

## Direct Compensation Property Damage DCPD

What is DCPD? and why has the Alberta government introduced DCPD Coverage?

Direct Compensation for Property Damage (DCPD) provides coverage for vehicle repairs, vehicle contents and loss of use if the policyholder was NOT AT FAULT in an accident. DCPD is a fairer and more efficient approach to insurance claims and vehicle repairs and is already used in most provinces in Canada.

### Benefits:

- It's a fairer system for everyone
- No Subrogating required and reduces costs associated with subrogation
- Damages to your vehicle will be repaired faster and without the delays and complications
- \$0 deductible (Companies can offer alternative ded. to reduce the prem. charged under DCPD)
- Will help stabilize premiums for the long term

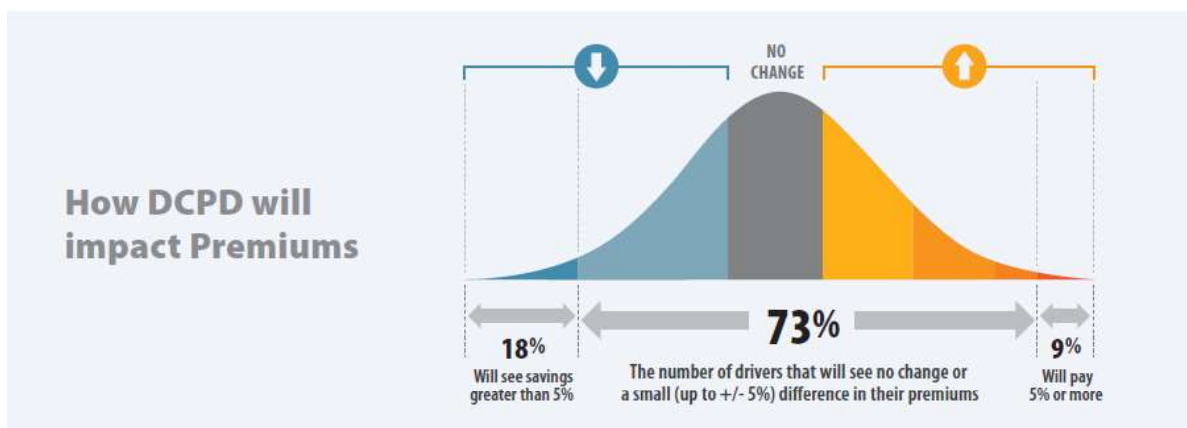
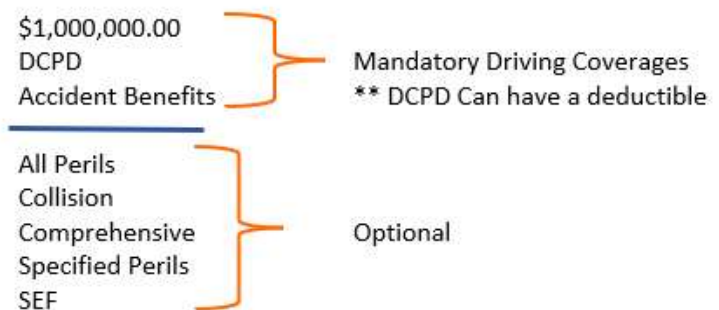
### Drawbacks:

- Having a deductible under DCPD to reduce premium - Losses will always have a deductible
- Clients are not able to SUE ANYONE to recover the deductible.

What impact will DCPD have on insurance premiums?

DCPD better aligns insurance premiums with the costs associated with repairs for a vehicle.

- Insurers will take into account the year, make and model of a vehicle in their premiums
- As well as how likely it is that it will be involved in a collision and how expensive it will be to fix
- Less expensive vehicles will have a lower premium similarly owners of more expensive vehicles that cost more to repair may pay more
- 42% of drivers will see a reduction in their premiums
- 15% will see no change
- 34% of drivers will see an increase in their premiums between 0% and 5%.



# How do I explain this to the client?

- DCPD has been introduced for clients to get their vehicle fixed a lot sooner and reduces cost associated with the claim

Example of the cost associated with Claims:

- o Subrogation - Cost associated with retrieving the damages paid out for the repairs from the Third Party's Insurance company (can take up to 2 years to retrieve)
  - o Client deductible can't be waived until the third party accepts liability in the claim
- Liability, accident benefits and DCPD are mandatory under the new guidelines set out from the government
  - DCPD is situational- it is based on specific scenarios that are pre-determined in who would be at fault (black and white compared to grey areas) Very Defined

When a claim occurs under DCPD the insurance company will base the claim on the specific scenario as well as the percentage of fault.

If a claim has been deemed 50/50 the client would have his repairs paid out as follows:

- 50 % would be covered under Collision and the deductible would also be amended to reflect the percentage of fault
- 50% would also be covered under DCPD for the portion not at fault
- This will allow the client to get a portion of the repairs/damages paid out for the NOT AT FAULT Portion
- Compared to before where they would need to pay the full deductible for collision and have the repairs/damages paid that way

## Claim Scenarios based on Alberta DCPD Regulation

### Fault Determination

- 2 Determination of degree of fault
- 3 More than one provision applies
- 4 Ordinary rules of law
- 5 Automobiles travelling in same direction and same lane
- 6 Automobiles travelling in same direction and adjacent lanes
- 7 Automobiles travelling in same direction and adjacent lanes —  
overtaking or passing
- 8 Automobiles travelling in opposite directions
- 9 Automobile entering highway from parking place or private road or  
driveway
- 10 Automobile entering controlled highway
- 11 Chain reaction accidents
- 12 Pile-ups
- 13 Intersections without traffic signs or traffic control signals
- 14 Intersections with traffic signs
- 15 Intersections with traffic control signals
- 16 Parking lots
- 17 Parked automobiles
- 18 Driver fails to obey sign or direction
- 19 Backing up or making U-turns
- 20 Open doors
- 21 Driving offences

# Common Q&A for DCPD

## **Q. When does DCPD coverage apply?**

**A.** The coverage applies to all personal and commercial policies in Alberta effective January 1, 2022, regardless of when the policy renews. No deductible will apply to DCPD coverage at the policy's first renewal after January 1, 2022. The new coverage applies even though policies have not renewed with DCPD rates yet. The timing of when DCPD rates are introduced in the industry may vary by company. Travelers DCPD rates will be launched on November 15, 2021 and are effective January 1, 2022, for new business and renewals.

## **Q: If my client is injured in an accident, does DCPD mean that they can no longer sue the at-fault driver?**

**A:** DCPD only covers damage to the car, its contents or loss of use. AB residents still have legal rights to sue for injury, or for property damage that does not fall under DCPD. For example, if your client's fence is damaged by another person's car as a result of an accident, they may be able to sue the at-fault driver for recovery of the costs to repair the fence.

## **Q: What's the difference between DCPD coverage and Collision coverage?**

**A:** DCPD provides coverage for damage to your client's insured vehicle, its contents, and loss of use, for accidents that are the fault of another insured driver. Collision coverage, which is optional, only applies to your client's damaged vehicle and covers at-fault collision damage. It does not cover contents or loss of use. Loss of Use coverage is also available as an optional purchase.

## **Q. Will DCPD impact claims rating?**

**A.** No. Similar to how not-at-fault claims are handled today, claims that are 100% not-at-fault are not used in rating for personal and individually rated commercial automobiles.

## **Q. Who will determine who is at-fault for a collision?**

**A.** Fault for vehicle collisions will be allocated using the [DCPD Fault Determination Rules](#). For unique or complex situations that do not fall under these collision scenarios, fault would continue to be allocated according to [the ordinary rules of law as they pertain to negligence](#).

Consumers who disagree with the determination of fault for an accident will continue to have access to the same options available today, including each insurer's [Ombudsperson/ consumer complaints](#) and the [General Insurance OmbudService](#).

## **Q. What if I get into a collision in another province? Will DCPD apply?**

**A.** Since other jurisdictions across Canada have similar DCPD provisions for vehicle damages, if you are involved in a collision in another province, contact your own insurance company to start the process. Your insurance representative will provide you with further information and direction.

## **Q. Will I still need to purchase collision coverage?**

**A.** You still need to purchase collision coverage if you would like at-fault damages to your vehicle to be covered by your insurer. DCPD only applies for not at-fault accidents.