

# ANNUAL REPORT

2019

FOR THE YEAR ENDED  
DECEMBER 31, 2019





**Automobile Insurance Rate Board** — 2019 Annual Report  
For the Year Ended December 31, 2019



#2440, Canadian Western Bank Place  
10303 Jasper Avenue  
Edmonton, AB T5J 3N6

**Phone:** 780.427.5428

**Fax:** 780.638.4254

**Email:** [airb@gov.ab.ca](mailto:airb@gov.ab.ca)

For an electronic copy of this report, please visit:  
[www.airb.alberta.ca/about/annual-reports](http://www.airb.alberta.ca/about/annual-reports)

## LETTER OF TRANSMITTAL AND ACCOUNTABILITY STATEMENT

The Honourable Travis Toews  
President of Treasury Board and Minister of Finance  
208 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 15<sup>th</sup> Annual Report of the AIRB, for the year ended December 31, 2019.

The 2019 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, 2019. All significant decisions, events and identified risks as of December 31, 2019 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.

We are committed to working collaboratively with your office in pursuing the successful administration of the legislation as it relates to the AIRB.

Sincerely,

**[Original signed by Charlene Butler]**

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



# VISION

Automobile insurance is accessible, equitable and sustainable for all Albertans.

# MISSION

The AIRB independently regulates automobile insurance rating programs and educates consumers to ensure Albertans have access to a robust automobile insurance marketplace.

# VALUES

Accountability

Integrity

Excellence





# TABLE OF CONTENTS

BOARD CHAIR'S REPORT

2

BOARD GOVERNANCE

3

EXECUTIVE DIRECTOR'S REPORT

8

AUTOMOBILE INSURANCE MARKET

10

ANNUAL REVIEW

22

CONSUMER EDUCATION

23

ALBERTA'S GRID RATING PROGRAM

24

APPENDICES

25

# BOARD CHAIR'S REPORT



On behalf of the Automobile Insurance Rate Board (AIRB), I am pleased to present our 2019 Annual Report. As I reflect back on the past year, I am reminded of Socrates' quote, "the secret of change is to focus all your energy not on fighting the old, but on building the new" and how it captures the approach we are taking. We had a strategic planning session in the spring and through a facilitated discussion, updated our vision, mission and core values, to guide us for the next three to five years.

In addition to these guiding principles, we reviewed our strategic goals, focusing our efforts on optimizing processes for review of rating programs; being a recognized leader in insurance rate regulation; enhancing stakeholder engagement; and ensuring we have educated and engaged professionals proactive to new trends.

With our direction set, the AIRB took steps to further these longer-term goals.

**I would like to share a few of our successes. This year we:**

- reviewed and updated all filing guidelines, including usage based insurance. One significant change was the implementation of a 5% threshold for simplified filings;
- met with key government officials sharing our insights and offering assistance to understand the challenges in the current market;
- developed a three-year stakeholder communication strategy; and
- enhanced education and training opportunities for Board Members through guest speakers, presentations and sharing of industry trends.

**As we look forward to 2020, we plan to:**

- continue to seek a balance between the consumer impact of rate increases and the needs of insurance companies;

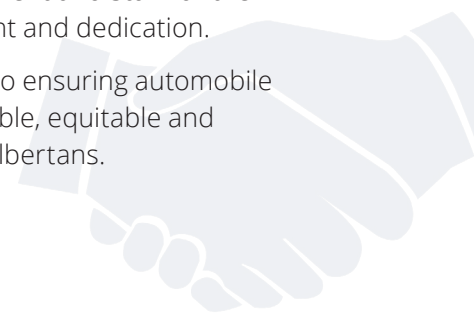
- continue our ongoing stakeholder conversations and analysis of market trends, including emerging issues impacting Albertans and the sustainability of the automobile insurance market;
- support the Government as it considers options for a fundamental reform of Alberta's automobile insurance system;
- increase our focus on consumer education on changes to automobile insurance premiums and automobile insurance coverages; and
- focus on Board and staff recruitment, to ensure we maintain the level of expertise required to deliver on our vision, mission and goals.

The AIRB's success depends on its people. I am very appreciative of the opportunity to lead this Board of engaged professionals from diverse backgrounds. I would like to thank our Board Members, management and staff for their ongoing engagement and dedication.

We are committed to ensuring automobile insurance is accessible, equitable and sustainable for all Albertans.

Sincerely,

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





# BOARD GOVERNANCE

## Relationship to Government

The President of Treasury Board and Minister of Finance (Minister) 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 to 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

This year, the AIRB updated its vision, mission, and values to guide its operation into the future. The AIRB sets goals as part of the annual business planning process, and these goals are the basis upon which accountability and performance are 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 Board 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 full and simplified filings for changes to 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 for changes to rating programs. 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 policies 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) was developed in 2018 and implemented April 1, 2019, pursuant to section 23.922 of the *Conflict of Interest Act*. The Code applies to all members and employees, and reflects a commitment to the AIRB's values and provides a framework to guide ethical conduct. Board Members and employees are expected to act in a way that supports this Code. To demonstrate our commitment to transparency and accountability, this Code can be viewed on our website.

### CHARTER OF EXPECTATIONS

The Charter of Expectations (Charter), adopted in 2008 and updated in 2018, is a governance tool used in the recruitment of new Board Members and a framework to assess their performance. The Charter is reviewed and reaffirmed by all Board Members. 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 required; and
- act in a way that contributes to the effective operation of the AIRB.

## BOARD PROFILE AND COMPETENCY MATRIX

The AIRB updated its Board Profile and Competency Matrix (Matrix) during 2019. 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 continues to be 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

The AIRB is fortunate to have a Board comprised of dedicated professionals focused on continuous improvement.

In 2019, we welcomed the new Superintendent Darren Hedley and said farewell to James Cuming, Consumer Representative. The AIRB would like to thank Mr. Cuming for his contributions to our Board. He served two terms as a

public member before being appointed our Consumer Representative in 2018. Mr. Cuming resigned from the role effective November 23, 2019 and Chris Daniel was appointed as Consumer Representative, a role he previously held from 2014 to 2018.

The AIRB is working with Government on the recruitment of new Board Members to fill current and upcoming vacancies.

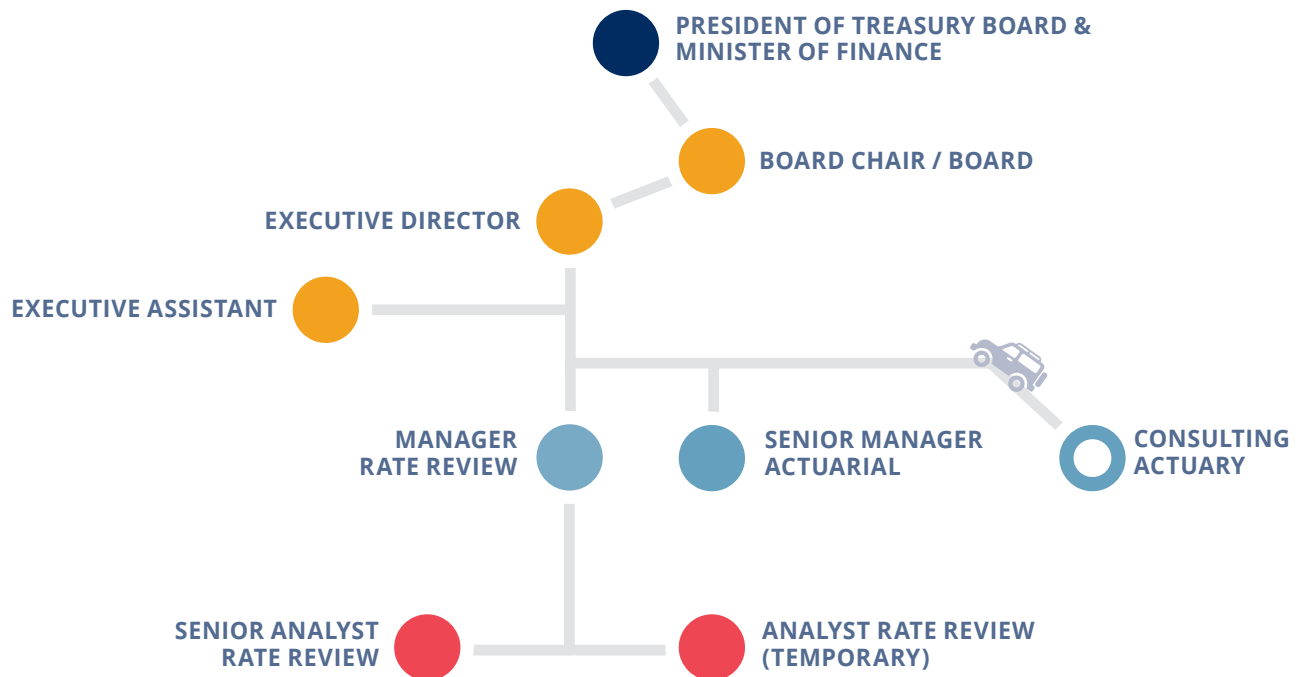


**James Cuming, Patricia Matthews, Darren Hedley, Charlene Butler, Chris Daniel, William Moore and Jay Jeworski**





# ORGANIZATIONAL CHART



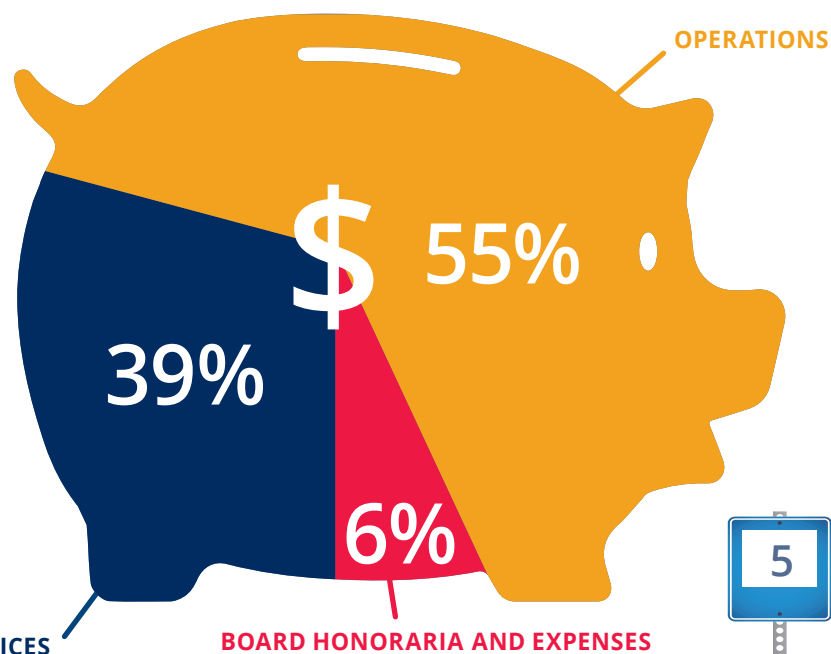
The AIRB operates with six approved staff support positions, and actuarial and legal consulting services provided through external contracts. Operational support is provided through the Ministry of Treasury Board and Finance and includes finance, communications, human resources, and information technology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

# ACCOUNTABILITY

## 2018-2019 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 2019 was \$1,189,156 (2018 was \$1,188,112).

The AIRB's operations totalled \$1,377,587 for the fiscal year ended March 31, 2019, a 13.2 percent increase over the prior year.



ACTUARIAL AND CONTRACT SERVICES

BOARD HONORARIA AND EXPENSES

# STATEMENT OF OPERATIONS

## AND SURPLUS For the period April 1, 2018 to March 31, 2019

	<b>2017 - 18 ACTUAL</b>	<b>2018 - 19 ACTUAL</b>	<b>2018 - 19 BUDGET</b>
<b>Revenue</b>			
Annual Industry Levy <sup>1</sup>	\$1,477,000	\$1,448,000	\$1,448,000
— Less Accumulated Surplus	320,084	259,884	259,884
Net Annual Industry Levy	<b>1,156,916</b>	<b>1,188,116</b>	<b>1,188,116</b>
Other	—	1,040	—
	<b>1,156,916</b>	<b>1,189,156</b>	<b>1,188,116</b>
<b>Expense</b>			
Operations	783,193	761,189	798,000
Actuarial and Contract Services	349,287	533,961	450,000
Board Honoraria and Expenses <sup>2</sup>	84,637	82,437	200,000
	<b>1,217,117</b>	<b>1,377,587</b>	<b>1,448,000</b>
<b>Surplus / (Deficit)</b>			
Accumulated Surplus Beginning	320,085	259,884	259,884
Accumulated Surplus End	259,884	71,453	—

<sup>1</sup> In accordance with the Automobile Insurance Rate Board Fees Regulation, 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.

<sup>2</sup> 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.





## Canadian Association of Automobile Insurance Rate Regulators

The Canadian Association of Automobile Insurance Rate Regulators (CARR) provides rate regulators with an opportunity to address current and potential regulatory challenges and work together to find common solutions where practical. CARR was formed in 2008, and the AIRB is proud to be a founding member.

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

In 2019, the AIRB staff worked with their CARR colleagues to plan an Actuarial Symposium in conjunction with the spring training sessions. This one day event included presentations and discussions with industry stakeholders and provided the opportunity for participants to share thoughts and practices in a number of key areas.

As a member of the CARR research committee the AIRB suggested projects and promoted information sharing, such as reviewing current practices related to convictions surcharges and rate capping which aligned with AIRB priorities.

At the Annual General Meeting in the fall, the AIRB's Executive Director was elected chair of the governance committee. She will lead a review and update of CARR's strategic direction, business planning, constitution and bylaws.

## General Insurance Statistical Agency

The General Insurance Statistical Agency (GISA) is the statistical agent appointed for Alberta and eight other jurisdictions with



### Did you know?

**The City of Edmonton has adopted Vision Zero. It is a long-term goal of zero traffic fatalities and serious injuries. This is a fundamentally different way to approach traffic safety. Travel related deaths and serious injuries are preventable. Alberta's combined fatal and major injury collision rate per 100,000 population has decreased from 91.5 in 2007 to 60.9 in 2017<sup>3</sup>. Albertans have work to do to achieve Vision Zero across the province.**

private automobile insurance regimes. GISA a key source of data for the AIRB Annual Review and data gathering related to market analysis and reporting. The AIRB ensures Alberta has a strong voice in the initiatives that GISA undertakes.

The Executive Director was appointed Board Chair by her peers and plays a key leadership role in a number of key GISA initiatives — including but not limited to:

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

GISA continues to focus on improvement of its data collection and reporting to ensure the availability of accurate data. The AIRB recognizes the importance of quality data to make decisions both from a regulatory and industry perspective, and supports the continuous improvement of the data to meet the needs of the AIRB and stakeholders.

<sup>3</sup> Source: Alberta Transportation

# EXECUTIVE DIRECTOR'S REPORT



As I look back on 2019, we had a very productive year initiating a number of new projects and building a foundation for the future. Governance and planning continued to be an area of focus this year, as our Board Chair mentioned, we held a facilitated strategic planning session in March.



This session resulted in the commitment to new guiding principles and a new strategic direction for the staff to implement. This year we formalized and reported on our operational plan, to keep the Board Members apprised of our progress made to further the strategies and the initiatives under each of our strategic goals.

## Rate Changes and Consumer Education

Not all insurance companies entered the period of rate restriction in the same position, the adequacy of rates varied by company. Following the expiry of the Ministerial Order, the AIRB reviewed and approved rate filings from insurance companies requesting increases to alleviate cost pressures and allow them to return to a competitive market position. The Board Members approved increases after thoughtful consideration and robust discussion on the impacts to consumers, the sustainability of the market, impact of underwriting restrictions and returning Alberta to a competitive marketplace with choices for consumers.

The AIRB encourages consumers to shop the market. We have a comparative rating tool on our website that highlights the wide range of premiums offered by different insurance companies. Shopping the market is the most effective way of finding the best rates.

## Education and Training

We are fortunate to have a diverse group of engaged professionals on our staff and Board, to help guide us into the future. To maintain their engagement and ensure they have the requisite knowledge of the industry, trends and emerging issues, we ensure that we have guest speakers and presentations on industry trends, issues or ratemaking policies and practices at each Board meeting. This practice benefits our staff, ensuring they also remain current on the broader market issues and challenges insurance companies and consumers are facing. I would like to thank all of the stakeholders who meet with the Board or staff regularly and openly share their views and potential solutions for the issues the industry is facing.

## Bulletins

This year AIRB issued several bulletins and notices; I will highlight the following three:

- 1. 04 2019 | Legalization of Recreational Use of Cannabis in Rate Filings** — to advise insurance companies, adjustments to a rating program and actuarial assumptions to reflect the legalization of recreational use of cannabis is not permitted. The bulletin advised stakeholders the AIRB would monitor the trends for the impacts of cannabis use and once credible Canadian data is available would be able to make evidence based decisions with respect to this risk.







## Did you know?

**Theft is contributing to the rising cost of vehicle insurance. Each year, vehicle theft costs Canadians close to \$1 billion, including \$542 million for insurance companies to fix or replace stolen vehicles. How often your make, model and year of vehicle is stolen a factor used to determine your premium. The Insurance Bureau of Canada publishes an annual list of the top 10 stolen vehicles. Ford F250 and F350 trucks made up 8 of the top 10 most frequent vehicles stolen in 2019, with Honda Civic 2 door hatchback's rounding out the top 10.**

### 2. 05 2019 | Filing Guidelines – Effective July 1, 2019

— to advise insurance companies of changes made to the filing guidelines following a comprehensive review of the filing guidelines and consultation with the Canadian Institute of Actuaries (CIA). The AIRB amended its filing guidelines to increase the transparency of our filing requirements previously not included in the filing guidelines, aligning with the CIA standards of practice. One significant change was increasing the threshold for simplified filings from +3.0% to +5.0%.

### 3. 10 2019 | Usage Based Insurance (UBI) Filing Guidelines

—to advise insurance companies of the changes to the UBI filing guidelines issued to align with the Superintendent of Insurance's (Superintendent) Notice 08-2019 Private Passenger Vehicle Usage Based Insurance Implementation Process. The updates included aligning the rating factor list to the Superintendent's notice, removing the requirement for confirmation from the Superintendent and reflecting current reporting and revision requirements.

## Looking Ahead to 2020

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

- enhancing our team to ensure we have the right resources to accomplish our mission and support the government with future developments and change;
- implementing strategies to further engage and educate consumers about automobile insurance;
- reviewing our processes and guidelines to reduce regulatory burden while ensuring we receive the information needed to evaluate insurance company filings for changes to rating programs;
- monitoring and reporting on key trends and performance indicators to evaluate the automobile insurance sector and support evidence based decision making;
- working with Government to research and evaluate options for fundamental reform of the automobile insurance system - ensuring sustainability and accessibility of coverage in the years to come;
- 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 market research and meetings with individual insurance companies, industry associations, the Facility Association and other key stakeholders.

Finally, I would like to acknowledge the contributions Vivian Cao, Senior Manager Actuarial has made to the AIRB and the industry over the past six years. On behalf of the Board and staff, I wish her much success in her future endeavors.

Sincerely,

**[Original signed by Laurie Balfour]**

**Laurie Balfour**, MBA, CPA, CMA  
Executive Director

# AUTOMOBILE INSURANCE MARKET

## Preface

Seventy-three percent of Alberta's automobile insurance market is comprised of policies for private passenger vehicles (PPV); the remaining twenty-seven percent consists of motorcycles, commercial, all terrain, snow, farm and miscellaneous vehicles. Alberta has a competitive private automobile insurance market that provides coverage for over 2.75 million vehicles. This report on the automobile insurance market examines, and is mainly pertinent to, the market for PPV, given its size relative to other vehicle types, except where noted. Readers are advised data is sourced from a variety of sources including: the General Insurance Statistical Agency and MSA Research. Some data is used to illustrate trends for five years, while in other cases ten years is presented.

## Introduction

The AIRB's vision is for automobile insurance to be accessible, equitable and sustainable for all Albertans. The AIRB independently regulates automobile insurance rating programs and educates consumers to ensure there is access to a robust automobile insurance marketplace. The AIRB monitors industry trends and developments to inform its Board Members and the Government of Alberta. Further the AIRB evaluates affordability, accessibility, and service quality by monitoring relevant indicators which are influenced by competition, consumer knowledge, and industry trends. This report mainly focuses on competition, affordability, accessibility and industry trends.

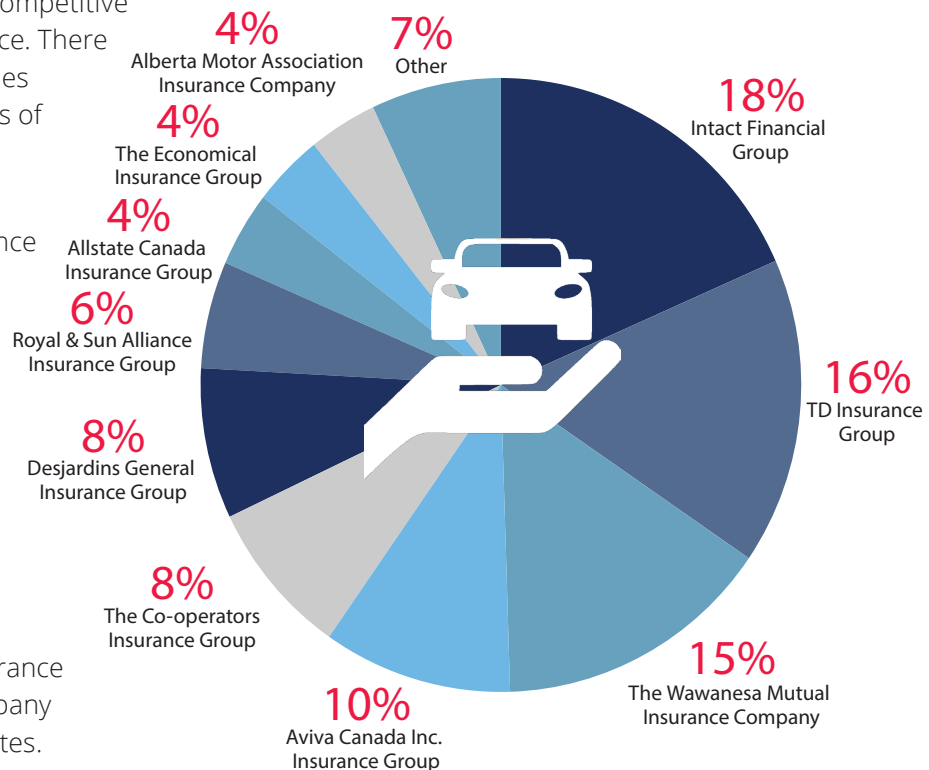
## Competitive Marketplace

Alberta is fortunate to have a competitive market for automobile insurance. There are over 69 insurance companies willing to offer at least one class of vehicle insurance.

Based on 2018 direct written premiums<sup>4</sup>, the top ten insurance company groups in Alberta represented 93% of the PPV market share, with 46 individual insurance companies writing PPV insurance.

A competitive market allows insurance companies to compete on price and service. Consumers have the ability to choose between different insurance companies, and no single company dictates how the market operates.

## 2018 TOP 10 PRIVATE PASSENGER INSURANCE GROUPS



<sup>4</sup> Source: MSA Research.



## During 2018, Alberta's Automobile Insurance Market Covered More Than 2.75 Million Vehicles

**PREMIUMS COLLECTED**  
**\$3,500,000,000+**

In 2018, automobile insurance companies collected over \$3.5 billion in premiums.



**CLAIMS & EXPENSES PAID**  
**\$3,800,000,000+**

In 2018, automobile insurance companies paid over \$3.8 billion in claims and operating expenses.



### Vehicles by Class

**PRIVATE PASSENGER**



73%

**COMMERCIAL**



10%

**ALL TERRAIN**



4%

**MOTORCYCLE**



4%

**SNOWMOBILE**



3%

**MISCELLANEOUS & OTHER**



6%

### Industry Trends

**\$74,000+**

**BODILY INJURY CLAIMS**

The average cost of a bodily injury claim was over \$74 thousand for insurance companies in 2018.

**34+**

**STOLEN VEHICLES PER DAY**

In Alberta, an average of 34 vehicles are stolen each day.

### Industry Statistics

**287,000+**

**CLAIMS PER YEAR**

Albertans made over 287 thousand claims in 2018.

**69**

**COMPANIES**

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

**\$1,316**

**YEARLY PREMIUMS**

Albertans spent an average of \$1,316 on automobile insurance coverages in 2018.



**3%**

**COST TO ALBERTANS**

In 2018, Albertans spent an average of 3% of their after-tax income on automobile insurance.

### How Is the Automobile Insurance Market Changing?

**MINOR INJURY REGULATION**



**CANNABIS**



**TECHNOLOGY**



**USAGE BASED INSURANCE**



**SEVERE WEATHER**



**DISTRACTED DRIVING**



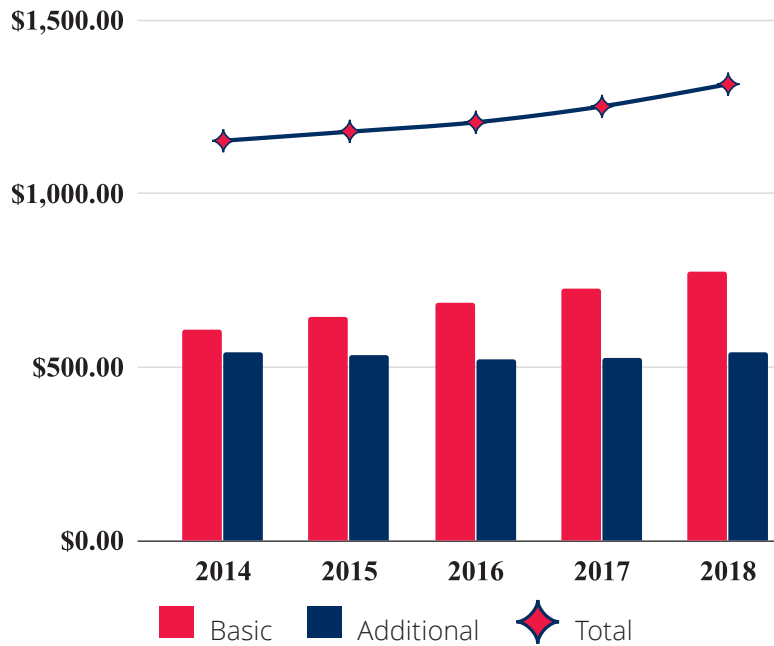


# Affordability

## AVERAGE PREMIUM

The annual change in average premiums is an important indicator of affordability in the market. Over the last five years, the average premiums for basic coverage (third party liability and accident benefits) increased by 27% and additional coverage (collision, comprehensive, specified perils and all perils) dropped by 1%. The total average premium increased by 14% over the five-year period. The increases in total average premium over the reporting period are well above rates of inflation and represent decreased affordability in the market. Consumers can budget for regular rate increases; our consumer research has found increases up to 10% to be generally accepted. When an insurance company files regularly to adjust their rates in response to cost pressures with modest increases, consumers are less likely to shop the market and switch insurance companies. The trend for increases in basic coverage is an indicator of rate inadequacy, which will be demonstrated later in the report.

## AVERAGE WRITTEN PREMIUMS - BASIC & ADDITIONAL

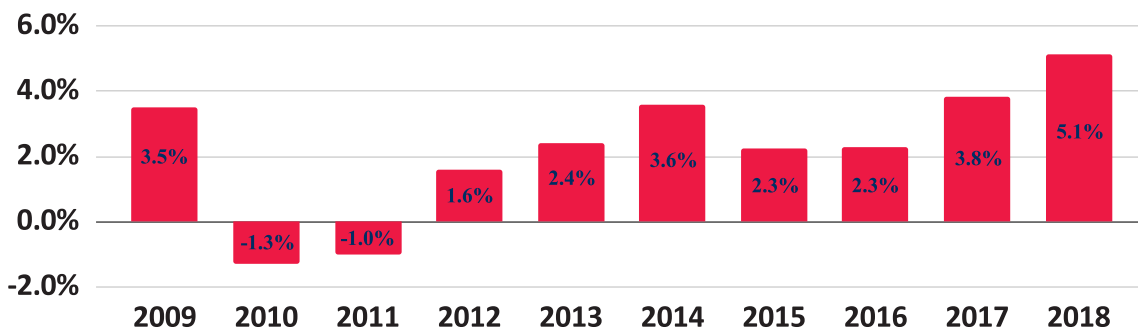


## YEAR-OVER-YEAR CHANGE

In 2018, Alberta's automobile insurance market had the highest year-over-year increase in average premiums in the past ten years. In 2018, overall rate increases was limited to 5% on an insurance company's overall premiums, yet the average policyholder increase was just above 5%. This is partially due to rate changes approved prior to the Ministerial Order and not fully implemented until 2018. The year-over-year change in average premiums does not always

correspond with the increasing costs insurance companies are facing. Insurance companies may increase premiums less than required in order to maintain market share or other internal business reasons. In addition, some smaller insurance companies do not file for rate changes as frequently due to technology or other internal resource restraints; this is not often in the best interest of the policyholder and the overall affordability of the premiums.

## YEARLY CHANGE IN AVERAGE PREMIUMS

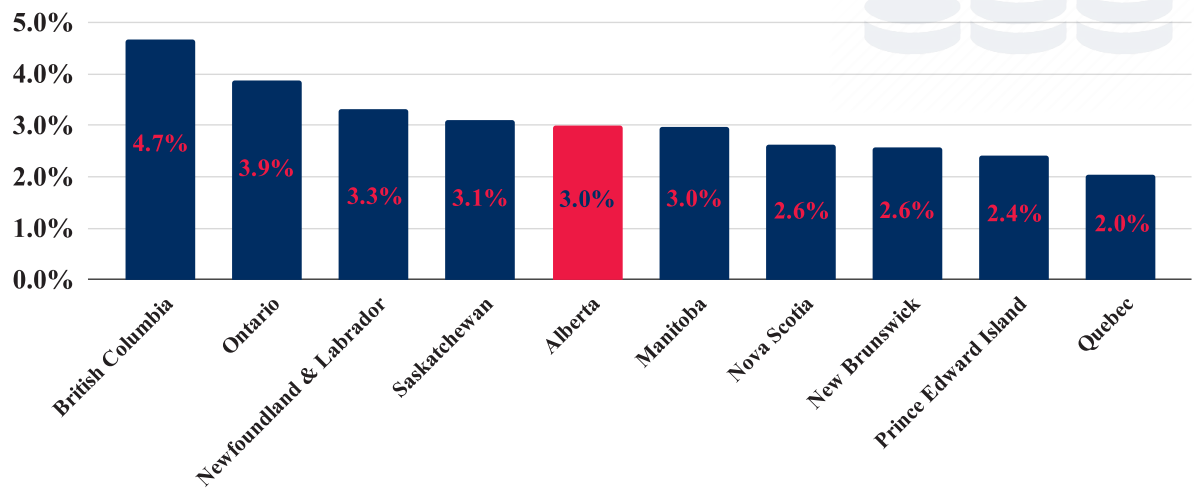


## HOW DO OUR PREMIUMS COMPARE

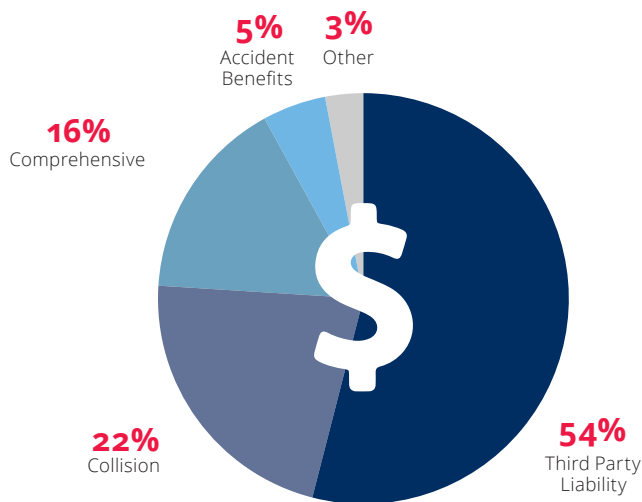
The AIRB benchmarks the percentage of after-tax income Albertans spend on the average insurance premium with data from other provinces<sup>5</sup>. The AIRB recognizes there are differences between each province's automobile insurance systems<sup>6</sup>, however, for this analysis considers only what is paid for automobile insurance coverage not reflecting any differences in coverage. This does not account for the vehicle type driven which also

varies by province, and income level of the policyholders. Among the provinces evaluated, the average percent of after-tax income spent on the average premium was 3.1%. Albertans spend slightly below the average, at 3.0% of after-tax income. Based on this measure, Albertans spend a similar amount of income as their counterparts in Saskatchewan and Manitoba, where the Government provides insurance.

### AVERAGE AFTER-TAX INCOME SPENT ON AUTOMOBILE INSURANCE



### WRITTEN PREMIUM BY COVERAGE



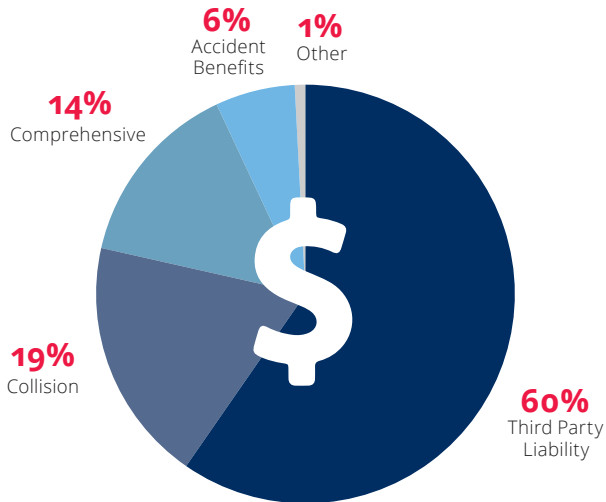
### AVERAGE PREMIUM BY COVERAGE

Drivers are required to carry insurance for basic coverage and have the option to purchase additional coverage. Premium is determined and paid for the individual coverages the policyholder purchased, and reflects the cost of the coverage. More than 50% of the total premiums paid in Alberta are for third party liability coverage, which is expected given all drivers are required to purchase this coverage. The chart highlights the percentage of premium allocated to the other coverages, highlighting that collision is the second highest, which is an optional coverage, although often required when financing a vehicle.

<sup>5</sup> Sources: Statistics Canada and the Insurance Bureau of Canada.

<sup>6</sup> 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.

## CLAIMS AND ADJUSTMENTS EXPENSES BY COVERAGE



## AVERAGE CLAIM COSTS BY COVERAGE

Given claims are the most significant cost for automobile insurance companies, and how the premiums breakdown, it is not surprising to see 60% of all claims paid out by insurance companies in 2018 attributed to third party liability coverage. The second highest was collision, followed by comprehensive. Comprehensive claims have been increasing in recent years mainly due to increased theft and weather related claims in Alberta. The similar distribution by coverage for premiums and claims indicates insurance companies are refining the alignment of premiums to the costs of the coverage; however, based on 2018 data, not all coverages are adequately priced.

## Accessibility

The AIRB continues to monitor the industry to ensure coverage is accessible to Albertans. Although we have a robust and competitive market, rising claims costs and a rate limitation in place from November 1, 2017 to August 31, 2019 put pressure on insurance companies. During the rate limitation, the number of insurance companies submitting multiple filings increased, with an increase in segmentation filings, focused on changes to rating programs to ensure each individual risk is as adequately priced as possible. Segmentation filings increased over 16% from the period before the rate limitation to the second year of rate limitation. In addition to rating program changes, several insurance companies adjusted their underwriting rules and made business decisions that negatively influenced customer service and accessibility, such as: declining to offer payment plans, requiring signed renewal forms, declining to offer additional coverages and cancelling broker contracts. As the rate limitation has since expired and insurance companies are able to get more adequate rates, the AIRB expects insurance companies to reconsider business decisions that could negatively affect accessibility and customer service.

## Automobile Insurance Claim Trends

### LOSS RATIO

Insurance companies collect 54 cents of every dollar in premiums for third party liability coverage; however, insurance companies are paying 60 cents of every dollar collected towards the cost of claims. The claims paid also exceed the premiums collected for accident benefits coverage. The AIRB is monitoring the claims loss ratios<sup>7</sup>, which is an important measure of sustainability for the industry. An insurance company who consistently writes at a loss may choose not to offer automobile

### Did you know?

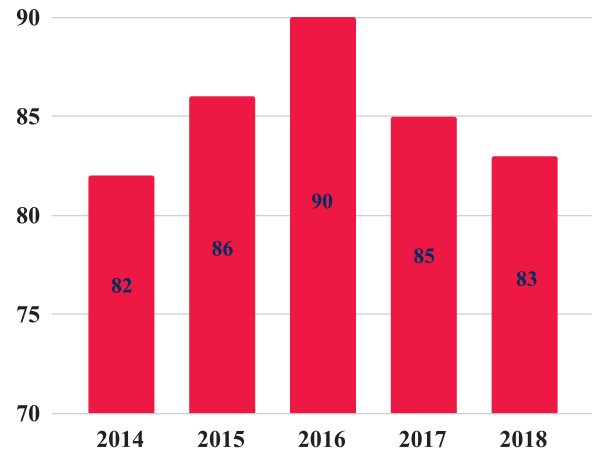
**Convictions for distracted driving have reduced annually since demerits came into effect January 1, 2016. For the 12 months ending March 31, 2019, there were 23,439 distracted driving convictions, compared to 27,281 in 2016. In 2019, 85% of convictions for distracted driving were related to a handheld communication or electronic device. Distracted driving is viewed as serious as impaired driving by some insurance companies.**

<sup>7</sup> Earned incurred loss ratio.

insurance in the future, or at the least request to increase rates for coverages with an inadequate premium.

The industry standard for profitability is a loss ratio of 70%, as shown; loss ratios in Alberta have been consistently above that threshold. Over the most recent 5-year period, the earned incurred loss ratio increased by 1%. Over the two most recent reported years, the earned incurred loss ratio dropped 7%. The earned incurred loss ratio does not account for expenses beyond the cost of claims. The AIRB industry benchmark for expenses is 27.8%, which when added to the 83% loss ratio in 2018 results in insurance companies incurring costs of 1.11 for every dollar in premium, thus operating at a loss.

### PRIVATE PASSENGER INDUSTRY LOSS RATIO

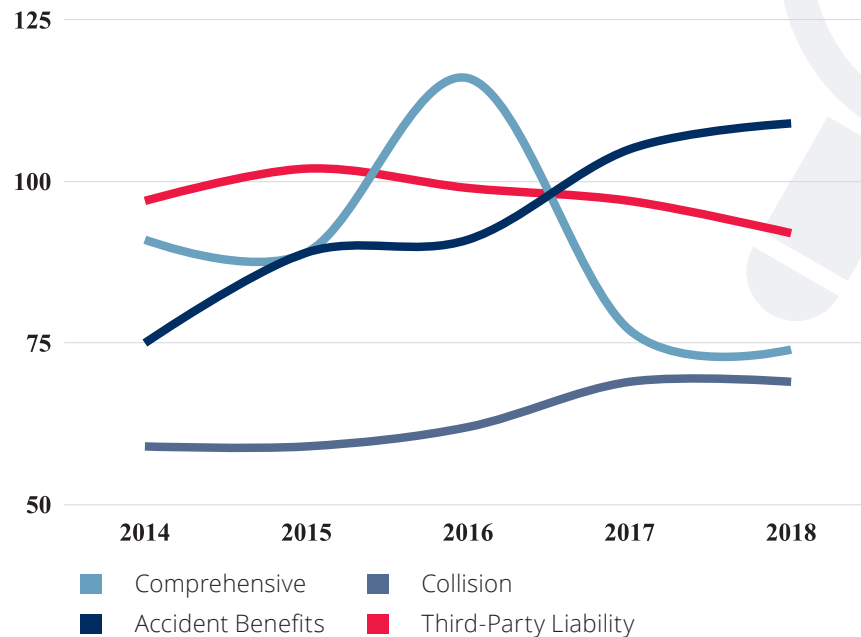


### HOW DOES THE LOSS RATIO FOR EACH COVERAGE TYPE COMPARE?

The cost of claims is the most significant cost pressure insurance companies are facing. The graph illustrates the loss ratios by coverage. Over the past five years, the loss ratio for third party liability coverage remained consistent, trending downward in 2018. Comprehensive coverage protects the policyholder against events like fire, theft, vandalism and hail, and therefore, is volatile depending on the year's events. The peak in 2016 is mainly attributed

to the Fort McMurray fires, but overall the coverage's loss ratio is still trending downwards. Accident benefits is a small portion of the overall premium; however, it has shown an upward trend since 2016. The increasing loss ratio for collision is related to the increased cost of repairs to vehicles as they include more sensors and automated features aimed at protecting the driver and passengers.

### PRIVATE PASSENGER INDUSTRY LOSS RATIO





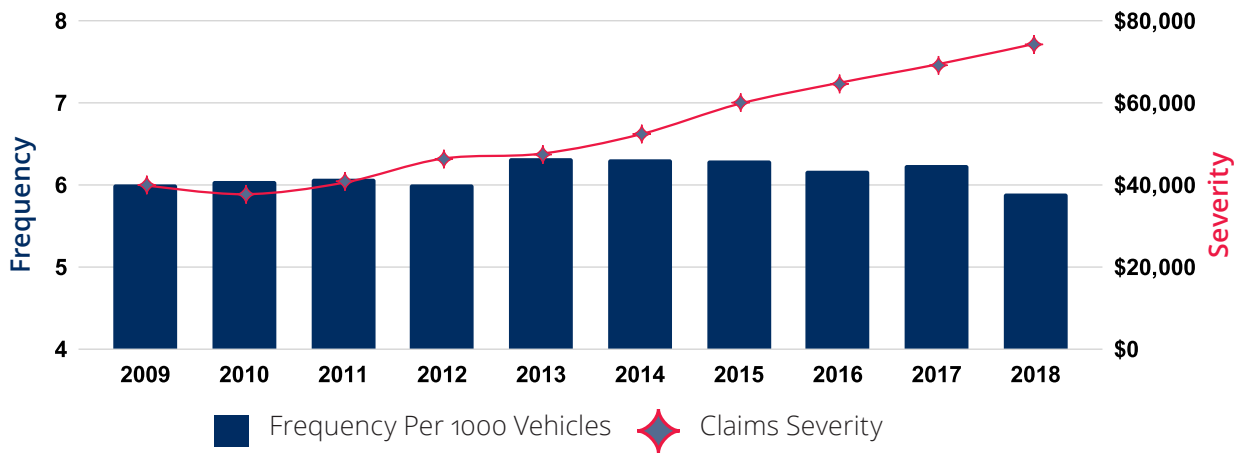
## THIRD PARTY LIABILITY - BODILY INJURY

Bodily injury is a significant component of the third party liability coverage, and the most significant cost pressure in recent years. This graph illustrates the increased severity in ultimate claim payout amounts over the last 10 years. The severity of bodily injury costs has increased 86% from 2009 – 2018, with ultimate loss cost estimates increasing from \$39,941 in 2009 to \$74,452 in 2018. The increases in bodily

injury claims severity were experienced after 2012. Insurance companies cite the following reasons for increases in claims costs:

- fewer claimants captured within the minor injury definition than in the past;
- changes in the mix of injury types claimants report; and
- increased legal representation.

### BODILY INJURY

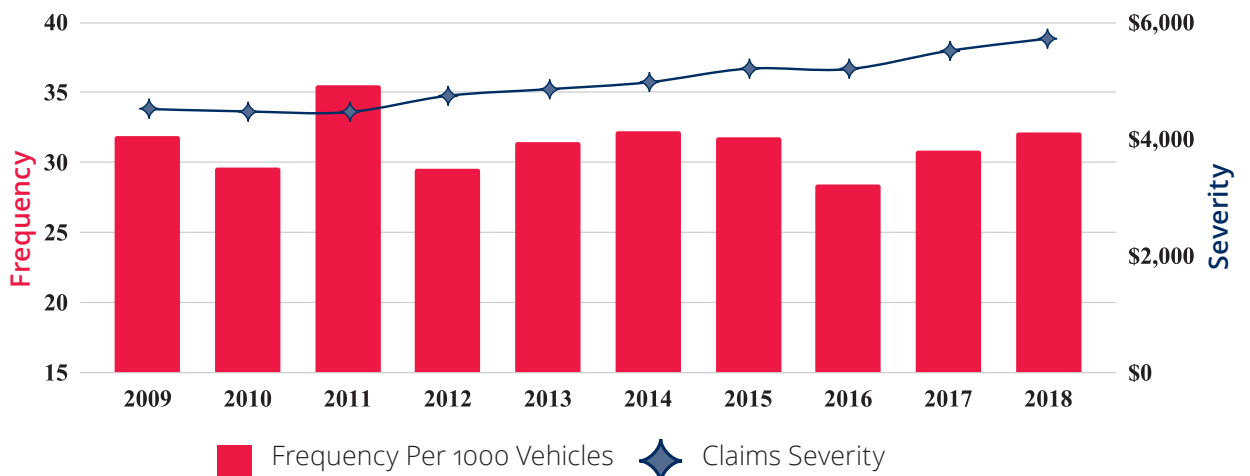


## THIRD PARTY LIABILITY - PROPERTY DAMAGE

Increased automation, new features and sensors are attractive to vehicle purchasers, but are expensive to repair in the event of a collision. Increasing repair costs are the main reason the severity of property damage claims

has been trending upwards in recent years. Claims frequency has remained fairly constant since 2012. The trends observed, in both claims frequency and severity are expected to continue.

### PROPERTY DAMAGE

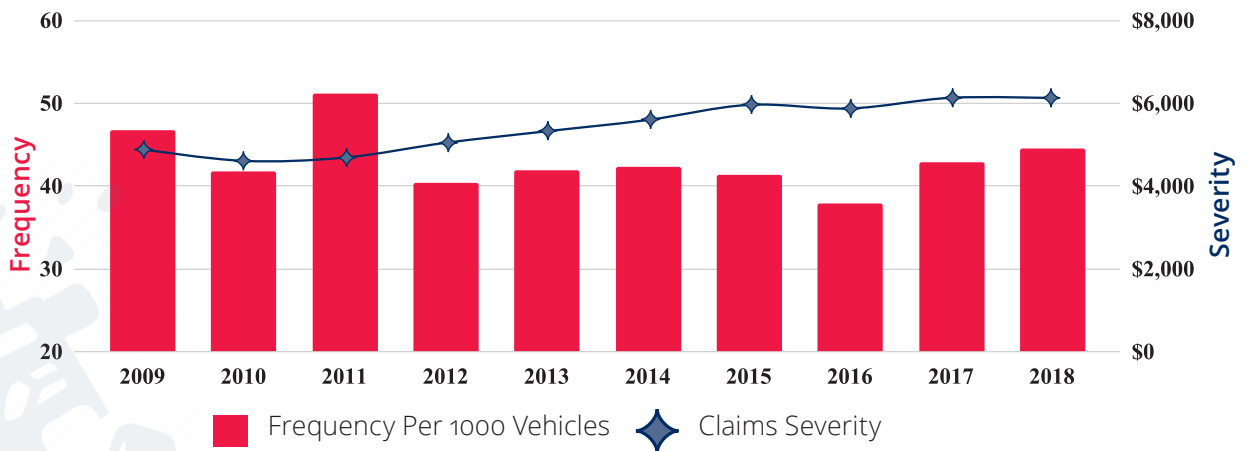


## COLLISION

The average cost per collision claim has trended upwards since 2009, partially offset by the frequency trending downwards. The increase in automation in today's vehicles may contribute to a reduction in the frequency of accidents and the severity of injuries sustained; however, the cost of repairing vehicles continues to rise. As more safety technology is added to vehicles, the cost to repair minor vehicle

damages also increases. What used to be a "small fender bender", can now be a significant claim. Replacement parts are becoming more expensive, and labour requirements are increasing due to increased complexity and the need for recalibration of sensors. The trends observed, in both claims frequency and severity are expected to continue as vehicles become safer unless the cost of replacement parts for safety features is addressed.

### COLLISION

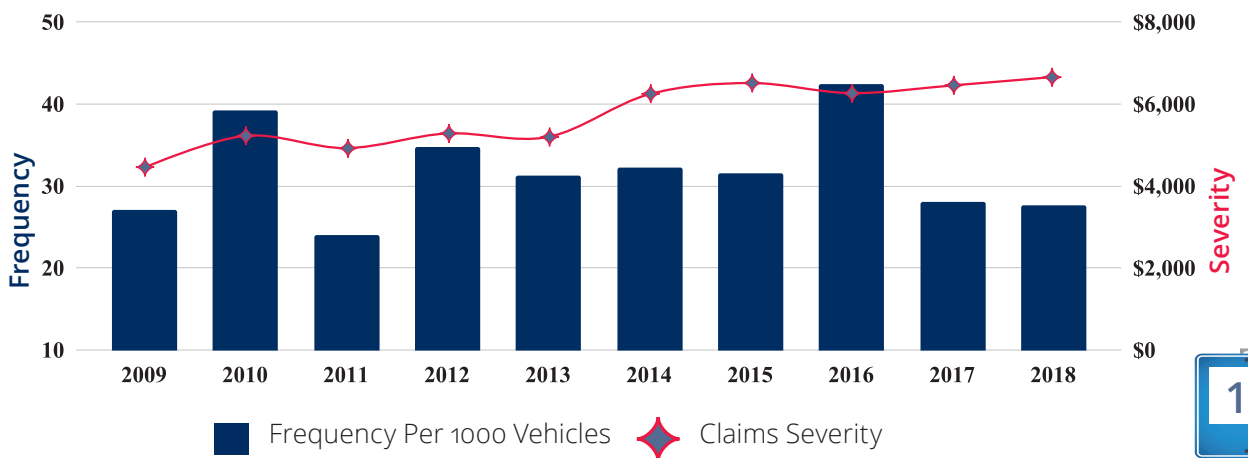


## COMPREHENSIVE

Alberta leads the country in the number of vehicle theft claims. Insurance companies have indicated in the last four years they have seen a \$200 increase in the yearly average of the cost per claim related to theft. The graph below illustrates the trends in both claims

frequency and severity for comprehensive coverage. The graph outlines that the severity of comprehensive claims is trending upwards. Comprehensive coverage also covers the policyholder for weather related events like hail or fire. As the frequency and severity of these events increase, so do the costs.

### COMPREHENSIVE



## Commercial Insurance

Although this report mainly focuses on PPV, the AIRB also reviews and approves rating programs and monitors the commercial vehicle market. The AIRB has noted changes in the accessibility of insurance through increased placement in the Facility Association Residual Market (FARM). In addition cost pressures are rising, as indicated by the increasing trends in some of the coverages, similar to those in PPV.

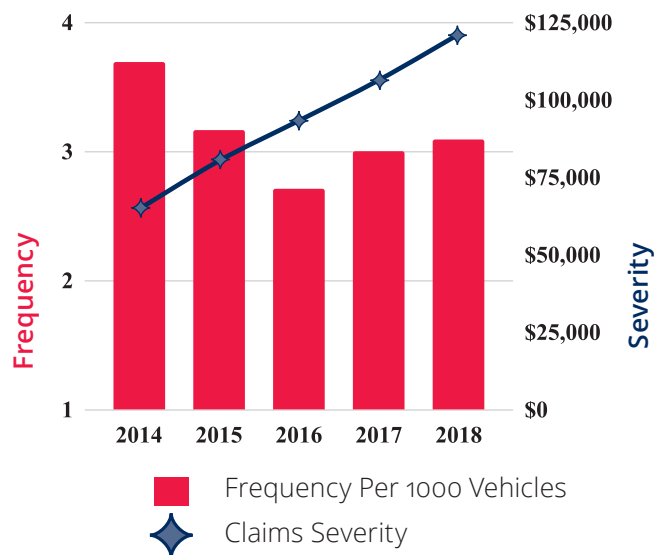
The commercial vehicle market has seen similar bodily injury trends as the PPV market. Claims severity remains a prevalent issue. Over the past five years claims severity nearly doubled, increasing from \$64,720 to \$121,236.

In 2018, the interurban vehicles made up the majority of the FARM's market share (37%), an increase from 15% in 2017. The Facility Association is the insurance company of last resort, providing insurance when the regular market has no capacity or risk appetite to underwrite the risk. When the market share in the FARM increases, it is a signal of issues in the marketplace including underpricing and lack of accessibility.

The Canadian Trucking Association has alerted regulators to a number of issues related to commercial trucking coming to the forefront.

Some of the issues are inadequate disclosure of where the vehicle is garaged and if it travels within Canada or enters the United States. Other issues include varying risk management practices of the commercial trucking companies. The risk appetite in the market has contracted following the Humboldt accident, and although the Government has taken steps to ensure adequate training and licensing, the market is slow to respond with capacity. The AIRB is monitoring the Facility Association's work on these issues, and the potential impacts to accessibility and affordability.

### COMMERCIAL - BODILY INJURY

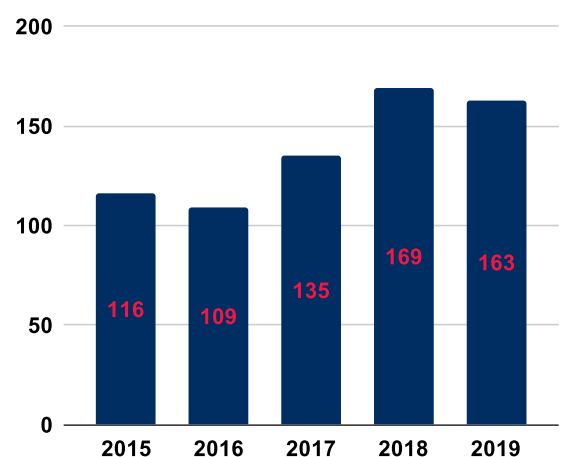


## Filing Activity

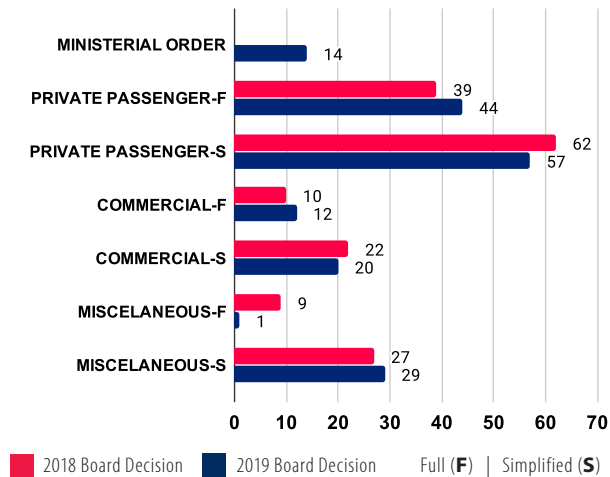
One of the AIRB's primary responsibilities is the review and approval of changes to rating programs for all types of vehicles and coverages. The AIRB meets regularly to review insurance company filings, and monitors the number of requests received annually. Following a peak in 2018, with 169 filings, the AIRB saw a slight decrease in 2019 reviewing 163 filings for changes to rating programs. Nearly 40% of the filings reviewed this year were from September – December, following the expiry of the Ministerial Order.

The majority of filings continued to be for PPV, with 61.90% or 101 filings in 2019 (no change from 2018). The filings for miscellaneous vehicles made up the year over year

### NUMBER OF FILINGS BY YEAR



## NUMBER OF FILINGS BY VEHICLE TYPE



decrease with 30 in 2019 (36 in 2018). The AIRB encourages insurance companies to file annually when a rate adjustment is required in an effort to minimize rate shock for consumers.

For more information, refer to Filing Decisions on our website: [www.airb.alberta.ca/industry-information](http://www.airb.alberta.ca/industry-information). We post our filing decisions 10 days after the end of the quarter the insurance company implemented the rate change. We do not disclose information about rate filing decisions prematurely for competitive reasons, as it might give other companies an unfair advantage over their competitors.

## Monitoring Emerging Trends/ Market Issues



### MINOR INJURY REGULATION CLARIFICATION

A leading cost pressure faced by automobile insurance companies is 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. Parmar<sup>8</sup> and Sparrowhawk<sup>9</sup> decisions. 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 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 received comments on the clarification to the regulation and generally, insurance companies indicated, although a step towards ensuring affordable and sustainable automobile insurance in Alberta, the definition has not been effective at reducing the severity of bodily injury claims. Insurance companies also noted other issues arising around bodily injury claims, such as the length of time required to reach a settlement. Given 2018 results only include seven months post clarification in the definition, this will be monitored in future periods.

<sup>8</sup> The McLean v. Parmar ruling indicated that all soft tissue claims lasting longer than three months fall outside the minor injury cap.  
<sup>9</sup> In Sparrowhawk Temporomandibular Joint Disorder was determined not to be a "minor injury".



### CANNABIS

Going into the legalization of recreational cannabis with no accurate data, the AIRB was uncertain of the affect to the automobile insurance market. The dangers of cannabis impaired driving are well understood; data from a recent study conducted at McGill University suggests the probability of an accident is increased even five hours after cannabis consumption. Although these dangers are well understood, the AIRB could not find conclusive evidence rates of cannabis impaired driving increased after the legalization of recreational use. After consulting with insurance companies and reviewing data from states with legal recreational cannabis use, the AIRB issued a bulletin to ensure transparency of its position, rate level cannot be adjusted as a result of the legalization of cannabis. Insurance companies and regulators will continue to monitor the risks associated with recreational cannabis consumption and the affects on both claims frequency and severity. Recent data shared in the media suggests driving under the influence of cannabis increased 70% post legalization; however, enforcement challenges limit the actual data to support these claims. The AIRB will be monitoring the results of Canadian data and future publications to understand the impact on the market and rate setting.





## TECHNOLOGY IN THE INDUSTRY

Looking beyond the impact technology is having on accident frequency and severity, technology used by insurance companies has the potential to change the market.

Data used to maintain efficient rating programs is transitioning from historical to real-time, with the implementation of technology like telematics devices. Further, insurance companies are recruiting more diverse roles to process and report on claims data. New artificial intelligence technology has the potential to give insurance companies an algorithm that has the ability to shape and monitor itself in real-time. As a result, it is expected they will have the capacity to update rating programs more frequently. 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. The AIRB supports the development of technology to enable better decisions, and actively engage with stakeholders to further innovations in rating.



while widening the number of rating factors an insurance company can use in their rating for a UBI program. The AIRB continues to monitor UBI to maintain an understanding of how it affects the market, and if more insurance companies introduce this option in Alberta.

## SEVERE WEATHER

Severe weather continues to be a large concern for the industry and all stakeholders. Comprehensive loss ratios are influenced year-over-year by severe weather event claims. With both the frequency and severity of weather events increasing in Alberta, pricing comprehensive coverage becomes increasingly difficult. With the added uncertainty, consumers pay more for the coverage. At the 2019 AIRB's Annual Review, severe weather was noted as increasingly concerning to insurance companies. One recent example of the severity of weather related events is the hailstorm that hit west Edmonton and surrounding area causing nearly \$50 million in hail damage to vehicles alone.



## USAGE BASED INSURANCE

Usage based Insurance (UBI) is a product offered in Alberta that offers the driver the opportunity to receive discounts based on certain measures of driving data. UBI offers drivers an opportunity to reduce their insurance premiums by practicing safer driving habits. The driver maintains a base rate; however, the driver's premium may be reduced based of parameters such as: time driven, kilometers driven, GPS data, speed, and time of day. In the Consumer Representative's Report, he suggested many Albertans were open to trying UBI. Currently, only a small number of insurance companies in Alberta offer UBI. However, on October 4, 2019, the Superintendent of Insurance issued a bulletin outlining the UBI implementation process,



## DISTRACTED DRIVING

Drivers are twenty-three times more likely to be involved in a collision if texting while driving and four times more likely if talking on a cellphone (hand-held or hands-free) while driving<sup>10</sup>. Although convictions for distracted driving have been trending downwards since 2016<sup>11</sup>, distracted driving was raised as a significant concern by many stakeholders at the AIRB's Annual Review meeting. With over 23,000 convictions for distracted driving in Alberta in 2018<sup>12</sup> and over 75% of Canadians admitting to driving while distracted, a measurable portion of accidents, contributing to unsustainable claims trends, are likely a result of distracted driving. Insurance companies in Alberta advocate for a more comprehensive UBI system, namely surcharges for poor driving behavior and distracted driving, in order to combat the rate of distracted driving in Alberta.

<sup>10</sup> Source: Virginia Tech Transportation Institute.  
<sup>11</sup> Source: Alberta Transportation.  
<sup>12</sup> Source: The Insurance Bureau of Canada.



# Top 10 Reasons Why Premiums Increase

## THERE IS NO SUCH THING AS A LITTLE FENDER BENDER

A collision of any kind may require a bumper replacement and/or the recalibration of your vehicle's computer system following replacement of any sensors.



## SAFETY DOES NOT ALWAYS MEAN SAVINGS

Newer vehicles include autonomous capabilities, like collision avoidance features and park assist to keep you and your passengers safe. These complex computers and sensors cost more to repair, raising premiums.



## DISTRACTED DRIVING OUT-PACES IMPAIRED DRIVING

Distracted driving is the leading cause of traffic accidents and fatalities. In 2018, there were over 23,000 convictions for distracted driving in Alberta.



## ALBERTA LEADS IN VEHICLE THEFT

One out of every 250 vehicles in Alberta were stolen in 2018. The AIRB offers resources on our website to assist in reducing the risks of vehicle theft.



## WEATHER RELATED EVENTS

The increasing frequency and severity of weather related events, like hail, flooding and wildfire impact your premiums. In August 2019, a single hail storm in Alberta caused nearly \$50 million in damage to vehicles.



## COST FOR MEDICAL SERVICES

It's not just physical repairs to your vehicle that are increasing costs. If you are injured, you may need medical services like physiotherapy or chiropractic treatment to recover.



## NUMBER OF INJURIES NOT MINOR

Albertans injured in vehicle accidents are receiving larger settlements. The average cost per claim has more than doubled since 2005. In 2018, the frequency of bodily injury claims was approximately six claims per 1,000 vehicles.

## WHERE YOU LIVE

Trends might indicate where you live is a higher risk for collisions, theft, or other incidents. Do you live in a city, or in rural Alberta? There are different risks based on your location.



## WINDSHIELDS

New advanced driver assistance systems make windshields more expensive to replace and may require recalibration of your vehicle's computer system following windshield replacement.



## FRAUDULENT CLAIMS

Accidents are being staged resulting in fraudulent claims, and some accident victims are exaggerating the extent of their injury to seek a larger settlement.



# ANNUAL REVIEW

The AIRB conducts an Annual Review of automobile insurance trends, premiums and costs 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 2019, the AIRB requested its consulting actuary, Oliver Wyman Limited (Oliver Wyman), complete an analysis of industry experience for the period ended December 31, 2018. Oliver Wyman's preliminary report was posted to the AIRB's website on June 28, 2019 for review by stakeholders. Stakeholders were provided an opportunity to respond to this report at an open meeting held on August 15, 2019 in Edmonton, either in person, by written submission, or through the AIRB's Consumer Representative. At the open meeting, the AIRB heard from Oliver Wyman, the Consumer Representative and eight industry 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 which had been provided.

The AIRB published its "Annual Review Report" of its findings on September 27, 2019, 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](http://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

As part of the Annual Review process the Consumer Representative, Mr. James Cuming, contracted a consulting and research firm to conduct an independent and impartial review of consumers' perceptions of automobile insurance in Alberta, via a social media panel and telephone survey. In addition, insurance brokers and agents were contacted to discuss their experience in the market.

Consumer telephone and e-mail correspondence addressing their specific concerns along with information from other provinces, traffic safety trends and other data were also considered.

The results through the combined surveys included the following:

- an increasing number of consumers (51%) feel their premiums are not reasonable, compared to 28% in 2018;
- of consumers polled, 51% obtained a competitive quote for insurance (38% in 2018); and of these, 83% stayed with their existing insurance company compared to 86% in 2018;
- consumers consistently agree premiums are continually rising even though they have no claims or convictions; and
- 45% felt the penalties for distracted driving are insufficient compared to 28% in 2018.

In 2018, the AIRB, General Insurance OmbudService and the Superintendent of Insurance responded to approximately 2,500 consumer inquiries regarding automobile insurance. Of these inquiries, approximately 30% pertained to the lack of affordability of insurance premiums and availability of coverage with a common theme of significant increases in premiums for drivers who are accident and conviction free.

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

# CONSUMER EDUCATION

The AIRB's main responsibility is the regulation of the automobile insurance rating programs in Alberta, in addition, we ensure consumers have access to the information they need to facilitate informed choices regarding automobile insurance.

In the spring of 2019, the AIRB updated its mission statement. The mission confirms the priority and requirement to focus on stakeholder engagement.

**“The AIRB independently regulates automobile insurance rating programs and educates consumers to ensure Albertans have access to a robust automobile insurance marketplace.”**

The AIRB connects with consumers in a number of ways:

- telephone and e-mail inquiries;
- the Consumer Representative's surveys;
- 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.

Automobile insurance premiums for Albertans have been increasing in recent years. It is important to provide consumers with information regarding costs pressures on claims, factors that influence their premiums and ways they can reduce their premiums. A list of the top ten reasons why premiums increase is available on our website.

## Did you know?

**Two ways to save money on vehicle insurance are shopping around and comparing insurance costs before you buy a vehicle. Rates can vary substantially by insurance company.**



## Rate Comparison

Alberta's private insurance delivery system benefits consumers by providing 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 insurance 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 available for the same coverage and shopping for rates may result in a lower premium.

Consumers should be mindful that insurance companies compete not only on premium but also on service and product; therefore, premium 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 comparative shopping. Consumers can contact either an insurance broker/agent or one of the many insurance companies that have online quoting tools.

## Consumer Information

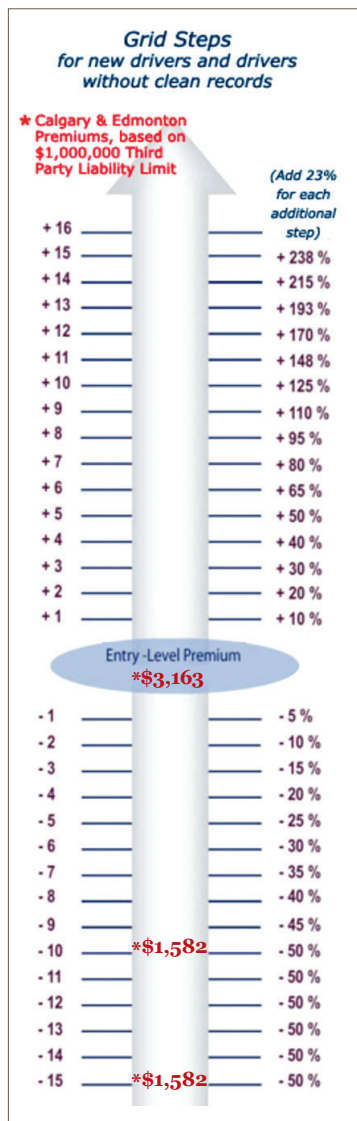
The AIRB website includes a wide range of consumer information, such as ways to lower your premiums, factors that affect your premiums, comparing rates, a Grid calculator and links for insurance companies. More information can be found at [www.airb.alberta.ca/drivers](http://www.airb.alberta.ca/drivers).



# ALBERTA'S GRID RATING PROGRAM

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

## How the Grid Protects Drivers



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, not additional coverage (all perils, collision, comprehensive and specified perils).

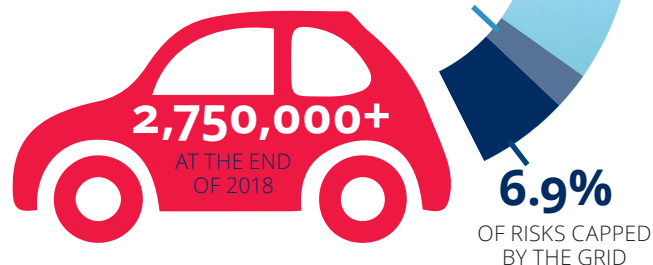
This Grid base premiums are reviewed on an annual basis and published by the AIRB for use by insurance companies and consumers. Insurance companies are required to compare a driver's premium under their current AIRB approved rating program to the driver's Grid premium and charge the lesser of the two 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 93%, of drivers pay premiums that are lower than the Grid.

New drivers rated on the Grid will be assigned 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](http://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 2019, **6.9% of risks were capped by the Grid** and of those, **2.6% were ceded to the Grid RSP**. The number of private passenger vehicles on the road has been increasing and was over **2.75 million at the end of 2018**.



# APPENDIX I – STATISTICS

## Automobile Insurance Fact Page

	2014	2015	2016	2017	2018	2019
Active Insurance Companies <sup>13</sup>	70	69	68	69	69	—
<b>Market Share of Private Passenger Written Premium for the Five Largest Insurance Company Groups in 2018<sup>14</sup></b>						
Intact Financial Insurance Group	21.4%	21.8%	22.4%	21.4%	18.8%	—
TD Insurance Group	16.3%	16.3%	15.9%	15.6%	16.0%	—
The Wawanesa Mutual Insurance Company	13.1%	12.8%	12.7%	12.9%	13.8%	—
Aviva Canada Inc. Insurance Group	6.0%	6.3%	6.6%	8.3%	9.6%	—
The Co-operators Insurance Group	7.8%	7.6%	7.5%	7.8%	8.3%	—
<b>Total</b>	<b>64.6%</b>	<b>64.8%</b>	<b>65.0%</b>	<b>66.0%</b>	<b>66.4%</b>	<b>—</b>
<b>Written Premium</b>						
Total Premium (000s)	\$4,003,587	\$4,118,487	\$4,162,943	\$4,334,173	\$4,639,766	—
Private Passenger (000s)	\$3,041,588	\$3,169,898	\$3,255,577	\$3,408,453	\$3,640,470	—
<b>Average Written Premiums for Private Passenger Vehicles<sup>15</sup></b>						
Basic Coverage	\$609	\$644	\$686	\$725	\$755	—
Additional Coverage	\$544	\$535	\$523	\$526	\$541	—
<b>Total</b>	<b>\$1,153</b>	<b>\$1,179</b>	<b>\$1,209</b>	<b>\$1,251</b>	<b>\$1,316</b>	<b>—</b>
Change from Prior Year, Total	3.6%	2.3%	2.5%	3.5%	5.2%	—
<b>Written Private Passenger Vehicles<sup>15</sup></b>						
Non Grid Rated	93.3%	94.2%	94.6%	94.3%	94.1%	—
Grid Rated	6.7%	5.8%	5.4%	5.7%	5.9%	—
Total # Vehicles Insured <sup>15</sup>	2,539,001	2,688,370	2,674,261	2,706,860	2,745,806	—
Change from Prior Year, Total # Vehicles	0.0%	5.9%	-0.5%	1.2%	1.4%	—
<b>Estimated Total Claims</b>						
All Automobile (000s)	\$2,974,336	\$3,112,017	\$3,222,212	\$3,413,023	\$3,666,300	—
Private Passenger (000s)	\$2,357,662	\$2,491,948	\$2,632,301	\$2,760,344	\$2,909,756	—
Private Passenger Loss Ratio	82.0%	86.0%	90.0%	85.0%	83.0%	—
Change from Prior Year, Private Passenger Loss Ratio	3.8%	4.9%	4.7%	-5.6%	-2.4%	—
<b>Minor Injury Cap</b>	\$4,777	\$4,892	\$4,956	\$5,020	\$5,080	\$5,296
<b>Other</b>						
Health Cost Recovery (Millions) <sup>16</sup>	\$105	\$120	\$135	\$155	\$159	\$147
Board Adjustment to Grid	0%	7%	7%	10%	5%	15%
Industry Levy Collected During the Year	\$1,304,798	\$1,252,739	\$1,092,951	\$1,156,916	\$1,188,112	\$1,376,547

<sup>13</sup> Source: Superintendent of Insurance (most recent available data for 2018).

<sup>14</sup> Based on earned premiums.

<sup>15</sup> Source: GISA Statistical Exhibits (most recent available data for 2018).

<sup>16</sup> Amount assessed to industry under *Hospitals Act* for costs of automobile accident related.

## APPENDIX II – ACTIVE INSURANCE COMPANIES

Name of Company	2018 (thousands)	Name of Company	2018 (thousands)
AIG Insurance Company of Canada	11,285	<b>Intact Financial Insurance Group</b>	
Alberta Motor Association Insurance Company	147,026	Belair Insurance Company Inc.	75,908
Alberta Municipal Insurance Exchange	1,043	Guarantee Company of North America, The	5,121
Allianz Global Risks US Insurance Company	315	Intact Insurance Company	747,722
<b>Allstate Canada Insurance Group</b>		Novex Insurance Company	77,357
Allstate Insurance Company of Canada	124,287	Liberty Mutual Insurance Company	9,263
Esurance Insurance Company of Canada	1,222	Lloyd's Underwriters	16,663
Pembridge Insurance Company	27,364	Mennonite Mutual Insurance Co. (Alberta) Ltd.	18
American Road Insurance Company	3,149	Millennium Insurance Corporation	24,396
Arch Insurance Canada Ltd.	1,533	Mitsui Sumitomo Insurance Company, Limited	602
<b>Aviva Canada Inc. Insurance Group</b>		<b>Northbridge Financial Corporation Insurance Group</b>	
Aviva General Insurance Company	68,129	Federated Insurance Company of Canada	25,478
Aviva Insurance Company of Canada	324,944	Northbridge General Insurance Corporation	108,350
Elite Insurance Company	11,862	Tokio Marine & Nichido Fire Insurance Co., Ltd.	540
S&Y Insurance Company	308	Verasure Insurance Company	64
Traders General Insurance Company	63,839	Zenith Insurance Company	1,539
Canadian Farm Insurance Corp.	5,449	Old Republic Insurance Company of Canada	10,015
<b>Chubb Canada Insurance Group</b>		Optimum West Insurance Company Inc.	6,146
Chubb Insurance Company of Canada	23,143	Peace Hills General Insurance Company	83,556
Federal Insurance Company	17	Portage la Prairie Mutual Insurance Company, The	19,758
Continental Casualty Company	13,845	Protective Insurance Company	410
<b>Co-operators Insurance Group, The</b>		<b>Royal &amp; Sun Alliance Insurance Group</b>	
Co-operators General Insurance Company	319,690	Royal & Sun Alliance Insurance Company of Canada	92,451
Coseco Insurance Company	31,889	Unifund Assurance Company	174,125
Cumis General Insurance Company	5,962	Saskatchewan Mutual Insurance Company	1
Sovereign General Insurance Company, The	24,608	Sentry Insurance A Mutual Company	36
<b>Desjardins General Insurance Group</b>		SGI Canada Insurance Services Ltd.	98,073
Certas Direct Insurance Company	24,962	Starr Insurance & Reinsurance Ltd.	31
Certas Home and Auto Insurance Company	162,889	<b>TD Insurance Group</b>	
Personal Insurance Company, The	109,810	Primum Insurance Company	148,020
Echelon General Insurance Company	13,103	Security National Insurance Company	435,904
Electric Insurance Company	325	TD Home and Auto Insurance Company	12,015
Everest Insurance Company of Canada	59	<b>Travelers Insurance Group</b>	
Fortress Insurance Company	318	Dominion of Canada General Insurance Company, The	93,218
Great American Insurance Company	3	St. Paul Fire and Marine Insurance Company	7,235
Hartford Fire Insurance Company	180	Travelers Insurance Company of Canada	14,237
<b>Economical Insurance Group, The</b>		Wawanesa Mutual Insurance Company, The	639,436
Economical Mutual Insurance Company	159,179	XL Specialty Insurance Company	778
Missisquoi Insurance Company, The	22	Zurich Insurance Company Ltd.	12,270
Sonnet Insurance Company	12,560		
Waterloo Insurance Company	22,018		





## Automobile Insurance Rate Board

#2440, Canadian Western Bank Place  
10303 Jasper Avenue  
Edmonton, AB T5J 3N6

Phone: 780.427.5428

Fax: 780.638.4254

Email: [airb@gov.ab.ca](mailto:airb@gov.ab.ca)

[www.airb.alberta.ca](http://www.airb.alberta.ca)

