

P08 GRID Premium – Basic Coverage

Policy:

The Board must review the base premiums for the Grid Rating Program for basic coverage on an annual basis. Where it is determined that an adjustment is required, the Board will post the adjusted Base Premium table on the AIRB website (airb.alberta.ca) on or before October 1, for implementation on January 1 of the following calendar year.

Procedure:

In determining whether an adjustment is necessary, the Board will consider the following:

- loss experience specific to the Grid
- loss experience for all private passenger vehicles
- ratemaking components
- any other matters the Board considers appropriate

The Board will consider the indicated change in premium level for the Grid rating program and any other pertinent factors to decide the actual adjustment. Other matters might include premium stability and how premium level is changing in the overall private passenger market.

The decision will be released on or before October 1 for implementation the following January 1st.

Background:

The [Grid Rating Program](#) was developed to set maximum premiums that insurance companies can charge for basic coverage for any driver profile. Many drivers with limited experience are capped by the Grid. Insurance companies must compare a driver's premium under their current rating program to a driver's premium on the Grid and charge the lesser of the two premiums.

Authority:

Premiums Regulation

Schedule 3

Base premium adjustment

3(1) *On or before October 1 in each year, the Board may adjust the base premium based on the annual review conducted under section 9 of the Regulation.*

(2) *In making an adjustment, the Board must ensure that the base premium for the rest of Alberta territory is 20% less than for the Edmonton or Calgary territory.*

(3) *An adjustment made under subsection (1) is effective the following January 1.*

(4) *Information about the adjustments made under subsection (1) must be made publicly available in a manner satisfactory to the Superintendent.*

Approved by the Board: June 27, 2014

Effective date: July 1, 2014

Approved:

original signed
Honourable Doug Horner
President of Treasury Board and

Date: July 22, 2014

Minister of Finance