

**QUEBEC AUTOMOBILE INSURANCE
POLICY FORM**

(Q.P.F.)

No. 5

Complementary Insurance
for Damage Caused to Insured Vehicle Form
(Replacement Insurance)

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INTRODUCTION

The following is to provide general explanations concerning the insurance contract to make it easier to understand. These explanations must not be used to create any right or coverage.

In case of any ambiguity or discrepancy between the introduction and the laws applicable to the insurance contract, the terms of the laws will prevail.

1. DOCUMENTS INCLUDED IN INSURANCE CONTRACT

The following documents form part of the insurance contract:

- This document, i. e., the “Quebec Automobile Insurance Policy Form (Q.P.F.) No. 5 – *Complementary Insurance for Damage Caused to Insured Vehicle Form (Replacement Insurance)*,” a standard document approved by the Autorité des marchés financiers.

Note that the “*Declarations*” section of this insurance policy contains information specific to the **named insured**.

- **Endorsement** (Q.E.F.) No. 5-25 entitled “*Changes to the Declarations*”, if named in Item 4, “*Declarations*.”

2. UNDERSTANDING THE INSURANCE CONTRACT

Coverage under the insurance contract is limited to complementing coverage under Section B of the **primary insurance contract**, unless otherwise indicated in the contract.

Below is useful information to help understand the insurance contract:

- Refer to the “*Table of Contents*” to see how the insurance contract is structured and to locate specific information.
- Words and expressions in bold throughout this document and in the **endorsement** are explained in the “*Definitions*” section.
- The insurance contract should be read as a whole. Consequently, clauses should be interpreted as they relate to each other and considering the entire insurance contract.
- Words in the singular include the plural.

DECLARATIONS

ITEM 1

Name and address of the **named insured**:

The **described vehicle** is and will be chiefly used, stored and parked in the town/city and province shown in Item 1. If not, the **named insured** must so declare.

ITEM 2

Contract period:

From _____ * to _____ * exclusively.

*at 12:01 A.M. standard time at the address of the **named insured**.

ITEM 3

Particulars of the described vehicle:

YEAR	MAKE	MODEL	IDENTIFICATION NUMBER	DATE PURCHASED OR LEASED	VEHICLE STATUS (new, demonstrator or used)	PURCHASE PRICE
						\$
Purchase <input type="checkbox"/> Long-term lease <input type="checkbox"/> Contract of leasing <input type="checkbox"/>						

ITEM 4

The insurance contract covers the same perils as those covered by Section B of the **primary insurance contract**.

Only the option for which an **insurance premium** is shown in the table below will apply, subject to the conditions set out in the insurance contract:

DESCRIBED VEHICLE	INSURANCE PREMIUM
NEW VEHICLE <input type="checkbox"/>	<u>OPTION 1:</u> Vehicle replacement \$..... <u>OPTION 2:</u> Payment of an indemnity \$.....
DEMONSTRATOR VEHICLE with no more than km on the odometer <input type="checkbox"/>	<u>OPTION 1:</u> Vehicle replacement \$..... <u>OPTION 2:</u> Payment of an indemnity \$.....
USED VEHICLE <input type="checkbox"/>	<u>OPTION 1:</u> Vehicle replacement \$..... <u>OPTION 2:</u> Payment of an indemnity \$.....
Due date for payment of insurance premium : _____	

ITEM 5

Important statements for analyzing the risk:

ITEM 6

Information for the **named insured**:

Name of agent, insurance broker or distributor:

Address of agent, insurance broker or distributor:

DESCRIPTION OF COVERAGES

The insurance contract covers replacement of the described vehicle in the event of total loss and replacement of damaged parts in the event of partial loss.

Coverage under the insurance contract is limited to complementing coverage under Section B of the **primary insurance contract**, unless otherwise indicated in this contract.

1. COVERAGE IN EVENT OF TOTAL LOSS OF DESCRIBED VEHICLE

In the event of **total loss**, the **insurer** guarantees replacement of the **described vehicle** based on the option selected by the **named insured** upon subscribing to the insurance.

To determine which option was selected, refer to Item 4, "Declarations" of the insurance contract.

1.1 Option 1: Replacement of described vehicle

Option 1A

New vehicle or demonstrator vehicle

In the event of **total loss**, where the **described vehicle** is a new vehicle or a demonstrator vehicle, the **insurer** agrees to replace the vehicle with a **replacement vehicle** through the **named dealer**.

The **insurer** then bears the difference between:

- the value of the **replacement vehicle**; and
- the indemnity paid by the **primary insurer**, plus the **deductible** assumed by the **named insured**.

If no **replacement vehicle** is available through the **named dealer**, the **insurer** may select an **equivalent vehicle** from the **named dealer**, in which case the value of that vehicle must be used in the calculation above.

At the request of the **named insured**, the **insurer** may also replace the **described vehicle** with:

- a vehicle of lower value, in which case the value of that vehicle must be used in the calculation above. The **insurer** will not pay the difference between the value of a **replacement vehicle** and that of the lower value vehicle; or
- a vehicle of higher value, in which case the **named insured** must pay any amount over and above the value of a **replacement vehicle**.

Any amount not borne by the **insurer** will be borne by the **named insured**.

Option 1B
Used vehicle

In the event of **total loss**, where the **described vehicle** is a used vehicle, the **insurer** agrees to replace the vehicle through the **named dealer**.

The **insurer** will then bear the difference between:

- the **marked-up value** of the **described vehicle**; and
- the indemnity paid by the **primary insurer**, plus the **deductible** assumed by the **named insured**.

Any amount not borne by the **insurer** will be borne by the **named insured**.

1.2 [Option 2: Payment of indemnity to replace described vehicle](#)

Option 2A
New vehicle or demonstrator vehicle

In the event of **total loss**, where the **described vehicle** is a new vehicle or a demonstrator vehicle, the **insurer** agrees to pay an indemnity only when the **named insured** replaces the vehicle with a **replacement vehicle**. Replacement does not need to be made through the **named dealer**.

The **insurer** agrees to pay an indemnity equal to the difference between:

- the value of the **replacement vehicle**; and
- the indemnity paid by the **primary insurer**, plus the **deductible** assumed by the **named insured**.

If no **replacement vehicle** is available, the **insurer** may select an **equivalent vehicle**, in which case the value of that vehicle must be used in the calculation above.

The **named insured** may also replace the **described vehicle** with:

- a vehicle of lower value, in which case the value of that vehicle must be used in the calculation above. The **insurer** will not pay the difference between the value of a **replacement vehicle** and that of the lower value vehicle; or
- a vehicle of higher value, in which case the **named insured** must pay any amount over and above the value of a **replacement vehicle**.

Any amount not borne by the **insurer** will be borne by the **named insured**.

Option 2B
Used vehicle

In the event of **total loss**, where the **described vehicle** is a used vehicle, the **insurer** agrees to pay an indemnity only when **the named insured** replaces the vehicle with another vehicle. Replacement does not need to be made through the **named dealer**.

The **insurer** agrees to pay an indemnity equal to the difference between:

- the **marked-up value** of the **described vehicle**; and
- the indemnity paid by the **primary insurer**, plus the **deductible** assumed by the **named insured**.

Any amount not borne by the **insurer** will be borne by the **named insured**.

2. COVERAGE IN EVENT OF PARTIAL LOSS OF DESCRIBED VEHICLE

In the event of partial loss, this coverage will apply only if the **described vehicle** is a new vehicle or a demonstrator vehicle.

When damaged parts cannot be repaired and they are replaced with new original equipment manufacturer parts, the **insurer** agrees to bear the difference between:

- the cost of replacing the damaged parts with new original equipment manufacturer parts; and
- the indemnity paid by the **primary insurer** for those parts.

If any new original equipment manufacturer parts are out of stock or no longer manufactured, the liability of the **insurer** will be limited to the latest list price of those parts.

Any amount not borne by the **insurer** will be borne by the **named insured**.

3. OTHER COVERAGES IN EVENT OF TOTAL OR PARTIAL LOSS

In the event of **total loss** or partial loss of a new, demonstrator or used vehicle, the following coverages will apply even if the **insurer** had nothing to bear or pay under Options 1 and 2, but provided that the **primary insurer** has paid an indemnity.

3.1 Bearing of deductible

The **insurer** bears the **deductible** assumed by the **named insured** under the **primary insurance contract**, up to a maximum of \$_____.

The **named insured** will assume any amount of **deductible** exceeding the above maximum.

3.2 Reimbursement of vehicle leasing expenses

The **insurer** bears any leasing expenses for a vehicle similar to the **described vehicle** when the **named insured** is deprived of his or her vehicle as a result of a covered **loss**.

These expenses will be reimbursed if the **primary insurer**:

- does not bear the expenses; or
- only bears part of the expenses, in which case only expenses not borne by the **primary insurer** will be reimbursed.

Expenses incurred from the first day of leasing will be reimbursed up to a maximum amount of \$_____ per day (including taxes) and \$_____ in total (including taxes).

4. APPLICABILITY

4.1 Applicability of coverage

In order for coverage under the insurance contract to apply, the following conditions must be met:

1. On the date of the **loss**, the **named insured** holds a **primary insurance contract** that covers the **described vehicle**.
2. The **primary insurer** has paid an indemnity to the **named insured** who is entitled to benefit from coverage under the insurance contract.
3. For Options 2A and 2B, the **named insured** has replaced the **described vehicle** and submitted to the **insurer** a copy of the purchase contract, long-term lease or contract of leasing for the new vehicle so that the **insurer** is able to determine the indemnity to be paid.
4. For coverage in the event of partial loss, the **named insured** has replaced the damaged parts and submitted supporting evidence to the **insurer** so that it is able to determine the indemnity to be paid.

4.2 Specific rules for vehicles leased or under a contract of leasing

When the **owner** and a lessee are named in Item 1, "*Declarations*" of the insurance contract, only the lessee is entitled to benefit from coverage under the insurance contract.

4.3 Change of vehicle

Coverage under the insurance contract may not be transferred to another vehicle. If the **named insured** changes vehicles, the insurance contract will terminate.

In such instance, the **named insured** will be entitled to a refund, as specified in Article 2, "*Effective date, renewal and expiry of insurance contract.*"

EXCLUSIONS

Unless indicated otherwise in the “*Declarations*” section, the following are excluded from coverage under the insurance contract:

- vehicles used for commercial purposes;
- utility vehicles whose gross vehicle weight exceeds 4,500 kg (10,000 lbs.);
- vehicles used for public service purposes, including:
 - ambulances;
 - buses;
 - driving school vehicles;
 - funeral directors' vehicles;
 - government or municipal service vehicles, including police or fire department;
 - taxicabs.
- equipment and accessories, as well as any other option added to the **described vehicle** by the **named insured**, if they do not appear in the purchase contract, long-term lease or contract of leasing.

The following are also excluded under the insurance contract:

- any claim arising from a **loss** not covered under Section B of the **primary insurance contract**;
- any claim that the **primary insurer** refuses to indemnify for any reason whatsoever; and
- any reduction in indemnity applied by the **primary insurer** for any reason whatsoever.

GENERAL CONDITIONS

1. LAWS APPLICABLE TO INSURANCE CONTRACT

The insurance contract is governed by the following laws:

- *Civil Code of Quebec*; and
- *Code of Civil Procedure* of Quebec.

Some of the general conditions of the insurance contract are a simplified version of the requirements of the above laws. In case of any ambiguity or discrepancy, the terms of the laws will prevail.

2. EXAMINATION OF DESCRIBED VEHICLE

At any reasonable time, the **insurer** is entitled to examine the **described vehicle** and its equipment and accessories.

3. NOTICE TO INSURER AND NAMED INSURED

Any notice to the **insurer** may be sent by any recognized means of communication to the **insurer**, its authorized representative or its distributor.

Any notice to the **named insured** may be delivered personally to the **named insured** or by mail addressed to the last known address of the **named insured**.

REPORTING A LOSS AND SUBMITTING A CLAIM
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1. WHAT TO DO IN THE EVENT OF A LOSS

1.1 Report the loss

As soon as the **named insured** becomes aware of a **loss** that may be covered under the insurance contract, he or she must inform the **insurer**.

Any interested person may also give such notice to the **insurer**.

Failure to fulfill the obligation to report the **loss** will result in the loss of his or her right to indemnity for the **named insured** if such failure causes prejudice to the **insurer**.

1.2 Report any additional information

When so requested by the **insurer**, the **named insured** will be required to inform the **insurer** as soon as possible of all the circumstances surrounding the **loss**, including:

- the probable cause of the **loss**;
- the nature and extent of the **damage**;
- the location of the **described vehicle** or any other property;
- the rights of any person other than the **named insured**;
- any other insurance contracts that may apply.

The **named insured** must also provide the **insurer** with supporting documents for such information. In addition, the **insurer** may require proof of the indemnity paid by the **primary insurer**. The **named insured** must declare under oath that all of the information provided is true.

If, for any serious reason, the **named insured** is unable to fulfill these obligations as soon as possible, the **named insured** will be entitled to a reasonable time in which to do so.

If the **named insured** fails to fulfill these obligations, any interested person may do so on the **named insured**'s behalf.

1.3 Consequences of deceitful representations

If a person makes a deceitful representation relating to a **loss**, he or she will lose any right to indemnity. The person will lose that right solely with respect to the **damage** caused by the occurrence of the peril to which the deceitful representation relates.

However, if the occurrence of the peril caused **damage** both to property for occupational use and to personal property, the person will lose his or her right to indemnity solely with respect to the **damage** caused to the class of property to which the deceitful representation relates.

2. TIME TO REPLACE VEHICLE OR PAY INDEMNITY

Depending on the option selected, the **insurer** must pay the indemnity or make available to the **named insured** the vehicle in replacement of the **described vehicle**:

- within 60 days after the date on which the **named insured** reported the **loss**; or
- within 60 days after receipt by the **insurer** of the information or supporting documents that it requested.

3. RIGHT OF INSURER AFTER BEARING AMOUNT (*RIGHT OF SUBROGATION*)

3.1 General rule

After having borne any amount, the **insurer** will be subrogated to the rights of the **named insured** against the person responsible for the **damage** caused to the **described vehicle**. This means that the rights of the **named insured** are transferred to the **insurer**.

Subrogation operates up to the amount borne by the **insurer**.

If the **insurer** cannot exercise its right of subrogation due to any act of the **named insured**, the **insurer** may be fully or partly released from its obligations towards the **named insured**.

3.2 Exceptions

In the following two instances, the **insurer** cannot ask the person responsible for the **damage** to reimburse it for the amount it has borne:

- (a) When that person is a member of the **named insured**'s household.
- (b) When that person had care, custody or control of the **described vehicle**, with the consent of the **named insured**. This latter exception will not apply if the person:
 - was engaged in a **garage business** at the time of the **loss**; or
 - has failed to comply with the insurance contract or the **primary insurance contract**.

4. ARBITRATION IN EVENT OF DISAGREEMENT BETWEEN INSURED AND INSURER

4.1 Request for arbitration

The **named insured** or the **insurer** may request arbitration in the event of disagreement on the following:

- the nature, extent or value of the **damage** caused to the **described vehicle**; or,
- the adequacy of the repairs or replacement of the **described vehicle** or damaged parts.

Arbitration may be requested even if the validity of the insurance contract is being challenged.

4.1.1 Request made by insured

The **named insured** must send a written notice to the **insurer** indicating the reason of the disagreement.

The **insurer** must accept a request for arbitration made by the **named insured** and send the **named insured** an acknowledgement of receipt within 15 clear days after receipt of the notice.

4.1.2 Request made by insurer

The **insurer** must send a written notice to the **named insured** indicating the reason of the disagreement.

The **named insured** must send the **insurer** confirmation of his or her acceptance or refusal to submit the disagreement to arbitration within 15 clear days after receipt of the notice.

4.2 Designation of experts and arbitrator

The **insurer** and the **named insured** must each choose an expert.

Depending on the nature of the disagreement, both experts thus chosen must determine:

- the nature, extent and value of the **damage** caused to the **described vehicle**. In order to do so, they must assess separately the “actual cash value” of the **described vehicle** and the cost of repair or replacement of the vehicle; or
- the adequacy of repair or replacement of the **described vehicle** or any damaged parts.

If their assessments differ, experts must try and agree on a common value.

Should they fail to so agree, they must submit their difference to a neutral arbitrator of their choosing, that is, an arbitrator who represents the interests of neither the **insurer** nor the **named insured**.

The **insurer** or the **named insured** must ask a competent jurisdiction where the arbitration is held to appoint the arbitrator or experts if:

- the **insurer** or the **named insured** failed to choose an expert within 30 clear days of the date of notice;
- the experts fail to choose an arbitrator within 15 clear days of their appointment; or,
- one of the experts or the arbitrator refuses to act or is unavailable.

4.3 Value of damage payable by insurer

Even if there is arbitration, the **insurer** will be required to pay the unchallenged portion of the value of **damage**. Payment must be made no later than:

- within 60 days after the **loss** was reported; or
- within 60 days after receipt by the **insurer** of the information or supporting documents that it requested.

However, if the validity or application of this insurance contract is being challenged, the **insurer** will not be required to pay such amount within the above time periods.

Following arbitration, the **insurer** will be required to pay the amount determined by the arbitrator within 15 days after the date on which the **named insured** accepted the arbitrator's decision.

4.4 Conduct of arbitration

The arbitration must follow the procedure outlined in Articles 940 to 951.2, *Code of Civil Procedure* of Quebec, with the necessary modifications due to specific rules set out in the insurance contract.

As stated in Article 944.1, *Code of Civil Procedure* of Quebec, the arbitrator may decide which procedure to apply for arbitration. Nonetheless, the arbitrator must ensure that the rules set out in Articles 940 to 951.2, *Code of Civil Procedure* of Quebec are followed.

4.5 Choice of language

The arbitrator, the **insurer** and the **named insured** may use the language of their choice during the arbitration proceedings. Arrangements must be made to ensure that the proceedings are understood by everyone.

4.6 Place of arbitration proceedings

Arbitration proceedings take place in a location to be determined according to the domicile of the **named insured**.

4.7 Arbitrator's decision

The arbitrator renders a decision based on the applicable laws of Quebec.

The arbitrator's decision must be written and reasoned. It must also be signed and indicate the date and place where it was made.

The decision must be sent to the **insurer** and the **named insured** within 30 days after the date on which it was made.

4.8 Expenses and fees of arbitration

The **insurer** and the **named insured** each pay the expenses and fees of their own expert and half the expenses and fees of the arbitration proceedings.

However, if the arbitrator considers that the method for sharing the expenses and fees of the arbitration proceedings is not justified or fair in the circumstances, the arbitrator may decide otherwise.

**EFFECTIVE DATE, RENEWAL AND EXPIRY OF
INSURANCE CONTRACT**

1. EFFECTIVE DATE AND EXPIRY OF INSURANCE CONTRACT

The insurance contract takes effect and expires at the time and dates indicated in Item 2, “*Declarations*” or, where applicable, in the **endorsement**.

2. TERMINATION OF INSURANCE CONTRACT PRIOR TO EXPIRY DATE

The insurance contract will terminate prior to its expiry date if:

- the **described vehicle** is a **total loss** and the **insurer** has fulfilled its obligations; or
- the use of the **described vehicle** is changed to a use indicated under “*Exclusions*” and the change was not authorized by the **insurer**.

In addition, coverage under the insurance contract may not be transferred to another vehicle. If the **named insured** changes vehicles, the insurance contract will terminate.

In all instances, the **insurer** must refund to the **named insured** any overpayment of **insurance premiums**, as calculated according to the “*Cancellation table*.” The “*Cancellation table*” is part of the insurance contract.

3. RENEWAL OF INSURANCE CONTRACT

Upon its date of expiry, the insurance contract will terminate and may not be renewed.

4. CANCELLATION OF INSURANCE CONTRACT (*ENDING OF INSURANCE CONTRACT*)

4.1 Cancellation by named insured

4.1.1 Conditions to be met

The **named insured** may cancel the insurance contract at any time by written notice to the **insurer**.

The **named insureds** may mandate one or more of them to send a written notice on behalf of them all.

Cancellation takes effect upon receipt by the **insurer** of the notice from each of the **named insureds** or their representative.

4.1.2 Refund of insurance premium

If the insurance contract is cancelled by the **named insured**, the **insurer** must refund any overpayment of **insurance premiums**, as calculated according to the “*Cancellation table*.” The “*Cancellation table*” is part of the insurance contract.

However, if the **insurance premium** was paid to the **insurer** by the insurance broker or distributor, the **named insured** may be refunded solely for what has actually been paid or refunded to the insurance broker or distributor.

4.2 Cancellation by insurer

4.2.1 Conditions to be met

The **insurer** may cancel the insurance contract if the **insurance premium** has not been paid.

The **insurer** must send a written notice to each of the **named insureds** or their representative.

Cancellation takes effect 15 days after receipt of the notice by each of the **named insureds** or by their representative, at their last known address.

4.2.2 Refund of insurance premium

If the **insurer** cancels the insurance contract, the **insurer** will be entitled only to the portion of the **insurance premium** corresponding to the number of days for which the **named insured** was actually covered under the insurance contract.

If the **named insured** paid the **insurance premium** in advance, the **insurer** must refund the overpayment. However, if the **insurance premium** was paid to the **insurer** by the insurance broker or the distributor, the **named insured** may be refunded solely for what has actually been paid or refunded to the insurance broker or distributor.

CANCELLATION TABLE

DEFINITIONS

Unless the context indicates otherwise, the definitions below apply to the words and expressions shown in bold in the insurance contract

DAMAGE: Any property damage caused to the **described vehicle**.

DEDUCTIBLE: The amount left to be paid by the **named insured** under the **primary insurance contract**.

DESCRIBED VEHICLE: A vehicle designated in Item 3, "*Declarations*."

ENDORSEMENT: A document modifying the insurance contract and officially called "Quebec Endorsement Form" or "Q.E.F."

EQUIVALENT VEHICLE: A new vehicle of the same kind and quality as the **described vehicle**, with similar equipment and accessories.

GARAGE BUSINESS: Includes any business activity involving the custody, selling, equipping, repairing, maintaining, storing, parking, moving or servicing of **motor vehicles**.

INSURANCE PREMIUM: The amount payable to the **insurer** in consideration of the coverage provided under the insurance contract.

INSURER: The insurer issuing this insurance contract.

LOSS: A risk that occurs and causes **damage**.

MARKED-UP VALUE:

- If the **described vehicle** was purchased or leased from a dealer of **motor vehicles** within 60 days of the effective date of the insurance contract, the marked-up value will be the **purchase price** of the **described vehicle** increased by _____% compounded annually, calculated in proportion to the number of days elapsed between the effective date of the contract and the date of the **total loss**.
- In all other instances, the marked-up value will be the value of the **described vehicle** on the date of **total loss** increased by _____% compounded annually, calculated in proportion to the number of days elapsed between the effective date of the insurance contract and the date of the **total loss**.

MOTOR VEHICLE: A vehicle propelled by any power other than muscular force and adapted for transportation on public highways but not on rails.

NAMED DEALER: The dealer named in the purchase contract, long-term lease or contract of leasing for the **described vehicle**. If the **named insured** is unable to have his or her vehicle replaced by that dealer, the named dealer may be any other dealer authorized by the **insurer**.

NAMED INSURED: A person designated in Item 1, "*Declarations*."

PRIMARY INSURANCE CONTRACT: Unless otherwise indicated in this insurance contract, "Quebec Automobile Insurance Policy Form (Q.P.F.) No. 1 – *Owners' Form*" and its **endorsements**, issued to the **named insured**. Q.P.F. No. 1 must include Section A and at least one of the protections under Section B.

PRIMARY INSURER: The insurer issuing the **primary insurance contract**.

PURCHASE PRICE: The actual price for the **described vehicle**, as indicated in the purchase contract, long-term lease or contract of leasing, including its equipment and accessories only.

REPLACEMENT VEHICLE: A new vehicle of the current year with the same specifications and equipment and accessories as those of the **described vehicle**. If such a vehicle is not available upon settlement of the **loss**, “replacement vehicle” will mean a vehicle of the year subsequent to the **loss**.

TOTAL LOSS: Complete and permanent loss of the **described vehicle**, including theft, or loss deemed by the **primary insurer** to be a total loss.