INDUSTRIAL ALLIANCE PACIFIC GENERAL INSURANCE CORPORATION
(the “*insurer*”)

Claims: **1-877-356- 6636**
infoarp@inalco.com

Cancellations: **1-855-766-8239**
iavagcancellation@inalco.com
Customer Service: **1-877-671-9009**

NAME OF DISTRIBUTOR (the **“*distributor*”)**
AND CONTACT INFORMATION

Distribution Guide

Q.P.F. No. 5 - Complementary Insurance for Damage Caused to Insured Vehicle Form
(*Replacement Insurance*)

The *distributor* must give you a sample of this distribution guide. A *specimen* of the insurance policy (“Q.P.F. No. 5” form) must also be attached so that you can consult both documents at the same time.

Terms that are underlined are defined under the « Definitions » section in the Q.P.F No. 5.

This distribution guide draws your attention to important aspects of the insurance product offered to you by the ***distributor*** on behalf of the ***insurer***. The purpose of this guide is to help you evaluate the insurance product and determine whether it meets your needs, since you are not in the presence of an insurance representative.

Caution:

1. The insurance that the ***distributor*** is offering you is not mandatory. You are at liberty to take out similar* insurance with the insurer or insurance representative of your choice.
   * Q.P.F. No. 5 is an insurance product offering coverage similar to that offered under endorsement *Q.E.F. No. 43 (A to F) – Change to Indemnity*, commonly called a "replacement cost endorsement." You may only hold one of these two coverages. Therefore, we suggest that you check your primary insurance contract to see whether you already have a “replacement cost endorsement.”
2. The proposed insurance is not intended to replace an existing insurance. For a replacement, speak with your insurance representative.
3. The ***distributor*** must describe the Q.P.F. No. 5 insurance product and explain the coverages offered. He must also clearly indicate the exclusions set out in Q.P.F. No. 5 so that you can decide whether you are in an exclusion situation. The ***distributor*** is not an insurance representative; he may not advise you on any insurance product. He may not therefore compare two insurance products, for example, the Q.P.F. No. 5 and the “replacement cost endorsement”.
4. Q.P.F. No. 5 cannot cover the outstanding balance of the debt related to the vehicle you have traded in or which has been declared a total loss.
5. Financing of your vehicle is independent of Q.P.F. No. 5; that is, it is not conditional on your purchasing a Q.P.F. No. 5.
6. When you purchase a Q.P.F. No. 5, you must already have a primary insurance contract which includes Section A and at least one of the coverages under Section B. You must maintain a primary insurance contract in force for as long as the Q.P.F. No. 5 remains in force. The ***distributor*** may not sell you a primary insurance contract. You can take out a primary insurance contract with the insurer or insurance representative of your choosing.
7. The ***distributor*** must disclose to you the remuneration he receives for the sale of an insurance product, where such remuneration exceeds 30% of the sale price of the product. Ask your ***distributor*** for details.

Nature of insurance product

Following an insured loss, the insurance that the ***distributor*** offers you is intended:

- in the event of total loss: to replace the vehicle you have just purchased or leased;
- in case of partial loss: to replace the damaged parts with new parts, except if they can be repaired.

This insurance:

- covers your vehicle against the same perils as those covered by Section B of your primary insurance contract; and
- complements your primary insurance contract, i.e., only if the primary insurer covers the loss.

Summary of coverage offered

Q.P.F. No. 5 covers the described vehicle:

- Total loss (new, demonstrator or used vehicle), based on the option you select when you purchase Q.P.F. No. 5:
  - Options 1A and 1B – Replacement of the vehicle through the named dealer (Item 1.1 of the “Description of coverages” section of the Q.P.F. No. 5 specimen);
  - Options 2A and 2B – Payment of an indemnity to replace the vehicle (Item 1.2 of the “Description of coverages” section of the Q.P.F. No. 5 specimen);

Caution:

- When you purchase Q.P.F. No. 5, the ***distributor*** must offer you two options (1 and 2). You decide which option best suits you.
- Regardless of the option you choose, in the event of total loss, the vehicle must be replaced:
  - You cannot receive the indemnity in cash;
  - Certain rules apply if you decide to replace the described vehicle by a vehicle of higher or lower value.

- Partial loss (new or demonstrator vehicle):
  - Q.P.F. No. 5 covers the difference between the replacement cost of damaged parts that cannot be repaired and which are replaced by new original equipment manufacturer parts, and the amount paid by the primary insurer for these parts;

  Caution:

  - The damaged parts at the time of a loss are repaired by the primary insurer. The ***insurer*** of the Q.P.F. No. 5 intervenes only if parts must be replaced (Item 2 of the "Description of coverages" section of the Q.P.F. No. 5 specimen);
  - In the event of partial loss, you may choose a repairer, regardless of the option (1 or 2) that you choose. If you choose the repairer, you may have to assume the difference between the costs estimated by your repairer and the costs estimated by the ***insurer***.
- Other coverages in the event of total loss or partial loss:
  - Bearing of deductible (Item 3.1 of the "Description of coverages" section of the Q.P.F. No. 5 specimen);
  - Reimbursement of vehicle leasing expenses (Item 3.2 of the "Description of coverages" section of the Q.P.F. No. 5 specimen).

  Caution: Limits and conditions apply where the *insurer* bears the deductible or reimburses the leasing expenses. These limits and conditions are described in Item 3 of the "Description of coverages" section of the Q.P.F. No. 5 specimen.

Applicability

Caution:

- Certain conditions must be met for coverage to apply. You will find these conditions in Item 4 of the "Description of coverages" section of the Q.P.F. No. 5 specimen. Among other conditions, on the date of a loss affecting the insured vehicle, you must hold a primary insurance contract that covers the vehicle.
- The insurance cannot be transferred to another vehicle. If you change vehicles, the insurance contract will terminate (Item 4.3 of the "Description of coverages" section of the Q.P.F. No. 5 specimen). You will then be entitled to the refund of the overpayment of insurance premiums, as calculated in the "*Cancellation table*" attached to Q.P.F. No. 5.

EXCLUSIONS

Certain vehicles, equipment and uses are excluded
("Exclusions" section of the Q.P.F. No. 5 specimen).
It is important to read the exclusions before purchasing Q.P.F. No. 5.

Unless indicated otherwise in the "Declarations" section of the Q.P.F No. 5 insurance policy you will receive, if you decide to purchase this insurance, the following are excluded:

- vehicles:
  - used for commercial purposes;
  - utility vehicles whose gross vehicle weight exceeds 4,500 kg (10,000 lbs.);
  - used for public service purposes, including ambulances, buses, driving school vehicles, funeral directors' vehicles, government or municipal service vehicles, including police or fire department, and taxicabs;
- equipment and accessories, as well as any other option added to the described vehicle by the named insured, if they do not appear in the purchase contract, long-term lease or contract of leasing.

The following are also excluded under Q.P.F. No. 5:

- any claim arising from a loss not covered under Section B of the primary insurance contract;
- any claim that the primary insurer refuses to indemnify for any reason whatsoever;
- any reduction in indemnity applied by the primary insurer for any reason whatsoever.

Effective date, renewal and termination of insurance contract

- The **effective** and **expiry dates** of the insurance are shown in the Q.P.F. No. 5 insurance policy that you will receive if you decide to purchase this insurance (Item 2 of the "Declarations" section).
- Q.P.F. No. 5 **cannot** be renewed.
- Q.P.F. No. 5 may terminate prior to its expiry date. Details are found in Item 2 of the "Effective date, renewal and expiry of insurance contract" section of the Q.P.F. No. 5 specimen.

How to **end** ("cancel") Q.P.F. No. 5 ("Effective date, renewal and expiry of insurance contract" section of the Q.P.F. No. 5 specimen):

- **The insured**:
  You can cancel your insurance at any time by sending a written notice to the ***insurer***.
  Caution:
  You have 10 days in which to examine the contract free of charge. Therefore, if the cancellation occurs:
  - within the first 10 days following the signing of the Q.P.F. No. 5, the insurance premium will be refunded in full and the insurance will be deemed to never have been in effect;
  - after the first 10 days, only the portion of the insurance premium overpayment can be refunded. The amount that will be refunded is shown in the "*Cancellation table*" attached to the Q.P.F. No. 5 that you will receive if you decide to purchase this insurance.

  To cancel the insurance, you can use the "*Notice of rescission of an insurance contract*" found in this distribution guide.
- **The *insurer***:
  The ***insurer*** can cancel the insurance contract only if your insurance premium has not been paid (the ***insurer*** is considered to have been paid as soon as the insurance premium is remitted to the ***distributor***).
  The ***insurer*** will then send you a written notice and the insurance will end 15 days after receipt of this notice.
  The ***insurer*** will retain the premium corresponding to the number of days during which you were insured.

Reporting a loss and submitting a claim

Please contact INDUSTRIAL ALLIANCE PACIFIC GENERAL INSURANCE CORPORATION at 1-877-356-6636 to report a loss. The detailed procedure for reporting a loss and filing a claim is found in the "Reporting a loss and submitting a claim" section of the Q.P.F. No. 5 specimen.

Insurance premiums

If you purchase this insurance, the amount of the insurance premium payable will be indicated in Item 4 of the "Declarations" section of the Q.P.F. No. 5 that you will receive.
Caution:
If your insurance ends before the expiry date and your premium is part of the financing of your vehicle, ask your ***distributor*** for details of the terms and conditions under which the insurance premium will be refunded.

Questions regarding insurance

The insurer has set up an information service to respond to questions about this **insurance product**, this **distribution guide** or the **content of the related documents**. Please contact INDUSTRIAL ALLIANCE PACIFIC GENERAL INSURANCE CORPORATION at 1-877-671-9009.

Role of the Autorité des marchés financiers

Part of the mission of the Autorité des marchés financiers ("AMF") is to oversee the distribution of financial products and services. AMF Information Centre agents can answer your questions regarding the obligations of the insurer and its distributor (for example, which documents should you have received?). You can reach the AMF by calling 877-525-0337 or by visiting its website at www.lautorite.qc.ca.

NOTICE OF RESCISSION OF AN INSURANCE CONTRACT

Section 440 of *An Act respecting the distribution of financial products and services* (chapter D-9.2)

To: INDUSTRIAL ALLIANCE PACIFIC GENERAL INSURANCE CORPORATION
8840 Boul. Taschereau, Brossard (Québec) – Telephone: 1-855-766-8239
Fax: 1-450-671-2525 Email: iavagcancellation@inalco.com

Date: ____
(date of sending of notice)

Pursuant to section 441 of the Act respecting the distribution of financial products and services, I hereby rescind insurance contract no.: ____
(number of contract, if indicated)

Entered into on: ___________________________________
(date of signature of contract)

In: ____
(place of signature of contract)

________________________________ ______________________________________
(name of client) (signature of client)

The distributor must first complete this section.

This document must be sent by registered mail.

Sections 439, 440, 441, 442 and 443 of the Act must be reproduced on the back of this notice.

Decision 99.06.45, Sch. 1; M.O. 2010-18, s. 4.

439. A distributor may not subordinate the making of a contract to the making of an insurance contract with the insurer specified by the distributor.

The distributor may not exercise undue pressure on the client or use fraudulent tactics to induce the client to purchase a financial product or service.

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.

441. A client may rescind an insurance contract made at the same time as another contract, within 10 days of signing it, by sending notice by registered or certified mail.

Where such an insurance contract is rescinded, the first contract retains all its effects.

442. No contract may contain provisions allowing its amendment in the event of rescission or cancellation by the client of an insurance contract made at the same time.

However, a contract may provide that rescission or cancellation of the insurance contract will entail, for the remainder of the term, the loss of the favourable conditions extended because more than one contract was made at the same time.

443. A distributor that offers financing for the purchase of goods or services and that requires the debtor to subscribe for insurance to guarantee the reimbursement of the loan must give the debtor a notice, drawn up in the manner prescribed by regulation of the Authority, stating that the debtor may subscribe for insurance with the insurer and representative of the debtor's choice provided that the insurance is considered satisfactory by the creditor, who may not refuse it without reasonable grounds. The distributor may not subordinate the making of the contract of credit to the making of an insurance contract with the insurer specified by the distributor.

No contract of credit may stipulate that it is made subject to the condition that the insurance contract subscribed with such an insurer remain in force until the expiry of the term, or subject to the condition that the expiry of such an insurance contract will entail forfeiture of term or the reduction of the debtor’s rights.

The rights of the debtor under the contract of credit shall not be forfeited when the debtor rescinds, cancels or withdraws from the insurance contract, provided that the debtor has subscribed for insurance with another insurer that is considered satisfactory by the creditor, who may not refuse it without reasonable grounds.