

Auto Insurance

When it comes to driving, it is clear that Ontario's auto insurance system is broken — and drivers deserve better. This is why our government is making transformative changes to the province's auto insurance system.

It starts with giving drivers more options when deciding which auto insurance coverage suits their needs and gives them more control over their rates. We will make it easier and faster for insurance companies to offer drivers new discounts and coverage options that were not previously available.

In addition, we will introduce a Driver Care Card, which will streamline access to care by providing important information that will make the claims process easier to navigate.

And we will adopt a "care, not cash" default clause to ensure that a driver's auto insurance coverage will pay for treatment instead of costly legal fees. It will also provide for an improved early treatment system, and a return to the default benefit limit of up to \$2 million for those who are catastrophically injured in an accident.

We extend our appreciation to MPP Doug Downey, the Parliamentary Assistant to the Minister of Finance, for his excellent work on the auto insurance file.

We also thank Milton MPP Parm Gill, whose Private Member's Bill on eliminating postal code discrimination in the insurance industry, would provide an even greater amount of fairness to drivers in Ontario.

Alcohol Reform

The cornerstone of putting people first is consumer choice and convenience. This is why our government is taking steps to modernize the way we sell, distribute and consume alcohol in Ontario.

Consider this; there are more than 8,000 retail stores in Quebec selling beverage alcohol, but less than 3,000 retail stores in Ontario. The time for change is long overdue.

That's why our government is proceeding with a plan to expand the sale of beer and wine to corner stores, big box stores, and even more grocery stores.

In the meantime, we are moving ahead with several initiatives to enhance consumer choice and convenience. We are creating a tailgating permit for eligible sporting events; introducing legislation permitting municipalities to create alcohol consumption areas, such as parks; and extending hours of alcohol service at licensed establishments allowing them to start serving alcohol at 9 a.m.

Ontario Auto Insurance Policy

Standard Coverage

Current	Auto Blueprint
<u>Third-Party Liability</u> \$200,000	No change
<u>Statutory Accident Benefits</u> Med/rehab and attendant care: \$65,000 maximum <ul style="list-style-type: none"> First \$3,500 under the Minor Injury Guideline (MIG) with \$2,200 pre-approved <i>MIG does not include mental health</i> \$1 million catastrophic Income replacement: 70 per cent of gross income up to \$400/week Caregiver benefits: only if catastrophic, maximum \$250/week for first dependant and \$50/week for each additional dependant Death and Funeral Benefits: \$25,000 to eligible spouse, \$10,000 to each dependant, and maximum \$6,000 for funeral expenses. Housekeeping and Home Maintenance Expenses: only if catastrophic, maximum \$100/week	No benefit reductions MIG to include mental health \$2 million catastrophic
Direct Compensation - Property Damage (DC-PD)	No change
Uninsured Automobile	No change

Optional Coverage

Current	Auto Blueprint
<u>Third-Party Liability</u> \$500,000, \$1 million or \$2 million	No change
<u>Accident Benefits</u> <ul style="list-style-type: none"> \$130,000 or \$1 million maximum med/rehab and attendant care \$2 million catastrophic Income replacement maximum weekly benefit \$600, \$800 or \$1,000 Caregiver benefits: extend to all injuries (not just catastrophic) Housekeeping and Home Maintenance Expenses: extend to all injuries (not just catastrophic) Death and Funeral Benefits: \$50,000 to your eligible spouse, \$20,000 to each dependant, and \$8,000 for funeral expenses. Dependant Care Benefits: Maximum \$75/week for the first dependant and \$25/week for each additional dependant (<i>can only be claimed if you were employed at the time of the accident, are not receiving a caregiver benefit, and have to pay for additional childcare expenses as a result of the accident</i>) Indexation: provides for an annual adjustment for inflation for Income Replacement, Medical, Rehabilitation and Attendant Care and other benefits, determined according to the Consumer Price Index of Canada. 	\$2 million catastrophic will become standard Further optionality in the future

PUTTING DRIVERS FIRST: A BLUEPRINT FOR ONTARIO'S AUTO INSURANCE SYSTEM

Over the past 30 years, Ontario's auto insurance system has gone through a series of ineffective patchwork reforms implemented by different governments. After each reform, costs came down temporarily, only to rise again.

Auto insurance rates in Ontario are now higher than they were a decade ago and have been among the highest in the country since 2013.



Ontario drivers deserve better. This is why Ontario's Government for the People is going to invest the time and effort required to implement an effective, sustainable auto insurance system that actually puts drivers first. In contrast to the ineffective changes that were brought forward by the previous government, this government will take the time to get it right for the benefit of all Ontario drivers.

Every driver in Ontario recognizes the need to carry auto insurance. At the same time, many drivers are left frustrated and confused by an expensive and convoluted auto insurance system in which the rates they are required to pay seemingly fail to reflect their driving record or individual needs. And during those unfortunate times when drivers do need to make an insurance claim, they are left at the mercy of a system that often seems to cater to lawyers or insurance companies, rather than to the victims it is supposed to help.

LISTENING TO THE PEOPLE

"We commend the government's recent auto insurance consultation asking drivers to provide feedback on their insurance needs, and with the government's stated commitment to review how auto insurance rates are regulated. We agree that reducing costs from the system requires a focus on initiatives that will reduce red tape, address road safety, and combat escalating claims costs. We stress that changes to territory segmentation alone will not resolve the cost challenge for Ontario drivers. We must remove costs from the system. Reduced costs will ultimately result in savings that will be passed on to consumers."

George Hardy, Vice-President,
Home and Auto Insurance, The Co-operators

Ontario's Government for the People is making transformative changes to the province's auto insurance system that will put drivers first and put money back in people's pockets by lowering costs, increasing consumer choice and increasing competition in the auto insurance market.

Earlier this year, the government reached out to hear from Ontario drivers about their experiences with auto insurance, and tens of thousands of people responded. The government heard that premiums are too high and that buying auto insurance is frustrating. Drivers said they find it difficult to understand their options and they do not have enough choices. They also said the process of making a claim and accessing benefits after an accident is too complicated.

The government's vision for a modern auto insurance market is focused on making auto insurance affordable and accessible. Putting Drivers First is the government's blueprint for Ontario's auto insurance system. The proposed reforms will give control back to drivers by increasing the range of auto insurance coverage choices available to them, thereby giving them the power to lower their premium costs. The government will increase convenience by making it easier for consumers to shop for and buy insurance. It will also increase competition in the auto insurance market, thereby creating opportunities for savings that will make life more affordable for Ontario's 10 million drivers and their families.

LISTENING TO THE PEOPLE: AUTO INSURANCE ONLINE SURVEY RESULTS

The Ministry of Finance posted an online survey about auto insurance from January 8 to February 15, 2019. The government received over 51,000 responses, of which:

- 68% agreed that insurance providers should have more electronic or online tools available, like banks and other financial institutions;
- 60% said shopping for and buying auto insurance is difficult and frustrating;
- 55% said it was too difficult to tailor their auto insurance policy to meet their needs;
- 54% reported that insurance policies are complicated and difficult to understand; and
- 53% said it takes too long to receive benefits after being injured in an accident.

Lowering Costs and Fighting Fraud

The government made a commitment to work for families and to respect their hard-earned dollars. Auto insurance should be affordable, easy to understand and easy to buy. The blueprint focuses on lowering costs, finding efficiencies and fighting fraud to ensure that drivers' auto insurance premiums pay for the health care services they need after an accident, rather than for costly and unnecessary disputes.

The government will work with the Financial Services Regulatory Authority of Ontario (FSRA), a new, independent financial regulator, to:

- Overhaul the licensing system for health service providers to reduce regulatory burden and fraud, including lowering the treatment fees charged by providers; and
- Reform the flawed medical assessment process to bring credibility and accountability to the assessments that injured claimants must undergo after an accident.

The government will also work with the Law Society of Ontario to make contingency fee agreements more transparent for injured claimants who choose to hire a lawyer. As part of this work, the Province will evaluate the effectiveness of the current contingency fee arrangements to ensure consumers are being fully protected.

Insurance fraud is estimated to cost Ontario consumers billions of dollars each year. The government's Putting Drivers First blueprint will focus on combatting fraud so that honest drivers do not have to pay for the dishonest actions of fraudsters. The government will work with FSRA and the newly established Serious Fraud Office to develop a fraud reduction strategy and modernize the systems that improve the delivery of health care benefits, including:

- Strong anti-fraud measures, such as enhanced data analytics to detect fraud, and new rules on unfair or deceptive acts or practices; and
- A modern online claims process that lets consumers see how their auto accident benefits are being used, to make the claims process more convenient and help detect and discourage fraud.

WHEN CAN DRIVERS EXPECT TO SEE CHANGES?

The Putting Drivers First blueprint is a transformational, multi-year strategy. The government recognizes that consumers need change to happen now and is taking early action to make the consumer insurance experience easier and more convenient. These changes include:

- Facilitating electronic communications through proposed amendments to the *Insurance Act* and the *Compulsory Automobile Insurance Act*, making it fast and simple to do business with insurance companies;
- Bringing the convenience of electronic proof of auto insurance to Ontario drivers;
- Enabling innovation and new business models to give drivers more options, such as car subscription services that include insurance; and
- Making it easier for insurance companies to offer more discounts and options to consumers.

Increasing Accessibility and Affordability

Ontario's drivers should have more choice when deciding which auto insurance coverage suits their needs. They also deserve to have the same convenience that they have come to expect from modern financial institutions, such as banks and credit unions.

The government's Putting Drivers First blueprint will give auto insurance companies the flexibility to offer drivers more choices in terms of discounts and coverage options to make their insurance policy more affordable. For example, drivers should have the choice to lower their premiums by allowing insurers to consider their credit history, or by agreeing to use preferred providers of auto repair or health care services.

To make the consumer insurance experience simpler, the government is introducing legislation that, if passed, would allow insurance companies to use electronic communications and electronic commerce to do business with their customers. Ontario drivers will soon be able to use an electronic proof of auto insurance, allowing them to benefit from the same ease and convenience already offered in many other North American jurisdictions. Auto insurance forms, policies and other related documents will also be simplified so that drivers will find it easier to understand the coverage they need and make informed decisions about what they are buying.

Adopting the Driver Care Plan

People hurt in auto collisions are too often not receiving timely access to care, and they find it difficult to navigate the claims process and understand the benefits available to them. They can take longer than they should to recover from their injuries because of disputes over benefits and appropriate treatment. The government is putting drivers first by focusing on care for people injured in collisions and making sure that they can access treatment faster.

The Driver Care Plan will ensure that injured claimants receive quick access to treatment and care. The Plan will include:

- A Driver Care Card, which will streamline access to care by providing important information that will make the claim process easier to navigate;
- A “Care, Not Cash” default clause to ensure that a driver’s auto insurance coverage will pay for treatment instead of costly legal fees while giving the driver the option to be eligible to receive cash settlements if they so choose;
- An improved early treatment system for common injuries, including mental health treatment; and
- A return to the default benefit limit of \$2 million for those who are catastrophically injured in an accident, after it was previously reduced to \$1 million in 2016.

Increasing Competition

A competitive auto insurance market benefits consumers. Making Ontario open for business is one of the government’s key commitments. Ensuring that businesses can compete while encouraging new companies to enter Ontario’s auto insurance marketplace is a key element of the government’s blueprint for the province’s auto insurance system. The government will encourage innovation and reduce the regulatory burden, enabling insurance companies to better serve their customers and invest in Ontario.

The government is working with FSRA to achieve these innovation and modernization goals by:

- Supporting innovative business models, pricing structures and technologies, such as pay-as-you-go insurance;
- Reducing the regulatory burden by improving the way auto insurance rates are regulated;
- Reviewing guidelines, bulletins and forms to remove the burden and simplify processes;
- Eliminating red tape by repealing outdated and ineffective legislation and simplifying regulations such as the Statutory Accident Benefits Schedule; and
- Working with the Civil Rules Committee to increase the monetary limit for simplified procedures, and reduce the costly and time-consuming use of civil juries for simplified procedure trials.

The Putting Drivers First blueprint will address key issues identified in David Marshall's 2017 report on Ontario's auto insurance system. It will improve choice and convenience for consumers and give them more control over their auto insurance rates and coverage. It will also combat fraud and increase competition, resulting in lower system costs to ensure that Ontario families' hard-earned dollars pay for the care accident victims need, when they need it.

ENDING POSTAL CODE DISCRIMINATION IN AUTO INSURANCE

Under the leadership of the Member of Provincial Parliament for Milton, Mr. Parm Gill, the Ending Discrimination in Automobile Insurance Act, 2018 was introduced. If passed, this proposed legislation would end the unfair practice of discriminating against drivers based on where they live.
