

**UNDERSTANDING THE
JANUARY 1, 2024 DCPD CHANGES**

AN INTRODUCTION TO OPCF 49

Effective January 1, 2024, insurers issuing Ontario Automobile Policies (OAP 1) will be required to offer consumers the **OPCF 49 Agreement Not to Recover for Loss or Damage from an Automobile Collision**. This option was introduced by the Ontario Government with the intention of providing consumers with choice and cost savings. It is an optional endorsement, allowing consumers to opt out of Direct Compensation Property Damage (“DCPD”) in the OAP 1. **This endorsement removes coverage from a policy.**

KEY TERMS:

OAP 1: This form contains the information necessary to properly underwrite, rate and issue and automobile insurance policy in Ontario.

DCPD: “Direct Compensation Property Damage” is mandatory in the OAP 1. Provided that certain statutory requirements are met, an insured will be compensated by their insurer in the event that they are involved in a not-at-fault or partially-at-fault collision. Under DCPD, the insured is compensated for the following:

- Automobile repair
- The value of the automobile or it’s replacement
- The loss of use of the automobile
- Damage or loss of the contents inside the automobile
- Towing & storage

The statutory requirements are:

- An automobile or its contents, or both, suffers damage arising directly or indirectly from the use or operation in Ontario of one of more other automobiles
- The automobile that suffers the damages or in respect of which the contents suffer damage is insured in Ontario; and
- At least one other automobile involved in the collision is insured in Ontario

Collision Coverage: Different from DCPD coverage. Collision coverage is an optional add-on that ensures that an insured is compensated by their insurer in the event that they are involved in an at-fault collision.

OPCF 49: A new optional endorsement titled an “Agreement Not to Recover for Loss or Damage from an Automobile Collision (for OAP 1)”, providing insureds with the choice to opt out of DCPD coverage. OPCF stands for “Ontario Policy Change Forms” which are government approved forms which allow insurance consumers to modify their coverages away from the standard coverage.

The Insurance Act: Ontario’s Insurance Act contains the legal rules governing the operation of the insurance industry as well as rules applying specifically to insurance contracts, including the contents of an insurance contract, coverage and limitation of liability clauses.

TOP 10 THINGS YOU NEED TO KNOW ABOUT OPCF 49

1. IBAO recommends that you consider the use of OPCF 49 very carefully as you discuss your customer's options. **Do not forget that this endorsement removes coverage from the standard product.** If your client's opt-in to an OPCF 49, *document, document, document* that you have fully explained the risk of this product and insulate yourself from liability and E&O risk.
2. The OPCF 49 is the new, optional endorsement and is available for [download here](#)
3. The OPCF 49 is available for policies renewing on and after Jan 1, 2024
4. Customers who want an OPCF 49 will NOT be able to recover compensation to repair their automobile, replace their automobile, be compensated for loss of use of the automobile or to have the automobile or its contents within the automobile repaired due to damage. Towing and storage costs would also not be covered.
5. If your client signs a OPCF 49, the form specifically states that it extends to Subsection 7.1.2 C - Collision or Upset, or 7.1.2 D - All Perils. This means that the vehicles listed on the OPCF 49 have also opted out of Collision Coverage & All Perils Coverage
6. If your client leases their automobile or their automobile is financed, they should not sign an OPCF 49 unless they have specifically consulted with their leasing/financing company. It is likely that by signing a OPCF 49 that they are in breach of their financing or leasing agreement
7. The OPCF 49 is only applicable to the specific vehicle(s) listed on the form, which includes a VIN number. The OPCF 49 is NOT extended to other automobiles and does not attach to a newly acquired vehicle, should a new vehicle be obtained mid policy term
8. Your client may reinstate their DCPD coverage at any time during the term of their policy by contacting you and agreeing to pay the premium adjustment required. They are not "locked in" to the OPCF 49 for the duration of the policy
9. Customers who opt into the OPCF 49 will likely see a premium reduction on their insurance policy but the financial risks likely outweigh any short-term cost savings
10. Ontario auto policyholders are unable to sue the other driver, or any person involved in the accident as per section 263 of the Insurance Act

WALKING TOUR OF THE OPCF 49 FORM

OPCF 49
Agreement Not to Recover for Loss or Damage from an Automobile Collision
(for Ontario Automobile Policy OAP 1)

Issued To:	Effective Date of Change Year Month Day	Policy Number
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A **WARNING - By signing this form, you agree you cannot claim Direct Compensation Property Damage and Collision or Upset Coverage:**
If the described vehicle is damaged in a collision the loss will not be compensated even if you are not at fault. You will not be compensated by this insurance policy, or by anyone else, including anyone at fault for causing the damage, or their insurance company.

B Not being compensated means you will not be reimbursed for any loss or damage to the described automobile including:

- repair costs;
- the value of the vehicle;
- the loss of use of the vehicle;
- a replacement for the vehicle; or
- loss or damage to any of the vehicle's contents.

C If you lease or finance the vehicle you should not sign this form without consulting with the lease or financing company because you may be personally responsible for its loss or damage.
EXAMPLE: Another vehicle hits your vehicle from behind. Your vehicle is damaged requiring repair, and you need a replacement vehicle while repairs are done. Even though you are not at fault, your insurance will not cover this or help you with the loss. You must arrange for your repairs and rental vehicle, all at your own effort and expense. You cannot claim reimbursement from the driver or owner of the vehicle that hit your vehicle or from their insurer.

D **Change Agreement**
In exchange for a reduction in premium that has been explained to me, Recovery under Section 6, Direct Compensation - Property Damage, is unavailable with respect to following vehicle(s):

Model Year	Trade Name (Make)	Vehicle Identification Number (VIN)

E In addition, there is no coverage under Subsection 7.1.2, C -- Collision or Upset, or 7.1.2, D -- All Perils with respect to the vehicle(s) listed above.
By signing and accepting this change agreement, you are not altering your coverage under "Extending Your Insurance to Other Automobiles" as described in subsection 2.2 in this policy.

Signature of Insured _____ Date of Signature _____

F You may reinstate this insurance protection at any time during the term of this policy by contacting your insurance representative and agreeing to pay the premium adjustment required.
All other terms and conditions of your policy remain the same

A: Warning. Note the warning and be sure to emphasize this warning to your customers.

“By signing this form, you agree you cannot claim Direct Compensation Property Damage and Collision or Upset Coverage: If the described vehicle is damaged in a collision, the loss will not be compensated even if you are at fault. You will not be compensated by the insurance policy or by anyone else, including anyone at fault for causing the damage, or their insurance company.”

B: Read examples of what is NO LONGER compensated if this form is signed by the client.

“Not being compensated means you will not be reimbursed for any loss or damage to the described automobile...”

C: Note the warning for those who lease or finance the vehicle.

“If you lease or finance the vehicle you should not sign this form without consulting with the lease or financing company because you may be personally responsible for loss or damage.”

D: List the vehicles. The OPCF 49 is specific to the exact vehicle(s) listed on this form and coverage is not extended to other vehicles.

“In exchange for a reduction in premium that has been explained to me, Recovery under Section 6, Direct Compensation Property Damage is unavailable with respect to the following vehicle(s).”

E: Listed vehicles do not receive Collision or Upset Coverage (Subsection 7.1.2 C) or All Perils Coverage (Subsection 7.1.2 D).

Explain to your clients that it’s not just DCPD that they are removing. In signing OPCF 49, they have also removed Collision or Upset Coverage and All Perils Coverage too.

F: DCPD coverage can be reinstated at any time.

“You may reinstate this insurance protection at any time during the term of the policy by contacting your insurance representative and agreeing to pay the premium adjustment required.”

FAQ

1. Why is this coverage being introduced?

The government introduced this change to provide consumers with choice and cost savings

2. Are brokers required to send out a standard notice to all of their clients, advising them of this change?

There is no requirement to send out a standard notice to all clients because DCPD remains a core part of the mandatory coverage in the OAP 1. The OPCF 49 is a choice, allowing consumers to elect NOT to recover costs. The OPCF 49 is an optional endorsement therefore there is no requirement to notify all clients of the opportunity.

3. What does it mean to opt out of DCPD or opt into the OPCF 49?

In the event that the individual is in an accident for which they are not at-fault, or partially-at-fault, they will be on the hook for the following items without any recourse:

- Automobile repair
- The value of the automobile or its replacement
- The loss of use of the automobile
- Damage or loss of the contents inside the automobile

The OPCF 49 also extends to Collision coverage, so this means they are on the hook if they are in an at-fault accident too.

4. Are towing costs impacted by the OPCF 49?

Yes. If someone opts into the OPCF 49, they would be responsible for all towing costs including hookup, delivery, storage and pickup.

5. Can the person who opted into the OPCF 49 sue?

In short, they *may not* sue. As per Section 263 of the Insurance Act, an insured has no right of action against any person involved in the incident other than the insured's insurer for the damages to the insured's automobile or its contents or loss of use.

6. Is there premium savings that come with the OPCF 49?

There may be some premium savings but the financial risks of signing an OPCF 49 outweigh any short-term cost savings

7. What added documentation should the brokerage introduce?

Your clients must sign the OPCF 49 form if they elect not to recover for DCPD. However, in addition to this form, IBAO recommends that you have clients sign an *additional* acknowledgement that you, their broker, have explained the risks of the OPCF 49. Have the client sign and date this acknowledgement.

8. Does the OPCF 49 extend to Collision Coverage too?

Policyholders who sign an OPCF 49 agree to terms that there is no coverage under Subsection 71.2 C - Collision or Upset for the specific vehicle listed on the form. The vehicles are listed by VIN number, so the coverage is specific to the listed vehicle on the form.

9. Are all companies operating in Ontario required to offer the OPCF 49?

As with all OPCF's, the insurance company must make the option available to all consumers.

10. How does the OPCF 49 impact a client that is leasing their vehicle or financing their vehicle?

If the policyholder leases or finances a vehicle, they should not sign an OPCF 49 without consulting with the lease or financing company because they may be personally responsible for its loss or damage. It is possible that by signing an OPCF 49 that the customer may be in breach of their financing or lease agreement.

11. Who is a good candidate for the OPCF 49?

A good candidate would be someone with the financial means to pay for all of the associated expenses. Customers who are eager for small savings on a premium are likely not good candidates for the OPCF 49.

**12. What advice can I offer my clients who are desperate to save money on their auto policy?
Should I recommend the OPCF 49 as a solution?**

IBAO recommends that you look for alternative saving opportunities other than the OPCF 49. Examples could include a change to their deductible, the installation of a telematics device or perhaps there are opportunities for product bundling.

More Questions? Please direct them to education@ibao.on.ca