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Late Payments From Insurers to Licensed Service Providers

FSRA is actively reviewing all FSCO regulatory direction, including but not limited to forms, guidelines and FAQs.

Until FSRA issues new regulatory direction, all existing regulatory direction remains in force.



Bulletin

No. A-03/15
Property & Casualty
– Auto

To the attention of all insurance companies licensed to conduct automobile business as insurers in Ontario

The Financial Services Commission of Ontario (FSCO) is issuing this bulletin to remind insurance companies of their duties with regard to payment of invoices submitted by Service Providers in the time frame prescribed under the Statutory Accident Benefits Schedule – Effective September 1, 2010 (SABS).

Interest Payments

Insurers shall not avoid their duty to pay interest owing for late benefits payments. FSCO reminds insurers that there is no provision under the SABS for the following:

- Negotiation of a lower or \$0 interest payment.
- Negotiation to waive the interest by offering incentives such as quicker payment of the invoice.

FSCO expects that insurance companies have processes in place to comply with the requirements of the Insurance Act for the handling and payments of invoices. Failure to pay interest where owing is a breach of the SABS and may be considered an unfair or deceptive act or practice (UDAP).

Required Compliance Controls

NOTE: The bulletins that are posted on this website are provided for historical reference purposes. The information in these bulletins is accurate on the date the information is published, but is subject to change and may be replaced by more recent bulletins.

An order that is made regarding a licence holder reflects a situation at a particular point in time. The status of a licence holder can change. Readers should check the current status of a person's or entity's licence on the [Licensing Link](#) section of FSCO's website. Readers may also wish to contact the person or entity directly to get additional information or clarification about the events that resulted in the order.

These bulletins may include forms that are no longer up-to-date or accurate. Readers should

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Beginning in 2011, all automobile insurers in Ontario were required to file an attestation that would confirm that companies have effective SABS compliance controls in place to satisfy the rules that protect the rights of policyholders and accident victims.

To ensure that companies are meeting the commitments identified in the attestation, FSCO conducts regulatory follow-up examinations, which are inclusive of processes that ensure invoices for benefits are paid in accordance with legislation.

Ensuring Compliance

The SABS requires all invoices to be paid within 30 days of receipt. There are several sections of the SABS that outline payment procedures to be followed by insurers.

Overdue Payments:

Subsection 51(2) of the SABS prescribes an interest charge on delinquent invoices for payments of a benefit:

"If payment of a benefit under this Regulation is overdue, the insurer shall pay interest on the overdue amount for each day the amount is overdue from the date the amount became overdue until it is paid, at the rate of 1 per cent per month, compounded monthly."

For Goods and Services Requiring Pre-Approval:

Subsection 38(15) deals with payments following approvals based on an OCF-18 (Treatment and Assessment Plan):

"The insurer shall pay for goods and services the insurer agreed to pay for in the notice under subsection (8) or (14) or is required to pay for under this section within 30 days after receiving an invoice for them."

Subsection 39(2)(c) is for payments where the insurer has waived the submission of the OCF-18:

"The insurer shall pay for expenses described in the notice within 30 days after receiving an invoice for them;"

For Pre-approved Goods and Services Under the Minor Injury Guideline (MIG):

Subsection 40(4) deals with payments following submission of an OCF-23 (Treatment Confirmation Form) and OCF-1 (Application for Accident Benefits):

"If the person also submits a completed and signed application under section 32 and the insurer accepts the claim for benefits, the insurer shall, within 30 days of receipt, pay every invoice for goods and services described in section 15 or 16 that are provided in accordance with the Minor Injury Guideline."

Subsection 41(2) paragraph 2 sets out payment where the OCF-23 is waived:

"After the insured person submits an application under Section 32 to the insurer, the insurer shall pay the expenses described in the notice within 30 days after receiving and invoice for them."

For further recent changes to the way in which interest is calculated, please refer to:

- **[A-14/14: Amendments to the Statutory Accident Benefits Schedule, Service Provider Regulations, Administrative Penalties and Eligibility for Transportation Expenses](#)**

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Chief Executive Officer and
Superintendent of Financial Services

May 6, 2015

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