

Bulletin to PPV Insurers

Private Passenger Vehicle Benchmark Schedule Effective April 1, 2024

Bulletin 03-2024

March 22, 2024

Purpose

The Automobile Insurance Rate Board (AIRB) is issuing this Bulletin to advise all private passenger vehicle (PPV) insurers operating in Alberta the 2024 Semi-annual Review of PPV experience has been completed based on data to June 30, 2023. The AIRB has approved the PPV Industry Benchmarks Schedule (Schedule), effective April 1, 2024. The AIRB has posted the Schedule and the related actuarial report on the [AIRB website](#).

Background

Section 9 of the Automobile Insurance Premiums Regulation requires the AIRB to conduct an annual review. In addition, the AIRB conducts a semi-annual review to use the most current available data in its review of rate filings. 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's filings and opining on the assumptions' reasonableness. The insurer's data must support assumptions that vary significantly from industry experience.

On January 26, 2024, the AIRB shared the preliminary report for the 2024 Semi-annual Review with the industry and invited them to participate through written submissions.

Action Required

Based on the Annual Review analysis of Alberta PPV loss experience ending June 30, 2023, the AIRB approved the PPV Industry Benchmarks Schedule to take effect on April 1, 2024.

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. The AIRB will use these industry benchmarks as a point of reference in our review of PPV filings submitted on or after April 1, 2024.

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

Laurie Balfour, MBA, CPA, CMA
Executive Director

Attachment

- 1 2024 Industry Benchmarks Schedule – Private Passenger Vehicle - effective April 1, 2024

2024 Annual Review Industry Benchmarks Schedule – PPV

Effective Date: For all filings submitted on or after April 1, 2024

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	+8.7%/+5.0% ¹
Property Damage	+1.8%
Direct Compensation for Property Damage	+1.8%
Accident Benefits	+3.8%/+10.9% ²
Collision	+2.3%
Comprehensive	+4.0%
All Perils	+2.2%
Specified Perils	+3.3%
Underinsured Motorist	+4.4%

¹ Future trend rate begins November 1, 2020.

² 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 ³
Operating Expenses	27.60%
Unallocated Loss Adjustment Expenses (ULAE)	1.123
Profit Provision	6.00% ⁴

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

⁴ The AIRB has adjusted the profit provision effective October 1, 2023.

**AIRB Approved Age-to-Ultimate Development Factors
As of June 30, 2023
Alberta Private Passenger Automobile (Excluding Farmers)**

**As of 2023-1
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	1.001	1.000	1.000	1.000	1.000	1.000	1.003
144-Ult	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.998
138-Ult	1.001	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.002
132-Ult	1.002	1.000	1.001	1.000	1.000	1.000	1.000	1.000	0.996
126-Ult	1.003	1.000	1.001	1.000	1.000	1.000	1.000	1.000	1.006
120-Ult	1.004	1.000	1.005	1.000	1.000	1.000	1.000	1.000	0.998
114-Ult	1.004	1.000	1.005	1.000	1.000	1.000	1.000	1.000	0.991
108-Ult	1.005	1.000	1.009	1.000	1.000	1.000	1.000	1.000	0.989
102-Ult	1.006	1.000	1.009	1.000	1.000	1.000	1.000	1.000	1.002
96-Ult	1.005	1.000	1.010	1.000	1.000	1.000	1.000	1.000	0.988
90-Ult	1.006	1.000	1.010	1.000	1.000	1.000	1.000	1.000	0.990
84-Ult	1.010	1.000	1.009	1.000	1.000	0.999	1.000	1.000	0.987
78-Ult	1.011	1.000	1.008	1.000	1.000	1.000	1.000	1.000	0.981
72-Ult	1.017	1.000	1.006	1.000	1.000	1.000	1.000	1.000	0.973
66-Ult	1.030	1.000	1.003	1.000	1.000	1.000	1.000	1.001	0.988
60-Ult	1.047	1.000	1.008	0.999	1.000	1.000	0.999	1.001	1.006
54-Ult	1.074	0.999	1.016	0.999	1.000	1.000	0.997	1.001	1.036
48-Ult	1.105	0.999	1.019	0.999	0.999	0.999	0.997	1.001	1.054
42-Ult	1.172	0.999	1.024	0.999	0.999	0.999	0.997	1.000	1.087
36-Ult	1.271	1.000	1.034	0.999	0.999	0.998	0.998	0.998	1.199
30-Ult	1.428	0.999	1.037	0.997	0.999	0.998	0.998	0.999	1.424
24-Ult	1.688	1.001	0.991	0.991	1.000	0.998	0.990	0.996	1.860
18-Ult	1.979	1.015	1.048	0.961	0.999	0.994	0.979	0.993	2.235
12-Ult	2.354	1.026	1.096	0.879	0.999	0.978	0.935	0.988	3.049
6-Ult	3.321	1.102	1.229	0.751	1.038	0.958	0.933	0.925	8.351

As of 2023-1
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	0.970
132-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.958
126-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.935
120-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.928
114-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.896
108-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.842
102-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.821
96-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.791
90-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.768
84-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.722
78-Ult	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.677
72-Ult	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.619
66-Ult	0.996	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.591
60-Ult	0.994	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.557
54-Ult	0.992	1.000	1.000	0.999	1.000	1.000	1.000	1.000	0.534
48-Ult	0.988	1.000	1.000	0.999	1.000	1.000	1.000	1.000	0.506
42-Ult	0.984	1.000	1.000	0.999	1.000	1.000	1.000	0.999	0.481
36-Ult	0.987	1.000	1.000	0.999	1.000	1.000	1.000	0.999	0.488
30-Ult	0.987	0.999	1.000	0.999	1.000	1.000	1.001	0.999	0.552
24-Ult	1.021	0.996	0.999	0.997	1.003	1.000	1.000	0.998	0.786
18-Ult	1.059	1.004	0.998	0.982	1.007	1.000	0.996	1.003	0.926
12-Ult	1.071	0.993	0.992	0.932	1.018	0.998	0.972	1.003	1.112
6-Ult	1.179	1.059	0.997	0.803	1.131	1.009	0.921	1.048	1.496