Bulletin

No. A-01/04

Property & Casualty

- Auto

Automobile Insurance Regulations

To the attention of all insurance companies licensed

to transact automobile insurance in Ontario

With this Bulletin, the Financial Services Commission of Ontario (FSCO) is highlighting the regulation changes filed by the Ontario Government with the Registrar of Regulations on December 24, 2003 for your reference. Also, a change will be made shortly to the Standard Ontario Automobile Policy Form (OAP 1).

Regulation Changes

1. **Income Replacement Benefit** (Ontario Regulation 458/03 amending Ontario Regulation 403/96 - *Statutory Accident Benefits Schedule - Accidents on or after November 1, 1996).*

   Insured persons who sustain an impairment which is determined to be a whiplash-associated disorder Grade I (WAD I) are limited to 12 weeks of income replacement benefits. Insured persons who sustain impairments considered to be whiplash-associated disorder Grade II (WAD II) are limited to 16 weeks of income replacement benefits. This amendment will apply to all accidents that occur on or after April 15, 2004.

2. **Limit on Transportation Expenses** (Ontario Regulation 458/03 amending Ontario Regulation 403/96 -

Statutory Accident Benefits Schedule - Accidents on or after November 1, 1996).

Insurers are not liable to pay for transportation to and from treatment, counselling or training sessions, and examination or assessments for the first 50 kilometres except to insured persons who have sustained catastrophic injuries. This amendment will apply to all accidents that occur on or after April 15, 2004.

3. **Attendant Care Benefits** (Ontario Regulation 458/03 amending Ontario Regulation 403/96 - *Statutory Accident Benefits Schedule - Accidents on or after November 1, 1996*).

   No attendant care benefit is paid to insured persons who sustain a WAD I or WAD II impairment. This amendment applies to all accidents on or at after April 15, 2004.

4. **Disclosing Unreported Income** (Ontario Regulation 458/03 amending Ontario Regulation 403/96 - *Statutory Accident Benefits Schedule - Accidents on or after November 1, 1996*).

   Income that is not reported for income tax purposes will not be included in calculating income replacement benefits. The income replacement benefit can be adjusted to reflect any income that may be subsequently reported for income tax purposes. The payment of an income replacement benefit based on future contracts has also been eliminated. This amendment will apply to all accidents that occur on or after April 15, 2004.

5. **Delivery of Written Notices** (Ontario Regulation 458/03 amending Ontario Regulation 403/96 - *Statutory Accident Benefits Schedule - Accidents on or after November 1, 1996*) ("SABS").

   Notices under the SABS can now be delivered by registered or certified mail, in addition to courier or personal service.

6. **Collision Deductible** (Ontario Regulation 459/03 amending Ontario Regulation 664)

   Insurers will use a standard collision deductible of $500 for contracts issued or renewed on or after April 15, 2004 unless specified differently in the contract. This regulation also continues the existing practice of standard $300 deductibles for comprehensive coverage and direct compensation property damage. If a consumer currently has a policy with a collision deductible that is less than $500, renewals will be issued at the $500 deductible level on collision. Consumers still maintain the option of purchasing alternative deductible levels.

Limit on Tow Truck Charges and Storage Fees

Tow truck and storage fees will be limited to a total of $300 under the Ontario Automobile Owner's Policy (OAP 1). Fees in northern Ontario will remain uncapped. These changes will be made through amendments to the policy form that will be issued shortly and will be effective for policies issued or renewed on or after April 15, 2004.

Copies of Regulation Changes

These regulation changes filed on December 24, 2003, can be downloaded from the Ontario e-laws website at www.e-laws.gov.on.ca.

Rate Filing Requirements

As set out in the Automobile Insurance Rate Stabilization Act, 2003, insurers are required to re-file rates by January 23, 2004 (or up to 30 days thereafter as stipulated by the Superintendent). A separate bulletin will be issued shortly ordering insurers to file by January 23, 2004 based on the filing requirements that will be set out in the bulletin. Once this order has been issued, insurers can no longer apply for exemptions under section 6 of the Act.

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January 9, 2004

Last Modified: 8/23/2005 3:30:39 PM

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