

# **Submission for the Ontario Auto Insurance Five-Year Review**

**Submitted by:**



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**Submitted to:**

**The Financial Services Commission of Ontario  
Attn: Willie Handler, Senior Manager  
Automobile Insurance Policy Unity  
Financial Services Commission of Ontario  
5160 Yonge Street, 15<sup>th</sup> Floor, Box 85  
Toronto, Ontario M2N 6L9**

**July 10, 2008**

## **Introduction**

Herrold & Vernon EvalWorks is pleased to respond to your letter dated June 3, 2008 requesting stakeholder submissions to assist with your review of Part VI of the Insurance Act.

Herrold & Vernon Disability Management Inc. is a privately held Canadian company which has been providing insurer assessments since 1994. We recognized that the steady growth of assessment business activity created the need to establish a stand alone entity in order to sharpen product focus and enhance customer service. To that end, EvalWorks was established in March 2003. In January 2005, Herrold & Vernon Disability Management Inc. and EvalWorks business operations were fully integrated to provide seamless service to our clients.

Herrold & Vernon EvalWorks (HVE) has established excellent working partnerships with many of Ontario's insurers evidenced by the preferred vendor status we maintain. We have been recognized as industry leaders as providers of assessment and rehabilitation services, defined by professional quality and impeccable standards of integrity.

HVE provides thousands of impartial assessments to Ontario's insurers, lawyers and employers annually. These assessments are completed in our seven regional assessment centres or in the community.

Our multi-disciplinary, professional team consists of physicians, occupational therapists, physiotherapists, psychologists, chiropractors, massage therapists, social workers, speech language pathologists, certified kinesiologists and certified vocational rehabilitation counselors (CCRC). All staff are active members of their respective professional colleges & organizations, duly insured and certified/registered.

Our Insurer Examination Services include referral intake, clinical coordination, examination and reporting which are completed by experienced staff who work closely with insurers and claimants to provide the highest standards of customer service to all stakeholders. We maintain detailed statistical data on each referral and provide this information to the insurance industry.

We would like to offer the following comments, utilizing the provisions and issues outlined in your Appendices:

## **Affordability and Availability**

Individual assessment costs have not significantly increased over our 15 years of assessment experience. In some cases, individual assessment costs have decreased or remained the same due to market pressure and the proactive partnerships between stakeholders. For example, some insurers created a preferred vendor program which ensures assessment volumes, thereby keeping assessment costs under control. These partnerships have also resulted in improved service to claimants.

The volume of insurer assessments has increased for a number of reasons, including the elimination of the DAC's, and the proliferation of assessment requests via OCF 22's (Application for Approval of an Assessment or Examination). It would appear that the paralegal industry, primarily in the GTA, directly drives the volume of Assessment Requests making it almost impossible for a claims representative to effectively manage a claimant's case. We have received referrals that have included multiple OCF 22 submissions, and in a few cases as many as 15 or more Applications for Approval of an Assessment. These examples are directly responsible for increasing the overall costs of managing these cases as both insurers and their assessment vendors have had to absorb the significant administrative cost of handling these types of files. We would suggest that the process for submitting the OCF 22 be streamlined and that the regulations be amended to limit multiple OCF 22 submissions for one claimant within a reasonable time period.

It is important to note that assessment fees have not increased beyond the typical yearly cost of living allowance but that assessor invoices to companies such as ours have increased, creating a situation where successful assessment companies have become more cost efficient due to the lower margins on each assessment. In the end, assessor fees and administrative costs have increased, margins have decreased and insurer examination companies such as ours have responded with quality, timely and cost effective services.

In this market, attempts to reduce physician assessor fees result in decreased assessor availability. If the assessor is not permitted to invoice based on his or her specialty and level of experience, coupled with the time required to complete a thorough assessment, all stakeholders will suffer significant consequences as the resultant product will deteriorate and the specialty assessor pool will diminish. To ensure the availability and impartiality of assessors, assessor fees can not be capped. This will continue to allow physician assessors to balance their private insurance and public sector practices.

We recommend that the OMA Physician's Guide to Third Party Service be utilized to ensure that physician's are adhering to an industry accepted fee structure.

No Show/Late Cancellations are tracked and are typically less than 5% of the total cost of assessments within our company. A significant amount of administrative resources are utilized to schedule, reschedule, confirm and to coordinate external services (i.e. interpreters and transportation) for insurer examinations. Pressure from insurers to reduce an assessors no show/late cancellation fee from the industry standard of 50% of the assessment fee by 10% will further reduce the assessor pool. We recommend that a no show/late cancellation fee remain as it has for the past 15 years, i.e. 50% of the assessment fee.

### **Consumer Protection**

Insurer Examination companies such as Herrold & Vernon EvalWorks enhance consumer protection by providing the following:

- Assessment Centres in professional accessible buildings;
- Timely access to Regulated Health Care Professionals, who maintain errors and omissions insurance, liability insurance and membership in their respective associations and colleges;
- Coordination of Transportation and Interpretation services;
- Ensuring the consumers' protection of privacy;
- Transparency and accountability with the submission of customized statistical reports that detail assessment costs, timeliness and outcomes.

### **Statutory Accident Benefits Schedule**

Herrold & Vernon EvalWorks has been successful in meeting and exceeding the service requirements, i.e. timelines, as outlined in the SABS. However, in complex cases where multiple assessments are required, we would recommend that all assessment reports be due 15 days from the last assessment date. This would provide an opportunity for all assessors to review all reports and for the provision of an executive summary if required.

Thank you for the opportunity to provide our comments regarding your review of the Insurance Act. We hope that our feedback will be of value during this process and we would welcome any opportunity to meet with your committee to share our experience in providing cost effective, transparent and impartial insurer examinations.

Sincerely,

A handwritten signature in black ink, appearing to read 'Doris Vernon', written in a cursive style.

Doris Vernon  
President  
Herrold & Vernon EvalWorks