



AUTO INSURANCE REFORM IN ALBERTA

Starting January 1, 2027, Alberta will be making changes to how all auto insurance policies work in the province.

Highlights:

- The new Care-First system comes into effect January 1, 2027
- The right to sue will be limited — instead, enhanced accident benefits will be a part of every policy
- Enhanced accident benefits will be available to anyone injured in an automobile accident, so they can focus on healing and recovery
- Drivers found at-fault in an accident will still be held accountable

How auto insurance works before Care-First?

Under the tort system, if you're injured in an auto accident, you would need to sue the at-fault driver for damages beyond basic benefits covered by your policy. This could take months or even years to resolve, delaying your access to certain levels of care.

Here's what's changing with the Care-First system

- Starting January 1, 2027, Alberta's auto insurance will switch to a Care-First system
- Anyone injured by an auto accident (e.g. drivers, passengers, or pedestrians) will receive benefits
- Drivers found to be at-fault in an accident will face higher insurance premiums
- You can still sue at-fault drivers if they're found guilty of certain serious offences, like dangerous operation of a vehicle, impaired driving, or fleeing law enforcement.

These changes will help people injured in an auto accident receive benefits faster, while providing long-term sustainability and stability for Albertans.



Accident benefits before and after Care-First launches

Tort system	Care-First system
Medical Payments Supporting recovery up to \$50,000 for reasonable and necessary expenses incurred within 2 years of the accident date.	Health Care and Related Expenses Includes treatment as long as it supports recovery.
Death, Grief Counselling, Funeral and Total Disability Benefits Provides lump sum payments to surviving spouse and dependants, covers funeral expenses and income replacement benefit if unable to work due to an accident.	Income Replacement and Other Monetary Benefits Replace employment income and childcare expenses.
Uninsured Motorist Coverage In case of injury involving an uninsured driver.	Permanent Impairment Available if you sustain an impairment after an accident that doesn't fully heal.
	Death Benefits and Related Expenses Includes funeral expenses and grief counselling.
	Uninsured Motorist Coverage In case of injury involving an uninsured driver.

Do policy holders need to do anything?

You won't need to take any action, but we recommend:

- Before January 1, 2027, learning more about Care-First benefits from the Alberta government.
- After your renewal, reviewing your updated insurance policy documents and your entitled accident benefits.
- Talking to your financial representative about your coverage options.



Frequently asked questions

When does the Care-First system for auto insurance begin in Alberta?

The Care-First system comes into effect January 1, 2027. Until then, existing policies and claims will continue under the current system. Converting to the Care-First system is automatic.

What happens if I'm in an accident before January 1, 2027?

Accidents that happened on or before December 31, 2026, won't be handled through the Care-First system. Instead, they'll be handled under the system that was in place when the accident occurred.

If your claim was submitted before January 1, 2027, any treatment you receive will continue to follow the system that was in effect on the date of your accident.

Do I need to make any updates to my auto insurance policy?

No; your auto insurance will automatically transition to the new Care-First system on January 1, 2027.

What will happen if I'm in an accident under the Care-First system?

You'll be able to access care like medical treatment, accessibility supports, income support and other accident benefits without needing to take any legal action. You'll also have a limited right to sue at-fault drivers in certain scenarios.

Submitting a new claim under the Care-First system will be the same. Your insurer case manager will be able to provide you with directions to access care right away, instead of needing to wait for any litigation to be complete.

Does some coverage need to be used before Care-First benefits?

Your auto insurance company will be first payor for Care-First benefits including treatment, care, rehabilitation, permanent impairment, and most monetary benefits.



For income replacement benefits under Care-First, injured claimants will be required to access other disability insurance coverage they might have first, like any workplace disability benefits.

If an injured claimant has no other source of income replacement benefit available to them, they will be able to access that benefit through their auto insurance.

Can drivers still be found at-fault in an accident under Care-First?

Yes, a driver can still be found at-fault for an accident. Drivers found to be at-fault will face higher premiums and potential litigation if they violated the Criminal Code, e.g. impaired driving, or leaving the scene of an accident.

If I'm in an accident, can I sue the at-fault driver?

Lawsuits are permitted in some circumstances, like when an at-fault driver is convicted of certain Criminal Code or Traffic Safety Act driving offences, or for out-of-pocket expenses which exceed policy limits. If an out-of-pocket expense is incurred by an injured claimant, but isn't payable under Care-First, you cannot sue for that expense. Injury severity also does not trigger a right to sue.

Will my auto insurance costs change under Care-First?

The new system is designed to create a more affordable and sustainable insurance system for Albertans. It will also help reduce legal costs that can drive up premiums.

With the change to the new Care-First system, some drivers may have their premiums affected as a result. We're committed to helping you understand our rates and the factors that go into setting your premium; talk to your broker if you have any questions about your premium costs.

Where can I get more information about Alberta's insurance reform?

For additional information, visit the Alberta government site on insurance reform.