



**IBC**  
Insurance Bureau  
of Canada



## How will the rate freeze impact my auto insurance premium?



On January 26, 2023, the Alberta government announced it was “pausing” auto insurance rate filings for private passenger vehicles. However, auto insurance rates are set over a 12 month period, which means some drivers may still see an increase in their premium. That’s why the rate freeze/rate pause does nothing to improve the affordability of auto insurance in the near term and only pushes today’s affordability challenges down the road.

In Alberta today, the cost of lawsuits and vehicle repairs is on the rise. With Albertan’s spending more time behind the wheel than ever before, accidents may also be increasing. Freezing premiums doesn’t address these cost pressures and, unless something is done, insurers may be forced to limit some of their coverages in order to remain viable.

**Instead of a rate freeze, the Insurance Bureau of Canada has put forward a series of reforms that would address these challenges and deliver savings to consumers today and into the future. Our *Enhancing Care & Expanding Choice* proposal would give drivers move choice and new coverage options to save up to \$200 annually, while doubling the treatment and care they receive after a collision. Learn more about IBC’s proposal to deliver real savings to drivers, and improve the care they receive after a collision.**

To provide more immediate savings while reforms are introduced, we have recommended that government remove the 4% Insurance Premium Tax to reduce your insurance bill and put money back into the pockets of Albertans. This tax is applied on every auto insurance policy, and removing it – similar to action the Alberta government has taken on the fuel tax – would save drivers an average of \$60 annually.

There are also regulatory improvements that can help reduce the price of auto insurance by cutting red tape and making it easier for insurers to provide savings to good drivers. These improvements would save good drivers a further \$65 on their auto insurance premiums.

**All told, Alberta’s insurers have brought forward recommendations that could save drivers up to **\$325** on their auto insurance. Its past time for half-measures. **It’s time for real change, and real savings.****