

**Terms of Reference
For The Board of Commissioners of Public Utilities
Review into Automobile Insurance**

The Public Utilities Board shall undertake a review and report on the issues outlined below with respect to Automobile Insurance in the Province and in addition shall detail other issues or concerns raised by stakeholders participating in the review. Certain parts of the review are independent of each other and may be provided to the Department of Service NL upon completion separately.

Phase I

Phase I of the review will consist of a closed claim study into private passenger automobile insurance and a separate closed claim study into causes of high taxi claims costs. The PUB is directed:

- To conduct a closed claims study to determine the costs associated with Third Party Liability / Section A bodily injury claims arising from the use of private passenger vehicles, including the use (or no use) of interim payments and whether Accident Benefits were available.
- To review the impact on rates of a monetary cap on claims for non-economic loss for minor/mild injuries and the implications of such a cap for claimants.
- To review the impact on rates of continuing with the current deductible of \$2,500 or increasing the deductible.
- To conduct an audit of taxi closed claims to determine the causes of poor claims experience, including details regarding the underlying causes of loss and high claim costs incurred, and provide any recommendations to reduce claim costs and reduce rates.

Phase II

Phase II will review the existing private passenger automobile insurance products and assess and recommend possible options to contain costs. The PUB is directed:

- To review the auto insurance product offered in Newfoundland and Labrador and conduct a jurisdictional scan of other provinces' auto insurance product offerings.
- To review the current mandatory Section A/Third Party Liability limit of \$200,000 and the rate implications of increasing the limit.
- To review Section B/Accident Benefits coverage and impact on rates with respect to:
 - Coverage limits on medical and rehabilitation benefits and indemnity for loss of income;
 - Benefit payment practices (i.e. advance payments versus reimbursement);

- Order of payment of benefits in relation to other insurance plans;
 - Timeliness and efficiency of the injury assessment process;
 - The relationship of Section B benefits to the settlement of Section A benefits; and
 - Whether the coverage should be mandatory.
- To review the impact of Newfoundland and Labrador adopting minor injury diagnostic and treatment protocols such as those provided in Alberta and Nova Scotia and how mandatory Section B coverage and the diagnostic protocols would impact Section A claim costs.
- To review the impact of offering direct compensation for physical damage to automobiles (Section C).
- To review Section D Uninsured Automobiles coverage in the Province.
- To report on measures to improve highway safety and automotive accident prevention in Newfoundland and Labrador.
- To review the financial profitability of the auto insurance industry in Newfoundland and Labrador.
- To review the current auto insurance market and provide comment of insurer exits and report on ways to encourage new entrants into the market.
- To report any other cost savings or other improvements on any aspect of automobile insurance offered in this Province.