

ALBERTA STANDARD

Lessor's Contingent Automobile Policy

S.P.F. No. 8

This form is approved by Alberta's Superintendent of Insurance effective May 1, 2021

PLEASE READ THIS CAREFULLY



INSURING AGREEMENTS

- (1) In consideration of the payment of the premium specified and of the statements contained in the application and provided the insured has complied with the Agreements of Insured, the Insurer agrees to indemnify the insured in respect of loss or damage incurred by the insured, as a direct result of a lessee's failure to effect or maintain the automobile insurance required by the lease contract, in accordance with the Standard Owner's Automobile Policy (S.P.F. 1) and the limit(s) and amount(s) specified in the section(s) and subsection(s) of Item 5 of this Policy.
- (2) Where a lessee without the consent of the insured has obtained insurance for limits and amounts less than those specified in the lease contract, the Insurer's liability hereunder shall not exceed the difference between the insurance obtained by the lessee and the limits and amounts of this Policy.
- (3) Where the limits and amounts specified in a lease contract are less than the limits and amounts specified in this Policy, the Insurer's liability hereunder is the lesser of such limits and amounts.
- (4) The insurance provided by this Policy shall not contribute with any other collectible insurance respecting the loss or damage.

AGREEMENTS OF INSURED

- (1) The insured warrants that a lessee's insurance undertaking is attached to and forms part of the lease contract for each leased automobile requiring the lessee to effect and maintain insurance in the name of the insured under a Standard Owner's Automobile Policy (S.P.F. 1), endorsed with permission to lease, for insurance coverage not less than that specified therein.
- (2) The insured will not release an automobile to a lessee without satisfactory evidence that the lessee has complied with the lessee's insurance undertaking. Such evidence must include the name of the insurance company, the name of the agent or broker, and the policy number or a temporary financial responsibility card.
- (3) The insured agrees to obtain written evidence of the insurance required by the lessee's insurance undertaking within 30 days of the date of delivery of the automobile to the lessee and to obtain written evidence of the renewal or replacement of such insurance within 15 days of the date of each subsequent expiry or termination of coverage.
- (4) The insured further agrees, that if the requirements herein respecting written evidence of insurance are not met, to arrange for insurance in the required limits and amounts and that, if such insurance is not obtained, coverage under this Policy with respect to the automobile will cease 45 days after the date of delivery of the automobile to the lessee or 30 days after the expiry or termination date of the insurance for each automobile, respectively, without further notice.
- (5) The insured shall maintain records of:
 - (i) lease contracts,
 - (ii) lessee's insurance undertakings, and
 - (iii) evidence of insurance furnished to the insured

with respect to all automobiles subject to this insurance. Such records shall be maintained during the Policy period and for three years thereafter.

GENERAL PROVISIONS

1. ADJUSTABLE PREMIUM COMPUTATION

- (a) The advance premiums are computed according to the terms shown on the Premium Computation Statement for the Policy period.
- (b) The advance premiums referred to in (a) above are subject to adjustment at the end of the Policy period when the insured shall deliver to the Insurer a written statement of the current information necessary to adjust the premium shown on the Premium Computation Statement. If the adjusted premium so computed exceeds the applicable advance premium stated in Item 5 of the application, the insured shall pay the difference. If such premium is less, the Insurer shall return to the insured the unearned premium subject to the Minimum Retained Premium stated in Item 5.
- (c) Upon termination of this Policy, the earned premium shall be computed on the basis of the actual number of automobiles so leased during the Policy period or on the method of rating described on the Premium Computation Statement.

2. AUDIT

The Insurer, through any authorized representative, and at all reasonable times, shall have access to the insured's books and records for the purpose of determining any fact relating to this insurance.

3. LIMITATION OF ACTIONS

Every action or proceeding against an insurer for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the *Insurance Act*.

STATUTORY CONDITIONS

In these Statutory Conditions, unless the context otherwise requires, "insured" means a person insured by the contract whether named in the contract or not.

- (i) Statutory Condition 3 does not apply when the contract does not insure against liability for loss or damage to persons and property;
- (ii) Statutory Condition 4 does not apply when the contract does not insure against loss of or damage to the automobile; and
- (iii) Statutory Conditions 2, 3, 4, 5, 6 and 7 shall not apply to Section B- Accident Benefits.

Material Change in Risk

- 1. (1) The insured named in this contract must promptly notify the insurer or its agent in writing, of any change in the risk material to the contract and within the insured's knowledge.
- (2) Without restricting the generality of subparagraph (1) of this condition, "change in the risk material to the contract" includes
 - (a) any change in the insurable interest of the insured named in the contract in the automobile by sale, assignment or otherwise, except through change of title by succession, death or proceedings under the *Bankruptcy and Insolvency Act* (Canada); and
 - (b) in respect to insurance against loss of or damage to the automobile,
 - (i) any mortgage, lien or encumbrance affecting the automobile after the application for the contract, and

- (ii) any other insurance of the same interest, whether valid or not, covering loss or damage insured by the contract or any portion of the contract.

Prohibited Use by Insured

- 2. (1) The insured must not drive or operate the automobile
 - (a) unless the insured is for the time being either authorized by law or qualified to drive or operate the automobile,
 - (b) while the insured's licence to drive or operate an automobile is suspended or while the insured's right to obtain a licence is suspended or while the insured is prohibited under order of any court from driving or operating an automobile,
 - (c) while the insured is under the age of 16 years or under any other age prescribed by the law of the province in which the insured resides at the time the contract is made as being the minimum age at which a licence or permit to drive an automobile may be issued to the insured,
 - (d) for any illicit or prohibited trade or transportation, or
 - (e) in any race or speed test.

Prohibited Use by Others

- (2) The insured must not permit or allow the use of the automobile
 - (a) by any person
 - (i) unless that person is for the time being either authorized by law or qualified to drive or operate the automobile, or
 - (ii) while that person is under the age of 16 years or under any other age prescribed by the law of the province in which the person resides at the time the contract is made as being the minimum age at which a licence or permit to drive an automobile may be issued to the person,
 - (b) by any person who is a member of the household of the insured while the person's licence to drive or operate an automobile is suspended or while the person's right to obtain a licence is suspended or while the person is prohibited under order of any court from driving or operating an automobile,
 - (c) for any illicit or prohibited trade or transportation, or
 - (d) in any race or speed test.

Requirements Where Loss or Damage to Persons or Property

- 3. (1) The insured must
 - (a) promptly give to the insurer written notice, with all available particulars, of any accident involving loss or damage to persons or property and of any claim made on account of the accident,
 - (b) verify by statutory declaration, if required by the insurer, that the claim arose out of the use or operation of the automobile and that the person operating or responsible for the operation of the automobile at the time of the accident is a person insured under the contract, and
 - (c) forward immediately to the insurer every letter, document, advice or writ received by the insured from or on behalf of the claimant.
- (2) The insured must not
 - (a) voluntarily assume any liability or settle any claim except at the insured's own cost, or
 - (b) interfere in any negotiations for settlement or in any legal proceeding.
- (3) The insured must, whenever requested by the insurer, aid in securing information and evidence and the attendance of any witness, and must co-operate with the insurer, except in a pecuniary way, in the defence of any action or proceeding or in the prosecution of any appeal.

Requirements Where Loss or Damage to the Automobile

4. (1) When loss of or damage to the automobile occurs, the insured must, if the loss or damage is covered by the contract,
- (a) promptly give notice of the loss or damage in writing to the insurer with fullest information obtainable at the time,
 - (b) at the expense of the insurer, and as far as reasonably possible, protect the automobile from further loss or damage, and
 - (c) deliver to the insurer within 90 days after the date of the loss or damage a statutory declaration stating, to the best of the insured's knowledge and belief, the place, time, cause and amount of the loss or damage, the interest of the insured and of all others in the automobile, the encumbrances on the automobile, all other insurance, whether valid or not, covering the automobile and that the loss or damage did not occur through any wilful act or neglect, procurement, means or connivance of the insured.
- (2) Any further loss or damage accruing to the automobile directly or indirectly from a failure to protect it as required under subparagraph (1) of this condition is not recoverable under the contract.
- (3) No repairs, other than those that are immediately necessary for the protection of the automobile from further loss or damage, may be undertaken and no physical evidence of the loss or damage may be removed
- (a) without the written consent of the insurer, or
 - (b) until the insurer has had a reasonable opportunity to make the inspection for which provision is made in Statutory Condition 5.

Examination of Insured

- (4) The insured must submit to examination under oath and must produce for examination at any reasonable place and time designated by the insurer or its representative all documents in the insured's possession or control that relate to the matters in question, and the insured must permit extracts and copies of the documents to be made.

Insurer Liable for Cash Value of Automobile

- (5) The insurer is not liable for more than the actual cash value of the automobile at the time any loss or damage occurs, and the loss or damage must be ascertained or estimated according to that actual cash value with proper deductions for depreciation, however caused, and must not exceed the amount that it would cost to repair or replace the automobile, or any part of the automobile, with material of similar kind and quality, but if any part of the automobile is obsolete and unavailable, the liability of the insurer in respect of the automobile is limited to the value of that part at the time of loss or damage, not exceeding the maker's latest list price.

Repair or Replacement

- (6) Except where a dispute resolution process has been initiated, the insurer, instead of making payment, may, within a reasonable time, repair, rebuild or replace the property damaged or lost with other of similar kind and quality if, within 7 days after the receipt of the proof of loss, it gives written notice of its intention to do so.

No Abandonment, Salvage

- (7) There must be no abandonment of the automobile to the insurer without the insurer's consent.
- (8) If the insurer exercises the option to replace the automobile or pays the actual cash value of the automobile, the salvage, if any, vests in the insurer.

In Case of Disagreement

- (9) In the event of disagreement as to the nature and extent of the repairs and replacements required, or as to their adequacy, if effected, or as to the amount of the loss or damage, those questions must be determined by a dispute resolution process as provided under the *Insurance Act* before there can be recovery under the contract,

whether the right to recover under the contract is disputed or not, and independently of all other questions.

(10) There is no right to a dispute resolution process until

- (a) a specific demand for it is made in writing, and
- (b) the proof of loss has been delivered.

Inspection of Automobile

5. The insured must permit the insurer at all reasonable times to inspect the automobile and its equipment.

Time and Manner of Payment of Insurance Money

6. (1) The insurer must pay the insurance money for which it is liable under the contract within 60 days after the proof of loss has been received by it or, where a dispute resolution process is conducted under Statutory Condition 4(9), within 15 days after the decision is rendered.

When Action May Be Brought

(2) The insured may not bring an action to recover the amount of a claim under the contract unless the requirements of Statutory Conditions 3 and 4 are complied with or until the amount of the loss has been ascertained as provided for under Statutory Conditions 3 and 4 or by a judgment against the insured after trial of the issue, or by agreement between the parties with the written consent of the insurer.

Who May Give Notice and Proofs of Claim

7. Notice of claim may be given and proofs of claim may be made by the agent of the insured named in this contract in the case of absence or inability of the insured to give the notice or make the proof, such absence or inability being satisfactorily accounted for or, in the like case or if the insured refuses to do so, by a person to whom any part of the insurance money is payable.

Termination

8. (1) The contract may be terminated
- (a) by the insurer giving to the insured 15 days' notice of termination by recorded mail or 5 days' written notice of termination personally delivered, or
 - (b) by the insured at any time on request.
- (2) If the contract is terminated by the insurer,
- (a) the insurer must refund the excess of premium actually paid by the insured over the prorated premium for the expired time, but in no event, may the prorated premium for the expired time be less than any minimum retained premium specified, and
 - (b) the refund must accompany the notice unless the premium is subject to adjustment or determination as to the amount, in which case the refund must be made as soon as practicable.
- (3) If the contract is terminated by the insured, the insurer must refund as soon as practicable the excess of premium actually paid by the insured over the short rate premium for the expired time, but in no event may the short rate premium for the expired time be deemed to be less than any minimum retained premium specified.
- (4) The 15-day period referred to in subparagraph 1(a) of this condition starts to run on the day the recorded letter or notification of it is delivered to the insured's postal address.

Notice

9. (1) Any written notice to the insurer may be delivered at, or sent by recorded mail to, the chief agency or head office of the insurer in the province.
- (2) Written notice may be given to the insured named in the contract by letter personally delivered to the insured or by recorded mail addressed to the insured at the insured's latest postal address as notified to the insurer.
- (3) In this condition, "recorded" means recorded in or outside Canada.