

Canadian Collision Industry Forum

Insurers and the Collision Repair Industry

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Agenda

- About Insurance Bureau of Canada (IBC)
- The Insurance Industry by the Numbers
- IBC Investigative Services
- Consumer Protection
- Impact of Fraud
- Project Bumper
- Moving Forward

About Insurance Bureau of Canada



National association for Canada's private home, auto, business insurers

IBC members represent 90% of Canadian market

Advocates for solutions that make insurance more affordable

Educate consumers on risk

The Insurance Industry by the Numbers

- Industry employs **125,000** Canadians
- Insurers collect **\$8.3 BILLION** in taxes
- In Canada, **\$36 BILLION** paid out in claims
- Auto Insurance counts for **45% of written premiums** for the industry
- In 2017, direct claims incurred (Ontario) totalled **\$15.6 BILLION**

IBC Investigative Services

- IBC employs an experienced team of insurance crime investigators.
- These investigators assist members in assessing potential fraud situations.



Consumer Protection: Tow Truck & Vehicle Storage

- Tow and Storage providers must:
 - Have permission from the consumer before storing a vehicle
 - Publicly disclose rates and other information (provider's name and telephone number)
 - Notify consumers where vehicles will be towed to
 - Allow consumers access to towed vehicles to get personal items at no charge
 - Give customers itemized invoices listing services before payment
 - Disclose if they are getting a financial incentive for towing to a particular shop.

The Impact of Fraud

- Fraud drives up the cost of premiums and services for everyone.
- Total profits for the insurance industry in 2017 for Ontario were \$1.2 billion compared with fraud losses of \$1.7 billion over the same period.

Region	Total Cost of Fraud/Year
Canada Auto Fraud	\$2 billion
Ontario Auto Fraud	\$ 1.7 billion
Ontario Auto Repair Fraud	\$547 million

Survey Question

Should tow truck operators be allowed to benefit from secret or hidden commissions that drive up overall costs?

- A) Absolutely
- B) Most of the time
- C) Not sure
- D) Only in special cases
- E) Never

Survey Question

Results

Project Bumper

- Put together by Aviva Canada
- An experiment to determine the prevalence of vehicle repair fraud
- Aviva examined business practices using private investigators and hidden cameras



Project Bumper

- Aviva purchased 10 cars and crashed them on purpose
- Damaged cars were appraised and estimates were generated
- Test cars were positioned on provincial highways for tow trucks and taken to random repair shops

Project Bumper

- 9 out of 10 scenarios showed evidence of fraud
- Aviva was invoiced for towing and storage services that did not occur
- Aviva was billed for repairs that were either not done or made as a result of damage caused by the shop

Aviva Independent Appraisal (before)	Actual invoice from Shops (parts & labour)
\$27,657.15 (total appraisal on all vehicles)	\$58,328.40 (total cost in invoicing from all shops)
\$2,366.03 (appraisal on vehicle sent to honest shop)	\$2,475.01 (cost in invoicing from honest shop)

Project Bumper: Recommendations

- Ban referral fees
- Prohibit requests for blank work orders
- Offer discounts for customers who use insurers' accredited repair network
- Force insurers to report all fraud and investigation outcomes to share data

Survey Question

How helpful will the suggested changes be to consumers and the industry?

A)They will benefit everyone

B)They will benefit only customers

C)They will benefit the industry only

D)They will not benefit anyone

Survey Question

Results

Moving Forward

- There's still work to be done
 - Enforce changes to towing and storage laws in Ontario
 - Establish an SFO – Serious Fraud Officer
 - License tradespeople through Ontario College of Trades

Thank You.

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