

# Automobile Insurance, Impaired Driving, and You



A Look at Saskatchewan's  
Automotive Insurance Laws

## Why This Pamphlet?

Most Canadians have some understanding that impaired driving is a criminal offence and that it carries significant penalties. It is probably safe to say that far fewer Canadians appreciate the insurance consequences of impaired driving. This is hardly surprising, considering the complexity of the provincial and territorial automobile insurance laws.

While the primary purpose of this pamphlet is to explain the insurance consequences of impaired driving, we also discuss the related problem of unauthorized driving.<sup>1</sup> Research suggests that a majority of impaired driving offenders continue to drive, at least occasionally, while suspended or otherwise unauthorized.<sup>2</sup>

We begin with a brief overview of Saskatchewan's automobile insurance system. This is followed by a discussion of driving without insurance, which is all too common among impaired driving offenders. The impact of a driver's offence and crash record on his or her insurance premiums is then outlined. Finally, we explain the potentially devastating financial consequences that can result if you cause a crash while impaired or unauthorized.

## Saskatchewan's Insurance System

Saskatchewan has a unique automobile insurance system that is administered primarily by the government through Saskatchewan Government Insurance (SGI). Drivers are given a choice of two insurance plans. The "no-fault" plan provides very generous no-fault accident benefits for personal injury losses,<sup>3</sup> including compensation for "non-economic" losses, such as pain and suffering. However, the no-fault plan limits the injured party's right to sue for any additional non-economic losses.<sup>4</sup>

The "fault" plan provides lower no-fault accident benefits, but gives the injured party a broader right to sue for non-economic losses.

Saskatchewan has a fault-based insurance system for property damage. At-fault drivers are liable and can be sued for the property damages that they cause to third parties.



## Driving Without Insurance

A conviction for driving without insurance carries a maximum fine of \$1,000 for a first or subsequent offence.<sup>5</sup>

## How Offences and Crashes Affect Premiums

Insurance premiums are assessed based on your accumulated safety points.<sup>6</sup> Every driver starts at a zero on the safety rating scale. You receive a single safety point for each year of incident-free driving, up to a maximum of nine points. Each point earns you a 1% discount on your insurance premiums.

Safety points are deducted for traffic offences and at-fault crashes.<sup>7</sup> Provincial offences result in either a three or four-point deduction, and at-fault crashes result in a six-point deduction. You are charged a \$25 surcharge for each point below zero, up to a maximum of \$500. If you are convicted of a "traffic-related" *Criminal Code* offence, such as driving while impaired, you immediately move to the bottom of the scale (-20), regardless of your previous record.

## The Insurance Consequences of Driving While Impaired

Your insurance coverage will be severely limited if you are at fault in causing a crash and are convicted of the *Criminal Code* offence of driving while impaired, driving with a blood-alcohol concentration (BAC) above 0.08%, or refusing to provide a breath or blood sample. Even in the absence of a *Criminal Code* conviction, your coverage may be limited if you did not have "proper control" of your vehicle at the time of the crash due to alcohol or drugs.<sup>8</sup>

**First**, SGI is not required to compensate you for the cost of repairing or replacing your vehicle, no matter how much collision<sup>9</sup> coverage you purchased.<sup>10</sup>

**Second**, you will be denied permanent impairment benefits.<sup>11</sup> If you are convicted of a subsequent impaired driving offence, you will be denied both permanent impairment and income replacement benefits.<sup>12</sup>

**Third**, SGI will only be liable for third-party losses up to the \$200,000 provincial minimum, even if you purchased additional coverage.<sup>13</sup> Furthermore, it can sue you to recover any third-party claim that it has paid.<sup>14</sup> In effect, you lose the financial protection of the third-party liability coverage that you purchased. In the end result, injured third parties can sue you personally for any losses in excess of \$200,000, and SGI can sue you for any award that it has paid up to this amount.

## The Insurance Consequences of Driving While Unauthorized

Your insurance coverage is also severely limited if you drive while unauthorized and are at fault in causing a crash.

**First**, SGI is not required to compensate you for the cost of repairing or replacing your vehicle, no matter how much collision coverage you purchased.<sup>15</sup>

**Second**, depending on the type of coverage you chose, you may be denied some personal injury benefits. Drivers remain eligible for personal injury benefits if they opted for the “no-fault” plan, but are denied such benefits if they chose the “fault” plan.

**Third**, SGI will only be liable for third-party losses up to the \$200,000 provincial minimum, even if you purchased additional third-party coverage.<sup>16</sup> Furthermore, it can sue you to recover any third-party claim that it has paid.<sup>17</sup> In effect, you lose the financial protection of the third-party liability coverage that you purchased. In the end result, injured third parties can sue you personally for any losses in excess of \$200,000, and SGI can sue for any award that it paid up to this amount.

## Unpaid Judgments

If you fail to pay a civil judgment arising from a crash, the Registrar of Motor Vehicles must suspend your current driver’s licence, and cannot renew it or your vehicle registration.<sup>18</sup>

## Summary

In addition to criminal prosecution, driving while impaired has serious insurance consequences. As demonstrated, not only will your insurance premiums increase, if and when you regain your licence, but your collision, no-fault accident benefits and third-party coverage will be severely limited. Unauthorized driving also has significant insurance consequences.

Your conduct can largely negate your insurance coverage and expose all of your personal assets to open-ended liability. Thus, criminal prosecution may be the least of your problems.



1-800-665-MADD  
www.madd.ca

## Endnotes

- \* This pamphlet was prepared by R. Solomon, K. Hanc, R. Swart, and L. Visser. The authors would like to thank the provincial and territorial officials who reviewed the background document and patiently answered our questions. Given that automobile insurance law is exceedingly complex and frequently amended, readers with specific legal questions are advised to contact their local insurance authorities or a lawyer. (Faculty of Law, University of Western Ontario, Dec. 2004)
- 1 We have used the term “unauthorized” driving to include driving while unlicensed, disqualified, suspended, or prohibited.
  - 2 American studies indicate that as many as 75% of suspended and revoked drivers continue to drive, at least occasionally. A recent Canadian study suggests that the rate in Canada is likely similar. See T. Newman *et al.*, *National Cooperative Highway Research Program Report 500, Volume 2: A Guide for Addressing Collisions Involving Unlicensed Drivers and Drivers with Suspended or Revoked Licenses* (Washington: Transportation Research Board, 2003) at III-1; and J. Malenfant, R. Van Houten and B. Jonah, “A Study to Measure the Incidence of Driving Under Suspension in the Greater Moncton Area” (2002), 34 *Accid. Anal. and Prev.* 439 at 441.
  - 3 By the term “very generous” benefits, we mean that the maximum no-fault benefits are much higher than those in almost any other province. However, some of these benefits may be subject to deductibles, eligibility thresholds, and caps on certain types of expenses.
  - 4 *Automobile Accident Insurance Act*, R.S.S. 1978, c. A-35, s. 104 [AAIA]. This limit on the right to sue for non-economic losses is not as significant as it would first appear to be. Under the no-fault plan, those who suffer a “permanent impairment” or “catastrophic injury” are entitled to a lump-sum payment for non-economic losses of up to \$150,974 and \$184,396, respectively. Saskatchewan Government Insurance, online: <[http://www.sgi.sk.ca/sgi\\_internet/pdf/no\\_fault\\_coverage\\_guide.pdf](http://www.sgi.sk.ca/sgi_internet/pdf/no_fault_coverage_guide.pdf)>.
  - 5 *Vehicle Administration Act*, S.S. 1986, c. V-2.1, s. 80 [VAA].
  - 6 Saskatchewan Government Insurance, online: <[http://www.sgi.sk.ca/sgi\\_internet/sgi\\_pub/vehicle\\_insurance/safe\\_driver\\_recognition/the\\_penalty\\_zone.htm#>](http://www.sgi.sk.ca/sgi_internet/sgi_pub/vehicle_insurance/safe_driver_recognition/the_penalty_zone.htm#>).
  - 7 *The Automobile Accident Insurance (General) Regulations*, R.R.S., c. A-35 Reg. 4, Appendix B, ss. 1(a) and 2.1(58). A driver is “at-fault” when he or she is 50% or more responsible for a crash causing property damage and/or personal injury.
  - 8 *AAIA*, *supra* note 4, s. 35.
  - 9 In Saskatchewan, collision coverage is part of the mandatory “comprehensive” coverage that must be purchased. *Ibid.*, s. 38(1).
  - 10 *Ibid.*, s. 39(2).
  - 11 *Ibid.*, ss. 78(1), (3) and (4), 174(3), and 175. This limitation does not apply to injured parties who suffer a catastrophic loss.
  - 12 *Ibid.* Again, this limitation does not apply to injured parties who suffer a catastrophic loss.
  - 13 *Ibid.*, s. 45(4).
  - 14 *Ibid.*, s. 45(5).
  - 15 *Ibid.*, s. 39(2).
  - 16 *Ibid.*, s. 45(4).
  - 17 *Ibid.*, s. 45(5).
  - 18 *VAA*, *supra* note 5, s. 58(1).