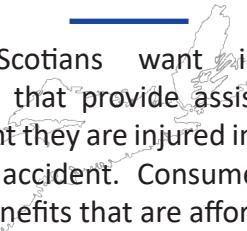


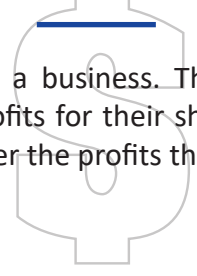
# Nova Scotia's Auto Insurance System

## What Consumers want



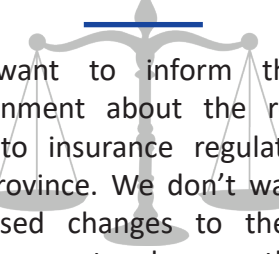
Nova Scotians want insurance benefits that provide assistance in the event they are injured in a motor vehicle accident. Consumers want good benefits that are affordable.

## What Insurers want



They are a business. They exist to make profits for their shareholders. The higher the profits the better.

## What FAIR NS wants



We want to inform the NS Government about the realities of auto insurance regulation in the province. We don't want the proposed changes to the auto insurance system because they are both unnecessary and unfair.

The Government requires all motorists to purchase auto insurance. Therefore, the Government has a duty to ensure that the system is fair.



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Too many Nova Scotians have been negatively impacted by the Cap. The Cap applies to injuries that most Nova Scotians see as significant, not "minor".



Automobile insurers earned excessive profits since the enactment of the Cap. Between 2003 and 2007 automobile insurers earned \$250 million in profits beyond the 10% return on equity deemed appropriate by the Nova Scotia Utility and Review Board. Premiums fell negligibly while Insurer profits skyrocketed. History teaches us that insurers do not pass on the savings to the consumer.



Automobile insurers in Nova Scotia are highly profitable. With loss ratios over the past few years in the 60% range, insurers are earning profits that are double that deemed reasonable by the Nova Scotia Utility and Review Board. As a result, automobile insurers have earned in excess of \$100 million dollars in profits in each of the past two years.



The Insurance Industry experiences periods of higher and lower profitability during soft/hard market cycles. When examining profitability, government should not focus off a few years of earnings but reflect on the industry's cycle of earnings. In Nova Scotia, a review of the past 20 years demonstrates that automobile insurers are highly profitable.



Given the Industry's profitability, accident victim's rights should be restored not be further restricted. Government should implement a \$5000 deductible on non-pecuniary general damages – the model currently followed in Newfoundland.

## Reality Snapshot

**120 Million / 95 Million**

Insurance Profits in 2020 & 2021

**ROEs in the 20s**

more than double a fair rate of return

**-45%**

Reduction in damage award  
proposed by insurers

**+600%**

Increase in people permanently  
working from home, meaning less  
accidents

# The Proposed Changes are Unfair and Unnecessary

## Specific Problems with the Proposed Changes

### ***Proposed Reduction of the Minor Injury Cap Amount***

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***Each year, your groceries cost more, your rent costs more, your car insurance cost more – why should your injury be worth less?***

### ***Proposed New Minor Injury Cap Definition***

The proposed expanded definition of minor injury will capture far more significant injuries than the current definition. It will allow for mental health injuries to be captured by the minor injury definition. The expanded definition could also capture head injuries, concussion, and mild traumatic brain injuries which are clearly not minor injuries.

### ***Proposed Changes to the Diagnostic and Treatment Protocols***

The proposal expands the definition Diagnostic and Treatment Protocols ("Protocols") is a positive step for accident victims. However, the \$1,000.00 maximum limit for dentist, psychologist, psychiatrist, social worker, counsellor services run contrary to the purpose of the Protocols.

### ***Proposed Changes to the Mandatory Accident Benefits***

- Chiropractic services: \$1000
- Massage therapy services: \$350
- Acupuncture services: \$350

These therapies are often essential to the rehabilitation of accident victims. They are prescribed by family doctors and specialists throughout the province. It won't matter under the change if your doctor says that you need these treatments to recover from your accident. You still won't have the insurance coverage to fund them.

The proposed limit on certain therapies is an attack on the purpose of the Accident Benefits regime – to provide immediate recommended medical treatment to ensure victims can return to their activities of daily life and/or their work.

Putting a monetary limit on these treatments takes the treatment decisions away from your doctor and puts it in the hands of the insurance company. It reduces your access to your insurance coverage rate that you are paying for without any consultation with your treatment team or recognition of the length of treatments you may need.

## Our Proposal is A Better Way

- ✓ Scrap the unfair and unnecessary proposed changes (above).
- ✓ Eliminate the Minor Injury Cap and implement a \$5000 deductible on non-pecuniary general damages – the model currently followed in Newfoundland.
- ✓ Increase the maximum income replacement to a livable amount.
- ✓ Add catastrophic injury coverage for the most injured accident victims.
- ✓ Require insurers to respond about benefits within 5 business days.