

## **Alberta Requirements for Withdrawing from the Business of Automobile Insurance**

The *Insurance Amendment Act, 2003 (No. 2)* adds section 661.2 to the *Insurance Act*.

Section 661.2 requires an insurer intending to withdraw from the business of automobile insurance in Alberta to file a prescribed form of notice (a "Notice") of its intention to withdraw, with the Superintendent of Insurance. A Notice must specify the date the insurer intends to withdraw and it must be filed at least 180 days prior to that date. The following supporting documentation and information is also required in a Notice:

- The total amount of the direct written premiums for automobile insurance in Alberta,
- The total amount of the written exposures,
- The reasons for the insurer's intention to withdraw from the business of automobile insurance in Alberta,
- A detailed description of how the insurer's existing automobile insurance contracts will be handled after the withdrawal date, and
- Any additional information requested by the Superintendent.

Section 661.2 also provides that an insurer is withdrawing from the business of automobile insurance if the insurer does anything that results or is likely to result in a significant reduction in the amount of premiums written by the insurer for automobile insurance in any part of Alberta, including any of the following actions that have or are likely to have that result:

1. refusing to process applications for automobile insurance;
2. refusing to issue a contract;
3. refusing to renew a contract;
4. terminating a contract;
5. canceling a contract;
6. refusing to provide any coverage or endorsement in respect of a contract;
7. refusing to continue any coverage or endorsement in respect of a contract;
8. taking actions that directly or indirectly result in termination of contracts between the insurer and the insurance agents and insurance brokers who solicit or negotiate contracts on behalf of the insurer;

9. reducing the ability of insurance agents or insurance brokers to solicit or negotiate contracts on behalf of the insurer;
10. reducing the insurer's ability to act as a servicing carrier or ceasing to act as a servicing carrier under a Government approved industry plan referred to in section 661 of the *Insurance Act*;
11. engaging in any activity or failing to act as prescribed or otherwise described in the regulations to the *Insurance Act*

The Superintendent would generally consider a 20% or more reduction in an insurer's annual written premiums to be a significant reduction.

An Insurer who fails to comply with a requirement of section 661.2 is guilty of an offence and is liable to a fine of not more than \$100,000.

For additional information on the statutory requirements of insurers withdrawing from the business of automobile insurance in Alberta, please see section 661.2 of the *Insurance Act*.