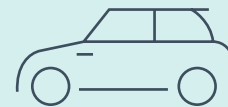


Automobile Insurance: Deadlines for renewal, cancellation and nullification of personal-lines insurance contracts

The legislation includes provisions that define the obligations of insurers and insureds with respect to notification and effective-date deadlines for cancelling, renewing or nullifying a damage insurance contract. The following checklist will enable you to provide your clients with the information they need.



⚠ This tool does not constitute legal advice. This tool is not intended to serve as a reminder of your ethical obligations with respect to [contract renewals](#) or [terminations of mandate](#).

AT EXPIRY OF TERM		
SITUATION	HOW?	EFFECTIVE DATE
RENEWAL same amount, premium and coverage	Automatic renewal. (S. 90 A.I.A.)	At expiry of the policy period
RENEWAL with a change by the insurer	Written notice to the insured or their broker at least 30 days preceding the end of the policy period. <ul style="list-style-type: none"> ★ Notify the client as soon as you know! ★ If the insurer makes changes that decrease the coverage in the contract or increase the insured's obligations, it must inform the insured of such changes in a separate document. ★ The insured has up until the day before the renewal date to accept or refuse the change, or to take out a new insurance contract. (S. 90 A.I.A. and Art. 2405 C.C.Q.) 	At expiry of the policy period
NON-RENEWAL by the insurer	Written notice to the insured or their broker at least 30 days preceding the end of the policy period. <ul style="list-style-type: none"> ★ Notify the client as soon as you know! ★ For brokers: non-renewal by the insurer does not automatically mean the mandate has ended. (Art. 90 A.I.A.) 	At expiry of the policy period
NON-RENEWAL by the insured	Written notice to the insurer. <ul style="list-style-type: none"> ★ May be given anytime before the renewal ★ If the insured notifies you verbally of the non-renewal, note the date you received this information in the insured's file, and confirm it with the insured in writing. (Art. 2477 C.C.Q.) 	At expiry of the policy period
DURING THE TERM		
SITUATION	HOW?	EFFECTIVE DATE
CANCELLATION by the insurer	First 60 days of the contract: Written notice to the insured. (S. 91 A.I.A. and Art. 2479 C.C.Q.)	15 days after receiving the notice.
	After 60 days: The insurer may only cancel if there is an aggravation of risk, or if the premium has not been paid. Written notice to the insured. <ul style="list-style-type: none"> ★ In both cases, the premium is refunded on a prorated basis. (S. 91 A.I.A. and Art. 2479 C.C.Q.) 	30 days after receiving the notice.
CANCELLATION by the insured	Written notice to the insurer. <ul style="list-style-type: none"> ★ If the insured notifies you verbally that they wish to cancel, write down their request, as well as the cancellation date they have indicated, in their file and confirm it with the insured in writing. ★ Applicable penalties calculated according to the short-term cancellation table. (Art. 2477 and 2479 C.C.Q.) 	Date mentioned in the notice.
RESCISSION by the insured of a contract entered into over the Internet or by DWR	Internet: Within 10 days of receiving the contract, the insured must complete and send in the notice of rescission found in Schedule 1 of the <i>Regulation respecting alternative distribution methods</i> . (S. 64 I.A.) Distribution without a representative (DWR): Within 10 days of signing the contract, the insured must complete and send in the notice of rescission found in Schedule 5 of the <i>Regulation respecting alternative distribution methods</i> . (S. 440 ARDFPS) <ul style="list-style-type: none"> ★ No applicable penalty. 	When the insurer receives the notice of rescission.
CHANGE IN THE PREMIUM by the insurer resulting from an aggravation of risk declared by the insured	Written notice to the insured. (Art. 2466 and 2467 C.C.Q.)	The insured has 30 days to accept the new premium, otherwise the contract ceases to be in force.
CHANGE IN COVERAGE by the insurer	Written notice to the insured. <ul style="list-style-type: none"> ★ In the event of a reduction in coverage or an increase in the insured's obligations, the insured must consent to this change in writing. (Art. 2405 C.C.Q.) 	
NULLIFICATION by the insurer (<i>ab initio</i>).	Nullification only possible if the insured misrepresents or conceals facts that influence the insurer's decision to cover the risk. <ul style="list-style-type: none"> ★ The premium collected is refunded. (S. 92 A.I.A. and Art. 2410 C.C.Q.) 	

IMPORTANT

- In the event of **non-renewal** or **cancellation**, the client must take out a new insurance contract, at least for civil liability (Chapter A). If needed, please refer the client to the [access mechanism to GAA insurance](#). (S. 84 A.I.A.)
- When a **written notice** must be sent to an insured, it must be sent to each of the insureds named in the contract. The same applies to notices of non-renewal and requests for cancellation made by the insured: each insured named in the contract must sign them.
(Art. 2477 C.C.Q.)

Civil Code of Québec (C.C.Q.)

2405. In non-marine insurance, changes to the contract made by the parties are evidenced by riders attached to the policy. However, any rider stipulating a reduction of the insurer's liability or an increase in the insured's obligations, other than an increased premium, has no effect unless the policyholder consents to the change in writing.

Where such a change is made upon renewal of the contract, the insurer shall indicate it clearly to the insured in a separate document from the rider which stipulates it. The change is presumed to be accepted by the insured 30 days after receipt of the document.

2410. Subject to the provisions on statement of age and risk, any misrepresentation or concealment of the facts by either the client or the insured nullifies the contract at the instance of the insurer, even with respect to losses not connected with the risks so misrepresented or concealed.

2411. In damage insurance, unless the bad faith of the client is established or unless it is established that the insurer would not have covered the risk if he had known the facts, the insurer remains liable to the insured for such proportion of the indemnity as the premium he collected bears to the premium he should have collected.

2466. The insured is bound to promptly notify the insurer of any circumstances that increases the risks stipulated in the policy and that result from events within his control if they are such as to materially influence an insurer in setting the rate of the premium, appraising the risk or deciding to continue to insure it.

If the insured fails to discharge his obligation, the provisions of article 2411 apply, adapted as required.

2467. On being notified of the new circumstances, the insurer may cancel the contract or propose, in writing, a new rate of premium, in which case the insured is bound to accept and to pay the premium at the new rate within 30 days of the proposal, otherwise the policy ceases to be in force.

However, if the insurer continues to accept the premiums or pays an indemnity after a loss, he is deemed to have acquiesced in the change notified to him.

2477. The insurer may cancel the contract on prior notice which shall be sent to every insured named in the policy. The cancellation takes place 15 days after notice is received by the insured at his last known address.

A contract of insurance may also be cancelled on mere notice in writing given to the insurer by each of the insured named in the policy. The cancellation takes place upon receipt of the notice.

The insured named in the policy may, however, give one or more of their number the mandate of receiving or sending the notice of cancellation.

2479. Where the insurance is cancelled, the insurer is entitled to only the earned portion of the premium, computed day by day if the contract is cancelled by the insurer, or at the short-term rate if it is cancelled by the insured; the insurer is bound to refund any overpayment of premium.

Automobile Insurance Act (A.I.A.)

84. The owner of any automobile operating in Québec must have, in accordance with Division II of this chapter, a liability insurance contract guaranteeing compensation for property damage caused by such automobile.

90. The insurance contract is renewed of right, for the same premium and for the same period, at each maturity of the contract, unless notice to the contrary is given by the insurer or the insured; if given by the insurer, the notice of non-renewal or of a change in the premium must be sent to the insured, at his last known address, not later than the thirtieth day preceding the date of maturity, counting that date.

Where the insured deals through a broker, the notice provided for in the first paragraph is sent by the insurer to the broker, the latter being entrusted to remit it to the insured.

91. The insurer may cancel a contract within 60 days after its coming into force by a mere notice to the insured; in that case, the contract is terminated 15 days after such notice is received.

At the expiry of such period of 60 days, an insurance contract shall not be cancelled by the insurer except in the case of an aggravation of risk which is likely to materially influence a reasonable insurer in the decision to continue to insure, or when the premium has not been paid.

The insurer so wishing to cancel the contract must notify the insured of it in writing; the cancellation has effect thirty days after such notice is received or, if the automobile mentioned in the contract, with the exception of a school bus, is an automobile contemplated in Title VIII.1 of the Highway Safety Code (chapter C-24.2), 15 days after receipt of the notice.

92. The insurer shall not demand that the contract be void *ab initio* unless the insured has misrepresented or deceitfully concealed any fact known to him likely to materially influence a reasonable insurer in the decision to cover the risk.

Insurers Act (I.A.)

64. The client for an insurance contract may, if no insurance representative interacted with the client at the time the latter consented to the contract, cancel the contract within 10 days after receiving the policy, unless the contract has already expired at that time.[...]

Act respecting the distribution of financial products and services (ARDFPS)

440. A distributor that, at the time a contract is made, causes the client to make an insurance contract must give the client a notice, drafted in the manner prescribed by regulation of the Authority, stating that the client may rescind the insurance contract within 10 days of signing it.