

Removing and Suspending Driving Coverages

Overview

There may be times when an insured would like to remove or suspend driving coverages from a vehicle, but not delete the vehicle from the policy.

To ensure the insured has adequate coverage, it is recommended to review why the vehicle is being parked and for how long. Instances when an insured may want to remove or suspend coverages from a vehicle:

- Snowbirds that go to the United States every winter and do not require their vehicle while away.
- An insured is working in another city for an extended period and will not be using their vehicle.
- The vehicle is being worked on by the insured and not being driven.
- Insured has sold the vehicle.
 - Insured should be advised to remove the risk from the policy or to cancel the policy where it is a single vehicle policy, and it is not being replaced within 30 days. *
- The vehicle is a total loss.
 - **West & Atlantic:** If the client has retained the salvage, they have 30 days to provide a completed Salvage Inspection Certificate or copy of the updated Registration document. If not received within 30 days, cancel/remove the risk by registered letter. *
 - **Ontario:** If the client has retained the salvage, the handling would be dependent on how the vehicle has been branded according to Ontario Auto Salvage Branding Program. Please refer to the After Loss Underwriting Guide.
 - **WOA:** If Intact has retained the salvage, the Insured should be advised to remove the risk from the policy, or to cancel the policy where it is a single vehicle policy, and it is not being replaced within 30 days. *

***Note:** For the West and Atlantic provinces (except PEI), a lapse in insurance coverage of less than 24 months does not invalidate the Insured's clear record.

There are two ways to remove or suspend coverage from the vehicle:

1. Remove all coverages except Comprehensive or Specified Perils.
2. Use the Endorsement 16 - Suspension of Coverage and Endorsement 17 - Reinstatement of Coverage: endorsement 16 suspends the use and operation portion of coverages.

As they have different requirements and impact the vehicle coverages differently, please refer to the chart below for brief comparison of the two options:

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Common Questions	1. Removing all coverage except Comprehensive/ Specified Perils	2. Endorsement 16 – Suspension of Coverage
Minimum amount of time the vehicle is required to be withdrawn from use to benefit from a refund?	No minimum amount of time	Minimum 45 consecutive days
When is the refund applied?	Immediately	Immediately**
How is the refund calculated?	Pro-rata basis	Pro-rata basis
Is a signed request/endorsement required?	No	Yes
Maximum period a vehicle can have driving coverages removed/suspended?	12 consecutive months	12 consecutive months
Is the insured required to have at least one automobile with driving coverages on the policy, or be a driver on another policy to remove/suspend road coverages?	No (West/Atlantic) Yes (Ontario)	No
Can more than one vehicle have driving coverages removed/suspended?	Yes	Yes
What happens if there are two vehicles on the policy and one has driving coverages removed/suspended?	The multi-vehicle variable will be removed or reduced, causing a premium increase on the other vehicle(s)	No impact to the premium on the other vehicle(s)
How are coverages added back/unsuspended?	The broker needs to select each coverage that the insured would like added to the vehicle.	The broker selects the Endorsement 17, and the coverages are reinstated**

****Note:** In Contact the broker can process the transaction. In Halcion the broker would send the endorsement in, and the underwriting team handles the manual process.

Coverage and Common Endorsement Impacts

Deleting 'Driving Coverages'

Alternatively, removing all driving coverages except comprehensive or specified perils immediately removes all other coverages. If a loss occurs there may be no coverage available for the described vehicle, a newly acquired automobile, and a temporary substitute automobile.

West and Atlantic:

It is important to remember that if the insured is removing driving coverages from their only vehicle and is not listed as a driver on another policy the insured **does not** have coverage for Accident Benefits coverage or Endorsement 44 Family Protection. In these instances, we would recommend speaking to the broker about the benefits of Endorsement 16 vs. comprehensive/specified perils only, as this will give the insured access to Accident Benefits when loss did not occur from use or operation and Endorsement 44.

Ontario:

When there is another automobile on the policy with road coverage, there is Accident Benefits coverage. Therefore, the vehicle can be put in storage by removing all but Comprehensive/Specified Perils. When there is a single vehicle insured with Intact and the client wants to remove coverage, endorsement 16 is mandatory. Please refer to the "Underwriting Rules" section of the manual, Rule #10 and the filed rule for OPCF 16 – Suspension of Coverage. OPCF 16 must be used when no other automobile in the household has compulsory liability and accident benefits coverage insured with Intact.

Endorsement 16 Suspension of Coverage

This endorsement suspends the Third Party Liability, DCPD, Accident Benefits and Collision*** coverages during **the use or operation** of the described vehicle, a newly acquired automobile, and a temporary substitute automobile.

*****Note:** Collision is cancelled in ON & ATL

If a loss occurs that did not result from the use or operation of the vehicle the insured may still have access to coverages that have been suspended. For instance, if the vehicle is parked and is damaged from a hit and run, some coverage may be available depending on province.

West: As the vehicle is not in use or operation, Comprehensive coverage would respond for the repairs of the vehicle.

Ontario and Atlantic:

- Identified driver – DCPD coverage is available.
- Uninsured – Uninsured Automobile coverage is available.
- Unidentified paid under collision – no coverage.

The pro-rata return premium is returned when the endorsement is added. When the Endorsement 17 Reinstatement of Coverage endorsement is added, the pro-rata premium for the reinstated coverages is charged to the insured.

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Comparison Table

Coverages and Common Endorsements	1. Removing all coverage except Comprehensive/ Specified Perils	2. Endorsement 16 – Suspension of Coverage
Third Party Liability	Coverage removed – no coverage	Suspends “use or operation” portion
DCPD	Coverage removed – no coverage	Suspends “use or operation” portion
Accident Benefits	Coverage removed – no coverage	Suspends “use or operation” portion
All Perils	Coverage removed – no coverage	West: Suspends “use or operation” portion within Collision or Upset portion ON & ATL: Collision portion is cancelled for loss or damage caused by Collision or Upset
Collision or Upset	Coverage removed – no coverage	West: Suspends “use or operation” portion ON & ATL: Coverage is cancelled – no coverage
Comprehensive or Specified Perils	No impact	No impact
Endorsement 20 – Loss of Use	No impact	West: No impact ON & ATL: May remain on vehicle. Review provincial wordings to determine impacts on any coverage extensions due to Endorsement 16. To operate a vehicle, road coverage is required.
Endorsement 27 – Legal Liability for Non-Owned Automobiles	West: No impact ON/ATL: Coverage not eligible. Underwriter must remove	No impact
Roadside Assistance Endorsement	No impact	No impact
Endorsement 39 – Accident Rating Waiver (West)	Coverage removed – no coverage	No impact
Responsible Driver Guarantee (ONT/ATL)	No impact – client retains the coverage	No impact – client retains the coverage

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Endorsement 44 – Family Protection	Coverage removed – no coverage	No impact
Minor Conviction Rating Waiver Endorsement (WEST)	Coverage not eligible. Underwriter must remove.	No impact
Minor Conviction Protection (ONT)	No impact	No impact
Claims Advantage	No impact	No impact

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Loss Examples

The following chart outlines a few examples of losses that could occur and what coverages would respond.

Situation	1. Removing all coverage except Comprehensive/ Specified Perils	2. Endorsement 16 – Suspension of Coverage
Insured’s vehicle is parked on their property, the vehicle rolls out of the parked position and damages the neighbour’s fence.	No coverage would respond from the insured’s policy as they do not carry Third Party Liability.	Property damage coverage is available for the repairs to the neighbour’s fence.
Insured’s vehicle is parked in their driveway, a third-party back into their vehicle and drove away. No one witnessed the accident.	<p>West: As the vehicle is not in use or operation, hit and run would be covered if the insured has Comprehensive coverage, but not if they have Specified Perils.</p> <p>Ontario/Atlantic: As unidentified Hit and Run are considered Collision losses; the policy would not respond for repairs.</p>	<p>West: As the vehicle is not in use or operation, Comprehensive coverage would respond for the repairs of the vehicle.</p> <p>Ontario/Atlantic: As unidentified Hit and Run are considered Collision losses; the policy would not respond for repairs.</p>
Endorsement 44 Family Protection	No coverage would respond from the insureds policy as they do not carry the endorsement.	As this coverage remains in force - the insureds policy would make up the difference for the deficiency between the Third-Party coverage and the insureds.
The insured, partner, and children are passengers in their friend’s car. The vehicle is rear-ended, causing injury to all passengers in the vehicle. The third-party driver carries less Third-Party Insurance coverage than the insured.	No coverages on this policy for the insured	Accident Benefits coverage would respond to the injuries that the insured sustained.
Insured is injured in a car accident as a pedestrian and the third-party driver has no insurance.	No coverages on this policy for the Insured.	The policy would continue to provide certain Third-Party Liability and Accident Benefits coverage.

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Frequently Asked Questions

Q. Paul has one vehicle and wants to remove all coverages, except Comprehensive coverage as he does not drive in the winter. What would happen if Paul was injured in a car accident as a pedestrian and the third party driver has no insurance?

- Paul needs to understand by deleting all but Comprehensive coverage, he no longer carries any Accident Benefits coverage. If he had added Endorsement 16 instead, the policy would continue to provide certain Third-Party Liability, Accident Benefits and Uninsured Automobile coverage while the described automobile is in storage.

Q. Is there suggested scripting for explaining the benefits of Endorsement 16?

*"We highly encourage**** you to recommend adding Endorsement 16 to the policy rather than removing all but Comprehensive/Specified Perils. This endorsement allows the insured to keep many of the underlying coverages that just Comprehensive/Specified Perils do not, including Accident Benefits. This is especially important if they are not listed on another vehicle where road coverages exist. Let's say the insured was on vacation, in Canada or the United States of America, and is hit by a vehicle as a pedestrian. If the coverage was suspended with Endorsement 16, Accident Benefits coverage is available. This is not the case if coverage was left at Comprehensive/Specified Perils only".*

******Note:** OPCF 16 is mandatory in Ontario when only 1 vehicle is listed.

Q. Where the customer owns two autos and wants to suspend coverage on one of them, which option would you recommend?

- Best practices dictate offering Endorsement 16 as the first option.
- However, as the customer is a named insured on an auto with road coverages, the Accident Benefits coverages from that second auto are available to them.

Note: The other risk with road coverage does not have to be a private passenger vehicle. It can be a recreational or commercial vehicle.

Q. The customer advised they are a driver on their spouse's Intact policy or a Commercial Intact Automobile policy. There is a vehicle with road coverage. Does the driver have Accident Benefits coverage?

- If the Insured is considered a driver on another vehicle with road coverage, the customer will receive benefits as a full driver from that policy, including Accident Benefits.
- The cross-reference policy number is to be documented for each policy for future reference.

Q. What if the insured insists on Comprehensive/Specified Perils Only?

- **Ontario:** When there is a single vehicle insured with Intact and the client wants to remove coverage, Endorsement 16 is mandatory.
 - refer to the "Underwriting Rules" section of the manual, Rule #10, and the filed rule for Endorsement 16 – Suspension of Coverage. OPCF 16 must be used when no other automobile in the household has compulsory liability and accident benefits coverage insured with Intact.
- **West and Atlantic:** Not mandatory to apply endorsement 16 when there is a single vehicle insured with Intact. Client should be advised of the benefit of applying endorsement 16 and policy noted of discussion.

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Q. What happens if we have insured a vehicle without road coverage for at least 12 months?

- **Ontario:** Risks we do not write, states the automobile does not carry compulsory driving coverage for the last 12 months or has had Endorsement 16 applied for the last 12 months. A renewal is not to be offered.
- **Atlantic:** Risks we do not write, states the automobile does not carry compulsory driving coverage, and has not carried compulsory driving coverage for the last 12 months or has had an Endorsement 16 applied for the last 12 months. A renewal is not to be offered.
- **West:** Review to confirm why it has been without road coverage for 12 months or longer. Has the vehicle been sold? Has a VIR been received within the last 3 years? Consider non-renewing as it does not fall under ACA where there is no road coverage.