

1972 Bill 106

First Session, 17th Legislature, 21 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 106

The Alberta Insurance Amendment Act, 1972

THE ATTORNEY GENERAL

First Reading

Second Reading

Third Reading

BILL 106

1972

THE ALBERTA INSURANCE AMENDMENT ACT, 1972

(Assented to _____, 1972)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Alberta, enacts as follows:

1. *The Alberta Insurance Act is hereby amended.*

2. *Section 284 is amended by adding the following subsection after subsection (5):*

(5.1) The Superintendent may approve a form of owner's policy containing insuring agreements and provisions in conformity with this Part for use by insurers in general, and which, for the purposes of section 286, shall be the standard owner's policy.

(5.2) Where the Superintendent approves the form referred to in subsection (5.1), he shall cause a copy of the form to be published in *The Alberta Gazette* but it is not necessary for him to publish in the *Gazette* endorsement forms approved for use with the standard owner's policy.

3. *Section 286 is amended*

(a) *as to subsection (3) by striking out the words "The insurer shall deliver" and by substituting the words "Subject to subsection (4.1), the insurer shall deliver",*

(b) *by adding the following subsections after subsection (4):*

(4.1) Where an insurer uses the standard owner's policy, it may, instead of issuing the policy, issue a certificate in a form approved by the Superintendent which, when issued, is of the same force and effect as if it was the standard owner's policy, subject to the limits and coverages shown thereon by the insurer and any endorsements issued concurrently therewith or subsequent thereto, but at the request of an insured at any time, the insurer shall issue the policy and a copy of the written application or purported application as required by subsection (1).

Explanatory Notes

1. This Bill will amend chapter 187 of the Revised Statutes of Alberta 1970.

2. Insurers will be permitted to issue a certificate of insurance, instead of the full policy, if they adopt the standard owner's policy.

3. See note to section 2.

(4.2) Where a certificate is issued pursuant to subsection (4.1), then subsection (5) of this section and section 309, subsection (3) apply mutatis mutandis.

(4.3) Where an insurer issues a certificate pursuant to subsection (4.1), proof of the contents may be given by production of a copy of *The Alberta Gazette* containing the form of standard owner's policy approved by the Superintendent.

4. *Section 300.1 is amended by striking out subsection (8) and by substituting the following subsection:*

(8) The rates for the accident insurance benefits specified in this section shall be the same within each class of vehicle insured by an insurer in Alberta subject to the provisions relating to

- (a) an increase in rates, and
 - (b) a change of class of a vehicle,
- contained in section 321.4.

5. *Section 321.2 is amended*

(a) *as to subsection (1) by adding at the end thereof the words “, and in the regulations made pursuant to section 300.2”,*

(b) *as to subsection (2) by striking out clause (b) and by substituting the following clause:*

(b) to prohibit

- (i) any rate being charged by an insurer for the minimum insurance above a rate filed pursuant to section 321.4, or
- (ii) any change in class of a vehicle from the classification of that vehicle filed pursuant to section 321.4, or
- (iii) any change which would have the effect of increasing a rate for the minimum insurance for any insured person or class of insured persons, or which would have the effect of changing a vehicle from one class to another,

unless the increase or change has first been approved (or neither approved nor prohibited) by the Board under section 321.4.

6. *Section 321.3 is amended by striking out subsection (3) and by substituting the following:*

4. Section 300.1, subsection (8) presently reads:

(8) The rates for the accident insurance benefits in this section shall be the same for every policy issued by an issuer in Alberta subject to the provisions relating to the increase of rates contained in section 321.4.

5. Section 321.2 presently reads:

321.2 (1) In this section and sections 321.3, 321.4, 321.5 and 321.6 "minimum insurance" means the insurance referred to in section 300, subsection (1) and section 300.1.

(2) The Board has the power

(a) to investigate any matter it thinks fit respecting automobile insurance in Alberta, including rates, benefits and availability of automobile insurance, and

(b) to prohibit any rate for the minimum insurance above the rate filed pursuant to section 321.4 and to prohibit any change which would have the effect of increasing the rate for the minimum insurance for any insured person or class of insured persons in Alberta unless the increase or change has first been approved by the Board under section 321.4

6. Section 321.3, subsection (3) presently reads:

(3) Every insurer not licensed on April 1, 1971 but licensed thereafter, shall file with the Board its full schedule of rates it intends shall be applicable to every motor vehicle liability insurance policy to be issued by it in Alberta showing separately the rates proposed to be charged for the minimum insurance.

(3) Every insurer not licensed on April 1, 1971 but licensed thereafter, shall file with the Board its full schedule of rates it intends shall be applicable to every motor vehicle liability insurance policy to be issued by it in Alberta showing separately

- (a) the number and types of classes of vehicles proposed to be insured by the insurer in respect of which the minimum insurance applies, and
- (b) the rates proposed to be charged for the minimum insurance with respect to each class of vehicles.

7. *Section 321.4 is amended*

(a) *by striking out subsections (2) and (3) and by substituting the following:*

(2) On and after April 1, 1972 no insurer shall

- (a) charge the proposed rates filed under subsection (1) or the proposed rates filed under section 321.3, subsection (3) or any other rate for the minimum insurance, or
- (b) change a vehicle from one class to another or add to or in any manner change the number or type of classes of vehicles filed with the Board prior to April 1, 1972,

unless

- (c) the Board has approved
 - (i) the rates,
 - (ii) the classification of vehicles, and
 - (iii) the rates attaching to each class of vehicle,
- or
- (d) the rates, classification of vehicles and the rates attaching to each class of vehicle have been filed with the Board for 60 days and the Board has neither approved nor disapproved the filing or any part thereof.

(3) Where an insurer receives an approval or is permitted to proceed pursuant to subsection (2), the insurer shall not

- (a) increase its rates with respect to the minimum insurance either generally or with respect to a particular class of vehicle, or
- (b) change the class of any vehicle with respect to the minimum insurance, or
- (c) make any other change which would have the effect of increasing any rate for the minimum insurance or changing any class of any vehicle with respect to the minimum insurance,

7. Section 321.4 presently reads:

321.4 (1) On or before January 1, 1972, or such later date as the Minister may allow, every insurer shall file with the Board the rates it proposes to charge for the minimum insurance in Alberta on and after April 1, 1972, whether or not the rates are included in the rates filed under section 321.3, subsection (2).

(2) On and after April 1, 1972 no insurer shall charge the proposed rates filed under subsection (1) or the proposed rates filed under section 321.3, subsection (3) or any other rate for the minimum insurance unless

- (a) the rates have been approved by the Board, or
- (b) the rates have been filed with the Board for 60 days and the Board has neither approved nor prohibited the increase.

(3) Where an insurer receives approval or is permitted to charge its proposed rates pursuant to subsection (2) for the minimum insurance it may not increase the rates or in any manner change the rates which would have the effect of increasing the rates payable for the minimum insurance without first

- (a) applying to the Board, and
- (b) receiving its approval pursuant to subsection (5) or subsection (6).

(4) Where the Board is not satisfied that an insurer has filed all the matters referred to in this section, or requires additional details or information, it may, by order directed to the insurer, require the additional information and details.

(5) Where an insurer wishes to increase any rates for the minimum insurance or make any change that would have the effect of increasing the rates for any insured person or class of insured persons, it shall apply to the Board for approval of the increase and the Board in its discretion by order may

- (a) approve the increase or such lesser increase as it sees fit, or
- (b) prohibit the increase.

(6) Where an insurer has applied to the Board for an increase or change of rates pursuant to subsection (5) and the increase has not been approved or prohibited during a period of 60 days from the date the application is filed, the application for the increase shall be deemed to have been approved and the increase may be made by the insurer upon expiration of the 60-day period.

(7) Where an insurer has had its rates approved pursuant to this section the Board may at any time thereafter investigate the rates of the insurer and notwithstanding any prior approval, may order the insurer to reduce or change its rates in the manner directed by the Board.

without first applying to the Board and receiving its approval pursuant to subsection (5) or subsection (6).

(b) *by striking out subsections (5), (6) and (7) and by substituting the following:*

(5) Where an insurer wishes to

- (a) increase any rate for the minimum insurance, or
- (b) change the class of any vehicle or the number or types of classes of vehicles, or
- (c) change any rate attaching to any particular class of vehicle, or
- (d) make any other change which would have the effect of increasing any rate for the minimum insurance or any change which would have the effect of changing the number or type of class of vehicles with respect to the minimum insurance,

it may apply to the Board for approval of the increase, change of class or classification or the number or type thereof or any other change and the Board in its discretion by order may

- (e) approve the application or any part thereof, or
- (f) prohibit the application or part thereof.

(6) Where an insurer makes an application to the Board pursuant to subsection (5) and the application has not been approved or prohibited during a period of 60 days from the date the application is filed, the application shall be deemed to have been approved and the increase in rates, change of class or classification of vehicle or the type or number thereof or any other change applied for pursuant to subsection (5) may be made by the insurer upon expiration of the 60-day period.

(7) Where an application by an insurer has been approved pursuant to this section, the Board may at any time thereafter investigate

- (a) the rates of the insurer for the minimum insurance, or
- (b) the division into classes of vehicles and the classification of vehicles and the number and type thereof with respect to the minimum insurance, or
- (c) the rates for the minimum insurance attaching to any particular class of vehicles,

and notwithstanding any prior approval, may order the insurer to reduce or change its rates, to change the classification of any vehicle or the class or num-

ber or type of vehicles or make any other change with respect to the minimum insurance in the manner directed by the Board.

8. *Section 321.5 is amended as to subsection (1) by striking out clause (d) and by substituting the following:*

- (d) increases the rate payable for the minimum insurance contrary to section 321.4, subsection (3), or
- (d1) adds to or in any manner changes the class of vehicles, the classification of a vehicle or the number or type thereof contrary to section 321.4, subsection (3), or
- (d2) makes any change in a rate or class or classification of vehicles without approval pursuant to section 321.4, subsections (5) and (6), or

9. *Section 321.6, subsection (2) is amended by striking out the words "and approval of rates are complied with" and by substituting the words "and the matters required by sections 321.3 and 321.4 are complied with".*

10. *The following section is added after section 321.8:*

321.9 (1) Nothing in sections 321.2, 321.3 or 321.4 prevents an insurer from charging a reduced rate for the minimum insurance

- (a) where a person owns two or more vehicles classified for the minimum insurance under the same or a different class, or
- (b) where a person owns two or more vehicles under two or more policies with the same insurer.

(2) Notwithstanding subsection (1), where an insurer charges a reduced rate for the minimum insurance, he shall not increase the rate unless the increase is approved (or neither approved nor prohibited) pursuant to section 321.4, subsection (5) or (6).

11. *This Act comes into force on the day upon which it is assented to.*

8. Section 321.5 presently reads:

321.5 (1) An insurer who

- (a) fails to file its rates, pursuant to section 321.3, subsection (2) or section 321.3, subsection (3), or
 - (b) fails to file the rate it proposes to charge pursuant to section 321.4, subsection (1), or
 - (c) charges the proposed rate prior to its approval contrary to section 321.4, subsection (2), or
 - (d) increases or changes the rate payable for the minimum insurance contrary to section 321.4, subsection (3), or
 - (e) in any manner fails to comply with an order or direction of the Board, or
 - (f) fails to comply with the regulations
- is guilty of an offence and liable on summary conviction to a fine of not more than \$5000.

(2) Where an insurer is convicted of a second or subsequent offence under this section the Minister may suspend the licence of the insurer.

(3) Where the Minister suspends the licence of an insurer the Minister shall report the suspension to the Lieutenant Governor in Council who may

- (a) remove the suspension with or without conditions, or
- (b) confirm the suspension for a stated time or until such conditions as he may impose have been met, or both, or
- (c) terminate the licence.

9. Section 321.6, subsection (2) presently reads:

(2) Regulations made under subsection (1), clause (b) do not relieve an insurer on whose behalf a rating bureau is acting from ensuring that the provisions of this Part relating to filing and approval of rates are complied with.

10. Self explanatory.