



## Current Articles 2002 – January

### Your clients are heading for warmer weather climates

Each year at this time many clients, and particularly seniors, are heading to Florida, Arizona or some other area to escape our winter. Some will drive their own car and others will fly, or travel with friends, leaving their car back here. A thorough review of the particulars for each client is necessary to correctly advise the client as to the policy changes that will be required.

In my first scenario, let us assume that the client owns two automobiles. He is driving one of the vehicles to Florida for his use while there, and is parking the other in his garage at home as it will not be driven by anyone. In this case, and only because he has another vehicle licensed and insured with an Ontario OAP 1 Automobile Policy, that it would be safe to **delete** the mandatory coverages and collision coverage, leaving comprehensive only. This client will get the advantage of the "Other Auto" Coverage from the vehicle that is being used in Florida and is insured. Caution should be used if your client's automobile is being left in an underground parking area of an apartment or condominium. In this case you may recommend that collision coverage be maintained.

The second scenario is when the client does not take his automobile but travels with friends or flies, intending to rent or lease a car at his destination. This requires you to recommend the OPCF 16 – Suspension Of Coverage Endorsement. This will delete the coverage for the Described Auto, Newly Acquired Autos and Temporary Substitute Autos but will continue coverage for any "Other Auto". This is most important if the client rents a car. Many States have very low liability limits and having the availability of the client's limits as excess is necessary. The Ontario policy will also apply to "Other Autos" for Accident Benefits including injuries sustained while in an automobile or as a pedestrian. You may recall a few years ago that a British Columbia broker was found negligent in recommending that "all road coverages be deleted" as his client was going to Australia for an extended vacation. While returning, they stopped in Hawaii and were seriously injured as pedestrians by an uninsured vehicle. Although the policy would not apply in Australia, coverage would have applied in Hawaii as the policy territory is Canada and the United States. The award against the broker was in excess of \$500,000. The OPCF 16 automatically deletes collision also. If your recommendation is to maintain collision you will have to discuss and arrange with your underwriter. Remember also, that if you have an OPCF 27 – Liability for Damage to Non-Owned Autos and you delete collision from the basic policy, the OPCF 27 will not provide the collision benefit. If your client rents a vehicle and declines the CDW, you will need to recommend that collision coverage is maintained.

If your client is travelling with another couple, your client's OPCF 27 will not apply to their friend's unless they are named on your OPCF 27 endorsement. This will require disclosure of your friend's underwriting information etc. It is better to recommend that their friend's purchase their own OPCF 27 to cover them if driving the rented vehicle.

If Arizona, or other parts of the U.S. south west, is on your client's itinerary it is a good idea to remind him that his coverage will not apply in Mexico. If he drives into Mexico, he must purchase Mexican Auto Insurance from a licensed Mexican Insurer. Failure to purchase Mexican

Insurance will land you in jail following an accident **whether you are at fault or not**. Your vehicle may also be confiscated!

Some states, Florida, Nevada, being a couple, permit "Liability Shifting". This means that when you rent a car and providing you sign to accept this change, your auto liability will pay from the first dollar of a claim. In other words, Liability shifting makes your auto liability coverage primary. Providing that you have an Ontario policy this would be covered by your policy.

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