

## **Notice relating to the revision of certain measures concerning payment deferrals for loans, leases and premiums granted by Québec-chartered insurers – COVID-19**

In a [notice published on April 9, 2020](#), the Autorité des marchés financiers (“AMF”) announced a series of measures to provide Québec-chartered insurers with the flexibility and tools needed to fully carry out their mission in view of the extraordinary situation caused by the COVID-19 pandemic. In particular, the AMF granted, under certain conditions, capital requirement relief applicable to loans, leases and premiums for which insurers were granting payment deferrals.

In light of how the situation has evolved in recent few months, the AMF is announcing today that the measures relating to payment deferrals granted by insurers for loans, leases and premiums are being revised.

### **1. Payment deferrals for loans and leases granted by insurers of persons (life and health insurers)**

Amid the exceptional situation caused by the COVID-19 pandemic, life and health insurers offered principal and interest payment deferrals on loans and rent payment deferrals on certain leases. In the April 9 notice, the AMF indicated that it was authorizing those insurers to treat such loans and leases benefitting from a deferral as performing assets under the CARLI guideline<sup>1</sup> if they deemed that such loans and leases, which were not in default at the time the deferral came into effect, would have been performing loans and leases.

This meant that these assets were not classified as impaired and restructured assets and were not subject to a higher credit risk factor as a result of such payment deferrals. This capital requirement relief for such loans and leases was temporary and applied for the duration of the payment deferrals, up to a maximum of six months.

### **2. Premium payment deferrals granted by damage insurers (P&C insurers) and life and health insurers**

In cases where insurers granted premium payment deferrals to certain insureds facing temporary financial hardship owing to the COVID-19 pandemic, these related assets were not subject to a higher credit risk factor per the CARLI and MCT guidelines.<sup>2</sup> This relief was applicable to installment premiums receivable (not yet due), receivables outstanding less than 60 days, and receivables outstanding 60 days or more, provided that the policyholder complied with the deferral terms and conditions. This capital treatment also applied to receivables from agents and brokers to the extent premiums flowed through them.

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<sup>1</sup> CARLI refers to the *Capital Adequacy Requirements Guideline – Insurance of persons (life insurance)* set by the AMF.

<sup>2</sup> MCT refers to the *Capital Adequacy Guideline – Damage Insurance, Capital Adequacy Guideline – Self-regulatory Organizations, and Capital Adequacy Guideline – Reciprocal Unions* set by the AMF.

The capital requirement relief for these premiums was temporary and applied for the duration of the payment deferrals, up to a maximum of six months.

### **3. Revised relief**

This notice is to announce that the AMF is revising this relief as follows:

- The capital requirement relief for loans, leases and premiums currently benefitting from a deferral granted before the publication of this notice will continue to apply for the duration of the deferral, up to a maximum of six months from the effective date of the deferral.
- Loans, leases and premiums for which a deferral will be granted for the first time between the publication of this notice and September 30, 2020, inclusive, the capital requirement relief will apply for the duration of the deferral, up to a maximum of three months from the effective date of the deferral.
- Loans, leases and premiums for which a deferral will be granted on or after October 1, 2020 will not be eligible for the capital requirement relief.

The AMF continues to monitor the situation related to the COVID-19 pandemic and its impacts on insurers and is prepared to adjust its guidance in respect of these measures if necessary.

If you have any questions, please contact:

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