

DIVISION 4 FINAL PROVISIONS

7. These Regulations shall come into force on the day they are approved by the Government.*

2841

Draft Regulation

An Act respecting the distribution of financial products and services
(1998, c. 37)

Special brokerage in damage insurance

Notice is hereby given, in accordance with the sections 10 and 11 of the Regulations Act (R.S.Q., c. R-18.1), that the Regulation respecting special brokerage in damage insurance adopted by the Bureau des services financiers, the text of which appears hereunder, may be submitted to the Government for approval, with or without amendments, upon the expiry of a 45-day period from the date of this publication.

According to the Bureau des services financiers, this draft regulation is intended to determine the conditions that must be met by a damage insurance broker before it is authorized to act as a special broker, as well as the information that the broker must give to a client in writing before placing a risk. The form of statement to be given to the client is set out in the Schedule. The draft regulation substantially maintains the rules that were established in such respect by the Conseil des assurances de dommages.

The draft regulation also proposes an amount of \$100,000 as security to be provided by a firm on behalf of which a broker acts; such security was previously established at \$50,000.

The examination of this file conducted to date reveals, according to the Bureau, no impact on the public, other than an increase in public protection through the supervision of this activity. Regarding business and particularly small and medium-sized business, the only impact relates to the increase in the amount of security.

Additional information may be obtained from M^e Nathalie G. Drouin, Director of Legal Affairs, Bureau des services financiers, 140, Grande Allée Est, bureau 300, Québec (Québec) G1R 5M8, telephone number: (418) 525-6273 or 1-877-525-6273, facsimile number: (418) 525-9512, E-mail: ndrouin.bsf@megaquebec.net.

Any interested party having comments regarding this matter is asked to forward them, in two copies, prior to the expiry of the 45-day period, to the Minister of Finance, 12, rue Saint-Louis, bureau 1.10, Québec (Québec) G1R 5L3.

BERNARD LANDRY,
*Minister of State for the
Economy and Finance*

Regulation respecting special brokerage in damage insurance

An Act respecting the distribution of financial products and services
(1998, c. 37, s. 212)

CHAPTER I AUTHORIZATION

1. For a broker to be authorized to act as a special broker, the firm in which he is employed or on whose behalf he acts must apply in writing to the Bureau and forward the following documents and information:

(1) the name, residential address and certificate number of the damage insurance broker who intends to act as a special broker;

(2) the names and addresses of at least three damage insurers holding insurance licences in Québec and whose products the firm is authorized to offer and to sell;

(3) a copy of the firm's financial statements for its most recent fiscal year, signed by two of the firm's directors;

(4) a copy of the security prescribed in section 2.

CHAPTER II SECURITY

2. The security provided for in the second paragraph of section 77 of the Act that must be furnished in the form of an insurance contract by the firm on whose behalf the broker acts, is hereby determined as a blanket amount of \$100,000, regardless of the number of insurance contracts placed through a special broker.

CHAPTER III REQUIREMENTS

3. A firm that employs or acts through representatives who hold broker's certificates in damage insurance and who are authorized by the Bureau to act as special brokers must forward to the Bureau, each month:

(1) a copy of all statements signed by clients in accordance with Schedule 1 to this Regulation;

(2) a list indicating the names of the insurers that refused to grant insurance for a proposed risk and a description of the contemplated risk and the identity of the person who requested such insurance;

(3) the identity and principal establishment of all outside insurers, as that term is defined in section 41 of the Act, who agreed to insure the contemplated risk.

4. Every six months, a broker in damage insurance authorized by the Bureau to act as a special broker shall forward a report to the Bureau containing the following information:

(1) for each risk placed with an outside insurer, the number of insurers holding a licence issued under the Act respecting insurance (R.S.Q., c. A-32) who were offered the risk, the name of the outside insurer with whom the risk was placed by the special broker, and a summary description of the risk placed;

(2) the percentage and number of risks entrusted to him by natural persons, partnerships or legal persons having their domiciles, principal establishments or head offices in Québec, both in terms of the number of risks and the value of the premiums placed with an outside insurer.

SCHEDULE 1

(s. 3, subparagraph 1)

STATEMENT BY THE CLIENT TO A SPECIAL BROKER ACTING FOR AN INSURER NOT HOLDING A LICENCE IN QUÉBEC

I, the undersigned _____

Identification of the client

Name: _____
Address: _____
Telephone no.: _____

hereby declare that, in respect of the following property or other interests to be insured:

Designation and location of risks to be insured

- (a) Description of the risk: _____
- (b) Exact address of the risk: _____

the following insurers, holding licences in Québec

Identity of insurers that refused to grant the insurance coverage requested

- (a) _____
- (b) _____
- (c) _____

have refused to grant me damage insurance applied for in the amount of

Amount of insurance applied for \$ _____

IMPORTANT

Furthermore, I hereby state that I was notified by the broker that:

(a) the insurer with which the risk is to be placed does not hold a licence in Québec;

(b) said insurer does not have an establishment in Québec;

(c) said insurer is not subject to supervision by the Inspector General of Financial Institutions and does not file the statements and reports prescribed under the Act respecting insurance (R.S.Q., c. A-32);

(d) said insurer is not required to maintain sufficient reserves to guarantee its obligations toward its insurers in Québec.

IN WITNESS WHEREOF, I have signed this statement,

in: _____ on: _____

(Client's signature)
(In the case of a corporation, the signature of its duly authorized representative)

(Witness)

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