

March 23, 2005

## **Insurers file reduced premiums with Auto Insurance Rate Board**

### **Board favours voluntary approach over mandatory reduction**

Edmonton... Premiums for compulsory auto insurance on private passenger vehicles will be coming down as several leading private passenger auto insurers, together representing about 50 per cent of the Alberta market, have filed reduced premiums mostly ranging from four to seven per cent with the Auto Insurance Rate Board to take effect between April 1 and July 1, 2005. Other insurers have indicated they intend to file reductions soon.

"With major insurers voluntarily reducing premiums on average in line with the board recommendation, it's not necessary to mandate reductions," board chair Alf Savage said. "At this time the board is recommending the minister accept reductions that are voluntary and reflect the individual positions of insurers, rather than mandate reductions."

It is anticipated more insurers will follow with reductions, and the board will be reporting on the progress of reductions to the minister in the coming weeks.

"These changes will be incorporated into the formal review this summer, as we examine the total industry experience and set premiums for the coming year," said Savage. "The premium freeze remains in place until October 2005, meaning increases will not be considered during the coming review."

Reductions will apply to private-passenger vehicle policies below the grid-about 80 per cent of the market-based on implementation dates requested by the companies. Drivers who buy their insurance policies before the implementation dates will receive the five per cent reduction effective October 1, 2004, and the further reduction on their next renewal if their circumstances have not changed.

Unlike the October announcement, there are no provisions for rebates. Drivers whose premiums are set by the grid will not see the reduction.

The companies, reduction amounts, and implementation dates will be posted on the rate board web site, [www.airb.gov.ab.ca](http://www.airb.gov.ab.ca). The board report and actuarial analysis are also available online.

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