



FAIR Association of Victims for Accident Insurance Reform
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Hon. Peter Bethlenfalvy, Ministry of Finance
Frost Building South, 7th Floor
7 Queen's Park Cres.
Toronto, ON M7A 1Y7
Sent by email to: Peter.Bethlenfalvy@pc.ola.org

July 5, 2024

Dear Mr. Bethlenfalvy,

We write to you today in our role as the Board of FAIR Association of victims for Accident Insurance Reform. FAIR is a grassroots not-for-profit organization of car crash survivors who have been injured in motor vehicle collisions.

We did submit, both in writing [\(1\)](#) and at the [Standing Committee on Finance and Economic Affairs](#), about our concerns regarding the proposed changes in the 2024 Budget. We are encouraged to see changes to auto insurance with the intent of improving access to resources by way of streamlining some processes and through changes that will provide coverage options to best suit individual consumers.

Our concern is regarding how the Income Replacement Benefit (IRB) portion of the Statutory Accident Benefits (SABs) currently under consideration for change, is to become optional and how that choice will be presented to consumers at the point of purchase. The 2024 budget stated the implementation of the proposed changes “will be done in a way to help ensure that drivers are able to make informed decisions when choosing insurance coverage options”. This sounds good but there is little information about how this transition will be done. This raises a concern that these (soon to be) optional benefits could be presented as an ‘opt in’ choice, or add-on rather than an ‘opt-out’ from a basic package of coverage.

An ‘opt-out’ from the current level of coverage will build on consumer knowledge about their coverage while an ‘opt-in’ presentation, where the base price quoted by insurers and Brokers is bare bones to be built on, means consumers will have to ask for the coverage. This puts the purchase in the financial lane of decision making. That ‘opt-in’ structure, if that is what the government chooses, will ensure that the most vulnerable of Ontarians, those who are financially challenged, cognitively impaired, or those who have recently arrived to Canada and whose command of the English language may not be adequate, are the ones most likely to choose to decline to add income replacement coverage while being the consumers most likely to need monetary assistance after a car crash injury.

We support that Ontario drivers who are not entitled to access certain resources such as the IRB, are not forced to pay for coverage they are ineligible to collect. If there are passengers in a vehicle where the driver has opted out – what happens if they are injured? It’s unclear what plan the Minister of Finance has in mind to cover the passengers in the vehicle. We do not know if there will be something in place to ensure drivers do

have supports from an alternative source such as Long-term Disability (LTD) at work. We don't know if there will be a prerequisite to dropping IRBs so consumers don't immediately become financially unstable after an injury and ultimately end up on inadequate taxpayer funded supports.

Fewer than half of Ontario workers have disability insurance associated with their job [\(2\)](#) and it is the working Ontarian who will be affected the most by making the income replacement benefit optional. Many will likely opt to pay for the coverage they need if they are aware of the risk they could face if injured. Insurers should be concerned (as should all drivers) if an injured person has zero income coverage after a roadway incident and safeguards should be put into place to ensure there is something for injured people to fall back on after a motor vehicle accident. This could be accomplished by an 'opt-out' structure that requires individuals to prove they have alternative coverage or are not eligible to collect the IRB benefit designed for working Ontarians.

We know that many Ontarians are currently paying for income replacement they can never collect because it requires an individual to have an income to base a replacement amount on. The over 2 million over 65 drivers [\(3\)](#) who are paying for insurance likely don't know they don't qualify for this benefit. Anyone already on disability (ODSP) or social support (OW) cannot collect this benefit either. Students, home-makers, and anyone not employed cannot collect on a benefit they have been paying for every year.

We point this out to underline how difficult it is to collect on the premiums for coverage we all pay for. We are mandated to buy the product but Ontario's claimants continue to face obstacles to access coverage and consumers are largely unaware of what they are entitled to. At the end of the day a consumer's car insurance policy is not worth what they pay if they cannot collect on it.

In order to make informed choices consumers need to know what they are being charged for and then make the decision about what they do and don't need. This requires an opt-out process, not an opt-in. The opt-out is aligned with the Regulator's promise to consumers to ensure they are treated fairly. In the FSRA Automobile Insurance Supervision Plan 2023-2025 Policy [\(6\)](#) under "Policy changes – Insurers and their intermediaries process policy changes requested by policyholders or initiated by the insurer. This includes increase/reduction in coverage, cancellations, endorsements, renewals and change in risk." By the FSRA metric the change in risk by eliminating income replacement should be addressed by the insurers and their intermediaries (Brokers).

FAIR has not had any substantive discussions with your office about the consumer issues related to the proposals in the 2024 Budget and it could be that these possible pitfalls have been anticipated and there is a plan to address this potential consumer harm.

Can your office confirm:

- the Income Replacement Benefit (IRB) will be an opt-out and not an opt-in benefit;
- consumers must prove alternate disability coverage or an ineligible status to collect IRBs in order to opt-out;
- there will be some discussion with stakeholders around the effect of optional coverage and what that means to vehicle passengers;
- that making IRBs optional (or any other proposed optional benefits) will reduce premiums for Ontario drivers;
- there will be public consultation on the changes to basic auto insurance coverage prior to introducing legislation

We look forward to hearing back from your office about our concerns and would be happy to meet with you to discuss these important proposed changes to legislation

Sincerely,

Rhona DesRoches, Chair

Tammy Kirkwood, Vice Chair

Brian MacDonald, Treasurer

FAIR Association of Victims for Accident Insurance Reform

Cc:

Taylor Putnam, Special Advisor & Strategic Projects, Minister of Finance

Cam Vidler, Chief of Staff, Minister of Finance

Jaiman Chin, Head of Policy and Budget, Minister of Finance

Adam Wallace, Executive Director, Economic Policy, Office of the Premier

Mark White, Chief Executive Officer, FSRA

Glen Padassery, EVP Auto/Insurance Products, FSRA

Stuart Wilkinson, Chief Consumer Officer, FSRA

Chris Georgakopoulos, Director, Auto Policy, FSRA

1. FAIR Statement on 2024 Budget (March 27, 2024) <http://www.fairassociation.ca/wp-content/uploads/2024/03/FAIR-statement-on-2024-Budget-Mar-27-2024.pdf>

2. Fewer Canadians have disability insurance – Investment Executive
<https://www.investmentexecutive.com/news/products/fewer-canadians-have-disability-insurance/>

3. StatCan 2020: 2,036,100 licensed drivers over 65 years old in Ontario (81.8%)
<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1310078901&pickMembers%5B0%5D=1.7&pickMembers%5B1%5D=2.1&cubeTimeFrame.startYear=2020&cubeTimeFrame.endYear=2020&referencePeriods=20200101%2C20200101>

4. Non-earner Benefit (NEB) SABs
<https://www.ontario.ca/laws/regulation/100034#BK16>

5. LAT AABS - Non-earner Benefit (NEB) element to cases is 22% in the last 60 days (June 4- July 4 2024)
<https://www.canlii.org/en/on/onlat/#search/type=decision&jld=on&cclid=onlat&sort=decisionDateDesc&text=non%20earner&id=AABS&searchId=2024-07-04T14%3A45%3A18%3A340%2F78e4706e309d42b5ad6e2ca7ff1c5ec5&origType=decision&origCclid=onlat>

6. FSRA Automobile Insurance Supervision Plan 2023-2025

Policy servicing

Policy changes – Insurers and their intermediaries process policy changes requested by policyholders or initiated by the insurer. This includes increase/reduction in coverage, cancellations, endorsements, renewals and change in risk. Insurers are also responsible for providing information on any contractual changes during the policy term, including the disclosure of relevant information on a timely basis. FSRA will evaluate the protocols implemented by insurers to ensure compliance with legislative and other requirements, such as providing sufficient advance notice for insurer-initiated cancellations.

<https://www.fsrao.ca/industry/auto-insurance/publications/automobile-insurance-supervision-plan-2023-2025#feedback>