

Bulletin 10-2018
October 31, 2018

Bulletin to all Private Passenger Vehicle Insurers

Grid Base Premiums Effective January 1, 2019

In accordance with the Automobile Insurance Premiums Regulation (regulation), Schedule 3, Section 3(1), the Automobile Insurance Rate Board (AIRB) may no later than October 1 each year, adjust the Grid base premiums based on the Annual Review completed under Section 9 of the regulation. In addition, in accordance with Schedule 3, Section 2 of the regulation, the AIRB must publish a table determining the base premium for a driver by the territory in which the policyholder resides and the choice of policyholders coverage on or before October 31 each year.

The AIRB recognizes the importance and impact of its decisions on the insurance industry and consumers, and when deciding on an adjustment to Grid base premiums we take a number of factors into consideration. In addition to stakeholder comments and analysis from our consulting actuary, Oliver Wyman, other factors considered include:

- Premium stability;
- Subsidization by the competitive market, if any;
- Risk sharing pool size and profitability;
- Impact on Grid population;
- AIRB 10% overall premium level cap;
- Ministerial Order 25/2017;
- Impact of the rate change on Grid; and
- Current Alberta market environment.

Based on the information available the AIRB made its decision and is issuing Order No. 01-2018 increasing the current Grid rate level by +5% effective January 1, 2019. The adjustment is in accordance with Schedule 3, Section 3(1) of the regulation.

Order 01-2018 includes the following table of base premiums for the Grid rating program in satisfaction of the requirements under Schedule 3, Section 2 of the regulation. All insurers must implement these premiums effective January 1, 2019.

Grid Base Premiums as of January 1, 2019

Policyholder's Choice of Coverage	Territory	
	Edmonton/Calgary	Rest of Alberta
\$200,000	\$2,339	\$1,870
\$250,000	\$2,412	\$1,930
\$300,000	\$2,463	\$1,971
\$400,000	\$2,550	\$2,040
\$500,000	\$2,612	\$2,091
\$750,000	\$2,670	\$2,137
\$1,000,000	\$2,750	\$2,201
\$2,000,000	\$2,998	\$2,399

Insurers must send an acknowledgement to the AIRB by December 1, 2018, verifying they have made provisions to comply with Order No. 01-2018. The order can be viewed on our website at <https://airb.alberta.ca/industry-information/communications/orders/>.

Sincerely,

"Original signed"

Laurie Balfour, MBA, CPA, CMA
Executive Director