



PRINCE EDWARD ISLAND
ÎLE-DU-PRINCE-ÉDOUARD

INSURANCE ACT COMPENSATION ASSOCIATION REGULATIONS

PLEASE NOTE

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This document is *not* the official version of these regulations. The regulations and the amendments printed in the *Royal Gazette* should be consulted on the Prince Edward Island Government web site to determine the authoritative text of these regulations.

For more information concerning the history of these regulations, please see the *Table of Regulations* on the Prince Edward Island Government web site (www.princeedwardisland.ca).

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INSURANCE ACT
Chapter I-4

COMPENSATION ASSOCIATION REGULATIONS

Pursuant to sections 25 and 84 of the *Insurance Act* R.S.P.E.I. 1988, Cap. I-4, Council made the following regulations:

1. “Compensation Association”, defined

In these regulations “**Compensation Association**” means a corporation established by insurers for the purpose of providing a compensation plan for the indemnification of policy holders of, and eligible claimants against, an insolvent insurer. (EC750/88)

2. Designation of Compensation Associations

A corporation or association listed in Column 1 of the Schedule to these regulations is designated as a Compensation Association for the classes of insurance set out opposite thereto in Column 2. (EC750/88)

3. Membership of Association

Where a Compensation Association has been designated for a class of insurance under section 2, every insurer who is licensed to carry on that class of insurance is required as a condition of license to become a member of that Association. (EC750/88)

4. Excluded classes of insurance

For the purposes of these regulations, the following kinds of insurance shall be distinct classes of insurance and shall not be part of any of the classes of insurance in Column 2 of the Schedule:

- (a) revoked by EC693/91;
- (b) revoked by EC693/91;
- (c) “Aircraft Insurance” being insurance against
 - (i) liability arising out of
 - (A) bodily injury to, or the death of, a person, or
 - (B) the loss of, or damage to, property, caused by an aircraft or the use or operation thereof, or
 - (ii) the loss of, or damage to, an aircraft;

- (d) “Credit Insurance” being insurance against loss to a person who has granted credit where the loss is the result of the insolvency or default of the person to whom credit is given but does not include insurance coming within the class of mortgage insurance;
- (e) “Crop Insurance” being insurance against the loss of, or damage to, crops in the field caused by drought, flood, hail, wind, frost, lightning, excessive rain, snow, hurricane, tornado, wildlife, fire, insect infestation, plant disease or other peril;
- (f) “Directors’ and Officers’ Insurance” being an undertaking by an insurer
 - (i) to indemnify the directors and officers of a company in respect of losses resulting from any claim made against them for a negligent or wrongful act, or
 - (ii) to indemnify a company for all loss for which the company may be required or permitted by law to indemnify its directors and officers in respect of claims made against them, for a negligent or wrongful act;
- (g) “Employer’s Liability Insurance” being insurance
 - (i) against liability arising out of bodily injury to, or the disability or death of, an employee of the insured occurring as a result of or in the course of his employment, and
 - (ii) which, if included in a contract that provides insurance against liability arising out of bodily injury to, or the disability or death of, an employee of the insured, includes insurance coming within the class of personal accident insurance covering an employee of the insured where the insurance is limited to accidents occurring as a result of or in the course of his employment whether or not liability exists;
- (h) “Errors and Omissions Insurance” being an undertaking by an insurer to pay on behalf of an insured sums which the insured is legally obligated to pay as damages because of any act, error or omission of the insured, or of any other person for whose acts, errors or omissions the insured is legally responsible, and arising out of the performance or intended performance of professional services for others, or failure to perform such professional services as ought to have been performed in the insured’s professional capacity; provided that for the purposes hereof, the term “professional services” does not include professional medical services;
- (i) “Fidelity Insurance” being insurance
 - (i) against loss caused by the unfaithful performance of duties by a person in a position of trust, or
 - (ii) whereby an insurer undertakes to guarantee the proper fulfilment of the duties of an officer;
- (j) “Guarantee Insurance” being an undertaking by an insurer to perform an agreement or contract or to discharge a trust, duty or obligation upon default of the person liable for such performance or discharge or to pay money upon that default or in lieu of that performance or discharge or where there is loss or damage through that default, but does not include credit insurance;
- (k) revoked by EC693/91;
- (l) “Marine Insurance” being insurance against
 - (i) liability arising out of
 - (A) bodily injury to, or the death of, a person, or
 - (B) the loss of, or damage to, property, or
 - (ii) the loss of, or damage to, property,



- occurring during a voyage or marine adventure at sea or on a inland waterway or during delay incident thereto or during transit, otherwise than by water, incident to such a voyage or marine adventure;
- (m) “Mortgage Insurance” being insurance against loss caused by default on the part of a borrower under a loan secured by a mortgage upon real property, a hypothec upon immovable property or an interest in real or immovable property;
 - (n) revoked by EC693/91;
 - (o) “Surety Insurance” being insurance whereby an insurer undertakes to guarantee
 - (i) the due performance of a contract or undertaking, or
 - (ii) the payment of a penalty or indemnity for any default,but does not include insurance coming within the class of credit insurance or mortgage insurance;
 - (p) “Title Insurance” being insurance against loss or damage caused by
 - (i) a defect in the title of real property,
 - (ii) the existence of a lien, encumbrance or servitude upon real property,
 - (iii) a defect in the execution of a mortgage, hypothec or deed of trust in respect of real property, or
 - (iv) any other matter affecting the title to real property or the right to the use and enjoyment of real property. *(EC750/88; 693/91)*

5. Application

An insurer engaged in reinsurance or reciprocal insurance and any other insurer which the Superintendent may exclude is not required to become a member of a Compensation Association. *(EC750/88)*

SCHEDULE**COMPENSATION ASSOCIATIONS AND CLASSES OF INSURANCE**

COLUMN 1	COLUMN 2
Name of Compensation Association	Class of Insurance
Property and Casualty Insurance Compensation Corporation	automobile insurance; boiler and machinery insurance; fire insurance; inland transportation insurance; public liability insurance; plate glass insurance; property damage insurance; sprinkler leakage insurance; theft insurance; legal expense insurance and limited weather insurance
Canadian Life and Health Insurance Compensation Corporation	life insurance; accident insurance; sickness insurance; and accident and sickness insurance

(EC693/91)