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Consumer groups call for changes to insurance rules; Say firms profiting on the backs of consumers

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TORONTO

Ontario's insurance industry must be overhauled because provincial regulations are helping companies earn massive profits at the expense of consumers, advocates said Tuesday during a tense exchange with industry representatives.

Since the province made regulatory changes nearly five years ago, insurance company profits have skyrocketed, said Richard Halpern of the Ontario Bar Association's auto insurance group.

"The industry has found it easier to generate increased profits by paying less to people in need, by diminishing or watering down coverage, and by transferring the burden of loss to innocent accident victims," Halpern said.

The regulations, which were changed in October 2003, increased the deductible for compensation awards from \$15,000 to \$30,000 and placed an increased burden of responsibility on victims to prove real harm after an accident.

In 2003, insurance companies registered a profit of \$2.5 billion, rising to \$4.7 billion in 2007, Halpern said.

"It's bad for Ontarians and it's bad for business," he said at the outset of a two-day auto insurance summit where consumer advocates squared off against industry representatives.

Halpern also fired a salvo at George Cooke, CEO of Dominion Insurance Company of Canada, who was sitting at table only metres from the podium.

"Let's look at Mr. Cooke's company," said Halpern, noting that Dominion increased dividends paid to its parent company from \$40 million to \$60 million last year despite a drop in net operating income.

"Congratulations, Mr. Cooke: auto insurance is a good business."

Halpern said insurance companies operate outside regular market forces and have successfully lobbied the government for regulatory changes rather than adopting fiscally responsible business practices.

His comments came after Cooke delivered a speech attacking the adversarial stance that lawyers take when dealing with insurance companies.

Cooke also called into question the legal profession's practice of taking between 30 to 50 per cent of injury settlements for themselves.

Former associate chief justice Coulter Osborne, who was hired by Ontario's Liberal government in 2006 to improve access to civil courts, likened the \$30,000 deductible to a "tax on pain."

Osborne said the 2003 regulatory changes have become "direct barriers to justice" and need to be taken under "serious consideration."

The Ontario legislature plans to reopen the debate over the regulations this fall.

Adrienne Seggie, whose son was killed by an alleged street racer 18 months ago, said the \$30,000 deductible for pain, suffering and personal injury adds "insult to injury."

Seggie said each of her four remaining kids can claim about \$30,000 in damages for their brother's death, but each settlement is subject to a separate \$15,000 deductible.

Marie Smith, president of the United Senior Citizens of Ontario, said current provincial regulations are unacceptable and discriminate against seniors.

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