



How does automobile insurance work?

If you drive a vehicle in Ontario, you must have insurance - it's the law. Fines for drivers who do not carry valid car insurance can range from \$5,000 to \$50,000. You may also have your driver's license suspended.

If you are hurt in an automobile accident and cannot work, automobile insurance covers your medical expenses and provides you with income until you are ready to work. It will also pay for repairing any damage to your car because of an accident.

Where can I get automobile insurance?

In Ontario, automobile insurance is sold by brokers and agents that represent private insurance companies. Agents represent a single company and brokers represent more than one company. To find an agent or broker in your community, check the Yellow Pages of your telephone book. Ask your friends if they know someone they would recommend. All companies selling automobile insurance in Ontario must be licensed by the Financial Services Commission of Ontario (FSCO) (1), which also licenses agents. FSCO maintains an updated list of licensed insurance companies. Contact FSCO for more information:

Toll-free: 1-800-668-0128

Toronto: 416-250-7250

Brokers are self-regulated by the Registered Insurance Brokers of Ontario.

The service you receive from your insurance company is important. If you need to make a claim or change your policy, you need to know that your insurance company will handle your needs quickly and fairly.

What's included in an insurance policy?

Every insurance policy covers certain things that are mandatory for everyone, so that anyone hurt in an automobile accident will be entitled to certain benefits, like income replacement, medical care, rehabilitation, or attendant care. While you can choose how much insurance you want, your policy must have these things:

- Statutory Accident Benefits - This covers your medical and rehabilitation expenses and provides you with income if you are injured in a car accident, regardless of who is at fault in the accident.
- Uninsured Automobile Coverage - This protects you if you are involved in a car accident with a hit-and-run driver or a driver who does not have any car insurance.
- Third-Party Liability of at least \$200,000 - This covers you if you are sued if you or anyone else driving your car injures someone else or damages someone else's property.
- Direct Compensation-Property Damage (DC-PD) - This covers you if someone else causes damage to your car and its contents.

Most drivers buy extra coverage or optional accident benefits which can give you more protection if you are injured in a car accident and include:

- income replacement
- medical care expenses
- rehabilitation and attendant care expenses
- caregiver and dependent care benefits
- death and funeral benefits.

You can also buy comprehensive coverage that protects you from theft, vandalism, hail and explosion. Your third party liability protection can also be increased. Extra coverage in these areas will mean your policy will cost more. Ask your broker or agent for more information on the coverage you need.

How much will it cost me?

Companies base the premium they charge you for automobile insurance on the average cost of claims for people living in your area, driving the same type of car with the same driving record. The premium will vary according to the chances that you may be involved in a car accident or may have your car stolen.

To keep your insurance costs down, consider these things:

- Think about insurance costs before you buy your car. Talk to an agent or broker about the relative costs of insuring different makes and models.
- Consider raising your deductible, which is the amount you would have to pay to repair any damage to your car if you are involved in an accident. The higher your deductible is, the lower the premium you pay.
- Drive safely. Your premium is also based on the number of car accidents that you cause and whether you've had any traffic convictions.
- Find out if you qualify for a discount, such as a multi-car discount, group discount, retiree discount, renewal discount or young driver discount.
- Let your broker or agent know when you move to another location, sell your car, reduce the number of drivers in your household, or substantially reduce your annual mileage.

Shop around and ask different insurance companies for estimates to get the best deal.

References:

[Financial Services Commission of Ontario \(FSCO\)](#)