

Alberta's Grid System

“ Only 8.8% of Alberta drivers are Grid rated, as of June 2024 ¹ ”

To protect Albertans, the AIRB sets the maximum price insurers can charge for mandatory coverage, called the Grid premium. Insurers are required to charge the lower of their premium and the Grid premium. There is no cap on optional coverages.

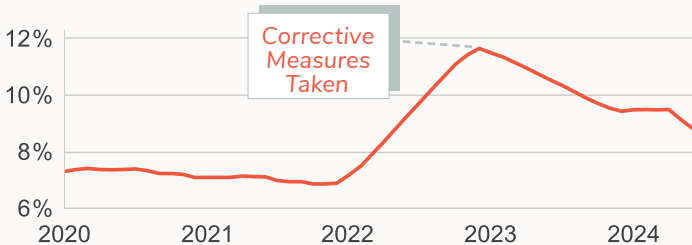
The Grid premium is determined by the driver's liability limit, driving experience, location, and convictions.

$$\text{Grid Premium} = \text{Base Premium} \times \frac{\text{Liability Limit}}{\text{Limit}} \times \frac{\text{Driving Experience}}{\text{Experience}} \times \text{Location} \times \text{Convictions}$$

Who the Grid Protects

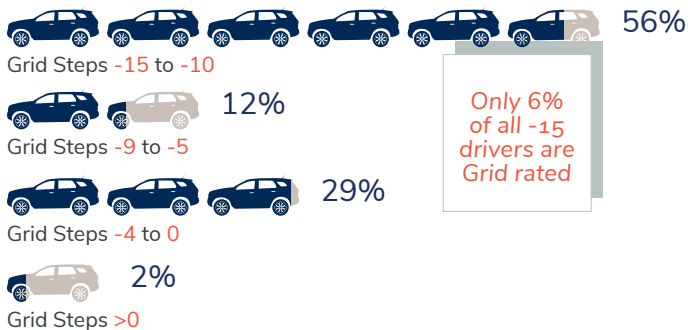
Each Albertan is assigned a "Grid step" of zero when they first acquire their license. For each year without an at-fault claim, they move down one Grid step. Drivers with driver training are assigned an initial step of -2. Each at-fault accident moves a driver up five Grid steps.

All Alberta drivers have a Grid step, but the goal is to have as few people rated on the Grid as possible. Historically, 7-8% of Albertans are Grid rated each year.



The Grid is largely composed of new drivers, -4 to 0, and experienced drivers, -15 to -10, but young drivers are more likely to be capped.

Distribution of Grid Rated Vehicles ²



¹ 12-month rolling total, IBM Canada

² GISA Auto 1201 exhibit. Vehicles are defined as sum of vehicles with third-party liability which are Grid rated.

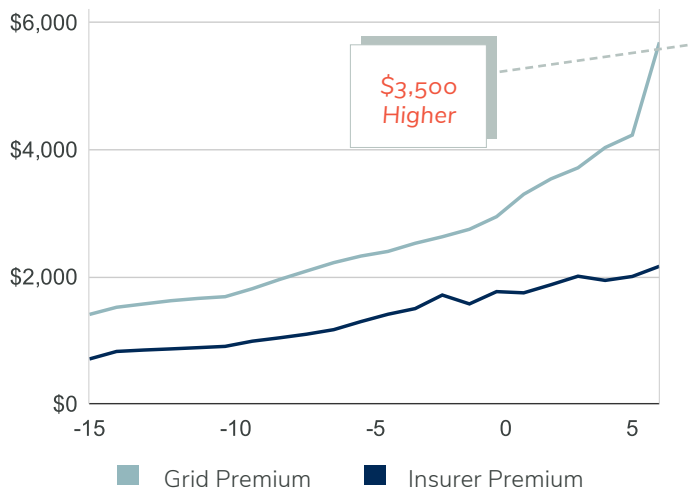
³ An actuary is a professional who determines the appropriate price for insurance given the history of losses.

Experience Changes Premiums

Drivers with a Grid step \geq six have had multiple at-fault accidents, and the Grid premium is significantly higher for these drivers than the insurer's premium.

“ Alberta's Grid system holds "bad" drivers accountable ”

Meanwhile drivers with multiple years of clean driving experience pay a significantly lower premium, as a reward for their clean driving experience.



Premiums Are Stable & Transparent

Each year, we increase or decrease the Grid premium according to recommendations from our independent actuary ³.

“ Since 2019, Grid premiums have grown 8.3%, while insurer premiums have grown 28.7% ”

When the government implemented cost-saving reforms, we reduced the rates in 2022 to reflect reforms while industry did not, leading to Grid rates being more competitive than they are intended to be, and a growth in the number of Grid rated vehicles.

