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Motorists to get break on soaring insurance



HENRY STANCU/TORONTO STAR FILE PHOTO

A car accident scene on Beverley St. south of Dundas St. W. is seen in this file photo.

JAMES DAW

BUSINESS COLUMNIST

Ontario Finance Minister Dwight Duncan is aiming to avert a consumer backlash over the recent double-digit increases in auto insurance premiums.

He is to announce Monday that motorists will be given the choice of saving money by buying a new basic policy that offers lower coverage limits and fewer benefits.

"We believe this overall package will hold costs down on a range of things," Duncan told the *Star* in an interview. "Consumers will have to be more aware of the choices they have. (But) I think we've got the right balance."

The new basic policy would provide up to \$50,000 for medical and rehabilitation expenses and \$36,000 for attendant care, the same as in Alberta and New Brunswick, but half current limits in Ontario for all but catastrophic injuries.

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Consumers would have the option to pay extra to keep the current accident benefit limits, or buy up to a \$1 million limit.

Meanwhile, the maximum that will be paid out, with few exceptions, for the treatment of minor sprain, strain and whiplash injuries will be \$3,500.

But it would be possible for those with non-catastrophic injuries to pay extra for compensation for a caregiver and housekeeping services. Ontarians could also pay extra to reduce the amount deducted for pain and suffering from \$30,000 to \$20,000.

Duncan says he is not promising outright premium reductions the way his government did when it was first elected. His hope is the new basic policy "will hold prices for at least a couple of years," and limit future increases.

Insurers have hiked rates an average of 9 per cent across Ontario in the past year, and close to 14 per cent in the Toronto area, where the average premium per vehicle was \$1,682 last year.

They blame the rise on the cost of injury claims, which have soared 72 per cent since 2004 to about \$710 per vehicle in the Toronto area. Meanwhile, the average cost was \$203 in Ottawa and \$44 in five other provinces with private auto insurance.

"The total dollar figures in Ontario, and more specifically in Toronto, are just way out of whack," said Duncan, noting he read the surprising difference in recent *Star* stories.

"So my objective was to do everything I can to hold prices down, certainly on the basic policy ... We don't want to go back to the kind of growth (in prices) we saw back in 2001-02."

Changes that could help control insurers' costs include:

A cap of \$2,000 for individual medical assessments.

In-home assessments by nurses or occupational therapists will be available only to decide if a seriously injured person requires attendant care or home modifications.

Eliminating the right to a second set of assessments to rebut insurers' independent examinations, which insurers may request when appraisals for treatment and compensation claims seem unreasonable.

Only the catastrophically injured would get up to \$250 per week plus \$50 per child for a caregiver, or up to \$100 a week for housekeeping and yard maintenance, unless they paid extra for that option.

Insurers would be allowed 10 working days instead of five to review requests to perform or approve medical assessments.

Insurers blame premium increases on a rising tide of requests for multiple assessments, and proposals for treatment of minor sprains and strains.

They suspect certain clinics and legal representatives are "gaming" the system. Insurers' only option has been to order their own assessments. Then they could have to pay more if the claimant wanted a rebuttal assessment.

Officials say the government is eliminating the right to rebuttal assessments to address complaints that lawyers are requesting these to prepare for a court case.

The new basic policy with a \$50,000 accident benefit limit would pay for medical and rehabilitation treatments, case management and assistive devices and income replacement.

The basic income replacement coverage would continue to be limited to \$400 per week, but for greater simplicity the limit would be changed to 70 per cent of gross income instead of 80 per cent of net, or after-tax, income.

The government had aimed to announce a package of changes in June. But Duncan said his cabinet and caucus colleagues wanted a sharper focus on controlling costs. There was also a campaign by health providers and certain lawyers to oppose an optional \$25,000 limit for accident benefits. They argued price-conscious consumers would not carefully consider the risk of being underinsured.

The higher \$50,000 limit may abate some of those criticisms. Meanwhile, the government plans to increase the number of persons who would automatically get up to \$1 million of coverage. Single-limb amputees would be included, and there will be consultations about a new definition of catastrophic impairment and the threshold for a catastrophic brain injury.

Passengers, pedestrians and cyclists injured by a vehicle whose owners have only bought basic accident benefit coverage, would still be eligible to to recover extra expenses beyond \$50,000.

Duncan said the government will work with the Insurance Bureau of Canada, the Insurance



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Brokers Association of Ontario and, hopefully, professional and industry association representing medical professionals to better educate consumers about the new choices.

Implementation of the changes, to be announced Monday, will be delayed to allow insurers to submit revised rate applications and change their computer systems.

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Here we go again, lets cut treatment!

Treatment providers are always scapegoated for the high rehab costs. Even after it was acknowledged that insurance exams and medical legal assessments accounted for the lions share of the increases over the last five years. Actual treatment costs were cut five years ago, with the introduction of PAF, yet the current set of changes does not affect assessments as most insurance exams and med legal exams are already under the proposed maximums. Most people do not understand: the expensive part of the accident benefits is not in the actual treatment, but in arguing about it.

Submitted by real world view at 10:11 PM Monday, November 02 2009

[👍 Agree](#) | [👎 Disagree](#) | [🚨 Alert a moderator](#)

People Commenting

Seem to think they know how the insurance industry is run. 90% of people on here obviously don't have a clue ... get some facts, then comment. The insurance companies lobby the government like the lawyers, med providers and public sector. These changes SHOULD help, but as always, there will be those who scam the system.

Submitted by I AM LEGEND at 5:51 PM Monday, November 02 2009

[👍 Agree](#) | [👎 Disagree](#) | [🚨 Alert a moderator](#)

lost focus on what insurance is for...

...people seem to forget that insurance is for if you are AT FAULT and happen to seriously hurt or kill someone and get sued. The fact that our premiums for AB are (nearly) equal to our liability premium means there's a serious issue here. Somehow people think they are entitled to a payout for having an AB claim. Your insurance fixed your car, gave you a rental for the downtime, paid for your med/rehab and paid you for housework/babysitting for which you were never paid before and somehow you think you're ENTITLED to a SETTLEMENT!?!

Submitted by sa34 at 5:47 PM Monday, November 02 2009

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Proposal, headline, ridiculous

The only thing more ridiculous than this proposal is your headline. Motorists are not getting a break. They will simply be allowed to pay smaller premiums for inferior coverage. How about cracking down on the garages that jack up repair costs whenever they know someone is going through insurance?

Submitted by Thom Corner at 5:45 PM Monday, November 02 2009

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This ridiculous policy allows drivers to maim people and halves the consequences. Those who choose private transportation, should simply have to pay for it. Cars are expensive to operate, move into town and take transit if you can't afford one.

Submitted by Vincent de T. at 4:59 PM Monday, November 02 2009

[👍 Agree 3](#) | [👎 Disagree 2](#) | [🚨 Alert a moderator](#)

Entitlement?

The greedy fraudsters and regular folks who think that a car accident is like winning a lottery have

caused this.

Submitted by nevaumind at 4:31 PM Monday, November 02 2009

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MR.TOM and Aaron B

Mr. Tom, it would be best if you used acutal facts to support your agruement. They only way insurance can increase due to a lapse is if that lapse was for NON-PAYMENT, MISREPRESENTATION, NON-DISCLOSURE. Government insurance is not cheaper than private insurance, Average premium in Alberta (2008) \$1052, BC rates \$1111. Please use facts!!!

Submitted by Mega213 at 3:14 PM Monday, November 02 2009

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So many things wrong with that

Insurance is not high because people are maxing out their limits. These are multiple small claims usually by the same person over years. You think for a second that the individuals that scam the insurance will buy a policy with less coverage.....ah no. RE: Smoothy, I know small towns don't like to hear it, But Toronto provides for the entire province, and a good chunk of Canada, so there problems are everyones and they tend to be priority.

Submitted by Mega213 at 2:50 PM Monday, November 02 2009

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Ontario is not Toronto

Zombywoof said: "there are places outside Toronto that don't have any public transit"... I don't live in Toronto either. I live in Ottawa and use to live in a small town called Guelph... even still, I NEVER needed a car... Guelph and many towns like Guelph have transit, people refuse to use it... So "no transit" is an excuse for like 1% of Ontarians, the other 99% has access to transit! (ie: St. Catherines, Niagara Falls, Windsor, London, Kitchener-Waterloo, Bellville, Kingston, Thunder Bay, North Bay, Sudbury, Sault Ste-marie, all have sufficient transit options)

Submitted by kyam at 2:49 PM Monday, November 02 2009

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Insurance Industry Professional

I am an underwriter in the personal lines auto and property industry. The problem is that Ontario auto policies offer the richest benefits of any jurisdiction in Canada. That and the fraud always taking place with inflated claims.

Submitted by walktheline at 2:33 PM Monday, November 02 2009

[Agree](#) 5 | [Disagree](#) 3 | [Alert a moderator](#)

The solution is simple...

LEARN TO DRIVE!!! Make it tougher for people to get a driver's license. I have aperfect driving record yet I am paying for the mistakes of a few moronic drivers who do NOT KNOW HOW TO DRIVE! Get off the road!!!

Submitted by Oneofthemasses at 2:25 PM Monday, November 02 2009

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Uncontrolled rate climb is absolutely the result of No-Fault Insurance

So called "No Fault" insurance or more truthfully "Consumer's Fault" insurance was introduced to free up ins co's from the time-consuming and costly effort of fighting/suing other ins co's. This way they can slide money back and forth to each other all the while taking a slice off the top for themselves. Insurance (car, home, life) is just about the biggest scam going! If you sell your home or your car after years of payments, do you get the balance back (minus any claim amts)? Of course not. It's basically the only instance I can think of where citizens are legally mandated to purchase a privately controlled

product. So even tho you make no claims rates go up every single year. It's a good racket to be in - as long as you have no conscience to bother you at night.

Submitted by Tangent at 2:20 PM Monday, November 02 2009

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