

Ontario Court Holds the New Deductible Applies Retroactively to MVA Actions

February 10, 2016

The Ontario Superior Court recently held that the deductible applicable to non-pecuniary damages in all pending MVA actions is the amount established by O. Reg. 221/15 under the *Insurance Act*. At the time of the decision in December of 2015, this amount was \$36,540. The decision supports the position that the deductible applicable to MVA-related actions will depend on when the case is adjudicated, regardless of when the accident occurred.

In *Vickers v. Palacios*,¹ Justice Martin James held that the legislative intent behind the new deductible, which came into effect on August 1, 2015, was to have retroactive application. The amount of the new deductible represents a material increase over the previous statutory deductible of \$30,000 that had been implemented in 2003 by O. Reg. 312/03.

The previous regulation provided that all actions arising from MVAs occurring after a specific date would have the statutory deductible applied. James J. noted that the new regulation specified no such date. Moreover the new amount was set to expire on December 31, 2015, at which point the new deductible is to be adjusted based on indexation and readjusted annually. This indicated a clear intent that all pending lawsuits should have the new deductible apply. To hold that the increased deductible should be restricted to lawsuits commencing after August 1, 2015, as the plaintiff argued, would be unreasonable given that the amount would again change on January 1, 2016.

James J. also held that the increased deductible is a matter of procedural and not substantive law, meaning it applies retrospectively. Significantly, this position and the outcome of the *Vickers* case conflicts with the earlier decision of *Cobb v. Long Estate*,² where the court held that the new deductible should not apply to existing actions.

In *Cobb*, Justice M. Belch held that the deductible formed part of the threshold provisions of the *Insurance Act*, which is a matter of substantive rather than procedural law, following the Court of Appeal's decision in *Wong v. Lee*.³ Therefore, according to Belch J., the August 1, 2015 change to the deductible cannot be applied retrospectively. It is worth noting that a notice of appeal has been filed in relation to the *Cobb* decision.

Given the opposing results in *Cobb* and *Vickers*, the issue of whether the adjusted deductible applies retrospectively will likely require a decision by an appellate court. Clarification on this point is especially important since the deductible has again "reset" as of January 1, 2016 to \$36,905.40 and will do so annually going forward.

¹ 2015 ONSC 7647.

² 2015 ONSC 6799.

³ 2002 CanLII 44916 (ON CA).

By

[Matthew Gray](#)

Expertise

[Insurance Claim Defence](#)

BLG | Canada's Law Firm

As the largest, truly full-service Canadian law firm, Borden Ladner Gervais LLP (BLG) delivers practical legal advice for domestic and international clients across more practices and industries than any Canadian firm. With over 800 lawyers, intellectual property agents and other professionals, BLG serves the legal needs of businesses and institutions across Canada and beyond – from M&A and capital markets, to disputes, financing, and trademark & patent registration.

blg.com

BLG Offices

Calgary

Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3

T 403.232.9500
F 403.266.1395

Ottawa

World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9

T 613.237.5160
F 613.230.8842

Vancouver

1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2

T 604.687.5744
F 604.687.1415

Montréal

1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto

Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749

The information contained herein is of a general nature and is not intended to constitute legal advice, a complete statement of the law, or an opinion on any subject. No one should act upon it or refrain from acting without a thorough examination of the law after the facts of a specific situation are considered. You are urged to consult your legal adviser in cases of specific questions or concerns. BLG does not warrant or guarantee the accuracy, currency or completeness of this publication. No part of this publication may be reproduced without prior written permission of Borden Ladner Gervais LLP. If this publication was sent to you by BLG and you do not wish to receive further publications from BLG, you may ask to remove your contact information from our mailing lists by emailing unsubscribe@blg.com or manage your subscription

preferences at blg.com/MyPreferences. If you feel you have received this message in error please contact communications@blg.com. BLG's privacy policy for publications may be found at blg.com/en/privacy.

© 2026 Borden Ladner Gervais LLP. Borden Ladner Gervais LLP is an Ontario Limited Liability Partnership.