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Auto Insurance Rate Board to review insurance premiums

Edmonton... Premiums for compulsory auto insurance will be reviewed by Alberta's Auto Insurance Rate Board to determine if further reductions for drivers are recommended, announced Finance Minister Shirley McClellan. As required by the auto insurance reforms, the board is set to begin its formal review of premiums in June, including public consultation, with any changes taking effect in October. With today's request, the board will determine if interim relief for drivers is possible pending their formal review.

"Third and fourth-quarter reports of strong profits in the insurance industry suggest that the market is solid, and I have asked the board to examine the system for excess profits from compulsory insurance sales," said McClellan.

The board has been asked to report back as soon as possible. The primary mandate of the new Auto Insurance Rate Board is to set premiums for basic coverage, monitor premiums for optional coverage and review and approve rating programs for new insurers entering the Alberta market. The October 2004 reforms to the auto insurance system provided the means to evaluate the market and adjust premiums up or down as required.

"The government has a responsibility to ensure the insurance coverage it regulates is fair and affordable," McClellan said. Any premium reductions that come out of the review process would only affect government-regulated compulsory insurance: third-party liability and accident benefits coverage.

Premium levels have not increased since October 30, 2003 when the premium freeze order came into effect. Good drivers saw reductions to their compulsory premiums with the October 2004 implementation of the auto insurance reforms.

Finance Minister Shirley McClellan will be available to media at 1:00 p.m. today in the Legislature Rotunda.

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