



## Response to Ontario Auto Insurance Five Year Review

Submitted to: Automobile Insurance Policy Unit,  
Financial Services Commission of Ontario

Submitted by: RIMS Canada Council

Date: July 21, 2008

## **BACKGROUND**

The RIMS Canada Council (RCC) represents Canada's largest group of commercial insurance purchasers and the Ontario Risk and Insurance Management Society (ORIMS) and the Canadian Capital Chapter of RIMS together represent Ontario's largest group of commercial insurance purchasers. We appreciate the opportunity to express the views of our members to the Financial Services Commission of Ontario on its Five Year Review of Ontario Auto Insurance.

The Risk and Insurance Management Society, Inc. (RIMS) is a not-for-profit organization dedicated to advancing the practice of risk management, a professional discipline that protects physical, financial and human resources. Founded in 1950, RIMS represents nearly 4,000 industrial, service, nonprofit, charitable, and governmental entities. The Society serves over 10,700 risk management professionals around the world.

RIMS has 936 individual members in Canada, representing more than 500 of Canada's largest companies and organizations in many industries, including financial institutions, retail, consumer products and services, energy and utilities, agriculture, transportation, real estate, educational institutions, and municipal and provincial governments.

The RCC is a standing committee of RIMS that addresses Canadian activities and strategic initiatives of RIMS and risk management in Canada. The RCC is comprised of representatives from each of the ten RIMS chapters from across Canada, including the two Ontario chapters, ORIMS and the Canadian Capital Chapter. ORIMS has 348 members and the Canadian Capital Chapter has 49 members.

Please see Appendix A for more information about RIMS and RIMS in Canada.

## **COMMENTS:**

The main purpose of this submission is to establish the RCC as a stakeholder with respect to the automobile insurance system in Ontario. Our members purchase insurance for a broad spectrum of private and public sector organizations in the province, and can offer a great deal of expertise to assess proposed changes as FSCO moves forward with any revisions to Part VI of the Insurance Act and its regulations.

To prepare this submission, we canvassed members from different sectors for examples of current issues that need to be addressed based on your consultation questions. Here are some of the examples they provided:

### **Statutory Accident Benefits Schedule**

Changes and improvements to the Statutory Accident Benefits Schedule (SABS) could reduce current complexity and enhance compliance. Following are some specific examples:

- Our members deal with claims where individuals who do not have their own auto insurance are injured riding in vehicles owned by our member organizations, including city public transit vehicles, motor coaches, school buses, charter services, automobile fleets, etc.. In these cases, if people are injured, even with no fault to the organization, the organization's insurance has to pay for benefits. These benefits can be costly and cases can take years to resolve.

With increased privacy laws, it can be difficult to determine whether claimants qualify for Statutory Accident Benefits claims. Our members have had situations involving claimants who denied having auto insurance at the time of their loss, both in statement and on application forms. Claimants have denied knowing or having details about their last known auto policy number, insurer, type of car etc. Even when such information is eventually identified, there have been situations where the insurance company denies accepting priority due to time delays, even though the policy was in force at the time of the loss. This results in further expenses and increased costs for arbitration and other claims management functions. Since claimants must be responded to while investigations continue, we believe that insurers should not be exempt from paying for their claimants' accident benefits or disputing priority, if there is a delay in information confirming valid coverage.

- Members who own vehicles that carry passengers would like to see a cap on liability for auto accidents. We suggest the cap be set at \$1 million, the same as the recently approved rental vehicle cap.
- Our members report that SABS forms are too long, and they would like to see revisions to make these forms more user-friendly. We would be pleased to work together with FSCO to provide feedback from our members to help reduce complexity and improve efficiency and compliance.

### **Consumer Protection**

The housekeeping limit of two years for non-catastrophic injuries should be reviewed. Accident victims may be well along the road to recovery but still need housekeeping and/or home maintenance assistance. Extending paid housekeeping services would help accident victims put their energies toward recovery and returning to work. A suggested revised limit could be four years or four months after a person returns to work full time. Such benefits should be accessible to consumers immediately and without litigation.

### **Other Issues**

The 2006 ruling on priority of payments for rental vehicles makes the renter's personal insurance the primary coverage for daily rentals, even if they are renting a vehicle to conduct business for their employer. This change to the Insurance Act was intended to close a loophole for vicarious liability imposed on long term leased vehicles, however, daily rental vehicles were also included in this change, causing a great deal of misunderstanding both by consumers and rental agencies. This has resulted in an inequity

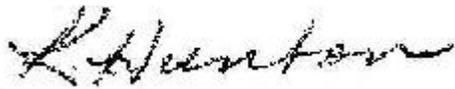
whereby an employee who rents a vehicle for his or her employer's business personally bears the primary liability associated with operating that vehicle. This ruling needs to be reviewed.

### **CONCLUDING COMMENTS**

We thank FSCO for the opportunity to add our comments to the Ontario Auto Insurance Five Year Review.

We would appreciate the opportunity to meet with FSCO officials or to comment further as the Review proceeds. We look forward to your continued consideration of the views of commercial insurance purchasers as you move forward with the Review.

Sincerely,



Kim Hunton  
Chair, RIMS Canada Council  
Canadian Capital Chapter RIMS



Bruce Tainsh  
Vice-Chair, RIMS Canada Council  
Ontario Risk and  
Insurance Management Society

Attachments:

Appendix A – Background Information on RIMS in Canada

## Appendix A

**Background Information About RIMS in Canada****RIMS**

The Risk and Insurance Management Society, Inc. (RIMS) is a proactive voice on behalf of risk managers, dedicated to supporting their function and enhancing their profile as vital elements in organizational success. Founded in 1950, RIMS represents nearly 4,000 industrial, service, nonprofit, charitable, and government entities. The Society serves 10,700 risk management professionals around the world by providing the highest quality products, services and information to manage risk effectively. These services include the largest annual conference on risk management, risk management education, publications, research and networking opportunities, both online and through its extensive chapter network.

**RIMS IN CANADA**

RIMS has 936 individual members in Canada, representing many of Canada's largest companies and organizations in many industries, including financial institutions, retail, consumer products and services, energy and utilities, agriculture, transportation, real estate, educational institutions, and municipal and provincial governments. RIMS provides a peer network for its Canadian members through ten chapters across the country. In regular meetings, risk managers exchange ideas and engage in networking with their local industry counterparts. RIMS also facilitates contact with a broad array of service providers in the insurance industry, and with subject matter specialists and technicians of every stripe.

The RIMS Canada Council addresses RIMS' Canadian activities and strategic initiatives. These include an annual Canadian Risk Management Conference, risk management education opportunities, liaison with government and other Canadian associations and communication with Canadian members through the online RIMS Canada newsletter, the RIMS Canada Council website and other channels.

**WHAT IS RISK MANAGEMENT?**

Risk comes in many forms, and the risk management profession encompasses a wide scope of functions. There is some level of risk associated with almost all organizational decision making and operations. The role of risk management is to address risk for the organization's benefit.

Risk managers help protect their organizations' property, assets, image and people from internal and external events that could threaten the organization's integrity. Risk

managers apply the risk management model of risk identification, assessment, measurement, mitigation and monitoring to the satisfaction of their organization's management and governance structure, ensuring that federal and provincial laws and regulations are followed. Most risk managers assume a critical role in the area of risk financing through the placement and supervision of insurance programs and internal financing measures. Risk managers represent one of the largest groups of buyers and administrators of commercial insurance, and, as such, they are aware of impacts and practical implications of developments in the local and global insurance markets.

With an increasing awareness of the need for risk management at the corporate governance level, many risk managers are being asked to assume responsibilities for enterprise-wide risk management structures and activities. Addressing risk appropriately is a key component of achieving due diligence.

### **RISK MANAGEMENT EDUCATION**

Canadian risk managers can obtain the basic-level Canadian Risk Management (CRM) designation by taking three courses: Risk Assessment, Risk Control and Risk Finance. Courses are offered at universities across Canada, and by correspondence through University of Toronto (English) or Université du Quebec (French).

The RIMS Fellow® (RF) designation is the credential for the experienced risk professional. To become a RIMS Fellow, candidates must hold the CRM designation, complete prescribed university classes and twelve days of RIMS Fellow Workshops, have at least five years of industry experience and commit to ongoing professional development.

To provide up to date information for risk managers, RIMS produces research reports and publications including the monthly Risk Management Magazine, the Riskwire daily online news service, and the real-time online Benchmark Survey. RIMS also offers professional development workshops, industry-specific symposia and a wide range of conference programming.

RIMS supports risk management education in Canada through the William H. McGannon Foundation.

### **FOR MORE INFORMATION ABOUT RIMS IN CANADA**

RIMS Canada website: [www.rimscanada.ca](http://www.rimscanada.ca)

RIMS website: [www.rims.org](http://www.rims.org)

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