

PROFESSIONAL LIABILITY INSURANCE

COMPULSORY CLAUSES

| | INSURED DESIGNATED UNDER THE CONTRACT | |
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| | INDEPENDENT REPRESENTATIVE | FIRM OR INDEPENDENT PARTNERSHIP |
| Coverage | <ul style="list-style-type: none"> • For errors, fault, negligence, or omissions committed while performing his activities in the sectors for which he is legally authorized to carry on activities¹; • For the following persons, regardless of whether they are still so engaged on the date of the claim or not: <ul style="list-style-type: none"> – his mandataries; – his employees; – his trainees. | <ul style="list-style-type: none"> • For errors, fault, negligence, or omissions committed in the pursuit of its activities in the sectors for which it is legally authorized to carry on activities²; • For the following persons, regardless of whether they are still so engaged on the date of the claim or not: <ul style="list-style-type: none"> – Its mandataries; – Its employees; – Its attached representatives who are employees; (see table <i>For an attached representative below</i>) – The representative's trainees; – the partners (independent partnerships only)³. |
| Insurance coverage per insured⁴ | <ul style="list-style-type: none"> • Minimum of \$500,000 per claim; • Minimum of \$1,000,000 per year; <p>These amounts may not be shared among several insureds under the same contract.</p> | <ul style="list-style-type: none"> • Minimum of \$500,000 per claim; • Minimum of \$1,000,000 per year, if there are three representatives or less acting on behalf of the firm or the independent partnership; • Minimum of \$2,000,000 per year, if more than three representatives act on behalf of the firm or the independent partnership. <p>These amounts may not be shared among several insureds under the same contract.</p> |

¹ Regulation respecting firms, independent representatives and partnerships (N^o9), section 29 (3) (b)

² Regulation respecting firms, independent representatives and partnerships (N^o9), section 29 (3) (a)

³ Regulation respecting firms, independent representatives and partnerships (N^o9), section 29 (3) (c)

⁴ Regulation respecting firms, independent representatives and partnerships (N^o9), section 29 (1)

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| <p>Deductible⁵</p> | <ul style="list-style-type: none"> • Maximum of \$10,000; • If the deductible is greater than this amount, the independent representative must prove to the AMF that he maintains a net liquid capital at least equal to the amount of the stipulated maximum deductible at all times⁶. | <ul style="list-style-type: none"> • Maximum of \$10,000, if there are three representatives or less acting on behalf of the firm or the independent partnership; • Maximum of \$25,000, if more than three representatives act on behalf of the firm or the independent partnership; • If the deductible is greater than this amount, the firm or the independent partnership must prove to the AMF that it maintains a net liquid capital at least equal to the amount of the stipulated maximum deductible at all times⁷. |
| <p>Extension of coverage⁸</p> | <ul style="list-style-type: none"> • 5 years beyond the insurance period provided. • Effective from the date the registrant is suspended or struck off the roll. | <ul style="list-style-type: none"> • 5 years beyond the insurance period provided. • Effective from the date the registrant is suspended or struck off the roll. |
| <p>Notice of cancellation or non-renewal by the insurer⁹</p> | <ul style="list-style-type: none"> • The insurer must notify the AMF 30 days before he decides of its intention not to renew or to cancel the contract. | <ul style="list-style-type: none"> • The insurer must notify the AMF 30 days before he decides of its intention not to renew or to cancel the contract. |
| <p>Notice of cancellation or non-renewal by the insured¹⁰</p> | <ul style="list-style-type: none"> • The insurer must notify the AMF upon receipt of the insured's cancellation notice. | <ul style="list-style-type: none"> • The insurer must notify the AMF upon receipt of the insured's cancellation. |
| <p>Notice of claim¹¹</p> | <ul style="list-style-type: none"> • The insurer must notify the AMF of the receipt of any claim. | <ul style="list-style-type: none"> • The insurer must notify the AMF of the receipt of any claim. • |

⁵ Regulation respecting firms, independent representatives and partnerships (N^o9), section 29 (1) (a) (b) (c)

⁶ Regulation respecting firms, independent representatives and partnerships (N^o9), section 29 in fine

⁷ Regulation respecting firms, independent representatives and partnerships (N^o9), section 29 in fine

⁸ Regulation respecting firms, independent representatives and partnerships (N^o9), section 29 (3) (d)

⁹ Regulation respecting firms, independent representatives and partnerships (N^o9), section 29 (3) (e)

¹⁰ Regulation respecting firms, independent representatives and partnerships (N^o9), section 29 (3) (f)

¹¹ Regulation respecting firms, independent representatives and partnerships (N^o9), section 29 (3) (g)

| FOR AN ATTACHED REPRESENTATIVE | |
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| Who is employed by a firm or an independent partnership | He must be covered by his employer's professional liability insurance contract ¹² . |
| Who is not employed by a firm | <p>He is not automatically covered by his firm's professional liability insurance contract. The firm on behalf of which this representative carries on his activities must ask that he takes out a liability insurance contract similar to that of an independent representative¹³.</p> <p>However, some insurance contracts taken out by firms may include additional clauses that cover attached representatives who are not employees.</p> <p><u>Special attention must be given to this type of contract to make sure that the representative is covered for all the sectors in which he is authorized to carry on activities and for the coverage amounts set out in the regulation.</u></p> |
| For a representative who is attached to more than one firm | The firms to which the representative is attached must prove that the latter is actually covered for all his activities, regardless of the number of firms to which he is attached ¹⁴ . |

Note: This info sheet is made available to you for information purposes. The [Act respecting the distribution of financial products and services and its regulations](#) remain the official reference for any question.

Update in June 2005

¹² *Act respecting the distribution of financial products and services*, sections 76, 83, 132 and 136 and *Regulation respecting firms, independent representatives and partnerships* (N°9), section 29 (3) (a) (b) (c)

¹³ *Regulation respecting the pursuit of activities as a representative* (N°2), section 17

¹⁴ *Act respecting the distribution of financial products and services*, sections 76, 83, 132 and 136 and *Regulation respecting firms, independent representatives and partnerships* (N°9), section 29 (3) (a) (b) (c)