



# Technical Guidance for Change in Rates & Rating Programs

This document provides additional technical guidance for insurers to use when developing a filing for submission to the AIRB. The guidance includes requirements previously issued under circulars or bulletins which are still in force. The guidance is applicable to all classes of business, unless otherwise indicated.

The AIRB recommends insurers refer to this document prior to the submission of a filing to ensure they are working with the most recent version. Note the guidance appears in alphabetical order in this document. The date a section is updated is noted for ease of reference.

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## **Accident Benefit Claims** (Updated October 1, 2025)

Insurers must not use accident benefits claims to determine premium on any rating program effective prior to January 1, 2027

## **Acquisitions or Mergers** (Updated November 2, 2023)

Insurers proposing the full or partial harmonization of rating programs due to an acquisition or merger can submit a non-actuarial prior approval filing for PPV, motorcycles, commercial and interurban. The AIRB may permit file and use for Other than PPV vehicle types. The initial filing must propose a revenue neutral impact on overall rate level for each insurer. The insurer must include a description as to how they will adjust the rating programs, any interim steps to full

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harmonization and dislocation tables for each insurer in the filing documentation. Prior to developing an acquisition filing, the insurer should contact the AIRB to discuss.

### **At-Fault and Not At-Fault Claims** (Updated October 1, 2025)

Insurers are required to comply with [Superintendent's Bulletin 06-2019](#). This bulletin provides advice on the manner in which not at-fault and at-fault claims/accidents may be used as a rating variable in determining private passenger automobile (PPV) insurance premiums and/or in determining eligibility for coverage.

This bulletin is being rescinded effective January 1, 2027.

### **Cannabis** (Updated February 24, 2023)

Insurers are not allowed to adjust their rating programs or actuarial assumptions to reflect the legalization of recreational use of cannabis.

### **CLEAR Vehicle Rate Group Tables** (Updated January 7, 2022)

Since 2015, the AIRB reviews and approves the CLEAR Vehicle Rate Tables (CLEAR) for use in Alberta annually. The AIRB anticipates approving CLEAR prior to September 30th each year. Insurers can submit a filing to adopt the most recent CLEAR once it is made available through the Insurance Bureau of Canada. The AIRB will notify insurers if the CLEAR for any given year is not approved. Insurers should refer to the Filing Guidelines for requirements related to the adoption of CLEAR.

### **Convictions and Surcharges** (Updated January 9, 2025)

#### **General Conviction Information**

- Insurers may include minor, major and criminal code convictions in their rating programs to determine premiums based on risk. Only moving violations related to the safe operation of a motor vehicle or convictions the AIRB deems appropriate may be included in the insurer's rating program.
- Insurers are not permitted to determine premium based on convictions for the comprehensive portion of all perils, comprehensive or specified perils coverage.
- Insurers must file and obtain approval for any adjustments to surcharge level, reclassification, or addition of a conviction. Rationale and justification must be provided to the AIRB for review with the filing.
- Insurers must use the conviction date in determining whether a conviction is surchargable, based on the timelines for the appropriate conviction type:
  - for major convictions on a driver's abstract within the 3 years before the effective date of basic coverage or renewal of basic coverage;
  - for minor convictions on a driver's abstract within the 3 years before the effective date of basic coverage or renewal of basic coverage;
  - for criminal code convictions on a driver's abstract within the 4 years before the effective date of basic coverage or renewal of basic coverage.
- Refer to the permissible convictions under each category under definitions.

#### **Minor and Major Convictions**

- Convictions under the Traffic Safety Act (TSA) or the Use of Highway and Rules of the Road Regulation (ROR), may be used after a specified threshold of conviction frequency has been reached within the most recent three-year period.
- Stunting may only be surcharged as minor conviction.

The following convictions are prohibited from being surcharged:

- Operator's Licenses (TSA 51).
- Failing to give name and license number to the police or any other person entitled to such information (TSA 69(1)(c), 167(1)).
- Failing to notify owner of an unattended vehicle damaged in accident (TSA 69(2)(a)).

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- Failing to notify owner of property damaged in accident (TSA 69(2)(b)).
- Failing to make accident report (TSA 71(1)).
- Any conviction under the Vehicle Equipment Regulation.
  - Example: Seatbelt use (Vehicle Equipment Regulation 82)
- Failure to produce proof of insurance (TSA 54 (1))

The surcharge for the following convictions cannot exceed that of a Minor Conviction:

- Driving at Unreasonable Rate of Speed (ROR 2(1)(a)).

### Criminal Code Convictions

- The surcharge for first offence of a Criminal Code Conviction cannot exceed more than 100% (Not applicable to the GRID).
- An insurer may determine premium based on criminal code convictions during the most recent four-year period.
- An Immediate Roadside Suspension (IRS) FAIL may be surcharged at the level of Criminal Code Convictions. An impaired driving conviction can either result in a (IRS) FAIL or Criminal Code Conviction depending on the particulars surrounding the occurrence. If a single incident results in both an IRS FAIL and a Criminal Code Conviction, the insurer may only apply the surcharge once.

### COVID-19 (Updated July 8, 2024)

#### Insurer-Initiated Relief Measures

Due to the COVID-19 pandemic, insurers-initiated relief to policyholders through temporary mechanisms such as rate capping, rate reductions, rebates/refunds, and forgiveness of fees associated with late payments. If temporary relief was provided:

- Include a full description of the COVID-19 insurer-initiated relief measure(s) taken and time period in effect. The description should include an estimated impact to written and earned premiums for each affected accident half year, beginning with 2020-1.
- As policyholder-initiated changes of coverage will affect both premiums and loss amounts, insurers should not include policyholder-initiated changes of coverage actions with the estimate of insurer-initiated relief.

#### Adjustment to Historical Experience Period Data to a Pre-COVID-19 Level

Rate indication calculations should take steps to ensure any data affected by temporary changes do not distort the rate indications for rating programs under the proposed effective dates. The first step is to adjust the historical data to a pre-COVID-19 level.

- The non-claims expenses during COVID-19 may present unusual changes in the expense level such as high contingent commissions or high general expense ratios. Insurers should demonstrate the selected expense provision is an appropriate provision not distorted by the impact of the COVID-19 pandemic.
- The on-level premiums and premium trends should be calculated in a manner which removes or unwinds the impact of any associated temporary premium relief. Insurers should provide support for the change to the current rate level premiums and explain how the adjustments specific to COVID-19 are considered and unwound.
- To the extent historical claim amounts and claims handling expenses are unusual (e.g., low frequency) during the period impacted by the COVID-19 pandemic, the insurer should adjust the affected loss experience to a pre-COVID-19 level and consider the weight (if any) to apply to the impacted historical experience used to forecast the claim amounts and claim handling expenses for prospective rating program period.
- If the insurer uses company-specific data to support its selection of trend factors, it must demonstrate the data from the period impacted by COVID-19 does not distort the loss trend analysis.

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## Adjustment to Experience Period Loss Data to a Post-COVID-19 Level Expected During the Proposed Rate Program

Commonplace remote and hybrid work following the pandemic may affect claim counts and loss amounts since the pandemic and into the proposed rating program period. After applying any adjustments to the historical experience data to a pre-COVID-19 level, consideration should be given to the extent claim count and loss amount levels may vary from the pre-COVID-19 level to a “new normal” under the post-pandemic environment. Support should be provided for these “new normal” adjustments applied to the historical accident year period to adjust the experience to the level expected under the proposed rate program.

### Credit Score (February 24, 2023)

Refer to section on [Rating Variables](#).

### Definitions (Updated January 9, 2025)

#### Affiliated Insurers

Affiliate:

- i. An entity is affiliated with another entity if one of them is controlled by the other or both are controlled by the same person.
- ii. The affiliates of an entity are deemed to be affiliated with all other entities with which the entity is affiliated.

#### Allocated Loss Adjustment Expenses (ALAE)

All external expenses which can be directly charged to a particular claim file, whether a loss payment is made or not, including:

- i. Adjuster's accounts (including all disbursements) - excluding staff adjusters;
- ii. Appraisal costs (including appraisal centre costs) - excluding staff appraisal costs or costs included under (i);
- iii. Legal expenses including all first party legal costs charged to a particular claim file - excluding staff legal fees or costs or fees included under (i);

All other external claims expenses.

#### At Fault Claim

Means, in respect of liability described in section 571 of the Act or under the same or equivalent coverage in any other jurisdiction, inside or outside Canada.

- (i) a claim paid in respect of that liability for which the driver is wholly or partially at fault; and
- (ii) a claim made in respect of which the insurer has reasonably determined that a payment will or is likely to be made as a result of the fault, whole or partial, of the driver.
  - i. a claim paid or likely to be paid under section 585.1 of the Insurance Act by another insurer as a result of an at fault collision by an insured is considered an at-fault claim.

#### Average Rate

For a Single Coverage:

The average rate for the coverage expressed in premium dollars per insured vehicle for a 12-month policy term.

For Multiple Coverages:

- i. For each coverage in question, multiply the average rate for the coverage by the fraction A/B, in which:  
A = the total number of vehicles insured by the Insurer which had the coverage in the most recently completed calendar year; and  
B = the total number of vehicles insured by the Insurer in the most recently completed calendar year;

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- ii. Add the amounts determined under (i) for each coverage.

**Base Rate**

The rate which serves as the starting point for developing all other rates by territory, limit of liability, deductible, and all other factors.

**Capping**

Limiting the impact on premium of revisions to the rating program on a per vehicle basis.

**Class of Automobile Insurance PPV**

For purposes of these filing guidelines, the class of automobile insurance includes private passenger vehicles (PPV).

**Class of Automobile Insurance Commercial**

For the purposes of these filing guidelines, the class of automobile insurance includes commercial and interurban vehicles.

**Class of Automobile Insurance Other than PPV**

For purposes of these filing guidelines, class of automobile insurance include the following:

- All-Terrain Vehicles
- Ambulances
- Antique Vehicles
- Collector Vehicles
- Farm Vehicles
- Hotel & Country Club
- Interurban Vehicles
- Mopeds
- Motorcycles
- Motorhomes
- Off-Road Vehicles
- Private Buses
- Public Buses
- Public Vehicles
- School Buses
- Snow Vehicles
- Taxis & Limousines
- Trailers & Campers
- Utility Trailers

The above classes should be used when possible. If subdivisions of the above classes are made, the insurer should indicate within which of the above classes the subdivisions fall.

**Conditionally approved Endorsements (CAE)**

Conditionally Approved Endorsements (CAE) that are non-standard endorsement forms approved by the Superintendent of Insurance for use by a particular insurance company wishing to address specific needs of its clients.

**Coverage**

For the purposes of these filing guidelines, coverage includes the following:

- Third Party Liability - Bodily Injury
- Third Party Liability - Property Damage
- Direct Compensation Property Damage
- Accident Benefits
- Underinsured Motorist
- All Perils
- Collision
- Comprehensive
- Specified Perils
- Endorsements
- Vehicle Protection Products

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## Criminal Code Conviction

A conviction for an offence under section 130 of the National Defence Act (Canada) or for any of the following offences under the Criminal Code (Canada).

	Description of Offence (For Convenience of Reference Only)	Criminal Code Section Number
1	Criminal negligence causing death committed by means of a motor vehicle	220
2	Criminal negligence causing bodily harm committed by means of a motor vehicle	221
3	Manslaughter committed by means of a motor vehicle	236
4	Dangerous operation of a motor vehicle	320.13(1)
5	Dangerous operation of a motor vehicle causing bodily harm	320.13(2)
6	Dangerous operation of a motor vehicle causing death	320.13(3)
7	Failing to stop a motor vehicle while being pursued by peace officer	320.17
8	Failing to stop after accident	320.16(1)
9	Failing to stop after accident knowing bodily harm has been caused	320.16(2)
10	Failing to stop after accident knowing death has been caused or reckless bodily harm causing death	320.16(3)
11	Operation while impaired*	320.14(1)
12	Failing or refusing to comply with demand	320.15(1)
13	Failing or refusing to comply with demand when involved in an accident resulting in bodily harm	320.15(2)
14	Failing or refusing to comply with demand when involved in an accident resulting in death	320.15(3)
15	Impaired driving causing bodily harm*	320.14(2)
16	Impaired driving causing death*	320.14(3)
17	Operation while prohibited	320.18
18	Operation while impaired*	IRS: FAIL

\* If a single incident results in both an IRS FAIL and a Criminal Code Conviction, the insurer may only apply the surcharge once.

## Discounting of Claims

The adjustment of claim costs to reflect the time-value of money.

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<b>Driver Abstract</b>	The abstract of the driving record referred to in section 5(1) of the <a href="#">Access to Motor Vehicle Information Regulation</a> or a similar document of another province or territory in Canada.
Added 10/01/2025	
<b>Driver Training Certificate</b>	A certificate evidencing successful completion of an approved driver training course issued by a driver training school licensed under the Traffic Safety Act or any other school outside Alberta satisfactory to the insurer.
<b>Driving Experience</b>	Means the combined time within the previous 15 years before the date on which the application for basic coverage is made during which a person has had <ul style="list-style-type: none"> <li>(i) a valid operator’s licence in Canada; and</li> <li>(ii) a valid operator’s licence in a country outside Canada, if the person provides evidence satisfactory to the insurer but does not include</li> <li>(iii) the time during which the person held a learner’s operator’s permit; and</li> <li>(iv) a period of time during which the person’s operator’s licence was suspended, cancelled or revoked.</li> </ul>
<b>Endorsement</b>	An endorsement (policy change form), approved by the Superintendent of Insurance, to a contract of automobile insurance. Standard endorsements are issued under a series of SEF numbers. Conditionally approved Endorsements (CAE), which must also be approved by the Superintendent of Insurance, are uniquely identified for each insurer. For purposes of these filing guidelines, Underinsured Motorist - SEF #44 Endorsement is treated as coverage, rather than as an endorsement.
<b>Fleet</b>	<ol style="list-style-type: none"> <li>1. There must be at least five power vehicles to constitute a fleet;</li> <li>2. The automobiles in the group meet one of the two below sets of criteria: <ol style="list-style-type: none"> <li>I. The automobiles are under common ownership or management. Leasing of vehicles is a common way to acquire vehicles and lessees are responsible for such vehicles. Therefore, leased vehicles are considered as the equivalent of owned vehicles for the purpose of determining whether the risk qualifies as a fleet. Or,</li> <li>II. The automobiles are available for hire through a common online-enabled application or system for the pre-arrangement of transportation, and insured under the Alberta Standard Automobile Form – Transportation Network S.P.F. No. 9 (“SPF #9”) in which the automobile owner or lessee, as the case may be, has coverage as an insured named in the contract; and</li> </ol> </li> <li>3. At least five of the automobiles in the group are commercial vehicles, public vehicles or vehicles used for business purposes. An automobile policy insuring a fleet may also include personal use vehicles, providing the risk first satisfies the aforementioned criterion.</li> </ol>
<b>Grid</b>	Refer to <a href="#">Grid Guidance</a> on our website for more information.  <b>Note:</b> The Grid will be repealed effective January 1, 2027.
<b>Major Conviction</b>	A conviction for any of the following offences under the Traffic Safety Act, or a conviction for an offence that is substantially similar under an enactment of Canada, other than the Criminal Code (Canada), or of another province or territory.

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	Description of Offence (For Convenience of Reference Only)	Enactment & Section Number	
		Traffic Safety Act	Use of Highway & Rules of the Road Regulation
1	Failing to remain at scene of accident	69(1)	
2	Improper passing in school zone or playground zone		8
3	Speeding in school zone or playground zone	115(2)(r) <sup>1</sup>	53(5)(c)
4	Speeding (general) - exceeding limit by more than 50 kph	115(2)(p)	
5	Speeding (construction zone) - exceeding limit by more than 50 kph	115(2)(p.1) and (p.2)	
6	Speeding (passing emergency vehicle) - exceeding limit by more than 50 kph	115(2)(t)	
7	Speeding (flashing yellow light crossing) - exceeding limit by more than 50 kph		53(5)(c)
8	Careless driving	115(2)(b)	
9	Racing	115(2)(c)	
10	Driving on a bet or wager	115(2)(d)	
11	Failing to stop for a school bus		72(1)
12	Driving while unauthorized	94(2)	
13	Failing to stop school bus, vehicle carrying explosives, etc. at uncontrolled railway crossing		42(5)
14	Failing to stop for a peace officer	166(2)	

<sup>1</sup> Sections 107(2) and 108(1)(h) of the Traffic Safety Act (TSA) provide the authority to allow school and playground zones, the offences fall under TSA and Rules of the Road sections noted.

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	Description of Offence (For Convenience of Reference Only)	Enactment & Section Number	
		Traffic Safety Act	Use of Highway & Rules of the Road Regulation
15	Distracted Driving (a) Reading or viewing printed material (b) Writing, printing, or sketching (c) Personal Hygiene (d) Other activity prescribed in the regulations (e) Programming a GPS while driving Using a cellphone or electronic device	115.4(1)(a) 115.4(1)(b) 115.4(1)(c) 115.4(1)(d)  115.3(1) 115.1(1)(a),(b)	

### Minor Conviction

A conviction for any of the following offences under the Traffic Safety Act, or a conviction for an offence that is substantially similar under an enactment of Canada, other than the Criminal Code (Canada), or of another province or territory.

	Description of Offence (For Convenience of Reference Only)	Enactment & Section Number	
		Traffic Safety Act	Use of Highway & Rules of the Road Regulation
1	Speeding - unreasonable rate of speed		2(1)(a)
2	Speeding (general) - exceeding limit by up to 15 kph	115(2)(p)	
3	Speeding (construction zone) - exceeding limit by up to 15 kph	115(2)(p.1) and (p.2)	
4	Speeding (passing emergency vehicle) - exceeding limit by up to 15 kph	115(2)(t)	
5	Speeding (flashing yellow light crossing) - exceeding limit by up to 15 kph		53(5)(c)
6	Speeding (general) - exceeding limit by over 15 but not more than 30 kph	115(2)(p)	

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	Description of Offence (For Convenience of Reference Only)	Enactment & Section Number	
		Traffic Safety Act	Use of Highway & Rules of the Road Regulation
7	Speeding (construction zone) - exceeding limit by over 15 but not more than 30 kph	115(2)(p.1) and (p.2)	
8	Speeding (passing emergency vehicle) - exceeding limit by over 15 but not more than 30 kph	115(2)(t)	
9	Speeding (flashing yellow light crossing) - exceeding limit by over 15 but not more than 30 kph		53(5)(c)
10	Speeding (general) - exceeding limit by over 30 but not more than 50 kph	115(2)(p)	
11	Speeding (construction zone) - exceeding limit by over 30 but not more than 50 kph	115(2)(p.1) and (p.2)	
12	Speeding (passing emergency vehicle) - exceeding limit by over 30 but not more than 50 kph	115(2)(t)	
13	Speeding (flashing yellow light crossing) - exceeding limit by over 30 but not more than 50 kph		53(5)(c)
14	Following too close		18
15	Failing to stop, etc. when meeting oncoming vehicle on narrow roadway		14
16	Passing on hill or curve or near railway crossing		19(1)
17	Passing on left when view obstructed or traffic present on left side of highway		20
18	Failing to pass on left in safe manner or failing to return to right side of roadway in safe manner		21(1)
19	Overtaking another vehicle by driving off the roadway, in a parking lane or when unsafe		23
20	Passing another vehicle stopped at crosswalk		41(2)

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	Description of Offence (For Convenience of Reference Only)	Enactment & Section Number	
		Traffic Safety Act	Use of Highway & Rules of the Road Regulation
21	Driving left of centre line		12(1)
22	Driving wrong way on one-way highway		17
23	Impeding passing vehicle		21(2)
24	Impeding passing vehicle - multi-lane highway		22(2)(b)
25	Failing to yield right of way to a vehicle (a) at an intersection, or turning left unsafely (b) at yield sign (c) in traffic circle (d) at merge sign (e) at green light or green arrow (f) at flashing yellow light		34 39 40 50, 51 52(1), (3)-(5) 53(3)
26	Failing to yield right of way to a pedestrian (a) at an alley entrance or driveway (b) in a crosswalk (c) at a green light or green arrow (d) at flashing yellow light at intersection (e) at flashing yellow light not at intersection (f) at flashing yellow light with zone sign or symbol		36(3) 41(1) 52(1)-(5) 53(3) 53(4) 53(5)(d)

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	Description of Offence (For Convenience of Reference Only)	Enactment & Section Number	
		Traffic Safety Act	Use of Highway & Rules of the Road Regulation
27	Failing to stop (a) before entering highway (b) at a stop sign (c) for an emergency vehicle sounding siren (d) at railway crossing when a train is approaching (e) within prescribed distance from railway when stop sign (f) at yellow light at intersection (g) at yellow light not at intersection (h) at red light at intersection (i) at red light not at intersection (j) at flashing red light at intersection (k) at flashing red light not at intersection		36(2) 37 65(1) 42(2) 42(4)(a) 53(1) 53(2) 54(1)(a) 54(4) 54(5)(a) 54(6)(a)
28	Unauthorized following within 150 metres of emergency vehicle sounding siren or with flashing lights or both		65(2)
29	Driving around barrier at railway crossing		42(3)
30	Proceeding when unsafe (a) after stopping at intersection (b) after stopping for stop sign at railway crossing (c) after stopping for school bus (d) after stopping for red light at intersection (e) after stopping for flashing red light at intersection (f) after stopping for flashing red light not at intersection		38 42(4)(b) 72(2) 54(1)(b) 54(5)(b) 54(6)(b)
31	Stunting	115(2)(f)	

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	Description of Offence (For Convenience of Reference Only)	Enactment & Section Number	
		Traffic Safety Act	Use of Highway & Rules of the Road Regulation
32	Traffic lane violation (a) slow moving vehicle in incorrect lane (b) driving at less than maximum speed in designated fast lane outside an urban area (c) improperly crossing solid or broken lines or driving improperly on left side of broken lines on 2-way highway (d) making unsafe lane change (e) failing to drive in centre of marked lane (f) occupying 2 lanes (g) improperly driving in centre lane of 3-lane highway (h) driving in lane marked with "X"		3 2(1)(b) 15(1) 15(4) 15(5) 15(6) 16(1) 27(4)
33	Failing to obey instruction of traffic control device		57
34	Slow driving impeding or blocking traffic		2(1)(c)
35	Driving at less than minimum speed	115(2)(q)	
36	Failing to obey direction of peace officer to increase speed, etc.		2(4)
37	Failing to signal (a) when changing lanes (b) when turning left or right (c) when stopping		15(2) 24 35
38	Failing to make proper signal when starting, turning or changing the course or direction of a vehicle or stopping a vehicle on a highway		9(b)

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	Description of Offence (For Convenience of Reference Only)	Enactment & Section Number	
		Traffic Safety Act	Use of Highway & Rules of the Road Regulation
39	Improper turns (a) when turning right (b) when turning left (c) failing to obey traffic control device (d) making U-turn unsafely or where prohibited (e) making U-turn with a school bus where prohibited		25 26 27(1), (2) 29, 30 31
40	Backing up vehicle unsafely or where prohibited		32, 33
41	Fail to ascertain sufficient space for movement		9(a)

- Occasional Driver** A driver not matched with respect to any vehicle, where there are more drivers than vehicles.
- Profit Provision** The return on premium targeted to provide for a reasonable profit level.
- Prior Approval** Insurers must have their rates and rating programs approved before use in accordance with Sections 2 and 5 of the Automobile Insurance Premiums Regulation. The prior approval system applies to: insurance written by the Facility Association; coverage as defined above for PPV, and other risks written on SPF #1.
- Rate** All amounts payable as premium under contracts of automobile insurance, or endorsements to such contracts, for an identified risk exposure. Rates may be expressed in terms of dollars and/or in terms of multiplicative or additive factors to be applied to a base premium amount. Rates are to include all provisions reflecting surcharges/discounts for applicable risk exposures. Rates are to be inclusive of commissions and other expense provisions used by the insurer and are to be considered prior to the granting of policyholder dividends. Rates are subject to the provisions of legislation.
- Rate Differentials/Relativities** Multiplicative or additive factors/rates applied to the base rate to arrive at the rates for individual risk profiles.
- Rate Manual** A rate manual includes the base rates, differentials and algorithms used to calculate a premium or a risk or policyholder.
- Rating Algorithm** The way base rates, rate differentials, and other surcharges/discounts are combined to arrive at the premium charged to an individual risk profile.

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<b>Rating Rule</b>	Rating rules are rules assigning a risk to a specific rating cell or applying a discount or surcharge. Examples include rules on assigning a territory, vehicle use or driving record. Rating rules are part of an insurer's rating program and are filed with the AIRB.
<b>Reversal</b>	A reversal is present in the increased limit factors if an insured pays marginally more for each additional \$1,000 of coverage; a reversal is present in the deductible differentials if an insured is paying marginally more for each additional \$100 of deductible level.
<b>Unallocated Loss Adjustment Expenses (ULAE)</b>	All claims settlement and processing costs, excluding ALAE, but including staff adjusters, appraisers, advisors, lawyers, clerical support, and a portion of general expenses reasonably attributable to the claims function not directly assigned to a specific claim.
<b>Underwriting Manual</b>	Underwriting manual rating rules, descriptions and premiums for surcharges, discounts and endorsements, and underwriting rules.
<b>Underwriting Rule</b>	A rule governing the eligibility of a risk or application of coverages, rating variables, surcharges, discounts, or endorsements.

### **Employee/Staff Discounts** (Updated November 6, 2020)

Insurers may include a discount for employee/staff discount in their rating program provided it is actuarially supported and reflects the expected loss cost for this group of risks. If an insurer offers a discount level higher than the expected loss cost, the difference between the discount level and the underwriting expense savings should be funded through the insurer's capital. Any excessive employee/staff discount should be funded through the insurer's capital.

### **Endorsements** (Updated May 1, 2021)

Insurers are required to contact the [Superintendent of Insurance](#) prior to submitting a filing to the AIRB when proposing to introduce or revise the wording for a CAE.

### **Fleet and Garage** (Updated December 15, 2025)

The AIRB may exempt insurers who write only fleet or garage experience rated risks from the filing requirements. The insurer requesting an exemption will submit the AIRB Fleet Confirmation Form through [CARS](#) and reconfirm the nature of its underwriting activity on an annual basis. Please refer to the [fleet definition](#).

### **Gender X** (Updated December 21, 2020)

Insurers implementing Gender X in their rating program should explain how they determined the relativities; however, they are not required to submit supporting data for the determination of the relativities applicable to Gender X if they do not have credible data.

### **Grid Rating System** (Updated January 9, 2025)

For guidance on the Grid rating system, please refer to [Grid Guidance](#).

The Grid Rating System **will be repealed effective January 1, 2027**, and replaced with other measures to protect new and young drivers.

### **Good Driver** (Updated October 1, 2025)

In accordance with Ministerial Orders 24/2024 and 33/2025 the AIRB may not approve any change to an insurer's rating program for PPV resulting in a rate increase of more than the Ministerial Order specifies (+7.5%) for any individual policyholder meeting the definition of a "good driver".

### **Effective December 15, 2025**

A “good driver” is defined as a driver who at renewal of their auto insurance policy does not have:

1. any at-fault claims in the last six years,
2. any driving-related criminal code convictions in the last four years,
3. any major traffic convictions in the last three years, and
4. more than one minor traffic conviction in the last three years (MO 24/2024)
5. any minor traffic conviction in the last three years (MO 33/2025)

Ministerial Orders do not apply to:

- (a) an insured whose risk profile has materially changed by:
  - i. 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,
  - ii. adding or substituting a vehicle on the insured’s policy,
  - iii. 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
  - iv. adding a new driver to their insurance policy who has a worse driving record or a higher overall risk rating than the policyholder,
- (b) new business, or
- (c) the Grid base premium for basic automobile insurance coverage established by the Automobile Insurance Rate Board (bodily injury, property damage tort, and accident benefits).

### **Lapse in Automobile Insurance Coverage (Updated January 9, 2025)**

Insurers are prohibited from reducing the number of years driving experience for not maintaining continuous automobile insurance or for not being listed as a driver on another person’s insurance policy for a duration of less than two years. This is applicable to both for underwriting and rating purposes unless the lapse resulted directly or indirectly from the suspension of the driver’s license of the person.

Refer to the definition of “[Driving Experience](#)” under definitions.

### **New Driver Credit (Updated November 6, 2020)**

#### **Private Passenger Vehicles (including motorcycles)**

A newly licensed driver who is accident-free at the time of application and has completed a driver training course verified by a certificate issued by Alberta Transportation or Alberta Education shall qualify for and be credited with at least three (3) years ‘clear record’ or its equivalent. The credit shall continue for each of the first three years of driving so long as the driver maintains an accident-free history.

A newly licensed driver, who does not qualify for the driver training credit and is accident-free at the time of application, shall qualify for and be credited with at least one (1) year ‘clear record’ or its equivalent. The credit shall increase by one for each year of accident-free history until the credit reaches three years ‘clear record’ or its equivalent.

#### **Motorcycles**

A newly licensed driver who completes a prescribed driver training course verified by a letter from the driver training school, shall qualify for and be credited with at least three years ‘clear record’ or its equivalent. The credit shall continue for each of the first three years of driving so long as the driver maintains an accident-free history.

#### **Application of New Driver Credit**

The credits apply to drivers obtaining a first license including newcomers to Canada whose prior experience is not recognized. Other criteria including convictions and number of years insured, cannot adversely affect the credit. Aside from at fault accidents, only suspension of license for an offense or accumulation of demerit points may invalidate the credit. Insurers may require drivers have the requisite experience for any credit better than three years ‘clear record’ or its equivalent.

**Effective December 15, 2025**

## Pricing Actuary's Use of Work of Others (Updated July 1, 2022)

Automobile rate filings often rely upon the work of others in the selection of loss development factors and projections of ultimate loss amounts. In these situations, proper actuarial support for the selections and projections is often not provided. This guidance outlines expectations when the Pricing Actuary (PA) uses the work of others for loss development or other assumptions in a rate filing application.

This guidance requires the PA to take responsibility and accountability for the rate level analysis they perform and certify. It ensures consumers are charged just, reasonable, and accurate rates and are being treated fairly in the rating process.

The PA must attest the indicated rates presented in the rate application are just and reasonable. Preparing a full filing includes the selection of loss development factors and projections of ultimate loss amounts. We expect the PA signing the Certificate of the Actuary in a rate filing application to take responsibility for the selection of the loss development factors and projections of ultimate loss amounts presented in the filing, regardless of whether the PA produces their own assumptions or chooses to rely upon the work of others.

When the PA chooses to use the work of others in a rate filing application, it is expected the PA will take responsibility for those assumptions and will fully consider and attest items 1 to 4 below have been fulfilled. The attestation should expedite the review of the filing and circumvent the need for additional questions.

1. The PA will discuss with the other party the purpose of their work and the associated materiality standard. Specifically, the PA is expected to discuss whether they find the other party's policy liability valuation work is suitable for determining future rates for a specific coverage in a specific province (Alberta). The PA may wish to summarize the results of this discussion in the rate filing application.
2. The PA will ensure the granularity of the data used by the other party aligns with the experience period data used by the PA to determine the indicated rates for a specific coverage in a specific province (Alberta). Otherwise, the PA will justify the use of the different data (i.e., the aggregation of various lines of business, companies and/or provinces), and explain any adjustments made to accommodate the difference.
3. The PA will ensure the valuation date of the data used by the other party aligns with the valuation date of the data used by the PA to determine the indicated rates in a specific province (Alberta) for a specific coverage. Otherwise, explain any adjustments made to accommodate the difference.
4. The PA will review the work of the other party to gain a deep understanding of the methods, adjustments and assumptions made, and the rationale(s) for the selected estimate of the ultimate loss amount. The aim of the review should be for the PA to develop a sufficient level of understanding to be able to fully respond to questions regarding the work based on their own understanding of it. In gaining this understanding, it is expected the PA is implicitly taking responsibility for the work of others.
  - a. The PA will ensure the assumptions made by the other party (e.g., loss trend rates, premium on-level factors, reform factors, etc.) are consistent with the PA's own ratemaking assumptions in the rate filing.
  - b. If the PA finds a portion of the other party's work is not appropriate for its use in the calculation of indicated rates, then the PA should provide full actuarial justification in the rate filing for any modifications made to the other party's work.

## Principles and Expectations for Rating Programs (Added October 1, 2025)

1. **Components of the rating programs are evidence based and reasonably predictive of risk.** Evidence includes objective, verifiable and available data to support the algorithms, differentials, and weighting of rating variables. The data is sufficient to predict claims costs and consumer outcomes.

**Effective December 15, 2025**

2. **Components of the rating programs distinguish fairly between risks.** There must be a fair distinction between risks based on relevant cost-related factors. An insurer can only charge different premiums to different groups of risk because they represent different costs and claim experience. An insurer cannot charge different premiums for reasons other than cost (for example, based on demand, willingness to pay, or income levels). For example, if the insurer proposed to price two territories differently, the claims of one territory are more frequent or severe than the other. The same applies for the weighting of all other rating factors. The rating program should minimize anti-selection of risks, and not discourage underwriting of risks through strategic pricing or modeling.
3. **The rating program does not impair the solvency of the insurer or provide excessive returns.** An insurer collects a premium with the expectation of a rate return consistent with the AIRB's profit provision over the short and long term.
4. **Changes in rates are reasonable.**
  - a) Changes in weighting of rating factors

Rating programs including a change in the weighting of a rating factor related to driving behavior must be reasonable, and when related to driving behavior should diminish over a reasonable period:

    - Accidents and claims should not have an impact on premiums after six years.
    - Minor or Major convictions should not have an impact on premiums after three years.
    - Criminal Code convictions should not have an impact on premiums after four years.
  - b) Unbundling of rating variables.

An individual's premium should not increase by more than 10% per year solely due to unbundling a rating variable into individual elements.
  - c) Potential impact on consumers is considered.

The AIRB scrutinizes the impact of the changes proposed in the filing on consumers, and the expects insurers to take steps to minimize impact to consumers.
5. **There is clear communication to consumers about premium changes.** Insurers will provide simple, adequate, and effective notice to consumers, agents, and brokers, of upcoming premium changes so consumers can make an informed decision regarding their coverage.

### **Rate Capping (Updated October 1, 2025)**

Rate capping limits the increases or decreases to the policyholder's premium which would otherwise occur due to the combined effect of changes in base premiums and relativities or other changes to the algorithm. Rate capping is generally applied on a per vehicle basis for all coverage excluding endorsements.

Rate capping is a voluntary tool insurers' employ to limit dislocation of premium and, thereby, improve retention where revisions to rating programs change the distribution of premium among risk profiles.

Insurers may apply capping to premium provided there is a balance between upper and lower capping thresholds, and the negative capping is less than zero.

The AIRB approves changes to rating programs on a uncapped basis, as not all insurers employ rate capping. As such, the AIRB will not approve a rate change resulting in capped rates being greater than uncapped rates.

**Effective December 15, 2025**

### **Rate Change Approvals** (Updated July 8, 2024)

The AIRB will not approve a proposed rate change greater than the indication the Board finds to be reasonable, regardless of if the indication is positive or negative.

The AIRB considers the rate change magnitude by basic, additional, and individual coverage in addition to the total overall rate change when approving filings. Refer to Filing Guidelines – D Actuarial Support (Appendix D) – D.10) Summary Rate Level Indication for more information.

### **Rating Profiles** (Updated September 8, 2023)

The AIRB sets out rating profiles for PPV and other than PPV. The AIRB may require additional and/or different rating profiles to support the review process. The rating profiles must be filed in CARS.

Any additional information pertaining to the rating profiles must be disclosed with a detailed description for each affected rating profile.

Specific instructions and key assumptions to adopt when completing these rating profiles are:

- All rates are to be stated on an annual basis. If annual policies are not issued, the rates should be converted to an annual basis.
- All risks should be rated strictly according to the information provided. DO NOT provide preferred rates unless the criteria as stated fit the eligibility rules for a preferred class. If so, provide only the preferred rates, and state so.
- Clearly identify all applicable surcharges/discounts applicable to each coverage.
- If a rating profile does not describe a unique rate, the insurer is to provide the highest and lowest rate which could be charged on the described risk and disclose the assumption underlying the difference.

The [Rating Profiles](#) are to be submitted through CARS within 30 days after the rate filing has been approved.

### **Rating Territories** (Updated October 1, 2025)

1. The insurer will describe and support their approach for determining rating territories and corresponding relativities.
2. Each territory is statistically credible. Insurers may use either insurer or industry vehicle count experience or other relevant data to support their minimum threshold to define a new territory.

The relativity for any one territory should not change more than +10% per year. The +10% change per territory helps ensure neighboring properties whether across the street or a block away do not experience significantly different changes.

### **Rating Variables** (Updated December 1, 2021)

The AIRB has the authority to prohibit or require the use of any rating variable (section 2(2) of the Automobile Insurance Premiums Regulation). In accordance with Section 604 of the Insurance Act, the AIRB is providing guidance related to this authority.

Insurers use rating variables to develop insurance premiums which reflect the risk a policyholder represents. The use of rating variables varies from insurer to insurer giving consumers more choice and fairness in the insurance marketplace. As the use of more data sources becomes the norm in the insurance industry; insurers are seeking to introduce new rating variables into their rating programs. Guidance is needed as to what the AIRB permits, and the type of data required to obtain approval. This guidance outlines the information required when submitting a filing to obtain approval for changes to a rating program where new rating variables are being introduced.

**Effective December 15, 2025**

## Prohibited Rating Variables

The AIRB prohibits the use of any rating variable not considered in the best interest of the public, even though there might be statistical support showing a correlation to losses.

- Any grounds transgressing the Alberta Human Rights Act except age, gender, and marital status,
- Any other law, guidance issued by the AIRB or regulation applicable in Alberta,
- Credit Score on basic coverage,
- Any individual element of credit score,
- Income level and net worth,
- Existing medical coverage,
- The use of other rating variables as proxies for a prohibited rating variable.

The AIRB permits the following rating variable to be used for a discount only:

- Occupation

The AIRB recognizes the data sources available utilized by insurers are constantly evolving and does not wish to stifle innovative approaches which may benefit Albertans. In addition, the AIRB recognizes the importance of their role in protecting the intellectual property of individual insurers; as such, the AIRB does not intend to publish a prohibited list.

**Insurers are encouraged to contact the AIRB to discuss any new rating variable prior to including in a rate filing.**

### Rating Variable Criteria

The AIRB will require qualitative and quantitative data to enable a thorough review before determining if a proposed rating variable is appropriate for use in Alberta, and therefore not prohibited. Insurers seeking to use a new rating variable will:

1. Describe and support the proposed rating variable including how it will be used in the insurer's rating program and the methodology for determining the rating variable and corresponding relativities.
2. Demonstrate the rating variable is supported by actuarial analysis consistent with the Canadian Institute of Actuary's standards of practice.
3. Demonstrate a rate is reasonable and not excessive, inadequate, or unfairly discriminatory if it is an actuarially sound estimate of the expected value of all future costs associated with an individual risk transfer.
4. Identify and provide details if the proposed rating variable will be used to determine underwriting criteria pertaining to the insurer's premium and rating program.

## Short Rate Cancellation (Updated November 6, 2020)

### Short Rate Table A - Annual Policies

Days Policy in Force	% of Premium Retained	Days Policy in Force	% of Premium Retained	Days Policy in Force	% of Premium Retained	Days Policy in Force	% of Premium Retained
1-3	8	93-96	32	185-188	56	277-280	80
4-7	9	97-99	33	189-192	57	281-284	81
8-11	10	100-103	34	193-195	58	285-288	82
12-15	11	104-107	35	196-199	59	289-292	83
16-19	12	108-111	36	200-203	60	293-296	84
20-23	13	112-115	37	204-207	61	297-299	85
24-26	14	116-119	38	208-211	62	300-303	86
27-30	15	120-122	39	212-215	63	304-307	87
31-34	16	123-126	40	216-219	64	308-311	88
35-38	17	127-130	41	220-222	65	312-315	89
39-42	18	131-134	42	223-226	66	316-318	90

**Effective December 15, 2025**

Days Policy in Force	% of Premium Retained	Days Policy in Force	% of Premium Retained	Days Policy in Force	% of Premium Retained	Days Policy in Force	% of Premium Retained
43-46	19	135-138	43	227-230	67	319-322	91
47-49	20	139-142	44	231-234	68	323-326	92
50-53	21	143-146	45	235-238	69	327-330	93
54-57	22	147-149	46	239-242	70	331-334	94
58-61	23	150-153	47	243-245	71	335-338	95
62-65	24	154-157	48	246-249	72	339-341	96
66-69	25	158-161	49	250-253	73	342-345	97
70-73	26	162-165	50	254-257	74	346-349	98
74-76	27	166-169	51	258-261	75	350-353	99
77-80	28	170-172	52	262-265	76	354-365	100
81-84	29	173-176	53	266-268	77		
85-88	30	177-180	54	269-272	78		
89-92	31	181-184	55	273-276	79		

Insurers must not charge retained premiums more than those shown in the table above. This table is not applicable to motorcycles, mopeds, and snow vehicles for third party liability, accident benefits and collision coverage.

### Summing Convictions or Accidents/Claims (Updated December 21, 2020)

Insurers are required to comply with [Superintendent's Bulletin 07-2019](#). This bulletin provides advice regarding the summing of convictions or accidents/claims across operators is prohibited for use as a rating variable in determining PPV insurance premiums.

### Transportation for Disabled Persons (Updated November 6, 2020)

Individually owned private passenger or van type vehicles operated as a public bus to transport disabled persons and for the owner's personal needs are classified as "private buses". Vehicles used exclusively and are suitable only for busing are classified as "public buses". This applies where the operating authority is for a bus. Limousine or taxi rating will apply where the operating authority licenses such activity.

### United States Exposure - PPV (Updated November 6, 2020)

Insurer may charge an additional premium where the vehicle will be operated in the United States for an extended period of 60 days or more.

### Usage Based Insurance (Updated April 1, 2021)

This outlines additional information required when submitting a file and use or full filing to obtain approval for changes to rate or rating programs where Usage Based Insurance (UBI) is included. All UBI implemented in Alberta is required to:

- be credible and actuarially supported,
- use only approved rating variables,
- comply with Alberta's privacy laws,
- ensure policyholders are participating via informed consent, and
- be transparent and clearly communicated to the policyholder.

Insurers without Alberta-specific data to support the filing may request the AIRB review data in other jurisdictions, or any reasonable existing data, which is available to the insurer.

**Effective December 15, 2025**

Insurers will treat all information collected for the purpose of a UBI program as personal and identifiable. Insurers, and any third party service provider's contracted with, are required to ensure the insurer's UBI program is compliant with Alberta's privacy legislation, and [informed consent](#) is obtained to ensure compliance with the Insurance Act. Insurers should contact [Alberta's Privacy Commissioner](#) for information on how to ensure compliance.

### Description of UBI Program

Insurers will provide a detailed description of how they propose to implement UBI in their rating program or any changes to their current UBI program. Some elements, which will aid in the review of the program include:

- a) Enrollment and cancellation processes,
- b) Monitoring process and data collection period,
- c) Impacts to policyholder,
  - criteria receive a UBI premium adjustment,
  - rewards for safe driving,
  - frequency of changes, and
  - mid-term changes such as vehicle replacement
- d) Data correction
  - how the UBI program detects the driver, and
  - options to correct UBI information collected,
- e) Source of data and its use for rating purposes
  - rating variables used specific to UBI impact,
  - how the rating factors are measured (e.g., frequency, occurrence, relevant thresholds),
- f) Communication materials provided to assist consumers in making an informed choice before and after they opt into UBI program:
  - impact of participation on their overall premium (discount or surcharge),
  - cancellation process, and
  - evaluation period etc.

### Vehicle Protection Products (Updated January 9, 2025)

The following three vehicle protection products are considered auto insurance:

1. **Non-manufacturer tire and rim warranties** providing for tire and rim replacement (excludes warranties provided by the motor vehicle manufacturer for tires and rims included in the vehicle's assembly),
2. **Glass protection products** promising to pay for some or all the cost of a windshield replacement, and
3. **Anti-theft products** including a promise to make a payment in the event of the theft and/or non-recovery of the motor vehicle (or part thereof); includes theft-deterrent etching or tagging and catalytic converter anti-theft devices including a promise to pay if the product fails.

Any insurer who writes these products and does not have an approved rating program is required to file with the AIRB to establish an approved rating program. Refer to [AIRB Bulletin 01-2025](#).

The AIRB will waive full filing requirements for the establishment of a rating program, and expects all future rate changes to comply with the File and Use guidance.

### Withdrawal of Filing (Updated January 9, 2025)

The AIRB recognizes our actuarial review may result in an alternative indication less than the rate change the insurer has proposed. Should the insurer decide to withdraw the filing based on the alternative indication, they may do so prior to Board decision; however, in accordance with the Automobile Insurance Rate Board Fees Regulation, the AIRB may charge the insurer for the actual costs of external actuarial review.

### Effective December 15, 2025

### **Withdrawal from the Market (Updated July 8, 2024)**

When an insurer decides to withdraw or significantly reduce the amount of premiums written in the province of Alberta for all lines of business, they should first notify the Superintendent of Insurance in accordance with Section 611 of the Insurance Act. Once the Notice of Intention to Withdraw from the Business of Automobile Insurance in Alberta has been sent to the Superintendent of Insurance, the insurer is required to submit a file and use filing in CARS. The AIRB will approve the filing once the approval for withdrawal is obtained from the Superintendent's office.

**Effective December 15, 2025**