Ontario Regulation 107/97 - Assessment of Expenses

Bulletin

No. A-03/97
- Auto
Property & Casualty
[To the attention of all insurance companies in the Province of Ontario licensed to transact auto insurance]

Ontario Regulation 107/97 introduces a graduated assessment for dispute resolution services at the Ontario Insurance Commission (OIC) effective April 1, 1997. It amends Ontario Regulation 220/91 and is scheduled to be published in The Ontario Gazette on April 19, 1997. Graduated assessment introduces fees of $1,000 for a neutral evaluation at the OIC and $3,000 for an arbitration at the OIC. A copy of this regulation is attached for your reference.

The graduated assessment, which is reflected in the new fee structure at the OIC, was developed in consultation with the industry-government committee that oversaw the development and implementation of the *Automobile Insurance Rate Stability Act, 1996* (*Bill 59*), and Counsel Forum, which is composed of key users of the OIC's dispute resolution system.

The new fee structure is consistent with a theme in *Bill 59* that encourages the use of alternative dispute resolution techniques and the early settlement of disputes over statutory accident benefits through a lower cost option.

In addition to a financial incentive to settle disputes earlier in the process, the new fee structure will ensure that dispute resolution expenses are more closely aligned in accordance with the user-pay principle endorsed by the insurance industry. The result is a fairer apportionment of expenses among insurers, reflecting individual usage of the OIC's dispute resolution system. The new assessment will also be a closer reflection of the actual cost of an arbitration at the OIC.

Key Elements of Ontario Regulation 107/97

Bill 59 introduced neutral evaluation as an opportunity for earlier settlement of disputes over statutory accident benefits. Neutral evaluation has been available at the OIC as part of its arbitration process since the proclamation of *Bill 59* on November 1, 1996, in order to give insurers time to gain experience with the new option.

Prior to April 1, 1997, insurers were assessed $2,000 for neutral evaluation at the OIC, as part of its arbitration process. Effective April 1, 1997, insurers who agree to a neutral evaluation, as part of the OIC's arbitration process, will be assessed $1,000, rather than the $2,000 assessment prior to April 1, 1997.

If neutral evaluation fails and the case proceeds to an arbitration at the OIC, the insurer will be assessed an additional $2,000 for a total assessment of $3,000.

1997 OIC Dispute Resolution Practice Code

The new fee structure is included in **Section D, Fees and Assessments**, in the Third Edition of the Dispute Resolution Practice Code, April 15, 1997. A copy of the Code will be sent to the Alternative Dispute Resolution (ADR) Coordinators of all insurance companies licensed to write automobile insurance in Ontario.

Companies are requested to bring the new insurer assessments and accompanying regulation to the attention of appropriate ADR and financial staff in their organizations.

Dina Palozzi
Commissioner

April 1, 1997

Enclosure: Regulation

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