



Financial Services  
Commission  
of Ontario


# **Don't Get Scammed Buying Auto Insurance**

---

**How Some Scams Work**

**Tips to Avoid Being Scammed**

**Need More Information?**



It's an unfortunate reality – we live in a world where con artists spend their days thinking up schemes to defraud us of our money.

One increasingly common scam involves the sale of “cheap” auto insurance to unsuspecting consumers. This scheme may appear genuine, but it is intended to trick consumers into paying for auto insurance coverage that is invalid or doesn't exist.

## False Advertising

Crooks often advertise the sale of cheap auto insurance in community newspapers or flyers. The advertisements may even resemble those of a legitimate insurance company or individual licensed to sell auto insurance.

Typically, these advertisements claim they can find you auto insurance coverage at rates lower than what you have been paying or quoted in the past.

Some advertisements do not identify the name of the insurance company, sales agent, or broker. Where a name is provided, it is probably being used fraudulently, or it is phoney.

Con artists commonly advertise the sale of cheap auto insurance along with other businesses.

## Two Common Auto Insurance Sales Scams

### **The scenario**

An individual pretending to be a licensed auto insurance agent or broker offers to arrange auto insurance coverage at a rate much lower than what you're currently paying or have been quoted. The individual charges you a fee for this service.

After getting information about your driving history, the individual impersonates you when calling a licensed insurance company for an auto insurance quote. The individual lies to the insurance company about your

---

personal information or driving history to get a lower rate. For example, he or she will state that you belong to a group that qualifies for a discount or will fail to tell the insurance company about your accidents or traffic violations.

You pay your premium directly to the insurance company and receive a proof of insurance coverage.

### **The reality**

- The individual you are dealing with is not a licensed insurance agent or broker. A licensed insurance agent or broker does not charge you fees — he or she receives payment from the insurance company.
- Your auto insurance coverage is invalid because the information provided to the insurance company is false.

### **The scenario**

An advertisement promises auto insurance coverage at rates much lower than what you're currently paying, or offers free auto insurance coverage for a specified number of months.

When you call the phone number in the advertisement, you are provided with a quote. When you accept the quote, you are asked to send a partial or full payment for coverage through a transfer or money wiring service. In some cases, the individual you contacted will meet with you to accept a cash payment.

### **The reality**

- Your auto insurance coverage is non-existent because it was never arranged. The individual you contacted pocketed your payment.
- The individual you contacted is not a licensed insurance agent or broker.

## **The Harsh Reality**

Consumers sometimes realize they do not have valid auto insurance when they fail to receive a proof of insurance card (pink card).

Some consumers discover they do not have valid auto insurance under very serious circumstances, such as when they are stopped by the police and charged for driving without insurance, or when they become involved in an auto accident.

Remember, driving without valid auto insurance, even unwittingly, is illegal. It is your responsibility to ensure that you have valid auto insurance, purchased from a licensed agent, broker, or insurance company.

## What Can You Do?

### Here are some tips:

- Do not pay a referral fee – licensed agents and brokers do not charge you fees.
- Do not pay your auto insurance premium through a transfer or money wiring service – this is not a practice in the insurance industry.
- When applying for auto insurance, you must complete an application form called the Ontario Application for Automobile Insurance – Owner’s Form (OAF1). If an agent or broker completes the form on your behalf, check it for accuracy – by signing the contract, you are agreeing to the statements made to the insurance company.
- If you suspect fraudulent activity in the purchase of auto insurance, contact the police.
- Make sure the individual you are dealing with is legally allowed to sell auto insurance – check [www.fSCO.gov.on.ca](http://www.fSCO.gov.on.ca) (click Insurance Agents Licensed in Ontario in the Insurance area of the website) or [www.ribo.com](http://www.ribo.com) (click Consumer Information).
- Check that the insurance company you are dealing with is licensed. Go to [www.fSCO.gov.on.ca](http://www.fSCO.gov.on.ca) (click Licensing & Registration, Licensed Insurance Companies in Ontario).

Remember, if something sounds too good to be true, it probably is!

## Need More Information?

If you have evidence that would identify individuals involved in auto insurance sales scams, or for additional information, please call the Financial Services Commission of Ontario (FSCO) Contact Centre at: (416) 250-7250, Toll-free: 1-800-668-0128, TTY toll-free: 1-800-387-0584.

For more information, you can visit our website at [www.fSCO.gov.on.ca](http://www.fSCO.gov.on.ca). For other helpful websites, visit:

- [www.ribo.com](http://www.ribo.com) — Registered Insurance Brokers of Ontario (RIBO)
  - [www.ibao.org](http://www.ibao.org) — Insurance Brokers Association of Ontario (IBAO)
-

## About FSCO

FSCO is an arm's-length agency of the Ministry of Finance. In addition to insurance, FSCO regulates pension plans, credit unions, caisses populaires, mortgage brokers, loan and trust companies, and co-operatives.

FSCO works with consumers, industry stakeholders and investors to enhance public confidence in, and access to, a fair and efficient financial services industry in Ontario.

For more information on any of these sectors, visit our website at [www.fSCO.gov.on.ca](http://www.fSCO.gov.on.ca), or call our Contact Centre at: (416) 250-7250, Toll-free: 1-800-668-0128, TTY toll-free: 1-800-387-0584.

Remember to visit FSCO's website at [www.fSCO.gov.on.ca](http://www.fSCO.gov.on.ca) for more information on:

- applying for special access to money in locked-in retirement savings accounts,
  - pensions,
  - automobile insurance,
  - other types of insurance products,
  - how to file a complaint against your insurance company,
  - FSCO's dispute resolution services, and
  - important consumer tips.
-

---

Financial Services Commission of Ontario  
5160 Yonge Street, Box 85  
Toronto, Ontario  
M2N 6L9

Telephone: (416) 250-7250  
Toll-free: 1-800-668-0128  
TTY (416) 590-7108, 1-800-387-0584

FSCO website: [www.fSCO.gov.on.ca](http://www.fSCO.gov.on.ca)

*Ce feuillet de renseignements est également disponible en français*



Financial Services  
Commission  
of Ontario

ISBN 1-4249-0161-8  
©Queen's Printer for Ontario, 2006.

