2026

MARKET & TRENDS

AIRB AUTOMOBILE INSURANCE RATE BOARD

CONTENT

EXECUTIVE SUMMARY

The 2026 Annual Market and Trends Report provides an evidence-based assessment of conditions in Alberta's auto insurance market, with a focus on affordability, accessibility, competition, and market sustainability during a period of transition.

Auto insurance affordability remains a central concern for Alberta drivers. While inflationary pressures affecting household expenses have moderated, the cost of repairing vehicles, catastrophic weather events, and bodily injury claims continue to exert upward pressure on insurance premiums. At the same time, insurer loss ratios remain elevated, underscoring the ongoing tension between affordability for consumers and financial sustainability for insurers.

Regulatory interventions, including the Good Driver Rate Cap, have moderated premium increases for some drivers in the short term. However, these measures do not address underlying cost drivers and have contributed to market distortions, including deferred pricing adjustments, underwriting responses, and increased uncertainty.

In 2025, two insurers exited the Alberta private passenger vehicle (PPV) market, and several others restricted access to optional coverages, prompting regulatory action to protect availability, particularly for drivers with financed or leased vehicles.

This report shares several key statistics from 2025 data, including:

- The full coverage premium was $1,903 in 2025, up 8.7% from $1,751 in 2024.
- The industry private passenger vehicle loss ratio was 83.6% in 2025, compared to 98.9% in 2024, which has deteriorated from 97.1% as estimated in the prior year.
- Alberta's total loss cost across all coverages was approximately $1,591 in 2025, down from $1,731 in 2024. This decrease reflects a normalization following the spike in comprehensive losses in 2024 caused by the Calgary hailstorm.
- Alberta's vehicle theft loss cost was approximately $39.45 in the second half of 2025, compared to $63.80 in Ontario and $24.80 in the Atlantic provinces.
- For drivers with one or more at-fault claims or one or more criminal or major convictions, 67.7% purchased collision coverage, compared to 73.2% for drivers with no at-fault claims or major or criminal convictions, a gap of 5.5 points.
- The average deductible for collision was approximately $870 in 2025, with deductibles of $1,054 for drivers with at-fault claims or higher risk characteristics, compared to $848 for those without.

Looking ahead, the transition to Care-First auto insurance, effective January 1, 2027, represents a fundamental shift in Alberta's system—from litigation driven compensation to a care-focused model. The report outlines how this reform is expected to improve long-term affordability and sustainability while delivering enhanced medical and income replacement benefits. The AIRB will continue to balance consumer protection with market sustainability as Alberta transitions to Care-First and navigates a period of heightened uncertainty in the auto insurance market.

TREND HIGHLIGHTS

8.7%

$1,903
Average Written Premium

Premium Inflation Following DCPD (2021)

Vehicles Over $80,000		Vehicles Under $50,000
+34.4%	VS	**+12.3%**

Insurer Profitability

Paid $1.09

Received $1.00

Insurers

After-tax Income Spent on Insurance

3.2%

Market by Fuel Type

Gas	Hybrid	Electric
95.4%	**3.9%**	**0.8%**

83.6%
PPV Written Loss Ratio

BACKGROUND

INTRODUCTION

The AIRB's vision is for auto insurance to be accessible, equitable, and sustainable for all Albertans. We independently regulate auto insurance rating programs and educate consumers to ensure access to a robust auto insurance marketplace. We monitor industry trends and developments to inform our Board members, the government, the public, and other industry participants. Further, we evaluate affordability, accessibility, and service quality by monitoring relevant indicators influenced by competition, consumer knowledge, and industry trends.

Private passenger vehicle (PPV) policies represent 79.4% of Alberta's auto insurance market by vehicle count. The next largest vehicle types are commercial (8.2%)*, motorcycles (4.6%), ATVs (4.1%), and antiques and classics (1.8%), with the remaining 2.0% consisting of interurban trucks, taxis, and miscellaneous vehicles like snow vehicles, motorhomes, and others.

On a written premium basis, PPV accounts for 78.9% of the market, while commercial vehicles account for 12.3%. Interurban and trucks outside Canada account for 3.8%, with the remaining share made up of motorcycles (1.0%), taxis (1.1%), ATVs (0.6%), and other vehicle classes (2.4%).

Compared to 2024, market shares remained relatively stable, with a slight increase in PPV and taxis, and a decrease in interurban and trucks outside Canada.

Alberta has a competitive private auto insurance market, providing coverage for 3.1 million private passenger vehicles (PPVs), 320 thousand commercial vehicles, 180 thousand motorcycles, 160 thousand ATVs, 70 thousand antiques and classics, and 77 thousand vehicles in other classes like motorhomes and snow vehicles. This report primarily examines the PPV market, given its relative size compared to other vehicle types, except where noted. Data used in this report is drawn from various sources, which are listed in the bibliography.

ACCESSIBILITY

We monitor the industry to ensure coverage is accessible to every Albertan. When insurers are unable to price their policies to cover costs, they often make business decisions which change the rules governing what coverages they will write and under what circumstances. Changes negatively impacting customer service and accessibility include requiring signed renewal forms, limiting access to additional coverages (often required for leasing or financing), and cancelling broker contracts.

In late 2023, the government introduced regulatory changes to ensure Albertans had access to payment plans, as this had previously been used by insurers to reduce availability. In 2025, two insurers notified the Superintendent of Insurance they would be withdrawing from the market by the end of the calendar year. As a result, affected customers will need to find a new insurer for their auto insurance needs.

Under the Good Driver Rate Cap, moving to a new insurer means drivers are no longer protected by the 7.5% cap. Overall, these exits are not expected to significantly affect accessibility in the short term. However, this represents a concerning trend which, if it continues, could negatively impact the accessibility of the marketplace.

* We are presenting commercial as separate from interurban as an interurban writer has made an error in their reporting vehicle counts to the General Insurance Statistical Agency which significantly impacts the overall count.

RATE PAUSE

Effective January 25, 2023, the President of Treasury Board and Minister of Finance issued a Ministerial Order preventing the AIRB from approving changes to insurers' PPV rating programs resulting in an increase greater than 0.0% for any individual policyholder until after December 31, 2023. However, this did not mean Alberta drivers did not see increases in their auto insurance premiums in 2023.

Based on previously approved rate changes, some Alberta drivers experienced premium increases at renewal. Premiums also changed if, since the last renewal, a driver had a new at-fault claim, conviction, changed vehicles, or changed their home address.

This report includes data and trends collected during the period in which this Ministerial Order was in effect.

GOOD DRIVER RATE CAP

Effective January 1, 2024, the President of Treasury Board and Minister of Finance issued a Ministerial Order implementing a Good Driver Rate Cap. Under this cap, the AIRB could not approve changes to an insurer's PPV rating program resulting in increases for Good Drivers greater than 3.7% in 2024 and 7.5% in 2025. The data in this report reflects the full impact of the Good Driver Rate Cap in 2024 and 2025.

When reviewing the data presented in the report, readers should consider how the cap may have influenced trends and individual premiums, particularly for drivers who met the definition of a Good Driver but were excluded due to changes in vehicle, address, or the addition of a higher-risk driver to their policy.

AFFORDABILITY & VALUE FOR MONEY

The AIRB is concerned about the affordability of auto insurance for Alberta drivers. Despite rising premiums, they remain insufficient to cover the costs insures incur in fulfilling their obligations to pay claims following an accident.

Short-term rate restraints

The government has previously managed auto insurance affordability through rate pauses and caps. These measures helped some drivers in the short term, but they did not address the underlying cost pressures in the system. When rate restraints are removed without significant product reform, premiums can rise quickly, as occurred after the previous rate cap was removed in 2019.

Underlying cost pressures

Under a rate restraint, insurers are limited in how they can adjust premiums to reflect rising costs. This can defer necessary pricing changes and lead to larger-than-expected increases when a cap is lifted. The government recognizes rate caps do not lower system costs and Alberta's current product requires significant reform to support long-term affordability for drivers and sustainability for insurers.

Transition to Care-First

As costs have continued to rise over the past several years, it has become clear these pressures are not transitory. Rather, they reflect a fundamental challenge within the litigation-based insurance system. This is a significant reason the government is transitioning to Care-First, effective January 1, 2027.

The AIRB is working directly with government to implement this change and support an auto insurance policy providing enhanced medical, rehabilitation, and income replacement benefits while lowering combined bodily injury and accident benefits costs for Alberta drivers compared to what they pay today.

We remind Albertans they can ensure their insurance remains affordable by shopping the market. With a competitive marketplace, there is a range of premiums, varying significantly by insurer, and even with the rate cap in place, Albertans may find lower premiums with a different insurer.

CARE-FIRST

Alberta is moving to a Care-First auto insurance system effective January 1, 2027, which will significantly enhance benefits for people injured in auto accidents.

MOTORCYCLES & CARE-FIRST

How Care-First changes premium costs

As Alberta prepares to transition to Care-First, it is important to understand how the reform may affect different vehicle classes. Under the current system, premiums largely reflect the injury a driver may cause to others through bodily injury coverage, with a smaller portion reflecting the driver's own injury costs through accident benefits.

Under Care-First, premiums will primarily reflect the cost of injuries sustained by the insured person. This is similar in concept to Direct Compensation for Property Damage (DCPD), where drivers pay for damage to their own vehicle rather than damage caused to another person's vehicle.

Why motorcycles are affected differently

For motorcycles, the risk profile changes significantly under Care-First. Motorcyclists are generally less likely to cause serious injury to occupants of other vehicles, but they face a much higher risk of being injured themselves. As a result, motorcycle premiums are relatively low under the current system compared to PPV insurance, but are expected to increase under Care-First because benefits for injured riders will be substantially enhanced.

Illustrative comparison

Ontario provides a useful point of comparison because its accident benefits coverage is substantially higher than Alberta's current benefits. In 2025, Alberta motorcyclists paid approximately $80 for accident benefits coverage, compared to $691 in Ontario. Full coverage motorcycle premiums were $412 in Alberta and $1,050 in Ontario.

Expected Care-First outcome

For Care-First, insurers have filed average premiums at or below the benchmark required premium set out in the AIRB's independent actuarial costing report. For accident benefits, the industry average premium will be set at $638. This means, even with significantly enhanced benefits compared to Ontario, Alberta's motorcycle accident benefits premium is expected to be approximately $60 lower than Ontario's, and Alberta is not expected to become the most expensive province for motorcycle insurance.

GRID RATING SYSTEM

Effective January 1, 2027, the Grid Rating System (Grid) will be repealed. The Grid sets a maximum price based on several rating factors insurers can charge for basic coverage. The intention of the Grid was to protect young Albertans from high premiums and provide them with a path to gain experience at an affordable price.

With Care-First, savings are expected to be larger for young Albertans than for older Albertans. As noted above, Care-First shifts costs from the losses a driver may cause to others toward the losses they experience themselves. Because young Albertans generally recover faster, have lower incomes, and have fewer dependents, their exposure under Care-First is expected to be significantly lower.

As shown in the previous Market and Trends Report, the cost per vehicle for accident benefits (our proxy for Care-First) does not vary as significantly by age as the cost per vehicle for bodily injury (our proxy for tort-based systems).

Since young drivers are expected to see some of the largest premium savings, we are not implementing a new program to replace the Grid, but will monitor the market and consider future changes if warranted.

NEED FOR STATISTICAL DATA

The Government of Alberta has appointed the General Insurance Statistical Agency (GISA) as its statistical agent. GISA collects auto insurance experience data and financial information to ensure the premium and claim data used to justify, develop, and support fair rates are available to the AIRB, insurers, consultants, and other interested parties. Data is used to:

- Monitor the adequacy of rates to ensure they are not excessive or unfairly discriminatory,
- Conduct economic analysis on competition, and affordability, and other matters,
- Monitor market competition and take steps, where necessary, to restore competition or address issues arising from market instability,
- Inform and support pricing decisions by insurers, and
- Monitor the financial performance of insurers.

CHANGES TO STATISTICAL DATA

To properly monitor the performance of Care-First, the AIRB instructed GISA to make changes to the Automobile Statistical Plan (ASP), effective January 1, 2027. In brief, these changes include:

1. Splitting the accident benefits coverage into five new sub coverages. Therefore, all premiums and claims will be assigned to one of these coverages:
   - Death benefits
   - Income replacement and other monetary benefits
   - Medical expenses and rehabilitation
   - Permanent impairment
   - Uninsured motorist
2. Indicators for whether the claim has claimants with a permanent impairment or suffered a catastrophic injury.
3. Whether claimants used a care-pathway established by the Government of Alberta.
4. The claimant's income level used to calculate their income replacement benefits.
5. Utilization of top-ups.
6. The percentage of permanent impairment suffered by the claimant.

These variables will also be added to our Point in Time (PIT) database from GISA, effective January 1, 2027. These metrics will be used, alongside other data sources, to evaluate the performance of Care-First in the marketplace.

AUTO INSURANCE & RATE REGULATION

The AIRB approves or rejects auto insurers' filings for rate changes within the authority granted by the Insurance Act and its regulations. Rate filings are reviewed in detail, balancing the goal of ensuring all Albertans have access to fair and affordable premiums with the need for insurers to cover their costs and remain in the market.

Each aspect of a rate filing is scrutinized, including, but not limited to, proposed rating variables, discounts, surcharges, rating models, and how insurers communicate changes to their policyholders. Part of our review also includes examining insurers' recent experience, particularly whether premiums are sufficient to cover claim costs and other expenses.

To address market challenges, the auto insurance market is continuously monitored, including loss trends, availability, affordability, and consumer perceptions. The AIRB also engages with insurers, brokers, and other industry experts to stay informed and support proactive decision-making.

Albertans can review approved rate changes for every auto insurer on our website.

COVERAGE RESTRICTIONS & UNDERWRITING AUTHORITY

Starting in early 2024, insurers began to change their underwriting rules to deny Albertans optional coverages like collision and comprehensive if they met certain criteria. Commonly, this meant drivers with an at-fault claim in the past six years or a serious traffic conviction within the past four years were being denied access to these coverages, or at least, were forced to choose a deductible such as $2,000 or more.

Typically, insurers are required, under section 555 of the Insurance Act, to provide a quote and write the business for any Albertan, which is colloquially called the "Take All Comers" rule. This ensures every Albertan has access to auto insurance, mitigating the risk of uninsured drivers. However, this only applies to mandatory coverages.

Therefore, insurers could deny access to optional coverages, which may be required for a leased or financed vehicle. Since these optional coverages are required, or desired, by most Albertans, they would not accept the basic-only policy and look for another insurer.

As of October 2025, the Automobile Insurance Premiums Regulation was modified by AR 227/2025. Among other things, the definition of "rating program" was expanded to include:

> *"The underwriting rules which govern the decision by an insurer to accept or decline a risk, coverage, or endorsement."*

This gives the AIRB authority over the underwriting actions insurers have taken by restricting coverage. We have begun discussions with insurers and issued Bulletin 08-2025, which advises insurers they will not receive any approval to increase rates until their underwriting rules are relaxed.

UNCERTAINTY

We recognize there is heightened uncertainty in the Alberta auto insurance market as the government works with insurers to implement Care-First to make auto insurance more affordable for Alberta drivers. At the same time, there is also inherent uncertainty present in the business of insurance. Insurers price their product based on estimates of the future and, therefore, are an industry very sensitive to uncertainty. The introduced regulatory uncertainty is a challenge to insurers in the short term, but we believe long term reforms will have a positive effect on both Alberta drivers and insurers.

This report considers what the data and trends were at a point in time. While we do provide year-over-year comparisons, we want to remind readers we employ a data-based approach to reviewing loss trends, frequency, and severity by coverage. We typically review more metrics than we can present in the Market and Trends Report each year. When reviewing the trends illustrated, it is important to also consider the likelihood of past trends changing in the future.

Insurers use their knowledge and experience to inform assumptions of future costs in setting premiums. Unlike other goods and services Albertans purchase, the actual cost an insurer will incur is not known at the time of sale, and often not known for several years in the future – by nature this brings uncertainty. While both insurers and regulators do their best to ensure auto insurance policies are priced accurately, reflecting the risks while enabling the insurer to make a reasonable profit, sometimes the actual results are not as expected.

In addition to government interventions over the past few years, there have been several external forces, making the use of past results to predict the future more challenging. When reviewing the trends and information in this report, it is important to consider how these external forces could be affecting results:

- Previous legislative reforms* and their impact on both frequency and severity for bodily injury, direct compensation for property damage, and accident benefits claims,
- COVID-19 pandemic impact on claims frequency for 2020, 2021 and 2022, settling into a "new normal" post-pandemic, with a change in driving behavior and impacting both frequency and severity of claims,
- Frequency and severity of catastrophic loss events,
- Inflationary impact on claims severity for all coverages, and
- Geopolitical risk impacting physical damage coverages due to international trade policies.

We continue to review the data on historical trends to inform how they may influence future trends. However, we caution readers of the uncertainty on estimations of future trends, given the events of the past few years.

* Changes to the minor injury definition and prejudgment interest calculation, increases to the benefit amounts available to claimants for new and existing claims and the introduction of direct compensation for property damage.

CONSUMER TRENDS

The findings from the 2026 Consumer Perspectives Survey show auto insurance affordability remains the dominant concern for Alberta drivers. While perceptions of fairness have improved in recent years, many consumers remain highly sensitive to premium increases and continue to view auto insurance as a significant household expense. Forty-three percent of respondents agreed premiums are fair and reasonable, an improvement from previous years. However, more than half indicated they would seek alternative quotes if their premium increased by less than five percent. These results suggest Albertans remain concerned about affordability and are paying close attention to even small changes in their insurance costs.

Unexpected premium increases continue to be a major source of consumer frustration. More than half of surveyed Albertans reported their premiums increased despite having no claims or convictions. This remains one of the most common concerns raised with the AIRB and reflects a gap between how consumers perceive insurance pricing and how insurance operates as a risk pool. Many drivers continue to expect premiums to remain unchanged when their individual circumstances have not changed, while broader changes in claims costs, inflation, vehicle repair expenses, and insurer rating programs can still affect premiums.

The survey also highlights the importance of transparency and communication. More consumers reported contacting their broker or agent to understand premium changes, and satisfaction with those explanations improved compared with previous years. Despite this progress, confusion remains regarding policy terminology, coverage options, and the factors which influence premiums. Respondents who reported lower confidence in purchasing decisions frequently cited difficulty understanding policy language, uncertainty about available coverage options, and a lack of transparency around pricing. These findings reinforce the importance of providing consumers with clear, straightforward information when premiums change.

Consumer confidence in making auto insurance purchasing decisions continues to improve, with nearly three-quarters of respondents expressing a high level of confidence. Despite this confidence, the survey suggests many consumers still rely on insurance professionals to help them navigate complex coverage decisions and understand the reasons behind premium fluctuations. The findings indicate consumers value knowledgeable brokers and agents, particularly when evaluating coverage options, comparing quotes, or determining ways to manage insurance costs.

Consumer Would Shop the Market If...[2]

The survey also found Albertans remain active participants in a competitive marketplace. Nearly half of respondents reported obtaining competitive quotes within the past two years, and younger drivers were particularly likely to shop around before renewing their policies. At the same time, most consumers remained with their existing insurer. The Good Driver Rate Cap may be influencing this behaviour, as drivers lose the protection of the rate cap when they switch insurers. This creates an incentive for drivers to remain with their current insurer, even while shopping the market and comparing alternative quotes.

Awareness of the AIRB and key consumer protections continues to improve but remains limited. Approximately thirty percent of respondents reported being aware of the AIRB and a similar proportion were aware of the Good Driver Rate Cap. Awareness of the upcoming Care-First system was lower, with only one-quarter of respondents indicating they had heard about the reforms. As Alberta prepares for the transition to Care-First on January 1, 2027, these findings highlight the ongoing need for consumer education and outreach to ensure drivers understand how the system works and the protections available.

Overall, the survey reinforces a consistent message from Alberta drivers: consumers want affordable and predictable premiums, clear explanations when rates change, accessible information about their coverage options, and confidence the auto insurance system operates fairly and transparently. These themes will continue to shape consumer expectations as Alberta's auto insurance marketplace evolves and prepares for the implementation of Care-First.

For more information on consumer trends, read the [2026 Consumer Perspectives on Auto Insurance report].

ECONOMIC TRENDS

BACKGROUND

Insurers, like all other business, operate within their economic environment. Therefore, to understand their performance and operating results, an understanding of key economic variables is important. For instance, insurers have little control over claim costs rising due to inflation (measured by price indices) and their investment returns are determined by bond yields and prices, which are primarily controlled through the policy rate set by the Bank of Canada. They can control their expenses to some degree, but of course the largest lever they have is the prices they charge. If claim costs rise and investment yields fail, prices will increase.

The impact of the insurance industry on the economy is invaluable. Insurance as a product allows businesses to undertake higher-risk and therefore higher return activities. It also provides businesses greater certainty as it caps their downside risk; both of which encourage higher investment levels across the country. For PPV, consumers pay an overall modest premium to ensure they are financially protected from up to millions of dollars in liability, which few consumers could afford to pay on their own.

INFLATION

Focusing in on inflation, we present the four primary consumer price indexes related to auto insurance and its affordability. The two which matter most to insurers in terms of claim costs is the parts and maintenance index and the healthcare index. Parts and maintenance will have a significant impact on the cost of physical damage claims under collision, comprehensive, and third-party property damage claims. Healthcare will impact primarily accident benefits but will also have some impact on bodily injury.

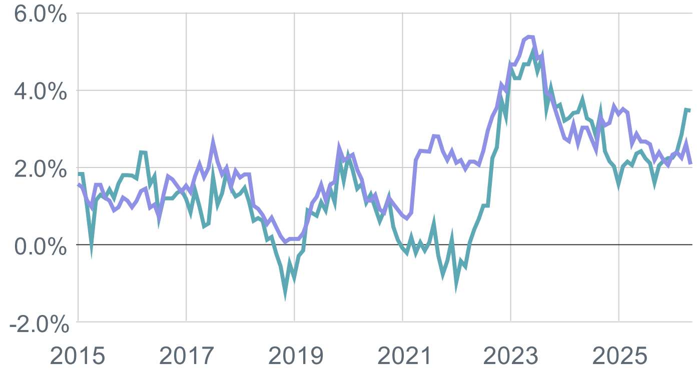
Focusing on parts and repair, Alberta tracks very close to the Canada-wide indexes, but when there is deviation, Alberta generally sees lower inflation. Since October of 2022, our 12-month inflation has been below Canada-wide in all but four of fourty-four months.
In our annual review of industry loss costs trends, conducted by our independent actuary Risk Consulting Services (RCS), all the physical damage coverages have loss cost trend rates at or below inflation levels. The expected trend rates are 1.4% for property damage, 2.3% for collision, and 3.6% for comprehensive.* The higher trend for comprehensive is primarily due to a slightly higher frequency trend, with severity trends being largely in line with the others.

Focusing on healthcare, we are seeing a change in behaviour. Historically, Alberta has had a fairly consistently lower inflation in the healthcare space, particularly in the high inflationary period beginning in 2022, where we saw near deflation while Canada-wide saw very elevated levels of inflation. While it was lagged, Alberta did eventually feel this inflation level at a much faster rate, and we started aligning with Canada-wide in late 2023. Since the start of 2026, we have moved significantly above the Canada average, with an inflation rate of 3.5% as of May 2026, compared to 2.1%. Overall, the inflation rate for Healthcare is below the all-item inflation rate and therefore does not present significant concern. Despite this, the annual review estimated loss trend for accident benefits was 9.0%, which comes entirely from the severity side, and this estimate has increased from the 8.7% estimate six months ago. Overall, there appears to be other factors influencing the rise in severity. There has been anecdotal commentary we are seeing changes in claimant behaviour where they are exhausting all their benefits to pursue larger bodily injury claims; this type of cost pressure would not show up in healthcare inflation.

* This excludes catastrophic weather events which are estimated separately.

Vehicle Parts & Maintenance 12 Month Inflation [12]

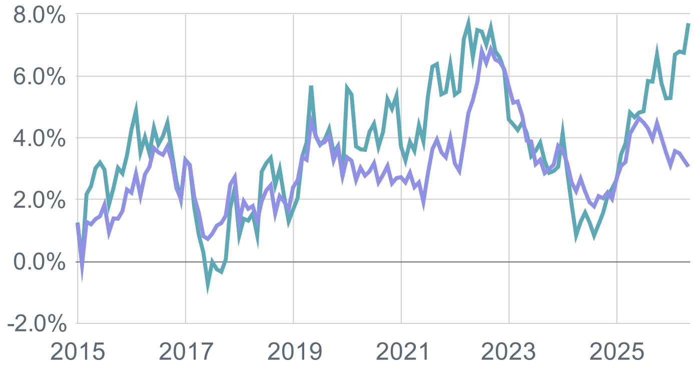
Healthcare 12 Month Inflation [12]



Alberta Canada

Less relevant to insurer's costs and more relevant to Albertans, we are seeing significant increases in the transportation excluding gasoline index. This includes things like vehicle registration fees, purchasing vehicles, renting vehicles, insurance premiums, and other costs associated with transportation. Since approximately 2025, Alberta's inflation in this category has been skyrocketing, and it's not hard to determine what category drives this. The insurance premiums index has increased substantially. Canada-wide, insurance premiums have increased 6.2%, but in Alberta they've increased 26.3%. This is not reflective of premiums actually paid by Albertans. While rate restraint made shopping the market extremely difficult, it protected Albertans at renewal. Recognizing these challenges, Alberta's Care-First reforms are expected to lower costs for Albertans and reset the rate adequacy for insurers. We expect to return to a marketplace where shopping the market is rewarded for Albertans. An increase in shopping intensity should stimulate further competition in the market

Private Transportation Excluding Gas 12 Month Inflation [12]



All Items 12 Month Inflation [12]

Alberta Canada

INVESTMENT ENVIRONMENT

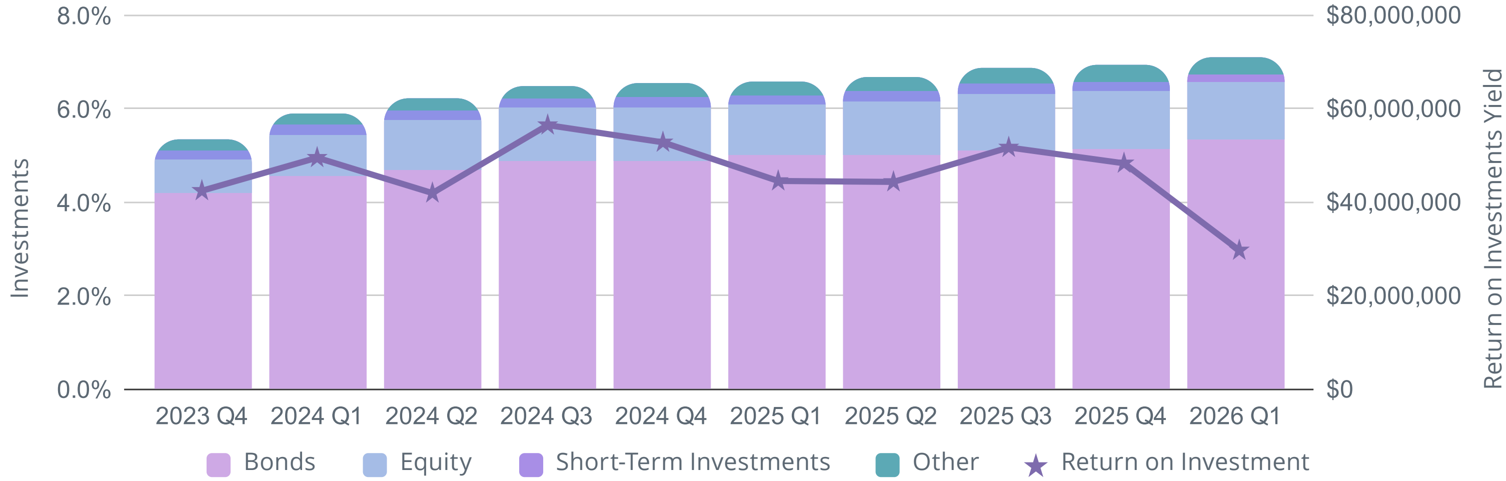
Insurers receive revenue in two ways: through premiums and investments. Between when an insurer receives your premium and when you may enter a claim, insurers can invest portions of premium to earn a stable return. A majority of an insurer's investment portfolio is in stable investments like bonds, primarily from governments at the provincial or federal level. In the first quarter of 2026, 77.5% of the industries investment portfolio was in bonds and other short-term investments. These types of investments are typically "risk-free" due to their short maturity and overall low risk; a Government of Canada default is extremely unlikely.

The Bank of Canada's ("the Banks") policy rate or target rate, typically determine the yield for the bond market. Since the second half of 2024, the Bank of Canada has been lowering the target rate from a high of 5.0% to 2.3% as of June 2026. The bond market yields can be thought of as what the financial market believes the target rate will be at the maturity date. For example, in 2021, the yields for bonds increased as the financial market saw the impending inflation and the Bank of Canada would need to increase its interest rate to slow down the economy. In 2024, they saw a weakening of economic activity and the slowing of inflation and foresaw the Bank would decrease their rates. Since the start of 2026, the bond yields have been above the target yield, meaning the market expects the Bank to raise rates again. While inflation is creeping upwards and has hit 3.2% Canada-wide, a slowing economy makes this a difficult choice for the Bank, with unemployment at 6.5% as of June.

Below we show the composition of insurers investment portfolios. This data comes from Office of the Superintendent of Financial Institutions (OSFI) and is a collection of companies writing personal auto lines in Alberta. However, these investments are not specific to Alberta auto, and many of these insurers offer other lines of insurance in other provinces. Overall, since 2023, the investment portfolio has increased by 32.9%, from $53.4 billion to $71.0 billion. The investment yield, as calculated by MSA, had been fairly consistent at around 4.5%, but has dropped to 3.0% in the first quarter of 2026. This correlates with the increase in bond yields starting in 2026. If the insurer sells a bond before it matures as yields increase, the price of the bond decreases and lowers their investment yield.*

There have been no significant deviations in investment type allocation, but over time we have seen the industry move towards riskier investments. In 2023 Q4, 13.3% of the industries investment portfolio was equity, but its now increased to 17.4% in 2026 Q1. Riskier investments will generally fetch a higher return, and ignoring 2026 Q1, we have seen an overall positive (albeit small) increase in investment yield over time.

Insurer Investment Portfolios (000's) [9]



* A bond pays a fixed amount. For example, you pay $100 and receive $105 in one year. This is a yield of 5%, but if yields on other bonds are 6%, then you only need to pay approximately $99 to receive the $105. Therefore, your price falls. If the insurer holds the bond to maturity, then this has no impact on their return.

MINIMUM CAPITAL TEST RATIOS

As we mentioned in previous sections, insurers are vital to the economy by pooling together risk. Since insurers are so vital, any inability to pay a claim could have enormous economic implications, therefore, OSFI requires all insurers maintain a certain level of capital on hand to ensure they are financially sound. One measure OSFI uses to determine if an insurer is financially sound is the minimum capital test (MCT) and the resulting MCT ratio. The MCT ratio is a ratio between the capital available to the insurer and the capital required as calculated by OSFI.

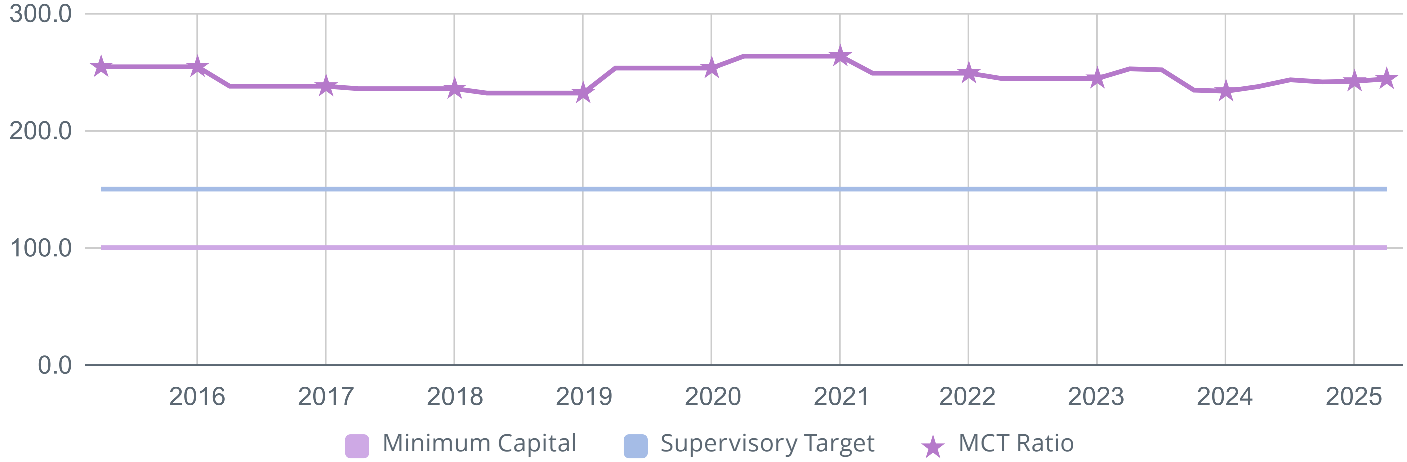
The minimum capital required is complex but broadly considers the following risk: insurance risk (claims, reinsurance, weather events), market risk (interest rates, equity returns), credit risk (default of parties on company's balance sheet), and operational risk (failure of internal processes, people etc). They are also rewarded a diversification credit based on how diverse their risks are.

OSFI stress tests each of these risks and determines the minimum capital required as the amount sufficient to cover 99.0% of the expected shortfall within a one year window. Insurers must maintain at least an MCT ratio of 100.0% (capital available equals required capital), but in practice insurers generally hold a much higher ratio. OSFI establishes a supervisory target ratio of 150%, which provides a significant cushion and decreases the odds even further of default. However, each insurer determines their own MCT target ratio and maintains their credit at a value above this. If an insurer anticipates falling below 150%, they must immediately inform OSFI of how they plan to return to their internal target. Below we present the MCT ratio for industry. In the first quarter of 2026, the industry MCT ratio was 244%, representing a very conservative level of credit relative to the risk they are exposed to.

Overall, there has not been a significant movement over time with the MCT ratio, as we expect, since each insurer targets the same ratio over time.

The MCT ratio by insurer varies significantly depending on various factors like their lines of business and diversification. Insurers with a very large and diverse portfolio typically have a lower MCT ratio, while small and targeted insurers will have a much higher MCT ratio.

Minimum Capital Test Ratios [9]



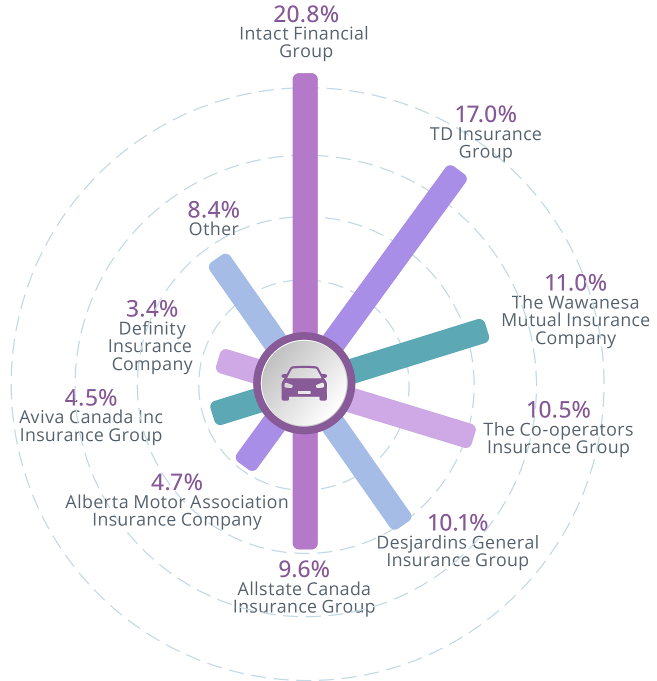
PRIVATE PASSENGER VEHICLE TRENDS

COMPETITIVE MARKETPLACE

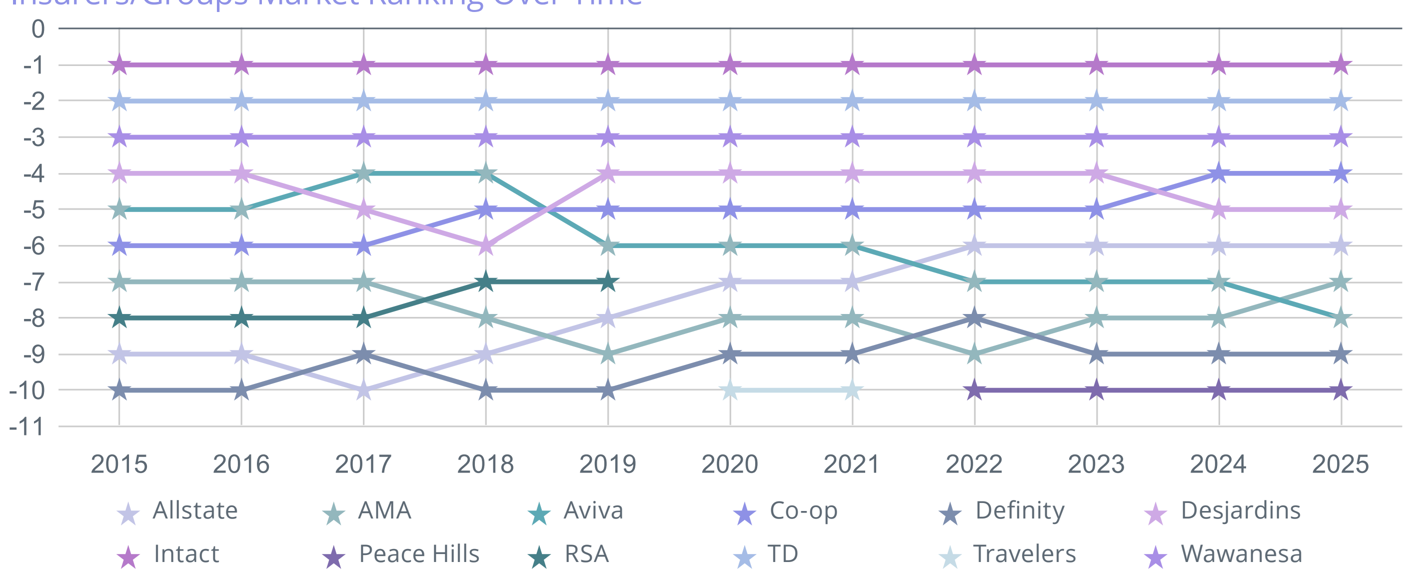
Alberta is fortunate to have a competitive marketplace for auto insurance. There are currently 39 insurance companies actively writing PPV insurance in the province.* Of those 39, 26 belong to one of nine insurers/groups. Therefore, we have a total of 22 independent insurers.

Based on 2025 written premium estimates, the top three insurer groups represent 48.8% of the market, a slight decrease from 50.0% in the prior year. Intact remains the largest insurer with a market share of 20.8%, followed by TD at 17.0% and Wawanesa at 11.0%. Overall, the top ten insurers had a market share of 94.1%, down slightly from the previous year's 94.6%, but up significantly since 2012, where it was 87.7%. Over the same period, the share for the top five insurers increased from 66.5% to 69.4%.

Top PPV Insurers/Groups (2025) [8]



Insurers/Groups Market Ranking Over Time **[8]



* Actively writing insurers are those with written premium in the past 12 months.

** Allstate Canada Insurance Group (Allstate), Alberta Motor Association Insurance Company (AMA), Aviva Canada Inc. Insurance Group (Aviva), The Co-operators General Insurance Group (Co-op), Definity Insurance Group (Definity), Desjardins General Insurance Group (Desjardins), Intact Financial Insurance Group (Intact), Peace Hills General Insurance (Peace Hills), Royal & Sun Alliance Insurance Company of Canada (RSA), TD Insurance Group (TD), Travelers Insurance Company of Canada (Travelers), and The Wawanesa Mutual Insurance Company (Wawanesa).

Since 2012, the top three insurers have maintained their market positions, with a brief exception in 2020 where Intact and TD traded spots.* Below the top three, there has been more variability, with several insurers holding the fourth-largest position over time. From 2019 to 2023, Desjardins was the fourth-largest insurer, in part due to its acquisition of State Farm in 2015. In 2024, Co-operators moved into the fourth position, reflecting a significant increase in market share from 8.8% to 10.9%, an increase of 24.0% in a single year. In 2025 their growth slowed and they lost a modest amount of market share, falling to 10.5%. In 2025, while the relative positions of the largest insurers remain unchanged, some shifts are observed among mid-sized insurers, including AMA moving ahead of Aviva in market ranking to become the seventh largest insurer with a market share of 4.7%.

Aviva was the fourth largest insurer from 2017 to 2018 and are now the eighth largest after tightening their underwriting rules and a lack of appetite for new business. Since 2022, Allstate has become the sixth largest insurer, increasing from tenth back in 2012. Unlike other insurers who gained market share through acquisitions, Allstate's growth has been organic as they historically appeared to be targeting the youth demographic, who are often priced out at other insurers.

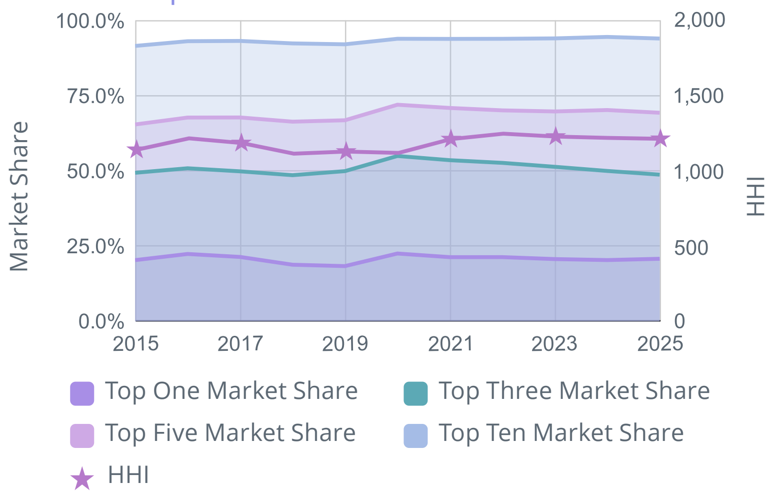
As we go into 2026, we are monitoring the competition to become the third largest insurer, with Allstate within one point of becoming the third largest insurer, between its 9.8% and Wawanesa's 10.8% as of May 2026 year to date. While Wawanesa has been the third largest insurer since 2012, their market share has fallen from a high of 14.6% in 2020 to just 10.9% in 2026 so far. Meanwhile, Allstate has seen their market share increase from 2.5% in 2012 to 9.8% in 2026.

To foster a competitive marketplace, we must balance affordability and accessibility. We have affordability when Albertans find the price commensurate with the value they are receiving from their insurance policy, and accessibility is the ability to select the coverage you need from a variety of competing insurers. To ensure premiums are affordable, we review rate filings for all insurers and conduct full actuarial analysis to ensure larger increases are justified, or as required every three years. To ensure there is sufficient competition, we allow insurers to earn a modest return on premiums of 6.0%. In general, more insurers mean more competition, and therefore lower prices. However, to attract and retain insurers to the market, they need to remain profitable. Therefore, we maintain a balancing act in which insurers are fairly compensated for their risk while offering their policyholders an affordable premium.

Each year, the level of competition within the market changes, as insurers exit, leave, acquire, or grow. For simplicity, we calculate a Herfindahl-Hirschman Index (HHI) for each year. Values below 1,500 indicate a competitive market, values above 1,500 but below 2,500 indicate moderate concentration, and values above 2,500 are thought to be greatly concentrated. In general, the HHI calculation places a "higher weight" on the activities of large insurers. The exit of a small insurer will not impact HHI significantly, but the merger of two large insurers would. An important caveat is there are significant barriers to entry in the insurance industry. Any insurer who wants to enter must go through a variety of complex and costly applications, maintain reporting to GISA, OSFI, undergo regular rate filings with the AIRB, and inject a large amount of up-front capital while their book would grow. Therefore, we would expect a market like this to be fairly concentrated and made up by a majority of mature companies.

In 2025, the Alberta PPV market remains more concentrated than it was prior to 2021. However, with a Herfindahl-Hirschman Index (HHI) of approximately 1,214, the market continues to remain solidly within the "competitive" range. Following a peak of approximately 1,248 in 2022, market concentration has declined steadily in subsequent years, indicating a gradual

PPV Competition Overview [8]



* This is a change from previous reports. For the past several market and trend reports, the Intact and RSA merger was erroneously labelled to begin in April of 2020 instead of April of 2021.

easing of concentration within the market. This is the third year in a row where competition has increased, and based off early 2026 data, we expect a similar decrease for 2026. As of May, the 2026 HHI year to date was 1203.

The increase in concentration observed in the early 2020s was driven in part by consolidation activity, including the merger of Intact and Royal Sun Alliance. Other notable historical events include the merger of Desjardins and State Farm in 2015, and Travelers' acquisition of Dominion of Canada in 2015. The proposed merger between Definity and Travelers closed in January 2026; however, based on prior estimates, its impact on overall market concentration is expected to be modest as it was the merger between two relatively small insurers.

Unfortunately, in 2024 two insurers decided to leave the province, Sonnet Insurance Company, and S&Y Insurance Company, which are parts of the Definity and Aviva groups, respectively. While these insurers are leaving, at least one other insurer in their groups, remain in the province. In particular, neither of these companies are the largest in their group. Together, these insurers represented 1.26% and 0.03% of the market in 2023 respectively. While they left part way through the year, so far indications are their exit has not significantly concentrated the market.

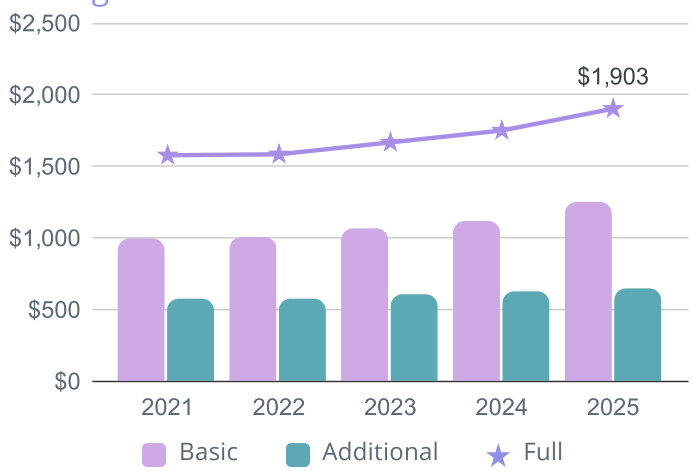
INSURANCE PREMIUM TRENDS

Average Premiums

The annual change in average premium is an important indicator of affordability in the market. Over the last five years, average premiums for basic coverage (bodily injury, property damage, DCPD, and accident benefits) increased by 25.6%, slightly above last year's value of 25.0%. Additional coverage (collision, comprehensive, specified perils, and all perils) increased by 12.2%, up from 8.0% in the prior year. The total average premium increased by 20.6% over the past five years, also above last year's value of 19.0%.

Following a year-over-year increase of 5.2% in 2023 and 5.0% in 2024, average premiums increased by 8.7% in 2025.

Average Written Premiums [7]



Importantly, Alberta's make-up of drivers and vehicles changes year over year and therefore changes in average premiums reflect both shifts in the composition of drivers and vehicles, as well as changes in prices. If all drivers retained older vehicles or if the population aged, we would expect the average premium to decline, and vice versa. Recent immigration trends have contributed to population growth in Alberta, particularly from individuals with out-of-country driving experience. These drivers are often rated as new or inexperienced drivers, which places upward pressure on average premiums. Weighted by written vehicles, the average age when licensed has increased from 18.9 years old in 2020 to 19.7 years old in 2025. The increase from 2024 to 2025 was the largest in this period, increasing from 19.4 to 19.7.

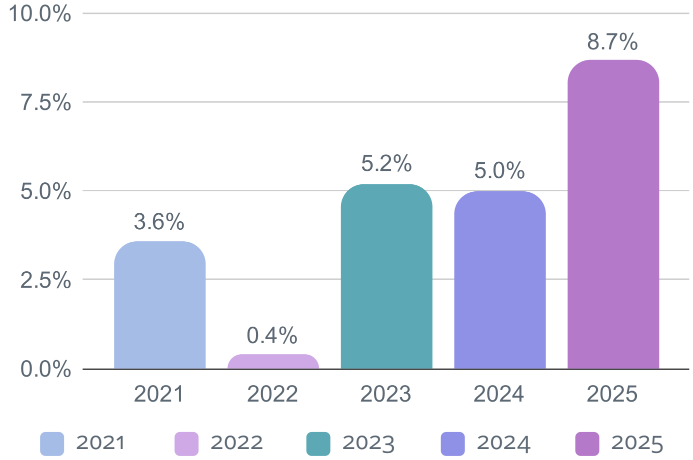
In addition, the proportion of drivers selecting a two-million-dollar liability limit increased from 45.6% in the second half of 2024, to 47.1%, while the proportion selecting a one-million-dollar limit decreased from 53.6% to 52.2% 12 months later. Increasing liability limits from one million to two million dollars typically increases third-party liability premiums by approximately 9.0%.

Year-Over-Year Change

Before the pandemic in 2019 and 2020, premiums grew by more than 6.0% per year, as insurers sought to return to profitability following the removal of previous rate caps. Following the pandemic, claim costs fell significantly as the volume of vehicles on the road declined.

The current Good Driver Rate Cap does not reduce underlying costs for insurers. Once the cap is removed, insurers may need to adjust suppressed rates, which could result in additional premium increases on those coverages where permitted by the AIRB. While premiums remain a concern for many Albertans, they are also insufficient to fully cover insurer costs. As a result, the government has announced Care-First as a long-term solution to improve affordability for drivers while supporting the sustainability of insurers operating in the province.

Yearly Change in Total Average Premiums [7]

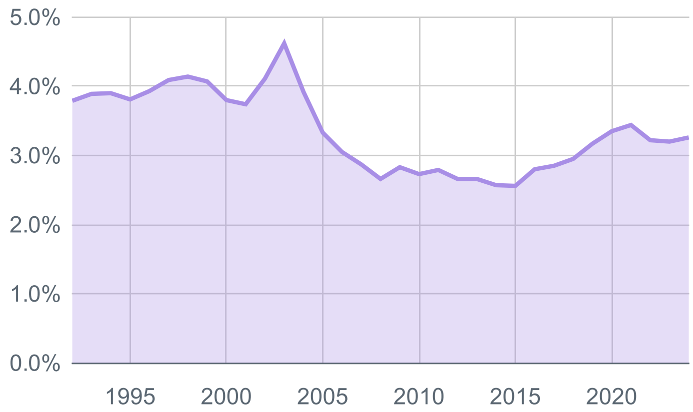


Change in Income Spent on Auto Insurance

Our preferred method of tracking affordability of auto insurance is considering the ratio of average premium to the average after-tax income in Alberta.

First, we want to understand how this ratio has evolved within Alberta over time. For this, we take the ratio of written average premium to income and adjust for inflation. The figure presents this inflation adjusted affordability ratio since 1992. From the graphic, we can see we continue to have more affordable insurance than we did prior to 2003, when government had previously introduced reform which included the minor injury cap, the diagnostic and treatment protocols, and creation of the AIRB. Affordability in real terms fell and remained steady until 2015, when affordability began to worsen. The recent peak in 2021 is primarily due to lower income levels due to the COVID-19 pandemic, but it's encouraging to see we have not returned to those levels.

Average After-Tax Income Spent on Auto Insurance (Inflation Adjusted) [7,11,13]



How Do Our Premiums Compare?

Next, we benchmark the share of after-tax income spent on auto insurance across provinces. While coverage differs by jurisdiction, these comparisons provide a general indication of affordability. Factors contributing to differences in premiums include:

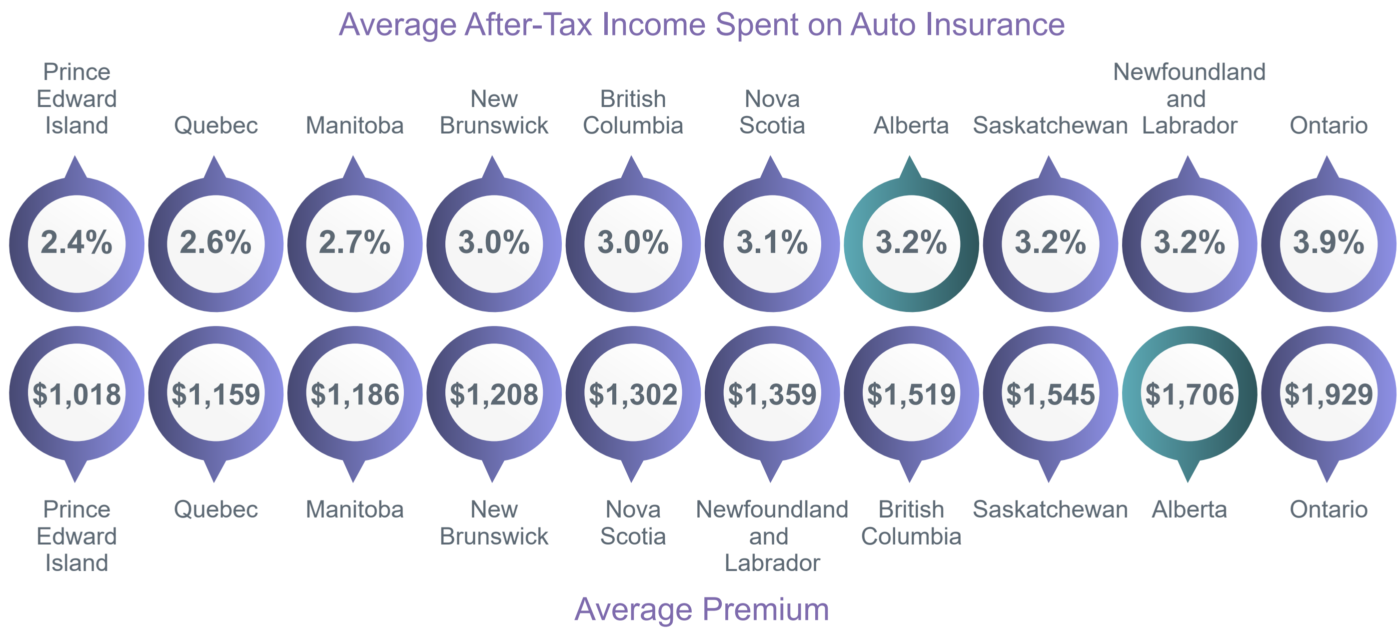
- Type of coverage purchased,
- Prevalence of telematics offered,
- Driving location,
- Tax-payer subsidized expenses for public auto provinces,
- Demographics,
- Vehicles driven,
- Accident rates,
- Weather,
- Traffic density,
- Commission structure,
- Vehicle repair costs,
- Vehicle theft, and
- Population density.

We compare Alberta to other provinces in Canada. To do this, we calculate the earned premium for full coverage and divide it by average after-tax income for 2024. The data used by Statistics Canada lags a year, and as such 2025 income levels are not available. For private delivery provinces, we use consistent GISA earned average premium.

This year, we have updated our methodology for calculating the average premium charged for provinces with a publicly delivered insurance system like British Columbia and Saskatchewan. In previous years, we took the premium from their financial statements and divided it by their vehicle counts. While this was consistently reported and required no assumptions, it ultimately provided the average premium for all vehicle types.

For British Columbia, Saskatchewan, and Manitoba, we used data from their rate change applications. These actuarial filings are like our annual review and generally provide more detailed information, often on an accident-year basis. Where the required data was not available at the necessary level of detail, we made assumptions. After calculating the PPV-specific average premium for each public insurer, we added premiums collected by the private market for optional coverages.

How Do We Compare to Other Provinces (2024) [7,11]



Quebec Data & Adjustment

For Quebec, we used PPV-specific reports which are similar in purpose to GISA reports. This year, we also included Quebec's required registration and licensing fee. Because an insurance component is embedded in the fee to fund Quebec's bodily injury coverage, and the insurance portion cannot be separated, the full fee was included in the comparison.

Overall, Alberta had the fourth highest share of income devoted to insurance coverage at 3.2%. The provinces with higher shares of income were Saskatchewan, Newfoundland, and Ontario. With our updated premium calculations, Saskatchewan's premium is fairly close to Alberta's, but their lower income levels offset. For Newfoundland and Labrador, their premium is much lower than Alberta's but so is their income level, and for Ontario their premiums are much more expensive than Alberta's with a lower income level.

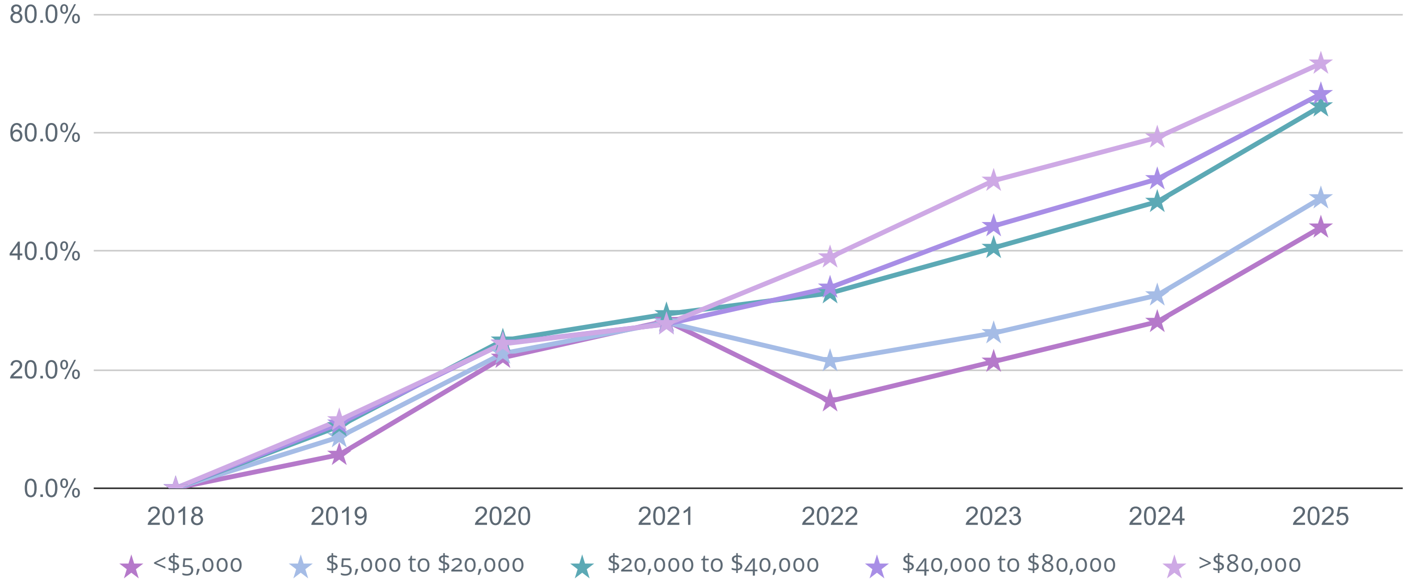
DCPD Reform

The introduction of Direct Compensation for Property Damage (DCPD) in 2022 changed how property damage costs are allocated within Alberta's auto insurance system. Under DCPD, insurers are responsible for compensating their own policyholders for damage to their vehicle when the other driver is at fault. Under the old system, insurers were responsible to pay for the damage caused by their client, and therefore insurers could not predict what vehicle their insured might hit in an accident. Therefore, even if a driver had a low value vehicle, it could crash into much more expensive vehicles and cause damage. With DCPD, insurers now know the exact value of the car they are insuring, meaning a low value vehicle will cost less to insure than a higher value vehicle. In other words, with DCPD, each driver is paying the fair price for their risk, while under the old system, those with less expensive vehicles were overpaying, and subsidizing those with higher value vehicles.

To examine how premiums evolved following the reform, vehicles were grouped by depreciated value and third-party liability (TPL) premiums were tracked over time. DCPD only premiums are not available before reform in 2022. TPL also includes bodily injury which we would not expect segmentation based on price. Therefore, we assume bodily injury premiums are more or less consistent pre and post reform, and any deviations in TPL total price are due to the DCPD portion. Prior to the implementation of DCPD, premium trends were consistent for each vehicle value. Following implementation, we observe fairly significant segmentation with the lowest value vehicles seeing price decreases and slower overall growth. By 2025, vehicles with depreciated values above $80,000 exhibited the largest cumulative premium increase, while vehicles valued below $5,000 experienced the smallest increase.

Most drivers with low value cars are young and/or experiencing economic hardship. With the introduction of DCPD, we were able to deliver meaningful savings to the most vulnerable Albertans by removing the subsidization effect of these drivers to those with high value vehicles.

Premium Inflation by Depreciated Vehicle Price Band (TPL/DCPD) [8]



EV Collisions

Electric vehicles (EVs) continue to represent a relatively small share of Alberta's vehicle fleet; however, adoption has increased rapidly in recent years. Since 2021, EV vehicle counts have grown substantially faster than both hybrid and gasoline-powered vehicles. While gasoline vehicles remain the dominant fuel type, EVs are becoming an increasingly important component of Alberta's auto insurance market. Their growth is particularly pronounced in the province's urban centres of Calgary and Edmonton.

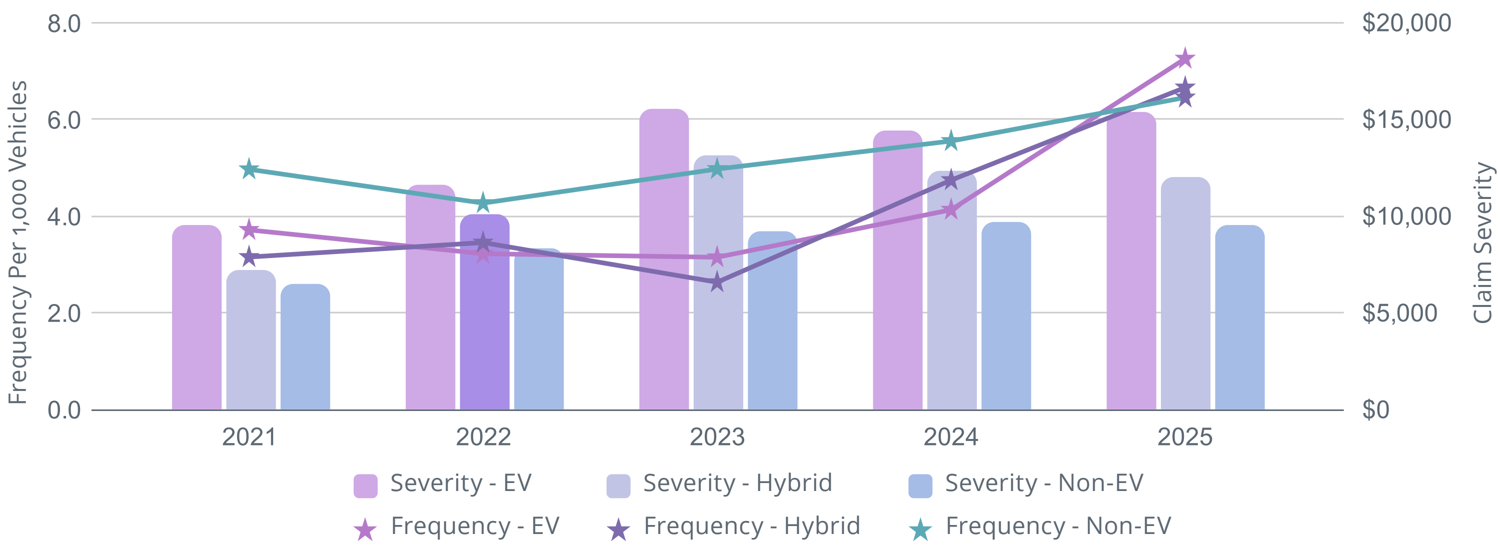
Collision severity has increased across all fuel types since 2021. However, EVs consistently exhibit the highest collision severity, followed by hybrid vehicles and non-EV vehicles. In 2025, the average collision claim severity for EVs was approximately $15,353, compared to $12,005 for hybrid vehicles and $9,526 for non-EV vehicles. Similar patterns are observed in collision loss costs, where EVs exhibit the highest loss costs throughout most of the same period.

Part of the difference in collision severity can be explained by differences in vehicle value. Throughout the study period, EVs had substantially higher average depreciated values than both hybrid and non-EV vehicles due to their relatively new introduction. In 2025, the weighted average depreciated value of an EV was approximately $75,296, compared to $53,725 for hybrid vehicles and $29,281 for non-EV vehicles. We expect that once accounting for vehicle price, the true claim severity difference between the two vehicle types should shrink. As insurers re-evaluate the pricing of electric vehicles, the AIRB will monitor differences in EV and non-EV losses. As of this time, the AIRB does not permit the introduction of surcharges specific to electric vehicles without sufficient actuarial evidence.

Looking at claim frequency, we see EVs and hybrids typically have a lower claim frequency. Once again, we think this is correlated with these vehicles typically being newer and therefore having more advanced safety features. We expect safety features to overall reduce claim frequency but increase claim severity, so we are interested in how these forces balance out in terms of overall loss costs per vehicle. We expect claim severity to be higher not only because they are more expensive to insure, but because many safety features are aimed at reducing low-speed (and therefore low value) collisions with things like back-up sensors. By removing these claims which typically bring down the average, we would expect the severity to increase, even if they cost the exact same to insure.

As newer technologies and specialized vehicle components become more common, higher repair and replacement costs may contribute to the elevated collision severities observed for EVs. Conversely, as these vehicles become more common, economies of scale may lower repair costs as part and repair demand increases leading to higher part availability and more professionals available to repair these vehicles. As EV adoption continues to increase in Alberta, monitoring their claims experience will become increasingly important in understanding future collision costs and insurance premium trends.

Claim Frequency & Severity by Fuel Type [8]



Provincial Vehicle Comparison

As previously noted, the vehicle you drive is a significant factor in determining your premium, and therefore the average premium for a province is reflective of the composition of its vehicles. Vehicle features like price, age, weight, and safety features will impact the costs to insure.

According to 2025 data, the average model year in Alberta is 2014, compared to 2017 in Ontario and the Atlantics. While the MSRP values are higher in Alberta at $43,000 versus $37,000 in Ontario and $41,000 in the Atlantics, the older age of Alberta's fleet leads to a lower price after factoring in depreciation ($27,000 versus $26,500 and $29,000 for Atlantics and Ontario respectively).[*]

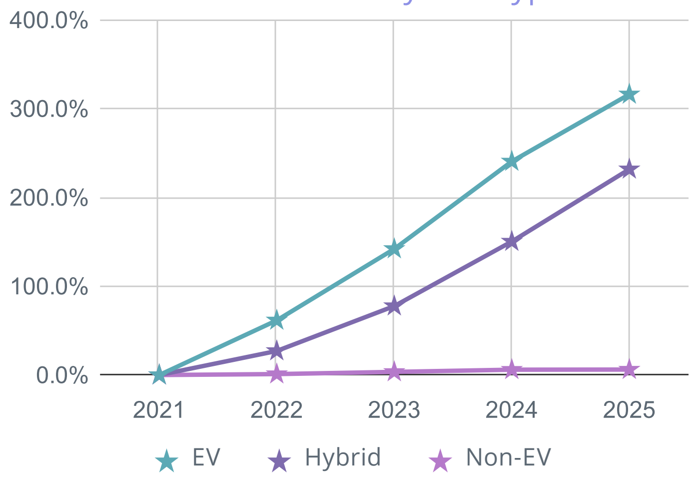
However, while vehicle price is an important consideration, it's not the entire story. For instance, while price may be a very good predictor of risk for collision coverage, a high value vehicle may be small and light (sports car) and therefore cause lower damage to others. Alberta vehicles are typically larger and heavier, with an average curb weight of 1,857 kilograms compared to 1,696 and 1,713 kilograms in Atlantics and Ontario respectively.

Additionally, aside from price and model year, the popularity of body styles varies significantly by province. In Alberta, we have the largest proportion of trucks at 21.7%, compared to 19.1% in the Atlantics, and just 11.8% in Ontario. In general, trucks are larger, heavier, and more expensive than their sedan and SUV counterparts, therefore a contributor to higher premiums. Over time, SUVs have become increasingly popular across North America, and indeed they top the list in all three regions of Canada, followed by their smaller, lighter, and less expensive sedan counterpart.

A popular movement in vehicles is the introduction of electric vehicles. While they have been around for several years in some form, such as hybrids, their adoption is still slow. In all three regions of the country, gasoline only powered vehicles make up 91.6% of vehicles in 2025. For Alberta, our next most common fuel type is diesel, which is likely a reflection of our higher proportion of trucks, while hybrids are the second biggest fuel type for Ontario and the Atlantics. Overall, Alberta falls behind both the Atlantics and Ontario for electric vehicles, where 3.9% of our fleet is hybrid or electric, compared to 4.2% in the Atlantics and Ontario leads at 6.8%.

Despite the low number of electric vehicles, they are by far the fastest growing category of vehicles. Since 2021, the number of vehicles with an internal combustion engine only (gasoline and diesel) has increased by just 6.5%, while hybrid and electric vehicles have grown by 231.8% and 316.2% respectively.

Growth in Vehicle Counts by Fuel Type [8]



Proportion Purchasing Optional Coverages

We examined the proportion of policyholders purchasing optional physical damage coverages. Throughout 2024 and 2025, we saw many insurers attempt to reduce their exposure to these coverages by denying coverage to drivers with convictions and at-fault claims for collision coverage. We designate any policyholder with more than one minor conviction, or any major/criminal convictions or at-faults to be under an availability concern, and those with at most one minor conviction to have no availability concern.

Policyholders reporting availability concerns consistently exhibited lower take-up rates for both collision and comprehensive coverage. While differences between the two groups were relatively small in the mid-2010s, the gap has widened over time, particularly for collision coverage. We would expect a certain amount of a gap to exist, as the convictions and at-fault claims increase the premium overall, and the price sensitive or those facing economic hardship seek to cut coverage to be able to afford their insurance.

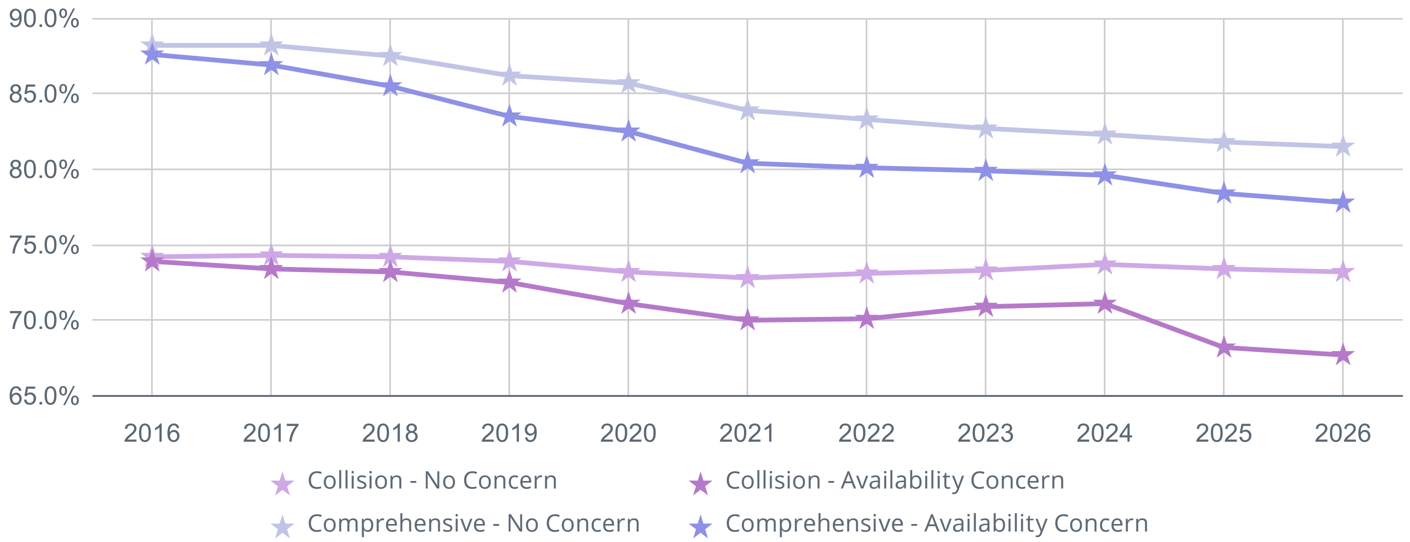
[*] Depreciation in this context means in terms of costs to the insurer. We assume no depreciation for cars less than 4 years old and starting with the fifth year applies a depreciation of 10% per year.

For collision coverage, purchase rates remained relatively stable among policyholders with no availability concerns, declining from 74.5% in 2015 to 73.4% in 2025, and 73.2% through to May of 2026 In contrast, purchase rates among those with availability concern declined more substantially, from 74.6% to 67.7% over the same period.

A similar widening gap over time is observed for comprehensive, but there is not a specific, sharp point in which they diverge like there is with collision.

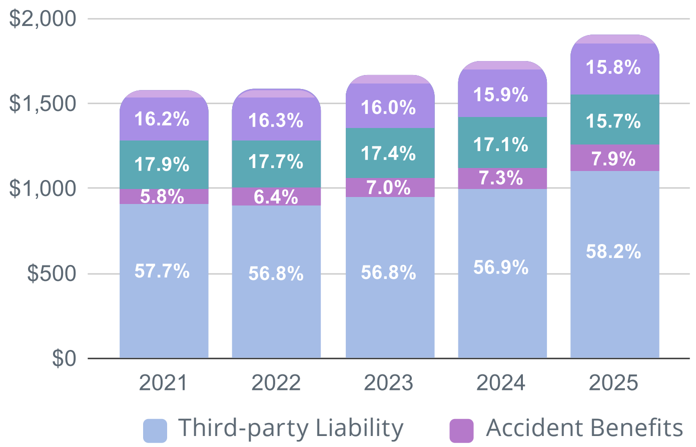
In response, the AIRB told insurers in early 2026 we would not approve further rate increases until these restrictions were removed. With the implementation of Care-First in Alberta, many insurers are increasing their risk appetite and removing these restrictions. We are pleased to see a moderation of the sharp decrease in collision coverage uptake for those with an availability concern, and the decrease looks fairly inline with the long-term trend for this coverage. Going forward, we will continue to monitor this metric and look forward to an increase in these coverages as appetite increases and premiums are reduced on basic coverages, which may allow Albertans undergoing hardship to afford the coverages they need.

Percentage Purchasing Collision & Comprehensive [8]

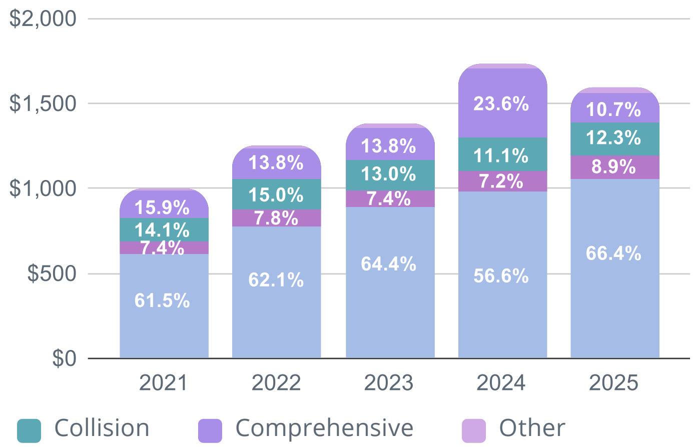


AVERAGE PREMIUM & LOSS COST BY COVERAGE

Average Premium by Coverage [4]



Average Loss Cost by Coverage [4]



Focusing on premiums only, the portion of premiums allocated to third-party liability (TPL) has remained relatively stable over time, averaging around 57%. A marginal decrease is observed following the implementation of DCPD in 2022; however, the share has since increased slightly, reaching 58.2% in 2025. Meanwhile, accident benefits increased steadily, with its share rising from 5.8% in 2021 to 7.9% in 2025, representing an increase of approximately 36.0%. Collision saw its portion decline from 17.9% to 15.7% over the same period, while comprehensive remained relatively stable, with a slight decrease over time.

Together, mandatory coverages (third-party liability and accident benefits) account for approximately 66.1% of premiums in 2025, reflecting a gradual increase in the share of premiums allocated to mandatory coverages compared to 64.2% of last year.

Focusing now on losses, we see the portion of losses allocated to TPL increased through 2023, before declining in 2024 due to the significant increase in comprehensive losses following the Calgary hailstorm. In 2025, the TPL share rebounded to 66.4% of total losses.

The spike in comprehensive losses in 2024, which reached 23.6% of total losses, reflects the significant impact of catastrophic weather events. In 2025, comprehensive losses decreased to 10.7%, returning closer to historical levels.

This volatility can mask underlying trends in TPL, particularly for bodily injury, which continues to experience increasing claim costs.

Collision loss share declined following the pandemic, decreasing from 14.1% in 2021 to 11.1% in 2024, before increasing modestly to 12.3% in 2025.

AUTO INSURANCE CLAIM TRENDS

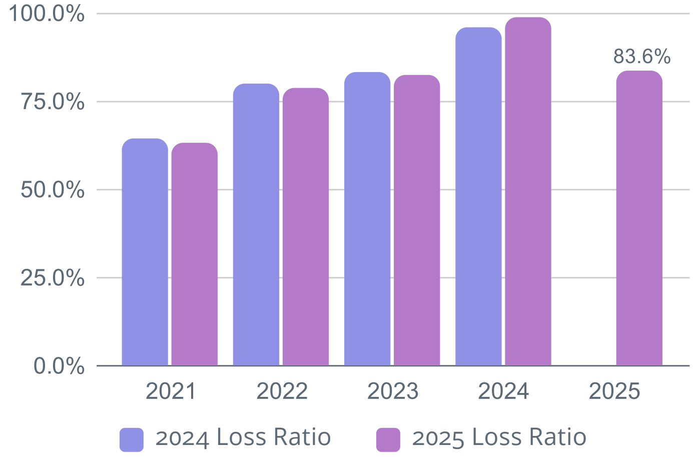
Loss Ratio

Loss data is collected by GISA on an accident year basis. This means a claim submitted in 2024 and settled in 2025 will have its losses attributed to the 2024 accident year in the 2025 version of the data. Since claims take, on average, 2.5 years to settle, "development factors" are applied to claims submitted to date to project them to their final values once all claims are reported. GISA follows actuarial best practices in these projections; however, results remain subject to revision as new data becomes available.

Overall, the loss ratio for 2025 came in with an improvement over last year's, with a value of 83.6%. This means for each dollar in premium earned by an insurer, $0.84 is paid in claims alone. This does not include staffing, commissions, and other expenses, which typically account for approximately $0.27 per dollar of premium. Given these costs together, we would not expect insurers to be profitable, as shown in the excess profit report.

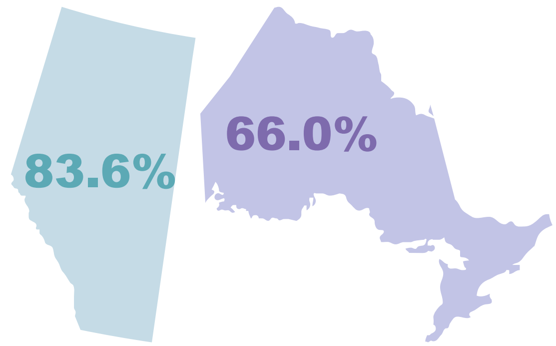
The claims settled during this period resulted in downward revisions for several accident years. 2021 was revised downwards further from 64.3% to 63.3%, with the only upward revision coming in 2024 where the loss ratio increased from 97.1% to 98.9%.

PPV Industry Loss Ratio [4]



The industry benchmark for profitability on an accident year basis is a loss ratio of 70.0%. While the pandemic years of 2020 and 2021 were below this threshold, more recent years have exceeded it as we return to normal driving patterns. Although the 2025 results show improvement, they remain above the profitable threshold, indicating continued pressure on insurer profitability. Consistent with this, our recent excess profit review found the industry return on premium to be -8.8%.

PPV Industry Loss Ratio [4*]



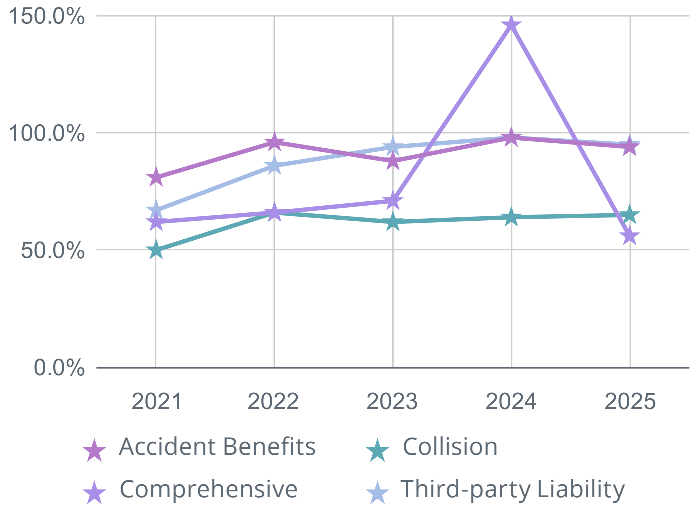
Looking across the country, the Alberta loss ratio was by far the largest, coming in at 83.6%, nearly 20 points higher than Ontario in second place. Unfortunately, we do not have reference points for the Atlantic provinces, as a large insurer experienced data issues which delayed GISA's annual data close off period by one month. This delay affected the delivery of the necessary data to the AIRB, and as a result cannot be included in this year's market and trends but will be included in the mid-year report. Overall, Ontario still maintains a higher premium and a better loss ratio for insurers, clear signs the Ontario market is much more profitable for insurers. In Alberta, while our premiums are high, the loss ratio is also too high for insurers to be making profit; more details in the profit section. As consumers struggle to afford insurance and insurers struggle to provide it, this is a clear breakdown of the marketplace and further supports why the Care-First auto reform is needed.

How Does the Loss Ratio for Each Coverage Type Compare?

Claims are the single largest expense for insurers, and the profitability varies by line. The graph illustrates the loss ratio for the major coverages from 2021 to 2025.

The mandatory coverages of accident benefits (AB) and third-party liability (TPL) are continuing to have higher loss ratios compared to optional coverages like collision and comprehensive. After three years of the AB loss ratio exceeding TPL, the TPL loss ratio moved slightly above AB in 2023. In 2024 and 2025, the two loss ratios have remained broadly similar, with TPL marginally higher in some periods. This trend continues to be driven by increases in bodily injury severity.

Loss Ratio by Coverage [4]



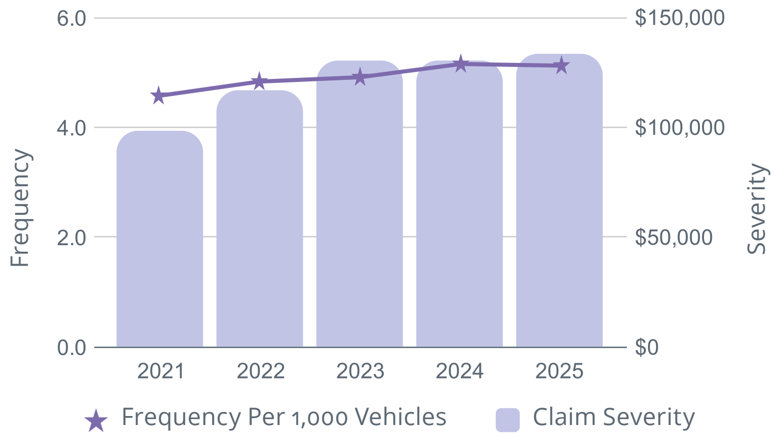
A significant upward movement in comprehensive loss ratios is observed in 2024 which had a loss ratio of 144.4%, driven by catastrophic weather events, particularly the Calgary hailstorm. In 2025, the comprehensive loss ratio declined from this peak but remains volatile compared to other coverages, reflecting the unpredictable nature of weather-related claims.

[*] A large insurer experienced data issues which delayed GISA's annual data close by one month for use in the exhibit production system. This delay affected the production schedule for the 2025 exhibits and, as a result, the Atlantic 1005 exhibit required for the loss cost comparison has not yet been published.

Third-Party Liability - Bodily Injury

Third-party liability covers policyholders if they are liable for bodily injury or damage to another person's property. Bodily injury is a significant component of third-party liability coverage and remains the most significant cost pressure in recent years. Claims frequency has remained relatively stable since 2021. However, claim severity has increased notably, rising by approximately 36.0% over the period. In the last review by our consulting actuary in the semi-annual review, the initial estimate of 2024 BI severity was $179,000, and it now comes in at $131,000 with more data. We are continuing to see changes in claim development over time, and it's hard to determine which changes are long term and which may be temporary.

Third-Party Liability - Bodily Injury [1]



Between 2024 and 2025, severity increased modestly, while frequency declined slightly, indicating bodily injury cost pressures continue to be driven primarily by claim severity rather than frequency. Additionally, some of the previously estimated pressures seem to have moderated.

Insurers cite the following reasons for increased bodily injury claim costs:

- Fewer claimants captured within the minor injury definition than in the past,
- Changes in the mix of injury types reported,
- Increased legal representation, and
- Larger claim settlements.

The government implemented a change in the minor injury definition in late 2020. Recent data suggests the initial estimates for the reduction in bodily injury claims were overstated, and some costs have shifted to accident benefits. Overall, these changes have had limited impact on reducing costs in the system.

As bodily injury costs continue to increase, these trends highlight the importance of transitioning to a Care-First system.

Collision, Comprehensive, Accident Benefits & Third-Party Liability Property Damage

We examine claims frequency and severity separately for the other four coverage types.

Accident benefits coverage compensates those injured in vehicle collisions for medical and rehabilitation services not covered under third-party liability coverage, regardless of fault. Claim frequency for accident benefits has increased by approximately 32.1% since 2021, although this largely reflects the normalization from lower pandemic levels. Claim severity has also increased over the same period by approximately 44.6%. While severity continued to increase in 2025, frequency growth has been more gradual in recent years.

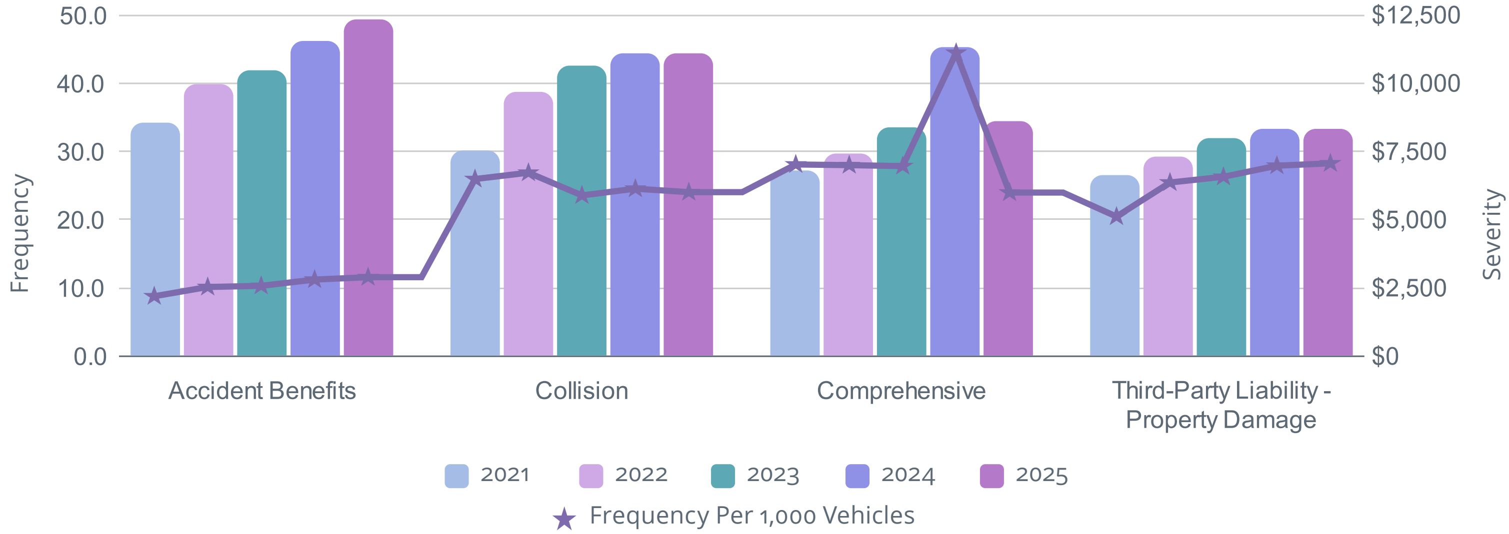
Advancements in vehicle technology continue to influence property damage claims. While newer safety features may reduce the frequency of collisions, they increase diagnostic complexity and repair costs. This has contributed to rising claim severity over time.

Collision severity increased by approximately 46.9% since 2021, while frequency declined modestly by 7.4%, indicating fewer but more expensive claims are occurring.

Third-party liability property damage, including Direct Compensation for Property Damage (DCPD), continues to show growth in both severity and frequency. Since 2021, severity has increased by approximately 29.2% and frequency by approximately 38.3%, reflecting higher repair costs and increased claim activity.

Comprehensive coverage remains influenced by external factors such as weather and theft. While severity increased by approximately 27.2% since 2021, frequency has been more volatile. The spike in 2024 reflects the impact of the Calgary hailstorm, while 2025 shows a return toward more typical levels. Despite this volatility, long-term trends indicate upward pressure from both weather-related events and vehicle theft.

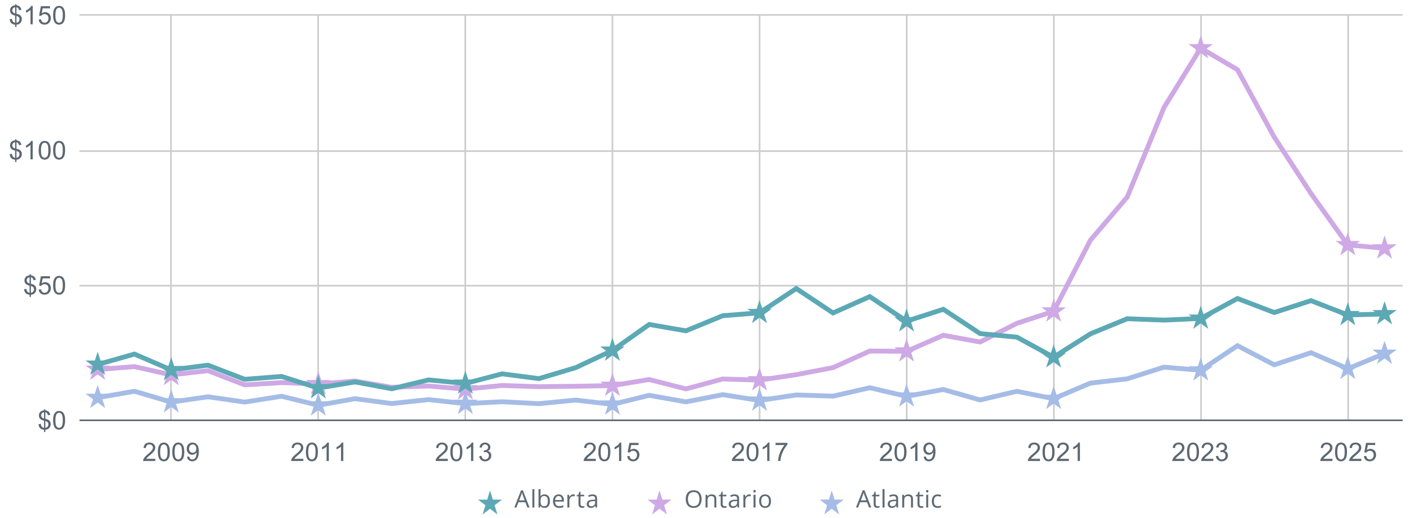
Claims Frequency & Severity by Coverage [1]



Theft

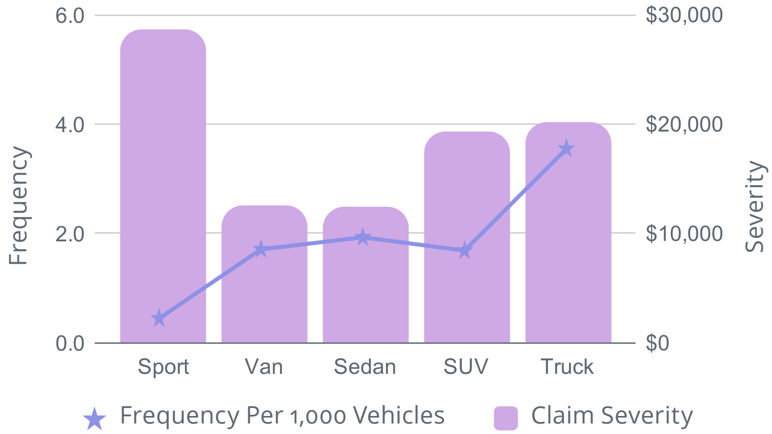
While vehicle theft has decreased over time in Alberta and been stable for many years now, particularly once inflation adjusted, it still has a sizable impact on premiums and impact varies by province. We have developed our own loss development factors to present a provincial comparison, as there are no estimates for vehicle theft available from either RCS or GISA. This coverage does not see significant development as claims are resolved quickly, and therefore our loss development factors are small.

Vehicle Theft Loss Cost [7]



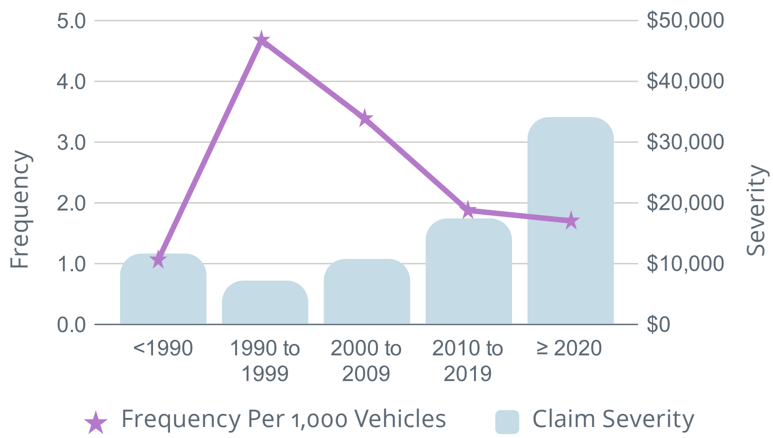
In the most recent data, the loss cost for each comprehensive/all perils/specified perils policy related to vehicle theft in Alberta was approximately $39.50 in the second half of 2025, compared to $63.80 in Ontario and $24.80 in the Atlantic provinces. While Alberta's theft loss costs continue to remain well below those in Ontario, they are higher than in the Atlantic provinces. Vehicle theft is not just a significant cost driver for comprehensive coverage premiums, but also in policing and prevention. The Équité Association has estimated the financial cost to consumers, police, insurers, and governments in Canada to be more than one billion dollars annually.

Claim Trends by Vehicle Type [8]



Last year, we started looking at the theft frequency by different vehicle features like body style (truck, sedan, etc.) and model year. This year we wanted to dive deeper and examine claim severity and frequency and how these come together into loss costs for various features. Starting with body style, trucks have the highest loss cost between 2021 and 2025 at $71.90.* This is due to a combination of their high claim severity and highest claim frequency. Other vehicles like sport have the lowest frequency but highest severity; overall, sport does have the lowest loss cost at just $13.40.

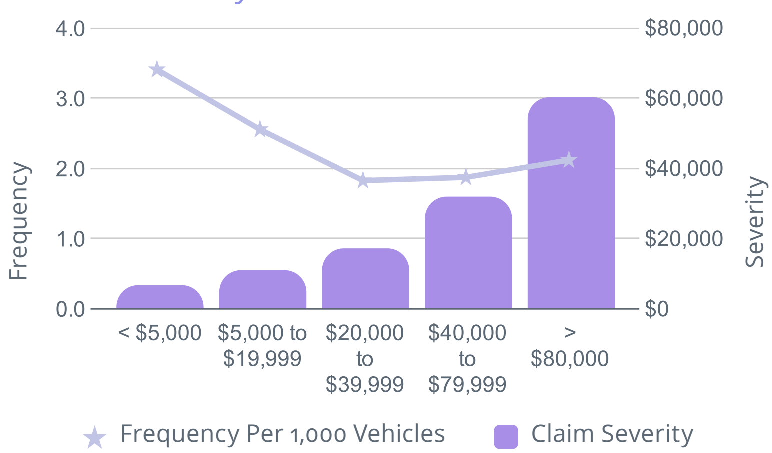
Claim Trend by Model Year [8]



Often, the body style corresponds to vehicle value and model year. For example, most vans are older and lower value as they have become less common in recent years and vehicle manufacturers have reduced their supply. Looking now at model year, we see the highest frequency of theft is by far 1990-1999. Despite this, the highest loss cost is for model years after 2020 due to their significantly larger claim severity. Model years between 1990 and 2010 are stolen by far the most. These vehicles are manufactured before Canada introduced requirements for auto manufacturers to include features to hinder theft, therefore we would expect them to be relatively easy attacks for car thieves. For vehicles before 1990, we suspect their lower value and age make them less attractive for the risk and therefore 1990-2010 appears to be a sweet spot between ease of theft and value for risk.

Finally, we wanted to look at the clearest signal of theft costs; vehicle price factoring in depreciation.** As we would expect, there is a clear relationship between value and severity, with claim severity increasing as for higher value vehicles. The most interesting thing is the relationship between frequency in each value range. The most frequently stolen are vehicles with a value of less than $5,000. Note claim frequency is per 1,000 vehicles of the same type. Of all vehicles between 2021 and 2025, vehicles under $5,000 only make up 4.2% of all vehicles. In terms of raw claims, vehicles between $5,000 and $19,999 have the largest, at nearly 11,000.

Claim Trend by Vehicles Current Value [8]



* Each claim metric is weighted by accident year and vehicle feature.
** Depreciation methodology is outlined in the provincial vehicle comparison section.

In the past, legislation has had a positive impact on reducing vehicle thefts. Following a vehicle theft epidemic in the early 2000's, the Government of Canada introduced the Canada Motor Vehicle Safety Standard (CMVSS) 114 – theft protection and rollaway prevention in 2007. This legislation mandated each private passenger vehicle imported into Canada, or which moved across provincial borders, which was manufactured after 2007, to have an immobilization system meeting one of four standards. Canada-wide, the adoption of this legislation lowered vehicle thefts by 50.0% between 2005 and 2013, from 160,000 cases to approximately 80,000.[22]

One of the vehicle theft standards, ULC-S338, is tracked by the Insurance Bureau of Canada. All vehicles which meet this standard are deemed to have an "IBC approved" theft deterrence system. In the past 12 months, only 48.2% of vehicles had an IBC approved theft deterrence system come standard on their car, while it was unavailable for 35.9%. Meanwhile, 14.5% of vehicle models either did or did not have an IBC approved theft deterrence system, depending on the model trim. Legislation states each vehicle must meet one of the theft prevention standards; however, the ULC-S338 standard does not have full market coverage as it would not apply to previously manufactured vehicles.

As of 2024, the Government of Canada is taking feedback to update ULC-S338 and CMVSS 114 to address evolving vehicle theft methods. We expect amendments to these regulations may have a similar impact on reducing vehicle theft as the original legislation.

INSURER PROFITABILITY

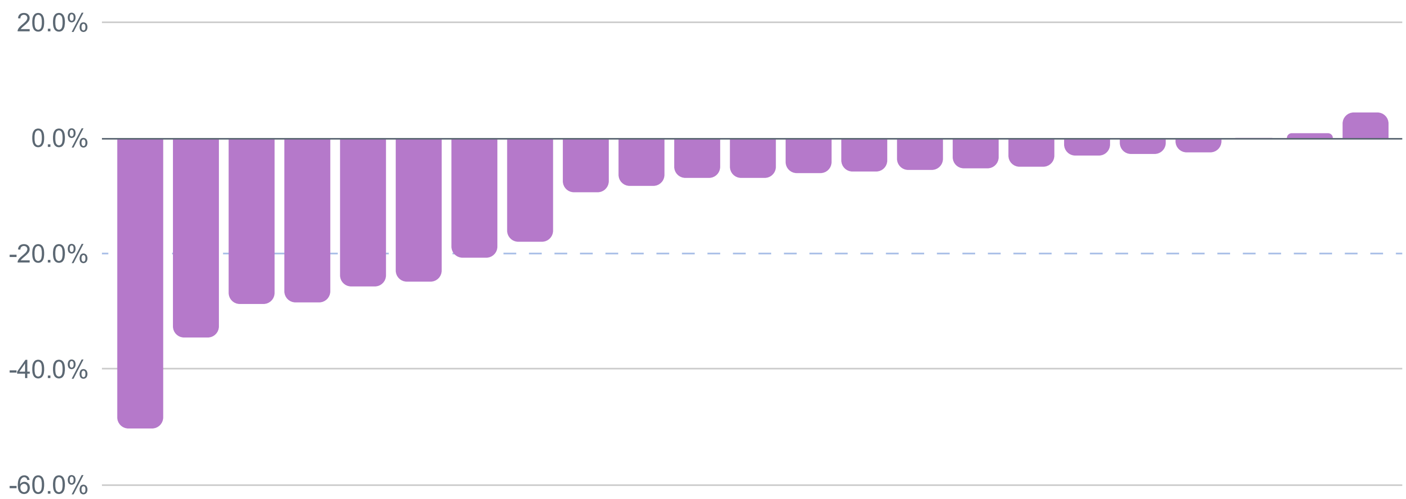
We published a report earlier this year presenting the results of our excess profit review. We implemented a policy to measure excess profits in accordance with Section 9.1 of the Automobile Insurance Premiums Regulation, with this authority granted to the AIRB in October 2023.

Each year, all insurers with more than 15,000 private passenger vehicles are required to complete our profit and loss template, which is used to evaluate their profit levels. We utilize granular GISA data to verify submissions across several key fields, particularly claims. For certain fields, such as loss development factors, it is not appropriate for us to calculate values directly; however, we are able to identify inconsistencies and follow up with insurers where needed.

Overall, the industry's return on premium (ROP) was -8.8% for the 2025 accident year. This is consistent with GISA data, which shows a loss ratio of 83.6% and an expense ratio of around 27.0% gives you a combined ratio (loss plus expenses over premiums) of around 111.0%, or an ROP of -11.0%. The excess profit policy uses a more complex and sound actuarial methodology to determine profit but nevertheless remains consistent with expectations.

There is significant variation in return on premium across insurers. One insurer recorded a return on premium of -50.3%, while only two insurers reported a return above zero. Overall, 21 insurers recorded a negative ROP, with only two achieving a positive return.

ROP by Company



COMMERCIAL VEHICLE TRENDS

COMMERCIAL MARKET

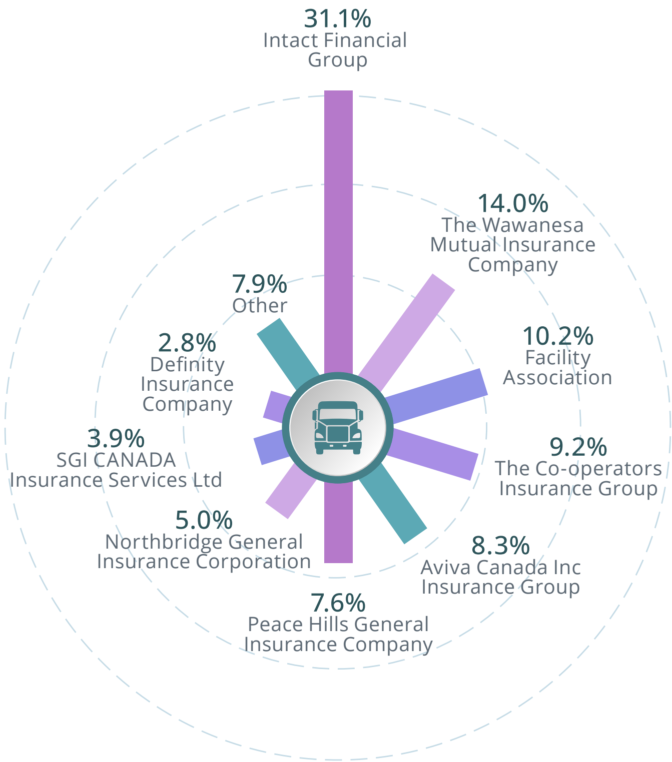
Although this report mainly focuses on PPV, we also review and approve rating programs for other types of vehicles, including individually rated commercial vehicles. We do not regulate rates for fleet-rated vehicles, of any vehicle type.

We have noted some pressures in the accessibility of insurance for commercial vehicles such as increased placement in the Facility Association Residual Market (FARM). The FARM is supposed to be the "insurer of last resort" but has the third largest market share since 2023 for commercial at 10.2% in 2025, and has the largest interurban market share at 43.5%. This suggests a real strain as most insurers do not want to write this business. Also, rising cost pressures like those seen under PPV also affect the commercial market to varying degrees.

Competitive Marketplace

The commercial vehicle market in Alberta is less competitive than the PPV market. Based on 2025 written premiums, the largest insurer, Intact, holds a 31.1% market share in commercial vehicles within the province. The top three insurers/groups together account for approximately 55.3% of the market, compared to approximately 48.8% in the PPV market. The top five insurers account for approximately 72.8% of the market, compared to roughly 69.4% in PPV.

Top Commercial Insurers/Groups (2025) [8]

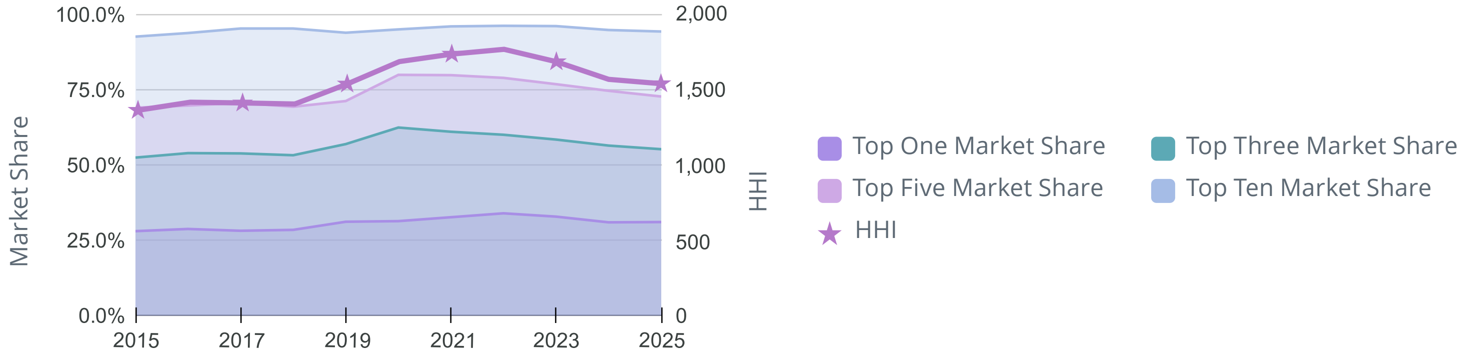


The market share of the Facility Association represents the residual market. As of 2025, it remains the third-largest insurer with a market share of approximately 10.2%, down slightly from 10.9% in 2024. This represents a significant increase from its low of 3.6% in 2017. We monitor the share of the residual market closely as it is an important indicator of market accessibility and viability. Based on these trends, we remain concerned about the availability of insurance in the commercial market.

Looking at this year's HHI and previous levels of competition, we see the HHI has been above 1,500 since 2019, and especially since 2021 when RSA merged with Intact. At the time, RSA was the seventh largest commercial insurer with a market share of 6.8%. Therefore, the commercial market is "moderately concentrated", whereas the PPV market is considered competitive. However, the HHI of approximately 1,538 in 2025 is lower than the previous several years, though it remains higher than all years before 2020. While the largest insurer has held a large market share of approximately 31% since 2020, the other two largest insurers have lost market share, leading to the top 3 market share decreasing from 62.5% in 2020 to 55.3% in 2025, driving the decrease in the HHI.

Following a peak in 2022, market concentration has declined in each subsequent year, indicating a gradual easing of concentration in the commercial market; however, it remains above the threshold for a competitive market.

Commercial Competition Overview [8]

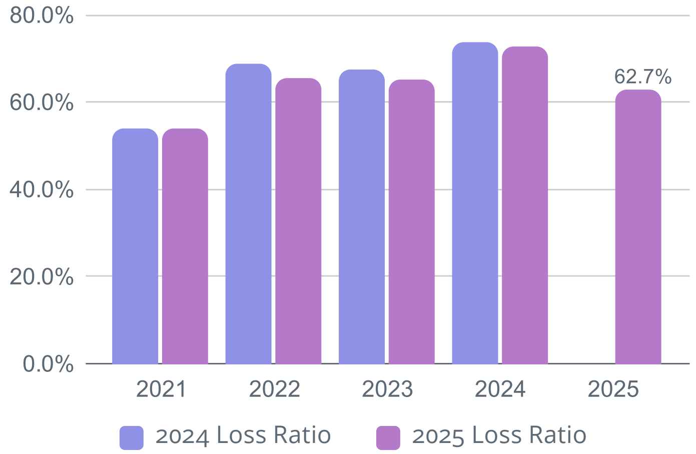


COMMERCIAL CLAIMS TRENDS

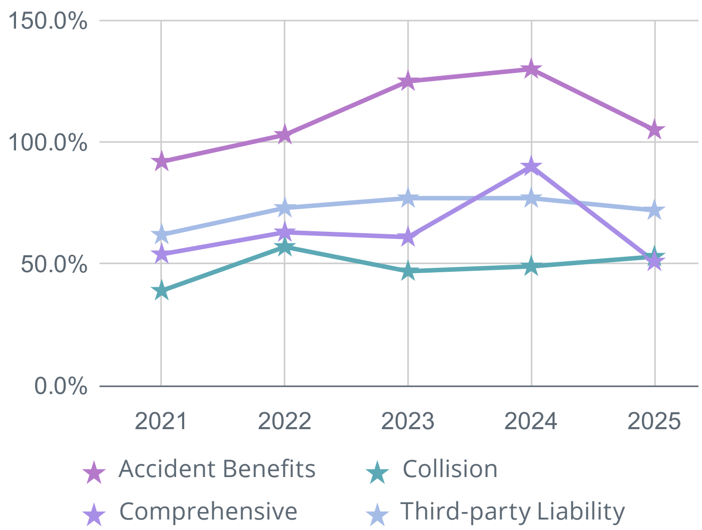
Loss Ratio

Another year away from the pandemic, the loss ratio has experienced its first sizable decrease in several years, coming in at 62.7% in 2025. Unlike last year, we are not seeing significant adverse development, with the loss ratio for 2024 being adjusted from 73.6% when reported in the prior year to 72.9% in this year. GISA collects data on commercial vehicles premiums and claims, which include fleet rated vehicles. The number of exposures written for fleets is not collected, and therefore we only include individually rated commercial vehicles.

Commercial Industry Loss Ratio [5]



Commercial Loss Ratio by Coverage [5]

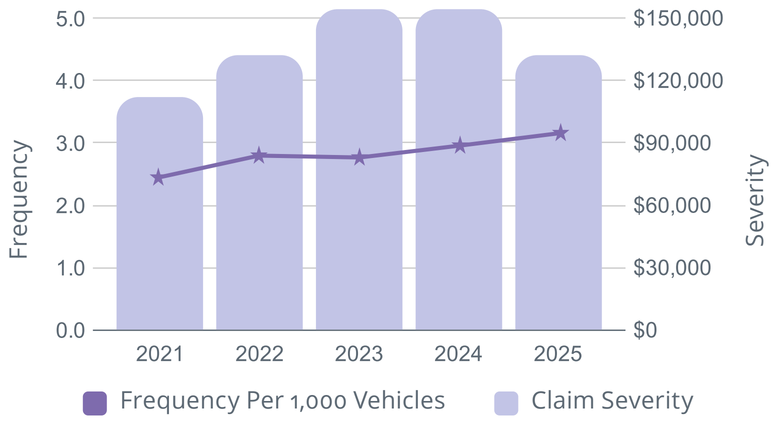


Looking at the loss ratio by coverage, we see a similar story to the corresponding PPV loss ratios, but with some big differences. For commercial vehicles, comprehensive coverage did not spike as significantly. Accident benefits remain the least profitable, and by a wider margin for commercial, where it currently sits at a loss ratio of 105.0%. This means for every one dollar earned in premium for accident benefits coverage, they're paying out $1.05 in claim costs. This is however an improvement from last years 130.0%. Meanwhile, collision is quite profitable, with its highest loss ratio in 2021 at just 39.0% but has risen to 53.0% in 2025. Third-party liability coverage is seeing an improvement as it improved from 77.0% to 72.0%.

Third-Party Liability - Bodily Injury

Unlike PPV, bodily injury claim frequency has increased moderately from 2.5 claims per thousand vehicles in 2021 to 3.2 in 2025, however this remains below the 5.1 for PPV in 2025. Additionally, the claim severity for 2025 is projected to be $132,000 per claim, compared to $134,000 for PPV. Typically, the severity for commercial vehicle bodily injury claims was higher than PPV, likely due to the larger vehicles, but this has reversed in 2025.

Third-Party Liability - Bodily Injury [1]



In the past, and similar to PPV, we were seeing significant adverse development year over year for several years. Now we are beginning to see positive development in the data. We are seeing a small decrease in 2024 severity estimations between the prior and current year, decreasing from $158,000 to $154,000. The biggest change is in 2023, where it has been revised down from $183,000 to $154,000.

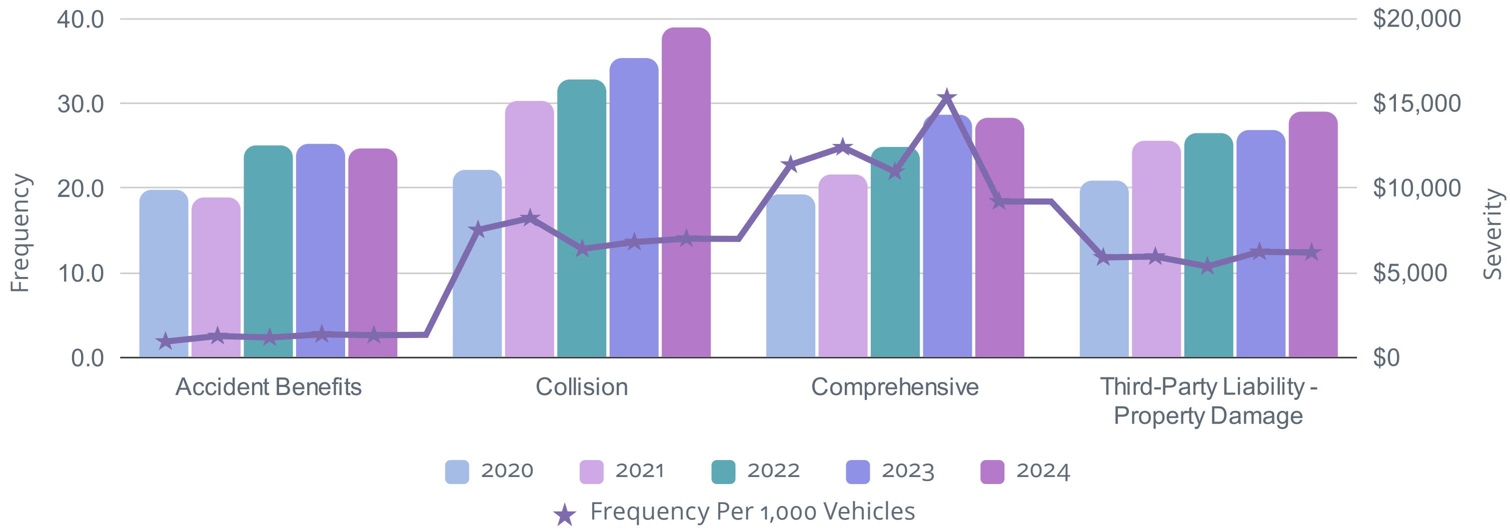
Accident Benefits, Collision, Comprehensive & Third-Party Liability Property Damage

Since 2019, accident benefits saw severity increase 25.4% since 2020, from $9,900 to $12,600, as well as a 39.3% increase in frequency. Promisingly, there was a minute decrease in claim severity and frequency in 2025.

Collision saw a moderate reduction in frequency, continuing to slow down as we come out of the pandemic, reducing 6.9% between 2021 and 2025. However, claim severity has been trending upwards, up 76.5% since 2021; our biggest concern is the 10.2% increase between 2024 and 2025. The largest leap occurs between 2021 and 2022 as we entered the high inflationary period which caused significant stress on insurer claim costs.

For comprehensive, we see a significant increase in both severity and frequency in 2024, following Calgary's catastrophic hailstorm. Overall, severity has increased 47.2% since 2021, and frequency has reduced by 19.1%, but we note the 2021 period did have another Calgary hailstorm.

Claims Frequency & Severity by Coverage [1]



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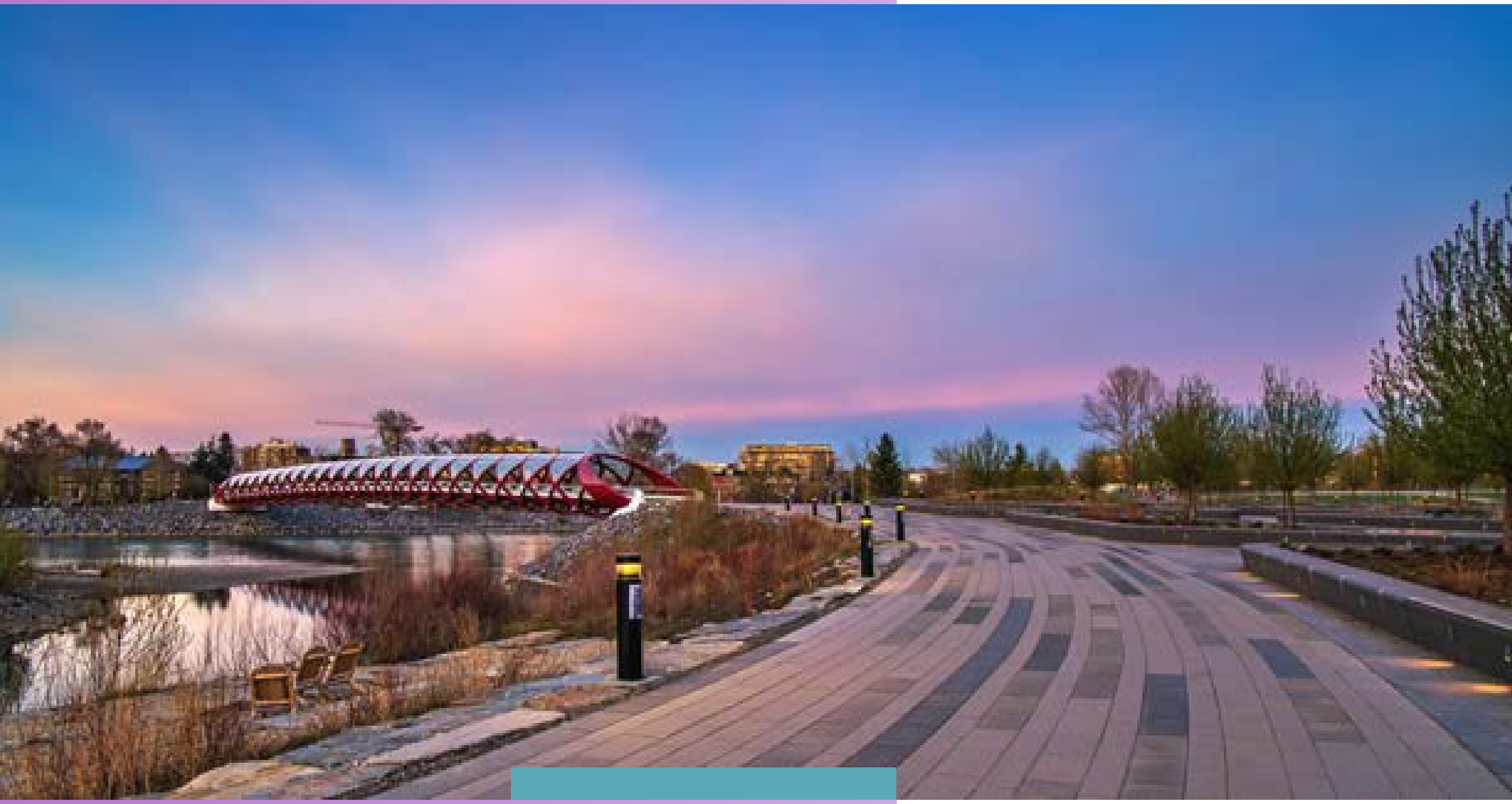
Automobile Insurance Rate Board
#2440, 10303 Jasper Avenue
Edmonton, AB T5J 3N6

780.427.5428

airb@gov.ab.ca

albertaairb.ca

airbfordrivers.ca



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