Bulletin

No. A-24/10
Property & Casualty
– Auto

Revised Optional Indexation Benefit Guideline, 2011 Indexation Percentages, and Revised Deductibles/Monetary Amounts under Bill 164

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 releasing the following:

- revised Optional Indexation Benefit Guideline – Superintendent's Guideline No. 09/10 (Guideline);
- 2011 indexation percentage for the Optional Indexation Benefit under section 30 of the Statutory Accident Benefits Schedule – Effective September 1, 2010 (new SABS);
- 2011 indexation percentage for the Optional Indexation Benefit under section 29 of the Statutory Accident Benefits Schedule – Accidents on or after November 1, 1996 (old SABS); and
- 2011 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).

The Guideline and the 2011 indexation percentage and revised deductibles/monetary amounts applicable to claims under the Bill 164 SABS will appear in a forthcoming edition of The Ontario Gazette, in accordance with sections 268.3 (3) and 268.1 (1) of the Insurance Act.

The indexation percentage for the new SABS, old SABS and Bill 164 SABS reflects the year-over-year "Consumer Price Index for Canada (All Items)" from September 2009 to September 2010, as published by Statistics Canada.

Authority

The Guideline is issued by FSCO under section 268.3 (1) of the Insurance Act.

Revised Optional Indexation Benefit Guideline

The Guideline replaces the Optional Indexation Benefit Guidelines – No. 7/96 released on October 28, 1996.

accurate. Readers should visit the forms section of the FSCO website, to ensure they are using the most recent version of a FSCO form.

The Guideline applies to insured persons in respect of whom the optional indexation benefit was purchased and who had accidents that occurred on or after November 1, 1996.

Indexation under the new SABS

The 2011 indexation percentage is 1.9 per cent. It is applied in accordance with the Guideline. Under the new SABS, indexation applies to named insureds, spouses of named insureds, and dependants of any of these and specified drivers, if the optional indexation benefit was purchased.

The 2011 indexation percentage applies to benefits that are required to be indexed pursuant to section 30 of the new SABS, in respect of insured persons who were involved in accidents on or after September 1, 2010.

Indexation under the old SABS

The 2011 indexation percentage is 1.9 per cent. It is applied in accordance with the Guideline. Under the old SABS, indexation applies to named insureds, spouses of named insureds, and dependants of any of these and specified drivers, if the optional indexation benefit was purchased.

The 2011 indexation percentage applies to benefits that are required to be indexed pursuant to section 29 of the old SABS, in respect of insured persons who were involved in accidents on or after November 1, 1996 and before September 1, 2010.

Indexation under Bill 164 SABS

The 2011 indexation percentage is 1.9 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 2011 indexation percentage, the revised deductibles and monetary amounts are listed on the enclosed chart, entitled 2011 Indexation Percentage, Revised Deductibles and Monetary Amounts for Automobile Insurance under the Insurance Act and Statutory Accident Benefits Schedule – Accidents after December 31, 1993 and before November 1, 1996.

Also note that certain indexed amounts under the Bill 164 SABS 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.

Philip Howell
Chief Executive Officer and
Superintendent of Financial Services

December 8, 2010

Attachments:

- Optional Indexation Benefit Guideline – Superintendent's Guideline No. 09/10
- 2011 Indexation Percentage for Statutory Accident Benefits under the Statutory Accident Benefits Schedule – Effective September 1, 2010
- 2011 Indexation Percentage for Statutory Accident Benefits under the Statutory Accident Benefits Schedule – Accidents on or after November 1, 1996
- 2011 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

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Optional Indexation Benefit Guideline

December 2010

Superintendent's Guideline No. 09/10

Optional Indexation Benefit Guideline

Introduction

This Guideline is issued pursuant to s. 268.3 (1) of the Insurance Act for the purposes of the Statutory Accident Benefits Schedule – Effective September 1, 2010 (new SABS) and the Statutory Accident Benefits Schedule – Accidents on or after November 1, 1996 (old SABS).

Purpose

The purpose of the Optional Indexation Benefit Guideline is to set out the procedures and formulas for indexation as referred to in section 30 of the new SABS and section 29 of the old SABS.

General Application

This Guideline applies to named insured persons who have purchased the optional indexation benefit, their spouse, dependants and persons specified as drivers under the policy.

Indexation applies to the following benefits and monetary limits:

1. the weekly amount of any income replacement benefit
2. the weekly amount of any non-earner benefit
3. the weekly monetary limits applicable to income replacement benefits
4. the weekly monetary limits applicable to caregiver benefits
5. the monthly attendant care monetary limits
6. the outstanding balance of medical and rehabilitation benefits available
7. the outstanding balance of attendant care benefits available
8. the outstanding balance of medical, rehabilitation and attendant care benefits available to persons who have access to the optional increased medical, rehabilitation and attendant care benefit

Benefit amounts and monetary limits are indexed on January 1 of each year immediately following the accident.

INDEXATION PERCENTAGE

The indexation percentage is the percentage change in the "Consumer Price Index for Canada (All Items)", as published by Statistics Canada under the authority of the Statistics Act (Canada), for the period from September in the year immediately preceding the previous year to September of the previous year.

INDEXATION OF INCOME REPLACEMENT BENEFIT (IRB) AND NON-EARNER BENEFIT

The weekly amount of a person's income replacement benefit and the applicable monetary limit are adjusted using the indexation percentage on January 1 of the year immediately after the accident. In each subsequent year, the weekly benefit and limit from the previous year are adjusted. Indexation is applied before taking into account any collateral source income.

Similarly, with respect to the non-earner benefit, the benefit limits are adjusted using the indexation percentage on January 1 of the year immediately after the accident. In each subsequent year, the previous year's amount is adjusted. Indexation is applied before taking into account any collateral source income.

INDEXATION OF WEEKLY LIMITS FOR CAREGIVER BENEFIT AND MONTHLY LIMITS FOR ATTENDANT CARE BENEFIT

The indexation percentage is applied to the monetary limits for the caregiver benefit and the attendant care benefit on January 1 of the year immediately following the accident. In each subsequent year, the limits from the previous year are adjusted.

Indexation shall be performed in accordance with the following formula:

$A = B \times (1 + (C \div 100))$ where:

A = the new amount (i.e., the new monetary limit or the new weekly benefit)
B = the previous year's amount
C = the indexation percentage

INDEXATION OF MEDICAL, REHABILITATION AND ATTENDANT CARE LIMITS

The outstanding balance with respect to medical and rehabilitation benefits, and the outstanding balance with respect to the attendant care benefit, are indexed on January 1 of each year immediately after the accident. Indexation of these limits is performed using the declining balance method.

Incurred medical, rehabilitation and attendant care expenses up to December 31 of the year are subtracted from the insured person's limits for that year, for each benefit. The indexation percentage is applied to the outstanding balance (i.e., the unused portions). The indexed amounts become the insured person's new monetary limits for the year. Indexation using the declining balance method applies to each of the following:

1. the combined medical and rehabilitation monetary limit;
2. the attendant care monetary limit; and
3. the combined medical, rehabilitation and attendant care monetary limit, if the optional medical, rehabilitation and attendant care benefit was purchased.

Indexation using the declining balance method shall be applied in accordance with the following formula:

A = (B - C) x (1 + (D ÷ 100)) where:

A = the new monetary limit (i.e., new medical and rehabilitation monetary limit, new attendant care monetary limit or new combined monetary limit available to the person)
B = the previous year's monetary limit
C = the sum of all incurred expenses for the previous year (i.e. sum of medical expenses, rehabilitation expenses or attendant care expenses)
D = the indexation percentage

NOTICE OF OUTSTANDING BALANCE

Upon the request of the insured person, insurers are to provide a notice stating the outstanding balance (as indexed) of the medical and rehabilitation benefits, the attendant care benefit, and the outstanding balance of the combined benefits, if applicable, as of January 1 of the year.

This requirement does not apply where section 50 (2) of the new SABS applies to require an insurer to provide periodic benefit statements to the insured person.

2011 Indexation Percentage for Statutory Accident Benefits under the Statutory Accident Benefits Schedule – Effective September 1, 2010

The 2011 indexation percentage is 1.9 per cent. This indexation percentage is to be applied to the amounts to be indexed on January 1, 2011, in accordance with the Optional Indexation Benefit Guideline for insured persons in respect of whom the optional indexation coverage was purchased and who had accidents that occurred on or after September 1, 2010.

2011 Indexation Percentage for Statutory Accident Benefits under the Statutory Accident Benefits Schedule – Accidents on or after November 1, 1996

The 2011 indexation percentage is 1.9 per cent. This indexation percentage is to be applied to the amounts to be indexed on January 1, 2011, in accordance with the Optional Indexation Benefit Guideline for insured persons in respect of whom the optional indexation coverage was purchased and who had accidents that occurred after October 31, 1996 and before September 1, 2010.

2011 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 (SABS)

INDEXATION PERCENTAGE			
Section reference in the Insurance Act	**Description**	**Amount 2010**	**Amount 2011**
268.1	indexation percentage	-0.9%	1.9%

DEDUCTIBLE AMOUNTS			
Section reference in the Insurance Act	**Description**	**Amount 2010**	**Amount 2011**
267.1(8)3	non-pecuniary loss deductible	$13,394.91	$13,649.41
	Family Law Act deductible	$6,697.47	$6,824.72

MONETARY AMOUNTS			
Section reference in the SABS	**Description**	**Amount 2010**	**Amount 2011**
10(9)	maximum weekly income replacement benefit **	$1,351.68	$1,377.36
15(5)	Average Weekly Earnings for Ontario	$826.66	$878.93
16(1)(a)	lump sum benefit for each year of elementary school	$2,703.31	$2,754.67
16(1)(b)	lump sum benefit for each year of secondary school**	$5,406.62	$5,509.35
	lump sum benefit for each semester of secondary school**	$2,703.31	$2,754.67
16(1)(c)	lump sum benefit for each year of post-secondary school**	$10,813.27	$11,018.72
	lump sum benefit for each semester of post-secondary school**	$5,406.62	$5,509.35
18(5)	weekly caregiver benefit for first person	$337.90	$344.32
	weekly caregiver benefit for each additional person	$67.55	$68.83
28(4)	maximum weekly loss of earning capacity benefit	$1,351.68	$1,377.36
32(5)	maximum sum of weekly loss of	$1,351.68	$1,377.36

MONETARY AMOUNTS			
Section reference in the SABS	**Description**	**Amount 2010**	**Amount 2011**
	earning capacity benefit and weekly supplement		
46(1)	maximum limit on supplementary medical benefits and rehabilitation benefits**	$1,351,656.89	$1,377,338.37
47(4)	maximum monthly attendant care benefit (all insureds)	$4,054.98	$4,132.02
47(5)	maximum monthly attendant care benefit (catastrophic injuries)	$8,109.94	$8,264.03
47(6)	maximum monthly attendant care benefit (multiple, catastrophic injuries)	$13,516.56	$13,773.37
47(7)	maximum monthly attendant care benefit (severe brain injuries with violent behaviour)	$13,516.56	$13,773.37
50(10)	hourly rate for personal attendant care (when using Form 1)	$11.83	$12.05
	hourly rate for skilled attendant care (when using Form 1)	$18.91	$19.27
51(1)(b)	death benefit to spouse where insured would not have qualified for income replacement benefits	$67,582.83	$68,866.90
51(4)(a)	death benefit to dependant	$13,516.56	$13,773.37
51(4)(b)	death benefit to former spouse	$13,516.56	$13,773.37
51(5)	death benefit where insured was a dependent	$13,516.56	$13,773.37
51(8)	minimum death benefit to spouse	$67,582.83	$68,866.90
	maximum death benefit to spouse	$270,331.39	$275,467.68
52(2)	funeral benefit	$8,109.94	$8,264.03
54(4)	weekly dependant care expenses for first dependant	$101.36	$103.29
	weekly dependant care expenses for each additional dependant	$33.80	$34.44
54(5)	maximum for weekly dependant care expenses	$202.75	$206.60

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