

Superintendent of Insurance

Interpretation Bulletin

Bulletin Number:	04-2021
Title:	Alberta Automobile Insurance Forms DCPD Amendments
Date:	October 18, 2021

Purpose

In accordance with section 792.1 of the *Insurance Act* (Act), the purpose of this Interpretation Bulletin is to advise that pursuant to section 551 of the Act and effective January 1, 2022, the Superintendent of Insurance has approved amendments to standard automobile insurance forms. All amended forms are posted on the [Superintendent's website](#). In addition, amended Standard Policy Forms (SPFs) are published in the September 30, 2021 issue of the [Alberta Gazette](#).

These standard form amendments flow from:

1. Direct Compensation for Property Damage (DCPD): On December 9, 2020, [Bill 41: Insurance \(Enhancing Driver Affordability and Care\) Amendment Act, 2020](#) amended the *Insurance Act* (Act) to enable DCPD. For answers to common DCPD questions please review [Superintendent of Insurance Notice 03-2021](#).
2. Comprehensive Forms Review: Beginning fall 2020, the Superintendent began a comprehensive review of most automobile insurance forms to:
 - Harmonize standard endorsement forms (SEFs) with standard policy forms (SPFs);
 - Reflect miscellaneous amendments to legislation such as the *Insurance Act*, *Traffic Safety Act* and the *Criminal Code* (Canada);
 - Align forms with judicial decisions, industry norms and practices, and government policies;
 - Modernize the coverages and language of forms; and
 - Determine the utility of forms.

This Bulletin sets out the procedures that insurers must follow in incorporating DCPD amendments to conditionally approved endorsements (CAE).

The Superintendent thanks the insurance industry stakeholders who participated in this form review and amendment process.

For more information, visit insurance.alberta.ca



Application of amendments

- Regardless which form a customer holds, all amended SPFs and SEFs related to in-force policies apply beginning January 1, 2022.
- Insurers must begin using, where appropriate, amended Applications, Certificates, Declaration and Premium Computation Statements for automobile insurance transactions effective on or after January 1, 2022.
- If the provisions of a current SEF attached to the policy prior to January 1, 2022, reduce or improve coverage when compared to the provisions of an amended SEF, insurers are required to settle such issues based on the broader coverage until the policy expiry.

Principles for the use of standard forms

- The Superintendent prescribes the content of these forms, but not the formatting. Insurers are free to tailor formatting to suit their individual styles and operational needs, while keeping in mind requirements of insurance legislation.
- Insurers may add any of the following to endorsement forms: insurer signature, name of insured, name of agent/broker, policy number, relevant premium(s) or effective/expiry dates. This additional information may be added for clarity and does not amend the approved form of endorsement.
- SEF prefixes are being systematically amended from “S.E.F. No.” to “AB-S.E.F. No.” Both styles of prefix are interchangeable until all SEFs have been amended.
- Alberta’s approved form cover pages are a Government of Alberta publishing convention, and are optional for use with the approved form.
- Those insurers who have received the Superintendent’s approval to modify the content of a Standard Certificate may apply any approved modifications to the January 1, 2022 Standard Certificate and such modifications remain approved.
- Insurance providers are free to correct spelling errors on the forms provided to insureds: please bring any spelling errors to the attention of the Superintendent.

Amendments summary:

1. SPFs including Policy Wordings, Applications, Premium Computation Statements, and Certificates/Declaration:
 - S.P.F. No. 1 Owner’s Automobile Policy
 - S.P.F. No. 4 Garage Automobile Policy
 - S.P.F. No. 9 Transportation Network Automobile Policy
 - The following is a listing of the main amendments and their applicability to policy wordings, Applications, Certificates, Declaration, and Premium Computation Statements.

Amendment Description (this list is not comprehensive—refer to the forms to see all amendments) X = not applicable ✓ = applicable	S.P.F. No. 1			S.P.F. No. 4				S.P.F. No. 9		
	Policy Wording	Application	Certificate	Policy Wording	Application	Certificate	Premium Computation Statements 1 & 2	Policy Wording	Application	Declaration
Added Section A.1 DCPD	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Removed medical questions	X	✓	X	X	X	X	X	X	X	X
Removed consent to obtain credit report if payment plan requested	X	✓	X	X	✓	X	X	X	✓	X
Removed S.E.F. No 23 wording from back of Certificate	X	X	✓	X	X	X	X	X	X	X
Removed Cancellation Request from Certificate	X	X	✓	X	X	X	X	X	X	X
Section A.1 – DCPD: extends coverage to insured’s personal use utility type trailers <900 kg GVWR	✓	X	X	X	X	X	X	X	X	X
Section A.1 – DCPD: coverage is secondary to another motor vehicle liability policy covering non-owned vehicle	X	X	X	✓	X	X	X	X	X	X
Section A.1 – DCPD: Secondary to Owner’s policy during period 1	X	X	X	X	X	X	X	✓	X	X
Most “application” references amended to “Policy or in the Certificate/*Declaration of Automobile Insurance”, to reflect predominant use of Certificate/*Declaration as a representation of the Policy *Declaration for S.P.F. No. 9	✓	X	X	✓	X	X	X	✓	X	X
Section B, Subsection 2(A) – Supplemented Benefits Respecting Accidents Occurring Outside Alberta in a No-Fault Jurisdiction: added B.C. as a no-fault jurisdiction	✓	X	X	✓	X	X	X	✓	X	X
Section C, Subsections 2 – Collision & 3 – Comprehensive: amended both to remove the conflation of term “another object”	✓	X	X	✓	X	X	X	✓	X	X
Section C, Deductible Clause: added clarification that applicable deductible is deductible multiplied	✓	X	X	✓	X	X	X	✓	X	X

For more information, visit insurance.alberta.ca



Amendment Description (this list is not comprehensive—refer to the forms to see all amendments) X = not applicable ✓ = applicable	S.P.F. No. 1			S.P.F. No. 4				S.P.F. No. 9		
	Policy Wording	Application	Certificate	Policy Wording	Application	Certificate	Premium Computation Statements 1 & 2	Policy Wording	Application	Declaration
by percentage at fault (percentage not at fault is paid under DCPD)										
Section C, Exclusions: added two contraventions of legislation to impaired operation exclusion	✓	X	X	✓	X	X	X	✓	X	X
Section C, Additional Agreements of Insurer (2) Loss of Use by Theft: removed daily limit and increased overall limit to \$900	✓	X	X	✓	X	X	X	✓	X	X

2. SEFs

- The following is a listing of amended endorsement forms including the types of amendments made to each:

Endorsement Title X = not applicable ✓ = applicable	Amendment Type (this list is not comprehensive—refer to the forms to see all amendments)				
	DCPD	Prefix Amended to AB-SEF	Modernized Language	Modified Coverage Terms, Conditions and Limitations	Removed or Added Signature Line--SEFs that restrict coverage should be signed by the insured
AB-S.E.F. No. 2 Designated Operator(s) Drive Other Automobiles Endorsement	✓	✓	✓	X	✓
AB-S.E.F. No. 3 Drive Government Automobile Endorsement	✓	✓	✓	X	✓
AB-S.E.F. No. 5(A) (formerly SEF 5) Permission To Lease – Specified Lessee Endorsement	✓	✓	✓	✓	✓
AB-S.E.F. No. 16 Suspension Of Coverages Endorsement	✓	✓	✓	✓	X
AB-S.E.F. No. 18 Replacement Cost Endorsement	✓	✓	✓	X	X

For more information, visit insurance.alberta.ca



Endorsement Title X = not applicable ✓ = applicable	Amendment Type (this list is not comprehensive—refer to the forms to see all amendments)				
	DCPD	Prefix Amended to AB-SEF	Modernized Language	Modified Coverage Terms, Conditions and Limitations	Removed or Added Signature Line--SEFs that restrict coverage should be signed by the insured
AB-S.E.F. No. 21(A) Monthly Reporting Basis Fleet Endorsement	✓	✓	✓	X	✓
AB-S.E.F. No. 21(B) Blanket Basis Fleet Endorsement	✓	✓	✓	X	✓
AB-S.E.F. No. 21(C) Monthly Reporting Basis Fleet Omission Endorsement	✓	✓	✓	✓	✓
AB-S.E.F. No. 21(D) Blanket Basis Fleet Omission Endorsement	✓	✓	✓	✓	✓
AB-S.E.F. No. 22 Damage To Property of Passengers Endorsement	✓	✓	✓	X	✓
AB-S.E.F. No. 23(A) Lienholder, Mortgagee or Assignee Endorsement	✓	✓	✓	X	✓
AB-S.E.F. No. 23(B) Lienholder, Mortgagee or Assignee Endorsement (Broad Form)	✓	✓	✓	X	✓
AB-S.E.F. No. 25(A) Alteration Endorsement (amalgamated S.E.F.s 7, 10, 11, 12, 15b, 15c, 25 and 100). See rescission list below in 3. Rescinded Standard Endorsement Forms	✓	✓	✓	X	X
AB-S.E.F. No. 29 Named Person(s) Additional Coverage Endorsement	✓	✓	✓	X	✓
AB-S.E.F. No. 43R(L) Specified Lessee Limited Waiver of Depreciation Endorsement	✓	✓	✓	X	X
AB-S.E.F. No. 43R Limited Waiver of Depreciation Endorsement	✓	✓	✓	X	X
AB-S.E.F. No. 71 Owned Automobiles Exclusion Endorsement	✓	✓	✓	X	X
AB-S.E.F. No. 72 Multiple Alteration Endorsement	✓	✓	✓	X	X

For more information, visit insurance.alberta.ca



3. Rescinded Standard Endorsement Forms

The amalgamation of forms into the amended AB-S.E.F. No. 25(A) Alteration Endorsement makes a number of S.E.F.s redundant:

- S.E.F. No. 7 Separate Limits Endorsement (TPL)
- S.E.F. No. 10 Change of Limits and Deductibles Endorsement
- S.E.F. No. 11 Change of Coverages Endorsement (Section C)
- S.E.F. No. 12 Additional Coverage Endorsement
- S.E.F. No. 15b Combined Substitution of Automobile and Deleted Coverage Endorsement
- S.E.F. No. 15c Combined Substitution of Automobile and Additional Coverage Endorsement
- S.E.F. No. 25 Alteration Endorsement
- S.E.F. No. 100 Alteration Endorsement

Pursuant to section 551(8) of the Act, effective January 1, 2022, the Superintendent rescinds the approval of these eight SEFs in Alberta on new and renewal policies. The rescinded SEFs endorsed to policies prior to January 1, 2022, continue to apply for the remaining policy term.

Conditionally approved endorsements

- Insurers that are authorized to use Conditionally Approved Endorsements (CAEs) are required to incorporate, where appropriate, amendments related to DCPD into CAEs attached to SPFs issued as new business or as renewals on or after January 1, 2022.
- When it is necessary to make DCPD amendments to CAEs, the amended forms must be filed with the Superintendent by January 1, 2022. For DCPD amendments only, pursuant to section 551(10) of the Act, the Superintendent hereby provides an interim conditional approval of such amendments to CAEs from January 1, 2022 until April 30, 2022. The Superintendent will review filed CAE amendments and will work with insurers to provide individual approvals for DCPD-related CAE amendments in use starting May 1, 2022.
- Insurers should file DCPD-related amended CAEs with the Superintendent by email to tbfi.insurance@gov.ab.ca. Filings must include a tracked-changes MSWord version of the CAE plus relevant pages to underwriting and claims manuals associated with any CAE DCPD amendments. "AB" is not required to be added to prefixes for CAEs. If the Superintendent considers any filed CAE amendment does not align with DCPD SEF amendments, the Superintendent will work with the insurer to revise the filed CAE.
- The use of a CAE that is not approved by the Superintendent is a contravention of section 551(1) of the Act.

For more information, visit insurance.alberta.ca



Grace period and penalties for non-compliance

- Pursuant to section 551(1) of the Act, no insurer may use a form of application, policy, endorsement or renewal or continuation certificate in respect of automobile insurance other than a form approved by the Superintendent.
- Where the Superintendent is of the opinion that an insurer has contravened a prescribed provision of the Act or its associated regulations, the Superintendent may require that insurer to pay an administrative penalty of up to \$25,000 for each contravention.
- In the alternative to an administrative penalty, and pursuant to section 780 of the Act, an insurer who contravenes section 551(1) of the Act is guilty of an offence and may be prosecuted. If convicted, an insurer is subject to a fine of up to \$200,000 under section 786 of the Act (and if the insurer's conduct is of a continuing nature, each day or part of a day constitutes a separate offence).
- Insurers must take steps to update their systems and processes so that amended forms are in use for automobile insurance transactions starting January 1, 2022. In recognition of the potential for delays in making these changes, there will be a grace period from January 1 to April 30, 2022, during which time insurers that have taken reasonable steps to change their systems, will not be subject to administrative action by the Superintendent. This grace period is dependent on the insurer sending insureds the approved form(s) with an accompanying explanation as soon as practicable once systems and processes are updated.

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

[original signed]

Mark Brisson,
Superintendent of Insurance

Contact Information and Useful Links

Email:	tbf.insurance@gov.ab.ca
Phone:	780-427-8322
Fax:	780-420-0752
Toll-free in Alberta:	Dial 310-0000, then the number.
Mailing Address:	402 Terrace Building, 9515 – 107 Street Edmonton, AB T5K 2C3

For more information, visit insurance.alberta.ca



Visit our website:	insurance.alberta.ca
Subscribe to receive email updates:	insurance.alberta.ca/subscribe.html

For more information, visit insurance.alberta.ca

