Ontario 2010 Automobile Insurance Reforms

Registered Insurance Brokers of Ontario

Guideline for Best Practices

June 2010

RIBO

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Guideline for Best Practices

This document is intended to assist brokers in the development and implementation of a plan for communicating with their clients about the 2010 Ontario Auto Reforms. Further, it is designed to provide guidance on receiving and documenting client instructions relating to auto coverage in light of these reforms. Your clients are entitled to your advice on their options under the new standard auto policy. The presence of a clear and consistent approach toward communication and documentation will enable a broker to demonstrate, if asked, that meaningful steps were taken to service their clients in a conscientious and diligent manner.

HIGHLIGHTS

1. **A new standard automobile insurance policy will come into effect September 1, 2010 (see page 2).**
2. **The new standard includes reductions in coverage from the current auto policy (see page 3).**
3. **Materials are being prepared aimed at educating consumers about these changes (see page 8).**
4. **Brokers are expected to be a part of the education efforts, specifically by taking steps to advise their clients of these changes (see page 9).**
5. **As policies renew after September 1st, brokers should be prepared to review with their clients how the changes will impact them (see page 9).**
6. **Brokers should adopt a system for documenting client files with instructions received (see page 10).**

NOTE: This best practices document contains a summary of the amendments only and should not be relied upon to be exhaustive. For a list of all amendments, follow this link:

http://www.fsco.gov.on.ca/english/pubs/bulletins/autobulletins/2010/a-01_10.asp.

You may also wish to contact your legal advisors to better understand the potential impact on your business.

Background

As part of the 5-year auto insurance review, the Ontario Government has issued a number of automobile insurance reforms that will become effective on September 1, 2010. Of particular interest to brokers are a new Statutory Accident Benefits Schedule – Effective September 1, 2010 ("new SABS") and amendments to the Unfair or Deceptive Acts or Practices Regulation aimed at ensuring that automobile insurers do not use credit information for specific automobile insurance purposes. This best practices document will focus primarily on the impact of the SABS reforms.

The new and amended SABS regulations are briefly described below.

Note: A Summary of Other Regulatory Changes Affecting Automobile Insurance can be found at Appendix "C".

Ontario Regulation 34/10 (New SABS)

The new SABS includes the following changes:

- Capping medical/rehabilitation and assessment/examination expenses for minor injuries to $3,500.
- Replacing the existing Pre-Approved Framework Guideline for Grade I and II Whiplash Associated Disorders with a new Minor Injury Guideline for accidents occurring on or after September 1, 2010.
- Providing standard medical and rehabilitation coverage for non-catastrophic claims of $50,000 (reduced from $100,000), with optional coverage of $100,000 or $1,100,000.
- Providing standard attendant care coverage for non-catastrophic claims of $36,000 (reduced from $72,000), with optional coverage of $72,000 or $1,072,000.
- Providing standard caregiver, housekeeping and home maintenance coverage for catastrophic claims and optional coverage for non-catastrophic claims.
- Capping each assessment to $2,000 – this applies for all assessments, whether they are requested by the claimant or insurer.
- Providing payment for in-home assessments only to claimants who have sustained more than a minor injury.
- Eliminating rebuttal examinations and future care reports.
- Providing income replacement coverage to $400 per week based on 70% of gross income and optional coverage of up to $1,000.
- Providing $2,500 for accounting reports to support income replacement benefits claims.
- Merging treatment plans and applications for approval of assessments or examinations into one process.
- Providing adjusters with discretion in the use of insurer examinations.
- Creating a definition for "incurred expense".
- Simplifying and consolidating the rules that govern claims processing.
- Eliminating a number of approved forms.

How The Reforms May Affect Your Auto Clients

The new standard Ontario automobile policy, to be effective September 1, 2010, includes several significant changes from the current standard policy including provisions that will result in lower coverage for clients.

Statutory Accident Benefits (SABS)

- **"Minor Injury" Limits**

A new 'minor injury' limit for medical and rehabilitation expenses will take effect on September 1. Claimants meeting the definition will be entitled to up to $3,500 for any one accident. Higher limits may be available to claimants with pre-existing conditions where a claimant's doctor is able to present "compelling evidence" regarding the need for higher level treatment. **The Minor Injury Guideline, once finalized, will be distributed widely and set the process for accessing treatment without insurer prior approval.**

- **Income Replacement Benefit**

The income replacement formula is currently based on 80% of a claimant's net weekly income up to a maximum of $400 per week. This will change to 70% of their gross weekly income up to a maximum of $400. A seven day waiting period remains in effect.

Clients will still have the option to increase the weekly maximum limit to $600, $800 or $1,000, the same as they do now, but payment will be based on 70% of gross weekly income.

- **Medical and Rehabilitation Benefit**

The current medical and rehabilitation benefit is $100,000 for non-catastrophic impairments and $1,000,000 for catastrophic. The limits exclude assessment costs. After September 1, 2010, the standard benefit will be $50,000 for non-catastrophic impairments (a reduction of 50%) and $1,000,000 for catastrophic. These new limits *include* assessment costs, which will be capped at $2,000 per assessment.

A buy-back option will be available to bring coverage back to pre-September 1 levels ($100,000 for non-catastrophic impairments and $1,000,000 for catastrophic). An enhanced option will also be available to increase coverage to $1,100,000 for non-catastrophic impairments, $2,000,000 for catastrophic impairments.

Catastrophic impairments include:

- Paraplegia or quadriplegia
- The total and permanent loss (or loss of use) of an arm or leg

- Total loss of vision in both eyes
- A brain impairment that results in a score of 9 or less on the Glasgow Coma Scale
- A brain impairment that results in a score of 2 or 3 on the Glasgow Outcome Scale
- Impairment of 55% or more of the whole person.

This represents a significant change. Efforts should be made to educate your auto clients on its potential impact on their coverage, as well as what options exist to increase coverage, in appropriate situations.

- **Attendant Care Benefit**

The current attendant care benefit is $3,000 per month to a maximum of $72,000 over 2 years for non-catastrophic impairments. During the first two years following their accident, a claimant may apply to be classified as catastrophic. The benefit for catastrophic impairments is $6,000 per month to a maximum of $1,000,000.

After September 1, 2010, the standard benefit will still be $3,000 per month but only to a maximum of $36,000 over 2 years for non-catastrophic impairments. The two year period for applying for re-classification will still be in place, so a gap of up to one year could occur from the time the non-catastrophic attendant care benefit runs out and when the impairment is re-classified. The benefit for catastrophic impairments remains at $6,000 per month to a maximum of $1,000,000. Note: minor injury claimants do not qualify for this benefit.

Clients will be able to 'buy back' attendant care coverage to the prior $72,000 limit. An enhanced option will also be available to increase coverage to $1,072,000 for non-catastrophic impairments, $2,000,000 for catastrophic impairments.

This significant change should be explained to your auto clients in detail, including its potential impact on their coverage and what options exist to increase coverage.

- **Caregiver Benefit**

The changes to the caregiver benefit are significant. The current SABS provides $250 per week plus $50 for each additional dependant, regardless of the impairment. After September 1, 2010, the amount of the benefit remains the same; however, it is ONLY available where the claimant suffers a catastrophic impairment.

A new buy-back option will be available for policyholders providing $250 per week plus $50 for each additional dependent for non-catastrophic impairments.

Given this significant change, efforts should be made to educate your auto clients on its potential impact on their coverage, as well as what options exist to increase coverage in appropriate situations.

- **Housekeeping and Home Maintenance Expenses**

The changes to this benefit are also significant. The current benefit provides $100 per week for up to 2 years for non-catastrophic impairments and with no time limit for catastrophic impairments. After September 1, 2010, the standard benefit will only be available in instances of catastrophic impairment.

A new buy back option will be available providing $100 per week for up to 2 years for non- catastrophic impairments.

Again, given this significant change, efforts should be made to educate your auto clients on its potential impact on their coverage, as well as what options exist to increase coverage.

- **Coverage Bundle Options**

It may be possible to bundle some coverage options-check with your insurers for availability.

- **Dependant Care Benefit**

An optional dependant care benefit is currently available to clients, which provides $75 per week for the first dependant, plus $25 per week for each additional dependant. This benefit becomes a standalone option after September 1 and will no longer be bundled with the caregiver benefit.

- **Non Earner Benefit**

No changes have been made to the non-earner benefit, which remains $185 per week. After 2 years the benefit is $320 per week for claimants that were students at the time of their accident and have reached 16 years of age. The waiting period remains at 26 weeks.

- **Death and Funeral Benefits**

There will be no change for death and funeral benefits under the new SABS. They will remain at $25,000 to a spouse, $10,000 to each dependant and $6,000 for funeral expenses. An enhanced optional benefit would increase these amounts to $50,000, $20,000 and $8,000 respectively.

- **Indexation Benefit**

A current optional indexation benefit will continue to be available to consumers, linking income replacement benefits, non-earner benefits, attendant care benefits or medical and rehabilitation benefits to the Canadian Consumer Price Index.

- **Tort Deductible**

After September 1, 2010, your client will have the option to reduce the deductible associated with court awarded compensation for pain and suffering from $30,000 to $20,000, (or from $15,000 to $10,000 for Family Law Act awards)**.** This endorsement will provide a buy down on the deductible currently imposed by the Insurance Act on any settlements awarded for pain and suffering following an automobile accident.

Other Key Changes

- Accidents where your client is 25 per cent or less at-fault will no longer affect their premium.
- The deductible that is applied to court awards for fatal accidents has been eliminated.
- A new requirement that insurance companies send out benefit statements to their claimants, advising how much has been paid to date, and the additional amounts remaining for medical, rehabilitation and attendant care benefits.
- If an auto has been damaged or written off after an accident and your client does not agree with the value offered or the degree of fault for the accident, your client can choose the appraisal process outlined in the Ontario Auto Policy to settle the dispute, and the insurer must agree to participate.
- Coverage is extended to rented autos with a Gross Vehicle Weight Rating (GVWR) of more than 4,500 kilograms, if for personal use and rented for up to 7 days.
- Prohibiting use of credit scores in giving quotations for your auto insurance rates.

SUMMARY OF STAUTORY ACCIDENT BENEFIT CHANGES

Coverage	Coverage under your existing auto policy	Coverage under New Standard Auto Policy (Sept 1, 2010)	Buy-Back Options	Enhancement Options
Income Replacement Benefit	80% of net income up to $400 p/w	70% of gross income up to $400 p/w		70% gross earnings up to $600, $800 or $1,000 weekly.
Medical and Rehabilitation Benefit	Non-catastrophic- $100,000 Catastrophic- $1,000,000	Non-catastrophic- $50,000 Catastrophic- $1,000,000	Non-catastrophic $100,000 Catastrophic- $1,000,000	Non-catastrophic $1,100,000 Catastrophic- $2,000,000
Attendant Care Benefit	Non-catastrophic- $72,000 Catastrophic- $1,000,000	Non-catastrophic- $36,000 Catastrophic- $1,000,000	Non-catastrophic- $72,000 Catastrophic- $1,000,000	Non-catastrophic- $1,072,000 Catastrophic- $2,000,000
Caregiver Benefit	Up to $250 p/w for first dependant, $50 for each additional, available for all injuries	Up to $250 p/w for first dependant, $50 for each additional, available for catastrophic injuries only	Up to $250 p/w for first dependant, $50 for each additional, available for all injuries	
Housekeeping and Home Maintenance	Up to $100 p/w, available for all injuries	Up to $100 p/w, available for catastrophic injuries only	Up to $100 p/w, available for all injuries	
Dependant Care	Not provided	Not provided		Up to $75 p/w for first dependant, $25 p/w for each additional, to a maximum of $150 p/w.
Death and Funeral Benefit	$25,000 spouse, $10,000 each dependant, $6,000 funeral (max).	$25,000 spouse, $10,000 each dependant, $6,000 funeral (max).		$50,000 spouse, $20,000 each dependant, $8,000 funeral (max).
Indexation	None	None		Annual adjustment according to the Consumer Price Index for Canada

Transition to the New SABS

Where a policy is still in effect on September 1st, 2010,

- All 'buy-back' options, such as those noted above, will be read into auto policies until the end of their current term.
- All options previously purchased will continue automatically after September 1st.

Policies effective before September 1 will have the old limits honoured until post-September 1st renewal. Claims occurring prior to September 1st will have the old SABS limits and procedures apply. For claims occurring after September 1st, the current limits remain in force, however, the new SABS procedures will apply.

Clients renewing on or after September 1st will be at the new standard.

On September 1st, a client will have the right to buy down to the new SABS limits. In practice, this would result in a new policy or endorsement being issued. Brokers should take the opportunity to discuss this with clients in order to first determine whether a meaningful cost reduction will occur, given possible rate changes that may have taken effect since the client's last renewal. Brokers should also explain any advantages and disadvantages of this decision.

Consumer Education

A working group consisting of representatives of RIBO, IBAO, IBC, FSCO, and others from the insurance, health and legal sectors have developed 3 documents aimed at educating consumers of these changes to their auto policies.

The first of these documents is an "Early Awareness Mailer", which will be sent by insurers to their insureds by June 30, 2010. This is simply a notice that states changes are coming in September and to contact your insurance representative for more information. The content of that document cannot be modified in order to ensure consumers receive a consistent message.

After September 1st, a "Point of Sale Document" will be included with each renewal. It will include a summary of the changes and options available and will be attached to the declarations page of each renewal. This document will also be sent out by insurers.

The final document, a "More Choices Mailer", will be a more detailed explanation of the changes and options and will also be included with the policy documents sent out by insurers.

The 3 Mailers are included with a sample policy at Appendix "B".

Best Practices

Under the RIBO Code of Conduct, brokers are expected to serve clients in a conscientious, diligent and efficient manner and provide a quality of service at least equal to that which members would generally expect of a member in a like situation.

With that in mind, members are encouraged to incorporate the following practices into their interactions with auto clients.

A. Educate your clients

Members are strongly encouraged to develop a process of educating your clients in such a way that all clients will be treated in a consistent fashion and receive a consistent message. All three "Mailers" will be sent by insurers to consumers. However, as a best practice, brokers are strongly encouraged to send the "More Choices Mailer" separately to each client in advance of their renewal. This will allow the client time to review the changes and available options prior to any conversation with their broker.

B. Treat all clients in a consistent fashion

Ensuring delivery of a consistent message will not only benefit your clients but it will also reflect a discipline within the brokerage to 'get the message out'. As noted above, sending the "More Choices Mailer" to ALL your clients prior to renewal is highly recommended and an advisable first step prior to holding any discussions with them.

C. Reach out to clients

Follow up discussions with clients are advisable once the mailers have been distributed. Records should be individualized and reflect both the discussion and any client instructions.

We recommend that all licensed individuals be provided with a "script", offering clients a consistent message whether calls are incoming or outgoing. Training and the use of a "script" will assist in ensuring the brokerage adopts a consistent approach towards all clients and in achieving consistency in file documentation.

If a client calls, take the opportunity to use the "script" and discuss with them the changes under the new SABS and available options.

D. Seek informed instructions

Automobile clients will receive 3 Mailers from their insurers. Most will also have received the "More Choices Mailer" from their brokers. Accordingly they should have some basic understanding of the nature of the changes prior to renewal. It is expected then that brokers, upon renewal, will be better able to focus clients on the specific implications to their coverage under the new standard policy and explain to them what options are available. Similarly, clients should be in a better position to give their broker more meaningful instructions. Consider adopting a process for documenting follow-up with each auto client to ensure you have the appropriate discussion with your clients AND that files reflect that process as policies renew. We recommend adopting a similar approach as outlined in the attached "sample checklist" (see Appendix "A") for use as part of your script.

E. Negative Option Billing

Brokers should be aware that "negative option billing" is prohibited in Ontario. In this case, the practice can be defined as requesting a coverage that costs consumers additional premium dollars that they have neither consented to nor made an informed decision to buy. Negative option billing falls below the quality of service provided by a reasonably prudent insurance broker that the public of Ontario has a right to expect. This means that simply requesting that all renewals be issued at the former coverage levels and then contacting clients over time to ask if they wish to buy coverages down is an act of misconduct. RIBO will enforce the Code of Conduct accordingly.

F. Recordkeeping

Brokers will be able to mitigate the risk of being on the wrong end of an errors and omissions claim or a misconduct complaint by being able to show by detailed notation on a file that a customer was specifically advised of the options for that coverage and chose not to add coverage, for the reasons noted on that file. This will go some distance toward refuting a customer's claim that "No one told me about this".

Client records should be individualized and reflect both the discussion and any instructions received. If it is the brokerage's practice to have sent the "More Choices Mailer", that should also be noted in the client files. Ensure detailed notation on the files that customers were specifically advised of the options for coverage and that their instructions and reasons are noted. Consider the use of a checklist to document accepted or declined coverage.

For More Information

- **RIBO will continue to update it's website with new developments (www.ribo.com)**
- **The Financial Services Commission of Ontario ("FSCO") will be updating their website with timely information relating to the reforms, including new forms. (www.fsco.gov.on.ca)**
- **The Insurance Bureau of Canada, representing 90% of the property and casualty (P&C) insurance market in Canada, is also a valuable resource for insurer-related information. www.ibc.ca**
- **Also check with your individual insurers for information specific to their auto products.**
- **The Insurance Institute of Canada offers a variety of industry courses, including some specific to these reforms. (www.insuranceinstitute.ca)**
- **The IBAO will continue to offer its members information, courses and assistance. Check their website (www.ibao.org) for the latest updates.**

Appendix "A"- Sample Checklist-2010 Auto Insurance Reforms

(reprinted with permission from IBAO)

Increased Income Replacement – the standard level of income replacement provided in the policy ($400 per week maximum) can be increased by purchasing optional coverage so that the weekly limit is up to $600, $800 or $1,000. All income replacement benefits are based on 70% of your gross weekly income.

Requested Income replacement option: $400___$600___$800___$1000___

Increased Medical, Rehabilitation and Attendant Care – the standard benefit pays up to $50,000 for medical and rehabilitation expenses, with a 10 year time limit in most cases, and up to $36,000 for attendant care expenses. If catastrophically impaired, the standard benefit pays up to $1,000,000 for medical and rehabilitation expenses and up to $1,000,000 for attendant care expenses.

You can purchase an optional medical and rehabilitation benefit of $100,000; optional attendant care benefit of $72,000; or an optional medical, rehabilitation and attendant care benefit of $1,000,000.

Requested Med, Rehab, Attendant Coverage: Standard___ Med, Rehab $100,000___

Attendant Care $72,000___ Med, Rehab & Attendant Care $1,000,000___

Caregiver, Housekeeping and Home Maintenance Expenses – The standard caregiver, housekeeping and home maintenance expenses benefit is available only for a person who is catastrophically impaired. You can purchase an optional benefit to provide this coverage for all impairments.

Requested Caregiver, Housekeeping and Home Maintenance coverage: Standard___ All impairments___

Dependant Care – There is no standard dependant care benefit for persons who are employed and care for dependants. You can purchase an optional benefit to receive additional weekly dependant care expenses of $75 for the first dependant, and $25 for each additional dependant, up to $150 per week.

Requested Dependant Care: None___ Optional Coverage___

Increased Death and Funeral – the standard level of death benefits paid to the surviving spouse and dependant of a person who is killed ($25,000 to surviving spouse; $10,000 to each surviving dependant) can be doubled by purchasing this optional coverage. This coverage also increases the standard funeral expense benefit from $6,000 to $8,000.

Requested Death and Funeral Benefit level: Standard___ Increased optional coverage___

Indexation Benefit – this optional coverage will ensure that certain weekly benefit payments and monetary limits will increase on an annual basis to reflect changes in the cost of living.

Include Indexation benefit? No___ Yes___

Added Coverage to Offset Tort Deductible – OPCF 48 – This endorsement will provide a buy down on the deductible currently imposed by the Insurance Act on any settlements you should be awarded for pain and suffering following an automobile accident.

Include Offset Deductible option? No___ Yes___

I understand that my selections for these coverages will affect the potential amount I can receive toward settlement should I be injured an automobile accident. I warrant that the broker has fully explained the coverage and options outlined above, and request the broker places automobile coverage on my behalf with the coverage limits and options as selected above.

_____ _____

Name Date

Changes to Ontario Auto Insurance Give You More Choice

On September 1, 2010, changes are coming to auto insurance in Ontario.

Additional accident benefit choices will allow you to customize your policy to suit your needs.

These choices will give you greater influence over the price you pay for insurance.

Pricing will vary based on the benefits you purchase.

What's Next

The reforms and new choices take effect September 1, 2010.

Your policy will remain unchanged until your next renewal. At that time, you'll be provided with more information on the changes and your options.

After September 1, 2010, you can also choose to make changes to your policy prior to its renewal date.

Stay tuned for more information	**Option #1** Contact your insurance representative for more information. ABC Insurance 1234 1st Street Anywhere, ON Canada www.ABCinsurance.ca Tel: (416) 555-5555	**Option #2** Contact your insurance representative identified on the material from the insurance company enclosed with this document.

For general information about changes to auto insurance in Ontario, contact:

IBC | Insurance Bureau of Canada
Consumer Information Centre
www.ibc.ca
Telephone (416) 362-9528
Toll-free 1-800-387-2880

Ontario
Financial Services Commission of Ontario
www.fsco.gov.on.ca
Telephone (416) 250-7250
Toll-free 1-800-668-0128
TTY (416) 590-7108, 1-800-387-0584

Insurer

Certificate of Automobile Insurance (Ontario)

Use this Certificate for policies first issued or renewed between September 1, 2010 and August 31, 2011

This is your Certificate of Automobile Insurance. Contact your Broker/Agent with any questions or if you require clarification regarding your coverage choices. All times are local times at the Named Insured's postal address shown on this Certificate.

Policy Number	Policy Effective Date year month day	Policy Expiry Date year month day **12:01 a.m.**
Date Prepared	Broker/Agent	Telephone Number
Named Insured	Lessor (if applicable)	

Described Automobiles	**Automobile #**	**Automobile #**
Model Year and Make		
Model and Body Type		
Serial No./V.I.N.		
Cylinders/C.C.		
Purchase Price/List Price New		

Insurance Coverages	**Automobile #**			**Automobile #**		
Liability	**Limit**	**Premium**	**Premium for Occasional Driver**	**Limit**	**Premium**	**Premium for Occasional Driver**
Bodily Injury						
Property Damage						
Accident Benefits (Standard Benefits)	As stated in Section 4 of Policy			As stated in Section 4 of Policy		
Optional Increased Accident Benefits	**Limit**	**Premium**	**Premium for Occasional Driver**	**Limit**	**Premium**	**Premium for Occasional Driver**
Income Replacement ($600/$800/$1,000)	(up to $ per week)			(up to $ per week)		
Caregiver, Housekeeping & Home Maintenance	As stated in Section 4 of Policy			As stated in Section 4 of Policy		
Medical & Rehabilitation ($100,000)						
Attendant Care ($72,000)						
Medical, Rehabilitation ($1,100,000) & Attendant Care ($1,072,000)						
Death & Funeral						
Dependant Care						
Indexation Benefit (Consumer Price Index)						
Uninsured Automobile	As stated in Section 5 of Policy			As stated in Section 5 of Policy		
Direct Compensation - Property Damage* *This policy contains a partial payment of recovery clause for property damage if a deductible is specified for direct compensation-property damage.	**Deductible**	**Premium**	**Premium for Occasional Driver**	**Deductible**	**Premium**	**Premium for Occasional Driver**
Loss or Damage**	**Deductible**	**Premium**	**Premium for Occasional Driver**	**Deductible**	**Premium**	**Premium for Occasional Driver**
Specified Perils (excluding Collision or Upset)						
Comprehensive (excluding Collision or Upset)						
Collision or Upset						
All Perils						

**** This policy contains a partial payment of loss clause. A deductible applies for each claim except as stated in your policy.**

Insurance Coverages (continued)

Policy Change Forms (Name, No., including limit if applicable)	Automobile # Premium	Automobile # Premium
	Occasional driver subtotals	Occasional driver subtotals
Premium Subtotals		
***Total Premium for each Automobile** (*Premium Subtotal + Occasional driver subtotal)		
Total Policy Premium (Total Premium for Automobile 1 + Total Premium for Automobile 2)		
Minimum Non-Refundable Premium	**Tax**	**Total Policy Cost**

Rating Information

						Assignment to Auto				Convictions		
Driver No.	Driver Name	Age	Marital Status	Years Lic.	Driver's Training	Principal	Secondary	Occasional	Excluded	Serious	Major	Minor

Chargeable Claims						Surcharges		Discounts	
Auto No.	Date (yyyy/mm/dd)	BI	PD	AB	COLL/AP	%	Description	%	Description

Kilometres Driven			Gross Vehicle Weight Rating (commercial vehicles only)	Class Description	
Auto No.	Annually	To Work (One Way)		Class	Description

Driving Record						Vehicle Code	Rate Group				Rating Territory	
Auto No.	BI	PD	AB	DCPD	COLL/AP		AB	DCPD	COLL/AP	COMP/SP	Terr. Code	Description

Lienholders

(to whom loss may be jointly payable)	(to whom loss may be jointly payable)

Method of Payment

Type of Payment Plan	Total Policy Premium	Tax	Interest	Total Payable
Amount Paid with Application	Amount Still Due	No. of Remaining Instalments	Amount of Each Instalment	Instalment Due Date

Remarks

This Certificate is proof of a contract of insurance between the Named Insured and the Insurer, subject in all respects to the Ontario Automobile Policy (OAP 1). In return for the premium charged and the statements contained in the Application, the contract provides the coverage outlined in this Certificate. You only have a particular coverage for a specific automobile if this Certificate shows a premium for it, or shows the coverage is provided at no cost. All other terms of the Policy remain the same unless stated otherwise in this Certificate. Your Insurer will provide you with a copy of the Policy if you request it. This Certificate is only valid if it is signed by an authorized representative of the Insurer.

Authorized Signature of Insurer:

For purposes of the Insurance Companies Act (Canada), this document was issued in the course of the Insurer's insurance business in Canada.

This is a brief explanation of the insurance outlined in this Certificate.

Liability
Provides coverage for you or other insured persons if someone else is killed or injured or their property is damaged in an automobile incident. It will pay for legitimate claims against you or other insured persons up to the limit of your coverage, and the cost of settling claims.

Accident Benefits
Your insurance company is obligated to explain details of Accident Benefits coverage to you.

Provides benefits that you and other insured persons are entitled to receive if injured or killed in an automobile accident. These benefits may include: income replacement for persons who have lost income; payments to non-earners who suffer complete inability to carry on a normal life; payment of medical, rehabilitation and attendant care expenses; payment of certain other expenses; payment of funeral expenses and payments to survivors of a person who is killed. You may also purchase optional benefits to increase the standard level of benefits provided in the policy. The optional benefits your insurance company must offer are: increased income replacement; caregiver, housekeeping and home maintenance; increased medical and rehabilitation; increased attendant care; increased medical, rehabilitation and attendant care; increased death and funeral; dependant care; and an indexation benefit.

Uninsured Automobile
Provides coverage if you or other insured persons are injured or killed by an uninsured motorist or by a hit-and-run driver. It covers damage to your automobile and its contents caused by an identified uninsured motorist, subject to a deductible.

Direct Compensation - Property Damage
Provides coverage in Ontario, under certain conditions, for damage to your automobile and to property it is carrying, when another motorist is responsible. It is called Direct Compensation because you will collect from us, your insurance company, even though you are not at fault for the accident. There may be a deductible amount, and this amount is either paid by you toward the cost of repairs or is deducted from the loss settlement. Higher deductibles may reduce your premium.

Loss or Damage
Provides a selection of optional coverages for your own automobile. Payments cover direct and accidental loss of, or damage to, a described automobile and its equipment. There is usually a deductible amount indicated for each coverage and this amount is either paid by you toward the cost of repairs or is deducted from the loss settlement. Higher deductibles may reduce your premium. There are four types of coverages:

- **Specified Perils**: Covers the described automobile against loss or damage caused by certain specific perils. They are: fire; theft or attempted theft; lightning; windstorm; hail or rising water; earthquake; explosion; riot or civil disturbance; falling or forced landing of aircraft or parts of aircraft; or the stranding, sinking, burning, derailment or collision of any kind of transport in or upon which the described automobile is being transported.
- **Comprehensive**: Covers a described automobile against loss or damage other than those covered by Collision or Upset, including perils listed under Specified Perils, falling or flying objects, missiles and vandalism.
- **Collision or Upset**: Covers damage when a described automobile is involved in a collision with another object or tips over.
- **All Perils**: Combines the Collision or Upset and Comprehensive coverages.

Warning: The Insurance Act provides that where (a) an Applicant for a contract, (i) gives false particulars of the described automobile to be insured to the prejudice of the Insurer, or (ii) knowingly misrepresents or fails to disclose in the application any fact required to be stated therein; or (b) the Insured contravenes a term of the contract or commits a fraud; or (c) the Insured wilfully makes a false statement in respect of a claim under the contract, a claim by the Insured, for other than such statutory accident benefits as are set out in the Statutory Accident Benefits Schedule, is invalid and the right of the Insured to recover indemnity is forfeited.

Warning – Offences

It is an offence under the Insurance Act to knowingly make a false or misleading statement or representation to an Insurer in connection with the person's entitlement to a benefit under a contract of insurance, or to wilfully fail to inform the Insurer of a material change in circumstances within 14 days, in connection with such entitlement. The offence is punishable on conviction by a maximum fine of $100,000 for the first offence and a maximum fine of $200,000 for any subsequent conviction.

It is an offence under the federal Criminal Code for anyone to knowingly make or use a false document with the intent it be acted on as genuine and the offence is punishable, on conviction, by a maximum of 10 years imprisonment.

It is an offence under the federal Criminal Code for anyone, by deceit, falsehood or other dishonest act, to defraud or to attempt to defraud an insurance company. The offence is punishable, on conviction, by a maximum of 10 years imprisonment for cases involving an amount over $5,000 or otherwise a maximum of 2 years imprisonment.

This Certificate contains important information about your automobile insurance.

Summary of Important Changes to Your Policy

YOU NOW HAVE MORE CHOICE

Recent reforms introduced by the Ontario government will give you more choice over the coverages and price you pay for auto insurance. The new changes to Ontario's Auto Insurance Policy will provide you with more options that allow you to customize your policy to suit your needs.

New Auto Policy coverage – effective as of your renewal date and included in the attached renewal.	New options now available – If you want to increase your benefits, here are some of your new options.
• Medical & Rehabilitation expenses to a limit of $50,000 for non-catastrophic injuries. *This type of coverage is in your expiring policy but the limit has been reduced from $100,000 to $50,000 in your renewal policy.*	• You have the option to increase the limit to $100,000 for non-catastrophic injuries.
• Attendant Care expenses to a limit of $36,000 for non-catastrophic injuries. *This type of coverage is in your expiring policy but the limit has been reduced from $72,000 to $36,000 in your renewal policy.*	• You have the option to increase the limit to $72,000 for non-catastrophic injuries.
• Caregiver, Housekeeping & Home Maintenance expenses only available for catastrophic injuries. *This type of coverage is in your expiring policy for both catastrophic and non-catastrophic injuries. It is not in your renewal policy for non-catastrophic injuries.*	• You have the option to purchase this coverage for non-catastrophic injuries.
• Deductible of $30,000 when suing for pain and suffering. *This continues to be the standard deductible provided for by law.*	• You have the option to reduce the deductible to $20,000.

For more information on the new choices, or to modify these coverages, contact your insurance representative.

Other Optional Accident Benefits Coverages

If you have previously purchased the following optional features, they have not changed in your renewal:

- An additional $1,000,000 for Medical, Rehabilitation and Attendant Care expenses
- $600, $800 or $1,000 maximum per week to cover lost income
- $50,000 for the loss of a spouse; $20,000 for the loss of each dependant; $8,000 for funeral expenses
- Dependant Care expenses to a limit of $150 per week
- Annual indexation of your benefits to inflation

If you have not previously purchased these optional features, you may wish to do so.

Other Features of the Policy

The following coverages are included in your expiring policy and they are not changed in your renewal:

- Direct Compensation-Property Damage
- Third Party Liability

If the following coverages are included in your expiring policy, they will not change in your renewal policy:

- Collision or Upset
- Comprehensive
- Specified Perils
- All Perils

Injured in a Motor Vehicle Accident?

- A number of rules governing accident benefit claims change September 1, 2010. For updates on these changes, please contact your insurance company.
- Many injuries received in an auto accident are minor. If you have a minor injury due to an auto accident, your medical and rehabilitation accident benefits are limited to $3,500 regardless of the coverage level you have selected.

If you would like to make changes to any of your coverages, or purchase additional coverages, contact your insurance representative.

For more information on your coverage choices, or to modify your policy, contact your insurance representative as shown on the enclosed insurance renewal certificate.

OPTIONAL: ***{For example contact information could include a dedicated phone line, an email address and/or contact information for a company's insurance representative.}***

LOGO

Company/broker/intermediary

Address Telephone

www.xxxxx.xx

For general information about changes to auto insurance in Ontario, contact:

IBC | Insurance Bureau of Canada

Consumer Information Centre
www.ibc.ca
Telephone (416) 362-9528
Toll-free 1-800-387-2880

Ontario

Financial Services Commission of Ontario
www.fsco.gov.on.ca
Telephone (416) 250-7250
Toll-free 1-800-668-0128
TTY (416) 590-7108, 1-800-387-0584

Providing More Choice to Consumers:

What you need to know about changes to auto insurance in Ontario

The Ontario government is introducing significant reforms to the auto insurance system, in order to provide you, the consumer, more choice over the coverages and price you pay for insurance. These additional accident benefit choices will allow you to customize your policy to suit your needs.

Standard Auto Insurance Policy

In Ontario, the Insurance Act determines the standard coverage that consumers must purchase. As a result of the reforms, some of the features under the Standard Auto Insurance Policy have changed. Beginning September 1, 2010, if you are either buying a new auto insurance policy or renewing an existing one, you will have more options to purchase a level of coverage that is right for you.

All auto insurance policies will continue to include the following:

- Third-Party Liability
- Uninsured Auto coverage
- Direct Compensation-Property Damage
- Statutory Accident Benefits

In addition, if you previously purchased Collision and/or Comprehensive coverage, it will still be included in your policy.

Beginning September 1, 2010, if you are buying a new policy or renewing an existing one, you have the following options with respect to Statutory Accident Benefits:*

Coverage	Coverage under your existing auto insurance policy	Coverage under New Standard Auto Insurance Policy	Options available to increase your benefits
Medical, Rehabilitation and Attendant Care benefits - for non-catastrophic injuries	$100,000 for medical and rehabilitation benefits; $72,000 for attendant care benefits.	$50,000 for medical and rehabilitation benefits, including assessment costs; $36,000 for attendant care benefits.	$100,000 or $1,100,000 for medical and rehabilitation benefits including assessment costs; $72,000 or $1,072,000 for attendant care benefits.
Medical, Rehabilitation and Attendant Care benefits - for catastrophic injuries	$1,000,000 for medical and rehabilitation benefits; $1,000,000 for attendant care benefits.	$1,000,000 for medical and rehabilitation benefits including assessment costs; $1,000,000 for attendant care benefits.	An additional $1,000,000 for medical, rehabilitation and attendant care benefits including assessment costs.
Caregiver benefit	Up to $250 per week for the first dependant plus $50 for each additional dependant; available for all injuries.	Up to $250 per week for the first dependant plus $50 for each additional dependant; available only for catastrophic injuries.	Up to $250 per week for the first dependant plus $50 for each additional dependant; available for all injuries.
Housekeeping and Home Maintenance expenses	Up to $100 per week, available for all injuries.	Up to $100 per week, available only for catastrophic injuries.	Up to $100 per week, available for all injuries.

***Statutory Accident Benefits are benefits you receive if you are injured in an auto accident, regardless of who was at fault. Most of the new reforms affect these benefits.**

Coverage	Coverage under your existing auto insurance policy	Coverage under New Standard Auto Insurance Policy	Options available to increase your benefits
Income Replacement benefit	80 per cent of net income up to $400 per week.	70 per cent of gross income up to $400 per week.	Weekly limit can be increased to $600, $800 or $1000 per week.
Dependant Care benefit	Not provided.	Not provided.	Up to $75 per week for the first dependant and $25 per week for each additional dependant to a maximum of $150 per week.
Death and Funeral benefits	$25,000 lump sum to an eligible spouse; $10,000 lump sum to each dependant; maximum $6,000 funeral benefits.	$25,000 lump sum to an eligible spouse; $10,000 lump sum to each dependant; maximum $6,000 funeral benefits.	$50,000 lump sum to an eligible spouse; $20,000 lump sum to each dependant; maximum $8,000 for funeral benefits.
Indexation benefit – applicable to income replacement benefit, non-earner benefit, caregiver benefit, attendant care benefit or medical and rehabilitation benefit	Not provided.	Not provided.	Annual adjustment according to the Consumer Price Index for Canada.

You also have new choices to customize your deductibles – the portion of a loss that you are required to pay.

- Tort deductible – You have the option to reduce the deductible associated with court awarded compensation for pain and suffering to $20,000 from $30,000, and for Family Law Act claims to $10,000 from $15,000.
- Direct Compensation – Property Damage Coverage – You have the option of a $500, $300 or no deductible at all on coverage to repair the auto of the driver who is not-at-fault.

What else is new?

The government's reforms lay the foundation for an auto insurance system with greater price stability, and more protection for you, the consumer. Other key changes include:

- Many injuries received in an auto accident are minor. If you have a minor injury due to an auto accident, your medical and rehabilitation accident benefits are limited to $3,500 regardless of the coverage level you have selected.
- Accidents where you are 25 per cent or less at-fault will no longer affect your premium.
- The deductible that is applied to court awards for fatal accidents has been eliminated.
- A new requirement that insurance companies send out benefit statements to their claimants, advising how much has been paid to date, and the additional amounts remaining for medical, rehabilitation and attendant care benefits.
- If your auto has been damaged or written off after an accident and you don't agree with the value you have been offered or your degree of fault for the accident, you can choose the appraisal process outlined in the Ontario Auto Policy to settle the dispute, and the insurer must agree to participate.

- Coverage is extended to rented autos with a Gross Vehicle Weight Rating (GVWR) of more than 4,500 kilograms, if for personal use and rented for up to 7 days.
- Prohibiting use of credit scores in giving quotations for your auto insurance rates.

What do the coverages mean?

Third Party Liability: Claims made by a driver against another driver who causes an accident.

Uninsured Auto coverage: Protects you and your family if you are injured or killed by a hit-and-run driver or by an uninsured motorist. It also covers damage to your vehicle caused by an identified uninsured driver.

Direct Compensation-Property Damage (DC-PD): Covers damage to your vehicle or its contents if another person was at fault for the accident. It is called direct compensation because even though someone else causes the damage, you collect directly from your own insurer. The accident must also occur in Ontario and both drivers must be insured by an insurance company licensed in the province.

Collision or Upset coverage: Pays for losses caused when your vehicle is involved in a collision with another object, including another vehicle, or rolls over.

Comprehensive coverage: Pays for losses for certain perils, such as falling or flying objects, and vandalism.

Medical and Rehabilitation Benefit: Covers the cost of reasonable and necessary medical and rehabilitation expenses (e.g., physiotherapy, prescriptions) that are not covered by OHIP or your disability insurance plan.

Attendant Care Benefit: Pays for an aide or attendant to look after you if you have been seriously injured in an accident.

Catastrophic injury: If you suffer an injury in an accident, you can apply for a determination of whether your injury qualifies as "catastrophic" (e.g. loss of a limb, paraplegia). If the injury qualifies as "catastrophic," you are eligible for an increased level of benefits.

Caregiver Benefit: If you are providing full-time care to dependants and can no longer provide that care as the result of an auto accident, you may be eligible for caregiver benefits to reimburse you for your expenses to hire someone to care for your dependants.

Housekeeping and Home Maintenance expenses: If you are unable to perform your usual duties due to your injuries, this benefit pays for reasonable and necessary additional expenses for someone to complete your usual duties.

Income Replacement Benefit: If you cannot work as the result of an auto accident, you may be eligible for basic weekly income replacement benefits of up to $400. This benefit commences after one week.

Dependant Care Benefit: Pays for additional expenses incurred to care for your dependants if you are employed and are injured in an auto accident.

Death and Funeral Benefit: If you die as a result of an auto accident, the death benefit provides a lump sum payout to your spouse and your dependant; the funeral benefit provides a lump sum payout to cover the cost of your funeral expenses.

Indexation Benefit: The automatic adjustment of the income replacement benefit, non-earner benefit, attendant care benefit or medical and rehabilitation benefit according to the Consumer Price Index for Canada to compensate for inflation.

Tort Deductible: The amount that is deducted from a settlement or court award for pain and suffering.

OPCF 44R: Covers you for the difference between the at-fault driver's Third Party Liability limit and your own Third Party Liability limit if someone with less liability coverage than you injures you in an accident.

Still have questions?

For more information on your coverage choices, or to modify your policy, contact your insurance representative as shown on the enclosed insurance renewal certificate.

OPTIONAL: ***{For example contact information could include a dedicated phone line, an email address and/or contact information for a company's insurance representative.}***

LOGO

Company/broker/intermediary

Address Telephone

www.xxxxx.xx

For general information about changes to auto insurance in Ontario, contact:

Financial Services Commission of Ontario
(416) 250-7250
Toll-free 1-800-668-0128
TTY (416) 590-7108; 1-800-387-0584
www.fsco.gov.on.ca

IBC | Insurance Bureau of Canada
Consumer Information Centre
Telephone (416) 362-9528
Toll-free 1-800-387-2880
www.ibc.ca

Appendix "C"-Summary of Other Regulatory Changes Affecting Automobile Insurance

Ontario Regulation 777/93 (Statutory Conditions – Automobile Insurance)

This regulation has been amended by Ontario Regulation 40/10 to make appraisals under section 128 of the Insurance Act mandatory for property damage claims where requested by the insured; thereby eliminating the need for the insurer's agreement.

Ontario Regulation 283/95 (Disputes Between Insurers)

This regulation has been amended by Ontario Regulation 38/10 to ensure that, where there may be a dispute regarding which insurer is liable to pay for statutory accident benefits, claims will not be deflected and claimants will receive payments without delay, pending a resolution regarding which insurer is required to pay the benefits. The changes include:

- Requiring insurers to provide timely access to applications for benefits to claimants.
- Prohibiting insurers from attempting to prevent or discourage claimants from submitting applications to them.
- Prohibiting insurers from refusing applications or attempting to redirect claimants to other insurers.
- Requiring claimants to submit their applications for benefits to only one insurer, rather than all insurers who may be liable.
- Requiring the first insurer that receives a completed application to provide benefit payments without delay.

Ontario Regulation 7/00 (Unfair or Deceptive Acts or Practices)

This regulation has been amended by Ontario Regulation 37/10 to ensure that automobile insurers cannot use credit information for specific automobile insurance purposes. The amendments include:

- Providing a definition for "credit information" that includes a person's credit rating, credit score, credit-based insurance score, occupation, place of residence, number of dependants, education, profession, place(s) of employment, income, debts, cost of living and assets.
- Prohibiting insurers from requiring that a consumer consent to the collection and use of his/her credit information before providing an insurance quote or offering to renew a policy.
- Prohibiting insurers from using credit information in order to treat consumers differently when they respond to requests for quotes, or process applications for automobile insurance or renewals of policies.
- Requiring affiliated insurers that use the same distribution channel to provide a consumer with the lowest rate that is available through the channel.

Ontario Regulation 403/96 (Statutory Accident Benefits Schedule – Accidents on or after November 1, 1996)

This regulation has been amended by Ontario Regulation 35/10 to set out the transitional rules for accidents that occur before September 1, 2010.

Ontario Regulation 664 of R.R.O. 1990 (Automobile Insurance)

This regulation has been amended by Ontario Regulation 36/10 to include:

- Introducing an option for consumers to purchase an endorsement that provides first-party coverage to reduce the tort deductible for pain and suffering awards to $20,000 from $30,000 (and to $10,000 from $15,000 for Family Law Act awards).
- Adding a $500 deductible option for Direct Compensation – Property Damage claims.
- Prohibiting the use of accidents occurring on or after September 1, 2010 for risk classification purposes, if the insured was 25 per cent or less at fault.
- Introducing a cap of $2,500 for arbitration awards in respect of accounting reports that are prepared for claimants or insurers regarding claims for income replacement benefits.