



IBC
Insurance Bureau
of Canada

What you need to know about opting out of Direct Compensation for Property Damage (DCPD) coverage

The Government of Ontario has introduced a new auto endorsement, the OPCF 49, which will become effective on January 1, 2024. It allows drivers to opt out of DCPD coverage, which is automatically included in all auto insurance policies in the province. Opting out of DCPD is not for everyone, so speak with your insurance representative to make sure you understand what it means for you.

1

What is DCPD coverage?

DCPD coverage is a mandatory component of auto insurance in Ontario. Under DCPD, your own insurance company pays for repairs to your vehicle (and contents, to a maximum cap) when you are not at-fault for a collision. The benefit of DCPD coverage is that you and your insurer are not required to recover from the at-fault driver for damage to your vehicle or its contents.

When you have a collision with another insured motorist, if you meet the requirements for DCPD coverage, it lets you claim the cost to repair the damage from your insurance company, instead of trying to secure the funds from the other driver(s) or their insurer(s). Your insurance company will compensate you for the cost of repairs and any damage to the contents of your vehicle to the extent that you are not at fault for the collision. It is designed to make the process of repairing your vehicle fast, inexpensive and simple.

2

Removing DCPD coverage is not for everyone.

If you opt out of DCPD, you will be responsible for paying to fix any damage to your vehicle or its contents that was caused by you and other drivers. Before you choose this option, consider whether you are willing and can afford to pay these costs out of pocket. You will not be able to make a claim for your loss with your insurance company, and you will not be able to sue a driver – regardless of who is at fault – for damage to your vehicle or its contents.

3

Without DCPD coverage, you will be responsible for all costs associated with repairing your vehicle if it is damaged in a collision.

Collision or upset coverage is optional in Ontario. This is coverage for your vehicle in the event of damage caused by collision with another vehicle, person, object or surface of the road; for



example, you hit a tree, guardrail or car. In general, collision or upset coverage protects your vehicle against costs of damage to the vehicle from you being the at-fault driver.

If you choose to opt out of DCPD coverage for not-at-fault losses, the new law prohibits you from purchasing optional Collision or Upset coverage, meaning you will also not be covered if you are the at-fault driver. If you are involved in an accident, you will have no insurance coverage to fix your car, regardless of who is at fault. You will have no right to make a claim from your insurance company or the other driver, even if that other driver is at fault and you are not.

4

If you lease or finance a vehicle, consult with your lease or finance company. Opting out of DCPD is not likely to be an option for you.

Your vehicle lease contract or purchase finance contract may require you to purchase DCPD coverage. Consult with your lease or finance company before making any decisions.

5

Without DCPD coverage, you are responsible for the cost of towing your vehicle and for other costs after a collision. In addition, you will not have any coverage for the loss or repair of any contents in your vehicle.

You will not have coverage for the towing, storage or a rental car if your vehicle is too damaged to drive and rental replacement, as well as any loss or damage to any of the vehicle's contents such as a laptop. If you have expensive equipment, like tools or A/V equipment, in your vehicle, you will not be reimbursed for damage. If you tow lawn equipment, a boat or other items, you will be not covered for their replacement or any damage. Speak to your insurance representative to understand what will and will not be covered in you choose to opt out of DCPD.

6

Removing DCPD is optional.

Speak with your insurance representative if you are looking for ways to reduce your premium.

7

Why Opt Out of DCPD Coverage?

By removing DCPD coverage a consumer can save the portion of the premium associated with that coverage. However, consumers will also need to determine their own level of comfort with removing this coverage. Consumers are strongly advised to carefully consider the value of any premium savings with the value of vehicle.

Example

Angela drives an older car. She is saving to replace it, and hoping it lasts another year. It's not fancy, but it works for her right now.

Angela can see from her Certificate of Insurance that she could save on her premium cost per year if she removes DCPD coverage from the vehicle. She has already removed her Collision coverage because she knows that the car will not be worth fixing if it gets seriously damaged. Given its age and condition, the cost to repair it would likely exceed its value.

**8****Available for all vehicle types.**

Opting out of DCPD coverage is available for cars and trucks used for personal travel, recreational vehicles, such as motorcycles, campers or ATVs, and for commercial vehicles. Managers of large fleets of commercial vehicles may have different financial considerations regarding DCPD coverage and should speak with their insurance agent or broker to fully understand the risks.

9**What if I am injured in a collision, or someone else is?**

Removing DCPD coverage has no impact on the coverages respecting personal injury, including your liability and accident benefits coverage.

10**Once DCPD coverage is removed, is it possible to restore it?**

Yes. DCPD coverage can be reinstated effective the day after the policyholder agrees to pay the new premium.

11**What happens if I change vehicles during the term of the policy?**

The OPCF 49 is not a policy level endorsement and a separate signed OPCF 49 endorsement is required for each and every vehicle when a consumer decides to opt out of DCPD, including when a vehicle that already has the OPCF 49 is replaced. The choice to opt out of DCPD will not automatically transfer from the old to the new vehicle.

12**Can I still purchase collision or upset coverage?**

Collision or upset coverage pays for damages that are caused when an insured vehicle rolls over or is involved in a collision with another object, including another vehicle. By removing DCPD coverage, collision or upset coverage is no longer available to you. You may choose to have comprehensive coverage on the vehicle, if your insurance company offers it.

MANDATORY		OPTIONAL			
Third-Party Liability, Accident Benefits, and Uninsured/ unidentified Motorist Coverage	<u>DCPD Coverage</u> <ul style="list-style-type: none">protects your vehicle from damage caused by another vehicle, if you are not at fault	<u>Collision/Upset</u> <ul style="list-style-type: none">protects your vehicle from damage caused by another object, including another vehicle, an attached trailer, or the surface of the ground, regardless of fault	<u>All Perils</u> <ul style="list-style-type: none">Collision + comprehensive	<u>Specified Perils</u> <ul style="list-style-type: none">protects your vehicle from certain perils	<u>Comprehensive</u> <ul style="list-style-type: none">protects your vehicle from non-driving perils (e.g., theft or fire)
	Unavailable with DCPD Opt-Out				



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