



All about **auto** insurance

 **Groupement des
assureurs automobiles**

 **IBC** | Insurance Bureau
of Canada

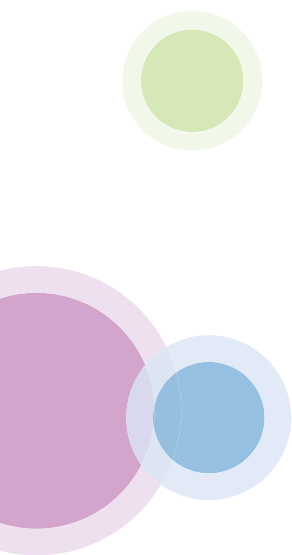


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Buying auto insurance

In Quebec, everyone who owns a vehicle is required to purchase auto insurance. Here are some things to consider.

Who is insured?

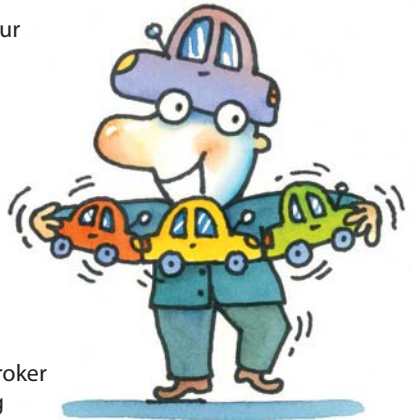
Auto insurance covers the vehicle and the drivers. Generally, the main user of the vehicle is called the principal driver and the other users are called occasional drivers. When setting the premium, the insurer factors in the claims experience of the principal driver and that of the occasional drivers.

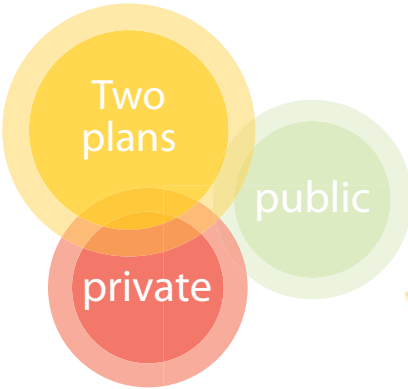
Does your son drive your car? You need to tell your insurer to avoid any complications should there be a claim.

Who can sell you insurance?

- Insurance brokers: brokers offer the products of insurance companies with which they have agreements.
- Insurance agents: agents work for a specific insurance company.

Before you decide to do business with either a broker or an agent, check out prices, the products being proposed and the quality of the service.





- The private plan, managed by insurers, covers civil liability and property damage.
- Whether they're driving at home or abroad, all Quebecers are covered under the public plan, which covers bodily injury sustained in an automobile accident. The plan is administered by the *Société de l'assurance automobile du Québec (SAAQ)*.

A standard contract

In Quebec, the automobile insurance policy is a standard contract authorized by the *Autorité des marchés financiers* (AMF). The wording of your insurance policy and that of your neighbour are the same; the only difference lies in the choice of coverage and insurance amounts.

Coverage

Civil liability

(Section A of the insurance policy)



All vehicle owners in Quebec are required to hold civil liability coverage for at least \$50,000. Once referred to as “partial insurance”, it covers:

- Damage resulting from a collision where the insured is not at fault.
- Material damage and bodily injury when the accident occurs outside Quebec.
- Damage caused to a third party for which the insured is responsible.

Most often, consumers choose \$1 million of civil liability coverage.

Coverage for damage to the insured vehicle

(Section B of the insurance policy)

Coverage can take different forms:

- **"Collision or Upset"**: covers damage to the vehicle caused by collision or upset. It's this coverage that covers damage for an at-fault accident.
- **"All Perils Other Than Collision or Upset"**: specifically covers your vehicle if it's stolen, if the windshield breaks or if damage is the result of fire, vandalism, wind, hail and water. This coverage also covers damage caused by a collision with persons or animals.
- **"All Perils"**: covers all damage mentioned in both previous types of coverage.
- **"Specific Perils"**: covers specific risks and is of relatively limited scope.



What's the deductible?

The deductible is the amount you agree to pay in case of a loss.

Most common deductibles

- Collision or Upset: \$250 to \$1,000
- All Perils Other Than Collision or Upset (fire, theft, vandalism, broken windshield): \$100 to \$250
- All Perils (includes the above coverages): \$250 or \$500.

Choose your deductible based on your financial ability to assume this amount in the event of a loss.

Taking a vacation

Driving to your vacation destination? Let your insurer know, especially if you're planning to travel outside Quebec. In some cases, it may be advisable to increase your liability coverage by one or two million dollars, to make sure you're protected in case of a law suit.

You should also know that your insurance policy only covers you in Canada and the U.S. Consequently, if you're planning to travel anywhere else in the world, contact your broker or your insurer.





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Endorsements

You can also purchase additional insurance coverage in the form of endorsements. Here are the most popular.

- **Change to loss payment (Endorsement 43)**

Commonly referred to as “replacement cost”, this endorsement allows you to be indemnified without depreciation being calculated. In case of a total or partial loss, the insurer establishes the cost of repairing the damaged portions of your vehicle or replacing it, without taking into account its depreciation.

- **Short-term rental of a vehicle (Endorsement 20)**

This endorsement covers the cost of renting a vehicle for a specific period while your vehicle is being repaired or until it is replaced, following an insured loss.

- **Damage to vehicles not owned by the insured (Endorsement 27)**

This endorsement provides coverage should you damage a vehicle that you’ve borrowed or rented. It’s often more advantageous than the insurance offered by the rental company.



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Replacement insurance or Endorsement 43?

Thinking of getting replacement cost insurance for your vehicle? You have a choice:

- a) Endorsement 43 – Change to Loss Payment, or
- b) Replacement Insurance (Q.P.F. No. 5).

Both products share similarities ...

- They top up the automobile insurance policy. Without this policy, you cannot get replacement insurance or Endorsement 43.
- They are offered for new and used vehicles.
- They are insurance products, sold by insurance companies.
- They pay out an indemnity without depreciation in the event of a loss (total loss or partial loss).

... and differences.

Endorsement 43	Replacement insurance
<p>Although there is a defined period (three to five years), it is renewed each year or every two years, at the same time as the policy.</p>	<p>Specified duration of up to eight years without renewal.</p>
<p>Offered by insurers or brokers.</p>	<p>Offered by insurers, brokers or car dealers.</p>
<p>Partial loss (43A)</p> <p>Replacement of damaged parts by new original parts only if these cannot be repaired.</p>	<p>Partial loss</p> <p>Replacement of damaged parts by new original parts, even if the original parts can be repaired (up to an amount determined in the policy).</p>
<p>Total loss (or theft) – new vehicle (43E)</p> <p>Choice to be made at the time the claim is made:</p> <p>a) Replace the vehicle by a new or used vehicle of equal, lower or greater value (from the dealer of your choice);</p> <p>or</p> <p>b) Not replace the vehicle (cash indemnity).</p> <p>Note : If you replace your vehicle with a vehicle of a greater value, you pay the difference.</p> <p>Following a claim The policy does not automatically end. The new vehicle can be insured by the same policy.</p>	<p>Total loss (or theft) – new vehicle</p> <p>Obligation to replace the vehicle as per the option chosen at the time the policy is purchased:</p> <p>a) Replace the vehicle by a new vehicle of equal or greater value from the designated dealer in the policy;</p> <p>or</p> <p>b) Receive payment of the indemnity and replace the vehicle from the dealer of your choice.</p> <p>Note : If you replace your vehicle with a vehicle of a greater value, you pay the difference.</p> <p>Following a claim The policy ends. The insurer reimburses you the unused portion of the premium. The policy cannot be transferred to another vehicle.</p>

Your premium

Your auto insurance premium is based on a number of factors:

- What car you drive (make, model, year, value, repair costs, etc.).
- What you use your car for (pleasure, going to and from work, for your work).
- Where you live and where you use your car.
- Driver profile (age, sex, etc.).
- Coverage (or endorsements) chosen.
- The number of accidents you've had and the number of claims you've made, whether or not you were at fault, as tracked by the claims database *Fichier central des sinistres automobiles* (FCSA).
- Your driving record at the *Société de l'assurance automobile du Québec* (SAAQ). It contains information on your driving experience and your demerit points.



N.B.

Your credit information is also one of the factors used by the majority of insurers to propose a more equitable premium. The insurer will ask you for your consent to access this information. You have the right to refuse. However, you should know that this information may allow the insurer to offer you a lower premium.

To save money, you omit to provide certain information or to tell your insurer about an accident. Bad idea!

Should you make a claim, your omission will affect the amount you'll receive for damages. And in some cases, it may even result in your receiving no payment at all.

**Tell the truth,
the whole truth**

**Vehicle
and work**

Do you use your vehicle for work? Tell your insurer. This will enable you to be adequately covered. If you neglect to tell your insurer and have a work-related accident, you run the risk of only being compensated partially or not at all.

Fichier central des sinistres automobiles (FCSA)

The FCSA is a database which tracks all automobile claims filed in the past six years (accident, theft, vandalism, etc.). Insurers refer to it to check your automobile claims experience.

Custodian of the vehicle

Claims are attributed to the custodian of the vehicle, namely the person at the wheel or the person who had charge of the vehicle when the accident happened. For example, if you lend your car to your son and were he to have an accident, the incident will be entered in your son's file, not in yours.

Consulting your claims record or correcting errors

You may consult your FCSA file at any time. And if you believe that it contains an error, you can have it checked. To do so, go to www.gaa.qc.ca, and follow the instructions.



Things you can do to reduce your premium

- Shop around and ask for quotes from at least three insurers. The premiums charged for auto insurance can vary by as much as three times from one insurer to the other.
- Buy your auto insurance and your home insurance from the same insurer.
- Raise your deductible.
- Have an anti-theft device installed (immobilizer, alarm system, GPS, etc.).
- Choose your vehicle with care. Some models, such as four-door sedans, are less popular with thieves.
- Drive carefully and respect the Highway Safety Code.



Renewing your policy

Your auto insurance is renewed automatically. The insurer is required to send the insured or the insured's broker a notice of renewal 30 days prior to the policy maturity date. Renewal is automatic unless either you or your insurer gives notice to the contrary.

You should know that your insurer can decide not to renew your policy at maturity. Some of the reasons most often given include misrepresenting facts, high number of claims and non-payment of the premium.

Cancelling the policy



You can cancel your policy at any time and for any reason by giving notice in writing to your insurer. Are you cancelling your policy because you've received a more attractive proposal from another insurer? Check to see whether it's really worth it, as your insurer may charge you a penalty, as set out in the cancellation table appended to your policy; the longer the remaining policy term, the higher the penalty.

Your insurer has the right to cancel your auto insurance policy within 60 days of its coming into force regardless of the reason. After this period, your insurer can only cancel your policy if the risk has increased or if you haven't paid your premium.

Having trouble finding insurance?

Contact the Insurance Information Centre. Specialists will study your file and can help you find a solution. This service is free.

Insurance Information Centre

Montreal: 514 288-4321

Elsewhere in Quebec: 1 877 288-4321



Settling a claim

We all hope never to have an accident. But if one occurs, there are certain steps you have to take.

1

Get in touch with the competent authorities where needed

If someone's been injured, call 911 immediately for an ambulance and the police.

If your vehicle has been stolen or damaged in a hit and run, file a report at the nearest police station.

2

Complete a Joint Report in the case of an accident with no injury

This practical document allows the drivers involved to identify themselves and quickly report the accident to their respective insurers.

If you don't have a copy of the Joint Report handy, have the other driver provide you with the following information: name, address, telephone number, driver's licence number and registration certificate, certificate of insurance.

3

Call your insurer or your broker as soon as possible

Have your insurance policy handy and describe the circumstances of the accident as best you can.

Then send your supporting documents: Joint Report, photos, police report number, towing bills, etc.

4

Assessing your responsibility in the case of a collision

To assess your degree of responsibility, your insurer will use the Direct Compensation Agreement which illustrates virtually every possible accident scenario.

Your insurer will then let you know what the next steps are to have the damage evaluated and repaired, or the vehicle replaced.

Fender bender

You no longer need to have the police come for a simple fender bender.

Even if the police do come, they're not the ones that establish the responsibility of each driver involved in the accident: it's your insurer who does that when the claim is settled.

For more information on claims settlement, you can consult the Auto Claims Settlement Tool at gaa.qc.ca/en/auto-claims-settlement.

Direct Compensation Agreement (DCA)

Under the Direct Compensation Agreement, insurers are responsible for paying for property damage sustained by their insured, whether or not the insured is responsible for the accident.

If the insured **is at fault**, he or she will be compensated provided the insurance policy covers collisions (section B of the policy), and will have to pay a deductible.

If the insured **is not at-fault**, he or she will be compensated even if the policy does not cover the collision, and will not have to pay the deductible. The Agreement applies only to collisions that occur in Quebec. You can download a copy of the Agreement at www.gaa.qc.ca.

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If your car is stolen

You will be compensated only if you purchased Comprehensive or All Perils coverage under Section B of your policy.

Your insurer will generally wait 30 days before compensating you, in case your vehicle is recovered within that period.

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Settlement offer

Before you have repairs made, your insurer must have examined the damage to the vehicle and you must have come to agreement about the amount of the indemnity.

Your insurer will also determine the repair or replacement terms and conditions for the vehicle depending on the coverage you chose when you purchased the policy.

Your insurer must indemnify you within 60 days following receipt of your declaration of loss or, if requested by your insurer, of the information or supporting documents.

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Repairing the vehicle

Prefer to deal with a garage of your choice? You can do so. However, make sure your repairer is competent so that the repairs respect the specifications and the price agreed on with your insurer.

If you've chosen your own garage, your insurer will issue a cheque in your name and that of the garage, which you can endorse and remit to the latter, once you're satisfied the repairs have been made.

If you choose to have the vehicle repaired by the garage recommended by your insurer, the latter will pay the garage directly.

Claims settlement tool

Questions?

If you're not satisfied with your insurer's response to a claim, you can contact the Insurance Information Centre. An expert will inform you of your rights and recourse, assist you, and intercede on your behalf with your insurer, if needed.

You can reach the Insurance Information Centre at:

From Montreal: 514 288-4321

Elsewhere in Quebec: 1 877 288-4321

You will also find relevant information on the website

infoassurance.ca

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