

Ontario Regulation on Wells Contracting: Proposed Reforms

~ November 2019 ~



Introduction

On behalf of its member property and casualty (P&C) insurers, Insurance Bureau of Canada (IBC) would like to thank the government for the opportunity to provide comments related to amendments to the Wells Regulation 903 under the *Ontario Water Resources Act*. IBC represents Canada's private property and casualty (P&C) insurance companies. IBC members account for roughly 90% of the private auto, home and commercial insurance sold in Canada. IBC commends the government for exploring ways reduce regulatory burden on industries in a way that also continues to ensure consumer safety.

Simplified liability coverage minimums

With respect to the proposed changes to the Wells Regulation, of relevance to the P&C insurance industry is the modification proposed to the insurance requirements for licensed wells contractors. The proposed changes to the insurance requirements would mandate that a wells contractor must secure liability coverage for any property damage and personal injury or death occurrence in an amount of no less than \$2,000,000 per occurrence and an annual aggregate limit of not less than \$5,000,000. IBC and its member companies support the proposed clarification of coverage limits required.

Mandatory deductible

The current insurance requirements for wells contractors also require a maximum deductible per claim of up to \$1,000. IBC agrees with the policy rationale supporting the proposed reform that removing this requirement enables more flexibility and choice for wells contractors. However, given the current market, IBC notes that a maximum of \$1,000 self-insurance retention likely does not reflect the current market and may be too low. A higher maximum deductible per claim will allow insurers to customize policies and price their products based on the risk profile of the wells contractor. Overall, this choice helps in the promotion of a healthy competitive market.

IBC commends the government for its efforts to simplify and clarify the language surrounding insurance requirements within the Wells Regulation. IBC is willing to discuss the industry's feedback further on any of the proposed reforms.