

Home 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	<p>Renewal is not automatic, however the insurer usually sends a renewal notice 30 days in advance.</p> <ul style="list-style-type: none"> ★ Make sure that the coverage offered continues to meet the insured's needs! 	At expiry of the policy period
RENEWAL with a change by the insurer	<p>Written notice to the insured at least 30 days preceding the end of the policy period.</p> <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. (Art. 2405 C.C.Q.) 	At expiry of the policy period
NON-RENEWAL by the insurer	<p>Notice not necessary: renewal not automatic. However the insurer usually sends a renewal notice 30 days in advance.</p> <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. 	At expiry of the policy period
NON-RENEWAL by the insured	<p>Written notice to the insurer.</p> <ul style="list-style-type: none"> ★ 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	<p>Possible at any time by written notice to the insured, for example in the event of failure to meet payment deadline.</p> <ul style="list-style-type: none"> ★ The premium is refunded on a prorated basis. (Art. 2477 and 2479 C.C.Q.) 	15 days after receiving the notice.
CANCELLATION by the insured	<p>Written notice to the insurer.</p> <ul style="list-style-type: none"> ★ If the insured notifies you verbally that they wish to cancel, write down the 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	<p>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.)</p> <p>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)</p> <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	<p>Written notice to the insured. (Art. 2466 and 2467 C.C.Q.)</p>	The insured has 30 days to accept the new premium, otherwise the contract ceases to be in force.
CHANGE IN COVERAGE by the insurer	<p>Written notice to the insured.</p> <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>).	<p>Nullification only possible if the insured misrepresents or conceals facts that influence the insurer's decision to cover the risk.</p> <ul style="list-style-type: none"> ★ The premium collected by the insurer is refunded. (Art. 2410 C.C.Q.) 	

IMPORTANT

- In the event of **non-renewal** or **cancellation**, your client must take out insurance with another insurer if they wish to remain insured. The IBC's Insurance Information Centre could provide help.
- 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.

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.