

**GEOGRAPHICAL DIFFERENTIAL ADJUSTMENT**

**TO THE GRID BASE PREMIUM RATES FOR  
BASIC COVERAGE EFFECTIVE NOVEMBER 1, 2013**

**SCHEDULE 3 SECTION 2(4) OF THE  
AUTOMOBILE INSURANCE PREMIUMS REGULATION**

**ALBERTA AUTOMOBILE INSURANCE RATE BOARD**

**BOARD DECISION**

**Order No: 02-13**

**July 25, 2013**



## Legislative and Regulatory Mandate

The Automobile Insurance Rate Board (referred to herein as either the AIRB or the Board) was established on October 1, 2004 under Section 653(1) of the *Insurance Act* (the Act). The mandate of the AIRB is defined in the Act and the *Automobile Insurance Premiums Regulation* (the Regulation) and includes the duty to:

- annually determine if rates for basic coverage<sup>1</sup> should be changed through an industry-wide adjustment;
- monitor optional coverage;
- review and approve rating programs for new insurers granted a license to sell automobile insurance in Alberta by the Superintendent of Insurance; and
- fulfill the duties and responsibilities carried out by the previous Automobile Insurance Board regarding non-private passenger insurers.

Base premiums are defined in the Regulation as “the premium determined under Schedule 3 for basic coverage for 12 months, or if for a period of less than 12 months, an amount prorated accordingly”.

The current grid base premiums are listed in Appendix A

Section 2(4) of Schedule 3 of the Regulation also stipulates that any industry-wide adjustment made under section 4 of the Regulation also must apply to the grid base premiums.

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<sup>1</sup> Basic coverage is the third-party liability and accident benefits portion of an automobile insurance policy.

**Order No: 02-12**

In accordance with Schedule 3, Section 2(4) of the *Automobile Insurance Premiums Regulation*, the Automobile Insurance Rate Board orders that the grid base premiums, listed in Schedule 3 of the Regulation, be adjusted according to the table below as of November 1, 2013.

Grid Base Premiums as of November 1, 2013

| Policyholder's choice of coverage | Territory          |                   |                           |
|-----------------------------------|--------------------|-------------------|---------------------------|
|                                   | Edmonton territory | Calgary territory | Rest of Alberta territory |
| \$200,000                         | \$1,637            | \$1,637           | \$1,309                   |
| \$250,000                         | \$1,689            | \$1,689           | \$1,351                   |
| \$300,000                         | \$1,725            | \$1,725           | \$1,380                   |
| \$400,000                         | \$1,785            | \$1,785           | \$1,428                   |
| \$500,000                         | \$1,829            | \$1,829           | \$1,464                   |
| \$750,000                         | \$1,870            | \$1,870           | \$1,496                   |
| \$1 million                       | \$1,926            | \$1,926           | \$1,541                   |
| \$2 million                       | \$2,099            | \$2,099           | \$1,679                   |

## Appendix A - Automobile Insurance Premiums Regulation

### Schedule 3, Section 2

- 2 (1)** The base premium for a relevant driver and occasional driver is an amount calculated in accordance with the following table by determining
- the territory in which the policyholder resides, and
  - the choice of the policyholder's coverage under section 627 of the Act, namely: \$200,000, \$500,000, \$1 million or \$2 million or such other coverage amounts offered by the insurer that are included in the table.<sup>2</sup>

| Policyholder's choice of coverage | Territory          |                   |                           |
|-----------------------------------|--------------------|-------------------|---------------------------|
|                                   | Edmonton territory | Calgary territory | Rest of Alberta territory |
| \$200,000                         | \$1,559            | \$1,559           | \$1,247                   |
| \$250,000                         | \$1,609            | \$1,609           | \$1,287                   |
| \$300,000                         | \$1,644            | \$1,644           | \$1,315                   |
| \$400,000                         | \$1,700            | \$1,700           | \$1,360                   |
| \$500,000                         | \$1,743            | \$1,743           | \$1,394                   |
| \$750,000                         | \$1,781            | \$1,781           | \$1,425                   |
| \$1 million                       | \$1,834            | \$1,834           | \$1,467                   |
| \$2 million                       | \$1,999            | \$1,999           | \$1,600                   |

- (2)** The Board must,
- effective November 1, 2005, reduce the differential base premium between the Edmonton territory and the Calgary territory shown in the table by 40%;
  - effective November 1, 2006, reduce the differential base premium between the Edmonton territory and the Calgary territory shown in the table by 50%;
  - effective November 1, 2007, eliminate the remaining differential between the Edmonton territory and the Calgary territory shown in the table.
- (3)** In making an adjustment under subsection (2), the Board must ensure that the base premium for the rest of Alberta territory is 20% less than for the Calgary territory.
- (4)** In addition to the adjustments under subsections (2) and (3), if the Board has made an adjustment on an industry-wide basis under section 4 of this Regulation, the Board must, effective November 1 of the year in which the adjustment is made, make a corresponding percentage change to the base premiums in the table in this Schedule.

<sup>2</sup> Table shows premiums effective November 1, 2012