



May 28, 2010

Alberta Automobile Insurance Rate Board
Terrace Building, Room 200
9515 – 107 Street
Edmonton, Alberta T5K 2C3

Thank you for the opportunity to express Aviva's views on the issues related to the annual adjustment.

Mandatory Industry-wide Adjustment

Aviva acknowledges and supports the Alberta Insurance Rate Board's jurisdiction in regulating auto insurance in general, and the mandatory coverage portion of private personal auto in particular. Aviva has no issue with the Alberta Insurance Rate Board's providence in setting the Grid rates. However, Aviva does not see the rationale in the broad stroke method currently employed for setting the mandatory coverage rates for each individual company in Alberta. Aviva would be receptive to the Board employing its File & Approve system when dealing with the coverage rates for individual companies, subject to the Grid rate cap.

Impact of Removing the Minor Injury Regulation Cap

Aviva is concerned that action may be taken to retroactively address rates as a result of the minor injury cap being removed, and subsequently replaced. Aviva's actions with regard to removing the cap were detailed in our letter dated April 30, 2010 that was in response to your request in a letter dated April 19, 2010.

As you are aware, ratemaking is a prospective exercise with rates being set in order to meet expected future claims. In addition, each company likely addressed cap issues in a different manner. In this light, it would not make sense to impose an industry-wide adjustment to address this issue, as each company would have its own unique circumstances.

Once again, I would like to thank the Board for the opportunity to express Aviva's views on issues related to the annual adjustment.

Respectfully yours,

Per: 

Grant Miner, FCIP BComm
Senior Vice-President, Western Canada