

## ***2015 Ontario Budget***

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### Reviewing the Mandates of Key Financial Services Regulators

The government has appointed an expert panel to lead the mandate reviews of the Financial Services Commission of Ontario, the Financial Services Tribunal and the Deposit Insurance Corporation of Ontario. The panel consists of:

George Cooke —former president and chief executive officer of The Dominion of Canada General Insurance Company, and current chair of the board of directors of OMERS Administration Corporation;

James Daw —former Toronto Star personal finance columnist who has written extensively about all facets of Ontario’s financial system; and

Larry Ritchie —Osler, Hoskin & Harcourt LLP partner and former vice-chair of the OSC.

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### Fairness for Ontario Consumers

Promoting consumer protection helps people make informed choices, spend wisely and protect their hard-earned money. The government continues to address a wide variety of pressing marketplace concerns, including:

Taking further action to protect auto insurance consumers and ensure affordable premiums;

Keeping electricity cost-effective and efficient;

Connecting remote communities to the electricity grid; and

Increasing protection in the condominium market.

#### Taking Further Action to Protect Auto Insurance Consumers and Ensure Affordable Premiums

Affordable auto insurance is important to Ontario’s 9.4 million drivers. Ontarians across the province rely on cars to get to work and school, and to participate in their communities.

#### Protecting Ontario’s Consumers

In November 2014, the Fighting Fraud and Reducing Automobile Insurance Rates Act, 2014, was passed. In addition to strengthening consumer protections regarding towing and vehicle storage for Ontario drivers involved in traffic collisions or in need of roadside assistance, the passage of this Act will help Ontario drivers settle disputes with insurers and get faster access to the benefits they need by transforming Ontario’s auto insurance dispute resolution system (DRS).

Based on recommendations from the Honourable J. Douglas Cunningham’s Auto

Insurance Dispute Resolution System Review, the new DRS will be housed within the Ministry of the Attorney General's Licence Appeal Tribunal and will begin accepting accident benefit dispute applications on April 1, 2016.

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The government will also take additional action to increase consumer protection and help reduce auto insurance costs by:

Lowering the maximum interest rate charged on monthly auto insurance premium payments to 1.3 per cent from three per cent;

Prohibiting premium increases for minor at-fault accidents that meet certain criteria (e.g., no reported injuries); and

Requiring that all insurers offer a discount for the use of winter tires.

The government will work with stakeholders in the coming months to implement these initiatives in a timely, efficient and responsible way. The government also continues its work to ensure that insurer claims management practices are fair, protect consumers, and promote affordable premiums.

#### Scientific and Evidence-Based Approaches

The government will also continue to ensure, where possible, that insurance coverages reflect the most relevant scientific and medical knowledge on identifying and treating injuries from automobile accidents. This approach will provide clarity to help minimize disputes in the auto insurance system and ensure that people get the treatment they need after an automobile accident.

Accordingly, the government will amend Insurance Act regulations to update the catastrophic impairment definition consistent with more up-to-date medical information and knowledge.

#### Ensuring Affordable Premiums and Providing More Consumer Choice

In 2010, the government introduced a number of reforms to reduce the costs of fraud and abuse in the auto insurance system and provide more choice to consumers. These reforms worked to reduce costs in Ontario, making them closer to comparable provinces'. But in 2013, costs in Ontario's auto insurance system began to increase again.

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The August 2013 launch of the government's Auto Insurance Cost and Rate Reduction Strategy included additional reforms to further lower auto insurance costs, which helped reduce auto insurance rates by more than six per cent on average as of last fall.

However, while progress has been made, costs in Ontario's auto insurance system remain too high.

The government will continue to take action to further lower costs. As in the past, reforms will continue to balance the needs of injured claimants to recover and resume work and regular activity as quickly as possible, with protecting consumer interest by ensuring affordable insurance for Ontario drivers.

Ontario's auto insurance system remains the most generous among Canadian jurisdictions with private marketplace systems. And the government's reforms will continue to ensure the generosity of Ontario's auto insurance accident benefits.

Ontario's Accident Benefits Claims Costs Decrease  
from Past Reforms but Remain Highest CHART 1.16

Ontario  
Alberta

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To further reduce costs in Ontario's auto insurance system, bring these costs more in line with other provinces, and provide Ontario consumers with more choice in purchasing auto insurance to suit their needs, the government will amend Insurance Act regulations to:

Change the standard benefit level for medical and rehabilitation benefits to \$65,000 (from \$50,000) and include attendant care services under this benefit limit. Consumers will also have an option to increase that coverage up to \$1 million;

Include attendant care services with the \$1 million medical and rehabilitation benefit for catastrophic impairments, and provide the option for additional coverage of \$1 million, for \$2 million in total coverage;

Reduce the standard duration of medical and rehabilitation benefits from 10 years to five years for all claimants except children;

Eliminate the six-month waiting period for non-earner benefits and limit the duration of non-earner benefits to two years after the accident;

Require goods and services not explicitly listed in the Statutory Accident Benefits Schedule (SABS) to be "essential" and agreed on by the insurer; and

Change the standard deductible for comprehensive coverage to \$500 from \$300.

Working with the auto insurance industry, the government will ensure that consumers are aware of the changes to the standard auto insurance policy and can make an informed decision should they choose to take advantage of enhanced optional coverages to suit their needs.

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Adjustments for Inflation

In addition, to ensure that the auto insurance system reflects the effects of inflation, the government will propose amendments to the Insurance Act and regulations to:

Adjust the deductible on court awards for non-pecuniary (i.e., pain and suffering) damages to reflect inflation in Ontario since 2003, and link the deductible to future changes in inflation;

Adjust the monetary thresholds beyond which the tort deductible does not apply to reflect inflation in Ontario since 2003, and link the thresholds to future changes in inflation; and

Allow for the effect of the tort deductible to be taken into account 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.

These changes will restore the policy rationale and integrity of these deductibles and thresholds to when they were last updated in 2003. Existing optional coverage to reduce tort deductible amounts will remain unchanged, and consumers will continue to have options to customize their coverages to suit their needs.