

Alberta
airb Automobile Insurance
Rate Board

ANNUAL 2018 REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2018



Automobile Insurance Rate Board — 2018 Annual Report

For the Year Ended December 31, 2018



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LETTER OF TRANSMITTAL AND ACCOUNTABILITY STATEMENT

The Honourable Joe Ceci
Minister of Finance and President of Treasury Board
323 Legislature Building
10800 - 97 Avenue
Edmonton, Alberta T5K 2B6

Honourable Minister:

On behalf of the Board and staff of the Automobile Insurance Rate Board (AIRB), I am pleased to submit the 14th Annual Report of the AIRB, for the year ended December 31, 2018.

The 2018 Annual Report of the AIRB was prepared under the Board's direction in accordance with section 601(1) of the *Insurance Act*. The information presented reflects the actual activities, results and performance of the AIRB for the year ended December 31, 2018. All significant decisions, events and identified risks as of December 31, 2018 have been considered in preparing this Annual Report.

As Chair, I am accountable for the contents of this report. Where this report contains estimates and interpretive information it represents the best judgment of management.

The AIRB is committed to working collaboratively with your office in pursuing the successful administration of the legislation as it relates to the Board.

Sincerely,

[Original signed by Charlene Butler]

Charlene Butler, MBA, B.Sc, BComm
Board Chair





VISION

An efficient and effective automobile insurance market with fair and predictable rates.

MISSION

As an independent body, the AIRB will regulate rating programs of Alberta automobile insurance companies to ensure premiums are fair and predictable. The AIRB will also ensure consumers have access to information to facilitate informed choices.

VALUES

Respect We foster an environment where consumers, industry, government, Board and staff members are valued and heard.

Accountability We are accountable for our actions and for contributing to the efficacy of the automobile insurance system.

Integrity We behave ethically and are open, honest and fair in our dealings.

Excellence We use innovation and continuous improvement to achieve excellence.



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BOARD CHAIR'S REPORT



On behalf of the Automobile Insurance Rate Board (AIRB), I am pleased to present our 2018 Annual Report. This was a challenging year for Alberta's automobile insurance industry. Insurance companies are operating under a government issued rate limitation, which will continue until August 2019. The inability for rates to keep up with costs has led to insurance companies further segmenting risks, which results in significant increases for some consumers.

The AIRB continues to be concerned for the impact the ongoing pressure on rates has on the sustainability of the insurance industry and on the premiums Albertans pay for automobile insurance. As we heard at our Annual Review meeting, the main contributors to this rate pressure continue to be the number of claims falling outside of the minor injury cap, increased vehicle repair cost due to the enhanced technology and automation available in today's vehicles, and rising vehicle thefts in our province.

In March, we welcomed a new Executive Director, Laurie Balfour, replacing Del Dyck who retired after serving the AIRB for eleven years. In July, I was appointed as Chair, and we welcomed new Board Members and a change in Consumer Representative.

Challenges aside, I would like to highlight some of our successes of the last year.

In September, the AIRB hosted the Canadian Automobile Insurance Rate Regulators Annual Conference in Calgary, which included a one day summit on autonomous vehicles — *Preparing for & Insuring Tomorrow's Mobility*, this event focused on sharing the experiences of international speakers representing vehicle manufacturers, regulators and insurance companies.

This year, as part of the Government's commitment to governance practices and regular reviews of agencies like the AIRB, the Government retained Ernst & Young LLP in

partnership with David Marshall to conduct a methodological review. The AIRB supported the review to confirm our work is still relevant to the needs of the province, and being carried out in a manner to achieve our mandate. The AIRB will be reviewing the report and considering recommendations to enhance and further our work on behalf of Albertans.

As the AIRB looks ahead to 2019, we will:

- Continue our work to achieve our mandate with an increased focus on consumer education;
- Support the Government as it conducts a Cost and Claims study to examine the drivers of costs in the automobile insurance system; and
- Monitor and identify emerging issues influencing risk, such as October's legalization of cannabis, and the yet unknown impact it will have on frequency and severity of automobile claims.

The AIRB's success depends on its people. I am very appreciative of the expertise of our Board Members, management and staff for their ongoing dedication and support.

We remain committed to our vision of an efficient and effective automobile insurance market with fair and predictable rates.

Sincerely,

[Original signed by Charlene Butler]

Charlene Butler, MBA, B.Sc, BComm
Board Chair



BOARD GOVERNANCE

Relationship to Government

The Minister of Finance and the Government of Alberta, through the *Insurance Act* (the *Act*), established the AIRB in October 2004 as an independent regulator. In this capacity, the AIRB is responsible for regulating automobile insurance rating programs in Alberta. The AIRB, through its functions and statutory duties and responsibilities, serves all Albertans — the public, industry and Government. In addition, the AIRB must exercise and perform any other powers and duties assigned to it by the Minister or prescribed by regulations.

Decisions made by the AIRB regarding filings for changes in rates, rating programs and the base premium with respect to the Grid are made independent of Government and pursuant to the AIRB's enabling legislation.

As part of Government's "Tools for Accountability" the AIRB is required to submit this Annual Report along with its Business Plan to the Minister on an annual basis.

Board Governance

The AIRB has established a vision, mission, and values to guide its operation. The AIRB sets goals as part of the annual business planning process, and these goals are the basis upon which accountability and performance is evaluated.

The AIRB consists of seven Board Members appointed by the Lieutenant Governor in Council, a Consumer Representative appointed by the Minister, and the Superintendent of Insurance who is a non-voting member of the Board, for a total of nine members with a broad range of expertise and experience. The *Act* provides for a chair and a vice-chair as appointed by the Lieutenant Governor in Council.

The AIRB holds regular monthly meetings to, review and rule on insurance company filings

for changes in rates, rating programs and otherwise exercise its mandate and oversee its effective operation and fiscal responsibilities. The AIRB holds mid-month teleconference meetings to review and rule on simplified filings. In addition, it holds an open meeting to carry out its Annual Review process to develop an Industry Benchmarks Schedule for its review of insurance company filings and the adjustment of the base premium level for the Grid. The AIRB's governance processes and guidelines outline how it will carry out its duties and ensure alignment with *Alberta's Public Agencies Governance Act*.

Tools for Accountability

CODE OF CONDUCT

The Code of Conduct and Ethics (Code) for the AIRB applies to all members and employees. The Code reflects a commitment to the AIRB's values and provides a framework to guide ethical conduct. Members and employees are expected to behave in a way that supports this Code. The Code was redeveloped in 2018 pursuant to the newly enacted section 23.922 of the *Conflict of Interest Act*. To demonstrate our commitment to transparency and accountability, this Code can be viewed on our website.

CHARTER OF EXPECTATIONS

The AIRB first adopted a Charter of Expectations (Charter) in 2008 as a governance tool used in the recruitment of new directors and a framework to assess Board Member performance. The Charter was reviewed, updated, and reaffirmed by all members in 2018. The following guiding principles provide an understanding of the roles, expectations and responsibilities of each Board Member:

- Assume, with other Board Members, the stewardship role of governing business affairs of the AIRB;



- Act in the highest ethical manner and with integrity in all personal, business and professional dealings;
- Become knowledgeable about the AIRB's business, the environment in which it operates and the emerging trends and issues in the automobile insurance industry;
- Commit enough time and sufficient attention to the work of the AIRB as may be required from time to time; and
- Act in a way that contributes to the effective operation of the AIRB.

BOARD PROFILE AND COMPETENCY MATRIX

The AIRB reviewed its Board Profile and Competency Matrix (Matrix) during 2018. The Matrix was enhanced to include personal effectiveness skills as well as other specialized knowledge and relevant professional or volunteer experience that would assist the AIRB in effectively carrying out its mission and mandate.

The profile of current Board Members is updated as the membership of the AIRB changes, and is a tool used in the identification of the profile and competencies the AIRB seeks when recruiting vacant positions.

BOARD MEMBERS

This year we welcomed three new Board Members, Patricia Matthews as Vice-Chair, William Moore and Jay Jeworski as public members. Charlene Butler was appointed as Chair and James Cuming was appointed Consumer Representative.

The AIRB would like to thank our previous Chair, Allan Cleiren — for his years of dedication and service to the AIRB, first as a public member and then as the Board Chair. We greatly appreciated all the time, energy, and the leadership he gave to our Board. We would also like to thank Chris Daniel —

who has recently transitioned from his role as Consumer Representative to public member. During his term as Consumer Representative, Chris evolved the role, and we thank him for his enthusiasm and dedication to the consumer and the AIRB.

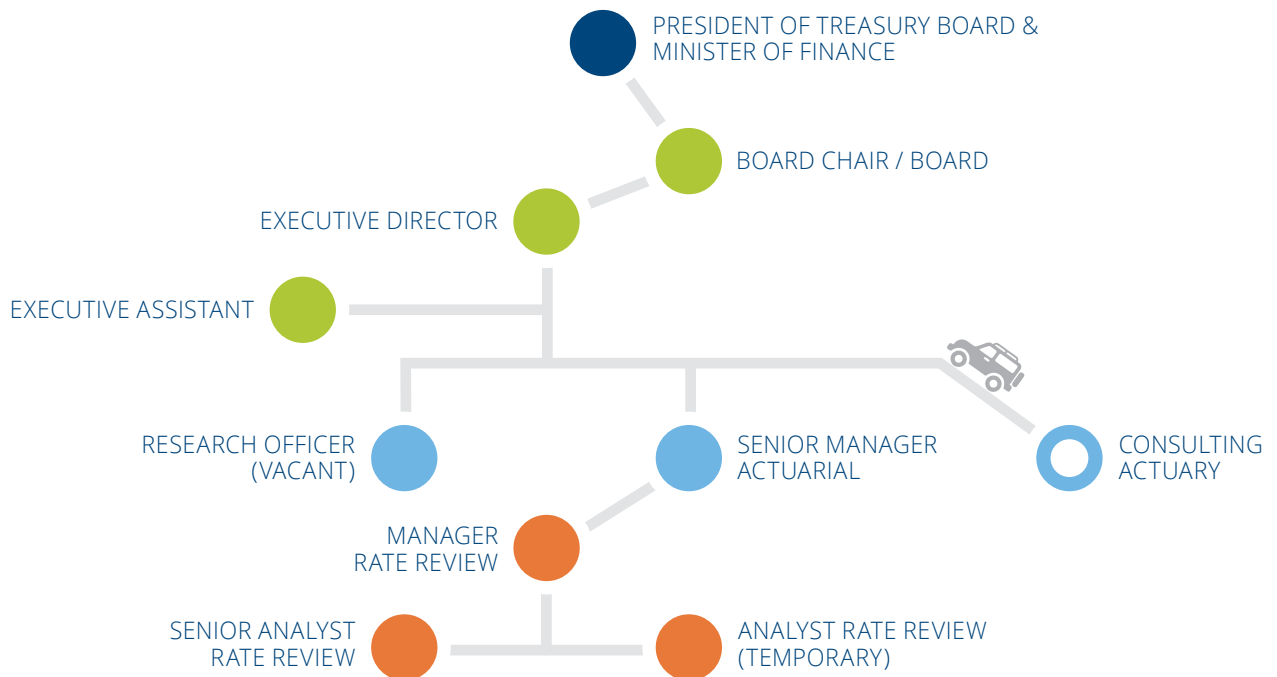
The AIRB will be commencing recruitment to fill the two vacancies during 2019. The recruitment process will consider the current Board Profile and Competency Matrix to ensure we continue to have a balanced Board with the skills and attributes needed for our continued success.



James Cuming, Patricia Matthews, Paul Owens, Charlene Butler, Chris Daniel, William Moore and Jay Jeworski.



ORGANIZATIONAL CHART



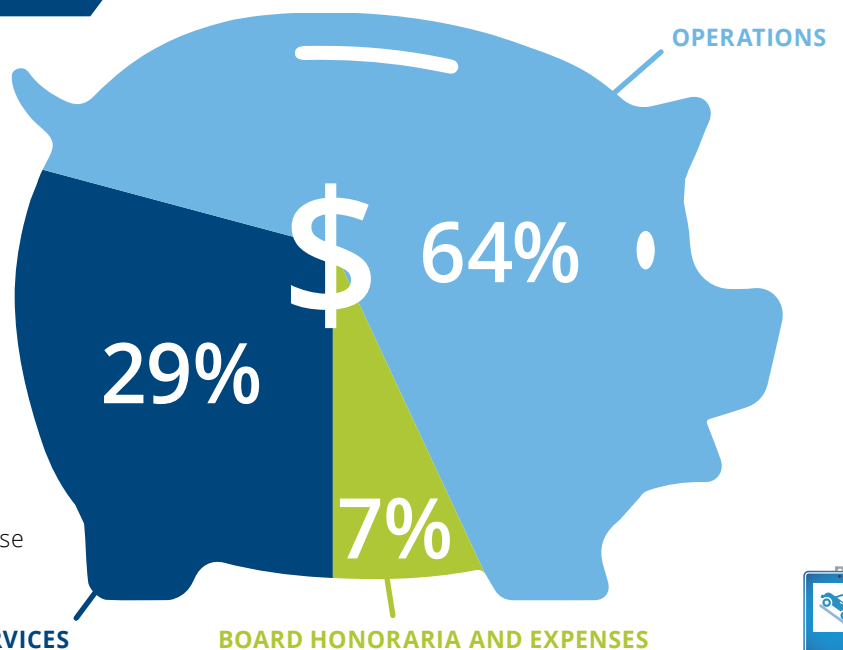
The AIRB operates with six approved staff support positions, and actuarial and legal consulting services provided through external contracts. Operational support is provided through the Ministry of Treasury Board and Finance and includes finance, communications, human resources, and information technology services.

ACCOUNTABILITY

2017-18 Expense Breakdown

The AIRB's operations are fully funded through an annual industry levy to automobile insurance companies in accordance with the Automobile Insurance Rate Board Fees Regulation. The annual industry levy for 2018 was \$1,188,112 (2017 was \$1,156,916).

The AIRB's operations totalled \$1,217,117 for the fiscal year ended March 31, 2018, a 2.8 percent increase over the prior year.



ACTUARIAL AND CONTRACT SERVICES

BOARD HONORARIA AND EXPENSES

STATEMENT OF OPERATIONS

AND SURPLUS For the period April 1, 2017 to March 31, 2018

	2016 - 17 ACTUAL	2017 - 18 ACTUAL	2017 - 18 BUDGET
Revenue			
Annual Industry Levy ¹	\$1,500,000	\$1,477,000	\$1,477,000
— less accumulated surplus	407,048	320,084	—
Net Annual Industry Levy	1,092,952	1,156,916	1,477,000
Other	3,802	—	—
	1,096,754	1,156,916	1,477,000
Expense			
Operations	759,870	783,193	796,000
Actuarial and Contract Services	362,068	349,287	481,000
Board Honoraria and Expenses ²	61,779	84,637	200,000
	1,183,717	1,217,117	1,477,000
Surplus / (Shortfall)			
Accumulated Surplus Beginning	407,048	320,085	—
Accumulated Surplus End	320,085	259,884	—

NOTE: The AIRB's fiscal year reflects that of the Government, April 1 to March 31.

¹ In accordance with the Automobile Insurance Rate Board Fees Regulation, the insurance companies are assessed a fee based on their share of direct written automobile insurance premiums from the prior year. The fee represents the AIRB's annual budget plus or minus the prior year's accumulated surplus or deficit.

² Board honoraria are remunerated in accordance with Schedule 1 of the Part-Time Committee Remuneration Orders in Council 103/2006 and 466/2007. Expenses are remunerated in accordance with the Public Services Commissioner directive on subsistence and travel expenses.

BOARD INVOLVEMENT

Canadian Association of Automobile Insurance Rate Regulators

In September 2018, the AIRB hosted the 12th annual Canadian Association of Automobile Insurance Rate Regulators (CARR) Conference

in Calgary. This year, the three-day conference was kicked off with a full-day summit on autonomous vehicles and the impact on automobile insurance regulation.

The Preparing for and Insuring Tomorrow's Mobility Summit was the second industry event hosted by the AIRB, and the first time



an event of this magnitude was connected to the annual CARR conference. Other notable sessions from the 2018 annual conference included traffic safety, cannabis, and updates from each member jurisdiction as well as the Annual General Meeting.

CARR provides rate regulators with an opportunity to address current and potential regulatory challenges and work together to find common solutions where practical, and the AIRB is proud to be a founding member.

The AIRB actively participates with CARR committees and initiatives to remain informed of trends, innovations, and the market.

General Insurance Statistical Agency

The General Insurance Statistical Agency (GISA) is a key source of data for the AIRB Annual Review and data gathering related to market analysis and reporting. As such, the AIRB ensures Alberta has a strong voice in the initiatives that GISA undertakes. The Executive Director plays a key role in a number of key GISA initiatives — including but not limited to:

- exhibit production;
- the data management working group;
- financial information collection; and
- strategic planning.

As GISA strives to improve its data collection and reporting to ensure the availability of accurate data; the completion of historical corrections have resulted in changes to past data and trend projections completed by the AIRB's consulting actuary. The AIRB recognizes the importance of quality data to make decisions both from a regulatory and industry perspective. The AIRB will continue to work with our colleagues across the country on continuous improvement of the data to meet the needs of the AIRB and stakeholders during these challenging times.

Did you know?

In 2017, 61% of all vehicles had a \$500 deductible on collision coverage. The deductible is the amount you will pay in the event of a claim. Most insurance claims are subject to a deductible. While a higher deductible will decrease your premium, it also results in higher financial risk. **Albertans should choose their deductible based on their financial ability to assume that amount of risk in the event of a claim.** We encourage you to discuss the options with your insurance representative on how your vehicle deductible would be applied in event of a claim, and the associated premium savings.



EXECUTIVE DIRECTOR'S REPORT



This year was a year of change at the AIRB, and I am excited to present my first report as the new Executive Director. We had several staffing changes over the summer, leading us to find the strength in the team we have today. In addition, we were excited to welcome newly appointed Board Members in July.



With change comes opportunity, and we are focusing on the opportunities that are being presented to us, as we continue to work with our stakeholders and navigate in this challenging market environment. I will share some highlights of our work and provide a glimpse into our plans for the upcoming year.

Filing Activity

As you will see under the Automobile Insurance Market section, Alberta's automobile insurance market has been challenging in 2018. The AIRB saw a 25% increase in filing activity due in part to the industry's response to the current market and the 5% rate limitation.

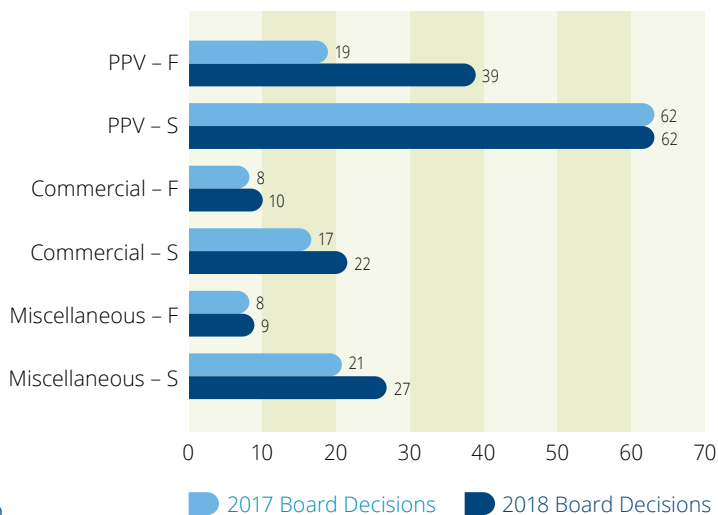
Methodological Review

The Government contracted Ernst & Young LLP in partnership with David Marshall to conduct a methodological review of the AIRB during 2018. The purpose of the review was to provide insight on best practices and recommendations for potential improvements to the AIRB. The review focused on:

1. Examination of the AIRB's governance structure and its role in fulfilling its mandate;
2. Examination of the information provided by insurance companies to the AIRB regarding private passenger vehicle bodily injury liability claim reserves, including how reserves are considered by the AIRB, whether historical reserves have matched actual claims experience and actuarial assumptions in the rate setting process; and
3. Assessment of the adequacy of the information the AIRB receives from insurance companies, and whether it is properly scrutinized to ensure well-informed decisions.

The Board and staff appreciate the intent of the review and appreciate the thoughtfulness of the consultants during the process. We will be reviewing the recommendations, and developing plans to augment, where necessary our current processes.

NUMBER OF FILINGS BY VEHICLE TYPE



* Private Passenger Vehicles (PPV) | Full (F) | Simplified (S)





Did you know?

Albertans spend more on new vehicles than Canadians in any other province? Alberta had the highest average new vehicle price, at \$46,543 per new vehicle sold (the lowest average was in PEI at \$34,402). In the event of an accident, more expensive vehicles also cost more to repair, **resulting in increased costs to the insurance company.**

CARR Conference

I want to thank the Board and staff for their commitment to hosting this year's CARR Conference, and taking the conference in a new direction with the addition of the one-day Preparing for and Insuring Tomorrow's Mobility Summit. This year, we opened up the first day to over 100 regulators, brokers, and other industry stakeholders, giving them an opportunity to learn from an international lineup of speakers. This would not have been possible without the support and dedication of the whole team. I also want to acknowledge the sponsors for the summit — Insurance Bureau of Canada, Canadian Association of Direct Relationship Insurers, Insurance Brokers Association of Alberta, and ATB Financial.

Bulletins

This year AIRB issued several bulletins, and there are three in particular I would like to highlight:

- 1. 04-2018 | Minor Traffic Convictions** — to replace former Board Circular 1-88 and advise automobile insurance companies that they are permitted to determine premium based on any number of traffic safety convictions within a three year period, provided it can be supported by their analysis.
- 2. 05-2018 | Use of Convictions to Determine Premium** — to advise insurance companies minor or serious traffic safety convictions or criminal code convictions may not be used in determining premium in respect to the comprehensive portion of all perils, comprehensive or specified perils coverages.

- 3. 11-2018 | Gender X** — to advise insurance companies a simplified filing would be accepted for a company wishing to accommodate Gender X insureds in their rating programs.

Looking Ahead to 2019

As I look forward to the coming year, in addition to our day-to-day activities in fulfilling our mandate, our focus will include:

- developing strategies to further engage and educate consumers about automobile insurance;
- automating processes related to invoicing the annual fee collected under the Automobile Insurance Rate Board Fees Regulation, leveraging insurance company contacts through collaboration with the Superintendent of Insurance and development of a web portal for insurance companies to exchange information with the AIRB staff;
- researching and monitoring key trends and performance indicators to evaluate the automobile insurance sector and support evidence based decision making;
- representing Alberta on national associations including the Canadian Association of Automobile Insurance Rate Regulators and General Insurance Statistical Agency; and
- continuing our focus to remain current on industry issues through meetings with individual insurance companies, the Insurance Bureau of Canada, the Canadian Association of Direct Relationship Insurers, the Insurance Brokers Association of Alberta, the Facility Association and other key stakeholders.

Finally, I would like to acknowledge the contributions that my predecessor, Del Dyck, made to the AIRB and the industry during his tenure with the AIRB, and wish him well in his retirement.

Sincerely,

[Original signed by Laurie Balfour]

Laurie Balfour, MBA, CPA, CMA
Executive Director



AUTOMOBILE INSURANCE MARKET

Preface

Seventy-two percent of Alberta's automobile insurance market is comprised of private passenger vehicles; the remaining twenty-eight percent consists of commercial vehicles, all terrain vehicles, motorcycles, snow vehicles, and miscellaneous vehicles. The report on Alberta's automobile insurance market examines, and is pertinent to, the market for private passenger vehicles only.

Introduction

The automobile insurance market in Alberta is a competitive private market that provides coverage for over 2.7 million vehicles. The AIRB strives to maintain a fair insurance market, where consumers have predictable premiums and the information they need to make informed decisions. The AIRB monitors the market place, trends, and developments to inform its Board Members and the Government

Did you know?

Alberta has the highest incidence of vehicle theft in all of Canada? Vehicle theft is a significant cost-driver for comprehensive coverage premiums. Insurance companies in Alberta pay more for theft claims than in any other province; and in fact, **vehicle theft in Alberta accounts for more than 25% of vehicle thefts occurring in Canada.**

of Alberta. Indicators including, affordability, sustainability, availability, and service quality in Alberta's automobile insurance market are considered. These indicators are influenced by competition, consumer knowledge, industry trends, and the economy.

Competitive Marketplace

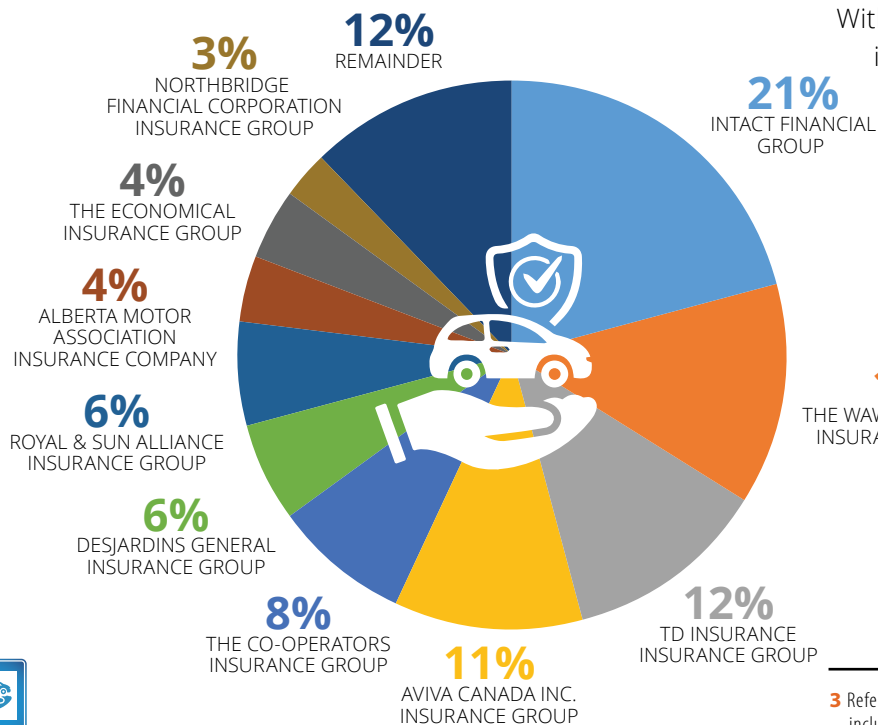
With many companies writing in Alberta, it is a competitive market for automobile insurance. This allows insurance companies to compete on price, product, and service, which promotes efficiency and service quality.

Consumers have the ability to choose between the different providers.

Based on 2017 direct written premiums, the top ten insurance company groups³ in Alberta represented 88% of the market share, with 69 individual insurance companies writing automobile insurance in the province.

³ Refer to **Appendix III** for a listing of the insurance companies included in each "Insurance Company Group"

ALBERTA'S TOP 10 INSURANCE COMPANY GROUPS FOR 2017



Did you know that during 2017, Alberta's automobile insurance market covered more than 2.7 million vehicles?

\$3,300,000,000+

Premiums Collected

In 2017, automobile insurance companies collected over 3.3 Billion dollars in premiums.



\$2,700,000,000+

Cost of Claims

In 2017, automobile insurance companies paid over 2.7 Billion dollars in claims expenses.

Vehicles by Class

72%



Private Passenger

10%



Commercial

4%



All Terrain

4%



Motorcycle

3%



Snowmobile

7%



Miscellaneous

Industry Trends

+7%

Claims Cost

For third-party liability, the cost per claim to insurance companies has increased an average of 7% each year (2013 - 17).

-1.4%

Collision Rate

On average, the vehicle collision rate in Alberta decreased 1.4% each year (2013 - 17).

Industry Statistics

293,000

Claims Per Year

On average, Albertans will make 293 thousand claims each year.

\$1,251

Yearly Premiums

In 2017, Albertans spent an average of \$1,251 on total automobile insurance coverages.

69

Companies

In Alberta, automobile insurance is provided by 69 different companies.

3%

Cost to Albertans

In 2017, Albertans spent an average of 3% of their after-tax income on automobile insurance.



How is the Automobile Insurance Market Changing?



Cannabis



Gender X



Autonomous Vehicles



Technology



Usage-Based Insurance



Sustainability

AVERAGE PREMIUM BY COVERAGE

Albertans are required to carry mandatory coverages (third-party liability and accident benefits) for automobile insurance, and they have the option to purchase additional coverages like all perils, collision, comprehensive, and specified perils. Every dollar paid in premium

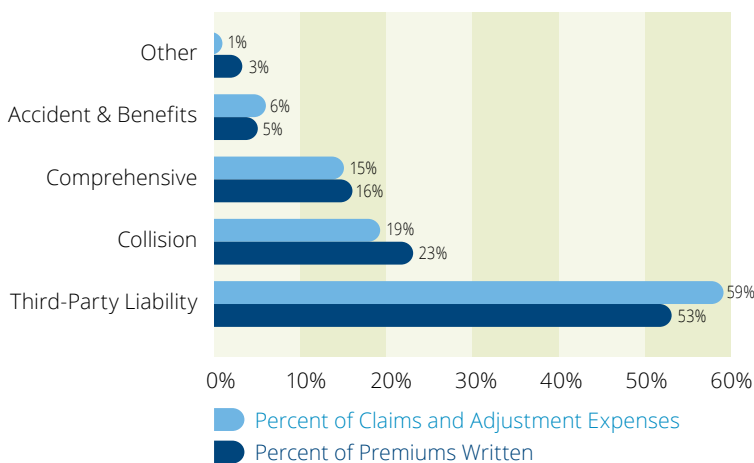
is allocated to the coverages for which is being provided. More than 50% of the premiums paid in Alberta are for third-party liability coverage. Approximately 25% goes toward collision and 16% to comprehensive, with the balance of the premiums for all other coverages.

AVERAGE CLAIM COSTS BY COVERAGE

As with premiums, claims costs are broken down by coverage. Approximately 60% of all

claims paid out by insurance companies in 2017 are for third-party liability claims, with approximately 20% for collision and 15% for comprehensive coverage. Insurance companies collect 53% of every dollar for third-party liability coverage; however, they are paying 59% towards the cost of claims. Insurance companies in Alberta are increasingly relying on additional coverages to offset the costs of mandatory coverages; this trend is a growing concern for industry, and the AIRB is continuously monitoring how this trend can influence the market.

WRITTEN PREMIUMS VS. CLAIMS COST BY COVERAGE



RATE LIMITATION

In late 2017, the Minister of Treasury Board and Finance directed the AIRB to not approve increases for private passenger automobile insurance greater than 5% for the period November 1, 2017 to November 30, 2018. This rate limitation has affected the insurance companies' abilities to obtain the rates they need for specific policyholders. This has led to several companies further segmenting their rating programs. These broad segmentation techniques result in decreased premiums for some and increased premiums for others. Companies maintain their overall rate of change within the 5% threshold; however, some individual policyholders are experiencing changes much higher than 5%.

In November 2018, the Minister of Treasury Board and Finance confirmed the rate limitation would continue until August 31, 2019.

Did you know?

When asked the likelihood of Alberta roads being safer if autonomous vehicles are permitted on them, **61% of respondents felt that the addition of autonomous vehicles would make roads more dangerous.**

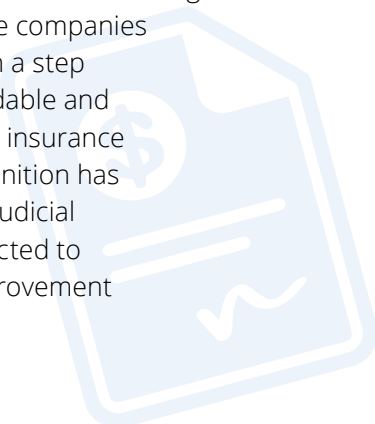




MINOR INJURY REGULATION CLARIFICATION

For several years, one of the cost pressures faced by automobile insurance companies was the increase in bodily injury claims, and the frequency of those claims falling outside the cap for minor injuries, made prominent by court cases like the McLean v. Parmar⁴ and Sparrowhawk.⁵ In May 2018, the Government of Alberta announced a clarification to the Minor Injury Regulation (regulation), taking effect June 1, 2018. The clarification makes it evident that some temporomandibular joint injuries, such as physical or psychological conditions or symptoms arising from sprains, strains and whiplash injuries and that resolve

with those injuries, are considered minor injuries and should be treated as such. During its Annual Review process, the AIRB sought comments on the clarification to the regulation and generally, insurance companies indicated that, although a step towards ensuring affordable and sustainable automobile insurance in the province, the definition has not been tested in the judicial system and is not expected to result in significant improvement in rate indications.



⁴ The McLean v. Parmar ruling indicated all soft tissue claims lasting longer than three months fall outside the minor injury cap.
⁵ In Sparrowhawk Temporomandibular Joint Disorder was determined not to be a "minor injury".

Affordability

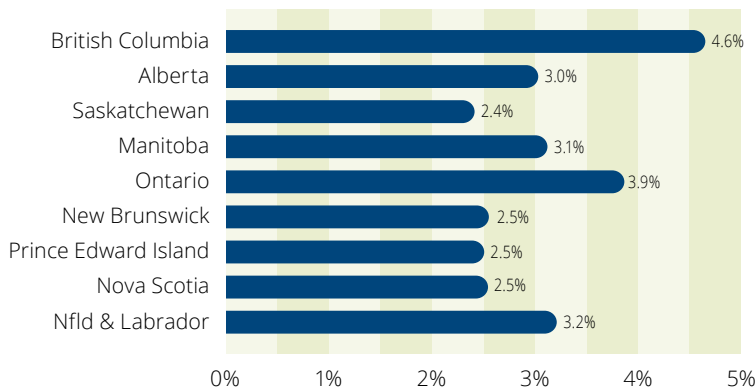
The AIRB benchmarks the percentage of after-tax income Albertans spend on the average insurance premium with data from



Did you know?

Shopping around is the best strategy for finding the best price on vehicle insurance, but **only 38% of Albertans took the time to request additional quotes for their insurance** during 2017-18. The price of insurance policies vary and so do the levels of coverage and the costs associated with making a claim.

AVERAGE AFTER-TAX INCOME SPENT ON POLICY



other provinces. Differences between each province's automobile insurance systems are considered. Not only is there a difference between public and private delivery systems, but the insurance products and regulations can vary by province. Fault systems, coverage scope, and limitations on payouts can all influence the cost of automobile insurance.

Among the provinces evaluated, the average percent of after-tax income spent on the average premium was 3.09%. Albertans spend slightly below the average, at 3.01% of after-tax income.



Automobile Insurance Claim Trends

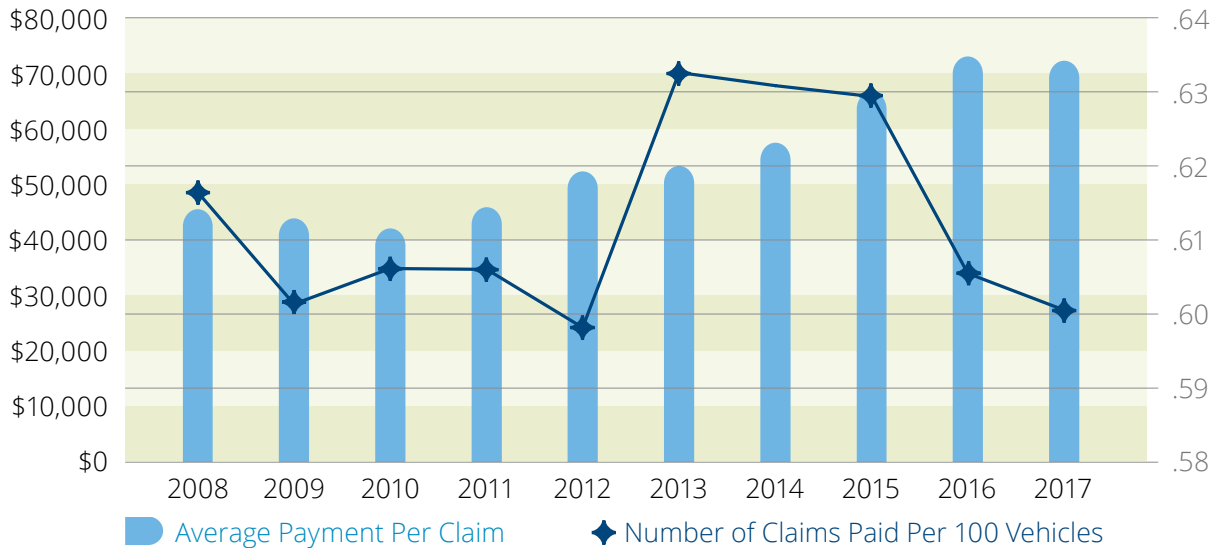


BODILY INJURY

Bodily injury claim costs are one of the more significant cost pressures insurance companies are facing today. The graph below illustrates the increased severity in ultimate claim payout amounts over the

last 10 years. The severity of bodily injury costs has increased 54.2% from 2012 - 2017, with ultimate loss cost estimates increasing from \$47,308 in 2012 to \$72,963 in 2017.

BODILY INJURY CLAIM SEVERITY AND FREQUENCY



Did you know?

Over 98% of vehicles in Alberta are insured for at least \$1,000,000 for **third-party liability** that reduces the risk of liability for drivers who damage property or cause bodily injury while driving. The minimum required third-party liability coverage is **only \$200,000 in Alberta**; however, a higher third-party liability limit is encouraged to reduce your risk.



Reasons cited by insurance companies for this increase in claims costs include:

- > Fewer claimants captured within the minor injury definition than in the past;
- > Increase of multiple injury types claimants report; and
- > Increased legal representation.

The graph also illustrates the peak in the number of claims paid (frequency) which occurred in 2013, and prior to declining back to the 2012 levels in 2017. Even with the number of claims decreasing, the costs of claims continue to account for a significant amount of premiums.



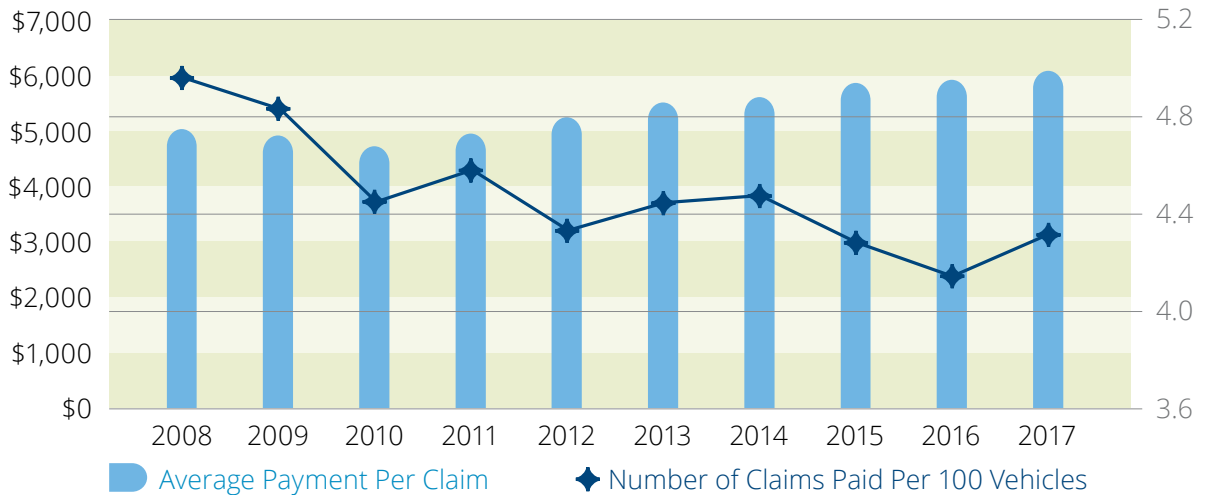
COLLISON

Severity has been trending upwards since 2010, while the frequency of claims has trended downwards. Unfortunately, although the increase in automation in today's vehicles may assist to reduce the frequency of accidents and the severity

of injuries sustained, the cost of repairing vehicles continues to rise, due in part to the cost of replacing the automated safety features. The trends observed, in both claims frequency and claims severity are expected to continue.



COLLISION CLAIM SEVERITY AND FREQUENCY

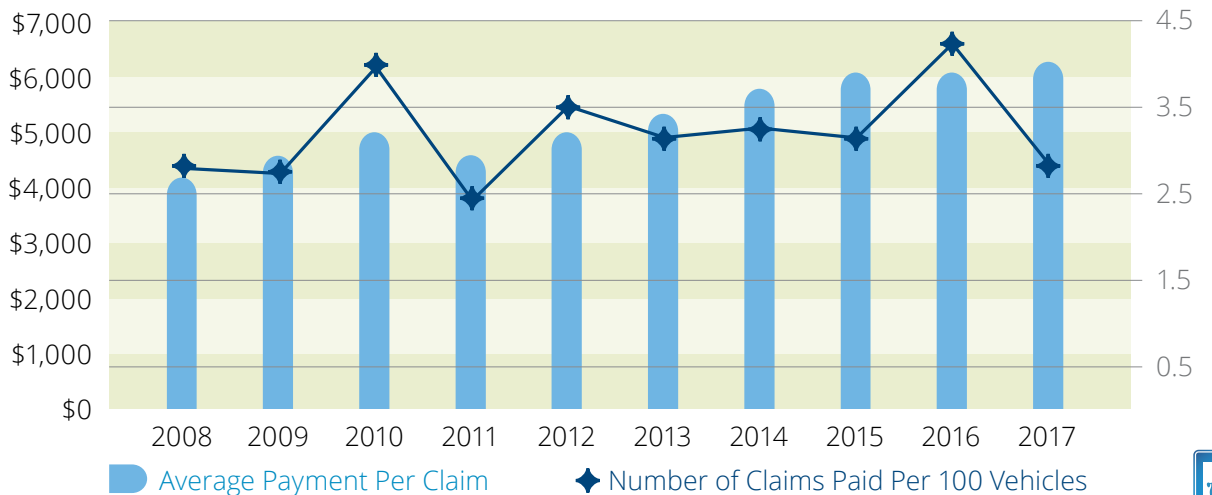


COMPREHENSIVE

Alberta has higher levels of automobile theft claims than any other province in the country. Insurance companies, operating within Alberta, are paying increased claims costs. Insurance companies have indicated that in the last four years they have seen a \$200 increase per year in severity related to theft claims alone.

The graph below illustrates the trends in both claims frequency and severity for comprehensive coverage. The graph outlines that the frequency peaked in 2016, and has dropped in 2017, but the severity continues to rise.

COMPREHENSIVE CLAIM SEVERITY AND FREQUENCY



Availability

The AIRB continues to monitor the industry to ensure there is coverage available for Albertans. Although we have a robust and competitive market, the claims costs and rate limitation has put pressure on insurance companies, which has been further highlighted during 2018. The rate limitation has resulted in a number of insurance companies submitting multiple filings in 2018, seeking approvals

to rating program changes to ensure each individual risk is as adequately priced. In addition to rating program changes, several companies have been taking steps to adjust their underwriting rules and making business decisions that are starting to negatively affect Albertans. Such decisions, include declining payment plans, requiring signed application forms on renewals, declining to offer optional coverages, and cancelling broker contracts.

Monitoring Emerging Trends / Issues

During the Annual Review process, the AIRB invited stakeholders to provide comments on the impact of several emerging trends and issues, including:



CANNABIS

With the legalization of recreational cannabis, there is uncertainty on the degree of impact to the automobile insurance industry. Of the insurance companies that commented to the AIRB on this emerging risk, many indicated the impact on claims remains unclear. Insurance companies and regulators, with little data on the impacts of recreational cannabis use on the market, have looked to the impacts and trends of the states that have legalized recreational cannabis. Based on the experience in those jurisdictions and research, the AIRB expects the changes cannabis will bring to the market to be insignificant.

Given the use of the substance may increase, and as a result of legalization, the risk of harm due to cannabis-impaired driving and other impaired behaviors could be influenced. Insurance companies and regulators will be continuously monitoring the risks associated with recreational cannabis consumption. Further, the AIRB will be monitoring the results of data and future publications to understand the impact on the market and rate setting.



sex field of their driver's license. Regulators and insurance companies have been considering the impacts for rating programs. Of the companies who commented on this emerging risk, many indicated support for the inclusion of gender "X" in rating programs, citing it will allow insurance companies to maintain their competitive rate structure and voluntarily offer rates which best suit the needs of their company and Alberta drivers. It is expected there will be a small volume of consumers who identify as gender "X"; therefore, having a minimal impact on premiums charged to Albertans. The AIRB will continue to monitor the implementation of rating programs inclusive of the gender "X" option.

AUTONOMOUS VEHICLES

The AIRB has been monitoring the emergence of autonomous vehicles and chose this as the topic of the one-day summit during this year's Canadian Automobile Insurance Rate Regulators Conference. This is a driver of change in the industry — which is of interest to many key stakeholders including the insurance industry and transportation safety officials. This is an area that will continue to be monitored as more vehicles are tested in Canada and more automated features are introduced to assist in collision avoidance. The continued development of autonomous vehicles and automated features in many vehicles on the road today is impacting the



GENDER X

In June 2018, the Alberta Government announced that Alberta drivers now have the option to display gender inclusive "X" in the



cost of repairs and contributing to the rising costs of automobile insurance across the country. Moving forward, regulators in Alberta will need to be prepared to oversee new types of policies and the different types of liabilities that autonomous vehicles bring to the market.



USAGE BASED INSURANCE

Usage based Insurance (UBI) is a program offered in the province that provides the driver with discounts on their insurance premium, based on certain measures of driving behavior. The driver maintains a base rate; however, the driver's premium may be reduced based on parameters including: distance driven, speed, hard braking, and time of day. In the 2018 AIRB Consumer Representative's Report, results suggested many Albertans were open to trying UBI. Currently, only a small number of insurance companies in the province offer UBI, but the AIRB continues to monitor UBI to maintain an understanding of how it affects the market. Further, the AIRB understands the risks UBI brings, such as the security and integrity of driving data. With the current costs of wireless coverage in the province, the AIRB does not expect UBI to become prevalent within the market; however, if the cost of wireless coverage were to decrease, UBI could become more popular among consumers.



TECHNOLOGY IN THE INDUSTRY

Looking beyond the impact technology is having on accident frequency and severity, technology used by insurance companies also has the potential to change the market. Data used to maintain efficient rating programs is transitioning from historical to real-time. Further, insurance companies are recruiting more diverse roles to process and report on claims data. New artificial intelligence technology has the potential to give companies an algorithm that has the ability to shape and monitor itself real-time. To accommodate these changes, regulators will need to adjust their processes to accommodate changes at a faster rate. Further, regulatory frameworks will need to be more proactive and responsive to a market that is experiencing an increasing rate of change.

What is the AIRB doing to monitor the market during these challenging times?

The AIRB continues to work with insurance companies to alleviate regulatory burden during a time of rate limitation. A Bulletin was issued in November 2018 to advise all insurance companies the AIRB would consider a filing for rate change up to 5% under the simplified filing guidelines, provided several conditions were met.

Further, the AIRB will be focusing more effort on consumer education and awareness. With trends in segmentation, some consumers are experiencing larger changes in premiums than they have in the past. In addition to ensuring consumers are aware of options they have when

shopping the market for the coverage they require, we will also provide more information and education on the factors contributing to increased cost pressures on premiums such as theft, increased cost of repairs of newer vehicles, bodily injury claims and convictions.

The AIRB will continue to review rate filing requests for compliance with the law, our guidelines, policies and procedures, while at the same time considering the impacts this challenging market has on the consumer and the long-term sustainability of the automobile insurance market and the participating insurance companies.



ANNUAL REVIEW

The AIRB conducts an Annual Review of automobile insurance trends and premiums relating to basic and additional coverage for private passenger vehicles, as required under Section 9 of the Automobile Insurance Premiums Regulation. The Annual Review considers industry experience related to claims costs, administrative expenses, profitability and any other matters the AIRB considers appropriate.

In early 2018, the AIRB requested its consulting actuary, Oliver Wyman, complete an analysis of industry experience for the period ended December 31, 2017. Oliver Wyman's preliminary report was posted to the AIRB's website on June 26, 2018 for review by stakeholders. Stakeholders were provided an opportunity to respond to this report at an open meeting held on August 14, 2018 in Edmonton, either in person, by written submission, or through the AIRB's Consumer Representative. At the open meeting, the AIRB heard from its consulting actuary Oliver Wyman, the Consumer Representative and six stakeholders.

The AIRB also received written submissions from the presenters and three other stakeholders. The AIRB considered the information received at the open meeting along with the written submissions and requested Oliver Wyman to update its preliminary report as a result of the new information that had been provided.

The AIRB published its "Annual Review Report" of its findings on September 24, 2018, which includes: the Consulting Actuary's report, Consumer Representative's report and the approved Industry Benchmarks Schedule. The Annual Review Report can be found at www.airb.alberta.ca.

In addition to the Annual Review, the AIRB conducts a Semi-annual Review between January and March, which results in an updated Industry Benchmarks Schedule to be used

to review insurance companies' filings for the period April 1 to September 30.

Consumer Representative

The Consumer Representative, Mr. Chris Daniel, contracted a consulting and research firm to conduct the annual telephone and online survey of consumers' perceptions of automobile insurance in Alberta. Mr. Daniel conducted general focus groups in Edmonton and Calgary, specific focus groups for youth and seniors and follow up interviews with a number of participants located elsewhere in the province. He also contacted insurance brokers to discuss their experience in the market. As part of this process, he also reviewed information from other provinces, traffic safety trends and other data.

Consumers also contacted him by email and letters with their specific concerns. The results of his findings through the telephone survey included the following:

- an increasing number of consumers (28%) feel their premiums are not reasonable, compared to 24% in 2017;
- 38% of consumers polled obtained a competitive quote for insurance (35% in 2017); and of these, 86% stayed with their existing insurance companies compared to 89% in 2017;
- consumers consistently agree premiums are continually rising even though they have no claims or convictions;
- 64% felt the penalties for distracted driving are insufficient; and
- 39% indicated they felt the roads would be safer if autonomous vehicles were allowed on Alberta roads.

These findings were presented to the AIRB at its open meeting in August. Mr. Daniel's report including his observations is available on the AIRB website.



CONSUMER EDUCATION

In addition to regulating automobile insurance rating programs in Alberta, the AIRB also ensures consumers have access to the information they need to facilitate informed choices regarding automobile insurance. The AIRB connects with consumers in a number of ways:

- Telephone inquiries;
- The Consumer Representative's surveys and focus groups;
- Invitation to attend Annual Open Meeting;
- Presentations on automobile insurance and shopping the market; and
- Ensuring consumer information is available and up-to-date on the AIRB's website.

In recent years, automobile insurance premiums for Albertans have been increasing. It is important consumers understand Alberta's competitive market and have access to information on insurance and factors influencing their premiums.

Did you know?

In addition to a **\$287 fine** and **three demerits** on a driver's license (as the result of a **distracted driving conviction**), some insurance companies may also add a **surcharge on their premiums**.

Competitive Market

A feature of private delivery systems, like Alberta's, is that consumers have choice and flexibility over their coverage and the premium they pay for insurance.

The AIRB website provides a comprehensive interactive rate comparison tool that allows consumers to compare insurance rates by company for a sample number of driving profiles and geographical locations. While this tool does not provide pricing for a specific driver, its purpose is to demonstrate the wide range of premiums that are available for the same coverage and that shopping for rates may result in a lower premium.

Consumers should be mindful that insurance companies compete not only on price but also on service and product; therefore, price may not be the only determining factor in the selection of an insurance company. If a consumer is not satisfied with the premium for their automobile insurance, the AIRB encourages shopping the market. Consumers can contact either an insurance broker/agent or one of the many insurance companies that have online quoting tools.

Consumer Information

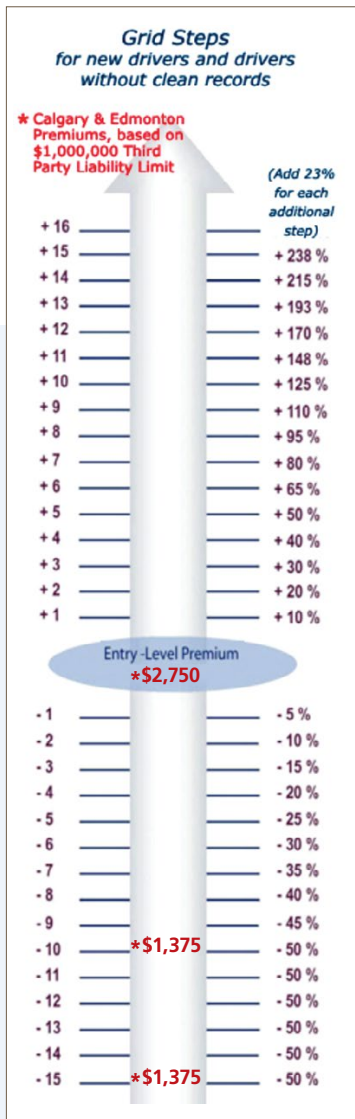
The AIRB website includes a wide range of consumer information such as ways to lower your premiums, factors that affect your premiums, comparing rates, a Grid calculator and links for insurance companies. More information can be found at www.airb.alberta.ca/drivers.



ALBERTA'S GRID RATING PROGRAM

Alberta's 2004 automobile insurance reforms, introduced legislation that resulted in the "All Comers Rule". This rule was introduced to protect consumers from insurance companies that refused to provide coverage to those drivers that were believed to be undesirable business. The reform included a Grid Rating program that was developed to set maximum premiums an insurance company could charge for basic coverage for any driving record.

How the Grid Protects Consumers



The Grid applies only to private passenger vehicles. It does not extend to other categories of vehicles such as motorcycles, recreational vehicles (snow vehicles, all-terrain vehicles, etc.), motorhomes, commercial vehicles and public transportation vehicles. It only applies to basic coverage (third-party liability, accident benefits), not additional coverage (all perils, collision, comprehensive and specified perils).

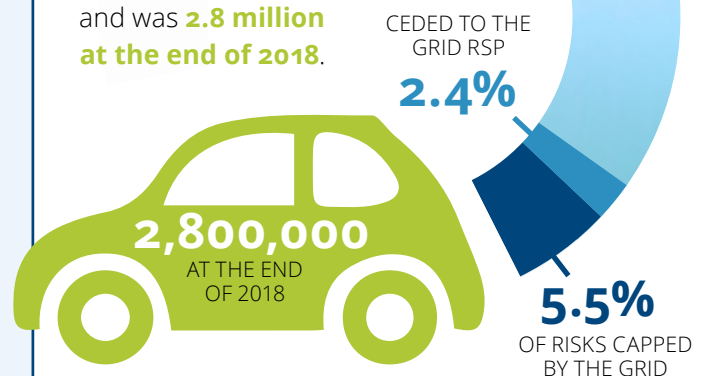
This Grid base premiums are reviewed on an annual basis and published by the AIRB for use by insurance companies and consumers. Insurance companies are required to compare a driver's premium under their current AIRB approved rating program to the driver's Grid premium and charge the lesser of the two premiums for basic coverage.

The Grid premium is often the lower premium for inexperienced drivers and drivers that an insurance company deems less desirable (e.g. poor driving record, etc.). The vast majority, approximately 94%, of drivers pay premiums that are lower than the Grid.

New drivers rated on the Grid will receive an initial grid step. As drivers gain experience and drive without claims and convictions, their premiums decrease each year, to a maximum 50% reduction of the initial grid step premium. If an at-fault claim occurs, the driver will move up 5 Grid steps which will lead to an increase in their Grid premium. The AIRB has developed a Grid calculator which allows insurance companies and consumers to determine a driver's Grid premium and to demonstrate how the Grid rating program operates. The Grid calculator can be found on the AIRB's website: www.airb-applications.alberta.ca/Grid.

GRID CAPPED VEHICLES

This infographic compares the percentage of total private passenger vehicles capped by the Grid premium and ceded to the Grid Risk Sharing Pool (RSP). In 2018, **5.5% of risks were capped by the Grid** and of those, **2.4% were ceded to the Grid RSP**. The number of vehicles on the road has been increasing and was **2.8 million at the end of 2018**.



APPENDIX I – SUMMARY OF FILINGS

COMPANY	TYPE	DECISION DATE*	PREMIUM CHANGE
Private Passenger			
COSECO Insurance Company	F	2018-01-10	5.0%
COSECO Insurance Company	F	2018-01-10	5.0%
The Dominion of Canada General Insurance Company	F	2018-01-10	2.3%
Intact Insurance Company	F	2018-02-07	0.0%
Novex Insurance Company	F	2018-02-07	0.0%
Aviva General Insurance Company	F	2018-02-07	5.0%
Belair Insurance Company Inc.	S	2018-02-07	0.0%
Certas Home and Auto Insurance Company	S	2018-02-07	0.0%
Certas Direct Insurance Company	S	2018-02-07	0.0%
The Personal Insurance Company	S	2018-02-07	0.0%
The Wawanesa Mutual Insurance Company	F	2018-02-23	5.0%
Primum Insurance Company	S	2018-02-23	0.0%
TD Home and Auto Insurance Company	S	2018-02-23	0.0%
Intact Insurance Company	S	2018-02-23	4.0%
Novex Insurance Company	S	2018-02-23	4.0%
Alberta Motor Association Insurance Company	S	2018-03-07	-0.1%
Aviva Insurance Company of Canada	S	2018-03-07	0.0%
Certas Home and Auto Insurance Company	S	2018-03-23	0.0%
Certas Direct Insurance Company	S	2018-03-23	0.0%
The Personal Insurance Company	S	2018-03-23	0.0%
Intact Insurance Company	S	2018-03-23	0.0%
Novex Insurance Company	S	2018-03-23	0.0%
COSECO Insurance Company	S	2018-04-11	0.0%
Aviva Insurance Company of Canada	F	2018-04-27	4.0%
Traders General Insurance Company	F	2018-04-27	2.8%
Belair Insurance Company Inc.	F	2018-04-27	3.5%
The Dominion of Canada General Insurance Company	F	2018-04-27	2.6%
Continental Casualty Company	F	2018-04-27	3.0%
Federated Insurance Company of Canada	S	2018-04-27	0.2%
Intact Insurance Company	S	2018-04-27	-0.2%
Novex Insurance Company	S	2018-04-27	-0.2%
Optimum West Insurance Company	F	2018-05-25	5.0%
Alberta Motor Association Insurance Company	S	2018-05-25	3.0%
Peace Hills General Insurance Company	S	2018-05-25	0.0%
Facility Association	S	2018-05-25	0.1%

Legend

- F** – Full Filing
- S** – Simplified Filing

***Decision Date** is date of Board decision, not effective date of rating program. Premium change is the average of all coverage combined and does not reflect impact on individual policies.



COMPANY	TYPE	DECISION DATE*	PREMIUM CHANGE
Northbridge General Insurance Corporation	S	2018-05-25	0.0%
Northbridge Personal Insurance Corporation	S	2018-05-25	0.0%
Tokio Marine & Nichido Fire Insurance Co. Ltd.	S	2018-05-25	0.0%
Pembridge Insurance Company	S	2018-06-05	0.0%
Intact Insurance Company	S	2018-06-06	0.2%
Novex Insurance Company	S	2018-06-06	0.2%
The Wawanesa Mutual Insurance Company	S	2018-06-06	0.0%
The Portage la Prairie Mutual Insurance Company	S	2018-06-06	3.0%
Economical Mutual Insurance Company	F	2018-06-22	5.0%
Millennium Insurance Corporation	F	2018-06-22	4.9%
Security National Insurance Company	F	2018-06-22	4.9%
Primum Insurance Company	F	2018-06-22	4.9%
TD Home and Auto Insurance Company	F	2018-06-22	4.7%
Belair Insurance Company Inc.	S	2018-06-22	0.0%
Peace Hills General Insurance Company	S	2018-06-22	0.0%
Allstate Insurance Company of Canada	S	2018-07-11	0.0%
The Wawanesa Mutual Insurance Company	S	2018-07-11	0.0%
Certas Home and Auto Insurance Company	S	2018-07-11	2.6%
Certas Home and Auto Insurance Company	S	2018-07-11	0.0%
Certas Direct Insurance Company	S	2018-07-11	0.0%
The Personal Insurance Company	S	2018-07-11	0.0%
Allstate Insurance Company of Canada	S	2018-07-11	0.0%
Pembridge Insurance Company	S	2018-07-11	0.0%
Belair Insurance Company Inc.	S	2018-08-01	0.0%
Northbridge General Insurance Corporation	S	2018-08-01	0.7%
Federated Insurance Company of Canada	S	2018-08-01	0.6%
Tokio Marine & Nichido Fire Insurance Co. Ltd.	S	2018-08-01	-0.4%
Zenith Insurance Company	S	2018-08-01	-0.4%
Verssaure Insurance Company	S	2018-08-01	0.0%
Unifund Assurance Company	F	2018-08-13	5.0%
Allstate Insurance Company of Canada	S	2018-08-28	0.0%
Pembridge Insurance Company	S	2018-08-28	0.0%
Security National Insurance Company	S	2018-08-28	0.0%
Primum Insurance Company	S	2018-08-28	0.0%
TD Home and Auto Insurance Company	S	2018-08-28	0.0%
Sonnet Insurance Company	S	2018-08-28	0.3%
Certas Home and Auto Insurance Company	F	2018-09-19	0.0%
Certas Direct Insurance Company	F	2018-09-19	0.0%
The Personal Insurance Company	F	2018-09-19	0.0%
Co-operators General Insurance Company	F	2018-10-09	5.0%
S&Y Insurance Company	F	2018-10-09	-1.3%
Co-operators General Insurance Company	S	2018-10-09	0.0%
Belair Insurance Company Inc.	F	2018-10-26	0.0%
Canadian Farm Insurance Corp.	S	2018-10-26	1.5%
S&Y Insurance Company	S	2018-10-26	4.0%
Pembridge Insurance Company	S	2018-10-26	-0.2%
Allstate Insurance Company of Canada	S	2018-10-26	0.0%



COMPANY	TYPE	DECISION DATE*	PREMIUM CHANGE
The Wawanesa Mutual Insurance Company	F	2018-11-07	1.0%
Hartford Fire Insurance Company	F	2018-11-07	5.0%
Zurich Insurance Company Ltd.	S	2018-11-07	-1.0%
Royal & Sun Alliance Insurance Company of Canada	F	2018-12-04	5.0%
Optimum West Insurance Company	F	2018-12-04	5.0%
SGI Canada Insurance Services Ltd.	F	2018-12-04	5.0%
Security National Insurance Company	F	2018-12-04	4.9%
Primum Insurance Company	F	2018-12-04	4.9%
TD Home and Auto Insurance Company	F	2018-12-04	5.0%
Belair Insurance Company Inc.	S	2018-12-04	4.7%
Allstate Insurance Company of Canada	S	2018-12-04	0.0%
Pembridge Insurance Company	S	2018-12-04	0.0%
Hartford Fire Insurance Company	F	2018-12-12	5.0%
Aviva Insurance Company of Canada	F	2018-12-12	5.0%
Traders General Insurance Company	F	2018-12-12	5.0%
Aviva General Insurance Company	F	2018-12-12	5.0%
Intact Insurance Company	F	2018-12-12	5.0%
Co-operators General Insurance Company	S	2018-12-12	5.0%
Novex Insurance Company	F	2018-12-12	5.0%

Commercial

SGI Canada Insurance Services Ltd.	F	2018-02-07	9.1%
SGI Canada Insurance Services Ltd.	F	2018-02-07	4.0%
Northbridge General Insurance Corporation	S	2018-03-07	0.0%
Tokio Marine & Nichido Fire Insurance Co. Ltd.	S	2018-03-07	0.0%
Peace Hills General Insurance Company	S	2018-03-07	4.2%
Aviva Insurance Company of Canada	S	2018-03-07	0.0%
Aviva Insurance Company of Canada	S	2018-03-07	-0.9%
Aviva Insurance Company of Canada	S	2018-03-07	0.0%
Aviva Insurance Company of Canada	S	2018-04-11	5.0%
Aviva Insurance Company of Canada	S	2018-04-11	5.0%
Continental Casualty Company	F	2018-04-27	3.2%
Continental Casualty Company	F	2018-04-27	6.9%
Federated Insurance Company of Canada	S	2018-04-27	0.4%
Economical Mutual Insurance Company	F	2018-05-25	1.3%
Northbridge General Insurance Corporation	S	2018-05-25	-0.1%
Tokio Marine & Nichido Fire Insurance Co. Ltd.	S	2018-05-25	0.0%
Alberta Motor Association Insurance Company	S	2018-06-06	4.4%
Facility Association	S	2018-06-06	0.0%
The Wawanesa Mutual Insurance Company	F	2018-06-22	12.0%
The Wawanesa Mutual Insurance Company	F	2018-06-22	12.0%
Intact Insurance Company	S	2018-06-22	6.0%
Peace Hills General Insurance Company	S	2018-08-01	5.0%
Royal & Sun Alliance Insurance Company of Canada	S	2018-09-19	8.5%
Royal & Sun Alliance Insurance Company of Canada	S	2018-09-19	9.2%
Co-operators General Insurance Company	S	2018-10-09	0.0%
Peace Hills General Insurance Company	S	2018-10-09	0.5%



COMPANY	TYPE	DECISION DATE*	PREMIUM CHANGE
Northbridge General Insurance Corporation	F	2018-10-26	26.0%
Tokio Marine & Nichido Fire Insurance Co. Ltd.	F	2018-10-26	0.0%
Canadian Farm Insurance Corp.	S	2018-10-26	4.8%
AIG Insurance Company of Canada	S	2018-12-04	6.3%
AIG Insurance Company of Canada	S	2018-12-04	4.3%
Hartford Fire Insurance Company	F	2018-12-12	31.7%

COMPANY	TYPE	CATEGORY	DECISION DATE*	PREMIUM CHANGE
Miscellaneous				
The Sovereign General Insurance Company	S	Motorcycle	2018-01-10	0.0%
The Sovereign General Insurance Company	S	Mopeds	2018-01-10	0.0%
The Sovereign General Insurance Company	S	Snowmobile	2018-01-10	0.8%
The Sovereign General Insurance Company	S	All Terrain	2018-01-10	2.7%
The Sovereign General Insurance Company	S	Motorhome	2018-01-10	0.0%
The Sovereign General Insurance Company	S	Trailers	2018-01-10	0.0%
The Sovereign General Insurance Company	S	Public Buses	2018-01-10	0.0%
Intact Insurance Company	F	Taxi	2018-02-07	22.4%
Peace Hills General Insurance Company	S	Motorcycle	2018-02-23	-35.0%
Aviva Insurance Company of Canada	S	Motorcycle	2018-03-23	-1.0%
Traders General Insurance Company	S	Motorcycle	2018-03-23	-1.1%
Aviva General Insurance Company	S	Motorcycle	2018-03-23	-1.1%
The Wawanesa Mutual Insurance Company	S	All Terrain	2018-04-11	3.0%
The Wawanesa Mutual Insurance Company	S	Motorcycle	2018-04-11	3.0%
The Wawanesa Mutual Insurance Company	S	Snowmobile	2018-04-11	0.0%
The Wawanesa Mutual Insurance Company	S	Trailers	2018-04-11	3.0%
Echelon General Insurance Company	S	Motorcycle	2018-04-11	0.0%
Elite Insurance Company	F	Collector	2018-04-27	0.6%
Economical Mutual Insurance Company	F	All Terrain	2018-05-25	0.0%
Economical Mutual Insurance Company	F	Snowmobile	2018-05-25	0.0%
Economical Mutual Insurance Company	F	Motorhome	2018-05-25	0.0%
Economical Mutual Insurance Company	F	Motorcycle	2018-05-25	0.0%
Economical Mutual Insurance Company	F	Trailers	2018-05-25	0.0%
Peace Hills General Insurance Company	S	Motorcycle	2018-05-25	0.0%
SGL Canada Insurance Services Ltd.	S	Motorcycle	2018-08-01	0.0%
SGL Canada Insurance Services Ltd.	S	Motorhome	2018-08-01	0.0%
Elite Insurance Company	S	Antique	2018-08-01	0.0%
The Sovereign General Insurance Company	S	Public Vehicles	2018-08-28	0.0%
Echelon General Insurance Company	F	Motorhome	2018-12-04	25.9%
Echelon General Insurance Company	F	Trailer	2018-12-04	65.8%
AIG Insurance Company of Canada	S	Ambulances	2018-12-04	26.9%
AIG Insurance Company of Canada	S	Buses	2018-12-04	0.0%
SGL Canada Insurance Services Ltd.	S	All Terrain	2018-12-04	-1.1%
SGL Canada Insurance Services Ltd.	S	Motorcycle	2018-12-04	0.6%
SGL Canada Insurance Services Ltd.	S	Snowmobile	2018-12-04	-2.3%
Chubb Insurance Company of Canada	S	Collector	2018-12-12	5.0%



APPENDIX II – STATISTICS

Automobile Insurance Fact Page

	2013	2014	2015	2016	2017	2018
Active Insurance Companies ¹	70	70	69	68	69	—
Market Share of Private Passenger Written Premium for the Five Largest Insurance Company Groups²						
Intact Financial Insurance Group	20.1%	21.4%	21.8%	22.4%	21.4%	—
TD Insurance Group	16.5%	16.3%	16.3%	15.9%	15.6%	—
The Wawanesa Mutual Insurance Company	13.5%	13.1%	12.8%	12.7%	12.9%	—
Aviva Canada Inc. Insurance Group	5.3%	6.0%	6.3%	6.6%	8.3%	—
Desjardins General Insurance Group	7.0%	7.7%	8.1%	8.5%	7.8%	—
Total	62.4%	64.5%	65.3%	66.0%	66.0%	—
Written Premium						
Total Premium (000s)	\$3,725,972	\$4,003,587	\$4,118,487	\$4,162,943	\$4,334,172	—
Private Passenger (000s)	\$2,825,793	\$3,041,588	\$3,169,898	\$3,255,577	\$3,408,453	—
Average Written Premiums for Private Passenger Vehicles²						
Basic Coverage	\$579	\$609	\$644	\$686	\$725	—
Additional Coverage	\$534	\$544	\$535	\$523	\$526	—
Total	\$1,113	\$1,153	\$1,179	\$1,209	\$1,251	—
Change from prior year	—	3.6%	2.3%	2.5%	3.5%	—
Written Private Passenger Vehicles²						
Non Grid Rated	93.4%	93.3%	94.2%	94.6%	94.3%	—
Grid Rated	6.6%	6.7%	5.8%	5.4%	5.7%	—
# Vehicles Insured	2,539,617	2,539,001	2,688,370	2,674,261	2,706,860	—
Change from prior year	—	0.0%	5.9%	-0.5%	1.2%	—
Estimated Total Claims²						
All Automobile (000s)	\$2,756,050	\$2,974,336	\$3,112,017	\$3,222,212	\$3,413,023	—
Private Passenger (000s)	\$2,156,805	\$2,357,662	\$2,491,948	\$2,632,301	\$2,760,344	—
Private Passenger Loss Ratio	79.0%	80.0%	81.0%	82.0%	83.0%	—
Change from prior year	—	1.3%	1.3%	1.2%	1.2%	—
Minor Injury Cap	\$4,725	\$4,777	\$4,892	\$4,956	\$5,020	\$5,080
Other						
Health Cost Recovery (Millions) ³	\$100	\$105	\$120	\$135	\$155	\$159
Board Adjustment to Basic Coverage ⁴	5%	—	—	—	—	—
Board Adjustment to Grid	5%	0%	7%	7%	10%	5%
Industry Levy Collected During the Year	\$1,152,973	\$1,304,798	\$1,252,739	\$1,092,951	\$1,156,916	\$1,188,112

¹ Source: Superintendent of Insurance (most recent available data for 2017)

² Source: GISA Statistical Exhibits (most recent available data for 2017)

³ Amount assessed to industry under *Hospitals Act* for costs of automobile accident related injuries

⁴ Industry Wide Adjustment process discontinued in 2014



APPENDIX III – ACTIVE INSURANCE COMPANIES

Name of Company	2017 (thousands)	Name of Company	2017 (thousands)
AIG Insurance Company of Canada	11,547	Intact Financial Insurance Group	
Alberta Motor Association Insurance Company	172,069	Belair Insurance Company Inc.	75,579
Alberta Municipal Insurance Exchange	1,058	Intact Insurance Company	763,539
Allianz Global Risks US Insurance Company	184	Novex Insurance Company	79,586
Allstate Canada Insurance Group		Canadian Direct Insurance Inc.	-24
Allstate Insurance Company of Canada	102,222	Liberty Mutual Insurance Company	7,931
Esurance Insurance Company of Canada	2,015	Lloyd's Underwriters	9,823
Pembridge Insurance Company	15,353	Mennonite Mutual Insurance Co. (Alberta) Ltd.	21
American Road Insurance Company	2,877	Millennium Insurance Corporation	20,137
Arch Insurance Canada Ltd.	1,135	Northbridge Financial Corporation Insurance Group	
Aviva Canada Inc. Insurance Group		Federated Insurance Company of Canada	22,976
Aviva Insurance Company of Canada	322,800	Northbridge General Insurance Corporation	93,330
Aviva General Insurance Company	73,829	Verassure Insurance Company*	261
Elite Insurance Company	11,892	Tokio Marine & Nichido Fire Insurance Co., Ltd.	460
S&Y Insurance Company	—	Zenith Insurance Company	1,393
Traders General Insurance Company	55,477	Old Republic Insurance Company of Canada	5,515
Canadian Farm Insurance Corp.	5,074	Optimum West Insurance Company Inc.	4,043
Chubb Canada Insurance Group		Peace Hills General Insurance Company	72,716
Chubb Insurance Company of Canada	22,018	The Portage la Prairie Mutual Insurance Company	18,604
Federal Insurance Company	15	Protective Insurance Company	393
Continental Casualty Company	12,656	Royal & Sun Alliance Insurance Group	
The Co-operators Insurance Group		Canadian Northern Shield Insurance Company	1,022
Co-operators General Insurance Company	300,127	Royal & Sun Alliance Insurance Company of Canada	81,862
Coseco Insurance Company	27,733	Unifund Assurance Company	164,734
Cumis General Insurance Company	4,978	Saskatchewan Mutual Insurance Company	1
The Sovereign General Insurance Company	18,487	Sentry Insurance A Mutual Company	37
Desjardins General Insurance Group		SGI Canada Insurance Services Ltd.	80,552
Certas Direct Insurance Company	23,112	Starr Insurance & Reinsurance Ltd.	2
Certas Home and Auto Insurance Company	143,412	TD Insurance Group	
The Personal Insurance Company	115,353	Primum Insurance Company	127,150
Echelon General Insurance Company	13,341	Security National Insurance Company	398,796
Electric Insurance Company	374	TD Home and Auto Insurance Company	12,642
Everest Insurance Company of Canada	27	Travelers Insurance Group	
Fortress Insurance Company	319	The Dominion of Canada General Insurance Company	78,024
Great American Insurance Company	4	St. Paul Fire and Marine Insurance Company	6,714
The Guarantee Company of North America	4,920	Travelers Insurance Company of Canada	7,300
Hartford Fire Insurance Company	343	Mitsui Sumitomo Insurance Company, Ltd.	543
The Economical Insurance Group		The Wawanesa Mutual Insurance Company	574,999
Economical Mutual Insurance Company	140,329	XL Specialty Insurance Company	1,164
The Missisquoi Insurance Company	10	Zurich Insurance Company Ltd.	15,692
Sonnet Insurance Company	7,244		
Waterloo Insurance Company	19,923		

* Previously Northbridge Insurance Corporation



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