



August 31, 2017

Alberta Justice and Solicitor General  
Age Amendments Team  
4<sup>th</sup> Floor, Bowker Building  
9833-109 Street, Edmonton, AB, T5K 2E8

**Email:** JSG.ageexceptions@gov.ab.ca

**Re: Alberta Human Rights Act Age Amendments: s. 4.**

**Introduction**

The Canadian Association of Direct Relationship Insurers is the voice of insurance enterprises that offer automobile, home and commercial insurance directly to Canadians. We advocate for flexible and evolving regulatory and legislative frameworks governing automobile, property and commercial insurance to enable product and service innovation so that Canadians can easily choose insurance that serves their needs through the delivery channels of their choice.

CADRI appreciates the opportunity to comment on Alberta's decision to modernize its *Human Rights Act*.

Our remarks focus on the unintended consequences of proceeding with the proposed amendments without adopting exemptions that mirror those in other provinces and allow insurance companies to provide discounts based on age-related criteria.

It is important to note that CADRI's members do not use age, or discriminate based on age, when it comes to accepting or rejecting a consumer for insurance coverage. Age is used as a variable in determining the cost of automobile insurance to the consumer, and may be used to offer discounts for home insurance – particularly to seniors.

As a principle, CADRI's members believe that insurance rates should reflect the particular risk of accident or loss of each individual and/or property. This is not only a matter of fairness for those who act prudently and take measures to mitigate their risk but we believe that it is also a question of good public policy. By influencing long-term behaviour, risk-based pricing provides the financial incentives to reduce the frequency and severity of accidents and other losses and the associated emotional and financial costs to individuals and to society.

Provinces such as British Columbia and Ontario have taken this principle into account in providing exemptions for insurance in their human rights codes. If Alberta were to implement amendments to its *Act* which undermined this underlying principle, there would be negative unintended consequences.

**Automobile insurance**

In general, older drivers are more experienced, more careful and have fewer accidents, and, therefore, are likely to be charged less for their automobile insurance than younger drivers. While there is generally some level of subsidization of young drivers in all provinces, they generally pay more than an older driver until they gain driving experience and establish a good driving record. If the province were to proceed without adopting an exemption that continues to allow this practice, drivers who have been enjoying lower cost benefits due to safer driving would see a rise in rates and would be required to cross-subsidize younger drivers at higher risk of an accident by an even larger degree.

## **CADRI**

### *Age-related exceptions, Alberta Human Rights Act*

A similar situation exists at the upper end of the age spectrum, as driving skills begin to deteriorate, and where actuarial data suggests that insurance costs increase as a result of a higher risk of accident. This evidence is further supported by Alberta's requirement that mature drivers secure a medical report from 75 years of age onwards. Here again, the elimination of age as a rating variable would result in the cross-subsidization of higher risk drivers by safer drivers.

### **Harmonization of approach across Canada**

As a principle, CADRI supports harmonization of legislation and regulations across jurisdictions so consumers can have the same expectations, and may enjoy the same benefits, no matter where they live. In this context, we recommend that Alberta adapt an approach similar to s. 8(1) of BC's Human Rights Code, which applies to life and health insurance, or the more broadly applicable s. 22 of Ontario's Human Rights Code, to avoid the unintended consequences identified above.

### **Implementation considerations**

Finally, if the province were to move ahead without implementing exemptions, such as exist in other provinces, we believe the timelines presented are unrealistic. The deletion of age as a rating variable would have massive effects on consumers' policy renewals leading to large changes in what consumers pay.

On a practical level, if insurers were to remove age as a rating variable, new computer programs would need to be created; and new rates filed and approved by Alberta's Automobile Insurance Rate Board. Given the AIRB's own timelines, and the requirement for insurers to send renewal documents well ahead of their effective date, it would be impossible to implement such substantive changes by January 6<sup>th</sup>, 2018: the current implementation date for the amended *Human Rights Act*.

Thank you again for affording CADRI to provide comment on the unintended consequences of the proposed change, and to offer a solution in the adoption of an exemption such as those in place in other provinces, which would allow insurance companies to continue to reflect the value of age in the pricing of insurance policies.

Yours truly,



Alain Thibault,  
Chairperson & CEO

**cc:**

CADRI Board of Directors  
CADRI Risk Classification Task Force  
CADRI Western Committee  
Nilam Jetha, Superintendent of Insurance, AB  
David Sorensen, Deputy Superintendent of Insurance, AB  
Wayne Maday, Director, Insurance Policy, AB  
Del Dyck, ED, Alberta Insurance Rate Board