

REGULATION RESPECTING THE PROHIBITION ON CHARGING CERTAIN FEES FROM HOLDERS OF INDIVIDUAL VARIABLE INSURANCE CONTRACTS RELATING TO SEGREGATED FUNDS

Insurers Act
(chapter A-32.1, s. 485 par. (1) and s. 496)

Act respecting the distribution of financial products and services
(chapter D-9.2, s. 223 par. (13.1))

1. This Regulation applies to:

(1) any insurer authorized under the Insurers Act (chapter A-32.1) only to the extent that the insurer has entered into an individual variable insurance contract, defined as an individual contract of life insurance, including an annuity, or an undertaking to provide an annuity, under which the insurer's liabilities vary in amount depending upon the market value of the segregated funds that it holds and in which it allocates the amounts invested by the holder of the contract, which are, with the corresponding rights it holds thereunder, represented by means of segregated fund units allocated to the contract; and

(2) any firm, independent partnership or independent representative registered in the sector of insurance of persons under the Act respecting the distribution of financial products and services (chapter D-9.2) that offers a contract referred to in paragraph 1 or services related thereto.

2. An authorized insurer, firm, independent partnership or independent representative may not, in any way whatsoever, require fees or compensation from the holder of the contract when the latter requests to have all or a portion of the invested amounts withdrawn or transferred to another segregated fund or requests a change in the fee option under the contract for the investing of such amounts, except for the following fees where these are provided for in the contract:

(1) management fees, fees related to operating expenses, trading fees, early withdrawal fees, short-term trading fees or small policy fees;

(2) insurance fees, where such fees are not included in the fees referred to in paragraph 1;

(3) fees related to advisory services paid for by the holder of the contract to the firm, independent partnership or independent representative, paid out by the insurer from the amounts invested by the holder of the contract; and

(4) withdrawal or transfer fees, where such fees are not reduced on a sliding scale based on the length of time between when the amounts are invested and when they are withdrawn or transferred to another segregated fund.

3. A monetary administrative penalty of \$1,000 in the case of a natural person or of \$5,000 in any other case may be imposed on an authorized insurer that, in contravention of section 2, requires fees from the holder of the contract when the latter requests to have all or a portion of the invested amounts withdrawn or transferred to another segregated fund or requests a change in the fee option under the contract for the investing of such amounts.

4. This Regulation comes into force on 1 June 2023.