



## Renewals

### Situation description



Confirmed bachelorette and modern woman Karine Tourigny enjoys her little house in the suburbs to the fullest and is proud of having bought it all by herself three years ago. On hot days, she particularly enjoys the aboveground pool she bought the previous year. As she lies floating on the inflatable mattress, she remembers that when she was living with her parents a few years earlier, their pool was seriously damaged by a tree that had been blown down by a violent gust of wind. Concerned about whether or not her insurance contract covers such damage, she calls her damage insurance representative, Jocelin Leboeuf. Imagine her surprise upon learning that since it was not declared on her contract, her insurer does not cover the pool.

"How should I have known to tell you?" she asks him. "Since I bought it in May 2004, you've sent me two renewals—one in June 2004 and the other in June of this year—without ever contacting me to review my file! Add it to the contract right away and send me the additional premium," she adds, visibly disappointed.

Before returning to the backyard, she makes a note in her date-book to remember to shop around at renewal time next May.

### Food for Thought



A damage insurance representative is responsible for making sure that the renewal terms he suggests to his client meet the client's needs. This means that he must periodically review the client's file—annually, if possible. One of the worst possible scenarios involves a representative being unaware of a change in the insured's risk profile that has occurred over a year beforehand. How would the insured react to finding out that his loss is not covered because his file was not updated? Might he decide to sue the representative and his employer?

### Legislation



Reference:

-Act respecting the distribution of financial products and services, section 39.

39. Damage insurance agents and brokers must, when renewing an insurance policy, take the necessary steps to ensure that the coverage provided corresponds to the client's needs.

-Civil Code of Quebec, section 2405

2405. In non-marine insurance, changes to the contract made by the parties are evidenced by riders attached to the policy.

Any rider stipulating a reduction of the insurer's liability or an increase in the insured's obligations, other than and 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 thirty days after receipt of the document.