

# Superintendent of Insurance

## Notice

<b>Notice Number:</b>	<b>08-2022</b>
<b>Title:</b>	<b>Captive Insurance Implementation</b>
<b>Date:</b>	<b>June 8, 2022</b>

## Purpose

This Notice is to advise of the implementation of captive insurance legislation in Alberta, effective July 1, 2022.

The [Captive Insurance Companies Act](#) (CICA), the [Captive Insurance Companies Regulation](#) (CICR), the [Captive Insurance Companies \(Prescribed Enactments\) Regulation](#) and consequential amendments to the [Insurance Enforcement and Administration Regulation](#) (IEAR) and the [Recovery of Insurance Administration Costs Regulation](#) (RIACR), come into effect on July 1, 2022.

In addition, the Superintendent of Insurance (Superintendent) has a [website](#) dedicated to captive insurance.

## Background

Captive insurance companies provide insurance coverage to the entities that create and own them, and may provide insurance to their directors, employees and affiliated entities. Captives can be set up by businesses in any sector of the economy seeking alternative insurance coverage. Alberta joins British Columbia as the only other province with captive insurance legislation. The CICA and its supporting regulations provide a sound regulatory framework – rooted in international standards and best practices – and position Alberta well for establishing captives in the province, and enabling captives from other jurisdictions to move to Alberta.

Captive insurance creates new insurance opportunities for businesses. Greater insurance options will help commercial entities with immediate insurance needs, by increasing the availability of insurance in the province.

### Supervision of captive insurance companies

The Superintendent will supervise captive insurance companies in Alberta. The Superintendent's oversight will ensure captive insurance companies in Alberta are financially healthy and able to pay claims. The Superintendent's additional regulatory

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duties include licensing captive insurers, regulating captive insurance policies and products and the general oversight of market conduct to ensure consumer protection and help prevent potential misuse of captive insurance companies.

## Amendments

### **1. Captive Insurance Companies Act**

The CICA is the legislative framework for the operation of a captive insurer in Alberta. The Act governs the formation and management, licensing, governance, and reporting requirements of captive insurance companies in the province. The Act also establishes rules for the enforcement and administration of the legislation by the Superintendent.

### **2. Captive Insurance Companies Regulation**

The CICR contains several important provisions governing the operations of captive insurance companies and related supervisory rules. The CICR contains certain provisions similar to those in the *Insurance Act* and its associated regulations, which apply to traditional insurers. The CICR also reflects best practices from British Columbia, and from successful captive jurisdictions from around the world.

### **3. Captive Insurance Companies (Prescribed Enactments) Regulation**

This regulation incorporates certain provisions of the *Insurance Act* and makes them applicable to captives.

### **4. Insurance Enforcement and Administration Regulation**

The IEAR specifies the sections of regulations under the *Insurance Act* that constitute an offense; the information that must be contained in a notice of an administrative penalty; and the factors the Superintendent must consider when determining the amount of an administrative penalty. The regulation was amended to apply to the CICR as well.

The name of the regulation was also changed from the “Enforcement and Administration Regulation” to the “Insurance Enforcement and Administration Regulation” to make it easier to identify that the regulation applies to insurance companies in Alberta.

### **5. Recovery of Insurance Administration Costs Regulation**

The RIACR is an administrative regulation that allows the Superintendent to recover the costs incurred by government to regulate insurers licensed under the *Insurance Act*. The regulation includes the formula used to determine the amount each insurance company pays. The regulation has been amended to allow the Superintendent to recover the costs incurred by government to regulate captive insurance companies licensed under the CICA, in the same manner it does for insurers licensed under the *Insurance Act*.

The name of the regulation was also changed from the “Recovery of Administration Costs Regulation” to the “Recovery of Insurance Administration Costs Regulation”, to make it easier to identify that the regulation applies to insurance companies in Alberta.

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

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Mark Brisson  
Superintendent of Insurance

#### Contact Information and Useful Links

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<b>Visit our website:</b>	<a href="http://insurance.alberta.ca">insurance.alberta.ca</a>
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