

Article 3 : New vocabulary

NEW AUTOMOBILE INSURANCE POLICIES

TOWARDS A BETTER UNDERSTANDING

To help you prepare for the arrival of the new plain-language automobile insurance forms, the Groupement des assureurs automobiles is publishing a third article outlining the new vocabulary used in the plain-language version of the policies.

The plain-language automobile insurance policies and endorsements are slated to come into effect on March 1, 2014.

Now, here are the main changes to the vocabulary used in the policy:

Current version	Plain-language version
Pecuniary consequences	Financial consequences
Additional Agreements	Additional coverages
Loss of use	Travel costs
Subsections (Section B)	Protections (Section B)
Appraising the risk	Analyzing the risk
Third party	Another person
Automobile	Motor vehicle
Automobile of the private passenger type	Motor vehicle used for personal purposes
Temporary Substitute Automobile	Temporary replacement vehicle
Livery	Chauffeur-driven vehicle
Notify	Inform

Legal concepts and terms

Certain legal concepts have been retained to ensure consistency from a legal standpoint.

In some cases, the legal concept has been translated into plain language with the legal word or expression added in parentheses.

Here are three examples:

Concealment

In the *General conditions* section, Article 5.3.1 – *Consequences for Section A*, under the heading *Nullification* of Section A, the word “concealment,” which is a legal concept, is translated into plain language by “has voluntarily failed to disclose any of the information” and the legal term is added in parentheses.

Prescription period

In the section “Reporting a loss and submitting a claim,” the heading of Article 6 reads “Time to start legal action under insurance contract.” This statement translates the legal concept of “prescription period,” which is also added in parentheses.

Cancellation

In the section “Effective date, renewal and expiry of insurance contract,” the heading of Article 3 reads “Cancellation of insurance contract.” The words in parentheses, “Ending of insurance contract” are added to clarify the legal concept of cancellation.

In other cases, the legal concept has been retained without being translated into plain language. Here are a few examples:

Costs

The word "costs" is retained because it is used in the *Code of Civil Procedure*.

Deemed

The word "deemed" has also been retained, as it refers to the legal concept of presumption as used in the *Civil Code of Québec*. This expression is used in the article concerning "Insured persons" under Section A, which states that "Any person who operates a part of an insured vehicle is deemed to be using that vehicle."

Cause vs. arise

The terms "cause" and "arise" have been retained as in the current policy because of their judicial interpretation, where "cause" has a more direct and restrictive meaning than "arise."

Clarification of intent

Although the mandate to rewrite the automobile insurance policies in plain language was to retain the intent of the current policy, some clauses that were unclear have been clarified in the plain-language version.

Exclusion of persons engaged in a garage business other than the insured and their staff

To remove any ambiguity caused by this exclusion, the new wording clarifies the intent and reflects the scope given in industry practice.

Condition 12

In Article 2.1.1 of the section "Reporting a loss and submitting a claim," the word "or" is used in the plain-language version of Q.P.F. N° 1, as opposed to "and" in the current version. An error in the current policy has thus been corrected. This change reflects the industry practice and the Appraiser's Guide. It is also consistent with the agreement reached in the class action on similar parts.

Additional coverages

(replacing "Additional Agreements")

The plain-language version states that the Additional coverages all apply in addition to the amount of insurance, whereas this was not very clear in the current version.

Collision with a person or an animal

Article 3.2.2, Section B, Protection 2 – *Coverage against perils of collision and upset*, states that a collision with a person or an animal is covered under both Protection B2 and Protection B3. This clarification serves to standardize industry practice.

Consequently, when an insured is covered by Protections B2 and B4, it will be clear that collision with an animal or a person is covered by Protection 2 of Section B. It will be the insurer's responsibility to offer the best settlement to its insured.

Vehicle of which the named insured has recently become the owner

(replacing "Newly Acquired Automobile")

Paragraph B of Article 8.3, Section B – *Specific rules for vehicle of which the named insured has recently become the owner* clarifies what is meant by the least of coverages, namely, the protection covering the fewest perils AND the highest deductible of all the protections covering the damage.

Take the example of a third vehicle being added when one of the two vehicles is already covered by Protection B4 with a \$100 deductible and the other, by Protection B1 with a \$500 deductible. In this case, the new vehicle will be covered by Protection B4, that is, the protection covering the fewest perils and with a \$500 deductible, that is, the higher deductible.

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

Additional tools available on our website:

- Familiarization guide
- Correspondence tables