



Financial Services
Commission
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Commission des
services financiers
de l'Ontario

Optional Indexation Benefit Guideline

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Superintendent's Guideline No. 09/10

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Introduction

This Guideline is issued pursuant to s. 268.3 (1) of the Insurance Act for the purposes of the Statutory Accident Benefits Schedule – Effective September 1, 2010 (new SABS) and the Statutory Accident Benefits Schedule – Accidents on or after November 1, 1996 (old SABS).

Purpose

The purpose of the Optional Indexation Benefit Guideline is to set out the procedures and formulas for indexation as referred to in section 30 of the new SABS and section 29 of the old SABS.

General Application

This Guideline applies to named insured persons who have purchased the optional indexation benefit, their spouse, dependants and persons specified as drivers under the policy.

Indexation applies to the following benefits and monetary limits:

1. the weekly amount of any income replacement benefit
2. the weekly amount of any non-earner benefit
3. the weekly monetary limits applicable to income replacement benefits
4. the weekly monetary limits applicable to caregiver benefits
5. the monthly attendant care monetary limits
6. the outstanding balance of medical and rehabilitation benefits available
7. the outstanding balance of attendant care benefits available
8. the outstanding balance of medical, rehabilitation and attendant care benefits available to persons who have access to the optional increased medical, rehabilitation and attendant care benefit

Benefit amounts and monetary limits are indexed on January 1 of each year immediately following the accident.

INDEXATION PERCENTAGE

The indexation percentage is the percentage change in the “Consumer Price Index for Canada (All Items)”, as published by Statistics Canada under the authority of the Statistics Act (Canada), for the period from September in the year immediately preceding the previous year to September of the previous year.

INDEXATION OF INCOME REPLACEMENT BENEFIT (IRB) AND NON-EARNER BENEFIT

The weekly amount of a person's income replacement benefit and the applicable monetary limit are adjusted using the indexation percentage on January 1 of the year immediately after the accident. In each subsequent year, the weekly benefit and limit from the previous year are adjusted. Indexation is applied before taking into account any collateral source income.

Similarly, with respect to the non-earner benefit, the benefit limits are adjusted using the indexation percentage on January 1 of the year immediately after the accident. In each subsequent year, the previous year's amount is adjusted. Indexation is applied before taking into account any collateral source income.

INDEXATION OF WEEKLY LIMITS FOR CAREGIVER BENEFIT AND MONTHLY LIMITS FOR ATTENDANT CARE BENEFIT

The indexation percentage is applied to the monetary limits for the caregiver benefit and the attendant care benefit on January 1 of the year immediately following the accident. In each subsequent year, the limits from the previous year are adjusted.

Indexation shall be performed in accordance with the following formula:

A = B x (1 + (C ÷ 100)) where:

A = the new amount (i.e., the new monetary limit or the new weekly benefit)

B = the previous year's amount

C = the indexation percentage

INDEXATION OF MEDICAL, REHABILITATION AND ATTENDANT CARE LIMITS

The outstanding balance with respect to medical and rehabilitation benefits, and the outstanding balance with respect to the attendant care benefit, are indexed on January 1 of each year immediately after the accident. Indexation of these limits is performed using the declining balance method.

Incurred medical, rehabilitation and attendant care expenses up to December 31 of the year are subtracted from the insured person's limits for that year, for each benefit. The indexation percentage is applied to the outstanding balance (i.e., the unused portions). The indexed amounts become the insured person's new monetary limits for the year. Indexation using the declining balance method applies to each of the following:

1. the combined medical and rehabilitation monetary limit;
2. the attendant care monetary limit; and
3. the combined medical, rehabilitation and attendant care monetary limit, if the optional medical, rehabilitation and attendant care benefit was purchased.

Indexation using the declining balance method shall be applied in accordance with the following formula:

A = (B - C) x (1 + (D ÷ 100)) where:

A = the new monetary limit (i.e., new medical and rehabilitation monetary limit, new attendant care monetary limit or new combined monetary limit available to the person)

B = the previous year's monetary limit

C = the sum of all incurred expenses for the previous year (i.e. sum of medical expenses, rehabilitation expenses or attendant care expenses)

D = the indexation percentage

NOTICE OF OUTSTANDING BALANCE

Upon the request of the insured person, insurers are to provide a notice stating the outstanding balance (as indexed) of the medical and rehabilitation benefits, the attendant care benefit, and the outstanding balance of the combined benefits, if applicable, as of January 1 of the year.

This requirement does not apply where section 50 (2) of the new SABS applies to require an insurer to provide periodic benefit statements to the insured person.