

Automobile Accident Benefit Insurance Coverage-Buyer Beware

The auto insurance companies were once again successful in lobbying the Ontario Government to substantially reduce the basic coverage (payments) that people injured in auto accidents receive, this time effective September 2010.

A new designation, the "minor injury category" limits medical and rehabilitation coverage to \$3,500 including the costs of all medical assessments, for what are considered minor injuries. There is a complicated definition of minor, but many of the injuries included are far from minor.

If you surpass the minor injury test then many other categories have been reduced.

Caregiver (expenses incurred looking after a dependent) and housekeeping coverage are eliminated unless you are catastrophically injured or unless you buy additional coverage, which is available.

Attendant care (the costs of someone looking after the injured party) are capped at \$36,000 (this amount can easily be used up in less than one year). You can buy additional coverage.

Medical and Rehabilitation benefits are reduced from \$100,000 to \$50,000. This amount includes the costs of all fees and expenses for medical assessments. Therefore the amount available to treat the injured party will be far less than \$50,000. You can buy additional coverage.

In an attempt to make it appear that there are some areas in which these changes actually help the injured party, the \$15,000 deductible in Family Law Act claims in fatality situations has been eliminated.

Also, you can now buy down the normal deductible of \$30,000 for personal injury claims to \$20,000 if you purchase optional coverage. You can also buy down the deductible on non-fatal Family Law Act claims from \$15,000 to \$10,000, with the purchase of additional coverage.

Although this is not a change from the previous legislation, the maximum income replacement benefits remain at \$400 per week. You can buy up this coverage to \$1,000 per week if you purchase additional coverage.

You will notice a common theme. All of the main and important areas are reduced unless you buy up additional coverage. There is provision in each category to buy up (improve) your coverage but you must make this arrangement with your insurance broker. The cost of this additional coverage is reasonable when you consider the importance of these benefits.

Unfortunately it seems that most people are unaware of how limited (almost useless) the basic coverage is and that additional coverage can be purchased by direct contact with your insurance broker. You need only speak to an injured party who is facing these challenges now, with only the basic coverage, to appreciate the financial devastation brought on by these reductions.

One can only hope that auto insured's will act now and buy up this coverage before they are in an accident and it is too late. You cannot buy up coverage after the accident.

This article is not legal advice. You should obtain legal advice from a qualified lawyer.