

# Bulletin to All PPV Insurers

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

### Bulletin 06-2023

### September 22, 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 Annual Review of PPV experience has been completed based on data to December 31, 2022. The AIRB has approved the PPV Industry Benchmark Schedule (Schedule), effective October 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 Regulations 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 June 23, 2023, the AIRB shared the preliminary report for the 2023 Annual Review with the industry and invited them to participate through written submissions or presentations at the Annual Review Open Meeting, held on August 16, 2023.

#### Action Required

Based on the Annual Review analysis of Alberta PPV loss experience ending December 31, 2022, the AIRB approved the Schedule to take effect on October 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. The AIRB Industry Benchmarks should only be used if an insurer does not have sufficient data or is unable to support the reasonableness of their assumptions. The AIRB will use these industry benchmarks as a point of reference in our review of filings submitted on or after October 1, 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 Benchmark Schedule – Private Passenger Vehicle - effective October 1, 2023.

## 2023 Annual Review Industry Benchmark Schedule – PPV

Effective Date: For all filings submitted on or after October 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	+8.0%/+5.0% <sup>1</sup>
Property Damage	+1.0%
Direct Compensation for Property Damage	+1.0%
Accident Benefits	+1.0%/+11.0% <sup>2</sup>
Collision	+2.0%
Comprehensive	+4.0%
All Perils	+0.0%
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	27.60%
Unallocated Loss Adjustment Expenses (ULAE)	1.118
Profit Provision	6.00% <sup>4</sup>

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

<sup>4</sup> The AIRB has adjusted the profit provision effective October 1, 2023.

**AIRB Approved Age-to-Ultimate Development Factors  
As of December 31, 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	1.001	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	1.005
150-Ult	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.003
144-Ult	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.999
138-Ult	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.996
132-Ult	1.003	1.000	1.001	1.000	1.000	1.000	1.000	1.000	0.990
126-Ult	1.005	1.000	1.001	1.000	1.000	1.000	1.000	1.000	0.999
120-Ult	1.004	1.000	1.003	1.000	1.000	1.000	1.000	1.000	0.992
114-Ult	1.004	1.000	1.004	1.000	1.000	1.000	1.000	1.000	0.984
108-Ult	1.005	1.000	1.007	1.000	1.000	1.000	1.000	1.000	0.982
102-Ult	1.007	1.000	1.007	1.000	1.000	1.000	1.000	1.000	0.993
96-Ult	1.007	1.000	1.008	1.000	1.000	1.000	1.000	1.000	0.979
90-Ult	1.009	1.000	1.008	1.000	1.000	1.000	1.000	1.000	0.978
84-Ult	1.012	1.000	1.007	1.000	1.000	0.999	1.000	1.000	0.978
78-Ult	1.012	1.000	1.006	1.000	1.000	0.999	1.001	1.000	0.975
72-Ult	1.018	1.000	1.006	1.000	1.000	1.000	1.001	1.000	0.968
66-Ult	1.029	1.000	1.005	1.000	1.000	1.000	1.000	1.001	0.988
60-Ult	1.046	1.000	1.006	0.999	1.000	1.000	0.999	1.001	1.004
54-Ult	1.068	0.999	1.013	0.999	1.000	1.000	0.999	1.001	1.032
48-Ult	1.100	0.999	1.015	0.999	0.999	0.999	0.999	1.001	1.041
42-Ult	1.156	0.999	1.021	0.999	0.999	0.999	0.999	1.000	1.078
36-Ult	1.249	1.000	1.029	0.999	0.999	0.998	0.999	0.999	1.189
30-Ult	1.378	1.000	1.034	0.997	0.999	0.998	0.999	0.999	1.417
24-Ult	1.599	1.002	0.992	0.991	1.001	0.998	0.993	0.997	1.843
18-Ult	1.859	1.015	1.048	0.974	0.999	0.994	0.982	0.993	2.224
12-Ult	2.208	1.031	1.093	0.881	0.999	0.979	0.924	0.988	3.016
6-Ult	3.072	1.276	1.192	0.699	1.032	0.957	0.885	0.927	8.125

**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	1.000
150-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.988
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	0.969
132-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.960
126-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.929
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	0.879
108-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.834
102-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.809
96-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.777
90-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.752
84-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.709
78-Ult	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.658
72-Ult	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.606
66-Ult	0.996	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.576
60-Ult	0.995	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.542
54-Ult	0.993	1.000	1.000	0.999	1.000	1.000	1.000	1.000	0.515
48-Ult	0.989	1.000	1.000	0.999	1.000	1.000	1.000	1.000	0.488
42-Ult	0.986	1.000	1.000	0.999	1.000	1.000	1.000	0.999	0.465
36-Ult	0.989	1.000	1.000	0.999	1.000	1.000	1.000	1.000	0.475
30-Ult	0.990	0.999	1.000	0.999	1.000	1.000	1.000	1.000	0.536
24-Ult	1.028	0.996	0.999	0.996	1.003	1.000	1.000	0.999	0.758
18-Ult	1.069	1.003	0.999	0.990	1.007	1.000	0.996	1.004	0.889
12-Ult	1.078	0.994	0.993	0.933	1.018	0.999	0.967	1.004	1.069
6-Ult	1.265	1.129	0.983	0.766	1.051	1.005	0.891	1.051	1.443