Bulletin

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Property & Casualty

– Auto

2007 Indexation Percentage for Bill 59/198 and Bill 164, Changes to Statutory Accident Benefits Schedule, and Revised Form 1

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 2007 indexation percentage for the Optional Indexation Benefit under Section 29 of the *Statutory Accident Benefits Schedule - Accidents on or after November 1, 1996* (Bill 59/198 SABS). Also being published are the 2007 indexation percentage and revised deductibles/monetary amounts applicable to claims under the *Statutory Accident Benefits Schedule - Accidents after December 31, 1993 and before November 1, 1996* (Bill 164 SABS). There are also a number of recent amendments to the current Bill 59/198 SABS.

Indexation under Bill 59/198

The 2007 indexation percentage is **0.7 per cent.** It is applied in accordance with the "Optional Indexation Benefit Guideline" dated October 28, 1996. Under the Bill 59/198 SABS, indexation applies to named insureds, spouses of named insureds, dependants of any of these and specified drivers, where the optional indexation benefit was purchased.

The 2007 indexation percentage applies to benefits that are required to be indexed pursuant to section 29 of the Bill 59/198 SABS in respect of insured persons who were involved in accidents on or after November 1, 1996.

The indexation percentage for Bill 59 and Bill 198 claims reflects the year-over-year "Consumer Price Index for Canada (All Items)" from September 2005 to September 2006, as published by Statistics Canada.

Indexation under *Bill 164*

The 2007 indexation percentage is **0.7 per cent**. It applies to benefits that are required to be indexed pursuant to section 80 of the Bill 164 SABS in respect of insured persons who were involved in accidents after December 31, 1993, and before November 1, 1996.

The 2007 indexation percentage, the revised deductibles and monetary amounts are listed on the enclosed chart, entitled 2007 Indexation Percentage, Revised Deductibles and Monetary Amounts for Automobile Insurance under the Insurance Act and the Statutory Accident Benefits Schedule -- Accidents after December 31, 1993 and before November 1, 1996.

Please note that certain Bill 164 SABS indexed amounts have been identified in the indexation schedule as possibly no longer being relevant in certain cases. Please refer to the relevant provisions in the Bill 164 SABS to determine if these indexed amounts apply to your situation.

Assessment of Attendant Care Needs (Form 1)

Ontario Regulation 536/06, filed on December 8, 2006, amends the Assessment of Attendant Care Needs (Form 1). The hourly rate applied to the Level 2 attendant care for basic supervisory functions is being increased from $7.75 per hour to $8.00 per hour. This increase is consistent with the increase in the general Ontario minimum wage effective on February 1, 2007.

The revised Form 1, dated December 31, 2006, will be effective for automobile accidents occurring on or after February 1, 2007. The revised Form 1 is posted on the FSCO website: www.fsco.gov.on.ca. The current version of the Form 1 will continue to be applicable to cases involving accidents that occur before February 1, 2007.

Human Rights Code

Sections 9 and 10 of the Bill 59/198 SABS specify and adjust income replacement benefits and non-earner benefits for claimants age 65 or older.

The *Ending Mandatory Retirement Statute Law Amendment Act, 2005* amends the Ontario *Human Rights Code* effective December 12, 2006 to provide that references to age 65 are no longer to be used except where such references are expressly permitted by law.

Ontario Regulation 536/06 amends sections 9 and 10 of the Bill 59/198 SABS accordingly, to provide that they continue to apply. There are no changes in the accident benefits available to insured persons as a result of this change. This exemption is similar to the exemption provided under the *Workplace Safety and Insurance Act* regarding benefits and services provided to workers age 63 or older at the time of injury.

Health Claims for Auto Insurance (HCAI) System

Ontario Regulations 533/06 and 534/06, filed on December 5, 2006, set out the framework for the Health Claims for Auto Insurance (HCAI) system. Once implemented, the HCAI system will involve the transmission of accident benefit claim information between health care providers and insurers by way of a Central Processing Agency (CPA) that will act on the insurers' behalf. The regulation changes set out the general framework for the processing of these claims through the CPA, as well as the storage of health care information. The regulation provisions dealing with the HCAI system will not become operational until a Superintendent's Guideline is issued that designates the CPA and sets out the requirements that will apply to the delivery of documents to the CPA.

Further details regarding the HCAI system will be released in a forthcoming Bulletin and Guideline that will be issued as part of the initial pilot testing phase of this system. Pilot testing will involve only those insurers and health care providers who agree to participate in the pilot.

The HCAI system has been developed by Ontario automobile insurers in consultation with health care provider associations, FSCO and other stakeholders. Further information on the HCAI system can found at www.hcaiinfo.ca.

Other Bill 59/198 SABS Changes

Ontario Regulation 533/06 also contains a number of other changes to the Bill 59/198 SABS. These changes are effective December 5, 2006 and include:

- The discretion for auto insurers to waive the requirement to submit a Pre-approved Framework Treatment Confirmation Form (OCF-23) subject to the insurer providing a notice as set out under section 37.3 of the Bill 59/198 SABS.
- A change to the conflict of interest definition for insurers under section 38.3 of the Bill 59/198 SABS to clarify that it includes the delivery of any goods and services by a person or firm under a subsisting arrangement (e.g., a preferred provider arrangement) with the insurer.
- Clarification that a claim for accident benefits must be both complete and signed.
- A change to permit forms to be delivered by electronic means (e.g., e-mail) if the recipient agrees to delivery by such means.

Copies of the Regulations

The Regulations, as well as the indexation levels and amounts will be published in future editions of The Ontario Gazette. The Regulations can also be downloaded from the Ontario e-laws website at www.e-laws.gov.on.ca. Questions about the indexation levels can be directed to Jason Wong at: (416) 590-2002 ,or by fax at: (416) 590-7265.

Bob Christie

Chief Executive Officer and

Superintendent of Financial Services

December 13, 2006

Attachments:

- 2007 Indexation Percentage for Statutory Accident Benefits under the Statutory Accident Benefits Schedule - Accidents on or after November 1, 1996 (1 page).
- 2007 Indexation Percentage, Revised Deductibles and Monetary Amounts for Automobile Insurance under the Insurance Act and the Statutory Accident Benefits Schedule – Accidents after December 31, 1993 and before November 1, 1996 (3 pages).

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2007 Indexation Percentage for Statutory Accident Benefits under the *Statutory Accident Benefits Schedule - Accidents on or after November 1, 1996*

The 2007 indexation percentage is **0.7%**. This indexation percentage is to be applied to the amounts to be indexed on January 1, 2007, in accordance with the "Optional Indexation Benefit Guidelines," dated October 28, 1996, for insured persons in respect of whom the optional indexation coverage was purchased and who had accidents that occurred after October 31, 1996.

2007 Indexation Percentage, Revised Deductibles and Monetary Amounts for Automobile Insurance under the *Insurance Act* and the *Statutory Accident Benefits Schedule - Accidents after December 31, 1993 And before November 1, 1996* (Bill 164 SABS)

INDEXATION PERCENTAGE			
Section reference in the *Insurance Act*	**Description**	**Amount 2006**	**Amount 2007**
268.1	indexation percentage	3.4%	0.70%

DEDUCTIBLE AMOUNTS			
Section reference in the *Insurance Act*	**Description**	**Amount 2006**	**Amount 2007**
267.1(8)3	non-pecuniary loss deductible	$12,664.63	$12,753.28
	Family Law Act deductible	$6, 332.31	$6,376.64

MONETARY AMOUNTS			
Section reference in the *SABS*	**Description**	**Amount 2006**	**Amount 2007**
10(9)	maximum weekly income replacement benefit *	$1,266.48	$1,275.35
15(5)	Average Weekly Earnings for Ontario	$775.07	$779.98
16(1)(a)	lump sum benefit for each year of elementary school	$2,532.92	$2,550.65
16(1)(b)	lump sum benefit for each year of secondary school *	$5,065.85	$5,101.31
	lump sum benefit for each semester of secondary school *	$2,532.92	$2,550.65

MONETARY AMOUNTS			
Section reference in the *SABS*	**Description**	**Amount 2006**	**Amount 2007**
16(1)(c)	lump sum benefit for each year of post-secondary school *	$10,131.72	$10,202.64
	lump sum benefit for each semester of post-secondary school	$5,065.85	$5,101.31
18(5)	weekly caregiver benefit for first person	$316.60	$318.82
	weekly caregiver benefit for each additional person	$63.30	$63.74
28(4)	maximum weekly loss of earning capacity benefit	$1,266.48	$1,275.35
32(5)	maximum sum of weekly loss of earning capacity benefit and weekly supplement	$1,266.48	$1,275.35
46(1)	maximum limit on supplementary medical benefits and rehabilitation benefits *	$1,266,463.24	$1,275,328.48
47(4)	maximum monthly attendant care benefit (all insureds)	$3,799.39	$3,825.99
47(5)	maximum monthly attendant care benefit (catastrophic injuries)	$7,598.78	$7,651.97
47(6)	maximum monthly attendant care benefit (multiple, catastrophic injuries)	$12,664.63	$12,753.28
47(7)	maximum monthly attendant care benefit (severe brain injuries with violent behaviour)	$12,664.63	$12,753.28

MONETARY AMOUNTS			
Section reference in the *SABS*	**Description**	**Amount 2006**	**Amount 2007**
50(10)	hourly rate for personal attendant care (when using Form 1)	$11.08	$11.16
	hourly rate for skilled attendant care (when using Form 1)	$17.72	$17.84
51(1)(b)	death benefit to spouse where insured would not have qualified for income replacement benefits	$63,323.15	$63,766.41
51(4)(a)	death benefit to dependant	$12,664.63	$12,753.28
51(4)(b)	death benefit to former spouse	$12,664.63	$12,753.28
51(5)	death benefit where insured was a dependant	$12,664.63	$12,753.28
51(8)	minimum death benefit to spouse	$63,323.15	$63,766.41
	maximum death benefit to spouse	$253,292.66	$255,065.71
52(2)	funeral benefit	$7,598.78	$7,651.97
54(4)	weekly dependant care expenses for first dependant	$94.98	$95.64
	weekly dependant care expenses for each additional dependant	$31.67	$31.89
54(5)	maximum for weekly dependant care expenses	$189.97	$191.30

* The Superintendent continues to index these amounts as required by law but some indexed amounts, as specified by an asterisk in the chart, may no longer be relevant in certain cases. Please refer to the specific provisions in the Bill 164 *Statutory Accident Benefits Schedule (SABS)* to determine if these indexed amounts apply to your situation.