

ARE GROUP AUTO AND PROPERTY INSURANCE PLANS BALANCED?

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Group plans have a place, certainly for health care, where individuals might have a difficult time obtaining insurance and Group Plans are appropriate as part of an employee benefit.

Group Plans for Auto and Property policies should not enjoy lower rates merely because it's a group. There is no good reason that because one is part of a group, that person drives better and or cares for their home differently than the "rest of us" and yet they can obtain lower premiums and we pay more.

Many registered organizations qualify as a group. An insurer will consider it for "Group Plan" purposes and draw up a schedule of conditions and a set of premiums. This then is presented to the Financial Services Commission of Ontario for acceptance. The Government knowingly allows an insurance company to give a group lower premiums than the "rest of us". There are groups identified as "Synthetic", not "members" but due to age qualify for lower premiums. However, these consumers can only purchase from a selected broker and insurer even though their broker of choice might be someone different.

"Is the coverage and service better in a group"? Certainly not, in fact those in groups often have little communication with their insurer and few have little knowledge of their "protection" or where to go for "service". Even if you pay less, where is the VALUE?

The purpose of insurance is "to spread the risk among many". Some groups do not have sufficient numbers to make them profitable and some have a severe "loss experience" that it wouldn't matter how many were in the group, but insurers still retain and offer lower premiums.

Group Plans aren't monitored well by insurers so when someone leaves their employer, they could still continue getting the group discount. On the other hand, if a Group Plan fails and they do, those members have to find coverage elsewhere and hope they have a good track record or premiums will be out of sight.

It's all about "Balance" and "Fairness". Whether you are in a group or just off the street, if your credentials are the same, you should be treated the same. That's constitutional isn't it?

Choosing a broker and insurer should be a consumer's choice for the same cost and protection that a group member can obtain. That's how I see it anyway.

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Comments are always welcomed by email parmstrong@pcarmstrongins.com or phone 905-877-0133.



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