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Choosing Auto Insurance



ABOUT THE AMF

The Autorité des marchés financiers (AMF) is the body mandated by the Québec government to regulate Québec's financial sector and assist consumers of financial products and services . It is an integrated regulator, ensuring oversight of the insurance, securities and derivatives sectors, deposit institutions (other than banks) and the distribution of financial products and services.

NOTICE

The AMF, its management and staff are not liable for the consequences of any errors in this brochure, which is provided for your information only. The AMF does not offer any advice on the purchase or use of specific financial products or services.

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Choosing Auto Insurance

Accidents, vandalism, broken glass, potential lawsuits: you already know the risks involved in using your vehicle.

Are you looking for auto insurance to cover the potential costs if any of those risks were to occur?

This publication will give you the tools you need to confidently purchase an auto insurance policy. You'll also learn the basics of renewing or cancelling your insurance. Lastly, you'll know what to do and what not to do to help avoid potential disagreements with your insurer.

1

Assess your needs

To start with, you'll need civil liability insurance. It's mandatory! Next, you'll have to choose from a selection of insurance options to cover your vehicle and certain routine situations.

What is civil liability insurance?

Jeanne lost control of her vehicle and crashed into an antique shop. She wasn't hurt, but she's now being sued for \$250,000 by the shop's owner because of the damage she caused.

Civil liability insurance protects you against the financial consequences of being sued for damage caused to others by your vehicle.

Under Québec law, all vehicle owners are required to have at least \$50,000 in civil liability insurance. Insurers go much further, with coverage typically ranging from \$1 million to \$5 million. While that may seem high, if you're found responsible, lawsuits can involve very large amounts.

Did you know? While Québec's public auto insurance plan covers all Quebecers for injuries or death resulting from a traffic accident, it doesn't replace private automobile insurance.

Types of coverage available for your vehicle

In order to cover damage to your vehicle and help avoid the financial consequences of a loss, you will have to select from among the following options:

Collision and upset

Covers damage to your vehicle due to collision or roll-over.

All perils other than collision or upset

Covers damage to your vehicle caused by such things as fire, hail, flooding, vandalism or falling objects. This coverage also protects you against vehicle theft.

All perils

Covers all damage included in the two coverage options described above.

Specified perils

Covers damage to your vehicle caused by a limited number of perils specifically listed in your policy, such as fire, theft and flooding.



Important: Not everything is covered

All insurance contracts contain exclusions. For example, normal wear and tear or damage caused intentionally by the policyholder is never covered. Review all the exclusions in your contract.

Be aware that laptops and other personal belongings that are left inside your vehicle aren't covered by your auto insurance and must be covered by your home insurance.

Also, remember that the deductible is the amount you are required to assume in the event of a loss.

Liam hit a fire hydrant when he lost control of his vehicle. He had the vehicle repaired with the agreement of his insurer. The repairs cost \$1,500. Liam will have to pay the amount of the deductible (\$500 in his case) out of his own pocket. His insurer will cover the remainder of the repair bill.



Do you need additional coverage?

You can add extra coverage called “endorsements.” Here are a few examples.

Replacement vehicle (Endorsement 20)

This endorsement allows you to rent a vehicle if your vehicle is involved in an accident.

Kader’s vehicle was taken in for repairs after he ran into his garage door while distracted. Since he had purchased Endorsement 20, his insurer covered all the expenses incurred to rent a replacement vehicle until he could get his own vehicle back.

Borrowed or rented vehicles (Endorsement 27)

This endorsement protects you if you’re liable for damage to a vehicle that you rented or borrowed for less than one year in Canada or the U.S.

Replacement cost (Endorsement 43E)

Endorsement 43E is offered by your insurer on new vehicles you purchase or lease. In the event of a total loss or theft, your vehicle will be replaced by a new vehicle with the same specifications, equipment and accessories as the vehicle specified in your contract. If such a vehicle is not available, it will be replaced by a similar vehicle. The coverage period can range anywhere from two to five years.

Before you add an endorsement, check the price.

Replacement cost or replacement insurance?

While these two products are similar, there are some differences. It's definitely a good idea to do some comparison shopping given the amounts of money involved.

Some differences and similarities – replacement cost and replacement insurance*

- Automobile dealers may offer you replacement insurance, but not the replacement cost endorsement, when you buy or lease a vehicle from them. You can purchase either replacement insurance or a replacement cost endorsement from your insurer. Do some comparison shopping.
- In the event of a total loss or theft, both products give you the option of replacing your vehicle at the dealer of your choosing.
Replacement insurance sold before March 1, 2019 may require you to replace your vehicle at the same dealer.
- Since the replacement cost endorsement is attached to your auto insurance contract, the price of the endorsement is fixed for the term of the contract—usually a one-year term, renewable subject to the insurer's conditions. In contrast, the price of replacement insurance is fixed just once, at the time of purchase, usually for a term of three to seven years.
- Whichever product you choose, you can cancel your policy at any time by notifying your insurer in writing. The unused portion of the premium, minus a cancellation fee, will be refunded to you.

If you bought your insurance from a dealer, you'll also have 10 days from the date of purchase to cancel your contract without penalty.

*** Refer to the "Insurance" section of the AMF website or contact our Information Centre for the full details.**

2

Have all the relevant information handy

Here's a list of information insurers frequently ask for when you purchase auto insurance.

Information about you

Your name, date of birth, occupation and contact information, as well as the year you first obtained your driver's licence, recent *Highway Safety Code* violations and a list of your past claims.

Katia and Chrystelle are twin sisters who both have the same make of automobile. However, they don't pay the same insurance premium. This is because Katia lives in Rawdon, while Chrystelle lives in Montréal, where there's a greater risk of a vehicle being stolen or vandalized.

Vehicle information

The make, model, year, number of doors and serial number. This information is used to confirm the vehicle's identity so that the right rate is applied and any loss may be settled quickly.

Information about your driving habits

The number of kilometres you travel to get to work or the number of kilometres you travel each year on business, as well as the total number of kilometres you drive every year. What you use your vehicle for.

Driver information

Who'll be driving the vehicle, how often and when.

Am I allowed to loan or rent out my vehicle?

If you lend your vehicle out regularly, tell your insurer, which will determine if there's any additional risk involved.

Renting out your vehicle for money isn't allowed under your insurance contract. However, with the consent of your insurer, you can use a car-sharing service that has an agreement with an insurer authorized to operate in Québec. That insurer will cover your vehicle while it is being rented.



3

Ask for quotes

The best way to get the coverage you want for a good price is to comparison shop. Here are four common ways to get a quote for auto insurance.

1- Call an insurance company

Many insurers provide quotes over the phone. Make sure you have all the information mentioned on pages 9 and 10.

2- Call or meet with an insurance broker

Insurance brokers do business with more than one insurer. They can therefore compare coverage and premiums among the insurers with which they have agreements and present you with the best offer. However, that doesn't prevent you from also looking elsewhere.

3- Use a comparison website to get quotes

A comparison website lets you get multiple quotes with one request. If you decide to accept one of the offers, check the name of the insurer you end up dealing with and make sure it's registered with the AMF.

4- Request a quote on an insurer's or insurance broker's website

Some insurers offer their insurance products over the Internet. You can ask to speak with an AMF-certified representative at any time.

Whenever you request a quote:

- Check how much you could save by installing an antitheft device on your vehicle, opting for a higher deductible or taking out home insurance with the same insurer.
- Answer all the questions carefully and don't leave out any information about your circumstances. Misrepresenting your situation in order to hide something like a past accident or to get a better price could have consequences. You could lose your right to be compensated and then have trouble getting insured again. If you're not sure what has to be reported, then ask!
- Make your intentions clear after you receive a quote: do you want to purchase the proposed insurance or are you going to keep looking?



4

Finalize your insurance purchase

Great! You've found auto insurance that suits your needs. Here are some points to check:

Before finalizing the transaction:

- Have you made sure the company or representative you're dealing with is registered with the AMF?
- Have you answered all the questions truthfully?
- Have you reviewed all the coverage offered?
- Are the payment terms acceptable to you?

When buying insurance on the Internet:

If you buy insurance on a website, you have 10 days to cancel it without penalty. Be careful, though: before cancelling, check to make sure you're covered under other insurance.

Electronic proof of insurance or paper proof?

You must be able to provide proof that the vehicle you're driving is insured whenever someone like a police officer, for example, asks for it. Your insurer must give you the option of receiving either electronic proof of insurance, which can be displayed on your mobile phone when needed, or paper proof. Presenting electronic proof instead of paper proof does not constitute an offence in Québec. However, if you're travelling outside Québec, it's better to bring paper proof until electronic proof is accepted everywhere.

5

Avoid problems after your policy takes effect

You'll want to make sure everything goes smoothly with your auto insurance, so here are some dos and don'ts that can help you avoid disagreements with your insurer.

You're involved in an accident or other loss

If anyone's been injured, call emergency services and the police.

If the accident involves another vehicle, complete a joint report form. You can order one from the *Groupeement des assureurs automobiles* or download the joint report mobile app.

Never admit responsibility: it's up to your insurer to investigate and determine who's at fault. Always report the incident to your insurer as quickly as possible.

Take the time to discuss the damage appraisal and types of parts that will be used for repairs (new or used) with your insurer. While you can choose which garage to use, your insurer may contest the cost of repairs and negotiate with that garage.

Also, always be truthful when making a claim, or else the insurer may refuse to pay an indemnity or even cancel your contract.

You want to cancel your insurance

You may cancel your insurance at any time by notifying the insurer in writing. Request an acknowledgement of receipt or contact the insurer to confirm your letter has been received. Part of the premium will be withheld by the insurer as a financial penalty for early cancellation of the insurance contract.

You don't want to renew with your current insurer

Barring special circumstances, auto insurance is renewed automatically. If you don't want to renew, inform your insurer before the renewal date and get a confirmation. If you wait until after the renewal date, you'll have to pay a penalty.

You're having trouble making payments

The best thing to do is enter into a payment agreement with your insurer right away. Otherwise, your insurer may cancel your insurance and it may be hard for you to find a new insurer.

Despite everything, you end up in a disagreement with your insurer

Say something. Ask to talk to a supervisor. If the disagreement can't be resolved, contact the AMF Information Centre for help with your complaint.

What does the AMF do for you?

We can provide you with unbiased, objective information about financial products and services and your rights and responsibilities.

We can help you file a complaint with your financial services firm.

Questions? Need assistance?

Contact our Information Centre

Québec City: 418-525-0337

Montréal: 514-395-0337

Toll-free: 1-877-525-0337

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The *Autorité des marchés financiers* is the regulatory and oversight body for Québec's financial sector.