

Comparison Table: Endorsement Q.E.F. No. 43 and Q.P.F. No. 5

Note: This tool does not reflect recent changes to Q.E.F. No. 43. In addition, as of January 1, 2027, Q.P.F. No. 5 will no longer be sold by car dealers. In this regard, this tool will be revised at a later date.

The basic rule of damage insurance is to compensate the insured for the value of the property on the day the loss occurred.

The replacement cost endorsement and replacement insurance are two automobile insurance products that protect against depreciation when the insured makes a claim in the wake of a total or partial loss.

Despite certain similarities, it is important to be aware of and understand the differences between these two products. This will enable you to better explain their advantages and disadvantages to your clients, and help them to make an informed decision and choose the product that best suits their needs. This table, which outlines the main differences between these two types of coverage, will be of use to all professionals. It does not, however, deal with the technical aspects of contracts, risk underwriting or claims adjustment.

This table only concerns coverage for **new vehicles**.

Remember to explain to your client the consequences of a request to remove (or add) coverage. You should never simply carry out your client's request. Instead, you must be absolutely sure you understand the client's needs and ensure that the coverage and exclusions are properly explained. For example, if the insured is considering cancelling the coverage provided under Section B of his Q.P.F. No. 1, it is important to ask him whether he purchased Q.P.F. No. 5 when he bought his vehicle. If necessary, explain to him how cancelling Section B coverage would impact the compensation he would receive under Q.P.F. no. 5, and discuss whether it would be appropriate to ask the insurer to simply cancel Q.P.F. no. 5 and reimburse the premiums.

Important: As of March 1, 2019, the new Q.P.F. no. 5 form is available. The provisions of the form in contracts purchased and in force before March 1, 2019 will continue to apply. This table explains the two contracts.

	Replacement Cost Endorsement Q.E.F. No. 43[1] in Q.P.F. No. 1 (Owner's form)	Replacement Insurance – Q.P.F. No. 5
	This table only concerns coverage for new vehicles.	
Type of vehicle	Usually for new passenger vehicles, motorcycles, ATVs, and snowmobiles, as well as certain demonstrators with a limited number of kilometers.[2] **Did you know that…** Equipment and accessories the insured adds subsequently are automatically covered for replacement cost if the insured purchased endorsement Q.E.F. no. 43 (inasmuch as they do not increase the value of the vehicle).	For new and used[3] passenger vehicles and demonstrators, as well as motorcycles, ATVs, snowmobiles, and certain high-end vehicles that do not meet the underwriting standards for endorsement Q.E.F. no. 43. **Did you know that…** The vehicle's equipment and accessories must appear on the contract to purchase or lease in order to be covered by replacement insurance. Otherwise, the insurer that issued Q.P.F. no. 1 will pay compensation for the depreciated value. **Did you know that…** If the insured transfers ownership of his vehicle, Q.P.F. no. 5 is not transferable.
Purchase of coverage	Offered by damage insurance agents and brokers. One single insurance contract, same insurer.	Offered by damage insurance agents and brokers, **or car dealerships.** **Important:** For contracts entered into before June 13, 2019, car dealerships must give the client a distribution guide. **Important:** For contracts entered into on or after June 13, 2019, car dealerships must give the client: • A summary of the product; • A specimen of the contract • An information sheet. Two separate insurance contracts, possibly two different insurers. Compensation must be paid by the primary insurance contract for Q.P.F. no. 5 to apply.
Right to cancel within 10 days	N/A	The consumer may cancel a replacement insurance contract that was signed at the dealership at the same time as **another** contract (to purchase or lease a car) was signed, within 10 days of signing, at no cost (section 441 of the ARDFPS).

[1] Q.E.F. endorsement no. 43 offers options A to F. However, options A and E are the ones that insurers most commonly offer.
[2] Under very strict conditions, certain insurers agree to offer a replacement cost endorsement for used vehicles. In this case, you must ask for **Q.E.F. endorsement no. 43F**.
[3] Q.P.F.no. 5 may be purchased for used vehicles. This table, however, only concerns coverage for new vehicles.

	Replacement Cost Endorsement Q.E.F. No. 43[1] in Q.P.F. No. 1 (Owner's form)	Replacement Insurance – Q.P.F. No. 5
	This table only concerns coverage for new vehicles.	
Length	Every time the insured renews, he must decide whether or not to maintain the additional coverage. Total possible length of time: 4 to 5 years, depending on the insurer. The insurer may also decide to end the coverage at renewal time, for example due to claims frequency or in the event of non-payment. If the insured terminates the endorsement other than at renewal time, he will be reimbursed on a pro rata basis for the cost of the endorsement – no cancellation fee. Q.P.F. no. 1 does not automatically end in the event of a claim and compensation. The new vehicle will take the previous vehicle's place on Q.P.F. no. 1, and the insured can then purchase a new Q.E.F. no. 43 endorsement.	The insured chooses the term: between 1 and 8 years maximum. The term can cover the financing period. The insurer cannot terminate it (other than for non-payment). The insured may terminate it at any time. Cancellation fees apply, calculated according to the cancellation table. Q.P.F. no. 5 ends after a claim is made (total loss). The Q.P.F. no. 5 insurer will reimburse the unused portion of the premium according to the cancellation table. A new contract is required for the new vehicle.
Cost of premium	Annual premium. Calculated based on the driving record, the type of vehicle and the individual insurer's rating structure. Possibility of spreading the payment out over 12 months (since the cost is included in the Q.P.F. No. 1 premium); Less expensive than Q.P.F. no. 5, although it increases yearly, especially after 24 months (could amount to between $500 and $1,000 over 5 years).	Fixed premium for the length of the contract (1 to 8 years). Calculated based on the vehicle's value and the length of the contract, without regard to the insured's driving record. Payment may be included in the vehicle's financing contract (length from 1 to 8 years). Interest charges apply and could increase the cost. In 2018, the average premium for a five-year term was $1,917 when sold by a dealership and $1,261 when sold by an agent or broker.[4]

[4] Autorité des marchés financiers, *Rapport annuel sur les institutions financières 2018 [Annual Report on Financial Institutions, in French only]*, p. 235.

	Replacement Cost Endorsement Q.E.F. No. 43[1] in Q.P.F. No. 1 (Owner's form)	Replacement Insurance – Q.P.F. No. 5
	This table only concerns coverage for new vehicles.	
Claim	One single insurer involved and one single claims file.	If two insurers are involved, there are two claims files (one for each insurer). Process may take longer. **Please note**: There is one single claim in the Fichier central des sinistres automobile. The primary insurer (Q.P.F. no. 1) must first compensate the insured on the basis of the depreciated value. Once this has been done, the Q.P.F. no. 5 insurer makes up the difference between the depreciated value and the replacement cost.
Deductible	Generally speaking, the deductible is paid by the insured, with some exceptions. **Please note:** Certain insurers offer endorsements with a $0 deductible, or a diminishing deductible; some even waive the deductible for certain clients. Your client could be eligible for such offers.	Regardless of the circumstances of the loss, the Q.P.F. no. 5 insurer reimburses the insured for the deductible, up to the amount stipulated in the Q.P.F. no. 5 contract.

	Replacement Cost Endorsement Q.E.F. No. 43[1] in Q.P.F. No. 1 (Owner's form)	Replacement Insurance – Q.P.F. No. 5
	This table only concerns coverage for new vehicles.	
In the case of a total loss *(In other words, if the cost of the repairs is greater than the value of the vehicle on the day of the loss.)*	Q.E.F. no. 43E **When making the claim,** the insured can choose to either: • replace the vehicle; or • receive compensation. If **the insured decides to replace** the vehicle, he chooses the dealership where he wishes to purchase the replacement vehicle. The **replacement** will be: a) a new vehicle with the same characteristics, equipment and accessories (or similar characteristics, equipment and accessories) as the vehicle being replaced. **Please note:** may be a new vehicle of the same year as the vehicle being replaced, if the insurer is able to find one, or a vehicle from a later year; b) a different vehicle (new or used). In this case, the insurer will pay the higher of the two amounts: either the price paid for the insured vehicle or the price of the vehicle the insured wishes to buy or lease, without exceeding the replacement cost of the insured vehicle. If **the insured decides not to replace** the vehicle and instead receive compensation, the insurer will pay the lesser of the following two amounts: • the **price paid** for the insured vehicle; or • the **current price** of the insured vehicle on the day of purchase; without exceeding the replacement cost that the insurer would have paid had the insured decided to replace the vehicle (option "a" above).	The insurer will pay **compensation to replace the vehicle** at the dealership the insured has chosen. **Replacement is mandatory.** **Important:** for contracts entered into before March 1, 2019, the insured had to decide at the time of purchase whether he would take: • option 1: replace the vehicle at the **original dealership**; or • option 2: receive compensation, and **replace the vehicle elsewhere.** Both options had to be offered to the consumer. The law did not allow one option to be "pre-selected." The vehicle will be replaced by a vehicle of the current year or a more recent one (not from the previous year). The Q.P.F. no. 5 insurer will pay the difference between: • the "value on the day of the loss" as determined by the primary insurer; and • the value of a replacement vehicle. **If the vehicle is not replaced**, Q.P.F. no. 5 does not apply and the client loses the benefit of the coverage.

	Replacement Cost Endorsement Q.E.F. No. 43[1] in Q.P.F. No. 1 (Owner's form)	Replacement Insurance – Q.P.F. No. 5
	This table only concerns coverage for new vehicles.	
In the case of a partial loss	Damaged parts are replaced by new, genuine parts if they cannot be repaired.	
	Q.E.F. no. 43A The value of the damage is determined by the cost of new, genuine parts. The insurer does not apply depreciation.	The Q.P.F. no. 1 insurer compensates the insured for the depreciated value of the damaged part on the day the loss occurred. The Q.P.F. no. 5 insurer will make up the difference between the value of the damaged parts, as established by the primary insurer, and the cost of replacing these parts with new, genuine parts.
Temporary rental car after the loss	In the case of theft: the primary insurer (Q.P.F. no. 1) will pay for temporary car rental after 72 hours (waiting period). Maximum $40 per day and $1,200 per claim. In the case of an accident for which the insured is not responsible, the primary insurer (Q.P.F. no. 1) will reimburse the insured for reasonable rental costs (no limit) from the first day forward (no waiting period). If the insured is partially responsible for the accident, the claim to be compensated for reasonable rental costs will be processed exactly as noted above, however compensation will be calculated according to the percentage of the loss for which the insured is not responsible. **Please note**: endorsement Q.E.F. no. 20 sets out the conditions that allow for reimbursement of rental fees for a vehicle, no matter what the circumstances; it also broadens or extends coverage in the event of an accident for which the insured was responsible. Coverage will apply without delay, in cases of both theft and accident.	
	The Q.E.F. no. 43 endorsement does not pay compensation for rental costs.	Q.P.F. no. 5 provides compensation for rental costs after compensation from Q.P.F. no. 1 and endorsement Q.E.F. no. 20 (if applicable) have been exhausted. In the case of theft, Q.P.F. no. 5 will cover costs incurred during the first 72 hours if the insured does not have endorsement Q.E.F. No. 20.
Protection of the public	All damage insurance representatives are certified professionals who are overseen by the ChAD, and subject to the *Code of ethics of damage insurance representatives,* and the *ARDFPS* and its regulations. In the case of fraud, the insured can turn to the *Fonds d'indemnisation des services financiers* of the Autorité des marchés financiers.	If Q.P.F. no. 5 is sold by a car dealership, the ChAD has no jurisdiction since the product has not been distributed by a certified representative. Only the relevant sections of the ARDFPS concerning distribution without a representative apply. Furthermore, in the case of fraud, the insured is not eligible for compensation from the *Fonds d'indemnisation des services financiers* of the l'Autorité des marchés financiers since dealerships are not governed by the ARDFPS.