

NEW GOVERNMENT DATA SHOWS AUTO INSURANCE CLAIM COSTS DECREASING NEW INFORMATION A SERIOUS BLOW TO INDUSTRY CLAIMS OF OUT-OF-CONTROL COSTS

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Edmonton, AB: New data released by the Alberta government shows that, in major areas, auto insurance claim costs are decreasing, dealing a significant blow to the credibility of insurance industry claims that out-of-control costs are driving rising premiums for drivers.

For several months, the insurance industry has claimed that the Alberta auto insurance market is in crisis, blaming everything from bodily injury claims to car repairs for rising costs, but a new report released by the Alberta Automobile Insurance Rate Board (AIRB) shows claim costs for insurers in major areas to be declining. The [‘Semi-Annual Review of Industry Experience’](#) released by the AIRB on January 31st shows declining insurer costs for bodily injury claims, theft and property damage, and comprehensive and collision costs.

“This really should be the final nail in the coffin for the insurance industry’s sky-is-falling rhetoric,” said Mark Feehan, spokesperson for FAIR Alberta about the new government data.

“Their claims about out of control costs driving insurance hikes for drivers are absolutely, positively not true,” he added.

While some of the year over year claim cost decreases are stark, the government report prepared by consulting firm Oliver Wyman shows that for the past three years, claim costs in major areas have either declined or remain unchanged. FAIR Alberta has reviewed the report and it shows from the period of mid-2016 to mid-2019, in inflation-adjusted dollars, that bodily injury claim costs decreased 2.0%, property damage claims decreased by 5.3%, and that benefits paid out for comprehensive coverage have declined by 31.0%.

“When you factor in inflation, claim costs for Alberta’s insurance companies have actually decreased in the last three years,” said Feehan.

The new data released by the Alberta government comes on the heels of a report compiled by Craig A. Allen last month, a Canadian actuary based in New York, and released by FAIR Alberta, that found bodily injury claims costs are not skyrocketing in Alberta and that they had stabilized for the last three years, and even declined in the last year.

“There have been no real increases in claim costs over the last three years for Basic Coverage and for the major optional coverages offered for private passenger vehicles in Alberta. The findings by the government consultants for accidents beginning in mid-2016 are consistent with the results that I have obtained,” said Allen.

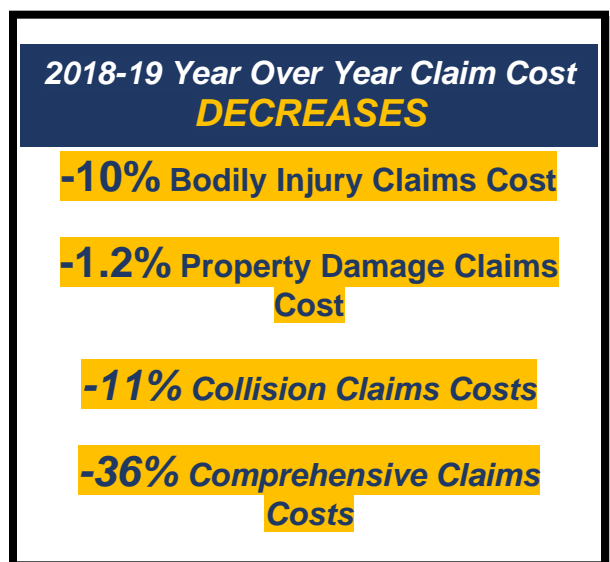
Overall, the new government report represents a significant blow to the credibility of insurance industry claims about what is driving skyrocketing premiums for Alberta drivers. Contrary to ongoing claims from insurers, it is not claim costs.

“There is nothing left for the industry to blame. It’s not bodily injury, it’s not expensive-to-repair cars, it’s not theft,” said Feehan. “It’s time to come clean and be transparent. These rate hikes are, and always have been about manufacturing a crisis so that insurers could drive government to make concessions, reduce consumer protections, and increase industry profits.”

The Alberta government appointed an advisory committee to review the automobile insurance system on Dec. 18th.

ABOUT FAIR ALBERTA

FAIR Alberta is a coalition of Albertans including concerned consumers, medical professionals, injured Albertans, and members of the legal community who are committed to protecting the rights of individuals that have been injured in motor vehicle accidents. FAIR works to ensure that the laws applying to injury victims are fair, that auto insurance companies are accountable to the premium paying public, and that individual Albertans receive fair compensation and appropriate treatment options for their injuries.



ANALYSIS OF AIRB REPORT

FAIR Alberta has studied the 'Semi-Annual Review of Industry Experience' released by the AIRB and inflation-adjusted all figures to 2016 dollars in order to test insurance industry claims of escalating costs in key coverage areas over the past three years. The analysis finds that, in most key areas, insurer claim costs have decreased.

All Figures in 2016 Inflation-Adjusted Dollars.

Accident Year July-June	Bodily Injury Loss Cost	Accident Benefits Loss Cost	Property Damage Loss Cost	Collision Lost Cost	Comp. Coverage Loss Cost	Basic Coverage Loss Cost	All loss cost average
2016-17	\$420	\$58	\$170	\$269	\$239	\$216	\$229
2017-18	\$426	\$65	\$177	\$278	\$167	\$222	\$221
2018-19	\$412	\$64	\$161	\$250	\$165	\$212	\$209
Pct Change, 3 years	-2.0%	+11.0%	-5.3%	-7.1%	-31.0%	-1.9%	-8.8%

Loss cost is average claim cost per vehicle.