

Back to School with Thomson, Rogers and the Toronto ABI Network  
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# Auto Insurance Reform 2009

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Barristers and Solicitors

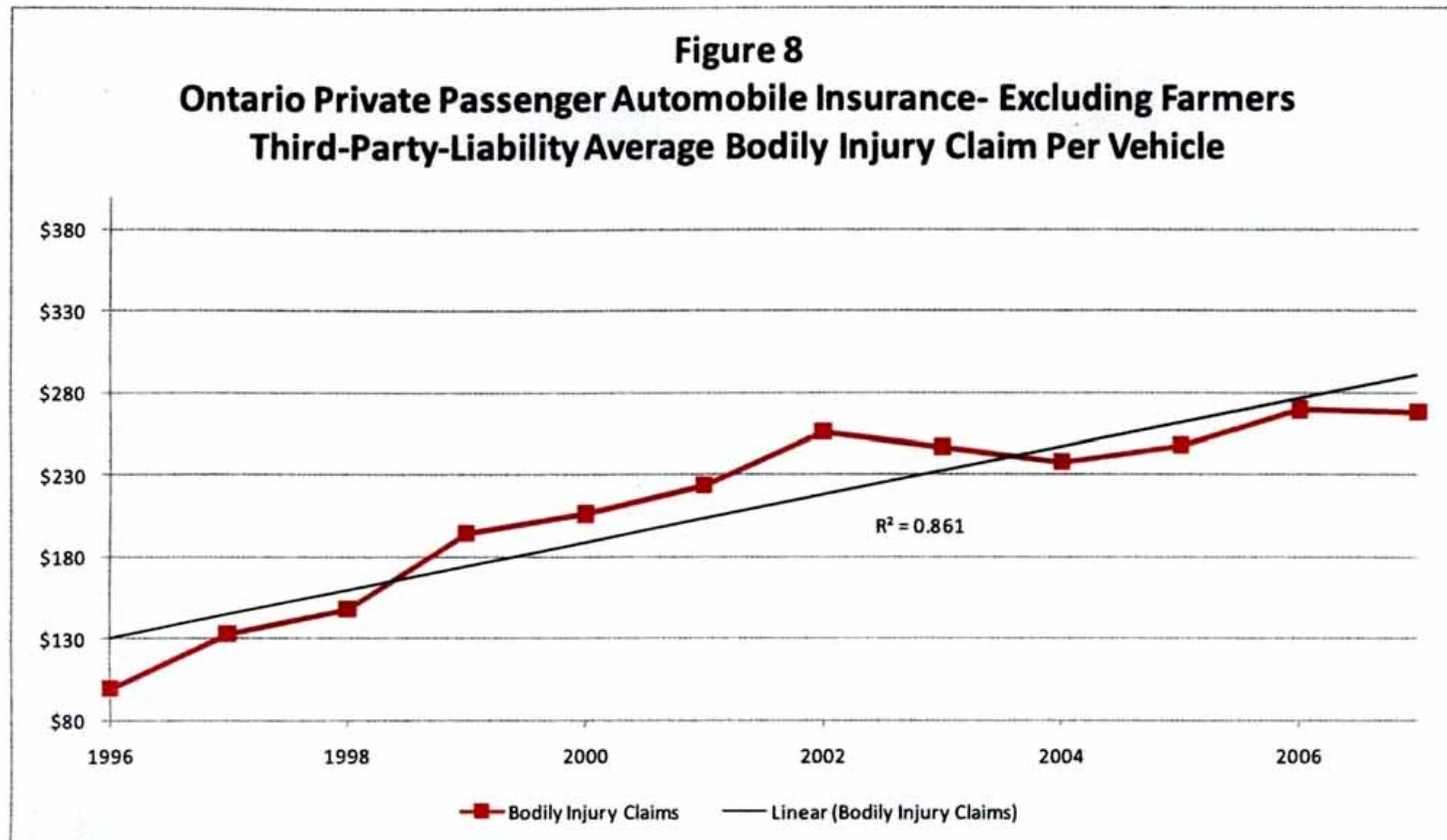
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- Five Year Review (Section 289.1)
  - FSCO Report March 31, 2009
    - 39 Recommendations
    - Eased Tort Restrictions
    - Cost Savings in ABs

# The Need for Reform

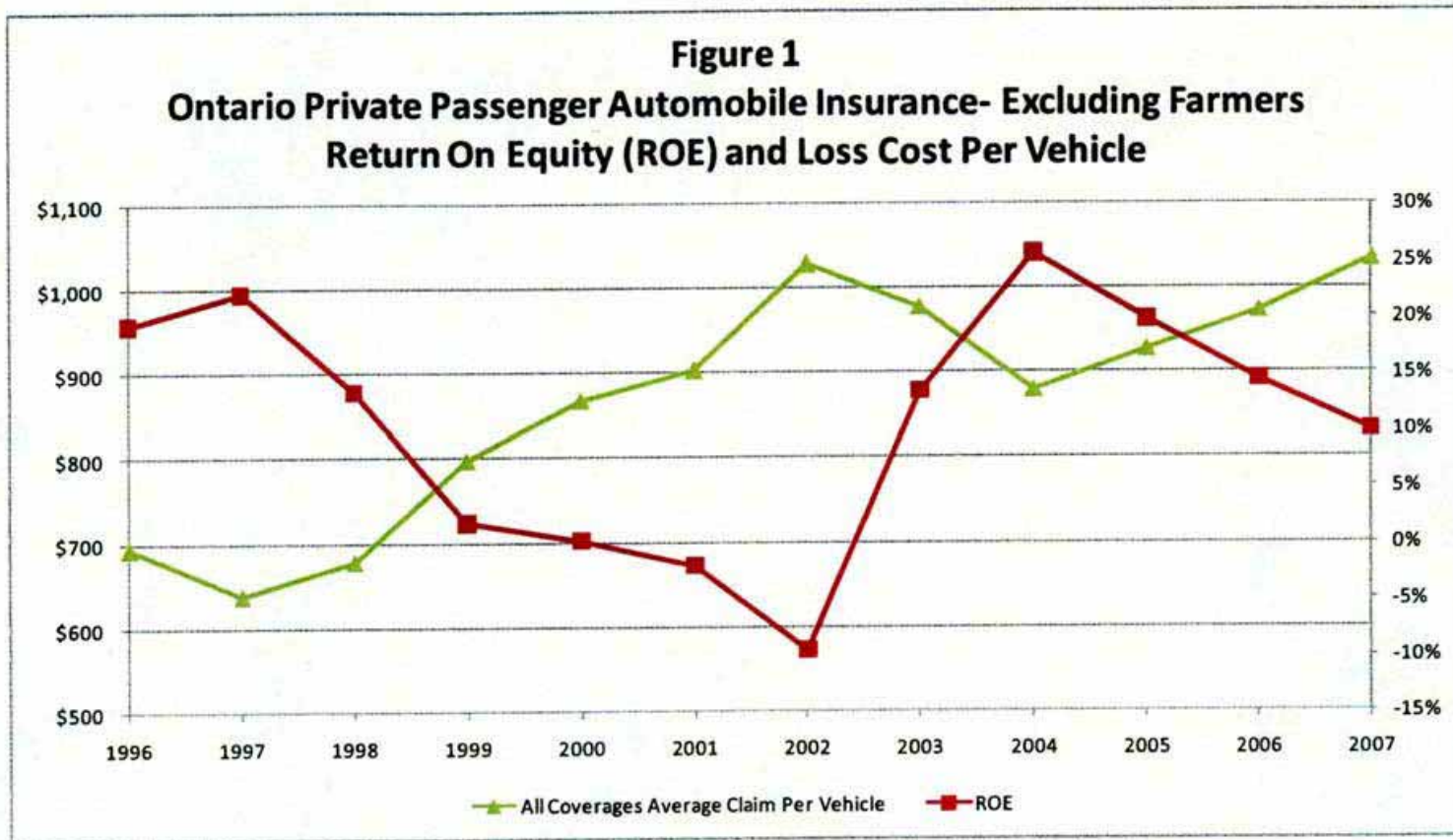
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- Access to Justice
  - Limits on Tort Rights not justified
- Stability & Predictability
  - Profit Cycles
  - Rates
- Accident Benefits
  - Complexity
  - Assessment Costs
  - Transaction Costs
  - Proportionality

# Access to Justice / Limits on Tort Right Unjustified / Tort Expenses



# Stability & Predictability



# Solutions

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## SABS

- 25% Benefits
- 75% Procedure

## Transaction Costs

- 60 to 80¢ for each dollar paid
- Proportionality

## Getting Benefit to Those in Need

- Reduce Delays
- Reduce Obstacles to Recovery
- Recognize Need

# Insurance Industry Economics

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- Rising Costs
- Diminishing Returns on Investments
- Cyclical Returns on Equity
- Loss Ratios

$$\frac{\text{Claims Paid} + \text{Loss Reserves}}{\text{Premiums Collected}} = \text{Loss Ratio}$$

# Objectives of Reform

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- Long Term + Lasting
- Reasonable ROE over long run
- Stable Premiums
- Access to Justice
- Efficiency
- Effective Rehabilitation
- Consumer and Accident Victim Confidence