

2017 Superintendent of Insurance Update

Looking back on 2017, my office has been involved in a number of matters important to the effective regulation of Alberta's insurance industry.

Wood Buffalo Wildfire

On May 3, wildfire swept through the community, resulting in the largest mandatory evacuation in Alberta history. The Wood Buffalo wildfire was one of the most catastrophic natural disasters in Canadian history, with almost 88,000 people uprooted in the evacuation.

Two years after the devastating Wood Buffalo wildfire, communities continue to rebuild and families are moving back home. Insurance companies and government have worked together to ensure no resident is left behind.

The vast majority of insurance claims for loss or damage resulting from the 2016 wildfire have already been settled, and the rebuild is well underway. However, some of the more complex claims remain open. My office continues to work with insurers to ensure that they are facilitating the timely resolution of claims. By the end of 2017 approximately 87 per cent of claims were closed, with over \$2.3 billion paid to policy holders.

All insurance companies have been granting extensions for unsettled claims on a case-by-case basis. I would like to thank insurance companies, adjusters, agents, brokers and the many others who make up our extended insurance industry for their dedication and hard work in helping Albertans recover from the wildfires. To Albertans who have concerns with the way an insurer is handling a claim, I encourage you to use the complaint resolution information found on our [website](#).

Electronic Pink Cards

We know consumers are trending toward electronic access of their vital information. I am pleased to report that my office, in conjunction with other Canadian insurance regulators, has been working to approve an electronic form of financial responsibility (pink) card. We are working with our valued stakeholders in the insurance industry, police forces, other provincial jurisdictions and Alberta's Privacy Commissioner to safeguard consumers while ensuring timely access to electronic pink cards.

Automobile Insurance Regulation Review

My office is leading the review of four major automobile insurance regulations. Over the past several months my office has consulted with targeted stakeholders across multiple sectors. The feedback we have heard has been tremendously valuable and insightful. I would like to thank those who have submitted feedback. As we work through the review

of these regulations, I am committed to proposing amendments that are evidence-based and in the best interest of Albertans.

New Home Warranty Insurance Compliance Initiative

Alberta's new home warranty legislation has been in force since February 2014. In the fall of 2017, my office launched an initiative to engage more closely with new home warranty insurance providers. Our goal is to improve the quality of service Albertans receive when dealing with their new home warranty insurance companies.

This initiative included steps to educate warranty insurance companies about common compliance issues that have a direct impact on Albertans, and to motivate insurers to review and improve their compliance on these issues. My office expects to follow up on this initial work with in-depth reviews of Alberta's new home warranty insurers in 2018-19.

Online Licensing Access

As part of a larger automation project in my office, I pleased to report that we launched an online filing system for insurers in mid-2017. We successfully received and processed all insurer licence applications on line before their December 31, 2017 expiry. I would like to extend my thanks to the application development staff in our IT department, whose innovation and teamwork have contributed greatly to the success of this project.

Unlicensed Insurance

I issued [Bulletin 02-2017](#) to provide clarification on the requirements for disclosure of unlicensed insurance in accordance with the *Insurance Act* (Act). An unlicensed insurer may enter into a contract of insurance insuring a risk in Alberta as long as there is disclosure by the insured to my office.

Since 2014, auditors from Alberta's Tax and Revenue Administration division within the Ministry of Treasury Board and Finance have been appointed as examiners under the Act and have worked closely with my office conducting audits of insured companies. In all cases motor vehicle liability insurance policies in Alberta must be underwritten by a licensed insurer.

Prudential Supervision of Provincial Insurance Entities

The risks facing insurance companies continue to change. My office continues to monitor the risks and solvency concerns that have the potential to impact the provincial insurance companies and reciprocal insurance exchanges that we supervise. This is of particular importance in light of the continued pressures on insurer profitability, increasing cost trends in both automobile and property insurance, and technological advancements in the industry that place competitive pressures on regional insurers. I am pleased to report that all Alberta-registered insurers maintained a strong capital position through 2017, in spite of the pressures. The oversight of our provincial insurers and monitoring of their solvency position is a role my office takes seriously. This year my office published our

[Supervisory Framework](#) outlining how my office works closely with each regulated entity to ensure we have a clear understanding of their business and risks that may impact solvency.

In closing, I would like to thank the staff of Alberta Treasury Board and Finance as well as our colleagues at the Alberta Automobile Insurance Rate Board and the Alberta Insurance Council, who work to ensure Albertans have access to fair and affordable insurance. I am proud of their achievements.

In the coming year, my office will:

- continue to work on additional components of the online filing system, such as the regulatory cost recovery process;
- continue our initiative to improve insurer market conduct compliance;
- continue our review of the automobile insurance regulations; and
- lead the review of the Automobile Insurance Rate Board.

[Original Signed]

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