

**GRADE 12 ESSENTIAL  
UNIT B – VEHICLE PURCHASE  
INSURANCE AND LICENCE**

Name: \_\_\_\_\_

Date: \_\_\_\_\_

The aim of this exercise is to give students an appreciation of the cost of

- a. Vehicle Insurance, and
- b. Driver's Licence.

In order to operate a vehicle a driver and vehicle owner needs both.

**Vehicle Insurance.** Example calculation of how much your vehicle insurance will cost. [Be aware the exact details and ratings and discounts change frequently so use the closest values available if there is discrepancy]

Manitoba has 'public insurance'. The insurance is government-run, not private insurance like most other provinces. There are advantages and disadvantages to each system, too many to discuss here, but as an adult you likely are familiar with several of the issues.

**Scenario – Calculate Vehicle Insurance.**

Go to the Manitoba Public Insurance (MPI) rate calculator webpage at:  
[https://apps.mpi.mb.ca/irc/intro\\_2.asp?Lang=0](https://apps.mpi.mb.ca/irc/intro_2.asp?Lang=0)

Consider the following:

Karen resides in Manitoba and has a pretty good Driver Safety Rating (DSR). She has just bought a pre-owned 2021 Ford Escape SE (Passenger Vehicle). It has four cylinders and two-wheel drive. It is gas powered. It is worth about \$35,000 according to the current valuation guides.

Karen's Postal Code is R3J1J1 (Winnipeg, Territory 1). She will insure the vehicle as '**All Purpose**' (ie: she will be driving too work often so consequently some rush hour driving; full detailed explanation is in the webpage link)

Karen gets a 26% discount on her insurance since she has a reasonable driving record and Karen selects a \$300 deductible, in other words she will

pay the first \$300 of any accident damage to her vehicle). Karens selects [Third Person Liability](#) of One Million Dollars.

**Loss of Use.** Karren **does not need** 'Loss of Use Coverage'; if her car is damaged she can go to work with her partner. The loss of use coverage only covers the rental of another car while hers is being repaired.

**New Vehicle Protection.** Since Karen's car is not a new car she does not need the 'New Vehicle Protection' which would replace to full value her car if it were new and if it got written off in the first year.

**Payment Method.** Karen will make quarterly payments.

- a. Determine the Total Estimated Amount that Karen will pay for the one year of insurance coverage.

Total Estimated Annual Payment for current year: \_\_\_\_\_

- b. If Karen had got caught twice for 'Distracted Driving' using her cell phone driving she would drop 10 levels in her Driver Safety Rating which will bring her down to only a 10% insurance discount. Additionally, she would have got a fine each time of about \$700 and she would have lost her licence for three days the first time, then seven days the second time. Start over and determine the cost of her current annual insurance now with the two Distracted Driver violations:

Cost of insurance after two Distracted Driving Conditions:

\_\_\_\_\_

- c. Determine the second scenario again if Karen moves to Thompson, postal Code **R8N 0A7**, state her estimated annual Insurance cost.

Estimated cost if in Thompson: \_\_\_\_\_

## SCENARIO : Driver's Licence Rate Calculator

How much will **Bruce** pay for his Manitoba Licence?

Try the Driver's Licence Rate Calculator at:

<https://apps.mpi.mb.ca/lrc/drvlconfirm.asp?VehType=DRV&Lang=0>

Use Bruce's circumstances below:

Bruce is a fairly new Manitoba driver and did have a Driver Safety Rating (DSR) of 10 last year. But recently he dropped [lost] 20 merit points, so he now at **negative 10 DSR (-10)**. Normally a licence for a driver with a positive DSR is about \$65.00. But Bruce is now a negative rating.

- a. State how much will Bruce Pay for his licence at his next annual licence assessment: \_\_\_\_\_
- b. State how much Bruce's Insurance discount changes! \_\_\_\_\_
- c. If Bruce had been getting a 31% discount on his vehicle insurance and was only paying ~\$1,550 per year, how much will he now notionally pay for his vehicle insurance now: New annual insurance rate: \_\_\_\_\_

**Note:** Some driving infractions may be against the Traffic Act or may even be a Criminal Offence so that other fines , suspensions, and court proceedings may be possible!

**Note:** While safe drivers normally pay about \$65.00 per year for a licence, poor drivers with a bad DSR and several infractions or convictions can pay in excess of \$3,000 per year for their licence. Not only that, the DSR only changes slowly back towards zero, so it may take many years to get back to the normal \$65.00 cost of a licence. See the full Brochure about the [Manitoba Driver Safety Rating](#).

**Third Person Liability.** Third person liability means in the event you damage or injure a third party. **You** are the **first party**, the **insurance company** is the **second party**, and other property or persons are a third party. So, if you roll your truck in a ditch that is between you and the insurance company; but if you damage or injure another vehicle, property or person that involves a third party.