



## Frequently Asked Questions

### Grid Rating System Repeal January 1, 2027

- 1. How will the Grid Rating System be phased out?**

All policies – new business or renewal issued on or after January 1, 2027, will no longer have a Grid rate level or be subject to the Grid rating system.
- 2. How will mid term policy changes be handled in 2027, when the initial renewal was done in 2026 and either the renewal or the policy change has a Grid rated driver?**

No change on how insurers have handled mid term policy changes in the past. Continue your current process using the premiums in force at renewal for any mid term policy change where renewal rates apply. If the policy is re-written in 2027 then the Grid would not apply.
- 3. How should insurers determine the accurate Grid step and premium for mid term changes in 2027?**

The AIRB's Grid Calculator and Grid Guidance will remain throughout 2027, and premiums and Grid steps should be developed in accordance with the AIRB's guidance as is the case pre-2027.
- 4. What is a customer would receive a lower rate if they requested their policy be cancelled and re-written in 2027 given with the transition to Care First the premium is expected to be lower than Grid premiums as of December 31, 2026?**

The insurer should offer the policy be re-written as new business if requested.
- 5. What is the expectation for Grid rated risks on renewal post January 1, 2027, after the Grid is repealed?**

All policies renewed in 2027 will reflect Care First pricing at insurance company rates. Insurers are expected to consider how their rating program prices new or inexperienced drivers under Care-First and to update their Direct Compensation for Property Damage (DCPD) rating programs in advance of January 1, 2027, to ensure the premiums are fair and reasonable.

### Risk Sharing Pools After January 1, 2027

- 6. Will there be a change to the limit for ceding risks to the Risk Sharing Pool after January 1, 2027?**

All questions on the Risk Sharing Pool should be directed to the Facility Association at <mailto:ms@facilityassociation.com>.
- 7. What will happen to the Grid Risk Sharing Pool following the repeal of the Grid?**

All questions on the Risk Sharing Pool should be directed to the Facility Association at <mailto:ms@facilityassociation.com>.

### Premium Change as a Result of Care-First implementation

- 8. Will premiums for accident benefits will be impacted from a rating perspective on fault and not at fault for the accident?**

The Superintendent of Insurance has announced the repeal of Bulletin 06-2019 effective December 31, 2026. This change is to ensure the premiums reflect the risk of the driver. Insurers will be permitted to rate for at fault accidents or its proxies on accident benefits coverage. Refer to Filing Guidance for further information.

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**9. How will premiums change under Care First?**

Refer to the Care-First Actuarial Costing report for information on how the claims cost and premiums are expected to change under Care-First.

**10. Will premiums decrease for insurers and customers?**

The Care-First Actuarial Costing report shows Care-First reduces private passenger vehicle injury costs by an average of \$500 per vehicle compared to today's tort system.

This doesn't mean drivers are going to see their premiums decrease by \$500 at renewal, because some savings will be offset as insurers address long-standing pricing gaps. Still, the net result is an average savings of \$258.

**11. Why are motorcycle premiums higher under Care-First?**

The Care-First Actuarial Costing report shows the average motorcycle premium under Care-First will be \$920.24, compared to \$413 today. Today, motorcycle insurance costs are largely driven by the cost of damage and injury claims involving other people, which tend to be lower. Under Care-First, coverage shifts to providing greater support for injured riders. Because motorcycle collisions often result in more serious injuries, the cost of providing enhanced injury benefits is expected to increase premiums.

Under Alberta's current tort system, accident benefits are limited (for example, \$50,000 over two years). Under Care-First, benefits are much more generous. This is consistent with other jurisdictions with more robust accident benefits. For example, average motorcycle premiums in Ontario are about \$1,051.

**Top-up Endorsement**

**12. If a customer with an existing policy wants to add top up coverage, will the customer be required to cancel the current policy and have the insurer issue a new one?**

The customer would need to cancel and have the insurer reissue the policy under a Care First policy and rating structure. The Top-up Standard Endorsement Form is only available under Care-First so insurers would not be able to provide the additional coverage on existing policies.

**13. Are insurers permitted to restrict top-up endorsement availability (e.g. due to claims/convictions)?**

Insurers offering the top-up endorsement, the insurer may develop underwriting rules for the availability of the endorsement. Any underwriting rules or guidelines are required to be filed with the AIRB.

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