

Bulletin to Insurers

Communication to Policyholders on “Good Driver” Protection

Bulletin 10-2024

December 11, 2024

Purpose

The Automobile Insurance Rate Board (AIRB) is issuing this bulletin to set forth communication expectations related to premium changes and the “good driver rate cap”.

Background

In accordance with Section 9 of the [AIRB Filing Guidelines](#) and further to the “[Communicating the Good Driver Rate Cap](#)” report along with requests from insurers, the AIRB expects all insurers to ensure their communications to policyholders include a detailed explanation of premium changes.

The Government of Alberta’s [announcement](#) of “good driver” rate protection creates an expectation a good driver will not see more than a 3.7% increase at renewal in 2024 or 7.5% in 2025.

Since insurers implemented the 2024 rate cap with different effective dates, there may be consumer confusion about whether they are protected by the good driver rate cap or not, and whether the 2024 or 2025 rate cap applies at the time of their next renewal.

Action Required

As policyholders will be concerned if their premium increases above the threshold set by government, it is incumbent upon insurers to explain which cap applies to their customer (if the cap applies at all).

Following a review of the communication of the good driver rate cap in 2024, and [Bulletin 09-2023](#), the AIRB is providing a minimum standard letter to be sent to all policyholders. This is the minimum standard letter required. Insurers are encouraged to tailor their communication to policyholders and provide as much information as possible. In light of postal service disruption, insurers are encouraged to communicate through as many channels as appropriate (mail, email, text, web and in-app).

The AIRB expects communication be sent to each policyholder at renewal providing an explanation of whether the good driver rate cap applies, and if it is at the 3.7% (2024) or 7.5% (2025) level. If systems allow, the communication should be personalized to indicate the exact reason if the policy is exempted from the cap.

Should you have any questions relating to this bulletin, please contact our office at (780) 427-5428 or by email: airb@gov.ab.ca.

Laurie Balfour, MBA, CPA, CMA
Executive Director

Attachments

- 1 Minimum Standard Letter to Policyholders - Policyholder is Capped
- 2 Minimum Standard Letter to Policyholders - Policyholder is Not Capped (Option #1)
- 3 Minimum Standard Letter to Policyholders - Policyholder is Not Capped (Option #2)

Minimal Standard Letter to Policyholders Policyholder is Capped

Dear **[Policyholder name]**,

To address auto insurance affordability challenges, the Government of Alberta implemented a “good driver rate cap” in 2024.

To be eligible for the rate cap, a driver must not have:

- Any at-fault claims in the previous six years,
- Any criminal code convictions in the previous four years,
- Any major convictions in the previous three years, and
- More than one minor conviction in the previous three years.

In 2024, the good driver rate cap was 3.7%. We implemented this cap on **[effective date]**.

For 2025 the rate cap is set at 7.5% (5% good driver rate cap plus a 2.5% rider due to natural disasters in Alberta, such as the Jasper wildfire and Calgary hailstorm). We will implement the 7.5% rate cap on **[effective date]**.

For your 2025 renewal you meet the definition of good driver, and your premium increase will be capped at **[percentage]**.

We received an overall rate approval of **[percentage]** from the Automobile Insurance Rate Board. This rate change is being implemented for renewals after **[date]**. Your specific rate change may be higher or lower, depending on your policy details.

Best practice: demonstrate empathy (i.e. “we know this is a significant household expense”) and provide information on ways to manage insurance premiums. i.e. directing them to a page on your website that contains money saving tips.

If you have any questions or concerns, please contact **[insert contact name, number, and email]**.

Minimal Standard Letter to Policyholders Policy Holder is Not Capped

Insurer Cannot Provide Personalize Explanation for Exemption to the Cap

Dear [Policyholder name],

To address auto insurance affordability challenges, the Government of Alberta implemented a “good driver rate cap” in 2024.

To be eligible for the rate cap, a driver must not have:

- Any at-fault claims in the previous six years,
- Any criminal code convictions in the previous four years,
- Any major convictions in the previous three years, and
- More than one minor conviction in the previous three years.

In 2024, the good driver rate cap was 3.7%. We implemented this cap on [effective date].

For 2025 the rate cap is set at 7.5% (5% good driver rate cap plus a 2.5% rider due to natural disasters in Alberta, such as the Jasper wildfire and Calgary hailstorm). We will implement the 7.5% rate cap on [effective date].

Your policy falls under an exemption to the rate cap. There are several reasons for an exemption, such as changes in coverage, change of vehicle, or change of address. For a full list of exemptions visit <https://www.airbfordrivers.ca/know-insurance/good-driver-protection/>.

We received an overall rate approval of [percentage] from the Automobile Insurance Rate Board. This rate change is being implemented for renewals after [date]. Your specific rate change may be higher or lower, depending on your policy details.

Best practice: demonstrate empathy (i.e. “we know this is a significant household expense”) and provide information on ways to manage insurance premiums. i.e. directing them to a page on your website that contains money saving tips.

If you have any questions or concerns, please contact [insert contact name, number, and email].

Minimal Standard Letter to Policyholders Policy Holder is Not Capped

Insurer Can Provide Personalize Explanation for Exemption to the Cap

Dear [Policyholder name],

To address auto insurance affordability challenges, the Government of Alberta implemented a “good driver rate cap” in 2024.

To be eligible for the rate cap, a driver must not have:

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- More than one minor conviction in the previous three years.

In 2024, the good driver rate cap was 3.7%. We implemented this cap on [effective date].

For 2025 the rate cap is set at 7.5% (5% good driver rate cap plus a 2.5% rider due to natural disasters in Alberta, such as the Jasper wildfire and Calgary hailstorm). We will implement the 7.5% rate cap on [effective date].

Your policy falls under an exemption to the rate cap because [insert reason].

We received an overall rate approval of [percentage] from the Automobile Insurance Rate Board. This rate change is being implemented for renewals after [date]. Your specific rate change may be higher or lower, depending on your policy details.

Best practice: demonstrate empathy (i.e. “we know this is a significant household expense”) and provide information on ways to manage insurance premiums. i.e. directing them to a page on your website that contains money saving tips.

If you have any questions or concerns, please contact [insert contact name, number, and email].