

chapter D-9.2, r. 10

## **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### **DIVISION II** **(REPEALED)**

O.C. 830-99, sect. II; M.O. 2023-07, s. 1.

2. *(Repealed)*

O.C. 830-99, s. 2; L.Q. 2012, c. 11, s. 32; M.O. 2013-12, s. 1; M.O. 2020-04, s. 1; M.O. 2023-07, s. 1.

3. *(Repealed)*

O.C. 830-99, s. 3; M.O. 2013-12, s. 2; M.O. 2023-07, s. 1.

### **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.

### ***§1.1. Rules specific to the pursuit of outside activities by a representative***

**5.1.** A representative may pursue an outside activity only in the following circumstances:

(1) the outside activity is unlikely to be confused with the activities of a representative;

(2) if applicable, the representative has reported the outside activity in writing to the firm or independent partnership on whose behalf he acts.

For purposes of this subdivision, “outside activity” means any occupation, function or activity, other than the activity of representative, that involves dealing with the public.

M.O. 2023-07, s. 2

**5.2.** Despite section 5.1, a representative in insurance of persons or financial planner may not offer financial products and services to:

(1) any natural person with whom the representative or financial planner has a relationship arising from an outside activity that, due to its nature or the training or specialized knowledge it requires, places the representative in a position of influence;

(2) a person who the representative knows is the spouse of the natural person referred to in subparagraph 1, such natural person’s child, the spouse’s child, the natural person’s mother, father, brother or sister, the spouse of the natural person’s father or mother, the father or mother of the natural person’s spouse or the spouse of the natural person’s child.

For the purposes of the first paragraph, a representative in insurance of persons is considered to be in a position of influence when he has a relationship with a person referred to in that paragraph that arises from an outside activity as a member of the Ordre

des comptables professionnels agréés, to the extent that pursuing that activity requires him to hold a public accountancy permit. Moreover, a representative in insurance of persons or a financial planner is considered to be in a position of influence when he has a relationship with a person referred to in that paragraph that arises from the outside activity of:

- (1) judge or police officer;
- (2) minister of religion or leader in a religious organization;
- (3) member of the Ordre professionnel des avocats du Québec or the Ordre professionnel des notaires du Québec, except with respect to the activities of a financial planner;
- (4) member of the Ordre professionnel des infirmières et infirmiers du Québec or the Ordre professionnel des médecins du Québec;
- (5) teacher in an educational institution at the secondary, college or university level;
- (6) funeral director or any other similar duties in the funeral services industry, except with respect to the activities of a financial planner;
- (7) immigration and citizenship consultant;
- (8) bankruptcy trustee;
- (9) management of a union, other than a union formed of representatives, or management of a professional association, or employee of any such organization; or
- (10) real estate broker.

M.O. 2023-07, s. 2

**5.3.** Despite section 5.1, a financial product or service may not be offered to a natural person or to a person who the representative knows is such natural person's spouse or child, the spouse's child, the natural person's mother, father, brother or sister, the spouse of the natural person's father or mother, the father or mother of the natural person's spouse or the spouse of the natural person's child in the following circumstances:

(1) when a mortgage broker, representative in group insurance, damage insurance agent, damage insurance broker or claims adjuster has a relationship with that person that arises from an outside activity referred to in subparagraphs 1, 2, 5 and 7 to 9 of the second paragraph of section 5.2;

(2) when a mortgage broker, representative in group insurance, damage insurance agent or damage insurance broker has a relationship with that person arising from an outside activity as a member of the Ordre des comptables professionnels agréés, to the extent that pursuing that activity requires him to hold a public accountancy permit,

or as a member of the Ordre professionnel des avocats du Québec or the Ordre professionnel des notaires du Québec;

(3) when a representative in group insurance, damage insurance agent, damage insurance broker or claims adjuster has a relationship with that person that arises from an outside activity as a real estate broker;

(4) when a mortgage broker has a relationship with the natural person that arises from the outside activity of:

(a) money lender;

(b) loan administrator, except where the broker acts on behalf of a natural person who wishes to enter into, or has entered into, a loan secured by immovable hypothec;

(c) member of the Ordre professionnel des évaluateurs agréés du Québec; or

(d) building inspector;

(5) when a damage insurance agent, damage insurance broker or claims adjuster has a relationship with that person that arises from the outside activity of:

(a) vendor, lessor or repairer of road vehicles, off-road vehicles or boats;

(b) vendor, lessor or repairer of movable property, to the extent that the product or service is specifically related to the property;

(c) contractor within the meaning of section 7 of the Building Act (chapter B-1.1); or

(d) provider of services required when there is an insurance loss.

M.O. 2023-07, s. 2

**5.4.** Representatives who pursue an outside activity may not use privileged or confidential information to which they have access in the course of the outside activity, unless the person concerned has consented in writing to such use.

M.O. 2023-07, s. 2

**5.5.** Subparagraph 1 of the first paragraph of section 5.1 and sections 5.2 and 5.3 do not apply to a representative whose outside activity is that of acting as a representative of a person registered as a dealer or adviser under the Derivatives Act (Chapter I-14.01) or the Securities Act (Chapter V-1.1).

M.O. 2023-07, s. 2

**§ 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).

M.O. 2020-04, s. 4

**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 or any other benefit 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.

M.O. 2020-04, s. 4

**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 any other benefit that he may receive with respect to the proposed loan; and
- (3) the fact that he intends to share his commission, if applicable, and the name of the person sharing the commission.

M.O. 2020-04, s. 4

**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.

M.O. 2020-04, s. 4

**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.

M.O. 2020-04, s. 4

**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 client's financial situation, including, in particular, the characteristics 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.

M.O. 2020-04, s. 4

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

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

M.O. 2020-04, s. 4

**9.9.** 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, of the surety and other parties to the transaction.

M.O. 2020-04, s. 4

**9.10.** When a mortgage broker engages in a brokerage transaction relating to a loan secured by reverse immovable hypothec, he must inform the borrower of the importance of obtaining the opinion of a lawyer or a notary concerning the proposed loan.

M.O. 2020-04, s. 4

#### § 4. — Rules specific to claims adjusters

**9.11.** The supervisor of a person referred to in subparagraph 3 of the second paragraph of section 10 of the Act respecting the distribution of financial products and services (chapter D-9.2) must be a representative authorized to act in the "claims adjustment" sector or "personal-lines claims adjustment" sector class who, for at least 24 of the last 36 months, has held a certificate and acted as a representative in such sector or sector class.

**9.12.** To act as the supervisor of a person referred to in subparagraph 3 of the second paragraph of section 10 of the Act respecting the distribution of financial products and services (chapter D-9.2), a representative must satisfy the following conditions:

(1) in the five years preceding the date on which he must begin to act as a supervisor, he has not been the subject of a disciplinary sanction imposed under the Act respecting the distribution of financial products and services (chapter D-9.2) or been struck off the roll by a disciplinary committee of a professional order, and he is not the subject of such a sanction or striking off the roll while he acts as a supervisor;



(2) he does not hold a certificate carrying restrictions or conditions under section 218, 219 or 220 of the Act respecting the distribution of financial products and services (chapter D-9.2) that affect his ability to act as a supervisor.

9.13. The supervisor of a person referred to in subparagraph 3 of the second paragraph of section 10 of the Act respecting the distribution of financial products and services (chapter D-9.2) must review the tasks and steps completed by the person:

(1) At random, after negotiation of the settlement, for settlement proposals that match the client's claim;

(2) For every file, prior to negotiation of the settlement, for settlement proposals that do not match the client's claim.

He must also document this review.

In all cases, the supervisor must ensure that the settlement proposal is consistent with the insurance contract.

#### **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.

M.O. 2020-04, s. 5.

**16.2.** Mortgage brokers must act with respect and integrity.

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

M.O. 2020-04, s. 5.

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

M.O. 2020-04, s. 5.

**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.

M.O. 2020-04, s. 5.

**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.

M.O. 2020-04, s. 5.

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

M.O. 2020-04, s. 5.

**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.

M.O. 2020-04, s. 5.

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

They must explain to their clients the nature of the fees associated with the proposed loans secured by immovable hypothec and the nature, characteristics, advantages and disadvantages of the loans secured by immovable hypothec that they propose to their clients, including the penalties applicable in the event of failure to comply with the terms of the loan agreement.

M.O. 2020-04, s. 5.

**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.

M.O. 2020-04, s. 5.

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

They must use the information only 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.

M.O. 2020-04, s. 5.

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

M.O. 2020-04, s. 5.

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

M.O. 2020-04, s. 5.

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

M.O. 2020-04, s. 5.

**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.

M.O. 2020-04, s. 5.

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

Mortgage brokers must not encourage a person to not cooperate with or to mislead the Authority.

M.O. 2020-04, s. 5.

**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.

M.O. 2020-04, s. 5.

## **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, including gross 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 will continue to apply

beyond the period of insurance provided for in the contract for a further term of five years, in respect of all the activities contemplated by such coverage, from the date on which the representative ceases, temporarily or permanently, to pursue activities, whether or not he has died.;

(c) the insurer must advise the Autorité des marchés financiers 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 Authority upon receiving from the representative notice of non-renewal or termination of an insurance contract;

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

(f) the contract will be considered to include coverage at least equal to the coverage required by the law applicable in Québec and to satisfy the requirements set out in this Regulation.

O.C. 830-99, s. 17; O.C. 1013-2003, a. 1; M.O. 2023-07, s. 3.

## **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 (REPEALED)**

**28.** *(Repealed).*

O.C. 830-99, s. 28; M.O. 2013-12, s. 19; 2024, c. 15, s. 104.

**29.** *(Omitted).*

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.gc.ca](http://www.lautorite.gc.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: \_\_\_\_\_

Autorité des 17arches financiers – Notice of replacement of insurance of persons contract

Page 1 of 8

## 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.<sup>1</sup>

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](http://www.lautorite.qc.ca)

Telephone:

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

Client's initials: \_\_\_\_\_

Notice No.: \_\_\_\_\_

Notice of replacement of insurance of persons contract	
<p><i>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.</i></p>	
PART 1 – General information	
<b>Policyholder</b> 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
<b>Insured (if different from Policyholder)</b>	_____ Date of birth: _____ Last name and first name Day Month Year
<b>Other insureds</b> 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
<b>Cancelled insureds</b> 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: _____
<b>Additional insureds</b> 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
<b>Insurance contract</b>	<b>Existing</b>	<b>Proposed</b>
<b>Name of insurer</b>		
<b>Nature of insurance</b> Life, critical illness, disability, etc. (specify type: term, permanent, universal life, etc.) If joint insurance, payable on	1 <sup>st</sup> death <input type="checkbox"/> 2 <sup>nd</sup> death <input type="checkbox"/>	1 <sup>st</sup> death <input type="checkbox"/> 2 <sup>nd</sup> death <input type="checkbox"/>
<b>Date in effect</b>		Not applicable
<b>Benefit amount</b> Amount paid on occurrence of covered risk • List amount(s).		
<b>Amount of annual premium</b>		
<b>Indemnity period / Waiting period</b>		
<b>Comments</b> 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.

Client's initials: \_\_\_\_\_

**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**



Notice No.: \_\_\_\_\_

### 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)

\_\_\_\_\_ Date: \_\_\_\_\_

Signature of policyholder(s)

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

Client's initials: \_\_\_\_\_

## **SCHEDULE II**     *(Repealed)*

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

## **TRANSITIONAL PROVISIONS**

### ***M.O. 2023-07, 2023, G.O. 2, 1014***

**4.** A professional liability insurance contract made or renewed by a firm, independent representative or independent partnership must be compliant with section 17 of the Regulation respecting the pursuit of activities as a representative (chapter D-9.2, r. 10), as amended by section 3 of this Regulation:

(1) on the date that immediately follows the date that is 12 months after the making or renewal of the contract, in cases where the contract is made or renewed between 1 June 2023 and 30 September 2023; or

(2) on 1 June 2024, in all other cases.

### ***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).

D. 830-99, 1999 G.O. 2, 2066  
Bulletin du B.S.F. : 1999-11-11, n° 5

### **Amendments**

D. 1013-2003, 2003 G.O. 2, 3005  
Bulletin du B.S.F. :

M.O. 2009-06, 2009 G.O. 2, 3686A  
Decision 209-PDG-0124, 2009-09-04  
Bulletin de l'Autorité : 2009-09-25, Vol. 6, n° 38

L.Q. 2012, c. 11, s. 32

M.O. 2013-12, 2013 G.O. 2, 2023  
Decision 2013-PDG-0101, 2013-06-19  
Bulletin de l'Autorité : 2009-07-25, Vol. 10, n° 29

M.O. 2020-04, 2020 G.O. 2, 841  
Decision 2020-PDG-0013, 2020-02-21  
Bulletin de l'Autorité : 2020-04-09, Vol. 17, n° 14

M.O. 2023-07, 2023, G.O. 2, 1014  
Decision 2023-PDG-0021, 2023-04-27  
Bulletin de l'Autorité : 2023-06-01, Vol. 20, n° 21

L.Q. 2024, c. 15, s. 104