



# What's happened before when price controls have been placed on auto insurance?

**History shows that rate freezes or rate caps on auto insurance ultimately do more harm than good.** They do not lead to more affordable rates for drivers, and can significantly strain the availability of insurance for drivers.

Between 2017-19, the Alberta government imposed a rate cap on auto insurance yet the underlying costs were not addressed. As a result, pressures built up in the system and insurers were forced to reduce coverages to remain viable and ensure they could continue to pay claims. This meant many drivers couldn't secure the coverage they needed, all while premiums still increased 12% on average.

In California today, drivers are living through the pitfalls of that government's decision to freeze rates two years ago. There, individuals, families and businesses have faced challenges obtaining the insurance they need because insurers have been forced to limit the sale of new policies to remain viable. Insurers have been forced to close their doors, reducing choice and competition for consumers, and increasing the price drivers pay for their coverage.

It's clear that rate caps and rate freezes don't work, and the only way to improve affordability is to improve the insurance system itself.

**That's why the Insurance Bureau of Canada has put forward a series of recommendations that would deliver savings to consumers today and into the future. Our *Enhancing Care & Expanding Choice* proposal would give drivers more 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 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 your pocket. 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. It's past time for half-measures. It's time for real change, and real savings.**

