



Financial Consumer  
Agency of Canada

Agence de la consommation  
en matière financière du Canada

INSURANCE

# UNDERSTANDING INSURANCE BASICS



Financial Consumer  
Agency of Canada

IT PAYS TO KNOW.

Canada 

## About FCAC

With educational materials and interactive tools, the Financial Consumer Agency of Canada (FCAC) provides objective information about financial products and services to help Canadians increase their financial knowledge and confidence in managing their personal finances. FCAC informs consumers about their rights and responsibilities when dealing with banks and federally regulated trust, loan and insurance companies. FCAC also makes sure that federally regulated financial institutions, payment card network operators and external complaints bodies comply with legislation and industry commitments intended to protect consumers.

You can reach us through the FCAC Consumer Contact Centre by calling toll-free 1-866-461-3222 (TTY: 613-947-7771 or 1-866-914-6097) or by visiting our website: **[fcac.gc.ca](http://fcac.gc.ca)**.

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# WHAT IS INSURANCE?

Insurance is a way of reducing your potential financial loss or hardship. It can help cover the cost of unexpected events such as theft, illness or property damage. Insurance can also provide your loved ones with a financial payment upon your death.

## How does insurance work?

You pay a fee called a premium, and in exchange, the insurance company agrees to pay you a certain amount of money if the event you are insuring against is covered and happens during the term of the policy.

The details of insurance protection, such as exactly which events are covered and for how much, are defined in your insurance policy. The insurance policy is a contract between you and the insurance company.

## Why would I need insurance?

Insurance can protect you and your loved ones from financial loss if something unexpected happens.

For example:

- Auto insurance could pay the cost of repairs to your vehicle if you have an accident.
- Life insurance could provide your family with money to support themselves when you die.
- Home or tenant insurance could pay for the cost to repair your home if there is a fire in your house, condominium or apartment.

The decision to get insurance will depend on your circumstances and your stage in life. For example, you may want to consider getting life insurance if you have a partner or if you decide to start a family. However, if you are a single person with no dependents, life insurance may not be as important to you. Similarly, your provincial or territorial health plan may be enough to cover your basic medical needs, but if you travel outside of Canada frequently, you may want to get travel health insurance.

There are many insurance products available to cover different types of risks. Auto insurance is mandatory if you own a vehicle. Most other types of insurance are optional. However, if you think that you cannot afford the potential financial loss or damage, then you should consider buying insurance.

This publication will provide you with a brief description of some of the most common types of insurance, what is involved in getting insurance, and what to do if you need to make a complaint.

# UNDERSTANDING THE LANGUAGE OF INSURANCE

Here is a list of some basic insurance terms that you may encounter as you look into insurance.

Term	Definition
<b>Agent</b>	<p>Someone who represents one insurance company and sells its insurance products. In some cases, a life insurance agent may represent several different insurance companies.</p> <p>Agents must usually be licensed in the province or territory in which they do business.</p>
<b>Broker</b>	<p>Person or company who sells the insurance products of several different insurance companies.</p> <p>Brokers must usually be registered in the province or territory in which they do business.</p>
<b>Claim</b>	<p>Official notice you provide to your insurer requesting to be paid for a loss or event covered by your insurance policy.</p>
<b>Claim investigation</b>	<p>Process used by insurers to get the claim information necessary in order to decide whether to pay a claim.</p>
<b>Coverage</b>	<p>Amount of protection you have purchased.</p> <p>The maximum amount of money the insurance company will pay you if you make a claim for a loss or event covered by your policy.</p>
<b>Deductible</b>	<p>Amount of your claim that you agree to pay before the insurer pays the rest.</p> <p>Choosing a higher deductible will decrease the cost of your insurance premiums because you agree to pay for a larger part of your loss.</p> <p>This term may be used with health, dental, home and auto insurance policies.</p>

Term	Definition
<p><b>Exclusions</b></p>	<p>Things that are not covered by your policy. <b><i>Read your policy carefully and make sure you understand what is and is not covered.</i></b></p> <p>For example:</p> <ul style="list-style-type: none"> <li>• Some health insurance policies may exclude certain medical conditions you had before you applied for the insurance.</li> <li>• A travel policy may exclude claims made if you travel to a high-risk country.</li> <li>• A home insurance policy may exclude claims for some types of water damage.</li> </ul> <p>You may be able to buy extra insurance, known as a rider or endorsement, to pay for risks not covered in your basic policy.</p>
<p><b>Insured</b></p>	<p>Person(s) protected by the insurance policy.</p>
<p><b>Insurer</b></p>	<p>Insurance company that issues the insurance policy.</p>
<p><b>Policy</b></p>	<p>Legal contract between you and the insurer.</p> <p>The policy specifies:</p> <ul style="list-style-type: none"> <li>• what risks are covered by the insurer</li> <li>• under what circumstances the insurer will make a payment to you</li> <li>• how much money or what type of benefit you will receive if you make a claim.</li> </ul> <p>The amount of money or level of benefit you would receive depends on the amount of your damage or loss.</p>
<p><b>Policyholder</b></p>	<p>Person who owns the insurance policy; usually, but not always, the insured.</p>
<p><b>Premium</b></p>	<p>Amount you pay to buy insurance.</p> <p>The premium is usually paid monthly, quarterly or annually. The amount of your premium may change over time.</p>

Term	Definition
<b>Rider</b>	<p>Clause or term added to your insurance policy to provide protection, for an additional cost, for risks not covered in a basic policy. Also known as an endorsement.</p> <p>Check with your insurer to find out what is and is not covered by your policy and for what risks you might need extra coverage.</p>
<b>Risk</b>	<p>Probability that an insured event, such as loss, injury or death, will happen while your policy is in effect.</p>

## LIFE AND HEALTH INSURANCE

Here is a list of some insurance terms that you may encounter as you look into life and health insurance.

Term	Definition
<b>Beneficiary or beneficiaries</b>	<p>The person(s) named on the life insurance policy who will receive the death benefit when you die. For example, you may want to name your spouse or child as the beneficiary of your life insurance policy.</p> <p>Beneficiaries may be revocable or irrevocable.</p> <p>If the beneficiary is revocable, the policy owner can change the beneficiary at any time without advising the beneficiary.</p> <p>If the beneficiary is irrevocable, the policy owner must have the irrevocable beneficiary's written permission before making beneficiary changes.</p>
<b>Benefit</b>	<p>Amount that the insurer will pay you if the insurer accepts your claim.</p>
<b>Cash value</b>	<p>Cash amount that the life insurer pays to the policyholder when a life insurance policy is cancelled, or that is added to the face value of the insurance policy and paid to the beneficiary upon the insured's death.</p> <p>It may also be possible to take out a loan against the cash value of the policy.</p> <p>This term is normally used with a permanent life insurance policy.</p>

Term	Definition
<b>Death benefit</b>	<p>Amount that the insurer will pay your beneficiary or beneficiaries upon your death.</p> <p>This term is normally used with a life insurance policy.</p>
<b>Material facts</b>	<p>Things you know that could affect an insurance company's decision about whether to insure you and what price (premium) you will pay.</p> <p>For example, if you are applying for life insurance, you need to tell the insurer if you smoke.</p> <p>If you do not tell the insurer about material facts, the insurer could cancel your policy and refuse to pay any claims.</p>
<b>Pre-existing condition</b>	<p>Medical condition you know you already have before you apply for insurance.</p>
<b>Rescission right</b>	<p>A policyholder's right to cancel the insurance policy with the insurance company within 10 days of receiving the policy and to be refunded any premiums paid.</p>

## Life insurance

Life insurance can provide a financial payment to your family and loved ones upon your death. When you purchase a life insurance policy, you name a beneficiary who will receive the death benefit specified in the policy upon your death. You can name either a revocable or irrevocable beneficiary. Regardless of the type of beneficiary you name, your beneficiary will receive the death benefit tax-free.

You may also choose to leave the money to your estate or to a trust. However, if you leave the death benefit to an estate or trust, it will be subject to taxes when the estate is settled.

There are two main types of life insurance: *term* and *permanent*.

**Term life insurance** provides coverage if you die within a specific period of time, unless you do not pay your premium.

Term life insurance premiums are generally less expensive than permanent life insurance premiums.



Premiums are usually fixed for the length of the term, often at intervals of five or ten years. However, your premiums may increase when you renew the policy. For example, premiums would increase every five years on a five-year renewable policy. Most life insurance policies will only cover you up to a maximum age. For example, you may not be able to buy coverage once you reach age 75.

The death benefit is paid if your death occurs during the term or duration of the policy. For example, your policy will pay the death benefit to your beneficiary if you die before the policy expires. However, once the term ends, the coverage ends, and you or your beneficiaries will not receive any payment. Most term insurance policies do not accumulate a cash value.

**Permanent life insurance** provides coverage throughout your lifetime, unless you fail to pay your premiums.

At first, premiums are usually higher than for term life insurance policies, but may be lower than term premiums in later years.

Permanent life insurance policies generally accumulate a cash value that is either added to the face value of your policy and paid out upon your death, or returned to you if you cancel your policy. Most policies will also allow you to take a loan against the cash value of your policy. Loans that you have not repaid reduce both the death benefit and any cash value.

The two most common types of permanent insurance are *whole life* and *universal life* policies.

- **Whole life insurance** is a type of permanent life insurance that guarantees the amount of your premiums.

Your premiums will not change as you get older, and your policy will often have a guaranteed minimum cash value. The death benefit, or amount paid out upon your death, is also guaranteed.

- **Universal life insurance** is a type of permanent life insurance that combines life insurance with an investment account. The investment account has a cash value. Withdrawals, as well as loans, may be permitted.

You can increase or decrease your premiums within the limits specified in your insurance policy. You can also select how your premiums are invested.

The death benefit and cash value of your investment account may increase or decrease depending on the types of investments you choose to hold in your account and the returns on those investments.

The premiums you are required to pay could increase if returns on your chosen investments fall.

## Evidence of insurability

Life and health insurance companies may require that you complete a detailed medical questionnaire or exam, also called *Evidence of Insurability*, before approving you for a policy. In addition to asking you about your past health history and lifestyle, the insurance company may also ask that you undergo medical testing such as saliva or blood tests.

However, some types of insurance may require only that you sign a general statement about your health or respond to a short medical questionnaire to be approved for coverage. The insurer may conduct a medical history check or request evidence of insurability to confirm whether the insured qualified for coverage after a claim occurs.

**If the insurance company conducts a claim investigation after you or your beneficiary submits a claim, and determines that the medical questions were not answered properly or that the insured did not include material facts, the insurer could void the contract and refuse to pay the claim even though you have already paid premiums.**

If your claim were denied, your insurance company would cancel the policy and the premiums paid would be returned to your beneficiary or beneficiaries. This process is known as **claim investigation** and may apply to life insurance, mortgage life insurance, credit balance insurance or disability insurance.

For most types of life insurance, the insurance company cannot increase your premiums based on a change of health after your policy is issued.

## Health insurance

There is a variety of health insurance products available that could help you:

- pay for services that your regular health care plan does not cover
- supplement your income if you suffer a major illness or severe injury
- pay for your medical expenses if you become ill while on vacation.

Check your policy to find out if there is a deductible or if the amount payable is limited to a maximum percentage of the overall claim, or a maximum annual amount.

**Supplementary health insurance** pays for health services, such as prescription drug and dental services, not generally covered by provincial and territorial government health plans.

Before buying supplementary health insurance, check your employer's benefits plan to make sure that you do not buy coverage you already have. For example, you may already have dental coverage through your employer's plan.

**Disability insurance** provides coverage if you cannot work temporarily or permanently due to a injury or illness, such as loss of a limb, a heart attack or an operation.

**Travel medical insurance** pays for medical treatment while you travel outside of Canada.

The policy may not provide coverage for medical conditions you had before applying for coverage, so read the policy carefully.

**Critical illness or trauma insurance** pays a one-time lump-sum payment if you are diagnosed with a critical illness that is specified in your policy, such as cancer or Alzheimer's disease.

There are often exclusions, so read the policy carefully. Be sure you know what is and is not covered.

**Long-term care insurance** provides coverage if you enter a long-term care facility such as a nursing home.

## PROPERTY AND CASUALTY (GENERAL) INSURANCE

Property insurance can provide coverage for loss or damage to:

- your home or personal possessions
- your car
- your business.

Casualty insurance can provide coverage against legal liability for losses caused by:

- injury to other people
- damage to the property of others.

Property and casualty insurance is also known as general insurance. Here is a list of some key terms that you may encounter as you look into property and casualty insurance.

Term	Definition
<b>Actual cash value</b>	<p>The cost of the insured item when it was new, minus depreciation (loss of value due to the age and condition of the item). This is one method of determining the amount of money the insurer will reimburse you if you make a claim.</p> <p>How the depreciation is calculated depends on the item insured and the insurance company.</p> <p>Premiums for policies with actual cash value are generally less expensive than those for policies with replacement value.</p>
<b>Replacement value</b>	<p>The actual cost to replace an item destroyed or damaged in the event of a covered loss. This is another method of determining the amount of money the insurer will reimburse you if you make a claim.</p> <p>Premiums for policies with replacement value are generally more expensive than those for policies with actual cash value.</p>

## Home (property) insurance

For most people, a home is the largest single purchase or investment they will make. Home insurance can help protect your home or contents in case of theft, loss or damage.

**Home or property insurance** pays for damage to or loss of your house, condominium, or property. It can also protect against damage, theft or loss of your personal possessions. Home insurance may also cover personal property stolen from your vehicle.

Your home insurance policy may also cover damage or injury to others who visit your home or property. For example, if someone slips and falls in your driveway, that person may be able to make a claim against you for the expenses incurred as a result of damage or loss caused by the injury.

Home insurance can also pay for accidental damage you cause to others' property. For example, if a fire starts in your house, your home insurance can pay for the damage the fire causes to your neighbour's house.

Home or property insurance is usually required as a condition of getting a mortgage. Most financial institutions will not give you a mortgage without proof of insurance.

## Tenant (renter's) insurance

If you live in an apartment or rent your home from someone else, you should still look carefully at how tenant insurance could protect you.

**Tenant insurance** protects you against damage to or loss of your possessions if you rent or lease your apartment or home from someone else. Tenant insurance may also cover personal property stolen from your vehicle.

Tenant insurance can also pay for accidental damage you cause to any part of the apartment building or home you are renting, and for injury caused to visitors.

For example, if the bathtub overflows and floods your apartment, tenant insurance can pay for the damage caused to your apartment, the apartment building and other tenants or their property.

**When shopping around for property and casualty insurance, find out if the quotes you receive are based on actual cash value or replacement value. The amount of money you receive from your insurer for a covered loss will depend on whether your coverage is for actual cash value or replacement value. Actual cash value policies are usually less expensive than replacement value policies, but generally pay less when you make a claim.**

## Auto insurance

Auto insurance is **mandatory** if you own a vehicle. All Canadian provinces and territories require drivers to have at least liability and accident benefits/bodily injury coverage. Some provinces may require additional coverage.

**Liability insurance** covers losses (such as injury or death) that your vehicle causes to other people or damage to their property. It does **not** cover the cost of repairs to your own vehicle.

**Accident benefits/bodily injury insurance** covers the cost of your own medical expenses and loss of income when you are in an accident.

You can also purchase optional insurance such as collision and comprehensive coverage.

**Collision insurance** covers the cost of repairing or replacing your vehicle if you hit another vehicle or object.

**Comprehensive insurance** covers the cost of repairing or replacing your vehicle due to other types of damage or loss, such as vandalism or theft. Comprehensive insurance does **not** cover loss or damage to your vehicle if you hit another vehicle or object in a collision.

**Most auto insurance policies do not cover the loss of personal possessions, such as golf clubs, clothing or personal electronics, stolen from your vehicle.** Personal possessions stolen from your vehicle are usually covered by your home or tenant insurance. Check your home insurance policy to find out if it provides coverage for theft of personal items from your vehicle.

## Business insurance

If you have a home-based business or work from your home, you should consider getting business insurance. Business insurance can protect you against loss or damage to physical property or the loss of your business' ability to operate and generate income.

**Commercial property insurance** pays for damage to or loss of your business premises. It also protects against damage, theft, or loss of the business property or inventory.

**Public liability insurance** protects your business against third-party liability claims. For example, a delivery person who slips and falls at your place of business may be able to make a claim against you for the expenses and the effect of an injury.

**Errors and omissions insurance** protects service providers against claims made against them because of a mistake they may have made.

**Home or tenant insurance will generally not pay for claims related to your home-based business or business activities that take place in your home. For example, inventory stolen from your home will not be covered by your home or tenant insurance policy. If you have a home-based business or conduct business in your home, it is important that you declare it to your insurer and arrange for business or commercial coverage.**

# CREDIT OR DEBT INSURANCE

Life, health, home and auto insurance are the most common types of insurance products, but there also insurance products available to cover you if you become unable to pay your insurance premiums for reasons such as illness, accident or death.

**Mortgage disability insurance** makes mortgage payments to your lender for a specified time if you cannot work due to a severe injury or illness.

**Mortgage default insurance** protects the mortgage lender if you cannot make your mortgage payments. Mortgage default insurance is required by law if your down payment is less than 20 percent of the purchase price of the home.

**Mortgage default insurance protects the lender. It does not protect you as a homeowner. If you do not make your mortgage payments, your lender can take ownership of your property.**

**Credit protection insurance** makes the *minimum* monthly payments on a credit card, loan, line of credit or other debt for a specified time if you cannot work due to severe injury or illness.

You will still be responsible for paying the balance when you recover or after the coverage period ends.

**Mortgage life insurance** pays the remaining balance on your mortgage to the lender in the event of your death.

As you pay down your mortgage over time, the amount that the insurer will pay you if you die (i.e. the outstanding mortgage balance) is reduced. However, the payments generally remain the same.

Be aware that mortgage life insurance may be subject to claim investigation and often has very strict exclusions relating to pre-existing conditions. Read your policy carefully and make sure you understand what is covered.

**Credit balance insurance** pays the remaining credit card balance, bank, line of credit or other debt in full, to the lender at the time of your death. Be aware that credit balance insurance may be subject to claim investigation and often has very strict exclusions relating to pre-existing conditions. Read your policy carefully and make sure you understand what is covered.

If you are considering buying mortgage life insurance or credit balance insurance, compare the coverage offered with other options, such as a term life insurance policy.

## **BUYING INSURANCE**

Make sure you get the right insurance to meet your needs, which may change over time. Be sure to evaluate your situation from time to time, as you may need to update your policy after major life events such as:

- starting a family
- buying a home
- starting a business
- buying a new vehicle.

Your decisions about the type and amount of insurance you get will depend on your situation, your budget, your personal beliefs and the value of what you are insuring.

Know what insurance coverage you already have so that you do not buy unnecessary coverage. For example, your employer's benefits plan may offer supplementary health coverage, or travel health insurance may be included if you pay for your trip with a credit card.

### **Tip**

**You may be able to get better prices if you are a member of a union, association or club. Many insurers offer special lower rates for group coverage. However, coverage usually ends when you are no longer a member of the group or reach a certain age.**



### **When buying insurance:**

- Evaluate your situation to determine what risks you may need to insure against. You may also wish to have an emergency savings fund to protect you against some of the smaller financial risks.
- Shop around and compare both the coverage and the prices. Some policies may be cheaper but may not offer the same level of service or coverage.
- Be sure to get enough insurance. If you make a claim, your insurer will only pay up to the maximum amount insured by your policy. When deciding how much insurance you might need, consider the value of the item you are insuring and the full financial impact of paying for the loss or event you are insuring against.
- For those types of insurance that have a deductible, determine how much of a deductible you can pay if you need to make a claim. Generally, a higher deductible will reduce your premiums, but you will need to pay the full amount of the deductible if you make a claim.

**Before signing, read the policy carefully. Make sure you understand what is and is not covered by your policy.**

### **Where can you get insurance?**

You can buy insurance from:

- an insurance agent
- an insurance broker
- an insurance company.

Most types of insurance can also be purchased over the phone or Internet or by mail; however, life insurance is usually purchased from a licensed agent.

Other types of insurance, such as mortgage default insurance or credit insurance, are usually offered by the lender when you apply for financing.

## Tip

**You may be able to get a discount if you buy more than one type of insurance policy from the same insurance company—for example, you may get a discount if you buy your home and auto insurance from the same insurance company.**

## Choosing an insurance agent or broker

Before choosing an agent or broker:

- Shop around.
- Ask friends and family if they can recommend someone they have dealt with. Ask the agent or broker to provide references from other clients.
- Ask about the insurance agent's or broker's qualifications. Find out what training the agent or broker has received.

For example, if you are dealing with a life insurance agent, ask whether he or she has passed the Life Licence Qualification Program (LLQP).

- Find out if the agent or broker belongs to a professional association.

For example, does the agent or broker belong to Advocis, the Financial Advisors Association of Canada or the Insurance Brokers Association of Canada?

- Contact the insurance regulator in your province or territory to confirm that your agent or broker is licensed or registered to do business in your province or territory.

Dealing with a licensed agent or registered broker will help to ensure that he or she is properly trained and has the resources to provide you the insurance services you may need.

A list of provincial and territorial insurance regulators is available on FCAC's website at [fcac.gc.ca](http://fcac.gc.ca).

- Find out how long the agent or broker has been in business and what services the agent or broker provides after selling you the policy.

## Tip

**Never pay a fee to insurance agents or brokers. This is not a normal practice in the insurance industry and could be a scam. Licensed insurance agents and brokers receive payment from the insurance company and generally do not charge you a fee.**

However, agents and brokers will often accept premium payments on behalf of an insurer. If you pay premiums to an agent or broker, the cheque or payment should be made out to the insurer and **not** to the broker or agent.

## Choosing an insurance company

Regardless of how you buy insurance, your policy will be issued by an insurance company.

Before accepting an insurance company recommended to you by your agent or broker or choosing an insurance company yourself, contact the insurance regulator in your province or territory to confirm that the insurance company is licensed to do business in your province or territory. Dealing with a licensed insurance company will ensure that you have access to an independent dispute resolution system if you need to file a complaint.

Make sure the company is a member of Assuris ([www.assuris.ca](http://www.assuris.ca)) or PACICC, the Property and Casualty Insurance Compensation Corporation ([www.pacicc.com](http://www.pacicc.com)).

If your life insurance company fails, Assuris protects your benefits up to certain amounts. A life insurance company authorized to sell insurance policies in Canada is required by the federal, provincial and territorial regulators to become a member of Assuris.

If your property and casualty insurance company fails, PACICC protects your benefits up to certain amounts. A property and casualty insurance company authorized to sell insurance policies in Canada is required by the federal, provincial and territorial regulators to become a member of PACICC.

# QUALIFYING FOR INSURANCE

Insurance companies will evaluate whether they will issue a policy based on certain criteria, such as:

- your age
- your medical history
- any previous claims you have made
- the amount of coverage you are requesting.

No matter what type of insurance you are applying for, be sure to **answer all questions on the application fully and honestly**. If you don't, your policy could be cancelled and any claim you make in the future could be refused.

## How are premiums calculated?

Your premium is based on the probability that you will make a claim. Factors such as the ones listed previously may affect the cost of your premiums. Insurers usually charge higher premiums to people who they think are more likely make a claim. People whom insurers consider less likely to make a claim will usually pay lower premiums. For example, if you have a history of medical issues, you may pay higher life insurance premiums than someone with few medical issues. If you have several accidents on your driving record, you may pay higher auto insurance premiums than someone who has no accidents on their driving record.

# MAINTAINING YOUR COVERAGE

There are certain things you need to do in order to maintain your insurance coverage.

**Pay your premiums on time.** If you do not pay your premiums on time, your policy may be cancelled for non-payment. Your coverage will stop and you will no longer be protected. If your policy is cancelled due to non-payment, you may find it difficult to get coverage in the future, or you may have to pay higher premiums.

For some types of insurance, you must **tell your insurer as soon as possible about any change in your circumstances** that may affect the insurer's ability to cover your loss. For example, your automobile insurer will need to know if you have convictions for driving offences.

To renew your policy, you may need to tell the insurer about any changes to that information within a certain time period before your current policy ends. Your policy will list the specific procedures you will need to follow to renew your policy.

## CANCELLING YOUR COVERAGE

If you've recently bought insurance and are having second thoughts, you have ten days from the time you received the policy to cancel it. If you choose to do so, you will be refunded any premiums you have paid.

You can also cancel a life, health or property and casualty insurance policy while it is in force. However, if you cancel your policy before the expiry date, a penalty will be applied and the balance of any premiums you have prepaid will be refunded to you.

**Make certain that your new policy is in force before letting your previous policy lapse or expire. Otherwise, you may not be covered while waiting for the new policy to come into force.**

## MAKING A CLAIM

When you make a claim, you are officially asking the insurer to pay you for a loss or event covered under the terms of your insurance policy.

***Before submitting a claim, check your policy's terms and conditions, as well as any exclusions, to see if your loss is covered.*** Insurance companies will pay only for the specific losses described in your policy. Your insurer will review your policy and advise you if your claim is eligible under the terms of your contract.

Contact your insurance agent, broker or insurance company promptly about your claim. Most insurers have time limits within which you must submit your claim. The timeframe usually varies from 90 days to 12 months from the date of the occurrence.

When submitting your claim to your insurer, make sure to provide all supporting documents. For example, in the case of an auto insurance claim, you may need to provide an accident report; for a life insurance claim, you may need to provide a death certificate.

Your policy lists the specific claims procedures you will need to follow.

## Tip

**Making a claim may increase your premiums. Some insurance companies offer a discount if you have not made any claims under your policy. This is often the case for home and auto insurance. If the amount of your claim is only a little more than your deductible, consider whether you can afford to pay for the claim yourself.**

# PROTECTING YOURSELF FROM INSURANCE SCAMS

Insurance scams can take many forms. Here are a few tips on how to avoid them:

- Beware of any email message that claims to be from your insurance company and that asks you to confirm or give certain personal information. This could be a scam to obtain information about your personal finances and could lead to identity theft.
- Do not pay your premiums through a money transfer or money wiring service. This is not a normal practice and could be a scam to get you to buy fake insurance.

## IF YOU HAVE A COMPLAINT

There are several options available to you if you have a complaint against your insurance agent, broker or insurance company. All federally regulated insurers must have a complaint-handling system in place. They must provide policyholders with information on how to make a complaint, how long the process will take and the next steps if the complaint remains unresolved.

For a list of federally regulated financial institutions, visit the website of the Office of the Superintendent of Financial Institutions (OSFI) at [www.osfi-bsif.gc.ca](http://www.osfi-bsif.gc.ca), and click on “Who We Regulate.”

### The Complaint Process

It is important that you follow your insurance company’s internal complaint-handling process before taking further steps.

1. Address the issue with your agent, broker or the company representative as soon as possible. This may be all that is required to solve the situation.
2. If the problem relates to **the insurance product** and you are not satisfied with the response received from your agent or broker, make a formal complaint to your insurer and ask that your complaint be forwarded to your insurance company's internal ombudsperson. Formal complaints must usually be made in writing.

If the problem relates to **the conduct of the agent or broker** and you are not satisfied with his or her response, contact the insurance regulator in your province or territory.

3. If the insurance company cannot resolve your complaint, contact the insurance regulator in your province or territory.
4. If your complaint has still not been resolved by the insurance company or regulator, you can contact one of the following organizations that can offer a third-party review of your complaint.

#### **a. Life and health insurers**

##### **OmbudService for Life and Health Insurance (OLHI)**

[www.olhi.ca](http://www.olhi.ca)

1-888-295-8112 (English)

1-866-582-2008 (French)

##### **Quebec: L'Autorité des marchés financiers (AMF)**

[www.lautorite.qc.ca](http://www.lautorite.qc.ca)

Québec: 418-525-0337

Montréal: 514-395-0337

Other regions: 1-877-525-0337

#### **b. Home, auto and business insurers**

##### **General Insurance OmbudService (GIO)**

[www.giocanada.org](http://www.giocanada.org)

1-877-225-0446

##### **Quebec: L'Autorité des marchés financiers (AMF)**

[www.lautorite.qc.ca](http://www.lautorite.qc.ca)

Québec: 1-418-525-0337

Montréal: 1-514-395-0337

Other regions: 1-877-525-0337

If you are not satisfied with the outcome, you can contact the appropriate provincial or federal financial services regulator. Each province and territory has its own insurance regulator that handles complaints. FCAC has a complaint-handling process search tool on its website ([fcac.gc.ca](http://fcac.gc.ca)) that can help you find out about the complaint-handling process for your insurer.

**When filing a formal complaint, remember:**

- State the facts, why you think there is a problem and what you would like to happen.
- Provide copies of all the available documentation such as brochures, account statements and copies of contracts and medical information, if appropriate. Keep the originals.
- Keep a record of whom you talked to and what was said.
- Ask for a final position letter that clearly states your insurer's final decision regarding your complaint.

## RESOURCES

### Federal, provincial and territorial regulators

Canada's insurance industry is regulated federally as well as by the provinces and territories.

Most insurance companies are federally incorporated. The federal government ensures that all federally incorporated insurance companies are financially sound. Federally incorporated insurance companies must also be members of a third-party dispute-resolution system to handle consumer complaints.

However, each province has its own insurance regulator and all insurers must follow the rules and regulations of the province or territory in which they carry on business. Provincial insurance regulators enforce consumer protection laws and also oversee the licensing and conduct of insurance agents and brokers in their province.

If you want to confirm that the insurance company, agent or broker you are dealing with is licensed or registered to do business in your province or territory, or if you want more information on how to protect yourself, contact your provincial or territorial regulator.

A list of federal, provincial and territorial insurance regulators is available on the FCAC's website at [fcac.gc.ca](http://fcac.gc.ca).



## Life and health insurance

### Information:

- **Canadian Life and Health Insurance Association (CLHIA)**  
[www.clhia.ca](http://www.clhia.ca)

### Information and complaints:

- **OmbudService for Life and Health Insurance (OLHI)**  
[www.olhi.ca](http://www.olhi.ca)  
1-888-295-8112

## Property and casualty (general) insurance

### Information:

- **Insurance Bureau of Canada (IBC)**  
[www.ibc.ca](http://www.ibc.ca)  
Consumer Information Centres:
  - British Columbia, Saskatchewan and Manitoba: 1-877-772-3777 ext. 222
  - Alberta and The North: 1-800-377-6378
  - Ontario: 1-800-387-2880
  - Quebec: 1-877-288-4321
  - Atlantic: 1-800-565-7189 ext. 227

### Information and complaints:

- **General Insurance Ombudservice (GIO)**  
[www.giocanada.org](http://www.giocanada.org)  
1-877-225-0446