

MOTORISTS PAYING FOR OWN REPAIRS TO AVOID RISING INSURANCE COSTS OR CANCELLATION

ENSURING LOWER PREMIUMS

BY PATRICK MANGION
Staff Writer

After nearly two decades in the collision repair business, there isn't much Mike Elliott hasn't seen.

But even he admitted he couldn't have predicted the day drivers insisted on paying thousands for auto body work, rather than make an insurance claim.

Last month, a motorist paid about \$8,000 for rental vehicles and repairs to two cars after his teenage son was involved in a collision, he said.

But Mr. Elliott, owner of Elliott's Collision Service in Newmarket, said it's simply a sign of the times. The number of people paying out-of-pocket for collision repairs has been steadily building the past three years.

"We see it huge. Big claims, too," he said.

The company is repairing about 45 vehicles a week. Mr. Elliott estimated 15 of those are paid for by drivers snubbing their insurance company for fear of a spike in their premiums, he said.

Most people are willing to pay \$2,000 to \$5,000 rather than make a claim, Mr. Elliott said.

"We see it every day."

So, too, do York's traffic officers.

York Regional Police Sgt. Dave Mitchell, a 17-year veteran of the force's traffic unit, said in the past five years, more and more officers are being turned away by motorists following a collision.

Statistics from the force's annual report show the number of collisions on York Region roads decreased 4.5 per cent from 18,038 in 2003 to 17,220 last year.

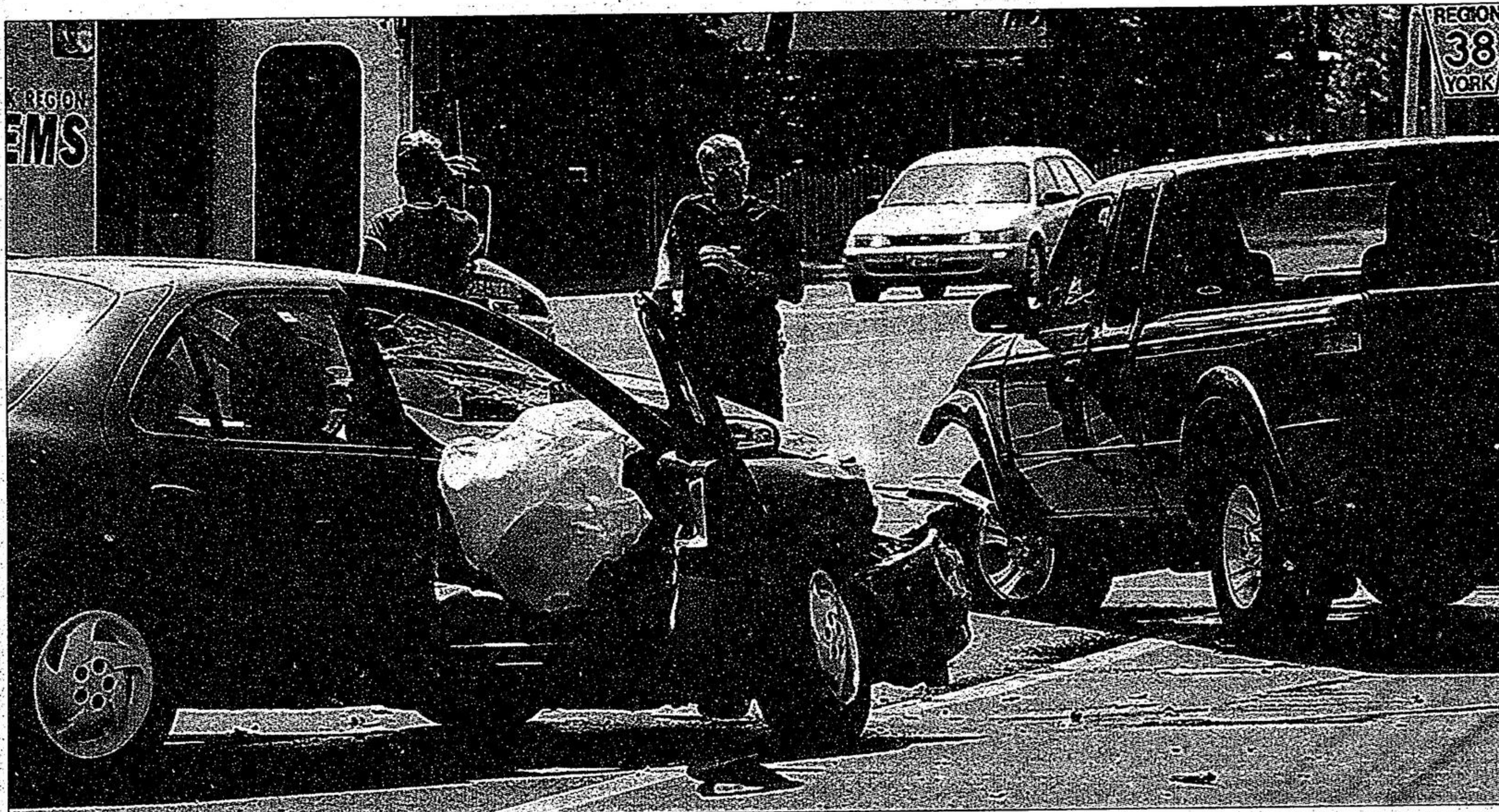
But it seems that could be because fewer drivers are making claims than years past, Sgt. Mitchell said.

"This biggest concern is people think if you make a (collision) report, the assumption is we'll automatically tell your insurance company. That's not necessarily the case. (The police) aren't going to rat you out. Your insurance company only finds out about a collision if a claim is made," Sgt. Mitchell said.

It was widely reported last month that Ontario drivers pay as much as 45 per cent more for auto insurance than British Columbia motorists.

The average Ontario driver pays an annual premium of about \$2,383, while their west coast counterparts are on the hook for \$1,324 a year for car insurance.

While he can sympathize with drivers, Michael Lio, executive



STAFF PHOTO/SJOERD WITTEVEEN

More and more motorists are opting to pay for collision repairs out of pocket, rather than going through insurance out of fear of rising premiums.

director of the Consumers Council of Canada, said consumer angst pointed at the insurance industry isn't necessarily justified.

"You have to compare like markets," he said.

But Ontario switching to a public system, such as that favoured by several west coast provinces, isn't the answer.

Rather, drivers should focus more on finding a policy that works best for them, he said.

For drivers willing to pay out-of-pocket, he suggested raising their deductible to as much as \$1,000 to help lower premiums.

"There's lots of problems with our insurance system that need to be addressed. It's a work in progress," Mr. Lio admitted.

Earlier this year, the Financial Services Commission of Ontario, which regulates insurance and loan and trust companies and pensions, credit unions, caisses populaires, co-operatives and mortgage brokers, rejected requests for rate increases that came from insurance companies representing nearly half the province's auto insurance industry.

Ontario drivers, on average, have been paying 15 per cent less for auto insurance since November

2003, said Jane Voll, chief economist and vice-president of policy of the Insurance Board of Canada.

Other data suggests rates are expected to drop by about 1.6 per cent, in addition to the 10.6-per cent average reduction during 2004.

While the number of insured cars has increased markedly over the past 15 years, the number of claims has steadily declined since 1990, Ms Voll said.

"We don't know why this occurred. There could be any number of reasons," Ms Voll said.

Those reasons could include

safer vehicles being built, better drivers and consumer reluctance to file claims, she added.

"I hope it's not because people are declining to report claims. That's the business insurance companies are in."

However, there are circumstances when drivers can pay the cost of collision repairs, Ms Voll said.

For instance, if you strike a pole, no other vehicles are involved and there is minimal damage.

Under the Highway Traffic Act, however, a collision resulting in more than \$1,000 damage must be reported.

The region's only collision reporting centre is in Richmond Hill.

Failing to report a collision, opting instead for an out-of-pocket expense, could also turn into a liability for drivers.

For instance, if you're involved in a collision and both parties agree to pay for damages to avoid insurance, someone in the other vehicle could later submit a claim for an injury.

A collision must be reported within seven days. Otherwise, your insurer could cancel your policy and refuse to pay damages.

And the news gets worse.

When applying for insurance, you would be asked to disclose previous claims and cancellations of coverage because of material misrepresentation.

Your choice of coverage could be limited and more expensive.

During the 2003 provincial election, Finance Minister and Vaughan-King-Aurora MPP Greg Sorbara promised to cut auto insurance rates by 20 per cent.

The government froze rates and reduced premiums by 10 per cent, which was to be followed by an additional 10 per cent, which would be accomplished through customized insurance bundles allowing drivers to opt out of certain coverage to save money.

However, the Liberals announced they would be able to save drivers no more than 15 per cent on their auto insurance premiums.

As a consumer advocate, Mr. Lio said the best advice for drivers looking for savings is to use Ontario's competitive insurance marketplace to your advantage.

"If you don't like what your broker is telling you, shop around. Get five quotes," he said.

"Don't be afraid to use the marketplace to your advantage."

INSURANCE ADJUSTMENTS

• There were \$19.9 billion in auto insurance claims in Canada last year, down from \$20.4 billion in 2003;

• In the first half of this year, there has been \$8.8 billion in claims nationwide. For the same period last year, there were \$8.5 billion in claims; and

• Most auto insurance claims are made in the third and fourth quarter of each year.

— Insurance Bureau of Canada

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