

A Bill Ominous for Consumer Protection

The ChAD Asks the Minister of Finance and MNAs to Revise Bill 141

Montreal, January 17, 2018 – The Chambre de l'assurance de dommages (ChAD) has expressed serious reservations regarding Bill 141, which is currently before a parliamentary committee. Given how complex damage insurance is for Quebecers,¹ and its importance in managing personal wealth, the ChAD has asked the government to revise the Bill to avoid compromising the protection of the public.

“An information imbalance already exists between the industry and consumers. Contrary to all expectations, Bill 141 actually increases it,” states Diane Beaudry, president of the ChAD’s Board of directors (independent director named by the Minister of Finance), accompanied by Maya Raic, President and CEO of the ChAD and Jean-François Raymond, Vice-president of the Board. Although the ChAD welcomes the modernization of financial sector legislation, it questions a number of the proposed changes.

Providing advice will no longer be exclusively reserved for professionals.

Bill 141 proposes eliminating the exclusivity of the advisory role, a role that is currently reserved for certified representatives. This change will open the floodgates to an industry that has seen an increase in professionalism over the past 20 years. It means that anyone—even those with no certification or ethical obligations—will be able to provide advice to consumers. “Given the complexity of the industry, we must ensure that those who advise the public not only respond to the public’s needs, but also remain accountable for their acts,” explains Diane Beaudry. “We could conceivably see car dealers or real estate brokers advising their clients on insurance products. How can this be done without the appearance of a conflict of interest, one of the main pillars of professional ethics?”

The ChAD has drawn a clear line in the sand: no one should be authorized to advise consumers unless they are certified, supervised and accountable for their actions.

Potential Excesses Related to the Distribution of Products via the Internet

The ChAD believes it is essential to reduce the pitfalls associated with purchasing insurance on the Internet. Some of the risks the Autorité des marchés financiers (AMF) has identified include: lack of coverage, inadequate or useless coverage, as well as invalid contracts. This is why the ChAD insists on the certification of individuals who deal with consumers.

Furthermore, the Chamber thinks the same obligations should be imposed on insurers and firms—which is not the case under the proposed legislation. “Consumers must not be penalized for how they choose to purchase an insurance product, be it from a certified, supervised professional, an insurer’s website or a firm. They should enjoy the same rights, the same coverage and the same remedies,” added Jean-François Raymond.

The Abolition of the ChAD and Its Preventive Approach

Given the possible elimination of the preventive supervisory framework the Chamber currently provides, the ChAD believes it worthwhile to point out that the Quebec model is considered a pioneer both in Canada and around the world. For the ChAD, a prosecutorial approach is far from enough; a preventive approach provides the opportunity to act upstream and reduces potential harm to consumers. A specialized, flexible, self-regulatory organization that is close to its members is required in order to better protect the public.

“Who will continue to produce, adapt, and update all the practical tools the ChAD has created to address weaknesses observed in the field, during inspections, at the Syndic’s Office or in committees composed of industry representatives? How can an organization that does not specialize in damage insurance, such as the AMF, create as many tools and offer as much personalized guidance to professionals?” argues Maya Raic.

In conclusion, the President and CEO expressed her desire to build on already existing strengths: she suggests improving the current system rather than dismembering it. Maya Raic summarized the ChAD’s presentation in these words: “We must neither shift the professional’s current responsibility onto the shoulders of consumers, nor deprive consumers of front-line protection by abolishing the ChAD.”

[Read the ChAD’s brief, tabled before the Committee on Public Finance](#)

[Watch the ChAD’s appearance before the parliamentary committee.](#)

About the ChAD

The mission of the Chambre de l’assurance de dommages is to ensure the protection of the public in matters related to damage insurance and claims adjustment. It oversees the compulsory professional development of over 15,000 damage insurance agents and brokers, as well as claims adjusters, and provides preventive oversight and enforces discipline on individuals working in these fields.

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¹ Léger poll for the ChAD, surveying 500 Quebecers 18 years of age and over, January 2016.