

Ontario Auto Insurance Reform

Effective July 1, 2026, Ontario changed its auto insurance framework to give consumers more choice over their Statutory Accident Benefits coverage. Medical, rehabilitation, and attendant care benefits remain mandatory, while most other accident benefits may now be selected or declined based on the policyholder's circumstances and coverage needs.

What Are Statutory Accident Benefits?

Statutory Accident Benefits provide financial support if a covered individual is injured in an auto accident, regardless of who is at fault. They can help cover expenses such as medical treatment, rehabilitation, and income replacement if the injuries prevent the covered person from working.

What Is Changing?

Under this new framework:

- **The order of who pays first for some medical/rehab expenses changes.** For accidents occurring in Ontario on or after July 1, 2026, auto insurance is generally the first payer for eligible medical and rehabilitation expenses, including amounts that may also be available under a workplace or private supplementary health plan. Medication expenses are excluded from this new priority-of-payment rule.
- **Certain coverages remain mandatory** (medical, rehabilitation, and attendant care benefits).
- **All other Statutory Accident Benefits become optional:**

Income protection	Income replacement: Helps replace income that covered individuals may lose because of an auto accident. Non-earner: Provides financial support when a covered student, retiree, or unemployed person is unable to lead a normal life while recovering from injuries sustained in an auto accident.
Caregiver benefits	Helps cover caregiving expenses when a covered person injured in an auto accident can no longer care for a household member, such as a child or aging parent.
Dependant care benefits	Helps cover reasonable and necessary additional expenses associated with caring for dependants such as a child, spouse, or aging parent.
Lost educational expenses	Helps cover lost school-related expenses when a covered person is unable to attend school or an education program due to an auto accident.
Expenses of visitors	Helps cover reasonable and necessary expenses for visitors, such as siblings or parents, when visiting a covered person injured in an auto accident.
Housekeeping and home maintenance	Helps cover costs when a covered person is unable to perform housekeeping and home maintenance tasks normally completed before an auto accident.
Damage to personal items	Helps cover the cost to repair or replace personal items (e.g., clothing, prescription eyewear, hearing aids, etc.) damaged in an auto accident.
Death benefits	Compensates eligible family members if a covered person dies due to an auto accident.
Funeral benefits	Helps cover some funeral expenses if a covered person dies due to an auto accident.
Additional protection	Supplementary medical, rehabilitation and attendant care benefits: Helps cover expenses exceeding standard limits. Indexation benefits: Adjusts certain weekly benefit payments annually to reflect increases in the cost of living.

This reform gives drivers an opportunity to tailor their coverage to their needs, avoid paying for protections they may already have through the workplace, private health, or life insurance plans, and benefit from a more streamlined claims process.

Who Is Impacted?

These changes apply to all Ontario automobile policies, including:

- Personal automobile policies
- Commercial automobile policies
- Motorcycle policies
- Snowmobile policies
- ATV policies

Who Is Covered Under Ontario's Statutory Accident Benefits?

Existing policies will renew with the same accident benefits coverage and limits as the expiring policy. These benefits will remain in place unless the named insured and insurer agree in writing to modify or decline them. Effective July 1, 2026, policyholders may also request changes to their coverage before the renewal, including mid-term adjustments, as insurers are required to make these options available.

The newly optional benefits will only apply to:

- The named insured
- The spouse of the named insured
- Dependants of the named insured and of the named insured's spouse
- Persons specified in the policy as drivers of the insured automobile
- Other people involved in an accident may still qualify for mandatory benefits or for optional benefits available under another policy for which they are eligible.

In this context, passengers, pedestrians, or cyclists are only covered by standard accident benefits and the optional benefits only apply if included in one of the covered groups under the policy.

What to Remember?

Before July 1, 2026	After July 1, 2026
Ontario auto policies followed a more standardized structure.	Ontario auto policies move to a more flexible structure, allowing several benefits to be selected or removed based on coverage needs.
Most Statutory Accident Benefits included by default.	Medical, rehabilitation and attendant care benefits remain mandatory, while most other accident benefits become optional.
Covered person generally did not need to actively elect most Statutory Accident Benefits.	Covered person need to review available options and decide which optional benefits should be included in their policy.
Coverage was more broadly available under the standard accident benefits framework.	Newly optional benefits apply only to specified covered groups, including the named insured, spouse, dependants and listed drivers.
Claims for medical or rehabilitation expenses could require coordination with workplace, private health or other benefit plans.	Auto insurance becomes the first payer for medical and rehabilitation claims, except for medication expenses.
The main focus was understanding the standard coverage already included in the policy.	The main focus shifts to identifying potential coverage gaps and ensuring optional benefits align with individual needs.

Disclaimer

The descriptions of the statutory accident benefits in this article are only a summary of the statutory accident benefits set out in Ontario Regulation 34/10: Statutory Accident Benefits Schedule (the SABs).