



# How much... ...is enough? liability insurance

**Liability insurance is mandatory, but you can adjust the level to make sure your needs are met. Ask your broker for more information about liability insurance and how to obtain the right level of coverage.**

## WHAT IS LIABILITY INSURANCE?

Liability insurance covers the cost of damages (for accident benefits, medical costs, lawsuits and awards) in the event of personal injury or death from an accident involving the insured party. In other words, you are financially protected if you are held liable for an injury or loss by others arising from the operation of your vehicle.

## WHAT IS NO-FAULT INSURANCE?

Many provinces in Canada now have some level of no-fault insurance in which each person's own insurance company pays for injury or damage up to a certain limit. This applies regardless of whether or not the insured person was at fault. In Quebec and Manitoba, for example, there is a pure no-fault. In Ontario, however, there is a threshold system in which the no-fault clause only applies up to a certain threshold of liability. So, if you are involved in an

accident and injured, your own insurance covers the associated costs of treatment, living expenses, loss of work and pain and suffering.

## WHEN TO CONSIDER EXTRA COVERAGE

The recommended level of liability insurance coverage is usually about \$1 million. There are some situations in which you might want to increase your liability limit depending on the use of your vehicle. For example, if you drive into the U.S. on a regular basis, where liability settlements are generally higher than in Canada, you might want to consider higher coverage. If you carpool to work or drive groups of children in your car to school or after-school events, you might want to increase your coverage to reflect the higher risks to which you are exposed.

## UMBRELLA LIABILITY POLICY

You can purchase an Umbrella Liability Policy that provides additional liability coverage to your home and car insurance. For example, if you have \$1 million on your home and \$1 million on your car, but don't feel it is sufficient, instead of adding \$1 million to each, you can buy an Umbrella Liability Policy for an additional million that covers both.

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