



10 What can I do to lower my car insurance premium?

Car insurance premiums vary according to the likelihood of your car being involved in a collision or otherwise damaged, or being stolen. This likelihood is affected by such things as your driving record, your claims history, the kind of car you drive, how far and where you drive your car, and who in your household uses your car. The best thing you can do to lower your premium is to drive safely and remain collision free. Some insurance companies offer discounts to senior drivers; drivers who insure more than one vehicle with the company; drivers with no claims for a certain period of time; and, in the case of young and new drivers, those who have passed an accredited driver training course. Make sure you get any discounts for which you are eligible.

Remember, there is no such thing as a dumb question, so don't hold back!

Understand your insurance. Make it your policy.

For more information about car insurance in your region, get in touch with your insurance representative, or contact Insurance Bureau of Canada at one of the numbers listed in this brochure or at www.ibc.ca.

Questions about insurance? Call us.

Insurance Bureau of Canada
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Car Insurance



CAR INSURANCE Q & A



Questions to ask your insurance representative

To steer you in the right direction, here are some basic questions to ask your insurance representative before you buy car insurance.

While this brochure is intended to provide answers to basic insurance questions, your insurance representative is the best resource for any specific questions you may have.

1 If I get into a collision tomorrow, what kind of coverage can I expect from my car insurance policy?

Everyone in Canada must carry basic car insurance. It's the law. Basic car insurance will vary from province to province, but will include liability and may include accident benefits:

- **Liability coverage** – This pays if you injure someone or damage someone else's property with your car and they make a claim against you or sue you. This coverage is mandatory.
- **Accident benefits coverage** – This pays for your rehabilitation and medical expenses and provides you with replacement income (subject to limits) if you are injured in a collision. Each province or territory has its own limits and rules on accident benefits coverage.

Ask about other features that may be included in your province's mandatory insurance coverage. Ask about your policy limits. Talk about how you use your car. Do you carpool regularly? Do you transport a group of kids to hockey practice? Do you often drive in the United States? Find out if

your current liability coverage adequately supports your driving lifestyle. And ask about additional optional coverage your policy may offer.

2 What optional coverage is available?

Coverage for damage to your vehicle is optional, except in Manitoba and Saskatchewan, where you must buy first-party coverage for damage to your car. The most common optional coverage choices are:

- **Collision** – This pays for losses or damage to your car caused by a collision.
- **Comprehensive** – This pays for losses or damage to your car caused by something other than a collision (e.g., fire, theft, vandalism).

There is other optional coverage available. For example, “**loss of use**” coverage pays for a rental car if your car is damaged in a collision and is being repaired. “**Waiver of depreciation**” for new vehicles and “**family protection**” are also examples of optional coverage. Ask your insurance representative about the full range of options available to you.

3 I drive an old beater of a car. Do I need collision coverage?

Collision coverage is optional in all provinces, except in Manitoba and Saskatchewan. For older vehicles, you may wish not to add optional collision coverage, particularly if relatively minor damage would cost more to repair than the vehicle is worth.

4 Who is covered by my car insurance policy?

All licensed drivers in your household and the principal driver must be declared on your insurance application. Any licensed driver driving with your consent is covered by your car insurance policy. And remember, your insurance policy goes with your car, so if you lend your car, you also lend your insurance. Don't lend your car lightly – if the person using it causes a collision, it will go on your insurance record and your premium may increase as a result.

5 What is a deductible? What do you recommend?

Collision coverage and comprehensive coverage both have a deductible (the amount that you would have to pay if you made a claim). Ask how it will affect your premium if you choose a higher versus lower deductible. But be careful not to choose such a high deductible that you couldn't pay it out of pocket if you made a claim. The higher your deductible, the lower your premium. There may also be a specific deductible requirement for a leased or financed vehicle.

6 I used to drive more than 50 kilometres to work every day. Now, I'm a stay-at-home mom and use the car just for running errands. Does the distance I travel affect my car insurance?

The distance you travel does affect your insurance premium. Check with your insurance representative that you are being properly rated according to the distance you are driving.

7 I'm buying a new car. Will the type of car I choose affect my insurance rates?

Yes.

The **Canadian Loss Experience Automobile Rating (CLEAR)** system identifies the average size and frequency of insurance claims for most makes and models of cars. Most insurance companies use CLEAR to rate vehicles according to their safety record and the cost to repair or replace them, and may offer lower premiums to drivers who buy cars with better ratings. For example, some vehicles may be more susceptible to theft than others; some may be better designed and less easily damaged; some are less expensive to repair; and some protect their occupants in collisions better than others. Checking how different types of cars are rated before you buy could really save you money when it comes time to insure your new car. For additional information on car ratings, visit www.ibr.ca and look for the fact sheet *How Cars Measure Up*, or ask your insurance representative for details.

8 Is there a different type of insurance coverage I should get if I've purchased or leased a new car as opposed to a used car?

There is an optional coverage specifically designed for new cars: the “limited waiver of depreciation” endorsement. When a new

car is driven from the dealership for the first time, the car's market value begins to drop immediately. However, you can buy insurance coverage for your new vehicle that will, for a limited time, compensate you for insured losses as if the car were brand new. This feature can be particularly useful when a relatively new car is badly damaged or stolen. In Quebec, this protection is called the “**change to loss payment**” endorsement.

9 I travel a lot and rent vehicles all over the world. Do I need to buy the physical damage coverage offered by car rental companies?

If you frequently rent cars in Canada or the United States, it may be in your best interest to purchase additional coverage from your insurer that extends legal liability protection for you, your spouse and other named drivers to rental cars. Also, some credit card companies provide certain types of collision coverage for car rentals charged to that card; find out if your credit card comes with car rental insurance options. If you do not have additional coverage from your insurer or credit card company, or are renting in a country other than Canada or the United States, then you should consider taking the protection offered by the car rental company. Ask your insurance representative for more details.

Since car insurance policies can vary in many ways, speak to your insurance representative regarding specific limitations and/or exclusions in your policy.

