

Providing More Choice to Consumers: What you need to know about changes to auto insurance in Ontario

The Ontario government is introducing significant reforms to the auto insurance system, in order to provide you, the consumer, more choice over the coverages and price you pay for insurance. These additional accident benefit choices will allow you to customize your policy to suit your needs.

Standard Auto Insurance Policy

In Ontario, the Insurance Act determines the standard coverage that consumers must purchase. As a result of the reforms, some of the features under the Standard Auto Insurance Policy have changed. Beginning September 1, 2010, if you are either buying a new auto insurance policy or renewing an existing one, you will have more options to purchase a level of coverage that is right for you.

All auto insurance policies will continue to include the following:

- Third-Party Liability
- Uninsured Auto coverage
- Direct Compensation-Property Damage
- Statutory Accident Benefits

In addition, if you previously purchased Collision and/or Comprehensive coverage, it will still be included in your policy.

Beginning September 1, 2010, if you are buying a new policy or renewing an existing one, you have the following options with respect to Statutory Accident Benefits:*

| Coverage | Coverage under your existing auto insurance policy | Coverage under New Standard Auto Insurance Policy | Options available to increase your benefits |
|--|--|--|--|
| Medical, Rehabilitation and Attendant Care benefits - for non-catastrophic injuries | \$100,000 for medical and rehabilitation benefits; \$72,000 for attendant care benefits. | \$50,000 for medical and rehabilitation benefits, including assessment costs; \$36,000 for attendant care benefits. | \$100,000 or \$1,100,000 for medical and rehabilitation benefits including assessment costs; \$72,000 or \$1,072,000 for attendant care benefits. |
| Medical, Rehabilitation and Attendant Care benefits - for catastrophic injuries | \$1,000,000 for medical and rehabilitation benefits; \$1,000,000 for attendant care benefits. | \$1,000,000 for medical and rehabilitation benefits including assessment costs; \$1,000,000 for attendant care benefits. | An additional \$1,000,000 for medical, rehabilitation and attendant care benefits including assessment costs. |
| Caregiver benefit | Up to \$250 per week for the first dependant plus \$50 for each additional dependant; available for all injuries. | Up to \$250 per week for the first dependant plus \$50 for each additional dependant; available only for catastrophic injuries. | Up to \$250 per week for the first dependant plus \$50 for each additional dependant; available for all injuries. |
| Housekeeping and Home Maintenance expenses | Up to \$100 per week, available for all injuries. | Up to \$100 per week, available only for catastrophic injuries. | Up to \$100 per week, available for all injuries. |

*Statutory Accident Benefits are benefits you receive if you are injured in an auto accident, regardless of who was at fault. Most of the new reforms affect these benefits.

| Coverage | Coverage under your existing auto insurance policy | Coverage under New Standard Auto Insurance Policy | Options available to increase your benefits |
|--|---|---|---|
| Income Replacement benefit | 80 per cent of net income up to \$400 per week. | 70 per cent of gross income up to \$400 per week. | Weekly limit can be increased to \$600, \$800 or \$1000 per week. |
| Dependant Care benefit | Not provided. | Not provided. | Up to \$75 per week for the first dependant and \$25 per week for each additional dependant to a maximum of \$150 per week. |
| Death and Funeral benefits | \$25,000 lump sum to an eligible spouse; \$10,000 lump sum to each dependant; maximum \$6,000 funeral benefits. | \$25,000 lump sum to an eligible spouse; \$10,000 lump sum to each dependant; maximum \$6,000 funeral benefits. | \$50,000 lump sum to an eligible spouse; \$20,000 lump sum to each dependant; maximum \$8,000 for funeral benefits. |
| Indexation benefit – applicable to income replacement benefit, non-earner benefit, caregiver benefit, attendant care benefit or medical and rehabilitation benefit | Not provided. | Not provided. | Annual adjustment according to the Consumer Price Index for Canada. |

You also have new choices to customize your deductibles – the portion of a loss that you are required to pay.

- Tort deductible – You have the option to reduce the deductible associated with court awarded compensation for pain and suffering to \$20,000 from \$30,000, and for Family Law Act claims to \$10,000 from \$15,000.
- Direct Compensation – Property Damage Coverage – You have the option of a \$500, \$300 or no deductible at all on coverage to repair the auto of the driver who is not-at-fault.

What else is new?

The government’s reforms lay the foundation for an auto insurance system with greater price stability, and more protection for you, the consumer. Other key changes include:

- Many injuries received in an auto accident are minor. If you have a minor injury due to an auto accident, your medical and rehabilitation accident benefits are limited to \$3,500 regardless of the coverage level you have selected.
- Accidents where you are 25 per cent or less at-fault will no longer affect your premium.
- The deductible that is applied to court awards for fatal accidents has been eliminated.
- A new requirement that insurance companies send out benefit statements to their claimants, advising how much has been paid to date, and the additional amounts remaining for medical, rehabilitation and attendant care benefits.
- If your auto has been damaged or written off after an accident and you don’t agree with the value you have been offered or your degree of fault for the accident, you can choose the appraisal process outlined in the Ontario Auto Policy to settle the dispute, and the insurer must agree to participate.
- Coverage is extended to rented autos with a Gross Vehicle Weight Rating (GVWR) of more than 4,500 kilograms, if for personal use and rented for up to 7 days.

- Prohibiting use of credit scores in giving quotations for your auto insurance rates.

What do the coverages mean?

Third Party Liability: Claims made by a driver against another driver who causes an accident.

Uninsured Auto coverage: Protects you and your family if you are injured or killed by a hit-and-run driver or by an uninsured motorist. It also covers damage to your vehicle caused by an identified uninsured driver.

Direct Compensation-Property Damage (DC-PD): Covers damage to your vehicle or its contents if another person was at fault for the accident. It is called direct compensation because even though someone else causes the damage, you collect directly from your own insurer. The accident must also occur in Ontario and both drivers must be insured by an insurance company licensed in the province.

Collision or Upset coverage: Pays for losses caused when your vehicle is involved in a collision with another object, including another vehicle, or rolls over.

Comprehensive coverage: Pays for losses for certain perils, such as falling or flying objects, and vandalism.

Medical and Rehabilitation Benefit: Covers the cost of reasonable and necessary medical and rehabilitation expenses (e.g., physiotherapy, prescriptions) that are not covered by OHIP or your disability insurance plan.

Attendant Care Benefit: Pays for an aide or attendant to look after you if you have been seriously injured in an accident.

Catastrophic injury: If you suffer an injury in an accident, you can apply for a determination of whether your injury qualifies as “catastrophic” (e.g. loss of a limb, paraplegia). If the injury qualifies as “catastrophic,” you are eligible for an increased level of benefits.

Caregiver Benefit: If you are providing full-time care to dependants and can no longer provide that care as the result of an auto accident, you may be eligible for caregiver benefits to reimburse you for your expenses to hire someone to care for your dependants.

Housekeeping and Home Maintenance expenses: If you are unable to perform your usual duties due to your injuries, this benefit pays for reasonable and necessary additional expenses for someone to complete your usual duties.

Income Replacement Benefit: If you cannot work as the result of an auto accident, you may be eligible for basic weekly income replacement benefits of up to \$400. This benefit commences after one week.

Dependant Care Benefit: Pays for additional expenses incurred to care for your dependants if you are employed and are injured in an auto accident.

Death and Funeral Benefit: If you die as a result of an auto accident, the death benefit provides a lump sum payout to your spouse and your dependant; the funeral benefit provides a lump sum payout to cover the cost of your funeral expenses.

Indexation Benefit: The automatic adjustment of the income replacement benefit, non-earner benefit, attendant care benefit or medical and rehabilitation benefit according to the Consumer Price Index for Canada to compensate for inflation.

Tort Deductible: The amount that is deducted from a settlement or court award for pain and suffering.

OPCF 44R: Covers you for the difference between the at-fault driver’s Third Party Liability limit and your own Third Party Liability limit if someone with less liability coverage than you injures you in an accident.

Still have questions?

For more information on your coverage choices, or to modify your policy, contact your insurance representative.

For general information about changes to auto insurance in Ontario, contact:



Financial Services Commission of Ontario
(416) 250-7250

Toll-free 1-800-668-0128
TTY (416) 590-7108; 1-800-387-0584
www.fSCO.gov.on.ca



Consumer Information Centre
Telephone (416) 362-9528
Toll-free 1-800-387-2880
www.ibc.ca