

Bulletin 04-2017

Date: May 15, 2017

Bulletin to All Stakeholders

Employee/Staff Discount

The Automobile Insurance Rate Board (AIRB) is issuing this Bulletin to advise all automobile insurers operating in Alberta that effective May 15, 2017, the Board will prohibit the inclusion of excessive employee/staff discounts in rating algorithms.

Background:

The intended purpose of a discount is to reward better risks, reflect lower underwriting expenses or encourage safer driving. It is the Board's view that an employee/staff discount is more of an employee benefit as it differs from the rationale listed above. An Employee/staff discount is generally offered at a higher level than what the expected loss cost for this group represents. The Board's concern is not with the use of this discount but rather how it is funded. If the discount is actuarially supported then it may be included in the algorithm. If not, the difference between the discount level and the underwriting expense savings should be funded through insurer's capital. The treatment of any excessive employee/staff discount should be the same as other un-filed discounts when submitting any rate filings.

The Process:

The AIRB requests that all insurers confirm to the AIRB by June 30, 2017 as to whether they offer an employee/staff discount and if so, what percentage of discount is being offered. Insurers must demonstrate compliance to this Bulletin in their next filing submitted to the AIRB.

Should you have any questions relating to this Bulletin, please contact our office at (780) 427-5428 or by email vivian.cao@gov.ab.ca or kimberley.kern@gov.ab.ca.

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