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c. C-48, r.5.1

Excerpt from the Regulation respecting the practice of the chartered accountancy profession within a partnership or a joint-stock company

Professional Code

(R.S.Q., c. C-26, s. 93, pars. *g* and *h*, s. 94, par. *p*)

CHAPTER II

OTHER CONDITIONS

DIVISION II

PROFESSIONAL LIABILITY COVERAGE

11. To be authorized to practise the profession in accordance with this Regulation, a member of the Ordre practising his profession within a partnership or company shall furnish and maintain, on behalf of the partnership or company, by means of an insurance or suretyship contract or by joining a group insurance plan contract entered into by the Ordre or by contributing to a professional liability insurance fund established in accordance with section 86.1 of the Professional Code, coverage for liabilities of the partnership or company arising from fault or negligence on the part of members in the practise of the profession within such partnership or company.

O.C. 57-2003, s. 11.

12. The following minimal conditions for such coverage shall be set out in a specific rider or contract :

(1) an undertaking by the insurer or surety to pay on behalf of the partnership or company, over and above the amount of the insurance coverage the member must take out in accordance with the Ordre des comptables agréés du Québec (Professional Liability Insurance) Regulation (O.C. 332-85 dated February 21, 1985) or the insurance coverage actually taken out by the member if it is higher, up to the amount of the coverage, any amount that the partnership or company may be legally bound to pay to injured third parties on a

claim made during the period of coverage and arising from the member's fault or negligence in the practice of his profession ; the insurer's obligation shall extend to all claims to which the member's liability insurance coverage does not apply as a result of the member's fault or negligence in the practice of the profession ;

(2) an undertaking by the insurer or surety to take up the cause of the partnership or company and defend it in any lawsuit launched against it and to pay, in addition to the amounts covered by the liability insurance, all legal costs of lawsuits against the partnership or company, including the investigation and defence costs and interest on the amount of coverage ;

(3) an undertaking that the coverage shall extend to all claims submitted in the five years following the period of coverage during which a member of the partnership or company dies, withdraws from the partnership or company or ceases to be a member of the Ordre, so as to maintain coverage for the partnership or company for the faults or negligence of the member while he practised the profession within the partnership or company ;

(4) the coverage shall be at least 1 000 000 \$ per claim and for the aggregate of claims made against the partnership or company in a 12-month period of coverage ;

(5) where a member is a sole practitioner, as the unique shareholder of a joint-stock company in which no other member is an employee, the coverage shall be at least 500 000 \$ per claim and for the aggregate of claims made against the company in a 12-month period of coverage ;

(6) an undertaking by the insurer or surety to provide the secretary of the Ordre with a 30-day notice of intent to cancel the insurance or suretyship contract, or to amend one of the conditions set out in this section ;

(7) an undertaking by the insurer or surety to provide the secretary of the Ordre with a notice that the insurance or suretyship contract has not been renewed ; such notice shall be sent within 15 days following the expiration of the contract.

O.C. 57-2003, s. 12.

13. The suretyship shall be granted by a bank, savings and credit union, trust or insurance company which shall be domiciled in Canada and hold and maintain sufficient property in Quebec to satisfy the liability coverage required under this division.

The institution referred to above shall undertake to provide the coverage in accordance with the conditions set out in this Division, without availing itself of the benefits of division and discussion.

O.C. 57-2003, s. 13.