

ORDER: 01-2021

DECISION DATE: JULY 5, 2021

2021 Annual Grid Review

Adjustment to Grid Base Premiums for Basic Coverage Effective January 1, 2022

Legislative and Regulatory Mandate:

The Automobile Insurance Rate Board (AIRB) was established on October 1, 2004 under Section 599(1) of the Insurance Act (the Act). The mandate of the AIRB is defined in the Act and the Automobile Insurance Premiums Regulation (Premiums Regulation) and includes the duty to:

- submit an annual report to the Minister on the operations of the Board;
- review and approve all rating programs for new insurers licensed to sell automobile insurance in Alberta;
- review and approve any changes to existing insurer rating programs for insurers licensed to sell automobile insurance in Alberta;
- conduct an Annual Review of automobile trends and premiums relating to basic and additional coverage for private passenger vehicles;
- conduct an open meeting each year to receive comments from the automobile insurance industry, the consumer representative and the public; and
- exercise and perform any other powers and duties assigned to it by the Minister or prescribed by regulations.

The current Grid base premiums are listed in Appendix A.

AIRB Grid Guidance stipulates the Board may adjust the Grid base premium based on the annual review conducted under Section 9 of the Premiums Regulation. The ratemaking components the Grid adjustment is based on, are found on the AIRB website, titled "Industry Private Passenger Vehicle (PPV) Benchmarks Schedule".

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In accordance with AIRB Grid Guidance, the AIRB orders the Grid base premiums be amended as follows:

- Reduction of premiums to reflect the removal of direct compensation for property damage from the Grid base premiums set by the AIRB, 20.5% impact; and
- Reduction to reflect the reforms implemented by the Government in October 2020, 11.4% impact.

In accordance with AIRB Grid Guidance the table below determines the base premium for a driver by the territory in which the policyholder resides and the choice of policyholder's coverage.

All insurers must implement the premiums in the table below effective January 1, 2022¹.

Grid Base Premiums as of January 1, 2022

Policyholder's Choice of Coverage	Territory		Other
	Edmonton/ Calgary	Northern Alberta	
\$200,000	\$2,080	\$1,412	\$1,486
\$250,000	\$2,154	\$1,461	\$1,538
\$300,000	\$2,202	\$1,495	\$1,573
\$400,000	\$2,276	\$1,544	\$1,626
\$500,000	\$2,325	\$1,578	\$1,661
\$750,000	\$2,374	\$1,611	\$1,696
\$1,000,000	\$2,447	\$1,661	\$1,748
\$2,000,000	\$2,667	\$1,810	\$1,905

¹ An adjustment to the Grid base premium is effective the following January 1.

Appendix A – Current Grid Base Premiums²

Policyholder's choice of coverage	Territory	
	Edmonton/Calgary	Rest of Alberta
\$200,000	\$2,825	\$2,259
\$250,000	\$2,913	\$2,331
\$300,000	\$2,974	\$2,380
\$400,000	\$3,080	\$2,463
\$500,000	\$3,154	\$2,525
\$750,000	\$3,225	\$2,581
\$1,000,000	\$3,321	\$2,658
\$2,000,000	\$3,620	\$2,897

² Table shows premiums effective January 1, 2021

Appendix B - AIRB Grid Guidance Schedule 3

Definitions

1 In this Schedule,

- (a) “Calgary territory” means the City of Calgary;
- (b) “Edmonton territory” means Townships 52, 53 and 54, Ranges 23, 24 and 25, all west of the 4th Meridian, which includes the City of Edmonton, the City of St. Albert, Clover Bar, Sherwood Park, Lancaster Park, Namao and Winterburn;
- (c) “Northern territory” means the portion of the Province lying north of latitude 55 degrees North, which includes the Peace River Block; and
- (d) “Rest of Alberta territory” means all areas of Alberta not included in the Calgary Edmonton or Northern territory.

Determining Base Premium

2(1) The base premium for a relevant driver and occasional driver is an amount calculated in accordance with a table to be published by the Board no later than October 31 each year for the following calendar year by determining

- (a) the territory in which the policyholder resides, and
- (b) the choice of the policyholder’s coverage under section 571 of the Act, namely: \$200 000, \$500 000, \$1 million or \$2 million or such other coverage amounts offered by the insurer that are included in the table.

Effective January 1, 2022:

(2) The base premium includes the premium established by the AIRB for third party liability bodily injury, property damage tort and accident benefits plus the insurer’s premium for direct compensation for property damage. The addition of the direct compensation for property damage premium should be the final step of the calculation to ensure there is no redundancy in the application of conviction or at-fault accident surcharges between the insurer’s rating program and the Grid rating program.

Base Premium Adjustment

3(1) On or before October 1 in each year, the Board may adjust the base premium based on the annual review conducted under section 9 of the Automobile Insurance Premiums Regulation.

- (2)** In making an adjustment, the Board must ensure the base premium for the Northern and Rest of Alberta territories is at least 20% less than for the Calgary or Edmonton territory.
- (3)** An adjustment made under subsection (1) is effective the following January 1.
- (4)** Information about the adjustments made under subsection (1) must be made publicly available.