

# Insurers leaving Alberta market due to government rate intervention



**Alberta's auto insurance market is in crisis.** Over the past two years, three auto insurance providers filed notice with Alberta Superintendent of Insurance of their decision to withdraw from selling policies in the province. This has impacted roughly 50,000 customers.

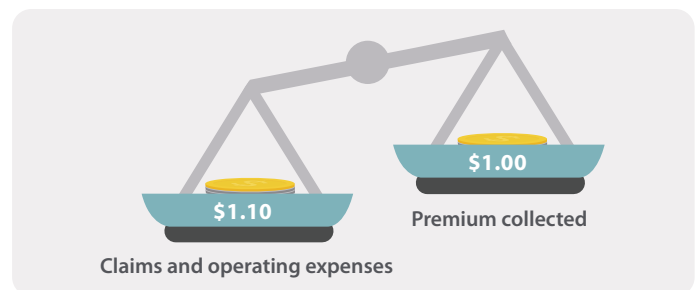
## Why are insurers leaving Alberta?

Alberta's auto insurance market is in crisis due to government regulatory intervention over the past two years. In January 2023, the government announced a freeze on auto insurance rate filings, as a short-term measure while it explored options for reform. The rate freeze was replaced with a 'good driver' rate cap in January 2024, which capped premium increases at 3.7% for anyone who meets the government's definition of a 'good driver'. This second rate intervention was again described as a 'short-term' measure while government continued to explore reform options.

These actions have lasted far longer than originally intended and, as a result, have forced several insurers to make the difficult decision to leave the Alberta market. No business can operate when the product they sell costs more than the price they are allowed to charge. Those insurers that remain in the marketplace are increasingly forced to restrict the coverages they provide in order to remain viable under the cap.

These actions are forcing drivers to purchase new, often more expensive, coverage from other carriers. It's a key reason why rates have grown 12% over the past two years, despite government's rate interventions.

**Alberta's Superintendent of Insurance reported that 17 insurers lost money on the sale of coverage last year.** In 2024, insurers have paid out more in claims and expenses than they earned in premiums – losing an average of 10 cents for every \$1 of premium so far this year.



## Why are insurers leaving Alberta?

**Alberta's auto insurance system is facing significant cost pressures, all of which are growing well in excess of the government's 3.7% rate cap. Over the past two years:**



Legal costs have grown a projected **19%**.



The cost of delivering care and recovery benefits to those injured in a collision is up about **27%**.



The cost of new and used replacement vehicles has grown **27%** and **9%**, respectively.



The cost of auto theft is up **55%**.



The Alberta government's health levy on auto insurers is up a staggering **60%**. The record-breaking hailstorm in Calgary on August 5<sup>th</sup> added **\$900 million** in unexpected auto insurance claims.

Credit ratings agency [Morningstar DBRS](#) recently predicted that more insurers would likely exit the province's auto market because of the rate cap.