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FOR IMMEDIATE RELEASE:

Auto Rate Freeze is Not the Best Option for Alberta Consumer

Brokers Association Concerned about the Adverse Impacts New Freeze will have on Albertans

January 26, 2023 (EDMONTON, AB): The recent announcement regarding a freeze to Alberta’s auto insurance rates is troubling. A rate freeze at this point in time will add more strain to an already fragile segment of insurance, especially with the current state of inflation and the rising costs to repair vehicles. There will be underlying consequences that the average consumer may not be aware of and they will need to be prepared for them.

Consumers are unlikely to see any direct financial relief as a result of a rate freeze, and will instead face challenges of fewer payment plan options, and fewer options to choose an insurer due to a lack of accessibility.

If insurers are not able to collect enough premium to pay claims, we will be facing an unstable market environment if this carries on long term. The insurers that support Alberta will be forced to take drastic action in order to sustain the current system and continue to support consumers.

Much like during Alberta’s last provincial rate caps from 2017 to 2019, consumers will face limited options in the marketplace. During the most recent cap, insurance companies were forced to make difficult business decisions of which the effects are still being felt today. A hard freeze on rates will have an even more detrimental impact on consumers.

“We have proposed options to government that would leave money in the hands of Albertans without the consequences of a rate freeze,” IBAA President Barry Haggis said today. The IBAA will be working with Alberta brokers to assist them in educating and guiding consumers through the negative effects this freeze will have. IBAA will also continue to work with the government, the Insurance Bureau of Canada, and Alberta’s auto insurers to develop a long-term solution to the rising costs of Alberta auto insurance.

We encourage Albertans to contact their local broker to discuss how the rate freeze will affect them financially.

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The Insurance Brokers Association of Alberta (IBAA) is a non-profit trade association representing over 4200 broker members working through about 260 individual brokerages across Alberta, the Yukon, the Northwest Territories, and Nunavut.

If you would like more information about our position on the above, please contact IBAA President Barry Haggis at his direct line 403-212-5110, his cell 587-777-0328 or via email at barryhaggis@young-haggis.com