

Thomson, Rogers in conjunction with the Toronto ABI Network

Navigating the New SABS: Practical Solutions

Four Seasons Hotel Toronto | Wednesday, March 31, 2010

Auto Insurance Reform 2010

Prepared by:

Richard C. Halpern, Partner

Past President, Ontario Trial Lawyers Association
Chair, Ontario Bar Association Auto Insurance Working Group
Member, Canadian Bar Association No-Fault Working Group
Member, Reform Implementation Steering Committee

416-868-3215

rhalpern@thomsonrogers.com



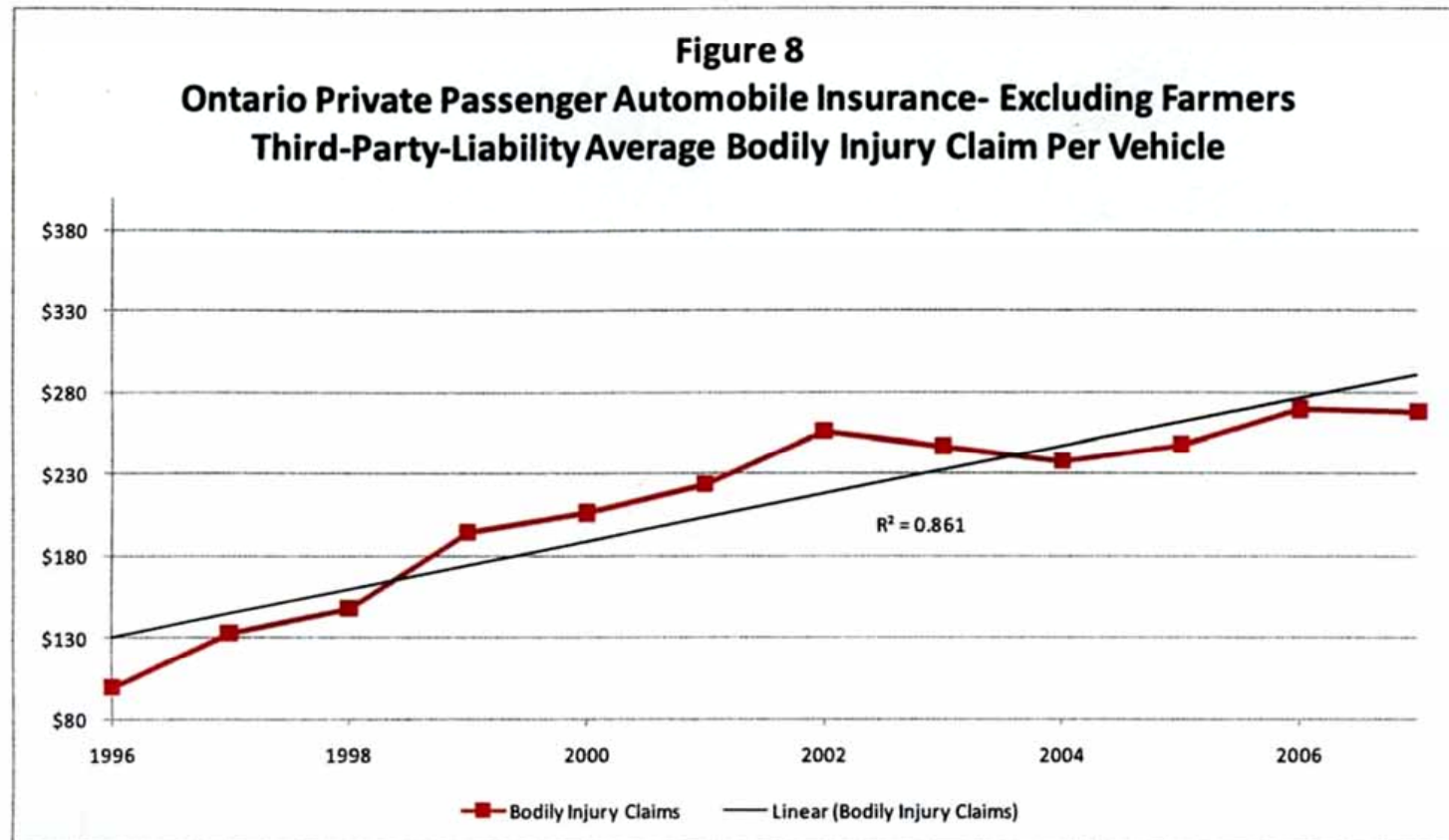
Barristers and Solicitors

-
- Five Year Review (Section 289.1)
 - FSCO Report March 31, 2009
 - 39 Recommendations
 - Eased Tort Restrictions
 - Cost Savings in Abs
 - New Regulations
 - September 1, 2010 – Implementation date

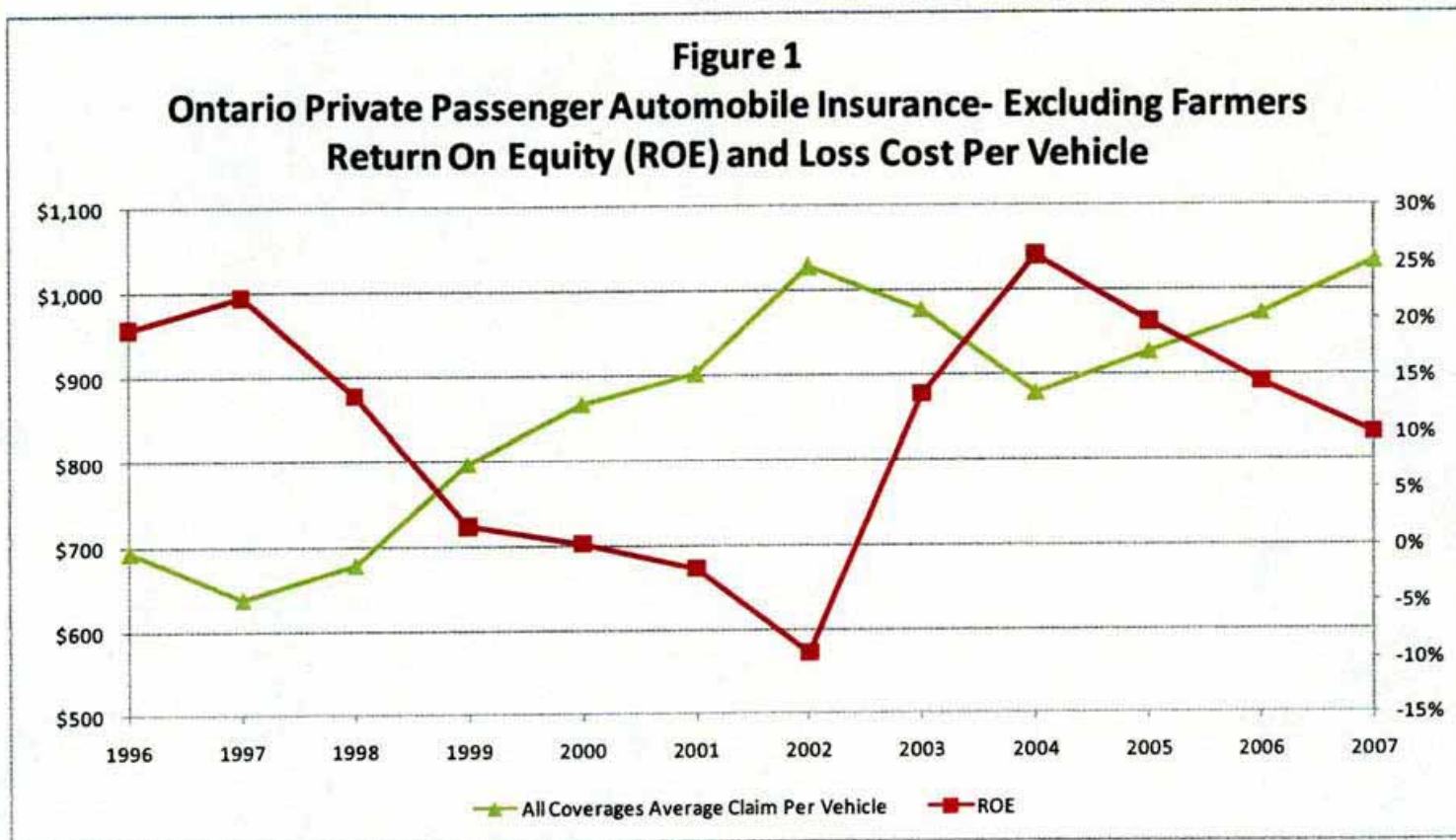
The Need for Reform

- 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



Insurance Industry Economics

- 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

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