

Ramona Dearing: I'm Ramona Dearing in St. John's. This is the Crosstalk phone in on Radio Noon. And today we are talking about insurance claims. We're asking if you've held off on making them because you're afraid your rates will go up. You buy insurance to protect yourself and those you love, but have you ever held off on making a claim because you figured your rates would shoot up or that you'd lose your discount on your insurance policies?

We've got Basil Crosbie in studio to take your calls. He's the president of the Insurance Brokers Association of Newfoundland and Labrador. The numbers for you, 722-7111, that's in the St. John's area; the toll-free number is 1-800-563-8255. You can send us a Tweet @CBCCrosstalk and you can leave a comment on the Facebook page CBC in Newfoundland and Labrador; just type into that search bar "CBC Newfoundland and Labrador" and we will pop right up.

Have you ever held off on making an insurance claim because you're worried that your rates will go up? Again, those numbers, 722-7111, that's in the St. John's area; the toll-free number 1-800-563-8255. And you can send us a Tweet @CBCCrosstalk.

So, Basil Crosbie, just before we broke for the news there, you were saying that if you've made say three claims on your insurance policy within a certain amount of time, fairly close together, that you can expect that your rates will go up. Can you talk some more about that?

Basil Crosbie: Well, ____ ____.

Ramona Dearing: Sorry about that.

Basil Crosbie: I actually, I don't think it was specifically saying three, but what I was getting at is your insurance policy is designed so that people, the insurance companies generally don't believe that you're going to have to make a number of claims over a short period of time. So if you do start making a number of claims, as you know – just say we had Igor or you, what, the last couple years ago you had another claim in 2011 and just recently, it becomes, you know, an issue that your rate isn't justified based on what's happening in the environment or whatnot or in your particular area. I mean if you're living in a place where there's an enormous amount of wind the rate has to take into effect that you're more likely to have wind damage. So what they tend to do is you will get dinged if you have to make a number of claims.

Ramona Dearing: Even though it's through no fault of your own in those cases? None of us can control the weather. None of us want any damage because of the weather, obviously.

Basil Crosbie: No, you're 100-percent right, and unfortunately that does happen. I do know that there were a number of insurance companies that after Igor did go out and say they weren't going to hold that against anybody because they considered it a catastrophe, and in cat losses they generally don't deem it to be anything of the insured's fault and they try to work with the insured. But, I mean if, you know, cat is one thing, but if you're making claims on a consistent basis outside of catastrophe then there's worry that things haven't been rated properly and you're a greater risk than somebody who is not making claims.

Ramona Dearing: Again, the question on Crosstalk this afternoon, have you held off on making an insurance claim because you're worried that your rates will go up. I'm in studio with Basil Crosbie; he heads up the Insurance Brokers Association of Newfoundland and Labrador. The numbers, 722-7111 or toll-free 1-800-563-8255 and you can send us a Tweet @CBCCrosstalk.

That's what Lana Rose did, and Lana has a great handle on Twitter. You can follow her @RedRoseRocker. Lana Rose Tweets, "Yes, rates always go up, but when you need money back there's a sudden clause you overlooked and there is no help for you."

Basil Crosbie: I'm not really sure what she's referring to about money back and what clause she's referring to.

Ramona Dearing: Yeah, it's a very short message obviously, because it comes through on Twitter. But the sentiment is pretty clear, that she feels like when you need to turn to your insurance policy, at times it's not necessarily going to be your best friend.

Basil Crosbie: Well, obviously I don't know Lana's predicament and where this has come from, but I can – I mean insurance is there, it's meant to disburse the risk, and I mean I've never met an insurance professional who is not willing to pay a legitimate claim. They understand that that's the nature of the game. I mean you hope – they hope for good years where they don't have the number of claims and they make money, but they do realize that there's going to be years that there's going to be cases where they have to pay out an enormous amount of claims, and that's just the nature of the game.

Are there clauses in your policy that would prevent something from being paid? Yes, there are; there's no doubt about it. But that varies from policy to policy. I mean on a homeowner's policy you can have a comprehensive, you can have a broad form, you can have unnamed perils, you might just have a fire and EC, which is a lot of times referred to as unnamed peril. And inside of those things there are different perils that are covered. Under comprehensive, which is the broadest form of coverage, essentially you're covered unless there's something in there written specifically that says that you're not covered for this. Like I mean war is never covered, so you're not going to be covered for war.

But I mean on unnamed perils, they say, "We're only going to cover for A, B, C, D, and E." It's unfortunate that people sort of get caught that way, and one of the biggest things that I would suggest to any person that's out purchasing insurance is – well, first of all I would say go to an insurance broker, but also you have to ask the questions, "What type of policy am I actually buying?" Because some people are out there shopping based on price, but you know, sometimes paying that extra \$20.00 or \$30.00 or whatever it is, you're getting a much broader form of coverage and it's important to have that coverage.

Ramona Dearing: My guest on Crosstalk this afternoon, Basil Crosbie, the president of the Insurance Brokers Association of Newfoundland and Labrador. Our question for you, have you held off on making an insurance claim because you're worried your rates will go up? Those numbers 722-7111 or 1-800-563-8255.

We have Bruce Cran on the line right now from Vancouver; he heads up the Consumer's Association of Canada. Good morning to you, Bruce Cran.

Bruce Cran: Good morning, Ramona.

Ramona Dearing: Oh, I understand you're in Ottawa right now. Sorry about that; it's still morning your time.

Bruce Cran: Well I wish I was in Vancouver. I hate the plane flight in between.

Ramona Dearing: Listen, have you heard of consumers holding off on making insurance claims because they're worried that their policies are going to cost them more?

Bruce Cran: Yes, it's quite common. It's something that I think that we should all have at the back of our mind, but perhaps the best time to, you know, find out what the rules are is before you pay for the policy. And I think my recommendation would be to establish whether the company that you're going to go with allows you to do that easily, without any problems or whether they actually want you to tell them whether you've had an accident, not even if it doesn't resolve in a claim being made. So it's not quite as easy as falling off a log.

Ramona Dearing: So you're saying consumers are not doing their homework. 'Cause people sure like to complain about insurance companies, right?

Bruce Cran: The problem is you never need an insurance company until you have a claim. You know, that's not really the way that you should think about it. I'm sure Basil would agree that the time to make all those inquiries is before you pay for the policy. And Basil or others like him would be more than happy, I'm sure, to tell you exactly how you could proceed with some of these matters like this. But it's very common for people not to want to, you know, pay \$10,000.00 more over five or six, seven years; rather they might pay \$1,000.00 for something that would be a better proposition to get them out of the way at the moment, not make a claim, and not have their rates go up for a number of years.

Ramona Dearing: Bruce, if someone gets into a car crash and luckily it's a fender bender, no serious injuries or anything like that, do you recommend that they – if they're going to pay for it out of pocket, without going to their insurance companies for a settlement, do you recommend that they notify the insurance companies that the crash has taken place?

Bruce Cran: I don't believe it's absolutely required. As I say, some insurance companies view it in a different light to others, but that's what you should know before you buy the policy. But generally if that course is available to you you should check out what is it going to cost me now; maybe it's \$500.00. And if your insurance premium is going to go up over the years, maybe five or ten times that, it's a good proposition to pay for it now and forget about it as far as a claim is concerned.

Ramona Dearing: If you don't make a claim, you just take care of it yourself financially, without asking the insurance company for any money, do you think it's possible that by reporting it to the insurance company your rates could still go up in the future?

Bruce Cran: You know, there are big differences in the way different insurance companies treat these things. One of the things that I like about our big public _____ insurance company in British Columbia is that you're actually given this proposition, "Would you rather, even after the claim, you know, maybe have been repaired, would you rather pay this claim out now for \$1,100.00-\$1,200.00 or you could be facing, you know, maybe another \$5,000.00 or \$6,000.00?" They actually give you that proposition. I don't think the private insurance companies do that. In fact, some of them want to know whether you've had an accident, whether you pay it or not.

There is one warning I think I should throw in here, if there's any injury involved to anybody at all you should always report it, because late reporting of injury claims can be a problem and sometimes they can develop into something that you might not originally expect. But we're dealing with, I assume, with fender benders, and with a fender bender, you know, \$500.00-\$600.00, it's well worth having a look at what is your best financial proposition under those circumstances.

Ramona Dearing: All right, Bruce. Good to speak with you this afternoon; really appreciate it.

Bruce Cran: Thank you, Ramona.

Ramona Dearing: Yeah, and Basil, we'll let you get a comment in there on this too.

Basil Crosbie: I just sort of wanted to touch on one of the things that Bruce commented on, and he's kind of alluded to it when he said out in B.C. they're given the proposition to choose between putting the claim through or pay for it themselves. It's important to understand, and I know I'm speaking for Newfoundland here, but it costs the country – every province has slightly – well, they have different insurance rules. One of the things that came into effect back in I guess 2003-2004, when Premier Williams at the time introduced a bunch of legislation for auto insurance reform, was that if you did pay a claim out of pocket here in Newfoundland you can't be charged for it. So that's important to know.

Ramona Dearing: But can your insurance rates go up if you don't make a claim, but you do report the fender bender to your company, to your insurance company?

- Basil Crosbie:* If you – based on that legislation it should not. If you pay the claim yourself there's been no expense to the insurance company, so your rates shouldn't go up.
- Ramona Dearing:* But there must be something marked in a file saying, "This person was in a crash."
- Basil Crosbie:* It's probably on file. But I mean, as I said, it's not going to be reflected in your rate. I mean I see it every day, somebody comes through the office, you fill out their _____ and you say, "I've run a motor vehicle abstract and it says that you were in an accident," which is government recorded information, "on date XYZ. Can you tell me about this?" "I paid for that myself." It gets written on the application, "Accident XYZ, banged into car, clipped a mirror, paid for it myself," and it's not reflected in the rate.
- Does every insurance company do it? I can't say. I can only tell you that the companies that I deal with, they follow the legislation, and that's the way it's written.
- Ramona Dearing:* Because I wonder if they would flag you as potentially being a bad driver, and that therefore they might want to put you into higher premiums.
- Basil Crosbie:* I haven't seen it, but I can't say I've seen every possible case. I mean I only deal with, you know, three or four different companies.
- Ramona Dearing:* I'm going to go on to our next caller this afternoon. Again, the question we've got for you, have you held off on making an insurance claim because you're worried that your rates will go up? The number, 722-7111 or 1-800-563-8255. You can send in those Tweets @CBCCrosstalk. My guest in studio this afternoon, Basil Crosby, the president of the Insurance Brokers Association of Newfoundland and Labrador.
- Darren Butt is our next caller and he's on the line from Stephenville. Hello, Darren.
- Darren Butt:* Hello, Ramona. How are you?
- Ramona Dearing:* Good. Have you held off on making a claim?
- Darren Butt:* Absolutely.
- Ramona Dearing:* You're probably not alone.

Darren Butt:

No, I know. And I've been listening to your guests and I've been listening to Basil and, you know, as he keeps talking, of course, no offense to Basil at all, but my head just was rolling as he was talking, because it's just – insurance is such a sophisticated instrument and, you know, rules and regulations that apply in Newfoundland and Labrador do not apply in Ontario, do not apply in B.C., do not apply in the Yukon. And again, it's one of those phantasmal type of pieces of knowledge that, you know, individuals like Basil have that we wish within the general public we even had a better understanding of insurance.

But getting specifically to my situation, I had – my wife actually got into a fender bender in the Yukon when we were living there, and it turned out to be a very, very minor accident. And when we reported it to the insurer, we were in the process – we were just in the process of renewing our insurance. And when we received the bill for our renewal it was \$2,000.00 higher than what we'd actually paid before, and we were only paying \$1,500.00 a year. And we were just – we were completely overwhelmed by that number. So when we called Impact Insurance we asked them like, "Why? What did you – why is this up?" "Well, you were into a fender bender and it's being disputed now that you were" – it was on a parking lot, so it was a 50/50 thing. Even though it was a 50/50 responsibility the insurance company still held us responsible until we said, "Okay, I'll tell you what, we're going to go back to the other individual who was involved in the accident, we're going to say we're going to pay for the damage." The damage to the other girl's – the other lady's vehicle is somewhere in the vicinity of like \$700.00.

And when we asked our insurance company how long this premium would be attached to us, it was anywhere in the vicinity – it would be \$2,000.00 for the first year and the next year would be \$1,800.00 and the next year would be somewhere in the vicinity of \$900.00. So when I looked at the overall cost of this one \$700.00 fender bender and there was no damage to my wife's vehicle, I went, "This is just unbelievable." Like this is almost a form of racketeering.

So what we did is we said, "No, we're not going to put forward the claim" and we paid out of our own pocket. And sure as I'm sitting right now out here in Stephenville, the insurance company released or withdrew the increase in our overall premiums. In actual fact the premium went down by another \$200.00 on what we were originally paying.

So it's all nice when we have an insurance representative, you know, sitting in a studio in CBC and talking about insurance instruments that exist within Canada, within Newfoundland and Labrador, but in terms of equality, in terms of equal treatment, in terms of some of the things that insurance companies try to pull on its customers, I don't know if I'd buy that, Basil, about equal treatment or, you know, not hearing about some of the horror stories when it comes to insurance claims. I just want to know if I can get your comment on that.

Ramona Dearing: And just before Basil Crosbie responds, let me say again that it's incredibly game of him to come in this afternoon, so we are really glad to have him in studio. Go ahead, Basil.

Basil Crosbie: Well, in fairness to Darren, first of all, I don't know the insurance in Yukon. I mean I know there's going to be a lot of I guess crossover between, but the laws are different. And in most jurisdictions where there's private insurance, such as, as you mentioned, Intact or whatnot, they have to file rates with the government, and the government are the ones who approve those rates. So that's part and parcel.

In terms of, you know, he was saying he was going to go up \$2,000.00, again, first of all, I've never dealt with Intact, so I can't comment on what their particular policies are.

Darren Butt: But you see what I'm saying, though?

Basil Crosbie: I do. I do see what you're saying, that there seems to be an unfairness.

Darren Butt: We were almost put into a position where we actually had to say we were going to pay out of our own pocket or the insurance company said, "Yeah, okay, we'll pay your \$700.00 damage, but we're going to charge you another \$4,200.00 over the next three years, in order to not only recoup that cost but, you know, to – and we had never – like we even had a free accident, a cash door policy so that we wouldn't – we never had an accident before. So we were literally just blown away by this time. And again, I'm not trying to push out on Intact; I'm still insured with Intact and I think they're an excellent company. But again, this was their policy that was driven, so it just – when you say we hold off on claims, I think maybe, Ramona, we need to kind of change that question a little bit, is it have you ever been almost kind of forced by your

insurance company to hold off on a claim or withdraw a claim because you knew it was going to go up.

So I think, you know, hopefully that will spark another discussion now on your show and kind of look at it and say, “Well, what is the reality of the insurance coverage that we have?” We need it legally, and of course at the end of the day if you don’t have it and your house burns down, you know, you’re left holding the bag, so to speak. It’s one of those things that frustrates me as a policyholder, and I know it probably frustrates a lot of individuals in this province and in this country when we actually have these type of incidents and situations occur. So that’s why I’m not saying that you’re in any way, shape, or form the province and you represent – your representation from the – as president of your organization is any way indicative of this type of behavior, but it just really interests me in terms of if you’ve ever heard of anything like this before and whether or not – if you do hear of it, you know, would you bring it forward so that it can be dealt with in the public eye?

Basil Crosbie:

Well, how would I answer that? First of all, I wouldn’t be able to comment on any particular individual’s policy. And I mean under the privacy act I wouldn’t be able to bring it into the public eye. But I mean if, I mean I know, and I’ll just give it as an example and I won’t name names, but our association was contacted in May by a consumer who thought they were being treated unfairly by an insurance company, and we got – I dealt with the insured for probably about a month getting all this information together, and I went back – I personally, as the broker representative or president of the Broker’s Association, went back to the insurance company and asked them to explain what they were doing and so forth and to – ‘cause a lot of times it’s either a miscommunication or there’s more information that’s in the background that hasn’t been brought to my attention. But I do know that in that particular case I acted as an intermediary between the insurance company and the individual and we got the issue resolved.

Does it happen that, you know, you start to put a claim through and you see that it’s going to cost you a lot more and you say, “Geez, maybe I really should pay for it?” There’s no doubt that happens. But I’ve never heard of one claim resulting in \$4,200.00. But as I say, I don’t deal with every insurance company, so I can’t say that it doesn’t happen, because I don’t deal with everybody. And I’m very sympathetic with the public when they do come to me and say, you know, “This has happened to me” and if I can help or if our association can-

Darren Butt: Maybe you should tell us the four companies you deal with so all of Newfoundland and Labrador can start dealing with them.

Basil Crosbie: Um-

Darren Butt: I make that as a facetious statement, my friend.

Basil Crosbie: Okay, fair enough.

Darren Butt: Yeah. Okay. Well thank you very much, Ramona. Love your show.

Ramona Dearing: Yeah, thanks a lot for calling in this afternoon, Darren.

Darren Butt: Okay. Bye-bye.

Ramona Dearing: Others can call in as well. The question that we are pointing out there, have you held off on making an insurance claim because you're worried that your rates will go up. The number 722-7111 or 1-800-563-8255. You can also send us a Tweet @CBCCrossstalk.

I'll get to a good Tweet that's come in in just a moment from now. But I want to share one of the comments that's come in on the Facebook site for CBC Newfoundland and Labrador. Now it is a bit long, so I'm going to take my time reading it. It comes in from Bridgette Ryan, who could not phone in this afternoon. But Bridgette writes, first of all she says, "Good afternoon to you, Basil." And she says, "Several years ago I encountered an issue with my home insurance that really enlightened me as to the total rip-off that insurance is. I had been paying for the most comprehensive coverage of home insurance. I had five children, two cats, and a dog, and a wood-burning stove. You can only imagine the amount of minor damages that my house encountered from time to time. At no time did it ever occur to me to go to my insurance.

Then I encountered two plumbing problems within two years. They were about \$1,500.00 each. I made claims because I was unable to make the repairs myself. After the second claim my insurance bill came and my policy was reduced from the most comprehensive to the most basic, but with the same cost. I called my insurance company and inquired as to why this was so. I was told it was because I'd had two claims in two years. I said, 'No sir, I had two claims in 30 years.' I concluded that home insurance is

probably only beneficial if you have a very major catastrophe. In any other incidence you can make a claim for which you pay, but the end result will be a reduction of coverage and a higher payment. I have never understood this.”

And again, that comment coming in from Bridgette Ryan. Would you like to respond to what she’s saying there? I think the line that stands out for a lot of people in what she’s written is that her conclusion is that home insurance is probably only beneficial if you have a very major catastrophe. And certainly I think we’ve all heard stories of people who’ve had terrible things happen to their homes, for instance fires, and have just been overwhelmed by the fantastic treatment they’ve received from their insurance companies. But on that point, that it’s only in those cases that it’s beneficial to have home insurance, how would you respond to that?

Basil Crosbie: Wow, that’s sort of a heavy-loaded question, I mean ‘cause I actually – the point that I sort of heard, not necessarily the same point that you heard that she had made was that she had had two claims in 30 years and not two claims in 2 years.

Ramona Dearing: Yeah, that’s definitely worth parsing as well.

Basil Crosbie: And again, I can only speak from sort of my own history, in particular cases like that, I would think in most brokers, I know in my office we would then tend to go back to the insuring company and say, “You know, this is two in 30, not two in 2. It’s a different scenario.” And maybe, you know, can we work with the insured to figure out why it’s happening? Because it might be something that’s very correctable and very easily fixed and is, you know, as she said, you know, she had two I 30 years, and it might be just something very unique to the situation that can be rectified very easily.

Is home insurance – but _____ whether it’s good for a disaster; obviously it’s good for a disaster. Is it good for minor damages? Well, I mean if your whole – I don’t know if you consider losing a load of your siding good or only a disaster. I mean reside your house nowadays can cost quite a penny. You know, we’re not talking about \$1,500.00. I mean I resided my own home three years ago and between siding and some windows and stuff it cost me almost \$30,000.00. There’s no way I’d ever be able to pay that out of pocket without planning and foresight. So I mean if you get into a situation where you lose your siding or – I mean in Leslie’s case the winds were very, very strong and you lost a lot of your

windows. I mean your deduction – you will obviously pay by making your claim, ‘cause you’re going to lose your claims-free and so forth, but I mean you want to be able to get that, you know, all your windows and stuff covered, I mean or your siding or your roof or whatnot.

You know, one window, I’d be honest with you, if I lost one window I would probably pay for it out of my own pocket. And this is not the same-

Ramona Dearing: If you had a fender bender would you pay for it out of your own pocket as well?

Basil Crosbie: Under \$1,500.00 I would, just because I know what it would do to my own record. I mean I’d pay for it. But if I knew there was a possibility of injuries I’d report it and I would still tell my insurance company that “It looks like there’s no injuries, but the guy said he’s got a stiff neck or the lady said she’s got a stiff neck, alerting you to the issue, but my intention right now is to pay the claim, but if there’s bodily injury you’re on notice.”

Ramona Dearing: Just before we go back to the phone lines, I know so many people who had damage because of Leslie; either they had roofing damage or siding damage or their electrical hook-up was pulled right the outside of their houses and that had to be repaired. A lot of people are saying that their claims are in the area of \$1,500.00. I’m sure there’s a lot of variety, but it just so happens that the people in my life, my friends seem to be mentioning this \$1,500.00 figure. They’ve gone with their insurance companies, I’ve heard all of them say that they’ve had fantastic treatment in terms of getting those repairs done through their insurance companies. Should they expect that their rates are going to go up?

Basil Crosbie: Without knowing their individual policies I don’t know, because I don’t know the history behind the rest of what’s happened in behind.

Ramona Dearing: But if they put a claim in during Igor as well they should expect their rates will go up?

Basil Crosbie: Well, again, depends on the particular insurance company and what their policy is, how they dealt with Igor. If the insurance company classified it as a catastrophic loss and decided that they weren’t going to hold the catastrophic losses against the insureds then I would say that they’ll probably be all right. If they had, you

know, claims a couple years ago and then claims this year they will see an increase. I can't lie, there will be an increase.

Ramona Dearing: And might it add up to more than say that \$1,500.00 number that they're getting covered off right now.

Basil Crosbie: I would be surprised if it cost more – if their actual increase costs more than \$1,500.00, costs that kind of money.

Ramona Dearing: But over time?

Basil Crosbie: But over time, I mean you're going to lose your claims-free discount for – let's just – I don't know because every insurance company is a bit different, let's just say three years. And if your homeowner's is just – well, I'll pick a round number, it's \$1,000.00 and you're getting a 20-percent discount, I mean that's going to add up over three years, I mean, 'cause – and that's where you have to do that sort of math and figure out whether putting the claim through is advantageous.

But I don't think you're – I mean I appreciate what Darren said, that he saw a \$2,000.00 increase, and again, I can't comment on that particular case, but I'd be very surprised to see if somebody's policy went from \$1,000.00 to \$2,500.00. I'd be very surprised to even see it cost them \$1,500.00 over three years. Maybe cost \$1,500.00 over or \$2,000.00 over six years, it may very well. But there's a time value to money as well.

Ramona Dearing: All right, let's get back to the phone lines. The question, again, on Crosstalk, if you're just tuning in, have you held off on making an insurance claim because you're worried that your rates will go up. I'm Ramona Dearing and my guest in the studio this afternoon is Basil Crosbie, the President of the Insurance Brokers Association of Newfoundland and Labrador. You can get your calls in or your Tweets, 722-7111 or 1-800-563-8255. And you can send in your Tweets to @CBCCrossstalk.

John Colburn on the line from Portugal Cove. Hello, John.

John Colburn: Yes, good afternoon.

Ramona Dearing: Have you held off on making a claim?

John Colburn: Yes. Most recently I had some water damage caused by leaky plumbing, and I phoned to register a claim. I was told initially that my deductible was \$1,000.00. I was looking at about \$1,800.00

damage. And I was also told that if I filed the claim that I would lose my discount because of non-claims and that my insurance would go up by somewhere between 5 and 20-percent. So as far as it being useful, no, it's not, and it's a waste of money when you're talking about small claims.

The second point is regarding auto. A couple of years ago I had a situation here I had a cracked windshield, and due to a mistake by an insurance agent, found out that I didn't have any coverage. So I went and I had to pay to get the windshield repaired out of my own pocket and it cost me around \$250.00 to get a windshield repaired – replaced actually. But when you do get a repair through your insurance the approximate cost to the insurance company for a windshield is probably somewhere around \$750.00 to \$800.00. And obviously any of the glass outfits are waiving the deductible. So the thing is obviously they're getting ripped off by, you know, the people who could put that windshield in place for, you know, a lot less money and still make money. And of course, the insurance companies, when they're getting ripped off, are going to pass that cost along to the consumer who is paying the insurance premiums.

So my question I guess in regard to that is why don't they do something about that? Well, I guess the reason is because they don't have to pay in the final analysis; it's the consumer that has to pay. So that as far as I'm concerned is basically two strikes against the insurance industry. And I'll end my call with that. Thank you.

Ramona Dearing: Yeah, all right, thanks a lot for the call, John.

John Colburn: Thank you.

Ramona Dearing: And obviously Basil Crosbie would like an opportunity to respond.

Basil Crosbie: In terms of I guess sort of the windshield question and so forth, or comment, I mean I would say that it is probably one of the ongoing – we're brokers, first of all, so we're no the ones actually paying the claims and so forth. But I know, at least in my particular own circumstances, this is one of the ongoing questions that I always bring up to the insurance companies, "Wouldn't it be more beneficial for you to turn around and tell the insured, 'Go pay for the claim yourself. Go give me the bill and we'll pay the \$250.00,' that way you're not absorbing an extra \$500.00?"

I'm not going to lie, I don't – I've never got a satisfactory answer from an insurance company why they don't do it that way. I would guess that they have deals or contracts with the glass companies

and they've agreed that that's the way it's going to work. I personally believe part of what happens in terms of glass is the glass company is acting as the adjuster for the insurance company. You call my brokerage, I say, "Go ahead and go to Make Believe Glass Company. They're approved by Company XYZ." That Company XYZ – Glass Company XYZ looks at it and says, "Yeah, there's a glass cane," they file paperwork and everything on behalf of Company ABC, send it to them, and I think what they've done is made the glass company the adjuster.

And whether that's right or wrong I can't answer, but I'm a firm believer that, you know, that in this particular instance that John is right, that there's extra cost in there that probably could be avoided and built into the, I guess the system. And that's probably not fair to the consumer – that isn't fair to the consumer, but there would be a lot of consumers out there that would say, "Why would I go out and pay the \$250.00 out of my pocket and bring you the bill when you should just pay it directly?" and then we're getting back into the adjusters and so forth again.

In terms of his small claim about plumbing and losing his discount, I mean that's one of the things that I've said that you will see, you will lose your discount. And I guess I've got to be honest with you, that's something that an individual has to decide, whether it's for them or not. Because whether you have a total loss or whether you have a small loss, most insurance companies just treat a loss as a loss. So having your house burn down and having them having to rebuild your house at \$300,000.00 or having – losing a couple of windows and having to pay \$5,000.00, in the way that they determine their rating and so forth, a loss is a loss. And again, probably not necessarily the fairest way to do it, but there's a lot of regulation and so forth out there that says that's the way it has to be done in certain cases, and I'm very sympathetic to John and what he's saying.

Ramona Dearing: All right, people still have time to call in this afternoon on what is turning out to be a very interesting program. We're asking have you held off on making an insurance claim because you're worried that your rates will go up. I'm in studio with Basil Crosbie of the Insurance Brokers Association of Newfoundland and Labrador. Those numbers again, 722-7111 or toll-free 1-800-563-8255.

Here is a Tweet that's come in to us at CBC Crosstalk from **Ed Land**, who says, "Why does the insurance company not disclose their X marks against you?" or their black marks, I'm assuming, against you. I think it's a good question, because if we knew that

on our files there were certain X marks or black marks against us, we could actually try to improve our behavior, for one thing, if it's involving driving, right, which might actually affect our insurance rates and make the road safer anyway.

Basil Crosbie: Well, I would – I'm not 100-percent sure where the – I kind of get where you're going, but I'm not 100-percent sure if Ed is on the same page, because one of the very things is when you take out an insurance policy you're generally filling out an application. Whether you're doing it over the phone or you're doing it in front of a broker, an agent, or whatnot, and most of the questions are going to be asked. So if the question is "Have you had any tickets?" and you answer it, well, you know that that's an X or a black mark or whatnot. If you say, "I've had three claims," I mean it's an X.

Ramona Dearing: But what you don't know, if you say, "Yes, I've had tickets," you don't know how big a black mark that is against you.

Basil Crosbie: Well, I guess there's a certain degree of ambiguity there, I would agree. But I would think, at least I know from the broker's viewpoint, I mean in my particular brokerage if, you know, you say to me, "I had two tickets" and we go and look at your tickets, it's two seatbelts, you're probably okay, and we'll say, "You're okay, it's two seatbelts." If you have driving with driving with undue care and intention, I'll tell you right up front, "You're in big trouble." Any insured is entitled to look at their policy and have a total copy of what's in their file.

Ramona Dearing: Okay.

Basil Crosbie: I mean under the Privacy Act that was brought in, I mean, you know, work product, if I've got to scribble down that the customer may be difficult to deal with or whatever, I'm entitled to take that out as a work product, but I'm still – but anything that's in-

Ramona Dearing: What do you mean, you're entitled to take that out?

Basil Crosbie: If I make notes that, you know, we've been having difficulty dealing with the customer, the customer – maybe I think he's belligerent or whatnot, I wouldn't put that in a file for the customer to read. But all these personal-

Ramona Dearing: That's not going to affect your insurance rates, though, is it?

Basil Crosbie: No, exactly. No. No, it's not.

Ramona Dearing: Good.

Basil Crosbie: But my point is any customer can walk into my office and say – and you probably would have to put it in writing, but you would just have to say, “I’d like to see a copy of my file that you’re working from.” I’d have to give them a copy of the application; I’d have to give them a copy of his motor vehicle abstract if I have one on file; I’d have to give him a copy of what they call the Auto Plus if we’re talking about auto, which would show either claims history and so forth that he’s had over say the last ten years, ‘cause it’s recorded in a central database by the insurance companies. I’d have to show them what his payment history was, I’d have to show him pretty much anything to do with his insurance policy. And if he wants to sit down and discuss it with me, there wouldn’t be any question; my staff would sit down and discuss and say, “You know, if you can do this we can find a way to get a better rate for you.”

Ramona Dearing: Okay, that’s good information for sure. Again, the number, 722-7111 or 1-800-563-8255.

Next up on the phone lines this afternoon, **Shawn Walsh** phoning in from St. Walsh. Hello, Shawn.

Shawn Walsh: Hello. How are you?

Ramona Dearing: Good. Have you held off on making a claim?

Shawn Walsh: Yes. Well, I have an issue that’s kind of separate, is the accident forgiveness. To me they’re asking you to have insurance on your insurance. I mean it’s extortion. They wanted me to pay \$25.00 a year for a vehicle for accident forgiveness, and I haven’t had a claim in close to 30 years. So, you know, why am I being penalized, you know, \$50.00 a year for the privilege of not having an accident? I mean they’re asking you to have insurance on your insurance. To me it’s extortion. I don’t know. What’s your comment on that?

Ramona Dearing: Well, that’s interesting, because I suspect some customers see it as almost a gift from the insurance company. Basil, your interpretation?

Basil Crosbie: I can see what Shawn is saying. Not every insurance company charges for their accident forgiveness; I know there are others out there that do.

Ramona Dearing: I mean I've had to sign waivers saying I'm refusing it. I said, "No, I'm not paying it. It's extortion." To me that's what it is; you're forced to have insurance on your insurance.

Basil Crosbie: Well, I can understand where a company or a brokerage or an agent or whatnot would want you to sign off and say you don't want it, because if you were to turn around and have a claim and say, "Well where's my accident forgiveness?" they can go back and say, "No, you've chosen not to have it." I can understand their viewpoint of asking you to sign off that you don't want it.

I do understand your comment about that you're asking – somebody's asking you to insure your insurance, essentially is what you're saying. And-

Shawn Walsh: To me that's what it is. Is that not – you know, you're ensuring by paying your \$25.00 per vehicle per year that if you do have a claim that your insurance is not going to go up. You know, to me it's buying insurance on insurance.

Basil Crosbie: There's no doubt there is an element of truth in what you're saying, but I do think it's important to note, and I'm going to be honest here, I'm trying to sort of go down the middle here, that every insurance company that has rates here in the province have had to have them approved by the Public Utilities Board. And if they don't have something in there about accident – how they're going to deal with accident forgiveness, then essentially if you do have an accident under the way the regulations are structured, and there's nothing there for accident forgiveness, you'd be dropped back to a zero. And the regulation, in this particular case I think the regulation is unfair, because I do think it takes an element of, I guess fairness or loyalty out of the equation, because if the regulation says that you had an accident and the insurance company doesn't have something for accident forgiveness that you're going to be dropped back to a zero and have to re sort of prove yourself again. And I think that's ridiculous. I mean-

Shawn Walsh: Yeah. I'm paying approximately \$1,000.00 or \$2,000.00 a year; I'm not sure what it is I'm paying, for the vehicles, but I haven't had a claim. And, you know, that's over 30 years that's \$30,000.00. You know what I mean?

Basil Crosbie: And like I said, I-

Shawn Walsh: I _____, you know, I don't know, I think it's ridiculous.

Basil Crosbie: As I said here, I hear what you're saying and I do agree that there is an element of truth there. But I mean I think we have to understand that there is a degree of regulation that comes into play here, and because of the way the regulation is worded, we have to understand that for a company to find a way to be able to reward loyalty, and you might think that it's ridiculous that you're going to pay \$25.00 to buy that coverage, but if you're someone who wants to make sure that you don't get dropped back to a zero if something happens because of the way the regulation is written, I would think that, as Ramona said, there would be people out there that say, "That's a pretty good buy."

I think it's a personal issue, and-

Shawn Walsh: Oh no, I understand. I just think it's ridiculous.

Ramona Dearing: It's a really good point that you raise, Shawn. Thanks for the call.

Shawn Walsh: Okay. All right. Thank you.

Ramona Dearing: And I should just mention that we did invite a representative from the Insurance Bureau of Canada to come on this program this afternoon, but our invitation was declined.

We just have a couple of minutes left in the program, Basil. One thing that we haven't talked about at all are the pressures that insurance companies face in terms of claims payouts. They're not inconsiderable, right? They're pretty substantial pressures that they're facing, right?

Basil Crosbie: Well, I mean I think it's very important that people have to understand, like for example, on a homeowner's policy I hear quite often from insureds, "It wouldn't cost me that to rebuild my house if the house burnt down." Well, I appreciate that, but there's a lot of other factors that go into it. If you're building your own house and you've got the time and stuff, you can wait for a contractor and say, "Okay, I'm prepared to wait till he's available." But if your house burns down tomorrow you're not expecting the insurance company to say, "Hey, I'd like you to wait 12 months." The insurance companies are paying a premium to be able to go to contractor ABC and say, "You have to move now. We need this house rebuilt now." So they're paying a premium for that.

The other thing that you have to factor into when you go – on the cost of insurance or in the premiums that you're – or the limits that

you're seeing, things like debris removal. The insurance company, for them to even go back in and clean up and to start rebuilding your house, they've got to go out and clean out that fire. That fire that happened up in Kenmount Terrace, three houses, that's going to be a lot of work to take into account, and it's got to be done ASAP.

Ramona Dearing: Very quick final question for you; you mentioned earlier that if you had some sort of damage to your home you would not make the claim on it unless it was over \$1,500.00. Would you therefore advise people to make their deductibles on their insurance policies \$1,500.00?

Basil Crosbie: Actually that's not kind of what I was getting at, 'cause to me that's what I personally feel is my threshold.

Ramona Dearing: Yeah, that's what you said. Yeah.

Basil Crosbie: That's my threshold. One question I would ask any insured is what, I guess dollar value would you feel comfortable putting in a claim? If you think that you can't absorb anything over \$500.00 then that's what your deductible should be. If you don't think that your deductible – or you couldn't absorb a claim for anything less than over \$1,000.00, that's what your claim should be. In my particular case I think it's \$1,500.00. Your case might be \$2,000.00. And the other thing to remember is when you choose a higher deductible you do get a discount as well.

Ramona Dearing: Right.

Basil Crosbie: So your rates go down.

Ramona Dearing: Really appreciate you coming in today. Thank you.

Basil Crosbie: Hey, no problem. Thank you.

[End of Audio]