

**Notice regarding the coming into force on March 1, 2019 of amendments to automobile insurance form Q.P.F. No. 5 – Complementary Insurance for Damage Caused to Insured Vehicle Form (*Replacement Insurance*)**

**(section 422 of the *Act respecting insurance*)**

Under section 422 of the *Act respecting insurance*, CQLR, c. A-32, the *Autorité des marchés financiers* (the “Authority” or the “AMF”) may prescribe the forms necessary for the application of this Act and must approve the form and the conditions of insurance policies relating to the ownership or use of motor vehicles.

To reflect changing practices and corroborate the work carried out as part of the round table on insurance products offered by automobile and recreational and leisure vehicle dealers, the AMF has amended the following automobile insurance form:

- *Q.P.F. No. 5 – Complementary Insurance for Damage Caused to Insured Vehicle Form (Replacement Insurance)* (“Q.P.F. No. 5”).

**Main amendments**

The main amendments made to the form are as follows:

- Addition of a caution on the cover page of the insurance policy.

The caution serves to inform the insured that Q.P.F. No. 5 complements the primary insurance contract and that, for Q.P.F. No. 5 to apply, an indemnity must be paid under the primary insurance contract. The insured is also cautioned that removing coverage from the primary insurance contract will have consequences.

- Amendment of the calculation of the indemnity

This amendment was necessary to address the problem related to claims that are settled in accordance with the Direct Compensation Agreement in cases where liability is shared and an insured does not have Section B2 coverage under his primary insurance contract. The indemnity payable by the Q.P.F. No. 5 insurer will now be calculated based on the “actual cash value determined by the primary insurer.”

- Withdrawal of indemnity options (withdrawal of option 1)

Q.P.F. No. 5 provided the following two indemnity options:

- Option 1: Replacement of the vehicle through the named dealer;
- Option 2: Payment of an indemnity to replace the vehicle through a dealer of the customer’s choice.

The new version of Q.P.F. No. 5 will not offer the choice of an indemnity option. The insurer’s undertaking will thus be limited to the payment of an indemnity to replace the vehicle.

- Addition of a retroactive termination clause

The purpose of this clause is to allow insureds to be refunded for the period when the primary insurance contract no longer applied due to the absence of coverage under Section B. This retroactive termination clause will only be valid in the event of total loss of the insured vehicle.

- Addition of coverage that complements Q.P.F. No. 4 – Garage Form (“Q.P.F. No. 4”).

Since Q.P.F. No. 4 occasionally covers the personal vehicles of persons engaged in a garage business, the definition of “primary insurance contract” was amended to ensure that Q.P.F. Nos. 4 and 5 are complementary.

### **Effective date of the new Q.P.F. No. 5**

As of **March 1, 2019**, the new form must be used by all insurers that transact automobile insurance business.

Insurers will be required to give contracts that were sent to insureds prior to March 1, 2019 and are effective as of that date the scope contemplated in the revised form.

In the event the new form could not be sent to insureds after March 1, 2019, insurers may not reduce any applicable commitments to the insured or increase any applicable obligations of the insured.

*Option 1 – Replacement of the vehicle through the named dealer* can still be offered during the transition period from the date of publication of the new Q.P.F. No. 5 form to March 1, 2019, the date on which it becomes effective. However, since this option will no longer be available as of March 1, and in order to foster sound commercial practices relating to the sale of this insurance product, the AMF expects insurers and their distributors to progressively cease offering option 1 during the transition period.

The form is available on the AMF website at [www.lautorite.qc.ca](http://www.lautorite.qc.ca) under Professionals / Insurers / Automobile insurance / AMF approved forms.

### **Additional Information**

Additional information may be obtained from the AMF Information Centre at:

Québec City: 418-525-0337

Montréal: 514-395-0337

Toll-free: 1-877-395-0337

[www.lautorite.qc.ca](http://www.lautorite.qc.ca)

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