

Article 1

NEW AUTOMOBILE INSURANCE POLICIES

TOWARDS A BETTER UNDERSTANDING

To help you prepare for the arrival of the new insurance forms, the Groupement des assureurs automobiles will be publishing a series of articles concerning the changes made to Quebec owners' forms no. 1 and no. 5 and their endorsements. This first article discusses the policies' new structure, a key element of the revision.

The plain-language automobile insurance policies will take effect March 1, 2014.

"It's important to remember that the goal of the revision was to rewrite the forms in more accessible language, while maintaining the policies' current scope of coverage."

Line Crevier, Supervisor, Technical Affairs, Groupement des assureurs automobiles

Additions to help understand and locate information

Making a contract easier to read and understand for consumers means helping them find answers to their questions easily and understand the terms used in their automobile insurance policy.

For that purpose, the new policies now include the following:

- An introduction that will help insured persons better understand their contract and their obligations as to the information they need to disclose to their insurance company;
- An exhaustive table of contents;
- The addition of a Definitions section where each word appearing in bold characters throughout the policy is defined;
- The use of multiple headings and sub-headings.

Only the Declarations section is structured the same as in the old policies. However, the terms and expressions have been updated to match those used in the new policies.

A contract structured to answer consumers' questions

The new policies have been structured to logically answer five questions that consumers may ask.



An answer to each question

Question	Answer
Who is insured?	Insured persons
What is insured?	Insured vehicles
What am I insured for?	Principal coverage and additional coverages
What am I not insured for?	Exclusions
How much am I insured for?	Indemnity payable by insurer

Sections A and B

Section A and Section B have been structured in the same way. Both are divided into the following subsections: insured persons, insured vehicles, principal coverage and additional coverages, exclusions and indemnity payable by insurer.

Each section has obviously been rethought and written to include only the content that is specific to that section. Since each section is complete and independent from the other, consumers will find all the information relating to that section in a single place.

"Different coverage is provided under Sections A and B, and each coverage applies independently of the other," explains Line Crevier.

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OVERVIEW OF SECTIONS BY VARIOUS EXAMPLES

Subsection	Section A	Section B
Insured persons	<p>Named insured, any driver of the insured vehicle, their succession.</p>	<p>Named insured only, as he or she is the only one who has an insurable interest in the vehicle.</p> <p>Attention <i>This does not mean that the named insured can no longer lend his or her vehicle. As reflected in the wording, the named insured is the only person who may get an indemnity.</i></p>
Insured vehicles	<p>Reference is made not only to the described vehicle, but also to a trailer or semi-trailer of which the named insured is the owner.</p> <p>Attention <i>A definition is provided for each insured vehicle, clearly outlining the conditions that must be met for a described vehicle to be insured.</i></p>	<p>Reference is made to the described vehicle and the vehicle of which the insured has recently become the owner ("newly acquired automobile" in the existing policy).</p>
Principal coverage and additional coverages	<p>The principal coverage provides protection against the financial consequences that may be incurred by an insured who is found civilly liable for damage caused to another person.</p> <p>The additional coverages are taken from the Additional Agreements section in the current Q.P.F. No. 1. Only the coverages specific to Section A are presented in Section A.</p>	<p>Coverage is primarily for damage caused to the insured vehicle.</p> <p><i>Interesting fact: The Principal coverage subsection in Section B includes the protections that are found in the subsections (B1, B2, B3 and B4). The information is now organized more logically, as damage to the vehicle must result from one of the perils covered under the applicable protection.</i></p> <p>The additional coverages are taken from the Additional Agreements section in the current Q.P.F. No. 1. Only the coverages specific to Section B are presented in Section B.</p>
Exclusions	<p>This subsection reproduces the exclusions that are found in Section A.</p> <p><i>General Provision 6, which excluded certain uses (vehicles used as a taxicab or to carry explosives or radioactive material), is reproduced in this section.</i></p>	<p>This subsection reproduces the exclusions that used to be found in Section B.</p> <p><i>General Provision 6, which excluded certain uses (vehicles used as a taxicab or to carry explosives or radioactive material), is reproduced in Section B.</i></p>

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Section	Chapitre A	Chapitre B
<p>Indemnity payable by insurer</p>	<p>This subsection outlines the indemnities that will be paid by the insurer.</p> <p>In Section A, we have a general rule that refers to the amount of insurance indicated in the Declarations section.</p> <p>We have grouped together in this subsection all of the provisions affecting the amount of insurance, for example, adjustment of the amount of insurance depending on where the loss occurred, limitation of the amount of insurance for nuclear hazard, etc.</p> <p>All the “Specific rules” that affect the amount of insurance for the different vehicles insured under Section A are also included in this subsection.</p>	<p>In Section B, we also have a general rule indicating that the insurer will pay the value of damage to the insured vehicle. We have also grouped together in this subsection everything relating to payment of an indemnity, for example, the time of payment.</p> <p>Section B also includes specific rules for vehicles insured under this section.</p>

Additional changes

Other parts of the policy have also been rewritten. Here are a few interesting examples:

General Provisions 3 (a) to (g)

The information provided in the definition of “the automobile” in the General Provisions, Definitions and Exclusions section of the current policy is now presented in several separate sections:

- Insured vehicles (Subsection 2);
- Definitions;
- In a new subsection outlining specific rules with regard to the indemnities that may differ depending on the type of insured vehicle.

Additional Agreement 6

Additional Agreement 6, which concerns an adjustment to the amount of insurance depending on where the vehicle is used, is not included in the Additional coverages subsection. It can now be found in the Indemnity payable by the insurer subsection—which is more logical as it concerns the limit of the amount of insurance.

Other parts of the policy

General conditions

This section includes the provisions applicable to the entire contract, whence the name “General conditions.” It basically reproduces the Conditions section of the current policy, as well as certain requirements prescribed by the laws governing the automobile insurance contract. It deals primarily with disclosure obligations and the consequences of any failure to disclose.

Reporting a loss and submitting a claim

This section groups together all information related to reporting a loss and payment of the claim. Its content comes primarily from the Conditions section and is organized according to the chronological order in which a claim is processed.

Effective date, renewal and expiry of insurance contract

As its name indicates, this section groups together all information related to the effective date, renewal and expiry of the contract. It reproduces the content of Conditions 20 and 21 in the current policy. However, information about the effective date refers to the content of Item 2 of the Declarations section, i.e., the contract period.

“Although, at first glance, these changes may seem substantial, they do not invalidate the content of the policy or the knowledge acquired by the various industry stakeholders. We have several months to familiarize ourselves with them,” says Line Crevier.

To find out more about the new policies:
www.gaa.qc.ca

Additional tools available on our website:

- Familiarization guide
- Correspondence tables