Captive insurance in Alberta: Regulatory updates you can't afford to miss

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In November 2025, Alberta's Superintendent of Insurance (the Superintendent) updated two important guidelines related to licencing and capital requirements for the captive insurance industry in Alberta: the Captive Insurance Company Licensing Guide and the Capital Guideline for Captive Insurance Companies.

For those unfamiliar with captive insurance companies (Captives), these entities can be established as an alternative to traditional insurers, providing strategic insurance coverage for the organizations that create and own them. Alberta has quickly become a Canadian Captive hub since its Captive legislation was introduced on July 1, 2022. The Superintendent establishes guidelines to ensure captive insurers are properly licensed and financially stable to, among other things, meet their claims obligations.

Below is a high-level discussion of some of the important updates made by the Superintendent.

Captive Insurance Company Licensing Guide

The updated guide includes a new section that outlines the information required by Section 15 of the *Captive Insurance Companies Act* (Alberta) for association Captives to obtain an initial licence:

- **Structure** – Associations (the member organizations of which the association Captive may insure) may be incorporated or unincorporated.
- **Association Agreement (or similar document)** – Must be included in the Captive's initial application, stating the association's purpose and provisions for member entry/exit, dispute resolution, fundamental changes, surplus distribution, and capital injection.
- **Ownership of an Association Captive** – Voting shares or partnership interests in an association Captive can be owned by (a) all member organizations of the association only, (b) the association itself only, or (c) the association and one or more of the association's member organizations.

Minor additions to the guide were also made to the following sections:

- **Captive Managers** – Any change in captive managers is a material change and must be reported to the Superintendent.
- **Business Plan** – The Captive's list of underwriting jurisdictions must now include projected premium distribution by province/jurisdiction (including countries for operations outside Canada) and by class of insurance.
- **Risk Management** – Instead of draft policies provided at the initial licensing phase, board-approved risk management policies must be submitted within 90 days **after** licensing.

Capital Guideline for Captive Insurance Companies

The updated guideline inserts the following details regarding acceptable forms of capital:

- **Letter of Credit** – Acceptable only if it is irrevocable and unencumbered, issued by a Canadian financial institution, held for the benefit of the Captive, payable directly to the Captive, and approved by the Superintendent.
- **Inter-Company Loan** – Inter-company loans are not recognized as valid assets for meeting minimum capital requirements, to avoid contagion and asset concentration.

Commentary

The above changes will not be new for those who are active in Alberta's Captive ecosystem, as they simply represent a formalization of certain requirements the Superintendent has been requesting with all Captive applications recently.

Over the past year, our team has witnessed a very noticeable increase in market interest in Alberta association Captives as a structuring option. From our experience, this is because creative solutions can be developed with this structure to mimic the Protected Cell Captive structures that are prevalent offshore. This is important in the absence of Protected Cell Captive legislation in Alberta…for now.

Contact us

For further information on the updated guidelines, we invite you to contact the authors or any of the key contacts listed below.

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