

AUTO INSURANCE REFORM

WHERE IT'S BEEN
WHY IT'S CHANGING
WHAT TO EXPECT

THE REFORMS

- 1990 Bill 68: OMPP
 - Followed Justice Osborne's extensive review: \$25,000 too low
 - Not criticized once implemented and interpreted
 - Modernized no-fault benefits
- 1994 Bill 164: Auto follows WSIB
 - Eliminated right to sue for economic loss
 - Huge benefits available to everyone
 - Unsustainable

THE REFORMS

- 1996 Bill 59: Automobile Insurance Rates Stability Act
 - All about cost control
 - Two categories of loss: CAT and non- CAT
 - Treatment plans and forms expand to control expenses.
- 2003 BILL 198: More controls
 - Deductibles increase
 - Health care expenses recoverable in tort
 - Threshold regulation
- 2004: DACS eliminated

FIVE YEAR REVIEW

- **PRE-2009 THE ISSUES**
 - Excessive complexity
 - Excessive regulatory response to fraud
 - Deductibles combined with threshold “insane”
 - Cost control
- **CURRENT ISSUES:**
 - Market losses
 - Property damage losses and fraud
 - Return on Equity: profit loss without proof

WHY IT'S CHANGING NOW

ALL CLASSES OF P&C INSURANCE

● YEAR	AFTER TAX NET INCOME (000,000)	ROE
● 2003	\$2,199	11.9%
● 2004	\$4,084	19.0%
● 2005	\$4,043	16.5%
● 2006	\$5,534	20.1%
● 2007	\$4,953	16.1%
● 2008	\$2,318	7.5%

HISTORY REPEATS ITSELF

- EARLY 90'S: RECESSION- INDUSTRY WANTS "CHANGE";
- MID-90'S: PRODUCT IS TOO RICH – INDUSTRY WANTS "CHANGE"
- 2001- MARKETS DROP – INDUSTRY WANTS "CHANGE"
- 2008 – MARKETS TANK – INDUSTRY WANTS "CHANGE"

WHAT TO EXPECT: FORMS

- 19 remain – reduction?
- Simplification and consumer beta-testing
- Will it be necessary...

WHAT TO EXPECT: AB'S

- Non-cat reduction to \$25,000 (pre-1990 levels)
- CAT levels remain \$1M + \$1M
- Tightening Catastrophic Impairment
- Greater involvement of family doctors
- Caps on fees for IME's and s. 24 exams
- Tightening AC assessments
- Adjuster training

CATASTROPHIC IMPAIRMENT

- Definition changes
 - Insurers say it's going too far
 - Insureds say it's just a barrier to entitlement
 - All say the process is too expensive
- Assessor Qualifications to be defined
 - Who will this benefit?
 - \$
- Desbiens in or out?
- Which version of the Guides to use?

EXPANDED PHYSICIAN ROLE

- Designation of primary care provider (PCP)
- Treatment plans only after PCP referral
- Assessments only after PCP referral

REDUCTION/REGULATION OF IME AND S 24

- Standardize the IME process to increase quality
- Cap fees for both s. 42 and 24 at identical levels
- Give ten days to review TP and assessment requests to avoid knee-jerk s. 42 exams
- Permit benefit stoppage without IME
- Revoke rebuttal reports

NECK PAIN TASK FORCE

- PAF didn't work for all injuries
- Expand PAF to “provide a more extensive continuum of care and to include the treatment and assessment of other soft tissue injuries”
- Over-reliance on consensus statements?

ATTENDANT CARE ASSESSMENTS

- Restrict professionals who can conduct:
RN and OT
- Require training in Form 1



WHAT TO EXPECT : TORT

- Regulation defining serious permanent impairment to be revoked
- Deductibles reduced
 - From \$30-\$20k for pain and suffering
 - From \$15- \$10k for FLA
 - From \$15 to zero for fatalities under FLA

WHAT WAS WRONG WITH OMPP?