

P05 – Review of Automobile Insurance Premium & Trends

Policy

The Automobile Insurance Rate Board (AIRB) conducts a transparent review of automobile insurance trends and premiums in accordance with the legislation.

Authority

The AIRB's authority is provided under the Automobile Insurance Premiums Regulation (Premiums Regulation). The Premiums Regulation, section 9, requires the AIRB to conduct an annual review of automobile insurance trends and premiums relating to basic coverage and additional coverage for private passenger vehicles. The Premiums Regulation requires the review consider the following on an industry wide basis:

- (a) Loss costs, as that term is understood by the AIRB,
- (b) Administrative expenses, including commissions, taxes and general expenses,
- (c) Profitability,
- (d) Other matters recommended by the Superintendent and approved by the AIRB, and
- (e) Any other matters the AIRB considers appropriate.

The AIRB is also required to publish a preliminary report of its findings and invite comments from automobile insurance industry and the public. A final report must be published by September 30 each year and include:

- (a) The AIRB's findings,
- (b) A report of the consumer perspectives.
- (c) The AIRB's responses to comments received from the automobile insurance industry and the public,
- (d) The target for profitability for the following year, and
- (e) The target for administrative expenses for the following year.

Procedures

The AIRB conducts an annual review of automobile insurance trends and premiums for both private passenger and commercial vehicles. In addition, the AIRB conducts a semi-annual review for private passenger vehicles.

Annual Review Private Passenger Vehicles

The AIRB conducts an annual review of automobile insurance trends and premiums related to all coverages for private passenger vehicles. The annual review includes seeking input from the automobile insurance industry and the public.

- The annual review considers data to December 31 of the prior year to update loss cost trends to reflect the most current available experience.
- The AIRB's consulting actuary conducts a review based on data submitted to the General Insurance Statistical Agency and presents its preliminary findings to the AIRB in June.
- The AIRB consulting actuary will provide a report to the AIRB on:
 - Loss cost trends (past and future),
 - Target profitability (as set by the AIRB), and
 - Average administration expenses for most current available year.

- The AIRB reviews the consulting actuary's report and posts it on the AIRB website and invites comments.
- AIRB will reviews comments received, amends the preliminary report, and publishes its findings and an industry benchmark schedule, effective October 1.
- The AIRB issues a final report (for private passenger annual review only) no later than September 30 of each year in accordance with the Premiums Regulation. This report provides benchmarks for ratemaking components for filings submitted on or after October 1 up to and including March 31 of the following year. AIRB reviews submissions and amend the preliminary report and publish its findings.

Annual Review Commercial Vehicles

The AIRB conducts an annual review of automobile insurance trends and premiums related to all coverages for commercial vehicles. The annual review includes seeking input from automobile insurance industry and the public. The process is the same as for PPV.

Semi Annual Review – Private Passenger Vehicles Only

The AIRB conducts a semi-annual review of automobile insurance trends and premiums related to all coverages for private passenger vehicles each January. The process is generally the same as for the Annual Review, considering data through to June 30 of the prior year to update loss cost trends to reflect the most current available experience.

Benchmarks for the semi-annual review are effective from April 1 to September 30 each year.

Approved by the AIRB: June 27, 2014; Effective July 1, 2014

Amended by the AIRB: November 27, 2020; Effective January 1, 2021

Amended by the AIRB: January 30, 2026; Effective February 1, 2026