

P05 Annual Review

Policy:

The Board will conduct a transparent [annual review](#) process in accordance with the legislation.

Procedure:

- The annual review will include input from all stakeholders including industry, public and the consumer representative.
- The annual review will include an open meeting scheduled in August to consider data to December 31 of the prior year.
- The Board will issue a report no later than September 30 of each year in accordance with the Regulation. The conclusions of this report will provide guidelines for ratemaking components for filings submitted on or after October 1 up to and including March 31 of the following year. The annual review process will be as follows:
 - May – the AIRB will advertise its open meeting
 - June – the AIRB consulting actuary will provide a report to the AIRB on:
 - Loss cost trends (past and future),
 - Target profitability (as set by Board), and
 - Average administration expenses for most current available year.
 - Board will review the consulting actuary's report
 - Board will post the consulting actuary's report on the AIRB website (airb.alberta.ca)
 - Board will invite stakeholder comments
 - Stakeholders will have 30 days' to forward submissions to the Board
 - Board will hold an Open Meeting in August with presentations from the AIRB's consulting actuary, stakeholders and Consumer Representative
 - Board will review submissions and amend the preliminary report and publish its findings. The final report will include:
 - Loss cost trends (past and future),
 - Target profitability,
 - Average administration expenses for most current available year,
 - Consumer Representative's report, and
 - Board responses to stakeholders' comments.
 - GRID base premiums adjustments will take effect on January 1 of each year

Note: a schedule will be posted annually to the AIRB website (airb.alberta.ca) outlining specific dates for the above.

Authority:

Automobile Insurance Premiums Regulation

Annual review

9(1) *The Board must, in accordance with its policies and procedures, conduct an annual review of automobile insurance trends and premiums relating to basic coverage and additional coverage for private passenger vehicles.*

- (2) *The review must consider, on an industry-wide basis,*
- (a) *loss costs, as that term is understood by the Board;*
 - (b) *administrative expenses, including commissions, taxes and general expenses;*
 - (c) *profitability;*
 - (d) *other matters recommended by the Superintendent and approved by the Board;*
 - (e) *any other matters that the Board considers appropriate.*

(3) *The Board must publish a preliminary report of its findings of the review.*

(4) *Following publication of its preliminary report, the Board must invite comment from insurers, the consumer representative and the public and must give at least 30 days for any comments to be provided.*

(5) *The Board must publish a final report of its findings by September 30 of each year.*

6) *The final report must include*

- (a) *the Board' s findings on the matters referred to in subsection (2),*
- (b) *a report of the consumer representative,*
- (c) *the Board' s responses to comments received from the automobile insurance industry, the consumer representative and the public,*
- (d) *the target for profitability for the following year, and*
- (e) *the target for administrative expenses for the following year.*

(7) *In addition to, or as part of, an annual review referred to in subsection (1), the Board must also conduct an open meeting each year, in accordance with the Board ' s policies and procedures, to receive comments from the automobile insurance industry, the consumer representative and the public.*

Approved by the Board: June 27, 2014

Effective Date: July 1, 2014

Approved:

original signed
Honourable Doug Horner
President of Treasury Board
Minister of Finance

Date: July 22, 2014