

Regulation respecting the pursuit of activities as a representative

An Act respecting the distribution of financial products and services
(chapter, ss. 196, 202 and ss. 211 and 213)

DIVISION I SCOPE OF APPLICATION

1. The provisions of this Regulation govern the pursuit of the activities of the representatives referred to in section 1 of the Act respecting the distribution of financial products and services (chapter D-9.2).

O.C. 830-99, s. 1; M.O. 2009-06, s. 1.

DIVISION II INCOMPATIBLE OCCUPATIONS

2. The following activities and occupations are incompatible with the pursuit of activities as a representative:

- (1) performing the duties of a judge;
- (2) performing the duties of a police officer;
- (2.1) performing the duties of a minister of religion;
- (2.2) performing the duties of a funeral director or any other similar duties in the funeral services industry;
- (3) pursuing activities as a bankruptcy trustee;
- (4) the exercise of a health-care profession governed by the Professional Code (chapter. C-26);
- (5) the exercise of the profession of lawyer or notary;
- (6) the exercise of the professional activity of public accountancy;
- (7) the exercise of the activities of a real estate broker, ~~except in connection with brokerage activities relating to loans secured by immovable hypothec;~~

(8) the management of a union, other than a union formed of representatives, or the management of a professional association, or employment by any such organisation.

Notwithstanding the first paragraph, the pursuit of activities or professions referred to in any of the subparagraphs hereinbelow is not incompatible with the activities mentioned to in such subparagraph:

(1) the activity or profession referred to in subparagraph 5 or 6 of that paragraph: the activities of a claims adjuster and financial planner;

(2) the activities referred to in subparagraph 7 of the first paragraph: the activities of a mortgage broker, provided the representative pursues activities only in the sector of mortgage brokerage.” ~~Notwithstanding the first paragraph, the exercise of activities or professions referred to in subparagraphs (5) and (6) are not incompatible with the activities of a claims adjuster or financial planner.~~

O.C. 830-99, s. 2; L.Q. 2012, c. 11, s. 32; M.O. 2013-12, s. 1.

3. The following occupations are incompatible with the pursuit of activities as a damage insurance agent or damage insurance broker or a claims adjuster:

- (1) vendor, lessor or repairer of road vehicles, off-road vehicles or boats;
- (2) vendor, lessor or repairer of movable property;
- (3) contractor, as that term is defined in section 7 of the Building Act (chapter B-1.1);
- (4) supplier of services or goods which could be required at the time of an insurance loss.

O.C. 830-99, s. 3; M.O. 2013-12, s. 2.

DIVISION III

CONDITIONS AND RESTRICTIONS GOVERNING THE PURSUIT OF ACTIVITIES

§ 1. — General rules

4. During the period of validity of his certificate, a representative must comply with the following conditions governing the pursuit of activities:

- (1) he must demonstrate availability and diligence;
- (2) he must forthwith deposit in a separate account held by him as an independent representative or by the firm or independent partnership on whose behalf

he acts, as the case may be, all amounts collected or received on behalf of another person in the pursuit of his activities.

O.C. 830-99, s. 4; M.O. 2013-12, s. 3.

5. No representative may, in pursuing activities, take part directly or indirectly in a contest or a promotion providing benefits, as an incentive to promote or sell a product that does not meet the specific needs of his clients.

Notwithstanding the first paragraph, a representative may be reimbursed by a legal person or a third party for the direct costs incurred by attending a conference or a convention, provided that the main purpose of the conference or convention is to provide training on activities governed by the Act respecting the distribution of financial products and services.

O.C. 830-99, s. 5; M.O. 2013-12, s. 4.

[§ 2. — Rules specific to representatives in insurance of persons, group insurance representatives and financial planners](#)

6. A representative in insurance of persons must, before completing an insurance proposal or offering an insurance of persons product containing an investment component, including an individual variable insurance contract, analyze the needs of the purchaser, or those of the insured, with the purchaser.

Therefore, depending on the product, the representative in insurance of persons must analyze with the purchaser, in particular, the policies or contracts in effect held by such purchaser or the insured, as the case may be, the features thereof, the name of the issuing insurers, the purchaser's investment objectives, risk tolerance and financial knowledge, and all other necessary elements such as the income, financial situation, number of dependants, and personal and family obligations of the purchaser.

The representative in insurance of persons must record the information gathered for such analysis in a dated document. A copy of the document must be given to the purchaser no later than on the date the policy is delivered.

O.C. 830-99, s. 6; M.O. 2013-12, s. 5.

7. *(Repealed).*

O.C. 830-99, s. 7; M.O. 2013-12, s. 6.

8. No financial planner may render financial planning services in such capacity unless he has first entered into a written agreement with the client which, as a minimum, specifies the following:

- (1) the nature and scope of the mandate;
- (2) an estimate of the number of hours required to complete the mandate;
- (3) all the sectors or classes of sectors in which he is authorized to act and a description of the financial products and services that are likely to be offered by the financial planner;
- (4) the client's signature, attesting to the acceptance of the mandate.

No agreement entered into under the first paragraph may oblige the client to purchase a financial product or service.

This mandate must be dated and signed by the financial planner and given to the client.

O.C. 830-99, s. 8; M.O. 2013-12, s. 7.

8.1. No representative in group insurance may render services or offer products in such capacity directly to the policyholder unless he enters into a written agreement with the client which, as a minimum, specifies the following:

- (1) the identification of the policyholder and the person designated as the policyholder's contact person;
- (2) the nature and scope of the mandate specifying, as a minimum, the following:
 - (a) the needs analysis;
 - (b) in the case of calls for tenders pertaining to one or more insurance products, a comparison of guarantees, including costs and any differences noted;
 - (c) where an insurance contract is renewed, the description of the existing plan and an analysis of group experience.

No agreement entered into may oblige the policyholder to purchase a financial product or service.

This mandate must be dated and signed by the representative. The representative must always give a copy of the mandate to the policyholder or the person designated as his contact person.

M.O. 2013-12, s. 8.

9. The financial planner must prepare a written financial planning report and forward it to his client.

O.C. 830-99, s. 9.

9.1. A representative in group insurance must, when rendering services or offering products in such capacity, give a written report of his recommendations to the person designated as the policyholder's contact person.

M.O. 2013-12, s. 10.

§ 3. — Rules specific to mortgage brokers

9.2. A mortgage broker who receives or collects an amount referred to in paragraph 2 of section 4 must give the party from whom he receives or collects the amount a receipt containing the information indicated in section 28.2 of the Regulation respecting firms, independent representatives and independent partnerships (chapter D-9.2, r. 2).

9.3. A mortgage broker must, before services are rendered, make a written disclosure of his method of remuneration to the client, indicating:

(1) the compensation claimed for the services he renders to the client, if applicable, and the conditions on which the compensation may be claimed;

(2) the fact that he receives remuneration from the mortgage lender or any person for the services he renders to him, if applicable.

A mortgage broker must forthwith make a written disclosure to the client of any change in his method of remuneration.

9.4. When a mortgage broker proposes a loan secured by immovable hypothec to a client, he must make a written disclosure of the following information to the client:

(1) the nature of the remuneration or any other benefit that he will receive if the loan is made, if applicable;

(2) the nature of any other remuneration or benefit that he may receive with respect to the proposed loan, as well as the conditions under which it may be claimed; and

(3) the fact that he intends to share his commission, if applicable, and the name of the person sharing the commission.

9.5. When a mortgage broker refers a client, he must disclose in writing to the client that he may receive a share of a commission, if applicable.

9.6. A mortgage broker must forthwith make a written disclosure of the following information to the client:

(1) separately, the number of lenders that made loans secured by immovable hypothec for which:

(a) he engaged in a brokerage transaction in the previous 12 months;
and

(b) the firm or independent partnership on behalf of which he acts, if applicable, engaged in a brokerage transaction in the previous 12 months;

(2) the name of the lender that, if applicable, made more than 50% of the total number of loans secured by immovable hypothec or loan renewals for which the mortgage broker, or the firm or independent partnership on behalf of which the mortgage broker acts, engaged in a brokerage transaction in the previous 12 months.

9.7. A mortgage broker must, before proposing a loan secured by immovable hypothec, collect and record in a dated document the information pertaining to the identification of the client's needs and the assessment of the client's financial situation, including, in particular, the features and terms and conditions of the proposed loan, the immovable that will be charged with the hypothec and the client's credit history, income, ability to repay the loan and level of financial knowledge.

9.8. A mortgage broker must give a written report of his recommendations to the client.

9.9. A mortgage broker must identify and ascertain the identity of the borrower, the mortgage lender and, if applicable, the surety and other parties to the proposed transaction.

He must record the information relating to the identity of the borrower.

9.10. A mortgage broker must verify and ascertain the legal capacity of the borrower or the borrower's representative to enter into the proposed transaction and the legal capacity of the mortgage lender and, if applicable, the surety and other parties to the transaction.

9.11. A mortgage broker may not engage in a brokerage transaction relating to a loan secured by reverse immovable hypothec unless he receives from the borrower a written statement, signed by a lawyer or a notary, stating that the lawyer or notary has given the borrower independent legal advice concerning the proposed loan.

9.12. A loan secured by reverse immovable hypothec is a loan secured by immovable hypothec that meets the following conditions:

(1) the money advanced does not have to be repaid until the occurrence of one or more of the following events:

(a) the borrower's death or, if there is more than one borrower, the death of the last surviving borrower;

(b) the acquisition by the borrower or the last surviving borrower, as the case may be, of another immovable to use as his principal residence;

(c) the sale of the immovable charged with the hypothec;

(d) the borrower's or last surviving borrower's vacating the immovable charged with the hypothec in order to live elsewhere with no reasonable prospect of returning;

(e) payment default; and

(2) one or more of the following conditions applies while the borrower or last surviving borrower, as the case may be, continues to occupy the immovable charged with the hypothec as his principal residence and otherwise complies with the terms of the loan:

(a) no repayments of the principal or interest are due or capable of becoming due;

(b) although interest payments may become due, no repayment of all or part of the principal is due or capable of becoming due;

(c) although interest payments and repayment of part of the principal may become due, repayment of all of the principal is not due or capable of becoming due.

9.13. A mortgage broker whose services have been retained by a client for the purpose of engaging in a brokerage transaction may not, for a period of 12 months from the date on which his services were rendered, also act as a lender in respect of the client.

9.14. A mortgage broker may not provide his client with any gifts or benefits.

A mortgage broker may, however, provide a gift or benefit if the gift or benefit is non-pecuniary, of a promotional nature and of low value or if he provides it also to all of his clients. The mortgage broker must inform the firm or independent partnership on behalf of which he acts of this fact so it may provide in the register the information specified in section 28.1 of the Regulation respecting firms, independent representatives and independent partnerships (chapter D 9.2, r. 2), where applicable.

DIVISION IV

REPRESENTATION AND CLIENT SOLICITATION

10. Upon first meeting a client, a representative must give the client a document, such as a business card, which indicates the following:

- (1) the representative's name;
- (2) the representative's main business address, business telephone number and electronic mail address, if any;
- (3) the name of the firm or independent partnership on whose behalf the representative is acting or the description "independent representative", as the case may be;
- (4) the titles under An Act respecting the distribution of financial products and services which the representative is authorized to use in respect of the firm or independent partnership on whose behalf he is acting or the titles under such Act which he is authorized to use as an independent representative, as the case may be.

O.C. 830-99, s. 10; M.O. 2013-12, s. 11.

11. The document referred to in section 10 or any other written representation may contain other information, provided such information is not likely to cause confusion, is related to the pursuit of activities as a representative and is not incompatible with those activities, including the following:

- (1) *(paragraph repealed)*;
- (2) *(paragraph repealed)*;
- (3) the representative's education and qualifications as well as the titles he holds based on such education and qualifications;
- (4) the representative's years of experience in each sector in which he pursues activities;
- (5) the description of the products and services offered by the representative.

O.C. 830-99, s. 11; M.O. 2013-12, s. 12.

12. Where the representative deals with the client from a distance, he must communicate to the client the items referred to in paragraphs 1, 3 and 4 of section 10.

Upon request by the client, the representative must give the client the document referred to in section 10 when he first sends other documents.

O.C. 830-99, s. 12; M.O. 2013-12, s. 13.

13. Where a representative uses statistics in his written representations, he must indicate the source thereof.

O.C. 830-99, s. 13.

14. A representative must refrain from engaging in any client solicitation or representation that may cause confusion or that:

- (1) states the representative's income or financial performance;
- (2) appears to promise results that the representative is unable to obtain;
- (3) uses a visual image or phrase that is likely to cause confusion, such as a trade mark, slogan or symbol.

O.C. 830-99, s. 14; M.O. 2013-12, s. 14.

15. Except in representations directed exclusively at other damage insurance brokers, a damage insurance broker may not, in any manner whatsoever, make representations on behalf of an outside insurer or to the effect that the damage insurance broker can obtain the insurance damage product of an outside insurer.

O.C. 830-99, s. 15.

DIVISION V

PRODUCT INFORMATION

16. Where a representative in insurance of persons sells to a client an individual insurance of persons product or an individual annuity the representative must give to the client, no later than on the date the policy is delivered, a legible document indicating the following:

- (1) whether the insurance costs payable under the contract are guaranteed and, where applicable, for how long, and whether such amounts may fluctuate;
- (2) whether the return on the amounts invested through the insurance product is guaranteed or not;
- (3) whether the face amount of the insurance is guaranteed or may fluctuate;
- (4) any specific exclusions contained in the contract;

- (5) if a surrender fee or a penalty is payable if the contract is surrendered;
- (6) *(paragraph repealed)*.

O.C. 830-99, s. 16; M.O. 2013-12, s. 15.

DIVISION V.1

RULES OF CONDUCT OF MORTGAGE BROKERS

16.1. Mortgage brokers must take reasonable measures to ensure that the persons authorized to act on their behalf in the pursuit of their activities as a mortgage broker comply with the provisions of the Act respecting the distribution of financial products and services (chapter D-9.2) and its regulations, including those of this subdivision.

16.2. Mortgage brokers must act with respect and integrity.

They must also act with prudence, diligence, objectivity and discretion.

16.3. Mortgage brokers must act with competence. They must therefore develop and maintain their knowledge and skills.

16.4. Mortgage brokers must take into account the limits of their skills and of the means at their disposal. When they do not have the necessary skills, they must not act on behalf of a client without obtaining the appropriate assistance.

16.5. Mortgage brokers must act with independence in respect of their clients and in their clients' best interests.

To that end, they must subordinate their personal interests and the interests of any other person or company to their clients' interests and must not let their judgment be subject to any pressure whatsoever.

16.6. Mortgage brokers must not place themselves in a conflict of interest.

16.7. Mortgage brokers must be transparent in respect of their clients.

They must, in particular, explain the nature and scope of their services and, if applicable, the services provided by the firm or independent partnership on behalf of which they act, to enable clients to understand and evaluate their services.

16.8. Mortgage brokers must appropriately advise their clients and give them all such information as may be necessary or useful.

They must fully and clearly explain to their clients the costs involved in obtaining the proposed loans secured by immovable hypothec and the nature, features,

advantages and disadvantages of the loans secured by immovable hypothecs that they propose to their clients, including the penalties applicable in the event of failure to comply with the terms of the loan agreement.

16.9. Mortgage brokers must ensure that the loan secured by immovable hypothec that they propose is suited to the client's situation and needs.

16.10. Mortgage brokers must respect and ensure the confidentiality of all information obtained about their clients.

They must only use the information for the purposes for which it was obtained and may not use it for personal purposes.

Mortgage brokers may not be relieved of these obligations without the client's consent or unless otherwise permitted by a provision of a law or an order of a court.

16.11. Mortgage brokers must provide their clients with the explanations that they need to understand their remuneration.

16.12. The compensation claimed by the mortgage broker must be fair and reasonable given the services rendered.

16.13. Mortgage brokers must not make any false or misleading representations.

16.14. Mortgage brokers must not advise, encourage or in any way assist in the commission of an illegal or fraudulent act, such as the illegal pursuit of activities as a mortgage broker or mortgage fraud.

They must cease to act on behalf of a client when the client asks them to take an action that is in contravention of this rule.

16.15. Mortgage brokers must cooperate with the Authority in a transparent and diligent manner and must not mislead it.

Mortgage brokers must not induce a person to not cooperate with, nor induce a person to mislead, the Authority.

16.16. Mortgage brokers who are informed that their conduct is the subject of a complaint filed with or an investigation conducted by the Authority must not communicate with the complainant or the person who requested the investigation.

DIVISION VI

PROFESSIONAL LIABILITY INSURANCE

17. The insurance contract covering the professional liability of a representative acting on behalf of, but not employed by, a firm must provide for the following:

(1) a minimum coverage amount of \$500,000 per claim and \$1,000,000 per year;

(2) that any deductible amount stipulated in the contract may not exceed \$10,000;

(3) express stipulations to the effect that:

(a) coverage is provided for liability arising from the fault, errors, negligence, or omissions committed by the representative in pursuing activities as a representative, or arising from the fault, errors, negligence, or omissions committed by the representative's mandataries, employees or trainees in the performance of their duties, regardless of whether or not such persons are still so engaged on the date of the claim;

(b) the coverage provided in respect of the activities of the representative during the period for which the contract is in effect extends beyond the period of insurance provided for therein for a further term of 5 years from the date the representative ceases to pursue activities, irrespective of whether or not he is still alive;

(c) the insurer must advise the Bureau of its intention not to renew the contract or to terminate the contract 30 days prior to the date of non-renewal or termination;

(d) the insurer must notify the Bureau upon receiving from the representative notice of non-renewal or termination of an insurance contract;

(e) the insurer must notify the Bureau upon receiving any claim under the contract, regardless of whether the insurer decides to honour the claim.

O.C. 830-99, s. 17; O.C. 1013-2003, a. 1.

DIVISION VII

POLICY REPLACEMENTS

18. The provisions of this Division apply to all representatives in insurance of persons who replace individual life insurance contracts, including serious or critical-illness insurance contracts.

The provisions also apply to representatives in insurance of persons who secure the adhesion of a person to a group insurance contract, and where that adhesion is likely to result in the termination, cancellation or reduction of benefits of an individual insurance policy.

Notwithstanding the first paragraph, the provisions of this Division do not apply to a representative in insurance of persons who intends to replace an annuity of an insurer, including an endowment contract.

O.C. 830-99, s. 18.

19. An amendment made to an existing contract shall not be regarded as a replacement contemplated in this Division.

O.C. 830-99, s. 19.

20. A representative must endeavour to ensure that all insurance contracts are maintained in effect, unless the replacement of the contract is justified as being in the interest of the purchaser or the insured; the representative in insurance of persons who replaces the contract must demonstrate that the replacement is so justified.

O.C. 830-99, s. 20.

21. No representative in insurance of persons may encourage an insured or a purchaser who is not the insured, to cancel, cause to lapse or abandon one insurance contract in favour of another insurance contract, unless he complies with the replacement procedure set out in section 22.

O.C. 830-99, s. 21.

22. Where the purchase of an insurance contract is likely to result in termination, cancellation or reduction in benefits of another insurance contract, the representative must:

- (1) *(paragraph repealed)*;
- (2) complete, prior to or at the same time as the insurance proposal, the form set out in Schedule I if it is in the interests of the policyholder or the insured to replace one contract with another;
- (3) explain the content of the form to the policyholder by comparing the features of the current contracts with those of the proposed contract and by describing the advantages and disadvantages of the replacement;
 - (3.1) give to the policyholder a copy of the form completed and signed by the representative within 5 working days of the signing of the proposal;
- (4) send the form completed and signed by the representative to the head offices of the insurers who issued the contracts likely to be cancelled, by any means providing proof of the date of sending, within five working days of the signing of the insurance proposal;

(5) send a copy of the completed form, within the time limit prescribed in subparagraph (4), to the insurer with whom the representative in insurance of persons intends to place the new contract.

O.C. 830-99, s. 22; M.O. 2013-12, s. 17.

23. *(Repealed).*

O.C. 830-99, s. 23; M.O. 2013-12, s. 18.

24. No representative may prevent an insurer who issued a contract that is likely to be replaced from contacting the insured or the policyholder with a view to dissuading such insured or policyholder from replacing the contract or with a view to offering an equivalent contract.

O.C. 830-99, s. 24.

25. The replacement procedure provided for in section 22 also applies, adapted as required, to the replacement of the following:

(1) a signed insurance proposal for which:

(a) the mode premium has been paid in full, in cash or by cheque;

(b) the signatory of the proposal has given either a bank authorization or written authorization for deduction from salary or a written authorization to transfer funds from one policy issued by an insurer to another policy issued by the same insurer;

(2) a signed insurance proposal providing for temporary coverage of not more than one year, for which the temporary insurance premium has been paid.

O.C. 830-99, s. 25.

26. The replacement procedure provided for in section 22 does not apply to the replacement of an insurance proposal for which the premium has been fully paid but where the medical examination was not conducted within the period stipulated on the conditional receipt.

O.C. 830-99, s. 26.

27. Where an insurer is prepared to issue a contract in accordance with the terms and conditions of the insurance proposal, but subject to payment of an additional premium, the representative must follow the replacement procedure before he obtains a similar contract without any additional or extra premium from another insurer.

O.C. 830-99, s. 27.

DIVISION VIII

DAMAGE INSURANCE BROKER OR AGENT ACTING AS CLAIMS ADJUSTER

28. A damage insurance broker or agent is authorized to act, exceptionally, as a claims adjuster pursuant to section 46 of An Act respecting the distribution of financial products and services under the following conditions and circumstances:

(1) his pursuit of activities as a claims adjuster must be incidental to the pursuit of activities as a damage insurance broker or agent;

(2) he must comply with the rules governing the activities of a claims adjuster, with the necessary modifications;

(3) he must disclose, in writing, to each client with whom he transacts business the type of remuneration he receives for services rendered as a claims adjuster.

O.C. 830-99, s. 28; M.O. 2013-12, s. 19.

29. This Regulation comes into force on October 1, 1999.

O.C. 830-99, s. 29.

SCHEDULE 1

(s. 22, par. 2)

Notice No.: _____

The Notice number is the same as the proposal number.

Notice of Replacement of Insurance of Persons Contract

IMPORTANT MESSAGE FOR CONSUMERS

Read the following before you terminate your insurance contract.

1. Read the needs analysis prepared by your representative.

Among other things, it outlines your current and future needs, your objectives and your ability to pay the insurance premium.

Verify that your representative has taken the necessary steps to retain or modify your existing contract.

2. Read this replacement notice prepared by your representative. After reading the notice and your representative's explanations, determine whether or not you still wish to replace your existing insurance contract with the proposed contract.

If you decide to replace your contract, instruct your representative to proceed with the replacement. Your representative will give you a copy of the notice, signed by him, and will forward a copy to any insurer concerned within 5 days of the signing of the proposal. **This notice is not a contract and does not terminate your insurance.**

You must sign the notice and initial each page of the document no later than on the date the new policy is delivered. Before signing, make sure that the information contained in the document is the same as that on the copy your representative has already given you.

3. Read the insurance proposal prepared by your representative. The signed copy sent to the insurer is confirmation of your application to purchase insurance. On receipt, the insurer will determine whether or not to insure you.

4. Read the insurance contract you receive from the insurer that has accepted your insurance proposal. If you are satisfied, you can terminate your former contract, since your new contract will be in effect.

Termination of contract

You may terminate the purchase of your new insurance contract at any time before it is issued. In addition, most insurers allow clients 10 days in which to terminate the contract at no charge. Ask your representative if you are eligible to do so.

To contact the AMF Information Centre:

www.lautorite.qc.ca

Telephone:

Québec City: 418-525-0337

Montréal: 514-395-0337

Toll-free: 1-877-525-0337

Important documents to read

To replace an insurance contract, your representative must complete several documents and explain them to you:

- Needs analysis
- Notice of replacement of insurance contract
- Insurance proposal

You will subsequently receive your insurance contract, as applicable.

Date: _____

Client's initials: _____

IMPORTANT MESSAGE FOR INSURANCE OF PERSONS REPRESENTATIVES

You must encourage the client to maintain an insurance contract in effect, unless it is in the interests of the policyholder or the insured to replace the contract.

This replacement notice helps your client make an informed decision by allowing him to compare the advantages and disadvantages of replacing the contract.

Nonetheless, you are responsible for providing your client, fully and objectively, with the explanations he needs to make an informed decision.

You must complete this notice if you are proposing that a client replace his insurance contract.¹

Here is some useful information regarding this notice:

- You must explain each point to your client.
- Your client must sign the notice no later than on the date the policy is delivered.
- The notice number and insurance proposal number must be the same. It must appear at the top of each page of this notice.
- If the proposed insurance contract is replacing more than one contract, a replacement notice must be completed for each replaced contract. The number on each replacement notice must correspond to the number on the insurance proposal, followed by a figure (e.g., proposal number 1, proposal number 2).
- You must give a copy of this replacement notice to the policyholder.
- You must send a copy of this notice to the insurer whose contract is being replaced, within 5 working days of the signing of the insurance proposal.
- You must keep a copy of this notice signed by your client.

1. Division VII of the *Regulation respecting the pursuit of activities as a representative (R.R.Q., c. D-9.2, r. 10)* - An Act respecting the distribution of financial products and services.

Important documents to explain to the client

To replace an insurance contract, you must complete several documents and explain them to the client:

- Needs analysis
- Notice of replacement of insurance contract
- Insurance proposal

The client must subsequently receive his insurance contract, as applicable.

To contact the AMF Information Centre:

www.lautorite.qc.ca

Telephone:
Québec City: 418-525-0337
Montréal: 514-395-0337
Toll-free: 1-877-525-0337

Notice No.: _____

Notice of replacement of insurance of persons contract

If you need extra space, add pages, clearly indicating the Part number and the notice number. Both you and your client must initial each page.

PART 1 – General information

| | |
|--|---|
| Policyholder Person purchasing the contract. | _____ Date of birth: _____ Last name and first name Day Month Year _____ Date of birth: _____ Last name and first name Day Month Year _____ Date of birth: _____ Last name and first name Day Month Year |
| Insured (if different from Policyholder) | _____ Date of birth: _____ Last name and first name Day Month Year |
| Other insureds Other persons covered by the replaced contract who will also be covered under the proposed contract. | _____ Last name and first name _____ Last name and first name _____ Last name and first name |
| Cancelled insureds Other persons covered by the replaced contract who will not be covered under the proposed contract and who will therefore no longer be insured. | _____ Last name and first name Type of coverage: _____ Amount: _____ _____ Last name and first name Type of coverage: _____ Amount: _____ |
| Additional insureds Other persons who are not insured under the replaced contract but who will be covered under the proposed contract. | _____ Last name and first name Type of coverage: _____ Amount: _____ _____ Last name and first name Type of coverage: _____ Amount: _____ |

Notice No.: _____

| PART 1 – General information (cont.) | | |
|---|---|---|
| Indicate all insurance contracts replaced by the proposed contract | Policy No. | Date in effect |
| | _____ | Day Month Year |
| | _____ | Day Month Year |
| | _____ | Day Month Year |
| Insurance contract | Existing | Proposed |
| Name of insurer | | |
| Nature of insurance Life, critical illness, disability, etc. (specify type: term, permanent, universal life, etc.) If joint insurance, payable on | 1st death <input type="checkbox"/> 2nd death <input type="checkbox"/> | 1st death <input type="checkbox"/> 2nd death <input type="checkbox"/> |
| Date in effect | | Not applicable |
| Benefit amount Amount paid on occurrence of covered risk • List amount(s). | | |
| Amount of annual premium | | |
| Indemnity period / Waiting period | | |
| Comments Use this section for any additional information, such as whether or not the benefits and premiums indicated above are fixed or guaranteed, the premiums payable in 10 years, at a specific age, etc. | | |

Client's initials: _____

IMPORTANT MESSAGE FOR CONSUMERS

Incontestable clause

When death occurs within two years of the date on which the contract comes into effect, the insurer may refuse to pay the death benefit if information regarding the insured's health or lifestyle was incomplete, inaccurate or omitted. An insurer may refuse to pay the death benefit if it can prove that the insured intended to commit fraud.

The two-year incontestable clause may not generally be transferred from one contract to another. Therefore, the validity of a new contract may sometimes be contested, whereas the former contract may have been incontestable.

By replacing an insurance contract, you may lose this advantage, since the two-year incontestable period begins on the day on which the proposed contract comes into effect.

In disability insurance, this clause does not apply if the disability occurs within two years of the date the proposed contract comes into effect.

Expiry date of incontestable clause

Proposed contract: year(s) after the contract comes into effect

_____ Day Month Year

Replaced contract: _____ Day Month Year

Read and signed by policyholder: _____ Date: _____ Day Month Year

☐ Not applicable

Representative's initials: _____

Suicide clause

When death is by suicide and occurs within two years of the date on which the contract comes into effect, the insurer will not usually pay the death benefit.

Generally, the validity of a clause providing for payment of the death benefit despite suicide may not be transferred from one contract to another.

By replacing an insurance contract, you may lose this advantage, since the two-year suicide period begins on the day on which the proposed contract comes into effect.

Expiry date of suicide clause

Proposed contract: year(s) after the contract comes into effect

_____ Day Month Year

Replaced contract: _____ Day Month Year

Read and signed by policyholder: _____ Date: _____ Day Month Year

☐ Not applicable

Representative's initials: _____

Notice No.: _____

PART 2 – Reasons for replacement

2.1 Explain why the existing insurance contract does not meet your client's needs.

2.2 Explain how the proposed contract better meets your client's needs.

2.3 Explain the disadvantages for your client of replacing his contract (additional exclusions, higher premium, extra premium, etc.).

2.4 Explain why you are not modifying your client's existing contract.

PART 2 – Reasons for replacement (cont.)

2.5 Explain the financial impact of the replacement (e.g., redemption fees, cash surrender value [guaranteed or non-guaranteed], cancellation fees, premiums, tax considerations, policyholder dividends, registration as an RRSP, forthcoming dividend payment).

2.6 Explain the differences between complementary or optional guarantees under the existing contract and the proposed contract (waiver of premiums, guarantee of insurability, other endorsements, additional or fewer guarantees, variations in equivalent or similar guarantees, etc.).

Comments

PART 3 – Signature of policyholder

Having read and understood the notice,

I, _____, the undersigned,
Policyholder's first and last name

wish to replace my existing insurance contract no. _____

and subscribe to the following new insurance contract _____
(Name of policy)

Signature of policyholder(s) Date: _____
Day Month Year

PART 4 – Signature of representative

I have explained to my client, fully and objectively, the type of insurance, as well as the advantages and disadvantages of replacing his existing insurance contract.

A copy of this notice will be sent to the insurer of the replaced insurance contract.

Representative

| | | | |
|--|--------------------------|--------------------|--------------------|
| _____ Representative's last name and first name | _____ Certificate No. | _____ Telephone | _____ Signature |
|--|--------------------------|--------------------|--------------------|

Representative

| | | | |
|--|--------------------------|--------------------|--------------------|
| _____ Representative's last name and first name | _____ Certificate No. | _____ Telephone | _____ Signature |
|--|--------------------------|--------------------|--------------------|

Supervisor

| | | | |
|--|--------------------------|--------------------|--------------------|
| _____ Supervisor's last name and first name | _____ Certificate No. | _____ Telephone | _____ Signature |
|--|--------------------------|--------------------|--------------------|

Trainee

| | | | |
|---|--------------------------|--------------------|--------------------|
| _____ Trainee's last name and first name | _____ Certificate No. | _____ Telephone | _____ Signature |
|---|--------------------------|--------------------|--------------------|

SCHEDULE II *(Repealed)*

O.C. 830-99, Sch. 2; M.O. 2013-12, s. 21.

TRANSITIONAL PROVISIONS

M.O. 2013-12, 2013 G.O. 2, 2023

22. The forms sold by the Authority for purposes of paragraph 2 of section 22 as it read on the date of the coming into force of this Regulation may be used until 22 October 2014 to replace an insurance of persons contract, in accordance with Division VII of the Regulation respecting the pursuit of activities as a representative (chapter D-9.2, r. 10).