

Ontario's benefit cuts profoundly affect car accident victims

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Many Ontarians missed the fact that on June 1 their provincial government cut in half the accident benefits (“no-fault”) coverage available for people suffering catastrophic injury in a car accident. This change has a profound impact on everyone in Ontario, including 8.5 million drivers, injured people and their families, the insurance industry and the health-care and rehabilitation sectors.

Accident benefits are intended to provide an injured person with the medical, rehabilitation and personal attendant care services they need after a car accident. The coverage that previously existed for medical/rehabilitation and attendant care benefits has been slashed from \$2-million to a combined medical/rehabilitation/attendant care benefits limit of \$1-million. It comes nowhere close to covering the necessary cost of care.

Consider a person who requires 24-hour care by reason of their injuries. The new limit would be completely exhausted in about 14 years at the current artificial maximum monthly limit for attendant care of \$6,000 – without even considering any medical or rehabilitation services required. This \$6,000 monthly limit rarely covers the complete cost of institutional care, such as a private nursing home or a long-term care facility. If the injured person is receiving private care in their own home, the cost is closer to \$15,000 to \$20,000 a month, which would result in the \$1-million policy limit being exhausted in four to 5 1/2 years.

As another example, if a person had an above-the-knee amputation, the current cost of a prosthetic leg can range from \$75,000 to \$125,000, with replacement approximately every five years. Specialty legs for sports, running or swimming are an additional expense. Alone, the lifetime costs for replacement of a single above-the-knee prosthetic for a 35-year-old accident victim would exceed the new \$1-million limit.

A person who suffers paraplegia or quadriplegia from an accident requires specialized equipment, such as power and manual wheelchairs, custom beds to avoid sores, and modified vehicles, to name a few – and all this equipment needs to be replaced as it wears out. Those same people need modifications to their homes to allow access. Added up, the costs can amount to several times the new \$1-million limit.

Sadly, most catastrophically injured people require both extensive medical and attendant-care services. While the injured person may be able to claim the remainder of their medical, rehabilitation and attendant-care expenses from the at-fault driver, those claims are essentially limited by the amount of liability insurance the at-fault driver has. The result is that the injured person will be left grossly short.

How can Ontarians protect themselves with this new limit?

Firstly, you can purchase optional accident benefits coverage from your auto insurer. These benefits increase the maximum amount available to cover future medical and care needs. The cost is modest – they should at least be considered at renewal time.

Equally important to consider is the amount of third-party policy limits you carry on your own insurance policy. Increasing your own liability limit protects both you and your family members in the event of an injury caused by a motorist with insufficient policy limits to cover your claim. For example, if you increase your policy limit to \$2-million,

and any member of your household is injured by a motorist who only has \$500,000 in coverage, a claim exists against your own insurance company for the differential, up to the maximum of your own liability limits. The cost of such additional coverage is also surprisingly modest.

All Ontarians need to consider other options to protect themselves and their family members. Once an accident occurs, it's too late to change your coverage.