



# Insurance Guidebook

Manitoba





Insurance  
COMPANY

# Back to Basics

Explaining Auto Insurance in Manitoba



*In Manitoba, it is a requirement for all drivers to carry valid automobile insurance. While many people know that carrying insurance is mandatory, they aren't familiar with some of the key terms and processes — or even what's inside their policy. Too often, drivers become educated once they need to make a claim and that can be too late.*

*This guidebook is intended to provide an introduction to some of the key elements of auto insurance in Manitoba. It is not meant to be a replacement for the knowledge of licensed Insurance Agents or Brokers or the contents of your auto insurance policy (known as MPI: Manitoba Public Insurance).*

*The following pages contain key terms and concepts explained in a simplified manner. This information will help you have deeper and more productive discussions with your licensed Insurance Agent or Broker, who can provide tailored advice as you review your insurance policy and options in the future.*



**Insurance should be clear and easy to understand. That's why we created this handy insurance guidebook to explain some of the most commonly used terms you should know.**

**Remember, always speak with your Insurance Agent or Broker if you have any questions. They're available to help.**



# Auto Insurance

There is no one-size-fits-all solution when it comes to purchasing auto insurance. To make sure you get the right coverage for your specific needs, it's important to talk to your Insurance Agent or Broker.

## Actual Cash Value (ACV)

Actual Cash Value is the current market cost to repair or replace an item, less its depreciation (how the item has aged, deteriorated or become obsolete over time). This term is often used when discussing a Total Loss.

## All-Purpose

All-Purpose insurance means you can drive your vehicle in all work and pleasure situations, with certain exclusions based on your policy.

## Cancelling or Changing Your Auto Insurance Coverage

You can cancel or change your policy at any time, but you must always have valid insurance if you are driving. MPI offers different levels of coverage including: All-Purpose (for most driving purposes), Pleasure (when you don't use your vehicle to drive to work or school), Lay-Up (storing your vehicle on private property) and Farm (if you are a farmer). You can change your level of coverage depending on how you use your vehicle. For specific details, review your policy and/or contact your Broker/Agent.

## Claim

An insurance claim is a formal request by a policyholder to your Broker or insurance company for compensation of a covered loss. Filing a claim does not necessarily mean you will receive a payment. The reason for the loss must be covered under the policy and its terms met.



## Classes

There are different types of licences you can get in Manitoba and they are numbered into different classes that allow you to drive different types of vehicles.

They include: Class 1 (semi-trailer trucks), Class 2 (larger buses), Class 3 (trucks with more than two axles), Class 4 (ambulances and smaller buses), Class 5 (passenger vehicles, smaller trucks and mopeds) and Class 6 (motorcycles). You must be 18 years of age to get a Class 4 or higher licence.

## Common Carrier

Common carrier passenger vehicle is an insurance level that covers those who use their vehicles for courier or delivery purposes more than four days a month.

## Commuting (driving to and from work, school or a transit terminal)

Commuting in Manitoba is defined as someone living outside of Winnipeg who is driving into Winnipeg for work or school.

## Deductible

Insurance companies use deductibles to share the cost of any claims with the policyholder. When you file an insurance claim, a deductible is the amount of money that you are responsible to pay, as outlined in your policy.

For example, if your policy's deductible is \$500 and you have a covered loss under your policy that totals \$10,000, you'll pay \$500 and your insurer will cover the remaining \$9,500.

## Depreciation

Depreciation considers how the value of an item has decreased over time — usually due to everyday wear and tear (e.g. ageing, deterioration and obsolescence).

For example, your brand-new vehicle will depreciate in value over time, depending on how far you've driven and basic wear and tear.

## Driver Safety Rating

Drivers in Manitoba are given a Driver Safety Rating based on their safe driving behaviour. Those who are caught failing to follow road rules may have their Driver Safety Rating lowered. The current Driver Safety Rating ranges from +16 to -20. Every year of safe driving means moving up the scale.

The higher you are on the scale, the greater your discounts will be. Those on the highest rating of +16 receive a discount of 37% on their insurance premiums. Those on the bottom of the scale receive no discount and will pay an additional \$3,000 for their driver's licence.

When determining your Manitoba car insurance premium, MPI considers the type of conviction you received, including some traffic tickets, at-fault claims or impaired driving convictions.



## Driver's Licence Levels

In Manitoba, a graduated licence system is used for passenger vehicle licences. There are three stages of graduated driver licensing for new Class 5 and Class 6 drivers.

**L** is the Learner stage that new drivers must stay at for a minimum of nine months. The **I** is Intermediate stage, where new drivers stay at for at least 15 months and **F** is the Full stage, where new drivers stay for three years.

Each stage comes with specific restrictions intended to help prevent risky driving behaviour, ranging from the number of passengers you can carry, a zero-tolerance policy for drugs or alcohol in your system or whether you can tow other vehicles.

For a complete list of requirements under the graduated licensing system, please visit MPI's website.

## Farm Passenger Vehicle

A farm passenger vehicle is a vehicle registered by someone living on a farm and who farms for more than 720 hours per registration period. It is also for retired farmers who are not working in a new occupation.

A farm passenger vehicle cannot be used for any business or school purposes. You may drive to or from work or school up to four days in one month or up to 1,609 km per year. However, you can drive children to school.

## Farm Truck

A farm all-purpose truck is registered by a person or company whose primary job is farming.

## Insurance Agent vs. Broker

An Insurance Agent sells insurance for a specific insurance company.

An Insurance Broker sells insurance for many different insurance companies.

## Legal Owner

The legal owner is the person who owns the vehicle and is responsible for insuring the vehicle.

## New Vehicle Protection

New Vehicle Protection insurance is optional coverage by MPI that will replace your new vehicle if it is written off. It can prevent you from owing more on a vehicle loan than a vehicle is worth.

New Vehicle Protection coverage lasts until the vehicle is two years old.

## Pleasure Driving

Pleasure driving means that you cannot use your vehicle for any business or school purposes. You may drive to or from work or school up to four days in one month with a total of 1,609 km per year. However, you can drive children to school.

## Policy Term

A policy term outlines the length of time you are covered. It states the date and time that your policy begins and ends.

## Premium

An insurance premium refers to how much your insurance policy will cost, generally paid on a monthly, quarterly or annual basis.

Your premium is calculated by many factors including but not limited to:

- The type of vehicle you drive
- Your driving history
- How you use your vehicle (driving to work, business or commercial use or pleasure driving only)
- Any accidents or driving convictions
- Any additional coverages chosen by the policyholder
- Where you live

These and other factors can make a difference in how much you pay for insurance.

## Proof of Insurance

A Vehicle Registration Certificate is the proof of insurance you receive from MPI once you have purchased coverage. The certificate is designed to serve as proof of automobile third party liability coverage.

## Registered Owner

The registered owner is a person who has care, custody and control of the vehicle for more than 30 days. Generally, the registered owner and the legal owner are the same person, but that is not always the case.



# Understanding At-fault and No-fault Insurance Terms

Understanding the ins and outs of at-fault and no-fault insurance can be confusing.

Here we break down the most important terms you need to know.

## At-fault

This refers to the person who was responsible for an auto accident. The at-fault driver's auto insurance can cover liability resulting from injury and property damage claims made against the driver.

## No-fault Insurance

No-fault insurance simply means that you deal with your own insurance company – in Manitoba's case, MPI – regardless of who is at fault for the accident. MPI will handle benefits resulting from injuries to you or damages to your vehicle regardless of who was at fault for the collision, based on the Fault Determination Rules.

## Fault Determination

Even though it's called no-fault insurance, by law, insurance companies must decide on the percentage of fault for each of the drivers involved in the accident for the purpose of direct compensation – property damage claims. This is done by using Fault Determination Rules.

MPI gathers all details about the claim before deciding who is at fault. They will then decide if you are at fault, the other party is at fault, or both, taking into consideration the facts, previous court decisions and the current traffic bylaws.



## What's Included in Insurance?

### Mandatory Insurance Coverage

Auto insurance is mandatory in Manitoba. The required coverage includes:

- Accident Benefits
- Collision Damage
- Property Damage
- Stolen Vehicles
- Vandalism

### Insurance coverages defined: Accident Benefits

Manitoba's Personal Injury Protection Plan (PIPP), regulated by the Manitoba Public Insurance Corporation Act, is required by Manitoba law. It provides certain benefits like medical care, rehabilitation, income replacement and other needed services for recovery, regardless of who caused the collision. It provides compensation if you, your passengers or pedestrians are injured in an auto collision.

Accident Benefits also provide certain benefits in the event of loss of life.

#### Accident Benefits cover:

- Medical and personal expenses
- Income replacement
- Caregiver expenses
- Personal care assistance
- Impairment
- Rehabilitation
- Catastrophic injuries
- Appeals





### **Collision or Upset Coverage**

If you are considered at fault for an accident, collision coverage will pay for damages to your vehicle caused by an upset (tipping over) or collision with another vehicle, person, object or ground surface.

### **Comprehensive Coverage**

Comprehensive coverage focuses on damage that happens to your vehicle from things other than a collision.

Typically, it includes things like fire, vandalism, theft or attempted theft, weather-related damage (hailstorm, fallen tree), a natural disaster or a riot or civil disturbance. This coverage can be added to your policy.

### **All Perils**

All Perils coverage combines collision and comprehensive coverage for your vehicle under one deductible. It also includes coverage for loss or damage to your vehicle if it's stolen by someone in your household.

### **Extended Health Benefits**

If you are injured in a collision and you have extended health benefits through your employer, you will use that coverage first before your insurance company will cover any healthcare costs related to the collision. This is not meant to replace existing extended health benefits that you may already have in place — it is only to supplement, if needed.

### **Extension Insurance**

Additional insurance that can be purchased that covers things or situations that basic vehicle insurance does not.

Some insurance companies cover things like tire damage due to potholes, or coverage for your pet. You can also reduce your deductible or increase your liability coverage through extension insurance. Contact your Broker/Agent to learn more about available options.



# What Can Impact Your Insurance Rates?

## Driving Record

A clean driving record translates into a lower premium. A driver with at-fault accidents represents a risk to the insurance company. You'll also pay more if you continue to accumulate tickets for things like speeding or careless driving.

The exception to this is photo radar. New technologies like red light cameras or photo radar (also referred to as automated speed enforcement) photograph the licence plates of vehicles that speed or fail to stop for red lights.

A ticket is issued and sent to the registered owner of the vehicle.

Since the ticket is issued to the vehicle and not the driver, photo radar infractions will not affect your insurance rates.

## Endorsement

This refers to a change or addition to a policy that increases or reduces the amount of coverage and changes its terms and conditions. For example, an air brake endorsement allows the holder to drive a vehicle with air brakes but doesn't change their class of driver's licence.

## Liability Insurance

Liability insurance covers you for claims where you are required by law to pay a third party for bodily injury and property damage.

Bodily Injury coverage covers the claim if another person is injured or killed and you are deemed to be responsible.

Property Damage coverage will cover the claim if someone else's property is damaged as the result of an accident – including city or municipality property.

## Misrepresentation

If you provide false information to an insurance company or leave out certain facts to receive a benefit to which you are not entitled, the insurance company may void your coverage, deny your claim or cancel your coverage.

## First Notice of Loss

When you experience a loss, you must let your insurance company know. This first step in the claims process is referred to as a First Notice of Loss.

## Proof of Loss

This is a formal statement you make under oath to an insurance company, regarding the details of a loss.

## Reportable Claim

You must report an accident if the damage to both vehicles combined is greater than \$2,000. You must also report if someone is injured, if property is damaged, or if it involved a driver who doesn't have auto insurance.

## Total Loss

A total loss is when the cost to repair the vehicle is higher than the Actual Cash Value (ACV) of the vehicle.

It isn't always practical to repair a vehicle, even if the cost of repair is less than its actual value.

Factors such as vehicle safety, quality of the repair, costs and vehicle values are all considered in determining if a vehicle is repairable.

The value of your vehicle is determined based on things like pre-accident condition of the vehicle, the number of kilometres on the odometer, the options available on the vehicle and any existing damage prior to the accident.

An insurance company reserves the right to deem your vehicle as a Total Loss.

## Vehicle Repairs

Depending on which costs the least, insurance companies will pay either the Actual Cash Value of the vehicle, or the cost to repair or replace it (with a similar kind and quality).



## When should I notify my insurance company about changes?

You should update your insurance company if any of the following happens:

### Your address changes.

- If you move out of province, you will need to get coverage in the new province and cancel your current policy
- Any other address changes must be communicated to MPI within 14 days

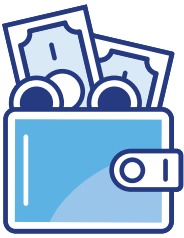
### Your vehicle usage changes.

- You drive further to work, stop driving to work, or your driving status changes (e.g. moving to pleasure, business, commuter)
- You start using your vehicle commercially (e.g. you started driving for a ridesharing company)
- You are selling your vehicle
- You need to add or remove vehicles from your policy
- You start using your vehicle for business

This section provides a series of recommendations; however, requirements and processes may vary by insurance company.



# You and Your Policy



## Can I reduce my insurance costs if I am driving less?

If you are driving less, your premium may be reduced if there are changes to what you use your vehicle for, such as switching your all-purpose coverage to pleasure coverage.

## My teenager just got their Learner's licence. What do I need to know?

When your teen passes the written test and earns their Learner's licence, they:

- Are on the first step of a three-step Graduated Driver Licensing program
- May not drive alone
- Must be accompanied by a qualified supervising driver, who has had their full licence for more than three years
- Must have the qualified supervising driver sitting in the front passenger seat
- Cannot have more passengers than seatbelts
- Cannot have any drugs or alcohol in their system
- Cannot tow a vehicle or operate off-road vehicles along or across a highway

## What do I need to know after being involved in a collision?

1. If you are injured, don't move. Stay in your vehicle.

2. If you are not injured, proceed to number 5.
3. Dial 911 if:
  - Someone is injured
  - There is significant damage to any of the vehicles involved in the collision
  - You think the other driver may be guilty of a criminal offence, such as impaired driving

**NOTE:** In Manitoba, all personal injury collisions and all collisions resulting in property damage must be reported to the police.

4. Follow the instructions given to you by the emergency services on scene.
5. If it is safe to do so, move the vehicle(s) to the side of the road. Turn on your hazard lights and use warning triangles or flares if available.
6. Record details of the collision.
  - Include the time, date and location, speed of your vehicle, weather and road conditions
  - Once you are in a safe location, take photos of the scene with a camera or mobile device, or draw a sketch of it
7. Exchange information with the other parties involved.
  - Regardless of the circumstances, never admit fault for the collision or assign blame to the other driver. MPI will determine fault based on Fault Determination Rules regulated by the Manitoba provincial government
  - Never sign any documents regarding fault or promise to pay for damages
8. If there are witnesses, get their names and phone numbers.
9. If you need to be towed because your vehicle is not drivable after a collision:

- Contact MPI at 204-985-7000 or outside Winnipeg: 1-800-665-2410 to arrange a tow
- The towing company will decide where they will tow your vehicle
- Bring all documentation with you, including driver's licence, ownership, insurance, details of the collision and information about the other parties involved

10. Call MPI's Claims Department as soon as possible.

11. Remember to exchange the following information:

- Full name
- Phone numbers
- Licence information
- Vehicle information
- Proof of registration



### **When I go on vacation, do I need to tell my insurance company?**

This depends on where you are going, how long you will be away and if you are taking your vehicle.

If you are staying within Canada or travelling to the U.S., it is not necessary to advise MPI, as you are covered. However, you may want to discuss purchasing additional liability insurance, as liability claims, especially in the United States, can run millions of dollars. Another consideration is adding Loss of Use insurance so you're not on the hook for more rental costs.

Your Canadian insurance may not fully cover you elsewhere in the world without obtaining specialized coverage. Contact your Insurance Agent or Broker if you need confirmation.

### **Do I need an International Driving Permit?**

We strongly recommend that travellers get an International Driving Permit (IDP) if their destination requires it.

An IDP is a document which, when accompanied by a valid driver's licence, enables a person to drive vehicles for tourism purposes in many foreign countries.

IDPs are available in Canada exclusively at CAA Stores and are available to anyone with a valid driver's licence.

