

2015 Budget auto insurance reforms: what Ontario's MPPs will want to know

BRIEFING NOTE

How will these reforms help your constituents?

These reforms will help your constituents where it matters -- in their pocketbooks. Ontarians pay too much for auto insurance, which is why auto insurers support the government's commitment to lower premiums for consumers. Already, on average, rates for Ontario drivers have come down by 7%. The reforms announced in the budget will provide Ontario's nine million drivers with more choice, appropriate coverage and better rates.

How will these reforms save consumers money?

These reforms will reduce excessive costs, which will ultimately lead to reduced premiums for Ontario's nine million drivers. The reforms will:

- Lower the maximum interest rate charged on monthly auto insurance premium payments from 3% to 1.3%
- Prohibit premium increases for minor at-fault accidents that meet certain criteria (e.g., no reported injuries)
- Require that all insurers offer a discount for the use of winter tires

Why do some people oppose the reforms?

Auto insurance should provide sufficient benefits to those who need them most – people injured in collisions. However, there are many in the “car accident business” such as tow truck drivers, rehabilitation clinics and personal injury lawyers who are making too much money from the current auto insurance system. This needs to stop because:

- 43% of accident benefits claims pay-outs cover expenses unrelated to treatment of injuries and lost income, and
- Ontarians pay for these expenses in their premiums.

Why do personal injury lawyers oppose the reforms?

They are among those in the “car accident business.” Lawyer’s contingency fees applied to 2013 bodily injury insurance claims were \$500 million, more if the percentage charged to clients was in the range of 40% of the settlement amount. These are real dollars that never make it to injured claimants.

We don’t oppose these fees nor are we asking government to regulate them, but premiums charged by insurers are regulated by the provincial government and are transparent in terms of what fees and premiums are charged to consumers.

Personal injury lawyers should be required to submit to the Superintendent of Insurance all information about their fees – including contingency fee arrangements, disbursements, court-awarded and settled costs, and referral fee arrangements. This would be in the best interests of consumers because the Superintendent would then be in a position to determine the impact of these fee arrangements on auto insurance costs and, ultimately, the premiums paid by consumers.

This is about consumers. It’s simply a matter of transparency and fairness.

Are the reforms contained in the budget good for your constituents?

The 2015 Ontario budget contained important reforms to Ontario’s auto insurance system. These reforms balance consumer protection measures with the need to reform the product so that it works better for all consumers. Your constituents are the winners!