

Notice to All Stakeholders

Semi Annual Review of Industry Experience as of June 2022 for Private Passenger Vehicles

Notice 02-2023

January 27, 2023

Purpose

The Automobile Insurance Rate Board (AIRB) is issuing this notice to advise all stakeholders the AIRB has commenced consultation on its 2023 semi-annual review for private passenger vehicles (PPV). This review analyzes industry loss experience as of June 2022 for PPV to establish Industry Benchmarks used in the review of insurers' rate filings for basic and additional coverage effective April 1, 2023.

Background

Section 9 of the Automobile Insurance Premiums Regulation requires the AIRB to conduct an annual review. In addition, the AIRB believes it should be using the most current available data in its review of rate filings and as such conducts a semi-annual review. This semi-annual review is conducted in accordance with [AIRB Policy P05-Review of Automobile Insurance Trends & Premiums](#).

The AIRB develops Industry Benchmarks to support insurers when preparing rate filings. The AIRB and its consulting actuary use the Industry Benchmarks as a reference when reviewing individual insurer' filings and opining on the assumptions' reasonableness. The insurer's data must support assumptions that vary significantly from industry experience. The AIRB expects insurers to use their own 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 cannot support their assumptions' reasonableness.

Process

- 1 The AIRB requests its consulting actuary, Oliver, Wyman Limited, to complete a first draft Review of Industry Experience (as of June 30) for PPV, once the data is available.
- 2 The AIRB reviews and approves the preliminary report for distribution to stakeholders.
- 3 The AIRB posts the preliminary report on its website and invites interested stakeholders to submit written submission on the report.
 - ⚙ This Notice initiates the consultation process and provides stakeholders a timeline to provide input to the AIRB.
- 4 The AIRB staff and consulting actuary review all written submissions, and the consulting actuary updates their report, as needed, based on new information provided by stakeholders, and submits a final report to the AIRB.
- 5 The AIRB reviews and approves the final report and issues a Bulletin to all stakeholders advising the industry benchmarks to be used as a guide in its review of insurers' rate filings effective April 1.

Important Dates:

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| 1 | January 27, 2023 | AIRB posts the Preliminary Review of Industry Experience to its website |
| 2 | February 21, 2023 | Deadline for written submissions |
| 3 | April 1, 2023 | AIRB's final Review of Industry Experience and rate filing benchmarks posted to website |

Action Required

We invite stakeholders to review the AIRB consulting actuary's Preliminary Review of Industry Experience posted to the AIRB's website, and those wishing to comment on the report may send written submissions by email to airb@gov.ab.ca.

Public disclosure of all written submissions:

Subject to section 816 of the Insurance Act, any information (including personal or business information) submitted to the AIRB for consideration in the semi-annual review process will be made available on our website.

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

The AIRB appreciates all input into this important review.

Laurie Balfour, MBA, CPA, CMA
Executive Director