



2023 Annual Report



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1

About the Alberta Insurance Council

Who we are

Since 1989, the Alberta Insurance Council (AIC) has been protecting Alberta insurance consumers by licensing and regulating insurance agents, brokers, and independent adjusters across the province. Wholly industry-funded and at no cost to taxpayers, the AIC ensures Albertans can trust in the expertise and integrity of their insurance advisors and claims adjusters.

As a self-regulated profession, the insurance industry is governed and regulated by industry professionals who have the specialized experience and knowledge to enforce standards and protect Alberta consumers. The AIC is legislated by *The Insurance Act* and has delegated regulatory authority from the President of Treasury Board and Minister of Finance.

Strategic Priorities (2022-2025 Strategic Plan)

1. Professionalism in the industry
2. Governance renewal
3. Improved management of AIC resources
4. Knowledge foundation supporting evidence-based decision making

Mission

To protect the Alberta insurance consumer through the professional qualification, licensing, and regulation of insurance agents, brokers, and independent insurance adjusters.

Vision

We are the respected and trusted regulator of the insurance profession in Alberta.

Values

Respectful

We value all people and treat them with dignity.

Objective

We apply and enforce legislation independently and objectively.

Responsible

We work to protect Albertans in an effective, fiscally responsible manner.

What we do

The AIC protects Alberta insurance consumers by providing high-quality services to license holders, students, insurance companies, and others. These services ensure that Alberta consumers are served by industry professionals who meet the standards of competency, conduct, and continued professional development required of agents, brokers, and adjusters.

AIC services enforce professionalism in the industry and ensure that consumers can submit complaints and concerns about their broker, agent, or independent adjuster; that license holders are compliant with continuing education requirements; that license holders have the knowledge and education required to obtain a license; and that agents, agencies, and adjusters at Alberta insurance companies hold valid and subsisting certificates of authority.

AIC services include:

- Examinations in exam centres across the province for anyone pursuing licenses
- Insurance company assessments
- Compliance audits
- Complaints investigations and inquiries into breaches of *The Insurance Act* and its regulations
- License renewals for all Alberta brokers, agents, and independent adjusters
- Voluntary Undertaking Agreements that outline requirements for licensees to obtain certificate(s) of authority when their other occupation may place them in a position to use coercion or undue influence to control, direct, or secure insurance business, which can be eliminated through a tailored Voluntary Undertaking Agreement.



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Chair's Report 2023



The past 12 months at the Alberta Insurance Council (AIC) involved a significant amount of change. Joanne Abram, the long-standing CEO of the organization, retired in August. The Board of Directors, the staff and management, and all stakeholders thank Joanne for her dedicated years of service. One of Joanne's final acts of service was establishing scholarships with the Insurance Institute of Canada to award funds to successful Alberta graduates of the various educational programs offered.

As a result of Joanne's retirement, the AIC established a Search Committee to find a successor. The Search Committee is comprised of public and industry members. The board then hired Darlene Hyde to serve as the Interim CEO. Darlene is a senior executive with 30 years of experience in the public and private sectors across Canada. In addition, she has a broad background in the regulatory space and in the regulation of insurance intermediaries, in particular. She has brought the necessary stability to the organization during a time of change.

She has prepared a detailed operating plan for 2024 that will assist significantly with the transition to a permanent CEO.

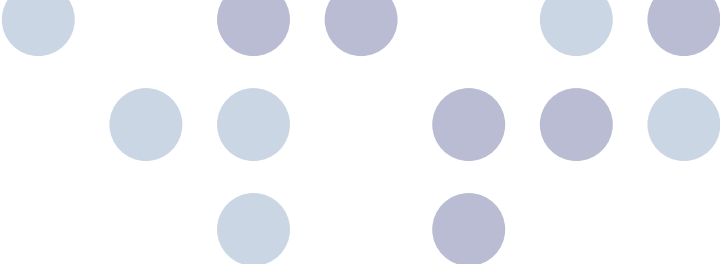
The AIC issued a record 77,329 licenses in 2023. However, the number of licensing staff has not kept pace with increasing license numbers; as a result, the board approved an additional head count in the 2024 budget to assist with the tasks of licensing and compliance.

The board also took tangible steps to facilitate operations by approving funds for a new customer relationship management (CRM) platform. This platform will also protect the organization against cybersecurity vulnerabilities. The new CRM platform is currently on schedule and on budget, with a launch date expected in early to mid-2025.

These additional investments will result in a deficit budget in 2024; however, the AIC has sufficient reserves to manage this situation.

The AIC continues to meet with the Government of Alberta (GoA) on a regular basis. We met with the GoA's Insurance Policy team and discussed rule-making authority matters and how best to implement these changes. We also met with Chris Merriman, the recently-appointed Superintendent of Insurance. The GoA is well aware of the limitations placed on the AIC's operations by legislation, including the small board and ongoing vacancies of public members. We were pleased to see participation from members of the Insurance Policy team at regulatory training sessions put on by the AIC in late-2023.

The Board of Directors continues to work with the GoA to reach a mutually satisfactory resolution relating to the Consolidated Liquidity Solution (CLS). As discussed in the 2022 Annual Report, in July 2022, the GoA mandated that the AIC deposit all of its surplus cash into the Province's Cash Pooling Structure, the CLS, which allows the GoA to use



the surplus cash held by enumerated provincial corporations, regulated funds, and other consolidated entities to reduce government debt and debt-servicing costs.

Thank you to all of the members of the councils and appeal panels for their commitment, hard work, and service to the industry and AIC in 2023. I'd particularly like to thank outgoing 2023 General Insurance Council members Charlotte Fizer and Helene Wood for their dedication and contributions to the General Insurance Council during their terms.

The Board of Directors continues to increase its governance capabilities and understanding. We are embarking on the preparation of a Board Charter and a robust onboarding program for all new board and council members.

We look forward to welcoming a new AIC CEO in 2024 and working with them to continue protecting Alberta insurance consumers and advancing the AIC's strategic priorities.

Sincerely,

Michael Ilnycky, MBA, FCIP

Vice-Chair, Alberta Insurance Council



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Chief Executive Officer's Report 2023



It is my pleasure to present the Annual Report of the Alberta Insurance Council (AIC) for the year ending December 31, 2023. Following the retirement of former AIC CEO, Joanne Abram, I joined the AIC in early August as Interim CEO and have built on the legacy Joanne created during her long tenure at the AIC.

Major projects and activities undertaken in 2023 continued to advance the AIC's mission of protecting the Alberta insurance consumer through the professional qualification, licensing, and regulation of insurance agents, brokers, and independent insurance adjusters. Those activities supported five key objectives:

1. **Work toward regulatory excellence by modernizing systems and processes; achieve operational quality and effectiveness by moving towards more contemporary approaches and keeping pace with changes in the insurance industry**

Activities in this area included:

- Investing in additional resources for the licensing function.

- Investing in a new customer relationship management system called Legio 365, which is anticipated to go into service in the first half of 2025. This new system will modernize and streamline all of our regulatory processes in licensing, compliance, legal, and continuing education.
- Working with Deloitte to streamline our licensing, compliance, legal, and continuing education systems prior to introducing Legio 365.
- Creating a new enterprise organization that consolidated licensing and compliance functions, integrated all legal expertise and corporate affairs roles, strengthened the financial function with additional responsibility for enterprise risk management, and created the role of Chief Information Officer, who has responsibility for business innovation. The new structure reflects a broader, flatter organization, with emphasis on interdepartmental teamwork.

2. **Build awareness of AIC's role and the services it provides to better serve the public, licensees, government, and other stakeholders**

Activities in this area included:

- Hiring a Director of Communications, who is responsible for promoting the AIC brand and the work of AIC departments.
- Initiating the development of a new, updated website for the AIC (anticipated to launch in 2024).
- Developing a focused and disciplined approach toward government relations that includes the initiation of proposals to the Government of Alberta around the issues of a sustainable fee structure, more rule-making authority and autonomy for the AIC, a more modern board structure, and timely appointment of public members to the AIC board, its standing committees, and industry councils. AIC also wants to find a mutually acceptable solution with the Government of Alberta on the Consolidated Liquidity Solution.

3. Drive a people-centred culture, information system integrity, and financial sustainability throughout the organization

Activities in this area included:

- Developing a multi-point plan to improve employee engagement throughout the organization.
- Working with an external human resource firm to strengthen management practices and leadership development and to assist with modernized recruitment practices.
- Facilitating more staff involvement in cybercrime prevention through training and tabletop exercises.
- Expanding facilities at both the Edmonton and Calgary sites in order to accommodate additional staff in licensing and IT.

4. Support the AIC and its subcommittees to improve its governance framework

Activities in this area included:

- Refining and enhancing the Enterprise Risk Management framework.
- Building on the 2022-2025 Strategic Plan by developing a detailed 2024 Operating Plan that focuses on six pillars: licensees, employees, stakeholders, internal systems, finance, and governance.
- Developing a skills profile for the next permanent CEO, as well as creating a plan to enhance governance protocols and processes.

5. Become a thought leader and knowledge hub by continuing to work with other regulators in the Canadian insurance regulation space

Activities in this area included:

- Meeting and collaborating with CISRO (Canadian Insurance Services Regulatory Organizations) and the Western Council (regulators from BC to Ontario) to advance harmonization and refinement of practices in the insurance regulatory domain.

I want to thank the very committed and talented staff at the AIC who do an outstanding job of protecting Alberta insurance consumers. They are a small but incredibly mighty team, whose contributions to helping regulate the industry are invaluable.

Congratulations and thanks also goes to Sylvia Boyetchko, the AIC's former Director of Licensing, who retired at the end of 2023 after more than 25 years of service. Sylvia was a dedicated contributor to the AIC and left a legacy of a talented team of licensing professionals who will take us into the future.

Looking ahead to 2024, the board and management remain committed to continuing to provide efficient and effective regulatory services to all stakeholders while fulfilling the important mission, vision, and values of the AIC.

Respectfully submitted,

Darlene K. Hyde, MBA, ICD.D, CCD, A.CCD, ACCUD
Interim CEO, Alberta Insurance Council

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Members of the Councils 2023



L to R: Andrew Freeman, Janice Sabourin, and Michael Ilnycky

Alberta Insurance Council	POSITION	REPRESENTING
Vacant	<i>Chair</i>	<i>Public</i>
Michael Ilnycky	<i>Vice-Chair</i>	<i>Insurance Adjusters' Council</i>
Andrew Freeman	<i>Member</i>	<i>Life Insurance Council</i>
Janice Sabourin	<i>Member</i>	<i>General Insurance Council</i>
Vacant	<i>Member</i>	<i>Public</i>

General Insurance Council	POSITION	REPRESENTING
Janice Sabourin	<i>Chair</i>	<i>Direct Writers</i>
Ross Bucsis	<i>Vice-Chair</i>	<i>Insurance Brokers</i>
Charlotte Fizer (Term expired)	<i>Member</i>	<i>General Insurers</i>
Elizabeth Hak	<i>Member</i>	<i>Public</i>
David Maurice	<i>Member</i>	<i>Insurance Brokers</i>
Matthew McNichol	<i>Member</i>	<i>Direct Writers</i>
Destiny Timmerman	<i>Member</i>	<i>General Insurers</i>
Helene Wood (Resigned)	<i>Member</i>	<i>Insurance Brokers</i>
Ashley Ziprick	<i>Member</i>	<i>Insurance Brokers</i>
Vacant	<i>Member</i>	<i>Public</i>

Insurance Adjusters' Council		
Michael Ilnycky	<i>Chair</i>	<i>General Insurers</i>
Lisa Evren	<i>Vice-Chair</i>	<i>Public</i>
Vince Marino	<i>Member</i>	<i>Adjusters</i>
Robert Millis	<i>Member</i>	<i>Adjusters</i>

Life Insurance Council		
Andrew Freeman	<i>Chair</i>	<i>Life Companies</i>
Dr. Wilma Slenders	<i>Vice-Chair</i>	<i>Public</i>
Kenneth Doll	<i>Member</i>	<i>Life Agents</i>
Tammy Hynes	<i>Member</i>	<i>Life Companies</i>
Usman Mahmood	<i>Member</i>	<i>Public</i>
C.J. Omoth	<i>Member</i>	<i>Life Agents</i>

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Members of the Standing Committees 2023

Finance & Audit Committee

Andrew Freeman
Chair

Michael Ilnycky
Acting Ex-Officio

Kenneth Doll
Member

Lisa Evren
Member

Ashley Ziprick
Member

Governance & Human Resources Committee

Janice Sabourin
Chair

Michael Ilnycky
Acting Ex-Officio

Kenneth Doll (Resigned)
Member

Usman Mahmood
Member

Dr. Wilma Slenders
Member

Ashley Ziprick
Member

Government Relations Committee

Michael Ilnycky
Chair

Kenneth Doll
Member

Ross Bucsis
Member

Robert Millis
Member

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AIC Senior Leadership Team



L to R: Brent Rathgeber, Laura Ly, Darlene Hyde, Carolyn Janz, Zabeda Yaqoob, Joseph Fernandez

Darlene Hyde, MBA, ICD.D, CCD
Interim Chief Executive Officer

.....

Carolyn Janz CPA, CA
*Chief Financial Officer and
VP Administration – Edmonton*

.....

Tarun Walia
*Chief Information Officer and
VP Business Innovation – Calgary*

.....

Sam Park
Director of Finance – Edmonton

.....

Joseph Fernandez
Registrar – Calgary

.....

Brent Rathgeber, KC
*General Counsel, Corporate Secretary,
VP for Legal and Corporate Affairs – Edmonton*

.....

Laura Ly
*Director of Communications –
Edmonton*

.....

Zabeda Yaqoob
Director of Legal and Regulatory Affairs – Calgary

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Committed

\$500,000 TOWARDS
SCHOLARSHIPS AND AWARDS

for post-secondary business
students and professionals pursuing
advanced insurance designations



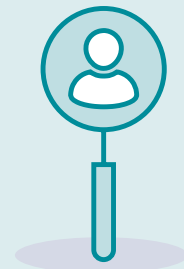
Administered

18,656
ADJUSTERS, GENERAL,
AND LIFE EXAMINATIONS



AUDITED **150** AGENCIES

to ensure Errors & Omissions
(E&O) compliance



CONDUCTED **739**
INVESTIGATIONS AND INQUIRIES

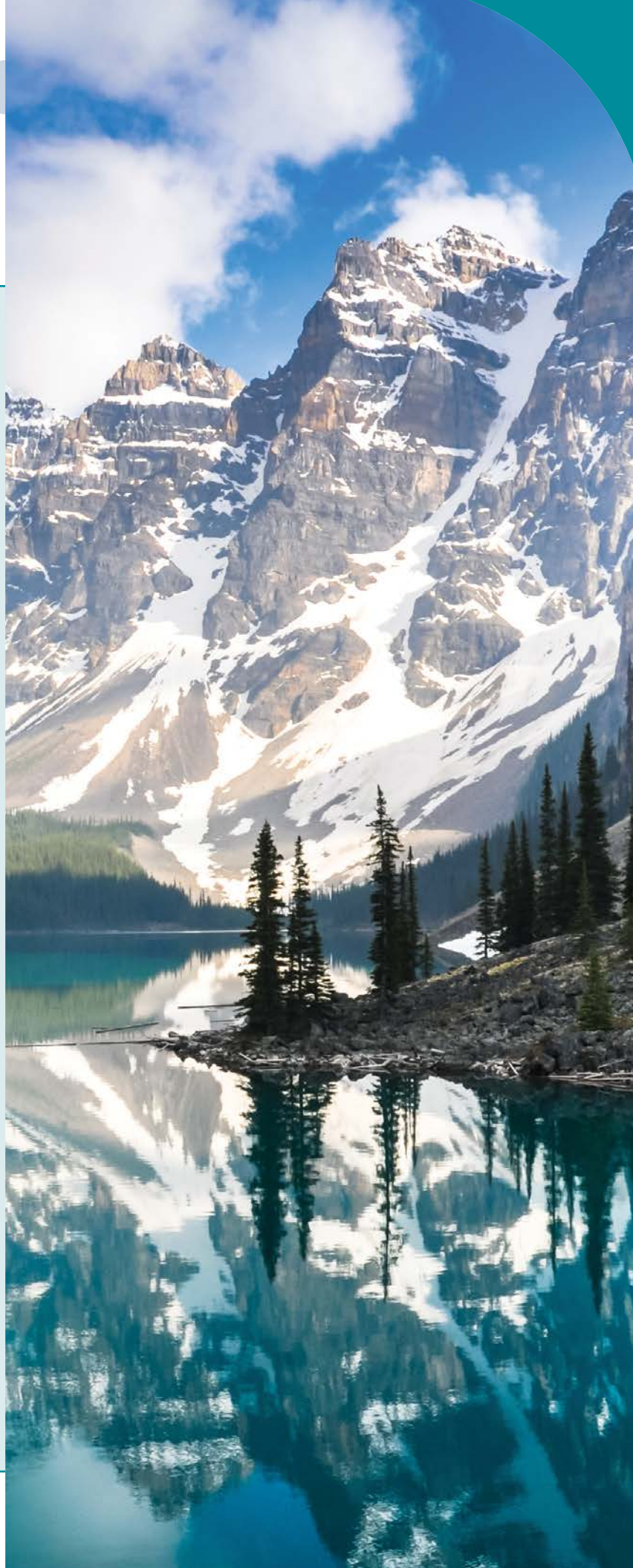
across life, general, and adjusters'
councils, ensuring Alberta consumers
were protected against misconduct
and unlicensed activity



Entered into
Voluntary Undertaking
Agreements with
313
ALBERTA LICENSEES



Issued **77,329**
ADJUSTERS, GENERAL,
AND LIFE LICENSES



STRATEGIC PRIORITY 1:

Professionalism in the Industry

The AIC is committed to increasing and promoting professionalism in the insurance industry. This helps ensure that Alberta insurance consumers obtain skilled, high-quality services from their insurance agents, brokers, and adjusters and that the insurance profession is trusted by consumers.

Supporting future insurance professionals

In 2023, the AIC committed \$250,000 to the Insurance Institute of Canada to create the Alberta Insurance Council Scholarships. These annual scholarships support eligible licensees pursuing their Chartered Insurance Professional (CIP), Advanced Chartered Insurance Professional (ACIP), or Fellow Chartered Insurance Professional (FCIP) designation, and are awarded through the Insurance Institutes of Southern and Northern Alberta. These scholarships help support Alberta licensees, encourage professionals to pursue advanced careers in insurance, foster stronger partnerships with

insurance institute partners, and further protect the public by ensuring consumers are served by licensed and accredited professionals.

The inaugural Alberta Insurance Council Scholarships were awarded in 2023 to two students pursuing general insurance designations in Alberta.

In 2023, the AIC also committed an additional \$250,000 to top up the scholarship endowment previously set up at MacEwan University in 2009. The top up will further the impact of the AIC Leadership Award, which is provided annually to a student in the Business Management program, Insurance & Risk Management stream, at MacEwan. A similar award is also available at the University of Calgary for students in their third year in the Haskayne School of Business.

This year, the AIC also expanded the parameters of the University of Calgary and MacEwan University awards to include part-time as well as full-time students. This broadens the eligibility requirements for the scholarships, ensuring that students of different backgrounds and experiences are supported in their journey to becoming Alberta license holders.

Since 2009, the AIC Leadership Awards have been provided to 14 students at MacEwan and 13 students at the University of Calgary.



The AIC was proud to celebrate the awarding of the first-ever Alberta Insurance Council Scholarship to recipient Tanya Michel on November 23, 2023, at the Insurance Institute of Southern Alberta Convocation in Calgary.

The AIC is committed to fostering the future leaders of the industry.

In 2023, the AIC
COMMITTED \$500,000
to supporting business students
& insurance professionals
in the province.

Enhancing protection for the public

In 2022, the industry councils elected to offer eligible applicants the option to enter into Voluntary Undertaking Agreements (VUAs) through the AIC. The VUAs are offered to applicants who hold another occupation that may place them in a position to exercise coercion and/or undue influence, which could prevent the licensee from providing unbiased advice in the best interest of their clients. In addition to helping enhance protection for the public, VUAs reduces the cost for and number of appeals.

In 2023, the AIC continued its work to promote and make VUAs available to insurance professionals. The AIC issued an important Notice to the Profession and the Public in June notifying them about the VUAs; targeted communications, including tailored presentations, were also delivered to specific insurance and financial services companies that would be most likely to have employees with other occupations that could place them in a position to use coercion and/or undue influence, which would affect their license applications. Email communication about the VUAs was also sent to all agents and brokers in July.

Promoting the profession

The AIC was proud to help promote National Insurance Awareness Day on June 28, 2023. This annual day of awareness is a CISRO (Canadian Insurance Services Regulatory Organizations) initiative to encourage Canadians to review their insurance policies and contact their broker for insurance expertise. National Insurance Awareness Day informs Canadians about the importance of being adequately insured and highlights the role of insurance professionals in helping protect the best interests of consumers.

Continued collaborations with partners in the profession

The AIC continued building relationships and collaborations with valued partners in the industry. Throughout 2023, members of the AIC's Executive Team met with colleagues across the province and the country, including the Insurance Brokers Association of Alberta; the Canadian Life and Health Insurance Association; the Insurance Councils of British Columbia, Saskatchewan, and Manitoba; the Canadian Association of Financial Institutions in Insurance; the Registered Insurance Brokers of Ontario; the Canadian Council of Insurance Regulators; and many others.

AIC staff also serve on a number of national CISRO committees, including the cybersecurity working group, LLQP Governance Committee, Strategic Planning Committee, CISRO-CCIR Segregated Funds working group, and others. These committee collaborations enable AIC to stay up to date on the regulatory landscape in the insurance field, discuss trends affecting the industry, and share best practices for regulation.

This year, the AIC reviewed **393 APPLICATIONS** for
Voluntary Undertaking Agreements (VUAs) and entered
313 INTO AGREEMENTS WITH **LICENSEES.**



STRATEGIC PRIORITY 2: Governance Renewal



The AIC is committed to strengthening board best practices, providing strong orientation and onboarding for new board members, and ensuring the size, membership, and structure of the board and its committees are sufficient for effective governance of the insurance industry.

Developing stronger board best practices

The AIC started work on coordinating robust governance training for board members and AIC's Senior Leadership Team. The training, scheduled to take place in Q1 2024, will clarify governance roles and outline effective best governance practices specific for regulatory bodies.

The AIC also developed a board calendar for meetings throughout the year and, in conjunction with the board, initiated the development of a board charter for implementation in 2024.



STRATEGIC PRIORITY 3:

Improved Management of AIC Resources



In order to be a more effective regulator, the AIC is committed to modernizing systems and processes and to improving the management of resources to ensure it is keeping pace with changes and is best positioned to continue protecting Albertans.

Modernizing systems and processes

The AIC started work on updating its customer relationship management (CRM) system, which is anticipated to launch in the first half of 2025. This new CRM will modernize and streamline all of our regulatory processes and provide a more user-friendly interface for license holders to update their information and renew their licenses each year. The new CRM will also increase the organization's cybersecurity capabilities and provide further data protection against cyber attacks.

The AIC also held cybersecurity tabletop working sessions with senior leadership and the board in 2023 to increase the organization's preparedness and cybersecurity knowledge.

Increasing staff and capacity

The AIC started renovations of its office in Edmonton to accommodate a growing number of staff, including new hires in IT and Communications. There were also additional hires in Licensing to increase capacity for providing service to prospective and current license holders.

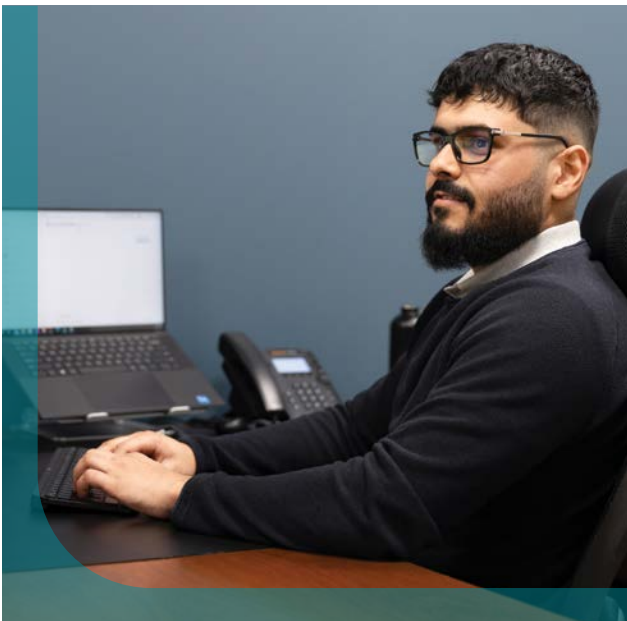
STRATEGIC PRIORITY 4:

Knowledge Foundation Supporting Evidence-Based Decision Making

The AIC is committed to building and strengthening its knowledge foundation in order to support making evidence-based decisions. This will ensure that decisions and initiatives are grounded in best practices and effective reasoning, which will help strengthen regulatory practices for the industry.

Facilitating information sharing and learning opportunities

In December, the AIC hosted a virtual lunch and learn on Right-Touch Regulation, featuring Harry Cayton from the Regulator's Practice. Cayton is an internationally recognized advisor on professional regulation and governance. This session was attended by all AIC staff, several board and committee members, and Government of Alberta (GoA) representatives. The introduction of Right-Touch Regulation philosophy will increase and improve the AIC's regulatory practices and capacity, as well as reduce regulatory red-tape for the industry.



Developing a government relations strategy

In 2023, the AIC created a Government Relations Committee to provide advice and strategy on how the AIC communicates and works with the GoA on important issues. This committee is comprised of industry professionals from various councils.

Strengthening communications to key audiences

In Q4, the AIC hired a Director of Communications to strengthen and amplify communications to key audiences about AIC activities. This increased focus on brand awareness and promotion will enable the AIC to enhance its presence with the public and other stakeholders and increase awareness of and trust in the AIC's important role in protecting the public.

The AIC also recognizes its staff is a key audience, as well as a vital resource and component of its knowledge foundation, and made efforts to enhance its internal communications and employee engagement. In 2023, the AIC launched an internal engagement survey that was filled out by all staff. The results of the survey resulted in the creation of a 15-point plan to increase and enhance employee engagement. The 15-point plan will be more fully implemented in 2024.

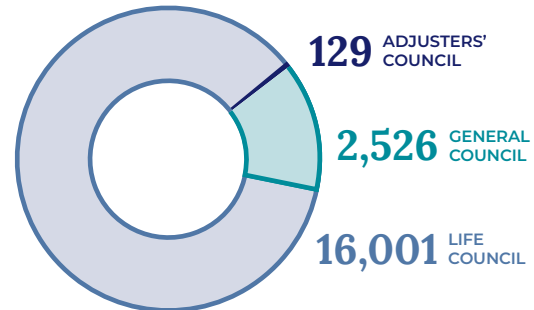
9

Examination Statistics

Life and Accident & Sickness Insurance

ETHICS AND PROFESSIONAL PRACTICE			
Given	4,132		
Passed	3,095	75%	
Failed	1,037	25%	
ETHICS AND PROFESSIONAL PRACTICE - QUEBEC			
Given	32		
Passed	22	69%	
Failed	10	31%	
LIFE INSURANCE			
Given	3,878		
Passed	2,768	71%	
Failed	1,110	29%	
ACCIDENT AND SICKNESS INSURANCE			
Given	4,177		
Passed	2,995	72%	
Failed	1,182	28%	
SEGREGATED FUNDS AND ANNUITIES			
Given	3,782		
Passed	2,740	72%	
Failed	1,042	28%	
Total Life Council Examinations	16,001		

18,656
TOTAL MODULES/EXAMINATIONS
(January 1 – December 31, 2023)



General Insurance

LEVEL 1	Given	1,679	
	Passed	952	57%
	Failed	727	43%
LEVEL 2	Given	824	
	Passed	658	80%
	Failed	166	20%
LEVEL 3	Given	23	
	Passed	7	30%
	Failed	16	70%
Total General Council Examinations		2,526	

Insurance Adjusters'

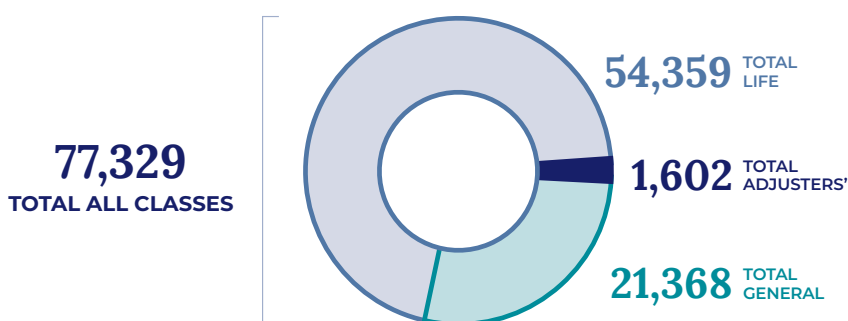
LEVEL 1	Given	129	
	Passed	58	45%
	Failed	71	55%
Total Adjusters' Council Examinations		129	

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Active Licenses as of December 31, 2023

Insurance Adjusters' Council

LICENSE CLASS	TOTAL ISSUED
Adjusting Firm	82
Adjuster – Level 1	499
Adjuster – Level 2	140
Adjuster – Level 3	288
Adjuster – Level 3 Designated Representative	82
Restricted Hail Adjusting Firm	2
Restricted Hail Adjuster	100
Restricted Hail Adjuster – D/R	2
Restricted Equipment Warranty Adjuster Firm	13
Restricted Equipment Warranty Adjuster – D/R	13
Restricted Equipment Warranty Adjuster	61
Restricted Travel Adjuster Firm	14
Restricted Travel Adjuster – D/R	14
Restricted Travel Adjuster	292
Total Issued Licenses	1,602



General Insurance Council

LICENSE CLASS	TOTAL ISSUED
Auto Dealership (Equipment Warranty)	667
Freight Forwarder (Cargo)	2
Equipment Dealer (Equipment Warranty)	205
Auto Dealership (GAP)	436
Equipment Dealer (GAP)	87
Vehicle Rental Agency (Personal Effects Coverage)	5
General Insurance Agency	1,055
General Insurance – Level 1	1,404
General Insurance – Level 2	349
General Insurance – Level 1 Agency	8,388
General Insurance – Level 2 Agency	7,557
General Insurance – Level 3 Designated Representative	1,055
General Insurance – Probationary	2
Hail – Agency	20
Hail Insurance – Agent	98
Hail Insurance – Designated Representative	20
Livestock – Agency	2
Livestock Insurance – Agent	14
Livestock Insurance – Designated Representative	2
Total Issued Licenses	21,368

Life Insurance Council

LICENSE CLASS	TOTAL ISSUED
Accident & Sickness Agency	2,751
Vehicle Rental Agency (Personal Accident Insurance)	5
Automobile Dealership (Credit Related)	512
Deposit-Taking Institution (Credit Related)	45
Sales Finance Company (Credit Related)	201
Deposit-Taking Institution (Personal Accident)	4
Equipment Dealer (Credit Related)	192
Accident & Sickness	20,732
Accident & Sickness – Designated Representative	2,751
Life Insurance Agency	2,767
Funeral Services Business (Funeral Services)	75
Full Life – Agent	21,112
Life – Designated Representative	2,767
Deposit-Taking Institution (Group Travel)	10
Travel Agency (Travel)	435
Total Issued Licenses	54,359



11

Statistics for All Councils

Licensing Decisions by Councils

ACTION	GENERAL	LIFE	ADJUSTERS'
Licenses Issued or Retained	4	8	2
Licenses Refused	7	45	0
Issued With Undertakings	17	332	0
Total	28	385	2

Compliance Files

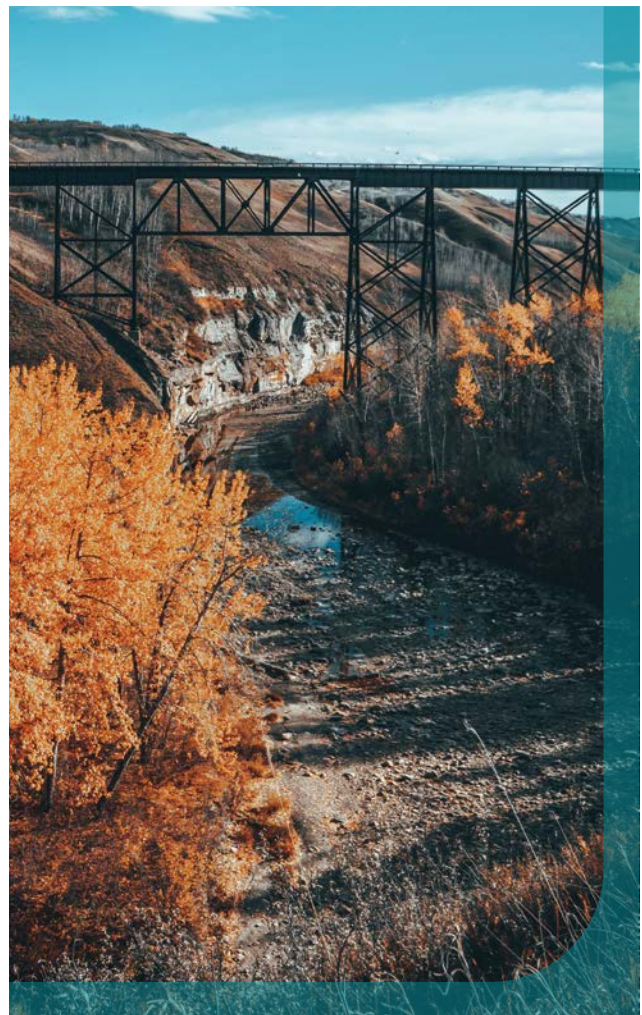
	GENERAL	LIFE	ADJUSTERS'	TOTAL
Number of case files carried forward from 2022	19	28	1	48
Number of case files opened in 2023	356	453	4	813
Total # of files	375	481	5	861
Number of case files closed in 2023	319	415	5	739
Number of case files carried forward to 2024 (investigation)	50	46	0	96
Number of case files carried forward to 2024 (inquiry)	6	20	0	26
Total carry forward to 2024	56	66	0	122

Inquiries

	GENERAL	LIFE	ADJUSTERS'	TOTAL
Inquiries	222	141	2	365
Carry forward to 2024	5	17	0	22
Total	227	158	2	387

Disciplinary Action Taken by Council

ACTION	GENERAL	LIFE	ADJUSTERS'
Guilty – No Sanction Imposed	1	0	0
Guilty – Additional Education	0	0	0
Civil Penalty	1	10	1
Suspension & Civil Penalty	1	0	0
Revocation & Civil Penalty	0	0	0
Total	3	10	1



12

Life Insurance Council Investigations and Inquiries

Life Insurance Council Investigations and Inquiries

Conduct/Misconduct		190
Administrative Caution		21
Fine by Council		5
Information Request		35
Insufficient Evidence		7
Insufficient Particulars		1
Not Substantiated		80
Outside Jurisdiction		39
Referred to Licensing		1
Referred to Other Authority		1
E&O Audit	154	
Administrative Caution	12	
Fine by Council	5	
Not Substantiated	137	
Non-Disclosure	2	
Administrative Caution	2	
Online Examination	6	
Referred to Licensing	6	
Other		60
Information Request		54
Outside Jurisdiction		6
Unlicensed Activity		3
Administrative Caution		2
Not Substantiated		1
Total Life Insurance Council Investigations and Inquiries		415

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General Insurance Council Closed Files

General Insurance Council Closed Files

Conduct/Misconduct		244	
Administrative Caution		17	
Fine by Council		1	
Guilty – No Penalty		1	
Information Request		8	
Insufficient Evidence		9	
Insufficient Particulars		4	
No Breach		1	
Not Substantiated		61	
Outside Jurisdiction		139	
Referred to Licensing		1	
Referred to Other Authority		1	
Suspension and Fine		1	
Holding Out	6	Other	59
Administrative Caution	4	Information Request	15
Outside Jurisdiction	2	Outside Jurisdiction	44
Online Examination	9	Unlicensed Activity	1
Referred to Licensing	8	Referred to Other Authority	1
Not Substantiated	1		
Total General Insurance Council Closed Files			319

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Insurance Adjusters' Council Investigations and Inquiries

Insurance Adjusters' Council Investigations and Inquiries

Conduct/Misconduct	4
Fine by Council	1
Not Substantiated	2
Outside Jurisdiction	1
Unlicensed Activity	1
Outside Jurisdiction	1
Total	5

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Errors and Omissions (E&O) Audits

Errors and Omissions (E&O Audits)

Total Agencies Audited	150
Life Licenses	150
Accident & Sickness Licenses	150
Total Licenses Audited	300
Pass	63
Fail	87

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Appeals to: THE INSURANCE COUNCILS APPEAL BOARD AND THE COURT OF KING'S BENCH OF ALBERTA

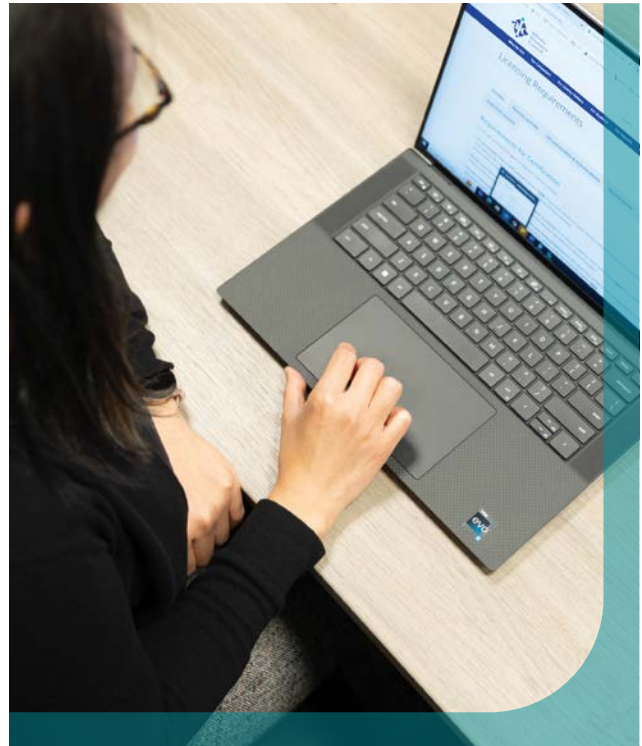
Actions Before the Insurance Councils Appeal Board of Alberta

In 2023, 14 Notices of Appeal were put before the Superintendent of Insurance. The Insurance Councils Appeal Board of Alberta convened, and the disposition of those matters are as follows:

Appeals

# OF APPEALS	DECISION
3	Council Decision Upheld
1	Council Decision Varied
2	Council Decision Overturned
4	Appeal Discontinued
3	Carried Forward
1	Rejected
0	Abandoned

Additionally, one (1) matter was averted prior to advancing to appeal. This potential appeal was no longer relevant as the circumstances of the appellant had changed, which caused the subject on appeal to be moot.



Subject Matter Overview

# OF APPEALS	OVERVIEW
1	Appeals of the General Insurance Council's Decision with respect to the issuance, retention, or the renewal of an insurance Certificate of Authority
11	Appeals of the Life Insurance Council's Decision with respect to the issuance, retention, or the renewal of an insurance Certificate of Authority (which also includes Discontinued Appeals and Rejected Appeals)
2	Carried forward from 2023 to 2024; these appeals have yet to be heard by the Insurance Councils Appeal Board as of December 31, 2023

Definitions

TERM	DEFINITION
Upheld	Insurance Councils Appeal Board agreed with the Decision of the Council
Varied	New evidence was presented to the Insurance Councils Appeal Board which resulted in the variance of the Council Decision
Overturned	Council Decision was reversed, and a new Decision was rendered by the Insurance Councils Appeal Board
Discontinued	The Appeal was withdrawn by the Appellant
Rejected	Notice of Appeal was rejected by the Superintendent of Insurance
Abandoned	The Appeal was abandoned by the Appellant

Voluntary Undertaking Agreements

In order to continue providing relief to the industry councils for the increasing number of matters being brought before them, the AIC reviewed 393 applications for Voluntary Undertaking Agreement (“Agreement”) eligibility. The disposition of those reviews are as follows:

Voluntary Undertaking Agreements

# OF APPLICATIONS	OUTCOME
313	Agreements Entered Into
5	Applications Sent to Council
16	Applicants Resigned
23	Applications Closed for Non-Response
8	Applications Withdrawn
3	Applications Approved With no Agreement
25	Applications Carried Over to 2024



Definitions

TERM	DEFINITION
Entered	Applicants entered into a Voluntary Undertaking Agreement with the Alberta Insurance Council
Sent to Council	The application was sent to the respective industry council for adjudication
Resigned	The Applicant resigned from the occupation at issue on the application
Non-Response	The application was closed as the Applicant failed to respond by the deadline provided by the Alberta Insurance Council
Withdrawn	The Applicant withdrew their application(s) for the certificate(s) of authority
Approved	The Applicant was issued their certificate(s) of authority without a Voluntary Undertaking Agreement
Carried Over	The Applicant is awaiting a meeting with the AIC, required to provide additional information, or in the process of signing the Voluntary Undertaking Agreement

Actions Before the Court of King's Bench of Alberta

ACTION	OVERVIEW
Action 1	Filed in 2022 with the Court of King's Bench of Alberta. Matter was heard in Q3 2023.

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Financial Statements

Financial Statements of

ALBERTA INSURANCE COUNCIL

Year ended December 31, 2023



KPMG LLP

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Edmonton, Alberta T5J 0H3
Canada
Telephone (780) 429 7300
Fax (780) 429 7379

INDEPENDENT AUDITOR'S REPORT

To the Members of Alberta Insurance Council

Opinion

We have audited the financial statements of Alberta Insurance Council (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023 and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Edmonton, Canada

April 11, 2024

ALBERTA INSURANCE COUNCIL

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,926,932	\$ 6,424,011
Accounts receivable (note 2)	442,261	131,390
Investments (note 2)	6,500,000	8,750,000
Prepaid expenses	275,852	215,555
	13,145,045	15,520,956
Long-term investments (note 2)	2,500,000	-
Capital and intangible assets (note 3)	1,654,399	1,469,961
Other assets (note 4)	92,544	94,348
	\$ 17,391,988	\$ 17,085,265

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,088,293	\$ 734,922
Deferred revenue (note 5)	3,670,841	3,538,448
Current portion deferred rent and tenant inducements (note 7)	130,654	94,951
	4,889,788	4,368,321
Asset retirement obligation (note 6)	148,301	112,158
Deferred rent and tenant inducements (note 7)	1,325,326	1,380,315
	6,363,415	5,860,794
Net assets:		
Invested in capital assets (note 8)	704,855	536,876
Unrestricted	10,323,718	10,687,595
	11,028,573	11,224,471
	\$ 17,391,988	\$ 17,085,265

Commitments and contingencies (note 9)

See accompanying notes to financial statements.

Andrew Freeman
Chair, Finance & Audit Committee

Michael Ilnycky
Vice Chair, Alberta Insurance Council

ALBERTA INSURANCE COUNCIL

Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023	2022
Revenue:			
License, assessment, examination and continuing education fees (note 10)	\$ 8,406,000	\$ 8,850,096	\$ 8,372,227
Interest and other	260,000	575,780	195,136
	8,666,000	9,425,876	8,567,363
Expenses:			
Manpower	4,741,000	4,895,978	3,641,752
Occupancy and premises	1,030,000	955,783	861,289
Scholarships	-	500,000	-
Merchant and proctor fees	333,000	398,364	329,859
Councils, boards and committees (note 11)	560,000	378,497	420,045
Software and computer	1,129,000	981,442	673,818
Amortization	354,000	316,958	307,912
Professional fees	407,000	644,893	358,968
Office and administration	256,000	230,074	201,659
Communications	280,000	198,675	187,992
Travel	126,000	119,958	89,200
Loss on disposal of capital assets	-	1,152	1,503
	9,216,000	9,621,774	7,073,997
Excess (deficiency) of revenue over expenses	\$ (550,000)	\$ (195,898)	\$ 1,493,366

See accompanying notes to financial statements.

ALBERTA INSURANCE COUNCIL

Statement of Changes in Net Assets

Year ended December 31, 2023, with comparative information for 2022

		Invested in capital assets	Unrestricted	2023
Net assets, beginning of year	\$	536,876 \$	10,687,595 \$	11,224,471
Deficiency of revenue over expenses		-	(195,898)	(195,898)
Net change in invested in capital assets (note 8)		167,979	(167,979)	-
Net assets, end of year	\$	704,855 \$	10,323,718 \$	11,028,573

		Invested in capital assets	Unrestricted	2022
Net assets, beginning of year	\$	623,927 \$	9,107,178 \$	9,731,105
Excess of revenue over expenses		-	1,493,366	1,493,366
Net change in invested in capital assets (note 8)		(87,051)	87,051	-
Net assets, end of year	\$	536,876 \$	10,687,595 \$	11,224,471

See accompanying notes to financial statements.

ALBERTA INSURANCE COUNCIL

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (195,898)	\$ 1,493,366
Items not involving cash:		
Accretion of asset retirement obligation	6,943	720
Amortization of deferred tenant inducements	(97,699)	(94,232)
Recognition of deferred rent	(398)	(719)
Remeasurement of asset retirement obligation	29,200	34,000
Amortization	316,958	307,912
Loss on disposal of capital assets	1,152	1,503
Net change in non-cash working capital items:		
Accounts receivable	(232,062)	139,668
Prepaid expenses	(60,297)	(94,336)
Accounts payable and accrued liabilities	353,372	93,177
Other assets	1,804	(2,563)
Deferred revenue	132,393	147,144
	255,468	2,025,640
Capital activities:		
Purchase of investments	(13,550,000)	(22,000,000)
Maturity of investments	13,300,000	18,500,000
Purchase of capital assets	(475,591)	(133,544)
Asset retirement obligation	(29,200)	(34,000)
Proceeds on sale of capital assets	2,244	4,692
	(752,547)	(3,662,852)
(Decrease) in cash and cash equivalents	(497,079)	(1,637,212)
Cash and cash equivalents, beginning of year	6,424,011	8,061,223
Cash and cash equivalents, end of year	\$ 5,926,932	\$ 6,424,011

See accompanying notes to financial statements.

ALBERTA INSURANCE COUNCIL

Notes to Financial Statements

Year ended December 31, 2023

Authority and purpose:

The Alberta Insurance Council (the "Council") operates under the authority of the Insurance Act, Chapter 1-3, Revised Statutes of Alberta 2000, as amended. As a not-for-profit organization under the Income Tax Act, the Council is not subject to either federal or provincial income taxes.

The Council provides administration services to the Life Insurance, General Insurance and Insurance Adjusters Councils (collectively, the "Councils"). These Councils are responsible for enforcing the provisions of the Insurance Act and Regulations for their segments of the insurance industry.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards (PSAS), including the 4200 standards which apply to government not-for-profit organizations. The Council's significant accounting policies are as follows:

(a) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term deposits, which are highly liquid with original maturities of less than three months from the date of acquisition. These financial assets are convertible to cash at the request of the Council.

(b) Revenue recognition:

License and assessment fees are recognized as revenue on a straight-line basis over the term of the license and assessment. Examination fees are recognized at the time the related exam is held. Continuing Education (CE) course approval fees are recognized upon submission to the Accreditation Committee. CE provider fees are recognized on a calendar year basis. License, assessment, examination and continuing education fees received but not yet recognized as revenue are recorded as deferred revenue.

(c) Examination development costs:

Costs of development of examination questions are expensed as incurred.

ALBERTA INSURANCE COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(d) Capital and intangible assets:

Capital and intangible assets are recorded at cost, less accumulated amortization. Amortization is provided using the straight-line method over their estimated useful lives as follows:

Asset	Rate
Leasehold improvements	Term of lease
Furniture and office equipment	3 - 10 years
Computer equipment	3 - 7 years
Computer software	3 - 7 years
Telephone equipment	3 - 5 years

Intangible assets consist of computer software. All other items are capital assets.

The Council tests its capital and intangible assets when a significant change in circumstances indicates the carrying amount of an asset may exceed its fair value. An impairment loss is measured as the amount by which the asset's carrying value exceeds its fair value. Impairment in the carrying value of capital assets is charged as an expense in the year the impairment is determined.

ALBERTA INSURANCE COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(e) Asset retirement obligation:

Asset retirement obligations are legal obligations associated with the retirement of capital assets. Asset retirement activities include all activities relating to an asset retirement obligations. These may include, but are not limited to:

- Decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- Remediation of contamination of a tangible capital asset created by its normal use;
- Post-retirement activities such as monitoring; and
- Constructing other capital assets to perform post-retirement activities.

A liability for an asset retirement obligation is recognized when, as at the financial statement reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to the recognized capital assets in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying capital asset. Asset retirement costs related to unrecognized capital assets and those not in productive use are expensed.

When the present value technique is used to measure a liability, the liability is adjusted for the passage of time and is recognized as accretion expense in the consolidated statement of operations. When a present value technique is not used, the asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability. The Council measures all asset retirement obligations at their current estimated cost to settle as the estimated settlement date of these obligations is indeterminable.

(f) Leases:

The Council accounts for leases as either operating or capital. Assets acquired under capital lease are amortized over the lease term, or if the lease contains terms that allow ownership to pass to the Council for a bargain purchase option, assets are amortized over their useful lives. Obligations under capital lease are measured at the lower of the present value of future minimum lease payments and fair value. Leases not meeting the capital lease criteria are treated as operating leases with lease payments recorded as an expense on a straight-line basis over the lease term.

ALBERTA INSURANCE COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(g) Tenant inducements, deferred rent and asset retirement obligation:

Tenant inducements associated with leased premises are amortized on a straight-line basis over the term of the related lease and recognized as a reduction of rent recorded in occupancy and premises expenses.

Rent expense is recognized on a straight-line basis over the lease term. Deferred rent comprises the aggregate difference in the rental expense incurred on a straight-line basis over the lease term and the actual rent charged.

The asset retirement obligation associated with leased premises is recorded at its discounted value, and is amortized over the term of the related lease. The associated accretion expense is included with occupancy and premises expenses.

(h) Cloud computing arrangements:

All costs associated with cloud computing arrangements are expensed as incurred.

(i) Internally restricted net assets:

From time to time the Council's Board of Directors may choose to internally restrict net assets to fund certain procurements or costs.

(j) Contributed services:

The work of the Council is dependent on the voluntary services of members. The value of donated services is not recognized in these financial statements.

(k) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are subsequently reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations. As the Council does not have any unrealized changes in fair value, a statement of remeasurement gains and losses has not been presented.

ALBERTA INSURANCE COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(k) Financial instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

(l) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include:

- allowance for doubtful accounts;
- assessment of whether there are triggering events that would require the testing of capital assets and intangible assets for impairment, and
- asset retirement obligations.

Actual results could differ from those estimates.

ALBERTA INSURANCE COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(m) Future accounting standard pronouncements:

The following summarizes upcoming changes to public sector accounting standards. In 2024, the Council will continue to assess the impact and prepare for the adoption of these standards.

Standard	Effective date (fiscal years beginning on or after)
PS3400 - Revenue	April 1, 2023
PS3160 - Public Private Partnerships	April 1, 2023
PSG-8 - Purchased Intangibles	April 1, 2023

2. Investments and long-term investments:

Short Term Investments consist of Guaranteed Investment Certificates with fixed annual interest rates ranging from 4.95% to 5.55% (2022 - 0.25% to 4.65%) and maturity dates ranging from January 31, 2024 to July 11, 2024 (2022 - January 31, 2023 to December 13, 2023).

Long Term Investments consist of Guaranteed Investment Certificates with fixed annual interest rates ranging from 5.42% to 5.54% and maturity dates between March 31, 2025 and June 30, 2026.

Included in accounts receivable is accrued interest of \$308,823.

3. Capital assets and intangible assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Leasehold improvements	\$ 1,291,727	\$ 339,128	\$ 952,599	\$ 937,906
Furniture and office equipment	848,644	379,010	469,634	310,428
Computer equipment	629,073	523,038	106,035	129,425
Computer software	912,531	793,998	118,533	83,933
Telephone equipment	25,614	18,016	7,598	8,269
	\$ 3,707,589	\$ 2,053,190	\$ 1,654,399	\$ 1,469,961

ALBERTA INSURANCE COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023

4. Other assets:

Included in other assets are security deposits on leased premises. The balance of these deposits is \$91,295 (2022 - \$91,295).

5. Deferred revenue:

	2023	2022
License ^(a)	\$ 3,584,591	\$ 3,451,248
Assessment	77,250	79,500
Examination and continuing education	9,000	7,700
	\$ 3,670,841	\$ 3,538,448

(a) License terms commence July 1 and remain in effect until June 30 of the following year.

6. Asset retirement obligation:

	Edmonton	Calgary	2023	2022
	Manulife Place	Jamieson Place	Total	Total
Beginning of year	\$ 58,905	\$ 53,253	\$ 112,158	\$ 77,438
Remeasured	18,200	11,000	29,200	34,000
Accretion	3,567	3,376	6,943	720
End of year	\$ 80,672	\$ 67,629	\$ 148,301	\$ 112,158

Under the terms of its leases for premises leases, the Council is required to remove certain leasehold improvements, upon termination of the leases. The premises leases in Manulife and Jamieson Place will terminate in 2031 and 2033, respectively.

As at December 31, 2023, the Council estimated its total undiscounted expenditures for the removal of leasehold improvements to be \$217,274 (2022 - \$172,000). The increase is attributed to the expansion of the Edmonton office and the landlord initiated and funded relocation of the Calgary office to a larger space. The present value of the asset retirement obligations has been calculated using a discount rate of 4.5% (2022 - 4.5%).

ALBERTA INSURANCE COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023

7. Deferred rent and tenant inducements:

			2023	2022
	Deferred rent	Tenant inducement	Total	Total
Beginning of year	\$ 654,339	\$ 820,926	\$ 1,475,265	\$ 1,570,217
Increase in tenant inducement	-	78,016	78,016	-
Amortization of deferred rent and tenant inducements	398	(97,699)	(97,301)	(94,951)
Deferred rent and tenant inducements	654,737	801,243	1,455,980	1,475,266
Less: current portion deferred rent and tenant inducements	(26,020)	(104,634)	(130,654)	(94,951)
	\$ 628,717	\$ 696,609	\$ 1,325,326	\$ 1,380,315

8. Invested in capital assets:

(a) Invested in capital assets consists of the following:

	2023		2022	
Capital assets	\$	1,654,399	\$	1,469,961
Asset retirement obligation		(148,301)		(112,158)
Deferred tenant inducements		(801,243)		(820,927)
	\$	704,855	\$	536,876

ALBERTA INSURANCE COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Invested in capital assets (continued):

(b) Change in net assets invested in capital assets is calculated as follows:

	2023	2022
Net change in investment in capital assets:		
Amortization of capital assets	\$ (316,958)	\$ (307,912)
Purchase of capital assets	504,792	167,544
Tenant inducement received for additional space	(78,015)	-
Amortization of deferred tenant inducements	97,699	94,232
(Increase) in asset retirement obligation	(36,143)	(34,720)
Proceeds on sale of capital assets	(2,244)	(4,692)
Loss from disposal of capital assets	(1,152)	(1,503)
	\$ 167,979	\$ (87,051)

9. Commitments and contingencies:

The Council is committed under annual lease payments and software licensing agreements as follows:

2024	\$ 721,923
2025	594,580
2026	551,221
2027	552,705
2028	571,807
Thereafter	1,945,689

In addition to the commitments outline above, the Council is also responsible for operating costs related to leases for office premises. These costs are not fixed within the lease and change yearly.

ALBERTA INSURANCE COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023

9. Commitments and contingencies (continued):

The Council has been named as a defendant in three actions. The Council has adequate insurance to cover these legal proceedings and a provision of \$60,000 (2022 - \$75,000) has been included in these financial statements to cover costs including the insurance deductibles related to these actions. Consequently, any settlements reached are not expected to have a material adverse effect on the financial position of the Council.

10. License, assessment, examination and continuing education fees:

Revenue from license, assessment, examination and continuing education fees consists of the following:

	2023	2022
License fees	\$ 7,596,496	\$ 7,271,518
Assessment fees	156,000	158,625
Examination fees	799,250	670,359
Continuing education fees	298,350	271,725
	<u>\$ 8,850,096</u>	<u>\$ 8,372,227</u>

11. Councils, boards and committees:

(a) The following amounts are included in Councils, boards and committees expenses:

	2023	2022
Councils and Council Committees	\$ 250,087	\$ 221,244
Appeal Boards	37,360	103,629
Accreditation Committee	91,050	95,172
	<u>\$ 378,497</u>	<u>\$ 420,045</u>

The Minister of Finance, responsible for the Insurance Act, has appointed the members of the Alberta Accreditation Committee (AAC), provided for in Section 29 of the Insurance Agents and Adjusters Regulation. The Council funds the operations of and provides administrative services to the AAC.

ALBERTA INSURANCE COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023

11. Councils, boards and committees (continued):

(b) Per diem payments of Council Members:

The following amounts are included in Councils, Boards and Committee expenses:

	Number of members	2023 ⁽ⁱⁱⁱ⁾	Number of members	2022 ⁽ⁱⁱ⁾
Councils ⁽ⁱ⁾				
Chairs	15	108,655	18	87,640
Members	45	181,164	51	165,920
Total	60	289,819	69	253,560

(i) These amounts include the following:

- the Life Insurance Council, the General Insurance Council, the Insurance Adjusters Council,
- the Alberta Insurance Council (AIC), and the AIC's standing committees, the Finance and Audit Committee, the Governance and Human Resources Committee, Government Relations Committee,
- the AIC Chair annual stipend,
- the Appeal Boards, and
- the Alberta Accreditation Committee.

(ii) All per diem payments made to members of Councils, Committees and Boards are paid by the Council out of fees received from insurance licenses, examinations, and continuing education course accreditation fees. This includes public members appointed by the Lieutenant Governor in Council, as well as Alberta Accreditation Committee members appointed by the Minister of Finance pursuant to the Government Organization Act.

ALBERTA INSURANCE COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2023

12. Financial risks and concentration of credit risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Council is exposed to credit risk with respect to its accounts receivable.

The Council assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Council at December 31, 2023 is the carrying value of these assets. Included in accounts receivables is an allowance for bad debts of \$nil (2021 - \$nil).

There have been no significant changes to the credit risk exposure from 2022.

(b) Liquidity risk:

Liquidity risk is the risk that the Council will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Council manages its liquidity risk by monitoring its operating requirements and maintaining sufficient cash and investment reserves to fund any cash flow shortages. The Council prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There have been no significant changes to the liquidity risk exposure from 2022.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Council to cash flow interest rate risk. The Council is exposed to this risk through certain short-term fixed rate investments. Details of these investments are included in notes 2 of the financial statements.

There have been no significant changes to the interest rate risk exposure from 2022.



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