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Auto Insurance - It's the Law!

Ontario law requires that all motorists have auto insurance.

Fines for vehicle owners, lessees and drivers who do not carry valid auto insurance can range from \$5,000 to \$50,000.

If you are found driving without valid auto insurance, you can have your driver's licence suspended and your vehicle impounded.

If you are convicted of driving without valid auto insurance, your insurance company may consider you a "high-risk" driver and charge you higher premiums or refuse to sell you insurance altogether. If you are injured in an accident while driving or occupying an uninsured vehicle:

- you may not be entitled to receive income replacement and/or non-earner benefits; and
- you may not be allowed to sue the at-fault driver for compensation as a result of injuries received in the accident.

More importantly, if you are found to be at fault for an accident causing injury or death to another person, you may be held personally responsible for his/her medical costs and other losses.

Where Can You Purchase Auto Insurance?

You have several options. You may purchase auto insurance from a licensed:




- insurance broker;
- insurance agent; or
- direct writer.

Insurance brokers sell insurance on behalf of a number of different insurance companies. Ask your broker to provide you with the names of all the companies he or she represents.

Insurance agents generally represent only one insurance company.

Direct writers are insurance companies that sell their own insurance products directly to consumers.


There are several ways to find an insurance agent, broker, or direct writer:

- Ask family and friends if they would recommend their own broker, agent, insurance company, or direct writer.
- Consult your local business telephone directory under "Insurance Agents," "Insurance Brokers" and "Insurance-General."
- To locate a broker near you, visit [Insurance Brokers Association of Ontario \(IBAO\)](#) .
- For information on insurance companies, visit [Insurance Bureau of Canada \(IBC\)](#) .
- For information on direct writers, visit [Canadian Association of Direct Response Insurer \(CADRI\)](#) .

It Pays to Compare

There are many insurance companies who sell auto insurance in Ontario, so it is important to do your homework.

There are five things you need to think about when selecting your agent, broker or insurance company. All are important:

Licensed: Remember, insurance can only be sold by a licensed broker, agent or insurance company in Ontario. To find out if your insurance broker is licensed to do business in the province, visit the [Registered Insurance Brokers of Ontario website](#) .

Rates: Many companies sell insurance policies and rates vary greatly from one to another, so it pays to shop around. Get at least three quotes from different direct writers, brokers and agents.

Coverage: While basic auto insurance policies are standardized to some extent, it's still important to compare policies in terms of coverage as the particular amounts

and range of coverage (for example: deductibles, limits and optional coverages) may differ from company to company. Make sure the coverages are comparable on each quote you receive. You may want to question what the company's practices are if you have an at-fault claim or under what circumstances your insurance would not be renewed. Make sure you compare similar policies. When buying auto insurance, weigh the policy cost against coverage provided. Your goal should be to buy the right amount of coverage to adequately protect you at a price you can afford. You can customize your policy to better suit your needs, as you now have more options to purchase coverage beyond the standard policy.

Service: When making your insurance purchasing decision remember, it is not always wise to buy the cheapest insurance policy you can find. Shop around to compare service as well as price.

Comfort: Whether you buy it from an agent, a broker, or directly from the company, you should feel comfortable with your insurance purchase. Select an insurance representative who takes the time to answer your questions. Make sure that the agent, broker or company will be easy to reach if you have a question or need to file a claim.

Approaching Your Broker, Agent or Insurance Company

In order to quote you a premium, or sell you an automobile insurance policy, your broker, agent or insurance company will require some basic information about:

- you;
- your vehicle;
- your driving record;
- your current broker, agent or insurance company; as well as
- any other drivers.

It's a good idea to have all this information on hand before you contact your insurance representative.

You must be accurate and honest, and update your insurance representative if your circumstances change. Non-disclosure or misrepresentation on your part of any of these facts could cause your rates to go up. Furthermore, it could render your policy null and void, and leave you without protection in the event of a claim.

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|-----------------|
| Your Car |
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|---|---|
| Make: | Model: |
| Year: | Distance driven one way to work: |
| Annual mileage: | Do you use your car for business? Y N |
| Vehicle Identification Number (VIN): | |
| Your Current Broker, Agent, or Insurance Company | |
| Name: | Company: |
| Phone: | Insurance policy number: |
| Coverage: | Deductibles: |
| Your current annual insurance rate: | |
| You (as principal driver) | |
| Gender: | Birth Date: |
| Marital Status: | |
| Number of years you have been licensed to drive in Canada or the U.S.: | |
| Your driver's licence number: | |
| Has your policy ever been cancelled for non-payment or any other reason? | |
| first-time driver: | |
| Did you receive a Driver Training Certificate? Y N | |
| List details of all accidents and claims in the past 6 years: | |
| List details of all traffic violations (not including parking tickets) in the past 3 years: | |
| Coverages: | Deductibles: |
| Other (Occasional) Drivers | |
| Gender: | Birth Date: |
| Marital Status: | |
| Number of years licensed to drive in Canada or the U.S.: | |
| Did they receive driver training? Y N | Do they have a Driver Training Certificate? Y N |
| List details of all accidents and claims in the past 6 years. | |
| List details of all traffic violations (not including parking tickets) in the past 3 years. | |

Your Auto Insurance Policy

Your insurance company is responsible for providing you with the insurance coverage summarized on your Certificate of Automobile Insurance, and for which you pay a premium.

Your Certificate of Automobile Insurance:

- lists the vehicles that are insured and the coverages purchased,
- provides a description of how you were rated for the premiums charged, and
- indicates the period during which you are covered by insurance.

It is important that you read this certificate. You only have insurance coverage for a vehicle if your Certificate of Automobile Insurance shows a premium for that vehicle or shows that the coverage is provided at no cost.

What's in a Standard Auto Insurance Policy?

If you own a vehicle in Ontario, you are required to, at the very least, purchase the following automobile insurance coverage:

Third-Party Liability Coverage:

This section of your automobile insurance policy protects you if someone else is killed or injured, or their property is damaged. It will pay for claims as a result of lawsuits against you up to the limit of your coverage, and will pay the costs of settling the claims. By law you must carry a minimum of \$200,000 in Third-Party Liability coverage.

Statutory Accident Benefits Coverage:

This section of your automobile insurance policy provides you with benefits if you are injured in an automobile accident, regardless of who caused the accident including supplementary medical, rehabilitation, attendant care, caregiver, non-earner and income replacement benefits.

Direct Compensation - Property Damage (DC-PD) Coverage:

This section of your automobile insurance policy covers damage to your vehicle or its contents, and for loss of use of your vehicle or its contents, to the extent that another person was at fault for the accident. It is called direct compensation because even though someone else causes the damage, you collect directly from your own insurer, instead of the person who caused the damage.

Note: Coverage under the DC-PD section of your automobile insurance policy only applies if the following conditions are met:

- the accident took place in Ontario;
- there was at least one other vehicle involved in the accident; and
- at least one of the other vehicles is also insured by an insurance company that is licensed in Ontario or has signed a special agreement with FSCO to provide this coverage.

If these conditions are not met, then you can make a claim on your optional Collision coverage (if you have it), whether or not you are at fault. If you don't have Collision coverage, you may be able to pursue recovery from the at-fault driver to the extent you were not-at-fault for the accident.

Uninsured Automobile Coverage:

Protects you and your family if you are injured or killed by a hit-and-run driver or by an uninsured motorist. It also covers damage to your vehicle caused by an identified uninsured driver.

Increasing Your Liability and Accident Benefits Coverage

In addition to the mandatory minimum coverages that are required by law, you may purchase higher liability limits under your Third-Party Liability Coverage, as well as increased Accident Benefit Coverages. You now have more choice and flexibility over your coverages and price you pay for auto insurance. These options will allow you to customize your policy to better suit your needs.

Your insurance representative will be able to help you decide what level of coverage is best for you.

Increased Third-Party Liability Coverage:

While you are legally required to carry a minimum of \$200,000, you may want to increase this coverage. The cost to increase your Third-Party Liability coverage to \$1 million or \$2 million is small in most cases.

Optional Accident Benefits Coverages:

You may also want to consider increasing your Statutory Accident Benefits coverage by buying any or all of the optional benefits listed below.

Income Replacement Benefits: If you cannot work as the result of an automobile accident, you may be eligible for basic weekly income replacement benefits of 70 per cent of your gross income up to \$400. If this is not enough to cover your current after tax income level, you may want to consider buying optional income replacement benefits to increase your maximum weekly protection to \$600, \$800 or \$1,000. When considering the amount of coverage you will need, keep in mind you are required to first claim wage loss benefits from a disability plan you have purchased or workplace benefits that you have access to.

Medical, Rehabilitation and Attendant Care Benefits: The standard maximum amount for medical and rehabilitation expenses, such as physiotherapy, chiropractic treatment, dental expenses, etc., is \$50,000. If you are catastrophically injured, the standard maximum is \$1,000,000. The standard maximum for attendant care is \$36,000. If you are catastrophically injured, the standard maximum is \$1,000,000. You can buy optional benefits which will cover up to \$100,000 or \$1,100,000 in medical and rehabilitation expenses and \$72,000 or \$1,072,000 in attendant care expenses, and up to \$3,000,000 in combined medical, rehabilitation and attendant care expenses for catastrophic injuries. Keep in mind that many health care expenses are not covered by OHIP, or only partially covered, including physiotherapy and chiropractic treatment, mobility devices (crutches, wheelchairs), modifications to your home and car that you may require, and other specialized goods and services. Minor injuries may only require several thousand dollars in treatment. The most serious injuries (brain injuries, amputations) are permanent and may require hundreds of thousands of dollars in specialized goods and services on an ongoing basis. You may need the services of an attendant 24 hours a day. Review any extended health care plan you and your spouse have access to through work to help you decide how much coverage you require.

Caregiver Benefits: If you are providing care full-time to dependants and can no longer provide that care as the result of an automobile accident, you may be eligible for caregiver benefits if you need to hire someone to care for your dependants. The maximum amount for caregiver benefits is \$250 per week for one dependant, plus \$50 per week for each additional dependant. The standard coverage is only available to those who are catastrophically injured in an auto accident. You can extend coverage to all injuries by purchasing the optional benefit. If you have children you need to consider who will look after them if you are injured in an auto accident.

Housekeeping and Home Maintenance Expenses: If you are unable to perform your usual housekeeping or home maintenance duties, these corresponding

benefits pay for someone to perform the duties. The maximum benefit payment is \$100 per week. The standard coverage is only available to those who are catastrophically injured in an auto accident. You can extend coverage to all injuries by purchasing the optional benefit. If you normally do the cleaning and maintenance of your home, you need to consider who will look after these things if you are injured in an auto accident.

Dependant Care Benefits: This optional benefit can only be claimed if you were employed at the time of the accident, are not receiving a caregiver benefit, and have to pay for additional childcare expenses as a result of the accident. Optional dependant care benefits cover up to \$75 per week for the first dependant and \$25 for each additional dependant.

Death and Funeral Benefits: In the event that you die as a result of an auto accident, the standard amount which will be paid is \$25,000 to your eligible spouse, \$10,000 to each dependant, and a maximum of \$6,000 for funeral expenses. If you buy optional benefits, you can increase these amounts to \$50,000 to your eligible spouse, \$20,000 to each dependant, and \$8,000 for funeral expenses.

Indexation: This optional benefit provides for the automatic adjustment over time of Income Replacement, Medical and Rehabilitation, Attendant Care and other benefits, in response to changes in inflation, determined according to the Consumer Price Index of Canada.

If you have benefits from your employer, you may already have some level of coverage for some or all of the optional benefits listed above. You should consider these benefits as you review your coverage options.

Summary of optional accident benefits coverage (from September 1, 2010)

| Coverage | Options available to increase your benefits |
|---|---|
| Medical, Rehabilitation and Attendant Care benefits- for non-catastrophic injuries | \$100,000 or \$1,100,000 for medical and rehabilitation benefits including assessment costs; \$72,000 or \$1,072,000 for attendant care benefits. |
| Medical, Rehabilitation and Attendant Care benefits- for catastrophic injuries | An additional \$1,000,000 for medical, rehabilitation and attendant care benefits including assessment costs. |
| Caregiver benefit | Up to \$250 per week for the first dependant plus \$50 for each additional dependant; available for all injuries. |
| Housekeeping and Home Maintenance expenses | Up to \$100 per week, available for all injuries. |
| Income Replacement benefit | Weekly limit can be increased to \$600, \$800 or \$1000 per week. |

| | |
|--|---|
| Dependant Care benefit | Up to \$75 per week for the first dependant and \$25 per week for each additional dependant to a maximum of \$150 per week. |
| Death and Funeral benefits | \$50,000 lump sum to an eligible spouse; \$20,000 lump sum to each dependant; maximum \$8,000 for funeral benefits. |
| Indexation benefit – applicable to income replacement benefit, non-earner benefit, caregiver benefit, attendant care benefit or medical and habilitation benefit | Annual adjustment according to the Consumer Price Index for Canada. |

Extra Coverage for Loss or Damage to Your Vehicle

In addition to the standard policy coverages you may also buy extra coverage for loss or damage to your vehicle including:

Specified Perils Coverage:

This coverage pays for losses caused by one of the following perils: fire; theft or attempted theft; lightning, windstorm, hail, or rising water; earthquake; explosion; riot or civil disturbance; falling or forced landing of an aircraft or parts of an aircraft; or the stranding, sinking, burning, derailment or collision of any kind of transport in, or upon which an insured vehicle is being carried on land or water.

Comprehensive Coverage:

This coverage pays for losses, other than those covered by Collision or Upset, including perils listed under Specified Perils, falling or flying objects, missiles and vandalism.

Collision or Upset Coverage:

This coverage pays for losses caused when an insured vehicle is involved in a collision with another object, including another vehicle, or rolls over. "Object" includes: another vehicle or a trailer that is attached to the vehicle that is covered by your insurance policy; the surface of the ground, and any object in or on the ground.

All Perils Coverage:

This combines Collision or Upset and Comprehensive coverages. In addition, it covers loss or damage caused if a person who lives in your home steals the vehicle that is covered by your insurance policy. All Perils also covers you if an employee who drives or uses, services or repairs that vehicle, steals it. For example, if you

take your vehicle to a garage for repairs and an employee involved in the repair of your vehicle steals it, All Perils would cover you.

Note: A deductible may apply to all of the above coverages.

Other Optional Enhancements to Your Coverage

Additional optional enhancements, also known as policy endorsements or Ontario Policy Change

Forms (OPCF), are special agreements that allow you to change, add or reduce the amount of coverage for certain situations.

The six most common policy endorsements are:

Rented or Leased Vehicles (OPCF 5):

This endorsement extends coverage to a vehicle that you drive, but that is owned by a leasing company.

Loss of Vehicle Use (OPCF 20):

This coverage covers the cost of a rental vehicle while your vehicle is being replaced or repaired, if the damage or loss is caused by a peril for which you are insured.

Liability for Damage to Non-Owned Automobile(s)(OPCF 27):

This endorsement provides physical damage coverage to vehicles that you may operate but do not personally own – such as a vehicle that you have rented or borrowed – subject to a deductible.

Removing Depreciation Deduction (OPCF 43):

This coverage removes the insurer's right to deduct depreciation from the value of your vehicle when settling a claim for loss or damage caused by a peril for which you are insured.

Family Protection Coverage (OPCF 44R):

This coverage protects you, or an eligible member of your family, to the same limits as your Third-Party Liability coverage if you are involved in an automobile accident where you are not at fault, with someone who carries less insurance, no insurance, or is an unidentified driver (e.g., hit and run).

Added Coverage to Offset Tort Deductibles (OPCF 48):

This endorsement reduces the deductible associated with court awarded compensation for pain and suffering to \$20,000 from \$30,000, and for Family Law Act claims to \$10,000 from \$15,000.

Please keep in mind that these are only some of the many policy endorsements available for purchase. Ask your broker, agent or insurance company which policy endorsements would benefit you.

Exclusions

Recognize that:

- Mechanical failure or breakdown, rusting, wear and tear, freezing or explosion within the engine and damage to tires, are not covered unless they result from an insured peril (such as a collision).
- Your insurance company is allowed to deny payment for loss or damage caused to the vehicle in an accident, if you or anyone you let drive your vehicle:
 - was unable to maintain proper control of the vehicle because you (or he and she) was driving under the influence of alcohol or drugs; or
 - is convicted of one of the following Criminal Code offences (or any similar offences under any other law in Canada or the United States) relating to the use, care, or control of the vehicle:
 - causing death or injury by criminal negligence,
 - dangerous operation of a vehicle,
 - failure to stop at the scene of an accident,
 - driving a vehicle when impaired or with more than 80 mg of alcohol in the blood,
 - refusal to provide the police with a breath sample,
 - causing injury when driving a vehicle while impaired or with over 80 mg/100ml of alcohol in the blood, or

- driving the vehicle while disqualified from doing so.

Except for certain accident benefits, there is no coverage for anyone, including passengers, if:

- Your vehicle is driven by a person without your consent, or by someone specifically excluded from your policy by the OPCF 28A (Excluded Driver Endorsement).
- The vehicle is used to carry explosives or radioactive materials.
- The vehicle is used as a taxicab, bus, or sightseeing vehicle, or to carry paying passengers.

How Your Auto Insurance Rates are Set

Your auto insurance rates are determined by a combination of factors including:

1. **Your Personal Profile**
2. **The Amount of Coverage You Purchase**
3. **Your Deductible**
4. **The Insurance Company You Choose**

1. Your Personal Profile

The type of vehicle you drive: Many insurance companies rate makes and models of vehicles according to their actual claims experience, such as the cost of repairs, the rate of injury, and the likelihood that a particular vehicle may be stolen or involved in an accident. The Insurance Bureau of Canada (IBC) has a document called How Cars Measure Up. This document provides information on the claims experience of most models of passenger vehicles. To review or print the latest version of "How Cars Measure Up", visit IBC's website.

Your driving record: The premium you pay also depends on your driving record. This includes accidents where you are more than 25 per cent at-fault¹, the length of time you have been licensed to drive, whether or not you have taken a driver-training course that your insurance company recognizes, and driving convictions (such as: speeding and impaired or careless driving).

Generally, your first minor conviction will have little or no impact on your rates. But if you have had a second minor conviction in the last three years, it will most likely affect your premium. If you have had accidents where you are more than 25 per cent at-fault over the last six years², or a number of minor driving convictions or even one major or serious conviction over the last three years, your premium will be higher. Likewise, the better your driving record, the lower your premium will be.

How much you drive: Your auto insurance premium will also be affected by how much you drive. This is because the more time you spend on the road, the higher the chances of becoming involved in an accident. In urban areas, driving to work may include driving to a subway, bus, or train station. If you live close to work, you will probably have a lower premium than someone who lives far from work or who needs to use his or her vehicle for business.

Where you live: Auto insurance rates are generally higher in larger urban centres. This is because there are a greater number of vehicles on the road, and the chances of getting into an accident are higher. Also, more vehicles are stolen in urban areas.

Your age: In general, mature drivers have fewer accidents than younger drivers, particularly teenagers. Drivers who are 25 years of age and over can generally buy insurance at a considerably lower cost than younger drivers.

1 Only those accidents occurring on or after September 1, 2010 where you were more than 25 per cent at fault can be used in rating. Any at fault accident that occurred before September 1, 2010 can still be used in rating.

2 As above

2. The Amount of Coverage You Purchase

Many people buy additional protection beyond the mandatory coverage. For example, if you buy optional Collision Coverage, which protects you for damage to your vehicle regardless of who caused the accident, or Comprehensive Coverage, which protects you against theft, vandalism, hail, or explosion, your vehicle will, be covered against any such incidences, but you will pay more.

There are also other options, such as increasing your Third-Party Liability protection or increasing your Standard Accident Benefits Coverage. These options give you more choice and flexibility over your coverages that will allow you to customize your policy to better suit your needs. All of these optional coverages will have an effect on the cost of your policy.

Discuss your options and costs with your agent or broker.

3. Your Deductible

Your deductible is the portion of a loss that you are required to pay. Your deductible can vary, depending on the type of coverage you have and the percentage of fault you are assigned in the event of an accident. There are deductibles for Collision or Upset, Comprehensive, All Perils, and Specified Perils Coverages.

You can also pay a lower premium by having a deductible on Direct Compensation-Property Damage (DC-PD) Coverage or raising the deductible on the other coverages.

For example, by having a higher deductible of \$500, instead of \$300, on Comprehensive Coverage, you can save about 10 per cent off your Comprehensive premium.

These savings are due to the fact that higher deductibles mean you pay more towards the cost of repairing your vehicle, while your insurance company pays less toward the total cost of repair. As a result, your premium will be lower.

If you'd rather have lower deductibles, you may be able to do so if you meet certain conditions and if your company offers them, but your premium will be higher. (Recognize, however, that since Collision or Upset and Comprehensive are both optional coverages, your insurance company may obligate you to carry higher deductibles if you have had a lot of prior claims.)

If you have an older vehicle, you may choose to reduce your premium further by dropping Collision or Upset and Comprehensive Coverages entirely.

4. The Insurance Company You Choose

As mentioned above, auto insurance premiums for the exact same coverage can vary substantially from insurance company to insurance company.

Why?

Financial factors unique to each insurance company will contribute to the amount each company will charge you for auto insurance. This is why it is important to shop around!

Insurance works according to a "pooling" concept. You are one member of the risk group in the company you select as your insurer. Your company charges premiums based on the claims experience of the entire group. If an insurance company's claims experience for a particular risk group is significantly higher than another insurance company's, its insurance premiums will be higher.

Consider the following example:

Several people (we'll call them Risk Pool A), purchase individual auto insurance policies from Insurance Company A.

Insurance Company A then charges each policyholder in Risk Pool A an annual insurance premium and "pools" the money collected.

In the event that an individual from Risk Pool A is injured in auto accident, Insurance Company A will provide him or her with supplementary medical, rehabilitation, attendant care, non-earner, and income replacement benefits.

Some individuals in Risk Pool A may receive insurance benefits that total far more money than they have ever paid to Insurance Company A. Others will pay their premium annually, but never make a claim.

To establish individual premiums for policyholders in Risk Pool A, Insurance Company A's insurance actuaries (professional business people skilled in the application of mathematics to financial problems) will estimate the number and cost of future claims for Risk Pool A. Insurance Company A will then predict the cost to administer these claims and use this information, along with each individual's personal profile, the amount of coverage they purchased, and their deductibles, to set individual premiums.

FSCO's Understanding Rates/An Interactive Tool

While the standard Auto Insurance Policy is the same across Ontario, prices vary by company. Understanding Rates/An Interactive Tool, demonstrates the wide range of rates that are available for the same coverage and how shopping around may result in a lower premium. The interactive tool also shows how selecting certain coverage options impacts the price you pay for auto insurance.

To review example rates for a select list or all auto insurance companies in Ontario, visit Understanding Rates/An Interactive Tool.

Note: FSCO's interactive rate comparison tool provides possible rates based on three predetermined generic profiles; it is not intended to provide specific premium quotations. You must contact your insurance broker, agent, or a direct writer for an accurate quotation based on your specific needs.

What Insurance Companies Can't Use to Determine Rates

Your insurance company cannot use the following rating criteria to determine how much you should pay for automobile insurance:

- credit history;
- bankruptcy;
- employment status;
- whether you own a credit card;
- how long you have lived in your current home;
- accidents where you are less than 25 per cent at-fault where the accident occurred on or after September 1, 2010;
- not-at-fault accidents;
- whether your vehicle is owned or leased; and
- whether there was a period of time where you had no automobile insurance coverage.

Changes in rates must be approved

All auto insurance companies operating in Ontario are required to file rate change requests with FSCO. FSCO must, by law, approve each insurance company's auto insurance rates. If an auto insurer needs to make a rate change — either upwards or downwards — it must file an application with FSCO.

FSCO has a team of analysts who work with staff actuaries to determine whether the proposed rates are reasonable and justified. The rate filing application includes a projection of what will be needed to meet future claims costs. These projections are based on the company's financial data, such as premiums, claim costs, and administrative expenses. The financial data must be clearly stated and accurate. Special attention is given to balancing rates with the company's long-term ability to meet claims costs.

FSCO also reviews and approves each company's criteria for setting rates, and its underwriting rules — the grounds the company uses to refuse to sell auto insurance to a consumer.

What Are Underwriting Rules?

Each insurance company employs underwriting staff who are responsible for investigating the factors affecting the probability of loss and the costs that the insurance company may have to pay out to the policyholder or a third party (an individual other than the policyholder or the insurance company who has suffered a loss and may be able to collect compensation under the policy). Underwriters have a wealth of statistical information, and it is from this that they calculate the likely risk and cost of insuring a particular individual.

When shopping for auto insurance, or when trying to renew your auto insurance policy, keep in mind that an insurance company's underwriting rules will affect whether or not you can obtain insurance - or continue to be insured - with that insurance company.

Check with your broker, agent, or insurance company to find out what your company's underwriting rules are and how they may affect you.

While underwriting rules differ from company to company, these are some of the more common rules:

- whether you or drivers in your household have had more than a certain number of driving convictions or at-fault accidents;
- whether you've had an auto insurance policy cancelled a number of times because you failed to pay your premium; and
- whether you've failed in the past to provide correct or complete information when applying for auto insurance.

All underwriting rules used by insurance companies must be filed with FSCO.

Once FSCO has reviewed and approved these rules, insurance companies may not use other rules to deny you coverage.

If an insurance company refuses to sell you an insurance policy, or to renew your policy, the company must advise you in writing of which rule (or rules) it has used to deny coverage to you.

Underwriting rules that do not comply with the Insurance Act or the regulations, such as those which are contrary to public policy, are prohibited. These include rules which deny insurance to individuals based on such factors as:

- religion, race, nationality or ethnic group,
- age, sex and marital status,
- where you live or the location of the vehicle, and
- whether you are newly licensed or a driver new to Canada.

As discussed above, factors such as age, sex, and marital status; where you live or the location of the vehicle; and whether you are newly licensed or a driver new to Canada **ARE** permitted as rating criteria (i.e., what the policyholder will pay for coverage).

Note: Auto insurance companies and their agents/brokers are prohibited from requiring that you consent to the collection and use of your credit information before providing an insurance quote or offering to renew a policy. They are also prohibited from using credit information when they respond to requests for quotes, or process applications for automobile insurance or renewals of policies.

High Risk Drivers

Although an individual insurance company may refuse to sell you auto insurance if its approved underwriting rules determine you to be a "high risk," the insurance industry as a whole cannot refuse to sell you basic insurance.

High-risk drivers are those drivers who have had a number of convictions or at-fault accidents, had policies cancelled because they haven't paid their premiums, or have other risk-related characteristics.

The Facility Association, an insurance pool that all auto insurance companies belong to, is an insurer of last resort, which makes auto insurance available to high-risk drivers who are unable to find automobile insurance in the regular market. As well, there are a number of "non-standard" insurers who specialize in insuring high-risk drivers.

For more information visit the Facility Association website or call their Toll-free number: 1-800-268-9572.

Discounts

As an insurance shopper, you should check with your insurance company, agent, or broker about possible discounts that may be applicable to you, such as:

Driver Training Discount: Most companies offer a discount or a reduced premium for new drivers who have completed a recognized driver-training program.

Group Discount or Group Rates: If you belong to an eligible group, check to see if it offers group rates. An eligible group may include employees of the same employer, members of a union or professional or occupational association, or certain non-profit associations.

Multi-Policy Discount: Some insurance companies offer a discount if you purchase your vehicle and home insurance from the same company. This discount can range from 3 to 15 per cent.

Multi-Vehicle Discount: You may be able to get a discount if you insure more than one vehicle with the same insurance company. The multi-vehicle discount can range from 5 to 15 per cent.

Renewal Discount: Your company may offer you a renewal discount if you have been with the company for a certain number of years without an at-fault accident. The discount can range from 5 to 20 per cent.

Retiree Discount: If you are retired and meet certain conditions, you may be able to get a retiree discount on your premium. The retiree discount can range from 5 to 15 per cent off your premium for Accident Benefits coverage.

Winter Tires Discount: Some insurance companies offer a discount if you install winter tires on your vehicle during the winter months.

Other Discounts: Your premium may be reduced further if your yearly mileage is low or if you have an alarm in your vehicle. Also note, drivers who progress through the graduated licensing system should receive a rate reduction of 10 per cent on all coverages, provided that the driver has had no chargeable convictions or at-fault accidents when entering into Level Two (Class G2 licence). This reduction is applicable for 1 year. Similarly, a driver should receive a 10 per cent rate reduction on all coverages when the driver becomes fully licensed (Class G license), provided that the driver has had no chargeable convictions or at-fault accidents during Level Two. This reduction is also applicable for one year.

Each company applies discounts differently. Check with your broker, agent or insurance company to find out what discounts are available to you.

Tips for Saving Money on Auto Insurance

The following tips may help you save money on your auto insurance:

Build a good driving history free of accidents and convictions. This means driving carefully and obeying the rules of the road. Wear your seat belt and don't use your cell phone while driving. Don't drink and drive.

Be a comparison shopper. Talk to your friends and neighbours. Make some phone calls and check websites for on-line quotes. Compare rates. Different companies price policies differently. Do your shopping well in advance of when your current policy expires.

Don't pay for coverage you don't need. For example, it may not be cost effective to have Collision or Upset and/or Comprehensive Coverages on a vehicle that is worth less than \$1,000, because any claim you make would not substantially exceed your deductible or the annual premium.

Consider higher deductibles. This means you'll contribute more toward the loss if you have an accident, but it will also mean a lower premium. For example, a zero-dollar deductible usually applies to your DC-PD Coverage. However, you may be able to lower your auto insurance premium by increasing this deductible.

Make sure you always pay your premium on time. If you pay your premium by cheque or through automatic withdrawals from your bank account, make sure you always have enough money to cover your payment. If your insurance company is unable to withdraw your payment because you don't have enough money in the account, it could result in the cancellation of your auto insurance policy. If your policy is cancelled for non-payment of premium more than twice, and you have to purchase auto insurance all over again, many companies may consider you a higher risk, and you could pay much more for your auto insurance. Also, if you've had your insurance policy cancelled more than once over the past three years because you failed to pay your premium, insurance companies are not required to offer the option of monthly premium payments.

Choose the type of vehicle you drive wisely. For example, if you buy a vehicle with a high theft rate, your premium will be higher. Choose a vehicle with good security features.

Take advantage of discounts which may be available to you.

Make sure you tell your broker, agent, or insurance company about any changes to your policy (e.g., different drivers, different use of the vehicle).

In some cases, your premium will drop.

Finally, don't switch insurance companies mid way through the policy. Wait until renewal time to avoid penalties for cancellation.

Tips for Young Drivers

As a young driver, here are a few tips on getting the best rate for you:

- Take a driver-training course that is recognized by your insurance company.
- Consider gaining experience as a named occasional driver under the insurance policy of a parent or guardian, rather than as a principal driver of your own vehicle. Premiums for young, occasional drivers are much lower than premiums for young, principal drivers.
- Ask your insurance company if they offer any student discounts. Some companies give discounts to young drivers with good grades or young drivers who live away from home for part of the year.

As a young driver, building a good driving record free of at-fault accidents and driving convictions is the best way to ensure low future premiums.

Please Remember, Insurance Fraud Is a Crime

Insurance fraud costs all of us in the form of higher auto insurance premiums.

It is an offence under the federal Criminal Code for anyone, by deceit, falsehood, or other dishonest act, to defraud or to attempt to defraud an insurance company.

If you are caught committing or attempting to commit insurance fraud:

- Your claim will be denied.
- Your insurance policy may be cancelled outright.
- You may pay higher premiums in the future.

- You may be denied insurance in the future.
- More importantly, the offence is punishable, on conviction, by a maximum of 10 years' imprisonment for cases involving an amount over \$5,000 or otherwise a maximum of 2 years' imprisonment.

Common types of fraud or attempted fraud may include:

- lying about the way a loss occurred,
- filing fraudulent automobile accident or damage claims,
- including previously existing damage to a vehicle when submitting a claim,
- withholding information about past accidents, traffic convictions, claims, policy cancellations or non-renewals, other insurance in force, and medical and disability history, and
- receiving payments for treatments not received.

What Can People Do to Help Fight Fraud?

Insurance companies, regulators, and law enforcement officers are making great efforts to fight fraud at all levels, but their efforts alone cannot solve the fraud problem.


You can play a vital role in combating automobile insurance fraud by:

- reading your insurance policy. Your policy provides specific details about your insurance coverages, your rights, and your responsibilities under the contract,
- reporting all accidents and losses,
- checking over what you've filled out on your auto insurance application or claims forms to make sure you haven't made any mistakes,
- never signing blank insurance claims forms,
- keeping records. Get the names, addresses, phone numbers, licence plate and driver's licence numbers, and insurance information from all those involved in an accident,

- demanding detailed repair and medical bills, and carefully reviewing them to make sure you received all goods and services you were billed for, and
- reviewing benefit payment information from your insurance company to confirm that treatments, medical providers, and dates are accurately listed.

If you suspect that you may be a victim or target of a scam or fraud, you can help put an end to the scam or fraud by reporting it.

As a first step, report the matter to police. You can also make a report to FSCO's Fraud Hotline. Go to www.fSCO.gov.on.ca/TipNow or call 1-855-5TIP-NOW. Tips to FSCO's Fraud Hotline can be anonymous.

You can also submit an anonymous tip to [Crime Stoppers](#)  (1-800-222-TIPS).

If you want legal advice, the [Law Society of Upper Canada](#)  has services to help you find a legal professional.

In addition to the police, there are a number of other [organizations](#) that you can contact for help.

Did You Know That...

- It is not only the driver but also the owner of the vehicle who is liable when an accident is caused with his or her vehicle. This puts a heavy onus on owners to ensure that they give only competent drivers permission to operate their vehicle!
- Your auto insurance rates are based on the information you have given to your broker, agent, or insurance company. An insurance company has the right to cancel your policy if the information you have given is not correct or complete.
- If you have a lot of comprehensive claims (e.g., repeat broken windshield claims), your insurance company may require you to have a higher deductible or may refuse to sell you Comprehensive Coverage at all.

- If you want to change insurance companies and cancel your existing policy before it expires, you may have to pay a penalty. You may instead want to have the new policy start once your existing policy expires.
- You should receive your policy renewal from your insurance company approximately 30 days before it expires. This allows you to change your policy, examine policy changes, or shop around.
- If you don't want to renew your policy, you should notify your broker, agent, or insurance company immediately. Don't just stop making payments: that will result in cancellation of your policy because of non-payment and possibly put you in a higher risk category.
- Your insurer can cancel your policy for non-payment of premiums, so long as it follows certain procedures. As required by the Insurance Act, the insurer must give you 15 days' notice of termination by registered mail or five days written notice of termination if it's personally delivered. If you pay the outstanding premium before the end of the notice period, the insurer may, but is not required to, keep the policy in force. If the insurer does not receive your payment before the end of the notice period, your policy will be cancelled for non-payment.
- If there is a lapse in your coverage due to cancellation of your policy because of non-payment of premiums, insurance companies may then charge you higher premiums for a future policy.
- Your auto insurance policy requires that any accident involving injury or property damage, be reported to your insurance company within seven days, regardless of who is at fault. If you are unable to report within seven days, you must report it as soon as possible after the accident.