

A-412

2nd Edition, 2020

(Updated:
April 2023)

A412 - T1

●●● EXAMPLE

Sixteen-year-old, Marc-Olivier drives his father's all-terrain vehicle. To drive on a private road, he must have a certificate from the SAAQ attesting that he has passed the necessary tests to operate this type of vehicle. Although he has such a certificate, he is not allowed to drive on a public highway unless he has a valid licence issued by the SAAQ.



Section 19: Minimum compulsory liability insurance

An off-road vehicle can cause serious damage. For this reason, the AROHV requires owners of the vehicles contemplated by section 1 to hold liability insurance of at least **\$1,000,000** ~~\$500,000~~ to cover bodily injury or property damage. Section 10 AIA contains exceptions concerning bodily injury caused by off-road vehicles.

Section 20: Required documents

The operator of an off-highway vehicle must carry with him the vehicle registration certificate, the civil liability insurance certificate, proof of age and, where applicable, the certificate of competence or the authorization to drive the vehicle provided for in section 18.

1.5

The mandates of the *Groupelement des assureurs automobile (GAA)*

The GAA is a body created under section 156 AIA to:

- Establish and manage a mechanism, including the Risk Sharing Plan (RSP), allowing all vehicle owners to find an authorized insurer⁹ in order to take out compulsory liability insurance;
- Establish or certify appraisal centres for the appraisal of damage to automobiles;¹⁰
- Ensure that appraisers are qualified;
- Establish the DCA in order to apportion the liability of the owner of each vehicle involved in an accident and allow insurers to exercise their right of subrogation;
- Create accident report forms (joint report);
- Manage the Automobile Claims Database (FCSA) for the *Autorité des marchés financiers*.

The GAA also sits on the review committees when changes are made to auto insurance forms. However, in Québec, the *Autorité des marchés financiers* has the final say in this area.

9. An authorized insurer is one who is authorized to offer automobile insurance under the *Automobile Insurance Act*.

10. The GAA established these appraisal centres in 1978. These centres specialize in appraising vehicle damage. They do not carry out the repairs. They can, however, verify the repairs to ensure they were properly done.

IMPORTANT CONCEPTS IN THE AROHV

- › Section 1: The AROHV applies to the following vehicles:
 - › Snowmobiles whose net mass does not exceed 450 kg;
 - › Motorized all-terrain vehicles that have two or more wheels and handlebars and whose net mass does not exceed 600 kg;
 - › Other motorized vehicles designed to travel off a public highway.
- › Section 18: The restrictions are as follows:
 - › Operators of such vehicles must be at least 16 years of age;
 - › Operators must have a certificate of competence issued by the SAAQ;
 - › Operators must have a driver's licence.
- › Section 19: The minimum compulsory liability insurance is ~~\$500,000~~. **\$1,000,000**

THE GAA'S MANDATES

- › Establish a mechanism to enable every vehicle owner to find an insurer in order to take out compulsory automobile liability insurance.
- › Establish or certify appraisal centres.
- › Ensure appraisers are qualified.
- › Establish the DCA.
- › Produce accident report forms (joint report).
- › Manage the FCSA.
- › Administer the RSP.



Driver's licence

The representative must gather the information from each driver's licence to check, among other things, the licence number and class, the driver's state of health and years of driving experience.

A driver's licence is required to drive in Québec. The *Société d'assurance automobile du Québec* (SAAQ) issues driver's licences according to specific rules.

Learner's licence – passenger vehicle

The learner's licence allows an individual to drive provided he is accompanied by a valid licence holder with at least two years' experience driving a passenger vehicle.

This licence, which a new driver must use for at least 12 months, contains specific restrictions over and above the requirement of being accompanied by a licenced driver, namely, the driver must have less than four demerit points, and the zero alcohol rule applies.

Probationary licence

A probationary licence for a passenger vehicle is issued once the driver has completed the mandatory driving course at a school recognized by the *Association québécoise du transport et des routes* (AQTR) and passed the SAAQ road test.

If a probationary licence holder accumulates four demerit points, his licence is automatically revoked for three months, which is added to the period required to complete the learning or probationary period.

The holder of a probationary licence is not allowed to drink and drive. If he does, his licence will be suspended.

New residents with a driver's licence issued by another Canadian province or territory, or by a U.S. state

New residents with a valid driver's licence issued by another Canadian province or territory, or by a U.S. state can exchange it for an equivalent Québec-issued licence without having to pass a proficiency examination. However, to exchange a driver's licence for a licence to drive a vehicle other than an automobile, motorcycle, moped or scooter, the driver must undergo a medical examination.

New residents with a foreign driver's licence

6 months

A foreigner who comes to Québec has ~~12 months~~ to exchange his driver's licence, with or without an examination, for a Québec driver's licence. The conditions for exchanging a driver's licence vary depending on the country where the licence was issued. Therefore, if the issuing country has a reciprocity agreement with Québec, the SAAQ can issue a class 5¹⁶ licence to foreigners arriving in Québec without requiring them to pass a proficiency examination.

See section 9 of the automobile insurance application.

16. The information on the SAAQ website states that a class 5 licence holder can drive an automobile, motor home, tool vehicle, service vehicle, moped, scooter or tractor.

Lastly, this part of the manual is quite lengthy because each section of Q.P.F. No. 1 is discussed in detail. Also, due to their importance, certain sections of the AIA are briefly revisited.

Target clientele

Q.P.F. No. 1 meets the needs of all Québec vehicle owners, who are required to have civil liability insurance as per section 84 AIA or section 19 of the *Act respecting off-highway vehicles* (AROHV), depending on the type of vehicle insured.

According to section 87 AIA, a vehicle owner must hold at least \$50,000 in civil liability insurance.

According to section 19 AROHV, owners of an off-road vehicle must hold at least \$1,000,000 ~~\$500,000~~ in civil liability insurance covering bodily injury and property damage caused by their vehicle.

Policy sections

Q.P.F. No. 1 consists of the following 10 sections:

- Table of Contents;
- Introduction;
- Declarations;
- Section A: Coverage for Civil Liability Arising from Property Damage and Bodily Injury Caused to Another Person (*Mandatory Insurance*);
- Section B: Coverage for Damage to Insured Vehicles (*Optional Insurance*);
- General Conditions;
- Reporting a Loss and Submitting a Claim;
- Effective Date, Renewal and Expiry of Insurance Contract;
- Cancellation Table;
- Definitions.

3.2.1 “Table of Contents” section

This section allows the insured to easily locate the necessary information when an event covered by his insurance policy occurs. Each section of the policy is clearly indicated and detailed. The headings are representative. The table of contents therefore helps the insured orient his search to find answers to his questions.

3.2.2 “Introduction” section

This section provides information about the documents included in the contract, how to interpret them, and about the insured’s obligation to inform the insurer at the time the contract is purchased, during its term and at the time of renewal.

Paragraph 3.2: Clarification concerning damage

This paragraph of the “Principal coverage” article sets out the coverage applicable to the three types of damage discussed below.

Damage caused to trailers or semi-trailers of which insured persons are not the owners

As mentioned earlier, Section A covers non-owner insureds for damage caused to others by trailers and semi-trailers but only under certain conditions. Section A also covers damage caused to a trailer or semi-trailer not belonging to the insured when he is held civilly liable for the damage. However, for the coverage under Section A to apply to this situation, the trailer or semi-trailer not belonging to the insured person must:

- be used for personal purposes and be hitched to a vehicle insured under Section A;
- be usually hitched to such a vehicle, even if it was not at the time of loss.

In addition, the trailer or semi-trailer must not be designed or used to carry passengers or for demonstration, sales, office or dwelling purposes.

●●● **EXAMPLE 1**

Mira borrows her neighbour’s trailer to move some personal belongings to her cottage. She hitches the trailer to her vehicle. During the trip, following a sharp turn, the trailer becomes unhitched and flips over into a ditch. The damage is \$750. Mira is at fault for the loss. Her insurer will pay compensation for the damage caused to her neighbour’s trailer as per the coverage under Section A of Mira’s contract.



●●● **EXAMPLE 2**

Tania borrows her brother’s tent trailer (used for dwelling purposes) for a weekend camping trip. On the way, the trailer, which Tania had incorrectly hitched to her vehicle, detaches. The damage to her brother’s tent trailer is \$4,500. Unfortunately, this damage is not covered under Section A. Tania is at fault since the tent trailer was supposed to be used for dwelling purposes.



Damage under the Direct Compensation Agreement

Damage eligible under the *Direct Compensation Agreement* (DCA) is covered by Section A of Q.P.F. No. 1.

It is useful to review the part of Chapter 1 on section 116 AIA, which states that if the DCA applies, a vehicle owner ~~cannot sue his insurer~~.

can only sue his own insurer

3.2.4.6 Article 6: Indemnity payable by insurer

As discussed earlier, section 87 AIA stipulates a minimum compulsory amount of civil liability insurance (for compensation of property damage only) of \$50,000. For its part, section 19 AROHV requires a minimum compulsory amount of civil liability insurance (for compensation of property damage and bodily injury) of ~~\$500,000~~ for off-road vehicles such as snowmobiles, motorized all-terrain vehicles and other vehicles used solely for recreational purposes.

\$1,000,000

Article 6 of Section A informs the named insured of the conditions for applying the insurance amount defined in the policy’s “Definitions” section This article is divided into nine titled paragraphs.

Paragraph 6.1: General rule

The indemnity paid by the insurer cannot exceed the insurance amount in Item 4 of the “Declarations.” The insurer will also pay for the costs covered by the additional coverage in Article 4 of Section A. This rule applies regardless of the number of insured persons or their potential interest in the insurance amount set out in Section A for the payment of an indemnity to another person who sustains damage or injury in a given loss. As well, the indemnity paid by the insurer will not exceed the insurance amount in Section A regardless of the number of persons who sustain damage or injury. Lastly, the indemnity payable by the insurer is limited to the amount of insurance, regardless of the nature of the damage or injury.

●●● **EXAMPLE**

Myriam and Julien own a vehicle insured by *Assure tout* for the following perils:

Coverage	Perils	Amount of Insurance and Deductible	Insurance Premium
Section A: Civil liability	Property damage or bodily injury to another person	Amount of insurance: \$500,000	\$

While vacationing in New Jersey, they lend their automobile to a friend to go shopping in the neighbourhood. The friend loses control of the vehicle and crashes into a municipal building. He also damages someone’s fence. A pedestrian sustains a serious leg injury when the fence falls over. The total for all the damages and injuries is \$600,000.

In this case, several people are insured, sustained different types of injury and are civilly liable for the damage and injury caused during this accident (Myriam and Julien as owners of the vehicle and their friend as the driver). Despite everything, the compensation paid by the insurer will not exceed the \$500,000 insurance amount, plus the costs covered by any additional coverage.



Question 8

Montréal resident Geneviève owns a late model vehicle. She insures her vehicle with a Q.P.F. No. 1 policy with the following protections:

Coverage	Perils	Amount of Insurance and Deductible	Insurance Premium
Section B: Damage to insured vehicles	Protection 1: "All risks"	Deductible per loss: \$	\$
	Protection 2: Collision and upset	\$500	\$
	Protection 3: All perils other than collision or upset	\$250	\$
	Protection 4: Specific perils	\$	\$

On December 15, her vehicle is stolen from her company's parking lot. She immediately contacts a short-term leasing company. She leases a temporary replacement vehicle that same day. The next day, she tells her broker about the theft and the broker in turn informs Geneviève's insurer.

The claim is settled on January 15. She submits to her insurer the invoice for the temporary replacement vehicle she used from December 15 to January 16, i.e. 32 days. The amount of the invoice is \$1,930, including taxes.

Is Geneviève entitled to a reimbursement for this invoice? If so, for how much and under which coverage of her Q.P.F. No. 1 policy?

- No, because there is no coverage in Q.P.F. No. 1 that provides an indemnity for indirect damage.
- Yes, for ~~\$1,930~~ **\$1,200**, because the policy contains coverage providing reimbursement of leasing costs in case of theft of the entire insured vehicle.
- Yes, for ~~\$1,200~~ **\$1,120**, because the policy contains coverage providing reimbursement for leasing costs in case of theft of the entire insured vehicle.
- No, because she could have used public transportation to minimize the costs.

Answer 8

Montréal resident Geneviève owns a late model vehicle. She insures her vehicle with a Q.P.F. No. 1 policy with the following protections:

Coverage	Perils	Amount of Insurance and Deductible	Insurance Premium
Section B: Damage to insured vehicles	Protection 1: "All risks"	Deductible per loss: \$	\$
	Protection 2: Collision and upset	\$500	\$
	Protection 3: All perils other than collision or upset	\$250	\$
	Protection 4: Specific perils	\$	\$

On December 15, her vehicle is stolen from her company's parking lot. She immediately contacts a short-term leasing company. She leases a temporary replacement vehicle that same day. The next day, she tells her broker about the theft and the broker in turn informs Geneviève's insurer.

The claim is settled on January 15. She submits to her insurer the invoice for the temporary replacement vehicle she used from December 15 to January 16, i.e. 32 days. The amount of the invoice is \$1,930, including taxes.

Is Geneviève entitled to a reimbursement for this invoice? If so, for how much and under which coverage of her Q.P.F. No. 1 policy?

- No, because there is no coverage in Q.P.F. No. 1 that provides an indemnity for indirect damage. \$1,200
- Yes, for ~~\$1,930~~, because the policy contains coverage providing reimbursement of leasing costs in case of theft of the entire insured vehicle. \$1,120
- Yes, for ~~\$1,200~~, because the policy contains coverage providing reimbursement for leasing costs in case of theft of the entire insured vehicle.**
- No, because she could have used public transportation to minimize the costs.

→ Justification

An indemnity of \$40 per day and \$1,200 per loss is provided under Section B of the policy. This indemnity applies 72 hours after the theft is reported to police or the insurer until the claim is settled, without exceeding the stated limits.

So, from December 19 to January 15, that's 28 days at \$40 a day, for a total of \$1,120.

See the section on paragraph 4.1: "Travel expenses due to theft of insured vehicle."

Protection	Amount of Insurance	Deductible	Premium Payable
Protection 1 Damage caused BY the vehicle	\$1,000,000 maximum per loss	None	
Protection 2 Damage caused TO the vehicle	Vehicle category: Private passenger \$100,000 maximum vehicle	Vehicle category: Light truck Light truck Light truck	
Protection 3 Defence of your interests and other covered costs	Costs covered in addition to the amounts of insurance indicated for Protection 1 and Protection 2.		\$

See next page for corrections.

Laurence carries the all-terrain vehicle (ATV) in the body of the truck. While driving, she loses control. Damage to the truck, declared a total loss, amounts to \$25,000, with damage to the ATV amounting to \$6,000. In addition, Laurence’s co-worker is also claiming reimbursement from her of a \$750 bill for car rental costs.

Laurence’s insurer pays a maximum indemnity of \$20,000 for damage to the truck and \$5,000 for damage to the ATV. Laurence has to cover the difference for the uninsured portion herself, i.e. $\$25,000 + \$750 - \$20,000 = \$5,750$ for the truck and $\$6,000 - \$5,000 = \$1,000$ for the ATV.

Since the deductible is applied to the amount of the losses, the losses are absorbed in the amount of the limitation consisting of the maximum indemnity payable.



Paragraph 1.2.4: You must pay the deductible

If the insured person rents or borrows two vehicles and both suffer damage, both deductibles apply even if the loss is the same. The deductible applicable under Q.P.F. No. 2 is an absolute deductible, i.e. regardless of the percentage of liability.

5.1.3.3 Protection 3: Defence of your interests and other covered costs

Certain costs may be claimed from the insured person when his liability is incurred or when he chooses to avail himself of the voluntary compensation clause. In order for the insurer to pay these expenses under Protection 3, the claim must be admissible under Protection 1 or Protection 2, with no exclusions applicable.

This protection includes several categories of costs. Where costs are admissible, the amounts due may apply over and above the insurance limits listed under Protection 1 or 2, if necessary.

This subsection is divided into three separate paragraphs, presented below.

Protection	Amount of Insurance	Deductible	Premium Payable
Protection 1 Damage caused BY the vehicle	\$1,000,000 maximum per loss	None	
Protection 2 Damage caused TO the vehicle	Vehicle category <u>1</u> : Private passenger vehicle \$100,000 <u>\$20,000</u> maximum per vehicle	Vehicle category <u>1</u> : Private passenger vehicle \$500 per vehicle	
	<u>Vehicle category 2</u> : <u>Recreational vehicle</u> <u>\$5,000 maximum per</u> <u>vehicle</u>	<u>Vehicle category 2</u> : <u>Recreational vehicle</u> <u>\$500 per vehicle</u>	
Protection 3 Defence of your interests and other covered costs	Costs covered in addition to the amounts of insurance indicated for Protection 1 and Protection 2.		

\$

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6.1.2.1 Article 2: Insured vehicles

Among the six types of insured vehicles set out in Section A, it is important to provide additional information for vehicles D and E only.

Vehicle D: Vehicle of which the named insured is not the owner

If the named insured is a legal person, partnership or association,⁴ for such a vehicle to be considered an insured vehicle, it must meet the criteria set out in condition b) of the “Definitions” section for such a vehicle. This condition sets out six requirements:

- At the time of loss, the vehicle must be driven by an employee, shareholder, member or partner of the named insured or his spouse;
- These drivers must regularly use the described vehicle;
- These drivers or their spouse must not be owners of a motor vehicle;
- At the time of loss, the vehicle is not being driven in connection with a garage business;
- The vehicle must not be appropriated to a use outside Québec as a taxicab, bus or coach or for commercial delivery;
- Neither the named insured, nor the employee of the named insured, nor a shareholder, member or partner of the named insured or anyone living at the same address as any of these individuals must be owners of the vehicle. In addition, they must not be in possession of the vehicle under a written agreement similar to a hypothec, conditional sale or lease agreement unless it is for the purpose of irregular or infrequent use.

●●● **EXAMPLE**

Pierre works for ABC Inc. As head of marketing, his employer provides him with a company car, which he also uses for personal purposes. Pierre doesn't own a motor vehicle.

If his employer's vehicle is unavailable and Pierre rents a temporary replacement vehicle, that vehicle will be considered insured. However, if under the same circumstances, Pierre were to ~~lend~~ borrow the vehicle to a colleague, the vehicle would not be considered insured since it belongs to an employee of the named insured.

borrow



Vehicle E: Trailer or semi-trailer of which the named insured is the owner

In order to determine whether such a vehicle is insured under Section A of Q.P.F. No. 1, refer to the “Definitions” section of the policy.

In personal-lines insurance, these trailers or semi-trailers are insured under certain conditions, even if they are not listed in the “Declarations” section.

4. A business is designated under one of these legal forms.

Question 7

Stéphane owns a restaurant that offers customers valet parking. He has a Q.P.F. No. 4 policy with the following protections:

Coverage	Perils	Amount of Insurance	Deductible (**)	Insurance Premium
Section A: Civil liability	Property damage or bodily injury to another person	\$1,000,000 per loss, for all locations specified in the insurance contract	\$	\$1,000
Section B: Damage to vehicles of which the named insured is the owner	Protection 1(*): "All perils"	\$	\$	\$
	Protection 2: Perils of collision and upset	N/A	\$	\$
	Protection 3(*): All perils other than collision or upset	\$	\$	\$
	Protection 4(*): Specific perils	\$	\$	\$
(*) Except with respect to collision or upset, the insurance premium takes into account: <input type="checkbox"/> the basis of the named insured's monthly report forms. <input checked="" type="checkbox"/> a <u>90</u> % co-insurance basis. <input type="checkbox"/> the following basis: _____ . (**) The deductible will be determined based on the following terms: per vehicle, per loss or on another basis agreed to with the insurer. The applicable term must be indicated in this table.				
Section C: Civil liability arising from damage to customers' vehicles	Protection 1(*): "All perils"	\$	\$	\$
	Protection 2: Perils of collision and upset	\$	\$	\$
	Protection 3(*): All perils other than collision or upset	\$ 50,000	\$ 500 per loss	\$ 750
	Protection 4(*): Specific perils	\$	\$	\$
(*) Except with respect to collision or upset, the insurance premium takes into account a <u>90</u> % co-insurance basis. (**) The deductible will be determined based on the following terms: per vehicle, per loss or on another basis agreed to with the insurer. The applicable term must be indicated in this table.				

Answer 7

Stéphane owns a restaurant that offers customers valet parking. He has a Q.P.F. No. 4 policy with the following protections:

Coverage	Perils	Amount of Insurance	Deductible (**)	Insurance Premium
Section A: Civil liability	Property damage or bodily injury to another person	\$1,000,000 per loss, for all locations specified in the insurance contract	\$	\$1,000
Section B: Damage to vehicles of which the named insured is the owner	Protection 1(*): "All perils"	\$	\$	\$
	Protection 2: Perils of collision and upset	N/A	\$	\$
	Protection 3(*): All perils other than collision or upset	\$	\$	\$
	Protection 4(*): Specific perils	\$	\$	\$
	(*) Except with respect to collision or upset, the insurance premium takes into account: <input type="checkbox"/> the basis of the named insured's monthly report forms. <input checked="" type="checkbox"/> a <u>90</u> % co-insurance basis. <input type="checkbox"/> the following basis: _____ (**) The deductible will be determined based on the following terms: per vehicle, per loss or on another basis agreed to with the insurer. The applicable term must be indicated in this table.			
Section C: Civil liability arising from damage to customers' vehicles	Protection 1(*): "All perils"	\$	\$	\$
	Protection 2: Perils of collision and upset	\$	\$	\$
	Protection 3(*): All perils other than collision or upset	\$ 50,000	\$ 500 per loss	\$ 750
	Protection 4(*): Specific perils	\$	\$	\$
	(*) Except with respect to collision or upset, the insurance premium takes into account a <u>90</u> % co-insurance basis. (**) The deductible will be determined based on the following terms: per vehicle, per loss or on another basis agreed to with the insurer. The applicable term must be indicated in this table.			

8.1.1 Policy forms for the risk to insure

Based on the information gathered from his client, the damage insurance representative assesses the client's insurance needs. The representative must ask whatever questions are necessary to identify a potential need that will be met by products unknown to the client.

In identifying those needs, each client's unique situation must be taken into account. The damage insurance representative forwards the information gathered to the insurer. In a way, he is the "eyes of the insurer." The risk must be described fully and accurately. The agent or broker must know the different products offered in personal- and commercial-lines automobile insurance in order to meet their clients' needs. For this reason, some of the concepts seen previously are discussed again in this section of the chapter.

Q.P.F. No. 1 – Owners' Form

Q.P.F. No. 1 – Owners' Form is the most frequently used automobile insurance policy. It meets the needs of individuals and businesses, affording the coverages that vehicle owners need under both Section A: Coverage for civil liability arising from property damage and bodily injury caused to another person (*mandatory insurance*) and Section B: Coverage for damage to insured vehicles (*optional insurance*). The agent or broker must consider the specific needs of the insured in applying the coverages provided by this policy.

To meet the insured's needs for civil liability coverage, it is important to remember that the minimum compulsory amount of liability insurance in Québec under the *Automobile Insurance Act* (AIA) is \$50,000 in personal-lines insurance. This amount may prove to be far from enough to protect the client. Therefore, a higher amount under Section A is recommended for most insureds. In the current automobile insurance market, a minimum of \$1,000,000 in civil liability insurance is commonly offered. When an insured frequently drives outside Québec on business or for pleasure, \$2,000,000 is recommended. The premium is not much higher and this amount protects the insured better.

In commercial-lines insurance, the minimum compulsory amount of liability insurance for truckers is \$1,000,000. Carriers of hazardous materials must have a minimum of \$2,000,000 in insurance. These amounts are sometimes not enough to adequately protect truckers. Insurers therefore offer insurance amounts that are higher than the minimums required by law. These amounts are generally offered by insurers based on their respective underwriting standards.

As well, when the agent or broker has to insure an off-highway vehicle, the *Act respecting off-highway vehicles* (AROHV) requires a minimum compulsory civil liability insurance of ~~\$500,000~~. The agent or broker must therefore advise the client properly, based on the insured's needs.

\$1,000,000

The coverage under Section B is optional; it meets the needs of vehicle owners who want protection against damage resulting from losses covered by one of the protections in that section. Each protection under Section B involves a deductible that the agent or broker must determine with the insured, based on the offers from the insurers with whom the agent or broker deals.

When the agent or broker determines that certain endorsements have to be added to the policy, he must check whether it is more cost effective for the insured to buy them separately or to buy a product that bundles the most commonly used and sold endorsements. As mentioned earlier, some insurers market such products. The agent or broker must determine the actual benefit of offering them to the client. Sometimes, the coverages offered exceed actual needs. If that happens, the broker must inform the client of not only the advantages of purchasing the product but also the cost.

When the insured asks the agent or broker to add certain coverages or certain endorsements to the policy, that agent or broker is responsible for evaluating the insured's actual need and explaining whether in his opinion, the product is more than the insured needs. As an advisor, the agent or broker must guide the insured in deciding whether to make such additions to his policy.

8.3

Explaining to the insured the consequences of refusing coverage

When the insured refuses an insurance proposal made by an agent or a broker, he must be aware of the consequences of doing so. If this happens, the agent or broker must inform the insured that refusing coverage that in the agent's or broker's opinion is essential can have major consequences on the indemnity paid by the insurer following damage as a result of any future loss. The agent or broker must therefore be sure that the insured clearly understood the explanations and agrees to assume the consequences of such a refusal, namely, that he will have to pay for damage resulting from a loss not covered by the policy.

●●● EXAMPLE

Denise uses her vehicle for business. She travels all over Québec to meet with customers. Her agent suggests adding endorsement Q.E.F. No. 20a – Travel costs (*broad form*) to her Q.P.F. No. 1 policy. Denise feels that the premium for adding this coverage is too high and turns it down.

The agent must clearly explain the implications to Denise and make sure that she understands the consequences. Refusing the coverage means that she will have to assume the cost of renting a replacement vehicle as well as accommodation and meal expenses incurred during a business trip if her vehicle is unusable because of damage resulting from an at-fault accident, even if she is covered by Protection 2 or 3 under Section B of her policy. ~~This is because Q.E.F. No. 20a does not cover the cost of indirect damage.~~

, because this endorsement covers certain additional costs that may occur during a trip, according to the terms described in coverage 4.1.3 of the endorsement



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Notice relating to the coming into force on December 10, 2020 of new automobile insurance endorsement Q.E.F. No. 6-9 – Marine risk exclusion for amphibious vehicles

(section 71 of the *Insurers Act*)

Under the first paragraph of section 71 of the *Insurers Act*,¹ the form and terms of insurance policies relating to the ownership or use of motor vehicles and any riders (“endorsements”) that may be attached to those policies must be approved by the Autorité des marchés financiers (the “Authority” or the “AMF”).

To address a need expressed by the automobile insurance industry, the AMF has developed a new endorsement that may be attached to insurance policy *Q.P.F. No. 6 – Non-owned form and endorsements*, i.e.:

- *Q.E.F. No. 6-9 – Marine risk exclusion for amphibious vehicles*

This endorsement may be used by all insurers as of **December 10, 2020**.

The endorsement is available on the AMF website at www.lautorite.qc.ca under Professionals/Insurers/Automobile insurance/AMF approved forms.

Additional information

Further information is available from the Information Centre:

Québec City: 418-525-0337

Montréal: 514-395-0337

Toll-free: 1-877-395-0337

www.lautorite.qc.ca

December 10, 2020

¹ CQLR, c. A-32.1.

Q.E.F. No. 6-9

**Marine risk exclusion
for amphibious vehicles**

The endorsement heading must be entered in the "Declarations" section of the insurance contract.

INSURER

Issued to

Attached to and forming part of Policy No. Effective from 12:01 a.m. standard time.

If the insured vehicle is an amphibious vehicle, the coverage excludes losses occurring while it is navigating on water or while it is being launched into or landed therefrom.

An amphibious vehicle is a vehicle designed or modified to:

- travel on land, and
- navigate upon water

All other terms and conditions of the contract remain the same.

Signature of Insured

Notice relating to the coming into force on October 22, 2020 of new automobile insurance endorsement Q.E.F. No 48 – Remunerated passenger transportation by automobile

(section 39 of the *Act respecting remunerated passenger transportation by automobile* and section 71 of the *Insurers Act*)

Under section 71 of the *Insurers Act*,¹ the form and terms of insurance policies relating to the ownership or use of motor vehicles must be approved by the Autorité des marchés financiers (the “Authority” or the “AMF”). The same is true for any riders (“endorsements”) that may be attached to those policies.

On October 10, 2019, Bill 17, tabled by the Government of Québec earlier that year, was passed and assented to. As a result, the *Act respecting remunerated passenger transportation by automobile* (the “Act”) came into force on October 10, 2020.² This new Act legislates, in particular, on remunerated passenger transportation requested using a mobile application.

Section 38 of the Act provides that every operator, as defined in the Act, must hold a liability insurance contract under section 84 of the *Automobile Insurance Act*³ (the “AIA”) guaranteeing compensation for property damage caused by the automobiles used by the drivers registered with the operator (the “drivers”). Moreover, under section 39 of the Act, the liability insurance contract the operator is required to hold must comply with any condition or restriction the Authority may impose.

The conditions imposed by the Authority, by way of new endorsement *Q.E.F. No. 48 – Remunerated passenger transportation by automobile*, are intended to adequately protect the persons engaged in this activity. The endorsement must form an integral part of the insurance contract an operator is required to hold.

Among other things, this endorsement ensures that the drivers are automatically covered under the operator’s insurance contract while they are providing remunerated passenger transportation by automobile. If a loss occurs outside of such periods, the driver will have to contact his or her personal insurer, as the driver’s personal insurance contract will apply in such an event.

Important reminder for drivers

The fact that an operator takes out an insurance contract does not relieve the drivers of their obligation under section 84 of the AIA to have a liability insurance contract outside of remunerated passenger transportation periods. However, that contract does not have to cover risks related to remunerated passenger transportation.

The AMF reminds all drivers and owners of vehicles used to provide remunerated passenger transportation that it is important to inform their respective personal insurers that they are engaged in that activity, even though the protections under the operator’s insurance contract apply during remunerated passenger transportation periods.

Endorsement *Q.E.F. No. 48 – Remunerated passenger transportation by automobile* will have to be used by all insurers that are planning to offer operators insurance coverage for this type of activity.

¹ CQLR, c. A-32.1.

² CQLR, c. T-11.2.

³ CQLR, c. A-25.

The endorsement is available on the AMF website at www.lautorite.qc.ca under Professionals/Insurers/Automobile insurance/AMF approved forms.

Additional information

Further information is available from the AMF Information Centre:

Québec City: 418-525-0337

Montréal: 514-395-0337

Toll-free: 1-877-395-0337

www.lautorite.qc.ca

October 22, 2020

Remunerated passenger transportation by automobile
Conditions and restrictions imposed by the Autorité des marchés financiers
Act respecting remunerated passenger transportation by automobile

The **endorsement** heading must be entered in the “Declarations” section of the insurance contract. Details required for the **endorsement** may be entered in the “Declarations” section or in the **endorsement** itself, at the insurer’s option.

Name of insurer:
.....

Name of insured (operator):
.....

Endorsement to automobile insurance policy No.:
.....

Effective date: This **endorsement** will apply from at 12:01 A.M. standard time
at the address of the **named insured**.

Specified vehicles: automobiles used by drivers registered with the operator to provide
remunerated passenger transportation
.....

[Endorsement description](#)

This **endorsement** sets out the conditions and restrictions imposed by the Autorité des marchés financiers (the “Authority” or the “AMF”) under section 39 of the *Act respecting remunerated passenger transportation by automobile*, CQLR, c. T-11.2.

[1. Definitions specific to this endorsement](#)

“Operator” means the operator of a transportation system authorized under Chapter III of the *Act respecting remunerated passenger transportation by automobile*.

“Registered driver” means any driver registered with the operator within the meaning of the *Act respecting remunerated passenger transportation by automobile*.

“Personal insurance policy” means the liability insurance contract under section 84 of the *Automobile Insurance Act* which insures the vehicle used by a registered driver outside the coverage period of the present insurance contract.

[2. Coverage period of insurance contract](#)

The insurance contract applies from the time a registered driver makes himself or herself available to provide remunerated passenger transportation as part of the operator’s system until the time he or she ceases to be available for such purpose (the “coverage period”).

For example, the insurance contract applies from the time a registered driver connects to the technological means used by the operator to distribute trip requests, such as a mobile application, until the time the registered driver disconnects.

3. Clarifications regarding certain items in the *Declarations* section of the insurance contract

Item 1

The **named insured** is:

the operator, each registered driver and, if a registered driver uses a vehicle which they do not own to provide remunerated passenger transportation as part of the operator's transportation system, the **owner** of that vehicle.

Item 3

Particulars of the **described vehicle**: the automobiles used by the registered drivers to provide remunerated passenger transportation.

Creditor entitled to the indemnities under Section B, to the extent of the creditor's interest: the creditor that, on the date of the **loss**, is entitled to the indemnities set out in Section B in accordance with the personal insurance policy insuring the vehicle used by the registered driver.

4. Clarifications regarding certain insurance contract coverages

In accordance with section 39 of the *Act respecting remunerated passenger transportation by automobile*, the provisions of Title III of the *Automobile Insurance Act* applicable to owners apply to operators, with the necessary modifications. This rule will, in particular, prioritize the present insurance contract during the coverage period.

The insurance contract must provide the following minimum coverages:

Section A

- Only one **amount of insurance** is provided for in Section A and this amount is at least \$1 million.
- The **amount of insurance** provided for in Section A applies for the entire duration of the coverage period.

Section B, including the following two protections:

- Protection 2;

For Protection 2 coverages to apply, the following condition must be met:

- The personal insurance policy insuring the vehicle used by the registered driver must include Protection 1 or Protection 2 on the date of the **loss**.

The **deductible** for Protection 2 is the same as that indicated in the personal insurance policy insuring the vehicle used by the registered driver for Protection 1 or Protection 2, as applicable.

The supporting documents establishing the protection and **deductible** under the personal insurance policy must be provided to the **insurer**.

- Protection 3;

For Protection 3 coverages to apply, the following condition must be met:

- The personal insurance policy insuring the vehicle used by the registered driver must include Protection 1, Protection 3 or Protection 4 on the date of the **loss**.

However, if the personal insurance policy insuring the vehicle used by the registered driver provides Protection 4, the coverages offered under this protection apply only if a peril covered by Protection 4 occurs.

The **deductible** for Protection 3 is the same as that indicated in the personal insurance policy insuring the vehicle used by the registered driver for Protection 1, Protection 3 or Protection 4, as applicable.

The supporting documents establishing the protection and **deductible** under the personal insurance policy must be provided to the **insurer**.

Endorsement *Q.E.F. No. 20 – Travel expenses (Section B)* (“Q.E.F. No. 20”)

- For Q.E.F. No. 20 coverages to apply, the following condition must be met:
 - The personal insurance policy insuring the vehicle used by the registered driver must include endorsement Q.E.F. No. 20, Q.E.F. No. 20a, Q.E.F. No. 20b or Q.E.F. No. 20c on the date of the **loss**, and the supporting documents demonstrating this must be provided to the **insurer**.

Endorsement *Q.E.F. No. 43 (A to F) – Change to indemnity (Section B)* (“Q.E.F. No. 43”)

- For Q.E.F. No. 43 coverages to apply, either of the following conditions must be met:
 - The personal insurance policy insuring the vehicle used by the registered driver must include endorsement Q.E.F. No. 43 on the date of the **loss**, and the supporting documents demonstrating this must be provided to the **insurer**.

In this case, the applicable coverages are the same as those in the personal insurance policy.

 - The vehicle used by the registered driver must be covered by *Q.P.F. No. 5 – Complementary Insurance for Damage Caused to Insured Vehicle Form (Replacement Insurance)* (“Q.P.F. No. 5”) on the date of the **loss**, and the supporting documents demonstrating this must be provided to the **insurer**.

In this case, Q.E.F. No. 43 coverages are, as applicable:

- Option 43A – Partial loss – New parts;
- Option 43E – Total loss – Replacement cost.

It is understood that the value of damage determined according to Option 43E may not be greater than the amount of the indemnity calculated in accordance with articles 1.1 and 1.2 of Q.P.F. No. 5, as applicable.

5. Change to certain Exclusions

This **endorsement** withdraws the use of the vehicle as a taxicab or other chauffeur-driven vehicle from Exclusion 5 E. of Section A and from Exclusion 6 I. of Section B in order to allow the use of the insured vehicles for remunerated passenger transportation.

All other conditions of the insurance contract remain the same.

Notice regarding the coming into force on April 21, 2022 new automobile insurance endorsement Q.E.F. No. 48a – Goods delivery enterprise

(section 71 of the *Insurers Act*)

The *Act to amend various legislative provisions mainly with respect to the financial sector* (2021, c. 34), which was assented to on December 8, 2021, included the following amendments to the *Automobile Insurance Act*¹ (the “AIA”) and the *Insurers Act*²:

- An enterprise whose activities consist in delivering goods may have an insurance contract (in this instance, the “Q.P.F. No.1 – Owners’ Form”) guaranteeing compensation for property damage caused by the automobiles of which the enterprise is not the owner, but which are used by its employees for that delivery (the “insurance contract”);
- The Autorité des marchés financiers (the “AMF”) may attach conditions or restrictions to a rider attached to such an insurance contract.

New endorsement *Q.E.F. No. 48a – Goods delivery enterprise*, which sets out the AMF’s conditions and restrictions, will have to be attached to the insurance contract entered into by a goods delivery enterprise.

It should be recalled that, in accordance with the fourth paragraph of section 84 AIA, the insurance contract entered into by the goods delivery enterprise will pay out first during the coverage period. The primary objective of the AMF’s conditions and restrictions is to allow the employees of the goods delivery enterprise who use their own motor vehicle to carry on activities on behalf of the enterprise to benefit from insurance coverage that is at least equivalent to the coverage they hold under their personal insurance policy.

Accordingly, *Q.E.F. No. 48a – Goods delivery enterprise* will have to be used by all insurers that are planning to offer insurance coverage for this type of activity to such enterprises.

The endorsement is available on the AMF website at www.lautorite.qc.ca under Professionals/Insurers/Automobile insurance/AMF approved forms.

Reminder for employees of goods delivery enterprises

The fact that a goods delivery enterprise takes out an insurance contract does not relieve employees of their obligation, under section 84 of the AIA, to have a liability insurance contract outside of the periods during which they carry on delivery activities. Even though coverage under the insurance contract of the goods delivery enterprise applies during the delivery periods, employees of the enterprise must also inform the insurer with whom they hold their personal insurance policy that they are carrying on such delivery activities.

Moreover, for all losses that occur outside of the periods during which they carry out delivery activities, the employees will have to contact the insurer with whom they hold their personal insurance policy.

¹ CQLR, c. A-25.

² CQLR, c. A-32.1.

Additional information

Additional information is available from the AMF Information Centre at:

Québec City: 418.525.0337

Montréal: 514.395.0337

Toll-free: 1.877.395.0337

www.lautorite.qc.ca

April 21, 2022

Goods delivery enterprise

Endorsement attached to a liability insurance contract entered into by an enterprise referred to in the third paragraph of section 84 of the *Automobile Insurance Act*
Conditions and restrictions imposed by the Autorité des marchés financiers

The **endorsement** heading must be entered in the “Declarations” section of the insurance contract. Details required for the **endorsement** may be entered in the “Declarations” section or in the **endorsement** itself, at the insurer’s option.

<p>Name of insurer:</p> <p>Name of insured (goods delivery enterprise):</p> <p>Endorsement to automobile insurance policy No.:</p> <p>Effective date: This endorsement will apply fromat 12:01 A.M. standard time at the address of the named insured.</p> <p>Specified vehicles: any automobile not owned by the goods delivery enterprise but used by an employee for a delivery.</p>

1. Definitions specific to this endorsement

Insurance contract

“Insurance contract” means the insurance contract held by the goods delivery enterprise referred to in the third paragraph of section 84 of the *Automobile Insurance Act*.

Coverage period of insurance contract

The coverages under the insurance contract apply from the time an employee of the goods delivery enterprise makes himself or herself available for a delivery until the time he or she ceases to be available for such purpose.

For example, the insurance contract applies from the time an employee of the goods delivery enterprise connects to the technological means used by this enterprise to distribute the deliveries, such as a mobile application, until the time the employee disconnects.

Personal insurance policy

“Personal insurance policy” means the liability insurance contract guaranteeing compensation for property damage caused by the vehicle used by an employee of the goods delivery enterprise outside the coverage period of the present insurance contract.

2. Clarifications regarding certain items in the *Declarations* section of the insurance contract

Item 1

The **named insured** is:

- the goods delivery enterprise (by which name and address are indicated in this item), each employee of the goods delivery enterprise and, if an employee uses a vehicle which they do not own to make a delivery, the **owner** of that vehicle.

Item 3

Creditor entitled to the indemnities under Section B, to the extent of the creditor’s interest:

- the creditor that, on the date of the **loss**, is entitled to the indemnities set out in Section B in accordance with the personal insurance policy insuring the vehicle used by the employee of the goods delivery enterprise.

3. Clarifications regarding certain insurance contract coverages

In accordance with the fourth paragraph of section 84 of the *Automobile Insurance Act*, the goods delivery enterprise is considered an owner for the purposes of Title III of this Act. This rule will, in particular, prioritize the present insurance contract during the coverage period.

The insurance contract provides the following minimum coverages:

Section A

- Only one **amount of insurance** is provided for in Section A and this amount is at least \$1 million.
- The **amount of insurance** provided for in Section A applies for the entire duration of the coverage period.

Section B, including the following two protections:

- Protection 2;

For Protection 2 coverages to apply, the following condition must be met:

- The personal insurance policy insuring the vehicle used by the employee of the goods delivery enterprise must include Protection 1 or Protection 2 on the date of the **loss**.

The **deductible** for Protection 2 is the same as indicated in the personal insurance policy insuring the vehicle used by the employee of the goods delivery enterprise for Protection 1 or Protection 2, as applicable.

The supporting documents establishing the protection and **deductible** under the personal insurance policy must be provided to the **insurer**.

- Protection 3;

For Protection 3 coverages to apply, the following condition must be met:

- The personal insurance policy insuring the vehicle used by the employee of the goods delivery enterprise must include Protection 1, Protection 3 or Protection 4 on the date of the **loss**.

However, if the personal insurance policy insuring the vehicle used by the employee of the goods delivery enterprise provides Protection 4, the coverages offered under this protection apply only if a peril covered by Protection 4 occurs.

The **deductible** for Protection 3 is the same as indicated in the personal insurance policy insuring the vehicle used by the employee of the goods delivery enterprise for Protection 1, Protection 3 or Protection 4, as applicable.

The supporting documents establishing the protection and **deductible** under the personal insurance policy must be provided to the **insurer**.

Endorsement Q.E.F. No. 20 – *Travel expenses (Section B)* (“Q.E.F. No. 20”)

- For Q.E.F. No. 20 coverages to apply, the following condition must be met:
 - The personal insurance policy insuring the vehicle used by the employee of the goods delivery enterprise must include endorsement Q.E.F. No. 20, Q.E.F. No. 20a, Q.E.F. No. 20b or Q.E.F. No. 20c, on the date of the **loss**, and the supporting documents demonstrating this must be provided to the **insurer**.

Endorsement Q.E.F. No. 43 (A to F) – *Change to indemnity (Section B)* (“Q.E.F. No. 43”)

- For Q.E.F. No. 43 coverages to apply, either of the following conditions must be met:
 - The personal insurance policy insuring the vehicle used by the employee of the goods delivery enterprise must include endorsement Q.E.F. No. 43, on the date of the **loss**, and the supporting documents demonstrating this must be provided to the **insurer**.

In this case, the applicable coverages are the same as those in the personal insurance policy.

- The vehicle used by the employee of the goods delivery enterprise must be covered by *Q.P.F. No. 5 – Complementary Insurance for Damage Caused to Insured Vehicle Form (Replacement Insurance)* (“Q.P.F. No. 5”), on the date of the **loss**, and the supporting documents demonstrating this must be provided to the **insurer**.

In this case, Q.E.F. No. 43 coverages are, as applicable:

- Option 43A – Partial loss – New parts;
- Option 43E – Total loss – Replacement cost.

It is understood that the value of damage determined according to Option 43E may not be greater than the amount of the indemnity calculated in accordance with articles 1.1 and 1.2 of Q.P.F. No. 5, as applicable.

All other conditions of the insurance contract remain the same.