

ONTARIO

Auto Insurance Explained



IBC  BAC



Auto insurance is a complex product. It's important to know your auto insurance policy. If you have a question about it, contact your insurance representative.

The law requires individuals who own and drive a vehicle to purchase a standard auto insurance policy that contains the following:

- **THIRD PARTY LIABILITY** – It protects you against lawsuits in the event that you cause injury or death to, or damage the property of, a third party.
 - **UNINSURED AUTOMOBILE** – It protects you and your family in the event of a hit-and-run or an uninsured motorist injuring you or causing your death. The damage to your vehicle that the identified uninsured motorist caused is also covered.
 - **DIRECT COMPENSATION-PROPERTY DAMAGE (DCPD)** – It covers the damage to your vehicle and its contents and its loss of use that another motorist caused. It allows you to file a claim directly with your own insurer who will then pay for the damages.
 - **STATUTORY ACCIDENT BENEFITS** – It provides certain benefits in the event of you being injured or killed in an automobile collision, regardless of who is at fault.
- The Statutory Accident Benefits that an individual is able to receive are defined by regulation – the Statutory Accident Benefits Schedule (SABS) under Ontario's Insurance Act.



INSURANCE POLICY

On June 1, 2016, the accident benefits included in Ontario standard auto insurance policies changed. The Ontario government introduced these changes to make premiums more affordable, offer greater choice for consumers and improve the overall system. While in some circumstances the reforms affect the monetary amount of accident benefits that an individual may receive for injuries sustained in a collision, they do not affect access to the treatments and benefits needed to recover.

Here are the most significant changes:

Optional Benefits before June 1, 2016	Optional Benefits after June 1, 2016
<p>Medical and Rehabilitation for non-catastrophic injuries: \$100,000</p>	<p>\$72,000 and \$100,000 options eliminated. New: Combined Medical, Rehabilitation and Attendant Care for non-catastrophic injuries: \$130,000</p>
<p>Attendant Care for non-catastrophic injuries: \$72,000</p>	<p>If you previously chose these optional benefits, check your policy and/or speak with your insurance representative. Your representative may have changed this benefit to reflect the amount available in the new option.</p>
<p>Medical, Rehabilitation and Attendant Care for all injuries (non-catastrophic and catastrophic): \$1 million</p>	<p>Medical, Rehabilitation and Attendant Care for all injuries: \$1 million</p> <p>If you previously chose this optional benefit, it remains unchanged and will appear on your new policy.</p> <p>New: Combined Medical, Rehabilitation and Attendant Care for catastrophic injuries: \$1 million</p>

Here are the option limits available for purchase:

Options: Medical, Rehabilitation and Attendant Care	Maximum for Non-catastrophic Injuries	Maximum for Catastrophic Injuries
Standard: No options purchased	\$65,000**	\$1 million
\$130,000 combined (non-catastrophic injuries)*	\$130,000	\$1 million
\$1 million (all injuries)*	\$1 million	\$2 million
\$1 million (catastrophic injuries)	\$65,000**	\$2 million
Combinations:		
\$130,000 combined (non-catastrophic injuries) + \$1 million (catastrophic injuries)	\$130,000**	\$2 million
\$1 million (all injuries) + \$1 million (catastrophic injuries)	\$1 million	\$3 million

* The \$130,000 optional combined (non-catastrophic injuries) and \$1 million optional (all injuries) cannot be purchased together.

** The duration of this benefit is five years for adults.

Other Optional Benefits

To purchase additional or increased benefits and coverage, here are some of the options:

Benefit/ Coverage	Optional Benefits before June 1, 2016	New Policy	Choices Available after June 1, 2016
Income Replacement	70 per cent of gross income up to \$400 per week	No change	Increase the weekly limit to \$600, \$800 or \$1,000 per week
Caregiver	Available only for catastrophic injuries: Up to \$250 per week for the first dependant plus \$50 for each additional dependant	No change	Make the same amounts available in previous policy for catastrophic injuries available for all injuries
Housekeeping and Home Maintenance	Available only for catastrophic injuries: Up to \$100 per week	No change	Make the same amounts available in previous policy for catastrophic injuries available for all injuries
Death and Funeral	\$25,000 lump sum to an eligible spouse, \$10,000 lump sum to each dependant, maximum \$6,000 funeral benefits	No change	\$50,000 lump sum to an eligible spouse, \$20,000 lump sum to each dependant, maximum \$8,000 funeral benefits
Dependant Care	Not provided		Add up to \$75 per week for the first dependant; \$25 per week for each additional dependant to a maximum of \$150 per week
Indexation	Not provided		Add an annual adjustment for inflation for many benefits according to Canada's consumer price index
Third Party Liability	\$200,000 minimum for claims as a result of lawsuits brought against you	No change	Increase the minimum amount
Tort Deductible	\$36,905.40 deductible for court-awarded compensation for pain and suffering (January 1 to December 31, 2016)	No change	Reduce deductible by \$10,000 regardless of annual indexation percentage increases



What else has changed?

- » If you are involved in a minor at-fault collision on or after June 1, 2016, that does not result in injuries or in any insurer making payments, and damages to each vehicle and to property are less than \$2,000 and are paid by the at-fault driver, the collision cannot be used to increase your premium. This provision is limited to one minor collision every three years.
- » The maximum interest rate on monthly premium payments has been lowered from 3% to 1.3% for one-year policies. (Policies with shorter terms will reflect corresponding reductions.)
- » The standard deductible for comprehensive coverage has increased from \$300 to \$500.
- » The six-month waiting period for non-earners (people not working) has been reduced to four weeks, with benefits lasting for up to two years after the collision.
- » For claimants of the Medical, Rehabilitation and Attendant Care benefits (except children), the amount of time that you can receive the standard benefit is now five years for non-catastrophic injuries. It will be paid for only as long as you remain medically eligible.

Frequently Asked Questions

Who is eligible for accident benefits?

Anyone injured in a collision may be eligible for benefits. Circumstances that make you ineligible for benefits include:

- Driving without a valid driver's licence
- Driving a vehicle without the owner's consent
- Being a passenger in a vehicle driven by someone without the owner's consent
- Driving without valid insurance
- Driving while impaired or refusing to provide a breath sample
- Using a vehicle in connection with a criminal activity (for example, racing)
- Knowingly misrepresenting information at the time you applied for insurance.

What if I'm insured under more than one policy?

If you're insured under more than one policy, there are special rules that determine the policy under which you're eligible to receive benefits.

How do you apply for accident benefits?

After you report the collision to your insurer, you will be sent an Application for Accident Benefits Package. Your insurer may require information from your family doctor or other health care practitioners, such as your chiropractor, or physical or occupational therapist.

What is an insurer examination?

An insurer examination is a way for insurers to get a second opinion on your condition and the treatment you require to recover from the injuries you sustained in the collision. Your insurer will notify you of the reason for the examination and choose the health care professional who will perform a file review and/or physical examination. You will be sent a copy of the examination report within 10 business days of its submission.

Can I refuse the insurer examination?

Yes, but your insurer then has the right to deny your claim on the basis of non-compliance. If your claim is denied for non-compliance, you have the option of complying with the necessary conditions. Your insurer is then obligated to reconsider the application.

Is collision, comprehensive or all-perils coverage mandatory?

While they provide peace of mind in protecting your vehicle from damages caused by collision, fire, theft and vandalism, you are not required by law to purchase them. It should be noted that if you have not yet paid for your vehicle in full or if it is leased, your lienholder or lessor may require that you purchase one or more of these coverages.

How does a deductible work?

Most insurance claims are subject to a deductible. The deductible is the amount you will pay in the event of a claim. While a higher deductible will decrease your premium, it also results in higher financial risk. Choose your deductible based on your financial ability to assume this amount in the event of a claim. Speak with your insurance representative regarding how your policy deductible would be applied. Most deductibles apply only when you are at fault.

What is the process for getting my vehicle repaired after it was damaged in a collision?

If your vehicle is damaged but repairable, and provided you have the necessary coverage in your policy, your insurer may suggest a preferred shop to perform the repairs. Your insurer will undertake the responsibility of ensuring that the work is done satisfactorily. If you prefer to have the repairs done by a shop of your choice, your insurer may need to pre-approve the cost before the repair is started. In this case, you will assume the responsibility of ensuring that the work is done satisfactorily.

If your vehicle sustains major damage and cannot be repaired to meet safety standards, or if the repairs cost more than the vehicle's pre-collision value, your insurer may decide to write it off. In this case, your insurer will negotiate a settlement based on the vehicle's actual cash value at the time of the collision and keep the salvage.

What does the term "betterment" mean?

Your insurer is only responsible for paying for your vehicle to be restored to its condition prior to sustaining damage. For example, if a rusty door panel that was dented in a collision is replaced with a door panel that is not rusty, you may be expected to contribute financially toward the "betterment" of your car.

Why isn't my vehicle repaired with new parts?

Your vehicle may or may not be repaired with new parts. Used or reconditioned parts may be used if they are of the same kind and quality as the original parts and do not adversely affect the vehicle's operation.

Safety-related replacement parts are usually new.

If your car is in its first production year, there will likely be original equipment manufacturer (OEM) parts available to repair the damaged vehicle. These parts are new. New parts may also include "after-market" replacement parts, which can be an overrun from the makers of original parts or they can be made by manufacturers who specialize in replacement car parts. After-market parts approved by the Certified Automotive Parts Association meet or exceed OEM specifications and are suitable replacement parts.

What if my vehicle is severely damaged?

The Ontario government established the Mandatory Vehicle Branding Program to make roads safer by reducing auto fraud and theft. As part of the program, insurers, auto recyclers, salvagers, auctioneers and dealers must assign a “brand” to vehicles that are severely damaged and report them to the Ministry of Transportation (MTO). There are four different brands.

- **Irreparable.** The vehicle is written off as a total loss that can only be used for parts or scrap. Irreparable vehicles cannot be driven in Ontario.
- **Salvage.** The vehicle is written off as a total loss but can be used for parts or scrap, or it can be repaired. If repaired, the vehicle is subject to a rigorous safety inspection to brand it as “rebuilt.”
- **Rebuilt.** The vehicle is branded as “salvage” that has been rebuilt and inspected, in accordance with regulatory criteria.
- **None.** The vehicle is not given any of the above brands because:
 - It may have had a damage-related brand outside of Ontario
 - It may have been damaged or rebuilt before March 31, 2003
 - The degree of damage does not meet branding criteria
 - The vehicle was never in a collision.

What if my vehicle is declared a “total loss”?

This means that the vehicle cannot be repaired to meet safety standards or would not be economical to repair; for example, the repairs would cost more than the vehicle’s actual cash value.

Taking into account your vehicle’s condition, equipment, mileage and average selling price, your insurer will offer you a settlement. It is then your responsibility to purchase a replacement vehicle. If you completed work on your vehicle that would increase its selling price, speak with your insurer and provide receipts to help your insurer determine the cash settlement.

If you are dissatisfied with your insurer’s offer, speak with your claims representative.

If my vehicle is declared a “total loss,” can I still keep it?

If you want to keep your vehicle and your insurer is willing to let you keep it, your settlement will be reduced by the amount the insurer could have received for the salvage of the damaged vehicle.



If you have questions?

Call us.

Consumer Information Centre

Toll-Free: 1-844-2ask-IBC

(1-844-227-5422)

Hours: M-F 8:30 a.m. – 5:00 p.m.

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