

March 7th

quiry into the reasonableness of the 1929 automobile insurance premium rates in Ontario, I was confronted with the major difficulty that the majority of the insurance companies transacting in the three or four years immediately prior to April, 1928, upward of 60 per cent. of the business in the Province, had failed to establish any real system of cost accounting in their offices, and were thus quite unable to produce before me any reliable statistical records showing the costs of automobile insurance in Ontario.

"I found that, so far as being able to examine the rates then in force in the light of any useful data, I had to deal with a condition in which more than 70 per cent. of the automobile insurance in the Province was being written at rates fixed by the Canadian Automobile Underwriters' Association, and more than 90 per cent. at rates based directly on the rates of the Association; upon defective experience, and not the result

of any plan capable of comparisons between the results of the businesses of the various companies.

"The only solution to the difficulty appeared to be to order the companies to go back over their old policy copies and original records and extract the information necessary to compile proper records of their loss cost experience in recent years. I so ordered. This necessary action not only caused the companies inconvenience and expense, but it delayed the investigation more than six months, and records of the character upon which the rate-making procedure of the Association purported to be based, and which should have been available to me at the opening of my investigation almost a year ago, have only come into my hands within the past 30 days."

Financial Responsibility.

The bill proposes that a new part to the Highway Traffic Act, entitled "Financial Responsibility of Owners and Drivers," which is based on the principles of the so-called financial or safety responsibility laws now in force in 15 States of the United States, including New York and Connecticut, and already before the Manitoba Legislature, adapted to meet Ontario conditions, and to harmonize with the existing Ontario motor vehicle and insurance laws. Its provisions may be summarized as follows:

1. It provides for the automatic suspension of the driver's license and owner's permit, if any, of any person convicted of a major offense under the Highway Traffic Act, or of any criminal offense involving the use of a motor vehicle, until proof of financial responsibility or legal liability arising out of future motor vehicle accidents, is given to the Registrar of Motor Vehicles.

This provision also applies to convictions in any other Province or State, for the offense, if committed in Ontario, would have required the offender to prove his financial responsibility. It also applies to non-residents, except that, there being no licenses or permits to suspend, the privilege of operating any motor vehicle in Ontario or of operation of any motor vehicle owned by the offender, is withdrawn until proof of financial responsibility is furnished.

Final Judgment.

2. It provides for the same automatic suspension until financial responsibility is proved, in the case of a person who fails to satisfy any final judgment, rendered against him by any Canadian Court, involving more than \$100 arising out of a motor vehicle accident occurring after the law comes into force; it further provides that in such a case the judgment must also be paid (unless authority is obtained from the Court to pay it in instalments) before the suspension is lifted.

3. It authorizes the Registrar to require proof of financial responsibility from any person, who, in his opinion, is responsible in whole or in part for any motor vehicle accident, or who is under 21 years or over 65 years of age.

4. It permits residents and non-residents to volunteer proof of financial responsibility in advance of any conviction or accident, in order to avoid suspension of license or permit, or withdrawal of driving privileges, and

further authorizes the Registrar to issue to non-residents an official non-resident insurance identification card and to permit proof of financial responsibility being given to his representative at selected points along the Provincial border.

5. "Proof of financial responsibility" must be given in the following amounts: (a) For damages by reason of personal injury to or death of any one person, at least \$5,000; for such injury to or the death of two or more persons in any one accident, at least \$10,000; and (b) for damage to property resulting from any one accident, at least \$1,000. Proof may be given in one of the following alternative forms: (a) A certificate of a licensed insurance company that it has issued for the benefit of the person named therein, a motor vehicle liability policy of approved form and coverage; (b) the bond of a licensed guarantee insurance or surety company or a bond of personal surety of approved form and limits; or (c) a certificate of the Treasurer of Ontario that the person named therein has deposited with him a sum of money or securities approved by him in the amount of at least \$11,000.

6. Due provision is made for judgment creditors of persons who have given proof of financial responsibility by means of a bond, money or securities, realizing on the security so furnished.

7. Court clerks are required to forward copies of all orders, convictions or judgments to which the law applies to the Registrar of Motor Vehicles immediately after the date upon which they become final, and in the case of non-residents copies must be sent to the Registrar of Motor Vehicles in the Province or State where the non-resident resides.

8. Certificate of insurance, bond, money or securities given in proof of financial responsibility may be returned at any time after three years from the date of the original deposit, provided the person has not during any three-year period immediately preceding the request been convicted of any offense, and provided that no action for damages is pending and no judgment is outstanding and unsatisfied. Insurance certificate, etc., may also be returned under certain conditions when a motor vehicle is sold or a person moves his residence outside the Province.

9. All motor vehicle liability policies must be approved by the Superintendent of Insurance, and are declared to be subject to provisions set out in the bill, the effect of which is that the liability of insurance companies to third party claimants is made absolute, notwithstanding any misrepresentation by the insured on the application for the policy, and notwithstanding any breach by him of any term, provision or condition of the policy.

10. No motor vehicle liability policy, for which a certificate has been issued to the Registrar in proof of financial responsibility, may be cancelled except after at least ten days' notice before the effective date of cancellation to the Registrar of Motor Vehicles.

The report strongly recommends compulsion in adequate uniform methods of reporting accidents, the collection and analysis of accident and traffic statistics, and the study of accidents, causes and trends and of traffic problems and regulations, by the Registrar of Motor Vehicles, and generally the acquisition of the knowledge that must be the basis of intelligent regulation.

The draft bill adds a new part to the Highway Traffic Act, entitled: "Accident Reporting, Statistics and Rating." With respect to accident reporting and statistics, it provides, briefly, as follows:

1. Every person in charge of a motor vehicle, who is directly or indirectly involved in an accident where personal injury or damage to property apparently exceeding \$25 results, must report such accident forthwith to the nearest Provincial or municipal police officer, and furnish him with such information or written statement con-

cerning the accident as may be required by the officer or by the Registrar of Motor Vehicles.

2. A police officer receiving a report of an accident, is required to secure such information as may be necessary to complete a written report concerning the accident to the Registrar of Motor Vehicles.

3. Written reports or statements so furnished are not open to public inspection nor admissible in evidence before any court.

4. Coroners investigating fatal accidents in which a motor vehicle is involved are required to secure such particulars of the accident and other information as may be necessary to complete a written report to the Registrar on the forms prescribed for that purpose.

The Connecticut plan of classifying drivers so that those with bad records will be required to pay a demerit rating, or a surcharge on their insurance premium, is recommended for adoption in Ontario. The bill provides that the Lieutenant-Governor-in-Council may, upon the report of the Minister of Highways, make regulations for this purpose.

Classification is based upon the operating record of individual motorists. Persons responsible for minor accidents or guilty of the less serious offenses, are classified in class "A"; persons responsible for more serious accidents or guilty of more serious offenses, are classified in class "B"; and persons responsible for the most serious accidents and guilty of the major offenses, are classified in class "C." Class "A" carries a demerit rating of 10 per cent., class "B" a demerit rating of 25 per

cent., and class "C" a demerit rating of 50 per cent. This means that persons so classified must pay from 10 to 50 per cent. in excess of the standard rate for automobile insurance for at least a year after being so classified. A clear record for 12 months will automatically drop a classified person from a higher to a lower class, or, if in class "A" eliminate him from classification.