

# Superintendent of Insurance

## Interpretation Bulletin

<b>Bulletin Number:</b>	<b>01-2023</b>
<b>Title:</b>	<b>Premium Payment Plans for Private Passenger Vehicle Insurance</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 as prohibiting insurers from denying a private passenger vehicle (“PPV”) applicant/insured the option to pay their annual automobile insurance premium in 12 or fewer installments (“Premium Payment Plan”), except under the limited circumstances specified in the Enforcement section of this Bulletin. Furthermore, when an insurer charges a fee for the Premium Payment Plan, the insurer must charge all customers the same reasonable rate or fee for it.

### Background

It is possible that the eligibility criteria for an insurer’s Premium Payment Plan may be tied to the same criteria that are used to determine an applicant/insured’s premium, such as driving experience and driving record. The Superintendent has heard concerns from Albertans regarding the challenges they face when PPV insurers require them to pay their annual automobile insurance premium upfront in full. Premium Payment Plans are a convenient way for customers to pay their premium for PPV insurance, as automobile insurance is mandated by law and is often a major expense.

The Superintendent acknowledges and appreciates that many insurers already allow most of their customers to pay their premiums on a Premium Payment Plan; however, an uneven playing field can be created when some insurers offer it to some customers and not others. This has the potential to create circumstances for adverse selection.

### Timing

The expectations set out in this Bulletin are effective January 25, 2023.

For more information, visit [insurance.alberta.ca](https://insurance.alberta.ca)



## 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, the refusal to provide a Premium Payment Plan for PPV insurance customers.

Accordingly, a PPV insurer refusing to offer a Premium Payment Plan for any new or renewal PPV insurance policy on or after January 25, 2023, will be viewed as engaging in conduct contrary to the Act, except in the following circumstances:

- a. the applicant/insured has had two or more cancellations for non-payment of PPV automobile insurance premiums in Alberta in the previous 36 months;
- b. the contract insures a non-PPV automobile;
- c. the contract insures five or more vehicles under common ownership or management (a “fleet”);
- d. the total annual premium payable does not exceed \$300; or
- e. as of January 25, 2023, the insurer does not offer a Premium Payment Plan to any private passenger customer and requires all premiums to be paid upfront in full.

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>
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For more information, visit [insurance.alberta.ca](https://insurance.alberta.ca)



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Rescinded effective January 1, 2024

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