

Report On August 22/19 CLHIA/ACCAP Follow-Up Meeting  
With AMF Representatives On "Spousal Coverage Issue"

***Based on Information Provided by Michele Jenneau and Elyse Lemay***

Today, small delegation of CLHIA/ACCAP representatives had a second follow-up meeting with AMF representatives on the Spousal Coverage Issue.

In attendance representing CLHIA/ACCAP were Michele Helie, Elyse Lemay, and Michele Jenneau. Attending from the AMF were Nathalie Sirois, Isabelle Berthiaume, and Pierre Luc Godin (a junior lawyer).

As previously noted, the AMF had requested Action Plan submissions from affected industry insurers with respect to the offering of credit protection insurance spousal coverage where the creditor cannot demonstrate a clear pecuniary interest in the life and/or health of the spouse of the contracted debtor.

In that connection, industry players all thought that the AMF's intention was solely to stop the enrolment of spouses under such credit protection insurance on a go-forward basis. However, in its responses to industry players' Action Plan submissions, received in July 2019, the AMF changed its position and went further by requesting follow-up Action Plans for terminating and removing existing certificates of insurance/in force coverage from insured spouses.

In today's meeting, we raised all the counter-arguments we possibly could with the AMF as to why requiring the termination and removal of existing, in force coverage from insured spouses was a very bad idea.

Several articles from Quebec's Civil Code -- namely 2405 & 1375 which are essentially about the contractual obligations of insurers, notifications to insured, and legal certainty of contracts. We also submitted arguments related to the risk of potential class action lawsuits from insureds (e.g. for reimbursement of premiums or an indemnity for the loss of coverage, etc.)

We insisted on the fact that there are no legal or consumer protection grounds for depriving existing spouse insureds of this coverage. We also raised the argument of non-insurable individuals who will be left with zero coverage if this spousal coverage were to be removed.

We also added that the AMF has, under Article 479 of the Insurance Act (Québec), the legal obligation to establish that its imposition of the cancellation of an insurance contract is in the interests of the holders of the insurance.

The AMF representatives responded very forcefully to our entreaties that if we, as insurers, cannot obtain the consent of policyholder (creditor) to cancel and remove such spousal coverage, we would simply have to confirm that fact to the AMF and AMF would take action, through an ordinance of some sort.

In conclusion, the AMF representatives were not open to any of our arguments and did not yield or move off of its firm position in the slightest. They asked us to bring forward a proposal for ending existing/in force spousal coverage within a reasonable period of time. They said they were open to discussion.

(But, in fact, (M. Jenneau comment) they are open only to their own interpretation of these matters and they want all credit protection insurers and group policyholders/creditors to get rid of the spousal coverage in question entirely, as they see it as non-compliant with Quebec legal requirements.)

Consequently, affected industry insurers have to submit follow-up Action Plans to the AMF on August 30/19 with respect to ending for the future offering of such spousal coverage, as specified in their response to the May 3/19 Action Plan submissions.

And we have until October 1/19 to talk to our group policyholders (bank and credit union distributors) and have them approve a rider removing the coverage from existing/in force spouse insureds. As an example, the AMF representatives suggested that this removal could occur upon renewal of the loan or a change in the conditions of the credit card issued.

The AMF representatives also asserted that no grandparenting provision would be allowed for exemption from the requirement to remove this spousal coverage.