

CANADIAN BULLETIN

Date 2013-09-27

Recipient All Stakeholders writing Quebec Professional Liability Insurance (Financial Services Sector).

Reference RE-13-013

Subject Reporting of Quebec Professional Liability Insurance (Financial Services Sector).

The Quebec regulator, Autorité des marchés financiers (AMF) requires insurers to report the information noted in Annex A below, in respect of Quebec professional liability business for the Financial Services sector. The sectors and sector classes for which reporting is required can be found on Annex B below, or on the AMF website – Part 1 on the following link: http://www.lautorite.qc.ca/files/pdf/professionnels/obligations/Guide-redaction-contrat-ass-repons-prof_ANG.pdf

Lloyd's Canada, on behalf of Lloyd's Underwriters, is responsible for reporting to the AMF. You are therefore required to provide the information requested to lineage@lloyds.ca in accordance with the directives and timetables set out in Annex A.

The above requirements should be brought to the attention of your Lloyd's underwriters.

We thank you in advance for your assistance in complying with this request.

Please direct any questions you may have to lineage@lloyds.ca.

SEAN MURPHY

President, Lloyd's Canada Inc.

Attorney in Fact in Canada for Lloyd's Underwriters

Fax 514 861 0470

lineage@lloyds.ca

PROFESSIONAL LIABILITY INSURANCE – FINANCIAL SERVICES SECTOR
DIRECTIVES AND TIMETABLES

NOTICE OF NON-RENEWAL OR CANCELLATION (FORM ATTACHED)

The following requirement is with immediate effect:

To meet the AMF deadline, please provide Lloyd's Canada with **45** days advance notice of non-renewals or cancellations. When doing so, please complete Part 1 of the attached form and forward to lineage@lloyd's.ca, along with the declaration: *I declare that the information provided is accurate and complete.*

Lloyd's Canada will complete Part 2 and forward the completed Notice to the AMF.

NOTICE OF CLAIM (SAMPLE ATTACHED)

Claims are to be reported to Lloyd's Canada twice a year, as follows.

| Notice of Claim period | Date you are required to report to Lloyd's Canada | Date Lloyd's Canada is required to report to the AMF |
|--|---|--|
| Claims that fall into the period: July 1 to December 31 | No later than January 5 | January 31 |
| Claims that fall into the period: January 1 to June 30 | No later than July 5 | July 31 |

Please provide claim information via bordereau. Ensure your bordereau reflects the following identifying information:

- Name of insured
- Policy No.
- Date of claim - Year/Month/Day
- Name of insurer (state "Lloyd's Underwriters")
- Master contract number (if applicable)
- Amount of claim
- Person handling the claim
- Claim No.
- Reason for claim

Please submit your bordereau to lineage@lloyds.ca, along with the following declaration: *I declare that the information provided is accurate and complete.*

Lloyd's Canada will complete the Notice of Claim form and forward it to the AMF.

PROFESSIONAL LIABILITY WORDING – NEW OR AMENDMENTS (SAMPLE ATTACHED – NOT YET AVAILABLE IN ENGLISH)

Wording(s) is to be submitted to Lloyd's Canada in accordance with the following timetable.

| Professional Liability Policy Wordings: Existing/New/Amended | Date you are required to submit to Lloyd's Canada | Date Lloyd's Canada is required to report to AMF |
|---|---|--|
| Existing Wordings (presently in use) | Immediately | Immediately |
| New/amended wordings that fall into the period: July 1 to December 31 | No later than January 5 | January 31 |
| New/amended wordings that fall into the period: January 1 to June 30 | No later than July 5 | July 31 |

Wording(s) is to be submitted to Lloyd's Canada in accordance with the following directives:

- Existing / new / or amended wordings: provide the number assigned to the wording.
- New wordings: Attest (**yes or no**) if there are new wordings. If yes, identify.
- Amended wordings: Attest (**yes or no**) if wordings have been amended. If yes, identify. Also indicate the amendments and on which page or section they can be found.
- Provide the following declaration: *I declare that the information provided is accurate and complete*

Please provide the foregoing to lineage@lloyds.ca

Lloyd's Canada will complete the form and forward it to the AMF.

Professional Liability Insurance – Financial Services sector

Part 1 Sectors and Sector Classes

Independent representatives, firms, representatives acting on behalf of a firm without being employees and independent partnerships that are authorized to pursue activities in a sector will automatically be authorized to pursue their activities in the classes belonging to this sector⁶.

The professional liability insurance policy will have to cover all the sectors and sector classes in which these clients pursue their activities and for which they are registered with the AMF.

1.1 Insurance of Persons

Representatives certified in this sector may offer, directly to the public, to a firm, to an independent representative or to an independent partnership, individual insurance of persons products⁷ (life insurance and accident and health insurance) or individual annuities. They may also enroll people in group insurance or annuity contracts.

Since October 1, 1999, date on which the Act came into effect, the terms “agent” and “broker” are no longer being used in the insurance of persons sector. The Act now uses the term “representative.”⁸

1.1.1 Accidental & Health Insurance⁹
Accident insurance guarantees payment of the agreed-upon compensation in the event of bodily injury. Health insurance guarantees payment of the agreed-upon compensation in the event that the insured person becomes ill.

1.2 Group Insurance of Persons

Group insurance representatives¹⁰ offer group insurance of persons or group annuity products from one or more insurers. They may also offer individual annuities to members of a group¹¹.

1.2.1 Group Insurance Plans¹²
Representatives only certified in the group insurance plans class may not offer group annuity plans.

1.2.2 Group Annuity Plans
Representatives only certified in the group annuity plans class may not offer group insurance plans.

1.3 Damage Insurance

Damage insurance representatives¹³ offer damage insurance products directly to the public. Representatives who act on behalf of

one insurer or who are bound to an insurer by an exclusive contract are agents. As for brokers, they offer, to the public, to firms, to independent representatives or to independent partnerships, damage insurance products from several insurers. Professional liability insurance policies that cover the damage insurance sector must include the agents and brokers. Contracts that cover brokers must, therefore, not include an exclusivity clause.

1.3.1 Personal-lines damage insurance¹⁴
This class restricts representatives to offering products and consultation services pertaining to the property and civil liability of a domestic nature of a natural person and an independent worker. A restriction is also set for residential buildings containing no more than six dwellings.

1.3.2 Commercial-lines damage insurance
This class restricts representatives to offering products and consultation services pertaining to the property and liability of businesses and independent workers.

1.4 Claims Adjustment

The claims adjuster is the natural person who investigates insured losses (investigates the cause of and circumstances surrounding a claim), appraises damages (decides on the value of the damage) and negotiates the settlement of claims¹⁵ (examines and settles the claim).

1.4.1 Claims Adjustment in personal-lines damage insurance¹⁶
This class restricts the adjuster to claims related to personal-lines damage insurance (see Point 1.3.1).

1.4.2 Claims adjustment in commercial-lines damage insurance

This class restricts the adjuster to claims related to commercial-lines damage insurance (see Point 1.3.2).

1.4.3 Claims adjustment in the employ of an insurer

This class is used to settle all claims, but only for insurers that have a representative in their employ.

1.4.4 Claims adjustment in the employ of an insurer in personal-lines damage insurance

This class is used to settle all personal-lines damage insurance claims, but only for insurers that have a representative in their employ.

1.4.5 Claims adjustment in the employ of an insurer in commercial-lines damage insurance

This class is used to settle all commercial-lines damage insurance claims, but only for insurers that have a representative in their employ.

1.5 Financial Planning

In order to obtain a certificate in financial planning and use the title of Financial Planner¹⁷, the representative must have a diploma from the *Institut québécois de planification financière* (IQPF). Certain professional orders have signed an agreement with the AMF whereby members who meet the requirements of the Act may use this title¹⁸.

1.6 Group Savings Plan Brokerage

This is a securities sector within the meaning of the Act¹⁹ that allows the representative to offer units in mutual funds.

1.7 Investment Contract Brokerage²⁰ (per AMF, this category no longer exists)

1.8 Scholarship Plan Brokerage

This is a securities sector within the meaning of the Act²¹ that allows representatives to offer units in scholarship plans.

6 Regulation respecting the issuance and renewal of representatives' certificates, ss. 2, 4, 6 and 8.

7 An Act respecting the distribution of financial products and services, R.S.Q. c. D-9.2, s. 3.

8 Regulation respecting the issuance and renewal of representatives' certificates, s. 2.

9 An Act respecting the distribution of financial products and services, R.S.Q. c. D-9.2, s. 4.

10 Resolution No. 99-10-16, adopted at the meeting of the Board of Directors of the Bureau des services financiers, held on October 22, 1999.

11 Regulation respecting the issuance and renewal of representatives' certificates, s. 4.

12 An Act respecting the distribution of financial products and services, R.S.Q. c. D-9.2, ss. 5 and 6.

13 Regulation respecting the issuance and renewal of representatives' certificates, s. 6.

14 An Act respecting the distribution of financial products and services, R.S.Q. c. D-9.2, s. 10.

15 Regulation respecting the issuance and renewal of representatives' certificates, s. 8.

16 An Act respecting the distribution of financial products and services, R.S.Q. c. D-9.2, s. 11.

17 An Act respecting the distribution of financial products and services, R.S.Q. c. D-9.2, ss. 59 to 69.

18 An Act respecting the distribution of financial products and services, R.S.Q. c. D-9.2, s. 9, par. 2.

19 An Act respecting the distribution of financial products and services, R.S.Q. c. D-9.2, s. 9, par. 2.

20 An Act respecting the distribution of financial products and services, R.S.Q. c. D-9.2, s. 9, par. 2.

21 An Act respecting the distribution of financial products and services, R.S.Q. c. D-9.2, s. 9, par. 4.