

The Auto Insurance Rip-Off: How the Government Helps Insurance Companies Hold the Public Hostage

By [CPC](#)

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For most drivers, a car is not optional, it's essential to work. Ontario's 9 million drivers pay the highest auto insurance rates in the country, while receiving the poorest coverage and benefits. That's the reality of "no fault" insurance which the Liberal government introduced in 2010 when rates last sky-rocketed. No fault reduced rates minimally, while reducing coverage and benefits catastrophically. Many policy holders injured in serious accidents are now tied up in the courts, suing insurance companies for the benefits they thought they had.

Canada's biggest insurance companies are laughing all the way to bank, with a \$4.4 billion profit in 2012 – up 25% over 2011.

Taxi drivers face even higher rates, so their take home pay is often far below the minimum wage after insurance, gas, licensing, and other fees. Most are forced to work 70 to 80 hours a week just to make ends meet. In response to complaints about the exorbitant fleet rates for taxis, the companies refused to write insurance in some Ontario cities, forcing drivers to either accept the diktat or starve.

The Insurance Bureau of Canada says rates in Ontario are the highest in Canada because of massive fraud by drivers in Brampton, near Pearson International Airport. But there is another, far more believable explanation: Brampton is home to one of the largest South Asian populations in the country, with many new Canadians and residents settling there. A vulnerable population for greedy corporations to exploit, as the super-profitable insurance companies know so well. These are the real fraudsters, whom successive Ontario governments have allowed to write their own cheques with a built in 12% rate of profit on every policy.

While the companies hold the public hostage, the best the NDP can do is press the Liberals for a 15% rate reduction, which the government now says will be "complicated". The real complication is that the Liberals, Tories and NDP have all received financial contributions from the companies and/or the Insurance Bureau. None are willing to take on the companies, though it's a simmering election issue.

Ontario Communists have been campaigning since October for public auto insurance which would cut rates in half for most drivers, with full benefits and coverage. Public auto insurance already exists in BC, Saskatchewan and Manitoba, where it was introduced more than 40 years ago, and in Quebec in the 1990s.

Public auto insurance cuts out private profit, and the profit motive. Public insurance agencies like ICBC just have to remain solvent, bringing in a bit more in premiums than they

pay out in claims. The “bit more” pays for administration. Who benefits? The public.

Public auto insurance is part of a transportation policy that includes public ownership and development of mass urban rapid transit systems, urgent expansion of inter-city rapid transit using publicly owned and operated rail services like GO Transit, and developing a Canadian car that’s small, fuel efficient, environmentally sustainable and affordable for domestic and export sale.

This would create good jobs and pay cheques in Ontario, and should be paid for from substantially increased corporate taxes – not from the farebox. A Canadian car should be developed as a Crown corporation, generating profits for the public treasury which could then also be used for public transit.

Public response to the CPC (Ontario)’s campaign has been very positive. There is a lot of anger at the insurance companies and right-wing governments that many people feel are robbing them blind. Many voters also connect public auto insurance with the NDP, and the Rae government that campaigned for this policy in 1990 and then abandoned it two years later after the companies held a demonstration on the front lawn of Queen’s Park.

The CPC (Ontario) has demonstrated at the offices of Liberal Transportation Minister Glenn Murray in Toronto, and Municipal Affairs Minister Linda Jeffrey in Brampton, among others. The Party has sent an Open Letter and campaign leaflet to Members of the Legislature, indicating that the coming budget must include a transportation policy based on people’s needs, not corporate greed.

Campaign stops still ahead include Ottawa on Jan. 30, Brampton on Feb. 2, and Guelph-Kitchener on Feb. 11 (including a public meeting at 5:30 pm, Room 441, University Centre, University of Guelph). Stops in Hamilton, Sudbury and Windsor are scheduled for mid-February.

If you’d like to get involved, or find out more about the campaign stops in your area, call the CPC (Ontario) at 416-469-2446, or check out the website at publicautoinsurance.ca.

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