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Monday 9 July 2012

Standing Committee on Finance and Economic Affairs

Automobile insurance review

Chair: Bob Delaney
Clerk: Valerie Quioc Lim

Assemblée législative de l'Ontario

Première session, 40e législature

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Lundi 9 juillet 2012

Comité permanent des finances et des affaires économiques

Examen de l'assurance-automobile

Président : Bob Delaney
Greffière : Valerie Quioc Lim

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LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Monday 9 July 2012

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES ET DES AFFAIRES ÉCONOMIQUES

Lundi 9 juillet 2012

The committee met at 0901 in room 151.

The Chair (Mr. Bob Delaney): Good morning, everybody. We're here to conduct a study of the auto insurance industry, pursuant to an order of the House dated May 31, 2012. What you have in front of you are the agendas for the next three days as well as the written submissions received to date.

SUBCOMMITTEE REPORT

The Chair (Mr. Bob Delaney): Our first order of business is going to be the subcommittee report. Ms. Armstrong.

Ms. Teresa J. Armstrong: Your subcommittee met on Wednesday, June 20, 2012, and Thursday, June 21, 2012, to consider the method of proceeding on a review of the auto insurance industry, pursuant to the order of the House dated May 31, 2012, and recommends the following:

(1) That the committee meet for the purpose of public hearings in Toronto, Brampton, Windsor and Thunder Bay from July 9 to 12, 2012.

(2) That the minimum number of requests to appear to warrant travel to a location outside of Toronto be eight.

(3) That the committee clerk, in consultation with the Chair, post information regarding public hearings on the Ontario parliamentary channel, the Legislative Assembly website and the CNW NewsWire service.

(4) That the committee clerk, in consultation with the Chair, post information regarding public hearings, for one day only, in a major newspaper in each of the cities in which the committee intends to meet. This is to include French newspapers where applicable.

(5) That interested parties who wish to be considered to make an oral presentation contact the committee clerk by 12 o'clock noon on Wednesday, July 4, 2012.

(6) That the deadline for written submissions be 4 p.m. on Thursday, July 12, 2012.

(7) That groups and individuals be offered 15 minutes for their presentation, followed by up to 10 minutes for questions by committee members.

(8) That expert witnesses, to be identified by subcommittee members, be offered 20 minutes for their presentation, followed by up to 10 minutes for questions by committee members.

(9) That the committee invite Philip Howell, chief executive officer and superintendent of the Financial Services Commission of Ontario, to be offered two hours to make a presentation and answer questions.

(10) That the committee consider the requests to appear that were not scheduled to appear before the Standing Committee on General Government.

(11) That the committee clerk provide the subcommittee members a list of requests to appear at 9 a.m. on Tuesday, July 3, to be prioritized by 12 o'clock noon on the same day.

(12) That, if necessary, the committee clerk provide the subcommittee members the list of requests to appear at 12 noon on Wednesday, July 4, to be prioritized by 3 p.m. on the same day.

(13) That the committee authorize one staff person from each recognized party to travel with the committee, space permitting, and that reasonable expenses incurred for travel, accommodation and meals be paid for by the committee upon receipt of a properly filed expense claim.

(14) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the subcommittee report to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

The Chair (Mr. Bob Delaney): Thank you. Any discussion? Mr. Naqvi.

Mr. Yasir Naqvi: I just want to once again, on record, state my disappointment on this subcommittee report that does not contemplate travelling to Ottawa for the purposes of these consultations. During the subcommittee meetings, I vigorously argued that it's important that we also travel to Ottawa, which is the second-largest city in the province of Ontario and covers, obviously, the eastern Ontario region for the purposes of this committee. But repeatedly, the members of the PC and the NDP caucus voted against that particular suggestion.

The way it stands, Chair, the committee on government services has already spent two days in Toronto, and now this committee is spending a day in Toronto and another day in Brampton. We're looking at four days studying auto insurance in the greater Toronto area at the expense of another large region of eastern Ontario.

I just wanted to make sure that we have on record that it's regretful that this committee is not travelling to Ottawa to hear from the good people of eastern Ontario.

The Chair (Mr. Bob Delaney): Thank you. Any further discussion? Shall the subcommittee report be adopted? Okay.

AUTOMOBILE INSURANCE REVIEW

The Chair (Mr. Bob Delaney): Before we begin, I have an item that I'd like to bring to the committee's attention. On today's agenda, the last presenter is noted as a Ms. X. This presenter has requested to keep her identity confidential because she currently has an open claim, but she is fine with her presentation being on the record. We would therefore only have committee members and committee staff present during her presentation, but I need agreement from the committee to have this arrangement. Do we have agreement?

Mr. Yasir Naqvi: No.

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: I'm a little challenged: This person wants to present anonymously? The reason behind that, Chair?

The Chair (Mr. Bob Delaney): The information that I have—and if you wish, we can defer this, to get a little bit more information, until the start of the afternoon. The presenter has requested to keep her identity confidential because she currently has an open claim.

Mr. Yasir Naqvi: "Open claim" means some sort of a legal proceeding?

The Chair (Mr. Bob Delaney): My understanding is yes.

Mr. Yasir Naqvi: I'm just a little concerned at the kind of strange position maybe the committee members would be put into, delving into a live legal matter. It may be prejudicial to her case and it may not be appropriate for this committee to be looking into that kind of issue. I don't know what your legal advice is, Chair, from your counsel, but it sounds rather odd to me.

The Chair (Mr. Bob Delaney): Mr. Singh.

Mr. Jagmeet Singh: Just to clarify, "open claim" just taken normally would mean that she's got a claim for her accident benefits or for an insurance claim, not necessarily a legal claim. That has not been specified, but if it's a claim, my understanding of that would be an insurance claim. In that case, it's incumbent on her to decide whether she feels comfortable doing so or not, and if she would like to remain anonymous just to provide her story about how her claim process is going, what the claim process is like or whatever her evidence may be, I think that it's not our job to determine whether or not she is putting herself at risk. She can be in an excellent position to decide that for herself. I think it's on the committee to decide whether or not there's an issue with someone testifying and wanting to remain anonymous. I don't think there's any issue at all with that. We can hear her story and hear what she has to say about her experiences.

The Chair (Mr. Bob Delaney): Okay. Ms. Munro and Mr. Yurek.

Mrs. Julia Munro: I just have a question. If there's an issue around anonymity, and you mentioned that it would just be the members of the committee present, does that mean Hansard is or is not present?

The Chair (Mr. Bob Delaney): The testimony would be recorded on Hansard, but the presenter's name would be listed as "Ms. X."

Mr. Yurek.

Mr. Jeff Yurek: I'm good. I was going to do a follow-up, and you answered it correctly.

The Chair (Mr. Bob Delaney): The Chair's concern here is that it is not entirely clear what an "open claim" is, and my concern would be not to have members placed in a situation in which they are commenting on what may possibly be a legal proceeding that is in progress. So I'd like to ask the committee's indulgence to clarify this and come back and re-present it after the lunch break, when we know a little bit more of the details.

Mr. Yasir Naqvi: That's fair, Chair.

FINANCIAL SERVICES COMMISSION OF ONTARIO

The Chair (Mr. Bob Delaney): Okay. We are now on our agenda. Our first presenter of the day will be the Financial Services Commission of Ontario. Welcome. Please take a seat and make yourselves comfortable. You're going to spend a little bit of quality time with us.

Mr. Philip Howell: Excellent.

0910

The Chair (Mr. Bob Delaney): Please begin by introducing yourselves for Hansard, and the floor is yours. Please commence.

Mr. Philip Howell: Thank you, Mr. Chair. My name is Philip Howell. I am the CEO of the Financial Services Commission of Ontario. I'd also like to introduce Tom Golfetto, the executive director of the auto insurance division at FSCO. Tom will be joining me in delivering this presentation and answering your questions today.

We're pleased to have the opportunity to present to the committee today. As you may know, we presented to the Standing Committee on General Government on private passenger auto insurance in Ontario in May. Some of the members present today were at those meetings. Today's presentation will cover some of the same ground but will also deal with the catastrophic impairment issue as well as provide additional comments on the issue of territorial rating.

Considerably more discussion of Ontario's auto insurance system and current issues is provided in a submission that has been tabled today with the committee. We will also be referring to a slide deck, which I believe has also been distributed.

To begin, I'd like just to present a few key facts about Ontario's auto insurance system. Auto insurance is mandatory in Ontario and has been since 1980. It is delivered to Ontarians by over 100 licensed companies. These companies compete for the business of nine million drivers, who drive 6.6 million insured vehicles.

Like most insurance, auto insurance is a product that most drivers will never have to draw on. The vast majority will never make a claim. Even fewer will make an accident benefits claim. In fact, according to Ministry of

Transportation data, the number of people injured in accidents each year has been falling. In 2009, the latest year for which data is available, only about 62,500 of Ontario's nine million drivers were injured in accidents. Of these, almost 60,000 suffered injuries that were categorized as only minimal or minor by the MTO definition.

All of those injured in accidents in Ontario have access to Ontario's generous auto insurance accident benefits. I believe it's important to understand, however, that these benefits do come at a price, and that price is paid for by drivers through their premiums. This is the way the Ontario auto insurance system works. It's a closed-loop system. In the simplest terms, this means that claims costs, including the costs of examining, assessing and treating accident victims, are paid for by drivers through their premiums. The higher the total claims costs, the higher the total premiums paid.

The challenge in designing and regulating the system is to maintain a balance between price and appropriate levels of coverage for the province's nine million drivers. Meeting that challenge has led to several system redesigns over the past 30 years, typically arising out of the need to stabilize rising costs and premiums.

The reforms that took effect on September 1, 2010, were in response to a number of troubling trends in claims experience and costs that emerged between 2006 and 2010 and which are illustrated in the slides that we distributed.

Slide 1 shows that while the number of personal injury collisions reported to the Ministry of Transportation from 2006 to 2009 decreased, the number of injury claims made during the same period increased. In addition, between 2006 and 2010, claims costs in Ontario increased by $3 billion. That's illustrated on slide 2. During this period, the cost of an average claim increased by 43%. Accident benefits costs, the primary driver behind these increases, skyrocketed by 118%. This is illustrated on slide 3.

As noted in the Auditor General's 2011 report, in 2010 the average injury claim in Ontario was about $56,000, almost five times more than the average injury claim in other provinces. Slide 4 illustrates the Auditor General's observation that our average accident benefits claims are significantly higher than the average claim in most other provinces. In fact, most provinces paid out less than a quarter of Ontario's benefits per claim, and there is no evidence supporting the case that auto accident injury patterns vary dramatically across Canada.

Slide 5 is also very telling. It shows that between 2006 and 2010, examination and assessment costs increased by 228%. Without the 2010 reforms, the cost of assessing those injured in accidents likely would have surpassed the cost of treating them in 2011. The most dramatic increase in costs has occurred in the GTA, where drivers continue to pay on average significantly higher premiums than drivers in other parts of Ontario.

As illustrated in slide 6, from 2006 to 2010 accident benefits costs in the GTA increased by 169%. In 2010 the average accident benefits claimed in the GTA was $63,400, almost one third higher than the $48,000 cost per claim for the rest of the province—this, despite there being no evidence that injuries sustained in the GTA are more severe than in other parts of the province. This data suggests considerable abuse in the system, and some of that abuse is outright fraud.

The Ontario government appointed an Auto Insurance Anti-Fraud Task Force in 2011 to assess the extent and nature of the fraud in the province's auto insurance system and to recommend actions to reduce it. The task force examined trends in claims costs alongside anecdotal information from industry stakeholders and FSCO, and in its December 2011 interim report concluded that fraud in Ontario's auto insurance system, though it cannot be precisely quantified, is extensive, increasing and having a substantial impact on premiums. The task force is expected to provide a status update on its work to the government this summer, and it's also expected to release a final report in the fall.

In the years prior to the September 2010 reforms, the overutilization of accident benefits through misuse, abuse and apparent fraud was the primary driver behind increases in claims costs and premium increases. Many factors contributed to this overutilization and created imbalances in the system.

Currently, close to 30,000 health care providers are authorized to treat those injured in accidents in Ontario, and over 17,000 of these are members of regulated health care professions. These health care providers service accident victims at over 8,600 health care clinics in Ontario.

Prior to the September 2010 reforms, private health care practitioners were able to bill insurers for all sorts of services with almost no restrictions. Billing data suggest that some participants took advantage of the lack of controls and caps. In the month prior to the introduction of the reforms, health care providers flooded insurers with over 205,000 claims forms. In my view, they sought to take advantage one final time of a system with lax controls before their easy access to payments disappeared. Today, under 89,000 claims forms are being submitted per month, as reflected on slide 7.

Now, it is fair to note that insurers also may have contributed to overutilization in the system through inadequate claims management processes. To deal with the volume of claims they were receiving before reforms, some insurers were likely inappropriately approving requests for assessments in medical treatment. This lack of due diligence contributed to a sharp increase in the costs of exams, assessments and medical expenses between 2006 and 2010. But, as with all costs in the system, these were passed on to consumers through premium increases.

More evidence of overutilization can be seen in the dramatic increases in cases in the dispute resolution process at FSCO. In 2006 we received just over 13,000 requests for mediation; in 2011 we received almost triple that number. Looking at these numbers, one would think that between 2006 and 2010 there was a huge spike in Ontario accidents and that many involved severe injuries,

but the data for this time period shows the exact opposite is the case.

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Also worth noting is that almost 80% of these requests for mediation originated in the GTA, although only about 45% of the province's accidents occur in the GTA.

As mentioned earlier, the other factor contributing to increased costs, as identified by the anti-fraud task force, is extensive fraud in the system. This is evidenced by several recent cases involving staged collisions as well as multiple charges laid against health care clinics and individuals affiliated with these clinics who submit fake bills to insurers.

The 2010 reforms have addressed some of the root causes of many of the problems and issues I've spoken about, namely fraud and abuse in the system, as well as a lack of cost controls. They also introduced an element of choice for consumers to tailor their coverages according to their insurance needs, and I think this is important.

The reforms are working, and this is best seen in the fact that premiums are trending down. During the first quarter of 2012, premiums declined an average of 0.18%. Claims cost data for the first half of 2011, although preliminary, shows a decrease in loss costs for private passenger vehicles, particularly with respect to accident benefits costs. This data was tabled with the Standing Committee on General Government. Full-year data for 2011 is being finalized by the General Insurance Statistical Agency and is expected to be available shortly.

However, preventing a repeat of past cycles where periods of rate stability were often followed by claims costs and premiums increases requires more than just the reforms which took effect September 1, 2010. Recognizing this, the government implemented a number of longer-term initiatives to follow the September 2010 reforms and underpin achieving greater rate stability going forward. These initiatives focused on the accident benefits system and were based on the presumption that using scientific, outcome-based approaches was the best way to determine appropriate benefits for accident victims.

One example of this approach was the government direction to FSCO to have medical experts develop a new, medical, evidence-based minor injury treatment protocol. After an open, competitive RFP process, FSCO awarded a contract for this project last week, and work on the project will begin shortly. Once complete, the new protocol will provide a treatment protocol for treating soft tissue injuries based on the latest medical evidence as to the best treatments to ensure auto accident victims recover as quickly as possible from minor injury.

The government also directed FSCO to consult with medical experts on the definition of catastrophic impairment as set out in the statutory accident benefits schedule, often referred to as the SABS, and the necessary qualifications and experience for health care participants who conduct catastrophic impairment assessments. The current definition of catastrophic impairment was not developed through a formal, scientific, medical, evidence-based approach. It was established in 1996 and has been relatively unchanged since.

In response to the government direction, I struck an expert medical panel in 2010, under the chairmanship of Dr. Pierre Côté, to review the definition. The expert panel delivered two reports in 2011, including recommendations on changes to the definition, as well as qualification and experience requirements for those who conduct catastrophic impairment assessments. The panel's reports were posted on our website and were followed by extensive consultations with stakeholders.

Following these consultations, I submitted my report, the Superintendent's Report on the Definition of Catastrophic Impairment, to the Minister of Finance. That report was publicly released by the ministry last month and recommends adopting refinements to the definition based on the medical and scientific evidence identified by the expert panel. The report accepts virtually all of the panel's recommendations. It does include some modifications based on operational and implementation issues identified during the stakeholder consultations.

Key recommendations set out in the report include automatic designation of catastrophic impairment for children who incur a serious brain injury in an auto accident; introduction of a new interim benefit of $50,000 to ensure that seriously injured people have access to adequate medical care while the determination is made as to whether their injuries are catastrophic; and the use of new and updated clinical tools for the measurement of catastrophic impairment.

It is important to recognize that medical research in this area is ongoing, and for this reason, the definition of catastrophic impairment should be reviewed more regularly going forward than it has been in the past to ensure that it continues to be based on the best current medical evidence. The five-year reviews currently required under existing legislation are one obvious vehicle to accomplish this.

In response to comments that have been made about the proposed changes in the report, I wanted to clarify that these changes would actually increase the level of benefits available to individuals with serious and catastrophic injuries through the $50,000 interim benefit. Individuals with serious injuries who do not qualify as catastrophic will continue to have access to one of the most generous accident benefits systems in Canada. If not at fault for the accident, these individuals are also eligible to sue for economic loss or health care losses that exceed their accident benefits coverage.

I would also like to point out that these individuals will not present a burden on the OHIP system, as some have suggested. The government recovers OHIP expenditures for auto accident victims through an annual assessment or levy paid by auto insurance companies. Insurance companies currently pay the government $142 million annually to offset the use of OHIP expenditures incurred by auto accident victims. The government renegotiates this levy periodically.

Let's now quickly turn to FSCO's regulatory role. The legislation requires FSCO to carry out its regulatory activities in a way that protects the public interest and promotes public confidence in the auto insurance system. In my view, protecting the public interest means balancing the premiums that drivers pay while also ensuring that a competitive, viable insurance industry exists to provide coverage to drivers. The FSCO act, the Insurance Act and the Compulsory Automobile Insurance Act provide the legislative framework for this responsibility. We administer and enforce the legislation through underwriting rules, rates and risk classification approval processes; an accident benefits dispute resolution system; a market conduct and enforcement regime; and the administration of the motor vehicle accident claims fund.

Tom will now present a quick overview of how this process works.

Mr. Tom Golfetto: Thank you, Phil. As Mr. Howell mentioned, my name is Tom Golfetto. I am the executive director of the auto insurance division at FSCO.

Phil mentioned that auto insurance was a closed-loop system, which means that claims costs and insurer expenses are reflected in premiums. Insurance is priced for the coming year, and this means insurers are pricing it and consumers are buying it before claims costs for that year are known. It also means that in order to determine what rates to charge a consumer, insurers need to estimate how much they will need to cover the future costs.

Insurers submit proposed rate changes to FSCO for their approval, along with supporting actuarial data. FSCO and its actuaries review this data and insurers' assumptions regarding claims costs, expenses and investment income to ensure that the proposed rates are just and reasonable, not excessive, and not going to impair a company's long-term financial solvency.

In addition to claims and expenses, insurers must be allowed to make a profit. Return on equity, or ROE as it's known, is one factor that is used in considering the review of the reasonableness of the rates proposed, and an ROE benchmark of 12% is currently used in this process. The rationale here is that companies need to earn a return on invested capital to remain solvent.

I'd like to emphasize that this does not mean that insurers are guaranteed a 12% profit. In fact, it's been several years since companies have generated a 12% return on equity. The 12% is simply a benchmark that FSCO uses to ensure that companies are taking into account a return of capital in their rate applications. Having said that, given the cost of capital and interest rate trends since the ROE benchmark was last reviewed, the Auditor General recommended that FSCO review the 12% benchmark for ROE. FSCO has issued an RFP for a review of this benchmark this year.

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Among other things, this review will take into account the benchmarks used in other jurisdictions where auto insurance is privately delivered. It should be noted that in some of these other jurisdictions where auto insurance is privately delivered, the current ROE benchmark ranges from 10% to 14%.

Consumers are not all charged the same rate for auto insurance. Premiums vary based on an individual's risk characteristics. Risk classification systems set out the factors that an insurer will use when setting the prices they charge for auto insurance. Under the Insurance Act, the risk classification system must be just and reasonable, be reasonably predictive of risk, distinguish fairly between the risks, and generally be in the public interest.

Risk classification systems include the driving record of the various drivers of the vehicle, where a person lives, the completion of a driver's training course, how much a person drives, how old the driver is and the number of years that they have been licensed, the vehicle use and the vehicle type.

It's worth noting that consumers do have some degree of control over some of these factors, such as the type of vehicle that they choose to drive and their driving record. Consumers are also urged to shop around for auto insurance. Since the cost of claims is a major driver behind auto insurance premiums, prices for the same coverage can vary dramatically based on each insurance company's claims experience in the marketplace.

Auto insurance rates are also affected by where a person lives. This is known as territorial rating and it recognizes that all vehicles within a given territory share similar risk posed by factors such as traffic density, weather, terrain and crime rates. Each company establishes its own territories based on its claims data and actuarial analysis. To establish a territory, insurance companies must provide actuarial evidence to FSCO demonstrating that claims costs are higher or lower in a proposed territory than the other existing territories. FSCO has guidelines that are designed to ensure that territory rating is conducted fairly.

Recently there has been some debate about the potential impacts of removing territorial rating criteria. If this were to happen, consumers' individual rates would vary dramatically from the rates they are currently paying, depending on where they live. For example, consumers in the GTA would see a reduction of about 23% in their premiums, or around $400, while consumers in other communities could see increases ranging from 24% to 40%, or $260 to almost $400.

I've just mentioned several of the factors that impact how much a consumer can be charged for auto insurance. It's also important to note that under the Insurance Act there are several factors that insurance companies are prohibited from using to determine an individual's rates, such as credit history, employment status or not-at-fault accidents. The Insurance Act also imposes restrictions on what grounds an insurance company can use to refuse to sell insurance to consumers. These are known as underwriting rules.

Specifically, underwriting rules may not be subjective, be arbitrary, be contrary to public policy or bear little relationship to the risk. For example, insurance companies are prohibited from using factors such as age, sex

and marital status as the basis for refusing to sell a consumer auto insurance, although they can use these factors to determine how much a consumer will pay for it.

FSCO also monitors compliance with the Insurance Act, and it takes enforcement action against those who violate it. We regularly conduct audits of insurers to ensure their compliance with regulatory obligations. We also review complaints about individuals and companies that may have engaged in unfair, deceptive or illegal practices under the Insurance Act.

After reviewing these complaints, FSCO may decide that some matters need to be investigated. Following an investigation, if FSCO deems non-compliance with the Insurance Act and its regulations has occurred, it can lay charges under the Provincial Offences Act or take regulatory enforcement actions such as issuing a cease-and-desist order.

I'd like to note that FSCO does not have the power to review or investigate criminal matters, including fraud. Criminal offences must be pursued by the police. FSCO does, however, work co-operatively with law enforcement agencies and provide police with assistance in their investigation of certain criminal matters.

In addition, the Insurance Act was recently amended and will provide for administrative monetary penalties in the future. This tool will allow FSCO to deal with a wider variety of market conduct issues and abuses in the auto insurance system.

Now I'd like to turn it back over to Phil to offer some concluding remarks.

Mr. Philip Howell: Thank you, Tom. In closing, let me emphasize that the design and regulation of the auto insurance system must keep in mind the best interests of the driving public, the nine million Ontario drivers who want to pay a reasonable price for peace of mind and who will likely never have to make a claim.

While no one disputes that the 62,500 accident victims each year need access to appropriate treatment, all participants in the system cannot lose sight of the need to maintain balance between price and coverages. We have seen in the years prior to the reforms what happens when that balance is disrupted: Costs and premiums increase.

We also cannot lose sight of the fact that the preferred method of delivery for Ontario's auto insurance system is through the private sector, with competition ensured by maintaining an environment that enables a viable insurance industry to flourish, one with many companies competing for the business of Ontario drivers.

Thank you for the opportunity to present to the committee today. Tom and I look forward to answering any questions.

The Chair (Mr. Bob Delaney): Thank you for a very compelling and interesting deputation. Our first rotation will go with the PCs, followed by the NDP, followed by the government.

In looking at the clock, I'm proposing to members that while the subcommittee report was a little silent on it, let's take the questions in rotations of 15 minutes, which seems to be enough to develop a bit of a theme, and that may give us the better part of two full rotations before our guests depart. Would that be okay with committee members?

Interjections.

The Chair (Mr. Bob Delaney): Okay. Mr. Yurek, it's all yours.

Mr. Jeff Yurek: Thank you, Chair. Thanks for coming in again, gentlemen. I heard you the last time and it's very informative when you do come in.

The first question is basically on setting the rates. I know the insurers send in their information. How long of a process is that for actually getting approval to raise or decrease their rates, to start off?

Mr. Philip Howell: The process varies from company to company. We do have some service standards that we utilize in terms of meeting the request.

It's important to appreciate that, often, the filing—I shouldn't say "often," but it's certainly not uncommon for an initial rate filing application to be incomplete in terms of the information that's provided.

In terms of the specifics, I'm going to ask Tom to respond to the timing. I mean, we get it done within 60 days, is our commitment.

Mr. Tom Golfetto: Yes. As Phil mentioned, it would depend on the thing, the actual rate filing itself, because some rate filings might just be for an increase in an amount; some might be to change territories; some may be for a different way of looking at the rating system. So it depends, and it varies on the type of rate filing that comes in.

Generally, after we have received the filing and can agree that it is complete—that is to say, all the information is there for us to make a determination—it takes about 60 days for the rate filing to be approved. That doesn't mean that the rates will come into effect at that time. The rates usually come into effect at a future time down the road.

Mr. Jeff Yurek: Maybe it's a tougher question to answer. What is the percentage of rate filing changes—what percentage of that takes a long time before you actually get the completed data between FSCO and the insurers? Is it common that there are problems and it has to go back and forth for weeks at a time to get the right data before the 60 days sets in, or is it once in a blue moon?

0940

Mr. Philip Howell: Well, it's probably somewhere between those two extremes. What we have done over the past couple of years—really three years—has been to dramatically step up the engagement between the rates and classification group and the industry. Since I've been up there, which will be three years this August, we now have regular visits by rates and classification staff going out on site visits to companies, and we have brought companies in on a regular basis, their rates and approvals people, to interact with our staff more and get to know them and basically to provide forums so that there's a clear understanding on the part of both parties of what it is that we require in terms of us doing our job. It gives us

a better understanding of where the companies are coming from on the rates process. As well, we can also help, I guess, facilitate the process of the rate approvals just by having established contacts, where people pick up phones and can communicate more effectively. I think that's important.

I mean, the rate-setting process is a complex one. It's important to understand that at the heart of it, because of the nature of what we're doing here, as Tom mentioned earlier, it's a forward-looking process. What essentially we are doing and what the legislation requires us to do is to establish rates that are going to allow companies to remain viable going forward while at the same time meeting the anticipated claims costs that they're going to encounter.

Not surprisingly, that means the company will have their actuaries who will be generating projections of where they see that future trend going. We will have our own actuaries who will review that data, and they don't always agree. There's often a considerable amount of debate between the company and the FSCO actuaries around what the trends are.

In the end, we're obviously going to approve rates that, in our view, accurately reflect the actuarial assessment of a company's claims portfolio and how those are likely to evolve.

Mr. Jeff Yurek: Okay. Some of the data that's been out there is that the claims costs have gone down last year. What would be the time frame, in your opinion, for premiums to actually reflect that change? I'm assuming that they don't, because in the first six months claims went down, automatically start changing the premiums; they wait to see a broader decrease. What would the time frame be? Say the rest of the year, it continued on that downward slope.

Mr. Philip Howell: I think we've already seen the impact. Pre the reforms—I don't have the exact quarterly increases; I know I do have the data somewhere in my briefcase here—they were going up significantly each quarter. What happened through 2011 was that those increases steadily—they were still increases, but they were considerably lower than they had been pre the reforms. As I noted in my remarks, for the first quarter of this year, the rate approvals that came in, on average, actually declined. So we're already seeing an impact. It's difficult to know how quickly or if that down trend is going to accelerate. Past cycles would suggest that once companies are fairly confident about the future prospects of their claims costs they will, because it's a very competitive industry, move quickly to lower rates because, obviously, they want to expand their market base and their market share and drive cash flow.

At the moment, there are still things on the horizon that will influence the direction of future claims costs that I believe are of concern to insurance companies. They're certainly awaiting the outcome and recommendations from the anti-fraud task force. They're waiting to see what the government does with the catastrophic impairment definition. I think the members know there was a commitment in the past budget, on the part of the government, to move forward with amendments reflecting the recommendations in my report, which reflected the medical panel's recommendations.

I certainly get the sense at the moment that there is a lot of attention being paid by companies in Ontario to their rate situation. Some companies already have filed for bigger rate reductions than 0.12, and I expect to see that this will continue on through the rest of the year. It will accelerate as more certainty develops around some of the anti-fraud recommendations and the future of the catastrophic impairment definition.

Mr. Jeff Yurek: In regard to the claims costs, predicting their future, we then look at mediation with its huge backlog. From my understanding, they haven't mediated anything from the new 2010 reforms. I know you said earlier you're going to hire more mediators, but is there a thought out there of simplifying the mediation process so that we can get those cases going through, so that insurers can actually see what their costs are going to be, so that we can actually get towards lower premiums? I'd hate to see premiums go down and then the mediation process all of a sudden causes them just to shoot right up again and then everything that has been going on is lost. Can you comment on that?

Mr. Philip Howell: Sure. A couple of things: First of all, to the extent that there's uncertainty in definitions around benefits, there's always a possibility that either the courts or mediators or arbitrators in the FSCO dispute resolution system are going to make decisions that will set precedents and will have an impact on longer-term costs. For sure, that happens. I don't necessarily want to call that a risk. I think that's an integral part of the system. It is very important to have these third parties—the courts and mediators and arbitrators—out there be involved.

That said, the government has recognized that the dispute resolution system itself has not really changed in the 22 years since it was established, and they have again announced in the budget there would be a review of the whole dispute resolution system. It's certainly big, cumbersome.

You mentioned the backlog. That has become a problem and it's certainly large, although there is considerable progress that has been made on that backlog, and I'll ask Tom to maybe just touch on that with some of the recent data.

As you know, Mr. Yurek, we have conducted a process to bring on some additional mediators just to deal with the backlog, and they will be in business very shortly.

Tom?

Mr. Tom Golfetto: We've seen a significant increase, as we mentioned, in mediation applications since 2006. In fact, they've almost tripled. In 2006 we received 13,000 mediation applications and in 2011 we received 36,500 medication applications. So it's a massive increase and a backlog has developed as a result of that.

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We're seeing two things right now. First of all, we've instituted a number of initiatives to try to improve mediator productivity and reduce the backlog and I'm pleased to report that our efforts are now bearing some fruit. The most significant is an electronic scheduling system, where we allow the parties themselves to book online their mediation meetings rather than having a mediator do it themselves. That has freed up mediators' time considerably to do what we consider the core business of this dispute resolution group, which is to conduct mediations. As a result of that, we've seen a 68% increase in the number of cases that we've been able to close through this one initiative alone, which we're very pleased with.

In combination with other initiatives that we have tried over the last four years, we've actually improved our productivity by 87%, so a significant increase in productivity with no increase in FTEs or mediators themselves. But still, that's not sufficient to get rid of the backlog, so earlier this year we went to treasury board and asked for permission to hire up to four external mediation service providers to assist us in reducing the backlog and we will shortly be able to announce the winner of that RFP competition. I am pleased to say that the new firm that will be awarded will be able to do 2,000 additional mediations per month. Now, that's in addition to the 2,700 mediations that we're able to complete at FSCO, so we'll be able to see the backlog decrease significantly. We anticipate that that will start in around September.

Mr. Philip Howell: Tom, also there's the issue that was raised about mediations on claims post-2010 reforms.

Mr. Tom Golfetto: Yes.

Mr. Philip Howell: So there are definitely some that are in progress.

Mr. Tom Golfetto: Yes. There are some that are in the system right now and we're probably starting to do those mediations right now. So we'll start to see, as those mediations post reform start to move through the system—we'll get some certainty with respect to arbitration or perhaps court decisions on new definitions in the reforms such as the minor injury definition as an example.

Mr. Jeff Yurek: Some territories—I'm just going back to the rate setting. You guys brought up predicting future claim costs, so I jumped on to mediation. But just to go back to the rate setting, some jurisdictions allow the competition to set the rate. They don't have the burden of rate filing. What are your thoughts? Seeing how we have over 100 insurance companies out there, I think competition would be pretty fierce. Do you think that might be a thought to getting premiums lowered quicker or even making the whole package a better product for people?

Mr. Philip Howell: First, just a couple of points of clarification. There are over 100 companies licensed to write auto insurance; however, there are really only, I think, about 60 of those that are very active. A number are other insurance companies that want the ability to write auto insurance and they might do so for a few people in respect of commercial insurance or other types of P&C insurance that they provide customers. So it's about 60 and of those, there are about 25 companies that are really the dominant. But that is a lot of companies in an industry and so there is a lot of competition.

I think the proposal that you're referring to is one that the industry does advocate strongly, which is basically a file-and-use system. Essentially what that means is the companies determine what the rates should be and then implement those rates and basically subsequently get a seal of approval from the regulatory authority in that jurisdiction.

You asked what my own view is on that. My own view on that is that I'm not certain it would lead to a symmetry in terms of rate movements by companies. I think you might find them much quicker to implement increases than they would decreases. But more importantly, it's important to have in place a system that is transparent. That's what the rate-setting system, complex though it is—but in the approach that we use, everything, all the guidelines, the filing guidelines, all of that stuff is public information. It's all posted on our website. I think it's important that there be a regulatory authority that can look at the claims costs and the data of an insurance company and ensure that it is legitimate before letting the company increase rates. I think that that's fundamentally important to ensuring that the drivers' interests are protected.

Mr. Jeff Yurek: Thank you. You mentioned the motor vehicle accident claims fund. The Auditor General was making note that it was underfunded at this time and recommended possibly increasing fees to drivers' licences to fill that fund up. Have you looked at that fund? What are your projections on that being majorly underfunded? That, of course, comes to the burden of the taxpayer or anybody else to fill that fund up. Your thoughts on the problems with that fund and how it can be fixed?

Mr. Philip Howell: Sure. Personally, I don't think there are any problems with the fund. There is no question that there is a long-term unfunded liability issue that has to be addressed, and that's just the nature of what that fund does. I think what's more relevant is the cash flow ability of the fund to meet the claims that it has to respond to.

Even with the current level of unfunded liability, the cash flow basis of the fund is in very good shape. I think it's 2018 or 2019 before there would be a cash flow issue. So there's plenty of time in which to increase the fees that are paid as part of driver licence fees to ensure that the ability of the fund to continue to meet its claims on a cash flow basis can be met.

In point of fact, it's also worth noting—and we did have this debate with the Auditor General—that the unfunded liability of MVACF has been declining in recent years, the two latest years when the auditor did his work. Indeed, that unfunded liability—when this year's public accounts are released and the financial statements

for MVACF are released, they will show that it's gone down again. That issue is not quite as serious as the auditor indicated.

But I think even more importantly, it's the nature of MVACF and what it does, providing coverages for victims of uninsured drivers, that you want to ensure that it has the ability to meet the cash claims that are required each year and to do so without an emergency injections of funds.

The decision to increase the fee that's charged to drivers is not something that we at FSCO have the ability to independently determine. That's something that the government, particularly the Ministry of Finance, will work out with MTO. I do know that the Ministry of Finance is certainly aware of this issue per the Auditor General's report. I committed in my response to having discussions with the ministry, making them aware, and they are, up to and including the minister.

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Mr. Jeff Yurek: Okay, and the other—

The Chair (Mr. Bob Delaney): Last question, Mr. Yurek. You've got about two and a half minutes.

Mr. Jeff Yurek: Last question? All right, just a quick, off-topic—are the territories that the insurance companies use all the same for every insurance company? For example, say an area like Brampton: Would that be considered the same territory for each insurance company, or would it get sliced and diced differently?

Mr. Philip Howell: Each company has the ability to establish their own territories under our system. There is a limit to the number of territories that can be created and there are a lot of rules around what goes into defining a territory. Within Ontario, the most territories that a company can have are 55. Of those, the most that can be in the GTA are 10.

What that means is that there are definitely differences in the boundaries of a territory. There are a lot of rules that are in place, and this is outlined in a bit more detail in the submission. Originally, I think it had been 19 territories. This goes back long, long before mandatory auto insurance. Territorial rating is a fundamental principle of insurance. There were pressures, and again, for sure, the companies probably would like to be able to very narrowly refine geographic areas and price risk specifically in those. As the number of territories increased in the early 2000s, a number of rules were put in place by my predecessors in this role to govern the territory-setting process. Those included rules that would ensure that within a territory there had to be a significant number, 2,500 in this case, of minimum risks. Territories couldn't be set up where a company could go in and do a block here, a block over here and another three or four blocks here, and call that a single territory and price uniformly across those groups. The requirement was that the territory had to be contiguous, so one boundary around the territory. There are also rules that when territories change, the premium differential with neighbouring territories is limited and so on. There's a very, very extensive system in play to try and ensure fairness.

That said, at the heart of the territorial rating process is the view that in pricing insurance, companies want to be cognizant of the cost and the claims in certain areas to reflect a variety of factors. I mean, some areas are just going to be more costly than others. It could have to do with population density, road conditions, climate, and as we've argued in our remarks here and in our presentation, it could also have to do with the extent of fraud and abuse in the system.

The Chair (Mr. Bob Delaney): And on that note, we will move the rotation to Mr. Singh.

Mr. Jagmeet Singh: Thank you for attending. I'm going to turn your attention to some of the claims reports that you've released to us, that were tabled. We know that the entire 2011 is not yet released. When do you expect the rest of 2011 to be tabled or released?

Mr. Philip Howell: Well, as I indicated at the general committee, this summer. Tom, do you have—

Mr. Jagmeet Singh: More specific than that.

Mr. Tom Golfetto: Actually, we have raw data already. What happens is, throughout the year, that raw data is broken down into various exhibits, and there's a schedule of exhibits that come out throughout the year. So it really depends on what it is specifically that you're talking about. For example, the exhibit on territories comes out some time in August. The loss ratio exhibit, which is, frankly, quite understandable in terms of how claims costs are shaping up for 2011, ought to be released some time this week, and it will be made available on the GISA website. Throughout the year, as I mentioned, various exhibits highlighting different things are released by GISA.

Mr. Jagmeet Singh: My next series of questions are regarding the September 30, 2010, SABS reform that you're, of course, very familiar with. My reading of the report is, if we compare, for example, 2010 to 2011, if we look at the total accident benefit, the reduction—this is on a per-vehicle basis—it was $764.21, and that's now at $300.19. Is that correct?

Mr. Philip Howell: They're certainly in that range.

Mr. Jagmeet Singh: Could you just explain, not why and some of the mechanisms of how that has happened, but what that actually means? The accident benefit total on a per-vehicle basis has gone from $764.21 to $300.19. What does that mean in layman's terms?

Mr. Philip Howell: What that means is that the amount of money that's being paid out to people in claims is lower under the new system than it was under the old, and the reason for that is that the reforms redefined the set of benefits that were available to accident victims.

Mr. Jagmeet Singh: And you agree with me that's a substantial reduction? That's more than half, in terms of the amount that it has gone down.

Mr. Philip Howell: Yes. Again, the flip side, of course, is that those massive increases that we were seeing in premiums in the years leading up to the 2010 reforms and the massive increases in the accident bene-

fits costs were the result of the design of the system that existed prior to September 1, 2010.

Mr. Jagmeet Singh: One of the most significant categories that I noticed went down, when it's further subdivided, was the medical coverage. My reading is that it went from $271.14 per vehicle in 2010 to $99.21. What does that represent?

Mr. Philip Howell: Tom, could you provide some detail?

Mr. Tom Golfetto: That's for medical and rehabilitation benefits; as an example, perhaps physiotherapy, chiropractic treatments, medical devices such as back supports and those sorts of things.

Mr. Jagmeet Singh: Attendant care also has decreased substantially. It was $94.53 per vehicle, down to $36.84. First off, that's correct so far? Does that accord with your understanding? And what are we looking at with attendant care, specifically? What does that involve?

Mr. Tom Golfetto: That's the looking after of an injured person by someone else. The reason that attendant care went down so significantly was because it's only reserved for catastrophic impairment individuals.

Mr. Jagmeet Singh: It's no longer available to other individuals.

Mr. Tom Golfetto: That's correct.

Mr. Jagmeet Singh: Housekeeping also has gone down from $62 per vehicle to $8.58, probably the most dramatic in terms of if you look at post-2010 to after 2011. What does housekeeping entail?

Mr. Tom Golfetto: That's the ability of an injured person to hire somebody to look after their house and look after their domestic duties. The reason that went down so significantly is it was actually made an optional benefit, and so it was at the discretion of a consumer whether they wanted to purchase that coverage or not. I presume that significant decrease means most people wanted to save a little bit of money and decided not to choose that when they were buying their insurance.

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Mr. Jagmeet Singh: Okay. And we could also get into whether or not people were aware of the ability to opt in or to opt out, or what the level of consumer knowledge was on that.

The next point is that examinations are also down significantly. They were $195, down to $82, which is also a pretty significant decrease. What do the examinations cover, exactly?

Mr. Tom Golfetto: Well, examinations are what a medical practitioner does when an injured person presents themselves so that they can determine what is the appropriate treatment. The reason examinations went down so significantly is because prior to the reforms, examinations were a very large burden that insurers had to pay. In fact, there were no limits on the amount that a health care practitioner could charge for examinations. During the reforms, that limit was made $2,000, so first of all, that significantly reduced the number of examinations.

There are examinations on both sides. The applicant, or the person who's injured, has an examination, and oftentimes the insurance company will send an injured party to their own doctor for an examination as well. That $2,000 limit that I was referring to earlier applies to both sides.

Mr. Jagmeet Singh: Okay.

Mr. Philip Howell: Mr. Singh, I mentioned earlier in my remarks and we had talked—and this is discussed, again, in the report in some detail. The examinations are those examinations that I was mentioning constituted a huge part of the growth in the accident benefits costs in 2006 to 2010.

Mr. Jagmeet Singh: Right, you mentioned at some point it might go—

Mr. Philip Howell: We'll never know because the reforms came in. But certainly, looking at the trends, I'm pretty sure that by last year, the examinations would have gone over the amount of money spent actually treating accident victims.

Mr. Jagmeet Singh: Right. There was a loss costs breakdown that was provided for a private passenger vehicle. It involved comparison, various pie charts from accidents in the year 2004, 2010 and then 2011. Are you familiar with that? It's provided in the submitted materials.

Mr. Philip Howell: It's in the submission, that pie chart—

Mr. Jagmeet Singh: I'm not exactly sure where, but it's a pie chart. It looks something like this.

Mr. Philip Howell: Yes.

Mr. Jagmeet Singh: In the pie chart, it looks like bodily injury has increased in terms of percentage. If you look, it's 25.7% in 2004 and 2010, and it looks like it's 29.7% in 2011. But though it may have increased as a percentage, did it actually increase in absolute terms?

Mr. Philip Howell: I think we just need—which—

Interjection.

Mr. Philip Howell: No, I recognize that chart. It was that material in the letter that we sent to the committee, the supplementary data. Do you have that?

Mr. Tom Golfetto: I don't have it handy—I was looking for it—but I think that refers to costs.

Mr. Jagmeet Singh: Yes. This says, "Loss costs breakdown for a private passenger vehicle...." It says per cent of accident year 2011-1, loss costs. My question is that the percentage has increased—

Mr. Philip Howell: Yes. It's the base number.

Mr. Jagmeet Singh: That may not mean that the absolute terms were an increase in the actual number. I'm just wondering, was there an actual increase in the absolute number?

Mr. Philip Howell: We can get you that information. We'll get that.

Mr. Jagmeet Singh: On the side of it, it indicates a number of categories: bodily injury, direct comp—I'm assuming that's compensation—property damage, accident benefits etc. They're all given in percentages.

Could we get the actual numbers on each of those? And you can table that—

Mr. Philip Howell: Sure.

Mr. Jagmeet Singh: My understanding is that that would provide us with an actual breakdown in absolute terms, in actual numbers, for what each component actually constitutes.

Mr. Philip Howell: Yes.

Mr. Jagmeet Singh: Okay. If you're able to speak on this, the previous GISA report, referred to as the Green Book—the 2010 report was released on June 22, 2011. Is it your understanding that that's correct?

Mr. Philip Howell: Yes, I believe that's correct.

Mr. Jagmeet Singh: So—

Mr. Philip Howell: Why isn't it out this year?

Mr. Jagmeet Singh: Right.

Mr. Philip Howell: Basically, it is because the service provider—maybe I'll just back up and explain a little bit about GISA. GISA stands for the General Insurance Statistical Agency. It's a not-for-profit corporation that was set up by superintendents of insurance in the six jurisdictions that don't have public auto in Canada. I think it was around 2005 that it was established. All of the provinces that have private systems have, in their insurance act, requirements that the insurance companies provide statistical data to them, which helps us in terms of meeting our regulatory responsibilities.

GISA has an IT service provider that receives the information from the industry, collates it, presents it and works with GISA staff to produce the exhibits that are publicly available and that form the basis of that data. A couple of years ago, the service provider undertook an IT project to improve the IT platform that they use to produce the exhibits. This past year, they've been in the process of moving from that legacy system to the new system. That has led to a lot of delays this year in terms of getting exhibits. That is basically why, as Tom mentioned, the next reports that will come out, hopefully later this week, will be a bit behind the time that they came out last year. Similarly, some of the other reports and exhibits will be a bit delayed this year.

I know we hear this a lot, but it really is just an IT platform transformation at our service provider.

Mr. Jagmeet Singh: But you agree that it has been six months or more since 2011 ended? In terms of timing, there would be more than ample time to prepare it, but for this IT issue that you've described?

Mr. Philip Howell: The full 2011 data would still probably not, under the new system—and I'm turning to Tom here. I suspect it still would be—next year would be in the June period.

Mr. Tom Golfetto: Yes, it typically comes out in June. So we're just a couple of weeks delayed from where we were in the period last year.

Remember, the insurance data has to be filed by every insurer into the IBC, the service provider. Then that information has to be verified because sometimes information is incorrect. It has to be checked and monitored and back and forth. The raw data comes in by around April or so, and then they start to slice it and dice it in different ways and produce those exhibits that I was referring to earlier. There are around 10 exhibits that are produced throughout the year.

Mr. Jagmeet Singh: So you've seen the data, then, so far? You've had access to the data?

Mr. Philip Howell: I haven't seen anything. Our actuaries have seen some of the raw data and are in the process—that's another part. All of the superintendents have their own actuaries go through the raw data that has been submitted by the individual companies to ensure its integrity—and actually are part of the process of producing the exhibits.

Mr. Jagmeet Singh: Would you be able to produce the 2011 numbers that you have for each of the claim categories that we've discussed: bodily injury, collision, comprehensive etc.? Would you be able to release those numbers?

Mr. Philip Howell: When the exhibits are prepared, yes, they will be available.

Mr. Jagmeet Singh: Okay, but the information, the data, that you have now, though?

Mr. Philip Howell: Well, as I say, I haven't seen any data. I don't know what form it's in. I suspect it's just a stream of raw data that has been provided by the 100-odd companies, and that needs to get worked through and the exhibits produced.

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Mr. Tom Golfetto: Just a point of clarification: GISA has its own actuaries. They look at the data, and then once their actuaries have looked at the data, they send it to each of the various superintendents across all of the jurisdictions—just the data relating to that particular province—and the superintendents' actuaries review that data. FSCO received that data last Friday from the actuaries that GISA employs. So currently, right now, FSCO actuaries are going through that data.

Mr. Jagmeet Singh: Sure. Would you be able to produce—

The Chair (Mr. Bob Delaney): Mr. Singh, on that note, you've used up your 15. We'll move the rotation over to the government for 15. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much, Chair. Good morning, Mr. Howell and Mr. Golfetto. Good to see you again. Always very informative. Not the most straightforward, simple process to understand, and I really appreciate your thoroughness and your patience in explaining the auto insurance mechanism, the manner in which rates are determined, the premiums are determined.

I just want to mention on record that you submitted a submission to the Standing Committee on Finance and Economic Affairs; it goes into detail of the process that FSCO pursues in order to determine rates, and it's a very helpful document.

I want to start our conversation and focus on the benefits side of the picture in the whole process. In particular, I think I'm going to rely on slide 4 and slide 6 of the presentation, which, Mr. Howell, I think you were

referring to in your presentation, where you've got certain graphs. Maybe you can help us, explain those two particular graphs, as we go through some questions this morning.

Let's start with sort of a more general and broader question, and that is around, how do our insurance benefits compare with other provinces and jurisdictions? If you just can give a bit of an oversight into that, please.

Mr. Philip Howell: Okay. In summary, I think we have a very generous set of accident benefits. We have a system that allows a wide variety of medical practitioners to access that system and bill insurers for treatment of accident victims. It's important, though, to note that each of the six provinces that have a privately delivered system, and indeed the other four that have a publicly delivered system, really have significantly different auto insurance products in play and significantly different benefit structures in play. So while it's definitely, in my view, possible to note how generous the Ontario system is, it is not going to be identical—well, it isn't identical—to the benefits package that is available in any other province. You know, there's a little bit of judgment that's involved in terms of arriving at that conclusion around the generosity.

Tom, did you want to elaborate a bit?

Mr. Tom Golfetto: That's very true: It's very difficult to compare the different systems across the jurisdictions because, as you know, several of them are public systems and others are privately funded systems. When you consider the privately delivered systems, Ontario has a $50,000 limit, but of course there are optional benefits that you can buy up from that. In addition to that, you're able to sue in the Ontario system. Other privately delivered systems: Alberta has a $50,000 accident benefit limit, as well as New Brunswick and Nova Scotia. Provinces such as Prince Edward Island and Newfoundland and Labrador have $25,000 limits. So from that perspective, our limits are comparable.

As Mr. Howell mentioned, nine health care practitioners in Ontario can sign for treatment, whereas in most of the other provinces only one can, and that's a medical doctor. So you can see that the ability for an individual to obtain treatment under the auto policy has nine health care practitioners enabling them to do that in Ontario and only one in other jurisdictions, generally.

Mr. Yasir Naqvi: If I may just take a step back, Mr. Howell, just so that those who may be watching these proceedings or may decide to review the Hansard—again, I'm learning about the process and the system. When we say "benefits"—give us an example of what kind of things we're talking about. This might be a rudimentary question. When we talk about benefit packages, what are the kind of services that you refer to when we say that Ontario, more likely than not, has a more generous benefit package?

Mr. Philip Howell: Sure. Actually, for anyone, the submission that we presented today, on page 7, does provide a nice chart that deals with just the statutory accident benefits coverages that we do have. It's important. In the report it details in some more detail other types of coverages that come with insurance that most people are familiar with—replacing a dented fender and so on; all the physical damages. In that chart, the types of benefits that are discussed there are initially medical rehab and attendant care benefits. Those would cover a wide, wide gambit of treatments. It could be physiotherapy; it could be chiropractic treatment; it could be speech therapy; it could be treatment of soft tissue injuries. It could include rehabilitation therapy. It could include massage therapy. There's a huge range of services that are provided. In fact, I was mentioning earlier the industry of health care providers—just under 30,000—that has grown up to treat auto injury victims. Some of them also do worker comp cases as well. That is comprised of all types of medical practitioners.

As well, we mentioned earlier that there are income replacement benefits that are part of statutory accident benefits—up to 70% of gross income, or up to $400 a week. There are caregiver benefits: up to $250 a week for the first dependant plus $50 for each additional dependant. There are all kinds of benefits that take the form of various assistive devices that can be funded by an insurer for accident benefits in terms of their treatments.

That set of benefits really covers the whole range of injuries. As I noted earlier, the vast majority of injuries are very minor. There is a cap on benefits that can be paid for treatment of minor injury, at $3,500. That's a cap that's in place right now as a temporary measure until the treatment protocol that I mentioned in my earlier remarks is developed to give us a medically evidence-based treatment protocol for getting people who sustain soft tissue injuries in a car accident back to work and back to life as quickly as possible.

For more serious injuries, there's a whole host of benefits that cap out at $50,000. Again, the money can be paid for that whole range of things. I certainly haven't given an exhaustive list of what's available and what can be built under the system.

For catastrophically injured people, it's a much richer system: up to $1 million for the medical and rehab benefits but then up to $1 million as well for attendant care benefits.

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So there's a really massive array of treatments and benefits that are funded under the statutory accident benefits schedule.

Mr. Yasir Naqvi: That's very helpful as to, when we talk about benefit packages, the range of services that we're referring to.

If we can then move to page 24 of the same document, Mr. Golfetto, I'll come back to you now. You were speaking of some of the distinguishing factors between provinces, those who provide a private system versus those who may provide a public system. I think here you are attempting to illustrate the differences in different benefit packages and, hopefully, highlighting that Ontario has more generous benefits. Can you walk us through some of the examples that you were referring to

as to what differences may exist in different benefit packages between private and public delivery, as it compares to Ontario?

Mr. Tom Golfetto: Certainly, I can do that. I'm not an expert on 10 different provinces' benefits structures, so bear with me a little bit.

Mr. Yasir Naqvi: Yes, just for illustrative purposes.

Mr. Tom Golfetto: As you can see on page 24, for those who are following along, the third party liability limits are generally $200,000, with the exception of Nova Scotia, which has a $500,000 limit for third party liability. This limit refers to the amount that can be awarded to an individual who is successful in suing somebody who is at fault for the accident. Of course, these are the minimum limits that you need to buy insurance. In fact, in Ontario, most people buy more third party liability limits than $200,000. I think something in the area of 98% of individuals buy up from that $200,000. Think of your own insurance policies and what your third party liability limits are—probably $1 million, perhaps even $2 million in some cases. Those are the minimum limits that can be purchased to qualify for insurance in Ontario.

The next column: Medical and rehabilitation benefits were the benefits that Mr. Howell was referring to. These buy things like treatment from chiropractors, massage therapists, physiotherapists, goods and services that need to be purchased through individuals. As you can see as you go down that list, Ontario offers $50,000, as does Alberta and New Brunswick.

The Chair (Mr. Bob Delaney): You've got about two minutes to go.

Mr. Tom Golfetto: Okay. This is a big list to go through in two minutes.

In the public systems, the benefits are different. In many of the public systems, there is no ability to sue the at-fault driver. The limits are sometimes higher in those jurisdictions for the what we call no-fault benefits because there's an inability to sue the at-fault driver. As you can see, those limits vary from province to province. The public systems, of course, are British Columbia, Saskatchewan, Manitoba and Quebec.

Mr. Yasir Naqvi: Very quickly, given that we have limited time, can you relate this discussion to slide 4? What are we looking at in that particular slide, in the chart that has the provinces listed?

Mr. Philip Howell: That's this slide? I think you have it in colour, but—

Mr. Yasir Naqvi: Yes. Mine is in green.

Mr. Tom Golfetto: What this slide does is this compares the average cost for statutory accident benefits available between 2006 and 2010 by provinces. New Brunswick seems to have the second largest other than Saskatchewan, and it's in the range of around $10,000 to $20,000, broken down for the five years, 2006 to 2010. You can also notice that in each of those provinces during that five-year period, costs have been fairly stable.

Now I'll draw your attention to Ontario. You can see what the costs were in 2006, and that's the solid green line, compared to the costs in 2010. So you can see there's a significant increase in statutory accident benefits costs year over year in Ontario, and that increase is dramatically different than in other provinces. I guess the question is, what's different about Ontario that causes those costs to be increased by so much compared to other provinces? Are drivers more injured in Ontario than in other provinces? And that's—

The Chair (Mr. Bob Delaney): That is an interesting point. I'm going to have to pass to Mr. Yurek to see if he wants to explore it. Oh, Ms. Munro.

Mrs. Julia Munro: Yes, thank you very much. I want to ask a couple of questions that relate to the whole issue around accidents in terms of percentage. Earlier in the presentation you gave us, you talked about how safe the roads were in Ontario. If you look at the chart that I think you were just turning to in terms of page 6, where the accident benefits claims costs are so dramatically higher in the GTA, the average person's immediate reaction, I think, is to believe then that they're not so safe.

When you're looking at the question around accidents in the province, is there taken into account, as there is in the creation of the territories by the insurance agencies, issues around density, road conditions and things like that?

Mr. Philip Howell: First of all, I don't think I opined on the safety of Ontario's roads earlier. I did point out that MTO, which does keep track of numbers of accidents on the roads, has noted that the number of accidents has been trending down.

Mrs. Julia Munro: Right.

Mr. Philip Howell: A lot of that has to do, I think, with improvements in car safety and things like that. There's a whole host of factors.

In terms of the role that road conditions and density and so on play in the rating structure, certainly those would be a factor that is going to influence a claims pattern in an area. If there are more people—although, I guess to some extent, if traffic is very dense, you're not going to have as many really serious injuries because cars are travelling at such low speed. You have a lot more sort of physical damage to cars in that case.

All of those questions are things that a company is going to look at as it assesses risk in a territory. Those are legitimate factors in the underwriting classification, the risk classification system that Tom mentioned earlier. So that would be a factor.

Our interest in it, and the government's in terms of the underlying legislation, is listing those factors that companies can take into account when they're assessing risk and listing those that they can't take into account. Density would, for sure, be a factor that companies would look at.

Mrs. Julia Munro: The secondary question I had was with regard to the uninsured driver. What kind of cost does the uninsured driver represent for the rest of the population that buy insurance?

Mr. Philip Howell: That's a tricky question. I always turn the tricky questions over to Tom.

One way of measuring it would be through taking a look at the motor vehicle accident fund and that claims cost experience there. That's not actually costing the province anything, because that fund is funded through a fee that drivers pay on their annual driver's licence renewal. I think it's $5 currently on the $75—

Interjection.

The Chair (Mr. Bob Delaney): You've got about a minute to wrap it up.

Mr. Tom Golfetto: I believe it's about $3 per year, and most people renew their driver's licence for a five-year period, so I think it's $15.

Mr. Philip Howell: So taking a look at the annual claims payments and so on out of that fund would be one indication of what it costs the province, but that cost is borne by drivers.

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Mrs. Julia Munro: Do we have any idea of the percentage of drivers who are uninsured, since we're all paying for this?

Mr. Philip Howell: I don't have the specific number. I can see if one exists. I'm not aware of that statistic. There are people who will estimate that number. I would argue that the reason that you would have a range of estimates is because there are different interests at play in terms of either a small number or a larger number. You have to assess those estimates bearing that in mind.

Mrs. Julia Munro: I think that the average person would like to know.

The Chair (Mr. Bob Delaney): On that note, I'm sorry, but we've run out of our sand in the hourglass. Mr. Singh.

Mr. Jagmeet Singh: Yes. I was trying to get to this point before but perhaps I could just ask it more directly. You've prepared some reports and charts, and they all have data up to 2010.

Mr. Philip Howell: Yes.

Mr. Jagmeet Singh: If you could just prepare all these similar reports—the exact same—just updated with 2011 as soon as possible—would you be able to do that and then table it?

Mr. Philip Howell: Yes.

Mr. Jagmeet Singh: Perfect. Thank you so much.

My next question is going to touch on territories. The chart you provided that talks about the decrease in the greater Toronto area and the increases to various other areas across Ontario: That's taking into consideration if Ontario was one big territory. Mario Sergio, the honourable member from York West, had a private member's bill, Bill 43, that advocated getting rid of territories altogether. That is maybe the Liberals' initiative but certainly not the NDP's initiative, which was to specifically get rid of the subdivisions within one particular area—for example, the GTA.

Could you produce a report that showed what the impact would be in just the GTA, looking at those 10 territories if they were taken away, and what a riding-by-riding increase or decrease in rates would be in just the GTA? To put that very clearly, if we got rid of the 10 different subdivisions, what would happen to the rates in, for example, York–South Weston, what would happen to the rates in Toronto Centre and what would happen to the rates in various areas—Scarborough–Rouge River—within the GTA? So, essentially replacing the subdivisions, those territories with a Toronto CMA, for example: a Toronto census metropolitan area.

Mr. Philip Howell: The challenge, of course, is getting the data presented in that way. The data that we used in the example that you referred to earlier was derived from the 19 statistical regions that GISA collects data for.

Going forward in terms of work projects with GISA, the main focus right now is getting this computer system in place and up and functioning. There will be and there are already some other projects that GISA will be undertaking—

Mr. Jagmeet Singh: I understand there are a lot of other—

Mr. Philip Howell: Sorry. What I'm saying is, right now, I do not believe the data is available in a form—I will check into that, but the way that it's collected at the moment is not in a form that would allow what you're proposing.

Mr. Jagmeet Singh: Based on the information that you do have, the data you do have, is that something that you're able to do—an assessment of what the rate impact would be if you replaced the 10 territories with one CMA in Toronto alone and where the rates would go up or down?

Mr. Tom Golfetto: First of all, the 10 territories that are allowed in Toronto: Of course, they're not static. Each insurance company can produce their own territory based on the actuarial information that they produce that makes sense that this ought to be a territory and that Toronto can only be subdivided in 10 places. There are no 10 defined territories in Toronto right now. I think there's a little bit of confusion. One insurance company may only choose four territories in Toronto, as an example, and another might choose six, but they wouldn't be in any way related to the first four. So, as Phil indicated earlier, the chart that we provided as an addendum was a chart based on the 19 territories within Ontario for which GISA currently collects the data, of which Toronto is one territory. So to break it up in various ways, I don't know we can do that, to be honest, but we can look into that.

Mr. Jagmeet Singh: Okay. The other question I have for you is that I have information that the maximum difference between different territories within the GTA, the 10 different territories that are possible—the claims cost difference from the lowest claims cost within the GTA to the highest claims cost is at most 33% different. Do you have any way of confirming that number or any way of providing some claims cost difference, with the data that you will receive at the end of this week or at the end of the summer, that would provide the difference?

The Chair (Mr. Bob Delaney): And we're into the two-minute warning.

Mr. Philip Howell: I'm not familiar with that source of data. I would certainly be willing to chat with you and find out where the source is and the basis, and look at—

Mr. Jagmeet Singh: Would you be able to come up with some information on that?

Mr. Philip Howell: Again, I'm not really sure what it is the 33% is measuring. Is it the lowest individual accident claim, or what's the level of—

Mr. Jagmeet Singh: Just the difference. They say that certain areas cost more. We know from the anti-fraud task force that they are not able to say what areas have more fraud or not. They're able to give no indication of what areas are more or less. But there is some evidence, perhaps, that there are claims costs from one area that are higher or lower.

Mr. Philip Howell: Oh, for sure, that's the case.

Mr. Jagmeet Singh: My information is that the most difference is only 33%, although they're charging sometimes as much as a 150% difference in terms of rates—

Mr. Philip Howell: Okay, well, I'm not aware of that data. We would certainly be willing to discuss that with you.

Mr. Jagmeet Singh: I'm just going to read a question here to you: As I understand it, insurance companies report their financial results to the federal OSFI. The OSFI is the best source of data on P&C profitability. Is that correct?

Mr. Philip Howell: Yes. OSFI is the Office of the Superintendent of Financial Institutions Canada—

Mr. Jagmeet Singh: Sorry to interrupt, but we have limited time. Do you have access to that data?

Mr. Philip Howell: That data is public. It's national data. It's posted. The financial results—

Mr. Jagmeet Singh: Would that be the best metric for measuring the profits of Ontario insurance companies?

Mr. Philip Howell: Remember, most of the companies that operate in Ontario—with the exception of some farm mutuals and one or two others, all companies are national companies, so the numbers you're seeing at OSFI are national.

Mr. Jagmeet Singh: Sure. Would you be able to do a report on the profitability of insurance companies using OSFI numbers and look at the difference in terms of the 2010 reforms and what the profitability would be of insurance companies?

The Chair (Mr. Bob Delaney): Thank you, Mr. Singh. This will be the last quick answer.

Mr. Philip Howell: Okay. We do point people to the OSFI reports and we do use those data to track what's going on with the companies. We don't typically take it and prepare reports.

Mr. Jagmeet Singh: But could you do that?

The Chair (Mr. Bob Delaney): Mr. Howell, Mr. Golfetto, I just want to thank you very much for your time and coming in to be with us today.

Interjection.

The Chair (Mr. Bob Delaney): Oh, I'm sorry. I almost forgot the government's five-minute rotation in this. My apologies. Mr. Naqvi, you've got five.

Mr. Yasir Naqvi: The Chair has endeavoured to be extremely impartial; he forgot the government side.

I want to talk a little bit about the territoriality issue. Mr. Howell, you spoke in your submission, in your opening remarks, about the potential impact of removing territorial rating criteria. Can you outline again, in your view as the superintendent of FSCO, what that impact would be if you removed territorial rating criteria?

Mr. Philip Howell: Sure. First of all, I think it's just important to note that insurance is something that has been around and been provided for a long time. There are very basic fundamental principles that underlie the underwriting and pricing of insurance. Essentially, what insurance is trying to do is to find a way of pooling risks to cover the cost of events that don't happen to most people, and thereby lower the cost for each person of being prepared in case they are, in this case, injured in an auto accident. In terms of pricing that risk, decisions have to be made around who's going to bear the cost of pricing that risk.

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It gets a little more complicated when you have a product—in this case, auto insurance—which is mandatory. That's why governments have a role and a responsibility in ensuring that that system of pricing and underwriting the risk is one that's fair. I think they have an obligation to ensure that it's transparent. One of the problems with the Ontario auto insurance system is that it hasn't really been transparent to drivers; that the set of benefits and so on that are provided, and the scope and ease of accessing those benefits, will determine how much people pay for their insurance. Both the general government committee and this committee has a real opportunity to provide that linkage and explain that to the driving public here.

When we're looking at how you set a price on the risk that exists out there of people getting injured in accidents and accessing the set of benefits, you need some way of determining what's the most fair. There have been a variety of different proposals, and I guess it's in the eye of different beholders as to what constitutes fairness. What we were demonstrating with the material that we provided to the general government committee was, just by way of example, to show how one type of pricing system could lead to differences to who bears costs. What we chose was completely arbitrary. We took the average written premium for the past five years, which was $1,351 for all of Ontario—and that's a legitimate number; that reflects the cost of all claims over that period plus a return for insurance companies and so on. That's a legitimate price. If that were applied to everyone, so that you, in effect, had one territory in the province, that would mean that people in the GTA would see a significant decrease: 23%. Then we chose four other regions across the province to show, ranging from Sarnia, a 24% increase over what they pay on average now, to a 40% increase in Lanark and the upper Ottawa region.

The five areas we used in illustrating that come from the 19 areas that statistical data is collected from under

GISA right now. There are more territories than that in the province, and that's something that, as GISA moves forward, we'll be able to look at getting more refined data. There are other ways that you could have cut this that essentially would have demonstrated the same thing. The current distribution of premiums across different areas of the province: If they're going to come down in one area, they're going to go up in another unless you take a look at the system, root out the abuses in the system that are driving costs and find ways to limit the cost. Unless you ensure that drivers are informed—there's a distinct and direct connection between expenditures that are incurred by various players in the system and what they pay as drivers. As I indicated before, there are other ways of looking. You could collapse the province into four territories. You could create eight areas. New Brunswick did try a number of years ago to move to a single territory, and it basically led to an insurance crisis as, in some parts of the province where claims were very high, companies couldn't price accurately and they just stopped offering insurance. Territories play a big part in allowing companies to price their insurance offerings to reflect a certain community of drivers.

I'm not naive enough to think that if companies had complete, unfettered freedom to set their own territories and to price things, that they wouldn't try to get the maximum advantage out of it. That's why the government, through the regulations, has very well-defined and limited and explicit controls over how territories are set. But there's not a single way of doing it. What's really important is that the underlying principles of underwriting risk and pricing insurance not be lost through arbitrary imposition of prices and price setting and so on. That's the way the drivers will benefit.

Mr. Yasir Naqvi: On that note, we thank you.

The Chair (Mr. Bob Delaney): Thank you very much, gentlemen, for having come in and spending two quality hours with us and for providing the insight that you have.

To be entirely fair to our next two deputants, this committee definitely needs a recess, so we are in recess until 11:05.

The committee recessed from 1057 to 1109.

DR. HAROLD BECKER

The Chair (Mr. Bob Delaney): Let's come back to order. Our deputation scheduled for 11 o'clock has cancelled. However, one of our afternoon deputations has been kind enough to move up in the order: Mr. Harold Becker.

Dr. Harold Becker: Dr. Harold Becker.

The Chair (Mr. Bob Delaney): Dr. Harold Becker. Okay. Welcome, and thank you for coming in early. You'll have 15 minutes to offer us your thoughts and feelings, followed by 10 minutes of questioning divided equally among the different parties. Just begin by restating your name for Hansard, and then go ahead.

Dr. Harold Becker: Thank you, Mr. Delaney. My name is Dr. Harold Becker. I am a medical doctor trained at the University of Toronto. I have provided you with a copy of my submission as well as a submission I made to the Financial Services Commission last year at the time of the release of the expert panel recommendations.

I am an adjunct assistant professor in the faculty of medicine at the University of Toronto. I'm also a trained scientist with a rigorous undergraduate science education and two advanced degrees, including a Ph.D. in medical biophysics. I mention these qualifications only to validate my following comments against the so-called scientific nature of the FSCO expert panel report to the superintendent, on which the minister has based his report to government on the redefinition of catastrophic impairment. I will be focusing, in my presentation, on this expert panel and their recommendations as I believe these recommendations, which have been accepted as the basis of the superintendent's and now the minister's report, are fundamentally flawed.

I have particular qualifications in catastrophic impairment under the auto insurance statutory accident benefits schedule. I was the OMA representative on the minister's DAC committee under the Conservative government of Ernie Eves, and as such, I was responsible to chair the advisory panel that wrote the catastrophic impairment assessment guidelines for designated assessment centres, or DACs, in Ontario in 2001.

I also served as the medical representative on the advisory panel that wrote the previous report on the redefinition of catastrophic impairment to the minister, released in 2001. This well-balanced, 13-member panel was composed of a physician—me—a psychologist, a neuropsychologist, a pediatrician, a plaintiff lawyer, a defence lawyer, two insurer representatives, two ministry representatives, and three FSCO representatives. All had experience in their respective roles in the medical, psychological and auto insurance sectors and, in particular, in the definition of catastrophic impairment.

I have great difficulty with the expert panel in this sequence because (1) the majority of the panel "experts" were not experts, in fact, in catastrophic impairment; (2) the panel was too small for the methodology chosen; and (3) the reported consensus model, involving six out of eight votes, contributed further to the lack of validity of the panel's recommendations.

(1) The majority of the panel experts were not experts in catastrophic impairment. The FSCO expert panel of 2011 consisted of three academic epidemiologists, an academic public health expert, a pediatrician, a psychologist and two physiatrists—these are specialists in physical and rehabilitation medicine.

My concern over the unbalanced makeup of this panel included the fact that only half of this panel had any experience in catastrophic impairment, clinical or otherwise. While I highly regard the scientific contribution of epidemiologists to society and to medicine, I do not understand their central role in this panel to tackle the

definition of catastrophic impairment, a medico-legal issue, not a fundamentally scientific one.

While there were two physiatrists experienced in catastrophic impairment on the panel, I question why they were both of the same specialty and why they, as the best-known insurer-friendly physiatrists in Ontario, were both chosen to represent medicine.

(2) The expert panel was too small for the methodology chosen. The expert panel used what is referred to as a modified Delphi method for reaching consensus on their various recommendations. The Delphi methodology states that choosing appropriate members of a panel is the most important step in the entire consensus process because it directly relates to the quality of the results generated. While the Delphi methodology suggests that as few as 10 to 15 panel members can be used, provided there is homogeneity in their backgrounds, much as in the original expert panel of 2001 that I was on, experts recommend that up to 50 members be used when there is a disparate degree of knowledge, experience and training among the members, as was seen in this panel. This panel of diverse participants had only eight members, rendering their consensus of questionable validity.

(3) The reported consensus model involved six out of eight votes. This contributed further to the lack of validity of the expert panel's recommendations.

This last point ensured that the expert panel could and did totally marginalize the opinion of the single psychologist in their midst. It is therefore not surprising that as a consequence of the six-out-of-eight-vote consensus, the expert panel utterly failed their mandate to appropriately interpret mental and behavioural—psychological—impairment in the discussion of catastrophic impairment.

I have a number of problems with specific recommendations by the expert panel, as follows:

(1) Diagnostic restrictions for mental and behavioural impairment are discriminatory.

The expert panel indicated that only a very restricted set of three psychiatric diagnoses could be considered in determining whether a claimant meets the catastrophic definition. In restricting qualifying psychiatric diagnoses to major depressive disorder, post-traumatic stress disorder, or psychotic disorder, the panel discriminated against Ontarians receiving accident benefits on the basis of a mental disability. This is a distinct breach of the Canadian Charter of Rights and Freedoms, which states in section 15, "Every individual is equal before and under the law and has the right to the equal protection and equal benefit of the law without discrimination and, in particular, without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability."

(2) The mental and behavioural threshold was too restrictive.

While the expert panel's decision to use the global assessment of functioning, or GAF, score as a tool for rating catastrophic psychiatric impairment is a reasonable one, they set the threshold for catastrophic impairment unreasonably high. I won't get into the minutiae of that particular scale, only to say that the expert panel indicated that an individual must fit under one or more of the following list of six generally recognized indicia of serious mental illness. They listed the following list. Make no mistake: These generally recognized indicia will be used effectively as criteria for accessing the definition of catastrophic impairment under SABS section 2(f).

The first one is institutionalization. The panel recommended institutionalization as a distinct issue from hospitalization in a psychiatric ward. Institutionalization would imply that there is in fact a mental institution in the general area where the individual lives and, further, that the institution has a bed available and they are willing to offer that to the individual.

They also indicated that repeated hospitalizations were necessary. Note that this is not hospitalization in a psychiatric ward, but repeated hospitalizations in a psychiatric ward. We rarely see that in clinical practice.

They recommended psychiatric follow-up at a frequency equivalent to at least once per month. This is far too prescriptive for the expert panel to be submitting as a recommendation. Where and who are these psychiatrists? It is all too well known how difficult it is for primary care physicians, never mind community-based ordinary citizens, to obtain such access to psychiatric services in Ontario. Thus, this is a further barrier.

Finally, not only is supervision required, but regular and frequent supervision by community-based mental health services, using community-funded mental health professionals. The underlined words are right from the report. Among a great number of other issues, the expert panel does not identify how to access and then deal with such downloading of costs to the public sector, and whether in fact these services even exist in an already overloaded mental health milieu.

All of this, again, would provide a challenge to chapter 15 of the charter in that individuals are being significantly discriminated against based on the nature of their psychiatric impairment, their geographic location, their ethnicity and associated stigmata against accessing mental health services, and, along with this, their diagnoses and the general availability of mental health services in our problematic health care system, notwithstanding any of the above other issues.

The expert panel suggested that their target in mental and behavioural impairment rating to access catastrophic impairment would be the equivalent of paraplegia. I'm not quite sure of the scientific nature of that comparison. However, moving on, in fact, the expert panel's requirements of institutionalization of claimants suffering mental and behavioural impairment over simple hospitalization places the catastrophic threshold at the same level as quadriplegia, not paraplegia. This is far too high a threshold and would leave many legitimately impaired claimants suffering mental illness with limited funding.

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(3) Brain injury and psychiatric impairment are separate impairments.

This is a very important point in their recommendations. The failure to acknowledge the coexistence of traumatic brain injury and associated psychiatric impairment, and the expert panel's corresponding prohibition on allowing separate rating of these two distinct impairments, is seriously flawed and demonstrates a serious bias against both brain-injured claimants and claimants who develop associated psychiatric reactions resultant from traumatic brain injury.

(4) Downloading of mental and behavioural impairment to the public health care system, OHIP, is unrealistic and unacceptable. The expert panel's recommendations would throw seriously injured claimants suffering significant mental illness into the already overburdened, underserviced public sector of psychiatric services. Furthermore, if the minister's recommendation that only medical doctors can undertake assessments is accepted, psychologists will be eliminated, for the most part, from assessing and following these claimants. Note that the public health insurance system provides no funding for psychological assessment, counselling or treatment. Psychiatrists are medical doctors who must bill OHIP for services rendered. Psychologists can do much of the same work but are not funded under the public health insurance system.

The downloading of psychological assessments and counselling services to the provincial health care system will be a direct consequence of the minister's recommendations and is unacceptable.

Further, the minister's recommendation that only medical doctors can assess claimants for catastrophic impairment will, of course, result in further downloading of privately funded services, such as those presently covered by auto insurance coverage, into an already overburdened public OHIP system. Such downloading into the public sector and the requirement for only physicians to be able to undertake many services that are presently funded through auto insurance and that are provided by regulated health professionals, such as psychologists, occupational therapists, physiotherapists and others, will increase costs to the province and decrease access to doctors for all of us. This is the last thing we need for this committee to sanction in the coming years.

(5) The expert panel has no authority to overrule accepted judicial decisions, some at the level of Ontario's highest court. We have observed that the definition of catastrophic impairment—that is, what is and what is not catastrophically impairing—has evolved over the 16 years since the introduction, under Bill 59, of this definition. For example, while amputation of both legs was initially thought necessary to meet the definition, we have come to realize and implement the definition to involve only a single lower limb amputation. Similarly, over the years, the courts have clarified the inclusive nature of what a "whole person" is, and this has clearly been determined to include both the physical and psychological parts of a human being. Ontario's highest court, the Ontario Court of Appeal, recently recommended that psychological impairment should be combined with physical impairment when determining a true whole-person impairment rating. In their wisdom, the FSCO expert panel concluded that there was no scientific evidence to do so and have essentially overruled the Ontario Court of Appeal. This recommendation by the expert panel further discriminates against individuals suffering mental illness in Ontario.

(6) No scientific evidence: Although the expert panel touted fundamental science as the cornerstone to its deliberations, there is utterly no scientific validity to many of their recommendations. I have advised the expert panel earlier and I advise this committee now that the absence of scientific evidence is not itself scientific evidence.

The Chair (Mr. Bob Delaney): And you have about two minutes.

Dr. Harold Becker: Thank you.

Where is the science behind indicating that brain injury and mental illness were to be measured as one entity? They are distinct entities, and both contribute to overall impairment leading to catastrophic outcomes for some individuals suffering serious injuries.

Where is the science behind the expert panel's statement that seriously injured claimants can only be rated if they manifest a major depressive disorder, PTSD, or psychotic disorder?

Where is the science behind the expert panel's recommendation that only a global assessment of functioning score of 40 or less is indicative of catastrophic impairment?

Where is the science behind the expert panel's recommendation that physical and psychological impairments cannot be combined, especially now that the Ontario Court of Appeal has indicated that they can?

In conclusion, the recommendations of the expert panel, in my opinion, particularly regarding mental and behavioural impairments, are seriously flawed and demonstrate a clear bias against brain injury as well as accident-related mental illness in seriously injured claimants. The expert panel has failed to consider the extensive experience we in the field have had in the understanding of catastrophic impairment and has failed to acknowledge the rulings of Ontario's highest court in the inclusive interpretation of the definition of catastrophic impairment.

Based on the flawed expert panel recommendations, the minister's report is so strongly anti-claimant when it comes to victims of traumatic brain injury and accident-related mental illness that it questions the fairness of an auto insurance scheme where the most vulnerable and the most seriously injured are left unsupported. The minister's recommendations mock the Canadian Charter of Rights and Freedoms and reject the authority of the Ontario Court of Appeal's recent decision of the inclusive interpretation of catastrophic impairment.

How can the minister now justify abandoning seriously injured accident victims when the health care system is so overburdened? I appeal to members of this committee

to sort this out and make recommendations that will support the needs of all Ontarians.

The Chair (Mr. Bob Delaney): Thank you. Mr. Yurek.

Mr. Jeff Yurek: Thank you, Doctor, for coming in today. Just a couple of quick questions. In auto insurance now, they pay an assessment to cover OHIP's cost. It hasn't changed in the last seven years, yet health care has increased 25%, so they're failing on that aspect. You're saying, with these changes, catastrophic impairment is going to drastically increase more costs to our health care system. Is that basically—

Dr. Harold Becker: Yes, the downloading directly of assessment and treatment costs, particularly in the psychiatric area.

Mr. Jeff Yurek: I come from St. Thomas, Ontario. Our psychiatric hospital is closing and we're getting 15 beds in our hospital—maybe. I know this—the lack of health care out there. Basically, you're saying that they're going to have to be taking services from those already in need of the system. They're going to be downloaded more so, and there's going to be a shortage of psychiatric help, I guess, for people out there with mental conditions.

Dr. Harold Becker: Sure. They may take up some of the medical beds, because there are going to be no psychiatric beds in your area now. The access to institutionalization, repeated hospitalization, treatment by psychiatrists: It's a big question mark.

Mr. Jeff Yurek: I'm a pharmacist by trade, so I read a lot of scientific journals and such. I know that if you set up a study wrong, you get the wrong results, even though the media can publish that as being true. Basically, you're saying that the whole process was pretty much set up incorrectly at the start, before this panel even began.

Dr. Harold Becker: That's my point exactly. It's like doing a study on lung cancer and the effects of something on lung cancer—a certain drug—and forgetting to normalize out the smokers in the group. So you've included smokers in the group where you're trying to look at a small point over here, but you've missed the big point.

Mr. Jeff Yurek: So your recommendation, basically, to the government is to slow up on these changes until we take a better look at what the panel's findings have been.

Dr. Harold Becker: Yes. My issue is, the panel should not be used as the basis for these changes. I respect government. If they want to make changes, if they want to overrule the Ontario Court of Appeal in making legislative changes—I know that's the process—

The Chair (Mr. Bob Delaney): Thank you. Mr. Singh.

Mr. Jagmeet Singh: Go ahead and finish the question, sir.

Dr. Harold Becker: Thank you. The minister is basing his opinion on this panel, which I think is fundamentally flawed in their set-up.

Interjection.

Ms. Teresa J. Armstrong: Thank you very much, Dr. Becker, for coming in and giving us your presentation. What would your recommendation be for an actual panel that could have the best outcome if there is going to be a redefinition of catastrophic injury?

Dr. Harold Becker: We've had the good fortune of having that experience in 2000 and 2001. I was on that panel; I don't care if I'm on the next panel. We had a balanced panel. We had a plaintiff lawyer and a defence lawyer. There were two points of view on these things. We had insurers. There were no insurers on this panel. We had FSCO reps and ministry reps. We had doctors from each group, so we had a neuropsychologist for brain injury; we had a physician; we had a pediatrician. They had the same pediatrician on this one, but he was, again, marginalized by the voting system. If you have six out of eight votes that rule the day, the psychologist can be jumping up and down, saying, "Wait a minute; those are bad ideas," but is overruled by the other people. It wasn't a balanced group. The two physicians, for instance, were excellent physicians, but they work mainly for insurers.

Ms. Teresa J. Armstrong: So the scientific evidence that FSCO presented, that they want to bring into the catastrophic definition piece this time around: Medical evidence is one way to determine catastrophic injury?

Dr. Harold Becker: Yes. It's all medical, I think.

Ms. Teresa J. Armstrong: What is the definition of scientific evidence? I wanted to ask that question earlier today, but I didn't get a chance. What kind of scientific evidence would be balancing that medical evidence to come out with a new definition of catastrophic injury?

Dr. Harold Becker: Looking at what kind of scientific papers are published in the medical journals and how they are peer-reviewed etc.—the issue in catastrophic impairment is not an epidemiological or public health issue; it's a medico-legal issue. There are some issues as to the actuarial nature of, "Can we afford to include a single-leg amputee in the definition?" because there are a lot of them. That's another issue. But that's not what they looked at. I don't see the science in a lot of what they did. That's my point. My point here is that I have training and I didn't see any of that science.

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Ms. Teresa J. Armstrong: I was just trying to determine how much of that you felt contributed to the definition, if there was a scientific research issue.

Dr. Harold Becker: How much the lack of scientific evidence contributed? I think there was an agenda.

Ms. Teresa J. Armstrong: Okay. Thank you.

Mr. Jagmeet Singh: Just to touch on a medico-legal definition, I think that's an important distinction, versus looking at epidemiology, which is the study of how often or the spread or the makeup of disease or illness.

Dr. Harold Becker: Exactly.

Mr. Jagmeet Singh: In terms of better criteria, could you provide, perhaps, a more thought-out or an alternative viewpoint on how a medico-legal opinion would be different than an epidemiological breakdown; for example, what a medical doctor would say?

The Chair (Mr. Bob Delaney): A little less than a minute.

Mr. Jagmeet Singh: Okay, I'll just leave it at that.

Dr. Harold Becker: I'm not sure I understand your question.

Mr. Jagmeet Singh: For example, a medical doctor would say that if you're not able to use one leg, that would be an impairment because of certain reasons, and legally there would be an impairment for certain reasons, versus a scientist saying that there's a rate of disease based on this reason.

Dr. Harold Becker: It's an interesting question. In the medical part of the recommendations, the physical and medical part, there are eight definitions of catastrophic impairment: paraplegia, quadriplegia, loss of vision etc. Some of those recommendations the panel made were very reasonable on the physical side of things. But on the psychiatric side and on the brain injury side and the fact that they couldn't combine—they just dropped the whole population of injured people who have brain injury and also psychiatric impairment from that. You're allowing brain injury, you're allowing psychiatric, but you're not allowing them together, which makes absolutely no sense. So some of the report was reasonable, but the psychiatric and mental and brain injury parts were totally not acceptable, in my view.

Mr. Jagmeet Singh: Thank you.

The Chair (Mr. Bob Delaney): Thank you. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much, Dr. Becker. I really appreciate your deputation this morning.

Let me just pick up on the last point you made. Are there sections of the report or recommendations that you agree with, or do you have issues with the entire report?

Dr. Harold Becker: No, I agree with a number of the earlier physical sections. In the second report I gave you, which is my response to the original panel at the time, it starts with the reasonability of some of their recommendations. For example, the definition of quadriplegia was listed on the original catastrophic listing, and it became an argument among physicians as to what represented the definition in a partial quad. If he could move his little finger, did that mean he wasn't a quadriplegic? And we actually saw that. We saw that in insurance rated assessments, where someone would be determined not to be catastrophically impaired because he could move his little finger. On the other side, someone would say for the plaintiff's side, "Well, he's quadriplegic, essentially." So there was an argument. This panel made a very clear distinction on how to make that definition.

Similarly, the original definition was total loss of vision in both eyes. Now it is legal blindness, a much more reasonable, testable definition.

So the physical parts were reasonably done, but it was almost as if another committee came in on the brain injury, and particularly psychiatric impairments.

Mr. Yasir Naqvi: So that's where some of the challenges are that you're highlighting, on that side.

Dr. Harold Becker: Yes.

Mr. Yasir Naqvi: My other question, and I think Mr. Yurek has been sort of asking those questions, is that there is a curious statistic in recent years where we see a significant increase in medical costs even though the number of accidents has remained stable. Can you provide an explanation for that dichotomy?

Dr. Harold Becker: I sure can. I'm glad you asked that question; I was hoping someone would.

The insurers are stating that we're experiencing a far greater increase in costs in the past five or six years. For example, in 2010, the cost of assessments had been reduced to $2,000 per assessment, which is a good quantity of money for a specialist to see somebody and report, a six-, eight- or 10-page report etc. I'm not complaining of that. When I do assessments, I use one or two or maybe three people in a multidisciplinary assessment. When the insurers are doing those, they're handcuffed now because they can't get assessments; they don't get specialists working for them for that fee. So some of these multidisciplinary assessment centres are putting 10 people on an assessment and they are able to generate $20,000, whereas the ordinary guy, the individual claimant who goes to a doctor and gets a report, gets a $2,000 or, if there are two doctors, a $4,000 assessment.

My point is that the insurers are causing, to a great extent, that increase in costs.

The Chair (Mr. Bob Delaney): Dr. Becker, that fills up your time. I want to thank you very much for your kindness in coming in earlier than you were scheduled this afternoon and for sharing your thoughts and your feelings with us.

Dr. Harold Becker: Thank you, Mr. Delaney. I thank the committee for the opportunity to present to you.

MR. SIDNEY CHELSKY

The Chair (Mr. Bob Delaney): Our next deputation will be from Sidney Chelsky. The one listed at 11:30, Prince Sharp, has cancelled, and Mr. Chelsky is available. Welcome. You'll have 15 minutes to share your thoughts and feelings with the committee, followed by a rotation of questioning. This rotation will begin with questions from the NDP. Please begin by stating your name for Hansard, and then continue.

Mr. Sidney Chelsky: My name is Sidney Chelsky. I'm a consultant to the laundry, dry cleaning and hospitality industry. My deputation is a little bit different from the ones I've heard, but I think it's just as important.

Thank you for the opportunity to address this committee. I'm outraged at the television ads that depict insurance brokers acting in the best interests of their clients. This, in fact, is not true. On at least two occasions in the past years, I was faced with the following situation.

I had been dealing with an insurance agent for a number of years, who placed my insurance with Lombard Insurance. I had been very satisfied with Lombard's coverage and attention to my account and continual competitive pricing over the years I was insured with them. My agent suddenly sent me a renewal from another company with an increase of $600 for the year. When I questioned this increase, he said that his agency was no longer

affiliated with Lombard and therefore placed it with a company he was affiliated with, and this was the best price he could get me.

I called Lombard, and they provided—by the way, to get hold of Lombard was a very difficult task because there are no numbers in the phone book. Even with a search on the Web, it took a while before I actually found a claims number, which I called, and through that I was able to get through to the Lombard company.

I called Lombard, and they provided me with a list of other agents they were affiliated with, so I contacted one of them, Canada Brokerlink, which promptly provided me with a policy from Lombard at a further reduced rate. It definitely was not in my best interest to continue with the previous agent.

Again, after a number of years passed, the agency I was insured with sent me a renewal policy which was closer to the price I had previously paid. The policy was with Intact Insurance, another company. It was a combined auto and home coverage policy. However, on closer examination of the policy, it showed reduced coverage. For example, instead of $200,000 of contents coverage, it was reduced to $40,000. This was only one of the changes the agency failed to advise me of. In a conversation with a manager of the company, I complained about this business practice of replacing my coverage with something less than what I had previously had and not advising me of the situation. He apologized and advised me that they were no longer affiliated with Lombard and had placed the coverage with another company. Again, we have an insurance broker who did not fairly protect me in my coverage and competitive pricing.

Again, I searched out an insurance broker to provide me with a quote. After finding a company, Unica Insurance, and a quote that I was satisfied with and paying with my credit card immediately for the policy, I later received the policy with an invoice for an additional amount of $130 for coverage, which was attributed to the fact that my wife had an accident seven years ago and they were charging me for this. I found out after further investigation that—it was seven years, but I missed their cut-off by one month, so they were charging for another year. I paid the additional amount, then received an additional invoice for a further $320. I phoned the broker and questioned this additional cost, and he later called back and said that it was because the car was registered to my numbered company. All this information was provided to the insurance broker at the time of the quote, and the numbered company information was also provided. I subsequently cancelled the policy and again searched for another insurance broker.

I have yet to believe that insurance brokers act in the best interests of their policyholders.

Thank you for your time.

The Chair (Mr. Bob Delaney): Mr. Singh.

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Mr. Jagmeet Singh: In terms of your experiences with the various agents for the brokers, your concern is that they weren't acting in your best interests; they were simply acting in the interest of whatever insurance company they—

Mr. Sidney Chelsky: They were acting, as far as I'm concerned, where they're going to get the best commission.

Mr. Jagmeet Singh: Do you reside here in Toronto?

Mr. Sidney Chelsky: Yes.

Mr. Jagmeet Singh: In terms of the rate that you had previously received with Lombard and the coverage you received: any experiences around that?

Mr. Sidney Chelsky: With Lombard, the positive thing is that I have never found a company that was so accommodating and so fair. I had been with them, I guess, about seven years; maybe eight years. I don't know what happened to the company or what's happening to the company, but they're not even owned by Lombard anymore.

Mr. Jagmeet Singh: Do you have any recommendations of how your situation could have been avoided or would have been better if there was some protection in place or something? What would you recommend, if anything?

Mr. Sidney Chelsky: It's unfortunate, but I guess that I or anybody else cannot trust their brokers. They have to go and do some homework and start calling around and try to find an insurance company or an agency and start checking the rates, and not only the rates but their coverages, because they don't tell you—they're giving you maybe a lower price but then they've changed your coverage; you don't even know that you have the coverage that you require.

I was fortunate enough to find another company. I've now got coverage with Chubb Insurance, and it seems that I'm going to be quite happy with them, but I'm not happy with what has happened over the past while.

Mr. Jagmeet Singh: I think my colleague may have a question for you.

Ms. Teresa J. Armstrong: With Lombard, you had insurance for seven years? Prior to that—

Mr. Sidney Chelsky: Over seven years, I think.

Ms. Teresa J. Armstrong: With the same broker?

Mr. Sidney Chelsky: It was with two different brokers.

Ms. Teresa J. Armstrong: Different employees but the same agency for seven years with Lombard?

Mr. Sidney Chelsky: No. The first agency I was with, they were with Lombard. They tried to switch me over, and I went back and found another agency. That was Canada Brokerlink. Then I tried to find a third one, again to stay with Lombard, and I found this Unica one, and I had problems with them too.

Ms. Teresa J. Armstrong: So rather than asking your broker maybe to shop around for you within their agency of other contracts with insurance companies they had, you just took it upon yourself to try to find a Lombard broker to represent them? Did you ever ask for that option, for them to do a comparison with other companies that they had contracts with?

Mr. Sidney Chelsky: They said they were no longer affiliated with Lombard. As a matter of fact, one of them even said, "They're not a good company to deal with."

Ms. Teresa J. Armstrong: Your preference was Lombard?

Mr. Sidney Chelsky: Yes.

Ms. Teresa J. Armstrong: Okay.

The Chair (Mr. Bob Delaney): And on that note, thank you. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much, sir, for your deputation. Have you looked into filing a complaint against the particular agents of brokers in question? They are regulated professionals.

Mr. Sidney Chelsky: I know. I felt bad. I knew the individuals. I was not happy with their practice. I just felt that I couldn't bring myself to make those complaints. I didn't want to see them lose their livelihoods.

Mr. Yasir Naqvi: I appreciate that. I just raise that because these are professionals who are regulated by a very specific set of rules. The kind of things that you outline are most likely not allowed for them to engage in. To you and anybody who may be paying attention to this committee, if they have challenges regarding the brokers or agents, there are consumer protection avenues available to ensure that you avail them. I do appreciate your comments that you have made today that we may want to consider when we're doing the deliberations in this committee. I appreciate it. Thank you.

Mr. Sidney Chelsky: Thank you.

The Chair (Mr. Bob Delaney): Mr. Yurek.

Mr. Jeff Yurek: Thanks for coming in today. I think it's wise for anybody out there to, with the insurance industry, definitely call up numerous brokers at a time to compare their rates because their contracts with insurance companies tend to change from time to time.

My thoughts on brokers, in general, was trying to work with them more so that they have a part in educating the public about the insurance industry as a whole. Would you think that would be an avenue to go with them, or have you lost all hope in brokers altogether?

Mr. Sidney Chelsky: Well, I've lost faith in it. I've seen the commercial on television a number of times now. They're just saying, "Trust your broker." Well, you can't, and that's the reality. So I—

Mr. Jeff Yurek: I get you. I mean, every four years you get all three political parties doing their commercials too, and you can probably throw the same argument at them. But I think it's key that the consumers out there—and maybe more so the brokers, the agents, should be saying, "Get quotes. Don't deal with"—like, every year, just make sure you're checking on the other brokers to see where the best price lies—

Mr. Sidney Chelsky: I actually believed that the broker's responsibility was to protect their client, to do the best they could for them. Unfortunately, that's not the reality.

Mr. Jeff Yurek: Right. I think definitely getting price quotes, but definitely pushing on them to improve the education out there, that's probably the best route, to go through the broker and maybe apply a little pressure on that.

The Chair (Mr. Bob Delaney): Okay. Thank you very much, Mr. Chelsky, for having taken the time to come in and see us this morning and for delivering your thoughts and your opinions and your deputation.

Mr. Sidney Chelsky: Thank you for the opportunity. Have a good day.

The Chair (Mr. Bob Delaney): Ladies and gentlemen, the committee is in recess. Would you kindly try to return to the room about five minutes before 1 p.m. We are in recess.

The committee recessed from 1146 to 1304.

The Chair (Mr. Bob Delaney): Good afternoon. We'll bring the committee relating to the study of the auto insurance industry back to order.

Before we proceed with our deputations this afternoon, there was a matter that had not been dealt with this morning pending some further information, and I would like to ask that the committee go in camera at this point to discuss that matter. Would our guests and deputants kindly just step outside the room for a few moments?

The committee continued in closed session from 1305 to 1312.

PANEL OF CLINICAL EXPERTS ENDORSED BY THE ALLIANCE OF COMMUNITY MEDICAL AND REHABILITATION PROVIDERS

The Chair (Mr. Bob Delaney): The committee will now come back to order. Our first presentation this afternoon will be from the Panel of Clinical Experts Endorsed by the Alliance of Community Medical and Rehabilitation Providers. That would be you.

Ms. Tracy Milner: That would be us.

The Chair (Mr. Bob Delaney): Welcome, this afternoon. You'll have 20 minutes to present your thoughts and opinions, followed by 10 minutes of questioning divided equally among the three parties. This round of questioning will begin with the government side. Please state your names for Hansard and proceed.

Ms. Tracy Milner: Good afternoon. My name is Tracy Milner and I'm here with Patricia Howell. We are here to represent a panel that's comprised of experts in the field of physical medicine, rehabilitation, neurology, psychiatry and neuropsychology; experienced clinicians from both the public and private sectors who work with those who are seriously injured in motor vehicle accidents every day; and a number of not-for-profit groups that support accident victims across Ontario, including the spinal cord and brain injury associations of Ontario.

In 2011, we prepared a detailed, evidence-based critique of the FSCO expert panel report on catastrophic definition. We agreed that the catastrophic definition could be improved in some areas, including addressing the gap in treatment for those who are eventually deemed catastrophic, particularly as those seriously injured

people now run out of funds in approximately six months yet have to wait years for a final catastrophic designation; the use of some promising new assessment tools; and that children with traumatic brain injury do require long-term follow-up and care. However, we expressed significant concerns about the new proposed catastrophic definition from a scientific and clinical perspective, concluding that, if implemented, the new definition would make it far too difficult for the seriously injured to qualify; would be discriminatory, for example, against those who live outside of major city centres; and would result in an even more complex system with more disputes than we have currently.

We have outlined very specific and practical revisions that would address these problems. A subgroup of our members met recently to review the recommendations of the superintendent's final report. We were distressed to see that our recommendations were ignored, with only one notable exception around the removal of the in-patient rehabilitation requirement. New changes were added that would result in even more barriers to care for those most severely injured.

It's our goal today to comment on the following from a scientific and a clinical perspective: The key recommendations from our original submission have not been addressed. That's in your packages that you have with you today—a copy of our submission from 2011. There are now new areas of concern based upon the additional changes that were recommended by the superintendent. You also have our response to that; that's also included in the package you received, as well as our PowerPoint slide presentation, which you're seeing. We'd like to discuss what practical steps can be taken by the select committee and this government to address these issues.

Before we start, we also want you to know that we're part of One Voice, an even larger multi-stakeholder group that has come together to speak out against these changes to the catastrophic definition. Our presentation will focus on the science, but please also listen to them. They'll be speaking to the devastating impact that this legislation change will have not only on the victims but on society and health care as a whole.

Ms. Patricia Howell: In our original submission, we questioned the reason for change. No data has been released to indicate that the estimated 1% of victims who are currently deemed catastrophic are accessing benefits inappropriately. We add that it is also inappropriate to make further changes before we measure the impact of the 2010 cuts. Recent figures indicate that claim costs have dropped by 50%. Additional cost savings on the backs of the most seriously injured cannot be rationalized.

We also question the composition of the methodology of the panel. Six out of eight members of the FSCO panel are academic researchers with no clinical experience working with auto insurance victims. In fact, there were no experts on the panel in the area of spinal cord injury, pain disorders or psychiatry, which represent the bulk of the panel's recommendations.

Half of the panel had been consultants to the IBC, which has introduced a real potential for bias. In addition, it's important to note that they used a modified Delphi method to develop consensus. This method requires up to 50 panellists when they are of a diverse background. The FSCO panel was comprised of only eight people and they were of diverse background, so this renders the validity of their consensus questionable.

We also feel that the combination of mental and physical impairments should be allowed and that pain should be taken into consideration. Disability can result from the sum effect of physical pain, psychological and cognitive symptoms which can lead to an inability to manage at home, in the community and at work. All of the science supports the assessment and treatment of the whole person, including the up-to-date statements from the World Health Organization, the most current AMA guides and the current best practices across all areas of medicine and rehabilitation. This approach is also supported in the Canadian Charter of Rights and Freedoms, which states, "Every individual is equal before and under the law and has the right to the equal protection and equal benefit of the law without discrimination and, in particular, without discrimination based on race, national or ethnic origin, colour, religion, sex, age or mental or physical disability."

Recent decisions in the courts have also supported this decision, and you'll see in our paper a list of those most recent decisions.

It is noted that the FSCO panel in fact did not disagree with this combination in principle. Rather, they argued that it should not be allowed because they "did not have sufficient resources to address some of the challenges that exist in the methodology." This is not justifiable. The proper solution is to address these challenges, not to disallow their combination.

We also feel that existing measures should not be replaced until new ones are proven practical, reliable and valid. In any clinical setting it's important to note, of course, that tools are valid—that means that it measures what it's supposed to measure; and reliable, which means that two different assessors assessing the same person will identify the same score or rating. There's absolutely no justification to replacing well-known and commonly used assessment tools such as GCS, quadriplegia, paraplegia, mental and behaviour classifications and the DSM psychiatric diagnosis before these other new tools have been proven valid and reliable. The FSCO panel and the superintendent acknowledge that further study is indicated for one key test to be used with children with brain injuries. In fact, the FSCO panel rewrote that test. That is no longer a valid or reliable assessment.

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We also added in our original submission that many other tools also needed further study. For example, the GOSE, which is used with adults with brain injury, has very poor inter-rater reliability at the key moderate disability cut-off point. Further study is needed. The SCIM, which is an assessment for spinal cord, is a very valid

and reliable tool, but only when administered in its entirety. The panel has recommended only use of one subtest.

If these changes are made, there will be more differences of opinion amongst assessors, more disputes, more gaps in care, more cost to the system—the exact opposite of the intended result. We are concerned that those who had benefited from rehabilitation will not have access to that, and the implications will be that people will not get to work, they will not get back to school and other things.

It is also noted that there is actually evidence to support ongoing use of the GCS, the Glasgow coma scale, which the FSCO panel did not appear to consider. A recent multi-centre consensus panel report entitled Evidence Based Classification of Brain Impairment: Application to Catastrophic Impairment Classification concluded that a modified GCS scale was predictive of outcome, and other measures, such as post-traumatic amnesia, a measure not considered by the FSCO panel, were well correlated with outcomes in the need for care. This study should be considered before any changes to the cat definition are made.

We also disagree with the benchmarks chosen by the panel, as they're far too difficult to reach. The superintendent released data saying that only 1% of those injured are deemed catastrophic currently. These represent those who suffer the most devastating injuries. Our panel and our legal community estimate that if the changes made to the cat definition as proposed are implemented, the number of people deemed cat would be cut in half. There's no justification for this, especially given the recent cuts in non-cat funds.

For example, in the case of psychiatric impairments, why would the panel recommend that the cut-off on the GAF test be 40 when a GAF score of 41 to 50 is equivalent to a 55% rating, or marked impairment? In a case of spinal cord, what rationale is there for excluding someone with incomplete paraplegic who can only walk a short distance inside with a walker and will always need a wheelchair to function? Why would we consider excluding the adult whose brain injury is so severe that he can only work at a sheltered workshop? And certainly children who, at a year, still need attendant care for a good part of their day need long-term and intensive support.

Please see the specific thresholds we recommended in our submission. These cut-offs would more effectively identify those who truly need long-term and intensive support.

Ms. Tracy Milner: We would also now like to focus on the additional recommendations that were introduced by the superintendent that cannot be justified. First, the superintendent recommended in his report that he felt that all treatment plans must be signed by a doctor. The recommendation that family doctors act as gatekeepers was brought forward and discussed at length by government and stakeholder groups. When we were debating the proposed cuts to non-catastrophic back in 2009 and 2010, the government at that time recognized that this was discriminatory, as almost a million people in Ontario do not even have a family doctor, and not consistent with current best practices, given that this would revert back to an old medical model of care that hasn't been used in Canada for decades, where regulated health professionals needed to be supervised by a physician. It's not necessary for our family physicians also to become insurance clerks.

It's not realistic, as family doctors do not have the time or the training to oversee the complex rehabilitation needs of these most seriously injured individuals. In current practice, any medical input for these individuals is typically provided as needed by specialists, like physiatrists or psychiatrists etc., and focuses on the medical advice—for example, medications or surgery—not rehabilitation needs.

It's not necessary, as those deemed catastrophic have access already to a case manager whose role it is to in fact oversee the rehabilitation process and ensure that all programming is coordinated and focused. This represents a huge barrier to catastrophic clients in terms of accessing services or purchasing goods on a timely basis.

There's already a check and balance in the system. Insurers can still order their own assessments to evaluate the reasonableness of a request by a victim for treatment. There is no rationale for implementing the recommendations of the superintendent in this area, who has no medical training, especially as this was not even suggested by his own panel of experts.

The superintendent also recommended that catastrophic assessments be done by doctors alone, without input from a multidisciplinary team. For the same reasons that family doctors should not be gatekeepers, this is highly problematic. In fact, the Glasgow outcome scale extended and other tests recommended by the panel are actually based on the assessment of the person in their home and in the community, and therefore input from occupational therapists and other team members is essential to the process.

The superintendent recommended that interim catastrophic benefits should be limited to $50,000 and that this would have to cover both medical and rehab benefits, as well as the attendant care needs. The superintendent noted that the interim catastrophic designation should be used for those who, in all likelihood, will be deemed catastrophic. If this is the case, then a $50,000 cap is completely unreasonable as it will only last for months and will in no way bridge the years it can take to obtain a catastrophic determination. Again, this recommendation is from the superintendent himself. In fact, his own panel appeared to suggest that there not be a cap on interim benefits, as a person should be considered catastrophic until proven otherwise.

In addition, the superintendent recommended that those admitted for in-patient, day patient or outpatient rehab should be deemed interim catastrophic. We agree that these individuals need access to early and more intensive supports. However, as there is no access to care in many areas of Ontario and there are no set standards

across facilities or across the province for admission to what programs do exist, this criterion is unfair and discriminatory.

Also, it's just not reasonable to tie the entitlement to the system in auto insurance based on how services are distributed in the public funding model.

Ms. Patricia Howell: In summary, we find the new definition will exclude too many people who should qualify. It could be discriminatory and unfair, it's too complex and it will cause more disputes and more people going without care. These changes should not be implemented.

What are we asking of this committee and this government? If changes to the definition of cat impairment are to be implemented, they need to be based on wide expert and stakeholder feedback, not just that of eight individuals, of which most have a bias towards the insurance industry and the insurance regulator. It is also essential that this government increase funding for those with serious non-cat injuries.

The insurance industry's rationale for the cuts to the serious non-cat benefits in 2010 was that claims costs were skyrocketing because of widespread fraud across all injury groups. However, the anti-fraud task force has now confirmed what the alliance, the coalition and others have been saying all along: What fraud exists is not being done by those with serious injuries, like paralysis and brain injuries, and it is likely more criminal in nature than opportunistic. We must now recognize that the 12,000 people each year who have serious injuries were a casualty of the war on fraud and make changes to ensure their legitimate needs are met.

Interim benefits are one option to consider, but this will make the system more complex and costly. Instead, we recommend increasing the non-cat benefits back to an appropriate level.

In closing, the government stated in 2010 that the goal of this review should be to ensure that the most seriously injured victims are treated fairly. Most of the recommendations made by the panel and FSCO run contrary to that goal. They should be stricken in favour of recommendations which are true to the government's promise.

Ms. Tracy Milner: In parting, we just want to highlight to you: If you look through the list of contributors that you have alongside of our submission to this response, as well as to our response in May, you're going to notice that there's a wide array of experts, both from the public sector—neurosurgeons, physicians who have waiting lists for years, who have all taken time out of their schedules because it is so important to them that this issue is addressed. I'd just like to recognize the work of the team, because in our time as rehabilitation professionals and working in the health care sector, to see that many people come together at once to say the same thing and support the same message has been absolutely incredible.

The Chair (Mr. Bob Delaney): Thank you. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much for being here today and for your presentation. I've asked this question before to a previous deputant, and I'll ask it again. You talked about the panel's report, things that you disagree with. Are there parts of the recommendations you agree with in the panel's report? What are they? Or are you sort of disagreeing entirely with what the report is recommending?

Ms. Patricia Howell: I can answer that.

Mr. Yasir Naqvi: Please.

Ms. Patricia Howell: I was the project lead on that initial submission, so I was the one who gathered all the teams together to put together the recommendations—and absolutely. Our report is 50 pages long, and I don't know who has the time to read it, but the reality is, every piece of the recommendations, we looked at very closely. We said, yes, we support the use, for example, of this particular test as potentially better than the tool being used right now, but first do the inter-rater reliability studies at that test before you remove the old tool. Things like children needing long-term follow-up and care—a lot of support for that. On the new superintendent, they didn't address our concerns about that because it wasn't clear. The FSCO panel recommended that children have long-term needs, so you can't decide—a child with a brain injury at two might look fine at three but have serious problems by the time they get older, because they're not able to learn. They talked about that in the original submission, but they didn't clarify exactly how that was going to happen and what money would be available to them.

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You will see a number of things we did agree with. We agreed that there's a gap between the non-cat—non-cat funds are running at about six months now. That could be a child with a brain injury, for example. They're not really able, under the current definition, to go through the medico-legal process to be deemed cat until two or three or four years, so there's this gap that exists. They introduced the idea of interim benefits as being a response to that, but we are now disagreeing with the amount proposed. Also, we just think it adds another complexity issue. Why not look back at the funding levels for non-cat? They've been in place for 16 years. Public health care has skyrocketed. We've seen it, those who are doing work in this area. The funds used to last three years, and now they're lasting two years and they're lasting less and less, so it's important to revisit that.

So the answer is yes, there were things we did agree with, and we tried to build on them. We tried to be constructive in our report. If we disagreed with something, we said what should happen instead.

Ms. Tracy Milner: I think the easiest way to see it, if you're looking at our submission—what we've tried to do is say, "Here's exactly what the expert panel recommended," and we highlighted that in one box and said, "Here's what we recommend, and here are some questions and concerns that we have."

What we did, in addition, was say, "Here's the type of person who's going to get missed if we go with the first scenario." So we give you a case example of the type of person who's very seriously injured but the way that it's written just doesn't capture that that person is going to need the care that they require.

The Chair (Mr. Bob Delaney): Mr. Yurek.

Mr. Jeff Yurek: Just a couple of quick questions for you. With regard to the doctors needing to sign the treatment plans, Dr. Becker was in earlier today, and he talked a lot about the—

Ms. Patricia Howell: Excuse me. I wear hearing aids, so I'm just having trouble hearing you. Thank you.

Mr. Jeff Yurek: That's okay. My mom always says for me to talk louder too. I'm kind of a mumbler—not a bumbler; a mumbler.

Dr. Becker talked about the mental health aspect of these changes and the fact that it's going to take away from services that are in short supply, especially in rural Ontario.

The doctors need to sign treatment plans. Do you know if the panel has actually considered talking to the OMA about the fact that they're going to be taking over this aspect—and the shortage of doctors, particularly in rural Ontario—how that would affect the current OHIP system we have?

Ms. Tracy Milner: We met last week, after we knew that we had an opportunity, and brought our panel of experts together. The concern by the physicians, who are part of the AMA, who were part of our panel—their indication was that this is going to tax the system significantly.

If you think of how that would realistically or practically work out, in terms of making the appointment, to get that signed, to explain what needs to happen, to explain your clinical reasoning as a health professional to the family physician, to reach consensus, when things could be as urgent as getting someone a hospital bed because they're coming out of hospital, and the costs that then arise as a result, if we have these gaps—it means that person is spending an extra day in the hospital; it means they're spending maybe a week, if we can't get to the family doctor. There are some realistic and practical implications, which the physicians on our teams certainly raise to us.

Ms. Patricia Howell: For example, I'll just use the case of a child with a brain injury. Right now, we have to submit forms about every two or three months—each discipline. That child might be getting physiotherapy, occupational therapy. There could be five or 10 different services in place, especially when they first go home. These are the most severely injured individuals. No one really questions that they're going to need help. These are the catastrophic, not the minor injury guideline. To have a request, as each of those new forms needs to be updated—which can happen at any time; we're not all on the same schedule—then the family would have to take their child to the doctor and get that signature. There could be 10 signatures required in a two- or three-month period for life, forever.

Mr. Jeff Yurek: And that would be all a cost paid for by the taxpayer because they are making the doctor's visit?

Ms. Patricia Howell: Yes.

Mr. Jeff Yurek: And the second question: They're talking about not doing a multidisciplinary approach, whereas our health care system is moving to family health teams, which is multidisciplinary.

Ms. Tracy Milner: Yes. Both of us—

Mr. Jeff Yurek: Do you think that this is kind of a backward move?

Ms. Patricia Howell: Totally. We don't understand where it's coming from because the Ministry of Health is trying to download from physicians to other providers and new—so exactly. It seems to go against everything that's happening in medicine and rehabilitation.

Ms. Tracy Milner: As I was going to say, I think we've come together to realize that it's not just a medical approach to health care; it's an allied health/medical approach where everybody works as a team. That's certainly what we've seen the teams move towards. As we're doing that, we realize that everybody has their strengths and that you can only be experts in your area and your scope of practice. To say that one person can then be all those things, as you said, is reverting back to a practice that hasn't been in Canada for decades.

The Chair (Mr. Bob Delaney): Thank you. Mr. Singh.

Mr. Jagmeet Singh: Thank you for your presentation. One of the issues that came up in a previous deputation was that some of what the new changes are going to do, some of the impact, is that it will download a lot of the costs on to the public sector and burden an already burdened health care system. Can you comment on that and your insight into that issue?

Ms. Patricia Howell: I can add that I'm very pleased to say that we had this first multi-stakeholder group come together last year, and again now to review this submission, but in the meantime this One Voice group has also—so it's an even bigger group. It might have been a bit confusing who's what. We're multi-stakeholder; now we're part of an even bigger one. I'm very pleased to say that there's someone presenting from that group today, and they represent—where we are the clinicians treating accident victims and then experts working in the hospitals, like neuropsychologists and neurosurgeons, this group is really speaking to the implications to society and to the public health care system.

Absolutely, there will be a huge download. There are already wait-lists for services for people who don't qualify because their injury was not in a car accident, and if they can't access services through auto insurance, where else do they go but to the public system? It's important to note that those services are stretched beyond capacity now.

Ms. Tracy Milner: I think even within the public system there's an assumption that the auto insurance system

exists in the manner that it does and that it is going to treat and provide the intervention that's needed to have these people who are seriously injured return to things like work, to be able to be there for their families, to be there for their children and for school and to have interests and be productive persons in society. I think that it is just very straightforward logic to say that if we're not treating them, then either they are not getting treated or they are waiting for treatment somewhere within the system. That means that something has to change, and that's going to cost money.

Mr. Jagmeet Singh: Looking at the type of benefits that we receive now in Ontario, are you able to provide an opinion of where we rank compared to other provinces or other similar jurisdictions in terms of the services that we provide or our insurance regime provides for?

Ms. Patricia Howell: In the past, people have used the term that we have the "richest" auto insurance system in the country. I would say now we have the poorest with the introduction of the minor injury guideline and the $3,500 cap—that's the vast majority of injuries—and serious non-cat, which are now at $50,000, and that includes assessment costs. It used to be $100,000 plus assessments. The attendant care was cut in half for the serious non-cat, so instead of it lasting two years, it only lasts one year. And only 1% are getting the $1 million. When you look at those 1%, they're very, very devastating injuries.

So I would say that right now we have one of the poorest systems of auto insurance in Canada.

Mr. Jagmeet Singh: Thank you very much.

The Chair (Mr. Bob Delaney): Thank you, and thank you for coming in to make your deputation today.

MR. RICHARD GAUTHIER

The Chair (Mr. Bob Delaney): Our next presenter is Richard Gauthier. Good afternoon and welcome. Make yourself comfortable.

Mr. Richard Gauthier: Merci. Thank you. Thank you for hearing me this afternoon.

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The Chair (Mr. Bob Delaney): You will have 15 minutes—vous avez 15 minutes—followed by 10 minutes of questions—suivies par 10 minutes pour questions. This round of questions will begin with the Conservatives. Please state your name for Hansard and proceed.

Mr. Richard Gauthier: Thank you. My name is Richard Gauthier. I'm an actuary. I've been in practice for 32 years. I've practised with public insurers—ICBC in British Columbia; I've done private insuring here in Ontario; a managing general agent; and I've been a consultant for 23 years. I'm the partner in charge of the P&C actuarial practice of PricewaterhouseCoopers. As a consultant, I'm the actuarial consultant to the New Brunswick Insurance Board—in New Brunswick, obviously—since 2004.

I'm here to present a proposal on how to simplify the rate approval process in such a way as to increase efficiency, give a faster response to requests by the various insurers, permit FSCO to focus their resources on the more important classes of business, create a transparency of the decision-making process and recognize that rates need to be updated regularly.

If I look at the broad goal of automobile insurance, the broad goal of affordability, availability and fairness, there are roles for the government and there are roles for the insurance industry. The government sets up and defines the insurance contract and, consequently, determines the overall costs and affordability of the automobile product. The definitions in the contract basically dictate its overall cost. Therefore, the government has interest and a role in ensuring the availability and has a role in supervising the pricing of the product.

On the other hand, the role of the industry is to distribute the cost of the product to the insured population according to each individual's expected cost. This is a good actuarial principle. It's an actuarial principle that has been recognized as generally accepted actuarial practice by the Canadian Institute of Actuaries. It applies as much for automobile as it does for life. You do not charge the same for an 80-year-old for life insurance as you do for a 26-year-old. You do not price the same someone who has a Ferrari versus someone who has a Ford Focus—no judgment on either car; it just is.

Each time you violate that principle of paying according to the expected costs, you have someone who pays too much for insurance and you have someone who doesn't pay enough for insurance. It creates a disincentive for the person who is underpriced because it's a disincentive for them to improve.

I need to demystify something here. It is important to understand that insurance exists to share and distribute unexpected losses. Everybody should pay according to their expected losses. What we share among ourselves is when our individual losses are greater than the expected losses; that's the difference that we share. We do not share the expected losses. We pay for our own expected losses. I got three speeding tickets last year. I can tell you that I'm paying my expected losses this year. Therefore, what we're sharing among ourselves—I read in Ms. Hardy's paper that insurance is about sharing risk. Yes, it is, but the risk we are sharing is the risk that our personal costs will be greater than our expected costs. It is that difference between our expected costs and the actual outcome of the year that we're sharing.

If we don't follow that principle of "the premium follows the expected costs" at the industry level, if a company is not capable of identifying those costs properly, that particular company will cease to exist because the company will end up underpricing their product, not making their cost of capital, and disappearing. For the survival of a company, they must charge according to the expected costs of their insured. Therefore, the industry has a built-in incentive to price individuals appropriately according to their expected costs; no more, no less. We have competition in this province and in this country, in most places, and therefore there is a built-in process, a

built-in safeguard, that everybody will pay according to their expected costs.

I understand that insurance is important and that government has a role to play, but that role should be exercised with some parsimony in order to focus regulatory resources on the areas of greatest importance. For example, in my report that I have on the table behind, I suggest that FSCO have a more oversight role in classes that I characterize as less important. Let me rephrase this. For me, "important" means: Do you need the vehicle to bring your kids to school? Do you need the vehicle to get your groceries? Do you need the vehicle to go to work? That, for me, is an important class.

On the other hand, if you don't need, for example—again, I'm not trying to give a value judgement, but a $300,000 Winnebago or a $50,000 motorcycle is not needed to get the kids to school or to get the groceries, and so on. There are a variety of categories of vehicles. I think FSCO should modulate its approach and maybe have more oversight over certain classes of vehicles that are less important to the day-to-day life for us, a lighter footprint, and maybe that would permit it to focus more resources on classes of business or classes of vehicles that are more important to the day-to-day life of the population.

I suggest, for those recreational vehicles, ATVs, motorcycles—I also suggest commercial non-fleet. They do not look at commercial fleet, five or more vehicles, but I would put commercial non-fleet in that category—not that they're not important, but they are specialized vehicles. I would suggest that FSCO adopt more oversight and not get too deep into details of approval of every single rating factor and so on. This will free up fiscal resources to better address the more sensitive area of private passenger vehicles. This is the area that impacts the most general population.

When we look at private passenger vehicles, we need to recognize that the rate-making process, the identification of the overall rates, has basically two complementary processes. First is the determination of the overall rate requirements: How much money do I need next year to meet my capital costs, commissions and so on? That's kind of the big picture: How much money should I charge?

The second exercise—not less important—is: Who should pay what? Here's the bucket of money I need. How do I attribute the parcel of that bucket to different insureds? That's the second part, what I would call the classification pricing model, where we try to basically find out, at the individual level, how much they should pay.

For the former, the determination of the overall rate level, we study the past, we study the trends and we combine the two to figure out what we think the losses are going to be next year and therefore how much money we'll require next year. The determination of the classification by identifying the expected cost by category of insured is a very important task for the success of the company, a task made even more complicated because the measurement is often indirect. Nobody gets a little card in their wallet: "Next year, I'm going to be a bad driver. Next one, I'm going to be a good driver." Nobody gets that. We have to go with indirect: "The people with the following characteristics have a propensity to have larger losses." People who are 80 years old tend to die faster, or, more of them will die next year than people who are 26 years old. It's the same kind of process.

None of those are trivial exercises, whether overall or classification. Significant resources at the company and at FSCO are required to do that review. Currently, when an insurer sends a rate application to FSCO, it takes three to six months to get approval. You've got to put that three to six months in context. When you issue an insurance policy, it's for 12 months. It is a little disquieting that it would take three to six months to get a rate approval for a product that's 12 months. We suggest that by maybe having a lighter approach in some of the classes that I already mentioned, more resources at FSCO could focus on private passenger auto.

When it comes to private passenger auto, I think we all—"we all"; I will not put words in your mouth—there is maintenance required. There is CPI, consumer price index. Things go up from year to year. The basket of goods of insurers is not your basket of goods of the common consumer because we buy more medical than we buy food. Okay?

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There should be an incentive in the system for companies to keep up with the price movement of the product. Therefore, we should have a process by which insurers should be able to do maintenance filing, something to just keep up with inflation of the insurance product.

And this maintenance, why is it important? In my work for certain regulators, there are really two aspects to affordability. There's the absolute dollar value of the premium, but there's also the budgetability of the premium. People can go $1,000, $1,005, $1,010, $1,015. They cannot go $1,000 for five years, $1,500 at the end of five years. They need to be able to budget their premium as they go through. Therefore, it's important for insurers to be able to make maintenance filing to keep the premium from having to make a large jump. There should be a process at FSCO that recognizes that. Make things relatively easy for insurers to file for what I would call maintenance change.

This would be a simplified filing process and anything that falls within that category should be presumed to be approved unless the regulator sees something that is completely out of tune and says no to it. We would suggest that this simplified process should be relatively quick, from FSCO's standpoint, for approval. After 30 days of having sent the simplified package to FSCO, we should be deemed approved and we move on.

The question then becomes, what is the line by which it's only a maintenance filing versus what I would call a more structural filing, a full filing? I will come back to you in a moment on that.

A full filing, which would require, then, the submission of all information, including actuarial justification, would be required for anything that is not of a maintenance nature, and this package has to be signed by an actuary that says, "What I'm putting forward to FSCO for approval meets Canadian accepted actuarial practice."

The Chair (Mr. Bob Delaney): Mr. Gauthier, you've got about two minutes to go.

Mr. Richard Gauthier: Thank you.

And the answer from FSCO on those full filings should also follow accepted actuarial practice. Both parties should be joined by that.

Finally, going back to our CPI plus key maintenance, we propose that a joint committee of the industry and FSCO be formed to basically advise the superintendent of the trends in the product, because the industry knows faster than FSCO what's going on with the product. They have access to that information inside the company. FSCO has access to industry-wide information. By its nature, industry-wide needs to be collected and verified industry-wide and therefore lags the minute-by-minute.

To recap, the process I have proposed in my report is, let's focus the efforts of FSCO on PPA, only supervisory on the non-essential types of vehicle; on the essential type of vehicle, recognize that there is a maintenance aspect to it that should have a relatively light touch by FSCO, with a more heavy, if you want, more hands-on approach on the structural filing; and that that joint committee will advise the government on trends to permit them to have better decisions of what is an acceptable maintenance filing and what should be following the structural filing standpoint.

Thank you.

The Chair (Mr. Bob Delaney): Perfect. Right to the tick of the second.

Mr. Yurek.

Mr. Jeff Yurek: Thank you, Chair. Thank you for coming out today; very informative.

I posed this question to FSCO when they were here earlier this morning about kind of cutting back—file-and-go, I guess, a file-and-use type of rate, because I was asking how long it takes. I've talked to a few insurers and they've taken over a year in some cases to get a rate change. My concern is, with claims costs going down and people getting lower premiums—the rate change index should give them a lower premium. FSCO basically said—I'm going to paraphrase for them—that they don't trust the insurers to do so. Would you not think that competition between 60 insurance companies would ensure that rates aren't going to skyrocket through the roof if we use file-and-use? As you're from New Brunswick—

Mr. Richard Gauthier: I am the consultant for the New Brunswick Insurance Board.

Mr. Jeff Yurek: And they have kind of the same idea of file-and-use. Are the rates—

Mr. Richard Gauthier: The rates in the province of New Brunswick have been stable or declining now since 2004, because the reforms in the product that had been put forward in 2003 had removed the incentive to make certain types of claims of the system, and therefore the price has been coming down. Insurance companies have been decreasing their rates throughout that period.

In New Brunswick, when a company files, we tend to get them an approval, if the filing is in order, very quickly: a couple of weeks. The exception is on structural filings that have significant impact. In New Brunswick, there is a threshold at 3%. If a filing is above 3%, the approval process is much more stringent, potentially having an outside intervener in the process. We've been doing that for a number of years. A fast response gave confidence to the insurance companies that if the cost changes, the board can review their filing and adapt their position relatively quickly. The problem we have, when it takes you six months to get an approval, is that you will be a lot more cautious before putting that finger in that machine, because you don't know how you're going to come out six months from now.

Mr. Jeff Yurek: Sure. The insurers in New Brunswick are the same insurers that are in Ontario?

Mr. Richard Gauthier: Yes, for the most part.

Mr. Jeff Yurek: So I would assume that they'd operate the same if we had the same type of model for New Brunswick and Ontario.

Mr. Richard Gauthier: I would hope so.

The Chair (Mr. Bob Delaney): Thank you. Mr. Singh.

Mr. Jagmeet Singh: There are certain risk factors that are banned in Ontario, and there's a reason for that. Would you agree that there's a reason for banning certain—

Mr. Richard Gauthier: There are certain parameters that cannot be used in pricing because they are socially unacceptable.

Mr. Jagmeet Singh: Do you agree with that principle, that there are certain things that are socially unacceptable?

Mr. Richard Gauthier: I agree that certain factors are unacceptable socially; correct.

Mr. Jagmeet Singh: Are there any additional risks that should be banned because they're unfair socially—that are not currently banned?

Mr. Richard Gauthier: I am not aware of other criteria that should be abandoned for social acceptability. It's not an appropriate policy to deny insurers the use of information that they know.

Just to give you an example: territories, because it's an example close to my heart. We had the issue in New Brunswick where the government in the 1990s decided it was not fair to have a premium varying by territory; that mandatory insurance should have one rate for the province. That was the position and that was implemented. It created issues of availability; it created issues of distribution. Just to simplify, if I may: The north of the province required a premium of $1,200; the south of the province required a premium of $800. The rule was, "Everybody will pay the same thing." Therefore, what you ended up with was one insurer servicing the north of

the province at $1,200 and another insurer serving the south of the province at $800. The insurers that were acting in the south of the province were absolutely absent in the north. You couldn't find their name in the Yellow Pages; they were ghosts—

Mr. Jagmeet Singh: Just to stop you there, what about if there's no evidence to support the disparity in rates in a particular localized region—for example, in the greater Toronto area? The evidence would suggest that the rates are sometimes two times or 2.5 times different from one region to another, but the claims data don't support a 2.5-times-higher claims rate. Would you agree that that's an unfair practice, then?

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Mr. Richard Gauthier: There are more factors than the one of territory. I would say if there is statistical evidence that shows that the loss costs in a territory is X times the loss costs of the average in the province or another territory—if there is statistical evidence, I think it should be used.

Mr. Jagmeet Singh: And it should be proportional to the actual claims loss, as opposed to just increasing their rates on an arbitrary basis.

Mr. Richard Gauthier: There is no room in accepted actuarial practice to raise rates on an arbitrary basis.

Mr. Jagmeet Singh: Okay.

The Chair (Mr. Bob Delaney): Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much, Monsieur Gauthier, for your presentation today. You started out by talking about Ontario's rate approval process. I wanted, given your expertise in the area, to get a sense from you as to how Ontario's process compares to other provinces' in terms of the rate approval. Are we the most stringent? Are we middle-of-the-road? Who is where, in terms of the whole mechanism?

Mr. Richard Gauthier: At one end of the scale, you have Quebec, which is essentially "file and use," end of story. Then, after that, you have the provinces where you have one public insurer, a monopoly, which tend to have one hearing per year—Manitoba and Saskatchewan, and British Columbia being the other one.

After that, it's difficult to rank provinces in terms of complexity of filing. They all have their peculiarities.

Newfoundland is a very, very difficult place to do business because of the filing process. There are a lot of insurers that are no longer in Newfoundland because the process is too onerous.

In Nova Scotia, the process has changed over the past two years. They have changed their process, so therefore the jury is still out as to how complex it is.

I will not speak to New Brunswick because I'm very involved with it. I think it's a good process—what can I tell you?

In Ontario, the size of the market and the importance of this market as to the insurer makes—it's not only the fact that the process is heavy; the process is heavy for classes where it should not necessarily be heavy, because the importance of the class does not necessarily deserve that level of attention.

One of the principal problems in Ontario is that there's a very small group who kind of post benchmarks. Remember, I told you that as actuaries, we have to look at the past and make assumptions. There are certain ranges of acceptable assumptions that FSCO puts forward, and this is being decided in a relatively closed—in a closed process with a profound lack of transparency. Therefore, insurers do not have a lot of faith in this benchmarking process. That's why, in my paper, I say we should have a joint committee to essentially add transparency and flesh out what those big assumptions ought to be, or what the range of those possible assumptions ought to be. That's the added complication in Ontario.

Mr. Yasir Naqvi: Just a very quick point of clarification before the Chair cuts me off: When you say the process is heavy, do you mean the process is stringent?

Mr. Richard Gauthier: The process is difficult to go through because it's not necessarily applied on a consistent basis.

Mr. Yasir Naqvi: Thank you.

The Chair (Mr. Bob Delaney): Merci beaucoup, monsieur Gauthier.

Mr. Richard Gauthier: Plaisir.

MS. NADIRA KANHAI

The Chair (Mr. Bob Delaney): Our next deputation is Nadira Kanhai. Please come forward. Make yourself comfortable anywhere you wish.

Ms. Nadira Kanhai: Thank you. I'm beginning to believe I'm in the wrong place.

The Chair (Mr. Bob Delaney): No, all the mikes work. They're all the same.

You'll have 15 minutes to present your thoughts to us this afternoon, followed by up to 10 minutes of questioning divided among the parties. The question rotation this time will start with the New Democrats. Please begin by introducing yourself for Hansard and proceed.

Ms. Nadira Kanhai: Hi. My name is Nadira Kanhai. First of all, I'd like to state that I'm grateful for this opportunity to provide feedback on auto insurance practice and trends. My comments today are informed by my personal experience and my profession as a registered nurse with working knowledge of the Regulated Health Professions Act. By sharing my experience, I intend to shed light on a disturbing practice in trends I encountered.

I'd like to provide you with some background information. On October 2, 2004, I survived a two-car collision. The auto insurance carrier required an in-home assessment for a claim for statutory accident benefits. An occupational therapist/registered nurse conducted the assessment. The report generated was inaccurate and biased and the health professional used and abused my personal health information to discredit my injuries.

My request to have the report corrected by the member was denied. The insurance adjuster utilized the report to decrease and stop benefits, ordered me to attend a functional abilities assessment by an orthopaedic sur-

geon, and suggested that if I had a problem to contact the Financial Services Commission of Ontario. Needless to say, the orthopaedic surgeon's report followed the identical template of minimizing, trivializing and discrediting injuries.

The insurer sent a kinesiologist to implement the OT's recommendations of a long-handled toilet brush, a duster and a long-handled bathroom scrubber. Her report also restored my health.

FSCO does not have jurisdiction over health professionals. I reported my concerns to the respective health colleges—namely, the College of Occupational Therapists and the College of Nurses of Ontario.

COTO conducted a mediocre investigation and issued a lame reprimand to justify to the public that some action was taken, but it did not address my issues concerning the accuracy of the report, the member's unprofessional conduct and the impact on the vulnerable public. COTO informed me in writing that these assessments are considered non-therapeutic.

CNO dismissed my complaint on the grounds that the member was not providing nursing services and was not acting in the capacity of an RN, although this member is currently registered and holds a current licence to practise and is utilizing her credentials to augment and enhance her credibility.

My requests for reviews by the Health Professions Appeal and Review Board, HPARB, fell on deaf ears and were completely fruitless.

I'm sure you can all read as good as I can.

A follow-up with the Office of the Information and Privacy Commissioner of Ontario concluded that this member was not acting as a health information custodian as defined under the act. Furthermore, these assessments are not conducted under the health professionals act for the purposes of providing care and are therefore deemed commercial assessments under the Insurance Act.

Other third party assessments were arranged and funded by the insurer with specialists, who, even though their websites indicate that they're not taking new patients, are readily available within a matter of days to conduct these assessments. Their CVs are impressive volumes, and many are professors and associate professors at one of our top universities in Toronto. These experts are practising in world-class institutions. Some assessments were even conducted in the hospital setting, a taxpayer-funded facility, and reports were placed on the hospital's or university's letterhead to add authenticity.

Please note that after all the experts paid by the insurance carrier declared me a malingerer and that my pain was subjective, a bone scan report revealed healing fractures to three of my ribs as a result of the impact from the airbag and fractures in my pelvis and symphysis as my knee went into the dashboard.

This has led me to my insights. My experience clearly demonstrates that there are "trusted" health professionals, whom I prefer to call mercenaries, whose credentials and opinions are for sale. These third party assessments, initiated and funded by the insurance carriers, are the first step in denying injured accident victims benefits and validating them as malingerers.

It is imperative that we expose who is really gaming the system. By the way, spell-check considers the word "gaming" as a verb confusion and suggests a revision. It is crystal clear to me that it is the insurance companies who significantly contribute to driving up costs by paying exorbitant fees for excessive assessments which produce bogus reports that serve their interests. Some health professionals are comfortable providing this service because they have been reassured that they are protected. This is a very lucrative business.

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When there are staged accidents, they are prosecuted under the Criminal Code, and rightfully so. Why, then, when there are staged assessments, is there conveniently no recourse for the vulnerable accident victim? Are these assessments conducted in a vacuum?

My efforts have clearly demonstrated that conflict of interest is the foundation upon which the insurance industry operates. The golden triangle amongst the regulated health professionals, the arm's-length government agency FSCO and the insurance giants is dependent upon all parties remaining silent about conflict-of-interest issues. The spinoff economy generated within the financial sector of Ontario's business industry is mind-boggling—all done on the backs of vulnerable accident victims.

One would reasonably expect that when the government of Ontario agreed to have these assessments conducted by regulated health professionals, the intent was to level the playing field and ensure the public is treated fairly and equitably. However, these assessments have evolved into a parallel system in which regulated health professionals can practise within the complexities of the law and not be held accountable by the colleges or the public. They are essentially untouchable. This is an outrage.

If the government was serious about regulation of the industry and protection of the public, it would slap hefty fines on the insurance carriers, and the health colleges would discipline their members by enforcing their own standards, leading to revoked licences. However, conflict of interest is the grease that oils the wheels of the insurance giant and the financial sector of Ontario's economy.

There is a clear disconnect between the Regulated Health Professions Act and the Insurance Act at the assessment point. The former is for providing care and the latter is commercial. My personal health information is reduced to a commodity which I have no control over or access to.

My experience has left me to conclude that the Regulated Health Professions Act, the Personal Health Information Protection Act, the Insurance Act etc. are all an act to lull the public into a false sense of security and allow trusted members of our society to take full advantage of vulnerable accident victims. What can one do when the trusted members of our society are untrust-

worthy/unscrupulous and the systems in place to protect the public fail?

Regulation and self-regulation have failed in their mandate to protect the public, and this is a betrayal of the public's trust. A starting point would be to call for an immediate moratorium on all third party assessments initiated and funded by the insurance carriers and an inquiry into the exploitation of injured claimants by regulated health professionals within the Insurance Act.

There are other issues. Currently, the insurance carriers are secondary source providers. What that means is that one must exhaust their primary benefits before the secondary benefits are activated.

There is a problem with wage loss when one utilizes their sick time from their employer's bank to recuperate from an injury caused by an auto accident. When the employee returns to work and should other illnesses not related to the accident arise, they have no banked sick time. This results in an economic loss for the person.

The other issue is with rehabilitation physiotherapy offered through one's extended health benefits. One has to exhaust these benefits first. Should the person require physio for another injury not accident-related, the expense is out-of-pocket. This must be changed. The accident carrier must be the primary source when it is an auto-related injury.

That's my submission.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Singh.

Mr. Jagmeet Singh: Thank you for your deputation today, and thank you for taking the time out of your schedule to be here. I want to ask you: When you went through the process and had the insurance company arrange for the occupational therapist and registered nurse, it was one and the same person who conducted the assessment?

Ms. Nadira Kanhai: Correct.

Mr. Jagmeet Singh: Were you able to get an assessment from a person of your own choice; for example, your family physician or anyone else?

Ms. Nadira Kanhai: Yes, I did. My family physician assessed me; he completed a disability certificate, and he referred me to a physiotherapist. At the time, I was under the care of a physiotherapist. As a matter of fact, the actual day that the occupational therapist found me to suffer from no substantial injuries was the exact same day that I was receiving treatment from the physiotherapist for substantial injuries.

Mr. Jagmeet Singh: Wow.

Ms. Nadira Kanhai: Wow.

Mr. Jagmeet Singh: No, that's what I was getting at. So you had essentially two completely different opinions from two essentially completely different—you had your family doctor and another physiotherapist providing rehabilitation, and then you had the registered nurse provide a completely different assessment altogether.

Ms. Nadira Kanhai: Correct.

Mr. Jagmeet Singh: Were you able to show that you had two other people, both registered medical practitioners, a doctor and a physiotherapist, both indicate that you were suffering from some serious injuries? Was that ever taken into consideration by the insurance company? Were you able to use that evidence or those assessments to counter the assessment of that registered nurse?

Ms. Nadira Kanhai: While a stack was on the table of the adjuster, having both the disability certificate of my family doctor along with the physiotherapist sending in her treatment reports—that was on her table, along with the assessment that was sent in by the insurance provider. She decided, "No, if you had a problem, why don't you go to FSCO? This is my opinion."

Mr. Jagmeet Singh: And did you ever follow up with FSCO? How did you find that experience?

Ms. Nadira Kanhai: I called FSCO. I was told by FSCO that they have no jurisdiction over the occupational therapist; however, if I wanted, I could enter into the dispute resolution process. That was going to be a very lengthy process, and at that time I really needed my energy to focus on recovering myself and recovering my health. Going through this process with the colleges was extremely lengthy. It was like hitting your head against a brick wall. It is quite a maze to try and navigate to get your health as well as to have this added on top of you whilst you're trying to recuperate from an injury. I was just treated as a criminal.

Ms. Teresa J. Armstrong: Did you actually get a resolution at some point and get some benefit recovered—payments for your injuries from the insurance company? Or were you denied altogether?

Ms. Nadira Kanhai: I did have to hire a lawyer and I did have to get some benefits restored, but it is the process, the lengthy process—for example, when someone goes to the hospital, they basically are filing a claim against OHIP, which is an Ontario health insurance plan. You do not have to put up with what you have to put up with with the insurance carriers; for example, my extended health benefits. If you are prescribed a medication by your family doctor or specialist, they fill it. They don't arrange for you to go and be seen by their own doctors and then decide whether or not you need the medication or if there's an alternative medication for you. So why then are insurance carriers allowed to do this to the public?

The Chair (Mr. Bob Delaney): Thank you. Mr. Naqvi.

Mr. Yasir Naqvi: Ms. Wong.

Ms. Soo Wong: Thank you so much for coming to present to us today.

What we heard this afternoon by your presentation is that there's—can you share with us your suggestions to the committee in terms of fighting fraud in terms of the auto insurance business? Because I'm sensing that there's frustration, and the third party assessment you want to put a moratorium on. Can you give us some more examples of how to improve the system but also the issue of fraud within the industry?

Ms. Nadira Kanhai: I like your word "fraud," because that is exactly what it is. When there are staged

accidents, that's fraud; these clearly are staged assessments. This is why I suggested, after the moratorium, that we need to have an inquiry into the exploitation of vulnerable accident victims by regulated health professionals.

As to how you go about doing this, you are the experts in knowing all of the areas in how to get this together, but we definitely need to get to the bottom of this, because in the Regulated Health Professions Act, the only two things that are criminalized are if there's sexual misconduct or if there is death. I can tell you that surviving an accident is worse than death. So, clearly the Regulated Health Professions Act is not prepared to deal with fraud at the level that the Criminal Code can deal with fraud.

I don't know if that helps. This is my suggestion from a layperson, a member of the public.

Ms. Soo Wong: Thank you.

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The Chair (Mr. Bob Delaney): Thank you. Anything else? Mr. Clark.

Mr. Steve Clark: Thank you very much for coming and presenting. I know sometimes how hard it is to come into an environment like this and talk about a personal experience, so I appreciate your comments.

One of the points that was picked up by my friends from the New Democratic Party was the issue—and ultimately you said that you did have to hire a lawyer. What was the time frame from your initial claim to going and getting your own assessment and then, ultimately, because of frustration, hiring a lawyer during the process? How long did that take?

Ms. Nadira Kanhai: The accident was in October. It was not until March of the following year that I hired a lawyer because it became increasingly frustrating, and that's when friends say to you, "You need a lawyer." They see the state that you're in, people who are coming in to help you in the home; they realize how much more help you require. They said to me, "Nadira, you've got to get yourself a lawyer."

Mr. Steve Clark: I appreciate your recommendations about the moratorium and the inquiry, but is there any other suggestion you have for the committee on how the process can be improved so that you can get more timely and more accurate responses by your insurance company?

Ms. Nadira Kanhai: I think if it were to work similar to the way in which people receive care within the taxpayer-funded hospital system; for example, if someone requires physiotherapy, I know that's not funded through the health care system, but using a similar—you know, when you see your doctor, OHIP covers your bill and that's it. I think you need to take the survivor of the accident out of this whole arena. So, if physiotherapy is being provided, then let the provider do that, and then reimbursement is done outside of my arena.

A few years later, I had a ruptured appendix, and it was a breeze to be admitted through the emergency room, to be assessed and to be treated, and to come home and have my extended health benefits kick in. No one called me to say, "Why are you in a private room? Why are you utilizing all of this?" Everything was paid, and I was not aware of it. I was just sent a bill. So if there's some way that we could implement that, I think it would be beneficial to the person who is recuperating that they don't have that added stress of coping with the insurance company.

Mr. Steve Clark: Thanks.

The Chair (Mr. Bob Delaney): Okay. Thank you very much for your time coming in this afternoon and for your thoughts and your opinions.

Ms. Nadira Kanhai: Thank you so much.

SPEAKING WITH ONE VOICE

The Chair (Mr. Bob Delaney): Our next presentation is from One Voice, Sukhvinder Kalsi-Ryan. Good afternoon and welcome. Make yourself comfortable. You'll have 15 minutes to offer your thoughts and your opinions this afternoon, followed by up to 10 minutes of questioning. This question rotation will start with the government. Please state your name for Hansard, and then proceed.

Dr. Sukhvinder Kalsi-Ryan: My name is Sukhvinder Kalsi-Ryan. Good afternoon. I would like to thank the Standing Committee on General Government for having this opportunity to provide input on the study of the auto insurance industry's practices. I am a physical therapist by training and I work in the public sector. I'm currently a post-doctoral fellow at the Toronto Western Hospital, where my area of expertise is in the development and implementation of outcome measures specific to traumatic and non-traumatic spinal cord injury.

I've come together, along with many other stakeholders, to join a group called Speaking with One Voice. We are essentially a group of organizations. We've come together to advocate for the rights of individuals who are seriously injured in car accidents. We are a multi-stakeholder group that is comprised of leading experts in the rehabilitation field, health care providers from both the public and private sectors, professional organizations, organizations that support accident victims, such as the provincial Acquired Brain Injury Network and the Ontario Brain Injury Association, the legal community, and victims from across Ontario who are deeply concerned about the pending changes to the definition of catastrophic impairment related to automobile insurance.

We are the people who deal with the impact of serious accidents every day, either as victims, their health care providers or their advocates. We have great concerns regarding the compilation of the expert panel. It is noted that three out of the eight members of the panel have been consultants for the Insurance Bureau of Canada and the superintendent of financial services. It is our position that all medical experts on the panel should be clearly unbiased on such an important issue.

Furthermore, our hope is that, through this standing committee, the thoughtful comments and suggestions based on years of clinical experience from professionals

in this field will be taken fully into account and not only the recommendations of the expert panel of academics, some of which are clearly biased. We ask that you listen to us today, as the members of our group are diverse; again, including leading experts in the rehabilitation field, health care providers from the public and private sectors, professional organizations, and organizations that support accident victims.

We all know that car insurance exists for a very specific reason, and that is because driving is a very risky activity. It ultimately results in serious injury and loss of life. In fact, over 60,000 people are injured in car accidents each year in Ontario. Some 12,000 of these individuals sustain serious life-threatening injuries such as head injuries, spinal cord injuries and serious orthopaedic injuries. These individuals would create an enormous expense on the public health care system, clearly exceeding what our public system has the capacity for. Thus, it is legislated by the provincial government that all individuals who drive must have auto insurance to ensure that the health care system does not get bludgeoned with catastrophic costs of serious injuries related to motor vehicle accidents.

Our concerns are really about what the proposed changes to the catastrophic definition are. Firstly, the FSCO panel and superintendent recommend new assessment tools and new thresholds that would make it much more difficult to be deemed catastrophic. In fact, it would cut the current number of catastrophic injuries in half, according to medical and legal experts in the field. They will no longer allow designated assessors to combine both mental and physical impairments or consider chronic pain in the total-person impairment rating. This goes against the World Health Organization, the American medical guidelines protocol, best practices in care, and some recent decisions made by courts.

The superintendent has added a major barrier to access of benefits to those that are deemed catastrophic, as he suggests that only doctors should be able to sign insurance forms on an ongoing basis for therapy, equipment and support. One million people in Ontario do not have a family doctor. Those individuals will not be able to access any care. For those who are determined catastrophically injured, typically their doctors rely heavily on specialists, and specialists only get involved to address medical issues such as surgery or special procedures. This requirement places unreasonable demands on victims and their doctors and would take us back to an obsolete medical model that assumes that regulated health care practitioners need to be supervised by a physician. Ironically, this model is being suggested at a time when the Ministry of Health has introduced legislation for regulated health care practitioners to take on elements of health care provision traditionally provided only by physicians.

Our concern—or our question, in fact: Given that the non-catastrophic benefits were cut, leaving so many people with serious injuries without support, shouldn't more people be deemed catastrophic so that they can access the long-term rehab and support that they really do need?

What arises from this is a price. A price must be paid. What the concern becomes for us is: Who will pay that price? What will the cost of these changes, if implemented, be, and who will pay that price?

It is our understanding that the insurance industry will continue to enjoy record profits. FSCO has recently reported that insurer accident benefit costs have plummeted by over half, from $764 to $300 per vehicle, since the minor injury guideline was introduced and the non-cat benefits were slashed back in September 2010. However, there has been no reduction in premiums.

Who will suffer from these cuts? The seriously injured will, and their families, caregivers, and their support community. Essentially, their lives will be irreparably changed.

Individuals like the construction worker who is paralyzed and in a wheelchair for six months; who, with rehab support, progresses to the point that he can walk across a room using a walker; he will still depend on a wheelchair to get about in the community and will never be able to return to work: These are the people who will pay the price. These will be people who will go without benefits.

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Or the accountant who was in a coma for several weeks; by six months, still excruciating headaches, weakness, incoordination and such significant cognitive problems that he or she will need an attendant at home every day and will only be able to return to work part-time in a sheltered environment.

In addition to the victims of injury, our society will also pay a very big price. These people are and will continue to turn to an extremely and already overburdened public health and social system, which will result in great expense to the government.

The Ministry of Health and Long-Term Care will not be able to meet the needs of these severely injured people in a timely fashion due to increased wait times at every level of the system.

The Ministry of Community and Social Services, which provides Ontario disability benefits, vocational programs, assistive devices programs, supportive housing—already people wait two to three years for supportive housing.

The Ministry of the Attorney General will be affected as more individuals with brain injury without support will be incarcerated and, in turn, place a burden on, again, limited capacity. Approximately 43% of all individuals in our Ontario prisons have a brain injury according to a study conducted by Dr. Angela Colantonio.

The Ministry of Education: The capacity to provide adequate special needs and integrated education is already a challenge for many boards. An influx of children requiring publicly funded special-needs education and support will not be met as the capacity does not exist within the system.

A vast array of public agencies, such as the March of Dimes, which are funded by the provincial and federal governments, will feel the limited insurance benefits as more and more people will be seeking publicly and community-funded services. Ultimately, this downloading of costs will result in decreased access to vital services for all Ontarians.

So, essentially, we feel that the changes should not happen as yet. The recommended changes by FSCO should not be implemented at this point as these reflect the opinion of the insurance industry and are in direct opposition to the opinion of almost all stakeholder groups. Please see the list of stakeholders in your package and also from our previous group that spoke today and at previous hearings.

What we do recommend or what we are asking for is that the funding for those who sustain serious non-catastrophic injuries be restored as they were a casualty of the war on fraud in 2010 and are now left unprotected. This is preferable to introducing an interim category, which will only add more complexity to the system. We also suggest that if the changes to the cat definition are to be implemented, they need to be based on expert and stakeholder feedback, not just the superintendent and the FSCO panel. One Voice would be happy to work with the government towards this goal.

Thank you for your attention.

The Chair (Mr. Bob Delaney): Thank you. Mr. Naqvi?

Mr. Yasir Naqvi: Thank you very much, Dr. Kalsi-Ryan, for your submission today. One question that I asked earlier and I'll ask of you—a statistic that we heard from FSCO earlier today, and we're trying to understand the basis behind that, is that in recent years, what we have seen is a significant increase in medical costs while the accident rates are fairly stable in the province. How do you account for these figures from your experience within the field? Why are we seeing such a discrepancy?

Dr. Sukhvinder Kalsi-Ryan: When you say "medical costs," are you referring to the private care costs associated to treatment, such as therapy—

Mr. Yasir Naqvi: Yes, and claims etc.

Dr. Sukhvinder Kalsi-Ryan: I come from the public sector, so I don't work in private practice at all. One of our opportunities—and perhaps this is one reason. When you work in the public sector, because our public system is so stretched—I mean, I work with a surgeon who has about 150 people on a waiting list for elective surgery, and that's for spinal cord problems, not total knee replacement—we look for opportunities to off-load. So in the public sector, we look for the insured individual so that we can off-load from the public system. Again, that's why insurance exists. It exists so that the public system does not have to pay for some of the devastation.

We often discharge patients a little bit earlier if they can be discharged to home, and we try and find them the support in the community. If they have access to private funding, we will make those arrangements for them. So that might be one reason why the costs have increased: because we look for opportunities to use the private funding.

Mr. Yasir Naqvi: You used some data—you said 60,000 accidents. Is that numbers for Ontario or is it Canada?

Dr. Sukhvinder Kalsi-Ryan: Ontario.

Mr. Yasir Naqvi: Do you have any recommendations as to how we can make our auto insurance system more affordable? That's something, obviously, that this committee is looking at, and that's something that's always top of mind: the affordability of the system. Do you have any suggestions or recommendations in that regard?

Dr. Sukhvinder Kalsi-Ryan: When you say "affordable," do you mean affordable to the person purchasing insurance or affordable for the insurer to pay for injury?

Mr. Yasir Naqvi: No, affordable for the person purchasing the insurance.

Dr. Sukhvinder Kalsi-Ryan: I certainly think that insurance should be based on perhaps a history of a driver. I think that plays a part in current insurance premiums. But as far as that, I don't have any recommendations on how to make insurance premiums lower, if that's what you're asking.

Mr. Yasir Naqvi: I asked because that's the big question we're grappling with when we're looking at the claims and benefits cost to what you were speaking to versus how much of that cost then will be borne by the individual who may be getting auto insurance, and that's the challenge. But I appreciate your—

Dr. Sukhvinder Kalsi-Ryan: My concern, if I'm purchasing insurance, is that it pays for my injury.

Mr. Yasir Naqvi: Thank you very much.

The Chair (Mr. Bob Delaney): Thank you. Mr. Clark or Mr. Yurek?

Mr. Jeff Yurek: I'll go first. Thanks for coming in. Just a quick question: We've heard today from various people on this catastrophic—it's going to affect mental health care throughout Ontario; it's going to download costs on to the public system. My question is kind of way out there. You work with spinal cord injuries. When somebody comes in with a spinal cord injury—say they fell off their neighbour's roof or something. How do they pay for their benefits? How do they get treated? Because they don't have an auto insurance product to protect them. Is it purely on the public system or are there other avenues that they get funding for?

Dr. Sukhvinder Kalsi-Ryan: It's all public. If you ever look at the care that somebody without motor vehicle gets, it's like night and day between somebody with motor vehicle accident benefits. Some comparisons have been made. There are some studies that look very closely at individuals who have accident insurance versus those who don't. So there is a discrepancy—certainly not at time of injury. Pre-hospital care is the same; emergency department care is the same. We have standards across the country that we all follow. Intensive care unit care is the same and the in-patient stay in the acute-care hospital is the same. Where the discrepancy falls into

place is when the patient is sent to rehabilitation. In Ontario, we currently have 66 days to get somebody who has lost their legs for life back on their feet, so to speak, and back into life—back to work, back to everything. Sixty-six days.

The individual who falls off his roof—and we see a lot of that because of our aging population—will likely be put into a long-term-care facility such as a nursing home because the supports are just not there. If you're in a motor vehicle accident, you may have the opportunity to leave rehab a little bit before that, but you will be set up with some private therapy, either through your home or you can go to a private facility. So there is a big discrepancy in what ends up happening to our patients who don't have motor vehicle accident versus having it.

The Chair (Mr. Bob Delaney): Mr. Clark.

Mr. Steve Clark: Thanks very much for your presentation. We've had a couple of folks from One Voice present this afternoon since I've been here, and I think Dr. Becker was here before lunch. Of the 19 groups or individuals that are listed on the sheet that you've given us, one is the Ontario Trial Lawyers Association. I'd be interested to know from you, as a medical professional, how closely the lawyers work with the individuals, both before a case and also during a case.

Dr. Sukhvinder Kalsi-Ryan: I can speak to it a little; I can't speak to it fully in the private realm, like I said. In the case of a spinal cord injury we may see lawyers as early as the intensive care unit. That's perhaps when they come into play, but usually that is in the case of a very serious accident where there's probably already an investigation. But for the most part, most of the legal work happens outside the acute-care centre, so we don't see it often. We usually see lawyers for the criminals more often than we do for the insured.

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The Chair (Mr. Bob Delaney): Mr. Singh.

Mr. Jagmeet Singh: I pass it on to Ms. Armstrong.

The Chair (Mr. Bob Delaney): Ms. Armstrong.

Ms. Teresa J. Armstrong: Hi. There are a couple of recurring themes that we've heard from a few of the deputants today. It was the number of representations that are redefining the cat definition. So there are eight members total right now—is that the right number—who were on that committee?

Dr. Sukhvinder Kalsi-Ryan: That is my understanding. I'm not positive if I'm correct.

Ms. Teresa J. Armstrong: Okay. Is it eight members?

Dr. Sukhvinder Kalsi-Ryan: Eight members, yes.

Ms. Teresa J. Armstrong: The previous panel that determined the cat definition, which I believe your group is happy with right now: How many members were there at that time?

Dr. Sukhvinder Kalsi-Ryan: I couldn't speak to that.

Ms. Teresa J. Armstrong: You can't remember?

Dr. Sukhvinder Kalsi-Ryan: Perhaps they can.

Ms. Teresa J. Armstrong: Okay. Yes, sure. What was the number?

Ms. Patricia Howell: What I'm understanding is—

The Chair (Mr. Bob Delaney): I just need you to reintroduce yourself for Hansard.

Ms. Patricia Howell: My name is Patricia Howell and I'm the project lead on the group that did the expert submission in response to the FSCO expert panel submission.

The FSCO panel had eight members, and that is correct. We had 25 members on our panel. So I'm not sure—when you ask what was the original panel before the FSCO panel, I'm not aware of that.

Ms. Teresa J. Armstrong: The catastrophic definition right now is being reviewed. When it was originally defined, do we know how many people were on that panel? I just wanted to compare, because the concern is there are not enough people right now, and it's tipped to a certain representation on there with regard to the insurance company.

Ms. Patricia Howell: We could find out that information for you and let you know the procedure.

Ms. Teresa J. Armstrong: Because obviously, that recurring theme is that it's not a balanced panel to try to make sure that redefining catastrophic injury is in the best interest of accident victims.

Dr. Sukhvinder Kalsi-Ryan: And there is no one with spinal cord injury expertise on that panel, as far as I understand.

Ms. Teresa J. Armstrong: Have you ever spoken to any of the people on the committee? You've given deputations to them?

Dr. Sukhvinder Kalsi-Ryan: No. I do know some of the people on the panel and have worked with them in other areas of academic research.

Ms. Teresa J. Armstrong: What's the motivation, then, that you feel for why this panel has been set up with only eight members, and some of them are in the interests, from your observation, of the insurance company? Why would the government want to recategorize or redefine catastrophic injuries now if they've had a success in the reform since September 2010?

Dr. Sukhvinder Kalsi-Ryan: Well, I can certainly speak to why they might want to redefine catastrophic injury. No matter when you create a definition for anything, it's never perfect. It's clear that when they established the definition, there were perhaps some holes. There certainly are places where—I can speak for spinal cord injury—now, with the way we can treat patients, people walk away from spinal cord injury. I won't lie; I won't say every spinal-cord-injured individual is catastrophic. Absolutely not. But you need to know how to define that, and there's a very specific way to do so. So an ASIA D, as they recommended, is not the way you might define it. You would define it by saying—with an ASIA D that converts to an ASIA E eventually, you can say that individual is not catastrophic. So, really, you do need to redefine, because the way we treat patients changes and the level of recovery that occurs is changing.

The Chair (Mr. Bob Delaney): Thank you very much for your deputation. That pretty much concludes our time.

Just before I move to the next deputation, the clerk has reminded me to get this on the record: Pursuant to our in camera discussion earlier, is it the committee's will that the final deputant be permitted to present in camera and to be recorded anonymously? Agreed? Agreed. Thank you.

MS. DEBBIE THOMPSON

The Chair (Mr. Bob Delaney): Our next deputation is Debbie Thompson. Good afternoon. Make yourself comfortable.

You'll have 15 minutes to address the committee members, followed by up to 10 minutes of questioning divided among the three parties. This question rotation will begin with the PCs. Please begin by introducing yourself for Hansard and then proceed.

Ms. Debbie Thompson: Thank you. Good afternoon. My name is Debbie Thompson. I would like to thank the committee for inviting me here today to provide our input into the committee's auto insurance study.

I am an independent insurance broker at Beyond Insurance in Whitby, and my priority is to protect the interests of my customer, from the purchase of a policy right through to when they may need an independent advocate at the time of a claim.

Those not too familiar with the insurance industry sometimes mix brokers up with insurers themselves. While we often work closely with insurers, we're not the insurers. The law requires that consumers should get and need expert advice tailored to their own individual circumstances for proper financial planning and risk mitigation. I am here to help the consumer with their insurance-buying decision.

Our association, the IBAO, often differs on certain policy matters with insurers, as brokers' prime responsibility is to advocate and serve their customer, often given a different perspective from the companies themselves.

I believe that the single most important thing that could be done to lower claims costs and thus insurance premiums is to tackle fraud and abuse in Ontario's auto insurance system, particularly in the accident benefit area.

The committee has heard from the chair of the Auto Insurance Anti-Fraud Task Force. Its interim report lays out the issues quite well; therefore, I will not repeat the contents of that here today.

The IBAO is a participant in the consumer engagement and education task force working group and it supports the work of the task force and its direction.

The task force recommendations are scheduled to come out later this year and we want to urge the government to implement those recommendations as quickly as possible. Page 57 of the 2012 budget foreshadowed some of the task force's final report recommendations, such as regulation of health care clinics, other gaps in regulation, establishment of a dedicated fraud unit, a consumer education and engagement strategy, and a single Web portal for auto insurance claimants.

In addition, the IBAO will support constructive recommendations from all parties in this Legislature to combat fraud and abuse. We cannot tolerate the abuse of auto insurance product any further, as it's costing the consumer we serve too much money and we know that in Ontario we pay the highest automobile premiums in Canada.

As mentioned, tackling fraud and abuse in auto insurance is probably the most important thing we can do to lower premiums. However, we would like to caution against any further tampering with the system in the wake of the 2010 auto reforms. Those reforms are only beginning to make themselves felt. We believe they are working, but this committee should not be under the illusion that auto insurance in this province is excessively profitable. In this respect, we want to caution this committee and other decision-makers against recommending any simplistic or aggressive measures on rates. Let me be clear: We're not here to defend insurers, but we do believe that any aggressive tampering with this system will threaten market stability, which is just getting a foothold post-reform.

Nevertheless, we do believe there are measures that can be taken to deal with unfair pricing practices in the property and casualty market. The measure we are referring to is a ban on the use of credit scoring in personal property insurance. In 2005, the Ontario government banned the use of credit scoring in the rating of automobile insurance. However, shortly after, many carriers began to circumvent the ban by refusing to offer quotes to those who refused access to a consumer's credit information. By refusing to offer quotes, carriers were naturally not writing business for anyone who refused access to credit information.

In January 2009, via a bulletin from the superintendent, carriers were asked to stop this practice. After a refusal to abide by this request, the use of credit was later defined as an unfair and deceptive act or practice as part of the 2010 auto reform package, a measure we wholeheartedly support.

Ironically, however, almost immediately after the credit ban was introduced in auto, insurers began to use credit more aggressively to price people's property insurance, once again circumventing the ban on auto.

Last year, the Canadian Council of Insurance Regulators put out an issue paper entitled Use of Credit Scores by Insurers. The paper identified seven risks or harms to consumers and asks stakeholders whether all potential risks have been identified. In an IBAO submission, it identified an eighth risk: backdoor subversion of current credit prohibitions.

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You see, many consumers buy their home and auto together to get the discounts that are available. By using credit on home policies, some insurers are able to signifi-

cantly increase premiums, sometimes as much as 100%. By directly impacting the affordability of the home policies, insurers are able once again to successfully force the policyholder to go elsewhere. The problem is that soon there won't be an elsewhere to turn.

Today, while there are some property insurers left who don't use credit, we're hearing that soon they will be forced by market pressures to adopt credit rating. When that happens, the customers with a low credit score who do not have a history of losses and have always paid their premiums will find themselves without a place to get affordable home insurance, and then you will have an availability issue. Once this occurs, we believe the government will have little choice but to regulate home insurance far more than anyone wants to now.

Last year, the provinces of Newfoundland and New-Brunswick announced their intention to ban credit from home and other property insurance. Just last week, Prince Edward Island announced the same. Here in Ontario, MPP Colle introduced Bill 108, the Homeowners Insurance Credit Scoring Ban Act. Ontario lawmakers should follow these provinces and pass Mr. Colle's bill. A ban can also be accomplished by amending the unfair and deceptive practice—regulation under the current authority in the Insurance Act. The ban on credit in auto is done this way.

This is our advice: Implement relatively minor, smart regulation now by banning credit scoring, as done for auto insurance currently. This will help avoid more onerous, cumbersome regulation later. Banning the use of credit scoring to price home and other property insurance is the IBAO's number one public policy priority, and I support this. Our association has done a lot of work and research into this issue, and it has been advocating for a ban on this practice for nearly two years. Unfortunately insurers and the Ontario government have done little to deal with this issue during this time.

I thank you for your time. I'd be happy to answer any questions.

The Chair (Mr. Bob Delaney): Thank you very much. Mr. Yurek?

Mr. Jeff Yurek: Thank you, Debbie, for coming in. Ontario appreciates you advocating for credit scoring ending in home.

My question is on the auto insurance side. We had a gentleman in earlier who was quite upset with brokers in general. Since these changes in 2010, what has the IBAO done about educating the consumers when they're renewing their policy and helping the consumers understand the new changes that occurred in 2010?

Ms. Debbie Thompson: With the members, which are insurance brokers like myself, one of the mandates was that we definitely speak to every consumer about the changes with respect to accident benefits. We are required to do that every time we speak with the consumer because their lifestyle can change. So part of our mandate with the consumer is education: Understand what is available to you under your accident benefits. Make sure you speak to even your own personal financial adviser if you have other insurance in place.

Mr. Jeff Yurek: Thank you. With the changes in 2010, can you talk about any imbalances that have occurred with the insurance product with regard to auto and what you would recommend tweaking to make it a better product?

Ms. Debbie Thompson: We believe that the product, again, is just getting a foothold. We believe that we need to give it time, but what we see, mainly, now is that we need to tackle the fraud and abuse in that area, because we believe that is the area that is creating the biggest or largest expense under the accident benefits on the automobile policy.

Mr. Jeff Yurek: So, as an association, are you against the recommendations from the superintendent on changing the definition of catastrophic injury?

Ms. Debbie Thompson: We're actually just reviewing that definition ourselves, so I can't really speak on that at this time.

Mr. Jeff Yurek: Okay. Thank you.

The Chair (Mr. Bob Delaney): Mr. Singh.

Mr. Jagmeet Singh: Thank you for attending and for giving your deputation. I'd also like to thank the IBAO for their work on educating the public about the use of credit scoring and their advocating the ending of that scoring. You agree that that's a practice—I agree wholeheartedly that that's something that should end. It's an unfair practice.

Has the IBAO or the IBC or any other organization looked at the impact on rates by ending—I think it's a good thing to do, but I'm just curious if you've looked at the impact on rates by ending the use of credit scoring. It's a closed-loop system. We know the insurance companies are going to increase rates somewhere. How would that affect rates? People, for example, who have bad credit scores are being unfairly charged higher premiums, and those who have good credit scores are getting savings. If we banned credit scoring, it would obviously go up for some people and down for some people. Have you looked at how that would impact?

Ms. Debbie Thompson: What we do know is that the credit scoring right now on personal property insurance impacts everyone. Our concern is mainly with seniors or newcomers to Canada. They pay their premiums on time, or they are very diligent with the paying of their bills, but they don't always know what their credit score is. We really want to get it back to individual risk. What we should be looking at when we're rating insurance is the risk of the consumer.

Mr. Jagmeet Singh: Sure. My colleague has a question.

Ms. Teresa J. Armstrong: I just want to follow up on credit scoring. When do you find credit scoring takes place—on a new piece of business or on a renewal piece of business, with regard to property?

Ms. Debbie Thompson: It happens in both cases.

Ms. Teresa J. Armstrong: In both cases. Do you find that someone is with a broker maybe for 10 years on their

home insurance—and they might call you up and say, "My house insurance just doubled this year." You would know that there was no reason. Their broker didn't give a specific reason. They haven't had any claims that would twig you to think that it's because that insurance broker is doing a credit scoring.

Ms. Debbie Thompson: Not the broker, but the insurance company.

Ms. Teresa J. Armstrong: The insurance company. And they're trying to off-load that person.

Ms. Debbie Thompson: Right, and when you have your home and your auto together, then the auto becomes displaced and then we have to find another market for them at that time.

Mr. Jagmeet Singh: Just building on that issue: You were talking about returning the assessment of an individual's insurance rating, or their premium, to be based on individual risk. What do you mean by that?

Ms. Debbie Thompson: When we're talking about individual risk, just like we do in automobile insurance, we base it on their car, their driving record, whether they have tickets, whether they have accidents. On the home, it should be based on the maintaining of your home: How old is your home; have you repaired your roof in the last 10 years; that sort of thing.

Mr. Jagmeet Singh: On the auto side, looking back at the automobile package, given the 2010 reforms, would you agree that the product that Ontario consumers are receiving now is substantially reduced from before?

Ms. Debbie Thompson: I would say that the product is still a fairly rich product, compared to the rest of the country.

Mr. Jagmeet Singh: And then—

The Chair (Mr. Bob Delaney): Thank you very much. That's about it for your rotation.

Ms. Piruzza.

Mrs. Teresa Piruzza: Thank you very much for your time and for coming in, Ms. Thompson. I appreciate your comments.

I just want to bring it back to auto insurance as well. You've spoken a bit about credit rating and the property and personal insurance. Back to your comment that you made earlier: One of the areas, or one of the elements, that we have to continue to consider is with respect to tackling fraud and abuse, I think is what you indicated in part of your comments there. I'm just wondering: Is the IBAO working with the Auto Insurance Anti-Fraud Task Force, or do you have any specific recommendations that you'd like to bring forward in terms of how to tackle some of that fraud and abuse?

Ms. Debbie Thompson: The IBAO does sit on the consumer and education committee. Really, in my view as an independent broker, it's educating the consumer about abuse and fraud in our system, so that they understand that any fraud—if you put forth a claim, there can be criminal implications by putting forth any sort of accident benefit claim. I think it's important that the consumer is really educated about the consequences with fraudulent claims.

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Mrs. Teresa Piruzza: So in terms of some of that fraud and abuse you're speaking to then, you're speaking about a wide continuum of fraud and abuse that may be in the system in terms of—we spoke earlier—there was some discussion about fraudulent assessments in terms of some accidents. There was discussion about large-scale staging of accidents, and you're speaking about some of the minor, I guess you would say, in terms of putting in a claim that may or may not be—so there is a continuum, then, are you speaking of, in terms of that fraud and abuse, in the system?

Ms. Debbie Thompson: Right; absolutely. Yes, even from the time that someone at 16 years old gets their driver's licence with the handbook, there are various ways that we can educate the consumer about how it affects your auto insurance in the end.

Mrs. Teresa Piruzza: And the impact.

Ms. Debbie Thompson: Right.

Mrs. Teresa Piruzza: I believe my colleague has a question.

Ms. Soo Wong: Thank you very much, Ms. Thompson. The first question is: Can you give us a copy of your verbal presentation this afternoon, so that we can get a copy?

Ms. Debbie Thompson: I can certainly forward it to you.

Ms. Soo Wong: Okay; that would be great.

My second question is that earlier this morning we had a deputant who spoke about his concerns dealing with brokers and his comments about trusting brokers. You mentioned just now a comment about educating the consumers, making sure the consumers are informed about the risks as well as the fraud and what have you. The previous speaker this morning had great concern about your industry and the lack of trust and transparency, so can you share with us: How can we address this issue? Very clearly, the previous speaker had expressed concern about your industry, and there's a lack of trust and lack of transparency.

Ms. Debbie Thompson: I can speak to the transparency that we have with our customers. All of our customers know exactly who we are as independents and that we are their advocates. That's what we do. We help them with buying insurance as well as, when there is a claim, helping them with that process. We're not adjusters, but we're on their side. That's what we're there for.

As far as trust, that is our biggest value that we place with our customer: that they can trust us to help them with any part of their buying decision with insurance.

The Chair (Mr. Bob Delaney): Thank you. That concludes your deputation for today. Thank you very much for taking the time to come in.

Ms. Debbie Thompson: Thank you.

CARSHARING ASSOCIATION

The Chair (Mr. Bob Delaney): Our next deputation is the Ontario membership of the CarSharing Association. Please come forward. Good afternoon. Make yourselves at home, which may preclude putting your feet up, but otherwise, be comfortable. You'll have 15 minutes to give us your thoughts and opinions this afternoon, followed by up to 10 minutes of questioning. This round of questioning will begin with the NDP. Please introduce yourselves for Hansard and then proceed.

Mr. Wilson Wood: Thank you very much. My name is Wilson Wood. I'm the chair of the CarSharing Association.

Mr. Kevin McLaughlin: I'm Kevin McLaughlin. I'm president of AutoShare here in Toronto.

Mr. Wilson Wood: I'd like to thank you for giving us the opportunity to present to you and maybe give you a little bit of education and talk to you about some of the issues related to auto insurance and what has been around for a while but is still considered a very new industry.

Auto insurance and affordability is certainly something that we're very concerned with. Undeniably, from our experience, the best way to dramatically reduce your auto insurance costs for the consumer in Ontario is to simply not own a car. But you can still get access to one by sharing a car, so the insurance implications move to us.

In my role as the chair of the CarSharing Association—we call ourselves CSOs. We represent 40,000 people in Ontario who share a car today. We have three CSOs in our organization. There is also Zipcar out of Boston and car2go out of Germany operating here in Toronto. I also operate a car-sharing company called Vrtucar, which is a community-based car-sharing business in Ottawa.

Car sharing in Ontario has steadily increased in popularity since it began with Community CarShare, a cooperative in Kitchener-Waterloo, in the 1990s. We—that is, Toronto AutoShare and ourselves—have been operating for 15 years, and thousands of people who live, work and study in our communities share a car. Over the next five years, we predict that the number of people in Ontario using a shared car as the only way that they're going to use a car is going to double. This is based upon the growth that we've experienced and also new players that are coming into the field. They are multinational corporations and car manufacturers that are providing maybe slightly different forms of on-demand car sharing, but it still is under this generic term of car sharing.

What is this product called car sharing? People who share cars tend to be fairly passionate about promoting active transportation methodologies: walking, cycling and taking public transit. When they really do need a car, car sharing provides them with an affordable and environmentally responsible alternative to owning a car. As we've heard many times, car ownership costs you thousands of dollars a year: payments, insurance, maintenance, depreciation, all of those items. Car sharing, in turn, costs a fairly modest amount because members pay only for the hours and the kilometres that they use our vehicles. The vehicle is extremely efficiently used because of the number of people sharing that car. The car sharing organization covers all the other costs, including fuel, maintenance and, most importantly, insurance. CAA says that it's $8,000 a year to own and operate a car in Ontario. A car sharing member spends approximately $1,200 a year.

Our CSOs are transit-focused. Academic studies in Canada and the US indicate that this type of car sharing removes eight to 10 privately owned cars from our streets. This reduces pollution, parking woes and gridlock. The mission of the CSOs is to support members' primary mobility choices, such as walking, cycling and taking public transit. We're also a way of providing access to people who might be extremely hard-put to get and use a car who need one for that occasional use.

How does it work? Well, our CSOs provide a membership-based service available to all qualified drivers in the community who are 21 years of age and over and have a G-class licence. There is no separate written agreement or contract required each time a member uses or reserves one of our vehicles. We offer our members access to a network of conveniently located shared cars 24 hours a day, seven days a week, at self-serve locations in these communities that we're operating in. Members save money by encouraging them to plan their car use, they drive less, they use other modes of transportation and they drive fuel-efficient vehicles when they do need a car.

Who uses car sharing? Typically, people who do not own cars. Over 95% of the people who belong to car shares do not own vehicles. Some 60% of our members are women. The average age is in their mid-30s, but this age is going down. Trips are done approximately three or four a month. That's the average we've seen—people who are doing appointments, errands, shopping, recreational activities. The only time I actually use a car is to get to my old man's slow-man hockey game because the bag's darned heavy.

Weather, time and distance are the primary reasons that people end up using our vehicles. Car ownership does not reward you when you do not use your car. Most of the time it sits there depreciating but requiring all of the payments. Car sharing members do not have these costs, so that benefits their wallets, the environment and traffic in our communities.

Car sharing is alive, well and growing in popularity in communities in Ontario.

Auto insurance and car sharing: Our success over the past 15 years serving now thousands of members has proven that it is a responsible, low-risk mobility service. However, the Financial Service Commission of Ontario and the Insurance Bureau of Canada are silent about car sharing. We don't exist. Car sharing through an organization or supplier is not addressed in auto insurance regulations or legislation.

Our insurance providers do provide us with auto insurance to cover our named members. They were initially quite skeptical about this new service, and some of these concerns still exist today. Sometimes, our coverage is provided to us under the personal lines, sometimes it's under the commercial lines—there's no set way that it's done. With no clear direction from FSCO, the application of auto insurance to car sharing organizations is neither consistent, nor something that the consumer can look to with some sort of guarantee. Minimum provincial coverage is allowed. Of course, our organizations do not do that; we all purchase a minimum of $2-million liability coverage.

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There are concerns in our industry about accident benefits. Current legislation is essentially based on the 1950s and 1960s model of car ownership: The people who drive cars are either car owners or family members of car owners. This lack of direction or clarity in the regulations puts our insurance providers and the car sharing organizations liable when a car sharing member is walking, riding a bicycle or using public transit and involved in an auto collision.

I have a story for you. One of our members, walking across the street in downtown Ottawa, was hit by a car at an intersection while running a red light. As a member of the car sharing organization, we were of course held responsible for their accident benefits, even though they were not driving one of our cars at the time that the accident happened. Fortunately, she fully recovered, but our claims history was affected and a factor in determining our premiums, despite the fact that this incident had nothing to do with her operation of a shared car. All car-share organizations have similar stories.

Car sharing organizations in Ontario have an average of 22 to 24 members that share a car, so clearly there are a lot of our people that are wandering around on foot, by bicycle and in transit. They have nothing to do with our cars, but they are covered by our auto insurance. Because of this risk, the legislation, as written or the way it's interpreted, is a barrier to the expansion of car sharing, even though the demand is growing for our economical and environmentally responsible service. It should be noted that car sharing has proven over the years to be a very low risk, such that our insurance providers have managed to profit and provide us with service by paying our premiums. Our insurance costs are double or triple what an individual car owner would pay on their vehicles.

I want to be clear: We are very thankful for our insurance providers and we could not exist without them. They are very valuable partners. However, we need a fair and equitable playing field with regard to insurance regulations that provide the necessary protection for our members and our day-to-day operations.

The future of car sharing: Our growth and the entry of new service providers—again, by 2017 the number of people who use this as the primary and only way that they will use a car is going to double. Other jurisdictions in Canada and the US are changing legislation to address car sharing and other mobility options such as peer-to-peer, or P2P, car sharing. That's where individual car owners rent to or share their car with qualified drivers. Programs of ride sharing, private shuttle services, van pools—all of these new mobility options are on a dramatic upswing. Companies such as Google, General Motors, Ford and Daimler-Benz are all large corporations that are investing in car-share operations throughout the world.

A lot of new technology is coming that's going to allow people to provide more mobility choices that will save them money, reduce pollution and drive people to the public transit system—which is obviously one of our goals—but we need legislation and clear regulations to provide proper and consistent insurance coverage to the service providers and the people of Ontario who choose car sharing as their sustainable mobility option.

In summary, insurance laws and regulations need to reflect the realities of today's and the future use of the car. The current system that we have can result in inconsistent coverage for the consumers of car-share product. Liability decisions are unpredictable or we just don't understand how they make some of their decisions, but it's because there's no direction, and this regulatory confusion could threaten the future growth of this green mobility option. Thank you very much.

The Chair (Mr. Bob Delaney): And thank you. Ms. Armstrong.

Ms. Teresa J. Armstrong: You said that you have about 20 to 22 people that would share a vehicle?

Mr. Wilson Wood: Yes.

Ms. Teresa J. Armstrong: Is each one of those persons listed on a drivers' list on your policy?

Mr. Wilson Wood: Yes.

Ms. Teresa J. Armstrong: So a blanket driver—

Mr. Wilson Wood: See, we have the perfect example. I'm listed under a personal line. Kevin is listed under a commercial property.

Mr. Kevin McLaughlin: AutoShare in Toronto has over 12,000 people sharing our 300 cars, so our ratio may be slightly different. We have rules that we follow for our insurance provider, but we don't provide them with a list of names. They have no idea at any one time who's on our policy.

Ms. Teresa J. Armstrong: So if I was a member of your car-share as a client and I needed an insurance history, could I get a letter of insurance experience from your company?

Mr. Kevin McLaughlin: From us? Yes. We would ask our insurance providers, and we've had several over the years—

Ms. Teresa J. Armstrong: To give me a personal—

Mr. Kevin McLaughlin: Yes. They will write a letter in your name to explain that you've been—

Ms. Teresa J. Armstrong: That I've been with car-share for this number of years, and how many accidents etc.

Mr. Kevin McLaughlin: Yes.

Ms. Teresa J. Armstrong: Then I'd have to be listed on a drivers' list for them to provide me with a letter of insurance experience, because you'd have to give them my driver's licence—

Mr. Kevin McLaughlin: When we—

Ms. Teresa J. Armstrong: —and my tickets—sorry to interrupt. For instance, if I had five tickets and an accident, would your car-share policy allow me to share the car under your insurance company? Or do you have guidelines of which drivers they will allow to share your vehicles?

Mr. Wilson Wood: Yes, there are very clear guidelines as to, when anyone joins a car-share, they must submit a driver's abstract, and if they have over a certain number of demerit points, they're not allowed to join. And if they acquire those and we become aware of them acquiring those demerit points, we kick them out.

Ms. Teresa J. Armstrong: Okay. What would be my cost as a client to car-share if I had a driving record that was acceptable to your program?

Mr. Wilson Wood: The cost for the insurance?

Ms. Teresa J. Armstrong: For me.

Mr. Wilson Wood: For you to join?

Ms. Teresa J. Armstrong: Right. So it's a fee to join—oh, I see.

Mr. Kevin McLaughlin: Basically, it's like a club. The first time you join, there's an application and there may be a fee, from $25 to a couple of hundred dollars, depending on the organization. Then once you're a member, you pay per use. Typically, that's been by the hour. The innovation of car sharing, let's say over Enterprise or Budget, is that we provided self-serve, 24-hour access by the hour. For instance, in Toronto, $10 an hour, including gas and insurance, is the price for AutoShare. It's probably different in Ottawa.

Ms. Teresa J. Armstrong: You're in business, so you're going to make a profit from having people use car-share.

Mr. Wilson Wood: Yes.

Ms. Teresa J. Armstrong: And you're saying that some insurance companies insure you as a personal?

Mr. Wilson Wood: Yes. In my case, I do list every one of our drivers.

Ms. Teresa J. Armstrong: What company would that be, please?

Mr. Wilson Wood: That's Co-operators.

Ms. Teresa J. Armstrong: And it's personal, not a commercial policy.

Mr. Wilson Wood: No.

The Chair (Mr. Bob Delaney): Thank you. That's your rotation. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much for being here. We've engaged on this issue before. Vrtucar is in Ottawa, and thank you for accepting the invitation.

I think it would be helpful for the committee if you had a few recommendations in mind as to the kinds of changes that you would like to see within the insurance regime in Ontario.

Mr. Wilson Wood: Well, I guess the first and foremost would be actually having a definition of car sharing in terms of something that is worked out. We're obviously very happy to assist with that definition because there is no copyright on the term "car sharing," and, as I've indicated, there are many new players that are coming in. Car manufacturers are using the term "car sharing" essentially as a way of marketing their vehicles, marketing their brand. It's not necessarily a public-transit-focused service that's providing an alternative to owning and operating your own car. So having a definition that applies to all of the companies that are offering car sharing and having the insurance regulations speak to that would be most helpful.

Certainly, on the accident benefits, is it really fair that people who use a car as infrequently as three or four times a year—for all of those times and for the number of people who are out there, that's a fairly large liability. Of course, we want to provide them with their accident benefits when they are in our cars, either as a driver or as a guest, but the legislation was never intended to have one car serve 24 people in terms of an accident benefit.

Mr. Yasir Naqvi: Another quick question: You did mention that some of the other jurisdictions are starting to look at car sharing. Can you point us to one or two jurisdictions where you'd say, "You know what? They're going in the right direction, and Ontario should consider them"?

Mr. Kevin McLaughlin: I think in some ways there are sort of two things. One is the kind of car sharing that we do, looking at the issue of: Does Ontario want them to have the kind of coverage that a car owner has, or are we much more like a car rental, where if you rent there for a single day, you're not covered by accident benefits two or three weeks later because you rented a car a single time? There's that aspect about accident benefits as it applies to our industry. As more people choose not to own a car but may be a member of one, two or even three companies, like exist in Toronto, I think that's the biggest question for us.

The other thing to look at is, from a competitive point of view, for an economy like Ontario, do our insurance laws recognize the kinds of changes that are coming? You asked for something specific. Bill 1871 in California was passed recently that allows you to rent out your car through an organization. So you rent your car to your neighbour—and as I understand it, it's really about, let's say, my insurance covering your car while it's rented to your neighbour, and making sure that if there's a problem, that it can't come back on to your own personal insurance. That bill creates an opportunity for what they call peer-to-peer renting to your friends through a third party. For a period of time, there's another insurance that is primary on that car. It's not critical that this happens right away in Ontario, but it is starting to happen all over the place, and it's going to be something that, if not this year, over the next little while, we'll be looking at.

The Chair (Mr. Bob Delaney): Thank you. Mr. Clark.

Mr. Steve Clark: What's the average premium per vehicle?

Mr. Wilson Wood: The premium is somewhere around $200 to $300 per month.

Mr. Steve Clark: And what's your role in case someone is injured—

Mr. Wilson Wood: Obviously, if someone is injured, either our member or if it involves a third party, a claim must be initiated, and then the insurance process takes over.

Mr. Steve Clark: I know you talked about a certain driver abstract that would be required before a member would be accepted. How often would you reject an applicant? Is that pretty small?

Mr. Wilson Wood: It's fairly rare, but it does happen. It's a small percentage.

Mr. Steve Clark: And the same small percentage of someone you would disqualify after granting membership?

Mr. Wilson Wood: Yes. Again, if we received a letter of complaint about the driving behaviour of one of our members, usually from the police, then we would simply withdraw their privileges.

Mr. Steve Clark: Finally, Chair, if I might: The previous deputant was an insurance broker. What you think about banning credit scoring?

Mr. Wilson Wood: Again, we don't use credit scoring as a criterion for our members. Again, we're working with much smaller numbers. The monthly insurance per member is probably around $7 a month. The cost of the hourly kilometre charges is a lot greater than the insurance. But still, it's a very, very large expense that we are incurring for all of our vehicles.

The Chair (Mr. Bob Delaney): Thank you for a very interesting and enlightening deputation and for taking the time to come in here and speak to us today. I'm pleased to get you in and out early.

We are now going to take a brief recess. The committee will resume in five minutes in closed session.

The committee recessed from 1523 to 1536.

MS. X

The Chair (Mr. Bob Delaney): We will come back to order in a closed session. Our next deputant, pursuant to a decision by the committee, has asked whether or not she can make her deputation. Though the deputation will be on Hansard, our next deputant has requested to remain anonymous, and the committee has granted that request. Please come forward. You either can or can't use your name; it's entirely up to you. It's not going any further than here. As your name will not be on Hansard, I guess there's no reason to introduce yourself for Hansard. You'll have 15 minutes to give us your thoughts, followed by up to 10 minutes of questioning. This round of questioning will begin with the government side. Please commence. We're all here.

Ms. X: Thanks for allowing me to come somewhat in camera, I guess. I've been watching the various presentations or hearings that you folks have had at Queen's Park recently.

It's a very personal issue. I've weighed how I would present myself today because certain things I could say would absolutely reveal who I am. I have an existing claim right now that I want to stay non-prejudiced.

I think one of the key things as a consumer I'm concerned about, and I think I heard at the tail end of some presentations, is I guess something that people haven't considered since the last minutes I saw off of Hansard, where people talked about cost and so forth. Nobody really talked about accessibility.

To drive a car is not really a luxury for those who are disabled. I don't think anybody who has understood somebody having a disability, including the Honourable Mr. Onley, who's our Lieutenant Governor—he, I think, drives himself sometimes. If his vehicle is outfitted with certain things—there are also other people out there who would have a similar vehicle to allow them to take their carts or wheelchairs and so forth to work or just to get out, to be mobile.

Not everybody per se has the same income level. I'm finding that a lot of people who need to drive because of accessibility needs are low-income. You think, "If you're low-income, why do you have a car?" It's a necessary evil. Some of these cars are by no means a Rolls-Royce. They're not your Ferraris. They're cars that are very modest and/or barely in working order.

I think I'm afraid of where the car insurance rates are heading as a Joe Consumer. There was one case at a disability employment agency. The fellow used arm crutches to get to work. He tried TTC Wheel-Trans; it didn't work. He was late, or he would be forgotten at 5 o'clock because the TTC gets a little bit awry, so he would be standing there at the pickup point waiting to go home—can't get home. So he either starts his day late or he doesn't get home quite on time or anywhere near on time because now he has to hunt down TTC Wheel-Trans and figure out how they can send him a taxi to get him. So he ended up driving again, out of absolute need. He works in midtown. Midtown is very accessible, when you think about it, but yet not to him.

The other thing I've been really frightened about since having a claim and now having another claim is how car insurance really lacks transparency, period. I mean, as a consumer, I generally want to be informed before I buy something. With car insurance, I have no idea of what I'm buying. I know it's car insurance, but when I start asking, "What are the AB details? What is a SAB?", the person on the other line first will tell me, "Well, we don't have to give you a guideline for your pricing." That's my first question too—my bottom line: What am I paying for and why am I being charged this? They won't give it to you. They give you these generalized responses of how it might be affecting my rates, which suddenly go up again, with no at-fault accidents, no moving violations. But suddenly, my rate jumps about 20% to 30%? I don't understand. And this is every other consumer who notices that their rate jumped. That has to stop.

This goes back to my earlier comment. Those on a fixed income or just pure low-income people who need to drive, from a disability standpoint, where are you going to put them? They're not driving Maseratis. I understand that if you have a Maserati, it's not going to cost you $2,000 a year to insure that thing. The liability alone for one panel to be impacted is $5,000 to repair it. So I get that. But you can't put unknown costs at consumers. Anybody who shops looks at what the content of a loaf of bread is. We can't do that with insurance. We don't know exactly—you know, reading the previous hearing you guys had, people brought up things like regional costs. For instance, if you live in X city, in Toronto, you seem to have a higher rate of insurance than, say, Forest Hill or Rosedale, and that's odd to me. I mean, if you were to look at cost of cars, I'm going to assume Forest Hill and Rosedale don't drive jalopies, typically, and somebody in Mississauga or Brampton—they probably don't have, per capita, the same amount of Phantoms driving around, F40s. I'm a car nut, so some of you probably have no idea what I just said, but a Ferrari or the Rolls-Royce Phantom.

So it bewilders me, because I'm looking at a real-cost scenario, trying to understand how the rates are going up, and they won't tell you. The guy on the other end who is quoting you just tells you, "That's the way it is." I've never had to buy a product—forget about having to buy it; it's mandatory. If you drive, you have to have it, but yet they can't give you any idea of the why: why it costs this. It's so unknown. It's a lack of transparency.

Having had the luxury of having been at FSCO, I was absolutely shocked with my experience there with an arbitrator. It turns out that one of the insurance IME doctors had absolutely zero merit to weigh in on my case. It has come out now, because CPSO is now reviewing their IME—those doctors who are still certified to practise doing IMEs for insurance specifically. They're starting to review their so-called practice of laissez-faire where it didn't apply, because technically, you weren't a patient. Well, in the patient's view, who sat sitting in front of an MD, you're an MD. That's the pure reason why you're even sitting in front of them. I mean, you wouldn't have a janitor tell you that you don't have a nervous system disorder or you don't have a spine injury. That is why they're there.

It is interesting: One of the doctors—his cases have come up. It's questionable, because one of the arbitrators literally threw his report out of his arbitration because he was not qualified. It's like a neurologist coming for, say, a psychiatrist. It's not going to happen; it's two different specialties. Yet that doctor went beyond the scope of his expertise to weigh in, and the insurance submitted it and denied the claim based on that.

So that's a little bit disturbing, that finally, now, CPSO is looking at probably numerous complaints that claimants have had. They're only now reviewing it. We don't know what's going to happen.

The other thing, too: I know a 22-year-old driver, a new driver, who drives a CUV. It's a small SUV, so it's not a cheap car to insure, especially when you're a new driver, versus somebody with at least 10 years' experience with a sedan. But still, 10 years' experience should say something. The rates are literally at par, if not more, for the 10-year-plus experienced driver. This, again, goes back to the unknown. How the heck are you insuring somebody who's 22—with the same program, by the way. This is not one person driving daily because it's their requirement, their career or something. This is equal; all things equal. They both are casual drivers, yet you have somebody with 10-plus years' experience paying the same rate or more than somebody who's driving a car that would literally be listed as a bit of a weapon for somebody 22, a first-time driver, no experience. How does that happen?

The question of subrogation: I've asked my MPP about this. I said, "Why is subrogation only for out-of-province accidents?" Why is that? Why are in-province accidents not counted where the insurance has to now kick in their fees back to our Ministry of Health for the damages of an accident? Why does the insurance run off and go, "So sorry, everybody. MCSS"—Ministry of Community and Social Services—"you take care of those who are so desperate they need your $2. Ontario Ministry of Health: You kick in to pay for whatever. When we feel like it, we might pay." That's the attitude, and it's insane. I don't know, from a cost-recovery standpoint, how that makes sense.

The insurers always want to rely on fraud and their costs going up, but having been there, to fight a legitimate claim—has anybody ever added up how much it costs? Have you ever considered the costs of an unfounded fraudulent claim that was just held in queue because the insurance could not recognize that somebody's a paraplegic or a quad? Those are the most extreme examples I can use.

When you consider surveillance, their own IMEs that they are known to pay a premium for, Joe Consumer's IME may be held to, say, $1,800 or something, or less, especially under MIG. The insurance has been known to pay at a higher rate. I knew one person getting chauffeured to her IME one day. She lives up north, and they had to take her to London, Ontario, as the closest place. Just for some reason, the cabbie started telling her how much he was getting per kilometre. I don't want to even quote the rate, but just use this number: It was as insane as two bucks per kilometre, paid by the insurance. You guys can dig in and audit these numbers. I'm just using an example. It's crazy, whereas a claimant is held to, I think, 50 cents or less, and you have to be above 50 kilometres to even get that whatever amount they're giving you, and it's in the pennies.

The other thing is surveillance. Having been there, I've known people who were surveilled for 10 years. Is that necessary? Ten years. Surveillance is not free. I haven't tried to hire a PI, but I know it's not free; it costs money. Do you really need to be surveilled for 10 years? This same person was given an IME in-home—

The Chair (Mr. Bob Delaney): Just to advise you, you've got about two minutes.

Ms. X: Pardon?

The Chair (Mr. Bob Delaney): You've got about two minutes to go.

Ms. X: Okay. Her report said something like, "They can unload a dishwasher just fine." The woman didn't have a dishwasher. So you have to start questioning these things.

As a claimant, it's important to bring back—and this is the only language I know to put it in—uncapped torts, punitive damages. As much as insurance fraud is a claim for the consumer, I think the insurance CEOs and their teams who do these types of denials should be held accountable under a criminal position. I think it should be criminal.

That's what I have to say. I just quickly summarized.

The Chair (Mr. Bob Delaney): Thank you. Mr. Naqvi.

Mr. Yasir Naqvi: Thank you very much for coming today. I appreciate your presentation.

The Chair (Mr. Bob Delaney): Mr. Yurek?

Mr. Jeff Yurek: Just one question: Do you think premiums have become an inhibitor for people purchasing insurance, who are driving without insurance?

Ms. X: It's at that point now, yes. And I used the example that I did because how do you even just weigh that? Experience is generally part of the equation for your cost for premiums, and when you take a 22-year-old kid who's never driven, driving a fairly volatile car, if you think about it—a CUV is not exactly a little smart car—and then you take somebody with 10-plus years' experience with a sedan and they're paying about the same rate, if not more than a 22-year-old kid, that's weird. These are unknowns that should not be unknowns. It's a mandatory product.

Mr. Jeff Yurek: Thank you.

The Chair (Mr. Bob Delaney): Mr. Singh?

Mr. Jagmeet Singh: Thank you. No questions. Thank you very much for being here. I appreciate you sharing your story. It's important to hear from people in Ontario just giving their personal experiences about what the auto insurance industry is like for them, so I think that's very important. Thank you for sharing that. I appreciate it.

The Chair (Mr. Bob Delaney): And thank you for your deputation here today.

Ms. X: Thanks for allowing me the chance.

The Chair (Mr. Bob Delaney): Our business is concluded. We will reconvene tomorrow morning, Tuesday, in Brampton, at 9:30 at the Holiday Inn. Anybody who needs directions can get them from the clerk. Otherwise, we'll see you all bright and early at 9:30. We are adjourned.

The committee adjourned at 1551.

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