

# Automobile Insurance Reforms 2011

## Reform Implementation Summary

Recommendations of the Independent Auto Insurance Review	The Government's Response
<p><b>Section B Benefits</b> Increase "Section B" mandatory no-fault benefits relating to medical, rehabilitation, and funeral expenses, death benefits and loss of income payments.</p>	<p>Mandatory no-fault benefits will be increased to provide better coverage for Nova Scotia auto insurance consumers.</p> <p>Reforms related to mandatory no-fault benefits will be introduced through regulation in phase one of the implementation. This will be effective as of April 1, 2012.</p>
<p><b>Minor Injury Protocols</b> Adopt diagnostic and treatment protocols for minor injuries similar to those in Alberta.</p>	<p>Diagnostic and treatment protocols for minor injuries will be implemented.</p> <p>The new diagnostic and treatment protocols will be introduced through regulation and will be effective as of April 1, 2013.</p>
<p><b>Optional Tort Product</b> Allow consumers to opt-out of the minor injury cap and pay for "full tort" insurance.</p>	<p>A framework for an optional tort product has been developed and will be assessed by the Utility and Review Board to determine pricing.</p>
<p><b>Fairness for Inexperienced Drivers</b></p> <ul style="list-style-type: none"> <li>• Continue discounted rates for inexperienced drivers and risk sharing pool</li> <li>• Further examine "lapse in coverage" issue</li> <li>• Further analyze removing gender as a risk factor</li> </ul>	<p>The Utility and Review Board Report indicated that gender is a sound risk rating factor and removing it would have a significant impact on rates.</p> <p>Gender will remain a risk rating factor in Nova Scotia.</p>
<p><b>Direct Compensation for Property Damage (DCPD)</b> Recover property damages from own insurer.</p>	<p>Drivers can be compensated by their own insurer for property damages resulting from an automobile collision caused by another party.</p> <p>The new DCPD system will be effective in Nova Scotia as of April 1, 2013.</p>

<b>Recommendation of the Independent Auto Insurance Review</b>	<b>The Government's Response</b>
<p><b>Obligation to Review Insurance</b> Provide, at the option of the Minister responsible, for the opportunity to undertake a periodic review of automobile insurance legislation and regulation.</p>	<p>A review of automobile insurance legislation and regulations will be required at least every seven years.</p>
<p><b>Premium Increase Prohibition for Damages Paid by the Insured</b> Prohibit premium increases if damages are paid for out of pocket</p>	<p>Drivers can report a collision to their insurer without an impact on their premium if no claim for damages is made.</p> <p>Regulatory changes to enact this reform will be effective as of April 1, 2012.</p>
<p><b>Reimbursement of Volunteer Fire Fighters</b> Address the issue of cost recovery</p>	<p>A small annual levy (\$0.50) on each insured vehicle will be implemented to provide assistance to volunteer fire department for the cost of responding to automobile collisions.</p> <p>This change will be effective as of April 1, 2012.</p> <p>The existing law permits volunteer fire departments to make insurance claims, and the provincial government will take steps to ensure departments are aware of their rights, and insurers are aware of their obligations.</p>
<p><b>Limited Liability – Rented Vehicles</b> Limit liability to rental and lease companies for damages caused by renters and other drivers.</p>	<p>These reforms limit the liability of rental and leasing companies to damages of up to \$1 million. Damages above \$1 million will be the responsibility of the individual at fault.</p> <p>This reform applies to rental companies and leasing companies that do not offer the option to purchase the vehicle at the end of the lease.</p> <p>Under new priority of pay rules, insurance held by the person renting or leasing the vehicle (even if they aren't the driver) will respond first, followed by the rental or leasing company's insurance.</p> <p>Legislative amendment related to this change will be effective as of April 1, 2013.</p>
<p><b>Consumer Engagement /Education</b> Develop a comprehensive consumer engagement and education initiative.</p>	<p>In the short-term, the focus will be on educating consumers about the new automobile insurance reforms. Over the long-term, the government will explore ways to better educate consumers about automobile insurance products.</p>

<b>Recommendation of the Independent Auto Insurance Review</b>	<b>The Government's Response</b>
<p><b>Insurance Fraud</b> Consider legislative and regulatory changes to recognize insurance fraud and create regulatory offences for committing insurance fraud.</p> <p><b>Introduction of a New Classification for Accident Victims</b> Consider the proposal to amend the Standard Insurance Policy of Nova Scotia to include two categories of accident victims – catastrophic and non-catastrophic – subject to further analysis by the Superintendent at a time when Ontario and Alberta results are available.</p> <p><b>Pay as You Go Insurance</b> No specific recommendation, other than for the Superintendent to monitor the issue.</p> <p><b>Automobile Insurance Issues Impacting Immigrants</b> For the future, the Superintendent should work with other stakeholders to ensure that immigrants have access to automobile insurance at fair and affordable prices.</p> <p><b>Legislative Scanning Exercise</b> Review auto insurance legislation and regulations to ensure they are simple, clear and up to date.</p> <p><b>Automobile Insurance / Vehicle Registration</b> Assess the viability of adopting an automated solution for insurance confirmation and validation with key partners including the IBC and the RMV.</p> <p><b>Modifying Small Claims Court Act</b> Consider increasing award limits for general damages (from \$100 to \$10,000) in tandem with any broader review of the Small Claims Court System that may be undertaken in future.</p> <p><b>Distracted Driving</b> The Superintendent should continue to monitor this issue and report periodically on new information and findings to address this issue.</p> <p><b>Medically at Risk Drivers</b> Superintendent, Motor Vehicles Branch and other key stakeholders should periodically review emerging issues related to safety considerations for elderly drivers.</p>	<p>These recommendations do not require immediate action but will continue to be monitored.</p> <p>A review of automobile insurance legislation and regulations will be required at least every seven years.</p>