

*Tabled by Minister of Government Services
2008. 04. 28.
W. McK.*

**Summary Report of the Activities and Costs in
respect of the Consumer Advocate in relation to
Insurance Matters in respect of the fiscal year
commencing April, 2007**

**Submitted by:
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April 7, 2008

Department of Government Services
Office of the Minister
P.O. Box 8700
St. John's, NL A1B 4J6

Attention: The Honourable Kevin O'Brien

Dear Minister O'Brien:

Under the authority of section 61 of the Automobile Insurance Act and section 3.1(8) of the Insurance Companies Act, I have been appointed as Insurance Consumer Advocate.

In accordance with the terms of that appointment specific project assignments for which the Consumer Advocate will be paid will be approved in advance by the Minister of Government Services.

During 2007, I was given approval to participate on the Voluntary/Non-Profit Sector Insurance Committee which was initiated following Government's consideration of the Public Utility Board's Insurance Review. The mandate of this committee, which has received ministerial approval, is to identify risk and insurance issues of relevance in the voluntary/non-profit sectors and matters related thereto, and propose solutions to address these issues.

As the work of this committee is not a Public Utilities Board review matter, the Department of Government Services approves my budget in relation to this matter and applicable invoices are tendered to the Department. The Budget approved in this matter was based upon an estimated time commitment of 45.5 hours by the Consumer Advocate, plus HST and photocopies/courier expenses, for a total of \$8,114.50.

The committee has met several times over the past fiscal year and is actively exploring practical solutions to the many issues facing the voluntary/non-profit sectors as it relates to insurance and risk generally. Recently, I have been assisting in the preparation of a Risk, Liability and Insurance Workshop which is being developed for the voluntary/non-profit sector across the province.

To the end of March, 2008, a total of 30 hours was expended in relation to these activities at a total cost of \$5,283.45, including HST and disbursements.

In addition to this initiative, I was also pleased to represent Automobile Insurance consumers in relation to an Application dated March 16, 2007 filed by Facility Association (Facility) with the Board of Commissioners of Public Utilities (PUB). The Application which sought the inclusion of a cost of capital provision in the proposed rates would have, as filed, resulted in an 8.4% increase (on a combined basis) to rates applicable to private passenger vehicles insured through Facility. The Application also proposed significant increases to interurban trucks, taxis, jitneys, ambulances, public buses and school buses insured through Facility. These rate increases were proposed to come into effect September 1, 2007.

Following my intervention in this matter and following discussions with Facility's representatives, it was agreed that Facility would withdraw its Application. On July 27, 2007, the PUB, in Order A.I. 6 (2007) approved the withdrawal of the Application and ordered Facility to pay the costs of the Board, including those of the Consumer Advocate, which were incurred in relation to the Application. The Consumer Advocate's costs of preparing a defence to the application, inclusive of the fees for professional services rendered by the Consumer Advocate and his legal counsel and all disbursements and H.S.T. was in the total amount of \$16,103.74. As indicated, these costs were paid by Facility to the Board as per Order A.I. 6 (2007).

This concludes the report of the Consumer Advocate in relation to Insurance Matters for the fiscal year commencing April, 2007.

Respectfully,



THOMAS JOHNSON, LL.B.
INSURANCE CONSUMER ADVOCATE

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