

On **July 1, 2012**, changes to the Alberta *Insurance Act* (Act) will go into effect.

The following information highlights some of the major changes in the Act and related regulations.

Legislative changes have been implemented to amend the provisions of the Act applicable to the various types of insurance contracts such as: life, accident and sickness, liability, business and property. These changes modernize the framework for insurance contracts, strengthen consumer protection, and address issues identified by stakeholders, including consumers, legal counsel and insurers.

**Some of the significant changes to the Act include:**

- The legislation will require that statutory conditions to be incorporated into multi-peril property contracts. This will provide clarity for future claims.
- The timeframe to initiate an action has been increased from the current one year timeframe to two years. This is consistent with the *Limitation Act*.
- The dispute resolution process currently referred to as the Appraisal Procedure will be amended to strengthen consumer protection in a claims dispute.
- Electronic transactions will be allowed permitting insurers and policyholders to use modern business practices and technology. There will be some exceptions where written transactions will still be required to protect consumer interest. For example, the cancellation of an insurance policy or the change of a beneficiary.
- An individual insured under a group life or accident and sickness policy will be able to obtain a copy of the group insurance policy – excluding any parts containing confidential information. Currently, the individual can access a certificate with very limited information about the insurance.
- When an insurance company replaces another insurer's existing group life insurance policy, they will have the option to automatically carry over the beneficiary designation instead of having everyone fill out new designation forms. However, if they do automatically carry it over, they will need to advise the insured.
- The regulatory process will be streamlined for hail insurers with the removal of the requirement to file hail insurance commission and premium rates.

**Some of the significant changes to the regulations of the Act include:**

- Classes of Insurance Regulation

This regulation repeals and replaces the current Classes of Insurance Regulation. The change harmonizes Alberta's Classes of Insurance regulation with other jurisdictions.

- Enforcement and Administration Amendment Regulation

This amendment regulation currently outlines the various classes of insurance covered by the insurance industry's Compensation Corporation when an insurance company is liquidated. Amendment to the current regulation is required as a result of the changes to some of the classes of insurance in the Classes of Insurance Regulation.

- Fair Practices Amendment Regulation

This amendment regulation includes new consumer protection provisions that will require insurance companies, their agents and adjusters to provide full and clear disclosure of dispute resolution processes and limitation periods to clients who have initiated insurance claims. The regulation includes the permitted exclusions that can be included in property insurance policy wordings to exclude coverage for damages caused by a fire. It also includes a provision permitting a person to apply to a court for an order for an advance payment on a personal injury claim being negotiated with an insurance company.

- Miscellaneous Provisions Amendment Regulation

This amendment regulation will name the additional insurance perils which, if written by an insurance company in Alberta, trigger a requirement that the company become a member of the General Insurance OmbudService. The regulation also outlines the kind of confidential or commercial information, within a group life and accident and sickness insurance policy, an insurance company may withhold when a person, insured by the policy, requests a copy of the policy wordings.

- Transitional (Insurance Amendment Act, 2008 – Part 5) Regulation

This regulation will provide guidance to the insurance industry and the legal community as to how existing and new insurance contract insurance claims are handled under the previous and new provision of the Act. *This regulation is still to be finalized.*

### **Access to the Act and the revised regulations**

A copy of the Act and related regulations is available:

<https://www.alberta.ca/insurance-legislation-orders-agreements.aspx>

If you have questions regarding the Alberta's New Insurance Act please contact the Office of the Superintendent of Insurance, either by e-mail [insurance@gov.ab.ca](mailto:insurance@gov.ab.ca) or by phone 780-427-8322.