



**BILL 141: CHECKLIST ON INSURANCE PRODUCTS  
OFFERED VIA THE INTERNET AND DISTRIBUTION  
WITHOUT A REPRESENTATIVE**

February 2020

## THE OBLIGATIONS OF INSURANCE FIRMS FOR INSURANCE PRODUCTS OFFERED VIA THE INTERNET<sup>1</sup>

If you offer insurance products online, as of June 13, 2019, you must comply with the following:

### *INFORMATION TO BE PROVIDED TO THE AMF*

Before offering a product online :

- The information about your "digital space"
- The information about the products you offer
- The insurers whose products are offered

Annually :

- The number of insurance policies issued
- The amount of premiums written through your digital space
- The number of cases where clients cancelled their insurance contracts

### *INFORMATION TO BE PROVIDED TO THE CLIENT*

At all times :

- Make the means to interact with a representative of the firm visible
- The information must be presented in a clear, readable, specific and no misleading way

Make readily accessible through your digital space :

- The name, contact details, sectors and AMF registration number of the firm
- The information on where the client can file a complaint and the summary of the complaint processing policy
- A specimen of the policy for each product offered and any available endorsement, if applicable<sup>2</sup>

Before a contract is entered into :

- The name and contact information of the insurer offering the product
- The product coverage, exclusions and limitations
- The warnings about the consequences of misrepresentation or concealment
- The premiums, and other fees and expenses, including applicable taxes
- The period of validity of the quote

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<sup>1</sup> Chapter II of the RADM mainly provides the framework applicable to insurance firms and insurers offering products online via a transactional website.

<sup>2</sup> This requirement is subject to a transitional period of one year ending June 12, 2020.

Immediately before a contract is entered into :

- The information collected from the client and the options and conditions the client has chosen

As soon as a contract is entered into :

- Confirmation that the contract has been entered into and the temporary insurance, if applicable
- The right of rescission and the procedures for exercising it
- The way in which the policy will be provided to the client

#### *OBLIGATIONS SPECIFIC TO THE OPERATION OF THE DIGITAL SPACE*

- Ensure the proper operation and reliability of your digital space at all times
- Require an action from the client each time confirmation or consent is needed
- Detect and automatically suspend or terminate an action initiated on the digital space if the information provided may lead to an inappropriate result or the client does not meet the product eligibility criteria
- Enable the client to correct a mistake at any time prior to entering into a contract
- Where the firm offers an insurance of persons contract that is likely to replace another contract and is unable to proceed with the replacement through its digital space, the firm must interrupt such offer, and provide the information as it would have been done in the presence of a representative<sup>3</sup>
- Suspend the action initiated through the digital space when no representative can interact immediately with a client who asks to interact with a representative
- Ensure that the information provided by the client is kept in a manner that ensures its confidentiality and security

#### *PROHIBITIONS*

It is forbidden, through your digital space :

- To present advertising unrelated to the product offered
- To automatically make a choice for the client regarding the products offered
- To exclude or limit your liability to the client relating to the proper operation or reliability of your digital space or the accuracy of the information presented thereon

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<sup>3</sup> In accordance with section 22 of the *Regulation respecting the pursuit of activities as a representative* (chapter D-9.2, r. 10.)

## OBLIGATIONS OF INSURERS FOR INSURANCE PRODUCTS OFFERED THROUGH A DISTRIBUTOR<sup>4</sup>

A distributor is a person who, in pursuing activities in a field other than insurance, offers, as an accessory, for an insurer, an insurance product which relates solely to goods sold by the person or secures a client's adhesion in respect of such an insurance product.<sup>5</sup>

### INFORMATION TO BE PROVIDED TO THE AMF

Before offering an insurance product through a distributor :

- A list of distributors<sup>6</sup>
- A list of the contracts offered by a distributor, including a description of the insurance coverage provided by those contracts<sup>7</sup>
- The hyperlink to access the distributor's offer through the Internet
- The contact information of the insurer's assistance service

Annually, for each product offered through a distributor :

- The number of insurance policies and certificates issued and the amount of premiums written
- The number of claims and the amount of indemnities paid
- The number of rescissions and cancellations
- The remuneration paid to all distributors and third parties to which the insurer has entrusted the performance of the obligations of an insurer with respect to the distribution of a product through a distributor

### DOCUMENTS AND INFORMATION TO BE PROVIDED TO THE CLIENT

- The notice of free choice
- The notice of specific consent
- The notice of rescission of an insurance contract
- The fact sheet
- The product summary<sup>8</sup>

As soon as a contract is entered into :

- A summary of the information collected from the client
- The policy, the insurance certificate or the temporary insurance

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<sup>4</sup> Chapter III, of the RADM provides the framework applicable to insurers that offer their products through a distributor.

<sup>5</sup> ARDFPS, s. 408.

<sup>6</sup> The insurer must, without delay, inform the Authority of any change to this list.

<sup>7</sup> The insurer must, without delay, inform the Authority of any change to this list.

<sup>8</sup> The distribution guide filed with the AMF before June 13, 2019 can be used until June 12, 2020 and until then, delivery of the guide will be equivalent to the delivery of the summary and the fact sheet.

## PROHIBITIONS

With respect to replacement insurance for insured vehicles or insured parts and with respect to the life, health and employment insurance of a debtor or investor, no insurer may<sup>9</sup> :

- Enable the distributor to keep its remuneration within a time period not commensurate with the term of the product, which time period may not, however, be less than 180 days
- Pay to the distributor a bonus or a share in the profits based on contract experience
- Set different commission rates applicable to a distributor for products with similar insurance coverage

## OTHER CHANGES EFFECTIVE JUNE 13, 2020

For Internet offers you must :

- Make a specimen of the policy for each product offered and any available endorsement available on your digital space
- Adopt a procedure for the design, use and maintenance of your digital space and ensure its implementation

For each insurance product offered by a distributor, the insurer must make available on its website :

- A specimen of the insurance policy or insurance certificate and any available endorsements
- The product summary<sup>10</sup>

For the offer of insurance products by a distributor, the insurer will have to :

- Adopt and implement procedures that enable the supervision and training of its distributors
- Provide training to its distributors covering the topics listed in the RADM



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<sup>9</sup> In accordance with sections 424 and 426 of the ARDFPS, these insurance products are deemed to be insurance products which relate solely to goods.

<sup>10</sup> The distribution guide that can be used until June 12, 2020 must be currently accessible on the Insurer's website.



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