

Bulletin to All COM Insurers

Commercial Vehicle Benchmark Schedule

Effective October 1, 2023

Bulletin 07-2023

September 22, 2023

Purpose

The Automobile Insurance Rate Board (AIRB) is issuing this Bulletin to advise all commercial vehicle insurers operating in Alberta the 2023 Annual Review of commercial vehicle experience has been completed based on data to December 31, 2022. The AIRB has approved the commercial vehicle Industry Benchmark Schedule (Schedule), effective October 1, 2023. The AIRB has posted the Schedule and the related actuarial report on the AIRB [website](#).

Background

The Insurance Act Section 602(1) requires the AIRB to approve all insurers' rating programs and changes. Before 2015, the AIRB annually reviewed commercial vehicle trend rates for internal use in the review of commercial vehicle filings. At its meeting on October 23, 2015, the AIRB enhanced its transparency by placing the approved Schedule and the actuarial report on the AIRB website.

On June 23, 2023, the AIRB shared the preliminary report for the 2023 review with the industry and invited them to participate through written submissions.

Action Required

Based on the Annual Review analysis of Alberta commercial loss experience ending December 31, 2022, the AIRB approved the Schedule to take effect on October 1, 2023.

The AIRB expects insurers to use their data in rate filings to the extent possible, reflecting their mix of business and unique circumstances. The AIRB Industry Benchmarks should only be used if an insurer does not have sufficient data or is unable to support the reasonableness of their assumptions. The AIRB will use these industry benchmarks as a point of reference in our review of filings submitted on or after October 1, 2023.

If you have any questions relating to this Bulletin, please contact the AIRB at (780) 427-5428 or by email at airb@gov.ab.ca.

Laurie Balfour, MBA, CPA, CMA
Executive Director

Attachment

1. 2023 Industry Benchmark Schedule – Commercial Vehicle - effective October 1, 2023.

2023 Annual Review Industry Benchmark Schedule – Commercial

Effective Date: For all filings submitted on or after October 1, 2023

Loss Development Factors

Appendix #1 outlines the AIRB approved benchmark loss development factors for use by insurers in developing filings.

Loss Trends

The AIRB approved benchmark trend rates for use by insurers in developing filings:

Coverage	Selected Past/Future Trend Rates
Bodily Injury	+7.0%
Property Damage	+0.0%
Direct Compensation for Property Damage	+0.0%
Accident Benefits	+0.0%/+5.0% ¹
Collision	-1.0%
Comprehensive	+4.0%
All Perils	+0.5%
Specified Perils	+4.0%
Underinsured Motorist	+7.0%

¹ Future trend rate begins November 1, 2020.

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.

Other Benchmarks

Other Benchmark	Selected Benchmark
Health Cost Recovery	Current ²
Operating Expenses	27.60%
Unallocated Loss Adjustment Expenses (ULAE)	1.118
Profit Provision	6.00% ³

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

³ The AIRB has adjusted the profit provision effective October 1, 2023.

**AIRB Approved Age-to-Ultimate Development Factors
As of December 31, 2022
Alberta Commercial Vehicles (Excluding Farmers)**

**As of 2022-2
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	1.000	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	1.000
150-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
144-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
138-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
132-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
126-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
120-Ult	0.998	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
114-Ult	1.006	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.038
108-Ult	1.011	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.092
102-Ult	1.016	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.165
96-Ult	1.016	1.001	1.000	1.000	0.999	1.000	1.000	1.000	1.175
90-Ult	1.019	1.001	1.000	1.000	0.999	1.000	0.997	1.000	1.167
84-Ult	1.021	1.001	0.999	0.999	0.999	1.000	0.997	1.000	1.143
78-Ult	1.035	1.001	1.011	0.999	0.999	1.000	0.996	1.000	1.091
72-Ult	1.043	1.001	1.012	0.999	0.999	0.999	0.996	1.000	1.029
66-Ult	1.058	1.001	1.015	0.999	0.998	0.999	0.995	1.000	0.970
60-Ult	1.081	0.999	1.026	0.998	0.999	1.001	0.992	1.000	1.041
54-Ult	1.118	0.999	1.024	0.997	0.998	1.000	0.990	1.003	1.090
48-Ult	1.167	0.997	1.042	0.998	0.997	0.999	0.989	1.002	1.112
42-Ult	1.227	0.996	1.045	0.998	0.997	0.998	0.989	1.001	1.166
36-Ult	1.329	0.996	1.054	0.997	0.997	0.998	0.988	1.003	1.319
30-Ult	1.473	0.995	1.066	0.996	0.998	1.000	0.986	1.003	1.642
24-Ult	1.723	0.996	1.055	0.990	0.999	1.000	0.977	1.000	2.582
18-Ult	1.989	1.021	1.140	0.984	1.001	0.997	0.962	1.007	3.739
12-Ult	2.343	1.079	1.253	0.917	0.999	0.986	0.925	1.001	7.261
6-Ult	3.163	1.492	1.443	0.885	1.057	1.008	1.019	1.003	10.436

As of 2022-2
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	1.000
150-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
144-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
138-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
132-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
126-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
120-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
114-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.048
108-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.048
102-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.898
96-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.789
90-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.730
84-Ult	0.997	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.826
78-Ult	0.995	1.000	1.000	1.000	1.000	1.000	0.999	0.999	0.770
72-Ult	0.994	1.000	1.000	1.000	1.000	1.000	0.999	0.999	0.712
66-Ult	0.993	1.000	0.999	1.000	1.000	1.000	0.999	0.999	0.631
60-Ult	0.990	1.000	0.999	1.000	1.000	1.000	0.999	0.999	0.587
54-Ult	0.988	1.000	0.999	1.000	1.000	1.000	0.999	0.999	0.572
48-Ult	0.984	1.000	0.999	1.000	1.000	1.000	0.999	0.999	0.538
42-Ult	0.981	1.000	0.998	0.999	1.000	1.000	0.999	0.999	0.526
36-Ult	0.981	1.000	0.997	0.999	1.000	1.000	0.999	0.999	0.561
30-Ult	0.978	1.000	0.996	0.997	1.000	1.000	0.997	1.000	0.711
24-Ult	1.002	0.996	0.993	0.993	1.003	1.001	0.990	1.003	1.059
18-Ult	1.027	1.006	0.991	0.986	1.006	1.000	0.979	1.005	1.280
12-Ult	1.032	1.025	0.982	0.932	1.007	1.000	0.924	1.004	1.477
6-Ult	1.159	1.245	0.933	0.801	1.040	1.019	0.838	1.022	3.283