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Ont. proposes cuts to auto insurance coverage to help drivers save money

By Keith Leslie (CP) – 15 hours ago

TORONTO — Ontario announced Monday it wants to allow drivers to buy reduced insurance coverage to keep premiums down, a move welcomed by insurance companies but one that lawyers and health care providers warned could see accident victims forced to pay for their own care.

Ontario will lower the minimum medical and rehabilitation coverage for auto insurance to \$50,000 from the current \$100,000 in an effort to keep rate increases from going even higher, which the opposition parties warned could leave drivers without adequate protection.

Motorists could still purchase \$100,000 or even \$1 million in non-catastrophic medical and rehabilitation benefits if they choose after the proposed changes come into effect next summer, said Finance Minister Dwight Duncan.

"People can lower their premiums based on their choices, but the Ontario basic policy is, in fact, still one of the best in the country," he said.

"We believe that this will hold the line over the next few years on rate of growth in premiums."

Ontario's basic auto insurance package would provide drivers with a \$500 deductible, but they would still have the choice of buying a \$300 or even a zero deductible. It would also include \$200,000 in third-party liability coverage, even though 99 per cent of drivers currently purchase more than that mandatory minimum.

"Certainly it's an innovative approach the government has taken to give consumers choice so they don't have to buy a rich Cadillac benefit package if they're feeling they don't need all of those benefits," said Insurance Bureau of Canada vice-president Barb Sulzenko-Laurie.

"It has great potential to stabilize the Ontario auto insurance market, which has been subject to great swings up and down."

The Ontario Trial Lawyers Association said the proposed changes "fall short in securing fairness" for innocent accident victims.

"To some it will be seen as an effort to protect the already lucrative auto insurance industry," said association president Judith Hull.

The Alliance of Community Medical and Rehabilitation Providers also accused the Liberal government of bowing to the insurance lobby.

"Accident victims will end up looking for rehabilitation and medical treatment in the public health care system, (but) unfortunately what they'll find is that many services have been delisted," said alliance spokesman Nick Gurevich.

"These people will be forced to pay out of their own pockets for private care (and) many will end up in debt."

Insurance companies lost \$400 million in the Ontario auto sector last year, said Sulzenko-Laurie, and it will take them several months to determine how the proposed changes will impact premiums.

"In terms of consumers' ability to buy a basic product, there will be considerable cost savings, and that will be taken into account by insurers and by the regulator when prices are set," she said.

Opposition parties said the changes could leave drivers vulnerable, and insisted that lowering coverage was not the appropriate way to deal with double-digit hikes in premiums.

"I find it unfortunate that the only way you can control your rates under (Premier) Dalton McGuinty's proposal is to take less in benefits," said Progressive Conservative Leader Tim Hudak.

The New Democrats called the government's strategy of having drivers pay less for less coverage a "bone-headed idea," and accused the Liberals of caving in to the powerful insurance industry.

"Anyone can sell an inferior product for less money, and that's what's happening," said NDP finance critic Michael Prue.

The proposed changes would also remove an injured person's right to obtain a second assessment from their own doctor if the insurer's health care expert disagrees with the claimant's physician in the original assessment.

Duncan said that was a key recommendation stemming from a five-year review of Ontario's auto insurance sector.

"If you look at the numbers, the costs associated with all of these duelling assessments is enormous," said Duncan.

There are also 17 new consumer protection measures, including one that prohibits companies from using a driver's credit score to determine how much to charge for auto insurance.

The government also wants to update the definition of "catastrophic impairment" to include single-limb amputees, and will consult with health care professionals to redefine the threshold for catastrophic brain injuries.

The IBC said the average Ontario driver was paying \$1,362.11 a year for insurance in September, up 3.6 per cent from \$1,314.26 at the same time last year.

In November 2003, just after the Liberals were first elected, Ontario drivers were paying an average of \$1,492.89 a year - 8.6 per cent more than they're paying now, according to bureau figures.