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ALBERTA  
MINISTER OF FINANCE

AR#9964

June 7, 2004

Mr. Joe Nagy

Dear Mr. Nagy:

Thank you for your May 6, 2004 e-mail regarding automobile insurance reform. As the Minister responsible for the *Insurance Act*, I appreciate the opportunity to reply.

Government MLAs recently reviewed the regulation that defines what is a minor injury subject to the \$4,000 cap. The MLAs recommended that Cabinet approve the regulation. A final decision is expected later this month.

I am aware that there has been significant confusion caused by comments from vested interest groups and law firms regarding the implementation of the cap. The \$4,000 limit will only apply to compensation for pain and suffering for minor injuries. It does not limit compensation for losses related to medical costs, income and other actual out-of-pocket expenses.

We have always said the cap will only apply to minor injuries that heal relatively quickly. The proposals include a new mechanism to diagnose and treat minor injuries quickly and effectively, allowing people to return to their normal daily activities. This mechanism would put patients and their healthcare practitioner (such as doctors, chiropractors and physical therapists) in charge of treatment, not insurance companies and lawyers. Most importantly, it will streamline the treatment of injured people.

The reasoning behind the regulation is based on medical science showing that with fast, effective treatment, about 90 per cent of people with minor injuries will recover from their injury within 12 weeks. The other 10 per cent may require further treatment, which will be available to them, or their injuries may not be minor, in which case the cap would not affect them.

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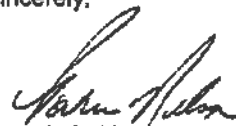
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Finally, I would like to point out the savings generated by the cap on pain and suffering compensation will be returned directly to drivers as savings on their insurance premiums.

I invite you to visit our website at [www.autoinsurance.gov.ab.ca](http://www.autoinsurance.gov.ab.ca) for more information on auto insurance reform. Thank you for taking the time once again to share your concerns.

Sincerely,



Patricia L. Neison  
Minister of Finance

MB/dl

cc: Honourable Ralph Klein, Premier  
All Government MLAs