



IB-2024-01: New Alberta Insurance Council (AIC) Restricted Business License insurance type - Motor vehicle warranty contract, dealership loyalty programs, and vehicle protection products

Purpose:

This bulletin provides important licensing information, including application availability, related to a new restricted business license type required to sell dealership loyalty programs and vehicle protection products. It also provides further information about the requirement to hold a Restricted Certificate of Authority to sell certain motor vehicle warranty products that are now considered insurance products.

This applies to all auto dealerships and equipment dealers selling motor vehicle warranty products, dealership loyalty programs, and ancillary motor vehicle protection products (e.g. key fob replacement coverage, glass protection products, non-manufacturer tire and rim warranties, etc.).

Background

All insurance products are subject to the requirements of the *Insurance Act* and must be underwritten by a licensed insurance company and sold through a licensed insurance agent.

The Superintendent of Insurance's [Interpretation Bulletin 05-2024: Motor vehicle warranty contracts, dealership loyalty programs and vehicle protection products](#) addresses three types of products commonly marketed by automobile dealerships and equipment dealers:

- 1) Motor vehicle warranty contracts
 - a. Motor vehicle manufacturer warranties and extended warranties, including exceptions
 - b. Third party extended motor vehicle warranties
- 2) Motor vehicle dealership programs
- 3) Ancillary motor vehicle protection products

Under the Superintendent's Bulletin, motor vehicle dealership loyalty programs, ancillary motor vehicle protection products, and certain motor vehicle warranty products are considered insurance products. These products must be underwritten by licensed insurance companies and sold by licensed agents and/or businesses with restricted license types. The [Superintendent's Bulletin](#) has examples of these types of products and what is subject as insurance under the *Act*.

Auto dealerships and equipment dealers selling motor vehicle warranty contracts, motor vehicle dealership loyalty programs, and/or ancillary motor vehicle protection products will now need to ensure these products are underwritten by licensed insurers. Auto dealerships and equipment dealers will also need to apply for and hold an Equipment Warranty type of Restricted Certificate of Authority authorizing the sale of motor vehicle warranty contracts and/or a new type of

Restricted Certificate of Authority to sell motor vehicle dealership loyalty programs and/or ancillary vehicle protection products.

“Motor vehicles” includes automobiles, recreational vehicles, motor homes, and all other vehicles defined as “motor vehicles” in the *Traffic Safety Act*:

“motor vehicle” means (i) a vehicle propelled by any power other than muscular power, or (ii) a moped, but does not include a bicycle, a power bicycle, an aircraft, an implement of husbandry or a motor vehicle that runs only on rails;

Restricted Insurance Types

Equipment warranty insurance

Motor vehicle warranty contracts, including those issued by third parties such as a motor vehicle/equipment dealer or repairer (i.e. persons other than the vehicle manufacturer), fall under the already-existing “equipment warranty insurance” type for restricted certificates of authority. To ensure compliance under the *Insurance Act*, any business wishing to sell motor vehicle warranty contracts, including those from third parties, will be required to:

1. Ensure those motor vehicle warranty contracts are underwritten by licensed insurers; and
2. Hold an “equipment warranty insurance” type of Restricted Certificate of Authority with AIC that authorizes the sale of those products.

New insurance type: Motor vehicle dealership loyalty programs and ancillary motor vehicle protection products

Auto dealerships and equipment dealers wishing to sell motor vehicle dealership loyalty programs and/or ancillary motor vehicle protection products must apply for and hold a new “dealership loyalty programs and vehicle protection products” type of Restricted Certificate of Authority with AIC. Auto dealerships and equipment dealers will be required to:

1. Ensure loyalty programs and protection products are underwritten by licensed insurers; and
2. Hold the new Restricted Certificate of Authority allowing the sale of motor vehicle dealership loyalty programs and ancillary motor vehicle protection products.

Classes of insurance for motor vehicle dealership loyalty programs and ancillary motor vehicle protection products

The class of insurance for motor vehicle dealership loyalty programs and ancillary motor vehicle protection products depends on the type of product being sold. Below are the insurance classes of common dealership loyalty and ancillary motor vehicle protection products:

Product	Class of insurance, as classified by the General Insurance Council
Motor vehicle dealership loyalty programs that provide a dealership discount on a future replacement motor vehicle in the event of damage or total loss of the original motor vehicle	Property Insurance Class
Ancillary motor vehicle protection products	
Deductible reimbursement and/or monetary credits given in the event of loss, damage, or theft of a motor vehicle	Property Insurance Class
Non-manufacturer tire and rim warranties providing for tire and rim replacement (excludes warranties provided by the motor vehicle manufacturer for tires and rims included in the vehicle's assembly)	Automobile Insurance Class
Glass protection products that promise to pay for some or all of the cost of a windshield replacement	Automobile Insurance Class
Anti-theft products that include a promise to make a payment in the event of the theft and/or non-recovery of the motor vehicle (or part thereof); includes theft-deterrent etching or tagging and catalytic converter anti-theft devices that include a promise to pay if the product fails	Automobile Insurance Class
Key fob replacement coverage	Property Insurance Class
Payment for a motor vehicle rental provided in conjunction with a vehicle protection product that is insurance	Products would fall under the same class as the vehicle protection product the coverage is attached to

Applications for new restricted license

Applications for the new “dealership loyalty programs and vehicle protection products” type of Restricted Certificate of Authority will be available on AIC’s website in January 2025.

Application process

Auto dealerships and equipment dealers applying for either the “equipment warranty insurance” or “dealership loyalty programs and vehicle protection products” type of Restricted Certificate of Authority must meet the same application requirements as all other insurance types for restricted certificates. They will be asked to provide:

- A Designated Individual
- Alberta Corporate Access Number
- Valid Errors & Omissions insurance policy
- Sponsorship from an insurance company
- Payment of the license fees

- Registration with the Alberta Motor Vehicle Industry Council (applicable for auto dealerships)

For auto dealerships and equipment dealers that intend to sell both motor vehicle warranty contracts and motor vehicle dealership loyalty programs/ancillary motor vehicle protection products, separate applications are required for each type of insurance that the business will provide.

Once applications open, applications can be submitted by logging into the [AIC Portal](#). Applications will be reviewed in the order they are received, and AIC's standard processing time is 15 business days.

Complaints

Complaints against insurance agents, brokers, and adjusters

As part of its work to protect Alberta consumers, AIC investigates all complaints against insurance agents, brokers, and independent adjusters to determine if there's a violation of the *Insurance Act* or its Regulations.

AIC will continue to investigate all complaints against auto dealerships, equipment dealers, and their agents for unlicensed and/or unsanctioned activity that does not fulfill the requirements to hold a Restricted Certificate of Authority. Once applications for the new insurance type of restricted license are available, auto dealerships and equipment dealers that do not hold a valid Restricted Certificate of Authority will be subject to investigation. The sale of insurance products without a valid Restricted Certificate of Authority constitutes an offence under the *Insurance Act* and may lead to disciplinary proceedings, including civil penalties and the suspension or revocation of certificates of authority.

Other complaints

Complaints against an insurance company can be directed to the Superintendent of Insurance at tbf.insurance@gov.ab.ca; complaints against salespeople and specific to the sale of vehicles from an automotive business can be directed to the Alberta Motor Vehicle Industry Council (www.amvic.org/consumer/complaint-process); complaints regarding insurance claims can be first directed to the insurance company's ombudsperson, and then the General Insurance OmbudService (giocanada.org); and inquiries concerning motor vehicle warranties offered directly by manufacturers (which are subject to provisions of the *Consumer Protection Act*) can be directed to Service Alberta at 1-877-427-4088.

Contact information

If you have any questions regarding this Information Bulletin or the process for applying for the new insurance type of Restricted Certificate of Authority, please contact AIC Licensing at licensing@abcouncil.ab.ca.