

July 31, 2008

Mandatory auto insurance premiums to increase five per cent

Edmonton... The Automobile Insurance Rate Board (AIRB) is allowing a five per cent increase in premiums for mandatory auto insurance in Alberta as a result of its annual insurance rate review.

The increase, effective November 1, takes a number of factors into account including total estimated claims and operating expenses for insurance companies. On average, Alberta drivers could pay an additional \$30 per year for their mandatory insurance coverage.

“Alberta consumers continue to have access to fair and affordable auto insurance,” said AIRB chair Alf Savage. “While the cost of mandatory coverage rises slightly to reflect increased costs for insurers, premiums are still 13 per cent lower than they were prior to the auto insurance reforms implemented in 2004.”

In making its decision, the AIRB considered input from Albertans, the board’s consumer representative, and insurers during two days of public meetings held in June.

The process became more complex this year after the court struck down the Minor Injury Regulation that placed a cap of \$4,000 on non-pecuniary damages for some soft tissue injuries. This resulted in a change in the insurance product and increased costs to insurers. The court decision has been appealed, but without knowing the outcome, the AIRB has had to factor this uncertainty into its rate review.

The AIRB’s mandate is to set premiums for mandatory auto insurance coverage for private passenger vehicles, monitor premiums for optional coverage, and review and approve rating programs for new insurers entering the Alberta market. The AIRB annually sets the maximum premiums for mandatory coverage that all automobile insurers charge.

The board is required to announce any industry-wide adjustment that results from its annual auto insurance rate review by August 1 of each year.

For more information, visit the board’s web site at www.airb.gov.ab.ca or call 780-427-5428 (toll free at 310-0000).

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Media inquiries may be directed to:

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