

From: Democracy Watch [dwatch@web.net]
Sent: July 14, 2008 6:09 PM
To: 5 Year Review
Subject: Submission re: establishing Automobile Insurance Policyholders Association

Bob Christie, Chief Executive Officer and Superintendent of Financial Services
Willie Handler, Senior Manager, Automobile Insurance Policy Unit and Donna Soloway, Project Coordinator, Automobile Insurance Policy Unit

Financial Services Commission of Ontario (FSCO) 5160 Yonge Street P.O. Box 85
Toronto, Ontario, M2N 6L9
Phone: (416) 250-7250
Toll free: 1-800-668-0128
Fax: (416) 590-7070

July 14, 2008

Dear Superintendent Christie, Mr. Handler and Ms. Soloway,

As Chairperson of the nation-wide Corporate Responsibility Coalition (CRC), I am submitting this brief concerning the proposal for the formation of an Automobile Insurance Policyholders Organization in Ontario in response to your five-year review of the relevant law.

The CRC's position is that such organizations should be formed to watch over business sectors on behalf of consumers. You can see information about the CRC on the following Democracy Watch webpage:
<http://www.dwatch.ca/camp/corpinvite.html>

The method for forming such an organization is very simple, low-cost and effective. The provincial government would pass a law establishing the organization (and, in fact, it would be more applicable for the government to establish one group to cover all customers of provincially regulated insurance and financial companies, a group called something like the Financial Consumers Organization of Ontario).

The law would set out the constitution of the organization, and give the organization the right to enclose a one-page pamphlet in the annual policy statements mailed out by these insurance companies. The pamphlet (which would be paid for by the organization) would describe the organization and invite consumers to join for an annual membership fee of, on average, \$40 (with a lower fee for people with low incomes).

Through this method, the pamphlet would be received by about seven million Ontarians. If only five percent joined, the organization would have 350,000 members, and annual revenue of \$14 million.

The funds would be used to hire lawyers, economists, consumer education specialists, and lobbyists to represent insurance consumer interests in complaint processes, lawsuits, and policy-making processes, as well as to pay the costs of having a democratically structured organization (such as to hold elections for organization board members).

This method would cost the provincial government nothing, nor would it cost any business anything (as the group would pay the costs of printing the pamphlet, and there would be no extra postage costs to include a one-page pamphlet in company mailings).

This method would balance the marketplace. Currently, consumers pay all of the costs of the lawyers, economists, lobbyists, lobbying, advertising and political donations of companies in this sector, through extra charges these companies add to the costs of products and services. Consumers do not have an equally easy method of compiling their financial resources into an organization of lawyers, economists, lobbyists that represent them, nor an organization of consumer education specialists to help them shop around, nor an organization to advertise their concerns.

The pamphlet method is the equally easy method, but government action is needed to require the companies to include the pamphlet in their mailings to customers.

You may be thinking at this point that the Superintendent of Financial Services is in a position to represent consumers, but you are in fact in a regulatory position where, like judges, you have to sit in the middle between industry and consumers.

Consumers need an organization to call that they fund, they direct and that is dedicated only to serving their interests and directly accountable to them. The pamphlet method is the most low-cost, effective method for forming such an organization.

This method has been used effectively in a few U.S. states to form utility ratepayers organizations, so it is a time-tested, tried and true effective method.

In August 2006, an Ontario legislative committee recommended that the Ontario government seriously study this method for forming a consumer organization to represent investors in Ontario.

In September 1998, the Mackay Task Force on the Future of the Canadian Financial Services Sector recommended that then-federal Finance Minister Paul Martin use the pamphlet method to establish a nation-wide Financial Consumer Organization. The House of Commons and Senate committees that reviewed the MacKay Task Force report endorsed that recommendation.

You can see all the details about implementing this method in Canada in various industry sectors, including a model law, on the following Democracy Watch webpage:

<http://www.dwatch.ca/camp/cubdir.html>

I look forward to hearing back from you with any questions about this low-cost, effective method for balancing the financial services marketplace by empowering consumers in key ways.

And on behalf of the Corporate Responsibility Coalition, I hope that you will, as the 2006 legislative committee did, recommend that the Ontario government seriously consider implementing this method to enhance protection of financial consumers in Ontario.

Sincerely,

Duff Conacher, Coordinator of Democracy Watch Chairperson of the Corporate Responsibility Coalition P.O. Box 821, Stn. B Ottawa, Canada K1P 5P9

Tel: (613) 241-5179

Fax: (613) 241-4758

Email: dwatch@web.net

Internet: <http://www.dwatch.ca>

Since 1993, cleaning up and making governments and corporations more responsible and accountable to you, and making Canada the world's leading democracy