

QUEBEC AUTOMOBILE INSURANCE POLICY

**Q.P.F. NO. 5
COMPLEMENTARY INSURANCE
FOR DAMAGE TO INSURED AUTOMOBILE FORM**

REPLACEMENT INSURANCE

October 1st, 2010

To all interested parties:

Enclosed please find the text of the Quebec Automobile Insurance Policy, Complementary Insurance for Damage to Insured Automobile Form, Replacement Insurance (Q.P.F. NO. 5).

This form has been approved under Section 422 of *An Act respecting insurance* (R.S.Q., Chapter A-32) and may be used by all insurers as of October 1st, 2010.

A handwritten signature in black ink that reads "Danielle Boulet". The signature is written in a cursive style with a large, stylized initial 'D'.

Danielle Boulet
Superintendent, Solvency

Q.P.F. NO. 5

QUEBEC AUTOMOBILE INSURANCE POLICY (COMPLEMENTARY INSURANCE FOR DAMAGE TO INSURED AUTOMOBILE FORM)

REPLACEMENT INSURANCE

Approved by the *Autorité des marchés financiers*

DECLARATIONS

ITEM 1

Full name and address of the Insured:

The insured automobile is and will be chiefly used and usually kept in the town and province of the Insured's address stated above unless otherwise specified herein.

ITEM 2

Contract period

From to..... exclusively.
12:01 A.M. standard time at the Insured's address stated above as to each of said dates.

ITEM 3

Particulars of insured automobile:

Year	Make	Model	Identification number	Date purchased or leased	State of automobile (new, demonstration or used)	Purchase price
						\$
Purchase <input type="checkbox"/> Long-term lease <input type="checkbox"/> Contract of leasing <input type="checkbox"/>						

ITEM 4

Subject to incompatible provisions, insurance is hereby provided against the same perils as those covered by Section B of the **primary policy**.

INSURED AUTOMOBILE	PREMIUM
New automobile <input type="checkbox"/>	Option 1 \$..... Option 2 \$.....
Demonstration automobile with no more than km on the odometer <input type="checkbox"/>	Option 1 \$..... Option 2 \$.....
Used automobile <input type="checkbox"/>	Option 1 \$..... Option 2 \$.....
Premium due date(s): _____	

**ITEM 5
NOTICE**

Agent, broker or distributor:

At:

**ITEM 6
IMPORTANT STATEMENTS FOR UNDERWRITING THE RISK**

DEFINITIONS

Equivalent automobile:

New automobile of the same type and quality with equipment and accessories similar to those of the insured automobile.

Named dealer:

Dealer named in the purchase or long-term lease contract, or in a contract of leasing, for the insured automobile or, where the Insured is unable to have his automobile replaced by the dealer, any other dealer authorized by the Insurer.

Primary insurer:

Insurer that issued the **primary policy**.

Primary policy:

Quebec Automobile Insurance Policy – Owner's Form (Q.P.F. No. 1) containing Sections A and B-1, Sections A, B-2 and B-3 or Sections A, B-2 and B-4.

Purchase price:

Price indicated in the purchase or long-term lease contract, or in a contract of leasing.

Selected option:

Form of compensation selected by the Insured at the time the Insurer underwrites the risk, namely, the replacement of the insured automobile or the payment of an indemnity for the replacement of the insured automobile.

Replacement automobile:

New automobile of the current year or the year subsequent to the loss with the same features, equipment and accessories as those of the insured automobile.

Total loss:

Complete and permanent loss of the insured automobile (including theft) or loss deemed by the **Primary insurer** to be a total loss.

INSURING AGREEMENTS

Subject to the conditions set out hereinafter and the prescribed limitations, the Insurer warrants, in the event of **total loss**, to replace the insured automobile based on the **selected option** and, in the event of partial loss, to replace damaged parts.

This guarantee shall be limited to complementing the indemnities set out under Section B of the **primary policy** as a result of loss or damage caused by a peril covered by such indemnities.

TOTAL LOSS

NEW AUTOMOBILE (DEMONSTRATION VEHICLES INCLUDED)

In the event of **total loss** of the insured automobile, the Insurer agrees to:

Option 1: replace the insured automobile through the **named dealer**;

OR

Option 2: pay an indemnity to replace the insured automobile.

The Insurer agrees, based on the **selected option**, to replace the insured automobile by assuming or paying an indemnity corresponding to:

- (i) the difference between the value of a **replacement automobile** and the amount of the indemnity paid (excluding the applicable deductible) by the **Primary insurer**, with any amount in excess thereof to be borne by the Insured; and, as applicable
- (ii) the deductible assumed by the Insured under the **primary policy**, to a maximum of \$ _____, with any amount in excess thereof to be borne by the Insured; and
- (iii) the cost of leasing an automobile, for any loss where the Insured is deprived of his automobile for more than _____, consecutive days, to a maximum of \$ _____ per day (including all taxes) and in total \$ _____ (including all taxes), in addition to the costs payable by the **Primary insurer**.

Where the **selected option** is the replacement of the insured automobile, the Insurer may, if the replacement automobile is unavailable, replace the insured automobile with an **equivalent automobile**.

The Insurer may, at the request of the Insured, replace the insured automobile with a higher category automobile, in consideration of payment by the Insured of any additional amount.

USED AUTOMOBILE

In the event of **total loss** of the insured automobile, the Insurer agrees to:

Option 1: replace the insured automobile through the **named dealer**;

OR

Option 2: pay an indemnity to replace the insured automobile.

The Insurer agrees, based on the **selected option**, to replace the insured automobile by assuming or paying an indemnity corresponding to, at most:

- (i) the difference between the marked-up value of the insured automobile and the amount of the indemnity paid (excluding the applicable deductible) by the **Primary insurer**, with any amount in excess thereof to be borne by the Insured; and, as applicable
- (ii) the deductible assumed by the Insured under the **primary policy**, to a maximum of \$ _____, with any amount in excess thereof to be borne by the Insured; and
- (iii) the cost of leasing an automobile, for any loss where the Insured is deprived of his automobile for more than _____, consecutive days, to a maximum of \$ _____ per day (including all taxes) and in total \$ _____ (including all taxes), in addition to the costs payable by the **Primary insurer**.

Under this provision, the marked-up value of the insured automobile is determined based on the following, as the case may be:

1. the **purchase price** of the insured automobile increased by _____ % compounded annually, calculated on a pro rata basis to the number of days elapsed between the effective date of this contract and the date of the loss, provided that the insured automobile was purchased or leased from a dealer of new or used automobiles in the 60 days preceding the effective date of this contract;
2. the value of the insured automobile on the date of the loss, increased by _____ % compounded annually, calculated on a pro rata basis to the number of days elapsed between the effective date of this contract and the date of the loss, where the preceding condition is not met.

PARTIAL LOSS

In the event of partial loss of the insured automobile, the Insurer guarantees the replacement of the damaged parts with genuine manufacturer's new parts by assuming:

1. the difference between the replacement cost of genuine manufacturer's new parts and the amount of the indemnity paid by the **Primary insurer** (new and demonstration automobiles only), to a maximum of \$ _____ per occurrence; and, as applicable
2. the deductible assumed by the Insured under the **primary policy**, to a maximum of \$ _____, with any amount in excess thereof to be borne by the Insured; and
3. the cost of leasing an automobile, for any loss where the Insured is deprived of his automobile for more than _____ consecutive days, to a maximum of \$ _____ per day (including all taxes) and in total \$ _____ (including all taxes), in addition to the costs payable by the **Primary insurer**.

GENERAL PROVISIONS AND EXCLUSIONS

CONDITIONS

1. The holding of a **primary policy** constitutes the sole selection criterion with respect to this agreement.
2. The execution of this agreement by the Insurer is conditional on:
 - (i) the Insured holding, on the date of the loss, a **primary policy** covering the insured automobile; and
 - (ii) the payment, by the **Primary insurer**, of an indemnity; and
 - (iii) the replacement of the insured automobile by the Insured, where the **selected option** is the payment of an indemnity for the replacement of the insured automobile. Accordingly, a copy of the new purchase or long-term lease contract, or the contract of leasing, must be forwarded to the Insurer in order to determine the indemnity to be paid.
3. This contract may not be transferred to another automobile. The Insurer shall therefore refund the excess of the premium actually paid over the premium earned for the time the contract has been in force, calculated on the basis of the "Cancellation Table" herein.

EXCLUSIONS

Unless coverage is indicated in the Declarations, the Insurer shall not be liable under this contract for:

1. equipment, accessories and any other option added by the Insured that are not included in the purchase or long-term lease contract, or in the contract of leasing, or that have not been declared to the Insurer;
2. any loss arising from a claim not covered under Section B of the **primary policy** or a loss that the **Primary insurer** refuses to indemnify for any reason, as well as any reduction in indemnity applied by the **Primary insurer** for any reason.

EXCLUDED USES

Unless coverage is indicated in the Declarations, the Insurer shall not be liable under this contract for:

1. Commercial automobiles
2. Public automobiles, specifically, ambulances, buses, driving school vehicles, taxis, funeral director's vehicles, government or municipal service vehicles, including police or fire department vehicles, and any all terrain vehicle weighing more than 4,500 kg.

TERRITORY

Insurance provided by this contract applies only within Canada, the United States of America and upon a vessel or aircraft serving ports or airports of those countries.

CONDITIONS

This contract is subject to the *Civil Code of Quebec* and the *Code of Civil Procedure of Quebec*.

1. INSPECTION OF INSURED AUTOMOBILE

The Insurer shall be permitted at all reasonable times to inspect the insured automobile and its equipment and accessories.

2. NOTICE OF LOSS

The Insured shall notify the Insurer of any loss that may give rise to an indemnity, as soon as he becomes aware of such loss. Any interested person may give such notice.

Failure to fulfil the obligation set out in the preceding paragraph entails forfeiture of the Insured's right to indemnity where such failure has caused prejudice to the Insurer.

3. INFORMATION

At the request of the Insurer, the Insured shall inform the Insurer as soon as possible of all circumstances surrounding the loss, including its probable cause, the nature and extent of the damage, the location of the insured property, the rights of third parties, and any concurrent insurance. He shall also furnish the Insurer with vouchers and swear or warrant to the truth of the information.

Where, for a serious reason, the Insured is unable to fulfil such obligation, he is entitled to a reasonable time in which to do so. If the Insured fails to fulfil his obligation, any interested person may do so on his behalf.

4. DECEITFUL REPRESENTATION

Any deceitful representation relating to a loss entails the loss of the right of the person making it to benefit under this contract.

5. MANNER OF PAYMENT

In the case of a leased automobile or an automobile leased under a contract of leasing, when the owner and a lessee are named as Insureds in this contract, only the lessee is entitled to benefit under this contract.

6. ARBITRATION

Arbitration may take place in the event of a disagreement as to the nature, extent or amount of the loss or damage, or the adequacy of the repairs or replacements, and independently of all other questions respecting the validity of the contract.

The party seeking arbitration must notify the other party of his intention in writing, specifying the matter in dispute. The Insured's request for arbitration must be granted. The Insurer's request for arbitration must be granted subject to the Insured's consent.

If the Insured requests arbitration, the Insurer must send the Insured an acknowledgement of receipt no later than 15 clear days after receipt of this notice. If the Insurer so requests, the Insured must confirm acceptance or refusal within the same amount of time.

Each party shall name an expert and the two experts shall work jointly to estimate the damage (establishing the actual cash value and the damage separately) or to assess the adequacy of the repairs or the replacements. Failing to agree they shall submit their differences to a disinterested arbitrator they have appointed.

If either party fails to appoint an expert within 30 clear days of the date of the notice or if the experts fail to agree upon an arbitrator within 15 days of their appointment, or if an expert or the arbitrator refuses to act or is unavailable, the vacancy thus created must be filed, on the request of one of the parties, by a court with jurisdiction in the place of the arbitration.

Notwithstanding the arbitration procedure and if the validity or application of the contract is not being contested, the Insurer shall pay the uncontested portion of the damage amount. This payment must be made no later than 60 days after receipt of the notice of loss or receipt of the information or supporting documents required by the Insurer.

Subject to this clause, the arbitration shall follow the procedure in sections 940 to 951.2 of the *Code of Civil Procedure of Quebec*, taking into account any required modifications. In accordance with section 944.1 of this Code, the arbitration may proceed according to a procedure determined by the arbitrator, insofar as this procedure does not contravene the above sections. The arbitration proceedings shall be held at a place in accordance with the domicile of the Insured.

The arbitrator shall settle the dispute in accordance with the applicable laws in the province of Quebec. The arbitrator and the parties may use the language of their choice during the arbitration proceedings. Measures must be taken to ensure that all the participants understand the language used.

The arbitration award shall be made in writing by the arbitrator. It must indicate the date and place where it has been made. It must state the reasons on which it is based and be signed by the arbitrator, then sent to the parties within 30 days of the date on which it has been made.

Each party shall pay the expenses and fees of its expert and half the fees and expenses of the arbitration proceedings. The arbitrator is authorized to award the fees and expenses of the arbitration if he deems that the sharing method established by this clause is not justified or fair for each of the parties in the circumstances.

7. SUBROGATION

The Insurer shall be subrogated to the rights of the Insured, up to the amount of the sums paid by the Insurer, against persons responsible for the loss, except when such persons:

- (a) are members of the Insured's household; or
- (b) are persons who, with the Insured's consent, have care, custody or control of the insured automobile, provided always that this waiver shall not apply to any person having such care, custody or control in the course of the business of selling, equipping, repairing, maintaining, servicing, storing, parking or moving automobiles, or who have committed a breach of any condition under this contract or under the **primary policy**.

The Insurer may be fully or partly released from his obligation towards the Insured where, owing to any act of the Insured, he cannot be so subrogated.

8. SETTLEMENT PERIOD

Depending on the **selected option**, the indemnity will be paid or the **replacement automobile** will be made available to the Insured within 60 days of receipt of the declaration of loss, the required information and vouchers, including the amount of the indemnity paid to the Insured by the **Primary insurer** or, where an arbitration is held, within 15 days after award is accepted by the Insured.

9. RENEWAL

This contract may not be renewed on expiry.

10. TERMINATION OF CONTRACT

In the event of **total loss** of the insured automobile and the execution of its obligations by the Insurer, this contract shall terminate. The Insured shall then be entitled to a refund of the excess of the premium actually paid over the premium earned for the time the contract has been in force, calculated on the basis of the "Cancellation Table" herein.

11. CANCELLATION

This contract may be cancelled at any time:

- (a) by each of the Named Insured giving mere written notice to the Insurer. Cancellation takes effect upon receipt of the notice by the Insurer. The Insured shall then be entitled to a refund of the excess of the premium actually paid over the premium earned for the time the contract has been in force, calculated on the basis of the "Cancellation Table" herein;
- (b) by the Insurer on written notice to each of the Named Insured, in the event of non-payment of the premium. Cancellation takes effect 15 days following receipt of such notice by the Named Insured at his last known address.

The Insurer shall then refund the excess of the premium actually paid over the premium earned calculated on a day-to-day basis for the elapsed period.

Where one or more of the Named Insureds have been mandated to receive or send the notices provided for under paragraph (a) or (b) above, notices sent or received by them shall be deemed to have been sent or received by all Named Insureds.

In this condition, the words "premium actually paid" mean the premium actually paid by the Insured to the Insurer, agent or distributor of such Insurer, but do not include any premium paid to the Insurer by an agent or a distributor unless actually paid to the agent or the distributor by the Insured.

12. NOTICE

Any notice to the Insurer may be sent by any recognized means of communication to the Insurer, its authorized representative or its distributor. Notice may be given to the Named Insured by letter personally delivered to him or by mail addressed to him at his last known address.

CANCELLATION TABLE