

Buy Smart. Increase Your Liability Coverage.

\$200,000 is the minimum available limit of liability coverage on Ontario automobile insurance policies. However, many insurance professionals decline to sell less than a \$1,000,000 limit of coverage to their customers. This decision is based purely in the interest of properly protecting their clients.

\$200,000 may simply not be sufficient coverage if a driver is found to be responsible in a liability claim, particularly where it involves bodily injuries. The cost difference between \$200,000 and \$1,000,000 is minimal. This is because the lion's share of the cost of liability coverage is in the first \$500,000 of coverage where the majority of liability claims settle in Canada.

When a judgment is made against an insured it is imperative that the liability limit set on the policy be high enough to cover it or the insured becomes responsible personally for the difference. Finding oneself short in liability coverage at the time of a claim is a recipe for personal financial disaster for the insured. It is a scenario that is easily preventable with thoughtful and prudent insurance advice and purchasing.

Your broker will help you shape your coverage to cover off the most dangerous areas of financial exposure, while keeping your costs low.

A "better buy" to consider is to increase one or more of the following deductibles: Direct Compensation Property Damage; Collision; Comprehensive. Increasing your deductible decreases your premium costs because you are taking responsibility for a small amount of the claims costs. The cost saving realized by increasing your Direct Compensation deductible, for example, from \$0 to \$500 would offset most or all of the increased cost to take a higher liability limit. Direct Compensation covers you for the damage to your car made by an identified third party who is also deemed to be 100% responsible for the claim. Collision covers the cost of car repair or replacement when you are involved in a collision that you are deemed to be partially or wholly responsible for or when you cannot identify the party that hit your vehicle. Comprehensive covers vehicle repair or replacement costs related to glass and/or damages caused by fire, theft, vandalism.

It makes sense that one can recover financially from deductible costs associated with damage to your vehicle, or even from losing the car entirely (thus the "optional" nature of Collision and Comprehensive coverages on the Ontario Auto policy) but a large liability claim in which you find yourself underinsured could represent financial disaster from which you may never recover.

Increased liability limits are available on all types of insurance (e.g. property, auto, boats and other recreational vehicles, businesses etc.). The cost of buying higher limits of liability insurance can usually be entirely offset through purchasing higher deductibles or declining "frill" coverages. Products like Umbrella Liability serve to increase liability limits over a number of policies and offer broader liability coverage at minimal costs.

Buy smart. Talk to your broker.