

Insurance rates set to rise after minor injuries cap struck down (Update)

The Alberta insurance industry is seeking a 37 percent increase in automobile insurance premiums after a judge struck down a monetary cap for minor injury claims earlier this year. In February, a judge ruled that the *Minor Injury Regulation*[\[1\]](#) violated the *Charter of Rights*.[\[2\]](#) Now, insurers are seeking a steep increase in the mandatory portion of automobile insurance. Hearings by the insurance rate board in Calgary will end June 18. If accepted, changes will go into effect in November.

Currently, the decision to strike down the cap is before the Alberta Court of Appeal. The Court recently denied a request by the Dominion of Canada General Insurance Company (Dominion) for leave to intervene in the appeal. The court held that Dominion could not demonstrate that they would bring a "fresh perspective" to the appeal that differed significantly from than appellant.[\[3\]](#)

There are conflicting opinions about how much the ruling might affect the profitability of insurance companies. On one extreme, the insurance industry claims a 37 percent increase is needed to offset losses caused by the cap removal. A report prepared by the rate board concluded that an 11 percent increase in premiums would be needed to offset such losses.[\[4\]](#) On the other extreme, a newly released Canadian Bar Association study found that the removal of the cap would not significantly hurt the profitability of insurance companies.[\[5\]](#)

Source:

Jim Macdonald, "Insurance industry seeking approval for hefty rate hike from Alberta drivers" *CBC News* (14 June 2008).

[\[1\]](#) *Minor Injury Regulation*, Alta. Reg. 123/2004.

[\[2\]](#) *Morrow v. Zhang*, 2008 ABQB 98.

[\[3\]](#) *Pedersen v. Alberta*, 2008 ABCA 192.

[\[4\]](#) Jim Macdonald, "Insurance industry seeking approval for hefty rate hike from Alberta drivers" *CBC News* (14 June 2008).

[\[5\]](#) CNW Newswire, "Canadian Bar Association releases report finding auto insurance industry would be healthy without insurance cap" (16 June 2008).