

Alberta Automobile Insurance Rate Board – 2023 Open Meeting

August 17, 2023



Agenda

- Introductions
- Overview of FA
- FA Market Share in Alberta
- Range of Reasonability
- Conclusions/Q&A

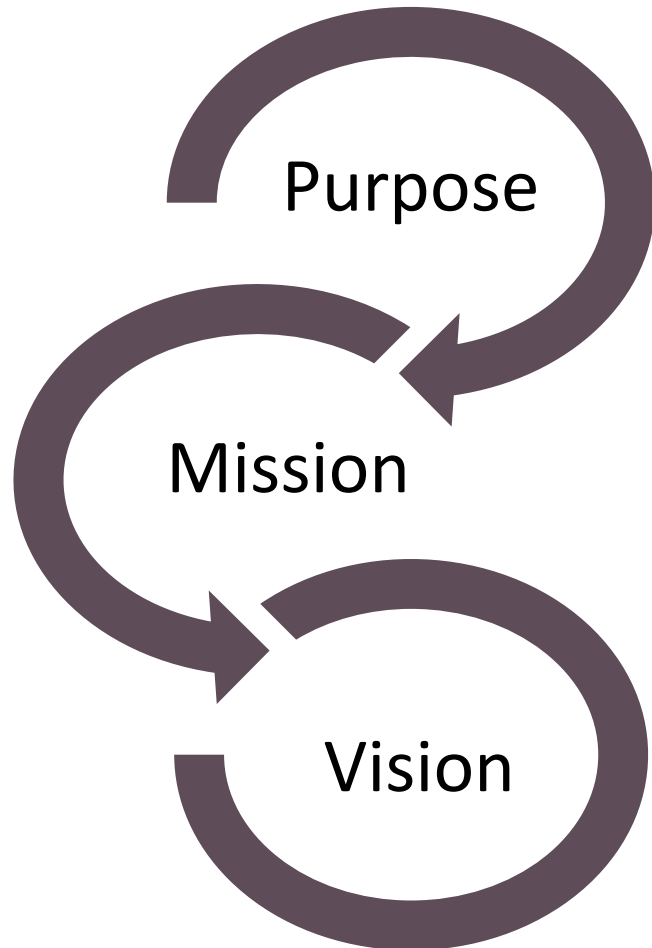
Representing Facility Association

Saskia Matheson – President & CEO

Philippe Gosselin – Vice President, Actuarial & CRO

Derek Tupling – Vice President, Government Relations & Communications

Facility Association Purpose, Mission, Vision



To ensure the availability of automobile insurance to owners, lessees and licensed drivers of motor vehicles who are eligible.

To deliver on our Purpose through the efficient administration of automobile insurance residual market mechanisms and by providing valued information to our members. Facility Association strives to enhance market stability through minimizing its market presence and impact, in an effort to provide consumers with the benefits of a healthy and competitive standard insurance market.

Facility Association is recognized as an essential component of the Canadian P&C insurance industry, supporting Canadians and the Canadian economy through its highly efficient and effective administration of automobile insurance residual markets and data governance; Facility Association is sought out for its objective opinion on residual markets and related issues.

How It All Fits Together

FARM

Guarantee Market Availability Directly to those who need it

RSPs

Support Market Availability in the Regular Market by providing protection where there is an inability to adequately price

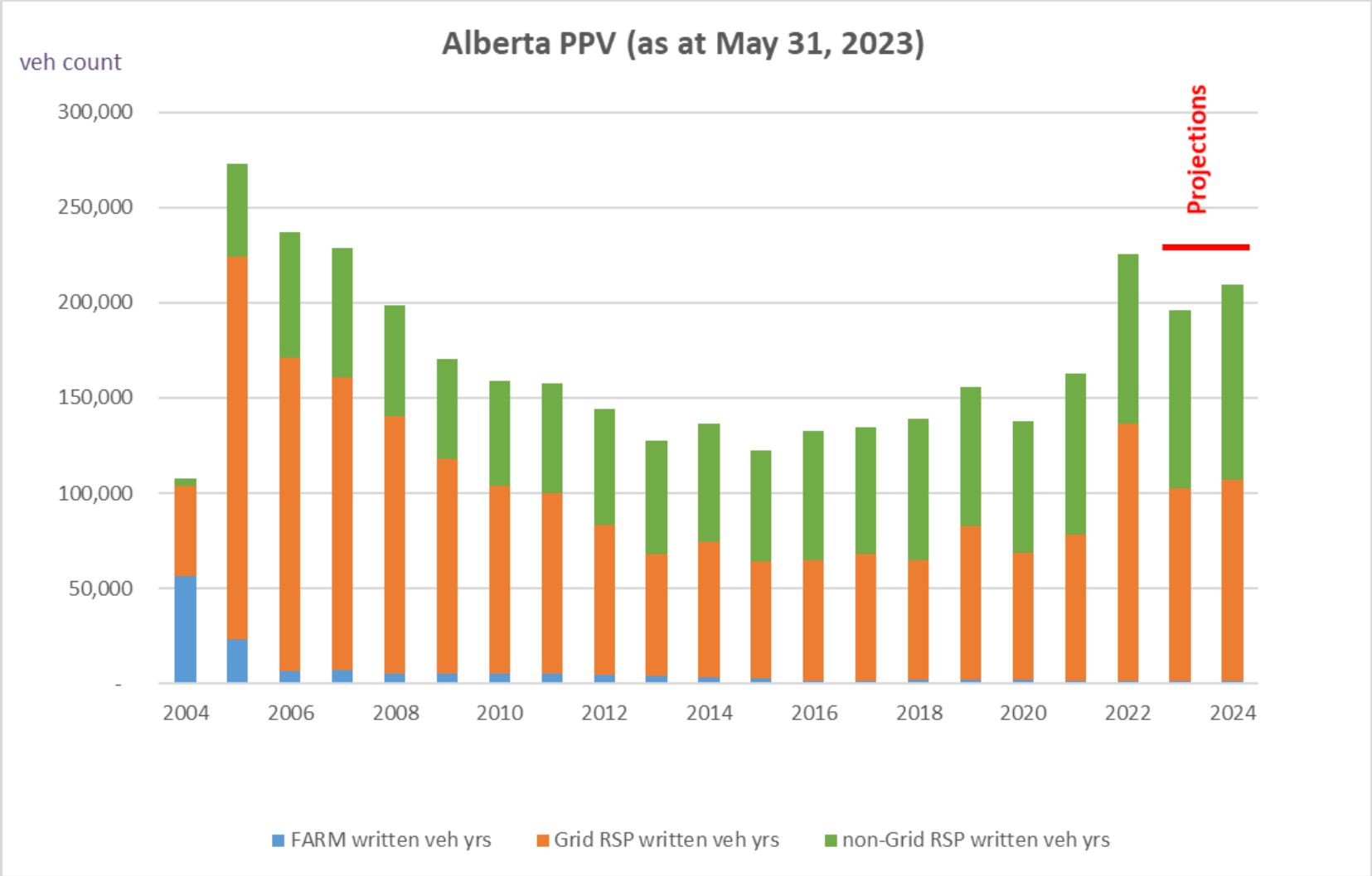
UIP

Enable Market Availability by ensuring accurate risk history data is reported and available to permit a fair and accurate premium

Reporting

Ensure Future Availability by providing verified, reliable data and projections so members and stakeholders can monitor and plan

Alberta Market Share



Range of Reasonability

- Rate making is an exercise in predicting the future
- All predictions are, by definition, estimates, and estimates can be incorrect
- Annual review sets factors which operate to construct a cap on rate level
- Companies are always permitted to charge less than the filed rate
- The annual review should allow companies a range of reasonable factors

Conclusions

- There remains uncertainty as we emerge from the pandemic;
- FA supports the steps taken by AIRB to create a more flexible system and encourages Board to consider additional measures;
- Ratemaking is always a prospective exercise, and as such a range of reasonability approach remains FA's recommendation; and
- A healthy private sector insurance market is the best environment to provide Albertans with competition and choice.

Thank You