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CIRCULAR 1-90

MAY 25, 1990

TO: ALL AUTOMOBILE INSURERS LICENSED IN ALBERTA

RE: SURCHARGEABLE CONVICTIONS

The Board has reviewed surcharging practices with respect to convictions for improper passing or speeding in a school or playground zone (Highway Traffic Act - S.72) and driving at an unreasonable rate of speed (Highway Traffic Act - S.69), in light of specific complaints brought before the Board. Rules in place for most insurers provide for surcharges of 15% for speeding in a school or playground zone and 50% for driving at an unreasonable rate of speed. The premium penalty is further aggravated as under the vast majority of rating programs, drivers who are subject to a surcharge would no longer qualify for driving records 5 or 6 or other preferred discount.

The Board's concerns with the severity of the penalties are heightened by other factors such as the recent increase in frequency of laying charges under Section 69 of the Highway Traffic Act. Contrary to the understanding of many, driving at an unreasonable rate of speed deals with speed inappropriate to the circumstances, such as driving too fast for weather or traffic conditions, rather than exceeding posted limits.

There may well be other inequities under the current conviction surcharge schedules and the Board is considering soliciting the assistance of industry associations to undertake a comprehensive review. There is some suggestion that the treatment of the charge of driving without due care and attention deserves examination.

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It is the Board's considered opinion that given the nature of the two described violations, the consequences are extreme and impose unreasonable hardship on the motorists so charged. The Board directs that all insurers will, in future, regard speeding in a school or playground zone and driving at an unreasonable speed as minor convictions. As minor convictions, they will not be surchargeable on their own merits nor affect driving record differently than any other minor conviction.

Every insurer must comply with this directive effective no later than September 1, 1990. Receipt of this Circular is deemed to mean compliance.

**ALBERTA AUTOMOBILE
INSURANCE BOARD**

(Original Signed)

**Susan Steeves, B.A., F.I.I.C.
Administrator to the Board**

SS/mb