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Frequently Asked Questions



About Automobile Insurance

October 2006

ONTARIO AUTO INSURANCE FREQUENTLY ASKED QUESTIONS

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INTRODUCTION

Every year, information officers at Insurance Bureau of Canada's Consumer Information Centres answer tens of thousands of questions from insurance policyholders across the country. At the Ontario Consumer Information Centre, many of these questions are about automobile insurance.

Automobile insurance is complex. As a consumer, you should examine your policy carefully to understand every detail. Yet few people bother to read their policies until they are involved in an accident, a car they own is broken into or they have some other problem.

When shopping for auto insurance, remember that the wording of your policy will be the same no matter which insurance company issues it, because the Ontario automobile policy and related endorsements (endorsements are add-ons to basic coverage) are forms approved by Financial Services Commission. However, not all companies provide the add-ons. Your insurance representative can help you decide what coverage is best for you.

In this publication, we've done our best to answer the questions most often asked about car insurance in Ontario. If you have other questions or need more information, please call us (see our contact information below). The Consumer Information Centre can also help you with your home and business insurance.

CONSUMER INFORMATION CENTRE

Monday through Friday between 8:00 a.m. and 6:00 p.m.

In Toronto: 416- 362-9528

Elsewhere in Ontario: 1-800-387-2880

Fax: 416-644-4961

Website: [http:// www.ibc.ca](http://www.ibc.ca)

APPLYING FOR AUTO INSURANCE

What do I need to know to fill out an automobile insurance application?

Here is some of the information you'll need to provide on an automobile insurance application:

1. Vehicle information
 - Year, make, model, body type, cylinder or c.c.
 - Vehicle identification number (serial number)
 - Estimated annual driving distance
 - Lien holder name and postal address (the person or group you are still making payments to if your car loan is not paid in full)
2. Driver information
 - Name of each driver, driver's licence number, date of birth, date first licensed in Canada, other classes of licence (if any), the percentage each driver uses the vehicle(s).
 - Whether any insured drivers have driver training. If so, his or her certificate needs to be attached so he or she can be considered for a premium discount.
 - Whether anyone else in the household or business is licensed to drive. If so, details need to be provided in the remarks section.
 - Whether any driver's licence, vehicle permit, etc., issued to a person in the household or business has been suspended or cancelled in the last six years.
 - Whether any insurance company cancelled automobile insurance for the applicant or any driver listed on the application in the last three years.
 - Whether, during the last three years, any automobile insurance policy issued to you or any listed driver has been cancelled or any claim has been turned down for material misrepresentation (not telling the truth).
 - Whether the applicant or any listed driver has been found by a court to have committed a fraud involving automobile insurance.
3. Previous accident and insurance claims in the last six years
 - You must show details of any accident or claim on any automobile of any listed driver during the last six years ("any claim" means all claims and includes windshield damage, theft, vandalism, wind damage, etc.).
 - You need to provide details of the date of claim, type of claim, amount paid or estimate of damage. If the claim was a collision, you also need to identify the driver and give brief details on what happened and who was at fault. If you need help, contact your insurance representative before completing the application.
 - You need to identify the offence and the date of conviction(s) for each driver. Convictions are offences related to the operation of a vehicle. This includes seatbelt infractions, defective tires or brakes, failure to use or improper use of headlights, moving traffic offences, such as speeding, and signalling offences.
 - You can get your own motor vehicle record (MVR) from the Ministry of Transportation, which provides a two-year history. Insurance companies require a three-year history.
 - If you don't know or are unsure of conviction dates, ask your insurance representative.

What is the impact of inaccuracies or omissions in applications for automobile insurance?

The information you give on an application for automobile insurance is the basis for:

- the insurance company's decision to issue or decline to issue a policy;
- calculating the premium required and terms and conditions of the policy, if one is issued.

The Insurance Act of Ontario specifies the wording of automobile insurance applications. The application contains a declaration where you confirm the answers to questions about you and all the other drivers of the insured automobile in the household or business are correct. There is also a warning of the possible consequences of leaving things out or not telling the truth – in other words, errors or omissions in your answers.

When you sign an application, you're confirming the accuracy and completeness of the information on that application. Even if your answers are written on the form by someone else, the *responsibility* for the answers is yours. Discussions between you and the person completing the form are not part of your application *unless* the written answers include that information.

While the insurance company may be able to check the accuracy, you *must* give complete, accurate answers. Inaccuracies or omissions may mislead the insurance company. As a result, your insurance could be invalid (you lose your right to recover a loss) or your policy may be cancelled. In some cases, your insurance may be considered never to have been in force.

In addition to the difficulties, a cancellation of your policy because of misrepresentation generally results in you paying more for any policy you are able to get later.

If you're unsure of your driving and conviction history record or the history for members of your household, ask your insurance representative what is shown on your existing policy.

You can get motor vehicle records (MVR) for you and members of your household from the Ministry of Transportation, which provides a two-year history. However, insurance companies require a three-year history.

Why is it important to pay premiums on time?

It's important to pay your premium to your insurance company or insurance representative on time and in the way you have agreed, because there is no "grace period."

Your premium is due as soon as billed by your insurance representative and you should send it promptly. **If you are having problems paying on time, you MUST discuss the situation with your insurance representative before your account becomes "delinquent."** Often, additional payment time can be arranged or an alternative payment method may be offered. Do not let the situation slide, or you may find yourself driving without insurance – a serious crime.

If your insurance representative or insurance company is not paid and is unable to get a response or to reach you, they have no choice but to cancel your policy by hand delivery or registered mail.

If you do not want to renew a policy, notify your insurance representative promptly. Some people believe if they have arranged insurance elsewhere they don't need to notify the previous insurance representative. NOT SO! Your policy will be cancelled for non-payment of premium. This cancellation will be a "black mark" against your insurance record and your future premiums may be higher as a result.

If you pay your premium with a series of post-dated cheques or by pre-authorized bank withdrawals, make sure the money is in your account, ready for transfer to the insurance company. If you don't have enough money in the account and the insurance company cancels your policy, you can't assume your coverage will automatically be reinstated later on.

What should I know about a lapse in insurance coverage?

A lapse in insurance coverage will not be held against you **unless**:

- your policy was cancelled for non-payment of premium;
- your driver's licence was suspended because of a conviction related to the use or operation of the automobile, e.g., impaired driving; and/or
- an accident or conviction happened that would result in higher premiums and you did not notify the insurance company – for example, if you had an accident that destroyed your vehicle and did not tell your company.

When you want insurance coverage at a later date, you need to prove you had prior insurance. Advise your insurance representative if you are going to cancel your policy or have a lapse in insurance because:

- you've sold your car and do not plan to replace it for a while;
- you are moving out of the country temporarily; or
- you are going to drive a company car and don't need your own vehicle.

Get a letter from your insurance representative outlining your policy number, insurance company, how long you were insured and your accident and conviction history. Keep this in a safe place.

Or, you can write down the reason for lapse in insurance and make two copies. Give one to the insurance representative and have him or her sign the other copy for your records. This provides you with documentation when you need insurance again, in case that broker/agent is no longer available to verify your lapse in coverage. Also keep a copy of your latest policy.

What coverage is mandatory and what coverage is optional?

Automobile insurance in Ontario **is required by law. You must not drive without it.**

While the law calls for standard policy wordings and oversees the range of options, there are many insurers competing on price and service in the Ontario market. Brokers and agents can tell you which insurers they represent and which companies they get quotes from, and show you those prices on request.

Retirees: Insurers must offer a premium discount on accident benefits coverage to retirees aged 65 or older, and also to younger retirees if they are receiving a Canada or Quebec Pension or a

pension registered under the Income Tax Act. For complete details, talk to your insurance representative. You will be required to sign a Declaration for Retiree Discount.

MUST-HAVE coverage

To drive on public roads in the province, you must have Direct Compensation - Property Damage coverage, Uninsured Automobile coverage, Third-Party Liability and Statutory Accident Benefits. These are all compulsory. This means that by law, you must purchase these coverages:

Type of Coverage	What the coverage does	Minimum or limit requirements
Liability	Protects you if someone else is killed or injured or their property is damaged because of your negligence. It will pay for legitimate claims against you up to the limit of your coverage, and will pay for the costs of settling the claims.	\$200,000 (higher limits are recommended)
Accident Benefits	Provides benefits if you are injured or killed in an automobile accident anywhere in Canada and the United States regardless of who caused the accident.	The details of the Accident Benefits Coverage are set out in the Statutory Accident Benefits Schedule of the <i>Insurance Act of Ontario</i> , and also accessible on the <i>Insurance Bureau of Canada website www.ibc.ca</i>
Uninsured Motorists	Protects you if you are injured or killed by an uninsured motorist or hit-and-run driver to the extent you were not at fault. Covers damage to your automobile caused by an identified uninsured motorist.	\$200,000 limit Up to \$25,000, subject to a deductible of \$300
Direct Compensation - Property Damage	Allows you to claim from your insurance company for damage to your vehicle and its contents caused by someone else. <i>Direct compensation-property damage</i> means that, to the extent that you are not at fault in an accident with another vehicle, your own insurer will pay for damage to your vehicle and its contents.	Standard \$0 deductible (can be increased)

OPTIONAL coverage:

You are not required by law to purchase Collision coverage or Comprehensive coverage. However, if you owe money on your vehicle, your lien holder (the person or group you are making payments to if your car loan is not paid in full) may require you to have these coverages to protect their interest in your vehicle.

Type of Coverage	What the coverage does	Minimum or limit requirements
Collision	This coverage pays for damage to your vehicle to the extent that you are at-fault or for damage caused by an unidentified vehicle or object	The standard deductible is \$500, however you may choose a higher deductible in order to decrease your rates.
Comprehensive	This coverage pays for all insured damage to your vehicle except for collision damage (e.g. fire, theft, vandalism)	
All Perils	This coverage combines collision and comprehensive coverages. It is the broadest coverage available as it includes all types of coverage unless specifically excluded.	
Specified Perils	This coverage pays only for losses caused by perils specifically listed in the policy, (primarily fire and theft).	

Endorsements

In addition to the coverages listed above, you may purchase a number of additions to your insurance policy (known as “endorsements”). There are three endorsements commonly found on the typical Ontario automobile policy. They are:

Loss of Use (OPCF 20) - This coverage pays for a rental vehicle if your vehicle requires repairs after an at-fault accident. Generally, there will be a \$1,000 limit to this coverage; however this amount varies from company to company, so please ask your agent or broker for the limit applicable to your policy.

Waiver of Depreciation (OPCF 43R) - This endorsement is available to those who purchase a new vehicle and is available for a period of not more than two (2) years. It will compensate you for insured losses as if the car were brand new.

Excluded Driver Endorsement (OPCF 28A) - This endorsement does not provide you with any coverage, in fact it removes coverage if the excluded driver listed on the form drives your vehicle. It is commonly used to remove coverage for a driver with a poor driving record or claims frequency. It is useful for avoiding an additional premium such drivers would normally be charged for having access to your vehicle. Please ask your broker or agent if this would be beneficial to your particular situation.

At Fault “Forgiveness” Endorsement - Many companies now offer an endorsement for an additional premium that will “forgive” your first at fault accident with them. The name, cost, and conditions of this endorsement vary from company to company, so please ask your broker or agent for details regarding the options available through your insurance company.

There are many other endorsements available that are less common but may be of benefit to you. Your insurance representative will be familiar with all of them, and will advise you if any would be of benefit to you.

How do deductibles work?

A deductible is the part of a claim that you must pay yourself. Higher deductibles usually mean lower premiums but higher financial risk.

Under the Direct Compensation - Property Damage provisions of your policy, if you're ***not at fault*** in an accident (in Ontario involving another Ontario-insured vehicle), there is no deductible unless you have chosen to lower your premium by selecting one. However, if you *have* selected a deductible, the full amount of it will apply, regardless of your degree of fault for the accident.

If you have bought optional coverage for *collision or upset, or all perils*, and if you ***are fully at fault*** for the damage to your vehicle, a standard \$300 deductible applies (unless you have selected another amount). However, if you have no direct compensation deductible, and you are only *partially* at fault, your deductible will be *reduced* accordingly. If you are partially at fault, and if you have both a direct compensation deductible *and* a deductible for collision or upset (or all perils), your insurance representative will explain how these will apply.

If you are claiming for losses unrelated to a collision (hail dents, for example) your full deductible applies.

ESTABLISHING PREMIUMS

What influences my premiums?

Automobile premium levels are affected by many factors, such as:

- ways you use your vehicle (Do you use your vehicle just for pleasure? Do you drive to work or do you use your car for business?);
- the type of vehicle you drive;
- the year, make, model and body type of your vehicle;
- the approximate number of kilometres you drive your vehicle annually;
- who will be driving the vehicle;
- the age and driving experience of each driver in the household (Are drivers under age 25 male or female?);
- how much each driver will be using the vehicle;
- the claims and accident history for each driver over the last six years;
- each driver's conviction record for the last three years; and
- whether any driver in the household has had a licence suspension or an automobile policy cancelled in the last six years.

How can I get a premium discount?

Discounts vary by company. Ask your insurance representative which ones apply to you. The following is a list of some types of premium discounts that may be available.

- Some companies offer discounts for using your car very little (low-mileage use), for graduating from an approved driver training courses, or volume discounts when two or more vehicles are insured for the same household.
- Retirees with no employment income receive a discount. Some companies provide other discounts to mature drivers over age 55.
- You may be eligible for a discount if you choose to insure your home and car with the same company.
- You may get a discount if you install loss-prevention devices such as car alarms.
- If your car is not used in winter, speak to your insurance representative about arranging a suspension-of-coverage endorsement. This stops the Third-Party Liability and Collision coverage. Accident Benefits coverage (when you're a passenger in someone else's car or a pedestrian) and coverage for fire, theft, vandalism damage, etc. would still be provided while you store your vehicle.
- Increasing your deductibles could give you a lower premium.
- Some companies provide an extra discount when renewing policies for long-time customers who are claims-free.

How do claims affect my premium?

- If you are at fault or partially at fault in a collision, your renewal premium may be affected.

- If you lend your car to others and they cause an accident, your premium may be affected.
- A lot of "at-fault" claims and/or driving convictions could result in your being transferred to the high-premium Facility Association at renewal time.

Some types of claims do not affect your premium. For example, many companies allow one "at-fault" claim for clients believed to be good drivers and make little or no adjustment in rating or premium at renewal. Claims for theft, vandalism, fire, broken glass and for collision when you are not at fault do not affect your renewal premium.

How do convictions affect my premium?

Driving convictions, including seatbelt infractions, may affect your rating in several ways depending on the number and type. Premium calculations vary by company. Contact your insurance representative if you're concerned about how a conviction will affect your renewal premium.

To be eligible for preferred rating plans, such as "six star," you must have a clear record or no more than one or two minor driving convictions (requirements vary by insurance company). Additional convictions usually result in the loss of your preferred status and discounted premiums. So, in addition to the fine you pay, your insurance costs can go up.

Insurance companies may also levy a premium surcharge if you have several minor driving offences or one of the more serious offences under the Criminal Code of Canada or the Highway Traffic Act. Surcharges vary by company but many use the Facility Association rules as a guideline.

The following is an example of premium surcharges the Facility Association applies on private passenger vehicles:

Minor	Major	Serious
One conviction 0% Two convictions 5% Three convictions 15% Four convictions 25% Each additional 15%	One conviction 15% Each additional conviction 25%	One conviction 100% Each additional conviction 100%

Note: The maximum surcharge the Facility Association applies is 250%.

What constitutes a minor, major and serious offence?

Minor	Major	Serious
Convictions for any moving traffic offence (offences related to the operation of a vehicle), other than those listed as Serious or Major, under an act governing highway traffic or Compulsory	Convictions for the following offences under any act governing highway traffic of Compulsory Automobile Insurance Act (CAIA) or offences substantially the same	Convictions for the following offences under the Criminal Code of Canada or under an act governing highway traffic or any other act or any offences

<p>Automobile Insurance Act (CAIA) or for any offence substantially the same committed within or outside Canada including:</p> <ul style="list-style-type: none"> • failure or refusal to surrender licence (CAIA) • failure to produce evidence of insurance (CAIA) • failure to carry insurance card (CAIA) • failure to carry evidence of insurance (CAIA) • failure to have insurance card (CAIA) • failure to disclose particulars (CAIA) • failure to notify police • failure to make written report • failure to report damage to highway property • backing up – unsafe/illegal/improper – any type • brakes – none/inadequate/improper – any type • crowding driver’s seat • door opening – illegal/obstructing traffic – any type • emergency vehicle – operating with no regard for safety • driving imprudently • driving off roadway (including shoulder/sidewalk/median) – any type • flagman – disobeying • following too closely (including tailgating) • headlights/parking lights – improper lack of use – any type • lack of control of vehicle – any type • motor-assisted bicycle – carrying passengers • motorcycle – operating with only an instruction permit • motorcycle – failure to wear helmet • passing infraction – any type • except school bus or school/playground zone • pedestrian crossing violation – any type • radar warning device in motor vehicle – if illegal in province/territory • railway crossing – any type • safety zone violation – any type • seatbelt – any offence • signalling offences – any type • slow driving – endangering others – any type • smokescreen device on vehicle • speeding – any type, except when listed as major or serious • squealing tires • stopping – illegal/improper – any type • stunting • tires – defective/worn – any type • towing – prohibited/unsafe – any type 	<p>committed outside Canada:</p> <ul style="list-style-type: none"> • failure to report an accident • failure, in the event of an accident, to give name and licence number to the police or any other person entitled to such information • failure to obey school crossing stop sign • improper passing of a school bus • improper passing/speeding in a school or playground zone • driving without insurance • operating motor vehicle - no insurance (CAIA) • vehicle owner without insurance (CAIA) • no insurance (CAIA) • producing false evidence (CAIA) • making a false statement re insurance (MVACA) • producing false insurance (MVACA) • making a false statement (CAIA) • speeding in excess of 50 km/h over limit • Ontario Graduated Licence – permit novice driving in contravention of conditions/restrictions • class G1, accompanying driver fails or refuses to provide a breath or blood test • class G1, accompanying driver has excess blood alcohol • class G1, driver unaccompanied by qualified driver • class G1, accompanied driver excess blood alcohol • class G1, driver with front seat passengers • class G1/G2, driver with excess passenger • class G1, driver on prohibited highway • class G1/M1, driver driving at unlawful hour • class M1, driver driving motorcycle with passenger • class M1, driver driving motorcycle on prohibited highway 	<p>substantially the same whether committed within or outside Canada or any convictions which appear on a Driver Record Abstract identified as Criminal Code convictions.</p> <ul style="list-style-type: none"> • criminal negligence committed in the operation or use of a motor vehicle • manslaughter committed in the operation or use of a motor vehicle • driving while licence under suspension • racing • careless driving • driving without due care and attention • dangerous driving • impaired driving • failure or refusal to submit to a breath or blood test • failure to pass a breath or blood test • failure to stop/remain at the scene of an accident • failure to stop for a police officer, resulting in a suspension of licence for a period in excess of two weeks • class G1/G2/M1/M2 failure/refuses to give breath sample • class G1/G2/M1/M2 driver with alcohol in blood - one conviction 100% - each additional conviction 100% <p><i>Note: If convictions for impaired driving and failure or refusal to take a breath or blood test relate to the same occurrence, they will be considered as one conviction.</i></p>
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IF YOU HAVE TO MAKE A CLAIM ...

What do I do if I'm in an automobile accident?

At the scene

- Keep calm.
- Offer help to anyone injured.
- If the accident is an emergency, call 911 and follow instructions. **USE 911 FOR EMERGENCIES ONLY!**
- If the accident is not an emergency, call local police for instructions. In Ontario, all accidents where someone is injured or there is property damage of \$1000 or more must be reported to the police. However, a number of locations have special programs in place to deal with auto accidents. Toronto, for example, has Collision Reporting Centres and accidents must be reported in person to these centres within 24 hours, if police did not attend the accident scene. Find out what is required where you live, and keep this information in your glove box.
- Move vehicles out of traffic, if possible. Do not drive the vehicle unless it is safe to do so.
- Record details of the accident – how, when, where it happened, time, date, location, speed, weather and road conditions.
- Draw a sketch of the accident scene showing the position and direction of the vehicles and the cross streets.
- Keep a camera in your vehicle and take photos of the damage to your vehicle and the damage to the other vehicle(s). This can be helpful if someone is trying to claim other damage or there is a dispute as to what happened.
- Answer police questions honestly but make no comments or admit any blame for the accident to the other driver(s). Your insurance company will determine fault based on the Fault Determination Rules regulated by the Ontario government.
- Get names, addresses, telephone, driver's licence and plate numbers, and insurance details from everyone involved.
- Note the badge numbers of the investigating officers, if police attended the scene.
- Get names, addresses and telephone numbers from witnesses, when possible. It is also helpful to jot down licence plate numbers of other vehicles if you think someone in them might have seen the accident, but with moving traffic this may not be possible.
- Be careful of tow truck operators pressuring you to authorize repairs at the scene. You have the right to request estimates of fees in advance. If you feel you're being pressured, ask police for the name of an authorized tow truck operator and have your vehicle towed to the police compound or your driveway until you talk to your insurance company.

After the accident:

- If police were not at the scene, you must report all accidents resulting in property damage of \$1,000 or more to them. If there isn't a Collision Reporting Centre nearby, call the local police station for guidance. Often they will ask you to go to the nearest police station to report.
- Even if you attended a Collision Reporting Centre, report the accident to your insurance representative as soon as possible. They will explain the coverage provided by your automobile policy and start handling your claim.
- If you're injured in the accident, your company will provide you with a package of accident benefits claims forms, which must be completed to start your benefits.

- Many insurance companies have a list of preferred body shops that will complete proper repairs to your vehicle. Your insurance adjuster or broker/agent can assist you with finding a good one in your area.
- Your Ontario automobile policy entitles you to have repairs done with parts of similar kind and quality. In other words, your car should be repaired so it is in a condition approximately the same as it was prior to the accident. If you don't feel your vehicle was repaired properly, report your concerns to your insurance adjuster immediately.

Reporting a collision to the police

The Highway Traffic Act requires any person involved in a car accident to:

- report the collision to the nearest police officer;
- remain at the scene for the purposes of offering assistance when needed; and
- provide insurance information, driver's licence number, name, address, the plate number and the name and address of the vehicle's registered owner to a police officer and to any person involved in the collision.

By law, all collisions must be reported to the police if there are any personal injuries or deaths, and where the damage to all vehicles is more than \$1,000.

Your automobile policy requires you to report such accidents to the insurance company within seven days. If you are incapacitated by the accident and are unable to report within the seven days, report it as soon as possible.

The penalty for failing to report a collision and/or failing to provide the necessary information is a fine of \$200 to \$1,000, three demerit points, a possible jail term and driver's licence suspension. The penalty for leaving the scene of a collision includes seven demerit points.

The police are required by law to investigate all reportable motor vehicle collisions and to provide a report to the Registrar of Motor Vehicles (MTO).

What should I know about filing an insurance claim?

What are the accident benefits to which I'm entitled?

If you're injured in an automobile accident, you may be entitled to a variety of benefits. A full description of coverage provided is contained in the "Statutory Accident Benefits Schedule." A copy of this document is available on request from your insurer. Your insurer will provide you with the necessary claim forms and will help you complete them.

Getting your damaged vehicle repaired

If your vehicle is damaged but repairable (and you have the necessary coverage in your policy) your insurer may suggest the repairs be carried out by one of their "preferred shops." If this is done, it will be the responsibility of the insurer to make sure the work is done satisfactorily. You may, if you wish, have the work done by a repair shop of your choice. However, be aware that the insurer will not pay any more than the price quoted by their repairer. Also, if the work is unsatisfactory, it will be your responsibility to deal with the repair shop.

If the damage is major and cannot be repaired safely, or the cost of repairs is more than the value of the vehicle, the insurer may decide to "write off" the vehicle. They will negotiate a settlement based on the actual cash value of the vehicle at the time of the accident.

“Betterment”

When an insurer is paying for a vehicle to be repaired, the shop will replace damaged parts with parts of the same vintage as the car. For example, the damaged bumper of a 1994 car would be replaced with a 1994 bumper. If new parts are used, even though used parts are available, the value of the car may be increased. In such a case an amount will be calculated, known as "betterment," representing the increase in value, and you may be asked to contribute to the cost of repairs.

What is covered if my vehicle is broken into?

Criminals find it profitable to steal and sell automobile equipment and accessories. This type of loss would be covered under your automobile policy if you have bought All Perils, Comprehensive or Specified Perils coverage.

However, your personal property in the vehicle, such as audiotapes (except for one in the machine), briefcases, suitcases, golf clubs, skis, bikes, fishing equipment and so on, is not covered under the automobile policy. For these things you need Homeowner's, Tenant's or Condominium insurance. Personal property is usually insured for up to 10% of the amount of the policy limit or \$1,500, (whichever is greater) while this property is *temporarily away from your premises*, anywhere in the world.

You may have to pay two deductibles. There is a deductible for the automobile policy (except in the case of fire, lightning or theft of the entire vehicle). Your Homeowner's/Tenant's/Condominium policy has a separate deductible.

If you leave the keys in the car or leave it unlocked, the vehicle itself (and its accessories) will be covered under your automobile policy if you have purchased coverage. As for the contents, some Homeowner's, Tenant's and Condominium policies require visible signs of forced entry into a locked vehicle as a policy condition. Claims from an unlocked vehicle would not be covered by these policies.

Locking bikes or skis in your vehicle

The trunk of a full-size car can accommodate a bicycle if you take the front wheel off. Some cars have a special hatch or sleeve to accommodate skis and poles so they extend from the trunk into the rear seat area. Ask your insurance representative about scheduling your sports equipment, cameras and other vulnerable items with additional coverage, especially if your policy has a forced entry policy condition.

Be prepared!

Before you have to make a claim under your home insurance, it is advisable to have an up-to-date inventory of your possessions. This could be a written listing, photographs or perhaps a video. Your inventory should be stored AWAY FROM YOUR HOME. Should you suffer a loss by burglary or theft, the loss must be reported to the police.

Determining Fault

No-fault insurance: What's it all about?

It does matter who caused the accident.

You certainly can't be blamed for being confused about the term "no-fault" insurance – it's a commonly misunderstood term. No-fault insurance *doesn't* mean the insurance company lets you

off the hook if you cause an accident. Despite the misleading name, it **does** matter who caused the accident, and if you are found to be at fault, either completely or partially, it will go on your insurance record. That means you may experience an increase in your future premiums.

You deal with your own insurance company.

No-fault insurance really means that if you are injured or your car is damaged in an accident, *you deal with your own insurance company, regardless of who is at fault.* You don't have to go after the at-fault driver for vehicle damage reports or for the health care and income replacement benefits to which you are entitled.

For example, if you were injured in a car accident, you would ask for any medical benefits offered under your policy immediately from your company, even if you were to blame for the accident. So you can get the help you need right away, instead of having to wait for the insurance companies to decide who was at fault before paying any benefits.

How does an insurance company assess fault?

Someone is *always* determined to be "at fault" in an automobile accident, whether partially or fully. Insurance companies must determine the degree of fault to be assigned to each driver so they can adjust at-fault drivers' premiums. In Quebec and Ontario, charts or rules are used to determine fault or responsibility for property damage claims – damage to your car – but not for injury claims. In Ontario, fault is determined by the Ontario Insurance Act and the Fault Determination Rules of that same Act.

The Fault Determination Rules contain examples of common types of collisions and explain how to assign fault for insurance purposes. They help insurance companies handle claims promptly and to be fair and consistent. After you report an accident to your insurer, your company investigates the accident and then makes a fault decision based on these rules.

The Fault Determination Rules:

- cover more than 40 accident situations, using diagrams to show specific situations;
- can be applied to almost every possible collision scenario;
- apply regardless of road or weather conditions, visibility, point of impact on the vehicles, or the actions of pedestrians; and
- may find you or the other driver wholly or partially at fault.

If the circumstances show more than one driver was negligent (or at fault), each driver's insurance company may become involved in the settlement, based on the degree of responsibility connected with each driver. If there is a dispute about responsibility, it may be necessary to go to court to resolve it.

Visit the government website dedicated to auto insurance in the province at www.211.01.INSURANCE.GOV.ON.CA to download a copy of Ontario's Fault Determination Rules, or visit Publications Ontario's website at www.gov.on.ca/MBS/english/publications to find out how to order a copy of the Fault Determination Rules by telephone, fax or mail.

How do police charges or convictions affect an insurance company's decision?

If police don't file charges, it doesn't mean the insurance companies investigating the accident will not find one or more of the drivers involved at fault.

For example, if a vehicle was unable to stop on an icy road and rear-ended another, a police officer may say neither of the drivers was “at fault.” But this relates to the laying of charges and should not be taken as an opinion about how fault applies to an auto insurance claim. In a case like this, the insurer would apply the rule stating that any vehicle that rear-ends another is at fault. However, with certain types of charges, the fault determination rules don’t apply. In these cases, fault is determined according to the ordinary rules of law.

Can fault in an automobile accident be shared?

Yes. Circumstances may show that more than one driver is *partially at fault* for insurance purposes. Fault is allocated to each driver based on the accident scenario in the Fault Determination Rules that most closely resembles the accident. If an accident is not described by any of the scenarios, then fault is allocated according to the rules of law.

Why do I need witnesses if I’m involved in an accident?

It is important to get independent witnesses, if possible. When there are two different versions of what caused the accident and no independent evidence, claims are usually settled on a 50/50 basis. This may affect your premium at renewal.

Will my rates go up if I am not at fault for the accident?

No. Your rates will not go up if you are 100% not at fault. However, if you are partially at fault, it may affect your rating.

Can I recover my deductible when I am not at fault?

Your insurance company may pursue the owner of the uninsured automobile and attempt to obtain a judgment against him or her to recover the claim and your deductible, but this could take time.

How does an at fault accident affect me?

You can be anywhere between 100% and 0% at fault. Any driver who is more than 0% at fault will have an “at-fault” accident on his or her insurance record.

If you’re found at fault for any percentage of the accident, your premium may go up on renewal. However, some companies allow you to maintain your driving record or premium after your *first* at-fault accident. To confirm your company’s approach and how your rates will be affected, ask your insurance representative.

In many cases, if you have your first at-fault accident after six or more years without any claims or convictions, your premium may not change or may increase by only a small amount. Most companies will change your driving record to reflect the accident and increase your premium by a small amount. You will then need six years of accident-free driving before you go back to a clean slate.

If this is your second at-fault accident in the last six years, you can expect your premiums to increase quite significantly.

If you have any convictions or cancellations of a policy, in addition to an at-fault accident, or are an inexperienced driver with an at-fault accident, you may be considered to be a high-risk driver and be placed with an insurer specializing in these types of risks.

When you are shopping for insurance, always ask the insurance representative how your premiums will be affected after an at-fault accident.

In addition, remember when you lend your car to someone, you're also lending him or her your insurance. If the individual you lent your car to has an at-fault accident with your car, the accident will go on *your* insurance record and your insurance premium could go up.

What can I do if I disagree with my insurance company's assessment of fault?

If you don't agree with your insurance company's decision and believe the decision does not accurately reflect the circumstances of the accident, speak to the claims adjuster handling your file. Ask him or her what fault determination rule was applied in your case.

Bring any new information to your insurance company. Generally, an insurance company will revise or reconsider its decision on fault only if additional relevant information is provided. For example, if an accident occurred in which each driver stated the other had gone through a red light, an insurance company would have little choice but to assign fifty-fifty fault. However, if an eyewitness confirmed *which* driver went through the red light, an insurance company could review its decision. If your insurance company refuses to revise its decision and you still disagree, contact your company's complaint officer. He or she will guide you through the company's complaint-handling procedures.

What are my rights if I drive without insurance and I'm in an accident in Ontario that's not my fault? Can I sue the at-fault driver and recover my losses from his or her insurer?

If you drive without insurance, the Ontario Insurance Act takes away your right to recover any loss or damage from bodily injury or death from the other person. The Act also takes away your right to recover damage to the vehicle or its contents from the other person.

In fact, if you're at fault, the other person's insurance company can sue you to recover the amounts they paid out!

In conclusion, don't think "no-fault" means no blame. Your best bet is to drive safely, whatever the insurance system in your province. No one can find fault with that

How do Accident Benefits coverages work?

Accident Benefits coverage is required by law in every province except Newfoundland and Labrador. To encourage fairness, consumer choice and affordability, your automobile policy offers basic coverage with options to purchase increased limits.

Basic coverage was made available so only policyholders who required higher limits (in other words, more coverage) are forced to pay additional premiums. Policyholders who do not require the higher limits will find insurance more affordable.

Under certain circumstances, legislation allows innocent victims of vehicle accidents to sue the at-fault driver for pain and suffering and loss of income and future earnings, when the victim's Accident Benefits coverage is insufficient. A pain and suffering lawsuit is allowed only if the injured person dies or sustains "permanent and serious" disfigurement and/or impairment of important physical, mental or psychological function. The court is directed to assess damages and then to deduct \$30,000 (\$15,000 for a Family Law Act claim).

Also, an injured person may sue for 80% of net income loss before trial, 100% of gross after trial and also for medical, rehabilitation and related costs when the injury is catastrophic. Legislation is pending to permit claimants with permanent serious injuries to sue for excess health care costs.

Note: Ontario "insureds" involved in accidents in Quebec can choose to receive, from their own insurance company, the Ontario benefits or the equivalent to the benefits available to Quebec residents from the Société de l'assurance automobile du Québec.

What happens when a vehicle is a "total loss"?

A vehicle is a total loss when repairs cannot be economically or safely carried out, for example, when repairs would cost more than the market value of the car.

Market value or actual cash value (referred to in your automobile policy) is what your vehicle could have reasonably sold for the day before the claim. Mileage, condition of the vehicle, equipment and retail selling price are all considered in determining the amount to be paid on the claim.

Your insurance company calculates the vehicle's actual cash value including retail sales tax and GST, where applicable, and offers you a cash settlement. It is your responsibility to purchase a replacement vehicle.

From time to time, people believe they have not been offered a fair settlement. An individual can be better informed about what is a fair settlement by doing a bit of research. Check with your local newspapers to see the price of similar vehicles. Car dealers and automobile trade magazines are also excellent sources for comparable pricing. Select five prices of cars similar to yours then take the average. You should now have a reasonable ballpark figure.

Also, if you've completed work on your vehicle that would increase the selling price, tell your insurance company and provide receipts to help them in determining your cash settlement. Repairs needed to maintain your car in good running order may not increase the selling price of your vehicle. For example, if you needed new brakes to operate your vehicle, it would not increase the selling price because the purchaser would expect the brakes to be working properly. However, an opinion from the person who regularly services your car on the condition and retail value is helpful. It is preferable to get this opinion in writing.

If, after you have done your homework, you still disagree with the cash offer, go back to your claims representative and discuss the matter. Advise him or her of the information you have gathered and ask how the amount was determined by the company. If there is still disagreement, discuss the matter with your insurance representative.

If you are unable to come to an agreement and the amount is \$10,000 or lower, you can take the matter to small claims court. Otherwise, if the amount is over \$10,000, seek legal advice. Please call our Consumer Information Centre at 416-362-9528 or outside Toronto at 1-800-387-2880, Monday through Friday between 8:00 a.m. and 6:00 p.m.

We would be glad to make an inquiry on your behalf.

Why isn't my car always repaired with new parts?

Sometimes your car is repaired with new parts, but not always.

The policy or contract you signed with your insurance company calls for repairs with parts of "similar kind and quality."

If your vehicle is in its first production year, there will likely be only OEM (Original Equipment Manufacturer) parts available to complete repair. These parts are new, of course.

New parts may also include "after-market" replacement parts. After-market parts can be an over-run from makers of original parts, or made by manufacturers who specialize in replacement automobile parts. After-market parts approved by Certified Automobile Parts Association meet or exceed Original Equipment Manufactured specifications and are suitable replacement parts.

Safety-related parts are usually always new. Regardless of the age of your vehicle, most insurance companies will insist that safety-related parts required for repairs be new. For example, a 50% worn tire would be replaced with a new tire and you, as policyholder, are expected to pay for the extra tire life added to that wheel. This is called "betterment."

As any vehicle ages, it loses some of its value. That's why the insurance company is justified in replacing damaged parts with recycled parts which are undamaged. This complies with an agreement in your policy.

AFTER THE CLAIM

Ontario Mandatory Vehicle Branding Program: What happens if my vehicle is severely damaged?

On March 31, 2003, the Ontario government mandated the branding of *all* severely structurally damaged vehicles in Ontario.

The Vehicle Branding Program is aimed at making roads safer and countering motor vehicle fraud and theft. The program's major objectives are to:

- enhance road safety by ensuring proper repair of "salvage" vehicles;
- protect consumers in the vehicle marketplace;
- make the use of stolen vehicles more difficult;
- make stolen parts more difficult to re-use;
- minimize the fraudulent use of VINs from wrecked vehicles; and
- promote insurance rate stability.

These are the four different brands used:

Irreparable - a vehicle that can be used for parts or scrap only. This vehicle *cannot* be driven in Ontario.

Salvage - a vehicle that can be repaired and is subject to inspection criteria approval.

Rebuilt - a vehicle that was branded as "salvage," but has been rebuilt and inspected in accordance with regulatory criteria.

Stolen - this brand can only be assigned or cancelled by police. It is assigned to a vehicle that is stolen and not recovered by police. This brand makes it more difficult for thieves to register stolen vehicles because it prevents thieves from putting the VINs from wrecks onto stolen cars.

The following vehicles are exempt from the vehicle branding program:

Trailers, traction engines, farm tractors, road-building machines, bicycles, motor-assisted bicycles, motorized snow vehicles, street cars and motorcycles (other than motorcycles that are irreparable) or motor vehicles with a model year of 1980 or earlier.

What if I want to keep my damaged vehicle after a claim?

When your vehicle is a total loss, the insurance company will offer you a cash settlement, then brand and take ownership of your vehicle. If you want to keep your vehicle, your settlement will be reduced by the amount the insurer could get from a salvager for the damaged vehicle.

Before you decide to keep your vehicle, consider the following:

- If a vehicle is branded as "irreparable", it can only be used for parts. It can never be repaired and driven.
- If a vehicle is branded "salvage" it can be fixed, but must go to an inspection station and pass rigid safety standards to be reclassified as "rebuilt" and used on the road. The cost of the inspection is usually over \$250. The vehicle must also be towed to the inspection station and towed away again if it does not pass inspection. The quality of any repairs must meet the standards of the "rebuilt" classification. Also, fees for the Safety Standards and Drive Clean Emission Certificates will apply.

- Considering all the costs involved, it's not recommended that you keep a vehicle that is branded "salvage." There have been situations where an owner has spent a lot of money having the vehicle repaired, only to find out later that it does not meet the "rebuilt" standards and cannot go back on the road.

Branding reduces fraud

When you purchase a used vehicle, you may request a used car package from MTO that gives information on the vehicle's past owners. If the ownership was ever in the name of an insurance company, it's usually because the vehicle has been branded.

Brands are registered by the VIN of the vehicle. The brand is displayed on the vehicle permit issued by MTO in Ontario or the licensing authorities in other provinces.

If a vehicle was branded as "salvage" and reclassified as "rebuilt", you know that the vehicle has passed a rigid inspection after being repaired and is safe to drive

This program greatly reduces fraud. Many unsuspecting consumers have purchased stolen vehicles and later had them seized by the police with little hope of recovering the money they paid for the vehicle. Branding offers greater consumer protection as more and more vehicles are entered into the system and their histories are tracked. This makes it easier to tell whether or not a car has had a questionable history.

Driving in the United States

Your Ontario automobile insurance policy covers you in not only Ontario, but elsewhere in Canada and in the USA as well.

In order to understand how this works, let's first examine how your insurance policy applies in Ontario.

Ontario accidents – injuries

If you're injured in a car accident, compensation for injuries may be claimed from your own insurance company, regardless of fault, from a pre-determined set of no-fault benefits.

In addition, should your injuries be severe enough to have met or exceeded a certain level of seriousness known as the "threshold," it may be possible to seek further compensation by suing the at-fault driver or owner for pain and suffering. In most cases, such claims would involve two different insurance companies – one for the Accident Benefits claim and another for the lawsuit. In some cases, however, both the Accident Benefits claim and the lawsuit could be payable by the same insurance company.

Ontario accidents – vehicle damage

To the extent you're at fault in an accident, your claim for damage to your car would fall under your own optional Collision or All Perils coverage.

To the extent you are not at fault, your vehicle damage would be claimed under:

- your Direct Compensation - Property Damage, provided the at-fault driver is insured by an insurance company "licensed to transact business in Ontario" (Direct Compensation claims will not result in an increase in premiums, provided you are not at fault at all, and your coverage automatically provides a rental vehicle and protection for damage to non-vehicle equipment);
- your Uninsured Automobile coverage, if the driver and owner of the at-fault vehicle are identified, but uninsured; or
- your own optional Collision or All Perils coverage if the "*at-fault*" vehicle cannot be identified.

US accidents – injuries

Your Accident Benefits coverages are portable throughout Canada and the USA. The restriction of being able to launch a lawsuit only if injuries exceed the threshold does not apply to accidents outside Ontario. The law that applies is the law of the jurisdiction where the accident occurred.

US accidents – vehicle damage

Damage claims in the USA are handled the same way as they are in Ontario, except the Direct Compensation system described above does not apply outside Ontario. Vehicle damage caused by an insured at-fault driver is paid by the insurance company insuring the at-fault vehicle, not by your own insurance company.

Determining fault

For accidents taking place in Ontario, fault is determined by a set of rules called the Fault Determination Rules. These rules are generally not affected by traffic charges nor by subsequent convictions nor dismissal of the charges.