

Frequently Asked Questions – 2025 Good Driver Rate Cap Ministerial Order 24/2024

Last Updated January 20, 2025

The application of the Good Driver Rate Cap Scenarios still apply
under [Ministerial Order 24-2024](#), refer to [FAQ for MO 38/2023](#)

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

1. Is Ministerial Order 38/2023 still in effect?

Ministerial Order 38/2023 was rescinded and replaced with Ministerial Order 24/2024, effective January 1, 2025.

2. Has the definition of a “Good Driver” changed?

No, the Ministerial Order defines a “Good Driver” as a driver who, irrespective of their number of years of driving experience, on the inception date of the renewal of their auto insurance policy, does **not** have:

- i. any at-fault claims in the previous six years,
- ii. any criminal code convictions in the previous four years,
- iii. any major convictions in the previous three years, and
- iv. more than one minor conviction in the previous three years.

3. Have the exceptions, where a “Good Driver” may see an increase over the threshold changed?

No, there are no changes to the exceptions. The rate cap for “Good Drivers” does not apply to:

1. an insured whose risk profile has materially changed by:
 - a) moving from one rating territory established by their insurer to another, where the new rating territory poses a higher overall risk rating for all coverages combined,
 - b) adding or substituting a vehicle on the insured’s policy,
 - c) the insured having significantly modified their existing insured vehicle in a manner that materially increases the risk of the original vehicle that was insured; or
 - d) adding a new driver to their insurance policy who has a worse driving record or a higher overall risk rating than the policyholder,
2. new business; or
3. the Grid base premium for basic automobile insurance coverage established by the Automobile Insurance Rate Board (bodily injury, property damage tort, and accident benefits).

4. What is the threshold under the new Ministerial Order?

The Ministerial Order states the AIRB may not approve any change to an insurer’s rating program for private passenger vehicles (PPV) that results in a rate increase in any one calendar year of more than 5% for any individual policyholder who meets the definition of a “good driver”.

And it provides for rate increase for catastrophic losses, with an additional rate of 2.5% for the period January 1 to December 31, 2025.

Therefore, the total rate cap for good drivers is +7.5% for 2025.

5. Why was a threshold for catastrophic losses added?

To recognize the cost pressures PPV insurers experienced with recent catastrophes and enable increased premiums to address rate deficiencies.

6. How is catastrophic loss defined?

It is defined as any one event or incident that results in total insured losses of \$30 million or more collectively amongst all insurers.

7. Will the catastrophe rider apply in 2026?

The Ministerial Order states it is in the Minister's discretion, if determined to be applicable for any subsequent calendar year direction will be provided to the AIRB by October 1st. The AIRB will advise insurers accordingly.

8. Will the Good Driver Rate Cap threshold change to +7.5% on January 1, 2025, for all renewals?

No, the Ministerial Order states any rate increase approved by the AIRB must not come into effect for renewal business until at least twelve months have elapsed since the insurer's last rate increase came into effect under Ministerial Order 38/2023 or under this Ministerial Order, as the case may be.

9. Some insurers were not able to implement the rate cap until July 1, 2024. For those policyholders who did not get the 3.7% cap in 2024, what can they expect in 2025?

The AIRB requires insurers to not implement the new rate cap until 12 months after they received rate under the last cap. This means any policyholder who meets the definition of Good Driver at renewal in 2025, and who met the definition in 2024 but was not capped at 3.7% at their renewal in 2024 because their insurer has not yet implemented the Good Driver Rate Cap will be capped at +3.7% in 2025.

10. Do the FAQ from Ministerial Order 38/2023 still apply under this Ministerial Order?

Yes, any of the application scenarios would still apply under the new Ministerial Order, however frequency of rate change does not apply. Refer to the previous FAQ on our website.

11. Does the AIRB Bulletin 10-2023 still apply?

Yes, the Ministerial Order expects the AIRB to maintain the maximum approved rate threshold and expectations under this bulletin. The Ministerial Order specifically references:

- (a) The AIRB will not approve a rate change greater than 10% overall in any 12-month period,
- (b) The AIRB will not approve any segmentation changes which would result in drivers who do not meet the definition of "good driver", or new business customers, being charged a premium which is unreasonable or unjustified, and
- (c) The AIRB will not approve any unreasonable changes to an insurers upper threshold for internal rate capping.

12. Are Insurers required to provide additional dislocation reporting for the Good Driver Rate cap in 2025?

Yes, we need to collect data on the number of exposures expected to be covered in 2025, so we can compare to the data collected in 2024. The spreadsheet is available on our [website](#).

13. How often can an insurer file to change their rating program under Ministerial Order 24/2024?

Ministerial Order 24/2024 states any rate increase approved by the AIRB (under the Rate Increases for Good Drivers, or Rate Increases for Catastrophic losses sections) must not come into effect for renewal business until at least 12 months have elapsed since the insurer's last rate increase came into effect under either Ministerial Order 38/2023 or 24/2024. This means the AIRB will only approve a rate filing with a rate impact **one time** per 12-month based on renewal business implementation date.