Close to a sure(ty) thing: Alberta captives may now assume certain surety risks

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BREAKING: Our team has just become aware that Alberta captive insurance companies may now be permitted to assume surety insurance risks if the risks are underwritten by a licensed traditional insurer (who reinsures those risks to the Alberta captive).

The Alberta Superintendent of Insurance will review applications involving surety arrangements (that utilize a fronting insurer) on a case-by-case basis. In conducting this review, the Superintendent will generally consider section 28 of the *Captive Insurance Companies Act* and the related interpretation guideline on the reinsurance of third-party risks. The assessment will focus on whether the proposed structure, risk transfer, and roles of all parties align with Alberta's captive insurance framework.

Prospective applicants will be expected to provide an analysis clearly describing the nature of the fronting arrangement and the role of the captive within the overall structure, along with the information and documentation required under the Captive Insurance Company Application Guide.

This is a significant development in the Alberta captive insurance ecosystem and one that our team has championed for some time. We believe this development further propels Alberta as a domicile of choice for yet another category of would-be captive owners.

Do not hesitate to reach out with any questions or to discuss.

By

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