

# Superintendent of Insurance

## Interpretation Bulletin

<b>Bulletin Number:</b>	<b>04-2023</b>
<b>Title:</b>	<b>DCPD Deletion Endorsement Forms</b>
<b>Date:</b>	<b>March 1, 2023</b>
<b>To:</b>	<b>All Insurers Licensed for Automobile Insurance in Alberta</b>

### 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 March 1, 2023, the Superintendent of Insurance (Superintendent) approves for use two new and one amended standard endorsement forms (SEFs). These SEFs are available to delete Section A.1 - Direct Compensation for Property Damage (DCPD) coverage from an automobile policy:

- AB-S.E.F. No. 49(A) DCPD Deletion Endorsement (new);
- AB-S.E.F. No. 49(B) Blanket Basis DCPD Deletion Endorsement (new); and
- AB-S.E.F. No. 30(A) Attached Machinery, Apparatus or Equipment Exclusion Endorsement (amended).

These endorsements are posted on the Superintendent's [website](#).

The Superintendent thanks the industry stakeholders who participated in the creation and review of these endorsements.

### Background

As part of reforms to Alberta's automobile insurance system, effective January 1, 2022, Bill 41: *Insurance (Enhancing Driver Affordability and Care) Amendment Act, 2020*, amended the *Insurance Act* to enable DCPD in Alberta.

Many insureds, especially commercial automobile owners, prefer to manage and pay for their own risk of damage to their automobile, contents and loss of use, even when another driver is at-fault for the damage. As a result, early in 2022, the Superintendent began development of endorsement forms that could voluntarily be used by insureds and insurers to delete DCPD coverage from standard automobile insurance policy forms.

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

Insurance Bulletin | Treasury Board and Finance  
© 2023 Government of Alberta | February 28, 2023



## Scope for use or DCPD deletion endorsements

- Beginning March 1, 2023, insurers are free to offer these endorsements and applicants/insureds are free to request these endorsements; however, neither applicants/insureds nor insurers may demand them. Insurers are free to decide whether to offer these endorsements, and applicants/insureds are free to decide whether to accept them.
- Insurers who choose to offer these endorsements must develop and use appropriate disclosures and cautions for applicants/insureds about the ramifications of accepting these endorsements, including the following language:  
*If you (applicant/insured) accept this endorsement, you will not be able to make any claim against your insurer or against the at-fault driver or against the at-fault driver's insurer, for the cost of damages to your vehicle, to the extent that you are not at-fault. By accepting this endorsement, you are personally accepting complete responsibility for the cost of repair or replacement of your vehicle when it is damaged by an insured at-fault driver, without any further recourse.*
- These endorsements may apply to all automobile classes and may be attached to an Owner's Automobile Policy S.P.F. No. 1, Garage Automobile Policy S.P.F. No. 4, or Transportation Network Automobile Policy S.P.F. No. 9.

## Transition Period for AB-SEF 30(A)

- For the period of March 1, 2023, until April 30, 2024, both the current<sup>1</sup> and amended<sup>2</sup> AB-S.E.F. No. 30(A) forms are approved for use in Alberta. The overlap provides time for insurers to reconfigure their systems.
- Pursuant to section 551(1) of the Act, effective May 1, 2024, the Superintendent prohibits the use of the current AB-SEF 30(A) on new policies and on renewals of policies.
- A current AB-SEF 30(A) endorsed to a policy as of April 30, 2024, remains in force and the terms and conditions of the current AB-SEF 30(A) continue to apply while that policy term remains in force.

## Principles for the use of standard forms

- The Superintendent prescribes the content of these forms, but not the format. Insurers are free to tailor format 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

---

<sup>1</sup> For the purposes of this Bulletin, "current SEF" means the version of the SEF approved for use as at February 28, 2023.

<sup>2</sup> For the purposes of this Bulletin, "amended SEF" means the version of the SEF approved for use effective March 1, 2023.

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.
- 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.

## Superintendent’s authority to approve these endorsements

- Alberta’s *Traffic Safety Act* (TSA) does not require DCPD coverage in order for the vehicle to be considered an “insured vehicle”. The TSA only requires “basic coverage” under sections 549(c), 571 and 573 of the Act to satisfy the TSA’s requirement that the vehicle is insured “in accordance with the *Insurance Act*.”
- The Superintendent has discretionary authority under section 551(3) of the Act to determine when section 585.1 of the Act is, in circumstances where the applicant/insured knowingly chooses to manage and finance their own risk of property damage and loss of use caused by an at-fault driver, wholly or partly inappropriate to the requirements of a contract of automobile insurance.
- As such, the Superintendent approves these DCPD deletion endorsements, and these forms are effective and binding according to their terms despite inconsistencies with section 585.1 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>
<b>Phone:</b>	780-643-2237
<b>Fax:</b>	780-420-0752
<b>Toll-free in Alberta:</b>	Dial 310-0000, then the number.

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

Insurance Bulletin | Treasury Board and Finance  
© 2023 Government of Alberta | February 28, 2023



<b>Mailing Address:</b>	402 Terrace Building, 9515 – 107 Street Edmonton, AB T5K 2C3
<b>Visit our website:</b>	<a href="https://insurance.alberta.ca">insurance.alberta.ca</a>
<b>Subscribe to receive email updates:</b>	<a href="https://insurance.alberta.ca/subscribe.html">insurance.alberta.ca/subscribe.html</a>

---

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

Insurance Bulletin | Treasury Board and Finance  
© 2023 Government of Alberta | February 28, 2023

