

Replacement Insurance – Frequently Asked Questions

1. What documents do I have to give a customer before I can discuss Replacement Insurance with them?

The customer must be given the following three documents before talking about replacement insurance. Customers should be given time to read and understand the contents:

- Let's Talk Insurance Fact Sheet
- Summary Guide
- Notice of Rescission of an Insurance Contract

2. Can I discuss Q.E.F No 43 (replacement cost endorsement) with the customer?

You must ensure that the customer is not already covered under Q.E.F No 43. If not, you must mention that it is a similar product to Q.P.F No 5. You cannot discuss the differences between the two or provide advice (only insurance agents or brokers are permitted to do so).

3. Can the customer cancel their Replacement Insurance policy?

Yes, however, the Replacement Insurance policy may only be cancelled by the original contract holder. Within the first 30 days, the customer will receive a full refund, past 30 days, the customer's refund will be calculated based on the cancellation table provided.

4. Can the customer transfer their Replacement Insurance policy to a new vehicle they buy, or if they sell their vehicle?

No. Replacement Insurance cannot be transferred to another vehicle once purchased.

5. Can I initiate a Replacement Insurance claim on behalf of my customer?

No. Your customer (the contract holder) must first contact their primary insurer about their loss. Secondly, the customer (contract holder) must also contact Sovereign Insurance to make a claim against their Replacement Insurance policy.

6. Does the policy continue (to be in force) after a customer makes a claim against their Replacement Insurance policy?

In the event a customer suffers a total loss to their vehicle, Q.P.F. No. 5 ends after a claim is made. The customer will be reimbursed any unused portion of the premium. A new Replacement Insurance contract is required for the new replacement vehicle.

If a customer suffers a partial loss (vehicle is repairable), then the Q.P.F. no. 5 continues to be in force/effect.

7. Can a customer choose which dealership they want to replace their vehicle from (after a total loss)?

Yes, a customer may choose the dealership they wish to purchase their replacement vehicle from.

8. How long does a customer have to purchase a Replacement Insurance policy after they purchase a vehicle?

The customer's Replacement Insurance policy must be sold on the vehicle purchase date.

9. Is it necessary to disclose my commission amount being made on the sales of the Replacement Insurance policy?

You must disclose the amount of commission that you will receive for the sale if it exceeds 30%.

10. Is it necessary for a customer to sign the Replacement Insurance contract at time of purchase?

A customer is not required to sign the Replacement Insurance contract at the point of purchase, as is the practice for P&C insurance in Quebec.

Replacement Insurance is underwritten by the Sovereign General Insurance Company, administered by LGM Financial Services Inc. and distributed by authorized dealers in the province of Québec.