

Familiarization Guide

PLAIN LANGUAGE AUTOMOBILE
INSURANCE POLICIES
Q.P.F. No. 1 AND Q.P.F. No. 5

***So that we
understand
each other!***

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Part 1 - Plain language and the new policies

Automobile insurance policy Q.P.F. No. 1 – *Owner's Policy and Endorsements*, as we know it today, was originally written when the *Automobile Insurance Act (AIA)* was introduced in March 1978. At that time, insurance policies, automobile or otherwise, were sometimes phrased in a complex legal language.

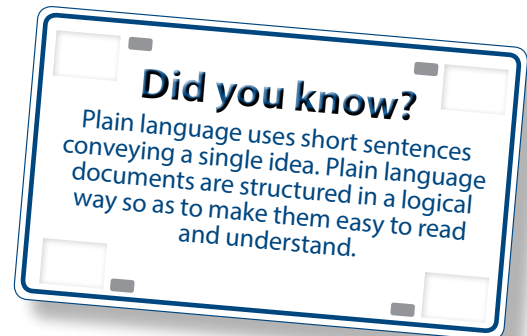
Since then, the expectations of insureds have changed. While the automobile insurance policy was amended over the years, its language continues to be complex and hard to understand, both for insureds and for automobile insurance industry stakeholders.

Policy Q.P.F. No. 5 – *Complementary Insurance for Damage to Insured Vehicle Form (Replacement Insurance)* was written based on the wording of the insurance policies in force, and it was approved by the *Autorité des marchés financiers (AMF)* when the product was launched in October 2010, before a number of amendments were made in 2012. It is therefore as difficult to understand.

In 2008, due largely to the substantial number of calls received by its Information Centre, the AMF reflected on the need to review automobile insurance policies. Indeed, their level of difficulty was becoming more and more of an issue. For example, insureds did not understand the concept of valuation of damage, and the subtlety of the wording led to numerous problems of interpretation. Consequently, the AMF informed the *Groupement des assureurs automobiles (GAA)* of its intention to start revising the existing policies in order to facilitate the reading of the forms and help insureds understand.

In conjunction with this project, GAA conducted a study among the population. Results showed that few insureds were able to understand the product that they had purchased.

For the AMF and GAA, it became obvious that plain language policies would be beneficial for insureds and for industry stakeholders.

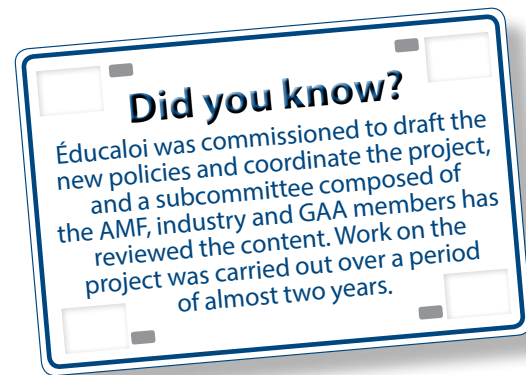


However, in the revising process, one essential element had to be borne in mind, namely, that the scope of the existing coverage could not be changed in any way. As a result, although the working subcommittee has tried to reproduce the legal interpretation of the coverage, the exclusions and the insured and insurer obligations as faithfully as possible, courts of law may give a different interpretation to the new plain language policies.

The introduction of a plain language style has led to a final product with a much larger number of pages than the original documents; however, their content is now more accessible and their structure, clearer.

The purpose of this *Familiarization Guide* is, among other things, to help stakeholders in the property and damage insurance industry, whether agents or brokers, as well as certified claims adjusters, various industry trainers and insureds, become more familiar with the layout and content of the plain language policies. However, it mostly deals with automobile insurance policy Q.P.F. No. 1 – *Owners’ Form*, due to its relative importance.

To get a better idea of changes made in the wording of the insurance policies, it is strongly suggested that readers carefully go over the new plain language policies as well, in preparation for their launch. Since the structure of this Guide does not follow that of the plain language policies, the documents cannot always be read side by side. This Guide discusses changes to the structure in an order that differs, at times, from that of the policies’ layout.



For ease of reading, the terms “2010 policy” and “2012 policy” as used in this Guide refer, respectively, to the February 1, 2010 version of **Q.P.F. No. 1 – Owner’s Form and Endorsements**, and to the September 1, 2012 version of **Q.P.F. No. 5 – Complementary Insurance for Damage to Insured Vehicle Form (Replacement Insurance)**.

For its part, the term “plain language policy” refers to the new versions of the policies: **Q.P.F. No. 1 – Owners’ Form** and **Q.P.F. No. 5 – Complementary Insurance for Damage Caused to Insured Vehicle Form (Replacement Insurance)**.

Part 2 - New structure of the plain language policies

The new structure of the plain language policies helps to present information relating to coverage, exclusions and insured and insurer obligations in more appropriate sections and with clearer headings. Section A and Section B now contain information specific to them only, and the information is repeated in each section, if necessary. Consequently, fewer articles now apply jointly to both Section A and Section B.

The addition of a table of contents in the plain language policies provides better access to the information. As a result, insureds can easily locate what they need in answer to any questions they may have concerning their particular situation. Headings are more representative of the content and make locating information easier.

The table of contents is presented in this part of the Guide to help insureds become familiar with the structure and content of the plain language policy.

When reading the *Introduction* section that is added to the policies, insureds understand what their insurance contract contains and how it must be interpreted. In addition to providing general guidance, this introduction draws insureds' attention to certain important information that must be reported to the insurer. The *Introduction* section is presented in Part 3 of this Guide.

In the plain language policies, the *Declarations* section, placed after the *Introduction* section, underwent relatively few changes in relation to the 2010 and 2012 policies. However, the headings of certain articles have been simplified to make presentation of the content in the *Declarations* section easier to understand.

In addition to the *Table of contents*, *Introduction* and *Declarations*, the plain language version of Q.P.F. No. 1 contains seven other separate units out of a total of 10, as follows:

- ➔ Table of contents
- ➔ Introduction
- ➔ Declarations
- ➔ Section A: Coverage for civil liability arising from property damage and bodily injury caused to another person (*Mandatory insurance*)
- ➔ Section B: Coverage for damage to insured vehicles (*Optional insurance*)
- ➔ General conditions
- ➔ Reporting a loss and submitting a claim
- ➔ Effective date, renewal and expiry of insurance contract
- ➔ Cancellation table
- ➔ Definitions

The plain language version of Q.P.F. No. 5 also contains 10 separate units, as follows:

- ➔ Table of contents
- ➔ Introduction
- ➔ Declarations
- ➔ Description of coverages
- ➔ Exclusions
- ➔ General conditions
- ➔ Reporting a loss and submitting a claim
- ➔ Effective date, renewal and expiry of insurance contract
- ➔ Cancellation table
- ➔ Definitions

Although now located in the last section of the policy, definitions have undergone substantial additions as compared to the previous versions, so they are more comprehensive. The *Definitions* section of the plain language policy provides a definition of all the words written in bold in the policy. Details of its content can be found in Part 3 of this Guide.

As regards Part 4, it provides more specific explanations on the sections of the policy that warrant special attention.

The endorsements available with the plain language policies are the same as those available with the 2010 and 2012 policies. However, their language has been simplified as well and their layout, reviewed.

Sample endorsements are presented after the highlights of the plain language versions of Q.P.F. No. 1 and Q.P.F. No. 5, at the end of Part 4 of this Guide.

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The introduction helps insureds understand the contents of their insurance contract and informs them about some of the insured's obligations towards the insurer.

The addition of a table of contents makes it easier to find any information.

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The coverage provided under Section A and Section B is the same as in the 2010 policy. However, there is a change in terminology.

Section B of the plain language policy contains the same articles.

The new Article 6 of Section A combines all information on the indemnity payable by the insurer. In the 2010 policy, that information was spread out across several sections. A similar article can be found in Section B, namely, Article 8.

The headings used in Article 6 of Section A are more meaningful so as to facilitate the search for information.

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The Reporting a loss and submitting a claim section informs insureds about their obligations and the way payment will be made for a covered loss.

The new General conditions section informs insureds about the conditions that apply to the entire contract.

In it, certain information contained in the Conditions section of the 2010 policy can be found more easily.

Information concerning the effective date, renewal and termination of the contract is now combined under a clearer heading.

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The structure of the table of contents in Q.P.F. No. 5 is similar to that of Q.P.F. No. 1.

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This policy does not have a Section A or B. The *Description of coverages* section complements the coverage under Section B in the plain language version of Q.P.F. No. 1.

Because of the nature of this product, the contract may not be renewed upon expiry.

Part 3 - New terminology, introduction and definitions

NEW TERMINOLOGY

The plain language policies are written in simpler terms that are closer to the everyday language used by insureds.

Below are a few examples illustrating how the terms used in the plain language version of Q.P.F. No. 1 have been simplified in comparison to those of the 2010 policy.

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<div style="border: 1px solid black; padding: 5px; text-align: center;">SECTION A – CIVIL LIABILITY</div> <p>The Insurer agrees to indemnify the Insured, the Insured's succession or legal representatives, and in the same manner and to the same extent as if named herein as the Insured, every other person who personally drives the automobile, or personally operates any part thereof, against the pecuniary consequences of civil liability the Insured or any such other person may incur for loss or damage arising from the ownership, use or operation of the automobile and resulting from bodily injury to or death of others or damage to their property, provided coverage does not apply to any person having stolen or assisted in stealing the automobile. However, where the loss exceeds the amounts of insurance, the indemnity shall be applied first to the pecuniary consequences of civil liability incurred by the Named Insured.</p>	<div style="border: 1px solid black; padding: 5px; text-align: center;">SECTION A : COVERAGE FOR CIVIL LIABILITY ARISING FROM PROPERTY DAMAGE AND BODILY INJURY CAUSED TO ANOTHER PERSON (MANDATORY INSURANCE)</div> <p>3. PRINCIPAL COVERAGE</p> <p>3.1 Description of principal coverage</p> <p>Section A covers the following risk: the financial consequences that an insured person may incur if held civilly liable for damage caused to another person by an insured vehicle.</p> <p>The insured person's civil liability must arise from the fact that he or she is the owner of the vehicle or was driving or using it.</p> <div style="background-color: #f4a460; padding: 5px; margin-top: 10px;"> <p>The expression <i>financial consequences</i> is simpler than <i>pecuniary consequences</i>.</p> </div> <div style="background-color: #f4a460; padding: 5px; margin-top: 10px;"> <p>The expression <i>damage caused to another person</i> is clearer than <i>bodily injury to or death of others or damage to their property</i>.</p> </div>
<div style="border: 1px solid black; padding: 5px; text-align: center;">SECTION B – LOSS OF OR DAMAGE TO INSURED AUTOMOBILE</div> <p>ADDITIONAL AGREEMENTS</p> <p>B - Loss of Use by Theft</p> <p>Where indemnity is provided under subsections 1, 3 or 4 of section B, the Insurer further agrees, following a theft of the entire automobile covered thereby, to pay for the loss of use of such automobile up to \$40 a day, subject to a maximum of \$1,200 in anyone occurrence.</p>	<div style="border: 1px solid black; padding: 5px; text-align: center;">SECTION B: COVERAGE FOR DAMAGE TO INSURED VEHICLES (OPTIONAL INSURANCE)</div> <p>4. ADDITIONAL COVERAGES</p> <p>When the principal coverage applies, Section B will include the following additional coverages:</p> <p>4.1 Travel expenses due to theft of insured vehicle</p> <p>If an insured vehicle is covered by Protection 1, Protection 3 or Protection 4 and can no longer be used by the named insured due to theft of the entire vehicle, the insurer will reimburse any expenses incurred for:</p> <ul style="list-style-type: none"> • leasing of temporary replacement vehicle; • public transportation; and • use of taxicab. <div style="background-color: #f4a460; padding: 5px; margin-top: 10px;"> <p><i>Additional agreements</i> has been replaced with <i>Additional coverages</i>.</p> </div> <div style="background-color: #f4a460; padding: 5px; margin-top: 10px;"> <p><i>Travel expenses</i> is easier to understand than <i>Loss of use</i>.</p> </div> <div style="background-color: #f4a460; padding: 5px; margin-top: 10px;"> <p>Reference is no longer made to <i>subsections</i>, but rather to <i>Protections</i>.</p> </div>

If readers analyze the wording of policies Q.P.F. No. 1 and Q.P.F. No. 5 in greater detail, they will see that many more examples could be added to the table above. They will find them by reading the *Familiarization Guide*.

INTRODUCTION SECTION

INTRODUCTION

The following is to provide general explanations concerning the insurance contract to make it easier to understand. These explanations must not be used to create any right or coverage.

In case of any ambiguity or discrepancy between the introduction and the laws applicable to the insurance contract, the terms of the laws will prevail.

1. DOCUMENTS INCLUDED IN INSURANCE CONTRACT

The following documents form part of the insurance contract:

- This document, i.e., the "Quebec Automobile Insurance Policy Form (Q.P.F.) No. 1 – Owners' Form," a standard document approved by the Autorité des marchés financiers.
Note that the "Declarations" section of this insurance policy contains information specific to the **named insured**.
- The **endorsements** listed in Item 4, "Declarations."

Below is useful information to help understand the insurance contract:

- Refer to the "Table of Contents" to see how the insurance contract is structured and to locate specific information.
- Words and expressions in bold throughout this document and in the **endorsements** are explained in the "Definitions" section. Note that the **endorsements** may include their own definitions.
- The insurance contract should be read as a whole. Consequently, clauses should be interpreted as they relate to each other and considering the entire insurance contract.
- Coverages described in Section A and Section B are different and apply separately.
- Words in the singular include the plural.

2. OBLIGATION TO INFORM INSURER

Both before the contract is made and after, any and all information that may influence the risk must be reported to the **insurer**. Such information must also be reported upon renewal of the insurance contract.

In case of doubt over the obligation to report specific information, it is advisable to contact the **insurer**.

Among other information, the following must be reported:

- Any change in the use of the **described vehicle**.
- If any persons other than the **named insured** drive the **described vehicle**.
- Any automobile accident or any **loss** that occurred in the past.
- Any conviction for an offence under the *Highway Safety Code*.
- Any criminal conviction.
- Any change or addition to the **described vehicle**.
- Any change to the personal circumstances of the **named insured** or drivers.

The obligation to inform the **insurer** is detailed in Article 5, "General conditions."

The new *Introduction* section provides useful information to help understand the contract.

It also provides examples of the most common situations that must be reported by insureds. This addition is therefore useful to them.

DEFINITIONS SECTION

The new policies contain several words written in bold. As mentioned above, they are defined in the *Definitions* section located at the end of the plain language policy.

Definitions give the precise meaning of words written in bold. It becomes unnecessary to define the word every time it is used in the policy. Moreover, the definitions apply at all times, unless the context in which a word is used differs from that of its general definition.

Although the *Definitions* section is found at the end of the plain language policies, it is discussed in this part of the Guide so that reference can be made to it as needed throughout the document. Additional explanations are provided in the text margin when needed to locate information in relation to the 2010 and 2012 policies, or to give additional clarification.

Definitions – Plain language Q.P.F. No. 1 policy

DEFINITIONS

Unless the context indicates otherwise, the definitions below apply to the words and expressions shown in bold in the insurance contract. Because of the context, a defined word or expression may not be shown in bold in the insurance contract, in which case it is being used in its ordinary meaning and the definition does not apply.

Some of the definitions are a simplified version of those set out in the following laws:

- *Civil Code of Quebec*;
- *Code of Civil Procedure* of Quebec;
- *Automobile Insurance Act*; and
- *An Act Respecting Off-highway Vehicles*.

In case of any ambiguity or discrepancy, the terms of the laws will prevail.

AMOUNT OF INSURANCE: The maximum amount payable by the **insurer**, under Item 4, "*Declarations*" or in an **endorsement**.

BODILY INJURY: Any physical or mental injury, including death.

CLIENT: The person who submits an application to the **insurer** in order to enter into an insurance contract. The insurance application may be made for the client personally or for another person. The client is not necessarily the **named insured**.

DAMAGE:

- In Section A, "**damage**" refers to both **property damage** and **bodily injury**.
- In Section B, "**damage**" refers solely to **property damage**.

DEDUCTIBLE: The amount left to be paid by the **named insured**.

DESCRIBED VEHICLE: A **motor vehicle**, trailer or semi-trailer specifically designated in Item 3, "*Declarations*", or included within the description of **described vehicles** therein.

ENDORSEMENT: A document modifying the insurance contract and officially called "Quebec Endorsement Form" or "Q.E.F."

GARAGE BUSINESS: Includes any business activity involving the custody, selling, equipping, repairing, maintaining, storing, parking, moving or servicing of **motor vehicles**.

INSURANCE PREMIUM: The amount payable to the **insurer** in consideration of the coverages provided under the insurance contract.

INSURER: The insurer issuing this insurance contract.

LOSS: A risk that occurs and causes **damage**.

MOTOR VEHICLE: A vehicle propelled by any power other than muscular force and adapted for transportation on public highways but not on rails.

This important clarification informs insureds that the terms of the laws have priority over the policy wording for the interpretation of the contract.

The word *damage* is now included in the definitions. It does not have the same meaning in Section A and in Section B.

This definition is a plain language version of the definition in section 1 of the *Automobile Insurance Act*. This expression replaces the term *automobile* as used in the 2010 policy.

The expression *motor vehicle used for personal purposes* is used instead of *automobile of the private passenger type* as used in Article 3 (f), *General provisions, definitions and exclusions* of the 2010 policy.

The definition of *vehicle of which the named insured has recently become the owner* is a plain language version of Article 3 (b), *General provisions, definitions and exclusions* of the 2010 policy. Once again, the layout makes it easier to understand.

MOTOR VEHICLE USED FOR PERSONAL PURPOSES: Includes any utility **motor vehicle** while used for personal purposes and whose gross vehicle weight does not exceed 4,500 kg (10,000 lbs.).

NAMED INSURED: A person designated in Item 1, "*Declarations*."

NUCLEAR HAZARD: The risk arising from the hazardous nature of substances:

- that have radioactive, toxic or explosive properties; and
- that are prescribed under the *Nuclear Safety and Control Act* or its regulations.

ANOTHER PERSON: Anyone who is not an "insured person" under the insurance contract.

OWNER: A person who acquires or possesses a **motor vehicle** under one of the following:

- a document confirming the person's status as owner of the vehicle (called a "title of ownership");
- a document entitling the person to become the owner of the vehicle subject to certain conditions or at a certain time;
- a document entitling the person to use the vehicle as if the owner, for a certain amount of time only;
- a lease agreement for a period of not less than one year.

PROPERTY DAMAGE: Any **damage** caused to a **motor vehicle** or another type of property, including their disappearance.

SPOUSE: A person who, at the time of the **loss**:

- (a) is married to and living with another person;
- (b) is not married, but has been living in a *de facto* union with another person of the same or opposite sex and is publicly represented as spouse. These conditions must exist for at least three years or, in the following cases, for at least one year:
 - a child has been born or is to be born of their union;
 - they have adopted a child together; or
 - one of them has adopted a child of the other.

TEMPORARY REPLACEMENT VEHICLE: A **motor vehicle** used temporarily to replace a **described vehicle**, if the following conditions are met:

- the **described vehicle** cannot be used for one of the following reasons: breakdown, repair, maintenance, loss, destruction, sale or servicing; and
- neither the **named insured** nor anyone whose domicile is the same as that of the **named insured** is **owner** of the temporary replacement vehicle.

TRAILER OR SEMI-TRAILER OF WHICH THE NAMED INSURED IS THE OWNER: A trailer or semi-trailer of which the named insured is the owner and that is not described in Item 3, "*Declarations*", if:

- (a) the trailer or semi-trailer is not designed or used to carry passengers or for demonstration, sales, office or dwelling purposes; and
- (b) the trailer or semi-trailer is attached to a **motor vehicle used for personal purposes** that is insured, or is not attached to such a vehicle provided that it is usually attached to such a vehicle.

VEHICLE OF WHICH THE NAMED INSURED HAS RECENTLY BECOME THE OWNER: A **motor vehicle**, trailer or semi-trailer of which the **named insured** has recently become the **owner**, if the following conditions are met:

- (a) Within 14 days of taking possession of the vehicle, the **named insured** informs the **insurer** that he or she is the **owner** thereof.

The definition of *temporary replacement vehicle* incorporates the content of Article 3 (c), *General provisions, definitions and exclusions* of the 2010 policy, but its bulleted list layout makes it easier to understand than if written in a single sentence. In addition, rules specific to temporary replacement vehicles are set out in Sections A and B.

- (b) The vehicle replaces or is in addition to one or more **described vehicles**. If the vehicle is in addition to one or more **described vehicles**:
- the **named insured** must have no other specific insurance in respect of such vehicle at the date of **loss**; and
 - the **insurer** must insure all the other vehicles **of which the named insured is the owner** on the date of taking possession of the vehicle.
- (c) The **named insured** agrees to pay the additional **insurance premium** charged by the **insurer**.

If the **named insured** is engaged in the business of selling **motor vehicles**, the **motor vehicles** acquired for such business activities will not be held to be "**vehicles of which the named insured has recently become the owner**."

VEHICLE OF WHICH THE NAMED INSURED IS NOT THE OWNER: A **motor vehicle** of which the **named insured** is **not the owner** provided the conditions outlined below are met. The conditions differ, depending on whether the **named insured** is an individual or a legal person, partnership or association.

- (a) If the **named insured** is an individual: At the time of **loss**, the driver must be the **named insured** or his or her **spouse**.

However, in the four exceptions listed below, the vehicle will be held to be an insured vehicle only if driven by the **owner** of a **described vehicle**. In addition, only the **owner** will be covered, and only for a reduced **amount of insurance** (see *Articles 6.7 and 6.8, Section A*):

1. At the time of **loss**, the vehicle is being driven in connection with a **garage business**.
2. The **owner** of the vehicle is a person whose domicile is the same as that of the **named insured**.
3. The vehicle is provided by the employer of the **named insured** or by the employer of anyone whose domicile is the same as that of the **named insured**.
4. The vehicle is appropriated for a use, outside Quebec:
 - as a taxicab, bus or coach; or
 - for commercial delivery.

- (b) If the **named insured** is a legal person, partnership or association:

1. At the time of **loss**, the vehicle must be driven by one of the following drivers or by their **spouse**:
 - an employee of the **named insured**;
 - a shareholder of the **named insured**;
 - a member of the **named insured**;
 - a partner of the **named insured**.
2. These drivers must regularly use the **described vehicle**.
3. These drivers or their **spouse** must not be **owners** of a **motor vehicle**.
4. At the time of **loss**, the vehicle is not being driven in connection with a **garage business**.
5. The vehicle must not be appropriated to a use outside Quebec:
 - as a taxicab, bus or coach; or
 - for commercial delivery.

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The definition of *vehicle of which the named insured is not the owner* is a plain language version of Articles 3 (d) and 3 (e), *General provisions, definitions and exclusions* of the 2010 policy. It therefore combines in the same definition all of the specific elements relating to vehicles of which the named insured is not the owner, whether the named insured is an individual or a legal person.

This clarification is absent from Subparagraph (b), since it applies only when the named insured is an individual. The wording is a plain language version of the last paragraph of Article 3 (d), *General provisions, definitions and exclusions* of the 2010 policy.

6. Neither the **named insured**, nor the employee of the **named insured**, nor the following persons must be **owners** of the vehicle or in possession of the vehicle under a written agreement similar to a hypothec, conditional sale or lease agreement:
- a shareholder, member or partner of the **named insured**;
 - anyone whose domicile is the same as that of the **named insured** or of the **named insured's** employee, shareholder, member or partner.

Condition 6 will not apply in the case of a lease for use that is not regular or frequent.

Definitions – Plain language version of Q.P.F. No. 5

DEFINITIONS

Unless the context indicates otherwise, the definitions below apply to the words and expressions shown in bold in the insurance contract

DAMAGE: Any property damage caused to the **described vehicle**.

DEDUCTIBLE: The amount left to be paid by the **named insured** under the **primary insurance contract**.

DESCRIBED VEHICLE: A vehicle designated in Item 3, "Declarations."

ENDORSEMENT: A document modifying the insurance contract and officially called "Quebec Endorsement Form" or "Q.E.F."

EQUIVALENT VEHICLE: A new vehicle of the same kind and quality as the **described vehicle**, with similar equipment and accessories.

GARAGE BUSINESS: Includes any business activity involving the custody, selling, equipping, repairing, maintaining, storing, parking, moving or servicing of **motor vehicles**.

INSURANCE PREMIUM: The amount payable to the **insurer** in consideration of the coverage provided under the insurance contract.

INSURER: The insurer issuing this insurance contract.

LOSS: A risk that occurs and causes **damage**.

MARKED-UP VALUE:

- If the **described vehicle** was purchased or leased from a dealer of **motor vehicles** within 60 days of the effective date of the insurance contract, the marked-up value will be the **purchase price** of the **described vehicle** increased by _____% compounded annually, calculated in proportion to the number of days elapsed between the effective date of the contract and the date of the **total loss**.
- In all other instances, the marked-up value will be the value of the **described vehicle** on the date of **total loss** increased by _____% compounded annually, calculated in proportion to the number of days elapsed between the effective date of the insurance contract and the date of the **total loss**.

MOTOR VEHICLE: A vehicle propelled by any power other than muscular force and adapted for transportation on public highways but not on rails.

NAMED DEALER: The dealer named in the purchase contract, long-term lease or contract of leasing for the **described vehicle**. If the **named insured** is unable to have his or her vehicle replaced by that dealer, the named dealer may be any other dealer authorized by the **insurer**.

NAMED INSURED: A person designated in Item 1, "Declarations."

PRIMARY INSURANCE CONTRACT: Unless otherwise indicated in this insurance contract, "Quebec Automobile Insurance Policy Form (Q.P.F.) No. 1 – *Owners' Form*" and its **endorsements**, issued to the **named insured**. Q.P.F. No. 1 must include Section A and at least one of the protections under Section B.

PRIMARY INSURER: The insurer issuing the **primary insurance contract**.

PURCHASE PRICE: The actual price for the **described vehicle**, as indicated in the purchase contract, long-term lease or contract of leasing, including its equipment and accessories only.

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Since policy Q.P.F. No. 5 is complementary insurance, it is essential that the named insured holds a primary insurance contract on the date of the loss.

This definition underscores the fact that the purchase price must be the actual price for the vehicle and its equipment and accessories. That price must not include the residual value of a loan or a previous lease.

This definition specifies that the replacement vehicle is a new vehicle of the current year, unless such a vehicle is unavailable.

The use of bold type indicates that one should refer to the definition of "primary insurance contract" in order to properly understand the scope of this definition.

REPLACEMENT VEHICLE: A new vehicle of the current year with the same specifications and equipment and accessories as those of the **described vehicle**. If such a vehicle is not available upon settlement of the **loss**, "replacement vehicle" will mean a vehicle of the year subsequent to the **loss**.

TOTAL LOSS: Complete and permanent loss of the **described vehicle**, including theft, or loss deemed by the **primary insurer** to be a total loss.

Part 4 - Highlights of the plain language policies

Here, the Familiarization Guide explains some parts of the plain language policies to make them easier to understand. In the tables below, the plain language policies are compared against the 2010 and 2012 policies. Explanations are provided through comments in the text margin.

This part of the Guide is not intended as an exhaustive review of the plain language policies. Consequently, clauses that are easy to understand are not presented and no comments have been made in their regard. As mentioned above, it is therefore strongly suggested that the full version of the plain language policies be consulted.

POLICY Q.P.F. No. 1 – OWNERS’ FORM

SECTION A: COVERAGE FOR CIVIL LIABILITY ARISING FROM PROPERTY DAMAGE AND BODILY INJURY CAUSED TO ANOTHER PERSON (MANDATORY INSURANCE)

The heading is long, but it is more indicative of the content of Section A of the plain language policy.

Section A has seven articles, namely:

1. Insured persons
2. Insured vehicles
3. Principal coverage
4. Additional coverages
5. Exclusions
6. Indemnity payable by insurer
7. Representation mandate

The words *mandatory insurance* in Section A refer to the requirement under article 2499 of the *Civil Code of Quebec (C.C.Q.)* and section 84 *AIA*. Article 2499 C.C.Q. specifies, among other things, that the liability insurance policy must indicate the compulsory or optional nature of the insurance. For its part, section 84 *AIA* specifies that the owner of any automobile operating in Quebec must have "... a liability insurance contract..."

Not all the articles are included in this presentation. We only discuss those deserving further explanation.

1. Insured persons

In the 2010 policy, it is difficult to know who is an insured because the list of insured persons is presented in a relatively complex sentence where several ideas are expressed at the same time.

In the plain language policy, insured persons are identified in bulleted list format, which makes it easier to understand.

A list of insured persons is provided in both Section A and Section B. Since insured persons are different in those two sections of the policy, it was necessary to make two separate lists.

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<p style="text-align: center;">SECTION A – CIVIL LIABILITY</p> <p>The Insurer agrees to indemnify the Insured, the Insured's succession or legal representatives, and in the same manner and to the same extent as if named herein as the Insured, every other person who personally drives the automobile, or personally operates any part thereof, against the pecuniary consequences of civil liability the Insured or any such other person may incur for loss or damage arising from the ownership, use or operation of the automobile and resulting from bodily injury to or death of others or damage to their property, provided coverage does not apply to any person having stolen or assisted in stealing the automobile. However, where the loss exceeds the amounts of insurance, the indemnity shall be applied first to the pecuniary consequences of civil liability incurred by the Named Insured.</p>	<p>1. INSURED PERSONS</p> <p>The persons insured under Section A are as follows:</p> <ul style="list-style-type: none">• the named insured;• any person who drives an insured vehicle; and• any person who uses an insured vehicle. Any person who operates a part of an insured vehicle is deemed to be using that vehicle. <p>The legal representatives and succession of such persons are also insured.</p> <p>A person who steals or assists in stealing an insured vehicle is not insured.</p>

The part of the 2010 policy that deals with an insured's civil liability is now found in Article 3 *Principal coverage* in the Section A of the plain language policy.

2. Insured vehicles

In the Article 2 of the plain language policy, the list of insured vehicles now has a cleaner look.

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<p style="text-align: center;">GENERAL PROVISIONS, DEFINITIONS AND EXCLUSIONS</p> <p>3. DEFINITIONS</p> <p>In this policy, unless otherwise indicated by the context: → the words the automobile mean:</p> <p>(a) the Described Automobile – an automobile, trailer or semi-trailer specifically described in the Declarations or within the description of insured automobiles set forth in the Declarations;</p> <p>(b) a Newly Acquired Automobile - an automobile that is acquired by the Insured as owner or as lessee for at least one year or as lessee under a contract of leasing and, within fourteen days following the date of its delivery to the Insured, is notified to the Insurer, if:</p> <ul style="list-style-type: none"> - such automobile replaces an automobile described in the Declarations, or - such automobile is an additional automobile. <p>Such additional automobile shall then be insured to the extent of the least of existing coverages on all automobiles under the various contracts issued by the Insurer, provided however that the Insurer insures all automobiles owned by the Insured or leased by the Insured for at least one year or leased by him or her under a contract of leasing on such delivery date and that the Insured has no specific insurance in respect of such additional automobile on the date of loss.</p> <p>In addition, the Insured agrees to pay any additional premium required.</p> <p>Insurance hereunder shall not apply if the Insured is engaged in the business of selling automobiles.</p> <p>and under section A only,</p> <p>(c) a Temporary Substitute Automobile - an automobile not owned by the Insured, nor by anyone whose domicile is the same as the Insured's, and temporarily used as the substitute for the Described Automobile where such Described Automobile cannot be used because of its breakdown, repair, maintenance, loss, servicing, destruction or sale;</p> <p>(d) any automobile other than the Described Automobile, while personally driven by the Insured or by his or her spouse, provided that the Insured is an individual and:</p>	<p>2. INSURED VEHICLES</p> <p>Unless the context indicates otherwise, the expression "insured vehicle" under Section A refers to the following:</p> <p>A. Described vehicle.</p> <p>B. Vehicle of which the named insured has recently become the owner, subject to the conditions set out in that definition.</p> <p>C. Temporary replacement vehicle, subject to the conditions set out in that definition.</p> <p>D. Vehicle of which the named insured is not the owner, subject to the conditions set out in that definition.</p> <p>E. Trailer or semi-trailer of which the named insured is the owner, subject to the conditions set out in that definition.</p> <p>F. Trailer or semi-trailer of which the named insured is not the owner and that is used with a vehicle insured under the insurance contract.</p>

It is suggested that readers consult the *Definitions* section of the plain language policy to see under what conditions vehicles listed in bold in this article are considered insured vehicles.

This sentence in Article 3, *General provisions, definitions and exclusions* of the 2010 policy is no longer necessary, as the information is now found in Section A of the plain language policy.

**2010 VERSION OF
Q.P.F. No. 1**

- (i) neither the Insured nor his or her spouse is driving the other automobile in connection with the business of selling, repairing, maintaining, servicing, storing or parking automobiles;
- (ii) such other automobile is not owned by the Insured or by anyone whose domicile is the same as the Insured's;
- (iii) such other automobile is not provided by an employer of the Insured or by an employer of anyone whose domicile is the same as the Insured's;
- (iv) such other automobile is not used outside the Province of Quebec as a taxicab or bus or for commercial delivery;

In respect of the exceptions stated in sub-paragraphs (i), (ii), (iii) and (iv) above, coverage shall nevertheless be afforded to the owner of the Described Automobile while driving a third party's vehicle up to the compulsory minimum amount required under the *Automobile Insurance Act* or the *Act respecting off-highway vehicles*, depending on the type of vehicle involved;

(e) if the Insured is a legal person, partnership or association, any automobile other than the Described Automobile, while personally driven by the employee, shareholder, member or partner for whose regular use the Described Automobile is furnished, or by his or her spouse, provided that:

- (i) neither such employee, shareholder, member or partner nor his or her spouse is the owner of an automobile;
- (ii) neither such employee, shareholder, member or partner nor his or her spouse is driving the other automobile in connection with the business of selling, repairing, maintaining, servicing, storing or parking automobiles;
- (iii) neither the Insured nor such employee or any shareholder, member or partner nor anyone whose domicile is the same as any of these persons' is the owner or is in possession of such other automobile under a hypothec, conditional sale, lease or other similar written agreement, except where rented for other than regular or frequent use;
- (iv) such other automobile is not used outside the Province of Quebec as a taxicab or bus or for commercial delivery;

(f) Owned Trailer - a trailer owned by the Insured, not described in the Declarations, other than a trailer designed or used to carry passengers or for demonstration, sales, office or dwelling purposes, while:

- (i) attached to an automobile of the private passenger type insured under this contract;
- (ii) not attached to any other vehicle, provided such trailer is generally attached to an automobile of the private passenger type insured under this contract;

Automobile of the private passenger type:

commercial vehicles of 4,500 kgs (10,000 lbs) gross vehicle weight or less while used for private or pleasure purpose shall be deemed to be of the private passenger type;

- (g) Non-owned Trailer - a trailer not owned by the Insured used in connection with the automobile.

**PLAIN LANGUAGE VERSION OF
Q.P.F. No. 1**

Did you know?

Discrepancies exist between the English and French 2010 versions of Q.P.F. No. 1.

The French version of definition (f) states that an automobile of the private passenger type must be insured, whereas, according to the English version, an automobile of the private passenger type must be insured under this contract.

This discrepancy may have an impact upon application of the Direct Compensation Agreement (DCA). Indeed, interpretation of the DCA may differ for an insured with an English-language Q.P.F. No. 1 when the insured's trailer is attached to a vehicle that does not belong to the named insured.

The plain language version of Q.P.F. No. 1 reproduces the content of the French version of the 2010 policy to reflect the true intent sought by application of the coverage under Section A. The plain language version in English has been corrected to match the French version of Q.P.F. No. 1.

3. Principal coverage

The first paragraph of Article 3 of the plain language policy describes the coverage (Section A) in two separate items. It partially follows the wording of the 2010 policy, but in more common terms.

The second paragraph specifies certain damage covered under Section A.

• Paragraph 3.1 – Description of principal coverage

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<p style="text-align: center;">SECTION A – CIVIL LIABILITY</p> <p>The Insurer agrees to indemnify the Insured, the Insured's succession or legal representatives, and in the same manner and to the same extent as if named herein as the Insured, every other person who personally drives the automobile, or personally operates any part thereof, against the pecuniary consequences of civil liability the Insured or any such other person may incur for loss or damage arising from the ownership, use or operation of the automobile and resulting from bodily injury to or death of others or damage to their property, provided coverage does not apply to any person having stolen or assisted in stealing the automobile. However, where the loss exceeds the amounts of insurance, the indemnity shall be applied first to the pecuniary consequences of civil liability incurred by the Named Insured.</p>	<p>3. PRINCIPAL COVERAGE</p> <p>3.1 Description of principal coverage</p> <p>Section A covers the following risk; the financial consequences that an insured person may incur if held civilly liable for damage caused to another person by an insured vehicle.</p> <p>The insured person's civil liability must arise from the fact that he or she is the owner of the vehicle or was driving or using it.</p>

The concept of risk has been introduced in Section A.

A risk exists for the insured in terms of liability. That risk is to suffer financial consequences as a result of damage caused to another person and for which the insured is held liable.

• Paragraph 3.2 – Clarification concerning damage

Paragraph 3.2, Section A of the plain language policy reproduces certain elements from the *General provisions, definitions and exclusions* section, as well as Exclusion (3), Section A of the 2010 policy.

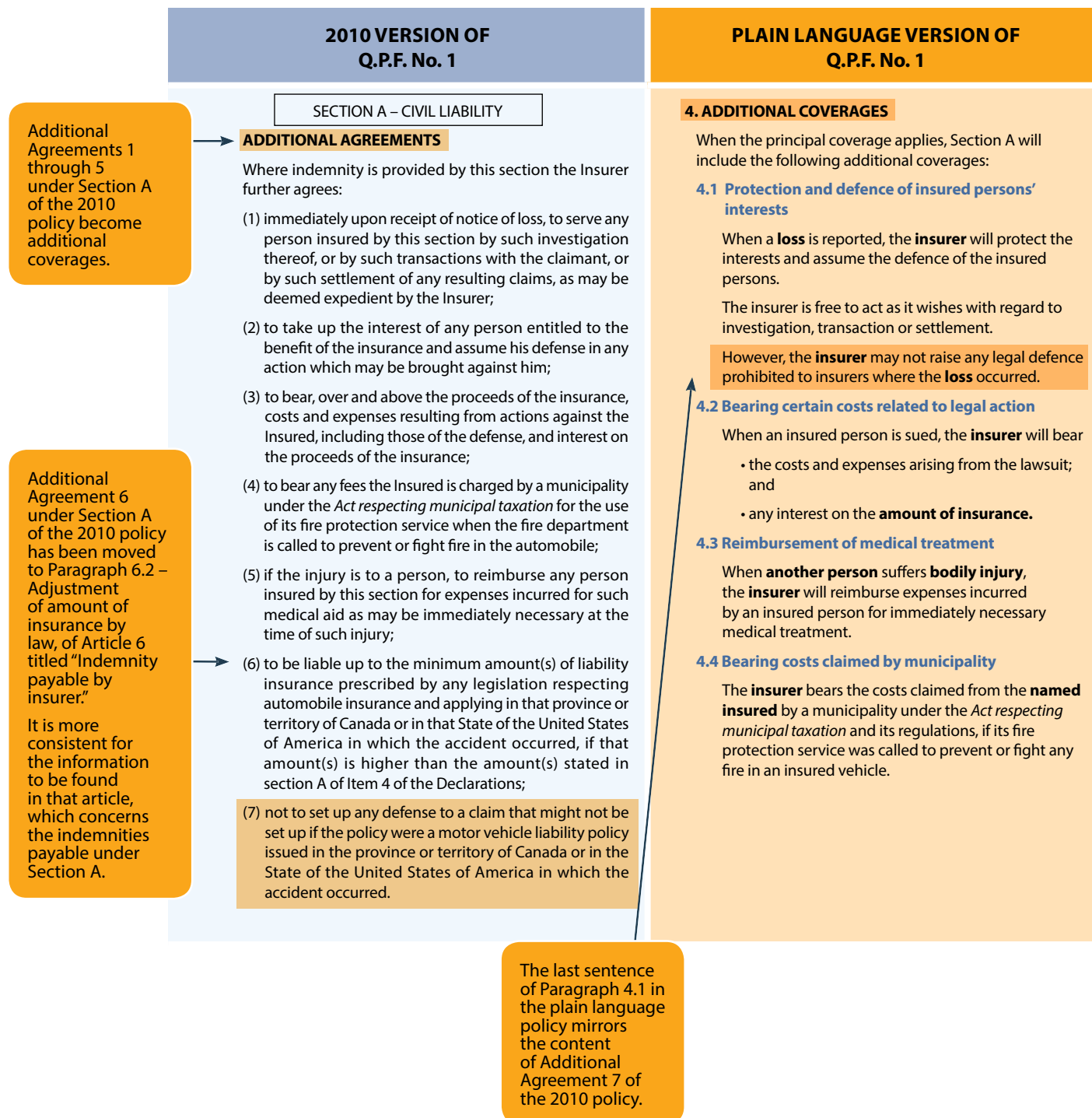
Information can thus be found in the appropriate location in the policy wording, since it refers to application of coverage under Section A in certain circumstances.

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<p>4. TWO OR MORE AUTOMOBILES</p> <p>(d) Section A shall apply to the Insured’s liability for damage caused to a Non-owned Trailer, other than a trailer designed or used to carry passengers or for demonstration, sale, office or dwelling purposes, while:</p> <p>(i) attached to an automobile of the private passenger type insured under said section;</p> <p>(ii) not attached to any other vehicle, provided such trailer is generally attached to an automobile of the private passenger type insured under said section.</p> <p>Automobile of the private passenger type: as stated in General Provision 3 (f).</p> <p style="text-align: center;">SECTION A – CIVIL LIABILITY</p> <p>EXCLUSIONS</p> <p>(3) for loss or damage sustained by any person insured under this section, except as provided under a Direct Compensation Agreement established in accordance with the <i>Automobile Insurance Act</i>;</p> <p style="text-align: center;">GENERAL PROVISIONS, DEFINITIONS AND EXCLUSIONS</p> <p>5. CROSS LIABILITY</p> <p>Every Named Insured sustaining loss or damage because of another Named Insured shall, in respect of such loss or damage, be deemed to be a third party under this contract; provided that this provision shall not operate to increase the limit of the Insurer’s liability.</p>	<p>3.2 Clarification concerning damage</p> <p>3.2.1 Damage caused to trailers or semi-trailers of which insured persons are not the owners</p> <p>When damage is caused to a trailer or semi-trailer of which an insured person is not the owner and:</p> <ul style="list-style-type: none"> • the trailer or semi-trailer is attached to a motor vehicle used for personal purposes and insured under this Section A; or • it is not attached to a motor vehicle used for personal purposes, provided that it is usually attached to such a vehicle; <p>the financial consequences suffered by the insured person will be covered if the trailer or semi-trailer is not designed or used either to carry passengers or for demonstration, sales, office or dwelling purposes.</p> <p>3.2.2 Damage under the Direct Compensation Agreement</p> <p>When property damage is caused to an insured person and if the <i>Direct Compensation Agreement</i> made in accordance with the <i>Automobile Insurance Act</i> applies, this damage will be covered under Section A.</p> <p>3.2.3 Damage caused to another named insured</p> <p>When a named insured suffers damage caused by another named insured, the person who suffers the damage will be deemed to be another person and may therefore be indemnified by the insurer under Section A.</p>
<p>It was not easy to link Exclusion (3), Section A of the 2010 policy to the fact that damage caused to the described vehicle was contemplated by the DCA when applicable.</p> <p>The insertion of this exclusion in subparagraph 3.2.2 of “Principal coverage,” Section A, makes this principle easier to understand.</p>	<p>Here, the plain language policy mirrors, in clearer terms, the wording of Article 5, <i>General provisions, definitions and exclusions</i> of the 2010 policy.</p>
<p>It is no longer justified to say <i>provided that this provision shall not operate to increase the limit of the Insurer’s liability</i>, since the plain language policy contains an article titled “Indemnity payable by insurer.”</p>	

4. Additional coverages

In the plain language policy, the additional agreements that were contained in the 2010 version of Q.P.F. No. 1 are now called additional coverages, an expression that is easier to understand.

Also, the presentation of the various additional coverages follows the usual steps in the conduct of a claim.

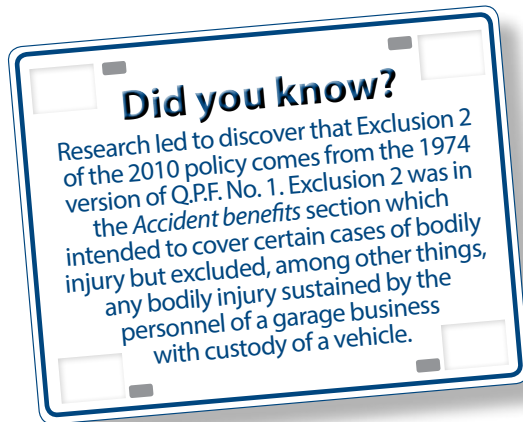


5. Exclusions

Article 5 in the plain language policy basically incorporates the content of the exclusions of the 2010 policy. However, one specific item should be mentioned. Articles 2 and 6 of the *General provisions, definitions and exclusions* section of the 2010 policy can now be found in Exclusions D and E in the plain language policy. Since those two articles were, in fact, exclusions, it made sense to move them there.

• Exclusion 5 D

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<p style="text-align: center;">GENERAL PROVISIONS, DEFINITIONS AND EXCLUSIONS</p> <p>2. PERSONNEL OF OTHER GARAGES EXCLUDED</p> <p>No person who is engaged in a garage business, shall be entitled to indemnity or payment under this contract for any loss, damage, injury or death sustained while using, operating or working upon the automobile in the course of that business or while so engaged, is an occupant of or enters or gets onto or alights from the Described Automobile or a Newly Acquired Automobile as defined in this policy, unless the person is the Insured or the Insured's employee, shareholder, member or partner or is actually driving the automobile in Quebec.</p>	<p>5. EXCLUSIONS</p> <p>The following are excluded from coverage under Section A:</p> <p>D. Any damage caused to a person who is engaged in a garage business while the insured vehicle is in the person's custody.</p> <p style="text-align: center;">↑</p> <p>Exclusion 5 D has been rewritten based on the true intentions, outlined below, and it therefore differs in its wording from the exclusion in the 2010 policy.</p> <p>Those intentions are to:</p> <ul style="list-style-type: none">- Exclude bodily injury or property damage to a garage business or its staff by the insured vehicle when in their custody.- Cover damage sustained by persons other than the garage business and its staff.- Cover damage to the garage business's vehicle when the garage business is the named insured. <p>This exclusion refers to the "Insured vehicle" in order to include all vehicles meeting that definition.</p> <p>Consequently, the wording of the exclusion is more up-to-date and in no way changes the scope of the coverage under Section A of the 2010 policy.</p>



• Exclusion 5 E

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<p>GENERAL PROVISIONS, DEFINITIONS AND EXCLUSIONS</p> <p>6. EXCLUDED USES</p> <p>Unless coverage is indicated in the Declarations or expressly given by an endorsement, the Insurer shall not be liable under this contract while:</p> <ul style="list-style-type: none">(a) the automobile is rented or leased to another;(b) the automobile is used to carry explosives, or to carry radioactive material for research, education, development or industrial purposes, or for purposes incidental thereto;(c) the automobile is used as a taxicab, bus, livery or sightseeing conveyance.	<p>5. EXCLUSIONS</p> <p>The following are excluded from coverage under Section A:</p> <p>E. Any loss that occurs while the insured vehicle is:</p> <ul style="list-style-type: none">• leased to another person;• used as a taxicab, sightseeing vehicle, bus, coach or other chauffeur-driven vehicle;• used to carry explosives;• used to carry radioactive material for research, education, development, industrial or other related purposes. <p>The insurer may accept to insure the above situations by specifying them in "<i>Declarations</i>" or by way of an endorsement.</p>

The wording of Exclusion 5 E in the plain language policy is in bulleted list format, which makes it easier to understand.

The indication that the insurer may nonetheless grant coverage by specifying as much in the *Declarations* section or by way of an endorsement is now presented in a separate paragraph.

6. Indemnity payable by insurer

Article 6 of the plain language policy is an addition to the 2010 policy.

The existence of “Indemnity payable by insurer” wording is essential, as insureds all look for that information when they suffer a loss. They must therefore be able to find the information quickly and easily.

Article 6 is divided into nine paragraphs, presented in the tables below.

• Paragraph 6.1 – General rule

2010 VERSION OF Q.P.F. No. 1				PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
INSURING AGREEMENTS	PERILS	AMOUNTS AND DEDUCTIBLES	PREMIUM	<p>6. INDEMNITY PAYABLE BY INSURER</p> <p>6.1 General rule</p> <p>The indemnity payable by the insurer may not be greater than the amount of insurance, plus any expenses described under the additional coverages. This rule applies even if:</p> <ul style="list-style-type: none"> • there are more than one insured person or multiple interests; • more than one person suffers damage; • more than one insured person is civilly liable for damage arising from one and the same loss; and • if damage differs in nature. <p>If more than one insured person are civilly liable for damage arising from one and the same loss and the amount of insurance is insufficient, the named insured will be given priority for coverage.</p>
SECTION A Civil liability	BODILY INJURY TO OR DEATH OF OTHERS OR DAMAGE TO THEIR PROPERTY	\$ (Exclusive of interest, expenses and costs) FOR LOSS OR DAMAGE RESULTING FROM BODILY INJURY TO OR THE DEATH OF ONE OR MORE PERSONS, AND FOR LOSS OR DAMAGE TO PROPERTY, REGARDLESS OF THE NUMBER OF CLAIMS ARISING FROM ANY ONE ACCIDENT	\$	

SECTION A – CIVIL LIABILITY

The Insurer agrees to indemnify the Insured, the Insured’s succession or legal representatives, and in the same manner and to the same extent as if named herein as the Insured, every other person who personally drives the automobile, or personally operates any part thereof, against the pecuniary consequences of civil liability the Insured or any such other person may incur for loss or damage arising from the ownership, use or operation of the automobile and resulting from bodily injury to or death of others or damage to their property, provided coverage does not apply to any person having stolen or assisted in stealing the automobile. However, where the loss exceeds the amounts of insurance, the indemnity shall be applied first to the pecuniary consequences of civil liability incurred by the Named Insured.

This indication in Item 4 of the *Declarations* table is now found in Paragraph 6.1 – General rule, of the plain language policy.

This statement is presented in simpler terms in the last paragraph of Paragraph 6.1 – General rule, of the plain language policy.

It is not clear, in the 2010 policy, that all of the additional agreements supplement the amount of insurance, even though usually interpreted that way.

That ambiguity has disappeared from the plain language policy, as it is clearly indicated that the amount of insurance is payable, plus any additional coverages.

• Paragraph 6.2 – Adjustment of amount of insurance by law

This includes the content of Article 6 of the additional agreements under Section A of the 2010 policy.

In the plain language policy, this paragraph was not included in the Additional coverages article of Section A because the statement relates to the indemnity payable by the insurer. It is therefore normal to find it in the Article 6 titled “Indemnity payable by insurer.”

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<p style="text-align: center;">SECTION A – CIVIL LIABILITY</p> <p>ADDITIONAL AGREEMENTS</p> <p>6) to be liable up to the minimum amount(s) of liability insurance prescribed by any legislation respecting automobile insurance and applying in that province or territory of Canada or in that State of the United States of America in which the accident occurred, if that amount(s) is higher than the amount(s) stated in section A of Item 4 of the Declarations;</p>	<p>6. INDEMNITY PAYABLE BY INSURER</p> <p>6.2 Adjustment of amount of insurance by law</p> <p>If the amount of insurance is less than the minimum amount prescribed by the applicable laws regarding motor vehicle insurance which are in force where the loss occurred, the amount of insurance will be adjusted to comply with this minimum requirement.</p>

It would have been useless to specify in Paragraph 6.2 that the loss must occur in Canada or the United States, as in the 2010 policy, since the territorial extent of coverage is applicable to the entire policy. Information concerning the places where coverage applies is now found in Article 2 of the *General conditions* section of the plain language policy.

• Paragraph 6.3 – Cases where insured persons must refund indemnity

Paragraph 6.3 indicates cases where the insurer has paid an indemnity to another person for the simple reason that it is required to do so by law.

It incorporates the text of paragraph (c) of the section titled *Agreements of insured* under Section A of the 2010 policy.

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<p style="text-align: center;">SECTION A – CIVIL LIABILITY</p> <p>AGREEMENTS OF INSURED</p> <p>Where indemnity is provided by this section, every person insured:</p> <p>(c) shall reimburse the Insurer, upon demand, in the amount which the Insurer has paid by reason of the provisions of any statute relating to automobile insurance and which the Insurer would not otherwise be liable to pay under this section.</p>	<p>6. INDEMNITY PAYABLE BY INSURER</p> <p>6.3 Cases where insured persons must refund indemnity</p> <p>If the insurer is required to indemnify another person under a legal provision regarding motor vehicle insurance and the insurer was not otherwise required to do so under the insurance contract, the insured persons agree to refund such indemnity to the insurer, upon request.</p>

Did you know?

The insurer has recourse against its insured under section 120 A/A when the insurer has paid an indemnity to another person even if coverage under Section A was not applicable.

Specific rules

Article 6 titled "Indemnity payable by insurer" further provides for specific rules. Paragraphs 6.5 through 6.9 of that article contain rules specific to indemnification for certain insured vehicles.

The tables below show the content of those paragraphs and compare it against that of the 2010 policy.

• Paragraph 6.5 - Specific rules for vehicle of which named insured has recently become the owner

The specific rule set forth in Paragraph 6.5 of the plain language policy clarifies the information contained in Article 3 (b), *General provisions, definitions and exclusions* of the 2010 policy. That rule concerns the indemnity payable by the insurer under the coverage provided in Section A for vehicles of which the name insured has recently become the owner.

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<p data-bbox="483 615 837 678" style="text-align: center;">GENERAL PROVISIONS, DEFINITIONS AND EXCLUSIONS</p> <p data-bbox="410 695 553 718">3. DEFINITIONS</p> <p data-bbox="410 732 704 756">the words the automobile mean:</p> <p data-bbox="410 770 941 894">(b) a Newly Acquired Automobile - an automobile that is acquired by the Insured as owner or as lessee for at least one year or as lessee under a contract of leasing and, within fourteen days following the date of its delivery to the Insured, is notified to the Insurer, if:</p> <ul data-bbox="431 909 940 995" style="list-style-type: none">- such automobile replaces an automobile described in the Declarations, or- such automobile is an additional automobile. <p data-bbox="431 1010 941 1211">Such additional automobile shall then be insured to the extent of the least of existing coverages on all automobiles under the various contracts issued by the Insurer, provided however that the Insurer insures all automobiles owned by the Insured or leased by the Insured for at least one year or leased by him or her under a contract of leasing on such delivery date and that the Insured has no specific insurance in respect of such additional automobile on the date of loss.</p> <p data-bbox="410 1226 941 1274">In addition, the Insured agrees to pay any additional premium required.</p> <p data-bbox="410 1289 941 1337">Insurance hereunder shall not apply if the Insured is engaged in the business of selling automobiles.</p>	<p data-bbox="1008 621 1341 644">6. INDEMNITY PAYABLE BY INSURER</p> <p data-bbox="1029 659 1481 707">6.5 Specific rules for vehicle of which the named insured has recently become the owner</p> <p data-bbox="1066 722 1495 795">A. The vehicle of which the named insured has recently become the owner will benefit from the same coverage as the described vehicle.</p> <p data-bbox="1066 810 1495 984">B. If the named insured has more than one described vehicle insured with the insurer, under one or more insurance contracts, the vehicle of which he or she has recently become the owner will be insured to the extent of the least of existing coverages on all such other vehicles.</p>

The coverage applicable to a vehicle of which the name insured has recently become the owner is easier to understand in the plain language policy because the information is presented in separate paragraphs.

• Paragraph 6.6 - Specific rules for temporary replacement vehicle

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<div data-bbox="477 296 706 338" style="text-align: center; border: 1px solid black; padding: 2px;">CONDITIONS</div> <p data-bbox="342 354 651 380">19. OTHER LIABILITY INSURANCE</p> <p data-bbox="342 394 873 569">Insurance under a contract evidenced by a valid owner's policy is, in respect of liability arising from or occurring in connection with the ownership, use or operation of an automobile owned by the Insured named in the policy and within the description or definition thereof in the policy, a first loss insurance, and insurance attaching under any other valid motor vehicle liability policy is excess insurance only.</p> <div data-bbox="342 611 837 653" style="text-align: center; border: 1px solid black; padding: 2px;">GENERAL PROVISIONS, DEFINITIONS AND EXCLUSIONS</div> <p data-bbox="342 669 646 695">4. TWO OR MORE AUTOMOBILES</p> <p data-bbox="342 709 873 909">(a) Subject to paragraph (c), when two or more automobiles are described hereunder (i) with respect to the use or operation of such Described Automobiles, each automobile shall be deemed to be insured under a separate policy; (ii) with respect to the use or operation of an automobile not owned by the Insured, the limit of the Insurer's liability shall not exceed the highest limit applicable to any one Described Automobile.</p> <p data-bbox="342 924 873 1098">(b) When the Insured owns, leases for at least one year or under a contract of leasing two or more automobiles which are insured as Described Automobiles under two or more automobile insurance contracts issued by the same insurer, the amount payable under all such contracts with respect to the use or operation of an automobile not owned by the Insured shall not exceed the highest amount.</p> <p data-bbox="363 1113 873 1161">In no event shall the Insurer pay more under this contract than the amount stated herein.</p>	<p data-bbox="940 306 1276 331">6. INDEMNITY PAYABLE BY INSURER</p> <p data-bbox="961 344 1455 369">6.6 Specific rules for temporary replacement vehicle</p> <p data-bbox="998 382 1455 457">A. Any civil liability insurance contract issued to the owner of a temporary replacement vehicle applies first.</p> <p data-bbox="998 470 1438 518">B. This Section A will apply only if the insurance of that owner is insufficient,</p> <ul data-bbox="1047 531 1455 644" style="list-style-type: none"> • up to the amount of insurance on the described vehicle, and • only for the amount exceeding the obligation of the owner's insurer. <p data-bbox="1024 657 1455 785">If the named insured has more than one described vehicle insured with the insurer, under one or more insurance contracts, the highest amount of insurance on those vehicles will apply.</p> <div data-bbox="915 900 1149 1173" style="border: 1px solid black; border-radius: 15px; padding: 10px; margin-top: 20px;"> <p>Paragraph 6.6 of the plain language policy is expressed more clearly than the content of the first paragraph of Article 19, <i>Conditions</i> of the 2010 policy.</p> </div> <div data-bbox="1206 810 1440 1062" style="border: 1px solid black; border-radius: 15px; padding: 10px; margin-top: 20px;"> <p>Paragraph 6.6 is also a simpler version of Articles 4 (a) and (b), <i>General provisions, definitions and exclusions</i> of the 2010 policy.</p> </div>

• Paragraph 6.7 - Specific rules for vehicle of which named insured is not the owner

Paragraph 6.7 of the plain language policy incorporates the content of Article 19, *Conditions* in the 2010 policy, as well as the third paragraph of Article 3 (d) and Articles 4 (a) and (b), *General provisions, definitions and exclusions* of that same policy.

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<div data-bbox="602 449 740 485" style="text-align: center; border: 1px solid black; padding: 2px;">CONDITIONS</div> <p>19. OTHER LIABILITY INSURANCE</p> <p>Insurance under a contract evidenced by a valid owner's policy is, in respect of liability arising from or occurring in connection with the ownership, use or operation of an automobile owned by the Insured named in the policy and within the description or definition thereof in the policy, a first loss insurance, and insurance attaching under any other valid motor vehicle liability policy is excess insurance only.</p> <p>However, insurance evidenced by a valid garage policy, not describing the specific automobile(s) insured, shall in respect to non-owned or customers' automobiles while being used, operated or worked upon in the course of the policyholder's business as a garage be a first loss insurance and insurance attaching under any other valid motor vehicle policy shall be excess insurance only.</p> <div data-bbox="407 951 898 987" style="text-align: center; border: 1px solid black; padding: 2px;">GENERAL PROVISIONS, DEFINITIONS AND EXCLUSIONS</div> <p>3. DEFINITIONS</p> <p>the words the automobile mean:</p> <div data-bbox="407 1077 943 1262" style="background-color: #fff9c4; padding: 5px;"> <p>(d) ...In respect of the exceptions stated in sub-paragraphs (i), (ii), (iii) and (iv) above, coverage shall nevertheless be afforded to the owner of the Described Automobile while driving a third party's vehicle up to the compulsory minimum amount required under the <i>Automobile Insurance Act</i> or the <i>Act respecting off-highway vehicles</i>, depending on the type of vehicle involved;</p> </div> <p>4. TWO OR MORE AUTOMOBILES</p> <p>(a) Subject to paragraph (c), when two or more automobiles are described hereunder (i) with respect to the use or operation of such Described Automobiles, each automobile shall be deemed to be insured under a separate policy; (ii) with respect to the use or operation of an automobile not owned by the Insured, the limit of the Insurer's liability shall not exceed the highest limit applicable to any one Described Automobile.</p> <p>(b) When the Insured owns, leases for at least one year or under a contract of leasing two or more automobiles which are insured as Described Automobiles under two or more automobile insurance contracts issued by the same insurer, the amount payable under all such contracts with respect to the use or operation of an automobile not owned by the Insured shall not exceed the highest amount.</p> <p>In no event shall the Insurer pay more under this contract than the amount stated herein.</p>	<p>6. INDEMNITY PAYABLE BY INSURER</p> <p>6.7 Specific rules for vehicle of which named insured is not the owner</p> <p>A. Any civil liability insurance contract issued to the owner of a vehicle of which the named insured is not the owner applies first.</p> <p>B. This Section A will apply only if the insurance of that owner is insufficient,</p> <ul style="list-style-type: none"> • up to the amount of insurance on the described vehicle, and • only for the amount exceeding the obligation of the owner's insurer. <p>If the named insured has more than one described vehicle insured with the insurer, under one or more insurance contracts, the highest amount of insurance on those vehicles will apply.</p> <div data-bbox="1057 961 1524 1251" style="background-color: #fff9c4; padding: 5px;"> <p>C. For the four exceptions described in the definition of vehicle of which the named insured is not the owner and subject to the conditions set out therein, the amount of insurance is limited to the minimum amount prescribed by either of the following laws , depending on the type of motor vehicle involved in the loss:</p> <ul style="list-style-type: none"> • <i>Automobile Insurance Act</i>; or • <i>An Act Respecting Off-highway Vehicles</i>. </div> <div data-bbox="1084 1457 1544 1829" style="background-color: #fff9c4; padding: 5px; margin-top: 10px;"> <p>The rules set out in Paragraphs 6.6 and 6.7 are identical. Only the addition of Subparagraph C in Paragraph 6.7 limits the amount of insurance depending on the type of vehicle involved in the loss. That amount is determined on the basis of the laws indicated in Paragraph 6.7.</p> <p>It becomes more obvious, upon reading Subparagraph C, that it concerns a limitation of the amount of insurance and not an exception to the four exceptions described in Article 3 (d), <i>General provisions, definitions and exclusions</i> of the 2010 policy.</p> </div>

• Paragraph 6.8 - Specific rules for trailers or semi-trailers attached to a motor vehicle

Paragraph 6.8 combines the rules for indemnity payment that apply under Section A, when damage is caused while a trailer or semi-trailer is attached to a motor vehicle.

The rules set forth in Paragraph 6.8 of the plain language policy can be found in Articles 4 (c) and 3 (d), *General provisions, definitions and exclusions* of the 2010 policy.

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<p style="text-align: center;">GENERAL PROVISIONS, DEFINITIONS AND EXCLUSIONS</p> <p>4. TWO OR MORE AUTOMOBILES</p> <p>(c) A motor vehicle and one or more trailers or semi-trailers attached thereto shall be held to be one automobile under section A. Where two or more automobiles are insured under one or more contracts issued by the same insurer, only one amount of insurance, the highest, shall apply in the event of loss under section A.</p> <p style="text-align: center;">GENERAL PROVISIONS, DEFINITIONS AND EXCLUSIONS</p> <p>3. DEFINITIONS</p> <p>the words the automobile mean:</p> <p>(d) ...In respect of the exceptions stated in sub-paragraphs (i), (ii), (iii) and (iv) above, coverage shall nevertheless be afforded to the owner of the Described Automobile while driving a third party's vehicle up to the compulsory minimum amount required under the <i>Automobile Insurance Act</i> or the <i>Act respecting off-highway vehicles</i>, depending on the type of vehicle involved;</p>	<p>6. INDEMNITY PAYABLE BY INSURER</p> <p>6.8 Specific rules for trailers or semi-trailers attached to a motor vehicle</p> <p>A. When one or more trailers or semi-trailers are attached to a motor vehicle, they will be held to be one and the same vehicle.</p> <p>This rule means that, if damage is caused by the motor vehicle, trailer or semi-trailer, a single amount of insurance will apply, namely, the highest amount.</p> <p>B. The same rule will apply if the vehicles are insured under different insurance contracts with the insurer.</p> <p>C. For the four exceptions described in the definition of vehicle of which the named insured is not the owner and subject to the conditions set out therein, the amount of insurance is limited to the minimum amount prescribed by either of the following laws , depending on the type of motor vehicle involved in the loss:</p> <ul style="list-style-type: none"> • <i>Automobile Insurance Act</i>; or • <i>An Act Respecting Off-highway Vehicles</i>.

• Paragraph 6.9 - Specific rules for insured vehicle in custody of someone engaged in a garage business

Paragraph 6.9 aims to partially reproduce Article 19, *Conditions* of the 2010 policy.

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<div style="text-align: center; border: 1px solid black; padding: 5px; margin-bottom: 10px;">CONDITIONS</div> <p>19. OTHER LIABILITY INSURANCE ...</p> <p>However, insurance evidenced by a valid garage policy, not describing the specific automobile(s) insured, shall in respect to non-owned or customers' automobiles while being used, operated or worked upon in the course of the policyholder's business as a garage be a first loss insurance and insurance attaching under any other valid motor vehicle policy shall be excess insurance only.</p>	<p>6. INDEMNITY PAYABLE BY INSURER</p> <p>6.9 Specific rules for insured vehicle in custody of a person engaged in a garage business</p> <p>When damage is caused by an insured vehicle in the custody of a garage business at the time of loss:</p> <p>A. The insurance contract of the person who engages in a garage business and in whose custody the vehicle has been placed applies first, provided such contract covers the person's civil liability without expressly designating the vehicles that are insured.</p> <p>B. This Section A only applies if such person's insurance is insufficient,</p> <ul style="list-style-type: none"> • up to the applicable amount of insurance, and • only for the amount exceeding the obligation of that person's insurer.

Article 19, *Conditions* of the 2010 policy is derived from the content of section 112 A/A. Under the terms of that section, the civil liability insurance of a garage business is a first loss insurance. However, the terms used in the plain language policy are easier to understand.

**SECTION B: COVERAGE FOR DAMAGE TO INSURED VEHICLES
(OPTIONAL INSURANCE)**

The heading for Section B in the plain language policy clearly indicates that it is an optional insurance.

Generally speaking, the structure of Section B is similar to that of Section A.

Section B contains eight articles, namely:

1. Insured person
2. Insured vehicles
3. Principal coverage
4. Additional coverages
5. Coverage for temporary replacement vehicles
6. Exclusions
7. Deductible payable by named insured
8. Indemnity payable by insurer

Because the terminology used in Section B of the plain language policy is the same as that used in Section A, it should be much easier to understand, as the notions have already been seen.

Also in this section, not all of the articles are included in this presentation. We only discuss those deserving further explanation.

1. Insured person

Section B is property insurance. It therefore covers the named insured for damage suffered by the insured vehicle, as defined below.

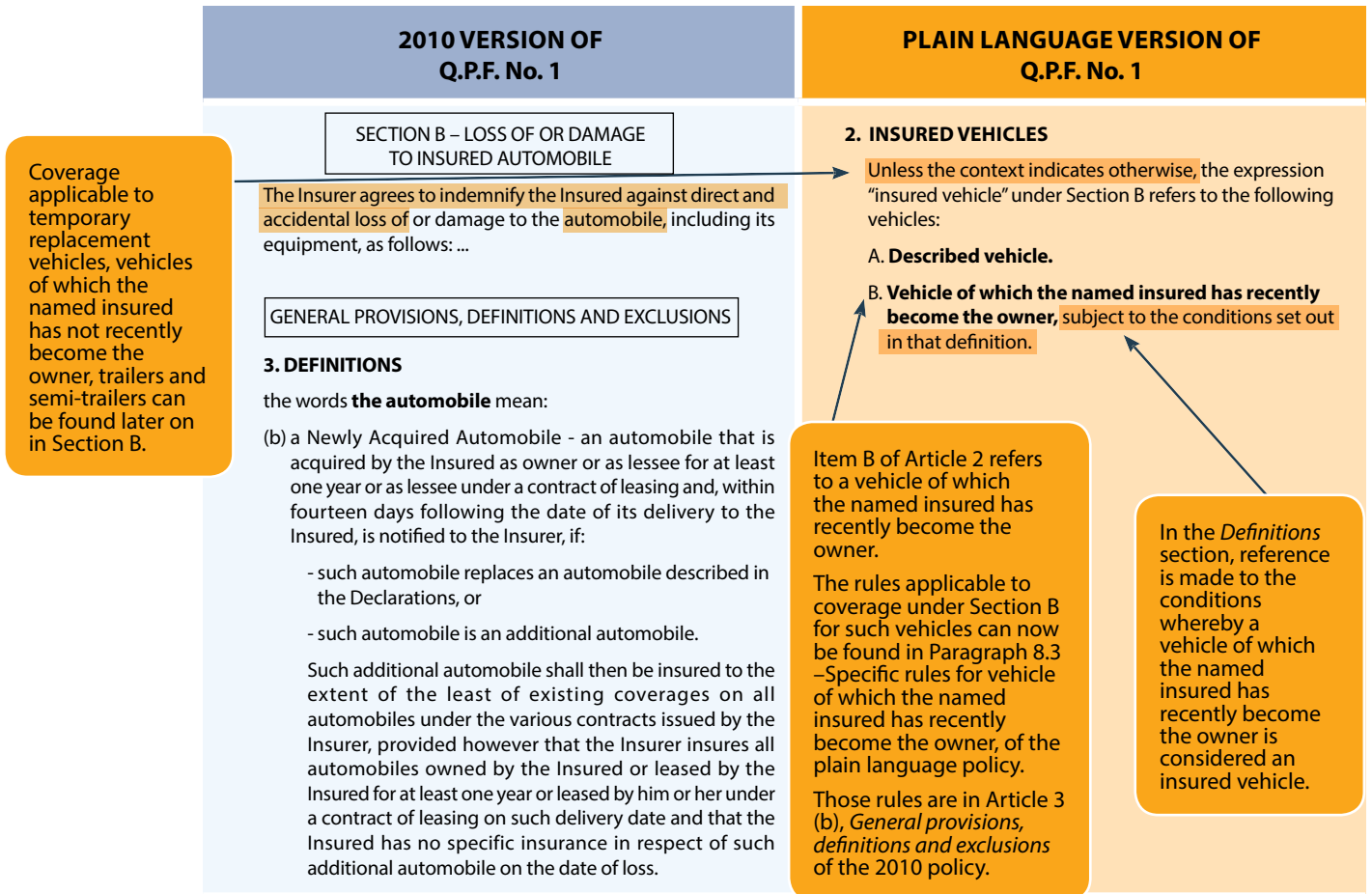
2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<div style="border: 1px solid black; padding: 5px; text-align: center;">SECTION B – LOSS OF OR DAMAGE TO INSURED AUTOMOBILE</div> <p>The Insurer agrees to indemnify the Insured against direct and accidental loss of or damage to the automobile, including its equipment, as follows: ...</p>	<p>1. INSURED PERSON</p> <p>The insured person under Section B is the named insured.</p> <p><i>To determine which persons are insured when a temporary replacement vehicle is involved in a loss, refer to Article 5, Section B.</i></p>

The 2010 policy specifies who is insured under Section B, for which vehicle and against which risks in a single sentence. Those details can now be found in three different articles in Section B of the plain language policy.

In the second paragraph of Article 1, Section B of the plain language policy, reference is made to Article 5 of the same section for further information on insured person.

2. Insured vehicles

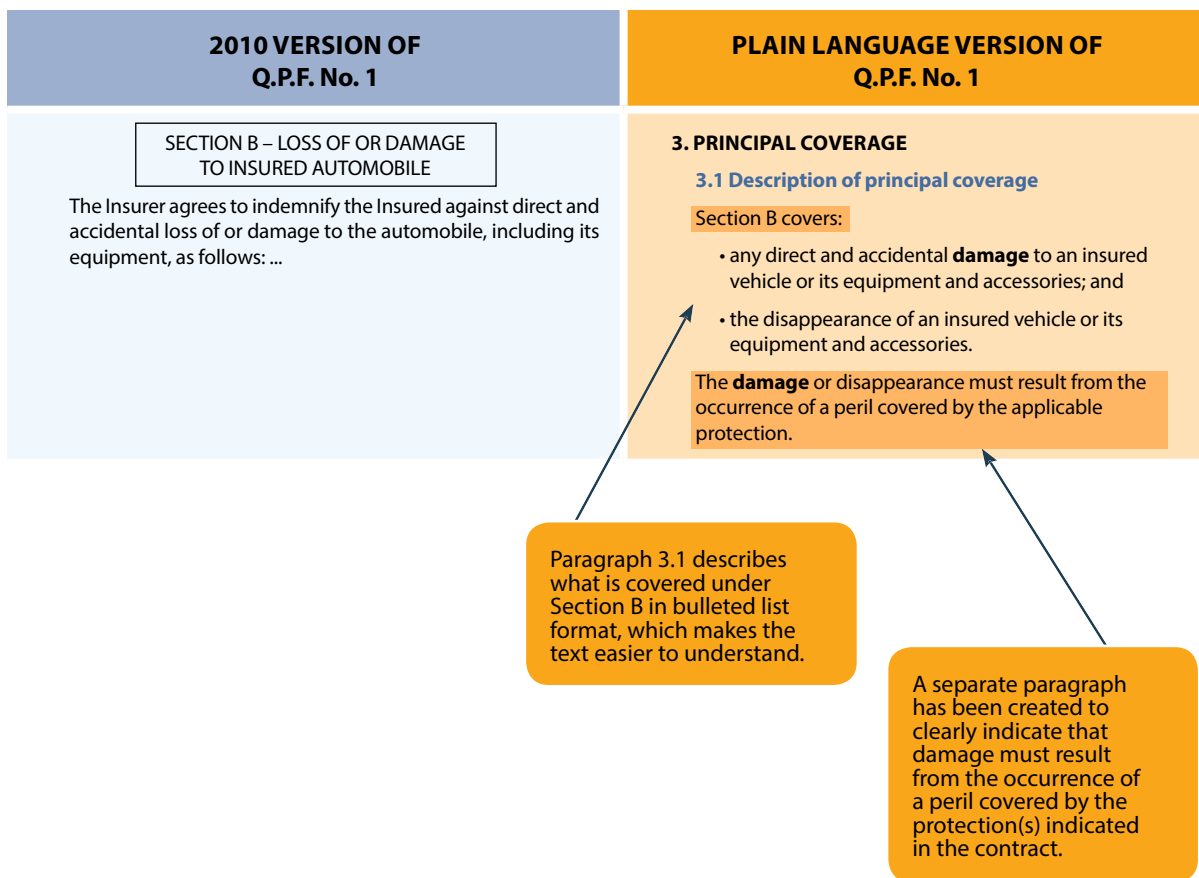
The vehicles referred to in Section B are the “described vehicle” and “vehicles of which the named insured has recently become the owner.”



3. Principal coverage

Article 3 of Section B contains a description of the principal coverage as well as its protections.

• Paragraph 3.1 – Description of principal coverage



• Paragraph 3.2 – Description of protections

The different subsections under Section B of the 2010 policy are now called *protections* in the plain language policy. This term, which better illustrates the content of the coverage under Section B, is more meaningful for insureds.

The perils covered under each protection, however, are the same as those covered under the articles of Section B in the 2010 policy.

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<p>Subsection 1 – ALL PERILS</p> <p>Subsection 2 – COLLISION OR UPSET</p> <p>Collision includes collision with (a) a vehicle to which the automobile is attached and (b) the surface of the ground.</p> <p>Upset means the total or partial upset of the automobile.</p>	<p>3.2 Description of protections</p> <p>To determine which protection applies, refer to Item 4, "Declarations."</p> <p>3.2.1 Protection 1 – "All perils" coverage</p> <p>This protection covers damage caused by any type of peril. However, perils and damage as listed in Article 6, Section B are excluded.</p> <p>3.2.2 Protection 2 – Coverage against perils of collision and upset</p> <p>This protection covers damage caused by the perils of collision and upset.</p> <p>"Collision" includes:</p> <ul style="list-style-type: none"> • any collision between an insured vehicle and the ground; • any collision between two vehicles attached to each other; and • any collision between an insured vehicle and a person or an animal. <p>"Upset" of an insured vehicle may be partial or total. However, perils and damage as listed in Article 6, Section B are excluded.</p>

The last sentence of each paragraph concerning the protections refers to Article 6 Exclusions, Section B.

This clarification avoids any possible ambiguity, mostly as regards Protection 1 – "All perils" coverage. Without this clarification, insureds might think that any damage will be covered.

In the 2010 policy, it is not clear that collision with a person or an animal is admissible under Subsection 2 in the absence of Subsection 3.

This has now been clarified in the plain language policy with the addition of the third bullet. The scope of the coverage, however, has not been changed. In the absence of Protection 3, collision with a person or an animal is admissible as well under Protection 2.

A claims adjuster must indemnify all covered damage based on the protection purchased by the insured. The addition of this clarification in the policy will help the adjuster present the best settlement possible to the insured and will confirm his or her role as an advisor.

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<p>Subsection 3 – COMPREHENSIVE – meaning any peril other than collision or upset</p> <p>For the purpose of subsection 3, loss or damage caused by missiles, falling or flying objects, fire, theft, explosion, earthquake, windstorm, hail, rising water, malicious mischief, riot or civil commotion shall be deemed loss or damage caused by perils for which insurance is provided under subsection 3. In addition, coverage under subsection 3 is extended to include loss or damage caused by collision with a person or with an animal.</p>	<p>3.2.3 Protection 3 - Coverage against perils other than collision or upset</p> <p>This protection covers damage caused by perils other than collision or upset.</p> <p>Coverage includes damage caused by the following perils:</p> <ul style="list-style-type: none"> • the perils listed in Protection 4; • falling or flying objects; • malicious mischief; and • projectiles. <p>Like Protection 2, this protection also covers damage caused by a collision between an insured vehicle and a person or an animal.</p> <p>However, perils and damage as listed in Article 6, Section B are excluded.</p>
<p>Subsection 4 – SPECIFIED PERILS – meaning fire, lightning, theft or attempted theft, explosion, earthquake, windstorm, hail, rising water, riot or civil commotion, falling or forced landing of aircraft or of parts of aircraft, or the stranding, sinking, burning, derailment or collision of any conveyance in or upon which the automobile is being transported on land or water.</p>	<p>3.2.4 Protection 4 - Coverage against specific perils</p> <p>This protection only covers damage caused by the following perils:</p> <ul style="list-style-type: none"> • attempted theft; • civil commotion; • earthquakes; • explosions; • falling or forced landing of aircraft or parts of aircraft; • fire; • hail; • lightning; • riots; • rising water; • stranding, sinking, burning, derailment or collision of any vehicle or vessel in or upon which an insured vehicle is being transported; • theft; and • windstorms. <p>However, perils and damage as listed in Article 6, Section B are excluded.</p>

As regards Protection 3, it is now clear in the plain language version of Q.P.F. No. 1 that it encompasses all the perils of Protection 4.

The indication “like Protection 2” has been added to this coverage to avoid any confusion in light of the fact that it may seem strange that two different protections cover the same peril.

Covered perils are presented in alphabetical order and in bulleted list format instead of in a long enumerative sentence, for easier reading.

5. Coverage for temporary replacement vehicles

Article 5 in the plain language version of Q.P.F. No. 1 concerns the application of coverage under Section B to temporary replacement vehicles.

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<p style="text-align: center;">SECTION B – LOSS OF OR DAMAGE TO INSURED AUTOMOBILE</p> <p>ADDITIONAL AGREEMENTS</p> <p>(A) Where loss or damage arises from a peril insured under section B, the Insurer further agrees:</p> <p>(4) to indemnify the Insured and any other person who personally drives a Temporary Substitute Automobile as defined in General Provision 3(c) against the contractual or extracontractual liability of the Insured or such other person for direct and accidental loss or damage to such automobile and arising from the care, custody and control thereof, provided always that:</p> <ul style="list-style-type: none">(a) such indemnity is subject to the deductible clause and exclusions of the applicable subsection;(b) if the owner of such automobile has insurance against any peril insured by this section, the indemnity provided herein shall be limited to the sum by which the deductible amount, if any, of such other insurance exceeds the deductible amount stated in the applicable subsection of this policy;(c) the Additional Agreements under section A shall, insofar as they are applicable, extend to the indemnity provided herein.	<p>5. COVERAGE FOR TEMPORARY REPLACEMENT VEHICLES</p> <p>The insurer will indemnify the named insured and the driver of a temporary replacement vehicle against the financial consequences they may incur when they are civilly liable for:</p> <ul style="list-style-type: none">• direct and accidental damage to the vehicle; or• disappearance of the vehicle. <p>Civil liability may be contractual or extracontractual.</p> <p>The following conditions apply:</p> <ul style="list-style-type: none">• the coverage applicable to the temporary replacement vehicle, i.e., coverage of the described vehicle that it replaces, must include the peril that caused the damage; and• the named insured or the driver must have the care, custody or control of the vehicle. <p>The additional coverages under Section B do not apply to this coverage. However, the additional coverages under Section A may apply, as the case may be.</p> <p>Coverage is subject to the exclusions listed in Article 6, Section B.</p> <p>The indemnity payable by the insurer is determined in accordance with the rules set out in Article 8, Section B.</p>

It is now clearly indicated that the protection applicable to a temporary replacement vehicle is that of the described vehicle, which may be confusing in the 2010 policy. This reflects the industry practice.

It has been specified that the additional coverages under Section B do not apply to the temporary replacement vehicle, as it is not one of the vehicles insured under Section B.

However, the additional coverages under Section A may apply to that vehicle, where applicable.

8. Indemnity payable by insurer

Article 8 of Section B in the plain language version of Q.P.F. No. 1 follows the structure of Article 6 titled “Indemnity payable by insurer” under Section A in the plain language version of Q.P.F. No. 1. The paragraphs of that article are as follows:

8.1 - General rule

8.2 - Time of payment

8.3 - Specific rules for vehicle of which named insured has recently become the owner

8.4 - Specific rules for temporary replacement vehicle

8.5 - Specific rules for trailers or semi-trailers attached to a motor vehicle

A comment is provided below with regard to Paragraph 8.3 only, as the content of Paragraphs 8.1, 8.4 and 8.5 has already been commented on in Section A.

As regards Paragraph 8.2 – Time of payment, it reproduces the content of Article 15 – Time of payment in the *Conditions* section of the 2010 version of Q.P.F. No. 1.

• Paragraph 8.3 - Specific rules for vehicle of which the named insured has recently become the owner

This paragraph of the plain language policy specifies the conditions whereby coverage under Section B applies to vehicles of which the named insured has recently become the owner.

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<p style="text-align: center;">GENERAL PROVISIONS, DEFINITIONS AND EXCLUSIONS</p> <p>3. DEFINITIONS</p> <p>the words the automobile mean:</p> <p>(b) a Newly Acquired Automobile - an automobile that is acquired by the Insured as owner or as lessee for at least one year or as lessee under a contract of leasing and, within fourteen days following the date of its delivery to the Insured, is notified to the Insurer, if:</p> <ul style="list-style-type: none">- such automobile replaces an automobile described in the Declarations, or- such automobile is an additional automobile. <p>Such additional automobile shall then be insured to the extent of the least of existing coverages on all automobiles under the various contracts issued by the Insurer, provided however that the Insurer insures all automobiles owned by the Insured or leased by the Insured for at least one year or leased by him or her under a contract of leasing on such delivery date and that the Insured has no specific insurance in respect of such additional automobile on the date of loss.</p>	<p>8. INDEMNITY PAYABLE BY INSURER</p> <p>8.3 Specific rules for vehicle of which the named insured has recently become the owner</p> <p>A. If a vehicle of which the named insured has recently become the owner replaces or is in addition to a sole described vehicle:</p> <ul style="list-style-type: none">• coverage will be the same as for the described vehicle;• the deductible will be the same as for the described vehicle. <p>B. If the vehicle is in addition to more than one described vehicle covered under one or more insurance contracts with the insurer:</p> <ul style="list-style-type: none">• damage will be covered only to the extent that all the described vehicles are covered, at the date of loss, for the peril that caused the damage;• the applicable deductible will be the highest of all deductibles for the protections covering the peril that caused the damage.

Under the terms of the plain language policy, it becomes clear that a “vehicle of which the named insured has recently become the owner” is covered for the perils common to the applicable protections written on all the described vehicles, to which that new vehicle is added.

If an insured has Protection 3 on one vehicle and Protection 1 on another vehicle, Protection 3 is considered to be the one common to all the vehicles since it includes perils common to both protections.

GENERAL CONDITIONS

This section of the plain language policy combines some of the *Conditions* of the 2010 policy.

1. Laws applicable to insurance contract

Article 1 of the *General conditions* section incorporates the introduction in the *Conditions* section of the 2010 policy.

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<p style="text-align: center;">CONDITIONS</p> <p>This contract is subject to the <i>Civil Code of Quebec</i>, the <i>Code of Civil Procedure of Quebec</i>, the <i>Automobile Insurance Act</i> and its regulations and the <i>Act respecting off-highway vehicles</i> if applicable.</p>	<p>1. LAWS APPLICABLE TO INSURANCE CONTRACT</p> <p>The insurance contract is governed by the following laws:</p> <ul style="list-style-type: none">• <i>Civil Code of Quebec</i>;• <i>Code of Civil Procedure</i> of Quebec;• <i>Automobile Insurance Act</i> and its regulations; and• <i>An Act Respecting Off-highway Vehicles</i>, where applicable. <p>Some of the general conditions of the insurance contract are a simplified version of the requirements of the above laws. In case of any ambiguity or discrepancy, the terms of the laws will prevail.</p>

The presentation of this article in a bulleted list format makes it easier to read and understand.

5. Disclosure to insurer

Article 5, *General conditions* of the plain language policy incorporates the content of Articles 1 through 3 of the *Conditions* section of the 2010 policy.

• Paragraph 5.3 – Consequences of misrepresentation or non disclosure

When an insured falsely declares or voluntarily fails to disclose to the insurer information that he or she should have reported (concealment), the insured may, under certain circumstances, have his or her policy nullified or be subject to a reduction of the indemnity to which he or she would have been entitled. Owing to its impact on the validity of the policy and on claims, the content of Paragraph 5.3 is reproduced in the table below.

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<p style="text-align: center;">CONDITIONS</p> <p>3. MISREPRESENTATIONS OR CONCEALMENT</p> <p>Section A of the policy may be nullified at the instance of the Insurer where the Insured or the client has misrepresented or concealed relevant facts mentioned in Condition 1 and in the first paragraph of Condition 2 which are likely to materially influence a reasonable insurer in the decision to cover the risk. Unless such misrepresentation or concealment is established, the Insurer remains liable towards the Insured for such proportion of the indemnity as the premium he collected bears to the premium he should have collected.</p> <p>Section B of the policy may be nullified at the instance of the Insurer where the Insured or the client has misrepresented or concealed relevant facts mentioned in Condition 1 and in the first paragraph of Condition 2 which are likely to materially influence a reasonable insurer, even in respect of losses not connected with the risk so misrepresented or concealed. Unless the bad faith of the Insured or the client is established or unless it is established that the Insurer would not have covered the risk if he had known the true facts, the Insurer remains liable towards the Insured for such proportion of the indemnity as the premium he collected bears to the premium he should have collected.</p>	<p>5. DISCLOSURE TO INSURER</p> <p>5.3 Consequences of misrepresentation or non-disclosure</p> <p>5.3.1 Consequences for Section A</p> <p>A. Nullification of Section A</p> <p>Section A may be nullified at any time at the instance of the insurer if:</p> <ul style="list-style-type: none">a) the client or an insured person:<ul style="list-style-type: none">• has falsely declared any of the information that must be reported, as stated in Articles 5.1 and 5.2 of this section (known as “misrepresentation”); or• has voluntarily failed to disclose any of the information referred to in Articles 5.1 and 5.2 of this section (known as “concealment”);andb) such misrepresentation or concealment is likely to substantially influence a reasonable insurer in the decision to cover the risk. <p>B. Reduction of indemnity following a loss</p> <p>If, following a loss, the insurer fails to establish that the misrepresentation or concealment was likely to substantially influence a reasonable insurer in the decision to cover the risk, the insurer will be required to pay a portion of the indemnity.</p> <p>The indemnity is calculated in proportion to the insurance premium established by the insurer before becoming aware of the misrepresentation or concealment, divided by the insurance premium that the insurer would have established, had the client or the insured person provided the information that they were required to disclose.</p>

In the plain language policy, the information contained in Article 3, *Conditions* of the 2010 policy is presented in two separate parts. That way, the text clearly shows the possible consequences of either misrepresentation or concealment.

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
	<p>5.3.2 Consequences for Section B</p> <p>A. Nullification of Section B</p> <p>Section B may be nullified at any time at the instance of the insurer if:</p> <p>(a) the client or an insured person:</p> <ul style="list-style-type: none"> • has falsely declared any of the information that must be reported, as stated in Articles 5.1 and 5.2 of this section (known as “misrepresentation”); or • has voluntarily failed to disclose any of the information referred to in Articles 5.1 and 5.2 of this section (known as “concealment”); <p>and</p> <p>(b) such misrepresentation or concealment is likely to substantially influence a reasonable insurer in the decision to cover the risk.</p> <p>Following a loss, Section B may be nullified at the instance of the insurer even if the loss does not result from the risk so misrepresented or concealed.</p> <p>B. Reduction of indemnity following a loss</p> <p>Following a loss, and notwithstanding any misrepresentation or concealment, the insurer is required to pay a portion of the indemnity if the insurer fails to establish:</p> <ul style="list-style-type: none"> • the bad faith of the named insured or the client; or • that it would not have covered the risk, had it known the true facts. <p>The indemnity is calculated in proportion to the insurance premium established by the insurer before becoming aware of the misrepresentation or concealment, divided by the insurance premium that the insurer would have established, had the client or the insured person provided the information that they were required to disclose.</p>

Subparagraph 5.3.2 mirrors the consequences referred to in Subparagraph 5.3.1, but for Section B.

In both Section A and Section B, the plain language policy explains, in easy-to-understand terms, how the indemnity is calculated in the event of misrepresentation or concealment.

6. Breach of warranty

Article 6 incorporates the content of Article 4, *Conditions* of the 2010 policy.

	2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<p>In the 2010 policy, Article 4 of the <i>Conditions</i> section discusses "Breach of Warranty" in two relatively complex sentences.</p> <p>In the plain language policy, in addition to being formatted in a bulleted list, the text includes the addition of a sentence that informs insureds as to where information concerning warranties can be found.</p>	<p style="text-align: center;">CONDITIONS</p> <p>4. BREACH OF WARRANTY</p> <p>A breach of warranty aggravating the risk suspends the coverage. The suspension ceases upon the acquiescence of the Insurer or the remedy of the breach.</p>	<p>6. BREACH OF WARRANTY</p> <p>In the event of a breach of warranty aggravating the risk, coverage of the risk subject to the warranty will be suspended.</p> <p>The suspension will cease when:</p> <ul style="list-style-type: none"> • an insured person remedies the breach; or • the insurer gives its consent. <p>Warranties may be found, among others, in:</p> <ul style="list-style-type: none"> • the "<i>Declarations</i>" section; and • the endorsements.

7. Prohibited use of insured vehicle

Article 7, for its part, incorporates the content of Article 5, *Conditions* of the 2010 policy.

	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<p style="text-align: center;">CONDITIONS</p> <p>5. PROHIBITED USE</p> <p>The Insured shall not drive or operate the automobile nor permit the use of the automobile by others:</p> <p>(a) unless the driver is for the time being authorized by law or qualified to drive or operate the automobile, or while he is under the age of 16 years or under such other age as is prescribed by law to drive an automobile;</p> <p>(b) for any illicit trade or transportation;</p> <p>(c) in any race or speed test.</p> <p>The text of the 2010 policy contains a series of negative statements, making the scope of prohibited use difficult to understand.</p> <p>The rewritten text and its bulleted list layout specify the behaviours relating to operation and use of the vehicle prohibited by the insurer.</p>	<p>7. PROHIBITED USE OF INSURED VEHICLE</p> <p>The insured vehicle may not be driven or operated by the insured persons</p> <p>a) When the insured persons:</p> <ul style="list-style-type: none"> • are under 16 years of age or the legal age to drive; and • are not authorized to drive, by law, or qualified to drive or operate the vehicle. <p>b) To make any illicit trade or transportation.</p> <p>c) To participate in a race or speed test.</p> <p>In addition, the insured persons are not to allow another person to use the insured vehicle in the above situations.</p>

REPORTING A LOSS AND SUBMITTING A CLAIM

The *Reporting a loss and submitting a claim* section, which contains six articles, outlines the insured's obligations towards the insurer. Among other things, it informs the insured about what needs to be done in the event of a claim and explains how the value of damage is established.

1. What to do in the event of a loss

The paragraphs and subparagraphs presented in this article combine, in that order, the content of Conditions 7, 8, 9, 10 and 11 of the 2010 policy.

The plain language policy clearly presents what must be done in the event of a loss, and the content is easier to understand.	2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
	<p style="text-align: center;">CONDITIONS</p> <p>This contract is subject to the <i>Civil Code of Quebec</i>, the <i>Code of Civil Procedure of Quebec</i>, the <i>Automobile Insurance Act</i> and its regulations and the <i>Act respecting off-highway vehicles</i> if applicable.</p> <p>7. NOTICE OF LOSS</p> <p>The Insured shall notify the Insurer of any loss which may give rise to an indemnity, as soon as he becomes aware of it. Any interested person may give such notice.</p> <p>The failure to fulfil the obligation set out in the preceding paragraph entails forfeiture of the right to indemnity where such failure has caused prejudice to the Insurer.</p> <p>8. INFORMATION TO BE PROVIDED</p> <p>At request of the Insurer, the Insured shall inform the Insurer as soon as possible of all the circumstances surrounding the loss, including its probable cause, the nature and extent of the damage, the location of the insured property, the rights of third parties, and any concurrent insurance; he shall also furnish him with vouchers and swear or warrant to the truth of the information.</p> <p>Where, for a serious reason, the Insured is unable to fulfil such obligation, he is entitled to a reasonable time in which to do so. If the Insured fails to fulfil his obligation, any interested person may do so on his behalf.</p> <p>In addition, the Insured shall forthwith send to the Insurer a copy of any notice, letter, summons or proceeding received in connection with a claim.</p>	<p>1. WHAT TO DO IN THE EVENT OF A LOSS</p> <p>1.1 Report information to insurer</p> <p>1.1.1 Report the loss</p> <p>Notice must be given to the insurer as soon as an insured person becomes aware of a loss that may be covered under the insurance contract.</p> <p>Any interested person may give such notice to the insurer.</p> <p>Failure to fulfil the obligation to report the loss will result in the loss of his or her right to indemnity for the insured person if such failure causes prejudice to the insurer.</p> <p>1.1.2 Report any additional information</p> <p>When so requested by the insurer, the insured person will be required to inform the insurer as soon as possible of all the circumstances surrounding the loss, including:</p> <ul style="list-style-type: none">• the probable cause of the loss;• the nature and extent of the damage;• the location of the insured vehicle or any other property;• the rights of another person; and• any other insurance contracts that may apply. <p>The insured person must also provide the insurer with supporting documents and declare under oath that all of the information provided is true.</p> <p>If, for any serious reason, the insured person is unable to fulfil these obligations as soon as possible, the insured person will be entitled to a reasonable time in which to do so.</p> <p>If the insured person fails to fulfil these obligations, any interested person may do so on the insured person's behalf.</p> <p>The insured person must also provide the insurer promptly with a copy of any documents received in connection with a claim, including:</p> <ul style="list-style-type: none">• notices;• letters; and• summons and any other legal process.

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Q.P.F. No. 1**

9. DECEITFUL REPRESENTATION

Any deceitful representation relating to a loss entails the loss of the right of the person making it to any indemnity in respect of the risk to which the representation relates.

However, if the occurrence of the event insured against entails the loss of both property for occupational use and personal property, forfeiture is incurred only with respect to the class of property to which the representation relates.

10. ABANDONMENT, SAFEGUARDING AND EXAMINATION OF PROPERTY

The Insured may not abandon the damaged property if there is no agreement to that effect with the Insurer.

The Insured shall facilitate the salvage and inspection of the insured property by the Insurer. He shall, in particular, permit the Insurer and his representatives to visit the premises and examine the insured automobile and its equipment.

In addition, the Insured shall at the expense of the Insurer, and as far as reasonably possible, protect the automobile from further loss or damage, and any such further loss or damage accruing directly or indirectly from a failure to protect shall not be recoverable hereunder. No repairs shall be undertaken or any physical evidence of the loss or damage removed without the written consent of the Insurer, except such repairs as are immediately necessary for the protection of the automobile from further loss or damage, or until the Insurer has had a reasonable time to make the examination provided for in Condition 6.

**PLAIN LANGUAGE VERSION OF
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1.1.3 Consequences of deceitful representations

If a person makes a deceitful representation relating to a **loss**, the person will lose his or her right to an indemnity. The person will lose that right solely with respect to the **damage** caused by the occurrence of the peril to which the deceitful representation relates.

However, if the occurrence of the peril caused **damage** both to property for occupational use and to personal property, the person will lose his or her right to indemnity solely with respect to the **damage** caused to the class of property to which the deceitful representation relates.

1.2 Fulfil obligations relating to insured vehicle

1.2.1 Do not abandon insured vehicle

The insured person must not abandon the insured vehicle or any other damaged property without the **insurer's** consent.

1.2.2 Facilitate the salvage and examination of the insured vehicle by the insurer

The insured person must facilitate the salvage of the insured vehicle and any other insured property.

The insured person must also facilitate the examination by the **insurer**. This includes allowing the **insurer** and its representatives to visit any premises and examine the insured vehicle and its equipment and accessories.

1.2.3 Protect the insured vehicle

The insured person must ensure the protection of the insured vehicle from further loss or **damage**, as far as reasonably possible and at the expense of the **insurer**.

If the insured person fails to fulfil this obligation, any **damage** resulting directly or indirectly will be at the insured person's expense.

1.2.4 Do not perform repairs or remove physical evidence

Until the **insurer** has had a reasonable time to examine the insured vehicle, as provided for in Article 8, "General conditions":

- no repairs must be made to the vehicle; and
- no physical evidence of the **damage** must be removed from the vehicle

However, such actions may be taken if

- they are necessary to protect the insured vehicle; or
- the **insurer** gives its consent in writing.

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<p>11. ADMISSION OF LIABILITY AND COOPERATION</p> <p>No transaction made without the consent of the Insurer may be set up against him.</p> <p>The Insured shall not admit any liability nor settle or attempt to settle any claim, except at his own cost.</p> <p>The Insured shall cooperate with the Insurer in the processing of all claims.</p>	<p>1.3 Refrain from commenting on liability and from settling claim</p> <p>Except at his or her own cost, following a loss, the insured person must refrain:</p> <ul style="list-style-type: none"> • from commenting on his or her liability; and • from settling or attempting to settle any claim. <p>Should an insured person enter into an agreement (called a “transaction”) in respect of the loss, without the consent of the insurer, the insurer will not be bound by such agreement.</p> <p>1.4 Cooperate with the insurer</p> <p>The insured person must cooperate with the insurer in the processing of any claim.</p>

2. How to calculate value of damage

The text of Article 2 also warrants special attention and, for that reason, it is compared in the table on the next page against the text of Article 12, *Conditions* of the 2010 policy.

This article has three separate paragraphs that concern valuation of damage, as follows:

- 2.1 – Value of damage payable by insurer for repair of insured vehicle
- 2.2 – Value of damage payable by insurer for insured vehicle if a total loss
- 2.3 – Value of damage where insurer may decide to repair, rebuild or replace damaged property

• Paragraph 2.1 – Value of damage payable by insurer for repair of insured vehicle

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CONDITIONS

12. VALUATION AND MANNER OF PAYMENT

The Insurer shall not be liable beyond the actual cash value of the automobile at the time any loss or damage occurs, and the loss or damage shall be ascertained or estimated with proper deduction for depreciation, however caused, and shall in no event exceed what it would cost to repair or replace the automobile or any part thereof with material of like kind and quality provided that in the event of any part of the automobile being obsolete and out of stock, the liability of the Insurer in respect thereof shall be limited to the value of original equipment manufacturer parts at the time of loss or damage not exceeding the manufacturer's latest list price.

For the purposes of the above coverage, the value of damages caused to the described automobile shall be based on original equipment manufacturer parts where the age of the automobile and mileage are less than two (2) years and forty thousand kilometres (40,000 km), or less than one (1) year in the case of an automobile used for commercial purposes. Where the age and mileage are greater, such value may be based on similar automobile parts. However, the Insured may opt for original equipment manufacturer parts, if available, by communicating such option to the Insurer at the time of the notice of loss. The Insurer shall then specify the applicable conditions and additional costs that the Insured shall assume as a result of such option.

[...]

In all cases, the salvage, if any, shall revert to the Insurer.

Did you know?

Original parts are parts produced by the original manufacturer, whereas similar parts are manufactured by specialized companies other than the original manufacturer.

Did you know?

Article 12 of the *Conditions* section was amended following an out-of-court settlement in 2006 to reflect the intentions of the parties involved.

That settlement resulted from a class action introduced in 2001 concerning the use of similar parts to repair vehicles.

PLAIN LANGUAGE VERSION OF Q.P.F. No. 1

2. HOW TO CALCULATE VALUE OF DAMAGE

The value of **damage** payable by the **insurer** may not be greater than the "actual cash value" of the insured vehicle.

Once the **named insured** has been indemnified, the **insurer** has the right to recover the damaged property in whole or in part.

2.1 Value of damage payable by insurer for repair of insured vehicle

The value of **damage** is determined on the basis of, among other things, the cost of materials at the time of **loss**.

The materials used to repair the insured vehicle, or to replace the damaged parts, must be of like kind and quality, taking into account any kind of depreciation.

2.1.1 Clarification concerning automobile body parts

The **insurer** will determine the cost of materials on the basis of original equipment manufacturer parts if

- the vehicle is less than two years old or has less than 40,000 km; or
- the vehicle is used for commercial purposes and is less than one year old.

In all other instances, the **insurer** may base its determination on the cost of similar automobile body parts. However, the **named insured** may ask for original equipment manufacturer parts, if available, and must then inform the **insurer** accordingly when reporting the **loss**. The **insurer** will then specify the applicable conditions and additional costs that the **named insured** will be required to pay.

2.1.2 Parts out of stock or no longer manufactured

If the materials needed to repair the vehicle include replacement parts that are out of stock or no longer manufactured, the liability of the **insurer** will be limited to the latest list price of original equipment manufacturer parts.

The **insurer** may also take into account any kind of depreciation.

Paragraph 2.1 reflects, in simpler terms, the content of the first two paragraphs and the last sentence of Article 12, *Conditions* of the 2010 policy.

The layout in the form of subparagraphs, rather than two long paragraphs, also helps to make this text easier to understand.

- Paragraph 2.2 - Value of damage payable by insurer for insured vehicle if a total loss and Paragraph 2.3 – Value of damage where insurer may decide to repair, rebuild or replace damaged property

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<div data-bbox="532 327 777 365" style="border: 1px solid black; text-align: center; padding: 2px;">CONDITIONS</div> <p data-bbox="410 375 813 399">12. VALUATION AND MANNER OF PAYMENT</p> <p data-bbox="410 413 940 690">The Insurer shall not be liable beyond the actual cash value of the automobile at the time any loss or damage occurs, and the loss or damage shall be ascertained or estimated with proper deduction for depreciation, however caused, and shall in no event exceed what it would cost to repair or replace the automobile or any part thereof with material of like kind and quality provided that in the event of any part of the automobile being obsolete and out of stock, the liability of the Insurer in respect thereof shall be limited to the value of original equipment manufacturer parts at the time of loss or damage not exceeding the manufacturer's latest list price.</p> <p data-bbox="410 705 940 1035">For the purposes of the above coverage, the value of damages caused to the described automobile shall be based on original equipment manufacturer parts where the age of the automobile and mileage are less than two (2) years and forty thousand kilometres (40,000 km), or less than one (1) year in the case of an automobile used for commercial purposes. Where the age and mileage are greater, such value may be based on similar automobile parts. However, the Insured may opt for original equipment manufacturer parts, if available, by communicating such option to the Insurer at the time of the notice of loss. The Insurer shall then specify the applicable conditions and additional costs that the Insured shall assume as a result of such option.</p> <div data-bbox="410 1045 940 1146" style="background-color: #fff9c4; padding: 5px;"> <p data-bbox="410 1045 940 1146">In the event of a total or constructive total loss, the Insurer agrees, at the option of the Insured and subject to supporting evidence, to cover reasonable expenses incurred to restore the automobile to the same condition as it was before the loss.</p> </div> <p data-bbox="410 1161 940 1339">Except where an arbitration has been made and subject to the rights of preferred and hypothecary creditors, the Insurer, instead to making payment may, within a reasonable time, repair, rebuild or replace the property damaged or lost with other of like kind and quality, giving written notice of its intention so to do within seven days after the receipt of the proofs of loss.</p> <p data-bbox="410 1354 940 1375">In all cases, the salvage, if any, shall revert to the Insurer.</p>	<div data-bbox="1032 338 1503 388" style="background-color: #fff9c4; padding: 5px;"> <p data-bbox="1032 338 1503 388">2.2 Value of damage payable by insurer for insured vehicle if a total loss</p> </div> <p data-bbox="1032 403 1503 478">If the insured vehicle is a total loss or constructive total loss, the value of damage will be equal to the "actual cash value" of the insured vehicle.</p> <p data-bbox="1032 493 1503 590">In spite of the total loss or constructive total loss of the insured vehicle, the named insured may ask for the vehicle to be restored to the same condition as it was at the time of loss.</p> <p data-bbox="1032 604 1503 680">The named insured must provide the insurer with supporting evidence to determine the vehicle's condition at the time of loss.</p> <p data-bbox="1032 695 1503 770">In such instance, the insurer must accept the request if it considers that the costs are reasonable to restore the vehicle to the condition it was in at the time of loss.</p> <div data-bbox="1032 785 1503 835" style="background-color: #fff9c4; padding: 5px;"> <p data-bbox="1032 785 1503 835">2.3 Value of damage where insurer may decide to repair, rebuild or replace damaged property</p> </div> <p data-bbox="1032 850 1503 972">In the absence of arbitration, and subject to the rights of preferred and hypothecary creditors, the insurer may decide to repair, rebuild or replace the damaged property with other property of like kind and quality, instead of making a cash payment.</p> <p data-bbox="1032 987 1503 1062">Before repairing, rebuilding or replacing the property, the insurer must inform the named insured in writing within seven days after receipt of the proof of loss.</p> <p data-bbox="1032 1077 1503 1121">In addition, the property must be repaired, rebuilt or replaced within a reasonable amount of time.</p>

Paragraphs 2.2 and 2.3 of the plain language policy reflect the content of the third and fourth paragraphs of Article 12, *Conditions* of the 2010 policy.

They are intended to inform insureds as to how the value of damage will be established or the possibility, for the insurer, to repair the vehicle under certain special circumstances.

3. Right of insurer after paying an indemnity (*right of subrogation*)

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CONDITIONS

18. SUBROGATION

Subject to Additional Agreement A (3) of section B, the Insurer shall be subrogated to the extent of the amount paid under this contract to the rights of the Insured against persons responsible for the loss except when they are members of the Insured's household.

The Insurer may be fully or partly released from his obligation towards the Insured where, owing to any act of the Insured, he cannot be so subrogated.

ADDITIONAL AGREEMENTS

- (A) Where loss or damage arises from a peril insured under section B, the Insurer further agrees: [...]
- (3) to waive subrogation against every person who, with the Insured's consent, has care, custody or control of the automobile, provided always that this waiver shall not apply to any person having such care, custody or control in the course of the business of selling, equipping, repairing, maintaining, servicing, storing, parking or moving automobiles, or who has committed a breach of any condition of this contract;

Paragraph 3.2 of the plain language policy comes from Condition 18 and Additional Agreement A (3), Section B of the 2010 policy.

PLAIN LANGUAGE VERSION OF Q.P.F. No. 1

3. RIGHT OF INSURER AFTER PAYING AN INDEMNITY (RIGHT OF SUBROGATION)

3.1 General rule

After paying an indemnity, the **insurer** will be subrogated to the rights of the insured person against the person responsible for the **damage**. This means that the rights of the insured person are transferred to the **insurer**.

Subrogation operates up to the amount of the indemnity paid by the **insurer**.

If the **insurer** cannot exercise its right of subrogation due to any act of the insured person, the **insurer** may be fully or partly released from its obligations towards the insured person.

3.2 Exceptions

In the following two instances, the **insurer** cannot ask the person responsible for the **damage** to reimburse the indemnity that it has paid:

- (a) When that person is a member of the insured person's household;
- (b) For Section B only, when that person had care, custody or control of the insured vehicle, with the consent of the **named insured**. The latter exception will not apply if the person:
 - was engaged in a **garage business** at the time of **loss**; or
 - has failed to comply with the insurance contract.

4. Arbitration in event of disagreement between named insured and insurer

Article 4 contains eight paragraphs that detail the procedures for arbitration in the event of a disagreement between the insured and the insurer.

It incorporates the content of Article 13, *Conditions* of the 2010 policy.

Owing to the complexity of this article, the information was split up into paragraphs and subparagraphs to make it easier for insureds to view the information and quickly locate the steps that each party must complete in that procedure.

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<div data-bbox="532 415 781 457" style="text-align: center; border: 1px solid black; padding: 2px;">CONDITIONS</div> <p data-bbox="410 464 573 485">13. ARBITRATION</p> <p data-bbox="410 499 940 600">Arbitration may take place in the event of a disagreement as to the nature, extent or amount of the loss or damage, or the adequacy of the repairs or the replacement, and independently of all other questions respecting the validity of the contract.</p> <p data-bbox="410 615 940 737">The party seeking arbitration must notify the other party of his intention in writing, specifying the matter in dispute. The insured's request for arbitration must be granted. The insurer's request for arbitration may be granted subject to the insured's consent.</p> <p data-bbox="410 751 940 873">If the insured requests arbitration, the insurer must send the insured an acknowledgement of receipt no later than 15 clear days after receipt of this notice. If the insurer so requests, the insured must confirm acceptance or refusal within the same amount of time.</p> <p data-bbox="410 888 940 1039">Each party shall name an expert and the two experts shall work jointly to estimate the damage (establishing the actual cash value and the damage separately) or to assess the adequacy of the repairs or the replacement. Failing to agree they shall submit their differences to a disinterested arbitrator they have appointed.</p> <p data-bbox="410 1054 940 1205">If either party fails to appoint an expert within 30 clear days of the date of the notice or if the experts fail to agree upon an arbitrator within 15 days of their appointment, or if an expert or the arbitrator refuses to act or is unavailable, the vacancy thus created must be filled, on the request of one of the parties, by a court with jurisdiction in the place of the arbitration.</p> <p data-bbox="410 1220 940 1371">Notwithstanding the arbitration procedure and if the validity or application of the contract is not being contested, the insurer shall pay the uncontested portion of the damage amount. This payment must be made no later than 60 days after receipt of notice of loss or receipt of the information or supporting documents required by the insurer.</p> <p data-bbox="410 1386 940 1585">Subject to this clause, the arbitration shall follow the procedure in sections 940 to 951.2 of the <i>Code of Civil Procedure of Quebec</i>, taking into account any required modifications. In accordance with section 944.1 of this Code, the arbitration may proceed according to a procedure determined by the arbitrator, insofar as this procedure does not contravene the above sections. The arbitration proceedings shall be held at a place in accordance with the domicile of the insured.</p>	<p data-bbox="1008 426 1435 474">4. ARBITRATION IN EVENT OF DISAGREEMENT BETWEEN NAMED INSURED AND INSURER</p> <p data-bbox="1032 489 1281 510">4.1 Request for arbitration</p> <p data-bbox="1032 525 1523 573">The named insured or the insurer may request arbitration in the event of disagreement on the following:</p> <ul data-bbox="1057 588 1446 648" style="list-style-type: none"> • the nature, extent or value of the damage; • the adequacy of the repairs or replacement. <p data-bbox="1032 663 1523 711">Arbitration may be requested even if the validity of the insurance contract is being challenged.</p> <p data-bbox="1057 726 1403 747">4.1.1 Request made by named insured</p> <p data-bbox="1057 762 1495 837">The named insured must send a written notice to the insurer indicating the reason of the disagreement.</p> <p data-bbox="1057 852 1487 951">The insurer must accept a request for arbitration made by the named insured and send the named insured an acknowledgement of receipt within 15 clear days after receipt of the notice.</p> <p data-bbox="1057 966 1330 987">4.1.2 Request made by insurer</p> <p data-bbox="1057 1001 1523 1050">The insurer must send a written notice to the named insured indicating the reason of the disagreement.</p> <p data-bbox="1057 1064 1487 1163">The named insured must send the insurer confirmation of his or her acceptance or refusal to submit the disagreement to arbitration within 15 clear days after receipt of the notice.</p> <p data-bbox="1032 1178 1414 1199">4.2 Designation of experts and arbitrator</p> <p data-bbox="1032 1213 1523 1262">The insurer and the named insured must each choose an expert.</p> <p data-bbox="1032 1276 1487 1325">Depending on the nature of the disagreement, both experts thus chosen must determine:</p> <ul data-bbox="1057 1339 1474 1478" style="list-style-type: none"> • the nature, extent and value of the damage. In order to do so, they must assess separately the "actual cash value" and the cost of repair or replacement; or • the adequacy of the repair or replacement. <p data-bbox="1032 1493 1523 1541">If their assessments differ, experts must try and agree on a common value.</p> <p data-bbox="1032 1556 1523 1654">Should they fail to agree, they must submit their difference to a neutral arbitrator of their choosing, that is, an arbitrator who represents the interests of neither the insurer nor the named insured.</p> <p data-bbox="1032 1669 1523 1745">The insurer or the named insured must ask a competent jurisdiction where the arbitration is held to appoint the arbitrator or experts if:</p> <ul data-bbox="1057 1759 1523 1929" style="list-style-type: none"> • the insurer or the named insured failed to choose an expert within 30 clear days of the date of notice; • the experts fail to choose an arbitrator within 15 clear days of their appointment; or • one of the experts or the arbitrator refuses to act or is unavailable.

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The arbitrator shall settle the dispute in accordance with the applicable laws in the province of Quebec. The arbitrator and the parties may use the language of their choice during the arbitration proceedings. Measures must be taken to ensure that all the participants understand the language used.

The arbitration award shall be made in writing by the arbitrator. It must indicate the date and place where it has been made. It must state the reasons on which it is based and be signed by the arbitrator, then sent to the parties within 30 days of the date on which it has been made.

Each party shall pay the expenses and fees of its expert and half the fees and expenses of the arbitration proceedings. The arbitrator is authorized to award the fees and expenses of the arbitration if he deems that the sharing method established by this clause is not justified or fair for each of the parties in the circumstances.

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4.3 Value of damage payable by insurer

Even if there is arbitration, the **insurer** will be required to pay the unchallenged portion of the value of **damage**. Payment must be made no later than:

- within 60 days after the **loss** was reported; or
- within 60 days after receipt by the **insurer** of the information or supporting documents that it requested.

However, if the validity or application of the insurance contract is being challenged, the **insurer** will not be required to pay such amount within the above time periods.

Following arbitration, the **insurer** will be required to pay the amount determined by the arbitrator within 15 days after the date on which the **named insured** accepted the arbitrator's decision.

4.4 Conduct of arbitration

The arbitration must follow the procedure outlined in Articles 940 to 951.2, *Code of Civil Procedure* of Quebec, with the necessary modifications due to specific rules set out in the insurance contract.

As stated in Article 944.1, *Code of Civil Procedure* of Quebec, the arbitrator may decide which procedure to apply for arbitration. Nonetheless, the arbitrator must ensure that the rules set out in Articles 940 to 951.2, *Code of Civil Procedure* of Quebec are followed.

4.5 Choice of language

The arbitrator, the **insurer** and the **named insured** may use the language of their choice during arbitration proceedings. Arrangements must be made to ensure that proceedings are understood by everyone.

4.6 Place of arbitration proceedings

Arbitration proceedings take place in a location to be determined according to the domicile of the **named insured**.

4.7 Arbitrator's decision

The arbitrator renders a decision based on the applicable laws of Quebec.

The arbitrator's decision must be written and reasoned. It must also be signed and indicate the date and place where it was made.

The decision must be sent to the **insurer** and the **named insured** within 30 days after the date on which it was made.

4.8 Costs and fees of arbitration

The **insurer** and the **named insured** each pay the costs and fees of their own expert and half the costs and fees of the arbitration proceedings.

However, if the arbitrator considers that the method for sharing the costs and fees of the arbitration proceedings is not justified or fair in the circumstances, the arbitrator may decide otherwise.

EFFECTIVE DATE, RENEWAL AND EXPIRY OF INSURANCE CONTRACT

The *Effective date, renewal and expiry of insurance contract* section contains three articles:

1. Effective date and expiry of insurance contract
2. Renewal of insurance contract
3. Cancellation of insurance contract (*ending of insurance contract*)

The articles concerning renewal and cancellation of the contract mirror the content of Articles 20 and 21, *Conditions* of the 2010 policy.

For its part, Article 1 titled “Effective date and expiry of insurance contract” incorporates the content of Item 2, *Declarations* of the 2010 policy.

1. Effective date and expiry of insurance contract

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<p>DECLARATIONS</p> <p>ITEM 2</p> <p>Contract period</p> <p>From*</p> <p>to*</p> <p>*12:01 A.M. standard time at the Insured’s address stated above as to each of said dates.</p> <div style="border: 1px solid black; padding: 5px; text-align: center; margin: 10px auto; width: 150px;"> <p>CONDITIONS</p> </div> <p>This contract is subject to the <i>Civil Code of Quebec</i>, the <i>Code of Civil Procedure of Quebec</i>, the <i>Automobile Insurance Act</i> and its regulations and the <i>Act respecting off-highway vehicles</i> if applicable.</p> <p>20. RENEWAL OF CONTRACT</p> <p>This contract shall be renewed of right, for the same premium and for the same period, at expiry, unless notice to the contrary is given by the Insurer or the Insured; if given by the Insurer, the notice of non-renewal or of a change in the premium must be sent to the Insured, at his last known address, not later than the thirtieth day preceding the date of expiry, counting that date.</p> <p>Where the Insured deals through a broker, the notice provided for in the first paragraph is sent by the Insurer to the broker, the latter being entrusted to remit it to the Insured.</p> <p>21. CANCELLATION</p> <p>This contract may be cancelled at any time:</p> <p>(a) by each of the Named Insureds giving mere written notice to the Insurer. Cancellation takes effect upon receipt of the notice by the Insurer and the Insured shall therefore be entitled to a refund of the excess of the premium actually paid over the premium earned for the time the contract has been in force, on the basis of the Cancellation Table herein;</p>	<p>1. EFFECTIVE DATE AND EXPIRY OF INSURANCE CONTRACT</p> <p>The insurance contract takes effect and expires at the time and dates indicated in Item 2, “<i>Declarations</i>” or, where applicable, in the endorsements.</p> <p>2. RENEWAL OF INSURANCE CONTRACT</p> <p>Upon its date of expiry, the insurance contract will be renewed automatically, unless notice to the contrary is given by the named insured or the insurer.</p> <p>The insurance contract will be renewed for the same insurance premium and the same period, unless notice to the contrary is given by the named insured or the insurer.</p> <p>The notice sent by the insurer may be a notice of non-renewal or a notice to change the insurance premium. The notice must be sent to the named insured no later than 30 days before the date of expiry of the insurance contract, at the last known address of the named insured.</p> <p>If the named insured uses an insurance broker, the insurer’s notice must be sent to the insurance broker who must then deliver it to the named insured.</p> <p>3. CANCELLATION OF INSURANCE CONTRACT (ENDING OF INSURANCE CONTRACT)</p> <p>3.1 Cancellation by named insured</p> <p>3.1.1. Conditions to be met</p> <p>The named insured may cancel the insurance contract at any time by written notice to the insurer.</p> <p>The named insureds may mandate one or more of them to send a notice on behalf of them all.</p> <p>Cancellation takes effect upon receipt by the insurer of the notice of each of the named insureds or their representative.</p> <p>3.1.2. Refund of insurance premium</p> <p>If the insurance contract is cancelled by the named insured, the insurer must refund any overpayment of insurance premiums, as calculated according to the “<i>Cancellation table</i>.” The “<i>Cancellation table</i>” is part of the insurance contract.</p> <p>However, if the insurance premium was paid to the insurer by the insurance broker, the named insured may be refunded solely for what has actually been paid or refunded to the insurance broker.</p>

Article 1 of the *Effective date, renewal and expiry of insurance contract* section reminds insureds of the contract period by referring them to Item 2, *Declarations*.

Insureds have actually read that information in the first few pages of the plain language policy. In addition, this reminder, which did not exist in the 2010 policy, makes the concept of contract term more concrete because both the start and the end of the term are mentioned.

It is therefore useful for insureds to see the information again here.

Subparagraph 3.1.2 indicates how the premium will be refunded when the insured ask for the cancel of the insurance contract.

2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<p>(b) within sixty days after its coming into force, by the Insurer giving written notice to each Named Insured. Cancellation takes effect fifteen days following receipt of such notice by the Named Insured at his last known address.</p> <p>At the expiry of such period of sixty days, the contract shall not be cancelled by the Insurer except in the case of an aggravation of risk which is likely to materially influence a reasonable insurer in the decision to continue to insure, or when the premium has not been paid. The Insurer so wishing to cancel the contract shall notify each Named Insured in writing; cancellation takes effect thirty days following receipt of such notice by the Named Insured at his last known address or, if the Described Automobile, with the exception of a school bus, is an automobile contemplated in Title VIII.1 of the Highway Safety Code, fifteen days after receipt of the notice.</p> <p>The Insurer shall refund the excess of the premium actually paid over the earned premium computed on a day to day basis.</p> <p>Where one or more of the Named Insureds have been mandated to receive or send the notices provided for under paragraph (a) or (b) above, notices sent or received by them shall be deemed to have been sent or received by all Named Insureds.</p> <p>In this Condition, the words premium actually paid mean the premium actually paid by the Insured to the Insurer or its agent, but do not include any premium or part thereof paid to the Insurer by an agent unless actually paid to the agent by the Insured.</p>	<p>3.2 Cancellation by insurer</p> <p>3.2.1 Conditions to be met</p> <p><u>A. Cancellation within 60 days</u></p> <p>The insurer may cancel the insurance contract within 60 days after its effective date.</p> <p>The insurer must send a written notice to each of the named insureds or their representative.</p> <p>Cancellation takes effect 15 days after receipt of the notice by each of the named insureds or by their representative, at their last known address.</p> <p><u>B. Cancellation after 60 days</u></p> <p>More than 60 days after the effective date of the insurance contract, the insurer may cancel the insurance contract only if</p> <ul style="list-style-type: none"> • there has been an aggravation of risk which is likely to substantially influence a reasonable insurer in the decision to maintain the insurance contract; or • the insurance premium has not been paid. <p>The insurer must send a written notice to each of the named insureds or their representative.</p> <p>Cancellation is effective either:</p> <ul style="list-style-type: none"> • 30 days after receipt of the notice by each of the named insureds or by their representative, at their last known address; or • 15 days after receipt of the notice by each of the named insureds or by their representative, at their last known address, if the described vehicle is a vehicle under Title VIII.1, <i>Highway Safety Code</i>, and is not a school bus. <p>3.2.2 Refund of insurance premium</p> <p>If the insurer cancels the insurance contract, the insurer will be entitled only to the portion of the insurance premium corresponding to the number of days for which the named insured was actually covered under the insurance contract.</p> <p>If the named insured paid the insurance premium in advance, the insurer must refund the overpayment. However, if the insurance premium was paid to the insurer by the insurance broker, the named insured may be refunded solely for what has actually been paid or refunded to the insurance broker.</p>

Written in terms that are easier to understand, Article 3 is laid out in bulleted list format, which allows readers to locate information more easily in the event of cancellation of the contract by either of the parties.

CANCELLATION TABLE

As in the 2010 policy, a space is left so that insurers can insert the cancellation table used to determine the premium refund if the policy is cancelled by the insured. In the plain language policy, that space is not at the end of the text, but just before the *Definitions* section.

POLICY Q.P.F. No. 5 – COMPLEMENTARY INSURANCE FOR DAMAGE CAUSED TO INSURED VEHICLE FORM (REPLACEMENT INSURANCE)

As announced in Part 2 of the Guide, Policy Q.P.F. No. 5 contains 10 separate units. Only what differs from the elements ready discussed for the plain language version of policy Q.P.F. No. 1 will be explained below.

DESCRIPTION OF COVERAGES

This section is divided into four separate articles, namely:

1. Coverage in event of total loss of described vehicle
2. Coverage in event of partial loss of described vehicle
3. Other coverages in event of total or partial loss
4. Applicability

The opening paragraphs to this section state that coverage is limited to complementing coverage under Section B of the primary insurance contract. In the 2012 policy, this information is found in the *Insuring Agreements section*.

As they are rather simple to understand, Articles 1 and 2 are not reproduced here. Article 3, however, warrants closer attention.

3. Other coverages in event of total or partial loss

This article contains two separate paragraphs, namely:

- 3.1 – Bearing of deductible
- 3.2 – Reimbursement of vehicle rental charges

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<div style="text-align: center; border: 1px solid black; width: fit-content; margin: 0 auto; padding: 2px;">TOTAL LOSS</div> <p>NEW AUTOMOBILE (DEMONSTRATION VEHICLES INCLUDED)</p> <p>In the event of total loss of the insured automobile, the Insurer agrees to:</p> <p>Option 1: replace the insured automobile through the named dealer; OR</p> <p>Option 2: pay an indemnity to replace the insured automobile.</p> <p>The Insurer agrees, based on the selected option, to replace the insured automobile by assuming or paying an indemnity corresponding to the sum of the following amounts, as applicable:</p> <ol style="list-style-type: none"> (i) the difference between the value of a replacement automobile and the amount of the indemnity paid (excluding the applicable deductible) by the Primary insurer, with any amount in excess thereof to be borne by the Insured; (ii) the deductible assumed by the Insured under the primary insurance contract, to a maximum of \$ _____, with any amount in excess thereof to be borne by the Insured; (iii) the cost of leasing an automobile similar to the insured automobile, for any loss where the Insured is deprived of his automobile, to a maximum of \$ _____ per day (including all taxes) and in total \$ _____ (including all taxes). These costs will be refunded as of the first day of the rental and: <ul style="list-style-type: none"> • if an insufficient amount of these costs is assumed by the Primary insurer, or • when the Primary insurer does not assume these costs. <p>[...]</p>	<p>3. OTHER COVERAGES IN EVENT OF TOTAL OR PARTIAL LOSS</p> <p>In the event of total loss or partial loss of a new, demonstrator or used vehicle, the following coverages will apply even if the insurer had nothing to bear or pay under Options 1 and 2, but provided that the primary insurer has paid an indemnity.</p> <p>3.1 Bearing of deductible</p> <p>The insurer bears the deductible assumed by the named insured under the primary insurance contract, up to a maximum of \$ _____. The named insured will assume any amount of deductible exceeding the above maximum.</p> <p>3.2 Reimbursement of vehicle leasing expenses</p> <p>The insurer bears any leasing expenses for a vehicle similar to the described vehicle when the named insured is deprived of his or her vehicle as a result of a covered loss. These expenses will be reimbursed if the primary insurer:</p> <ul style="list-style-type: none"> • does not bear the expenses; or • only bears part of the expenses, in which case only expenses not borne by the primary insurer will be reimbursed. <p>Expenses incurred from the first day of leasing will be reimbursed up to a maximum amount of \$ _____ per day (including taxes) and \$ _____ in total (including taxes).</p>

Both Paragraphs 3.1 and 3.2 combine the information presented in the *Total loss* and *Partial loss* articles of the 2012 policy. The combination of information clarifies the respective application of these two paragraphs.

**2012 VERSION OF
Q.P.F. No. 5**

**PLAIN LANGUAGE VERSION OF
Q.P.F. No. 5**

USED AUTOMOBILE

In the event of **total loss** of the insured automobile, the Insurer agrees to:

Option 1: replace the insured automobile through the **named dealer**; OR

Option 2: pay an indemnity to replace the insured automobile.

The Insurer agrees, based on the **selected option**, to replace the insured automobile by assuming or paying an indemnity corresponding to the sum of the following amounts, as applicable:

- (i) the difference between the marked-up value of the insured automobile and the amount of the indemnity paid (excluding the applicable deductible) by the **Primary insurer**, with any amount in excess thereof to be borne by the Insured;
- (ii) the deductible assumed by the Insured under the **primary insurance contract**, to a maximum of \$ _____, with any amount in excess thereof to be borne by the Insured;
- (iii) the cost of leasing an automobile similar to the insured automobile, for any loss where the Insured is deprived of his automobile, to a maximum of \$ _____ per day (including all taxes) and in total \$ _____ (including all taxes). These costs will be refunded as of the first day of the rental and:
 - if an insufficient amount of these costs is assumed by the **Primary insurer**, or
 - when the **Primary insurer** does not assume these costs.

[...]

**2012 VERSION OF
Q.P.F. No. 5**

**PLAIN LANGUAGE VERSION OF
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PARTIAL LOSS

In the event of partial loss of the insured automobile, the Insurer agrees to indemnify, as applicable:

1. the difference between the replacement cost of the damaged parts, which cannot be repaired, with original equipment manufacturer's new parts and the amount of the indemnity paid by the **Primary insurer** for these parts (new and demonstration automobiles only);

In the event of the obsolescence or unavailability of original equipment manufacturer's new parts, the Insurer shall not be liable for more than the latest list price of these parts.

2. the deductible assumed by the Insured under the **primary insurance contract**, to a maximum of \$ _____, with any amount in excess thereof to be borne by the Insured;
3. the cost of leasing an automobile similar to the insured automobile, for any loss where the Insured is deprived of his automobile, to a maximum of \$ _____ per day (including all taxes) and in total \$ _____ (including all taxes). These costs will be refunded as of the first day of the rental and:
 - if an insufficient amount of these costs is assumed by the **Primary insurer** assumes, or
 - when the **Primary insurer** does not assume these costs.

4. Applicability

Article 4 comprises three paragraphs, namely:

- 4.1 – Applicability of coverage
- 4.2 – Specific rules for leased vehicles
- 4.3 – Change of vehicle

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<p style="text-align: center;">GENERAL PROVISIONS AND EXCLUSIONS</p> <p>CONDITIONS</p> <p>1. The execution of this agreement by the Insurer is conditional on:</p> <ul style="list-style-type: none"> (i) the Insured holding, on the date of the loss, a primary insurance contract covering the insured automobile; and (ii) the payment, by the Primary insurer, of an indemnity to an insured who is the beneficiary of this coverage; and; (iii) the replacement of the insured automobile by the Insured, where the selected option is the payment of an indemnity for the replacement of the insured automobile. Accordingly, a copy of the new purchase or long-term lease contract, or the contract of leasing, must be forwarded to the Insurer in order to determine the indemnity to be paid. <p>2. This insurance may not be transferred to another automobile. The Insurer shall therefore refund the excess of the premium actually paid over the premium earned for the time the contract has been in force, calculated on the basis of the "Cancellation Table" herein.</p>	<p>4. APPLICABILITY</p> <p>4.1 Applicability of coverage</p> <p>In order for coverage under the insurance contract to apply, the following conditions must be met:</p> <ol style="list-style-type: none"> 1. On the date of the loss, the named insured holds a primary insurance contract that covers the described vehicle. 2. The primary insurer has paid an indemnity to the named insured who is entitled to benefit from coverage under the insurance contract. 3. For Options 2A and 2B, the named insured has replaced the described vehicle and submitted to the insurer a copy of the purchase contract, long-term lease or contract of leasing for the new vehicle so that the insurer is able to determine the indemnity to be paid. 4. For coverage in the event of partial loss, the named insured has replaced the damaged parts and submitted supporting evidence to the insurer so that it is able to determine the indemnity to be paid.
<p style="text-align: center;">CONDITIONS</p> <p>5. MANNER OF PAYMENT</p> <p>In the case of a leased automobile or an automobile leased under a contract of leasing, when the owner and a lessee are named as Insureds in this contract, only the lessee is entitled to benefit under this insurance.</p>	<p>4.2 Specific rules for vehicles leased or under a contract of leasing</p> <p>When the owner and a lessee are named in Item 1, "Declarations" of the insurance contract, only the lessee is entitled to benefit from coverage under the insurance contract.</p>
	<p>4.3 Change of vehicle</p> <p>Coverage under the insurance contract may not be transferred to another vehicle. If the named insured changes vehicles, the insurance contract will terminate.</p> <p>In such instance, the named insured will be entitled to a refund, as specified in Article 2, "Effective date, renewal and expiry of insurance contract."</p>

The first three items of Paragraph 4.1 in the plain language policy mirror, in simpler terms, paragraphs (i), (ii) and (iii) of Condition 1 in the *General provisions and exclusions* section of the 2012 policy.


Paragraph 4.2 reflects the content of Article 5 of the *Conditions* section of the 2012 policy.

Paragraph 4.3 of the plain language policy is taken from Condition 2 in the *General provisions and exclusions* section of the 2012 policy.

EFFECTIVE DATE, RENEWAL AND EXPIRY OF INSURANCE CONTRACT

This part of the plain language version of Q.P.F. No. 5 policy is similar to the one seen above in the plain language version of Q.P.F. No. 1.

However, two articles differ, namely, Article 2 titled "Termination of insurance contract prior to expiry date" and Article 3 titled "Renewal of insurance contract." In the table below, they are compared against the clauses in the 2012 policy.

2012 VERSION OF Q.P.F. No. 5	PLAIN LANGUAGE VERSION OF Q.P.F. No. 5
<div style="text-align: center; border: 1px solid black; padding: 2px; margin-bottom: 10px;">CONDITIONS</div> <p>10. TERMINATION OF CONTRACT</p> <p>This contract shall terminate:</p> <ul style="list-style-type: none"> a) in the event of total loss of the insured automobile and the execution of its obligations by the Insurer; b) in the event of a change in the use of the insured automobile by an intended use of the "Excluded uses", and not authorized by the insurer. <p>The Insured is then entitled to a refund of the excess of the premium actually paid over the premium earned for the time the contract has been in force, computed on the basis of the "Cancellation Table" herein.</p> <p>11. CANCELLATION</p> <p>This contract may be cancelled at any time:</p> <ul style="list-style-type: none"> (a) by each of the Named Insureds giving mere written notice to the Insurer. Cancellation takes effect upon receipt of the notice by the Insurer. The Insured shall then be entitled to a refund of the excess of the premium actually paid over the premium earned for the time the contract has been in force, calculated on the basis of the "Cancellation Table" herein; (b) by the Insurer on written notice to each of the Named Insureds, in the event of non-payment of the premium. Cancellation takes effect 15 days following receipt of such notice by the Named Insured at his last known address. <p>The Insurer shall then refund the excess of the premium actually paid over the premium earned calculated on a day-to-day basis for the elapsed period.</p> <p>Where one or more of the Named Insureds have been mandated to receive or send the notices provided for under paragraph (a) or (b) above, notices sent or received by them shall be deemed to have been sent or received by all Named Insureds.</p> <p>In this condition, the words "premium actually paid" mean the premium actually paid by the Insured to the Insurer, agent or distributor of such Insurer, but do not include any premium paid to the Insurer by an agent or a distributor unless actually paid to the agent or the distributor by the Insured.</p> <div style="text-align: center; border: 1px solid black; padding: 2px; margin-top: 10px;">CONDITIONS</div> <p>9. RENEWAL</p> <p style="background-color: #f4a460; padding: 2px;">This contract may not be renewed on expiry.</p>	<p>2. TERMINATION OF INSURANCE CONTRACT PRIOR TO EXPIRY DATE</p> <p>The insurance contract will terminate prior to its expiry date if:</p> <ul style="list-style-type: none"> • the described vehicle is a total loss and the insurer has fulfilled its obligations; or • the use of the described vehicle is changed to a use indicated under "Exclusions" and the change was not authorized by the insurer. <p>In addition, coverage under the insurance contract may not be transferred to another vehicle. If the named insured changes vehicles, the insurance contract will terminate.</p> <p>In all instances, the insurer must refund to the named insured any overpayment of insurance premiums, as calculated according to the "Cancellation table." The "Cancellation table" is part of the insurance contract.</p> <p>3. RENEWAL OF INSURANCE CONTRACT</p> <div style="background-color: #f4a460; padding: 5px; margin-top: 10px;"> <p>Upon its date of expiry, the insurance contract will terminate and may not be renewed.</p> </div> <div style="margin-top: 20px;">  <div style="background-color: #f4a460; border-radius: 15px; padding: 10px; width: fit-content; margin-left: auto; margin-right: auto;"> <p>It will be remembered that, owing to the very nature of this product, the insurance contract cannot be terminated and renewed under the same conditions as Q.P.F. No. 1 policy.</p> </div> </div>

ENDORSEMENTS AVAILABLE WITH Q.P.F. No. 1 AND Q.P.F. No. 5 POLICIES

The endorsements available with the plain language version of Q.P.F. No. 1 are the same as those available with the 2010 policy. However, they have been given a standard format. For illustration purposes, the Q.E.F. No. 20 – Travel expenses endorsement is presented in the table below.

As regards policy Q.P.F. No. 5, just one endorsement is available: Q.E.F. No. 5-25 – Changes to the *Declarations*. Its content is identical to that of endorsement Q.E.F. No. 25, with the same name as the one available with policy Q.P.F. No. 1, and it has undergone the same changes. It is also reproduced in the table below.

At present, all of the endorsements indicate that their heading must be entered in the *Declarations* section. They further state that the required details, as the case may be, may be entered in the *Declarations* section or in the endorsement. This addition was made to reflect the various industry practices.

The language used in the text of the endorsements has been brought into line with that used in the plain language policies.

Below are two examples.

Q.E.F. No. 20

	2010 VERSION OF Q.P.F. No. 1	PLAIN LANGUAGE VERSION OF Q.P.F. No. 1
<div style="background-color: #f4b084; padding: 5px; border-radius: 10px; margin-bottom: 10px;"> The heading of the <i>Travel expenses</i> endorsement mirrors the term used in Article 4.1, <i>Additional coverages</i> under Section B in the plain language version of Q.P.F. No. 1. Reference is no longer made to <i>Loss of use</i>. </div>	<p>Q.E.F. No. 20</p> <p>LOSS OF USE EXTENSION ENDORSEMENT</p> <p>INSURER</p> <p>Issued to.....</p> <p>Attached to and forming part of Policy No.</p> <p>Effective from.....12:01 a.m. standard time.</p> <p>In consideration of an additional premium of \$, Additional Agreement (B), Loss of Use by Theft, of section B is deleted and replaced by the following Additional Agreement, but in no event shall the amounts stated in this endorsement be less than those stated in Additional Agreement (B):</p> <p>In the event of loss or damage to the automobile for which indemnity is provided by section B, the Insurer agrees to pay for the loss of use of such automobile up to \$ per day, subject to a maximum of \$ per automobile per occurrence.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Regardless of the expiration of the contract, payment is limited to such expense incurred commencing:</p> <p>(a) in the case of theft of the entire automobile, at 12:01 A.M. the day following the report of such theft to the Insurer or to the police;</p> <p>(b) at the time the loss or damage occurs if the automobile cannot be operated under its own power or in other cases, at the time the automobile is delivered for repair due to the loss or damage;</p> </div>	<p>Quebec Endorsement Form Q.E.F. No. 20</p> <p>Travel expenses (Section B)</p> <p><i>The endorsement heading must be entered in the "Declarations" section of the insurance contract. Details required for the endorsement may be entered in the "Declarations" section or in the endorsement itself, at the insurer's option</i></p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Name of insurer:</p> <p>Named insured:</p> <p>Endorsement to automobile insurance policy No.:</p> <p>Effective date: This endorsement will apply from at 12:01 A.M. standard time at the address of the named insured.</p> <p>Additional insurance premium payable:</p> <ul style="list-style-type: none"> • Amounts payable: • Due date: <p>Specified vehicle: This endorsement will apply only to the following described vehicle:</p> <p style="font-size: small; text-align: center;">(reference number shown in the "Declarations" section of the insurance contract)</p> </div> <p>Endorsement description</p> <p>This endorsement extends coverage under Section B of the insurance contract by replacing the wording of Article 4.1, "Travel expenses due to theft of insured vehicle" with the wording below.</p> <p>This endorsement will apply only to the specified vehicle and only if the value of damage to the specified vehicle is greater than the deductible amount applicable to the loss that caused the damage.</p>
<div style="background-color: #f4b084; padding: 5px; border-radius: 10px; margin-top: 10px;"> All of the endorsements include an <i>Endorsement description</i> section. It informs insureds as to the nature of the changes made to the insurance contract by way of the endorsement. </div>		

**2010 VERSION OF
Q.P.F. No. 1**

and terminating upon the date of the completion of repairs or of the replacement of the automobile lost or damaged, or upon such earlier date as a settlement agreement is reached for such loss or damage.

This coverage applies only if receipts are provided for the rental of a substitute automobile or for taxicab or public transportation fares.

No indemnity is provided by this endorsement unless the loss or damage to the automobile exceeds any applicable deductible amount specified in the policy for such loss or damage.

If more than one automobile is insured under this contract, this endorsement shall apply only to the automobile(s) described under item(s) number of item 3 of the Declarations.

Additional premium due date:

All other terms and conditions of the contract remain the same.

The wording used in the endorsement makes the content easier to understand.

**PLAIN LANGUAGE VERSION OF
Q.P.F. No. 1**

4.1 Travel expenses

4.1.1 Description of travel expenses

If the **named insured** is no longer able to use the insured vehicle due to a covered **loss**, the **insurer** will reimburse any expenses incurred for

- leasing of a **temporary replacement vehicle**;
- public transportation;
- use of taxicab.

Upon submission of receipts, payment for the above expenses will be made up to a maximum of \$..... a day and \$..... per **loss** for each insured vehicle.

The above amounts cannot be less than the amounts that were specified in Additional coverages 4.1, of the insurance contract.

4.1.2 Application of coverage

If the entire insured vehicle was stolen, this coverage will apply only to expenses incurred from 12:01 A.M. the day after the theft is reported to the police or to the **insurer**.

For all other covered **losses**, this coverage will apply only to expenses incurred:

- from the time at which the insured vehicle can no longer be operated under its own power due to **damage** to the vehicle; or
- from the time at which the insured vehicle is delivered for repair, if it can still be operated in spite of **damage** to the vehicle.

Expenses will be eligible for reimbursement even if the insurance contract has expired since the **loss**.

Expenses will no longer be eligible for reimbursement once :

- the insured vehicle has been replaced or repaired; or
- a settlement agreement for the **loss** has been reached before the insured vehicle is replaced or repaired."

All other conditions of the insurance contract remain the same.

Q.E.F. No. 5-25

An introductory sentence (in italics) indicates that the heading of the endorsement must be entered in the *Declarations* and that the details required in the endorsement may be entered in the *Declarations* or in the endorsement, at the insurer's option.

**2012 VERSION OF
Q.P.F. No. 5**

Q.E.F. No. 5-25

MODIFIED DECLARATIONS ENDORSEMENT
(No changes to the wording approved by the Autorité des marchés financiers)

INSURER
Issued to

Attached to and forming part of Policy No.....
Effective from 12:01 a.m. standard time.

It is understood and agreed that the following change(s) is (are) hereby made to the Declarations:

.....

If more than one automobile is insured under this contract, this endorsement shall apply only to the automobile(s) described under item(s) number of item 3 of the Declarations.

All other terms and conditions of the contract remain the same.

Every endorsement now includes a standardized text box.

**PLAIN LANGUAGE VERSION OF
Q.P.F. No. 5**

**Quebec Endorsement Form
Q.E.F. No. 5-25**

Changes to the Declarations

*The **endorsement** heading must be entered in the "Declarations" section of the insurance contract. Details required for the **endorsement** may be entered in the "Declarations" section or in the **endorsement** itself, at the **insurer's** option.*

Name of **insurer**:

Named insured:

Endorsement to automobile insurance policy No.:

Effective date: This **endorsement** will apply from at 12:01 A.M. standard time at the address of the **named insured**.

Specified vehicle: This **endorsement** will apply only to the following **described vehicle**:

(reference number shown in the "Declarations" section of the insurance contract)

This **endorsement** may not be used in any way to change the standard wording of the insurance contract approved by the Autorité des marchés financiers.

Endorsement description

This **endorsement** makes the following changes to the details entered in the "*Declarations*" section of the insurance contract:

.....

All other conditions of the insurance contract remain the same.

Part 5 - Implementation of the plain language policies

The plain language policy rewrite project focused on Q.P.F. No. 1 – *Owners' Form* and Q.P.F. No. 5 – *Complementary Insurance for Damage Caused to Insured Vehicle Form (Replacement Insurance)*, as they are the most commonly used insurance products.

Below is the proposed timetable for implementing the plain language versions of the policies in order to ensure a harmonious transition:

- Publication of the approved texts of the new policies on March 1st, 2013, on the *Autorité des marchés financiers* Website;
- Effective date of those texts one year later, on March 1st, 2014.

The changes brought by these new plain language policies represent a challenge for all industry stakeholders. Indeed, not only do the other policies differ since they are still written in legal language, but the changes to the structure of the new policies will require an effort to adapt as well.

Nonetheless, the knowledge acquired over time by industry stakeholders will continue to be valid, as only the language and the structure of the policies have been changed.

In the end, both insureds and automobile insurance industry stakeholders will derive an undisputed benefit from the implementation of these new policies for the following reasons:

- Insureds will better understand the content and application of the principal insurance products;
- Property and casualty insurance representatives and certified claims adjusters will, for their part, be able to play their role in a more enlightened manner.

**Plain Language Automobile Insurance Policies:
Easier to read, understand and explain.**

Part 6 - Test your knowledge

1 – The purpose of the *Definitions* section is to:

- (a) add information concerning certain terms used in the policy wording.
- (b) define terms written in bold in the policy.
- (c) guide insureds concerning application of the policy.
- (d) ensure that the layout of the plain language policy meets insureds' expectations.

2 – The term “Additional coverages” refers to:

- (a) new coverage offered by the plain language policy.
- (b) certain conditions of the 2010 and 2012 policies.
- (c) the “Additional agreements” under Sections A and B of the 2010 policy.
- (d) the “Additional agreements” under Section A of the 2010 policy.

3 – In the 2010 version of Q.P.F. No. 1, Exclusion 3 under Section A states that damage suffered by an insured is excluded subject to the Direct Compensation Agreement.

Where does that specification appear in the plain language version of Q.P.F. No. 1?

- (a) Article 3, “Principal coverage”, Section A.
- (b) Article 5, “Exclusions”, Section A.
- (c) Paragraph 6.1 – General rule of Article 6 titled “Indemnity payable by insurer” under Section A.
- (d) Paragraph 3.2 – Clarification concerning damage, of Article 3 titled “Principal coverage” under Section A.

4 – The expression *Loss of use by theft* as used in Additional Agreement B under Section B of the 2010 version of Q.P.F. No. 1 has been replaced, in the plain language version, by:

- (a) Temporary replacement vehicle.
- (b) Charges relating to immobilization of the insured vehicle.
- (c) Protection for travel costs.
- (d) Travel costs due to theft of insured vehicle.

5 – In the plain language version of Q.P.F. No. 1, the articles of Section B are called:

- (a) “All perils” coverage, “Perils of collision and upset,” “Accidents without collision” and “Specific perils.”
- (b) Protection 1 – “All perils” coverage, Protection 2 – Coverage against perils of collision and upset, Protection 3 – Coverage against perils other than collision or upset and Protection 4 – Coverage against specific perils.
- (c) Principal coverage.
- (d) Additional coverages.



6 – In the plain language version of Q.P.F. No. 5, Article 3 titled “Other coverage in event of total or partial loss” in the *Description of coverages* section includes:

- (a) deductible refund coverage.
- (b) coverage for reimbursement of travel expenses in the event of theft.
- (c) bearing of deductible and reimbursement of vehicle leasing expenses.
- (d) payment of an indemnity for the replacement of a new vehicle or a demonstrator vehicle.

7 – In the 2010 version of Q.P.F. No. 1, manner of payment provisions can be found in Article 12, *Conditions*. In the plain language policy, that information is reproduced in terms that are easier to understand. Where can the information be found?

- (a) Article 2 of the *Reporting a loss and submitting a claim* section.
- (b) Article 8 titled “Indemnity payable by insurer” under Section B.
- (c) Article 3 titled “Principal coverage” under Section B.
- (d) Article 1 titled “What to do in the event of a loss” in the *Reporting a loss and submitting a claim* section.

8 – The second paragraph of Article 19, *Conditions* of the 2010 policy states that the contract covering the civil liability of a garage business must be the first loss insurance. Where can that information be found in the plain language policy?

- (a) the *General conditions* section.
- (b) Article 4 titled “Additional coverages”, Section A.
- (c) Article 6 titled “Indemnity payable by insurer”, Section A.
- (d) Article 3 titled “Principal coverage”, Section A.

9 – Article 5 – Manner of payment in the *Conditions* section of the 2012 version of Q.P.F. No. 5 states that only the lessee is entitled to benefit under the policy. Does a similar condition exist in the plain language version of Q.P.F. No. 5?

- (a) Yes, it is included in Article 1 of the *Description of coverages* section.
- (b) No, that provision was abandoned when Policy Q.P.F. No. 5 was rewritten in plain language.
- (c) Yes, it can be found in the *General conditions* section.
- (d) Yes, that condition can be found in Paragraph 4.2, Article 4 titled “Applicability” in the *Description of coverages* section.



For the answers,
see the following page.

Useful Contact Information

ABOUT THE AUTORITÉ DES MARCHÉS FINANCIERS (AMF)

The AMF is the regulatory and oversight body for Quebec's financial sector. It helps protect the public by enforcing laws and regulations on insurance, securities (for example, equities and bonds), deposit institutions (excluding banks) and the distribution of financial products and services.

To contact the *Autorité des marchés financiers*

Québec

Place de la Cité, Tour Cominar
2640, boulevard Laurier, Suite 400
Québec, Québec G1V 5C1

Montreal

800, square Victoria, 22^e étage
C.P. 246, Tour de la Bourse
Montréal, Québec H4Z 1G3

Information Centre

Québec: 418 525-0337
Montréal: 514 395-0337
Elsewhere: 1 877 525-0337

www.lautorite.qc.ca



ABOUT GROUPEMENT DES ASSUREURS AUTOMOBILES (GAA)

Established in 1978, GAA groups together all insurance companies licensed to sell automobile insurance in Quebec. Its key activities are to guarantee access to automobile insurance, establish a direct compensation agreement and monitor estimates of automobile damage.

It also manages various programs, including the *Plan statistique automobile du Québec* and the *Fichier central des sinistres automobiles* for the *Autorité des marchés financiers*.

To contact the *Groupe ment des assureurs automobiles*

By mail

800, rue du Square-Victoria, Suite 2410
C.P. 336, succ. Tour de la Bourse
Montréal, Québec H4Z 0A2

By telephone

514 288-4321 (Montréal area)
1 877-288-4321 (elsewhere in Québec)

By email

cinfo@gaa.qc.ca

www.gaa.qc.ca



PLAIN LANGUAGE AUTOMOBILE INSURANCE POLICIES

So that we *understand* each other!



Answers:

1 - b	4 - d	7 - a
2 - c	5 - b	8 - c
3 - d	6 - c	9 - d

