



Province of Alberta

## INSURANCE ACT

# **AUTOMOBILE INSURANCE PREMIUMS REGULATION**

### **Alberta Regulation 124/2004**

With amendments up to and including Alberta Regulation 261/2006

### Office Consolidation

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Alberta Queen's Printer  
5<sup>th</sup> Floor, Park Plaza  
10611 - 98 Avenue  
Edmonton, AB T5K 2P7  
Phone: 780-427-4952  
Fax: 780-452-0668

E-mail: [qp@gov.ab.ca](mailto:qp@gov.ab.ca)  
Shop on-line at [www.qp.alberta.ca](http://www.qp.alberta.ca)

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(Consolidated up to 261/2006)

**ALBERTA REGULATION 124/2004**

**Insurance Act**

**AUTOMOBILE INSURANCE PREMIUMS REGULATION**

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**Definitions**

- 1** In this Regulation,
- (a) “Act” means the *Insurance Act*;
  - (b) “additional coverage” has the same meaning as it has in section 652(a) of the Act;
  - (c) “adjust” and “adjustment” mean increase or decrease;
  - (d) “application for basic coverage” includes an application for renewal of basic coverage;
  - (e) “base premium” means the premium determined under Schedule 3 for basic coverage for 12 months, or if for a period of less than 12 months, an amount prorated accordingly;
  - (f) “basic coverage” means insurance provided for under sections 627 and 629 of the Act;
  - (g) “Board” means the Automobile Insurance Rate Board established under section 653 of the Act;
  - (h) “freeze order” means Order in Council numbered O.C. 592/2003, as amended from time to time;
  - (i) “grid” means the grid established by Schedule 2;
  - (j) “grid step” means the location on the grid corresponding to a step indicated on the grid;
  - (k) “insurer” means, except in Part 2, an insurer who provides basic coverage for private passenger vehicles;
  - (l) “maximum market premium” means the premium calculated under section 3(2) for basic coverage for 12

months, or if for a period of less than 12 months, an amount prorated accordingly;

- (m) “new insurer” means an insurer referred to in section 10(1);
- (n) “policyholder”, except in section 2, means the person who holds a policy for basic coverage in respect of a private passenger vehicle;
- (o) “private passenger vehicle” means a motor vehicle not weighing more than 4500 kg that is used for
  - (i) pleasure,
  - (ii) driving to or from work or school, or
  - (iii) business purposes, including farming operations, but does not include
  - (iv) a motorcycle, power bicycle or moped,
  - (v) a vehicle used for commercial purposes, including, but not limited to,
    - (A) a vehicle used for transporting individuals for compensation, delivery of goods, courier or messenger service, parcel delivery, meal delivery or driver training,
    - (B) a vehicle rated under a fleet formula,
    - (C) a short-term lease or rental vehicle,
    - (D) a funeral vehicle, or
    - (E) a vehicle held for sale or used for demonstration or testing,
  - (vi) an emergency vehicle as defined in section 1(1)(m) of the *Traffic Safety Act*,
  - (vii) a recreational vehicle,
  - (viii) an antique vehicle registered under the *Traffic Safety Act* as an antique vehicle, or
  - (ix) an all terrain vehicle, a snow vehicle, a miniature motor vehicle or any other similar off-highway vehicle;

- (p) “rates”, when used in relation to a rating program, means the premiums in respect of the rating variables under the rating program that are used to determine the premium to be charged to or collected from a policyholder;
- (q) “rating program” means the rules, criteria, policies or guidelines of any nature, including rates, used or adopted by an insurer to determine the premiums for either basic or additional coverage, as applicable, to be charged to or collected from a policyholder;
- (r) “rating variable” means a class of risk for which a rate under a rating program is determined.

## **Part 1**

### **Refunds, Premiums for Basic Coverage and Adjustments**

#### **Refunds of premiums for basic coverage**

**2(1)** In this section, “policyholder” means a person who holds a policy for basic coverage in respect of a private passenger vehicle on October 1, 2004.

**(2)** An insurer must refund to its policyholders with respect to each private passenger vehicle insured under the policy an amount determined in accordance with the following formulas, whichever amount is greater:

(a) 
$$R = \frac{(A - B) \times C}{365}$$

(b) 
$$R = \frac{(A \times C) \times 5\%}{365}$$

where

- R means the refund to be provided to the policyholder in respect of the private passenger vehicle;
- A means the annualized premium of the policyholder for basic coverage in respect of the private passenger vehicle as of October 1, 2004;
- B means the grid premium in respect of the private passenger vehicle determined under Schedule 1, section 6(2);

C means the number of days in the period beginning on October 1, 2004 and ending on the day the basic coverage in respect of the private passenger vehicle expires.

**(3)** Notwithstanding subsection (2), if the policyholder is paying a premium in instalments,

- (a) the refund payable under subsection (2) must be prorated with respect to the premium already paid, and
- (b) for the portion of the premium unpaid, the insurer must, in accordance with subsection (2), reduce the amount payable, prorated accordingly.

**(4)** Any refund exceeding \$10 to which a policyholder is entitled under this section must be provided to the policyholder by January 31, 2005.

**(5)** Refunds of \$10 or less must be provided to the policyholder at the request of the policyholder.

**(6)** A policyholder is not entitled to a refund under this section in respect of a private passenger vehicle if the premium for that vehicle includes an amount that takes into account a criminal code conviction as defined in Schedule 4.

**Maximum premium for basic coverage**

**3(1)** With respect to basic coverage for a private passenger vehicle coming into effect or renewed on or after October 1, 2004, no insurer may charge or collect a premium of more than

- (a) the maximum market premium, or
- (b) the grid premium determined under Schedule 1, section 6(2),

whichever is less.

**(2)** The maximum market premium for each private passenger vehicle of the policyholder is, subject to subsection (3),

- (a) during the period October 1, 2004 to June 30, 2005, the premium for basic coverage calculated
  - (i) in accordance with the freeze order, less 5%;
  - (ii) in the case of a new insurer offering basic coverage for private passenger vehicles, in accordance with the rates set by the Board under section 10;

- (b) during the period July 1, 2005 to October 31, 2005, the premium for basic coverage calculated
  - (i) in accordance with the freeze order, less 11%;
  - (ii) in the case of an insurer whose rates under the insurer's rating program have been adjusted under section 6, in accordance with those adjusted rates;
  - (iii) in the case of a new insurer offering basic coverage for private passenger vehicles, in accordance with the rates set by the Board under section 10;
- (c) on and after November 1, 2005, the premium for basic coverage calculated in accordance with sections 4, 5, 6 and 7 or, in the case of a new insurer, in accordance with the rates set by the Board under section 10 and subsequently in accordance with sections 4, 5, 6 and 7.

**(2.1)** For the purposes of subsection (2)(c), in calculating the premium for basic coverage in accordance with sections 4, 5, 6 and 7, the reduction in the freeze order under subsection (2)(b) must be taken into account.

**(3)** Notwithstanding section 4 of the freeze order and notwithstanding that the maximum market premium with respect to basic coverage for a private passenger vehicle is lower than the grid premium determined under Schedule 1, an insurer may charge the grid premium determined under Schedule 1 if any one or more of the following apply in respect of the relevant driver of the vehicle:

- (a) the relevant driver had 3 or more at-fault claims during the preceding 6 years;
- (b) the relevant driver had 5 or more traffic safety convictions in the preceding 2 years;
- (c) the relevant driver had one or more criminal code convictions in the preceding 3 years;
- (d) the relevant driver had 2 or more serious traffic safety convictions in the preceding 3 years;
- (e) the relevant driver was convicted of one or more offences for fraud relating to automobile insurance in the previous 10 years.

**(4)** Repealed AR 261/2006 s2.

**(5)** Terms defined in Schedules 1 and 4 apply to subsection (3).

AR 124/2004 s3;183/2004;55/2005;261/2006



**Industry-wide adjustments**

**4(1)** On or before August 1 in each year, the Board may adjust uniformly on an Alberta automobile insurance industry-wide basis, in accordance with the criteria described in subsection (3), the rates under rating programs for basic coverage of private passenger vehicles.

**(2)** In accordance with the procedures of the Board, the Board may hear representations with respect to an adjustment under this section.

**(3)** The criteria for an adjustment are

- (a) the Alberta automobile insurance industry-wide loss costs, as that term is understood by the Board, for basic coverage for private passenger vehicles;
- (b) the administrative expenses relating to basic coverage for private passenger vehicles, on an Alberta automobile insurance industry-wide basis, that the Board considers appropriate to consider, which may include commissions, federal, provincial and municipal taxes and general expenses, as reported in the annual returns submitted by insurers to the Superintendent or a similar regulatory authority in another jurisdiction;
- (c) other Alberta automobile insurance industry-wide costs or expenses that the Board considers appropriate relating to basic coverage for private passenger vehicles;
- (d) any other criteria recommended by the Superintendent and approved by the Board.

**(4)** An adjustment under this section is effective November 1 of the year in which the adjustment is made by the Board.

**(5)** Notwithstanding subsection (4), if the Board increases the rates under a rating program for basic coverage in respect of private passenger vehicles, the increases may be applied by an insurer over a period of not more than 3 years commencing November 1 of the year in which the adjustment is made by the Board.

**(6)** Information about adjustments under subsection (1) must be made publicly available in a manner satisfactory to the Superintendent.

AR 124/2004 s4;55/2005

**Offsetting adjustments to rating variables**

**5(1)** On and after November 1, 2005, an insurer may, by notice in writing to the Board, increase, by up to 10% each, the rates for one

or more of its rating variables under a rating program for basic coverage for private passenger vehicles if the increases in the rates are offset by reductions in the rates of one or more other rating variables.

(2) In making an adjustment under subsection (1), the insurer must ensure that the results of the adjustments are revenue neutral to the insurer, determined on the policies for basic coverage for private passenger vehicles in effect at a point in time not more than 60 days before a notice under subsection (1) is given.

(3) A notice under subsection (1) must be accompanied with

- (a) details of the rates that would apply to each rating variable after applying the adjustments, and
- (b) an analysis of how the adjustments are revenue neutral.

(4) An insurer may not, solely as a result of the adjustments under subsection (1), charge a policyholder on renewal a premium that on an annualized basis exceeds by more than 10% the premium previously charged for basic coverage for private passenger vehicles by that insurer to that policyholder.

(5) The information provided under subsection (3) must be verified as accurate by statutory declaration made by an officer of the insurer satisfactory to the Board.

AR 124/2004 s5;55/2005

#### **Review of insurer rating program**

6(1) On application by an insurer to the Superintendent, on or after May 1, 2005, to review the rating program of the insurer for basic coverage for private passenger vehicles, the Superintendent may in his or her sole discretion direct the Board to undertake such a review.

(2) On completion of the review, the Board, if it determines that an adjustment is appropriate, shall adjust the rates under the rating program for that insurer for basic coverage for private passenger vehicles effective on a date specified by the Board.

AR 124/2004 s6;55/2005

#### **Equalization of rate differentials**

7(1) In accordance with procedures established by the Superintendent under section 658 of the Act, and before July 1, 2005, or such later date approved by the Superintendent, each insurer must file with the Board a plan to eliminate any differential in rates in its rating programs for basic coverage identified by the Superintendent with respect to private passenger vehicles.

(2) The elimination of the differential referred to in subsection (1) must not commence before November 1, 2005 and must be completed in accordance with the plan by November 1, 2008 in instalments approved by the Superintendent.

AR 124/2004 s7;55/2005

#### **Setting of premium**

**8(1)** For the purposes of section 656 of the Act, the premium set for basic coverage for private passenger vehicles

- (a) for the period October 1, 2004 to June 30, 2005 is the premium calculated in accordance with the freeze order, less 5%, and
- (b) for the period July 1, 2005 to October 31, 2005 is the premium calculated in accordance with the freeze order, less 11%.

(2) On the receipt of a notice under section 5(1), a determination under section 6(2) and the filing of a plan under section 7, premiums are deemed to have been set for the purpose of section 656 of the Act.

(3) Adjustments under sections 4, 5, 6 and 7 are cumulative.

AR 124/2004 s8;55/2005

#### **Extension of time**

**8.1** Where an insurer is unable to comply with section 2 or 3 within the time determined by the section, the Superintendent, if satisfied that the insurer had made every reasonable effort to comply or that there were extenuating circumstances, may, subject to any terms and conditions, extend the time by which the section is to be complied with.

AR 183/2004 s3

## **Part 2 Additional Coverage, New Insurers and Information Requirements**

#### **Filing of additional coverage**

**9(1)** Every insurer that offers additional coverage must file with the Board by February 1, 2005,

- (a) its rating program for additional coverage, and
- (b) the rates under the rating program applicable to each type of additional coverage.

(2) An insurer, by notice in writing to the Board, may change its rating program for additional coverage or its rates under the rating program for additional coverage.

(3) Any proposed increase in rates for additional coverage made before the freeze order ends has no effect until the freeze order has ended.

AR 124/2004 s9;183/2004

#### **New insurers**

**10(1)** An insurer that, under the Act,

- (a) becomes, on or after October 1, 2004, licensed in Alberta to undertake the class of automobile insurance and intends to offer basic coverage, or
- (b) is licensed in Alberta to undertake the class of automobile insurance and is not offering basic coverage but, on or after October 1, 2004, intends to begin offering basic coverage

must file with the Board its rating program for basic coverage for private passenger vehicles and the rates under the rating program.

(2) If the Board is satisfied with the material, information, calculations and proposed rates filed with it under this section, the Board must set the rates for basic coverage under the rating program, effective on a date specified by the Board.

(3) An insurer that, under the Act,

- (a) becomes, on or after October 1, 2004, licensed in Alberta to undertake the class of automobile insurance and intends to offer additional coverage, or
- (b) is licensed in Alberta to undertake the class of automobile insurance and is not offering additional coverage but, on or after October 1, 2004, intends to begin offering additional coverage

must comply with section 9(1) as soon as practicable, and must comply with section 9(2).

#### **Information required**

**11** For the purposes of carrying out any of its functions under this Regulation, the Board may

- (a) require an insurer to provide any information to it that the Board considers necessary if the information can

reasonably be obtained taking into account the cost and practicability of doing so;

- (b) specify the manner and form in which anything required to be filed or provided under this Regulation or required to be provided under clause (a) must be provided to the Board;
- (c) require anything filed with or provided to the Board to be verified as true and correct by a statutory declaration made by an officer of the insurer satisfactory to the Board.

#### **Use of prescribed forms**

**12** An insurer must use any form prescribed by the Minister under section 803 of the Act.

## **Part 3 Complaint Resolution**

#### **Definitions**

**13** In this Part,

- (a) “adverse contractual action” has the same meaning as it has in section 613.1(1) of the Act;
- (b) “Committee” means the Automobile Insurance Dispute Resolution Committee established by section 18;
- (c) “General Insurance OmbudService” means the General Insurance OmbudService incorporated under the *Canada Corporations Act (Canada)*;
- (d) “policyholder” includes an applicant for basic coverage or for renewal of basic coverage.

#### **Complaint to insurer**

**14(1)** If a policyholder, with respect to a calculation, a determination, an action or an incident occurring on or after this section comes into force,

- (a) is not satisfied with respect to the basis on which a premium for basic coverage for a private passenger vehicle was determined under this Regulation, or
- (b) considers that an insurer, directly or indirectly, has with respect to insurance for basic coverage taken an adverse contractual action contrary to section 613.1 of the Act,

the policyholder may make a complaint to the insurer.

(2) On receipt of the complaint, the insurer must, in accordance with its policies and procedures and in accordance with regulations made under section 511(2) of the Act, make an attempt in good faith to resolve the policyholder's complaint.

#### **Complaint to General Insurance OmbudService**

**15(1)** If a complaint is not resolved in accordance with section 14, the policyholder may, in accordance with the policies and procedures of the General Insurance OmbudService, apply to the General Insurance OmbudService to have the complaint addressed.

(2) The policies and procedures of the General Insurance OmbudService are, for the purposes of this section, those policies and procedures agreed to by the Superintendent and the General Insurance OmbudService.

(3) On completion of its process, the General Insurance OmbudService must issue a written report to the policyholder and to the insurer.

#### **Application for arbitration**

**16(1)** Within 30 days of receipt of a report from the General Insurance OmbudService, the policyholder may apply to the Committee to refer a matter in dispute with an insurer to arbitration.

(2) In accordance with its rules, the Committee must

- (a) identify the matter in dispute,
- (b) determine whether
  - (i) a further settlement effort may resolve the issue and, if so, facilitate that settlement effort,
  - (ii) the matter should be referred to arbitration, or
  - (iii) any further action should be taken

and

- (c) notify the policyholder and the insurer of its determination.

**Referral to arbitration**

**17(1)** If the Committee decides to refer a matter to arbitration it must, in accordance with its rules,

- (a) appoint one or more arbitrators and identify the matter in dispute, and
- (b) give notice of the appointment to the insurer, the policyholder and the Superintendent,

and the arbitration is commenced on service of the notice.

**(2)** The Superintendent has the right to attend and make representations in an arbitration.

**(3)** An arbitrator must make an award as soon as practicable, but in any case within the time specified by the Committee's rules, and send copies to

- (a) the parties,
- (b) the Superintendent, and
- (c) the Committee.

**(4)** An arbitrator may make an award to remedy the matter in dispute, but if damages are claimed the arbitrator may award only compensatory damages.

**(5)** The *Arbitration Act* as modified by this Part and the Committee's rules apply to an arbitration conducted under this Part.

**(6)** The fees and expenses of the arbitrator and the arbitrator's costs in conducting the arbitration shall be set by the Superintendent.

**Automobile Insurance Dispute Resolution Committee**

**18(1)** The Automobile Insurance Dispute Resolution Committee is hereby established composed of the one or more persons appointed to the Committee by the Minister.

**(2)** If the Committee has more than one member,

- (a) the Minister must appoint a member as chair, and
- (b) the chair may designate one or more members of the Committee to act on the Committee's behalf.

- (3) The Committee's function is to seek to resolve complaints under this Part as expeditiously and efficiently as possible, and the Committee may
- (a) establish mediation or other dispute resolution processes to facilitate settlement of disputes;
  - (b) establish, subject to the approval of the Minister, rules for arbitration proceedings, including
    - (i) providing for electronic hearings and documents-only hearings when the situation warrants,
    - (ii) specifying the time within which an award must be issued, subject to extension of time by agreement of the parties,
    - (iii) determining responsibility for the payment of the arbitrator's fees, costs and expenses,
    - (iv) the appointment of arbitrators and the manner in which the Committee decides the matter in dispute,
    - (v) the consolidation of several similar or related matters into one reference to arbitration, or the reference of a representative dispute to arbitration, and
    - (vi) generally, for the procedure and conduct of arbitration proceedings;
  - (c) establish a roster of suitably qualified individuals to act as arbitrators;
  - (d) establish or adopt a code of ethical conduct for arbitrators.
- (4) With the consent of the Minister, the Committee may delegate any one or more of its functions to another person.

## **Part 4 Transitional Provisions, Amendments, Review and Coming into Force**

### **Application of former Act**

**19(1)** Sections 652 to 660 of the Act, except section 654(a), as the Act read immediately before being amended by the *Insurance Amendment Act, 2003 (No. 2)* continue to apply to the insurance of automobiles other than private passenger vehicles.



(2) For the purposes of the provisions referred to in subsection (1), “Board” means the Alberta Automobile Insurance Board until the Automobile Insurance Rate Board is established.

(3) On the establishment of the Automobile Insurance Rate Board, that Board has the duties and functions of the Alberta Automobile Insurance Board under the provisions of the Act referred to in subsection (1).

#### **Transitional**

**20** A classification of automobiles

- (a) approved by the Alberta Automobile Insurance Board, or
- (b) filed with the Alberta Automobile Insurance Board for 60 days that is neither approved or disapproved by that Board

under section 656(1) of the Act as it read immediately before section 15 of the *Insurance Amendment Act, 2003 (No. 2)* came into force is deemed to be a rating variable under this Regulation.

#### **Freeze order amended**

**21** The freeze order is amended

- (a) in section 7 by striking out “automobiles” and substituting “new model automobiles only”;
- (b) in section 10(1) by striking out “April 29,” and substituting “September 30,”.

#### **Enforcement and Administration Regulation**

**22** The *Enforcement and Administration Regulation (AR 129/2001)* is amended in the Schedule by adding the following after item 5:

**6** *Automobile Insurance Premiums Regulation*

- sections 2, 3, 5(4), 9, 10, 11 and 12.

#### **Review**

**23** A review of this Regulation must be completed no later than September 30, 2007.

AR 124/2004 s23;171/2006

**Coming into force**

**24(1)** This Regulation, except section 21, comes into force on October 1, 2004.

**(2)** Section 21 comes into force on June 21, 2004.

**Schedule 1****Calculation of Grid Premiums****Definitions**

**1(1)** In this Schedule,

(a) “at-fault claim” means, in respect of liability described in section 627 of the Act or under the same or equivalent coverage in any other jurisdiction, inside or outside Canada,

(i) a claim paid in respect of that liability for which the driver is wholly or partially at fault, and

(ii) a claim made in respect of which the insurer has reasonably determined that a payment will or is likely to be made as a result of the fault, whole or partial, of the driver,

(iii), (iv) repealed AR 261/2006 s3;

(b) “driver training certificate” means a certificate evidencing successful completion of an approved driver training course issued by a driver training school licensed under the *Traffic Safety Act* or any other school outside Alberta satisfactory to the insurer;

(c) “driving experience” means the combined time within the previous 15 years before the date on which the application for basic coverage is made during which a person has had

(i) a valid operator’s licence in Canada, and

(ii) a valid operator’s licence in a country outside Canada, if the person provides evidence satisfactory to the insurer,

but does not include

(iii) the time during which the person held a learner’s operator’s permit, and

- (iv) a period of time during which the person's operator's licence was suspended, cancelled or revoked;
- (d) "highest rated driver" means the person who has the highest percentage determined under section 6(1)(b);
- (e) "inexperienced driver" means a driver who has less than 8 years' driving experience;
- (f) "occasional driver" means an inexperienced driver referred to in section 4(4)(b);
- (g) "relevant date" means
  - (i) with respect to a driver referred to in section 5(2)(a), the most recent date on or before September 30, 2004 on which the basic coverage came into effect;
  - (ii) with respect to a driver referred to in section 5(2)(b), the date the basic coverage comes into effect;
- (h) "relevant driver" means the person determined to be the relevant driver under section 4.

**(2)** For the purpose of determining driving experience, if a driver obtains a driver training certificate before or within 2 years after obtaining an operator's licence, the driver is considered to have 2 years' driving experience, but is not considered to have 3 years' driving experience until the person has actually had 3 years' driving experience.

**(3)** For the purpose of section 4(4), an inexperienced driver is a principal driver of a private passenger vehicle if the inexperienced driver will be driving the vehicle more than any other driver.

#### **Guidelines**

**2** The Superintendent may issue guidelines respecting location and movements on the grid.

#### **Steps to determine grid premium**

**3** To determine a grid premium in respect of a private passenger vehicle,

- (a) the relevant driver and any occasional driver of the private passenger vehicle must be determined in accordance with section 4,

- (b) the relevant driver and any occasional driver of the private passenger vehicle must each be located at a grid step in accordance with section 5, and
- (c) the grid steps at which the relevant driver and any occasional driver are located must be converted to a dollar amount in accordance with section 6.

**Relevant and occasional drivers**

**4(1)** The relevant driver and any occasional driver of a private passenger vehicle must be determined in accordance with this section.

**(2)** If the policyholder has the same number of private passenger vehicles as there are drivers of those vehicles, each driver must be matched to a vehicle, and the drivers are the relevant drivers in respect of the vehicles to which they are matched.

**(3)** If the policyholder has more private passenger vehicles than there are drivers of those vehicles,

- (a) each driver must be matched to a vehicle, and
- (b) for those vehicles not matched with a driver, the drivers already matched must be matched with the one or more unmatched vehicles, starting with the driver who has the lowest percentage determined under section 6(1)(b),

and the drivers are the relevant drivers in respect of the vehicles to which they are matched.

**(4)** If the policyholder has fewer private passenger vehicles than there are drivers of those vehicles,

- (a) the highest rated drivers must be matched with the vehicles first, but an inexperienced driver may not be matched unless the inexperienced driver is the principal driver of one of the vehicles, and the drivers are the relevant drivers in respect of the vehicles to which they are matched, and
- (b) the remaining drivers must not be matched with respect to any of the vehicles unless the drivers are inexperienced drivers, in which case those inexperienced drivers are considered to be occasional drivers.

**(5)** If the number of occasional drivers is equal to or less than the number of passenger vehicles, each occasional driver must be matched to a vehicle.

(6) If there are more occasional drivers than there are vehicles, each occasional driver must be matched to a vehicle starting with the occasional driver who is the highest rated driver, but in no case may more than one occasional driver be matched in respect of the same vehicle.

**Locating the correct grid step**

**5(1)** A grid step must be established for each driver of a private passenger vehicle.

(2) A grid step is first established for a driver

- (a) with respect to a driver under basic coverage for a private passenger vehicle in effect on September 30, 2004, as of the relevant date of that coverage, and
- (b) if clause (a) does not apply in respect of a driver, the first time a policy for basic coverage for a private passenger vehicle comes into effect on or after October 1, 2004 under which the driver is included.

(3) The grid step is first established for a driver by moving down one grid step from grid step zero for each year of driving experience then, if applicable, moving up 5 grid steps for each at-fault claim during the 6 years preceding the relevant date.

(4) An insurer must, with respect to each subsequent application for basic coverage, make any necessary adjustments to the driver's location on the grid under subsections (5) and (6), starting from the previous grid location for that person, whether or not location on the grid was previously established by the same insurer.

(5) If, during the term of the policy being renewed or replaced,

- (a) the driver had an at-fault claim, the driver must be moved up 5 grid steps for each at-fault claim during the term of the policy, or
- (b) the driver did not have an at-fault claim and is not already located at grid step -15, the driver must be moved down one grid step for each full year of driving experience with no at-fault claims since the driver's location on the grid was last changed or, if it has never changed, since the driver's location on the grid was first established.

(6) Despite subsection (5), if no at-fault claims have been made for the 6 consecutive years of driving experience immediately preceding the coming into effect or renewal of a policy for basic coverage, and the driver is located higher than grid step zero, the driver must be located on grid step zero.

(7) Every insurer must on the request of another insurer provide to that insurer any information necessary to determine a driver's location on the grid, including information about his or her current location on the grid.

**Computation of grid premium**

**6(1)** After each driver is located on a grid step in accordance with section 5, a premium must be determined for each driver as follows:

- (a) determine the base premium for the driver in accordance with Schedule 3;
- (b) determine the percentage by which to multiply the base premium in accordance with the following formula:

$$P = A + (A \times B)$$

where

- P means the percentage by which to multiply the base premium of the driver;
- A means the percentage of the base premium for the grid step of the driver determined in accordance with Schedule 2;
- B means the percentage surcharge, if any, calculated in accordance with Schedule 4;
- (c) multiply the base premium determined in clause (a) by the percentage determined in clause (b).

**(2)** The grid premium for basic coverage for a private passenger vehicle is the premium for the relevant driver determined in subsection (1) plus 25% of the premium determined in subsection (1) for the occasional driver, if any, of that vehicle.

AR 124/2004 Sched.1;217/2004;261/2006

**Schedule 2**

**Grid**

**Grid established**

**1** The following grid is established for the purposes of this Regulation:

<b>Grid steps</b>	<b>% for element A of Schedule 1, section 6(1)</b>
	an increase of 23 percentage points for this and each subsequent step up the grid, computed cumulatively (see section 2 of this Schedule)
— +16.....	
— +15.....	338%
— +14.....	315%
— +13.....	293%
— +12.....	270%
— +11.....	248%
— +10.....	225%
— +9.....	210%
— +8.....	195%
— +7.....	180%
— +6.....	165%
— +5.....	150%
— +4.....	140%
— +3.....	130%
— +2.....	120%
— +1.....	110%
— <b>Grid step zero</b>	<b>100%</b>
— -1.....	95%
— -2.....	90%
— -3.....	85%
— -4.....	80%
— -5.....	75%
— -6.....	70%
— -7.....	65%
— -8.....	60%
— -9.....	55%
— -10.....	50%
— -11.....	50%
— -12.....	50%
— -13.....	50%
— -14.....	50%
— -15.....	50%

**Determining percentage**

**2** Element A of Schedule 1, section 6(1), is determined by identifying the percentage opposite the grid step on which the relevant driver or occasional driver is located, except that

- (a) at grid step +16, the percentage is 23 percentage points more than the percentage opposite grid step +15, and
- (b) at each step higher than +16, the percentage is to be increased by 23 percentage points more than the percentage for the preceding grid step.

### **Schedule 3**

#### **Base Premium Calculation**

##### **Definitions**

**1** In this Schedule,

- (a) “Calgary territory” means the City of Calgary;
- (b) “Edmonton territory” means Townships 52, 53 and 54, Ranges 23, 24 and 25, all west of the 4<sup>th</sup> Meridian, which includes the City of Edmonton, the City of St. Albert, Clover Bar, Sherwood Park, Lancaster Park, Namao and Winterburn;
- (c) “rest of Alberta territory” means all areas of Alberta that are not included in the Edmonton territory or the Calgary territory.

##### **Determining base premium**

**2(1)** The base premium for a relevant driver and occasional driver is an amount calculated in accordance with the following table by determining

- (a) the territory in which the policyholder resides, and
- (b) the choice of the policyholder’s coverage under section 627 of the Act, namely: \$200 000, \$500 000, \$1 million or \$2 million or such other coverage amounts offered by the insurer that are included in the table.



Policyholder's choice of coverage	Territory		
	Edmonton territory	Calgary territory	Rest of Alberta territory
\$200 000	\$1683	\$1530	\$1224
\$250 000	\$1738	\$1580	\$1264
\$300 000	\$1775	\$1614	\$1291
\$400 000	\$1835	\$1668	\$1334
\$500 000	\$1881	\$1710	\$1368
\$750 000	\$1922	\$1747	\$1398
\$1 million	\$1980	\$1800	\$1440
\$2 million	\$2158	\$1962	\$1570

*NOTE: The amounts in this table are subject to change by the Board under section 2(2), (3) and (4) of this Schedule.*

(2) The Board must,

- (a) effective November 1, 2005, reduce the differential base premium between the Edmonton territory and the Calgary territory shown in the table by 40%;
- (b) effective November 1, 2006, reduce the differential base premium between the Edmonton territory and the Calgary territory shown in the table by 50%;
- (c) effective November 1, 2007, eliminate the remaining differential between the Edmonton territory and the Calgary territory shown in the table.

(3) In making an adjustment under subsection (2), the Board must ensure that the base premium for the rest of Alberta territory is 20% less than for the Calgary territory.

(4) In addition to the adjustments under subsections (2) and (3), if the Board has made an adjustment on an industry-wide basis under section 4 of this Regulation, the Board must, effective November 1 of the year in which the adjustment is made, make a corresponding percentage change to the base premiums in the table in this Schedule.

(5) The base premium effective November 1, 2005, as changed by the Board in accordance with subsections (2)(a), (3) and (4), is as follows:

Policyholder's choice of coverage	Territory		
	Edmonton territory	Calgary territory	Rest of Alberta territory
\$200 000	\$1616	\$1528	\$1222
\$250 000	\$1668	\$1577	\$1262

\$300 000	\$1704	\$1611	\$1289
\$400 000	\$1762	\$1665	\$1332
\$500 000	\$1806	\$1707	\$1366
\$750 000	\$1845	\$1744	\$1395
\$1 million	\$1901	\$1797	\$1438
\$2 million	\$2072	\$1959	\$1567

(6) The base premium effective November 1, 2006, as changed by the Board in accordance with subsections (2)(b), (3) and (4), is as follows:

Policyholder's choice of coverage	Territory		
	Edmonton territory	Calgary territory	Rest of Alberta territory
\$200 000	\$1567	\$1524	\$1220
\$250 000	\$1618	\$1574	\$1259
\$300 000	\$1653	\$1607	\$1286
\$400 000	\$1709	\$1662	\$1330
\$500 000	\$1751	\$1704	\$1363
\$750 000	\$1789	\$1740	\$1392
\$1 million	\$1844	\$1793	\$1435
\$2 million	\$2009	\$1955	\$1564

AR 124/2004 Sched.3;55/2005;261/2006

#### Schedule 4 Surcharges for At-fault Accidents and Driving Convictions

##### Surcharges for driving convictions

**1(1)** The total of the percentages determined under subsections (2) and (3) is the percentage to be included in element B of the formula described in Schedule 1, section 6(1).

**(2)** A percentage is to be determined for a driver in accordance with Table 1 for each of the following:

- (a) for serious traffic safety convictions on a driver's abstract within the 3 years before the effective date of basic coverage or renewal of basic coverage;
- (b) for traffic safety convictions on a driver's abstract within the 3 years before the effective date of basic coverage or renewal of basic coverage;
- (c) for criminal code convictions on a driver's abstract within the 4 years before the effective date of basic coverage or renewal of basic coverage.

(3) A percentage is to be determined for a driver in accordance with Table 2 for a driver who in the 3 years before the application for basic coverage has had 2 or more at-fault claims.

**Table 1**

Number of convictions	Surcharge for		
	Traffic safety convictions	Serious traffic safety convictions	Criminal Code convictions
1	0%	25%	300%
2	25%	50%	450%
3	35%	100%	For each additional conviction, add 150 percentage points to the immediately preceding percentage
4	50%	200%	
5	75%	400%	
6	100%	800%	
7 or more	For each additional conviction, double the immediately preceding percentage	For each additional conviction, double the immediately preceding percentage	

**Table 2**

Surcharge for at-fault claims in a 3-year period	
Number of at-fault claims	Percentage to be added
2	30%
For each additional at-fault claim, add 15 percentage points to the immediately preceding percentage	

**Definitions**

**2** In this Schedule,

- (a) “at-fault claim” means at-fault claim as defined in Schedule 1;
- (b) “criminal code conviction” means a conviction for an offence under section 130 of the *National Defence Act* (Canada) or for any of the following offences under the *Criminal Code* (Canada):

	<b>Description of offence (for convenience of reference only)</b>	<b>Criminal Code Section Number</b>
1	Criminal negligence causing death committed by means of a motor vehicle	220
2	Criminal negligence causing bodily harm committed by means of a motor vehicle	221
3	Manslaughter committed by means of a motor vehicle	236
4	Dangerous operation of a motor vehicle	249(1)
5	Dangerous operation of a motor vehicle causing bodily harm	249(3)
6	Dangerous operation of a motor vehicle causing death	249(4)
7	Failing to stop a motor vehicle while being pursued by peace officer	249.1(1)
8	Failing to stop a motor vehicle causing bodily harm or death while being pursued by peace officer	249.1(3)
9	Failing to stop at scene of accident	252(1)
10	Failing to stop at scene of accident knowing bodily harm has been caused	252(1.2)
11	Failing to stop at scene of accident knowing death has been caused or reckless re bodily harm causing death	252(1.3)
12	Impaired driving or over .08	253
13	Failing or refusing to provide a blood or breath sample on demand	254
14	Impaired driving causing bodily harm	255(2)
15	Impaired driving causing death	255(3)
16	Operating a motor vehicle while disqualified	259(4)

- (c) “driver abstract” means the abstract of the driving record referred to in section 5(1) of the *Access to Motor Vehicle Information Regulation* (AR 140/2003) or a similar document of another province or territory in Canada;
- (d) “serious traffic safety conviction” means a conviction for any of the following offences under the *Traffic Safety Act*, or a conviction for an offence that is substantially similar under an enactment of Canada, other than the *Criminal Code* (Canada), or of another province or territory:

	Description of offence (for convenience of reference only)	Enactment and section number	
		Traffic Safety Act	Use of Highway and Rules of the Road Regulation
1	Failing to remain at scene of accident	69(1)	
2	Driver failing to make accident report	71(1)	
3	Improper passing in school zone or playground zone		8
4	Drive a motor vehicle during a prohibited period of time	51(g)	
5	Novice driver - presence of alcohol suspension	90(4)(c) and (d)	
6	Speeding in school zone or playground zone	107(2) and 108(1)(h)	
7	Speeding (general) - exceeding limit by more than 50 kph	115(2)(p)	
8	Speeding (construction zone) - exceeding limit by more than 50 kph	115(2)(p.1) and (p.2)	
9	Speeding (passing emergency vehicle) - exceeding limit by more than 50 kph	115(2)(t)	
10	Speeding (flashing yellow light crossing) - exceeding limit by more than 50 kph		53(5)(c)
11	Careless driving	115(2)(b)	
12	Racing	115(2)(c)	
13	Driving on a bet or wager	115(2)(d)	
14	Failing to stop for a school bus		72(1)
15	Driving while unauthorized	94(2)	
16	Failing to stop school bus, vehicle carrying explosives, etc. at uncontrolled railway crossing		42(5)
17	Failing to stop for a peace officer	166(2)	

- (e) “traffic safety conviction” means a conviction for any of the following offences under the *Traffic Safety Act*, or a conviction for an offence that is substantially similar

under an enactment of Canada, other than the *Criminal Code* (Canada), or of another province or territory:

	Description of offence (for convenience of reference only)	Enactment and section number	
		Traffic Safety Act	Use of Highway and Rules of the Road Regulation
1	Speeding - unreasonable rate of speed		2(1)(a)
2	Speeding (general) - exceeding limit by up to 15 kph	115(2)(p)	
3	Speeding (construction zone) - exceeding limit by up to 15 kph	115(2)(p.1) and (p.2)	
4	Speeding (passing emergency vehicle) - exceeding limit by up to 15 kph	115(2)(t)	
5	Speeding (flashing yellow light crossing) - exceeding limit by up to 15 kph		53(5)(c)
6	Speeding (general) - exceeding limit by over 15 but not more than 30 kph	115(2)(p)	
7	Speeding (construction zone) - exceeding limit by over 15 but not more than 30 kph	115(2)(p.1) and (p.2)	
8	Speeding (passing emergency vehicle) - exceeding limit by over 15 but not more than 30 kph	115(2)(t)	
9	Speeding (flashing yellow light crossing) - exceeding limit by over 15 but not more than 30 kph		53(5)(c)
10	Speeding (general) - exceeding limit by over 30 but not more than 50 kph	115(2)(p)	
11	Speeding (construction zone) - exceeding limit by over 30 but not more than 50 kph	115(2)(p.1) and (p.2)	
12	Speeding (passing emergency vehicle) - exceeding limit by over 30 but not more than 50 kph	115(2)(t)	
13	Speeding (flashing yellow light crossing) - exceeding limit by over 30 but not more than 50 kph		53(5)(c)
14	Following too close		18

15	Failing to notify owner (a) of an unattended vehicle damaged in accident (b) of property damaged in accident	69(2)(a) 69(2)(b)	
16	Failing to stop, etc. when meeting oncoming vehicle on narrow roadway		14
17	Passing on hill or curve or near railway crossing		19(1)
18	Passing on left when view obstructed or traffic present on left side of highway		20
19	Failing to pass on left in safe manner or failing to return to right side of roadway in safe manner		21(1)
20	Overtaking another vehicle by driving off the roadway, in a parking lane or when unsafe		23
21	Passing another vehicle stopped at crosswalk		41(2)
22	Driving left of centre line		12(1)
23	Driving wrong way on one-way highway		17
24	Impeding passing vehicle		21(2)
25	Impeding passing vehicle - multi-lane highway		22(2)(b)
26	Failing to yield right of way to a vehicle (a) at an intersection, or turning left unsafely (b) at yield sign (c) in traffic circle (d) at merge sign (e) at green light or green arrow (f) at flashing yellow light		34 39 40 50, 51 52(1), (3)-(5) 53(3)

27	Failing to yield right of way to a pedestrian (a) at an alley entrance or driveway (b) in a crosswalk (c) at a green light or green arrow (d) at flashing yellow light at intersection (e) at flashing yellow light not at intersection (f) at flashing yellow light with zone sign or symbol		36(3) 41(1) 52(1)-(5) 53(3)  53(4)  53(5)(d)
28	Failing to stop (a) before entering highway (b) at a stop sign (c) for an emergency vehicle sounding siren (d) at railway crossing when a train is approaching (e) within prescribed distance from railway when stop sign (f) at yellow light at intersection (g) at yellow light not at intersection (h) at red light at intersection (i) at red light not at intersection (j) at flashing red light at intersection (k) at flashing red light not at intersection		36(2) 37 65(1)  42(2)  42(4)(a)  53(1) 53(2) 54(1)(a) 54(4) 54(5)(a) 54(6)(a)
29	Unauthorized following within 150 metres of emergency vehicle sounding siren or with flashing lights or both		65(2)
30	Driving around barrier at railway crossing		42(3)
31	Proceeding when unsafe (a) after stopping at intersection (b) after stopping for stop sign at railway crossing (c) after stopping for school bus (d) after stopping for red light at intersection (e) after stopping for flashing red light at intersection (f) after stopping for flashing red light not at intersection		38 42(4)(b)  72(2) 54(1)(b)  54(5)(b)  54(6)(b)
32	Stunting	115(2)(f)	



33	Traffic lane violation (a) slow moving vehicle in incorrect lane (b) driving at less than maximum speed in designated fast lane outside an urban area (c) improperly crossing solid or broken lines or driving improperly on left side of broken lines on 2-way highway (d) making unsafe lane change (e) failing to drive in centre of marked lane (f) occupying 2 lanes (g) improperly driving in centre lane of 3 lane highway (h) driving in lane marked with "X"		3 2(1)(b) 15(1) 15(4) 15(5) 15(6) 16(1) 27(4)
34	Failing to obey instruction of traffic control device		57
35	Slow driving impeding or blocking traffic		2(1)(c)
36	Driving at less than minimum speed	115(2)(q)	
37	Failing to obey direction of peace officer to increase speed, etc.		2(4)
38	Failing to signal (a) when changing lanes (b) when turning left or right (c) when stopping		15(2) 24 35
39	Failing to make proper signal when starting, turning or changing the course or direction of a vehicle or stopping a vehicle on a highway		9(b)
40	Improper turns (a) when turning right (b) when turning left (c) failing to obey traffic control device (d) making U-turn unsafely or where prohibited (e) making U-turn with a school bus where prohibited		25 26 27(1), (2) 29, 30 31
41	Backing up vehicle unsafely or where prohibited		32, 33
42	Fail to ascertain sufficient space for movement		9(a)

AR 124/2004 Sched.4;261/2006



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