

Assistant Deputy Minister
Pensions, Insurance and Financial Institutions
and
Superintendent of Financial Institutions

Room 409, Terrace Building
9515 – 107 Street
Edmonton, Alberta
T5K 2C3

Bulletin 05-05

May 11, 2005

TO: ALL AUTOMOBILE INSURERS LICENSED IN ALBERTA

Attention: Chief Executive Officer

Re: Equalization of Automobile Insurance Rating Programs

The purpose of this notice is to provide Alberta licensed insurance companies with information concerning the requirement to equalize automobile insurance rating programs described in section 7 of the *Automobile Insurance Premiums Regulation (Regulation)*.

Section 7 requires insurance companies to equalize their rating programs in accordance with procedures established by the Superintendent of Insurance and to file their plan to eliminate any differential in rates in the rating programs, identified by the Superintendent, with the Automobile Insurance Rate Board by July 1, 2005 or at a later date established by the Superintendent. In addition, the elimination of the differentials in rates must be in installments approved by the Superintendent.

Given the recently announced six percent premium reduction to be implemented effective July 1, 2005 and the Board's requirement to set premiums for basic coverage on August 1, 2005, I do not believe it is reasonable to require insurers to file a plan to eliminate rating program differentials by July 1, 2005. Therefore, I have deferred the filing date to March 1, 2006.

I am also instructing insurers to advise me in writing, on or before September 1, 2005, the number of rating programs they have, the premium differentials between those programs, the number of existing private passenger automobile insurance policies in each rating program and a statement how they can best eliminate those differentials, preferably without increasing premiums, by November 1, 2008. Based on information received from insurers, prior to March 1, 2006 I will issue further procedures on the elimination of rating program differentials.

Any questions on this matter may be referred to Arthur Hagan, Deputy Superintendent of Insurance, at 415-9226.

ORIGINAL SIGNED

Dennis Gartner
Superintendent of Insurance