

Automobile AB Reform: June 1, 2016

Effective June 1, 2016, new automobile insurance reforms will be introduced by the Ontario government. With this reform, come several major changes. Mainly, the standard Accident Benefit coverages. You should be aware of the most significant changes to auto insurance, the benefits and coverages you receive in a standard auto insurance policy are changing - some have been reduced, and some options for increased coverage have been eliminated or changed.

BENEFIT	CURRENT POLICY	NEW POLICY	YOU CAN CHOOSE
Medical and Rehabilitation for Non-Catastrophic Injuries	\$50,000	These Benefits have been Combined and Reduced to \$65,000 total;	Increase the Benefit to \$130,000 total
Attendant Care for Non-Catastrophic Injuries	\$36,000	Current Optional \$100,000 Medical & Rehabilitation benefit and \$72,000 Attendant care benefit have been Eliminated	
Medical and Rehabilitation for Catastrophic Injuries	\$1,000,000	These Benefits have been Combined	An additional \$1,000,000 for a Total of \$2,000,000 for catastrophic injuries
Attendant Care for Catastrophic Injuries	\$1,000,000	and Reduced to \$1,000,000 total	
Medical, Rehabilitation and Attendant Care, All Injuries	NOT APPLICABLE	NOT APPLICABLE	Increase the Combined non-catastrophic benefit to \$1,000,000 and the Combined catastrophic benefit total to \$2,000,000

As shown in the table, the most important things to note are that benefits will be combined. Non-Catastrophic injury benefits will be combined for a total of \$65,000 limit whereas Catastrophic Injury coverage will be combined for a total of \$1,000,000 limit with options to increase limits.

Some important things to remember about these choices:

If you have previously chosen to purchase these optional benefits check your policy – they may have changed to reflect amounts available in new options. **Advise your insurance representative if you wish to purchase any of these New Options.**

Medical, Rehabilitation and Attendant Care benefits for minor injuries are fixed at a maximum limit of \$3,500.

If you purchase both the additional Medical, Rehabilitation and Attendant Care benefit for catastrophic injuries and for all injuries, the total eligible benefit amount for a catastrophic impairment would be \$3,000,000.

Other Optional Benefits

There are many other options available to purchase additional or increased benefits and coverages. The following chart lists some but not all of those and indicates if those options will change on June 1. You can also choose not to increase any benefit or coverage. **If you have previously purchased any optional benefits, you should review your renewal documents as they may have changed.**

Benefit/Coverage	Current Policy	New Policy	You can choose
Income Replacement benefit	70 per cent of gross income up to \$400 per week.	No change	To increase the weekly limit to \$600, \$800 or \$1,000 per week.
Caregiver benefit	Available only for catastrophic injuries: Up to \$250 per week for the first dependant plus \$50 for each additional dependant.	No change	To make the same amounts available in current policy for catastrophic injuries available for all injuries.
Housekeeping and Home Maintenance expenses	Available only for catastrophic injuries: Up to \$100 per week.	No change	To make the same amounts available in current policy for catastrophic injuries available for all injuries.
Death and Funeral benefits	\$25,000 lump sum to an eligible spouse; \$10,000 lump sum to each dependant; maximum \$6,000 funeral benefits.	No change	\$50,000 lump sum to an eligible spouse; \$20,000 lump sum to each dependant; maximum \$8,000 funeral benefits.
Dependant Care benefit	Not provided	Not provided	To purchase this benefit and add up to \$75 per week for the first dependant and \$25 per week for each additional dependant to a maximum of \$150 per week.
Indexation benefit	Not provided	Not provided	To add an annual adjustment for inflation for many benefits according to the Consumer Price Index for Canada to your policy.
Tort Deductible	\$36,905.40 deductible for court awarded compensation for pain and suffering (Jan 1-Dec 31, 2016).	No change	Reduce deductible by \$10,000 regardless of annual indexation percentage increases.

What Else Are New?

Other key changes include:

Minor Accident	Insurers can no longer use a minor at-fault accident that occurs on or after June 1, 2016 meeting certain criteria to increase your premiums. The criteria include that no payment has been made by any insurer, that there are no injuries, and that damages to each car and property were less than \$2,000 per car and were paid by the at-fault driver. This provision is limited to one minor accident every three years.
Interest Rate for Monthly Payment Plans	The maximum interest rate that insurers can charge if you make monthly premium payments has been lowered from 3% to 1.3% for one year policies, with corresponding reductions for shorter terms.
Comprehensive Deductible	The standard deductible for Comprehensive coverage has been increased from \$300 to \$500.
Non-Earner benefit (for Insured Person 18 years or older)	The six-month waiting period for people who are not working to receive benefits has been reduced to four weeks. Conversely, benefits can now only be received for up to two years after the accident instead of Life-time benefit.
Duration of Medical, Rehabilitation and Attendant Care benefits	For all claimants except children or you have purchased the additional optional \$1 million medical, rehabilitation and attendant care benefit. The amount of time that you can receive this standard benefit is now five years for non-catastrophic injuries (instead of 10 years), and it will be paid only as long as you remain medically eligible.
Other Changes	Revised Definition for Catastrophic Impairment; Other Goods & Services are subject to new requirement; Professional Attendant Care Benefit limited to Actual Expenses Incurred New Attendant Care Hourly Rate Guideline but no change to the Professional Services Guideline (PSG).

Why the Reform?

This reform is in response to the large number of minor injury claims paid out by insurers. Many of such are perpetrated by individuals in the “car accident business”. Fraudulent claims are very expensive to investigate and solve. As with many valid minor injury claims, highly inflated legal costs are paid as a result of personal injury lawyers. Combine with Ontario being the only province which provides Catastrophic injury benefits coverage and a 10 year maximum medical and rehabilitation benefit program, you can see why insurance premiums are on the rise. It is simply unfair to Ontario drivers who don’t make claims to pay higher premiums due to other drivers taking advantage of the system. This reform attempts to stabilize the industry to still provide Catastrophic injury coverage while lowering the premium for all of Ontario drivers.

The above summary is for reference only. Readers should visit the FSCO website, to obtain the most accurate and detailed information.

https://www.fSCO.gov.on.ca/en/auto/brochures/Pages/brochure_changes10.aspx

<https://www.fSCO.gov.on.ca/en/auto/autobulletins/2015a/Pages/a-06-15.aspx>

Enquiries, contact Pacific Insurance Brokers Inc.: Head Office: 416-494-1268; Mississauga: 905-565-5565
Email: info@pacins.ca or mississauga@pacins.ca; Website: www.pacins.ca

OPTIONAL ACCIDENT BENEFITS CONFIRMATION FORM

Please complete this Optional Accident Benefit Confirmation Form to confirm your selection of benefits, for renewal or purchase of auto insurance on/after June 1, 2016. If we do not receive your form, the auto policy will have the NEW Lower Standard Benefits. If you have previously chosen to purchase any optional benefits, they may have changed to reflect amounts available in new options.

For more details, please refer to our Auto Reform Summary Sheets or go to the FSCO website or contact your insurance representative.

Medical, Rehabilitation and Attendant Care for Non Catastrophic Injuries:	Standard	Options
Standard Policy - Combined Total at \$65,000:	<input type="checkbox"/>	
Increased Medical, Rehabilitation and Attendant Care for Non Catastrophic Injuries from \$65,000 total to \$130,000 total:		<input type="checkbox"/>
Medical, Rehabilitation and Attendant Care for Catastrophic Injuries:	<input type="checkbox"/>	
Standard Policy - Combined Total at \$1,000,000		
Increased Medical, Rehabilitation and Attendant Care for Catastrophic Injuries from \$1,000,000 total to \$2,000,000 total:		<input type="checkbox"/>
Medical, Rehabilitation and Attendant Care for All Injuries:	<input type="checkbox"/>	
Standard Policy – Not Applicable		
Increased Combined Non Catastrophic benefit to \$1,000,000, AND The Combined Catastrophic benefit to \$2,000,000:		<input type="checkbox"/>
Increase Income Replacement – Standard: \$400 per week maximum)	<input type="checkbox"/>	
Requested Income Replacement Option Increased to: \$600 <input type="checkbox"/> \$800 <input type="checkbox"/> 1000 <input type="checkbox"/>		
Caregiver, Housekeeping and Home Maintenance Expenses:	<input type="checkbox"/>	
Standard Policy – Available for Catastrophic Injuries ONLY		
Changed to Available for All Injuries:		<input type="checkbox"/>
Death and Funeral Benefits: Standard Policy - \$25,000 Spouse, \$10,000 to Dependant; Max \$6,000	<input type="checkbox"/>	
Requested Option to double the amount and Max limit to \$8,000		<input type="checkbox"/>
Dependant Care: Standard Policy - Not Provided	<input type="checkbox"/>	
Requested to Add Dependant Care:		<input type="checkbox"/>
Indexation Benefit: Standard Policy - Not Provided	<input type="checkbox"/>	
Requested to Add Indexation Benefit		<input type="checkbox"/>
Added Coverage to Offset Tort Deductible: Standard Policy – \$36,905.40 Deductible for court awarded compensation for pain & suffering	<input type="checkbox"/>	
Requested Reduce Deductible by \$10,000		<input type="checkbox"/>

I understand that my selection for the above coverages will affect the potential amount that I can receive toward settlement should I be injured in an automobile accident. I warrant that the broker has fully explained the coverage and options outlined above, and I have requested the broker to place the Automobile coverage on my behalf as selected above.

Insured Name/Signature

Date