

I am taking this opportunity to outline two concerns that I have with the current cost and administration of the insurance system in Newfoundland and Labrador.

In my professional life, I've met hundreds of people who were at a place in their lives when insurance issues arose. More times than not, these people had no insurance or were under-insured. When questioned about why people were uninsured, price was always the answer. It seemed to be that the costs of insurances seemed to be a big issue...until insurance was needed. Due to these experiences, I have always understood the benefits of insurance.

The recent addition of taxes to insurance policies will only increase the numbers of persons who are un- or under-insured.

My main reason for commenting on the current insurance system arose out of personal experience. My son had recently received his drivers' license (approximately a year before the incident) and was insured as an occasional driver on my vehicle. He had been visiting friends here in the city and was backing out of the driveway. He initiated the turn a little early and misjudged the space between his vehicle and a parked car. He hit the car. There was no damage to either vehicle with the exception of some paint transfer. A police report was filed and I contacted my insurance carrier.

We didn't hear anything from the agent as there was no damage to either vehicle. Several weeks later, I received a really nice letter from the insurance company stating that, "Your insurance company has recently paid out \$ 15 000.00 on your behalf." Apparently this was a claim for soft tissue damage from the lady who was in the other car. I made an appointment with my agent and asked about the pay out. The agent said it was cheaper to make the payment than to fight the claim. Obviously, it was cheaper for the insurance company and not for the insured. My insurance rates went up and I had to sign a document stating that I would not let my son drive my vehicle. If I refused, they wouldn't insure me. This was the only claim made in over thirty years of driving.

I was telling my story at a social gathering about two weeks later when a friend asked if I knew the name of the lady in the other car. I told him the name and he chuckled. He said that that specific person had at least two other outstanding soft tissue claims. The person was in a position to know the details.

It is my opinion that the insurance rates are so high in this province because of arbitrary payments like the one made "on my behalf".

this practice reminds me of a similar practice that was ongoing with car insurance. About 20 years ago, there was a rash of stolen cars being burned. It was a practice that lasted for years, before the insurance companies started doing more investigation into the situations surrounding these stolen cars. After about 6 months of investigations by insurance companies, the practice stopped overnight. It seems to me that this type of process could be applied to the soft tissue injury incidents. I fully agree that insurance should compensate for injuries that are legitimate but more effort should be placed on investigating these claims as opposed to the seemingly automatic payouts. The initial cost of these investigations may be higher but, in the long run, may be reduced when possible fraudulent claims are uncovered and made public.

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