

MORE PROFITS FOR ONTARIO AUTOMOBILE INSURERS

Thanks to our Ontario Liberal government, Christmas has come early for Ontario automobile insurance companies.

Unfortunately the Christmas gift is funded once again by decreasing the benefits that are available for persons injured in an automobile accident in Ontario.

Effective August 1, 2015 our Liberal government has reduced benefits payable to innocent victims of automobile accidents by increasing the amount that is deductible from the claim for damages of an innocent party. This new rip off is accomplished by indexing to inflation the \$30,000 existing deductible, backdated to 2003, making the present deductible now \$36,540. This amount will be increased annually by the rate of inflation.

The deductible is an amount that the Liberal government feels the insurance companies should be gifted as a deduction from any amount that they owe to an innocent injured party based on the mistaken premise that this deductible will ultimately lower insurance costs in this province.

The Liberal government has taken additional money from innocent injured parties by increasing the monetary threshold amount at which the deductible no longer applies, from the present \$100,000 to an inflation indexed amount of \$121,799. Once again this amount will increase annually based on the rate of inflation.

Also, the \$50,000 monetary threshold after which there is no deductible on claims of family members has been increased to \$60,899 and of course this will increase annually thereafter based on inflation.

Unfortunately, once again, the Liberal government has made no effort to ensure that these reductions in benefits paid out will ultimately turn into equal amounts of reduced insurance premiums.

Further, while on the one hand the Liberal government seeks to index (increase) the reductions for payments made by insurers to injured parties, based on an inflation factor, on the other hand they have not done the same thing for benefits payable by insurance companies to injured parties for accident benefit coverages. Those amounts have no indexing in them and have not been increased for years and are decreasing annually by the amount of inflation.

What a strange situation where the insurers are now protected with inflationary increases for the amounts that they don't have to pay, yet there is no inflationary increase for the amounts that they do have to pay.

The Ontario Trial Lawyers Association, of which I am a member, has information available on its website OTLA.com (Public-Car Insurance) describing the results of a recent study of decreased coverage and increased profits for insurers, prepared by two experts from York University.

These reports confirm that there does appear to be a direct link between the decrease of benefits that the insurance companies have to pay to injured parties, and the increasing profitability of these insurance companies. They estimate Ontarians have likely overpaid for auto insurance since 2001 by \$3-\$4 billion. These funds have been retained by insurers and have padded their profits over this period of time.

It would appear that this Liberal government is far more concerned about its public image and its ability to generate votes in the next election than it is about the ability of innocent injured parties to survive financially after a motor vehicle accident that in most cases was not caused by them.

The Liberal government members are no doubt aware that that they have their own private coverage through their government employment that would protect them in the event that they or their families were injured in an automobile accident, and that this coverage far exceeds the coverage that is now available to the ordinary insured person through their auto insurance.

Unfortunately, most people seem to think that because they have insurance and pay premiums that they will be covered in the event that they are involved in an accident. It is only after an accident occurs that people find out how deficient their insurance coverage is, and of course by then it is too late.

Interested parties may wish to visit the OTLA site to learn more about the problem and what might be done to move forward.

OTLA's bottom line is that pressure has to be brought on all MPP's to stop pandering to the insurance lobby and to stop buying votes by claiming to reduce the cost of insurance, (but instead increasing insurance company profits) while at the same time stripping innocent victims of the little bit of coverage that now exists.

This article is not legal advice.