



Current Articles 1998 – April

OPCF 27 - Liability for Damage to Non-owned Automobiles

The current OPCF 27, which was amended prior to Bill 59, will apply to the named insured spouse and any other drivers listed on the Insured's Ontario policy. In addition, it is possible to list additional drivers who may also be operating the rental vehicle. If, for example, the Smith's (our client) intend to rent a vehicle in Florida that will also be driven by their friends, the Brown's -- then there are two choices. Firstly, the Smiths could add the drivers in the Browns' family to their OPCF 27. This would require that the Smith's submit all the underwriting requirements for the Browns' to their insurer. The second choice, and the recommended one, is to suggest the Brown's add the OPCF 27 to their own Ontario policy.

Occasionally a client will advise that he has "similar" coverage through his credit card, The "coverages" included by Credit Card issuers may not be the same as the OPCF 27. Remember the OPCF 27 is a Statutory form and therefore is the same for all Insurers. Not so with credit cards!! Many credit card companies have their own wording with different conditions and NOT subject to the regulation by the Insurance Act. A major card issuer includes an exclusion if the vehicle is involved in an accident that results in an offence under the Highway Traffic Act or similar law. Do not most accidents involve an offence??? Some Credit card issuers will not apply the coverage if there has been a violation of the rental agreement. The rental agreement may not permit a driver under age 25. The Ontario OPCF 27 does not have such a restriction. As long as the underage driver is listed on the parent's policy the OPCF will address the claim. The OPCF 27 does NOT exclude coverage if the rental agreement has been breached.

The OPCF 27 includes a MAXIMUM limit and remember, THIS IS IN CANADIAN DOLLARS!

Florida and several other states allow what is called "LIABILITY SHIFTING" When the lessee accepts and signs this agreement the lessee's auto insurance BECOMES PRIMARY COVERAGE. The lessee may not be aware of the implications of signing such an agreement, particularly while arranging the rental at a busy airport booth!. NOT TO WORRY!!! The Ontario auto policy will apply as the Primary Insurer if such an agreement has been executed. However, the claim may be paid FULLY under your client's Ontario policy and his rates and acceptability may be affected! Without this Liability Shifting agreement the Ontario auto policy would apply as excess over the Lessor's coverage. As many states permit very low limits, your client will be protected by his Ontario policy on an Excess basis.

The OPCF 27, being an extension of the Ontario policy, will contain the same territorial limitations as the basic policy. IT WILL NOT APPLY IN BRITAIN or EUROPE or anywhere outside Canada or the USA. Here is a "checklist" for clients questioning coverages for Rental vehicles:

1) Where will you be operating the vehicle? (Outside Canada/ USA - cannot help) 2) Who will be driving the rental vehicle? (If sons or daughters - are they named on the Ontario policy? 3) Are travelling friends going to operate the vehicle? (Recommend that they add the OPCF 27 to

their OWN policy.) 4) Advise client of limit in CANADIAN DOLLARS which may have to include the lessor's "down-time" for the vehicle. 5) If the client is relying on his "credit card coverage" has he read the credit card agreement "fine print"? 6) Has the client reviewed the rental agreement? Many tour operators can supply a copy before the trip. Knowledge in advance of the trip may prevent an uninsured and mis-understood claim.

The OAP 1 will apply coverage on a defined "Other Auto" and include Liability Coverages, Direct Compensation, Accident Benefits and Uninsured Auto. If your client is going to Florida for a lengthy period of time, it is therefore important to keep the Ontario auto policy in force and use an OEF 16-Suspension of Coverage - rather than delete the coverages on the Ontario auto. In this way the Ontario auto policy will offer the above coverages to an "Other Auto" subject to the terms of the Ontario policy.

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