



# What's happening with auto insurance rates in Alberta?



Everyone wants an auto insurance system that works well for Alberta's 3 million drivers. Alberta's insurers share the government's desire to improve affordability for drivers. Unfortunately, the rate pause did not achieve this.

Instead, it pushed today's challenges down the road while costs continue to grow. Instead of introducing reforms that reduce costs or deliver savings to consumers, the Alberta government announced a 'good driver' rate cap at a time when 17 insurers lost money on the sale of auto insurance (Per Super's 2022 Annual Report). One insurance company has been forced to leave the market all together, while others are limiting the coverage they sell in order to remain viable

That said, there is more that can – and should – be done to improve the affordability of auto insurance in Alberta. **That's why the Insurance Bureau of Canada has put forward our *Enhancing Care & Expanding Choice* proposal to give drivers more choice and new product options to save up to \$200 annually, while doubling the amount of treatment and care they receive after a collision.**

**There are significant challenges** in Alberta's auto insurance system that, if left unaddressed, will put pressure on rates and threaten the viability of Alberta's insurers under the rate cap:



**Inflation** – Inflation and continued supply chain disruptions have led to a 15% increase in the cost of vehicle parts and repairs following collisions.



**The Growing Cost of Law Suits and Injuries** – Court awards for bodily injury claims and the cost of medical benefits are increasing 5% and 12% respectively, according to the government's own analysis.



**Driving Levels Are Back to Normal** – With the return of pre-pandemic driving activity, collision frequency and claim cost severity are on the rise.