

## **Auto Insurance Reform in Nova Scotia: A Roadmap for Consumers**

In Nova Scotia, all drivers are required by law to carry auto insurance. So we believe it must be fair and affordable. On October 30, 2003 new laws were proclaimed to lower insurance rates and improve protection for all Nova Scotians.

Government has been dealing with the issue of rising auto insurance premiums since February 2002, when it asked the Nova Scotia Utility and Review Board to conduct a rate review. In the months that followed, government hired a Consumer Advocate, developed education guides for consumers, held a public consultation, and introduced laws to freeze rates and prevent unfair discrimination. It also conducted consultations, research, and analysis that would allow it to develop an appropriate solution for reforming auto insurance in Nova Scotia.

### **What Reform Will Mean to You**

#### **More Affordability**

- Effective November 1<sup>st</sup>, 2003, your auto insurance will be reduced by 20 per cent. The 20 per cent reduction will be applied to the last rate filed by insurance companies before the May 1, 2003 freeze came into effect. You will also be reimbursed by your insurance company for the change that is being made to your insurance policy. That way, you will not be paying for a service or benefit which you can no longer receive. The new, lower rate will be in effect for at least one year.
- The lower rate is achieved by changing the current insurance package. The changes include an increase in minimum liability protection from \$200,000 to \$500,000. All benefits for economic loss and pain and suffering awards for serious injuries remain the same as before. So do benefits for economic loss for minor injuries. The main change is that pain and suffering awards for minor injuries are now capped at a maximum of \$2,500.
- All future applications for increases will have to be reviewed and approved by the new Nova Scotia Insurance Review Board. This new system will protect you from unreasonable rate increases that you may have experienced over the past two years.

## **More Accessibility**

- New provincial government rules came into effect August 1<sup>st</sup>, 2003 to protect auto insurance consumers against unfair discrimination. The rules will ban companies from refusing to issue or renew auto insurance for an existing or potential customer on any of the following grounds: age, gender, marital status, age of vehicle, previous coverage by Facility Association, a previous refusal of insurance coverage, previous not-at-fault accidents, making a late payment, a lapse in auto insurance coverage less than two years long.

## **More Fairness**

- Insurance companies are now banned from using unfair factors in determining your level of risk and the price you should pay. Some of these factors include: whether or not you have other insurance coverage, claims you may have made in the past for accidents where you were not at fault, and a previous lapse in automobile coverage.
- Insurance companies are now required to go through an approval process before changing rates or rules.
- Before renewing or obtaining a vehicle permit, you will now be required to show proof of insurance.
- Insurance companies will not be allowed to increase your rates until after November 1, 2004, and only if the increase has been approved by the Insurance Review Board.

## **More Protection**

- People who drive without insurance will now face stiffer penalties
  - first offence: \$1,000 or 45 days in prison
  - second offence: \$2,000 or 90 days in prison
  - third offence: \$5,000 or 120 days in prison
- New laws will protect you from abrupt loss of coverage in the event your company leaves the province.
- People who have been convicted of driving offences such as dangerous driving, flight from police, and intoxicated driving offences will not be allowed to make an insurance claim, if that incident contributed directly to the accident.

## **More Options**

- If you are not protected by other insurance policies and you want to increase benefits, you will be able to purchase enhanced benefits for you and your family.
- If you receive a settlement, you will now be able to choose whether you receive your payment in one lump sum or over a period of time.
- As a vehicle owner, you are now allowed to adjust your policy to exclude people from using your vehicle.

**For more information on the new legislation and regulations, please contact:**

Superintendent of Insurance  
Financial Institutions Division  
Department of Environment and Labour  
902-424-6331  
[fininst@gov.ns.ca](mailto:fininst@gov.ns.ca)

**[www.gov.ns.ca/enla](http://www.gov.ns.ca/enla)**