



On August 23, 2013 the Ontario Minister of Finance announced a 15% rate reduction on auto insurance.

How this impacts each driver is different and a little complex, so here are more details. Don't hesitate to contact your agent or broker to answer any questions you have.

What exactly did the government mandate?

- a targeted 15% industry average rate reduction on personal auto insurance premiums, over a two year period
- by August 2014, rates are to drop by 8%
- by August 2015, rates are to drop the remaining 7%

Key terms: *targeted* and *average*

- what these two words mean is that the 15% reduction *will not be a flat reduction for all drivers*, but rather an average across Ontario
- insurance is still priced on
 1. how you drive: your driving record
 2. what you drive
 3. where you live
 4. the coverage you select

Plus, every insurance company has *different rates* that reflect their overhead and cost of claims.

What's the root problem?

In a nutshell: the cost of claims.

To get Ontario auto insurance rates closer to what drivers in other provinces pay, the government and insurance companies **MUST** work together to reduce the cost of claims.

Exaggerated claims and out and out fraudulent claims — especially around personal injury — are a big part of the problem.

What else is being done to reduce rates?

The Ontario government is looking at other measures including:

1. redefining some terms for auto insurance, such as the definition of "Catastrophic Loss."
2. giving more power to the insurance regulator, the Financial Services Commission of Ontario (FSCO). FSCO in turn can compel insurance companies to re-file rates and ensure that they are offering discounts to good drivers.
3. cleaning up the backlog of disputed insurance cases still working their way through the court systems, particularly those which resulted from the auto reforms in 2010.

We're in this together

Many factors come into play when pricing auto insurance premiums.

Drivers with excellent driving records are likely to see a rate reduction, while others may not receive a rate reduction at all. It will depend on your insurance company.

One thing is certain: at Germania Mutual Insurance we're **committed to more affordable car insurance**. That's why we submitted rate reductions BEFORE it was mandated by the government, (in fact we have taken nearly 15% in the first year). That's why we've introduced new benefits and discounts for good drivers, such as recognizing your number of years licensed and the Mature Driver Discount.

Please contact your Agent or Broker to learn more

FACT: In 2012, the average insurance payment for a no-fault injury claim in Ontario was \$26,863; in Atlantic Canada it was \$7,713 and in Alberta, it was \$3,628.

Average insurance payment for an injury claim in 2012



\$2,000,000,000.00

The amount insurance companies have lost on Ontario auto insurance between 2008 and 2010.

