

INSURANCE RATE INCREASES

Recently there have been several news stories and articles in the media about impending insurance rate increases. The news stories and editorials are saying that rates for mandatory coverages will increase by as much as 40%. This type of announcement is garnering much media coverage.

In 2004 the Government of Alberta put in place a process for changes to rates for mandatory coverages. The process starts with public hearings before the Automobile Insurance Rate Board (AIRB) in the spring of each year. This year they will be held June 16th and 17th in Edmonton – see http://www.airb.alberta.ca/public_meetings/2009.aspx for more information about the presentations. Anyone from the public (including insurers) can make a presentation on what they believe rates should be for mandatory coverages at the hearings. (The IBAA board has provided comments to the AIRB's consumer representative.)

The AIRB then reviews all submissions and after doing so will set the industry-wide rate increase/decrease for the following year, announcing their decision by July 30th. The change then takes effect on November 1st. Until that announcement is made, **NO ONE** knows what the adjustment to the rates will be.

What does this mean? It is simple; there will be significant posturing by those who want rate increases, by those who are opposed and by everyone in between. Unfortunately this is wonderful food for the media to prey on for headlines, so rate changes will continue to be a news story until the AIRB makes their announcement at the end of July.

When consumers ask if rates are going up, you can let them know there is a process in place set by the Government of Alberta to regulate rates for mandatory coverages. No one really has any idea what the end rate adjustment might look like, nor will we know until the process is completed!