

Draft Regulation

Insurers Act

(chapter A-32.1, ss. 485 par. 1, and 496)

Regulation respecting information to be provided to holders of individual variable insurance contracts relating to segregated funds

Notice is hereby given by the Autorité des marchés financiers (the "AMF" or the "Authority") that, in accordance with section 486 of the *Insurers Act*, CQLR, c. A-32.1, the following regulation (the "Draft Regulation"), the text of which is published hereunder, may be made by the Authority and subsequently submitted to the Québec Minister of Finance for approval, with or without amendment, after 30 days have elapsed since its publication in the Bulletin of the Authority:

- *Regulation respecting information to be provided to holders of individual variable insurance contracts relating to segregated funds*

The Draft Regulation is also available under "Public consultations" on the AMF's website at www.lautorite.qc.ca.

Background

On April 20, 2023, the AMF issued a news release announcing that the Canadian Securities Administrators ("CSA") and the Canadian Council of Insurance Regulators ("CCIR") had published new disclosure requirements, including total cost reporting for investment funds and individual variable insurance contracts ("IVICs") relating to segregated funds. The CSA made amendments to *Regulation 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations* and the related policy statement, and the CCIR established the *Individual Variable Insurance Contract Ongoing Disclosure Guidance* (the "Guidance"). The Draft Regulation implements the expectations in the Guidance in a Québec regulation.

Purpose of the Draft Regulation

The Draft Regulation applies to insurers authorized under the *Insurers Act* that have underwritten IVICs. It also applies to those that have underwritten individual contracts of life insurance that include a provision stipulating that dividends under the contract are allocated to segregated funds.

Insurers will be required to provide IVIC holders with an annual statement that includes information on all IVIC fees and charges (including fund expenses, trading expenses and various ratios), returns and guarantees. The purpose of these new requirements is to ensure better consumer understanding of the product, facilitate optimal discussions with their insurance of persons (life and health insurance) representatives and help them make better-informed decisions.

Lastly, the Draft Regulation provides that the AMF may impose monetary administrative penalties on authorized insurers that do not comply with the regulatory provisions.

Subject to Ministerial approval, the AMF expects the regulation to come into force on January 1, 2026.

Comments

Comments regarding this Draft Regulation may be made in writing by **December 2, 2023**, to the following:

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Unless otherwise noted, comments will be posted on the AMF's website at www.lautorite.qc.ca. Therefore, you should not include personal information directly in comments to be published. It is important that you state on whose behalf you are making the comments.

Further information

Further information is available from:

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