



Financial Services  
Commission  
of Ontario

Commission des  
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de l'Ontario

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## Cost of Goods Guideline

Superintendent's Guideline No. 02/16

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### Introduction

This Guideline, issued pursuant to section 268.3 of the *Insurance Act* and incorporated by reference in sections 15 and 16 of the *Statutory Accident Benefits Schedule - Effective September 1, 2010* (“SABS”), applies to expenses related to all goods provided on or after June 1, 2016.

### Purpose

This Guideline establishes the maximum expenses payable by automobile insurers for goods delivered under sections 15 and 16 of the SABS which require insurers to pay for “reasonable and necessary” expenses incurred by or on behalf of an insured person, with the exception of goods provided under subsections 15(1)(h) and 16(2)(l). Goods provided under subsections 15(1)(h) and 16(2)(l) are payable if the insurer agrees they are essential for the treatment or rehabilitation of the insured person, and for which a benefit is not otherwise provided in the SABS. Insurers are not prohibited from paying above any maximum amount established in this Guideline.

### Retail Price to Govern

For the purposes of this Guideline, the retail price of an item of goods is the lowest price, including delivery charges (if delivery is required), duties and taxes, that would be payable by or on behalf of an insured person to acquire the item from a source that is available to a member of the general public in Ontario.

Where a retail price exists for an item of goods, the maximum expense payable by an automobile insurer for that item for the purposes of sections 15 and 16 of the SABS is that retail price, or the price actually paid or payable by or on behalf of the insured person to acquire the item, whichever is lower.

In the event of a dispute over the retail price for an item, the onus is on the insurer to provide reasonable evidence of the retail price of the item.

Reasonable evidence includes, but is not limited to: an advertisement; written confirmation from a vendor; or any other reliable form of proof of the retail price.

### Harmonized Sales Tax (HST)

The applicability of the HST to goods referred to in sections 15 and 16 of the SABS falls under the jurisdiction of the Canada Revenue Agency (CRA). If the HST is considered by the CRA to be applicable to an item for which an insurer is liable under those

sections, then the HST is payable by the insurer as part of the “reasonable” expense for that item.

This is consistent with the treatment of HST for services subject to the Professional Services Guideline and the Cost of Assessments and Examinations Guideline.