Vehicle Insurance

Ontario law requires that all motorists possess automobile insurance. Failure to possess coverage can result in fines ranging from \$5,000 to \$50,000; your licence can be suspended and your vehicle impounded.

In Ontario, automobile insurance is regulated by the <u>Financial Services Commission of Ontario</u>, with the private insurance companies deciding the premiums to charge clients. Insurance is primarily there to protect you against losses resulting from an auto accident, theft, vandalism, or other event that cause damage, liability or injury.

Coverage

At a minimum, Ontario law requires that you insure your vehicle for at least \$200,000 'Third Party Liability' coverage. This is to cover you in the event that you injure someone or damage property if in a collision. It does not cover you or your vehicle. If you are involved in a serious auto accident, \$200,000 will not go far to cover damages. You will be held responsible for any shortfall in coverage, hence \$1 million or more of liability coverage is common. Collision damage to your own vehicle is optional. You can customize your policy to give you the coverage you need. Please note, vehicle contents/valuables are not normally covered by auto insurance. Any such losses would need to be claimed through your home contents insurance policy, if you have one.

Since auto insurance in Ontario is private, you are advised to shop around for the best rates, as the cost of premiums can vary considerably between insurers. Consider obtaining a quote from the University's preferred insurer, <u>TD Meloche-Monnex</u>. Some insurers will give you a premium reduction on written proof of a claim free history from your former licensing authority. If possible, request this letter from your insurer before you leave for Canada.

Mandatory Insurance Coverage:

- Liability (damages/losses by others), and
- Accident Benefit/Bodily Injury (medical care and income replacement).

Optional Insurance Coverage:

- Collision (repair vehicle damage), and
- Comprehensive (also known as 'all risks all perils' e.g. covers theft, vandalism).

Shopping for Automobile Insurance

You may purchase insurance from a licenced:

- <u>Insurance broker</u> (sells on behalf of many <u>insurance companies</u>)
- Insurance agent, (sells for one company)
- Canadian Association of Direct Response Insurers (an insurance company that sells its own insurance products directly to customers).

Quotes can readily be obtained via internet or phone. A few sources are listed below:

- Insurance Brokers Association of Canada
- Kanetix
- My Insurance Shopper
- Belair Direct
- Insurance Hotline
- □ Grey Power.

In order to provide a quote, information about you, your vehicle and driving habits are required. For example:

Your Car		
Make & Model	Vehicle Identification Number (VIN)	Annual Mileage (km)
Year (age)	Distance driven one way to work (km)	Any vehicle modifications
You		
Names of the vehicle's drivers	Insurance history for each driver	Driving history for each driver
Coverage		
Your preferred deductible (\$)	If commuting, the daily estimated mileage (km)	Use of car for business or pleasure

The Insurance Premium

The insurance premium is generally collected as monthly or semi-annual payments. If you fail to make scheduled payments, the insurance company can choose to cancel your policy entirely.

Q. What can affect the rate you pay for your premium?

- □ Type of vehicle e.g. one with a higher theft rate *True*
- Where you live True
- Car colour False
- □ The number of drivers and their experience *True*
- □ How often you drive True
- □ The optional benefits you include in your coverage *True*
- □ The deductible amount you select *True*
- □ A speeding ticket *True*

The Deductible

When you make a claim, a small portion of the claim is paid by you first, and the balance by the insurer. The portion you pay is the deductible. Increasing your deductible, e.g. from \$500 to \$750, will reduce your insurance.

Various steps can reduce your premiums, e.g. installing an anti-theft device in your vehicle, and engraving/etching the VIN on your vehicle's windows. For more on reducing costs, please read the <u>Reducing your insurance costs</u> article.

Some Canadian insurers will accept international driving history, and if you have a good record, this can also help reduce your premiums. Some you can try are:

- □ <u>CAA</u>
- Aviva Canada Inc.
- Johnson Incorporated.

Ontario has a `no-fault' automobile insurance system. It means that if you are injured or your car is damaged in an accident, you deal with your own car insurance company, regardless of who is at-fault. You do not have to go after the at-fault driver for compensation. Similarly, if passengers in your vehicle are injured, and they have their own auto insurance, they may claim through their own insurance company; if not they may claim damages through your insurer.

The Pink Card – Proof of Insurance



When you purchase an auto insurance policy, you will receive a Motor Vehicle Liability Insurance Card - your `pink card'. You should carry it with you whenever you drive as it proves the coverage you have and is valid anywhere in Canada and the United States. If a Police Officer requests to see it and you do not produce it, you could receive a ticket or fine.

You also need to provide it to the Ministry of Transportation when you first register your vehicle and whenever you renew your licence plate sticker.

More information on insurance liability coverage can be found at: Insurance Bureau of Canada, www.ibc.ca.