

# **REGULATION RESPECTING DAMAGE INSURANCE BROKERAGE**

## **Act respecting the distribution of financial products and services**

(chapter D-9.2, s. 31, 38, 202, par. (2), 203 par. (4), 208, 223, pars. (1), (5), (13) and (13.1))

### **CHAPTER I**

#### **CLASSES OF DAMAGE INSURANCE PRODUCTS**

**1.** For the purposes of section 38 of the Act respecting the distribution of financial products and services (chapter D-9.2), the classes of damage insurance products are as follows:

(1) automobile insurance; and

(2) home insurance, that is, property and civil liability insurance on the principal residence that the insured owns or rents.

An endorsement to an insurance policy that is a product belonging to one of these classes belongs to that same class only if it is offered concurrently with the principal coverage provided in the policy.

### **CHAPTER II**

#### **DISCLOSURE**

**2.** Notwithstanding section 4.6 of the Regulation respecting information to be provided to consumers (chapter D-9.2, r. 18), a damage insurance broker who offers a product belonging to one of the classes referred to in the first paragraph of section 1 directly to the public must, before inquiring into the client's situation in accordance with the first paragraph of section 27 of the Act respecting the distribution of financial products and services, disclose to the client:

(1) the names of the three main insurers whose personal-lines damage insurance products he offers; and

(2) for each of those insurers, the percentage of the total volume of risks placed in that class of sectors by the firm, independent partnership or independent representative, calculated on the basis of the value of written premiums annualized as at 31 December of each year.

The information referred to in the first paragraph must also be communicated to the client in writing, at the time of issuance and of each renewal of the insurance policy, by the broker, when the broker is acting as an independent representative, or by the firm or independent partnership on behalf of whom he is acting.

### **CHAPTER III**

#### **ACTIVITIES OF A DAMAGE INSURANCE AGENCY**

**3.** Where a firm is registered as a damage insurance agency and offers insurance products directly to the public, the natural persons through which it may pursue activities must be:

(1) damage insurance agents; or

(2) concurrently, personal-lines damage insurance agents and commercial-lines damage insurance brokers.

A firm that was registered as a damage insurance brokerage firm has 90 days from the time it becomes registered as a damage insurance agency to comply with the first paragraph.

Furthermore, a representative authorized to use the title of “damage insurance broker” who acts on behalf of such a firm may not have his title revoked during that period solely on the basis of the change in the firm’s title.

**4.** A damage insurance broker referred to in subparagraph 2 of the first paragraph of section 3 who does not act on behalf of an agency referred to in that section is authorized to act only in the commercial-lines damage insurance class of sectors and to use only the title of “commercial-lines damage insurance broker”.

A damage insurance agent in the same situation is authorized to act only in the personal-lines damage insurance class of sectors and to use only the title of “personal-lines damage insurance agent”.

## **CHAPTER IV**

### AMENDING AND FINAL PROVISIONS

**5.** Section 2 of the Regulation respecting the registration of firms, representatives and independent partnerships (chapter D-9.2, r. 15) is amended by inserting the following after paragraph 3:

“(3.1) in the case of a firm, independent partnership or independent representative that offers insurance products directly to the public through a damage insurance broker, the information referred to in subparagraph 1 of the first paragraph of section 2 of the Regulation respecting damage insurance brokerage (*indiquer ici la référence au règlement*);”.

**6.** Section 10 of the Regulation is amended by inserting the following subparagraph after subparagraph *c* of paragraph 2:

“(c.1) in the case of a firm, independent partnership or independent representative that offers insurance products directly to the public through a damage insurance broker, the information referred to in the first paragraph of section 2 of the Regulation respecting damage insurance brokerage (*indiquer ici la référence au règlement*);”

**7.** Section 11 of the Regulation is amended by inserting “, other than a firm registered as a damage insurance agency,” after “a firm” in the introductory clause of the first paragraph.

**8.** Section 12 of the Regulation is amended by inserting “, other than an independent partnership registered as a damage insurance agency,” after “an independent partnership” in the introductory clause of the first paragraph.

**9.** Section 13 of the Regulation is amended by inserting “, other than a firm registered as a damage insurance agency,” after “a firm”.

**10.** Section 14 of the Regulation is amended by inserting “, other than an independent partnership registered as a damage insurance agency,” after “an independent partnership”.

**11.** Section 14.1 of the Regulation is revoked.

**12.** Section 14.6 of the Regulation is amended by replacing “of sections 14.1, 14.2, 14.3, 14.4 and 14.5” by “of the following provisions: those in the third paragraph of section 75 of the Act and those in sections 14.2 to 14.5 of this Regulation”.

**13.** This Regulation comes into force on 13 December 2019.