

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</i> www.ibc.ca
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.