

CIRCULAR 1-96

JANUARY 19, 1996

TO: ALL AUTOMOBILE INSURERS LICENSED IN ALBERTA

SUBJECT: RATING PRIVATE PASSENGER VEHICLES FOR U.S. EXPOSURE

The subject of charging additional premium on Private Passenger vehicles for extended stays in the United States was raised recently. There is an argument that premiums reflect the risk in the particular Alberta rating territory; that pricing is inadequate for other jurisdictions where claims costs tend to be considerably higher. Therefore, an additional premium is indicated where the vehicle will be operated in the United States for an extended period, usually 60 days or more.

Rules that affect premium for compulsory coverage are subject to the prior approval of the Board. It follows that rules that assess an additional premium for U.S. exposure must be approved. Any insurer applying any rule that assesses premium without the requisite approval must correct the situation immediately, by either eliminating the charge or obtaining approval.

ALBERTA AUTOMOBILE
INSURANCE BOARD

(Original Signed)

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