

No fault insurance

For better or for worse

By ALLISON MacKENZIE
Herald Special

Most consumers of auto insurance will benefit by faster claim settlements, increased personal protection and a curb to spiralling premium rates, when proposed no fault insurance legislation becomes law later this spring, but there will also be losers, according to Lori Greene, a Georgetown insurance agent.

"We are never going to be able to please 100 per cent of consumers. While no-fault won't be good for everyone, it's going to be better than the current system. There are people out there who are going to get zinged because of the situation they are in, but more people will benefit," says Ms. Greene, a State Farm Insurance agent.

According to Ms. Greene payment by an accident victim's own insurer regardless of blame within 30 days of proof of claim, and guaranteed income, protection, are two ways consumers win under proposed legislation. Currently, if you are responsible for an accident you receive no personal compensation, says Ms. Greene. Accident victims, often face lengthy court battles before receiving compensation.

Gerry Numan, an exclusive agent for Allstate Insurance in Georgetown says, "No-fault will improve the disability portion of the policy. If you have an accident where you are disabled and are at fault, you will receive benefits. Currently if you are at fault, you have very limited protection."

According to information put out by the Insurance Bureau of Canada, no fault auto insurance will provide guaranteed compensation at a higher level than in the past to people injured in an automobile accident. An employed person will receive 80 per cent of their income up to a maximum of \$450 weekly for three years or for life if totally disabled. The weekly limit is low for professional people, owners of small businesses and people who are dependent on a higher weekly income, says Mr. Numan. Higher wage earners may choose to purchase additional income replacement insurance.

Unemployed people, retirees,

students, and homemakers will receive \$185 per week, while under the current system they receive nothing. In addition there is a provision for child care allowances up to \$200 per week per child.

Supplementary medical care and rehabilitation will be increased to \$500,000 with a 10 year limit, or 20 years less the victims age. The long term care benefit is a maximum of \$500,000, payable in a monthly allowance.

Proposed no-fault legislation provides for death benefits and \$3,000 funeral benefit. If the supporting head of a household dies in an auto related accident, the surviving spouse will receive \$25,000 and each dependent will receive \$10,000. If a dependent dies in a car accident the death benefit is \$10,000.

These benefits must be paid out by the victim's own insurer within 30 days of proof of a claim, regardless of who was at fault.

The proposed legislation eliminates both the need and the right to sue in court except in cases "involving death, permanent serious disfigurement, or permanent serious impairment of an important bodily function by continuing injury which is physical in nature."

The losers under this proposed legislation are accident victims who don't meet the exception rules but want to go to court to fight for increased benefits. They will no longer have the right to sue, explained Ms. Greene. Mr. Numan says auto insurance rates in rural areas are not expected to rise although they will in urban areas. "The auto insurance industry is underpriced. We are losing money on premiums. The use of this new plan will help to avoid large claims and huge premium increases in the future. We have to get away from huge claims, that in many cases just are not justified."

Premiums will continue to be based on a combination of factors including driving record. Drivers who commit traffic offences or are responsible for an auto accident will continue to pay higher premiums than good drivers, according to the Insurance Bureau of Canada.

Cashless society step closer

Welcome to the world of self-serve scrip

Maybe we'll soon have a chance to buy stuff entirely without cash, cheque or credit card.

That's the latest word from the Canadian Imperial Bank of Commerce, developer of Canada's first self-serve debit card service called "Instant Payment Scrip".

The bank says the service transfers funds from a customer's account to the merchant's but doesn't need a cashier's help to do it, unlike other debit card systems. Instead, an instant payment machine at the front of the store issues a voucher, or scrip, to pay for goods immediately on the spot.

The first terminal is now undergoing a six-month pilot program at a convenience store in Georgetown, Ont., and while the debit card system isn't new, this is the first of its kind in electronic banking in Canada, the bank says.

Two-part voucher

CIBC card holders indicate the amount and the account to be debited and key in their secret code. The machine then



This in-store "Instant Payment Scrip" machine dispenses vouchers usable like cash. It's being test-marketed by the Canadian Imperial Bank of Commerce.

issues a two-part voucher indicating the merchant's name and location, amount, date, time and type of account. The top copy is kept by the store and the customer gets a duplicate. Any change is returned to the customer in cash.

as good as cash and the service cuts down on waiting time at the check-out counter because the customer controls the debit transaction."

The service costs 25 cents a time and vouchers come in \$5, \$10, \$20, and \$40 denominations. Withdrawals are limited to an established daily limit.

CIBC spokesman George Board said, "The vouchers are

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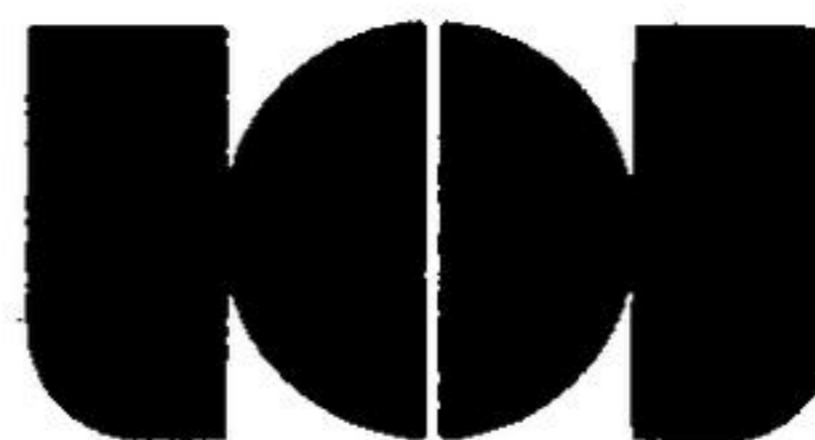
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