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Commission of Ontario



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Bulletin

No. A-01/10
Property & Casualty
– Auto

Changes to 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 a number of automobile insurance reforms that will become effective on September 1, 2010. These reforms are the result of the first Five Year Review of Automobile Insurance. They include a new Statutory Accident Benefits Schedule – Effective September 1, 2010 (new SABs), and various other regulation amendments that were filed by the Government of Ontario with the Registrar of Regulations.

In the upcoming months, FSCO will issue additional bulletins on the revised accident benefits claims forms, automobile policy and endorsement forms, filing guidelines, Minor Injury Guideline, consumer disclosure documents, and the transition of existing claims to the new SABs. The Superintendent of Financial Services has established a Reforms Implementation Steering Committee, which is comprised of various stakeholder groups, to assist the government in implementing the reforms and ensuring a smooth transition.

The new and amended regulations are briefly described and listed below:

Ontario Regulation 34/10 (New SABs)

The new SABs includes the following changes:

- Capping medical/rehabilitation and assessment/examination expenses for minor injuries to \$3,500.
- Replacing the existing Pre-Approved Framework Guideline for Grade I and II Whiplash Associated Disorders with a new Minor Injury Guideline for accidents occurring on or after September 1, 2010.
- Providing standard medical and rehabilitation coverage for non-catastrophic claims of \$50,000, with optional coverage of \$100,000 or \$1,100,000.
- Offering standard attendant care coverage for non-catastrophic claims of \$36,000, with optional coverage of \$72,000 or \$1,072,000.
- Supplying optional caregiver, housekeeping and home maintenance benefits for non-catastrophic claimants.

NOTE: The bulletins posted on this website are provided for historical reference. Information contained in the bulletins is accurate on the date published, but is subject to change and may have been superseded by a later bulletin. Users should verify the information before making decisions or acting upon it.

The bulletins posted may contain forms that are no longer current. For the current version of any FSCO form, please visit the [forms area](#) of this website.

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- Capping each assessment to \$2,000 – this applies for all assessments, whether they are requested by the claimant or insurer.
- Providing payment for in-home assessments only to claimants who have sustained more than a minor injury.
- Eliminating rebuttal examinations.
- Offering \$2,500 for accounting reports to support income replacement benefits claims.
- Merging treatment plans and applications for approval of assessments or examinations into one process.
- Providing adjusters with discretion in the use of insurer examinations.
- Creating a definition for "incurred expense".
- Simplifying and consolidating the rules that govern claims processing.
- Eliminating a number of approved forms.

Ontario Regulation 777/93 (Statutory Conditions – Automobile Insurance)

This regulation has been amended by [Ontario Regulation 40/10](#) to make appraisals under section 128 of the Insurance Act mandatory for property damage claims where requested by the insured; thereby eliminating the need for the insurer's agreement.

Ontario Regulation 283/95 (Disputes Between Insurers)

This regulation has been amended by [Ontario Regulation 38/10](#) to ensure that, where there may be a dispute regarding which insurer is liable to pay for statutory accident benefits, claims will not be deflected and claimants will receive payments without delay, pending a resolution regarding which insurer is required to pay the benefits. The changes include:

- Requiring insurers to provide timely access to applications for benefits to claimants.
- Prohibiting insurers from attempting to prevent or discourage claimants from submitting applications to them.
- Prohibiting insurers from refusing applications or attempting to redirect claimants to other insurers.
- Requiring claimants to submit their applications for benefits to only one insurer, rather than all insurers who may be liable.
- Requiring the first insurer that receives a completed application to provide benefit payments without delay.

Ontario Regulation 7/00 (Unfair or Deceptive Acts or Practices)

This regulation has been amended by [Ontario Regulation 37/10](#) to ensure that automobile insurers cannot use credit information for specific automobile insurance purposes. The amendments include:

- Providing a definition for "credit information" that includes a person's credit rating, credit score, credit-based insurance score, occupation, place of residence, number of dependants, education, profession, place(s) of employment, income, debts, cost of living and assets.
- Prohibiting insurers from requiring that a consumer consent to the collection and use of his/her credit information before providing an insurance quote or offering to renew a policy.
- Prohibiting insurers from using credit information in order to treat consumers differently when they respond to requests for quotes, or process applications for automobile insurance or renewals of policies.
- Requiring affiliated insurers that use the same distribution channel to provide a consumer with the lowest rate that is available through the channel.

Ontario Regulation 403/96 (Statutory Accident Benefits Schedule – Accidents on or after November 1, 1996)

This regulation has been amended by [Ontario Regulation 35/10](#) to set out the transitional rules for accidents that occur before September 1, 2010.

Ontario Regulation 664 of R.R.O. 1990 (Automobile Insurance)

This regulation has been amended by [Ontario Regulation 36/10](#) to include:

- Introducing an option for consumers to purchase an endorsement that provides first-party coverage to reduce the tort deductible for pain and suffering awards to \$20,000 from \$30,000 (and to \$10,000 from \$15,000 for Family Law Act awards).
- Adding a \$500 deductible option for Direct Compensation – Property Damage claims.
- Prohibiting the use of accidents occurring on or after September 1, 2010 for risk classification purposes, if the insured was 25 per cent or less at fault.
- Introducing a cap of \$2,500 for arbitration awards in respect of accounting reports that are prepared for claimants or insurers regarding claims for income replacement benefits.

Effective Date

The changes that are referenced in this Bulletin come into effect on September 1, 2010. Please make sure that your claims and underwriting staff, and any other staff who may be affected by these amendments, are informed of these changes. Also ensure that you make any operational changes that are required to implement these reforms by the effective date.

Copies of Regulations

The new SABs, the regulation amendments and the Insurance Act can be downloaded from the e-laws website at www.e-laws.gov.on.ca. The regulations will also be published in *The Ontario Gazette* on March 13, 2010.

Philip Howell
Chief Executive Officer and
Superintendent of Financial Services

March 3, 2010

