

Bulletin to PPV Insurers

Grid Rating Program Premium

Effective January 1, 2025

Bulletin 08-2024

September 30, 2024

Purpose

The Automobile Insurance Rate Board (AIRB) is issuing this Bulletin to private passenger vehicle insurers operating in Alberta to advise the AIRB has concluded its 2024 review of Grid Rating Program (Grid) base premiums based on data to December 31, 2023, and the expectations around the implementation of the new Grid base premiums effective January 1, 2025.

Background

Authority & Timing

The [Grid Guidance](#) indicates the AIRB may adjust the Grid base premiums based on the Annual Review completed under Section 9 of the Automobile Insurance Premiums Regulation (Regulation) no later than October 1 each year. Additionally, on or before October 31 each year, the AIRB must publish a table determining the base premium for a driver by the territory in which they reside and the coverage they choose, following Schedule 3, Section 2 of the Regulation.

Annual Grid Review Considerations

The AIRB reviews the Grid's vehicle composition, claims performance and rate indication annually in determining if an adjustment to the base premium is required. The AIRB recognizes the importance and impact of its decisions on Alberta drivers and the insurance industry.

The Grid is not static, drivers move up or down Grid steps each year based on their driving experience, and depending on the market changes may be Grid rated one year and not the next. As a result, we review the combined impact of movement and base rate change on the premium a driver will see. In addition, the Grid rate should only be the lowest for a small percentage of Alberta drivers. In this competitive market drivers should shop for the best price, and with direct compensation property damage (DCPD) set at market rates, Grid rated drivers can find lower premiums by seeking quotes prior to renewal.

We consider several factors when deciding on an adjustment to Grid base premiums. In addition to stakeholder comments and analysis from our consulting actuary, Oliver, Wyman Limited, other factors considered include:

-  Premium stability,
-  Subsidization by the competitive market, if any,
-  Risk sharing pool size and profitability,
-  Impact on Grid population,
-  Impact of the premium change in conjunction to movement on the Grid,
-  Current Alberta market environment, and
-  Good Driver rate cap impact.

Based Rate Premium Adjustment

The AIRB's decision on the Grid base premium adjustment is detailed in [AIRB Order No. 02-2024](#). All insurers must implement the updated base premiums effective January 1, 2025. The [Grid Guidance](#) has also been updated to reflect the changes to both the base premiums and relativities for Grid steps -11 and -15.

Action Required

Insurers must send an acknowledgment to the AIRB by December 1, 2024, verifying they have made provisions to comply with Order 02-2024. View the Order on our [website](#).

Should you have any questions relating to this bulletin, please contact our office at (780) 427-5428 or by email: airb@gov.ab.ca.

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