



# Getting an insurance policy

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From: [Financial Consumer Agency of Canada](#)

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## Where to buy insurance

You can buy insurance from:

- a licensed insurance agent
- a registered insurance broker
- an insurance company
- a lender when you apply for a loan

Life insurance can usually only be bought from a licensed insurance agent.

You can buy travel health insurance from travel agencies, automobile associations, and banks. Your credit card may also provide you with travel insurance when you use it to pay for a trip.

You can buy credit card balance insurance and loan insurance at your financial institution.

Regardless of where you buy insurance, an insurance company will issue your policy.

You can buy insurance:

- over the phone
- on line
- in person

You may be able to get a discount if you buy more than one type of insurance policy from the same insurance company. For example, you may get a discount if you buy your home and car insurance together. You may also get a discount if you complete and submit your application online.

## Choosing an insurance company

Dealing with a federally, provincially, or territorially licensed insurance company will ensure:

- you have access to an independent dispute resolution system if you need to make a complaint
- you're protected in case your insurance company fails

Assuris protects your life insurance benefits, up to a certain amount, in case your life insurance company fails.

[Find out how much of your life insurance benefits Assuris guarantees.](#)

The Property and Casualty Insurance Compensation Corporation ([PACICC \(Property and Casualty Insurance Compensation Corporation\)](#)) protects your home and car insurance benefits, up to a certain amount, in case your home or car insurance company fails.

[Learn what types of policies the Property and Casualty Insurance Compensation Corporation covers.](#)

## Using an insurance agent or broker

An **insurance agent** is someone who represents an insurance company and sells its insurance products.

An **insurance broker** is a person or company who sells the products of several different insurance companies. However, in some cases, a life insurance agent may also represent several different insurance companies.

Dealing with a licensed agent or registered broker will help to ensure that they:

- are properly trained
- have the resources to provide you with the insurance services you may need

Agents and brokers must usually be licensed in the province or territory in which they do business. Confirm that your insurance company is licensed or registered to do business in your province or territory.

[Find the insurance regulator in your province or territory.](#)

## Choosing an insurance agent or broker

Before choosing an insurance agent or broker, you may want to ask your friends and family if they can recommend someone they have dealt with.

Ask the agent or broker:

- to provide references from other clients
- about their training and qualifications
- if they have passed the Life License Qualification Program (LLQP (Life License Qualification Program)) if you're buying life insurance
- if they belong to a professional association, such as Advocis, the Financial Advisors Association of Canada, or the Insurance Brokers Association of Canada
- how long they have been in business
- what services they will provide after selling you the policy

## Determining your insurance needs

You need to decide on the type of insurance coverage you need and how much coverage you need.

### Types of insurance

Make sure you get the right insurance to meet your needs. Your needs may change over time. Consider reviewing your insurance needs from time to time.

You want to make sure you have enough coverage to protect you against financial loss if something unexpected happens.

For example:

- car insurance is mandatory and could pay the cost of repairs to your vehicle if you have an accident
- life insurance could provide your family with money to support themselves when you die
- health insurance could help you cover costs that aren't covered by your basic provincial or territorial health plan
- home insurance could cover the cost of repairs to your home if there is damage to your house, condominium or apartment
- disability insurance could replace a portion of your income if you're no longer able to work due to an accident or illness that leaves you disabled
- credit and loan insurance, including credit card balance insurance could cover all or part of the amount you owe on a loan, lines of credit, mortgage and credit card if you get sick, die,

lose your job or there's an accident or illness that leaves you disabled

You may also want to have an emergency savings fund to protect you against some of the smaller financial risks.

### **Decide how much insurance coverage you need**

Coverage refers to the amount of protection you've purchased. This is the maximum amount of money the insurance company will pay you if you make a claim for a loss or event covered by your policy.

When deciding how much car or home insurance you might need, consider the value of the item you're insuring. Think about the full financial impact of paying for the loss or event you're insuring against.

When deciding how much life or disability insurance you might need, consider the loss of income in your household should death or disability happen. For example, perhaps only one or no income would be coming in.

### **Decide how much of a deductible you're able to pay**

If you're considering car, home or health insurance, your insurance company will ask you to choose a deductible. Choosing a higher deductible will decrease the cost of your insurance premiums because you agree to pay for a larger part of your loss. Determine how much of a deductible you can pay if you need to make a claim.

Deductibles don't apply to life insurance or disability insurance.

### **Decide if you need additional coverage**

You may be able to buy extra insurance, known as a rider or endorsement, to pay for risks not covered in your basic policy.

Read your policy carefully and make sure you understand what is and isn't covered.

## **Shopping around and finding the best deal**

Shop around and get quotes and compare policy details, such as coverage and cost. Some policies may be cheaper but may not offer the same level of service or coverage.

If you're a member of a union, association or club, many insurance companies offer special lower rates for group coverage. Coverage usually ends when you're no longer a member of the group or you reach a certain age.

Before signing, read the policy carefully. Make sure you understand what your policy covers and does not cover.

## Criteria insurance companies use to issue a policy

Depending on the type of insurance you're getting, insurance companies will determine if they will sell you a policy based on information such as:

- your age
- your gender
- your medical history in the case of life insurance or disability insurance
- any previous claims you've made
- the amount of coverage you're asking for

Insurance companies will consider the risk of insuring you and will assess your eligibility to get coverage before providing you with a policy. This is called an underwriting process.

The underwriting process will determine:

- how much coverage the insurance company will provide
- which conditions, if any, are excluded
- the premium you'll need to pay

As part of the application process for life and health insurance, you'll need to prove that you're in good health. Insurance companies may require that you complete a medical questionnaire or exam before approving you for a policy. This is called evidence of insurability.

No matter what type of insurance you're applying for, be sure to answer all questions on your application completely and honestly.

If you don't:

- your policy could be cancelled
- any claim you make in the future could be refused
- you may not be able to get insurance from any company in the future

## Maintaining your insurance coverage

Here are some tips to maintain your insurance coverage.

### Pay your premiums on time

If you don't make your insurance payments on time, your insurance company may cancel your policy. Your coverage will stop and you'll no longer be protected.

If your insurance company policy cancels your policy due to non-payment, you may:

- find it difficult to get coverage in the future, or
- have to pay higher premiums

## **Advise your insurance company about any changes in your situation**

Tell your insurance company as soon as possible about any changes that may affect its ability to cover you.

For example, your car insurance company will need to know if you've been charged with driving offences.

## **Renew your policy on time**

Make sure that you renew your policy on time to maintain your coverage. Your insurance policy will list the exact procedures you need to follow to renew it.

Generally, your insurance company will renew your car insurance and home insurance policies automatically.

Some life and health insurance, such as life-long policies, don't need to be renewed.

You may also want to consider shopping around for another insurance provider. Shopping around will let you continue to get the best value for the coverage you need. In most parts of Canada, there is a lot of competition for your insurance business.

[Find out how to cancel your insurance policy if you decide to change insurance companies.](#)

## **What to do when your insurance company ends your coverage**

Your insurance company may not renew your policy because of:

- your claims history
- non-payment of premiums

If your insurance company tells you that it won't renew your policy, ask the company to explain the reason for its decision. Ask for the explanation in writing.

[If you're not satisfied with the response, you can make a complaint.](#)

You may also want to shop around for another insurance provider.

## Related links

- [Life insurance](#)
- [Health insurance](#)
- [Car insurance](#)
- [Home insurance](#)
- [Disability insurance](#)
- [Credit and loan insurance](#)
- [Credit card balance insurance](#)
- [Optional mortgage insurance products](#)

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