0.999	0.999	0.997	1.000	1.006
60-Ult	1.070	1.004	1.012	0.997	0.999	0.999	0.994	1.000	1.088
54-Ult	1.116	1.003	1.013	0.995	0.999	0.998	0.992	1.003	1.135
48-Ult	1.158	1.000	1.027	0.996	0.998	0.998	0.991	1.002	1.137
42-Ult	1.234	0.999	1.026	0.996	0.998	0.996	0.991	1.001	1.138
36-Ult	1.341	0.998	1.040	0.995	0.998	0.996	0.990	1.002	1.313
30-Ult	1.469	0.997	1.055	0.994	0.999	0.996	0.988	1.001	1.513
24-Ult	1.717	1.004	1.057	0.985	0.998	0.994	0.978	1.001	2.329
18-Ult	1.975	1.035	1.195	0.959	1.000	0.992	0.966	1.011	3.215
12-Ult	2.344	1.088	1.285	0.881	0.999	0.984	0.932	0.998	5.833
6-Ult	3.204	1.529	1.391	0.759	1.048	0.982	0.967	1.006	10.743

**As of 2021-2**  
**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	1.040
108-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.040
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	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.718
84-Ult	0.997	1.000	1.000	1.000	1.000	1.000	0.999	1.000	0.815
78-Ult	0.996	1.000	1.000	1.000	1.000	1.000	0.999	0.999	0.742
72-Ult	0.995	1.000	1.000	1.000	1.000	1.000	0.999	0.999	0.685
66-Ult	0.992	1.000	0.999	1.000	1.000	1.000	0.999	0.999	0.639
60-Ult	0.991	1.000	0.998	1.000	1.000	1.001	0.999	0.999	0.594
54-Ult	0.987	1.000	0.998	1.000	1.000	1.001	0.998	0.999	0.564
48-Ult	0.983	1.000	0.998	0.999	1.000	1.001	0.999	0.999	0.539
42-Ult	0.979	1.000	0.997	0.999	1.000	1.001	0.998	0.999	0.510
36-Ult	0.980	1.000	0.999	0.999	1.000	1.001	0.998	0.999	0.537
30-Ult	0.984	0.999	0.999	0.997	1.000	1.001	0.996	0.999	0.634
24-Ult	1.011	0.997	0.999	0.994	1.003	1.001	0.991	1.001	0.952
18-Ult	1.038	1.007	1.000	0.982	1.006	1.002	0.982	1.003	1.159
12-Ult	1.045	1.030	0.993	0.940	1.008	1.003	0.930	0.998	1.396
6-Ult	1.172	1.243	0.921	0.758	1.030	1.014	0.803	1.020	3.285