



# Automobile Insurance Rate Board

BUSINESS PLAN 2011-14

---

## **ACCOUNTABILITY STATEMENT**

This business plan for the three years commencing April 1, 2011 was prepared under my direction. All of the Board's policy decisions as of March 31, 2011, with material economic or fiscal implications of which I am aware have been considered in preparing this plan.

The Board's priorities outlined in the business plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this business plan.

Alfred Savage, *Chair*  
July 15, 2011

# TABLE OF CONTENTS

	<b>Page</b>
<b>Accountability Statement.....</b>	<b>1</b>
<b>Table of Contents.....</b>	<b>2</b>
<b>Governance .....</b>	<b>3</b>
<b>Vision/Mission/Values.....</b>	<b>3</b>
<b>Link to the Government of Alberta Strategic Business Plan.....</b>	<b>3</b>
<b>Goals, Strategies &amp; Performance Measures.....</b>	<b>4</b>
<b>Goal 1     Encourage an efficient and effective market that allows for fair                   and predictable rates</b>	<b>4</b>
<b>Goal 2     Maintain a strong working relationship with Stakeholders</b>	<b>5</b>
<b>Goal 3     Ensure consumers of Private Passenger auto insurance are heard                   and have ready access to sound information</b>	<b>6</b>

## GOVERNANCE

The Minister of Finance and Enterprise and the Government of Alberta, through legislation (*Insurance Act*), established the Alberta Automobile Insurance Rate Board (AIRB or the Board) as an independent regulator. In this capacity, the AIRB is responsible for regulating basic automobile insurance premiums in Alberta. The Board, through its functions and statutory duties and responsibilities, serves all Albertans – members of the general public, industry and Government.

## 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 insurers to ensure premiums are fair and predictable. The Board will also ensure consumers have access to information to facilitate informed choices.

## VALUES

RESPECT	We foster an environment where consumers, industry, government and Board/staff members are valued and heard
ACCOUNTABILITY	We are accountable for our actions and contributing to the efficacy of the auto 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

## LINK TO THE GOVERNMENT OF ALBERTA STRATEGIC BUSINESS PLAN

### Alberta Finance and Enterprise Business Plan 2011-14 Goals

Goal Five: Policy and regulatory oversight for the financial, insurance and pensions sectors that is effective, fair and in the interest of Albertans.

Priority Initiative : Continue to enable affordable, efficient and fair systems for insurance, pensions and other financial services through monitoring and regulating the financial services sector and providing policy support for applicable issues.

## AIRB GOALS

The AIRB mandate has two core business functions: the regulation of automobile insurance premiums and the provision of information to enable consumers to make informed choices.

### Core Business One: Regulation of Automobile Insurance Premiums

Goal 1: Encourage an efficient and effective market that allows for fair and predictable rates

Goal 2: Maintain a strong working relationship with Stakeholders

### Core Business Two: Provision of Automobile Insurance Information

Goal 3: Ensure consumers are heard and have access to sound information

# BUSINESSES, GOALS, STRATEGIES & PERFORMANCE MEASURES

## Core Business One: Regulation of Automobile Insurance Premiums

GOAL ONE **1** Encourage an efficient and effective market that allows for fair and predictable rates

---

**What it means** Premium stability with fair and predictable pricing is an integral objective of the automobile insurance system for consumers, insurance providers and Government. In fulfilling its mandate, the Board aims to encourage competitive insurance premiums in part by supporting rating programs that demonstrate innovation in addressing fair premiums and premiums that reflect risk.

**Strategies**

- 1.1 Ensure procedures are consistent with legislation and regulations and are efficient
- 1.2 Submit recommendations where regulations are inconsistent with this goal
- 1.3 Monitor industry profit and risk sharing pools as indicators of market dynamics

Performance Measures	Last Actual 2010/11	Target 2011/12	Target 2012/13	Target 2013/14
<ul style="list-style-type: none"> <li>• Percentage of filing decisions issued in 60 days or less from the application date (where applications are complete with no further external actuarial analysis required)</li> </ul>	95%	95%	95%	95%
<ul style="list-style-type: none"> <li>• Monitor Grid, Grid RSP &amp; RSP on a quarterly basis</li> </ul>	Apr, Jul, Oct & Jan	Apr, Jul, Oct & Jan	Apr, Jul, Oct & Jan	Apr, Jul, Oct & Jan
<ul style="list-style-type: none"> <li>• Monitor Industry Profits</li> </ul>	Jun & Feb	Jun & Feb	Jun & Feb	Jun & Feb

---

## Core Business One: Regulation of Automobile Insurance Premiums

GOAL TWO

# 2

## Maintain a strong working relationship with Stakeholders

---

### What it means

This goal aims to ensure that the AIRB maintains a good understanding of the insurance industry and issues that may be on the horizon. It also aims to provide opportunities for insurance providers, other industry professionals and stakeholders to provide input on industry-wide decisions and to have access to the most recent and comprehensive information on Board decisions, activities and orders.

Accountability to the Minister of Finance and Enterprise is accomplished through the AIRB's Business Plan which lays out how the Board intends to meet its mandate and the Annual Report which identifies what the Board has done to advance its mandate and whether it has met its targets. AIRB is a member of the Canadian Automobile Insurance Rate Regulators Association (CARR) through which it interacts with rate regulatory bodies in other jurisdictions.

### Strategies

- 2.1 Consult with automobile insurance providers and other stakeholders on industry-wide decisions.
- 2.2 Provide regular opportunities for automobile insurance providers and other stakeholders to meet with the Board.
- 2.3 Post all Board decisions on rate applications on the AIRB's website.
- 2.4 Advise the Minister on automobile insurance issues and activities of the Board
- 2.5 Develop Annual Report and Business Plan for submission to Minister
- 2.6 Liaise regularly with the Superintendent of Insurance
- 2.7 Provide assistance and support to the General Insurance Statistical Agency (GISA)
- 2.8 Provide assistance and support to CARR

Performance Measure	Last Actual 2010/11	Target 2011/12	Target 2012/13	Target 2013/14
<ul style="list-style-type: none"> <li>• Board decisions posted on a quarterly basis. Decisions implemented in any quarter posted within 15 business days of the end of that quarter.</li> </ul>	100%	100%	100%	100%
<ul style="list-style-type: none"> <li>• Annual Report</li> </ul>	April	April	April	April
<ul style="list-style-type: none"> <li>• Business Plan</li> </ul>	July	May	May	May

---

## Core Business Two: Provision of Automobile Insurance Information

GOAL THREE

# 3

### Ensure consumers of Private Passenger auto insurance are heard and have access to sound information

---

**What it means**

This goal aims to ensure that consumers are given opportunity to be heard. The ways in which consumers may voice their concerns are:

- Email through the Board’s website
- Telephone contact directly to the AIRB office
- Through the independent Consumer Representative.

The AIRB is further committed to increasing consumer awareness and understanding of their rights and responsibilities regarding the purchase of the automobile insurance product.

**Strategies**

- 3.1 Ongoing enhancements of the AIRB’s website
- 3.2 Monitor website’s success in attracting visitors
- 3.3 Conduct annual consumer survey
- 3.4 Support the Consumer Representative in consultations and collection of data

Performance Measures	Last Actual 2010/11	Target 2011/12	Target 2012/13	Target 2013/14
• Website Statistics - Number of page views	472,000	495,000	520,000	545,000
• Website Statistics - Time spent on site	3:13	3:15	3:15	3:15
• Website Statistics – Page views per person	3.49	3.5	3.5	3.5

---