



Current Articles 2010 – April

Auto Changes are Here

In early March, the government passed several changes to the automobile policies to be implemented Sept. 1, 2010. There are also some changes that are effective immediately to the present plan. In my article of January, 2010 I mentioned several of the major recommendations. All of these have been implemented with the revisions effective Sept. 1, 2010.

In addition, there are some other changes. Insurers will not be permitted to use in their risk classification any accident after Sept. 1, where your insured is at fault for 25% or less. There has also been a cap on medical/rehabilitation and assessment/examination expenses for minor injuries of \$3,500.00

In the previous SABS there was a Pre-Approved Framework Guideline for Whiplash Associated Disorders. This is replaced by the new Minor Injury Guideline which to date has not been released. Assessments will be capped at \$2,000 each. Accounting Reports to support income replacement benefit claims will be capped at \$2,500.00

When there is a quantum dispute regarding the amount of the claim or the value of the salvage the new Regulations have put the right of an appraisal as outlined in the Insurance Act section 128, back into Statutory Condition 9. This was originally in the Statutory Conditions but was removed in 1994 by Bill 164.

Dependent Caregiver Benefit which was previously only available when you “bought up” the Caregiver Benefit is now available on its own with or without the increased Caregiver Benefit.

To supplement the reductions in coverage, several endorsements have been amended or added. The OPCF 25A – Alteration Endorsement has been amended to include all of the new optional benefits. The endorsements –OPCF 3 – Drive Government Auto and the OPCF 21A Monthly Reporting Basis Fleet have also been revised to reflect the same benefits. For Garage policies the OEF 85-Final Premium Computation Endorsement and the OEF 72 Multiple Alteration Endorsements have also been amended to reflect the new optional Accident Benefits.

Two new endorsements being the OPCF 48 for the OAP 1 and the OEF 87 for Garage policies have been introduced. These are identified as “Added Coverage to Offset Tort Deductibles”. The current Insurance Act permits a deductible of \$30,000 for Pain and Suffering for the claimant and \$15,000 for a claimant under the Family Law Act. These endorsements will reduce the deductibles to \$20,000 and \$10,000 respectively.

In my article of March 2010, I referred to the IBC Code of Conduct with regard to the use of credit scoring. As of Sept. 1, 2010 insurers will not be permitted to use credit scoring for automobile insurance. The prohibition on credit scoring will apply to requests for quotations, requests for auto applications, response to completed and signed applications and to offers to renew existing contracts. Unfortunately the Unfair or Deceptive Acts or Practises legislation does not indicate a penalty for insurers who may violate this change! (I wonder if the banks will change there ways?)

You should be aware that Randy Carroll and Paul Taylor of IBAO will be presenting 27 seminars across Ontario outlining the changes and steps that brokers should take to address these changes. The session in Hamilton is scheduled for Wednesday, April 28. In addition to these 27 seminars,

additional in-house seminars will be available. It would be to your advantage and your staffs to attend these seminars. It might be one way that we can excel over banks and other call centre operations! Stay informed and educate your customers!

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