
NEW QUEBEC INSURERS ACT

IMPACTS OF THE NEW QUEBEC INSURERS ACT AND ITS AMENDMENTS ON SALE OF ONLINE INSURANCE



On June 13, 2019, the main provisions of the new Quebec Insurers Act and amendments to the Act respecting the distribution of financial products and services (the “Act”) came into force. Although the Insurers and distributors will have until June 2020 to comply with their new obligations under the Act, some regulatory requirements need to be paid attention to when selling insurance products online in Quebec.

What's New on the Act?

Under the amendments to Section 4 and Section 8 of the Act, Insurers will need to disclose certain information to the Autorite des marches financiers (“AMF”) and clients regarding their products offered on their websites. In addition to annual disclosure, Insurers will also need to make disclosures to AMF for their online insurance sales, including the amount of premium written, number of insurance policies and certificates issued, number of claims and amount of indemnities paid, number of rescissions and cancellations, and remuneration paid to distributors and third parties.

Under the Act, certain insurance products can only be offered by distributors rather than by certified representatives, including life, health and loss of employment insurance, travel insurance (offered by travel agency) or replacement insurance (offered by an automobile retailer).

The Online Insurance Regulation (the "Regulation" under the Act

This Regulation provides guidelines for the design, operation and monitoring of insurers' websites. According to the Regulation, Insurers are required to suspend proposals for insurance of persons where no representative can immediately interact with a client who has asked to interact with a representative and where there is a risk that the client, despite the information that the insurer sent to him or her, is unable to make an informed decision. However, the Regulation does not prohibit advertising when the client is in the process of completing his application, unless it is "unrelated to the product or service."

Provisions under the Regulation that will take effect from June 13, 2020 includes (i) to make readily accessible on websites a specimen of the policy for each offered product and any available endorsement, if applicable; (ii) to adopt and implement a procedure regarding the design, use, and maintenance of websites and regarding the management and mitigation of risks; and (iii) to adopt and implement procedures to supervise and train distributors and their representatives.

Summary

Insurers, especially those who sell their products online, need to pay closer attention to regulatory updates as regulators are putting more strict requirements on Insurers' obligations of disclosure, website operations, online distribution of insurance products, etc.

