

Bulletin to PPV Insurers

Private Passenger Vehicle Benchmark Schedule Effective October 1, 2024

Bulletin 06-2024

September 27, 2024

Purpose

The Automobile Insurance Rate Board (AIRB) is issuing this Bulletin to advise all private passenger vehicle (PPV) insurers operating in Alberta the 2024 Annual Review of PPV experience has been completed based on data to December 31, 2023. The AIRB has approved the PPV Industry Benchmarks Schedule (Schedule), effective October 1, 2024. The AIRB has posted the Schedule and the related actuarial report on the [AIRB website](#).

Background

On July 1, 2014, Section 9 of the Automobile Insurance Premiums Regulations came into effect, requiring the AIRB to conduct an Annual Review of industry experience based on data to December 31. In addition, AIRB Policy Po6 requires the AIRB to conduct a Semi-Annual Review based on data to June 30.

On June 21, 2024, the AIRB shared the preliminary report for the 2024 Annual Review with the industry and invited them to participate through written submissions or presentations at the Annual Review Open Meeting, held on August 15, 2024.

Action Required

Based on the Annual Review analysis of Alberta PPV loss experience ending December 31, 2023, the AIRB approved the PPV Industry Benchmarks Schedule to take effect on October 1, 2024.

The AIRB expects insurers to use their own data in rate filings to the extent possible, reflecting their mix of business and unique circumstances. Insurers may use the AIRB Industry Benchmarks when they do not have sufficient data or cannot support their assumptions' reasonableness. The AIRB will use these industry benchmarks as a point of reference in our review of PPV filings.

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

Laurie Balfour, MBA, CPA, CMA
Executive Director

Attachment

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

2024 Annual Review Industry Benchmarks Schedule – PPV

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

Loss Development Factors

Appendix #1 outlines the AIRB approved benchmark loss development factors.

Loss Trends

The AIRB approved benchmark trend rates. Insurers should use their data to select loss trend rates, to the extent it is credible, and provide full support and details. If an insurer does not have credible data, they may use these benchmark loss trend rates without further support.

Coverage	Selected Past/ Future Trend Rates
Bodily Injury	+8.7%
Property Damage	+1.6%
Direct Compensation for Property Damage	+1.6%
Accident Benefits	+2.2%/+13.2%/+4.1% ¹
Collision	+2.4%
Comprehensive	+5.1%
All Perils	+2.7%
Specified Perils	+3.7%
Underinsured Motorist	+4.4%

¹ +13.2% trend rate begins January 1, 2015, and ends October 29, 2020, and +4.1% trend rate begins October 29, 2020, most rate applications will only consider data from 2015 and onward. Oliver Wyman's model includes an October 29, 2020, reform scalar of +13.5%.

Other Benchmarks

Other Benchmark	Selected Benchmark
Health Cost Recovery	Current ²
Operating Expenses	27.80%
Unallocated Loss Adjustment Expenses (ULAE)	1.123
Profit Provision	6.00%

² Refer to the most current percentage published on the President of Treasury Board and Minister of Finance's [website](#).

**AIRB Approved Age-to-Ultimate Development Factors
As of December 31, 2023
Alberta Private Passenger Automobile (Excluding Farmers)**

As of 2023-2

Age-to-Ultimate Factors

Incurred Claim Amount

	Bodily Injury	Property Damage	Accident Benefits	Collision	Comprehensive	Comprehensive Theft	All Perils	Specified Perils	Underinsured
180-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
174-Ult	1.002	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
168-Ult	1.003	1.000	0.999	1.000	1.000	1.000	1.000	1.000	1.000
162-Ult	1.002	1.000	0.999	1.000	1.000	1.000	1.000	1.000	1.000
156-Ult	1.003	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.005
150-Ult	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.003
144-Ult	1.006	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
138-Ult	1.004	1.000	0.999	1.000	1.000	1.000	1.000	1.000	1.002
132-Ult	1.004	1.000	0.999	1.000	1.000	1.000	1.000	1.000	0.997
126-Ult	1.006	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.006
120-Ult	1.007	1.000	1.002	1.000	1.000	1.000	1.000	1.000	1.000
114-Ult	1.007	1.000	1.002	1.000	1.000	1.000	1.000	1.000	0.999
108-Ult	1.008	1.000	1.006	1.000	1.000	1.000	1.000	1.000	0.988
102-Ult	1.011	1.000	1.006	1.000	1.000	1.000	1.000	1.000	0.997
96-Ult	1.011	1.000	1.007	1.000	1.000	1.000	1.000	1.000	0.983
90-Ult	1.011	1.000	1.007	1.000	1.000	1.000	1.000	1.000	0.984
84-Ult	1.015	1.000	1.006	1.000	1.000	0.999	1.000	1.000	0.978
78-Ult	1.017	1.000	1.005	1.000	1.000	0.999	1.000	1.000	0.978
72-Ult	1.023	1.000	1.004	1.000	1.000	1.000	1.000	1.000	0.965
66-Ult	1.032	1.000	1.004	1.000	1.000	1.000	1.000	1.001	0.982
60-Ult	1.048	1.000	1.007	0.999	1.000	1.000	0.999	1.001	1.003
54-Ult	1.074	0.999	1.013	0.999	1.000	1.000	0.996	1.001	1.036
48-Ult	1.107	0.999	1.018	0.999	0.999	0.999	0.996	1.001	1.065
42-Ult	1.169	0.999	1.021	0.999	0.999	0.999	0.996	1.000	1.109
36-Ult	1.274	1.000	1.029	0.999	0.999	0.999	0.996	0.998	1.229
30-Ult	1.433	1.000	1.028	0.998	0.999	0.998	0.996	0.999	1.457
24-Ult	1.710	1.006	0.978	0.989	1.000	0.999	0.987	0.997	1.903
18-Ult	2.018	1.020	1.041	0.966	1.003	0.997	0.979	0.994	2.302
12-Ult	2.432	1.031	1.086	0.916	1.004	0.986	0.951	0.990	3.097
6-Ult	3.525	1.218	1.198	0.807	1.023	0.977	0.960	0.928	8.621

As of 2023-2

**Age-to-Ultimate Factors
Incurred Claim Count**

	Bodily Injury	Property Damage	Accident Benefits	Collision	Comprehensive	Comprehensive Theft	All Perils	Specified Perils	Underinsured
180-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
174-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
168-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
162-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
156-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.996
150-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.983
144-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.969
138-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.962
132-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.953
126-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.931
120-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.923
114-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.891
108-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.849
102-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.822
96-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.792
90-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.772
84-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.728
78-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.685
72-Ult	0.998	1.000	1.000	1.000	1.000	1.000	1.000	0.998	0.624
66-Ult	0.996	1.000	1.000	1.000	1.000	1.000	1.000	0.998	0.597
60-Ult	0.994	1.000	1.000	0.999	1.000	1.000	1.000	0.998	0.568
54-Ult	0.992	1.000	1.000	0.999	1.000	1.000	1.000	0.998	0.546
48-Ult	0.988	1.000	1.000	0.999	1.000	1.000	1.000	0.998	0.520
42-Ult	0.983	1.000	0.999	0.999	1.000	1.000	1.000	0.998	0.496
36-Ult	0.986	1.000	0.999	0.999	1.000	1.000	1.000	0.998	0.510
30-Ult	0.984	1.000	0.999	0.999	1.000	1.000	0.999	0.998	0.578
24-Ult	1.012	0.999	0.999	0.995	1.002	1.000	0.996	0.998	0.824
18-Ult	1.044	1.008	0.997	0.982	1.007	1.000	0.994	1.002	0.974
12-Ult	1.050	1.005	0.992	0.946	1.017	0.999	0.972	1.004	1.149
6-Ult	1.265	1.102	0.988	0.814	1.048	1.001	0.915	1.042	1.531