Frequently Asked Questions

Grid Rating System Repeal January 1, 2027

1. **How will the Grid Rating System be phased out?**
   All policies – new business or renewal issued on or after January 1, 2027, will no longer have a Grid rate level or be subject to the Grid rating system.

2. **How will mid-term policy changes be handled in 2027, when the initial renewal was done in 2026 and either the renewal or the policy change has a Grid rated driver?**
   No change on how insurers have handled mid-term policy changes in the past. Continue your current process using the premiums in force at renewal for any mid-term policy change where renewal rates apply.

   If the policy is cancelled and re-written in 2027, then the Grid pricing would not apply.

3. **How should insurers determine the accurate Grid step and premium for mid-term changes in 2027?**
   The AIRB's Grid Calculator and Grid Guidance will remain throughout 2027, and premiums and Grid steps should be developed in accordance with the AIRB's guidance as is the case pre-2027.

4. **What is the expectation for Grid rated risks on renewal post January 1, 2027, after the Grid is repealed?**
   All policies renewed in 2027 will reflect Care-First pricing at insurance company rates. Insurers are expected to consider how their rating program prices new or inexperienced drivers under Care-First and to update their Direct Compensation for Property Damage (DCPD) rating programs in advance of January 1, 2027, to ensure the premiums are fair and reasonable.

Risk Sharing Pools After January 1, 2027

5. **Will there be a change to the limit for ceding risks to the Risk Sharing Pool after January 1, 2027?**
   All questions on the Risk Sharing Pool should be directed to the Facility Association at mailto:ms@facilityassociaiton.com.

6. **What will happen to the Grid Risk Sharing Pool following the repeal of the Grid?**
   All questions on the Risk Sharing Pool should be directed to the Facility Association at mailto:ms@facilityassociaiton.com.

Premium Change as a Result of Care-First implementation

7. **Will premiums for accident benefits will be impacted from a rating perspective on fault and not at fault for the accident?**
   The Superintendent of Insurance has announced the repeal of Bulletin 06-2019 effective December 31, 2026. This change is to ensure the premiums reflect the risk of the driver. Insurers will be permitted to rate for at fault accidents or its proxies on accident benefits coverage. Refer to Filing Guidance for further information.

8. **How will premiums change under Care-First?**
   Refer to the Care-First Actuarial Costing report for information on how the claims cost and premiums are expected to change under Care-First.

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9. **Will premiums decrease for customers?**
   The Care-First Actuarial Costing report showed Care-First reduces private passenger vehicle premiums would be reduced by an average of $259 for policyholders with full coverage. This does not mean every driver will save money.

   Refer to the Care-First Consumer Premium Impact Report and Care First Premium Impact by Profile Report for further information on how Care-First will affect premiums.

10. **Why are motorcycle premiums higher under Care-First?**
    The Care-First Actuarial Costing report showed the average motorcycle premium under Care-First will be $920.24, compared to $413 today. Today, motorcycle insurance costs are largely driven by the cost of damage and injury claims involving other people, which tend to be lower. Under Care-First, coverage shifts to providing greater support for injured riders. Because motorcycle collisions often result in more serious injuries, the cost of providing enhanced injury benefits is expected to increase premiums.

    Under Alberta's current tort system, accident benefits are limited (for example, $50,000 over two years). Under Care-First, benefits are much more generous. This is consistent with other jurisdictions with more robust accident benefits. For example, average motorcycle premiums in Ontario are about $1,051.

    Refer to the Care-First Consumer Premium Impact Report and Care First Premium Impact by Profile Report for further information on how Care-First will affect premiums for motorcyclists.

11. **Can a consumer's premium increase under Care-First, even if system costs are expected to decrease?**
    Yes. While Care-First is expected to reduce system costs overall, an individual consumer's premium may still increase or decrease depending on their risk profile, vehicle, territory, coverage selections, claims history, approved changes to physical damage coverage, rating realignment, or updated actuarial assumptions. A premium increase does not necessarily mean Care-First has increased costs for a consumer compared with the previous system.

12. **Are insurers required to explain premium increases related to Care-First?**
    Yes. Consumers should receive clear explanations when premium changes occur. Insurers should distinguish between:

    - Premium impacts directly attributable to Care-First changes;
    - Premium impacts resulting from normal rating factors; and
    - Premium impacts arising from other approved rate changes.

    Clear disclosure will reduce misunderstanding and promote confidence in the new system.

13. **For customers whose premium will increase under Care-First, can an insurer increase their premium on January 1, 2027?**
    No, the insurer may not charge an increased premium under Care-First until the policy renews, unless the customer requests a change to the policy which causes it to be re-written, and it results in an increased premium.

Top-up Endorsement

14. **Will the Top Up endorsement be offered January 1, 2027?**
    No, the Government has paused the top up endorsement. Further details will be shared once known.

Implementation of Care-First

15. **Will all policies automatically convert to Care-First on January 1, 2027?**
    Care-First benefits
    Yes. Care-First benefits will apply to all auto insurance policies effective January 1, 2027.

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Claims arising from accidents occurring on or after that date will be handled under Care-First requirements.

Claims before January 1, 2027

Claims arising from accidents that occurred before January 1, 2027, will continue to be handled under the law in force on the date of the accident.

Care-First premiums

Care-First premiums will take effect on January 1, 2027, for all new business. For existing customers who renew with the same insurer, Care-First premiums will take effect at the first renewal after January 1, 2027.

16. **What date determines whether Care-First applies: policy effective date, renewal date, cancellation date, rewrite date, or accident date?**
    The policy renewal or rewrite date determine when Care-First premiums apply.

    The accident date determines if Care-First benefits or Tort benefits apply.

    The policy effective date is the date the policy was in force, this does not change under Care-First.

    The cancellation date is the date the policy is no longer in force, this does not change under Care-First.

Rebates and Policy Cancelation and Rewrite

17. **Are insurers required to provide rebates to all consumers when Care-First is implemented?**
    No. Rebates are not mandatory as part of the Care-First transition. Premium changes are expected to occur through the normal rating, renewal, or policy rewrite process.

18. **Can a consumer request cancellation and rewrite of a policy to obtain Care-First pricing?**
    Yes. Consumers may request cancellation of an existing policy and the issuance of a new Care-First policy. Insurers are expected to support reasonable cancellation and rewrite requests during the transition to Care-First, subject to applicable legislation and regulatory requirements.

19. **How should refunds and short-rate cancellation penalties be handled when a policy is cancelled and rewritten for Care-First?**
    The insurer should refund any unearned premium associated with the cancelled policy. Where the cancellation is solely to transition the consumer into a Care-First policy and the policy renewed in September 2026 or later, the refund should be calculated on a pro-rata basis, and no short-rate penalty should apply. The consumer should receive credit for the unused portion of the cancelled policy period. Any other cancellation may follow normal business practices, including the applicable short-rate cancellation table.

20. **Can a consumer repeatedly cancel and rewrite a policy to seek lower premiums?**
    Insurers may establish reasonable operational controls and underwriting practices, subject to legislation and regulatory requirements. Insurers are not expected to facilitate inappropriate or abusive cycling of policies.

21. **What if a consumer renews shortly before January 1, 2027?**
    Consumers with late-2026 renewals may wish to obtain a Care-First quote once the new system is available. They may choose to cancel their existing policy and be rewritten under a Care-First policy.

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22. **Will AIRB require a standard industry approach for cancellations, refunds and disclosure?**
AIRB issued [Bulletin 07-2026] to communicate expectations on prorated policy cancelations for the transition to Care-First. In addition, the AIRB is providing these FAQ's to address insurer questions and support consistency across insurers regarding:

- Treatment of cancellation penalties.
- Refund calculations.
- Consumer disclosures.
- Monitoring of cancellation and rewrite activity.

23. **If a customer cancels and rewrites their policy under Care-First to receive a reduced premium before renewal, would the new premium apply to all coverages, including collision and comprehensive?**
Yes. If the policy is cancelled and rewritten, the insurer's approved premiums in effect at the time of cancellation and rewrite would apply to the new policy, including applicable optional coverages.

24. **Are insurers required to proactively offer Care-First quotes to existing policyholders?**
No. This is up to each insurer, there is no requirement to do so. Care-First premiums will be applied at renewal unless the customer requests cancellation and rewrite of their policy before renewal.

25. **Are insurers permitted to issue refunds only to customers who meet defined criteria?**
No, if the customer requests cancellation and re-write, any premium difference must be provided in accordance with the insurer's approved rating program.

26. **Can a policy be rewritten mid-term if the consumer has an open claim?**
Yes, a policy can be cancelled and rewritten mid-term if the policy has an open claim.

27. **How should insurers treat mid-term policy changes or endorsements after January 1, 2027, such as adding a vehicle, changing coverage, changing drivers, or moving territories before renewal?**
Mid-term policy changes should continue to be handled using the insurer's current process. If a customer requests cancellation and rewrite to obtain Care-First premiums, the insurer is expected to support the request, subject to applicable legislation and regulatory requirements.

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