

**INSURANCE ANSWERS
TO KNOW**

Question: I am thoroughly confused about the new automobile no-fault system. Could you clarify it for me?

Answer: It is always difficult to describe in a few paragraphs a complicated new system. However, I will try to do so in simple terms.

Under the old car insurance system, when one incurred damages or was injured in a car accident because of someone else's fault, either you the victim, or your insurance company if you carried collision insurances, had to go and scrap with the at fault party's insurer to receive reimbursement for your damages, or compensation for your injuries.

The adversarial relationship which was thus the basis for reimbursement or compensation, frequently caused payment delays. Even when payments were made, they often came too late to avoid real hardship to the victim. This happened even though the old system also had some small no fault disability, death, and rehabilitation benefits built into it.

To get around the adversarial system, and to speed up payment, the new no fault system is based on the premise that at time of an accident one is usually interested in quickly getting: 1. The vehicle fixed; 2. One's loss of income reimbursed, and 3. Be provided with wheels, if no other vehicle is available. Only in cases of severe injury or disability, or death should there be need to take legal action against the at fault party.

As a result under the new no fault system, whether one is at fault or not, YOUR OWN VEHICLE INSURANCE POLICY will, tax free and after one week of disability, reimburse you for up to 80% of your wages and to a maximum of \$600 per week (larger benefits can be bought if needed and lesser amounts are paid if you are not employed, retired or a student not earning wages). Furthermore, the death and rehabilitation benefits have considerably increased.

In addition, WHERE YOU ARE NOT AT FAULT, and whether or not you carry collision coverages, YOUR policy will fix your vehicle or reimburse you for its value if it is beyond repairs.

Similarly if you need a rental vehicle this cost is also paid by your policy. The point to remember though is that should you be wholly or partially at fault in the accident, your vehicle will only be fixed and the rental vehicle provided if you have bought these coverages under your own policy.

Under the new system, once you have filed a claim, your insurer has the obligation to honour it within 10 days. Very substantial penalties are built in the system for failure to live up to this. In return, except for the severe injury or death cases earlier referred to, you have no further right to sue.

In some ways, it does not seem fair that the right to sue has been greatly eliminated, or that your company should pay you even though you are innocent. The point to remember is that this approach has been taken to speed payment up to you and to get away from unreasonable legal actions.

There are obviously a number of fine points which apply to the no fault concept and which are beyond the scope of this answer. We will try to deal with some of this in future questions and answers. In the interim, should you need further information about no fault or any insurance questions, contact your insurance advisor, or any of our offices. We deem it a privilege to serve you not only in your automobile insurance needs but for your

home, business, farm, life, pension, RRIF, or any insurance or financial service needs. Our offices are where you are!

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