

THE NEWS HUB

Insider tips for your car and home



Lending your vehicle? Read this

When friends or family members ask to borrow your car, you may agree without giving it a thought.

But, when you lend your vehicle in Ontario, the Insurance Bureau of Canada says it's important to understand the potential risks. That's because when you hand over the keys, you're also sharing your auto insurance. If the person you've lent the car to gets in an accident, it could mean your premiums will increase.

If someone has a valid license, they can use someone else's vehicle. Usually, a policy is issued to a specific vehicle, identified by its vehicle identification number (VIN). In other words, insurance covers the vehicle, not the person driving it.

Traffic tickets are the responsibility of the driver - not the owner of the vehicle. If the driver gets a speeding ticket or is caught stunt driving, the police will accept the owner's insurance, but the fine goes on the borrower's record.

In the case of an accident, the claim will appear on the owner's record. This can affect your driving history and cause your premium to increase. Even if the borrower isn't responsible for the accident, you'll still need to pay your deductible towards the claim.

What to consider before lending your vehicle:

1. Is the person legally able to drive in Canada? Do you know their driving history? Can you trust them?
2. The person driving the vehicle must have your permission - verbally or in writing - to use it. Be sure to set expectations as to when and under what circumstances the borrower may use it.
3. Will they adhere to the requirements of your auto policy?
4. Will they be involved in any illegal activities while using your vehicle?

If you lend someone your vehicle on a regular basis, you should name them on your insurance policy. For example, if you have a friend who wants to drive your car every Friday to go shopping, include them as an occasional driver. If a borrower is not listed on your policy and he or she drives your vehicle regularly, your insurer may deny claims for accident benefits.

An occasional driver is someone who only borrows your car now and then. Depending on the province, they do not have to live in your household. In Ontario, anyone in your home with a valid license will be added to your insurance as an occasional driver, even if they have their own vehicle and are the primary driver on their insurance.

In addition, if you don't disclose all drivers who frequently drive the car to your insurance company, you could be seen as withholding information and it could result in denied claims and/or policy cancellation.

When will insurance not cover the borrower?

- Impaired driving: If you are driving under the influence of alcohol or drugs, you will not be covered for any damages and fined.
- You are an excluded driver: If the owner specifically added you as an excluded driver and you take their vehicle, you will not be protected. In Ontario, an excluded driver is someone the policyholder intentionally removes from their auto insurance. If that person uses the vehicle with or without your permission and is in an accident, it will not be covered.
- There wasn't permission: If the owner can prove they did not permit you to drive their vehicle, you will need to cover all damages.
- Lack of a valid license: Without having an active license, you could face legal charges.

It's a good idea to think twice before lending your vehicle to someone. When in doubt about your auto policy, whether you should add someone as an occasional driver or if you need to exclude someone, speak with your insurance broker.

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