

**RE: Ontario 2010 Automobile Insurance Reforms**

Beginning in July 2010, you will receive information in the mail from your insurance company regarding the new Automobile Insurance Reforms. Due to the complexity of this new legislation and the potential ramifications, we cannot stress enough how important it is that you not only read all correspondence regarding this issue, **but that you contact us and avail yourself to our staff's expertise and guidance.** We are insurance brokers – it is our duty to help our clients understand how this new legislation affects them and their families, and what options are available.

In short, policies renewing on or after September 1<sup>st</sup> 2010 will reflect the new legislation. **Some Accident Benefits coverages you currently enjoy will be significantly reduced.** There are several top-up options that are available for an additional premium. While some sections of the Accident Benefits coverage have not changed, or changed only in minor ways, we would like to take this opportunity to remind our customers that these sections can be enhanced as well, for an additional premium. The following is a summary of the changes – in addition, please find below some additional details. As said, we encourage you to call us and give us the opportunity to discuss these important issues with you:

- 1) New “Minor Injury Limit” of \$3,500 for medical and rehab expenses
- 2) Income Replacement Benefits – **maximum of \$400 per week**, based on 70% of gross weekly income
- 3) Medical and Rehab Benefits for non-catastrophic injuries (for example, a broken leg) have been reduced to \$50,000 (was \$100,000)
- 4) Attendant Care Benefits for non-catastrophic injuries have been reduced to \$36,000 (was \$72,000)
- 5) Caregiver Benefits have been eliminated for non-catastrophic injuries. (Were \$250 per week plus \$50 for each additional dependent)
- 6) Housekeeping and Home Maintenance Expenses have been eliminated for non-catastrophic injuries. (Were \$100 per week for up to 2 years)

**Summary of Coverage Options**

**Increased Income Replacement** – the standard level of income replacement provided in the policy is \$400 per week maximum, based on 70% of gross, which approximately reflects an annual income of \$29,500. Needless to say, if you earn more than this annual amount and you do not have disability coverage elsewhere (such as Group Benefits through work), you should purchase additional income benefits. Options include:  
\$600 per week            \$800 per week            \$1,000 per week

**Increased Medical & Rehab and Attendant Care** – the standard levels have been reduced to \$50,000 for Medical and Rehab and \$36,000 for Attendant Care for non-catastrophic losses. You have options to increase these coverages to previous levels (i.e., \$100,000 and \$72,000 respectively), or a second option to increase to \$1,000,000 for Medical, Rehab and Attendant Care combined.

**Caregiver, Housekeeping and Home Maintenance Expenses** – these coverages are now only read-in for catastrophic impairments (such a quadriplegia). However, you have the option to purchase this coverage in case of non-catastrophic impairment

### **Additional Top-Up Options**

**Increased Death & Funeral Benefit** – the standard death benefit is \$25,000 to spouse and \$10,000 to each child. This benefit can be doubled. The standard funeral cost benefit is \$6,000; the above option also increases this limit to \$8,000.

**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.

**Added Coverage to Offset Tort Deductible** – Under standard coverage, court awarded compensation for pain and suffering will be reduced by a deductible amount of \$30,000. This can be reduced to \$20,000.

### **Accident Benefits Coverages – Some Additional Info:**

#### **Income Replacement Benefits:**

This coverage triggers when there is substantial / complete inability to perform essential tasks of your employment. The weekly amount (\$400 max / standard coverage) is offset by collateral benefits, such as short-term & long-term disability insurance, or any other income plan.

#### **Caregiver Benefits**

The standard Accident Benefits coverage now only covers this type of loss for catastrophic injuries. Persons in need of care (such as children or the elderly) must reside with the insured person; the insured must be the primary caregiver and did not receive any remuneration prior to the accident. (As mentioned above, coverage can be purchased as an option for non-catastrophic losses).

### Housekeeping Benefits

The standard Accident Benefits coverage now only covers this type of loss for catastrophic injuries. This benefit is payable for any reasonable and necessary additional expenses incurred for housekeeping and home maintenance services that were normally performed before the accident. . (As mentioned above, coverage can be purchased as an option for non-catastrophic losses).

### Medical and Rehabilitation Benefits

These are payable for reasonable and necessary medical and rehab benefits as a result of the accident. It must be noted that now all assessments (specialist for example) requested by the insured will be deducted from the medical/rehab limits. Assessments are now capped at \$2,000.

### Attendant Care Benefits

This benefit covers expenses for attendant for “personal care” (for example, a nurse) or care from long-term care or chronic care facility. No attendant care is available for injuries that fall within the (new!) minor injury guidelines.