

Application directive

Section 32 of the Act respecting the distribution of financial products and services

On december 11, 2002, section 32 of the Act came into effect.

To clarify the application of this section, the Board of Directors of the Bureau adopted, on May 8, 2003, the following directive:

32. Insurance representatives acting for a firm that is an insurer or that is bound by an exclusive contract with a single insurer must disclose that fact to the person with whom they are transacting business.

To whom does disclosure apply?

Disclosure is imposed on insurance representatives (damage insurance agents, financial security advisors) who:

- act for a single insurer firm;
- or
- act for a single firm that is bound by an exclusive contract with a single insurer.

However, financial security advisors that are attached to more than one firm in the insurance of persons sector are not required to make sure disclosures since, in fact, they are not exclusive to a single insurer.

How does disclosure take place?

In addition to making disclosure explicitly, either orally or in writing, by stating that they are representatives of an insurer or a firm that is exclusive to an insurer, representatives can meet this obligation as follows:

Insurance representatives meet their disclosure obligation if, in their representations, they present themselves as financial security advisors or damage insurance agents for an insurer or a firm **whose name establishes the link with the insurer.**

Thus, if the insurer's name appears on the business card or the letterhead of the financial security advisor or agent, the requirement set forth under section 32 is met.

Also, if the name of the firm appears on the business card or letterhead and this name establishes the link with the insurer, the requirement set forth under section 32 is met.

With regard to representatives in insurance of persons, if the insurer is identified in the telephone greeting message and the representative presents himself as an agent, the requirement set forth under section 32 is met.

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the distribution of financial
products and services***

Example 1:

ABC Life Insurance Company

John White
Financial Security Advisor

XYZ General Insurance Company

Christopher Black
Damage Insurance Agent
OR on the phone:
Agent, if the insurer is identified
in the telephone greeting message

Example 2:

ABC¹ Financial Services
Financial Services Firm

John White
Financial Security Advisor

XYZ² Insurance Services
Damage Insurance Firm

Christopher Black
Damage Insurance Agent

¹ ABC being the name of the known insurance company.

² XYZ being the name of the known insurance company.

