

Dear Valued Clients,

The Financial Service Commission of Ontario (FSCO), the provincial government regulator of Auto Insurance is introducing reforms effective September 1, 2010.

Periodically (usually every 5 years), adjustments to the Auto Insurance product have been required to address the challenges for both Auto Insurance Companies and the Auto Insurance purchasing public. The majority of the new reforms affect what are known as Statutory Accident Benefits, which are benefits that you receive if you are injured in an auto accident, regardless of who was at fault. The current challenges include the rapidly rising claims costs, placing upward pressure on premiums and the delays in processing of medical assessments and claims. The new legislated changes lower or modify some of the standard limits of coverage. These new reforms are intended to address these existing challenges, and to give you more choice, including the amount and type of coverage you choose to purchase, to better meet your individual needs.

In most cases, customers will not see rate reductions, but these reforms are expected to stabilize Auto Insurance premiums over time. Included please find "Providing More Choice to Consumers", a summary document that explains the changes and transition from your current policy to the new legislated policy changes. In addition to this letter, you will receive separate mailing on this same subject for your Ontario Auto Insurance Company.

When will this affect you? If you purchase a new Automobile Insurance policy on or after September 1, 2010, or if your current Auto Insurance policy renewal date is on or after September 1, 2010, the new standard Auto policy limits being introduced by FSCO will apply. If your Auto Insurance policy is currently in force and has renewed prior to September 1, 2010, then your current policy limits will be honored until your next renewal date at which time the new changes will come into effect.

At Dynamic Insurance Brokers, we are committed to assist you through this transition. Please review this information. You may be satisfied with the new limits, coverage, and premium structure under the new legislation and no changes may be necessary. If your policy has already renewed prior to September 1, 2010, you retain your current coverage, and these changes will affect you at your next renewal date. Information will be sent to you with your next renewal.

For those of you who do wish to purchase more coverage than the basic standard statutory coverage, please contact our office, or indicate and initial your choice on the attached 2010 Auto Insurance Reforms Checklist and sign and return this form to our office.

Thank you for making your Insurance...*Dynamic*!

Kindest Regards,
DYNAMIC INSURANCE BROKERS

Providing More Choice to Consumers:

What you need to know about changes to Auto Insurance in Ontario

The Ontario government is introducing significant reforms to the Auto Insurance system, in order to provide you, the consumer, more choice over the coverages and price you pay for insurance. These additional accident benefit choices will allow you to customize your policy to suit your needs.

Standard Auto Insurance Policy

In Ontario, the Insurance Act determines the standard coverage that consumers must purchase. As a result of the reforms, some of the features under the Standard Auto Insurance Policy have changed. Beginning September 1, 2010, if you are either buying a new Auto Insurance policy or renewing an existing one, you will have more options to purchase a level of coverage that is right for you.

All Auto Insurance policies will continue to include the following:

- Third-Party Liability
- Uninsured Auto coverage
- Direct Compensation-Property Damage
- Statutory Accident Benefits

In addition, if you previously purchased Collision and/or Comprehensive coverage, it will still be included in your policy.

Beginning September 1, 2010, if you are buying a new policy or renewing an existing one, you have the following options with respect to Statutory Accident Benefits:*

Coverage	Coverage under your existing Auto Insurance policy	Coverage under New Standard Auto Insurance policy	Options available to increase your benefits
Medical, Rehabilitation and Attendant Care benefits → for non-catastrophic injuries	\$100,000 for medical and rehabilitation benefits; \$72,000 for attendant care benefits	\$50,000 for medical and rehabilitation benefits, including assessment costs; \$36,000 for attendant care benefits	\$100,000 or \$1,100,000 for medical and rehabilitation benefits including assessment costs; \$72,000 or \$1,072,000 for attendant care benefits
Medical, Rehabilitation and Attendant Care benefits → for catastrophic injuries	\$1,000,000 for medical and rehabilitation benefits; \$1,000,000 for attendant care benefits	\$1,000,000 for medical and rehabilitation benefits including assessment costs; \$1,000,000 for attendant care benefits	An additional \$1,000,000 for medical, rehabilitation and attendant care benefits including assessment costs
Caregiver benefit	Up to \$250 per week for the first dependant plus \$50 for each additional dependant; available for all injuries	Up to \$250 per week for the first dependant plus \$50 for each additional dependant; available only for catastrophic injuries	Up to \$250 per week for the first dependant plus \$50 for each additional dependant; available for all injuries
Housekeeping and Home Maintenance expenses	Up to \$100 per week, available for all injuries	Up to \$100 per week, available only for catastrophic injuries	Up to \$100 per week, available for all injuries

***Statutory Accident Benefits are benefits you receive if you are injured in an auto accident, regardless of who was at fault. Most of the new reforms affect these benefits.**

Coverage	Coverage under your existing Auto Insurance policy	Coverage under New Standard Auto Insurance Policy	Options available to increase your benefits
Income Replacement benefit	80% of net income up to \$400 per week	70% of gross income up to \$400 per week	Weekly limit can be increased to \$600, \$800 or \$1,000 per week
Dependant Care benefit	Not provided	Not provided	Up to \$75 per week for the first dependant and \$25 per week for each additional dependant to a maximum of \$150 per week
Death and Funeral benefits	\$25,000 lump sum to an eligible spouse; \$10,000 lump sum to each dependant; maximum \$6,000 funeral benefits	\$25,000 lump sum to an eligible spouse; \$10,000 lump sum to each dependant; maximum \$6,000 funeral benefits	\$50 lump sum to an eligible spouse; \$20,000 lump sum to each dependant; maximum \$8,000 for funeral benefits
Indexation benefit—applicable to income replacement benefit, non-earner benefit, caregiver benefit, attendant care benefit or medical and rehabilitation benefit	Not provided	Not provided	Annual adjustment according to the Consumer Price Index for Canada

You also have new choices to customize your deductibles—the portion of a loss that you are required to pay.

- Tort deductible—You have the option to reduce the deductible associated with court awarded compensation for pain and suffering to \$20,000 from \$30,000 and for Family Law Act claims to \$10,000 from \$15,000.
- Direct Compensation—Property Damage Coverage—You have the option of a \$500, \$300, or no deductible at all on coverage to repair the auto of the driver who is not-at-fault.

What else is new?

The government’s reforms lay the foundation for an Auto Insurance system with greater price stability, and more protection for you, the consumer. Other key changes include:

- Many injuries received in an auto accident are minor. If you have a minor injury due to an auto accident, your medical and rehabilitation accident benefits are limited to \$3,500, regardless of the coverage level you have selected.
- Accidents where you are 25% or less at-fault will no longer affect your premium.
- The deductible that is applied to court awards for fatal accidents has been eliminated.
- A new requirement that insurance companies send out benefit statements to their claimants, advising how much has been paid to date, and the additional amounts remaining for medical, rehabilitation and attendant care benefits.
- If your auto has been damaged or written off after an accident and you don’t agree with the value you have been offered or your degree of fault for the accident, you can choose the appraisal process outlined in the Ontario Auto Policy to settle the dispute, and the insurer must agree to participate.
- Coverage is extended to rented autos with a Gross Vehicle Weight Rating (GVWR) of more than 4,500 kilograms if for personal use and rented for up to 7 days.
- Prohibiting use of credit scores in giving quotations for your Auto Insurance rates.

What do the coverages mean?

Third Party Liability: Claims made by a driver against another driver who causes an accident.

Uninsured Auto coverage: Protects you and your family if you are injured or killed by a hit-and-run driver or by an uninsured motorist. It also covers damage to your vehicle caused by an identified uninsured driver.

Direct Compensation-Property Damage (DC-PD): Covers damage to your vehicle or its contents if another person was at fault for the accident. It is called “direct compensation” because even though someone else causes the damage, you collect directly from your own insurer. The accident must also occur in Ontario and both drivers must be insured by an Insurance company licensed in the province.

Collision or Upset coverage: Pays for losses caused when your vehicle is involved in a collision with another object, including another vehicle, or rolls over.

Comprehensive coverage: Pays for losses for certain perils, such as falling or flying objects, or vandalism.

Medical and Rehabilitation Benefit: Covers the cost of reasonable and necessary medical and rehabilitation expenses (e.g., physiotherapy, prescriptions) that are not covered by OHIP or your disability insurance plan.

Attendant Care Benefit: Pays for an aide or attendant to look after you if you have been seriously injured in an accident.

Catastrophic Injury: If you suffer an injury in an accident, you can apply for a determination of whether your injury qualifies as “catastrophic” (e.g. loss of limb, paraplegia). If the injury qualifies as “catastrophic”, you are eligible for an increased level of benefits.

Caregiver Benefit: If you are providing full-time care to dependants and can no longer provide that care as the result of an auto accident, you may be eligible for caregiver benefits to reimburse you for your expenses to hire someone to care for your dependants.

Housekeeping and Home Maintenance expenses: If you are unable to perform your usual duties due to your injuries, this benefit pays for reasonable and necessary additional expenses for someone to complete your usual duties.

Income Replacement Benefit: If you cannot work as the result of an auto accident, you may be eligible for basic weekly income replacement benefits of up to \$400. This benefit commences after one week.

Dependant Care Benefit: Pays for additional expenses incurred to care for your dependants if you are employed and are injured in an auto accident.

Death and Funeral Benefit: If you die as a result of an auto accident, the death benefit provides a lump sum payout to your spouse and your dependant; the funeral benefit provides a lump sum payout to cover the cost of your funeral expenses.

Indexation Benefit: The automatic adjustment of the income replacement benefit, non-earner benefit, attendant care benefit or medical and rehabilitation benefit according to the Consumer Price Index for Canada to compensate for inflation.

Tort Deductible: The amount that is deducted from a settlement or court award for pain and suffering.

OPCF 44R: Covers you for the difference between the at-fault driver’s Third Party Liability limit and your own Third Party Liability limit if someone with less liability coverage than you injures you in an accident.

Still have questions? For general information about changes to Auto Insurance in Ontario, contact

Financial Services Commission of Ontario

(416) 250-7250

Toll-free 1-800-668-0128

www.fsco.gov.on.ca

IBC Consumer Information Centre

(416) 362-9528

Toll-free 1-800-387-2880

www.ibt.ca

Dynamic Insurance Brokers Checklist: Auto Insurance Reforms—Additional Information

Increased Income Replacement — the standard level of income replacement provided in the policy (\$400 per week maximum) can be increased by purchasing optional coverage so that the weekly limit is up to \$600, \$800, or \$1,000. All income replacement benefits are based on 70% of your gross weekly income.

Requested income replacement option: \$400___ \$600___ \$800___ \$1000___

Increased Medical, Rehabilitation and Attendant Care — the standard benefit pays up to \$50,000 for medical and rehabilitation expenses, with a 10-year time limit in most cases, and up to \$36,000 for attendant care expenses. If catastrophically impaired, the standard benefit pays up to \$1,000,000 for medical and rehabilitation expenses and up to \$1,000,000 for attendant care expenses.

You can purchase an optional medical and rehabilitation benefit of \$100,000; optional attendant care benefit of \$72,000; or an optional medical, rehabilitation and attendant care benefit of \$1,000,000.

Requested Med, Rehab, Attendant Coverage: Standard___ Med, Rehab \$100,000___
Attendant Care \$72,000___ Med, Rehab & Attendant Care \$1,000,000___

Caregiver, Housekeeping and Home Maintenance Expenses — The standard caregiver, housekeeping and home maintenance expenses benefit is available only for a person who is catastrophically impaired. You can purchase an optional benefit to provide this coverage for all impairments.

Requested Caregiver, Housekeeping and Home Maintenance coverage: Standard___ All impairments___

Dependant Care — There is no standard dependant care benefit for persons who are employed and care for dependants. You can purchase an optional benefit to receive additional weekly dependant care expenses of \$75 for the first dependant, and \$25 for each additional dependant, up to \$150 per week.

Requested Dependant Care: None___ Optional Coverage___

Increased Death and Funeral — the standard level of death benefits paid to the surviving spouse and dependant of a person who is killed (\$25,000 to surviving spouse; \$10,000 to each surviving dependant) can be doubled by purchasing this optional coverage. This coverage also increases the standard funeral expense benefit from \$6,000 to \$8,000.

Requested Death and Funeral Benefit level: Standard___ Increased optional coverage___

Indexation Benefit — this optional coverage will ensure that certain weekly benefit payments and monetary limits will increase on an annual basis to reflect changes in the cost of living.

Include Indexation benefit? No___ Yes___

Added Coverage to Offset Tort Deductible — OPCF 48—This endorsement will provide a buy down on the deductible currently imposed by the Insurance Act on any settlements you should be awarded for pain and suffering following an automobile accident.

Include Offset Deductible option? No___ Yes___

2010 Auto Insurance Reforms Effective SEPTEMBER 1, 2010

The new standard basic auto policy has reduced limits of coverage, which can be increased at additional premium to match your needs. Please indicate the options you want, initial your choice, and return this letter by mail, email or fax.

1. INCOME REPLACEMENT: basic provides 70% of gross weekly income up to \$400/wk

Increase by \$200 to provide \$600/wk Yes No _____

Increase by \$400 to provide \$800/wk Yes No _____

Increase by \$600 to provide \$1000/wk Yes No _____

2. CAREGIVER, HOUSEKEEPING, HOME MAINTENANCE EXPENSES: now available for catastrophic impairment only

Increase to Include this coverage for all injuries Yes No _____

3. DEPENDANT CARE BENEFIT: this benefit is currently not provided by the basic policy

Option of \$75 for 1st dependant person / \$25 for each additional dependant person per week (maximum \$150/wk) Yes No _____

4. FUNERAL EXPENSE BENEFIT: basic funeral provides \$6000

Increase by \$2000 to provide \$8,000 Yes No _____

5. DEATH BENEFIT: basic policy provides \$25,000 spouse / \$10,000 each dependant

Increase to \$50,000 spouse / \$20,000 each dependant Yes No _____

6. MEDICAL REHABILITATION and ATTENDANT CARE BENEFIT: basic policy provides up to \$50,000 medical/rehabilitation, and up to \$36 000 for attendant care for non-catastrophic injuries including assessment costs.

If catastrophically impaired, the basic policy covers up to \$1,000,000 for medical and rehabilitation expenses and up to \$1,000,000 for attendant care expenses including assessment costs.

Increase medical and rehab benefit by \$100,000 to provide \$150,000 Yes No _____

Increase attendant care by \$72,000 to provide \$108,000 Yes No _____

Increased med/rehab/ attendant care by \$ 1,000,000 to provide \$2,000,000 Yes No _____

8. INDEXATION: for income, medical & rehabilitation currently not provided in basic policy

Include Annual Cost of Living Indexation Benefit? Yes No _____

9. NEW COVERAGE TO OFFSET TORT DEDUCTIBLE OPCF 48

Buy down the Tort Deductible from \$30,000 to \$20,000 and Family Law Act deductible from \$15,000 to \$10,000. Yes No _____

I understand that my above selections for this coverage will affect the potential amount that I can receive in a settlement, should I be injured in an auto accident. I warrant that the broker has fully explained the coverage and options and request the broker to place this coverage on my behalf.

NAME: _____

POLICY NUMBER: _____

INSURED SIGNATURE: _____

DATE: _____

