

## Notice of Replacement of Insurance of Persons Contract

### IMPORTANT MESSAGE FOR CONSUMERS

Read the following before you terminate your insurance contract.

**1. Read the needs analysis prepared by your representative.**

Among other things, it outlines your current and future needs, your objectives and your ability to pay the insurance premium.

Verify that your representative has taken the necessary steps to retain or modify your existing contract.

**2. Read this replacement notice prepared by your representative.** After reading the notice and your representative's explanations, determine whether or not you still wish to replace your existing insurance contract with the proposed contract.

If you decide to replace your contract, instruct your representative to proceed with the replacement. Your representative will give you a copy of the notice, signed by him, and will forward a copy to any insurer concerned within 5 days of the signing of the proposal. **This notice is not a contract and does not terminate your insurance.**

You must sign the notice and initial each page of the document no later than on the date the new policy is delivered. Before signing, make sure that the information contained in the document is the same as that on the copy your representative has already given you.

**3. Read the insurance proposal prepared by your representative.** The signed copy sent to the insurer is confirmation of your application to purchase insurance. On receipt, the insurer will determine whether or not to insure you.

**4. Read the insurance contract** you receive from the insurer that has accepted your insurance proposal. If you are satisfied, you can terminate your former contract, since your new contract will be in effect.

#### Termination of contract

You may terminate the purchase of your new insurance contract at any time before it is issued. In addition, most insurers allow clients 10 days in which to terminate the contract at no charge. Ask your representative if you are eligible to do so.

#### To contact the AMF Information Centre:

[www.lautorite.qc.ca](http://www.lautorite.qc.ca)

Telephone:

Québec City: 418-525-0337

Montréal: 514-395-0337

Toll-free: 1-877-525-0337

#### Important documents to read

To replace an insurance contract, your representative must complete several documents and explain them to you:

- Needs analysis
- Notice of replacement of insurance contract
- Insurance proposal

**You will subsequently receive your insurance contract, as applicable.**

**IMPORTANT MESSAGE FOR INSURANCE OF PERSONS REPRESENTATIVES**

You must encourage the client to maintain an insurance contract in effect, unless it is in the interests of the policyholder or the insured to replace the contract.

This replacement notice helps your client make an informed decision by allowing him to compare the advantages and disadvantages of replacing the contract.

Nonetheless, you are responsible for providing your client, fully and objectively, with the explanations he needs to make an informed decision.

You must complete this notice if you are proposing that a client replace his insurance contract.<sup>1</sup>

Here is some useful information regarding this notice:

- You must explain each point to your client.
- Your client must sign the notice no later than on the date the policy is delivered.
- The notice number and insurance proposal number must be the same. It must appear at the top of each page of this notice.
- If the proposed insurance contract is replacing more than one contract, a replacement notice must be completed for each replaced contract. The number on each replacement notice must correspond to the number on the insurance proposal, followed by a figure (e.g., proposal number 1, proposal number 2).
- You must give a copy of this replacement notice to the policyholder.
- You must send a copy of this notice to the insurer whose contract is being replaced, within 5 working days of the signing of the insurance proposal.
- You must keep a copy of this notice signed by your client.

1. Division VII of the *Regulation respecting the pursuit of activities as a representative (R.R.Q., c. D-9.2, r. 10)* - *An Act respecting the distribution of financial products and services*.

**Important documents to explain to the client**

To replace an insurance contract, you must complete several documents and explain them to the client:

- Needs analysis
- Notice of replacement of insurance contract
- Insurance proposal

**The client must subsequently receive his insurance contract, as applicable.**

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**Notice of replacement of insurance of persons contract**

*If you need extra space, add pages, clearly indicating the Part number and the notice number. Both you and your client must initial each page.*

**PART 1 – General information**

<b>Policyholder</b> Person purchasing the contract.	_____ Date of birth: ____ / ____ / ____ Last name and first name Day Month Year
	_____ Date of birth: ____ / ____ / ____ Last name and first name Day Month Year
	_____ Date of birth: ____ / ____ / ____ Last name and first name Day Month Year
<b>Insured (if different from Policyholder)</b>	_____ Date of birth: ____ / ____ / ____ Last name and first name Day Month Year
<b>Other insureds</b> Other persons covered by the replaced contract who will also be covered under the proposed contract.	_____ Last name and first name
	_____ Last name and first name
	_____ Last name and first name
<b>Cancelled insureds</b> Other persons covered by the replaced contract who will not be covered under the proposed contract and who will therefore no longer be insured.	_____ Last name and first name Type of coverage: _____ Amount: _____
	_____ Last name and first name Type of coverage: _____ Amount: _____
<b>Additional insureds</b> Other persons who are not insured under the replaced contract but who will be covered under the proposed contract.	_____ Last name and first name Type of coverage: _____ Amount: _____
	_____ Last name and first name Type of coverage: _____ Amount: _____

<b>PART 1 – General information (cont.)</b>		
<b>Indicate all insurance contracts replaced by the proposed contract</b>	Policy No.	Date in effect
	_____	____/____/____ Day Month Year
	_____	____/____/____ Day Month Year
	_____	____/____/____ Day Month Year
<b>Insurance contract</b>	<b>Existing</b>	<b>Proposed</b>
<b>Name of insurer</b>		
<b>Nature of insurance</b> Life, critical illness, disability, etc. (specify type: term, permanent, universal life, etc.)  If joint insurance, payable on	1st death <input type="checkbox"/> 2nd death <input type="checkbox"/>	1st death <input type="checkbox"/> 2nd death <input type="checkbox"/>
<b>Date in effect</b>	____/____/____ Day Month Year	Not applicable
<b>Benefit amount</b> Amount paid on occurrence of covered risk  • List amount(s).		
<b>Amount of annual premium</b>		
<b>Indemnity period / Waiting period</b>		
<b>Comments</b> Use this section for any additional information, such as whether or not the benefits and premiums indicated above are fixed or guaranteed, the premiums payable in 10 years, at a specific age, etc.		

**IMPORTANT MESSAGE FOR CONSUMERS**

**Incontestable clause**

When death occurs within two years of the date on which the contract comes into effect, the insurer may refuse to pay the death benefit if information regarding the insured’s health or lifestyle was incomplete, inaccurate or omitted. An insurer may refuse to pay the death benefit if it can prove that the insured intended to commit fraud.

The two-year incontestable clause may not generally be transferred from one contract to another. Therefore, the validity of a new contract may sometimes be contested, whereas the former contract may have been incontestable.

**By replacing an insurance contract, you may lose this advantage, since the two-year incontestable period begins on the day on which the proposed contract comes into effect.**

In disability insurance, this clause does not apply if the disability occurs within two years of the date the proposed contract comes into effect.

**Expiry date of incontestable clause**

Proposed contract:  year(s) after the contract comes into effect  
 \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
 Day Month Year

Replaced contract: \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
 Day Month Year

Read and signed by policyholder: \_\_\_\_\_ Date: \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
 Day Month Year

Not applicable

**Representative’s initials:**

\_\_\_\_\_

**Suicide clause**

When death is by suicide and occurs within two years of the date on which the contract comes into effect, the insurer will not usually pay the death benefit.

Generally, the validity of a clause providing for payment of the death benefit despite suicide may not be transferred from one contract to another.

**By replacing an insurance contract, you may lose this advantage, since the two-year suicide period begins on the day on which the proposed contract comes into effect.**

**Expiry date of suicide clause**

Proposed contract:  year(s) after the contract comes into effect  
 \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
 Day Month Year

Replaced contract: \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
 Day Month Year

Read and signed by policyholder: \_\_\_\_\_ Date: \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
 Day Month Year

Not applicable

**Representative’s initials:**

\_\_\_\_\_

**PART 2 – Reasons for replacement**

**2.1** Explain why the existing insurance contract does not meet your client's needs.

**2.2** Explain how the proposed contract better meets your client's needs.

**2.3** Explain the disadvantages for your client of replacing his contract (additional exclusions, higher premium, extra premium, etc.).

**2.4** Explain why you are not modifying your client's existing contract.

**PART 2 – Reasons for replacement (cont.)**

**2.5** Explain the financial impact of the replacement (e.g., redemption fees, cash surrender value [guaranteed or non-guaranteed], cancellation fees, premiums, tax considerations, policyholder dividends, registration as an RRSP, forthcoming dividend payment).

**2.6** Explain the differences between complementary or optional guarantees under the existing contract and the proposed contract (waiver of premiums, guarantee of insurability, other endorsements, additional or fewer guarantees, variations in equivalent or similar guarantees, etc.).

**Comments**

**PART 3 – Signature of policyholder**

Having read and understood the notice,

I, \_\_\_\_\_, the undersigned,

Policyholder's first and last name

wish to replace my existing insurance contract no. \_\_\_\_\_

and subscribe to the following new insurance contract \_\_\_\_\_  
(Name of policy)

\_\_\_\_\_  
Signature of policyholder(s) Date : \_\_\_\_ / \_\_\_\_ / \_\_\_\_  
Day Month Year

**PART 4 – Signature of representative**

I have explained to my client, fully and objectively, the type of insurance, as well as the advantages and disadvantages of replacing his existing insurance contract.

A copy of this notice will be sent to the insurer of the replaced insurance contract.

**Representative**

_____ Representative's last name and first name	_____ Certificate No.	_____ Telephone	_____ Signature
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**Representative**

_____ Representative's last name and first name	_____ Certificate No.	_____ Telephone	_____ Signature
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**Supervisor**

_____ Supervisor's last name and first name	_____ Certificate No.	_____ Telephone	_____ Signature
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**Trainee**

_____ Trainee's last name and first name	_____ Certificate No.	_____ Telephone	_____ Signature
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**Additional notes**

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