

# **The Cameron Report**

Report on Taxi Claim Review

April 04,2018

It is the opinion of this writer that the Cameron Report may have a bias influence based on the credentials of the authors of the report. This review of the taxi industry is conducted through a single lens. That said, I submit the following review of the report.

The opening statement in the Executive Summary sets the tone of the report...

“Cameron did not identify any issues with the claim handling by the insurance companies, adjusters, and lawyers that adversely influence outcomes or increase loss.’

They conclude by saying that...

‘the increase in loss costs could not be attributed to the manner in which the claims were handled within the existing legislation,’

Cameron does say that without significant changes such as increased deductibles, minor injury caps, verbal thresholds or prescribed framework for treatment of minor injuries, rate increases will continue to escalate.

The report reveals the urgent need to have a complete and comprehensive review of the automobile insurance program in the province of Newfoundland and Labrador.

## **Taxi Companies**

The Cameron Report identifies one impact on loss experience is the manner in which taxi companies report claims;

- Delay/Late reporting
- No reporting by taxi companies led to investigation issues
- Non-identification of drivers on a policy
- Multiple drivers with companies not listed on policies
- Many claims were for injuries to drivers of taxi cabs

## **Facilities Association**

The Cameron Report outlines that the majority, if not all taxi companies operating in the province of Newfoundland and Labrador are insured under Facilities Association with Unifund being the principle broker. The opportunity to search out rates in the market based on merit, history and experience does not come into play. Facilities is the monopoly insurance provider.

That atmosphere creates an environment for high rates, collusion and other practices that may negatively influence the current escalated taxi rates.

## **The Independent Adjuster**

The Role of the 'independent' adjuster is not clear. It is obvious that the adjuster is operating as an arm of the insurance companies with a mandate to expedite the settlement of insurance claims. The literature in the report leads one to believe that the adjuster;

- Investigates the accident and gathers all available information
- Liaison between the insurance agency and the claimant.
- Negotiates claims and makes offers to settle on behalf of the insurance companies
- Avoid defence lawyers
- Recommend repair companies

The Cameron Report indicates that the adjuster attempts to settle disputes using negotiating and assessment tools observing adequate controls such as;

- Litigation budgets
- Proper utilization of summary judgement motions
- Consistent proactive negotiations and offers to settle
- Use of settlement conferences
- Generally, 'excellent control' of defence expenses

There were a number of issues outlined by Cameron with regard to the role of the independent adjuster;

- Lengthy delays by independent adjusters due to workloads...often months after the accidents
- Disputes were handled on behalf of the insurance companies by independent adjusters
- Liability difficult to assess. Time frames. Witnesses. Late and inadequate reports.
- Settlements were based on jurisprudence

## **Collision Repair Companies**

Collision repair companies conduct automobile repairs to damaged vehicles on behalf of the insurance companies upon the recommendation of the independent adjuster. Currently we are not aware of any regulations or guidelines that govern this sector of the insurance industry. I can say from experience that having a windshield replaced under insurance costs, four to five times what it would be if paid for by the owner. (\$265.00 vs \$1340.00)

## **Soft Tissue Claims**

Newfoundland and Labrador appear to be the only province that does not have a ceiling on its Soft Tissue and Whiplash associated injuries. Other jurisdictions have implemented a cap in an effort to regulate this important insurance aspect and efficiently manage loss claims. Both are contributing factors and directly influence rates passed on to the consumer. Newfoundland claims are significantly higher than other provinces in Canada. Minor soft tissue injury claims are generally overcompensated based on jurisprudence with smaller cases attracting higher than average payout.

## In conclusion

Taxi Insurance rates in the province of Newfoundland and Labrador are directly influenced by the following factors:

- Taxi companies and their drivers
- Facilities Association, the monopoly service provider
- Soft Tissue Claims
- The role of the independent adjuster
- Collision repair rates billed to insurance companies
- The absence of timely, complete accident investigation
- The role of law enforcement in accident investigation

We recommend programs be developed within the industry to aid Taxi companies in recruitment, driver training, implementing best practices and elevating industry standards. Taxi insurance rates for any specific company shall be incumbent in involvement in such programs.

Taxi rates should be reflective of individual taxi company insurance experience and driving histories.

There is a significant amount of data available to support the implementation of a 'cap' on minor soft tissue and whiplash associated injury claims. All other jurisdictions within Canada have implemented a minor injury cap. It has helped regulate insurance rates while reducing the level of fraudulent loss claims within the industry. Claimants can avail of legal council and challenge compensation based on the nature of their individual situation.

Currently the role of the adjuster appears to be one of judge and jury. They are representatives of the insurance company. They work for the insurance company. Insurance adjusters analyse and determine the extent of insurance company's liability concerning personal, casualty or property loss or damages and attempt to effect settlement with claimants. They are considered the linchpin in the settlement process answering questions and providing information to the claimants. The role of the adjuster requires review and should be determined and regulated by an independent body with a focus on best practices, to ensure compliance, and remove opportunities of collusion.

Collision repair rates billed to insurance companies undoubtedly impacts insurance rates charged within our industry. Research indicates that collision repair companies often falsify documentation, billing for repairs not completed, and exaggerating the cost of the claim. Evidence points to outright abuse in this important process.

It is our recommendation that all accidents, minor or extensive in nature are to be reported to and investigated by law enforcement personnel. Current practice outlines that if there are no apparent injuries and the accident does not impede traffic flow the police do not attend the scene. This measure shall ensure consistency and remove biases from the investigation process.

Brian Tobin

**Tobin's Taxi**

Holyrood, NL