

Changes to the *Alberta Insurance Act*

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Personal Injury and Insurance Update

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CHANGES TO THE ALBERTA *INSURANCE ACT*

COMING INTO FORCE JULY 1, 2012

INTRODUCTION

Although the *Insurance Amendment Act, 2008*, SA 2008 c 19, which contains important changes to Alberta's *Insurance Act*, RSA 2000 c I-3 gained the force of law through Royal Assent on November 4, 2008, a number of the amendments contained within the Act required the further step of Proclamation to come into force. On July 11, 2011, Alberta's Lieutenant Governor in Council issued the required Proclamation announcing that the remaining portions of the Act would gain the force of law on July 1, 2012.

This memorandum provides a brief synopsis of the legislative changes that will come into effect on July 1, 2012. In addition, it highlights the many changes that have been made to the regulatory structure surrounding the *Insurance Act*.

CHANGES TO THE ALBERTA *INSURANCE ACT*

Limitation Periods Have Been Lengthened to Two Years

Part 5 of the *Insurance Act* has been replaced with entirely new rules applicable to insurance contracts, including new rules for limitation periods applicable to suits by policyholders against their insurers under the contract. In the case of damage to insured property, s. 526(1) extends the limitation period for an action by the insured against the insurer to two years after the insured knew or should have known that the loss has occurred. In the case of losses other than those to property, s. 526(1) extends the limitation period to two years after the cause of action arose. Under s. 527, s. 5 of the *Limitations Act*, RSA 2000 c L-12 which suspends the operation of a limitation period during any period that the plaintiff was experiencing a disability from bringing suit, is now also applicable to actions on insurance contracts.

Section 558(1) applies the same two-year limitation periods to actions against insurers under automobile insurance policies, while s. 636 mandates that actions brought by the insured against the insurer in respect of hail insurance must be commenced no later than two years after the damage occurred to the crop insured under the policy.

Section 593 allows limitation periods for actions against the insurer to be set out in the policy, but prescribes a minimum limitation period of two years from the date of the accident. This section