

Bulletin to COM Insurers

Commercial Vehicle Benchmark Schedule

Effective October 1, 2024

Bulletin 07-2024

September 27, 2024

Purpose

The Automobile Insurance Rate Board (AIRB) is issuing this Bulletin to advise all commercial vehicle insurers operating in Alberta the 2024 Annual Review of commercial vehicle experience has been completed based on data to December 31, 2023. The AIRB has approved the commercial vehicle Industry Benchmark Schedule (Schedule), effective October 1, 2024. 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, a practice which has continued.

On June 21, 2024, the AIRB shared the preliminary report for the 2024 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, 2023, the AIRB approved the 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 commercial vehicle 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 – Commercial Vehicle - effective October 1, 2024

2024 Annual Review Industry Benchmarks Schedule – Commercial

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	+7.0%
Property Damage	-0.3%
Direct Compensation for Property Damage	+0.0%
Accident Benefits	+2.9%
Collision	-0.2%
Comprehensive	+3.9%
All Perils	+1.0%
Specified Perils	+3.9%
Underinsured Motorist	+7.7%

Other Benchmarks

Other Benchmark	Selected Benchmark
Health Cost Recovery	Current ¹
Operating Expenses	27.80%
Unallocated Loss Adjustment Expenses (ULAE)	1.123
Profit Provision	6.00%

¹ 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 Commercial Vehicles (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	1.000	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	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000
114-Ult	1.008	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.024
108-Ult	1.011	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.071
102-Ult	1.018	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.131
96-Ult	1.019	1.001	1.000	1.000	0.999	1.000	1.000	1.000	1.145
90-Ult	1.021	1.001	1.000	1.000	0.998	1.000	0.997	0.991	1.140
84-Ult	1.020	1.001	0.995	0.999	0.998	1.000	0.997	0.991	1.118
78-Ult	1.032	1.001	1.007	0.999	0.998	0.999	0.997	0.991	1.067
72-Ult	1.037	1.005	1.009	0.999	0.998	0.999	0.997	0.991	1.024
66-Ult	1.057	1.005	1.016	0.999	0.998	0.999	0.995	0.991	0.970
60-Ult	1.072	1.018	1.032	0.998	0.999	1.001	0.992	0.991	1.041
54-Ult	1.111	1.018	1.032	0.998	0.998	1.000	0.991	0.993	1.051
48-Ult	1.155	1.017	1.045	0.999	0.998	0.999	0.990	0.993	1.074
42-Ult	1.218	1.017	1.049	0.998	0.997	0.999	0.990	0.992	1.125
36-Ult	1.323	1.016	1.074	0.997	0.997	0.998	0.989	0.994	1.290
30-Ult	1.476	1.017	1.078	0.995	0.999	1.001	0.986	0.993	1.625
24-Ult	1.738	1.032	1.048	0.986	1.001	1.002	0.977	0.992	2.586
18-Ult	2.029	1.059	1.132	0.973	1.006	1.007	0.960	1.000	3.686
12-Ult	2.408	1.128	1.233	0.931	1.005	1.001	0.923	0.996	8.499
6-Ult	3.408	1.600	1.439	0.898	1.081	1.029	1.067	1.014	10.745

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	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	1.000
108-Ult	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
102-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.879
96-Ult	0.999	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.930
90-Ult	0.998	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.883
84-Ult	0.997	1.000	0.999	1.000	1.000	1.000	1.000	1.000	0.883
78-Ult	0.996	1.000	0.999	1.000	1.000	0.999	1.000	0.999	0.829
72-Ult	0.994	1.000	0.999	1.000	1.000	0.999	1.000	0.999	0.785
66-Ult	0.991	1.000	0.999	1.000	1.000	0.999	1.000	0.999	0.680
60-Ult	0.988	1.000	0.999	1.000	1.000	0.999	0.999	0.999	0.660
54-Ult	0.987	1.000	0.999	1.000	1.000	0.999	0.999	0.999	0.619
48-Ult	0.984	0.999	0.999	1.000	1.000	0.999	0.999	0.999	0.571
42-Ult	0.979	0.999	0.999	0.999	1.000	0.999	0.999	0.999	0.547
36-Ult	0.977	0.999	0.997	0.999	1.000	0.999	0.999	0.999	0.583
30-Ult	0.967	0.999	0.994	0.998	1.000	1.000	0.998	1.000	0.721
24-Ult	0.982	0.998	0.986	0.994	1.003	1.000	0.989	1.003	1.102
18-Ult	1.006	1.006	0.981	0.979	1.007	0.999	0.975	1.007	1.307
12-Ult	1.008	1.021	0.970	0.921	1.007	0.998	0.922	1.007	1.438
6-Ult	1.138	1.215	0.921	0.815	1.040	1.016	0.827	1.032	3.020