

Automobile Insurance

Automobile accidents cause death, injury, and damage to property. It is unlikely that all drivers would purchase insurance coverage voluntarily. This would leave everyone else to pay the enormous cost of restoring damaged property, rehabilitating accident victims, and maintaining victims' families.

For this reason, the law requires that everyone who owns a vehicle must purchase insurance coverage before being permitted to use public roads.

“No Fault” Insurance – In Ontario we have what’s called “threshold no fault” insurance—legal action against the responsible party is not permitted unless a certain “threshold” is exceeded. While this threshold may be monetary, it may also relate to the severity of injuries sustained. For example, seriously injured claimants may sue for pain and suffering provided the monetary threshold has been met, but not for loss of income and other economic losses resulting from the injury. Legal action is also permitted when an injured person dies, or sustains serious disfigurement, and/or impairment of important physical or mental function.

Mandatory coverages in Ontario are as follows:

Bodily Injury and Property Damage – Provides coverage to the insured, and any other person who with the insured’s consent personally operates the automobile or any part of the automobile, against liability imposed by law upon the insured or such other person for loss or damage arising from the ownership, use or operation of the automobile resulting in bodily injury or property damage. This coverage is restricted by the limit of liability purchased by the insured.

Direct Compensation/Property Damage – Covers the cost of damage to the automobile, its equipment, and contents, and the cost of loss of use of the vehicle or contents arising from an accident for which another person would have been legally responsible. For example, if you have an accident that is not your fault, you would claim under direct compensation for property damage to your vehicle.

Accident Benefits – Include medical payments, funeral expenses, disability income benefits, death benefits, and dismemberment benefits. These are available to all insured parties injured in an accident regardless of who is at fault.

Uninsured Automobile – Provides coverage if you or other insured persons have a collision with an uninsured motorist or a hit and run driver. This insurance covers damage to your automobile and its contents caused by an identified uninsured motorist, subject to a deductible.

Optional Coverages

Physical Damage – Provides coverage for accidental losses by the insured without regard to fault. (*Note that Physical Damage insurance is only an optional coverage when the vehicle is NOT leased or financed.*)

Collision or Upset: Covers “at fault” losses caused when your vehicle is involved in an accident with another object or tips over. This includes other vehicles, the surface of the ground and/or any object in or on the ground. Collision also provides coverage for damage to your vehicle if it is hit by an unidentified vehicle/person ie. Hit & Run.

Comprehensive: Provides coverage for losses other than those covered by Collision insurance, including but not limited to falling or flying objects, missiles, vandalism, fire, theft, lightning, and explosion.

All Perils: The broadest form of physical damage coverage available. Includes Collision and Comprehensive coverage, and covers loss or damage caused if a person who lives in your household steals your vehicle.

O.P.C.F. #20 (Loss of Use) – Provides coverage for when you need to pay for other means of transportation because of loss or damage to your automobile caused by a peril for which you are insured.

O.P.C.F. #27 (Legal Liability for Damage to Non-Owned Automobiles) - Provides coverage in Canada or the United States for loss or damage to certain types of non-owned automobiles that are rented to the insured on a short-term basis. This endorsement eliminates the need to purchase physical damage coverage from the rental agency.

O.P.C.F. #43 (Limited Waiver of Depreciation) – Provides coverage against depreciation when the loss or damage to the automobile occurs within 24 months of the purchase of the automobile from its original owner. Coverage is limited to the lesser of the purchase price of the vehicle and its attached equipment or the manufacturer’s suggested list price at the original date of purchase.

O.P.C.F. #44R (Family Protection) – Protects insured persons from other “underinsured” parties. The effect of the endorsement is to surround you on the road with vehicles carrying the same Third Party Liability limit as you. In the event that an insured person is entitled to claim under an at-fault parties insurance policy, should there be a shortfall in coverage, this endorsement steps in to pay the additional amount up to the specified limit.