

Summary of 2015 Automobile Insurance Reforms

A. Third Party Liability Changes

1. decrease to pre-judgment interest rates effective January 1, 2015 to 1.3% and subject to quarterly review (currently set at 1.0%)
2. increase to the \$30,000 deductible on court awards for non-pecuniary loss to \$36,540 from August 1, 2015 until December 31, 2015 and adjusted on January 1, 2016 and January 1st of every subsequent year by the indexation percentage published by FSCO
3. increase to the \$15,000 deductible on court awards for non-pecuniary loss under the Family Law Act to \$18,270 from August 1, 2015 until December 31, 2015 and adjusted on January 1, 2016 and January 1st of every subsequent year by the indexation percentage published by FSCO
4. increase in the monetary threshold beyond which the tort deductible for non-pecuniary loss does not apply to \$121,799 from August 1, 2015 until December 31, 2015 and adjusted on January 1, 2016 and January 1st of every subsequent year by the indexation percentage published by FSCO
5. increase in the monetary threshold beyond which the tort deductible for claims under the Family Law Act does not apply to \$60,899 from August 1, 2015 until December 31, 2015 and adjusted on January 1, 2016 and January 1st of every subsequent year by the indexation percentage published by FSCO
6. taking into account the tort deductible, if applicable, when determining a party's entitlement to costs in an action for damages from bodily injury or death arising directly or indirectly from the use or operation of an automobile

B. Standard Accident Benefits

1. decrease in the SABS interest rate effective January 1, 2015 to 1.3% once a dispute is commenced and subject to quarterly adjustment (currently set at 1.0%)
2. reduction in the standard benefit level for catastrophic impairments from \$1 million for attendant care services and \$1 million for medical and rehabilitation services to a combined medical, rehabilitation and attendant care needs limit of \$1 million
3. elimination of attendant care as a separate stand-alone benefit of \$36,000 and the inclusion of attendant care services under the standard combined benefit level for medical/rehabilitation benefits, which is increased from \$50,000 to \$65,000
4. reduce waiting period for non-earner benefits from six months to 4 weeks and limit of the duration of non-earner benefits to two years after the accident
5. amendment of the definition of Catastrophic Impairment in the SABS
6. requirement for goods and services not explicitly listed in the SABS to be agreed upon by the insurer as "essential"
7. reduction of the standard duration of medical, rehabilitation and attendant care benefit to five years for all claimants except children
8. inclusion of attendant care in this new duration limit of five years (an increase from two years)
9. subject to the applicable monthly amounts determined by an assessment of attendant care (Form 1), an amount payable to a professional provider is the amount for actual services rendered

C. Optional Accident Benefits

1. elimination of the current optional medical and rehabilitation benefit of \$100,000 for non-catastrophic injuries
2. elimination of the current optional attendant care benefit of \$72,000 for non-catastrophic injuries
3. elimination of the current optional medical and rehabilitation benefit of \$1.1 million and the elimination of the \$1.072 million attendant care benefit for non-catastrophic injuries
4. introduction of a new optional combined medical, rehabilitation and attendant care benefit of \$130,000
5. introduction of a new optional combined medical, rehabilitation and attendant care benefit of \$1 million for non-catastrophic injuries
6. introduction of a new optional catastrophic benefit of an additional \$1 million

D. Changes to Physical Damage Coverages

1. The introduction of a standard \$500 deductible for the Comprehensive coverage (if an insurer does not currently offer a \$500 deductible)

E. Other Changes

1. Changes to the treatment of an at-fault accident used in risk classification systems and in underwriting rules reflecting the requirement that an insurer may no longer use a minor accident meeting certain criteria as set out in R.R.O. 1990 Reg. 664, for private passenger automobile insurance.
2. Reductions in the maximum interest rates that an insurer may charge for the monthly instalment payment plans in respect of an auto insurance policy as follows:
 - 12 month term - from 3 % to 1.3 %
 - 6 month term - from 1.5% to 0.65%
 - 3 month term - from 0.5% to 0.22%
3. Winter tire discounts are required to be offered by all insurers for policies effective on or after January 1, 2016 for private passenger automobile insurance.