

Legislative  
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of Ontario



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# Bill 12

**An Act to amend the Insurance Act to prevent discrimination  
with respect to automobile insurance rates in the Greater Toronto Area**

**Co-sponsors:**

Mr. T. Rakocevic

Ms D. Begum

Ms M. Stiles

**Private Members' Bill**

1st Reading      August 25, 2022

2nd Reading

3rd Reading

Royal Assent



#### EXPLANATORY NOTE

The Bill amends the *Insurance Act* in order to prevent residents of the Greater Toronto Area from paying different rates for automobile insurance based solely on the municipality or area in which they reside in the Greater Toronto Area.

Amendments require the Chief Executive Officer of the Financial Services Regulatory Authority of Ontario to refuse to approve a risk classification system used in determining the rates for each coverage and category of automobile insurance if the system considers the geographic region as a determinant and fails to consider the Greater Toronto Area as a single geographic area. The amendments also prohibit insurers from entering into contracts of insurance that provide for insurance rates that were determined based on such a risk classification system.

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**Preamble**

Ontarians pay the highest automobile insurance rates in Canada, and some pay more for automobile insurance premiums than they pay in connection with the mortgage on their home. Automobile insurance premiums continue to increase for families across Ontario. Postal code discrimination in the Greater Toronto Area is the reason too many Ontarians pay exorbitantly high automobile insurance premiums. Successive governments have failed to tackle skyrocketing automobile insurance rates. The people of Ontario believe that postal code discrimination needs to end.

Therefore, Her Majesty, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

**1 The *Insurance Act* is amended by adding the following section:****Refusal, certain risk classification systems**

**410.1** (1) The Chief Executive Officer shall refuse to approve an application made by an insurer under section 410 if,

- (a) the risk classification system that the insurer intends to use in determining the rates for each coverage and category of automobile insurance,
  - (i) considers the geographic region in which a person resides as an element in classifying risks for a coverage or category of automobile insurance, and
  - (ii) fails to consider the Greater Toronto Area as a single geographic area but rather considers municipalities or other areas within the Greater Toronto Area as separate geographic areas for purposes of classifying risk for a coverage or category of automobile insurance; and
- (b) as a result of differentiating between the various municipalities and areas within the Greater Toronto Area, the risk classification system would allow for a rate for a particular coverage or category of automobile insurance in one municipality or area within the Greater Toronto Area that differs from the rate for the same coverage or category in another municipality or area within the Greater Toronto Area.

**Prohibition against certain automobile insurance contracts**

(2) No insurer shall enter into or renew, or offer to enter into or renew, a contract for a coverage or category of automobile insurance with a prospective insured who is a resident in the Greater Toronto Area if,

- (a) the determination of the rate for the particular coverage or category required under the contract was based on a risk classification system described in clause (1) (a); and
- (b) the rate for the coverage or category required under the contract would be different if the insured resided in a different municipality or area within the Greater Toronto Area.

**Definition, Greater Toronto Area**

(3) In this section,

“Greater Toronto Area” means the geographic area composed of the City of Toronto and the regional municipalities of Durham, Halton, Peel and York.

**Commencement**

**2 This Act comes into force on the day it receives Royal Assent.**

**Short title**

**3 The short title of this Act is the *Ending Automobile Insurance Discrimination in the Greater Toronto Area Act, 2022*.**