Bill 30 – legislative changes concerning insurance

July 21, 2023

Author

Marie-Claude Cantin

Partner, Lawyer

On June 7, 2023, the Minister of Finance of Quebec tabled and presented Bill 30 before the National Assembly, an omnibus bill entitled *An Act to amend various provisions mainly with respect to the financial sector* (hereinafter the "**Bill**"). The Bill includes certain amendments to the provisions of the *Insurers Act* ("**IA**") and the *Act respecting the distribution of financial products and services* ("**DA**").

Although the Bill may evolve through the stages of the legislative process as Parliament resumes, here is an overview of the main amendments that are expected to have implications for the insurance industry.

Proposed legislative changes

As indicated, the legislative changes will affect both the IA and the DA. Below are the main amendments that will be made to each of these Acts should the Bill be assented to:

Insurers Act

The Bill proposes that associations constituted under the *Civil Code of Québec* be allowed to apply for authorization to carry on insurer activities among their members as a reciprocal union,[1] and it sets out several provisions relating to the organization and governance of such an entity.

The Bill clarifies the meaning of a reciprocal union, defining it as a group of parties that, under the terms of the contract constituting the union, join together to pool sums enabling them to be reciprocally bound by damage insurance contracts.[2]

The restriction preventing reciprocal unions from accepting a risk that would require them to pay, after reinsurance, an amount that exceeds 10% of the net value of their assets will also be lifted and replaced with a more general obligation to reserve sufficient sums to carry on their insurer activities.[3]

Life and health insurers will become subject to a new obligation to take the necessary means (which may be specified by regulation) to obtain certain information in order to determine whether an amount they have committed to pay under a life insurance contract is payable.[4]

As such, life and health insurers that know that a sum is payable will be bound, for a period of three years from the date the sum is payable, to take the necessary means (which may be specified by regulation) to inform beneficiaries that a sum is payable and provide them with support in making their claim.

Copyright (c) Lavery, de Billy, S.E.N.C.R.L. - L.L.P.

Act respecting the distribution of financial products and services

Under the Bill, a person employed by a firm, an independent partnership or a claims adjuster will be allowed to carry out activities under the supervision of a claims adjuster in certain situations.[5]

The restriction preventing claims adjusters from acting in a sector other than claims adjustment will also be lifted.[6]

Section 424 of the ARDFPS will be amended to remove vehicle replacement insurance from products that can be distributed without a representative, which will particularly affect vehicle dealers.[7]

The directors and officers of a regulated entity will become solidarily liable with that entity for the payment of a monetary administrative penalty, unless they establish that they exercised due care and diligence. It will be possible to secure the payment of such monetary administrative penalty by a legal hypothec on the debtor's movable and immovable property.[8]

What to expect

It is important to note that the Bill is in its first stage of the legislative process and may be subject to change. Anyone wishing to comment on it may do so online on the National Assembly website.

We will continue to follow the progress of this Bill. Do not hesitate to contact a member of Lavery's insurance team if you have questions on the subject matter of this article.

---

1. Section 1 of the Bill, amending section 6 of the IA
2. Section 2 of the Bill, amending section 7 of the IA
3. Section 21 of the Bill, amending section 188 of the IA
4. Section 74 of the Bill, introducing section 72.1 in the IA
5. Section 90 of the Bill, amending section 10 of the ARDFPS
6. Section 92 of the Bill, striking out section 45 of the ARDFPS
7. Sections 105 and 106 of the Bill, amending section 424 of the ARDFPS
8. Section 71 of the Bill, introducing sections 115.2.1 and 115.2.2 in the ARDFPS

Copyright (c) Lavery, de Billy, S.E.N.C.R.L. - L.L.P.