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# Auto insurance reform falls short: Paciocco

By Tony Poland, AdvocateDaily.com Associate Editor



A [plan](#) to allow for new types of discounts under the Ontario government's auto insurance reforms still needs work, says Windsor personal injury lawyer [Gino Paciocco](#).

And Paciocco, a founding partner with [Paciocco & Mellow](#), says ideas such as a Driver Care Card are unlikely to have much of an impact on consumers.

CBC News reports the provincial government believes that loosening existing regulations will allow insurance providers to offer consumers more choice, giving drivers more power to reduce their premiums through customized plans.

But Paciocco tells [AdvocateDaily.com](#) that concepts such as à la carte services are not really new since drivers already have options for different types of insurance.

He says some of what's being proposed, such as ending "postal code discrimination," is interesting but still needs to be clarified.

"I worry if the government is going to apply it on a city by city basis or a neighbourhood by neighbourhood basis," Paciocco says. "Even in Windsor, living in a more affluent neighbourhood will decrease your car insurance premium. Ending this type of discrepancy would make the system more accessible."

However, he says if the only postal code discrimination the government is talking about is city by city, "Then a place like Windsor, with shorter commutes and less busy roads, is going to be picking up the cost of lowering Toronto's car insurance."

"Likewise, discounts based on credit scores will continue the discrimination of punishing low-income Ontarians for no reason," Paciocco says. "There is nothing linking affluence to driving skills."

Instead, insurance companies should look at discounts for the usual good driving records and lack of speeding tickets, and consider new ideas "such as shorter commutes, the amount of freeway driving a person does, and whether the majority of their driving is at night or during the day," he says.

Paciocco says discounts for using a prescribed provider, will "absolutely reduce consumers' choice."

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“It’s especially an issue for health-care providers. Imagine telling your physiotherapist that you still have back pain, but your physiotherapist is dependant on your insurance company paying them and continuing to send them clients,” he explains. “In this scenario, your physiotherapist is going to tell you that you have run out of insurance coverage and then wait for the insurance company to send them their next client.

“Health-care providers are going to be far less likely to challenge insurance companies if they are more dependent on them. In the end, that’s not a good thing for consumers who depend on their services.”

Paciocco says he is not sold on the Driver Care Card plan either.

CBC reports that drivers would have a debit-style card for making insurance claims, which would be loaded with funds to cover insurance benefits, such as rehabilitation and physical therapy.

“This plan definitely oversells the convenience of the Driver Care Card to consumers,” Paciocco says. “For most consumers using health-care providers, for example, their treatments are covered upfront by the insurance company, which is just as convenient as a card.

“The hassle for consumers is getting their insurance company to pay for the treatment in the first place, and this card does nothing to alleviate that.”

He says the card could also cause some issues with consumers being initially approved for coverage or approved for an interim period and having their coverage revoked mid-treatment.

“A consumer could potentially find out they had been denied treatment when they try to pay, and it doesn’t go through on their card. Then they are left stuck with the bill,” Paciocco says.

The government says the new plan will also make it easier to fight insurance fraud since it will be easier to monitor which benefits are being claimed, CBC reports, but Paciocco disagrees.

“While it has a lot of points that could potentially reduce premiums for consumers, the points on reducing fraud are very abstract,” he says. “I see nothing in this plan for detecting fraud before claims are made, and little in the way of identifying fraudulent claims once they are made.”

Paciocco says even the plan to raise the default benefit limit for catastrophic injuries to \$2 million misses the mark.

“The increase in coverage for catastrophically injured people can only be a good thing in terms of assisting in the payment of required care needs, but I don’t think this will have a big effect on the industry, mainly because the vast majority of motor vehicle accident injury cases are not catastrophic,” he says.

“For many of the catastrophic cases, \$2 million is simply not enough to satisfy their care costs. The cap on insurance payout mainly benefits the insurance company as it sets a roof under which in the end almost all catastrophic cases settle.”

*This is the final instalment of a two-part series on auto insurance reforms.*

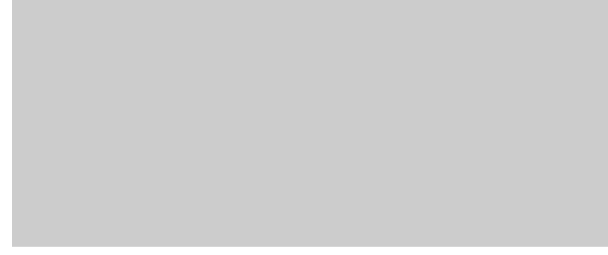
Click [here](#) to read part one where Paciocco examines the shortcomings of the Ontario government plan to reduce auto insurance premiums.

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