

# Bulletin to All PPV Insurers

## Private Passenger Vehicle Benchmark Schedule Effective April 1, 2023

### Bulletin 03-2023

### March 31, 2023

#### Purpose

The Automobile Insurance Rate Board (AIRB) is issuing this Bulletin to advise all private passenger vehicle (PPV) insurers operating in Alberta the 2023 Semi Annual Review of PPV experience has been completed based on data to June 30, 2022. The AIRB has approved the PPV Industry Benchmarks Schedule (Schedule), effective April 1, 2023. The AIRB has posted the Schedule and the related actuarial report on the AIRB [website](#).

#### Background

On July 1, 2014, Section 9 of the Automobile Insurance Premiums Regulation came into effect, requiring the AIRB to conduct an Annual Review of industry experience based on data to December 31. In addition, AIRB Policy Po6 requires the AIRB to conduct a Semi-Annual Review based on data to June 30.

On January 27, 2023, the AIRB shared the draft report for the 2023 Semi Annual Review with the industry and invited them to participate through written submissions. All written submissions received are disclosed on the AIRB website.

#### Action Required

Based on the Semi-Annual Review analysis of Alberta PPV loss experience data to June 30, 2022, the AIRB approved the PPV Industry Benchmarks Schedule to take effect on April 1, 2023.

The AIRB expects insurers to use their data in rate filings to the extent possible, reflecting their mix of business and unique circumstances. Insurers should only 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 a point of reference in our review of PPV filings submitted on or after April 1, 2023, with recognition of the rate pause in effect until December 31, 2023.

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. 2023 Industry Benchmarks Schedule – Private Passenger Vehicle - effective April 1, 2023.

## 2023 Annual Review Industry Benchmarks Schedule – PPV

Effective Date: For all filings submitted on or after April 1, 2023

### Loss Development Factors

Appendix #1 outlines the AIRB approved benchmark loss development factors for use by insurers in developing filings.

### Loss Trends

The AIRB approved benchmark trend rates for use by insurers in developing filings:

Coverage	Selected Past/Future Trend Rates
Bodily Injury	+7.0%/+5.0% <sup>1</sup>
Property Damage	+1.5%
Direct Compensation for Property Damage	+1.5%
Accident Benefits	+1.0%/+12.0% <sup>2</sup>
Collision	+3.0%
Comprehensive	+4.0%
All Perils	+2.5%
Specified Perils	+3.0%
Underinsured Motorist	+1.5%

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

<sup>2</sup> Future trend rate begins January 1, 2015.

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>3</sup>
Operating Expenses	27.10%
Unallocated Loss Adjustment Expenses (ULAE)	1.126
Profit Provision	7.00%

<sup>3</sup> Refer to the most current percentage published on the President of Treasury Board and Minister of Finance's [website](#).

**AIRB Approved Age-to-Ultimate Development Factors  
As of June 30, 2022  
Alberta Private Passenger Automobile (Excluding Farmers)**

**As of 2022-2  
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	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
162-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
156-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
150-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.999
144-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.996
138-Ult	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.993
132-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.987
126-Ult	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.995
120-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.988
114-Ult	0.999	1.000	1.005	1.000	1.000	1.000	1.000	1.000	0.980
108-Ult	1.000	1.000	1.008	1.000	1.000	1.000	1.000	1.000	0.978
102-Ult	1.001	1.000	1.008	1.000	1.000	1.000	1.000	1.000	0.989
96-Ult	1.001	1.000	1.009	1.000	1.000	1.000	1.000	1.000	0.974
90-Ult	1.001	1.000	1.009	1.000	1.000	1.000	1.000	1.000	0.976
84-Ult	1.005	1.000	1.008	1.000	1.000	0.999	1.000	1.000	0.971
78-Ult	1.003	1.000	1.007	1.000	1.000	0.999	1.000	1.000	0.968
72-Ult	1.010	1.000	1.005	1.000	1.000	0.999	1.000	1.000	0.955
66-Ult	1.018	1.000	1.004	1.000	1.000	0.999	1.000	1.001	0.978
60-Ult	1.030	0.999	1.008	0.999	1.000	0.999	1.000	1.001	0.983
54-Ult	1.051	0.999	1.013	0.999	1.000	0.999	0.999	1.001	1.019
48-Ult	1.077	0.999	1.015	0.999	0.999	0.998	0.998	1.001	1.026
42-Ult	1.124	0.999	1.019	0.999	0.999	0.998	0.998	1.000	1.059
36-Ult	1.208	1.000	1.026	0.999	0.999	0.998	0.998	0.999	1.167
30-Ult	1.332	1.000	1.031	0.997	0.999	0.997	0.998	0.999	1.394
24-Ult	1.533	1.002	0.994	0.990	1.000	0.997	0.990	0.997	1.818
18-Ult	1.783	1.017	1.051	0.974	0.999	0.994	0.975	0.994	2.152
12-Ult	2.112	1.046	1.097	0.903	0.998	0.979	0.921	0.984	2.875
6-Ult	2.907	1.153	1.186	0.686	1.018	0.948	0.844	0.915	7.828

**As of 2022-2**  
**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	0.996
150-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.984
144-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.977
138-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.971
132-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.961
126-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.928
120-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.918
114-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.878
108-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.838
102-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.812
96-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.776
90-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.752
84-Ult	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.708
78-Ult	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.656
72-Ult	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.604
66-Ult	0.995	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.570
60-Ult	0.993	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.532
54-Ult	0.990	1.000	1.000	0.999	1.000	1.000	1.000	1.000	0.504
48-Ult	0.986	1.000	1.000	0.999	1.000	1.000	1.000	1.000	0.476
42-Ult	0.982	1.000	1.000	0.999	1.000	1.000	1.000	0.999	0.451
36-Ult	0.986	1.000	1.000	0.999	1.000	1.000	1.000	1.000	0.459
30-Ult	0.988	1.000	1.000	0.998	1.000	1.000	1.000	1.001	0.518
24-Ult	1.026	0.997	0.999	0.996	1.003	1.000	1.000	1.000	0.737
18-Ult	1.066	1.004	0.999	0.989	1.007	1.000	0.996	1.003	0.856
12-Ult	1.074	1.006	0.994	0.934	1.018	0.999	0.971	1.003	1.037
6-Ult	1.163	1.081	0.978	0.747	1.118	1.003	0.875	1.042	1.406