

# *F* **INSURANCE** *Matters*

## WHAT IS 3RD PARTY LIABILITY INSURANCE?

It is an annual ritual that most of us have the displeasure of experiencing - purchasing car insurance. It's not easy, nor pleasant, to shell out \$1000 to \$1500 dollars each year for a piece of paper so that you can simply drive your vehicle.

After all, it is your vehicle and if you are like the rest of us, you are probably still making monthly payments toward its purchase.

So what is it that you are buying anyway? What is 3rd party liability insurance and why do you need it? Even further, why is your insurance agent telling you that you should purchase at least \$1 million of the stuff?

Third party liability insurance is an insurance policy that you purchase to pay for any injury or damage your vehicle may cause to other individuals or their property. The amount of 3rd party liability insurance coverage you purchase will be available to pay for those expenses that you, or any authorized driver of your vehicle (for example your son), may cause.

British Columbia law requires that each vehicle have a minimum of \$200,000 of 3rd party liability coverage on it. Although \$200,000 is all that you are required by law to purchase, it is wise to purchase far more than that. If your vehicle causes damage that exceeds the amount of 3rd party insurance that you have purchased, the injured person can recover the balance of his or her loss directly from you.

You can expose your personal assets if you seriously injure someone and you have insufficient 3rd party liability coverage on your vehicle.\*



BY MERV SADDEN

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