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Auto insurance premiums will drop another six per cent

Edmonton... Auto insurers will be required to reduce premiums for mandatory auto insurance on private passenger vehicles a minimum six per cent effective July 1, 2005, Finance Minister Shirley McClellan announced. This reduction will save drivers more than \$70 million and put premiums a full 11 per cent below the frozen 2003 level.

The move to compel premium reductions follows a progress report from the Auto Insurance Rate Board on the number of companies that had filed voluntary reductions. To date, 13 companies representing approximately 60 per cent of the market announced voluntary reductions ranging from one per cent to seven per cent. There are about 70 companies providing auto insurance in Alberta.

"I had hoped the voluntary approach would work," said McClellan. "And I would like to thank those in the industry who worked toward voluntary reductions. But it's clear that consumer interests will have to be protected through regulation."

The reduction will take effect July 1, 2005, and will apply to the policies of the approximately 80 per cent of drivers whose premiums are set in the competitive market, rather than the recently established premium grid. Drivers who buy their insurance policies before July 1 will receive the five per cent reduction announced October 1, 2004, and the further six per cent reduction on their next renewal. Premiums set by the grid will be considered by the Auto Insurance Rate Board as part of its annual review. The grid sets maximum premiums for new and less-experienced drivers and those with recent at-fault claims.

Companies that believe they cannot provide six per cent reductions must demonstrate their concerns to the Superintendent of Insurance, who can ask the Auto Insurance Rate Board to review the circumstances. The results of any review would be posted on the board website (www.airb.gov.ab.ca) when complete.

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