The offering of insurance products by automobile and recreational and leisure vehicle dealers in Québec

2016–2018 Insurer Disclosure Analysis Report

AUTORITÉ DES MARCHÉS FINANCIERS

The offering of insurance products by automobile and recreational and leisure vehicle dealers in Québec - 2016-2018 Insurer Disclosure Analysis Report

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Introduction

The Autorité des marchés financiers (the "AMF" or the "Authority") is pleased to present its first report on the offering of insurance products by automobile and recreational and leisure vehicle dealers (the "dealers") in Québec.

This analysis report is based on data collected from 20 insurers for the years 2016, 2017 and 2018.[1] It provides a picture as at December 31, 2018 of the market for insurance products offered by dealers, namely replacement insurance (Q.P.F. No. 5) and debtor life, health and employment insurance (DLHE).[2]

This report provides benchmarks that will enable the AMF to measure the impact over time of its actions to improve commercial practices in this market including the publication of the *Notice regarding the offering of insurance products by automobile and recreational and leisure vehicle dealers* and the coming into force of the *Regulation respecting Alternative Distribution Methods* (D-9.2, r. 16.1) (the "RADM").

Lastly, this report provides valuable insight into this market niche for both the regulator and consumers. Although intended to raise industry awareness of issues and practices in the market, it has been written in plain language for consumers. By making it public, the AMF wishes to make consumers aware of the importance of properly assessing their needs before purchasing insurance products offered by dealers when they buy or lease a vehicle.

June 2020

1 Appendix 1 of this report presents the collected and consolidated data for 2016, 2017 and 2018. The report focuses more on the situation in 2018.

2 These products are described in Appendix 2.

Background

The AMF took a number of steps to correct issues that, among other things, were causing consumer dissatisfaction with the commercial practices engaged in by certain dealers offering insurance products.

Several Directives, Notices and Regulations[3] were published to remind insurers and dealers of their obligations and inform them of measures that, in the AMF's opinion, had to be implemented to ensure the fair treatment of consumers (FTC). In addition, the commercial practices of the main insurers in this market were reviewed. Penalties were imposed on certain dealers, firms and lenders. However, despite these actions, the AMF noted continuing deficiencies in commercial practices prevalent in the market.

ROUND TABLE

In June 2017, in order to raise awareness among market stakeholders and clarify and implement actions to address the remaining issues, the AMF organized a round table of representatives of insurers and dealer associations bringing together some 2,500 automobile dealers.

At the end of initial discussions, the participants acknowledged the following issues raised by the AMF:

- Remuneration practices that do not promote FTC;
- Deficiencies in explanations and disclosures to consumers;
- Pressure sales tactics;
- Single insurance premiums[4] incorporated into vehicle financing contracts and the impact of this practice, particularly when the insurance contract is cancelled.

In order to meet the AMF's expectation regarding sound commercial practices that promote FTC, the actions in the intervention strategy to be established had to focus on the following:

- Compliance with the provisions governing distribution other than through a representative;
- Support for informed decision-making;
- Incentives promoting FTC; and
- Ongoing and closer insurer oversight of dealers.

3 Appendix 3 lists the Directives, Notices and Regulations issued in relation, in particular, to the dealers' market.

4 The term **insurance premium** is defined in Appendix 2.

INTERVENTION STRATEGY

The intervention strategy that the round table participants developed together to meet the AMF's expectations regarding sound commercial practices includes:

- Removing Option 1 of the Q.P.F. No. 5, i.e., the obligation to replace the vehicle at the named dealer;
- Extending the period for earning remuneration so that it is better aligned with the lifespan of the product and is not less than 180 days (s. 35(1) RADM);
- Implementing a fact sheet[5] to inform consumers about their rights and the situation in which insurance products are offered other than through a representative (s. 22 RADM);
- Prohibiting insurers from offering similar insurance products through a distributor but with different rates of dealer remuneration (s. 35(3) RADM);
- Implementation by insurers of control measures to ensure, among other things, that:
  - Compliance staff are independent from staff who monitor sales;
  - Compliance staff do not receive variable remuneration based on the insurance product sales of the dealers they are overseeing;
  - Management indicators are put in place to detect improper commercial practices; and
  - Distributors are appropriately trained by insurers.
- Information sharing between the AMF and insurers, particularly regarding recurrent reasons for dissatisfaction[6] reported by consumers;
- Annual insurer disclosure that can be used to construct an overview of the market for the offering of insurance products by automobile and recreational and leisure vehicle dealers in Québec (s. 21 RADM).

5 The fact sheet prescribed by the RADM can be found in Appendix 4.

6 A short description of this mechanism is provided in Appendix 5.

2018 highlights

Sales of insurance products by automobile and recreational and leisure vehicle dealers represented

$424,481,540

in premiums.

One financial group owned

79%

of the market for dealer-distribued insurance products.

Remuneration paid to dealers for insurance product sales amounted to $215,729,509, while remuneration paid to third party administrators[7] amounted to $20,928,372, for a combined total of

$236,657,881.

Indemnities paid to consumers for insurance products sold by dealers totalled

$64,882,629.

The average cost of the premium for a Q.P.F. No. 5 product was **$2,005**, while the average value of the indemnities paid for the same product was **$2,851**.

In addition, the AMF's *2018 Annual Report on Financial Institutions* (available in French only) shows that the average value of the premium for a Q.P.F. No. 5 product purchased **through a dealer is** 62 % **higher** than the average value of the premium for an identical Q.P.F. No. 5 product purchased through a network of certified representatives.

Claims for DLHE products sold by dealers were denied in 29 % of all cases.

1 out of every 4

On average, **one out of every four** certificates or policies is cancelled by the consumer before the contract ends.

7 The role of administrative third parties is defined in the *Remuneration* section.

1- Picture of the situation

In 2018, Québec consumers purchased or enrolled in 130,728 DLHE insurance and 77,792 Q.P.F. No. 5 products distributed through dealers. Purchases and enrolments totalled 141,808 for DLHE products and 87,725 for Q.P.F. No. 5. products in 2017 and 138,917 for DLHE products and 83,601 for Q.P.F. No. 5 products in 2016.

1.1 INSURERS AND DISTRIBUTORS

During 2016, 2017 and 2018, two financial groups dominated the market for insurance products offered by dealers.

While the number of insurers active in the market changed only slightly between 2016 and 2018, consolidation occurred in favour of one financial group. That group acquired an additional 10% of all DLHE product premiums and 12% of all Q.P.F. No. 5 product premiums. As at December 31, 2018, that same financial group owned 79% of the market for dealer-distributed insurance products.[8]

Dealers offered 110 different DLHE products in 2018 and 7 different Q.P.F. No. 5 products.

In 2018, 10% of Q.P.F. No. 5 policies were purchased for leased vehicles, compared with 90% for purchased vehicles. Only one Q.P.F. No. 5 policy proved an exception, with a take-up rate of 32% for leased vehicles.

As at December 31, 2018, 2,741 dealers were disclosed as insurance product distributors to the AMF by insurers. As at the same date, the number of distribution contracts disclosed by insurers stood at 4,506. It is worth noting that a dealer may be a party to more than one distribution contract.

1.2 PREMIUM VALUES AND VOLUMES

The volume of premiums sold by dealers in Québec amounted to $424,481,540 in 2018, down 3% from $439,426,450 in 2017. Total premiums sold in 2018 were as follows: $268,524,672 for DLHE products and $155,956,868 for Q.P.F. No. 5 products.

Between 2017 and 2018, the average value of the premium increased for both types of products offered by dealers. The average value of the premium rose 4%, from $1,974 to $2,054, for a DLHE product and 10%, from $1,818 to $2,005, for a Q.P.F. No. 5.

The AMF's *2018 Annual Report on Financial Institutions* reveals a difference of 62%, or approximately $750, between the average value of the premium for a Q.P.F. No. 5 product when it is purchased through a dealer and the average value of the premium for the same product when it is purchased through a certified representative. The average premium is higher when the product is purchased through a dealer because the rate of remuneration is higher for a product distributed without a representative.

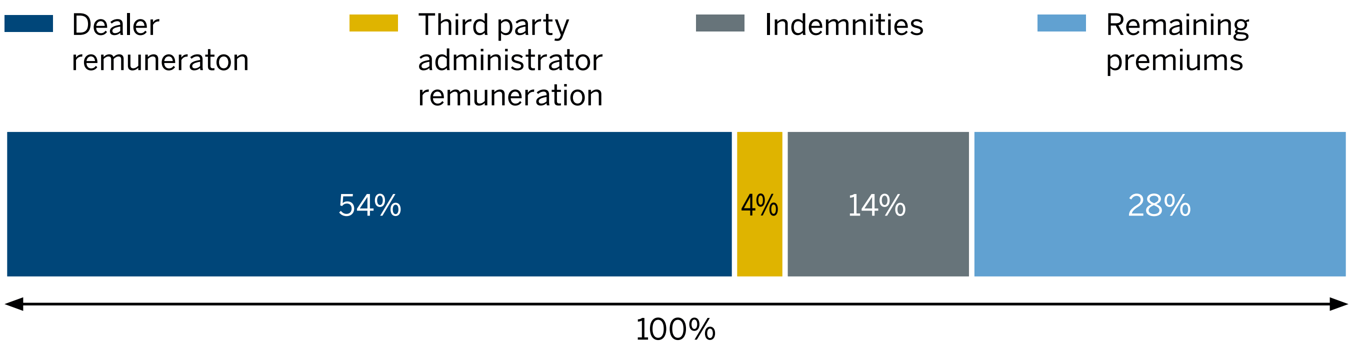
8 See Appendix 1 for more information on the market share breakdown.

1.3 PRODUCT PRICING STRUCTURE

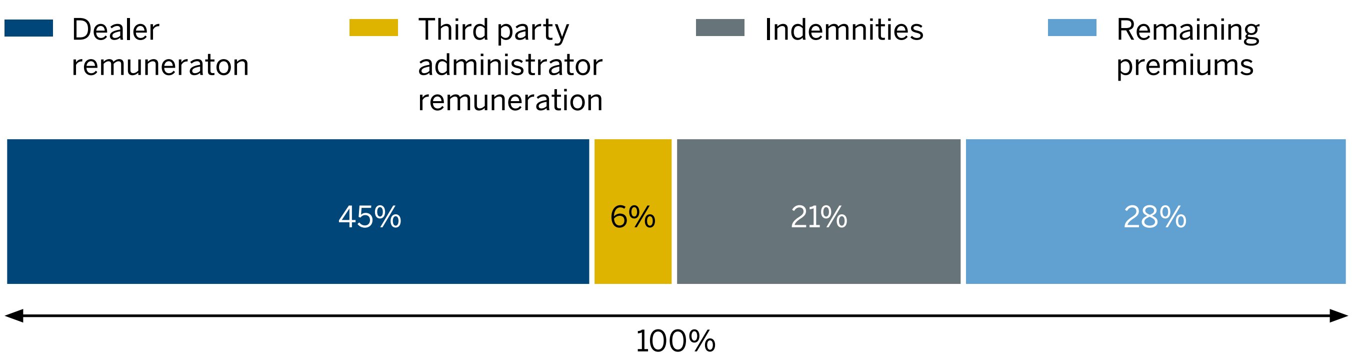
Based on data disclosed by insurers for 2016, 2017 and 2018, and taking into account the relative stability of the market, the trend in the breakdown of premiums appears to be as follows:

- Dealers' annual average remuneration represent respectively 54% and 45% of annual average premiums for DLHE products and Q.P.F. No. 5 products;
- Third party administrators' annual average remuneration represents respectively 4% and 6% of average annual premiums for DLHE products and Q.P.F. No. 5 products; and
- The average annual value of indemnities paid represents respectively 14% and 21% of average annual premiums for DLHE products and Q.P.F. No. 5 products.

TREND IN THE BREAKDOWN OF DLHE PREMIUMS 2016-2017-2018



TREND IN THE BREAKDOWN OF Q.P.F. NO. 5 PREMIUMS 2016-2017-2018



2- Indemnities

In 2018, 5,945 claims were processed by insurers for DLHE products and 11,174 for Q.P.F. No. 5 products. The number of claims processed stood at 7,362 for DLHE products and 13,040 for Q.P.F. No. 5 products in 2017 and at 8,198 for DLHE products and 10,914 for Q.P.F. No. 5 products in 2016.

2.1 VALUE OF INDEMNITIES PAID

In 2018, $64,882,629 in indemnities were paid to insureds, down more than 11% from $73,097,875 in 2017.

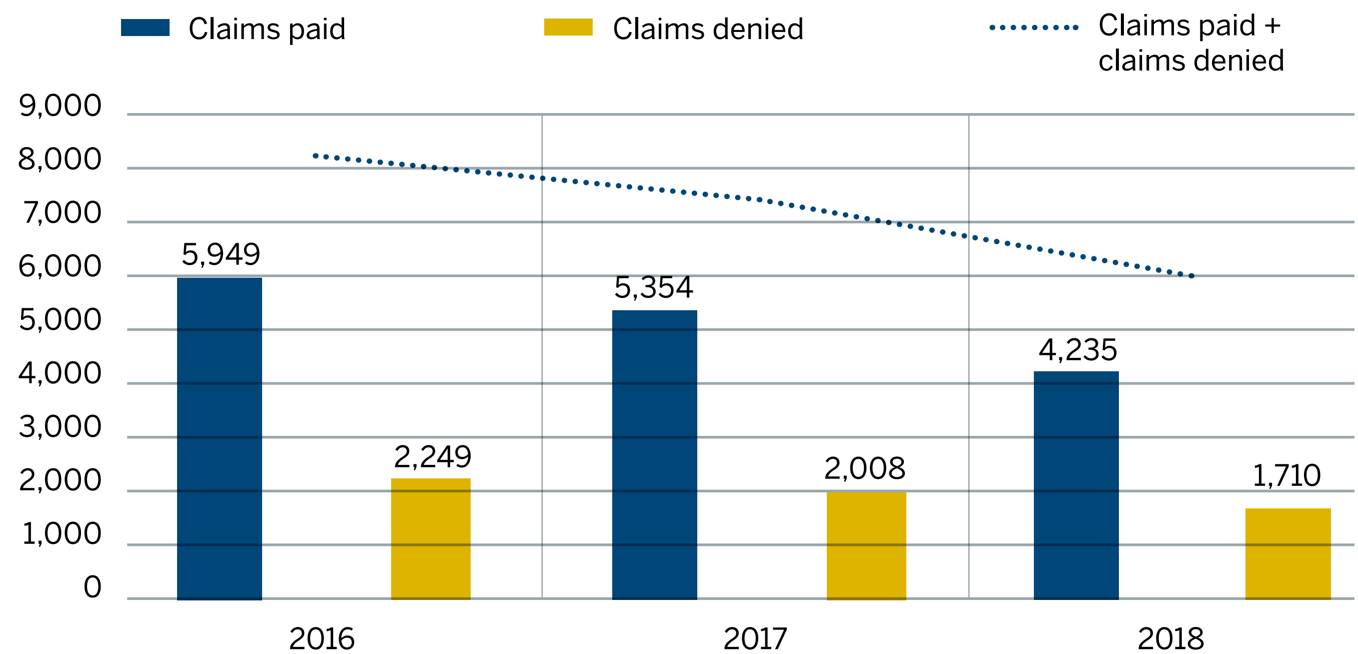
The average value of indemnities paid in 2018 was $7,951 for DLHE products and $2,851 for Q.P.F. No. 5 products.

The average cost of the premium for a Q.P.F. No. 5 product sold by a dealer was $2,005 in 2018, while the average value of indemnities paid was $2,851. This slight difference between the average premium and average indemnities paid held steady during the three years disclosed for this product. This difference raises some questions about the actual value of the product for consumers. In comparison, the average value of indemnities paid for a DLHE product in 2018 was $7,951, for an average premium of $2,054.

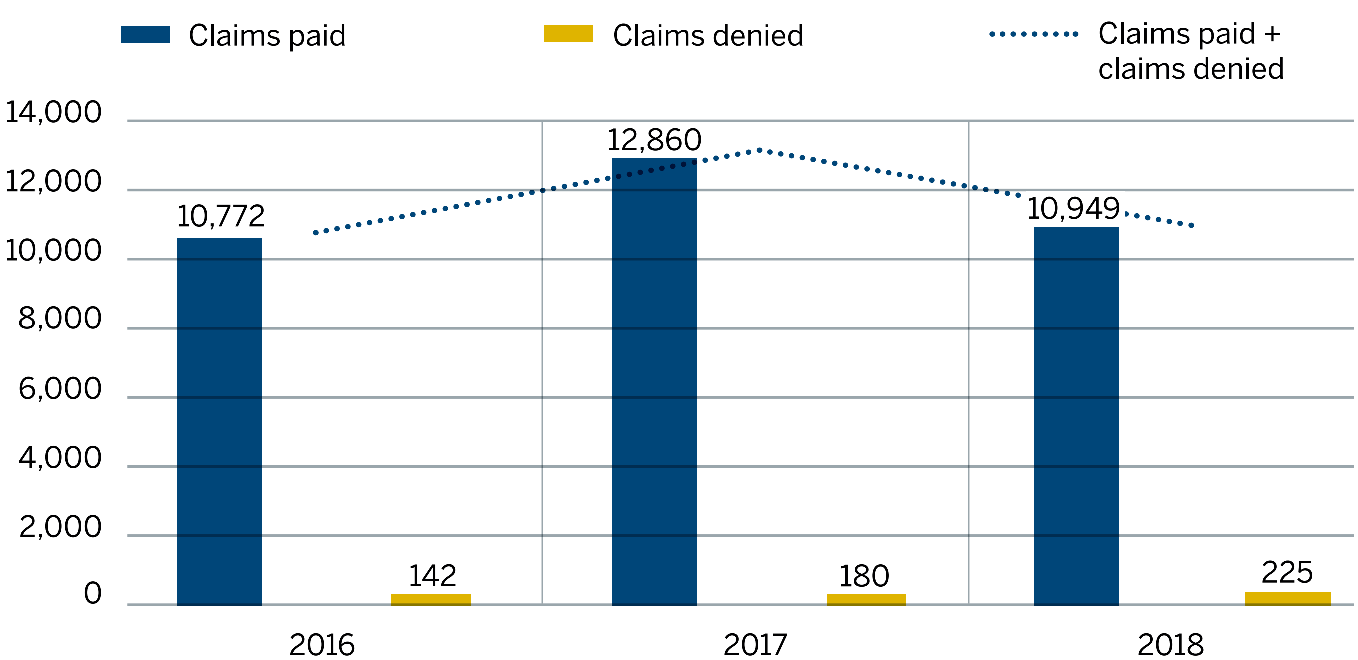
2.2 CLAIMS PROCESSED (PAID AND DENIED)

For both product types combined, 17,119 claims, whether paid or denied, were processed in 2018.

DLHE Claims



Q.P.F. No. 5 Claims



Of the claims processed by insurers in 2018, 29% were denied for DLHE products, while the claim denial rate for Q.P.F. No. 5 products was 2%.

It is interesting to compare these rates with the figures for products offered through traditional sales networks. Between 2015 and 2017, the average claim denial rate in group disability insurance were 5% for short-term disability (STD) claims and 12% for long-term disabilty (LTD) claims.[9] DHLE products offered by dealers tend to approximate STD insurance products in terms of the period of disability covered, if applicable. Irrespective of any comparison with group STD and LTD insurance products offered through traditional networks, a 29% claim denial rate falls outside observed standards.

Distribution other than through a representative	**Traditional sales networks**
Denial rate DLHE products (2018) = 29%	Goup STD insurance denial rate (2015-2017) = 5%
	Group LTD insurance denial rate (2015–2017) = 12%

Note that, unlike Q.P.F. No. 5 product policies, DLHE product policies are not standardized. As a result, insurers develop their products as they see fit in terms of types of coverage, exclusions, specific clauses, and so forth.

The high claim denial rate for this type of product raises questions about what the main reasons are for denying such claims.

9 https://lautorite.qc.ca/fileadmin/lautorite/grand_public/publications/professionnels/assurance/Rapport-intervention-transversale-assurance-invalidite-collective_an.pdf

3- Remuneration

In 2018, $215,729,509 was paid to dealers and $20,928,372 to third party administrators (“TPAs”) as remuneration. The combined amount of $236,657,881 represented 56% of the total volume of insurance premiums paid by consumers and sold by dealers in 2018, compared with 55% in 2017 and 56% in 2016.

3.1 DEALERS’ REMUNERATION

Dealers’ average remuneration increased for each type of product in 2018 compared with 2017. In 2018, the average remuneration received for each DLHE product sold was $1,110 (compared with $1,069 in 2017). The average remuneration received for each Q.P.F. No. 5 product sold in 2018 was $908 (compared with $822 in 2017).

Dealers’ remuneration as a percentage of the total value of premiums remained steady from 2017 to 2018 at around 54% for DLHE products and 45% for Q.P.F. No. 5 products.

The increase in average remuneration per certificate or policy was higher for Q.P.F. No. 5 products than for DLHE products (10% versus 4%). These rounded increases were identical to those observed for average premiums (up 10% for Q.P.F. No. 5 products and 4% for DLHE products in 2018).

3.2 TPA REMUNERATION

In the market for dealer-distributed insurance products, TPAs are remunerated for activities such as soliciting new dealers, training sales people, ensuring compliance, and managing premiums and claims.

In 2018, the activities most frequently outsourced by insurers were solicitation and training. Moreover, between 2016 and 2018, the number of insurers who outsourced compliance activities to TPAs decreased from eight to two. Insurers brought compliance activities back in-house.

From 2017 to 2018, TPA remuneration for Q.P.F. No. 5 products increased 42%, from $7,594,992 to $10,767,666.

TPA remuneration was more substantial in 2018 for Q.P.F. No. 5 products than for DLHE products, which was not the case in 2016 and 2017. This remuneration represented $10,160,706 for DLHE products, or 4% of the total value of premiums, compared with $10,767,666 for Q.P.F. No. 5 products, or 7% of the total value of premiums.

3.3 COMBINED REMUNERATION

In 2018, dealers’ remuneration (when combined with TPA remumuneration) as a percentage of the value of premiums was 58% for DLHE products and 52% for Q.P.F. No. 5 products. These remuneration levels are concerning, as they represent a substantial portion of the premiums paid by consumers.

4- Cancellations

On average, in 2018, one out of every four certificates or policies was cancelled by the consumer before the contract ended. This average was the same in 2017 and 2016.

Where a single premium is added to the vehicle financing contract, this figure raises some questions regarding FTC.

Some consumers informed the AMF that the single-premium refund terms that apply when an insurance product is cancelled were not explained to them by the dealer.

Among the issues reported[10] by these consumers, they rementoned that the cost of insurance was added to the vehicle's financing amount. When they cancelled the insurance product, their monthly financing instalments did not change. Instead, the refund was used to shorten their financing period.

In 2018, a large majority of cancellations occurred on or after the 181st day following the purchase of the policy or certificate for both types of products, with 79% of DLHE products being cancelled on or after the 181st day of the contract. The statistics based on 2016 and 2017 data show a reversal in the timing of most DHLE product cancellations.

Among issues reported, some consumers stated that they had been invited to purchase a single-premium insurance product that they could then cancel after 30, 60 or 90 days. The period mentioned seems to exactly match the dealer's period for earning remuneration.

When the insurance product was paid for through a single premium, the dealer earned all of its remuneration within a short amount of time. Since the publication of the Notice regarding the offering of insurance products by automobile and recreational and leisure vehicle dealers, the period for earning remuneration has had to correspond to the lifespan of the product and be a minimum of 180 days.

10 Schedule 5 provides a definition of the expression "issue reported" along with more information regarding the reasons for dissatisfaction given by consumers when issues are reported by them.

Conclusion

In recent years, the AMF has taken a variety of actions in the market for insurance products offered by dealers, and yet there continue to be serious issues surrounding commercial practices.

Since 2018, annual insurer disclosure has been implemented to, in particular, obtain more granular data and construct a precise picture of the market.

Implementing such annual disclosure and developing a mechanism for sharing the nature of issues reported to the AMF has resulted in a better understanding of the market and helped to further clarify certain objectives.

Due to recent legislative changes,[11] additional legal devices have been made available to the AMF so that it can intervene more robustly in in the market. The new *Regulation respecting Alternative Distribution Methods* (D-9.2, r. 16.1) deals more fully with commercial practices.

Now that it has a more granular picture of the market, the AMF will continue to increase its actions so that persistent improper practices may be corrected.

Its increased actions will focus on the following four objectives:

- Requiring insurance products offered to consumers through dealers to have a similar added value to that of comparable products currently offered through a traditional distribution network:
  - Premiums paid must be comparable;
  - Claim denial rates must be comparable.
- Requiring remuneration practices that promote FTC and mitigate conflict of interest risk;
- Pursuing initiatives to educate and improve disclosures to consumers, particularly regarding the consequences of single-premium financing; and
- Having a significant deterrent effect on improper sales practices.

11 *An Act mainly to improve the regulation of the financial sector, the protection of deposits of money and the operation of financial institutions*, SQ 2018, c. 23 (“Bill 141”)

Appendix 1:

Consolidated data

2018	DLHE products	Q.P.F. No. 5 products
Premiums paid	$268,524,672	$155,956,868
Indemnities paid	$33,671,984	$31,210,645
Dealer remuneration	$145,094,019	$70,635,490
TPA remuneration	$10,160,706	$10,767,666
Average premium	$2,054	$2,005
Average Indemnities	$7,951	$2,851
Number of insureds	130,728	77,792
Number of claims processed (paid and denied)	5,945	11,174
Claim denial rate	29%	2%

2018 Market share breakdown (as a percentage of premium volume)	DLHE
iA Financial Group	76.81%
SSQ Assurance	20.15%
Other insurers (6)	3.04%
	Q.P.F. No. 5
iA Financial Group	80.91%
SSQ Assurance	19.07%
Other insurer (1)	0.02%

		PREMIUMS	CERTIFICATES OR POLICIES	
		$	Number	Average unit value of premium
2016	DLHE	$275,120,508	138,917	$1,854
	Q.P.F. No. 5	$147,251,393	83,601	$1,761
2017	DLHE	$279,975,211	141,808	$1,974
	Q.P.F. No. 5	$159,471,239	87,725	$1,818
2018	DLHE	$268,524,672	130,728	$2,054
	Q.P.F. No. 5	$155,956,868	77,792	$2,005

		INDEMNITIES		
		$	Number of claims processed	Average unit value of indemnities
2016	DLHE	$43,707,697	8,198	$7,347
	Q.P.F. No. 5	$27,629,790	10,914	$2,565
2017	DLHE	$36,564,118	7,362	$6,829
	Q.P.F. No. 5	$36,533,757	13,040	$2,841
2018	DLHE	$33,671,984	5,945	$7,951
	Q.P.F. No. 5	$31,210,645	11,174	$2,851

		PREMIUMS	DEALER REMUNERATION	
		$	$	%
2016	DLHE	$275,120,508	$144,295,019	52%
	Q.P.F. No. 5	$147,251,393	$67,286,066	46%
2017	DLHE	$279,975,211	$151,528,390	54%
	Q.P.F. No. 5	$159,471,239	$72,185,059	45%
2018	DLHE	$268,524,672	$145,094,019	54%
	Q.P.F. No. 5	$155,956,868	$70,635,490	45%

		PREMIUMS	TPA REMUNERATION	
		$	$	%
2016	DLHE	$275,120,508	$15,222,476	6%
	Q.P.F. No. 5	$147,251,393	$8,609,020	6%
2017	DLHE	$279,975,211	$10,870,996	4%
	Q.P.F. No. 5	$159,471,239	$7,594,992	5%
2018	DLHE	$268,524,672	$10,160,706	4%
	Q.P.F. No. 5	$155,956,868	$10,767,666	7%

		CANCELLATIONS		
		Total number	In the first 180 days	On or after the 181st day
2016	DLHE	37,472	24,458	13,014
	Q.P.F. No. 5	18,295	2,009	16,286
2017	DLHE	38,148	24,934	13,214
	Q.P.F. No. 5	23,529	2,643	20,886
2018	DLHE	32,256	6,749	25,507
	Q.P.F. No. 5	21,997	3,292	18,705

Appendix 2:

Dealer insurance products and definition of insurance premium

Automobile, recreational and leisure vehicle dealers ("dealers") may, in accordance with Title VIII of the *Act respecting the distribution of financial products and services* (D-9.2) (the "Distribution Act"), act as distributors and offer certain insurance products, including the following two types:

1- DEBTOR LIFE, HEALTH AND EMPLOYMENT INSURANCE ("DLHE") PRODUCTS

A dealer is authorized to offer a DLHE insurance product when it finances the purchase or lease of a vehicle by a consumer. That product can, for example, be a life insurance product enabling the repayment of the balance of the debt upon the insured person's death. The insurance product will cover up to the value of the loan. Debtor life, health and employment insurance may cover a certain number of monthly instalments on the loan.

DLHE products are not standardized. Insurers offer a range of diversified products covering all or part of the debt balance.

2- REPLACEMENT INSURANCE (Q.P.F. NO. 5) PRODUCTS

When selling or leasing a vehicle to a consumer, a dealer is authorized to offer a replacement insurance product in a form and at conditions approved by the AMF, i.e. the Q.P.F. No. 5 – Complementary Insurance for Damage Caused to Insured Vehicle Form (Replacement Insurance).

Coverage under Q.P.F. No. 5 is complementary, i.e., merely complements the coverage under the policyholder's primary insurance contract ("Q.P.F. No. 1 – Owners' Form"), which generally covers the actual cash value of the vehicle on the date of the loss, not the price paid for the vehicle. In this sense, the right to an indemnity exists only when, on the date of the loss, the insured holds a primary insurance contract covering the described vehicle and the primary insurer has paid an indemnity to the insured. In particular, the Q.P.F. No. 5 product covers the vehicle's loss in value.

A dealer cannot offer primary insurance. Only a firm registered with the AMF, through a damage insurance agent or broker or via a digital space, is authorized to offer primary insurance. A firm may also offer a Q.P.F. No. 5 product. It is therefore up to the consumer to determine which distribution channel for a Q.P.F. No. 5 product.

Definition of insurance premium

The use of the term **insurance premium** in this report refers to the following definition:

The insurance premium is the price that the consumer must pay to benefit from insurance coverage in the event of a loss. It includes any form of remuneration that may be paid in connection with the sale of the product.

Appendix 3:

Directives, Notices and Regulations

For ease of reference, here is a list of hyperlinks to publications concerning the market for insurance products offered through dealers:

- April 9, 2001: Directives concerning the obligations of disclosure of distributors *from the Bureau des services financiers*;
- March 27, 2009: *Avis de l'Autorité des marchés financiers relatif aux garanties de remplacement automobiles* (available in French only);
- April 30, 2010: *Avis relatif à l'offre de produits d'assurance afférents à un véhicule* (available in French only);
- April 30, 2010: *Avis relatif à l'offre de la garantie d'écart* (available in French only);
- July 23, 2010: *Notice related to replacement insurance*;
- June 7, 2012: *Notice regarding Q.P.F. No. 5*;
- February 16, 2015: Notice regarding replacement insurance – Non-compliant practices;
- June 21, 2018: *Notice regarding the offering of insurance products by automobile and recreational and leisure vehicle dealers*;
- May 15, 2019: Regulation respecting Alternative Distribution Methods.

Appendix 4:

Fact sheet prescribed in Schedule 2 to the RADM

AUTORITÉ DES MARCHÉS FINANCIERS

The purpose of this fact sheet is to inform you of your rights.
It does not relieve the insurer or the distributor of their obligations to you.

LET'S TALK INSURANCE!

Name of distributor: ____________________

Name of insurer: ____________________

Name of insurance product: ____________________

IT'S YOUR CHOICE

You are never required to purchase insurance:

- that is offered by your distributor;
- from a person who is assigned to you; or
- to obtain a better interest rate or any other benefit.

Even if you are required to be insured, **you do not have to** purchase the insurance that is being offered. **You can choose** your insurance product and your insurer.

HOW TO CHOOSE

To choose the insurance product that's right for you, we recommend that you read the summary that describes the insurance product and that must be provided to you.

DISTRIBUTOR REMUNERATION

A portion of the amount you pay for the insurance will be paid to the distributor as remuneration.

The distributor **must** tell you when the remuneration exceeds 30% of that amount.

RIGHT TO CANCEL

The Act allows you to rescind an insurance contract, **at no cost**, within 10 days after the purchase of your insurance. However, the insurer may grant you a longer period of time. After that time, fees may apply if you cancel the insurance. **Ask** your distributor about the period of time granted to cancel it **at no cost**.

If the cost of the insurance is added to the financing amount and you cancel the insurance, your monthly financing payments might not change. Instead, the refund could be used **to shorten the financing period. Ask your distributor for details**.

The *Autorité des marchés financiers* can provide you with unbiased, objective information.
Visit www.lautorite.qc.ca or call the AMF at 1-877-525-0337.

Reserved for use by the insurer:

This fact sheet cannot be modified

Appendix 5:

Definition of issue reported and mechanism for examining issues reported

The expression "issue reported" in the context of this report means a reason for dissatisfication given in a call to the AMF's Information Centre (the "IC") relating to the offering of insurance products through dealers.

As no escalation process has been initiated for reasons for dissatisfaction given during such calls, they are designated as issues reported rather than complaints.

For the period from July 15, 2013 to June 15, 2019, 74% of issues reported related to distribution without a representative ("DWR") received at the AMF IC were attributable to a dealer.

In 2018, the AMF set up a permanent mechanism for sharing the nature of DWR-related issues reported.

This information-sharing initiative introduced by the AMF forms an integral part of the intervention strategy developed at the round table. This measure was announced in the *Notice regarding the offering of insurance products by automobile and recreational and leisure vehicle dealers*, published in the Bulletin of the Authority on June 21, 2018.

During these exercises, the AMF shares anonymized information with insurers regarding the nature of alleged breaches and the names of the distributors mentioned by consumers. The AMF then requires insurers to submit intervention plans, complete with the timing of their implementation, to ensure compliance with the insurers' obligations and responsibilities regarding oversight and supervision of the distributors mentioned.

Recurring reasons for consumer dissatisfaction include:

- The insurance product is presented to the consumer as mandatory;
- A better interest rate is offered to the consumer only if the consumer buys an insurance product;
- After buying a vehicle, the consumer discovers that their financing includes an insurance premium even though the insurance product was not offered to them;
- The insurance product was not explained to consumers, who, as a result, could find themselves in a situation where they are subject to an exclusion or are not eligible for coverage; and
- The single-premium refund terms included in vehicle financing were not explained to the consumer.

In addition, by sharing the nature of the reports it received, the AMF clarified its expectations by requiring that any consumer dissatisfaction associated with these distributors and related to the reasons for dissatisfaction mentioned are to be handled in such a way as to ensure FTC.