

## **Automobile Insurance Review Faces Rough Road**

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By: James Daw

Finance Minister Dwight Duncan wants lawyers, insurers and other critics to agree on fair and affordable changes to Ontario automobile insurance.

But the process is getting off to a rocky start, with lawyers and insurers taking pot shots at each other, and with little participation from premium-paying motorists.

The government is required by law to conduct a review this year of the highly regulated and controversial product, which costs more here than in any other province.

But Duncan declined yesterday to say when that review will start and what, if any, changes he thinks might be desirable, necessary or politically palatable.

"It would be ideal if some of the participants could reach some conclusions on their own," he said during a brief interview.

Auto insurance has cooled as a political issue after several years of declining prices, stiff competition to attract policyholders and, until recently, record industry profits.

So, plaintiff lawyers have seized the occasion to press for allowing more innocent victims to sue to recover damages for pain and suffering.

Lawyer Richard Halpern, president of the Ontario Trial Lawyers Association, said yesterday that working groups at a Drive to Better Auto Insurance Summit agreed behind doors to a few main changes.

He said they propose to get rid of a regulation that limits the right to sue to cases of death or severe and permanent physical or psychological injuries.

They suggest lawsuits over minor injuries could be restricted, even by deducting a smaller amount from awards than today. Now, \$30,000 is deducted from awards of less than \$100,000 for those injured and \$15,000 for awards of less than \$50,000 for family members.

The summit heard a speech from Adrienne Seggie, whose son Matthew Power was slain by a speeding motorist in Hamilton in 2006.

Halpern said the working group agreed there should be no deductions from court awards made to family members who experience a death in their family.

Participants propose to pay the extra cost of court awards and lawyers' fees from savings on administrative costs and accident benefits provided to injury victims, regardless of any fault in a vehicle collision.

The working groups included lawyers who represent insurance companies at trials, but not executives of insurers. George Cooke, president of Dominion of Canada General Insurance Co., presented a list of 10 proposals in a speech to the summit, but refused to participate in the working groups. Mark Yakabuski, president of the Insurance Bureau of Canada, said in an interview that insurers expect profits from Ontario auto insurance to be minimal or non-existent this year.

So a major increase in pain-and-suffering claims would require either a substantial reduction in accident benefits, or an increase in premiums.

About \$2 billion of the near \$7 billion of auto premiums collected in Ontario already goes to settle and defend lawsuits in court, compared with nearly \$2 billion for administration and payment of no-fault accident benefits and \$3 billion for vehicle repairs, he said.

He expressed hope Ontario's review of auto insurance will find ways to save money and restore profitability. If not, he said, there is a risk there will be a shortage of capital and competitive choices for motorists.

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