



# Changes in Canadian auto accident benefits

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The structure of Canadian (Ontario-specific) automobile accident benefits underwent various reforms that became effective on June 1, 2016. The primary change impacts accident-related disputes, which will now be settled through a tribunal instead of being handled in court. The responsibility for claims disputes moved from the Financial Services Commission of Ontario (FSCO) to the License Appeal Tribunal (LAT).

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As a part of this change, some other key amendments were made:

- The only dispute resolution process available to parties is a hearing through the LAT
- Mandatory mediation is no longer part of the resolution process
- No court action can be commenced for statutory accident benefits disputes
- There is no right of appeal, other than a reconsideration option with the Executive Chair of the Safety, Licensing Appeals and Standards Tribunals of Ontario for exceptional circumstances and the Divisional Court on a question of law<sup>1</sup>

The FSCO instituted changes to the province's automobile accident benefits that apply to policies issued or renewed on or after June 1, 2016. The objective is to make premiums more affordable and provide more coverage choices for consumers.<sup>2</sup>

Below are some of the coverage changes included in the reforms:

- Medical, rehabilitation and attendant care
    - Catastrophic injuries
      - New policy – Benefits are combined for medical, rehabilitation and attendant care; the total was reduced to \$1 million
      - Old policy – Provided two separate limits of \$1 million for medical and rehabilitation benefits, and \$1 million for attendant care benefits
    - Non-catastrophic injuries
      - New policy – Benefits are combined for medical, rehabilitation and attendant care; the total was reduced to \$65,000 for a standard policy
      - Old policy – Provided two separate limits of \$50,000 for medical and rehabilitation benefits, and \$36,000 for attendant care benefits
      - Time limits for policy coverage for medical/rehabilitation has been reduced from 10 years to 5 years
  - Non-earner benefits
    - Durations for receiving benefits
      - New policy – A maximum of two years following a four-week waiting period
      - Old policy – No set duration for qualified applicants who met the six-month waiting period<sup>2</sup>
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## KEY DIFFERENCES BETWEEN U.S. AND CANADIAN AUTO ACCIDENT BENEFITS

- In some Canadian provinces, like Quebec, the insurance company does not pay the driver's injury claim, the Quebec government does
- Some Canadian provinces require more than liability coverage for any vehicle on the road; liability is the only coverage required in the U.S.
- If a car is registered, it is considered insured; if a driver stops paying insurance, then the vehicle automatically becomes unregistered and the driver is driving illegally

Even though there are several differences between auto insurance in the U.S. and Canada, there are also some similarities. For example, if you cause an accident in the U.S. or Canada, your insurance is required to cover the cost of paying the damages; if the driver does not have comprehensive coverage, their vehicle will not be repaired. Also, all drivers are required to have auto insurance or proof of their ability to pay for damages or it is illegal for them to drive.

## MORE ABOUT CANADIAN AUTO ACCIDENT BENEFITS

Third party liability coverage pays for claims as a result of lawsuits against the driver and will pay the costs of settling claims that involve injury, death or property damage. Statutory accident benefits provide injury coverage for the driver regardless of who caused the accident; benefits include supplementary medical, rehabilitation and attendant care, caregiver, non-earner and income replacement benefits. Direct compensation-property damage covers the damage to the vehicle if another person was at fault for the accident; it also covers damage to or loss of use of the vehicle's contents.

Our expert team at Sedgwick Canada can assist your company with questions about commercial auto claims and related benefit reforms in Canada.

## REFERENCES

<sup>1</sup> Too early to tell if LAT approach to claims disputes in Ontario improves the process. Jones, L. Shop Insurance Canada. May 18, 2016.

<https://www.shopinsurancecanada.ca/blog/news/too-early-to-tell-if-lat-approach-to-claims-disputes-in-ontario-improves-on-fsco-process/>

<sup>2</sup> Important changes to auto insurance. FSCO. June 15, 2016.

[http://www.fSCO.gov.on.ca/en/auto/brochures/Pages/brochure\\_changes10.aspx](http://www.fSCO.gov.on.ca/en/auto/brochures/Pages/brochure_changes10.aspx)

## RESOURCES

Canadian auto insurance vs. U.S. car insurance. Car insurance comparison website.

<http://www.carinsurancecomparison.com/canadian-auto-insurance-vs-us-auto-insurance/>

Understanding auto insurance. FSCO. September 19, 2016.

[http://www.fSCO.gov.on.ca/en/auto/brochures/Pages/brochure\\_autoins.aspx#a5](http://www.fSCO.gov.on.ca/en/auto/brochures/Pages/brochure_autoins.aspx#a5)