



Mr Dennis Gartner,  
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Dear Mr Gartner,

The Canadian Association of Direct Response Insurers (CADRI) appreciates the opportunity to provide input on the consultation on proposed regulations under the amended *Insurance Act*. We will be commenting on the sections of the Act that relate to insurers generally and to P&C insurers.

## 1. Disclosure of Limitation periods

CADRI is concerned about the proposed disclosure of limitations period regulation. We have no issue with requiring notification to consumers at the time the consumer advises they have a claim and at the time of denial of a claim. At both occasions, the company and consumer will be in regular contact. Our members would like to note, however, that the first notification may be problematic in that when a consumer advises the insurer of a claim, the applicable limitation period may not necessarily be known. For some claims, the applicable limitation period will only be determined after an investigation. We suggest that the wording for the first notification be changed to within a reasonable time after the consumer advises they have a claim.

With respect to the proposal for a third notification, we recommend that it should not be required that an insurer advise the consumer when the limitation period is within 60 -120 days of ending. Our members believe that this will create an excessive and costly administrative burden on industry to track the limitation period status on an individual basis for every potential claimant and attempt to reach the person. Further, it is our understanding of the proposed regulation that insurers would be required to contact claimants about the limitation period even if the claim had long since been completed and closed. It is also possible that an insured may have moved in the time period with address unknown, or an insured

may have changed insurers which would then leave a difficult issue of responsibility on the former insurer to locate the insured.

Having been notified twice, it is reasonable to conclude that a consumer has had fair warning and can take some responsibility for their affairs. We recommend that this third category of notification not be required.

## **2. Transitional provisions**

Members have noted that to the extent that some existing “in-force” contracts, (which may exclude fire following earthquake and terrorism) may need to be changed in respect of the transition under Part 5 of the current Insurance Act to the new Part 5 of the Act, that the process for such change should focus on minimizing disruption and cost to the affected insurers.

## **4. Electronic Documents**

CADRI notes that Alberta plans an “in writing” requirement for cancellation of an insurance policy, designation of beneficiary and change of beneficiary. We would like to point out that direct response insurers do not have a face-to-face option to provide information in writing and thus would be required to use regular mail service. Customers should be permitted to transact business in the channel of their choosing and if they want to transact over the telephone, we would like to be able to provide that flexibility. If the insurer is cancelling the policy, we accept that this would be done in writing to the consumer in accordance with the requirements laid out in the Statutory Conditions of the policy. However, if the consumer calls us to cancel their policy, we would like the company to have the option to accept the cancellation request without requiring the request to be made in writing to the company.

In many cases, electronic/voice communication can be more secure than reliance on the mail. Rather than prohibit the use of technology in the noted exception areas, we suggest that the regulation provide that appropriate disclosures be put in place to allow insureds the choice of how they wish to have their affairs handled, including electronically, and leave the responsibility with the insurers to implement the appropriate measures to ensure the security of this type of transaction.

## **11. Innocent Co-insureds**

CADRI members concur that the innocent co-insured concept should not apply to certain corporations or other types of legal entities.

### **13. Exclusions for fire**

CADRI members have suggested that in Alberta, this issue is not as significant as it may be in BC. However, CADRI members would like the regulation to clarify that fire following earthquakes and terrorism should be a permitted exclusion. If the events of earthquake and terrorism, (which are currently allowed exclusions) are considered to be so different from other types of risks, in that the occurrence of either could significantly impact industry solvency, then our members believe that it is fair to conclude that fire following such events could also have that same impact on industry solvency.

CADRI appreciates being included in the consultation on regulations. Please feel free to contact the undersigned if you have any questions on these points.

Yours truly,

Fr ancois Boulanger  
President