

Frequently Asked Questions

New Auto Insurance Regulations Protecting Consumers From Unfair Discrimination

Nova Scotians have clearly outlined the many areas where they feel they are being unfairly discriminated against with auto insurance. Whether they were responding to the public consultation on auto insurance, calling the Superintendent of Insurance, or talking to the Consumer Advocate, common themes of unfair discrimination arose.

On August 1, 2003, new provincial government rules came into effect to protect auto insurance consumers against unfair discrimination. The rules will prohibit companies from refusing to issue or renew auto insurance for an existing or potential customer on the grounds of:

- age
- gender
- marital status
- age of vehicle
- previous coverage by Facility Association
- a previous refusal of insurance coverage
- previous not-at-fault accidents
- making a late payment
- a lapse in auto insurance coverage less than two years long (unless it was because of a driver's licence suspension)

Questions and Answers

If I think my insurance company is refusing to insure me because of my age, or gender, what should I do?

These regulations prohibit an insurance company from refusing to insure you simply on the basis of your age, gender, or the other factors listed. If you have had past dealings with an insurer that refused to carry you on the basis of these factors, and as a result, you have been placed into Facility Association, contact your broker to determine if your contract can be renegotiated, or if there is another carrier available to you.

If an insurer is refusing to insure you, or to renew your contract, based on one of the prohibited factors, contact the Office of the Superintendent of Insurance for assistance. If you have been declined insurance, ask for clear reasons in writing.

Please note that insurers may still price automobile insurance based on their assessment of the risk they are assuming. They may also apply other underwriting rules to determine whether the risk is acceptable, including driving experience.

Why do I have to do to anything...shouldn't the insurance company fix this automatically for me?

It is prudent to bring the issue to your broker's attention. Remember, auto insurance is a very personalized product. Your personal characteristics affect what is covered in your policy. Your broker is the best person to contact first since they know your personal situation. If you still feel that you have been discriminated against, contact the Superintendent of Insurance.

Will I see a reduction in my premium?

Not necessarily. The regulations do not affect rates, just access to insurance. However, if the regulations keep you out of Facility Association, you could save a large amount. Contact your broker if you have questions.

Remember, if you do not have a good driving record these regulations won't help you.

I'm a 21 year old male driver, with no accidents or motor vehicle infractions. What do these regulations mean for me?

The regulations mean that your company cannot refuse you insurance coverage. It will still likely cost more than an average insurance policy, because you belong to a higher risk group due to your lack of driving experience.

I'm a 70 year old driver, in good health and haven't had an accident and have been driving for more than 50 years. How do these new regulations affect my premiums?

The regulations also protect you. Insurance companies cannot decline your insurance coverage based on your age.

The regulations mean that you should not be in Facility Association. That may save you money, since Facility Association usually has the highest rates.

I missed a payment once and my insurance went up because of that...how do these new regulations affect me?

Unless it was the first of a set of monthly payments, or was more than a month late, an insurance company cannot cancel or refuse to renew your contract. Your rates

will probably go down.

Why are people put in Facility Association? How do I know if I'm in Facility Association?

Since auto insurance is mandatory for all drivers in Nova Scotia, provision must be made to ensure that insurance is available to all drivers, including high-risk drivers. Some drivers have difficulty finding an insurance company that will accept them because of their previous driving record or other circumstances. These people may only find coverage through a non-profit group of insurance companies call Facility Association. It's also, commonly known as the insurer of last resort. This consortium of insurance companies agrees to insure very high-risk drivers, but for relatively high premiums.

You can find out if you're in Facility Association by looking at your insurance policy or by asking your broker.

Why does a lapse in coverage affect my driving record?

Companies rate a policy based on continuous insurance history. A short lapse in coverage is no longer a reason to decline to insure someone, unless your licence was suspended. It is however a factor in the rate charged by an insurer. Before cancelling a policy for a short term, check with your insurance broker to determine how the lapse in coverage will affect you and future insurability.

I believe I had what is known as a not-at-fault accident and yet my rates went up. What is a not-at-fault accident? And how do these new regulations affect my insurance rate increase?

Insurance companies assess risk when determining whether to issue an insurance policy, and to set the price of the policy. Not-at-fault accidents are those accidents which occur but not as a result of your own actions. An example may be when you stop at a stop sign and the driver behind you hits your car. Comprehensive claims such as windshield damage, or stolen stereos are not considered accidents. They are comprehensive claims made against that portion of your coverage, if you carry it for damage to your own vehicle.

If you are driving and hit a stationary object, it is considered to be an at-fault accident because it was a result of your own actions. If a rock hits your vehicle, and damages your door, you can make a comprehensive claim if you have this coverage.

Companies are not allowed to consider not-at-fault accidents as part of your claims history when deciding whether to extend coverage.

For more information contact:

Superintendent of Insurance
Financial Institutions Division
Nova Scotia Environment and Labour
1-800-898-7668
902-424-4987 (Halifax area)
fininst@gov.ns.ca