



Frequently Asked Questions 2026 Good Driver Rate Cap (Ministerial Order 33/2025)

The application of the Good Driver Rate Cap Scenarios still apply under [Ministerial Order 33/2025](#), refer to [Frequently Asked Questions \(ministerial Order 38/2023\)](#). (This FAQ Replaces FAQ for MO 24/2024).

Note: The Questions and Answers are being updated as information is available.

1. Which Ministerial Order is in effect?

Ministerial Order 38/2023 was rescinded and replaced with Ministerial Order 24/2024, effective January 1, 2025. Ministerial Order 24/2024 was rescinded and replaced with Ministerial Order 33/2025 effective January 1, 2026.

2. Has the definition of a “Good Driver” changed?

Yes, Ministerial Order 33/2025 defines a “Good Driver” as a driver who, irrespective of their number of years of driving experience, on the inception date of the renewal of their auto insurance policy, does **not** have:

- i. any at-fault claims in the previous six years,
- ii. any criminal code convictions in the previous four years,
- iii. any major convictions in the previous three years, and
- iv. **any** minor convictions in the previous three years.

3. Have the exceptions, where a “Good Driver” may see an increase over the threshold changed?

No, there are no changes to the exceptions. The rate cap for “Good Drivers” does not apply to:

1. an insured whose risk profile has materially changed by:
 - a) moving from one rating territory established by their insurer to another, where the new rating territory poses a higher overall risk rating for all coverages combined,
 - b) adding or substituting a vehicle on the insured’s policy,
 - c) the insured having significantly modified their existing insured vehicle in a manner that materially increases the risk of the original vehicle that was insured; or
 - d) adding a new driver to their insurance policy who has a worse driving record or a higher overall risk rating than the policyholder,
2. new business; or
3. the Grid base premium for basic automobile insurance coverage established by the Automobile Insurance Rate Board (bodily injury, property damage tort, and accident benefits).

4. What is the threshold under Ministerial Order 33/2025?

The Ministerial Order 33/2025 states the AIRB may not approve any change to an insurer’s rating program for private passenger vehicles (PPV) that results in a rate increase in any one calendar year of more than 5% for any individual policyholder who meets the definition of a “good driver”.

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And it provides for rate increase for catastrophic losses, with an additional rate of 2.5% for the period January 1 to December 31, 2026.

Therefore, the total rate cap for good drivers is **+7.5% for 2026**.

5. Why was a threshold for catastrophic losses added in MO 24/2024, and why does it still apply in 2026?

To recognize the cost pressures PPV insurers experienced with recent catastrophes and enable increased premiums to address rate deficiencies. These cost pressures still exist, so it has been maintained for 2026.

6. How is catastrophic loss defined?

It is defined as any one event or incident that results in total insured losses of \$30 million or more collectively amongst all insurers.

7. Will the catastrophe rider apply in 2026?

Yes, the Ministerial Order continues to include provision for a catastrophe rider.

8. Do the FAQ from Ministerial Order 38/2023 still apply under Ministerial Order 33/2025 for 2026?

Yes, any of the application scenarios would still apply under the new Ministerial Order, however frequency of rate change does not apply. Refer to the previous FAQ on our website.

9. Does the AIRB Bulletin 10-2023 still apply?

No, the AIRB has rescinded the Bulletin as the new Ministerial Order includes a maximum rate change of +12.5%. However, insurers should be advised the AIRB will continue to monitor segmentation changes which result in drivers who do not meet the definition of “good driver”, or new business customers, being charged a premium which is unreasonable or unjustified, and will not approve any unreasonable changes to an insurers upper threshold for internal rate capping.

10. Are Insurers required to provide additional dislocation reporting for the Good Driver Rate cap in 2026?

Yes, we need to collect data on the number of exposures expected to be covered in 2026, so we can compare to the data collected in 2024 and 2025. The spreadsheet is available on our [website](#).

11. How often can an insurer file to change their rating program under the current Ministerial Order?

Ministerial Order 33/2025 states any rate increase approved by the AIRB (under the Rate Increases for Good Drivers, or Rate Increases for Catastrophic losses sections) must not come into effect for renewal business until at least 12 months have elapsed since the insurer’s last rate increase came into effect under Ministerial Order 24/2024. This means the AIRB will only approve a rate filing with a rate impact **one time** per 12-month period based on renewal business implementation date. Any subsequent filings following a rate level increase must be revenue neutral or result in negative rate level impact, assessed by coverage.

12. What is the effective date of the Ministerial Order? Is this something insurers can implement immediately or is it on the anniversary of the introduction of the GDRC?

The effective date of the MO 33/2025 is January 1, 2026. The earliest insurers can file to adopt the new definition is on or after the 12-month anniversary date of their last GDRC implementation.

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13. A recent publication from the government states the good driver cap of 7.5% was extended to 2026 so no change next year for the cap itself. However, it also states the definition of a good driver is changing and now requires drivers to have no minor traffic convictions within the past three years, in addition to meeting existing criteria. The previous criteria was no more than one minor conviction. This will lead to less drivers meeting the criteria. My question is, can we implement this definition change effective on January 1, 2026, or do we have to wait 12 months after our implementation of the latest cap?
Refer to FAQ #12.
14. Are insurers allowed to raise their internal capping boundary to help with the backlog of residual rates? What's the appetite?
MO 33/2025 states the AIRB will not approve any unreasonable changes to an insurers upper threshold for internal rate capping. All rate level proposals will be carefully reviewed on an insurer-by-insurer basis. Insurers will consider the impact of changes to their rating program on non-good drivers. Any rate increase must be justified, and subsidization for good drivers is not justifiable. Upper capping threshold cannot increase more than 5% during the period where the GDRC applies (2023-2026).
15. What filing type is required for implementation of the +12.5% on an overall book of business basis?
All filings for PPV will be on a file and use basis, the AIRB's updated filing guidelines clarify the threshold for file and use during the period Ministerial Order 33/2025 is in place.
16. Will we be able implement the changes for good driver eligibility on January 1, 2026?
Refer to FAQ #12.
17. Will the 12 months rule currently in place continue to stay?
Yes, Refer to FAQ #11.
18. What is the effective date for the good driver definition change?
Refer to FAQ #12.
19. Since the overall rate filing level is increased from 10% to 12.5% for 2026, will the threshold for file and use be increased as well?
Refer to FAQ #15.
20. If we just got approved for a +10% rate level change under Ministerial Order 24/2024, can we file to for approval to implement the residual +2.5%?
No, the rate approval for +10% under Ministerial Order 24/2024 can not be increased until the 12-month period has passed. In fairness to all insurers, a 12-month period between rate changes will be maintained.
21. Can we change our underwriting rules for eligibility of Section C coverage to match the definition of Good Driver Rate Cap?
No, insurers who have limited access to Section C coverage (i.e. collision and comprehensive) may not further reduce access by aligning with the GDRC.

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