

## **P06 – Grid Base Premium – Basic Coverage**

### **Policy**

The Grid Rating Program (Grid) was developed to set maximum premiums that insurers can charge for basic coverage for any driver profile. Insurers must compare a driver's premium under their current rating program to a driver's premium on the Grid for basic coverage and charge the lesser of the two premiums.

The Automobile Insurance Rate Board (AIRB) must review the base premiums for the Grid for basic coverage on an annual basis. Where it is determined that an adjustment is required, the AIRB will post the adjusted Base Premium table on its website ([albertaaairb.ca](http://albertaaairb.ca)) on or before October 1, for implementation on January 1 of the following calendar year.

### **Authority**

Automobile Insurance Premiums Regulation, section 1(i) – “grid” means the grid established by the Board.

### **Procedures**

- Each year, as part of the annual review process, the AIRB will review the loss experience of the Grid and consider if an adjustment to the base premium for the Grid is required.
- In determining whether an adjustment to the base premium for the Grid is necessary, the AIRB will consider the following:
  - Loss experience specific to the Grid;
  - Loss experience for all private passenger vehicles;
  - Ratemaking components (refer to P-04 Automobile Insurance Rating Program Approvals);
  - The indicated change in premium level for the Grid;
  - Any other pertinent factors the AIRB considers appropriate such as premium stability and how premium level is changing in the overall private passenger market.
- The AIRB must ensure any adjustment to the base premium for the rest of Alberta territory is 20% less than for the Edmonton or Calgary territories.
- Decisions made to adjust the base premium for the Grid will be released on or before October 1 for implementation the following January 1.

**Approved by the AIRB:** June 27, 2014; Effective July 1, 2014

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