

PRESENTATION TO THE STANDING COMMITTEE ON GENERAL GOVERNMENT'S HEARINGS ON BILL 15

November 5, 2014

We represent the Ontario Rehab Alliance, a non-profit association representing over 100 companies that employ more than 4500 healthcare professionals. These are the primary providers of rehabilitation services to the 65,000 Ontarians injured each year in auto accidents. We share an adherence to ethical and effective business practices and strive to keep services reasonably priced and of the highest quality.

We take every opportunity to offer constructive input into policy and regulatory change. We made presentations to the Dispute Resolution System Review panel, the Pre-Budget Hearings, the Minister of Finance's Pre-Budget Consultation, and made a thorough submission to FSCO's *Three Year Review of Auto Insurance*. We are very proud of our work on fraud prevention. We are on record supporting service provider licensing since the concept was first proposed by the Anti- Fraud Task Force, and are proud to be a participant in FSCO's Service Providers Licensing Forum.

We support this government's commitment to anti-fraud. It is essential that we deter fraudulent players and focus resources on legitimate claimants. Too many of the changes made to auto insurance have been across-the-board cuts that improved insurer profitability at the expense of accident benefits coverage for all.

We appreciate that this government is looking for savings to support reducing the cost of premiums by 15%. The two-year expedited timing of this must not be used as an excuse for more changes that will disadvantage victims. We see firsthand the heartbreaking consequences of the cuts made in 2010 and subsequent regulatory changes. Many of our seriously injured patients are running out of coverage before they are better.

We applaud the components of Bill 15 that expedite dispute resolution, and extend anti-fraud measures to towing and storage. We note the proposed Towing & Storage Bill of Rights, with its obligation to disclose information to consumers, and suggest this might be a model for the Accident Benefits side of the equation.

When it comes to auto insurance consumers do not know what they are buying and they are not getting what they think they paid for. Tragically, most don't find this out until they are injured. Most drivers assume that they are covered by the basic package, and the shortfall will be picked up by our public healthcare system. But they're wrong. The public system cannot and does not address the gaps. The current cap of \$50,000 in med/rehab benefits for serious, non-catastrophic injuries is all-too-often insufficient.

When changes to the Statutory Accident Benefits Schedule were made in 2010, there was much talk of improved consumer choice, with insured drivers having the option to 'buy up' to access up to \$100,000 in med/rehab benefits. Only 1.4% of drivers have done this. Even when they do buy up, their benefit limits are subject to the \$3,500 Minor Injury Guideline, intended to capture 80% of claimants. How many drivers have any idea about this?

Many of those injured will never return to their pre-accident health and function levels. Many will find themselves fighting a losing battle with their own insurer to get the benefits they paid for. Many will lose their employment, homes and most tragically, families.

Consumers must be better informed. Brokers, too, must be better informed and held accountable for providing this information to consumers at time of purchase and renewal. Policy language must be clearer.

The thing about insurance is that we only really find out what we've bought when we've been in an accident.

The accountability and transparency that anti-fraud measures demand of service providers must be extended to insurers. Changes to the dispute resolution system to streamline the process will remove the right of claimants to pursue court action. Disputes will be determined by arbitrators without the power to award punitive damages, as do the courts, eliminating an important tool to keep insurer misbehaviour in check.

Experience has demonstrated that the current system does not effectively respond to insurer misbehaviour and bad faith. The system requires more – not fewer – mechanisms by which insurers can be held accountable.

We are very concerned by the latest attempt to save even more money for insurers with the proposed regulation change to drastically decrease the interest rate required of insurers on all disputed benefits. This will eliminate one of the few mechanisms that reflect the reality that insurers exploit their financial strength at the expense of claimants. The proposed change will reduce the penalty interest rate insurers pay below the rate of return from their investments, creating an incentive for insurers to deny benefits.

Though this change impacts claims in the dispute system, we experience daily the negative side effects from the lack of accountability for misbehaving insurers. Some insurers do behave responsibly; too many do not.

Savings achieved changes must be passed onto consumers and insurer misbehaviour must be addressed if auto insurance is to do what it is intended for: protect us in the event that we need it.

Thank you.