

Avoid legal disputes over automobile insurance

While your policy is in force

After making calls to a few insurers to compare **premiums** and the coverage offered, you purchased an auto insurance policy that suits your needs. What should you do to avoid nasty surprises, either before you need to file a claim with your insurer or in the event of an accident?

Premium
Amount to be paid to an insurer for coverage.

Before you need to file a claim with your insurer

- ❑ **Tell your insurer** about any facts that could increase the likelihood of a claim. Here are a few instances where you should notify your insurer:
 - You decide to use your vehicle for business purposes;
 - You start using your automobile to drive to work;
 - You regularly lend your vehicle to another driver;
 - You are moving;
 - You have had an accident.

In the above instances, your insurer could decide to raise your premiums or, in rare cases, no longer insure you. **If you neglect to notify your insurer and you file a claim, you may not be fully compensated or your claim could be turned down.**

- ❑ **Pay your insurance premiums** on time. If you miss a payment deadline, your insurer could **cancel** your insurance.
- ❑ **Keep the receipts** for any enhancements made to your vehicle that significantly increase its value. For example, if you have the windows tinted or install a high-end audio system, you should notify your insurer. In the event of a loss, you are responsible for substantiating the loss sustained.
- ❑ **If you do not receive a renewal notice, contact your insurer, if necessary.** Auto insurance is renewed automatically, for an identical premium and period, unless the insurer or insured provides written notice otherwise. If you do not receive this notice, you should contact your insurer. You could be in for a surprise if, for example, the notice was misdirected.

To cancel
To end your insurance contract effective immediately.

My insurer has just notified me in writing that, at my next renewal, it will raise my premium or change the coverage that was offered. Does it have the right to do this?

Yes. However, it must notify you at least 30 days before the expiry date of your policy.

Renewing auto insurance – Real-life case

Last year, Diane, a single woman in her thirties, purchased auto insurance with ABC Inc. At the end of the year, she had a new spouse, Roger. He had a bad record (alcohol problems and numerous claims in recent years). Diane wanted her insurance policy to cover her spouse, but her insurer refused to renew the policy. Diane lodged a complaint and her file was referred to the AMF for analysis.

AMF's conclusion:

An insurer has the right not to renew an auto insurance policy because of an increase in risk. However, further to negotiations between the AMF and Diane, the company agreed to renew the policy. In order to include Roger, the required premium was, of course, higher. Diane declined the offer and decided to find another insurer.

Cancelling auto insurance

❑ **When can I cancel my insurance?**

You can cancel your policy at any time, but the insurer will generally impose a penalty if you cancel before the renewal date. The cancellation becomes effective upon receipt of your cancellation notice by the insurer. Feel free to call your insurer to make sure your notice was received.

❑ **When can the insurer cancel my insurance?**

Your insurer can decide to cancel a new policy, without giving a reason, within 60 days of its coming into force. Coverage expires 15 days following receipt of the insurer's notice of cancellation.

After the first 60 days, the insurer is permitted to cancel the policy only if there has been an increase in risk or if you have not paid your premium. In this case, the insurer must send you a notice and the cancellation takes effect 15 days later.

In any case, the insurer will reimburse the unearned premium. If you cancel your policy, you will be required to pay a penalty. But if your insurer cancels it, you will not receive any compensation other than reimbursement of the unearned premium.

Cancellation of insurance by the insurer – Real-life case

Jonathan took out auto insurance with ABC Inc. He paid the \$3,900 insurance premium in cash, for a two-year policy. Six months later, the insurer informed Jonathan that an error had been made in his file and that the premium covered only one year. Jonathan demanded that the insurer respect the insurance contract or cancel his insurance without penalty. He filed a complaint with his insurer. The company examined the file and concluded that the complaint was unfounded. Therefore, Jonathan had his file referred to the AMF for analysis.

AMF's conclusion:

When an insurer wants to cancel an insurance policy within the first 60 days of its effective date, it can legally do so by simply providing the insured with notice in writing. In this case, the cancellation takes effect 15 days following receipt of the notice by the insured.

In Jonathan's case, however, since the policy had been in force for six months, the insurer could not cancel it, unless there had been an increase in risk or the insured had failed to pay the premium.

Following discussions between the insurer and the AMF, the insurer reimbursed Jonathan for an amount of \$3,000. Jonathan then found an insurer that offered suitable insurance coverage.

Don't agree with your insurer?

You can file a complaint. To find out how, consult the section for [consumers on the AMF website](#).

In the event of an accident

- ❑ If you have an accident, complete a joint report of automobile accident. This form can be ordered free of charge at <http://www.infoinsurance.ca/en/doc/documents.aspx>.
- ❑ If necessary, contact the police. Then, notify your insurer as soon as possible. If you delay in doing so without a valid reason and this leads to more serious losses, you may not be compensated.
- ❑ Jot down what happened so you don't forget anything. Also note the main points discussed in conversations with your insurer and the dates of these conversations.

WHAT TO DO if you have an accident...

You should not:

- Abandon the damaged vehicle unless your insurer agrees.
- Have your vehicle repaired without your insurer's authorization.
- Admit any responsibility in an accident. For example, if you are involved in an accident, you do not have to determine who is responsible. If you admit responsibility and your insurer determines that you were not at fault, it will be difficult for the insurer to defend its point of view in court, for example.

You should:

- Help to ensure the damaged vehicle is retrieved.
- Protect the vehicle involved in the accident from further damage.
- Allow your insurer to examine the vehicle, including its equipment and accessories.
- Co-operate with your insurer to establish how the accident occurred as well as other details.

Information Centre

Québec City: 418-525-0337

Montréal: 514-395-0337

Toll-free: 1-877-525-0337

www.lautorite.qc.ca

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