

**DIRECTIVES OF THE BUREAU
DES SERVICES FINANCIERS**

Directives respecting the application of section 441¹

The Act respecting the distribution of financial products and services grants consumers a 10-day period within which they may cancel an insurance contract made at the same time as another contract. Section 441 reads as follows:

Section 441. A client may cancel an insurance contract made at the same time as another contract, within 10 days of signing it, by sending notice by registered or certified mail. Where such an insurance contract is cancelled, the first contract retains all its effects.

Two problems related with this provision have been identified.

Problem A

- Principal contracts (automobile-lease, travel, etc.) having a term of 10 days or less

In this case, an insurer would cover the risk for the duration of the travel or the lease of an automobile (in whole or in part), but the consumer could nonetheless, on his return, demand a refund of the amounts paid, to the extent that the time limit granted by section 441 has not yet expired. Hence, we would no longer be talking about public protection.

Directive A

To prevent a consumer from cancelling his insurance contract after his travel or his automobile lease has commenced, the Bureau des services financiers has adopted an initial directive:

Section 441 shall not apply where the principal contract has a term of 10 days or less and where its consummation commenced at the time of the request for termination of the cancellation insurance contract.

Problem B

- Cancellation insurance contracts signed within a period of 11 days or less preceding the commencement of the principal contract (automobile-lease, travel, etc.)

In this case, a consumer could decide on the day before his departure that he no longer wants his cancellation insurance, noting that everything is in order and that he is able to leave as planned. This would be prejudicial to the insurer, which would nonetheless have assumed the risk during the period preceding the travel or the lease of an automobile.

Directive B

To prevent a consumer from cancelling a cancellation insurance contract on the day before his departure, the Bureau des services financiers has adopted a second directive:

Section 441 shall not apply in the case of a cancellation insurance contract made within a period of 11 days or less preceding the travel or the lease of an automobile.

¹ Adopted at the meeting of January 21, 2000

