

# Superintendent of Insurance

## Interpretation Bulletin

<b>Bulletin Number:</b>	<b>02-2023</b>
<b>Title:</b>	<b>Underwriting Rules Pertaining to Section C (collision and comprehensive) Coverage</b>
<b>Date:</b>	<b>January 25, 2023</b>
<b>To:</b>	<b>All licensed automobile insurers in Alberta</b>

### Purpose

In accordance with section 792.1 of the *Insurance Act* (“Act”), this Interpretation Bulletin has been issued to notify insurers in Alberta that the Superintendent of Insurance (“Superintendent”) interprets section 509(1)(c) of the Act, and specifically the prohibition against unfair practices, as prohibiting private passenger vehicle (PPV) insurers, for the period between January 25, 2023, and December 31, 2023, from changing their underwriting rules in place on January 25, 2023, pertaining to Section C (collision and comprehensive) coverage.

### Background

Section C (collision and comprehensive) coverage is not required by law to drive a motor vehicle in Alberta, so it is sometimes referred to as “optional”. While it is not required by law, this coverage is usually contractually required by lenders and lessors when a vehicle is purchase or lease financed.

The Superintendent has heard concerns from Albertans, particularly those who have financed their vehicle, regarding the challenges they face when PPV insurers deny them the option to maintain their additional coverage when renewing their PPV insurance policy, or deny them the ability to obtain additional coverage when purchasing a new automobile insurance policy.

### Timing

The expectations set out in this Bulletin are effective immediately.

### Enforcement

The Superintendent interprets the prohibition on unfair, coercive, or deceptive acts or practices in section 509(1)(c) of the Act to be applicable to, and to prohibit a PPV

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insurer, during the period from January 25, 2023, through December 31, 2023, from changing its underwriting rules in place on January 25, 2023, pertaining to Section C (collision and comprehensive) coverage.

Where the Superintendent is of the opinion that an insurer has contravened section 509(1)(c) of the Act, the Superintendent may require the insurer to pay an administrative penalty of up to \$25,000 for each contravention, pursuant to section 789 of the Act.

In the alternative to an administrative penalty, an insurer who contravenes section 509(1)(c) of the Act may be prosecuted under section 780 of the Act. If convicted, an insurer is subject to a fine of up to \$200,000 (and if the offence is of a continuing nature, each day or part of a day constitutes a separate offence) under section 786 of the Act.

If you have any questions regarding this Interpretation Bulletin, please contact my office at (780) 643-2237 or [tbf.insurance@gov.ab.ca](mailto:tbf.insurance@gov.ab.ca).

[ORIGINAL SIGNED]

Mark Brisson  
Superintendent of Insurance

### Contact Information and Useful Links

<b>Email:</b>	<a href="mailto:tbf.insurance@gov.ab.ca">tbf.insurance@gov.ab.ca</a>
<b>Phone:</b>	780-643-2237
<b>Fax:</b>	780-420-0752
<b>Toll-free in Alberta:</b>	Dial 310-0000, then the number.
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<b>Visit our website:</b>	<a href="http://insurance.alberta.ca">insurance.alberta.ca</a>
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