

Superintendent of Insurance

Notice

Notice Number:	06-2022
Title:	Bill 16: <i>Insurance Amendment Act, 2022</i>
Date:	June 6, 2022

Purpose

This Notice is to advise that the Government of Alberta has implemented statutory amendments to keep Alberta's regulatory framework efficient and to support the growth of Alberta's insurance industry. These changes were implemented through [Bill 16: *Insurance Amendment Act, 2022*](#). Bill 16 contains amendments to the *Captive Insurance Companies Act* and *Insurance Act*.

Amendments

1. *Captive Insurance Companies Act*

The *Captive Insurance Companies Act* was amended to enable the redomestication of captive insurance companies. These amendments allow enterprises to move their foreign captive to Alberta. The amendments also allow an Alberta captive to move to an extra-provincial jurisdiction. The redomestication process lets foreign captives fulfil their obligations under existing contracts of insurance while seamlessly establishing a captive in Alberta to underwrite new contracts of insurance. These changes are effective once the Act comes into force on July 1, 2022.

2. *Insurance Act*

Effective May 31, 2022, amendments to the *Insurance Act* have implemented the following changes:

- A. A provincial company may be licenced to carry on the exclusive business of underwriting reinsurance. These Alberta-based reinsurers have the option to participate in a limited partnership while carrying on their business. This allows Alberta reinsurers to capitalize their provincial company using a limited partnership structure.

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- Alberta reinsurers must be incorporated under the Act for the exclusive purpose of reinsuring risks of ceding insurers, reciprocal insurance exchanges, and captive insurance companies.
 - If Alberta reinsurers choose to participate in a limited partnership they must be the general partner, and the limited partnership must be formed for the exclusive purpose of underwriting reinsurance.
 - New provisions allow the Superintendent of Insurance to efficiently oversee and supervise Alberta reinsurers using the limited partnership structure.
- B. The 50 per cent regulatory charge for unlicensed insurance is reduced to 10 per cent to closer align with other Canadian jurisdictions.
- A corresponding amendment reduces the financial penalty from 50 per cent to 10 per cent for the late payment of the regulatory charges under section 61(2) and for purposes of the special broker's tax under section 72(2).
- C. A subsection of the direct compensation for property damage (DCPD) provision in the *Insurance Act* is amended to clarify that federal and provincial governments may provide an undertaking to be bound by DCPD.
- D. Administrative amendments align provisions in the *Insurance Act* with new regulatory standards and comparable federal legislation and update references to provisions in the federal Act.
- E. A few requirements and sections of the *Insurance Act* are removed because they are no longer relevant.

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

[ORIGINAL SIGNED]

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Contact Information and Useful Links

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