

2019 - 2022

# Business Plan



# Message from the Chair



Charlene Butler  
Board Chair

I am pleased to provide the Automobile Insurance Rate Board's (AIRB) 2019-2022 business plan. The AIRB is an independent agency, established by the President of Treasury Board and Minister of Finance to regulate automobile insurance rating programs in Alberta.

This business plan, for the three years commencing April 1, 2019, was prepared under my direction and is built on our updated vision, mission and values. All of the AIRB's policy decisions as of March 31, 2019, with material economic or fiscal implications of which I am aware have been considered in preparing this plan.

The AIRB's priorities outlined in this business plan were developed in the context of the Government's business and fiscal plans, the AIRB's Mandate and Roles Document and the operating environment known at time of approval. The AIRB is accountable for the preparation and achievement of the strategies and objectives laid out in this business plan.

*[Original Signed]*

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

May 31, 2019

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# Board Governance

## Authority

The President of Treasury Board and the Minister of Finance and the Government of Alberta, through legislation, established the Alberta Automobile Insurance Rate Board (AIRB) as an independent regulator.

In this capacity, the AIRB is responsible for regulating automobile insurance rating programs for both basic and additional coverage in Alberta.

The AIRB, through its functions, statutory duties and responsibilities, serves all Albertans – the public, insurance industry and Government.

## Mandate

The AIRB mandate includes the regulation of automobile insurance rating programs and providing information to enable consumers to make informed choices about automobile insurance.

## 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 and Excellence

# Strategic Direction & Operating Environment

## Strategic Direction

The AIRB is implementing a new vision, mission, values and strategic goals which focuses our direction for the next three years.

The new strategic goals will guide our work and affirm our commitment to:

- Optimizing our process for the review of rating programs;
- Being recognized as a leader in our sector;
- Enhancing our stakeholder engagement; and
- Continuing the development and engagement of our team to ensure we are proactive to the new and emerging trends.

This business plan only includes key priorities. Our plans for supporting initiatives to achieve our goals are detailed in our internal annual operational plan.

## Operating Environment

The AIRB envisions an insurance market, where consumers have equitable premiums and are equipped with the knowledge they need to make informed decisions about automobile insurance. We monitor market results, key trends and developments to inform our Board Members and the Government of Alberta – specifically considering the availability, affordability, sustainability, and service quality in Alberta’s automobile insurance market. The key indicators in the Alberta automobile insurance industry are influenced by competition, consumer knowledge, industry trends and the economy.

### Availability

The size of the market is a measure of availability. Alberta has a competitive private market for automobile insurance that provides coverage for over 2.7 million vehicles (both private passenger and commercial) and with 69 insurance companies offering coverage to Albertans.

### Affordability

Albertans are required to carry mandatory coverages for automobile insurance, and they have the option to purchase additional coverages like collision and comprehensive. Given that affordability is subjective from person to person, the AIRB benchmarks the percentage of after tax income Albertans spend on the average insurance premiums. We focus on ensuring that rating programs are equitable for all policyholders.

### Sustainability

The sustainability of the industry is closely monitored. The three specific areas where automobile insurance claim trends impact sustainability for insurance companies are bodily injury claim costs, increasing vehicle repair cost due in part to automated features; and theft – Alberta has more theft claims than any other Canadian province.

### Service Quality

Service quality is more difficult to measure; it is influenced by consumer’s knowledge and expectations. The AIRB is increasing its focus on consumer education with respect to automobile insurance over the next three years.

# Strategic Goals

## Goal One

**The AIRB continually optimizes its process for the review of rating programs.**

### To Achieve:

- Premium stability with equitable and competitive pricing is an integral objective of the automobile insurance system for consumers, insurance providers and Government.
- We encourage competitive insurance premiums in part by supporting rating programs that demonstrate innovation and improve the alignment of premium to risk.

### What Success Looks Like?

- Insurance companies file for rate adjustments on a regular basis, to avoid significant increases on consumer insurance premiums.
- Insurance companies are satisfied with ease of use and increased functionality of technology utilized.

### Our Priorities

1. Our regulatory framework supports equitable rates, market innovation and continued compliance with legislation while being mindful of increased regulatory burden.
2. Adoption of technology to streamline the rate review process.
3. To increase our knowledge and understanding of the impact on rate filings from the adoption of innovative strategies by insurance companies.

### How We Measure Results

Insurance companies submitting at least one filing every three years to ensure regular and stable rate adjustments.

Actual 2018/19	Target 2019/20	Target 2020/21	Target 2021/22
68%	80%	90%	100%

# Strategic Goals

## Goal Two

**The AIRB continues to be a recognized leader in insurance rate regulation.**

### To Achieve:

- We are seen as a valued resource for automobile insurance information.
- We encourage input and discussion from stakeholders in effort to stay current with trends.
- We value partnerships and the collaboration with national colleagues on automobile insurance initiatives.

### What Success Looks Like?

- Stakeholders are satisfied with the level of service provided.
- The AIRB is a valued stakeholder in government initiatives related to automobile insurance.
- Alberta's priorities are considered in national organizations and their initiatives.

### Our Priorities

1. Trends, key industry indicators and innovations are monitored and reported to support the achievement of our mandate and reporting to Government.
2. Stakeholder feedback is valued on the AIRB's Industry Benchmarks, bulletins and other initiatives.
3. A web-based platform is implemented to increase transparency and streamline processes while reducing duplication of effort.
4. Lead and encourage initiatives with the General Insurance Statistical Agency and Canadian Automobile Insurance Rate Regulators Association.

### How We Measure Results

% of stakeholders satisfied with the AIRB's customer service<sup>1</sup>

Actual 2018/19	Target 2019/20	Target 2020/21	Target 2021/22
N/A	TBD	TBD	TBD

<sup>1</sup> Initial survey to be implemented during 2019 - 2020 to establish a benchmark

# Strategic Goals

## Goal Three

**The AIRB has enhanced robust stakeholder engagement.**

### To Achieve:

- We value stakeholder relationships and are committed to enhancing engagement.
- We are committed to increasing consumer awareness to enable informed decisions.

### What Success Looks Like?

- Stakeholders understand the AIRB's role and purpose.
- Our website is a reliable source of information on automobile insurance for all stakeholders.

### Our Priorities

1. Implementation of a three-year strategy<sup>2</sup> on stakeholder engagement.
2. The annual consumer survey conducted by the Consumer Representative, uses the most efficient tools available to collect data and inform the AIRB and Government on consumer perceptions of automobile insurance.
3. Collaboration with stakeholders on mutually beneficial projects.
4. The Minister is advised on automobile insurance trends and concerns, in addition to the activities of the AIRB as required by legislation.

### How We Measure Results

Our website is accessed for information by stakeholders, based on monthly page views.

Actual 2018/19	Target 2019/20	Target 2020/21	Target 2021/22
16,527	18,000	20,000	22,000

<sup>2</sup> Once completed, the stakeholder engagement strategy will include performance measures for future planning and reporting



# Strategic Goals

## Goal Four

**The AIRB has educated and engaged professionals proactive to new trends.**

### To Achieve:

- The AIRB requires an appropriate staff and Board Member complement to deliver on their mandate and goals outlined in this business plan.
- We are committed to ensuring staff and Board Members have access to ongoing training and development to allow them to remain current with and be able to respond to new trends and changes in the marketplace.

### What Success Looks Like?

- We have long-term staff and Board Members.
- We attract high caliber Board Members with the skills and competencies needed.
- We are knowledgeable about trends and issues impacting automobile insurance in the province and across Canada.

### Our Priorities

1. Recruitment of Board Members are recruited to ensure membership is diverse and representative of the established competency matrix.
2. Board Members and staff are provided opportunities for continuous education and development related to the AIRB's mandate.
3. The resources required to implement the AIRB's goals in the next three to five years is determined and monitored.

### How We Measure Results

Number of Appointed Board Members.

Actual 2018/19	Target 2019/20	Target 2020/21	Target 2021/22
6	8	8	8