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**Official Report  
of Debates  
(Hansard)**

**Thursday 7 November 2002**

**Journal  
des débats  
(Hansard)**

**Jeudi 7 novembre 2002**

**Standing committee on  
finance and economic affairs**

Collision Repair  
Standards Act, 2002

**Comité permanent des finances  
et des affaires économiques**

Loi de 2002  
sur les normes de réparation  
en cas de collision

Chair: Joseph Spina  
Clerk: Katch Koch

Président : Joseph Spina  
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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
FINANCE AND ECONOMIC AFFAIRS

Thursday 7 November 2002

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES FINANCES  
ET DES AFFAIRES ÉCONOMIQUES

Jeudi 7 novembre 2002

*The committee met at 0934 in room 151.*

## SUBCOMMITTEE REPORT

**The Chair (Mr Joe Spina):** Shall we go ahead, committee members? The first item of business is the adoption of the subcommittee report. Would you read it into the record please, Mr Sampson?

**Mr Rob Sampson (Mississauga Centre):** The whole report?

**The Chair:** Yes.

**Mr Sampson:** "Your subcommittee met on Thursday, October 31, 2002, to consider the method of proceeding on Bill 186, An Act to further highway safety and establish consumer protection through the regulation of the collision repair industry, and to make a complementary amendment to the Insurance Act and recommends the following:

"(1) That the committee meet in Toronto on Thursday, November 7, 2002, from 9:30 am to 12 pm to hold public hearings on Bill 186.

"(2) That the committee, following public hearings and with unanimous consent of the members of the committee, shall proceed with clause-by-clause consideration of Bill 186 on Thursday, November 7, 2002, from 4 pm to 6 pm.

"(3) That the committee shall post information regarding the hearings on the Ontario parliamentary channel and on the Internet.

"(4) That interested people who wish to be considered to make an oral presentation on Bill 186 should contact the committee clerk by 5 pm on Tuesday, November 5, 2002.

"(5) That the clerk will send out a list of all the requests to the three parties by 5:30 pm on Tuesday, November 5, 2002. If all witnesses can be scheduled in the time available, the clerk shall be authorized to schedule the witnesses.

"(6) That if there are more witnesses than time slots available, each party will provide the clerk with a prioritized list including alternates in case of duplication by 10:30 am on Wednesday, November 6, 2002.

"(7) That the number of witnesses shall be divided equally among the three parties.

"(8) That the deadline for written submissions be Wednesday, November 6, 2002, at 12 noon.

"(9) That all witnesses for Bill 186 be offered 10 minutes in which to make their presentations.

"(10) That a summary of testimonies be prepared by legislative research.

"(11) That the clerk of the committee, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee, to commence making any preliminary arrangements to facilitate the committee's proceedings."

I move adoption of that report.

**Mr Monte Kwinter (York Centre):** Seconded.

**The Chair:** We have a seconder, Mr Kwinter. All agreed? Thank you.

COLLISION REPAIR  
STANDARDS ACT, 2002LOI DE 2002  
SUR LES NORMES DE RÉPARATION  
EN CAS DE COLLISION

Consideration of Bill 186, An Act to further highway safety and establish consumer protection through the regulation of the collision repair industry, and to make a complementary amendment to the Insurance Act / Projet de loi 186, Loi visant à améliorer la sécurité sur les voies publiques et à protéger les consommateurs en réglementant le secteur de la réparation en cas de collision et à apporter une modification complémentaire à la Loi sur les assurances.

**The Chair:** I would remind members of the committee that there is a list of submissions on your desk for people who were not able to be included in the delegations today. I also remind you to look at both sides of the sheets. It's printed on both sides.

Our first presenter is CISCO, the Collision Industry Standards Council of Ontario, Mr Szabo.

**Mr Sampson:** If I may suggest that Mr Szabo be swapped with the next one, if that's possible, since as of about 10 minutes ago, he was finding his way up the free-flowing traffic of University Avenue that's been cut down to one lane, and he might be delayed.

**The Chair:** All right. That's no problem.

AUTOMOBILE REPAIR  
REGULATORY COUNCIL

**The Chair:** Is Mr Wines here from the Automobile Repair Regulatory Council?

**Mr Sampson:** Julius is here.

**Mr Julius Suraski:** Gentlemen, my name is Julius Suraski.

**The Chair:** OK, Mr Suraski, if you'd please take the chair, read your name and who you're representing for the record. You will have 10 minutes. I'll try to give you maybe a one-minute warning for a windup because it is 10 minutes and we want to make sure everyone has an opportunity.

**Mr Suraski:** Thank you, sir. I'll be brief. My colleague Michael Wines will assist me in just a moment. I'm going to share my time with him. Good morning, gentlemen—

**Mr Kwinter:** On a point of order, Mr Chair: If you're sharing it, the person with whom you're sharing should be sitting beside you as well.

**The Chair:** Thank you. That's not a problem. Go ahead.

**Mr Suraski:** Good morning, Mr Chairman and members of the standing committee. My name is Julius Suraski. Among having been called a variety of different things in the past, I am the manager of the Automobile Repair Regulatory Council. I consider it a great privilege to be here before you today to speak in support of the Collision Repair Standards Act.

Seven years ago, I met with my MPP, Frank Klees, and asked him for some advice regarding a host of problems that faced the collision repair industry. He listened and then introduced me to Rob Sampson, who at that time was the minister responsible for the insurance portfolio. Here we are, seven years later, with the framework of the bill before you. My comments will be brief.

First and foremost, I want to congratulate and thank both Mr Klees and Mr Sampson for having the intestinal fortitude to have stickhandled this issue through some very raucous industry sessions, a general election and a new party leader and Premier. Even though it might not appear to be as important an issue as hydro and water purity, it is nevertheless an issue that is important to all those present in the hearing room today and for the thousands of employees who work in the industry. Gentlemen, you deserve our sincere praise and gratitude.

Before I speak further, I want to acknowledge in tribute, as Minister Klees did on first reading of the bill in the Legislature, the man to whom this bill is dedicated. Heinz Fuhrman, who passed away earlier this year before this bill came to fruition, was indeed an industry pioneer and an inspiration to all who had the opportunity to know and work with him on this long-time pursuit. Heinz successfully retired from his business several years ago, and although he earned the right to sit back and enjoy the fruits of his years of labour, he chose not to. Instead, he chose to be actively involved in the tireless pursuit of creating a level playing field for this industry and motivated many to pursue his ideal. I hope you choose to pass this bill as a testament to his hard work.

**0940**

In one moment, you will hear from my colleague Mike Wines about our initiative, which is the establishment of

the Automobile Repair Regulatory Council, in short known as the ARRC. I'm here to ask you to pass this bill and begin a very important process that will have great positive influences on the collision repair industry and for all car-owning consumers who have to deal with the results of motor vehicle collisions. In passing this bill, you will in essence be issuing a building permit for the industry to build this new house of regulations, a rulebook, which is so badly needed. Some of us believe this house should be a bungalow, others believe it should be two-storey, some of us want brick, others want block. Those are matters that are yet to be determined. I am certain, however, that there is no disagreement that the foundation should be strong in order to support whatever structure is to be built.

Here are some of the fundamental issues which we at the council believe need to be incorporated in order to create this strong foundation: consistent province-wide licensing for both repairers and appraisers; adherence to repair standards regardless of the payment source; and freedom to choose, full disclosure, accountability and full regard for all industry stakeholders in order to achieve and create a seamless delivery service.

Several years ago, we were involved in an industry war regarding the implementation of the collision reporting centres in the city of Toronto. It was a very divisive and pitched battle that fractured the industry along lines that depended on how their business was sourced. We engaged in a process where we tried to convince our municipal politicians to see what we considered to be so obvious. I recall towards the end of the process that a prominent councillor told me in confidence that his idea of good legislation was when everyone went home angry, suggesting that no one had achieved everything they had wanted. When I heard that expression, I was confused as to whether this represented genius or stupidity. I thought for a while and concluded that this was just plain stupidity and proceeded to tell him so.

That was seven years ago and, despite having ruminated over that comment, I am of the same mind today. What we're asking you to do today is pass this bill and then commit to developing the framework that focuses on one thing and one thing only: build this house so that it protects consumers. If we do that, I am of the firm belief that every person present in this room will go home happy and that we will have a most powerful piece of consumer legislation of which we can all be proud. Gentlemen, I thank you for your time and consideration.

**Mr Michael Wines:** Thank you very much for the opportunity to speak to you here today. I just want to take a few moments to share with you my feelings and to provide my input about the Collision Repair Standards Act.

Since 1994, I, along with others, have worked to help bring our industry to this point, a point where we as an industry are taking both control and responsibility for our businesses and our services to the consumer. It's been a long run to get here since those early travelling meetings around our province to speak to and meet with the many

different groups and associations, culminating—I thought at the time—with the founding of the Collision Industry Standards Council of Ontario, CISCO. Thanks to Minister Klees's help and determination, here we are today, speaking about a bill that is not only key and necessary, but also well overdue. As an industry, we are both ready and prepared.

Early this year, we formed the Automobile Repair Regulatory Council, the ARRC, in order to instigate some momentum, to let the public and government know that we are serious about regulation, not just talking and waiting for an outcome somewhere down the line in the distant future. We wanted to simply get on with the job at hand. Frankly, I felt then, and still feel, that such leadership has been lacking, and is vital to this cause.

Our program is really quite simple: it's all about servicing the customer properly and safely, and a firm commitment to stand by the quality of repairs, to the point where participating shops have agreed to binding arbitration when all else has failed, should the consumer be dissatisfied. The program is all about proper equipment, trained and qualified staff, proper repairs and consumer satisfaction and protection. It is not about control of their marketing, housekeeping, paperwork, business relationships and other unrelated matters. I've enclosed a copy of our program, along with a copy of my outline here today. You'll see that it's simple and to the point. It's all about the repair and the consumer.

My experience with the ARRC has clearly shown me that legitimate shops are more than willing—indeed, they are anxious—to get underway with regulating and being regulated. This is predominantly a proud group of business people ready for the next very important step in the development of our industry: to stabilize our resources, both labour and other.

This bill will serve both our industry and the consumer very well, and I think I speak for everyone here when I applaud the effort and the product of all concerned. I am not here to criticize the bill but I hope to contribute to this document in two ways which I feel are very important.

The first is to suggest that the insurance industry representatives placed on the advisory board be replaced with members from the Ministry of Consumer and Business Services, the ministry charged with this regulatory process. In this way, communications will be direct and efficient and the board will be able to function in a more effective manner.

My only objection to insurance representatives is that I simply don't feel that any of the areas of responsibility require the involvement of persons from outside our industry. In fact, what we require in our industry are hands-on experts, government representatives and members of the public. After all, this is about our industry and the consumer. Clearly, I have no objection to some form of communication structure in order to deal with any matters as necessary, but not regulation of shops. I have no desire to sit on an insurance board, and so it should be. They are in the business of insuring the public, with

all the concerns and specialties that entails. We are in the business of repairing cars.

Secondly, and finally, I strongly recommend that this bill include the licensing of appraisers, be they shop employees, shop owners, independents, or insurance staff. In this way, all those involved in the technical process of repairing that car are subject to the same criteria and the consumer is protected as regards the proper and safe repair of each car. The person completing the final appraisal is in fact determining just how that vehicle will be repaired.

In the case of an appraiser from outside the shop, either an independent or insurance company staff representative really leaves a set of repair instructions when that appraisal is completed. It is vital that these folks are able to be measured and that we know they are in fact qualified to fulfill this very critical function, namely deciding just how the car is to be repaired and with what parts.

As it now stands, there are no criteria to be an appraiser. Imagine how it feels to be a licensed auto-body repairer and have an unlicensed, possibly totally unqualified person come in to your place of business and then proceed to tell you how you are to repair the damage to your customer's car. The role played by all appraisers is key to this repair, and as such should certainly be under the regulation of this bill.

Thank you very much for your time and attention.

**The Chair:** Thank you, Mr Wines. We have time for probably about one question. Maybe we could rotate amongst the three caucuses. Is that all right? Good.

Why don't we begin with the official opposition.

**Mr Kwinter:** Yes. Mr Wines, I want to just ask you about your last point about licensing the appraisers. You list all the different types of people who can be an appraiser. How do you propose to license them? Would you set up some kind of criteria that they have to pass? How do you reach out to all the people who are doing it?

**Mr Wines:** People who are appraising in the shops—in the case of a direct-repair shop where they have the responsibility, say, to do the repair there based on their appraisal—would be the same process as the licensing of the shop itself. Independent appraisers work with insurance companies. They're existing businesses that insurance companies use and all shops are familiar with. The same is true with staff appraisers in insurance companies, so they're all locatable.

I think one of our keys and one of our concerns is that, as it stands right now, there is no qualification. So, everybody being locatable, same as the case with the shops, we can set up a measurement that they can be dealt with. It's more important that they have something to lose when there's a problem or rules aren't followed. So in order to be part of the process, you would simply require licensing.

**The Chair:** Thank you, gentlemen, for your presentation. We appreciate it.

Just to let the other delegates know, if you take the entire 10 minutes, then there will be no questions. If you

do leave a little bit of time, that will give us the opportunity to front some questions to you.

0950

COLLISION INDUSTRY  
STANDARDS COUNCIL OF ONTARIO

**The Chair:** Has Mr Szabo arrived?

**Mr Alex Szabo:** Yes.

**The Chair:** Thank you. The Collision Industry Standards Council of Ontario, we understand. Mr Szabo, please state your name for the record and who you represent, and proceed.

**Mr Szabo:** Alex Szabo. I'm representing CISCO and again, I apologize, Mr Chair and members of the committee, for being late. I want to thank you for allowing me to speak on behalf of the board of directors of CISCO and the collision and auto body industry in Ontario.

My name is Alex Szabo. I am president of the Collision Industry Standards Council of Ontario, CISCO, and a collision repair and auto refinish shop owner from Dundas, Ontario. I am the past president of the Hamilton District Autobody Repair Association, HARA, one of the largest local trade associations in Canada.

The Collision Industry Standards Council of Ontario is a non-profit corporation funded by the contributions from repair shops in the collision repair industry. CISCO is comprised of representatives from 15 associations representing collision repair shop owners across Ontario. CISCO was formed to address the many issues facing Ontario's collision repair industry. Founded in May 1998, CISCO's principal objective was to develop a program of mandatory accreditation for collision repair shops in order to improve customer protection and create a fair and level playing field for the industry.

Current regulation of the industry is fragmented, uneven and ineffective. The lack of consistent rules has created problems for consumers, collision repair facilities, the insurance industry and government. The collision repair industry needs to reach new levels of consumer protection, professional standards and regulatory compliance. We have worked with our industry and the insurance community to develop an accreditation proposal that will ensure safe, quality repairs for consumers at a fair price; effective and credible enforcement of standards and a code of ethics; a consumer bill of rights to further protect consumers; a fair and level playing field for facilities and consumers; fair and equitable business practices between collision repair and the insurance industry; and open and honest business competition.

Over 20% of the industry is illicit, meaning the facility is not licensed or currently municipally zoned, creating a black market for repairs. These shops will not conform to compliance requirements and are prevalent in the heavy urban areas, particularly as repair shops linked to a fleet of "chaser" tow trucks. They fear open identification because doing so would bring about attention to their activities by enforcement agencies and tax authorities.

They create significant problems for consumers as this activity favours chop shops that use stolen car parts for repairs, and they generate numerous complaints about their business practices. These shops are sometimes called midnight dumpers because of their reputation for waste disposal into the sewer system or the watershed at night and their lack of concern for airborne emissions, making the industry into a major source for odour emission complaints. Rarely does this type of shop pay Workplace Safety and Insurance Board premiums or have trades-licensed technicians working in their facilities.

Accreditation programs operated by public insurance companies are in place in Manitoba, Saskatchewan and British Columbia. The public insurance programs with the Insurance Company of British Columbia, Manitoba Public Insurance and Saskatchewan Government Insurance have obligated the collision repair industry to meet legal compliance and minimum equipment standards. CISCO's equipment standards are very similar to standards in western Canada.

It is important to note that the board of directors of CISCO made sure that the equipment standards were very similar to accepted equipment standards in western Canada. These standards have been in place for up to 10 years, with good success. CISCO did not want to be accused of designing standards that were elitist or could only be met by shops with significant capital investment. The equipment requirements in our program are consistent with other jurisdictions and necessary for the proper structural repair of a vehicle.

At present, consumers are often faced with making difficult decisions on vehicle repairs after a motor vehicle collision. Sometimes they are approached at the actual accident scenes on the roadway and solicited for their work. They are exposed to and have work completed at facilities that do not meet minimum standards for legal compliance, repair equipment and proper business practices.

An accreditation program would create a high standard for business conduct across the province and create a fair and level playing field for consumers and the industry. CISCO is proposing a consumer bill of rights that would be prominently displayed at every collision repair facility across the province. This would make sure that all consumers were aware of their rights in that facility.

Not all shops play by the rules. There are unlicensed back-street shops that use inappropriate materials and workmanship. They ignore the rules that other shops comply with every day. The unfair competition has resulted in reduced consumer protection, significant complaints from consumers and a negative impact on the image of the industry.

An accreditation program will standardize business practices and will ensure that all shops play by the same rules. Enforcement of the code of ethics will eliminate unlawful practices and ensure that all shops compete on the same level. Shops won't be able to cut costs by bending the rules.

The absence of business standards, inspection and enforcement creates situations where consumers may receive substandard repairs or workmanship which may result in safety problems, including structural integrity problems and erosion of the value of their vehicles. Major concerns have been documented where substandard work has been performed that shows up a year or more later, after the warranty period expires. An accreditation program would require accredited facilities to adhere to strict business standards and a code of ethics that provides a standard warranty, which includes a written warranty on workmanship for as long as the owner owns the vehicle.

A number of high-profile complaints and a serious safety problem for motorists occur when the structural repair of a vehicle is compromised. This may mean that damaged parts are not replaced or are improperly repaired or misaligned so that the vehicle will not have the same level of impact resistance in a future crash. The vehicle may handle or perform so badly that it may be more easily involved in a new accident. CISCO proposes that all accredited facilities must employ a qualified, trades-licensed technician who has met or exceeded the Ontario standards for skill levels in this trade.

Customers of collision repair shops should not be paying for services and parts not received. Some shops order new parts, charge the customer for them and then fix the old parts or use stolen parts, sending the new parts back to the dealer for credit. Motorists should not have to endure additional add-ons to their bill, such as inflated estimate charges, onerous storage and towing fees and administration costs that can be in the hundreds of dollars, with no work being performed. Insurers complain about having to shoulder the costs for some of these abuses. CISCO proposes that shops that continue these activities should face penalties and eventual licence revocation. CISCO can also pass on information on the activities found at these shops to other regulatory and enforcement agencies.

CISCO's proposal had broad input from the industry through 18 town hall meetings across the province. Over 3,000 information packages with the proposed standards were sent to every known shop in Ontario for their comment, and later were followed up with 7,000 mailers explaining our proposal. Many articles were written in our industry magazines as well as national newspapers. We are at present holding eight town hall information meetings across the province as far north as Thunder Bay, receiving unanimous approval for Bill 186.

Insurers are exhibiting caution on two issues. One is amending the Insurance Act allowing insurers to only pay certified collision repair facilities for repairs. We hope they would not want to deal with unethical shops that cannot properly and safely repair cars. Furthermore, why would paying only accredited shops be a problem if that becomes the law?

The other issue deals with their belief that Bill 186 will impact their DRP business relationships with shops. CISCO has communicated a clear message that our

proposal does not deal with insurance and shop business relationships. We do not see anything in Bill 186 that prohibits that relationship.

In closing, we urge all three parties—the members of this committee—to set aside political differences and agendas and allow Bill 186 to pass third reading to protect the consumers of Ontario from being cheated, ripped off and receiving unsafe repairs from unethical shops.

The collision and auto body industry is asking you to give us the tools to rid our sector of these unethical shops that prey on the unsuspecting motoring public. Our effort for accreditation has been ongoing for the past 15 years, and I would like to thank all three political parties for their consideration over that period of time. We are thankful to Rob Sampson and Frank Klees, their staff and ministry officials for their continued support.

**Mr Kwinter:** On a point of order, Mr Chairman: Could I just have the presenter explain what DRP is?

**Mr Szabo:** Direct repair programs.

**The Chair:** We have time for one quick question. Mr Christopherson is willing to defer to the government side for this one, and we'll pick him up next time.

**Mr Sampson:** There is some talk about trying to regulate the guys who do the appraisal work. Do you see that as part of this bill, or is that something we could deal with at a later date? I get the sense from you that there's no use regulating your business if the people you deal with—the ones who are doing the appraisals—are not regulated. Do you get some sense that that needs to be incorporated in this format?

**Mr Szabo:** I see that as coming down the road later. If the committee sees fit, there are some amendments to Bill 186 that we communicated. I don't see appraisers being part of this bill.

**The Chair:** Thank you, Mr Szabo.

That's all the time we have, Mr O'Toole. I'm sorry.

1000

#### COLLISION INDUSTRY ACTION GROUP

**The Chair:** Our next presenter is the Collision Industry Action Group. Please state your name for the record, sir. You'll have 10 minutes, with or without questions.

**Mr John Norris:** Thank you to the committee, and to those members whom we've had chats with before. It's nice to see you all again today. My name is John Norris. I'm the executive director of the Collision Industry Action Group. Again, thank you for the invitation today to speak with you regarding the Collision Repair Standards Act.

It's always fun to run into Queen's Park once you've been sitting on University Avenue for a while. Excuse me if I'm a little out of breath here. It's the best exercise I've had in weeks.

**Mr Sampson:** It's fun to run for Queen's Park too.

**Mr Norris:** Right.

The Collision Industry Action Group, or CIAG, is an amalgamation of the collision repair and auto refinish trade associations in Durham, Toronto, Peel and Hamilton-Niagara regions. A number of our member directors are here with us today to encourage the passage of Bill 186. I'd like to introduce to you Bill Strachan, one of our directors; Ralph D'Alessandro, one of our directors; and Tony Canadé, in the third row back, one of our directors. Have I missed anyone on this side? No. It's very nice to have them with us today in support.

The Collision Industry Action Group's members include almost 400 shop and supplier facilities, ranging from small two-man repair shops to large multinational coatings firms. The collision shop members we represent range from the small restoration shop with one or two employees—these are shops that simply take older cars, say an older Ford or Packard, and restore them—through large independent shops with several dozen employees, all the way to dealership collision centres, chain and franchised repair shops in the collision repair, auto body and auto refinish sectors.

Some shops only do exterior rust or what we call bump-and-dent-type repairs—they are auto body shops; some shops do only painting of a vehicle after the accident—they are auto refinish shops; and collision repair shops perform safe structural repairs to bring the car back to its original pre-accident condition. Each of these types of shops would need different equipment and different levels of trained personnel.

Our association and our member associations in regional areas have been involved in bringing workshops and consultations over the last four years across Ontario, listening to the industry—suppliers, insurers and partners—and using their comments and suggestions to help better refine the act and its future regulations. From Thunder Bay to Ottawa and from Windsor to eastern Ontario, the industry and trade associations have held or will hold over 20 of these opportunities for input.

As an industry group, we've always been concerned over unfair business practices: the chase shop—we call them that because they're chasing to accidents—that attracts its business from accident scenes while motorists are confused or injured, and shops that because of their lack of trained personnel and proper repair equipment required for that type of repair put public safety at risk with incomplete or fraudulent repair of a customer's car, a car that will be put back on the road and asked to perform at highway speeds and be able to absorb the next collision impact in the same fashion as the first accident.

The collision repair industry is currently unregulated. There is no consistent regulation for the almost 3,000 facilities in the province. Regrettably, this industry does have its fair share of unlicensed, poorly equipped facilities with staff that have no training and even less equipment. Their environmental controls for spray painting involve opening two bay doors at either end of the shop and hoping for a strong breeze. When you ask them if they are paying taxes and premiums to the workers' compensation board, they quickly change the subject or, in the case of one shop I visited, run out the back door.

A series of consistent standards as advocated in the Collision Repair Standards Act, 2002, would be a great means of having safe, consumer-friendly repairs. These standards would not be new. Indeed, shop standards and accreditation for Ontario means we would be the fourth province to put into use a series of accreditation standards, after BC, Saskatchewan and Manitoba. These programs in other Canadian provinces are used by the public insurers in those jurisdictions to identify which shops receive a higher labour rate for their work. Active insurer participation in those other provinces and the threat of insurer cash withholding for those not in compliance have been keys to the programs in other provinces.

Regulations can be added later, in consultation with the industry, government and others, to add substance and specifics to the bill. The CISCO package, which Mr Szabo was just indicating, is a very good start. We urge you today to approve the bill for third reading as written.

We also understand there will be those here today who will not be pleased with the bill. Some will be shops that do not want to meet legal compliance or are afraid that the correct equipment that is needed, and that they have been charging for its use, is not in their possession.

It was never the industry's position that shops would have to purchase equipment not needed for the type of repair being performed. If you are only doing auto body work and not structural repairs for collision, then items such as frame racks, anchoring or measuring systems or even spray booths, if no painting is being performed, would not be needed. Small shops will need to meet legal compliance standards that Ontario has in force now. They will not be obligated to buy expensive equipment that would never be used for the type of repair they are performing.

Instead of just performing, we would want to see this safely performed. Insurers, we would hope, would want to pay for repairs at shops that are accredited and provably safely and properly repairing collision-damaged vehicles. Why would an insurer want to continue paying shops that charge abusive billings to insurers and consumers and that don't have any ethics, equipment, training or environmental controls? I'm sure none of us would want to have one of these improperly repaired cars coming at us in the opposite lane at highway speeds. Insurers will only pay accredited doctors, dentists and attorneys; we're only suggesting they pay accredited collision repair facilities.

Regrettably, many illicit, polluting, improperly equipped and poorly trained shops profit from being paid for a shoddy or possibly unsafe repair by insurers in Ontario. I would hope that the reason for these continued payments to these horribly abusive repair facilities is because insurers are somehow unaware that they are rewarding this abuse and helping to promote and foster further consumer horror stories.

With strong consumer standards, insurers will now be able to save money instead of paying outrageous invoices for repairs not performed, and the industry's image and



credibility, its opportunity to attract eager new apprentices and the growing respect from protected consumers would all be well worth it.

I urge you to please support Bill 186.

I will answer any questions, if you have any.

**The Chair:** We'll begin with Mr Christopherson.

**Mr David Christopherson (Hamilton West):** John, welcome to Queen's Park. It's good to see you again. I just wanted to pick up on where you were on page 2, when you talked about some of the shops "that do not want to meet legal compliance or are afraid that the correct equipment that is needed, and that they have been charging for its use, is not in their possession."

My question is, do you think there are some that are actually going to fold up and disappear? Let me put it to you this way: of those that will not be pleased with this because it's contrary to the kind of work they do, what's your sense of what percentage will comply, how long for the message to get through that they have to comply, and what percentage of them do you think will just fold up shop and disappear because they never had any intention of staying in an industry where they have to meet regulated standards?

**Mr Norris:** We can judge by other areas. Broward county put in a similar program where they put in some requirements for facility development, and they had a loss of about 20% of the facilities. But the reality was, when they did the checking, 15% of those had no licence anyway. They were transient operators who opened up in a backyard or behind an oil lube shop. When the standards were put into place, they decided to go into more lucrative territory where they could apply their abusive practices in a county that didn't have those kinds of controls.

All the way along, one of the threats was that this might be perceived as elitist, that we're putting in equipment or terms or conditions that would foster bigger shops as opposed to smaller shops. Nothing could be further from the truth. A small facility that is charging for collision repair work, for structural work, that needs the equipment that's necessary—by the way, none of these were our ideas. I honestly will say that we plagiarized heavily from the other provinces that already had systems in place for over 10 years. Those facilities, if they need to do that repair work, will need that equipment.

If they decide they can no longer get away with charging for the equipment—never having had it there but being paid and rewarded all that time—and that those rewards are now coming to an end with the act, then our anticipation is they will want to either make available that equipment—and we're going to have programs that make sure they can access that; we have a compliance program now with Ontario that provides simplified compliance for facilities to help them out—or they will look at another type of work.

We talked about collision work and autobody work, where they can say, "I'm not interested in investing in that kind of equipment, but I have this equipment for this type of work. I'll continue to do this." So it's a long

answer, but I'm hoping that we're going to have all of them still left, but they'll have to decide on what type of level of repair they want to participate in. But I want to make it clear that the rules of Ontario apply to everyone, small or large. If we have a significant problem, as you are probably aware, with shops not paying worker's compensation premiums, that's the rules of the land.

**Mr Christopherson:** A quick statement, if I can. I just want to say that John brings great credibility here. He's widely known and respected in Hamilton. The fact that he's here making this presentation goes a long way with me.

**The Chair:** Thank you, Mr Christopherson. Thank you Mr Norris. We appreciate your input.

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#### PEEL VEHICLE REPAIRS ASSOCIATION

**The Chair:** Our next group is the Peel Vehicle Repairs Association. Please state your name for the record. You have 10 minutes.

**Mr Tony Canadé:** My name is Tony Canadé and I am director with the Peel Vehicle Repairs Association. Honourable Members of Parliament, committee members, ladies and gentlemen, good morning. Thank you for allowing me the opportunity to address the committee with regard to the Collision Repair Standards Act that is in front of us today. I'd like to take this opportunity first and foremost to promise you I will keep the presentation fairly short. It's very encouraging, in the three or four presentations that we've heard just this morning, the amount of support that we do have within the industry already. The amount of support that is out there as far as our employees and the public goes is very, very encouraging and, on the political side as well, with the parties that are present.

Our special thanks to Rob Sampson and Frank Klees for their hard work and dedication. I know both Rob and Frank have put countless hours into this project and we thank them for assisting us and helping us see this through to fruition.

As an industry, in Peel, we are in complete support of the Collision Repair Standards Act. What it means to us and what it means to our consumers as far as consumer protection, customer satisfaction and consumer confidence will be immeasurable. Unfortunately, we are at a state in our industry where, with lack of regulation, a lack of standards and a lack of definable ethics and business practices, we are marred and mired with various different types of opinions that, in a lot of cases, do not hold true. There are obviously bad seeds within our industry that, with the introduction of the Collision Repair Standards Act, will be corrected and hopefully moved forward to a better image for us, better customer protection and better customer confidence within the industry itself.

For the minimum standards that have been mentioned today, particularly those that were mentioned with regard to the Collision Industry Standards Council of Ontario, the PVRA was involved in the development of those

standards, that code of ethics and those business practices. Obviously, with our involvement and our participation, we are in total agreement with where they stand as far as what the requirements are.

I think it's important for everybody to realize that they are minimum standards. Someone had mentioned that it was very important for CISCO and the PVRA to ensure that we weren't some type of elitist group that sets standards too high to be met, thereby somewhat monopolizing the industry. That was not our intent from the beginning. What our intent was and what our intent remains and what the spirit of this act speaks to is the fact that if you are going to be in an industry, whatever that industry may be—in our particular case it's collision repair—then we must, all of us, whether we are in Wawa, Mississauga or someplace even more rural, meet the same standards as far as customer protection, equipment standards, repair quality, regulations for our taxes, business practices and environmental waste removal. We must adhere to those standards.

There have been conversations that revolve around the fact that small shops will be pushed out. I stand in front of you today—or sit in front of you, as I may—to tell you that that is not the case. In the proposal, there are various sectors of our industry—whether it be autobody repair, full collision repair, paint only or refinish only—and there are standards to be established for each and every one of those. If you are to participate in one of those sectors of our industry, then you must meet the minimum requirements required for those particular segments. It is only fair, it is only right and soon, hopefully, it is only as per the legislation.

This bill will address the elimination of the unethical and illegal operators who attack our environment, perform unsafe repairs and ultimately tarnish the reputation of our industry. It will address the facilities that lack quality standards. There are issues that we have mentioned with regard to the way collision repair is solicited and arrives at various facilities. Hopefully, this act will address some of those issues with regard to the regulations that are brought forth.

I have been involved with CISCO over the years and made tireless efforts with regard to meetings even with the insurers. Mr Sampson set up a committee three or four years ago, I believe, where he had realized that there was a need for the insurers to work with the collision repairers. The collision repairers did bring themselves to meet with the insurers. With that, we went through countless meetings and hours of deliberation and debate and came up with standards, ethics and practices that we felt were fair, equitable and logical for all who are involved.

We have been working on self-regulation with CISCO since 1998 and long before that in various segments of our industry, trying to get some type of standard, regulation or legislation that would assist us in maintaining a fair and level playing field.

I sit in front of you today to urge you to accept the Collision Repair Standards Act to assist us in pushing

that forward, in protecting the consumers of Ontario and in making sure that this industry has a fair and level playing field that everyone within the province of Ontario who wants to participate in our industry can adhere to. I thank you.

**The Chair:** Thank you, Mr Canadé. Continuing with our rotation, putting it back in order, the official opposition.

**Mr Bruce Crozier (Essex):** Thank you for your presentation. You've made a number of points. We know that this bill goes to the considerable length of having insurance companies deal with certified collision repair shops. You said that this bill addresses the elimination of unethical and illegal operators etc. We know that a significant part of repair work is done for people who don't want to make a claim to an insurance company. They just don't want to make that claim. We also know that there's a significant number of automobiles that are not insured for collision. How do you feel, in your words, this bill, then, will eliminate unethical and illegal operators if there's still that market out there that doesn't deal with insurance companies?

**Mr Canadé:** The bill as it stands may not address that. With a minor amendment, we would include all collision repair facilities in Ontario.

**Mr Crozier:** In other words, what you'd like to see is not just certified and decertified shops. You'd like to see shops that have to be certified or put out of business.

**Mr Canadé:** Yes.

**Mr Crozier:** And this bill doesn't do that.

**Mr Canadé:** As it stands, the bill does not do that. Hopefully, there can be a minor amendment that will address that. It was always our intent that, in our personal association, we would ensure that every facility within Ontario would meet the standards, whether they are doing insurance work, non-insurance work, dealer work, whatever the case may be. The bottom line is that they are still repairing vehicles for the consumers of Ontario and as such should be held to the same standards, whoever is paying that bill.

**The Chair:** Thank you, Mr Canadé. We appreciate it.

1020

#### COLLEX COLLISION EXPERTS

**The Chair:** The next presenter is Collex Collision Experts, Mr Strachan. Are you presenting alone, sir? Please state your name for the record, and welcome.

**Mr William Strachan:** Thank you. Mr Chairman and committee members, my name is Bill Strachan. I am one of the owners and president of Collex Collision, a family-owned business for 25 years in the city of Brampton.

First, I would like to personally thank you for all your efforts with regard to Bill 186, badly needed legislation to clean up the collision repair industry and hopefully to put some semblance of order into the towing industry.

This bill, as presently written, will further improve highway safety and establish consumer protection through regulation of the collision repair industry. It will

make a complementary amendment to the Insurance Act which will improve the relationship with the paying customer and further support proper collision repair. This will stop unaccredited, backyard shops that are unlicensed, not trained, not properly equipped, not following present environmental requirements, not bringing safety back into repairs and, in most cases, not collecting the necessary taxes, which further tarnish the collision industry that I so proudly represent.

Bill 186 will establish province-wide standards for vehicle repairs. Training through apprenticeship at our schools and colleges will give unaccredited repair shops the time and opportunity to improve their operations and come up to standard. We in the collision industry are presently unable to repair all the vehicles that require collision repairs, mainly because we do not have enough trained employees as we stand.

This bill will provide a fair marketplace for those who choose the profession I have done over the last 40 years of my career.

In closing, I feel Bill 186, as written, with the exception of maybe some minor wording, will be a giant step for the collision industry and its future. Properly implemented and controlled, this will attract the youth of today to consider the collision industry, a profession that I have been proud to be part of.

Should anybody on the committee require any clarification on any aspect of the collision industry, I can be reached 24 hours a day, seven days a week on my cell phone. I thank you for giving me an opportunity to speak.

**The Chair:** Thank you, Mr Strachan. I can attest to the 24-hour availability of Mr Strachan. In our rotation we will go to the NDP.

**Mr Christopherson:** Thank you, sir, for your presentation. If you're going to be on duty 24 hours a day, seven days a week, you might as well run for office.

**Mr Marcel Beaubien (Lambton-Kent-Middlesex):** He wouldn't make as much money, though.

**Mr Christopherson:** Yes, I'm not going to go there.

**Mr Beaubien:** He won't have a pension either.

**Mr Christopherson:** Whose fault would that be?

I was interested that you did raise the issue of not having enough properly trained employees. We know from all the studies that are happening right across our province and, indeed, right across the country—we're facing it now and it's going to get more acute—the shortage of skilled tradespeople. Again, it's a little off subject, but I'm curious as to how you see that being resolved, given that we're setting new regulations and standards. Obviously that requires adequately and sufficiently trained employees to deliver to the standard. In the absence of them it would seem to me it'll be difficult to reach those standards, no matter how much you as an owner-manager may want. If you don't have somebody on the shop floor who knows exactly what they're doing and how to work to the standards that are now expected of them, it's going to be difficult even for a high-level, quality professional shop like your own. Can

you give me a sense of how you see that resolving itself, say over the next five years?

**Mr Strachan:** As I say in my brief, and maybe you misunderstood, one of the things that we haven't done in our profession is attract the youth of today. By many means, people have conceived the collision repair industry as a dirty, filthy job. If you go to the schools, they teach them how to weld patches and do body filler in rusty old cars. Really that's not what we do. In raising the bar and making it so that we're all going to have to meet standards, we will attract the youth of today into our industry. We're finding that even happening now since we put out a CD-ROM attracting the youth of today to what really goes on in the collision industry.

I run a co-op program. The teachers and kids who come to our shop are just amazed at the high-tech that goes on in a collision repair facility today versus what it used to be in the past. So I feel that the youth of today will come on board and be part of our collision industry, instead of walking away from it because they've always looked at it as a dirty, filthy job. As I speak, I have two co-op students and they're staying with me. So we're attracting the youth of today by encouraging them. They know that there's going to be a sense of order in where we're going in the future and that their future will be good in the industry, because it is very well rewarded if a person is a professional.

**Mr Christopherson:** Have I still got a minute, or am I done?

**The Chair:** Yes, you've got about a minute. Then we'll have two minutes each for the other two caucuses.

**Mr Strachan:** I don't know if that answers your question.

**Mr Christopherson:** No, that was great. That's excellent. That's right to the point I was raising. Is there anything else obvious that comes to you that either the government or the industry overall could be doing to get that message out further? It's great you've got some publicity there, but obviously more is going to be needed if we're going to change attitudes; for instance, at the community colleges, at the high school level. Is that sort of thing happening, or is that the next step that should go in tandem with this?

**Mr Strachan:** It's happening as we speak anyway, because at Mohawk College and Sheridan College the bar is being raised every day. If you go to Mohawk College, they have nothing but brand new General Motors cars that they are working on there. If you go to the facility, it will just blow your mind because there's no junk, as I call it, or old cars. That's one of the things we don't have in the schools today, which we've been working on, trying to get the schools in our municipalities to bring the collision teacher up to speed, too.

One of the gentlemen who worked for me has gone to teach at North Park Secondary School. He's up to snuff. He's just left the industry. He's young, he's youthful and he's high-tech, whereas the fellows who have been there for 20 years haven't kept up with the training. So they have an opportunity to see the new pulling equipment,

the new spraying equipment and the new painting equipment. That's attracting the youth. They bring children out to the shops so they can see what's going on. So we're catching a few kids now, whereas before we went through a vacuum for a few years where there was nobody coming into the system. It was just non-existent. I have three people in my organization who have come through the system and have stayed with me, and I have two more on stream. That's what most of the shops are doing now.

**Mr Christopherson:** Great. Thank you, sir. I appreciate it.

**The Chair:** We go to the government side and Mr Klees.

**Hon Frank Klees (Minister of Tourism and Recreation):** Mr Strachan, thank you for your presentation. I want to also take this opportunity to thank my colleague Rob Sampson for picking up the slack on this bill. As many people here know, I've been working on this project for some time. I think it's a great example, actually, of how our parliamentary system can work.

Mr Julius Suraski brought this matter to my attention when I was first elected. It was shortly after the 1995 election. He showed up in my constituency office to tell me about some problems in the collision repair industry. I knew there were some problems, only through my personal experiences, but I had no idea how far-reaching. I had no idea there were no province-wide standards in this industry. Over that period of time, of course, we've consulted broadly with the industry.

I've been looking forward to this day when we could actually get this bill before hearings and have members of the industry make their submissions and have my colleagues in the Legislature hear first-hand from people who are on the front lines what the issues are. I'm encouraged by the fact that there's a fairly good consensus that there's a responsibility on the part of government to address this issue. It's not perfect, and what we're hearing is that there are number of areas where it could be this way or it could be that way, and I'm sure there will be some amendments this afternoon.

But I do think it's important for us to understand that this is a starting point. We need to get something in place in this province where the industry can have a sense of confidence that there are some standards, and there will be other opportunities, I'm sure, to further refine this legislation.

**The Chair:** Thank you, Mr Klees. I appreciate it. Mr Kwinter?

**Mr Kwinter:** Thank you very much, Mr Strachan. I appreciate your presentation. I have a question. In your presentation you talk about how this bill will stop unaccredited, backyard shops that are unlicensed, not trained, not properly equipped, do not follow present environment requirements, do not bring safety back into repair and in most cases are not collecting the necessary taxes. How do you propose that this is going to be regulated? It would seem to me that, given the number of shops all over Ontario, there's going to have to be a

pretty sizable inspection capability to be able to do this. What I really want to know is, how do you envision that happening and who's going to pay for it? Is this something that will be paid for by the association of whatever it is—and that's another comment I have. I notice there are at least six different associations or groups representing the auto repair industry, all of them supporting Bill 186 but all of them having specific issues that aren't, in their opinion, addressed by Bill 186. How do you see this working, and how do you see it being financed?

1030

**Mr Strachan:** I suspect that when they implement this and we put it into being, there will be a charge to the shop for being accredited and there will be inspectors to go in and make sure that, first of all, the standard will be set—and I'm sure they will receive where they're supposed to be and what they're supposed to be doing. But it should have been that way to start with. We in Brampton are licensed by the city of Brampton and, in doing so, I had to have certain things in place. I have to have insurance, I have to be paying my workmen's compensation and things like that. Those things are all answered when you apply for your licence.

In my town, I find that we have a lot of these units out the back, where these small operators are in it for two or three months and then back out again, and they don't have any equipment. Consequently, I've had to call the environmental people on several occasions, when I'd come in to work on Monday morning and find my cars in the yard all dusted with over-spray. I'm faced with the task of polishing and cleaning up 20 or 30 cars that have been sitting out on my facility over the weekend and have been dusted with spray paint from some of these backyard shops that are just behind me. I have no control over that.

In trying to regulate these people, some of them will be squeezed out of business because they won't want to come up to standards. But I think it'll be financed through the accreditation program, meaning there will an infrastructure put in place and then there will be a charge to each shop to go through the thing and be accredited and have a stamp of approval. Down the road, if there are complaints about it, then there will be an arbitration board to deal with the people who are not fulfilling standards.

On a single day at Collex, in the 25 years I've been in business, I have, on average, at least one complaint a day from a consumer who is either concerned that he can't get his car to my shop or he has a concern that he's had his car fixed at a shop and it wasn't fixed properly and what should he do. I spend a pile of time every day consulting with a consumer who has been ripped off or has been manipulated by a poor system, and they don't feel they have any ways or means of getting any correction into the scenario.

If it's all put together properly and it's policed properly, it could be a great step forward for the industry and for the safety of the cars on the road, as we speak. There

are cars being put back on the road without the airbags put back in them. I just don't understand that; there's no logic to that, although I know it's a secondary restraint system. I don't know whether I've answered your question properly or not.

**The Chair:** Regardless, your time is up. Thank you, Mr Strachan. We appreciate your time here today.

#### ONTARIO AND TORONTO AUTOMOBILE DEALERS' ASSOCIATION

**The Chair:** Our next presenter is the Ontario and Toronto Automobile Dealers' Association. Sir, if you would be kind enough to state your name for the record. I think, for you, this should be a familiar environment

**Mr Bill Davis:** I think I was here once or twice. I'm Bill Davis. I'm the executive director of the Ontario and Toronto Automobile Dealers' Association. I'm here to confirm the support of our 1,000 new car franchise dealers for Bill 186. Approximately one half of our members own and operate a collision repair facility while the other half of the membership has a business agreement with independent collision repair shops to repair and repaint damaged vehicles.

Perhaps it would be beneficial to the committee if I gave a brief history of the rationale for our association's interest and support of a certification program and self-management for the collision repair industry. As you may be aware, the retail automobile industry was the first industry to be granted the opportunity of self-management several years ago, and many of the issues that drove that agenda are the same issues facing the collision repair industry in Ontario today.

I believe it was in late 1995-96 that the city of Toronto undertook a program to regulate the towing industry to protect consumers from unscrupulous operators. Part of that program was the institution of an accreditation program requiring the collision repair facilities to conform to those standards if they wanted to have their facility listed in the accident reporting stations. In the debate at city council, representatives opposing the bylaw indicated there were 1,500 body shops in the city. The Toronto licensing authorities had only issued 500 licenses in this category. This meant there were approximately 1,000 auto body shops operating without a business license, often undetected in strip malls or backyard operations, that also did not comply with other legislative regulations such as the Ministry of the Environment, the Ministry of Labour, WSIB and so forth.

Consumers, employees and our environment were at risk as some operators spilled hazardous materials down the sewer, spray-painted vehicles in open spaces rather than in spray booths and exposed the public, employees and local communities to hazardous discharges. These operators also created an uneven marketplace because they did not pay for WSIB, nor did they expend funds for proper equipment, nor did they meet ESA wages. So in reality, they had a competitive edge on the collision

repair shops that conformed to all the legislation and regulations that governed their industry.

In light of these factors, Mr Frank Klees, MPP, believed the issue had provincial ramifications and held meetings with the collision industry to determine the reality of the issues raised in the city of Toronto. These discussions indicated there were deep problems in the collision repair industry that sacrificed the safety of repairs, contributed to environmental concerns of the day and ignored the legislative regulations that governed the industry. Mr Klees, in concert with his colleague the Honourable Rob Sampson, determined the industry had sufficient maturity to address and rectify the issues through a program of universal accreditation and self-management similar to the real estate industry, automobile dealers, travel industry, funeral homes and cemeteries that had recently been granted the status of self-management.

At an initial meeting early in 1997, over 100 owners and operators of collision repair shops met to discuss a provincial-wide accreditation program that would establish standards for the collision repair industry in Ontario. A small working group of collision shop representatives were elected to pursue the objectives of self-management and to establish criteria for industry standards that would ensure that the quality of repairs was safe, that the equipment used met the technical standards of the day and that collision shops conformed to the legislation that regulated their operation.

After five years of dedicated hard work and forming strategic alliances with the insurance industry and provincial ministries, the committee produced a model for self-management and accreditation for the collision repair industry in Ontario. The draft proposal was discussed at several town meetings across the province and met with unanimous approval.

I'm here today to ask for your support of Bill 186. This bill will provide the foundation for guidelines that are necessary for a successful accreditation program. The passage of Bill 186 will ensure that the unregulated collision repair industry meets and conforms to standards that will accomplish the following objectives and goals: provide for safe, quality and cost-effective repairs that will provide consumer safety; ensure all accredited facilities comply with the legislation that presently governs their industry; bring to a halt the disposal of untreated hazardous waste materials through dumping into sewers or landfill sites; require the proper facilities and procedures under law to remove hazardous waste through agreements with recognized licensed waste haulers; require proper equipment to be used in the repair of vehicles to ensure the quality of the repair and ensure vehicles are safe and roadworthy when returned to the consumer; protect consumer, community and employee health and safety by requiring proper facilities to paint vehicles, including spray booths; standardize invoices and work orders to record repair costs and afford consumer protection; and create a level playing field in the marketplace so no operator will have a competitive

advantage over another repairer because they do not pay appropriate taxes, invest in proper and safe repair equipment or do not employ qualified tradespersons.

The draft proposal recognizes the unique features and limited resources of the small collision repair shops to meet compliance requirements within short periods of time. The CISCO plan called for some financial support to assist those shops to meet the new standards through a transition period. The insurance industry was an active partner in designing the draft documents and was supportive of the accreditation program. Of course, they didn't agree to every recommendation, but in the majority of instances, we found a mutually agreeable resolution.

I must say that we find it difficult to comprehend the position taken by some insurance leaders who support the accreditation program, but would like to maintain their autonomy in determining what repair facility they select to repair a vehicle. Why would an insurer like the ability to direct a client to a repair facility that was not accredited, thus exposing their client to unsafe repairs or an employee or a community to uncontrolled hazardous waste discharge?

**1040**

Throughout the discussion over the past five years, the objective of accreditation and self-management of the collision repair industry was never to end the preferred shops system. Rather, it was to bring safety in repairs that met an industrial standard, the use of proper and approved equipment to ensure safe repairs, a code of ethics that governed the business transactions of the day, consumer protection in universal warranty of repairs and standardized work invoices, along with conformity to existing legislation that governs the workplace of today.

We would request the committee to consider amending Bill 186 so that the legislation applies to all collision repair shops that wish to operate in Ontario. This amendment would ensure that all consumers receive safe and quality repairs, a standardization of business practices through the province, protection for the environment, commitment to a business code of ethics, and conformity to the legislation that governs the marketplace.

Thank you for your time. I'd be prepared to answer any questions.

**The Chair:** Thank you, Mr Davis. We have time for one quick question from each caucus, beginning with the NDP.

**Mr Christopherson:** Thank you, Mr Davis, for your presentation.

Probably more of a clarification than a question, but on page 4, third paragraph from the bottom, where you start with, "I must say we find it difficult to comprehend the position taken by some insurance leaders who support the accreditation program, but would like to maintain their autonomy in determining what repair facility..." and in the next sentence where you say, "Why would an insurer like the ability to direct a client to a repair facility that was not accredited," the query I have is this. In setting up the point, it seemed to me you were saying that

you have insurance companies that like the accreditation idea and thought this was a good thing to do, but they still want the ability to direct, and then there seems to be an assumption in the paragraph that there are some insurers who will be hypocritical about it to the extent that they will support the accreditation program but would still direct clients to non-accredited ones. Is that accurate in terms of what you're suggesting?

**Mr Davis:** I would suggest that's a possibility. That's why I put it there. There could be a body shop that's fairly successful in a smaller community that doesn't meet the requirements, and rather than moving that vehicle from that community which they indicate in the north is a problem for them, the insurance company then would have it serviced there. There's a possibility that it exists, so let's take the possibility away.

**Mr Christopherson:** Maybe we should prohibit insurance companies outright from being able to do that.

**The Chair:** OK. We go to the government side.

**Mr Beaubien:** I'll follow up on this, because this is the one I wanted to flag. Why do you think the insurance industry wants to maintain a stranglehold on the repairs? What's your personal opinion?

**Mr Davis:** We don't have any problem with DRPs, or preferred shops. It's the way the system works, and it works well.

**Mr Beaubien:** Does it work well for the customer?

**Mr Davis:** It works well for the customer as well. But the insurers were part and parcel of the program. The problem they didn't like in the beginning was the number of seats they have on the self-management committee. We've been reading lately where some of the insurance individuals are suggesting that they would like the right to direct the consumer. That exists. But if you don't control the whole industry, there is a distinct possibility that the insurer could direct the consumer to a shop that doesn't meet the standards. Therefore, in my opinion, the consumer is at risk; there's no guarantee that the repairs are done safely. I think that's one of the fallacies we have to cover in the act.

**The Chair:** Thank you. We go to the Liberal caucus.

**Mr Kwinter:** Thanks. Bill. I appreciate your presentation. I want to follow up on the same issue. I'm not quite sure I have the same interpretation as you. I can't imagine that any insurance company would refer a customer to a shop that was not accredited. I think the issue, and we're going to have a chance because we have some insurance people making presentations—they're saying, and again, I'd like to find out, that they have no problem with accreditation, but they still want to retain the right to direct their policyholders to shops that they have a good experience with, that they have a relationship with. It doesn't imply that they are not accredited. So I would really like your clarification.

**Mr Davis:** Neither does it imply that they are accredited. It doesn't imply that. The assumption you have made, Mr Kwinter, with all due respect, is that the insurance company will direct them to an accredited shop. The assumption I have made is that that may not always be the case.

**Mr Kwinter:** Under this act they have to. The only people who can be operating are accredited shops. As I say, we'll have a chance to explore this after. I can't believe that an insurance company would direct a policyholder to a shop that is operating illegally. I just can't believe that.

**The Chair:** Thank you, Mr Kwinter. We'll have to cut it at that. Thank you, Mr Davis, for your presentation.

#### INSURANCE BUREAU OF CANADA

**The Chair:** Next we have the Insurance Bureau of Canada. Please indicate your names for the record. I remind you that you have 10 minutes, and that includes questions, so I would encourage particularly the MPPs to keep your questions shorter if you want a good answer from the delegates.

**Mr Mark Yakubuski:** Good morning, Mr Chairman. Thank you very much for the opportunity to appear before this committee to discuss what we consider a very important piece of legislation. Let me begin by saying that my name is Mark Yakubuski. I am the Ontario vice-president of the Insurance Bureau of Canada. With me this morning is Ted Doyle, the vice-president of property claims for ING Canada, the largest auto insurer in the province.

IBC is the national trade association representing most auto, home and business insurance companies. Our industry employs nearly 40,000 people in Ontario alone, and we underwrite over \$10 billion worth of insurance premiums in the province annually.

Let's begin, by way of background, by saying that establishing high standards of quality for automotive repair is absolutely fundamental to our business. Auto insurers in Ontario spend nearly \$1.8 billion annually on expenses related to vehicle repairs. Indeed, over 70% of all collision repairs done in Ontario are funded by insurance companies. It is our responsibility to our customers to ensure that these repairs are of the highest possible quality.

For this reason, and others have stated this already this morning—they're right—the Insurance Bureau of Canada and our industry have long been supporters of accreditation in the collision repair industry. In fact, we actually contributed to the founding of the Collision Industry Standards Council of Ontario, otherwise known as CISCO—I think you're going to be hearing from them shortly if you haven't already—an organization that has been instrumental in advancing the idea of accreditation. For close to two years, senior members of our industry worked with CISCO to develop very detailed draft accreditation and regulatory standards for collision repair facilities. It is our sincere hope that these standards will form the basis of any future accreditation program.

One of the principles on which our discussions with CISCO were based was that accreditation would not be used as an attempt to undermine the preferred shop programs developed by many auto insurers. There has to be a distinction made between an accreditation/

certification program and preferred shop programs, as exist currently in the industry. Under these preferred shop programs, auto insurers negotiate cost-effective pricing for our customers based on providing a volume of repairs to selected repair facilities that meet our quality standards, and in turn we guarantee these repairs to our policyholders.

More important, insurers receive the assurance that the work they pay for is completed in a professional manner. I want to underline this point: the preferred shop program of insurers has been thoroughly investigated by the federal bureau of competition policy. The bureau has clearly stated that preferred shops not only do not inhibit competition in the collision repair industry; they significantly improve the quality of repairs for insurance customers, and that's our bottom line.

#### 1050

The preferred shop repair program is a central part of insurers' efforts to control vehicle repair costs, the single most important and expensive component of your automobile insurance policy. This has been a real challenge in recent years, as the growing complexity and sophistication of automobile construction has dramatically increased the cost of repairing most cars. Without the existence of these preferred programs, most auto insurers estimate that their total repair costs would be significantly higher, placing considerable pressure on premiums for our customers.

Unfortunately, Bill 186 goes beyond IBC's original discussions with CISCO and in our estimation the bill severely limits the ability of insurers to operate preferred shop programs, at least as it is currently drafted. I'm encouraged to hear that others are saying, "We're not attacking the preferred shop program. If we can accommodate the preferred shop program within the confines of this bill, let's do it; let's amend it." I am delighted to hear that because that is exactly what we think ought to be done.

But under the bill as it currently stands, the ability to operate a preferred shop program is severely limited. The amendments to the Insurance Act contained in the bill would have the effect of obligating insurers to pay for repairs at any collision repair facility as long as it was certified and the work was performed, under the bill, "at a price that is competitive." Our legal counsel has advised us that in this context, "competitive" has absolutely no meaning and is not defined in the bill. There is no guarantee, as this bill currently stands, that we would continue to be able to pass the savings that we have been able to generate on to our customers. That, for us, has just got to be of primary importance.

Let me state categorically that I want to clarify this idea that the industry is interested in directing work to shops that are not certified or that would not be certified. Nothing could be further from the truth. The industry has no difficulty whatsoever in accepting that preferred shops, and I mean all preferred shops, must be certified, period. We are confident that all the shops that currently participate in these programs already meet or exceed whatever standards would likely be set under this bill.

However, any restriction on the ability of insurers to reimburse repairs at preferred prices and preferred rates as we have currently negotiated is unacceptable to us and to our customers, as you can well understand.

Insurance payments should not be used as a tool to enforce certification standards indirectly, as happens under this bill. What we would propose as an alternative—in fact, we think it would be more effective—is to remove these references to the Insurance Act and explicitly require that any collision repair facility wishing to operate in Ontario must be certified, period. Certification would essentially serve as a licensing system whereby facilities that do not meet minimum standards would not be allowed to operate. This is where this bill has to be improved as well. Strict standards and sanctions have to be included in this bill for those facilities that defy the law.

I want very quickly to tell you also that there is a need in this bill for some regulation-making power. We anticipate that, this being a new program, there will be a lot of twists and turns that we can't perfectly predict today. If you want to be able to implement this legislation, you must give the government adequate regulation-making power to do so specifically in identifying the kinds of repair work that are subject to certification.

I hope this has been helpful in identifying some of the improvements that we think are needed in this bill. I want to point out also that we do not want to sit on the advisory board. We do not want to be in a conflict of interest. We do not want people to say that insurers are skewing the standards because they pay for 70% of the repairs. Having said that, we'd be happy to answer any of your questions.

**The Chair:** Unfortunately you've left no time, but we thank you very much for your presentation, sir. I'm sure there are others who may permit that.

#### AUTOMOBILE REPAIR REGULATORY COUNCIL

**The Chair:** Our next presenter is the Automobile Repair Regulatory Council. Is the representative of that body here? Mr Borson? Please state your name for the record, sir. You have 10 minutes.

**Mr Chris Borson:** Good morning, Chair and honourable members. My name is Chris Borson. There's been a lot of discussion this morning, and some of this may be redundant now, because a lot of people have touched on a lot of key issues.

I'm a member of ARRC, and I am also an independent auto body repair shop owner in the city of Toronto. I would like to express my support for the act; however, I do have some concerns that I would like to bring to the attention of the members. They're listed in the handout I've given you—they're actually very short—and I will comment briefly on them.

The act should be amended to specify independent body shop owners rather than persons who work in the collision repair industry. The sole reason behind my

saying that is, we can't just choose somebody who's worked in the industry for a couple of years. A shop owner generally has had a lot of experience in the industry and knows the ins and outs and the things that affect our industry.

Next, the act should be amended to not include representatives of the insurance companies, for this would infect the whole process with bias and prejudice. The gentleman who spoke just before me did indicate that 70% of repairs are being paid by the insurance companies. I can see that as definitely making them biased, in the event they were going to be sitting on the committee, in regard to making the regulations and rules. Further to that—and a fact that has also been brought before you a couple of times—the act should require that appraisers be licensed and serve an apprenticeship in real-world surroundings. Just as mechanics and auto body technicians have to serve an apprenticeship and have some real-world experience, I believe appraisers should be made to qualify in that way.

The act should require that the insurers clearly inform the consumer how the repairs will be executed in the event of a claim or loss. I find from my personal experience that many clients do not know what their policies cover, what they're going to be entitled to and how things will be done once they an accident or loss that they have to deal with.

I'll briefly reiterate what my understanding of the primary purpose of this act is: to bring forth an evolutionary process by which the consumers and your constituents will be treated fairly. This can only be accomplished if the parties involved in setting forth the regulations are open-minded individuals who are not prejudiced or biased.

I'm going to make reference to an article from Collision Repair magazine, written by a gentleman by the name of Jay Perry, in Who's Driving? It indicates right in the article that the insurance companies do influence the decisions of their clients. I look at that and say to myself, "If this act is to protect the consumer, should the consumer not have enough education, either by the people selling them the policy or by the repair industry, to be able to make a decision himself on where he's going to have his vehicle repaired, rather than being steered?" The article confirms that insurance companies do in fact steer their clients.

Consumers often pay their respective insurers in full in the expectation of problem-free service when it's required. However, they're not privy to certain pertinent information, such as the insurer's intent to do the following in order to fill their contractual obligation to the insured: the insurer's intent to direct them to shops where they get cheap or discounted rates—you know the old adage, "You get what you pay for"; the insurer's intent to use parts of questionable quality and integrity. I'll make reference to an article from Bodyshop Magazine, 2002, which you have before you: "An overwhelming number of shops are mandated to use particular aftermarket parts by their insurers, despite a firm belief



that neither the insurance companies nor the shops themselves are well-enough informed to make time-effective decisions.” Reiterating that, we do not have adequate information to project the possible and probable implications to the consumer when using these apparently inferior parts.

I can give you a personal example of that from an experience I’ve had in my shop, and again, this seriously affected the consumer. I had a vehicle that came in; it was a 1988 Cadillac that was hit in the back bumper. It was a chrome bumper, and it was damaged to the extent that it needed replacement. It wasn’t rusted; it was the original bumper on the car. We put a replacement bumper on, and the insurance company mandated us to use an aftermarket replacement part. The fit was actually fairly good; it did fit well, I can say. The part had a one-year warranty on it. Fourteen months after completion of the repair, the vehicle returned to my shop with the bumper rusted from the left side to the right side. It still fit the same as when we put it on. That hadn’t changed. However, when we called the supplier, who was also suggested to us by the insurance company and listed on the estimate, the supplier said, “There’s a one-year warranty on it. We can’t do anything for you.”

We called the insurer and explained to them what the problem was. The insurance company said, “That’s the warranty of the manufacturer of that part. We can’t do anything for you.” It was strange, however, to see that the original GM bumper that was on this vehicle had sustained 10 years of weathering and driving conditions without having any rust on it but had to be replaced because of the damage to it, but the aftermarket part didn’t take 14 months of driving on the road. Nobody wanted to do anything with it, and the consumer was basically left with this.

**1100**

To interject on a lighter note, I’ll give you an analogy I’ve used to describe the service consumers experience with their insurers daily. As I said before, they are paid on the presumption of service. Can the members imagine going to a restaurant and paying hundreds of dollars in the presumption of getting a good meal, sitting down at the table, getting ready to eat and having the chef come out with a knife and saying, “Here you go. There’s bunch of pigs running around in the backyard. Go outside, kill yourself a pig, bring it in and I’ll grill it for you.” Clients aren’t told by their insurance companies, “If you have an accident, you’ll have to go shopping around from shop to shop for us getting estimates,” which is not specified anywhere in the insurance policy. It says the insurer has to be given the opportunity to inspect the damages they’ll be paying for.

I have clients who come to me all the time, frustrated consumers saying, “My insurance company told me I have to get three estimates. I’ve lost a day of work. I’ve been on the road for four hours,” and we all know what the price of gas has gone up to nowadays. I say to the client, “Isn’t that great? You paid your insurer in the expectation of service. Did they not tell you that you

could go to one shop, get an estimate and they can make a decision from there?” “No. They wanted me to go shopping.”

These are all concerns I see as an independent shop owner. They are definitely things that I feel affect the consumer directly. If this act is to take into consideration the consumer, then we have to look at it from a different perspective than the one I just pointed out to you, where consumers are not educated well enough. Many times they do not know what they’re paying for when they get an insurance policy, and it’s not explained to them in simple enough terms for many insureds to understand.

In summary, I would like to see the overall image and performance of our industry shift in a positive direction. This can only happen if we can attract and procure skilled labour by ensuring proper compensation to prospective employees and the ability to feel they are part of a proud and prosperous industry. Having repair procedures and labour rates compromised at the expense of the consumer to try to satisfy corporate agendas will only sabotage any hopes for this.

**The Vice-Chair (Mr Ted Arnott):** We have time for one brief question; we have about a minute. Mr Christopherson, do you have a question?

**Mr Christopherson:** Actually more than just a specific question. Given the nature of the subcommittee report, which I assume was adopted as was recommended, we’ve got to have unanimity here to carry this afternoon and follow the fast track Mr Sampson has requested.

I’ve got to tell you, right now I’m finding some concerns, at least things I’d like clarified. It’s not so much that I’m going after things, but the points made here on behalf of the consumer—it’s one of the few presentations where the main focus has been on the consumer, and that’s important element of this. At the end of the day, that really is what this is all about. That’s why all these people are here and that’s why they’re in business, to take care of customers. Some of these concerns, and also some of the concerns raised by the insurance representative a little while ago, need some fleshing out, and I’m concerned about whether we’re going to have time. And when I look at the bill, I see a further concern, at least in terms of clarification.

I’m sorry to use my time on this point, but I’m actually advocating for the issues you’re raising. I’m seeking some guidance, Chair, through you to Mr Sampson or others, as to how we accommodate some time—and maybe it’s just time, Rob—to clarify it. But I’ve got to tell you, as things stand right now, there have been a couple of issues that I need clarified.

**The Vice-Chair:** Actually, you two could have a private conversation afterwards. Would that make sense, or do you want to have—

**Mr Christopherson:** Except, Chair, that it requires unanimity for this to move forward, so it is committee business for us all to be onside.

**Mr Sampson:** I’m led to believe that the House leaders are going to provide some freedom for the

committees to deal with bills before them and that there's something coming before the House potentially this afternoon to speak to that. That was told to me about five minutes ago. That may give this committee some freedom to meet again on this issue and, therefore, give us time to further consider amendments, many of which we've circulated already and talked about. Some good ideas have come up, and I'd hate to move ahead on a bill that didn't incorporate the good ideas.

**Mr Christopherson:** Absolutely.

**Mr Sampson:** I'm sensitive to your point. I'm told there may be some relief coming forward. If that's the case, and I get some further confirmation of that, we might be able to maybe deal with this matter—

**Mr Christopherson:** Keep it on track.

**Mr Sampson:** Yes.

**Mr Christopherson:** Otherwise I think we're going to run into a time problem. That's my concern, Chair.

**Mr Sampson:** Yes. I have sympathy for your position, Dave, because I want to make sure we get it right too. I think the issue around making sure we cover all repair shops needs to be done. There's some discussion as to whether the amendments I've suggested so far will do that. If they don't, we should find ways to do that. I'm betwixt and between here. We'll have a better sense, probably by the time we reconvene, whether that relief has been provided by the House, but of course we're subject to what the House has decided so far.

**Mr Christopherson:** To further complicate things, just so you know, I'm in the Chair this afternoon and won't be in committee; it will be my substitute. That could create a further—depending on how they feel about it.

**The Vice-Chair:** Thank you for your presentation.

#### PROFESSIONAL ASSOCIATION OF VEHICLE EVALUATORS

**The Vice-Chair:** We'll now call forward the next presenter, Mr Dean Renwick, president and CEO, Professional Association of Vehicle Evaluators, known as PAVE. Good morning, Mr Renwick. You have about 10 minutes for your presentation.

**Mr Dean Renwick:** Thank you for the opportunity to address this committee and present my reasons for supporting the proposed Collision Repair Standards Act, Bill 186.

I am Dean Renwick, president and CEO of the Professional Association of Vehicle Evaluators. Our organization was founded in 1998 with a mandate to operate as the official industry self-regulating organization representing the special interest vehicle appraisal industry in the province of Ontario.

The need for some form of regulation and control in our then-unregulated industry was made crystal clear when it was revealed that a private consumer had been defrauded of \$100,000 through a simplistic appraisal restoration scheme devised by an unscrupulous vehicle appraiser. It became clear to a number of concerned

ethical members of the vehicle evaluation industry that the over 300 private individuals operating as special interest appraisers in Ontario were not all conducting their businesses on a level playing field, much to the detriment of Ontario consumers. These inconsistent activities were enabled by a total lack of industry or government regulation.

A situation that parallels our own experience has been recognized within Ontario's unregulated multi-billion-dollar collision repair industry. A realization of problems within the collision repair industry has led to the formation of the Automobile Repair Regulatory Council by concerned members of that industry. ARRC's mandate, as I understand it, is to ensure a uniform quality of service to Ontario consumers.

Quality is sometimes difficult to measure or describe. How do we measure or describe the quality of service provided by independent vehicle damage evaluators and collision repair facilities? We cannot judge them in relation to a particular code of excellence or attainment, as they operate without regulation. We cannot rely on consumer attitudes respecting quality of service, as the public is not necessarily in a position to know whether the services provided to them by independent vehicle damage evaluators and collision repair facilities are adequate, safe or competent.

I believe it's important to understand and recognize that consumers of the services of independent vehicle damage evaluators and collision repair facilities include not only the general public but also members of the general insurance industry. It is fair to conclude, in my opinion, that the general insurance industry would be the largest single benefactor of a regulatory framework within the collision repair industry.

As was the case with my own independent vehicle evaluation industry, the collision repair industry will be able to provide consumers with some meaningful form of protection against incompetent and fraudulent practices through the proposed legislation, including certification and decertification programs for the motor vehicle collision and repair industry. I believe the regulatory system ultimately chosen to manage the collision repair industry will evolve over time.

#### 1110

The costs of service must be balanced against the interest of quality in service. However, I am satisfied that some form of governmental regulation is necessary to protect the public against the possibility of incompetent, unsafe and/or fraudulent practices. Effective government regulation guarantees that whenever abuse does occur, aggrieved consumers, including the general insurance industry itself, will have access to some remedy without having to rely solely on the court system.

Effective government regulation should seek to remove the need for insurance industry consumers to maintain such close scrutiny over the collision repair industry that it could sometimes be construed as interference. It is my suggestion to you that regulatory structures of potential value in ordering and rationalizing

the collision repair industry could include registration, licensure and certification.

It is understood that no regulatory system is a panacea guaranteeing consumers absolute protection from abuse or harm, but society is never wholly protected from incompetent or unprofessional service, as dramatically demonstrated by the experiences of the legal profession.

Clearly, over time a great number of independent collision repair operators have provided their services competently, even without any form of regulation. Nevertheless, it's my opinion that some form of regulation is now required and should be enacted into law through passage of Bill 186 as an important method of controlling and documenting the present and future activities of members of the independent collision repair industry for the benefit of all Ontario consumers.

It's my expectation that Bill 186 will attach the highest priority to consumer protection against incompetent, unsafe, unscrupulous or fraudulent practices within the Ontario collision industry. I suggest the regulatory system proposed by Bill 186 be structured so as to provide fair but firm legislative sanctions against abuses of the system. Consumer protection and disciplinary processes can have marketplace costs associated with them. Like other aspects of the regulatory proposal, the disciplinary component must reflect the current reality of the market. In extreme cases, such as ongoing dishonest or fraudulent activity, the controlling body should have the authority to issue a cease and desist order or even immediate suspension of the guilty party's registration in situations where the public is endangered.

Fraud is a matter dealt with under the Criminal Code and it's recognized that the criminal process should provide an adequate control mechanism, especially if the regulator is placed under an obligation to lay information when such facts come to his or her attention. The creation of the various elements of regulation over provision of services by independent members of the collision repair industry should provide a substantial measure of protection for all Ontario consumers.

The regulator must take every opportunity to ensure the rules and policies of the Collision Repair Standards Act are communicated clearly to the independent collision repair operators, the public and the general insurance industry. Further, some resources must be committed to the policing and enforcement process if there is to be an effective element of control over the activities of the collision repair industry members.

It's my final suggestion that the entire scheme of regulation, as proposed in Bill 186, should receive a thorough review and evaluation after a three- to five-year period in order to assess the operation of the regulatory model as a whole. I believe the initiatives of the Automobile Repair Regulatory Council and others, as proposed in the Collision Repair Standards Act, Bill 186, are commendable and will provide strong protection enhancements for all Ontario consumers, including the general insurance industry. I thank you for allowing me to make this submission in support of the Collision Repair Standards Act.

**The Vice-Chair:** Thank you very much, Mr Renwick. We have about two minutes left. I would look to the government side. Are there any questions?

**Mr Sampson:** I'm intrigued by the suggestion of a three-year review process. How would you see that happening—just like a sunset clause?

**Mr Renwick:** Yes, to get all of the industry partners together to see the areas where the program has worked most effectively and where the biggest problems have arisen and how to correct that.

**Mr Sampson:** This is over and above charging the advisory committee or whatever it's called with the responsibility of daily and monthly managing the system. Is this a legislative review, do you think?

**Mr Renwick:** I haven't gone that far in my thinking process.

**Mr Sampson:** It's just that somehow three years from now somebody should sit back and say, "Did we do what we thought we were going to do, and what's the measure of success?"

**Mr Renwick:** Yes, and what do we need to fine-tune it to make it do what we wanted it to do if there are some areas where it's not operating the way it was envisioned.

**Mr Sampson:** I'll pass my time to the other side.

**The Chair:** That's the time that we have. Thank you, sir, for your presentation. We appreciate you coming.

#### RYDING AUTO BODY LTD

**The Chair:** Our next presenter is Ryding Auto Body.

**Mr Christopherson:** On a point of privilege, Mr Chair: While the presenters are taking their seats, I just wanted, through you, to ask Hansard when the first draft of the Hansard would be available from this morning.

**Hansard Reporter (Ms Margaret Grobicka):** I'm afraid I can't tell you. You'll have to call the office.

**Mr Christopherson:** Could I ask the clerk to check with Hansard to see when that availability would be? Thank you.

**The Chair:** We'll do so.

Thank you. Please state your name. You have 10 minutes.

**Mr Mark DeLorenzo:** My name is Mark DeLorenzo. I would like to thank the finance committee and the Chair for allowing me to make my presentation. Before I go any further into my presentation, I would like to tell the members that I have with me Gayle Christie, former mayor of York, who supports my decision.

**Hon Mr Klees:** That settles it.

**Mr DeLorenzo:** We support Bill 186 but I feel that there should be an amendment to the Insurance Act to basically correct it.

We've been in business since 1965 and we have always conducted business in a fair, ethical manner. Ryding is a CAA-accredited shop, a Ministry of Transportation structural centre, holds an environmental certificate of approval and has an I-CAR gold endorsement. Ryding also provides an accreditation course for registered insurance brokers of Ontario through con-

tinuous education in understanding the collision repair industry.

I would like to take this opportunity to express my opinion and make this committee aware of some issues that are very important and have not been addressed. Nothing has been said about the effect of back-alley shops and their unregulated practices on the industry. Not much has been said about the effect that preferred shops and direct repair programs have on this industry and the consumer.

Purpose number three for the Collision Repair Standards Act is "to provide a fair marketplace for the collision repair industry and those who have an interest in it." This purpose is not going to be achieved as long as there are preferred and direct repair programs. These programs really do harm the industry and the consumer in many ways. At Ryding we have been losing an estimated \$300,000 to \$500,000 in revenue per year from our own customer job lists because many of our long-time customers have been directed to the insurance companies' preferred shops. Our customers have been threatened that if they do not take their business to the shop of the insurance companies' choice, the insurance companies will not guarantee their work. We feel that if the current conditions exist, Ryding Auto Body will cease to exist, and that is one of the reasons why I am here.

I would like to stress that preferred shop programs completely eliminate competition between preferred shops and ones that are not preferred. Preferred shops have a steady flow of work from insurance companies. That flow is unbreakable. There is no real competition, and we know that's not good for any market.

#### 1120

We at Ryding have tried for many years to enter the direct repair program for many insurance companies. There is no reason why we should not be part of this program. We comply with every rule and regulation, we are properly equipped, we employ high-quality technicians and we have had an excellent reputation within the community since 1965. A series of refusals from the insurance companies was not based on quality of workmanship, service, equipment or staff qualifications, because nobody from the insurance companies ever came to inspect our shop and see what we have to offer. There is no access to the direct repair program for a large number of shops even if they are providing the best services and workmanship.

The insurance companies presently have too much power in the collision repair industry: they basically have the power to accredit or disaccredit shops with their own criteria; they indirectly have control of labour rates; they direct the length of repair time; and they are able to put unsafe vehicles back on the road. For example, a car that is slightly jarred on the front of the hood and does not close properly is back on the road, sent to a DRP shop, in process. The customer is shaken up from the first accident. The hood is slightly opened, it jars and wipes you out. You're completely blinded to the road.

We feel that in order for the Collision Repair Standards Act to achieve purpose number three, "to provide a

fair marketplace for the collision repair industry," there should be an amendment to the Insurance Act that would prohibit any type of internal preferred list or direct repair program. Only one list should be used across the province and that is the list of all accredited shops. If this is not implemented, the accreditation will not have any effect on levelling the playing field or creating a fair marketplace for the collision repair industry.

Create a directory or a list of accredited shops that would be uniform across the province and made available to the consumer through the reporting centres, insurance companies and the Internet. In this way, the consumer chooses the accredited shop by the most convenient location or other category that would meet his or her needs. In this system it would really be up to each shop to reach out to the community and the consumer, to impress them with high-quality workmanship and service. It would really bring the consumer and collision industry back together.

CISCO does not deal at all with the problem of the DRP list. CISCO is insurance bureau funded; it should not be. It makes this organization biased toward insurance companies and direct repair programs. CISCO should be neutral and represent the interests of all accredited shops in the industry and the interests of the consumer, not the insurance company, not the direct repair programs.

The advisory board should consist of experts in the collision repair industry who know about the collision repair industry. There should be no place for representation of the insurance industry on our advisory board, because they clearly do not have expertise in the collision repair industry. I believe my position is shared by a large majority of shops in this province, because a large majority is not preferred by insurance companies. I believe a majority of them will agree that if we want to create a fair marketplace for all of the collision repair industry, there should be an addition to the Insurance Act that would regulate the way the work is distributed by the insurance company. There should be an addition to the Insurance Act that prohibits the use of an internal preferred shop list. Only one list should be used province-wide and that is the list that all accredited shops belong to.

I would also like to say that I belong to CISCO and I also belong to the independent board movement. I strongly believe they both have some strong points. The whole idea is to move forward. Thank you for listening.

**The Chair:** We have time for one question and that would be from the Liberal caucus.

**Mr Kwinter:** I really appreciate your comments. The proposed act provides, under 263.1(1), "An insured who is entitled to payment from an insurer for the repair of damage to an automobile as a result of a collision is entitled, subject to this section, to have the repair performed at any certified collision repair shop within the meaning of the Collision Repair Standards Act, 2002 that will perform the repair at a price that is competitive with that charged by other certified collision repair shops in the immediate geographic area."

Do you think an idea that we have in OHIP—when you go to a dentist, a dentist has a schedule that says, “Here’s what we pay for this particular procedure.” That’s what the insurance company will pay, and many dentists conform to it. If you want something over and above that, you have to pay for it yourself. Could not this bill incorporate a system whereby the industry itself, in conjunction with and in consultation with the insurance industry, could come up with a schedule saying, “This is what these repairs cost”? Anything over and above that, the insured has to pay himself. That way you eliminate this need for preferred shops. Everybody who is certified and is prepared to work under that agreed schedule would have access in a marketplace to whoever wants to come there. Do you have any thoughts on that?

**Mr DeLorenzo:** I think that would be very difficult to achieve. First of all, the tradespeople vary in wages from shop to shop. Some shops probably pay the journeymen a lot less than other shops. To achieve that, you would probably have to create uniformity within the trade association. That’s basically the one way of achieving it.

**The Chair:** Thank you for your presentation. We appreciate the time you spent.

Our next presenter is East York Auto Collision. While we’re waiting for them to get in place, Mr Christopherson, in response to your request about Hansard, we understand that because the House takes priority, and also today we have private members’ business going on this morning, the earliest would be tomorrow afternoon for the committee Hansard to be available.

**Mr Christopherson:** I’m advised it might even be the first of the week, depending on the workload. I just want to say—Rob, you might want to hear this—I really would be interested in the Hansard from this morning, particularly a couple of the presentations that were made, to cover all the points, unless we’ve got a summary from Mr Johnston, which would be fine. There were a couple of really important issues that I thought came out that need to be pursued.

I have to leave. Mr Bisson is going to substitute for me. I’ve got another appointment in my office. I’m hoping that what we talked about earlier is the way we’re going to go.

**Mr Sampson:** I wonder if we can deal with that now by proposing to amend the subcommittee report. Chair, I don’t know if you were in the room when we had this discussion. I know we’ve got another fellow before us.

**The Chair:** What I would need is unanimous consent to discuss this now, and beg the indulgence of the presenter, who is prepared.

**Mr Sampson:** We can deal with that perhaps after the session, or do you want to deal with it now? What do you want to do?

**Mr Christopherson:** Which one?

**Mr Sampson:** Dealing with our proposal to move into clause-by-clause at 3 o’clock as opposed to 12 o’clock. I think currently the subcommittee agreement is that at 12 o’clock we’ll consider a motion to consider clause-by-clause.

**The Chair:** Do we have unanimous consent to discuss this now?

**Mr Christopherson:** That would be the first step, yes.

**Mr Sampson:** I would simply propose that we amend—

**The Chair:** Hang on. Mr Marinos, we just beg you to hold on for a moment. You’ll get your full 10 minutes. We’ll get this little piece of business ironed out.

**Mr Sampson:** Chair, it’s very simple. I propose we amend our subcommittee report, which we’ve already endorsed and accepted unanimously, to read that when we convene again at 3 o’clock or 4 o’clock or whatever the reconvening time is, we then hear the motion to unanimously go to clause by clause, as opposed to the committee report, which says we’re going to hear that at noon.

1130

**The Chair:** OK. Mr Sampson has moved an amendment to the subcommittee report. Discussion on that?

**Mr Crozier:** The subcommittee minutes, if I read them quickly, just say that we’re going to have public hearings from 9:30 to noon. Then it says we’re going to reconvene at 4 to go to 6. We can’t reconvene before orders of the day, but if we were to reconvene right after orders of the day—

**Mr Sampson:** And at that time consider what we’re going to do subsequently, as opposed to the way I think the minutes currently read, which is that we’re doing that at noon. But anyway—

**Mr Crozier:** No, it doesn’t say anything about noon. It just says written submissions by noon—

**Mr Sampson:** Well, let’s make it a little simpler.

**Mr Crozier:** Wait a minute. Hang on—

**Mr Sampson:** Let’s just make it simple.

**Mr Crozier:** No, it doesn’t say that.

**The Chair:** If I may—

**Mr Sampson:** Is it the consent of the committee to continue hearing deputations until they’re finished, and then when we reconvene at 4 to consider what our business should be subsequent to that and, if it’s clause-by-clause, it requires unanimous consent? That’s what I’m proposing.

**The Chair:** If I may just clarify something. If you look at item two on the subcommittee, it states that following the public hearings and with unanimous consent of the members, we shall proceed with clause-by-clause. If we don’t have unanimous consent to reconvening at 4 o’clock, we aren’t going anywhere, folks.

**Mr Sampson:** My point is, let’s hear that unanimous consent at 4 o’clock, as opposed to at the end of the public hearings, which is when I thought we were going to do it.

**The Chair:** No. You have to do it at 4 o’clock. You can’t do it at this point.

**Mr Sampson:** Then that’s exactly what I think we want to do.

**Mr Christopherson:** We can recommend our own corrections by unanimous consent.

**The Chair:** So what are you recommending here, that the unanimous consent take place at 12?

**Interjection:** No, 4.

**Mr Christopherson:** I know where you are going. If I can short-circuit, we may be adding a step because, quite frankly, if the thing that's being mused about from the House comes forward, we won't be dealing with it this afternoon and if we don't find more time, somehow, given the issues that have been raised, we're not going to go through with it this afternoon. So really, in any eventuality, we're not going to be doing clause-by-clause this afternoon and therefore when we have the consideration of unanimous request, it becomes moot because we're not going to do clause-by-clause this afternoon in either situation.

**Mr Sampson:** Except that at 4 o'clock it would be nice for the committee to agree what it's going to do with this item.

**Mr Christopherson:** Fair enough. The clause-by-clause, as things stand right now, I think, by agreement of all three parties, is not going to happen today.

**The Chair:** Can you hold on? Mr Kwinter has a comment.

**Mr Kwinter:** We have an additional problem. We have a situation where our agenda calls for a list of presenters, all of whom have come here. It is now 25 to 12; we will have a vote in the House probably some time around 5 to 12. We will never get these people in, all of them. We're going to have to address that before we address anything else.

**The Chair:** So the question is, then, we have a motion for an amendment to the subcommittee business. Do we have concurrence on that or not?

**Mr Christopherson:** To do which?

**The Chair:** The amendment to the subcommittee report. Do we have concurrence on that or not?

**Mr Christopherson:** Exactly what, though?

**Mr Sampson:** Let me get to Mr Kwinter's point. Maybe some of these people who are on the list and may get bumped given the time constraints could be before us at 4? And if they could, I'm prepared to hear them at 4, and then we'll decide as a committee what to do with this item after that.

**The Chair:** Well, we have 40 minutes right now of booked hearings for these people and it wouldn't be fair, I don't think. We don't have 40 minutes; we have 30.

**Interjection:** We have about 20.

**The Chair:** Well, the vote may not take place until 12 o'clock but, yes, you're right.

**Interjection:** This is what you get paid the big bucks for.

**The Chair:** Well, in this case we're just going to revert back to our delegation, and I think we'll resolve this later this afternoon.

#### EAST YORK AUTO COLLISION

**The Chair:** Please identify your name, Mr Marinos, for the record and proceed. I apologize.

**Mr Aris Marinos:** My name is Aris Marinos, and I just want to make sure before I start: are you guys all together now? Because you just wasted another 20 minutes.

**The Chair:** It's the unfortunate part of politics.

**Mr Marinos:** That's what he said: that's why you guys get the big bucks.

Just to clarify, CISCO, CIAG and John Norris don't represent me or any of the independent shops in the city of Toronto or the GTA. As a matter of fact, the independent shops in the city of Toronto, which are over 1,000 strong, have absolutely no representation in CISCO whatsoever. I'm here to represent myself and some of them.

I'm all in favour of this act as long as there are provisions to regulate insurance companies, accident reporting centres and the insurance appraisers, being staff ones or independents. This would make a level playing field for everyone concerned. There should be provisions in the act that let the consumer know that he or she has the final choice of where they can have their vehicle repaired.

This act, in the eyes of most of the insurance companies, is a crock. This has been publicly stated by the heads of Dominion of Canada General Insurance and Allstate Insurance. They have also stated that they have no intention of overseeing which auto body shops are accredited and will not be told with whom they can do business.

These are some of the reasons why I think there should be provisions in the act to regulate the insurance companies. They should not be allowed on the advisory committee; they already have too much clout in the industry. There should also be provisions on the unethical methods of the insurance direct repair programs. For example, all conversations should be tape-recorded and made available upon request to the advisory committee. This will ensure that the insurance companies are made accountable for their actions.

In the last three years, three of my customers have been told outright by the insurance companies that they would not pay to have their vehicle fixed at my auto body shop. My auto body shop meets and exceeds all the requirements in this act, yet my customers are still bullied by the scare tactics of the insurance companies. Now, not all insurance companies employ these scare tactics. However, the majority do. I believe that State Farm Insurance has a fair and equitable DRP program. The reason I say that is they've been surveying shops for the last 15 years, even before all of this stuff came into effect.

The accident reporting centres should be regulated provincially, not by the city of Toronto or the jurisdiction that they fall in. The city of Toronto prohibits the soliciting of customers by insurance companies in the accident reporting centres. Yet CGU Insurance has an office in the reporting centre and directs most of their insured vehicles to the local CARSTAR body shop in Scarborough or the GTA area, who they have a contract

with. This is virtual proof that the insurance companies are violating city bylaws and have no fear of retribution by the law. The city of Toronto can't protect me or the consumer from the horror shows that happen in the reporting centres. This is why I think the reporting centres should be abolished or, at the very least, run by the province and not privately owned, as they are now.

Appraisers in general should hold some kind of licence or certificate and should be accountable for their actions, such as inferior parts ordered on the cars, like aftermarkets. This act, without provisions for the above-noted matters, will only destroy the smaller auto body outfits. It will strengthen the larger auto body shops and shops that are already on some kind of DRP program. All this leads to the larger shops monopolizing the industry and keeping the labour rates low.

I tend to agree with a large portion of this act. However, there should be no insurance personnel on the advisory committee, and the inspectors on the committee should not play the role of Revenue Canada.

All in all, for this act to be fair and equitable for everybody, all these matters should be addressed.

1140

**The Chair:** Thank you, Mr Marinos. We have a couple of minutes, and the NDP are supposed to begin.

*Interjection.*

**The Chair:** You defer to the government? Mr Sampson?

**Mr Sampson:** I take your point on representation on the advisory panel, or whatever it's called. I'm getting the sense that nobody wants an insurance company in their meeting. That could probably be accommodated by an amendment that would deal with that, although you want to make sure, I assume, that people who run businesses are fairly represented and those who are consuming those services, the customers, are fairly represented—some sort of balance, in a sense, would be acceptable to you.

**Mr Marinos:** Yes.

**Mr Sampson:** Under the preferred shop program, how should one accommodate insurance companies being able to not direct business but able to say, "Well, that company provides services over and above the standards, so you might take a look at them"? I understand your point: consumers should have the ultimate choice, and if you level the playing field, that should be an ultimate choice for those who are meeting base standards. But if auto body shops want to offer services over and above those standards, should they not be allowed to compete on that basis?

**Mr Marinos:** Now you're misinterpreting me. I didn't say they should not be allowed. I don't think you're going to ever stop the DRP program.

**Mr Sampson:** Right.

**Mr Marinos:** They're the ones dishing out the money, so they believe they should have some control of where it goes. As a matter of fact, all insurance companies are run like a business, are they not? The bottom line is, they're there to make money, right? So the fact is, some of the

scare tactics to get these people into the direct repair program—you must have provisions for what they can say and what they're not allowed to say. There's outright no way they can say that they will not pay to fix this vehicle. If this shop meets all the requirements, how can they say that?

**Mr Sampson:** Yes, I think I agree with you, and the intent of the bill was to try to reconfirm that it's the consumer's choice. But the consumer doesn't know whether you or the guy next to you is certified.

**Mr Marinos:** I agree. Maybe there should be some kind of plaque or something that they're awarded, OK? I agree with that, but there also should be provisions for what they're allowed to say and what they're not allowed to say. That's my whole point. I don't think you're ever going to stop the DRP program.

**Mr Sampson:** Because it's basically competition.

**Mr Marinos:** Competition's good for everybody, but it also keeps the rates low, right? They've even called it a crock, so far—this act.

**Mr Sampson:** Well, they've called a lot of things we've done a crock.

**The Chair:** A quick question from Mr Beaubien, and then we'll move on.

**Mr Beaubien:** Basically, what you're suggesting is that the final say as to where the car is repaired should be left to the insured.

**Mr Marinos:** To the consumer.

**Mr Beaubien:** I agree with you. I totally agree with you, but how would you stress that and make that clear?

**Mr Marinos:** The insurance companies should stress that too. It's not just the body shop that—

**Mr Beaubien:** But the insurance company will not stress that.

**Mr Marinos:** No. I haven't heard of one yet. If they stressed it, why are all the cars going to the DRP programs?

**Mr Beaubien:** But how do we make sure that the clients—

**Mr Marinos:** That's why I say you should have all conversations with them recorded. If there's a discrepancy—

**Mr Beaubien:** But then you get into other privacy issues.

**Mr Marinos:** Yes, but then you're trying to regulate a small portion of the industry and leaving the larger section alone. How does that work? How is that fair? Does this sound fair to you, when you're hitting all the small shops, or all the shops, and then you leave the large section, the ones with all the money?

**Mr Beaubien:** So if we had an accredited shop posted with a green sign, "I'm accredited," and if all the shops are supposed to be accredited, then forget about the preferred shops, forget about everything, and then it's buyer beware. That shop is accredited—

**Mr Marinos:** It's meeting all the requirements, right?

**The Chair:** Thank you, Mr Beaubien. Thank you, Mr Marinos. We appreciate your input.

## KEN TIMSON AUTO BODY

**The Chair:** Our next group is Ken Timson Auto Body. Mr Timson, you have 10 minutes.

*Interjection.*

**The Chair:** Oh, I'm sorry. Plaza Portland Auto Body has cancelled. They were scheduled to be the next presenter; they've withdrawn. I should have informed you of that, Mr Kwinter. I apologize.

Mr Timson, go ahead.

**Mr Ken Timson:** Mr Chairman and members, thank you for the opportunity to speak in regard to my enthusiasm for the Collision Repair Standards Act. I am certainly in favour of the act, as it has been presented.

My name is Ken Timson. I'm the owner and operator of a small collision repair facility in the town of Caledonia, which is about 13 miles south of Hamilton. I'm a small shop in a small town, and every day I see activity that occurs around me that is unfair, unsafe and abuses customers and motorists.

I meet environmental and trades qualification standards mandated by the province of Ontario in my shop. I am properly licensed by the county of Haldimand. I pay my taxes that are due to the provincial and federal governments. I pay my premiums to the Workplace Safety and Insurance Board in order to ensure my workers are safely protected.

In my town and around it are other small shops and often backyard facilities that pour solvents and paints into the ground or sewers and do not have the proper equipment or trained staff to do a safe repair job. This is unfair to business, to government and to the consumers who expect their cars to be repaired safely.

I like small shops. I'm one of them. But just because I'm a small shop does not mean that I can flout the laws and regulations of this province. All shops need to meet the same minimum requirements for the repairs they are performing and are getting paid for. In my town I see insurance companies eager to reward non-licensed, polluting shops with improper equipment and with no trained staff, only because it's cheaper for them. Well, of course, if I didn't have to pay WSIB or taxes or for proper waste management, then I would lower my billing too.

It is important that insurers recognize the need to deal with shops that meet legal compliance standards. I would hope that they would want to ensure a safe repair, not just a cheap job. Is it fair to the consumer to be sent to a repair shop that does not honour the basic operating standards regulated by government? Is it fair to the environment to be laden with waste products that are polluting the ground and waterways?

Small shops that meet the laws of this province will not have a problem with this bill. Small shops that don't want to pay taxes, properly dispose of wastes and don't have the right equipment for the repairs will have a problem if they don't want to follow the laws of Ontario.

Please don't be misled by claims of small shops suffering because of this bill. These comments are just a

smokescreen to tell you they don't want to comply with current laws and do not have the proper equipment and trained staff to do the work that they are charging for now.

I urge you to pass this bill in its entirety and then later allow regulations to determine the actual shops' standards. I have attended some of the workshops held by HARA, my trade association, and CISCO across Ontario. Their approach and recommendations are reasonable and fair.

I thank you for your attention.

**The Chair:** Thank you, sir, and we have time for one question from the NDP caucus. Mr Bisson?

**Mr Gilles Bisson (Timmins-James Bay):** I'm just subbing in for my colleague.

**The Chair:** OK, thank you. Are there any other questions? The government caucus, in the rotation?

*Interjection.*

**The Chair:** Sorry, it should go to the Liberals. I apologize. You're right. Mr Kwinter?

**Mr Kwinter:** I want to thank you for your presentation. It seems to me that you're making the same point that the Ontario and Toronto auto dealer associations made: that insurance companies are diverting their customers to shops that are unregulated, they're not paying their taxes, they're doing all sorts of things.

We heard from the insurance industry today that they support accreditation. It would seem again that the legislation, as it's proposed, will make it virtually illegal for a shop that is not accredited to operate.

I think the big issue that seems to be arising from everyone dealing with insurance companies is these preferred shops. That's the issue that we really have to address, because if you're accredited and the insurance companies say they have no problem with that, then we have to talk about: why is this not being a universal sort of acceptance that as long as the shop is accredited and the customer is happy, they can do it? Do you have any comments on that?

**Mr Timson:** Well, in my area, it's close to the First Nations. They don't have to pay taxes. So this is where some of my problems are; there are very few others that are involved with that. That's basically what my comments are.

**The Chair:** Thank you, Mr Kwinter. Thank you, Mr Timson; we appreciate it.

I would like to ask the two remaining presenters if they would be willing to come back later, but I do need a motion that the committee continue the hearings this afternoon. Is that all right, for Mr Keen and Mr Cooke?

*Interjection.*

**The Chair:** Thank you very much. Then I need a motion for the delegation to continue.

Do you have a point of order, Mr Kwinter?

**Mr Kwinter:** No, I want to move the motion.

**The Chair:** Thank you. Mr Kwinter has moved a motion to continue until 4 o'clock and hear the remaining two delegations. Subsequent to that, the committee will decide what its business will be. In favour? Carried.



This committee will now adjourn until 4 pm this afternoon, or as soon as orders of the day permit us to afterwards.

*The committee recessed from 1152 to 1605.*

THE DOMINION OF CANADA  
GENERAL INSURANCE CO

**The Chair:** Thank you, ladies and gentlemen, for coming back to hear the last two delegations for this committee. Could I call the Dominion of Canada General Insurance Co to proceed with their presentation. Please give your name for the record. You know you have 10 minutes, Mr Cooke.

**Mr George Cooke:** My name is George Cooke, and I'm here on behalf of the Dominion of Canada General Insurance Co. I'm accompanied today by Vivian Bercovici, who is our vice-president of legal and public affairs; Ken Boulton; and Jerry Dalla Corte, our vice-president of claims. We do have some comments to make on the bill.

First of all, in the package of material that has been provided to the clerk of the committee, you'll find brief *curricula vitae*, so that you can see who we are. You will also find in that package a copy of the letter I sent to Mr Sampson around the time he assumed the sponsorship of this bill from Mr Klees, outlining some of the concerns I had about that particular document.

Just to summarize briefly, I think it's important that the committee understand that Dominion supports the notion of accreditation of collision repair facilities. As the letter indicates, we have absolutely no interest in having insurance industry representation on the accreditation board, nor do we think that would make any sense. It's very clearly our view that that body should be structured in such a way that would reflect the skill set from that industry and be representative of the consumers of the province and, to the extent that it's the wish of government, government officials.

We have also included in the package a series of proposed amendments or observations, going through the bill on a clause-by-clause basis, in an attempt to be helpful to the committee. You'll find there that we suggest the appropriate ministerial relationship would be through Finance as opposed to the one that was indicated in the original bill.

In the letter we sent to Mr Sampson, we go on at some length trying to establish two points relating to consumer choice. The first is that we agree the consumer should have the choice of dealing with any properly accredited facility. At the same time, we also want to protect our right, as a supplier of goods and services to our customers, to deal with vendors of our choice in terms of our preferred vendor programs. We've set out in the letter some of what we think are the very strong consumer benefits of our being allowed to behave that way. I understand that the bill, as contemplated, doesn't preclude us entering into these relationships, and we want to ensure that nothing happens through amendment that

would preclude us from having these relationships, which we believe are very clearly in the consumers' interest.

I think it's also fair to say that the way we read this bill, it does differentiate between the way consumers in an insurance circumstance and consumers on their own might deal with an accredited shop. What that effectively does is suggest that somehow or other accreditation is appropriate for insurance claims but not for other non-insurance matters. We don't think that makes any sense. The simple way to deal with that circumstance is to simply say that all such shops in the province must be accredited, regardless of who the customer might be. In doing that, we have also suggested an amendment that would not preclude us, as the current bill does, from actually entering into a cash settlement with our insured.

Those are, I think, some fairly serious concerns with the way in which the bill attempts to introduce the notion of accreditation. We should not confuse those concerns with opposition to accreditation. We are not opposed to a properly structured accreditation system.

We also have a few procedural concerns that we'd like to raise. We do this in an attempt to be helpful to the committee, but what I think effectively has happened in this bill is that this advisory board is really an administrative tribunal of some kind in disguise, and it's not clear to us that the bill in any way sets out the appropriate powers and process for that administrative tribunal to function. Perhaps the easiest way to address that would be to specifically incorporate the Statutory Powers Procedure Act by reference, noting of course that that may deal with the administrative operation of the accreditation entity; it does not confer proactive or investigative powers on the board. It would only enable it to respond to complaints.

**1610**

As a political observation on the way by, the particular board that is contemplated making recommendations to the minister that a license be revoked—which seems to be the only form of sanction it can entertain—puts quite an interesting political burden on the minister. Alternatively put, administrative boards have often been adopted by governments to provide some political buffer for ministers.

The bill does not contemplate a funding mechanism, from what I can understand, given the genesis of this bill as a private member's bill. I suggest to you that it might run into a funding issue if that particular matter is not dealt with in some way; presumably there would be some costs associated with things like hearings or reviews that it might engage in.

Similarly, there is no staffing provision or regulation-making power incorporated in the bill to enable changes to be made at a future time. In our proposed amendment to section 9 deals with some transitional provisions. The bill currently contemplates that everything would come into place at once. Of course, if you don't have the accreditation system in place and you put the bill in place, we wouldn't be able to conduct business in the province because there wouldn't be any accredited shops for us to do business with.

We're suggesting that it might make some sense that the draft bill, instead of coming into force on Royal Assent, could perhaps be changed to come into force, say, by proclamation of the Lieutenant Governor or something of that nature. The idea here is that we need some time, once this thing is passed, setting up the opportunity for accreditation, to actually have the accreditation happen so that we and our customers have some entity out there to actually do business with during the transition period.

Those are our comments and observations, and we'd be very pleased to entertain any questions or matters of interest to the members of the committee.

**The Chair:** Thank you, Mr Cooke. We have about one minute. As part of our rotation, I think we are due to go to the NDP.

You pass? Then we'll go to the government. Mr Beaubien.

**Mr Beaubien:** Thank you very much. In your presentation you mentioned that you would like the preferred vendor programs continued. I think you were in the audience this morning when there were, I think, a couple of presentations that were not very strongly in favour of this, and that once a shop is accredited and is designated as being accredited, that this should do it.

Why is it that as the insurance industry you are still sticking to the fact that you want—because I do believe the consumer should be the driving force. They pay you the premium in order to be insured, and you underwrite this based on the underwriting principles of the company you have. Why should the company be in the driver's seat to tell the insured where to go as opposed to the client deciding where he or she wants to go?

**Mr Cooke:** Three points: first of all, we very clearly recognize that ultimately the consumer should have the choice as to which shop they go to, as long as the shop is a properly accredited shop. At the same time, we would like to retain the right to enter into a relationship with those shops where we believe we can confer a superior benefit on our customer.

Included in the package of material that we provided to the committee, because I thought this question might come up, is an actual blank copy of our contractual relationship and the requirements we place on a preferred vendor, so that people can see there's nothing ill-conceived in any of the requirements that we would place. In fact, I think you'll see that a lot of good consumer consideration has gone into those documents. You'll also see the evaluation forms we use to evaluate these facilities, both prior and subsequent to their appointment, as we continue to monitor.

In my letter to Mr Sampson, I outlined very clearly, first of all, the cost associated with provision through the preferred shops that we entertain. The consumer, of course, has the clear choice not to go to a preferred shop. When they go to our preferred shop, not only do they get a guarantee from us, but the satisfaction we measure on their part is materially higher than those who go to other shops, and the cost savings to us, which we in turn pass

strictly back to the customer through rates, is in the order of 30%. Those are very real consumer benefits that I don't think it would be wise for this committee to take away.

**The Chair:** Thank you, sir. We appreciate not only your presentation but the patience that you've extended to come back this afternoon.

**Mr Cooke:** I didn't want to miss the opportunity.

#### TORONTO INDEPENDENT AUTO REPAIRERS ASSOCIATION

**The Chair:** Our next presenter is the Toronto Independent Auto Repairers Association. I believe Mr Keen is here. Please state your name for the record. You know you have 10 minutes. If there is any time left over from your presentation, it will go to the Liberal caucus.

**Mr John Keen:** My name is John Keen, and I'm the president of the Toronto Independent Auto Repairers Association, as well as a partner in Downtown Fine Cars, which is the largest Porsche-Audi-Volkswagen dealership in Canada. I'm also a CISCO director, and I must say that CISCO has not worked well for the shops in the Toronto area. CISCO, in fact, has become an insurance lobby group.

The collision industry has become the ghetto of the car business. Not many folks will be getting into this industry in the future. There will be a crisis, if you will, repairing cars. The insurance control over the shops and the insurance interference with consumers' rights has completely bastardized this industry and brought us to where we are today.

I support the bill, and I hope the following will be addressed in the bill: freedom of choice for consumers; a mandatory structural safety certificate with every vehicle that's been in an accident and has had unibody damage; and appraiser licensing. It's interesting to note today that there are no appraisers here to speak to you folks, but many appraisers have spoken to me about it and they support being licensed. All these issues relate to consumer protection and safety.

It's worth noting at this time that less than 1% of all DRP shops, which I refer to as the deceptive repair program, have the capacity and the necessary equipment to provide you with a structural report today, but 100% of those shops pay commissions to the insurance industry and the tow truck drivers. Thank you.

**The Chair:** Thank you, Mr Keen. That was brief. We'll go to the Liberal caucus.

**Mr Kwinter:** How much time do we have?

**The Chair:** We've got about six minutes, so how about you take—

**Interjection:** Use it all up, Monte.

**The Chair:** Go ahead. If the government members have one, they'll let me know and we'll give them a moment.

**Mr Kwinter:** Thanks, John. I appreciate your comments. There was a question I wanted to ask George

Cooke and I didn't have a chance to, but you are the next best one, only because you're with Downtown Fine Cars.

One of the concerns I have, and I'd like to get your reaction to it, is that if someone is driving a so-called fine car, they are paying a price with the insurance company, because they're driving a so-called luxury car. It has nothing to do with their driving; it has to do with the value of that automobile and the value of the repairs. I know of a situation where someone wanted to repair and replace a windshield that was not broken—it was just pitted with stones and things of that kind—and the insurance company said, "You can't take it to the dealer or to a fine car place, because we won't pay for it. You can take it, but we won't pay for it. We will only pay the rate that we allot for a windshield," which is for any car, virtually. So you then have an insured driver who is paying an premium because they're driving this fine car, but when they want to get it repaired with a piece of equipment that would maintain its value as a fine car, the insurance company says, "You're on your own." Can I have your response to that?

1620

**Mr Keen:** It's a very good question. The fact of the matter is that the insurance appraiser dictates to the repairer how the vehicle will be repaired and what parts they will use to repair it. So in fact in the scenario you've suggested, even though somebody who has bought a Porsche for \$150,000 has paid that higher premium, when it comes time for the insurance company to redeem his loss, they have this unlicensed appraiser, who's accountable to nobody, dictating the use of an after-market part that may compromise the safety of the vehicle. It's a very serious consumer safety issue.

**Mr Kwinter:** It's also a very serious commercial issue. What will happen is that you could be driving a Porsche—and every windshield that comes with these fine cars has embedded in it the fact that that is the manufacturer of the windshield for that car—and if you ever go to sell it, a buyer may come along and see that it's not that windshield and suspect that maybe this car was in a collision, when it may not have been. It may have had a stone chip; it may have had something broken or whatever it was. That is a serious concern, because it actually depreciates the value. We heard horror stories about dealers making repairs on a car that didn't impact at all on its safety or driveability, and then, when the customer wanted to trade it in, his price was downgraded because they had repaired the car.

**Mr Keen:** It's an excellent point. Two things have happened with our Porsche clients: it has depreciated the value of their car and it has voided their manufacturer's warranty. In many of those cases, unsuspecting, they've gone along with this insurance marketing scheme by the adjuster and have gone to these deceptive repair shops. They haven't had it disclosed to them that in fact a counterfeit part is going to be put in, but that's exactly what happens to them.

**Mr Sampson:** Let's talk about this regulating of the appraisers thing. I take your point. We've heard a number of times that perhaps that's the group of individuals who

will also have to be regulated somehow. But I don't know that you're suggesting that it be done by the same people who are regulating auto body repair shops, or are you suggesting that?

**Mr Keen:** Absolutely, right under the same umbrella.

**Mr Sampson:** I'm just wondering whether this is the same reason that the repair shops don't want the insurance industry involved in regulating their business, whether it would be appropriate to say to the appraisers, "Well, we're going to allow auto body shops to regulate your business." Is that a consistent statement?

**Mr Keen:** If it's the government's position that this is really about consumer protection—if you have somebody coming in who's going to dictate the price, how the vehicle will be repaired, what types of parts will be used, and that person is accountable to nobody, that person would have to be, at a bare minimum, somebody who has worked in the trade, who is licensed as a body man and as a mechanic, who has taken some sort of test and is qualified to assess what should or shouldn't be done to ensure that car is safe. It should be under that umbrella. That's great and it builds confidence. So if a consumer wants to make a complaint about a collision repair, that same consumer should be able to make a complaint to the same body about an appraiser.

**Mr Sampson:** I'm not disagreeing that there needs to be some mechanism on the appraiser side. I think that's a point we've heard a number of times. I'm just not too sure whether it should be in this act or whether we need to have—the glass folks are having the same issue. They're saying, "Please come and regulate our industry for us." How many groups do you throw into this before you get so many groups with vested interests that it becomes dysfunctional? I don't think we want to do that. But I don't disagree with you that—

**Mr Keen:** But how can you have an industry in the province today—and we've heard about how great these DRP shops are. All the people who are working in this industry, the technicians, are unlicensed. If you look at the mechanical side of it, everybody is licensed.

**Mr Sampson:** You're taking me the wrong way. I don't disagree. I agree with you that they should be licensed somehow, all right? I'm saying that. I think that's a valid point. We've heard it many times. The question is how you do that, and who does it?

**Mr Keen:** It's more than licensing. It's compliance. It's making sure that there's integrity.

**Mr Sampson:** Sure. Same with the repair shops.

**Mr Keen:** There's transparency, right? We happen to know that in fact it costs more to get a car repaired at a DRP shop than at an independent shop. We know there are a lot of shell games going on. The labour rate in the Toronto area for mechanical repairs is some \$90, but there's an artificially low rate of \$40 for collision repairs. How are we going to build the infrastructure and take care of the environment, license our people, attract people, make sure there's integrity built into this for the consumers?

**Mr Sampson:** Again, I'm not arguing with you that we need to regulate—

**Mr Keen:** And don't buy into, for a second, that the insurers respect the rights of the consumers to go to any shop they like. They have a script that they give to their adjusters to sell those clients into their preferred shops, and you must note that the warrantee they give the client is only good while that client is insured with that insurance company. So if your broker for whatever reason moves you over to another company, that warrantee is gone.

**The Acting Chair (Mr Marcel Beaubien):** With that, we've run out of time. On behalf of the committee, thank you very much for your presentation this afternoon.

**Mr Keen:** Thank you.

**The Acting Chair:** Before we adjourn—the Chair is busy doing something else, but it's my understanding that

if the committee is willing to set up a date for a subcommittee report—

**Mr Sampson:** I think we've agreed that we would probably adjourn and do a subcommittee when Mr Christopherson is around. He is in the Chair right now.

**The Acting Chair:** So you want to arrange this amongst yourselves.

**Mr Sampson:** I think we're going to have to, since Mr Christopherson isn't here, and to be fair he should—

**Mr Bisson:** He's a committee member.

**Mr Sampson:** Yes.

**The Acting Chair:** With that, we'll adjourn the committee.

*The committee adjourned at 1627.*





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