

Frequently Asked Questions

Last Updated November 15, 2023

Note: The Questions and Answers are being updated as information is available.

AIRB Bulletin 09-2023

1. **How soon do we need to comply with Bulletin 09-2023 for communication to policyholders who are renewing prior to implementation of a change to our rating program?**

Policyholders should be notified at least 30 days before their renewal if they are seeing an increase greater than 3.7% and otherwise qualify for the Good Driver rate cap.

2. **The Purpose states the bulletin is providing communication expectations related to the Ministerial Order. Does this mean renewals generating effective January 1, 2024, under previously approved rate files are exempt from the specific details of this directive?**

No, the expectation on communication is specifically targeted to address confusion Alberta drivers are having over the difference in timing of when the rate cap for Good Drivers would apply to their policy. Media communications say Alberta drivers will have Good Driver Protection effective January 1, 2024. The Ministerial Order is tied to the AIRB approval of a change to a rating program, which even if approved on January 2 will not be implemented immediately. We expect communications to Alberta drivers renewing before an insurer implements a change in rating program and the Good Driver rate cap will see more than 3.7%. In addition, we expect communication to Alberta drivers who are excluded by the Good Driver rate cap, as we expect some drivers to consider themselves Good Drivers but be unaware of the definition or exclusions.

3. **What is the expected delivery of any form of follow up communication for renewals that would have already generated and been sent to policyholders?**

We expect direct communication with policyholder, but do not prescribe how the insurer chooses to communicate – through mail, email, app, text message. Communicating with the policyholder in the same manner they prefer to hear from their insurer will satisfy this requirement. We also expect brokers and agents to have access to the same information.

4. **The Bulletin references the AIRB Filing Guidelines and Consumer Experience at Renewal which set expectations for communications to policyholders. Are insurers who have met these expectations under their most recently approved filing expected to provide additional communication to policyholders with renewals generating effective January 1, 2024?**

Yes, if the policyholder will see greater than 3.7% at renewal and meets the definition of Good Driver.

5. The Consumer Experience at Renewal recommendations include leveraging other forms of communication including broker and agent resources, insurer websites. Will the AIRB accept follow up communication via Broker and web driven communications for policyholders who have not experienced a rate change filing subject to the new 3.7% Good Drive cap, but who may have experienced an increase on a renewal?

We expect each policyholder to receive messaging directly, sole reliance in broker and insurer website is not adequate for meeting our expectations.

5. What is intended as a 'detailed' explanation of a premium increase? Is it:

- the primary factors driving premium increases (loss trends and inflation) or
- individual risk level segmentation changes and attributes which would be less meaningful and create confusion (vehicle age, rate groups) or
- generic notice that their policy renewed under a previously approved rating program and is not subject to the new "Good Driver" cap?

We expect individual explanations where there is an identifiable event leading to an increase for the policyholder, i.e., they moved, had an at fault accident, conviction etc. Where there is no event where a policyholder would have changed their risk, primary factors driving premium increases for all policyholders would be acceptable. Bottom line – personalization is always clearer for the policyholder where appropriate.

6. The bulletin states the AIRB expects insurers to provide information about individual good drivers experiencing an increase over 3.7% distributed broadly across distribution networks to ensure they can provide an adequate explanation to policyholders. Will the AIRB be developing any consumer facing materials which can be referenced by brokers?

The AIRB expects individual insurers to communicate with their distribution channels. The AIRB will provide consumer-facing messaging through social media channels.

7. Can AIRB confirm whether communications to policyholders are tied to a rating program, and as such, if it should be only effective only once the Good Drivers capping is implemented by individual insurers?

No, given some Albertans believe the Good Driver rate protection is effective January 1, 2024, we expect communication to go out to all Alberta drivers renewing in 2024 regardless of if a new filing has been implemented or not.

8. Can AIRB provide more detailed examples on how individual insurers should handle communications to policyholder between January 1, 2024 and the effective date of the filing for the introduction of the Good Drivers Capping? While it is understood the goal of such communication is to help address confusion to Alberta Drivers about the application of the 3.7% rate cap, such communication is likely to generate frustration and complaints from "good drivers" with effective dates in between those dates.

It's possible policyholders will be frustrated with their effective date but the goal is transparency. It is up to each insurer to ensure clear communication is provided.

As policyholders will be concerned if their premium increases above the threshold set by government, it is, incumbent upon insurers to explain why a premium for a good driver is increasing above the announced 3.7%. The AIRB expects the policyholder communication to be clear and in plain language.