



Canadian
Independent
Adjusters'
Association

June 30, 2005

Mr. Stephen Paglia
Policy Manager (A), CCIR Secretariat
5160 Yonge Street, Box 85, 17th Floor
TORONTO, ON M2N 6L9

Dear Mr. Paglia:

Re: Canadian Counsel of Insurance Regulators (CCIR) and the
Canadian Insurance Services Regulatory Organization (CISRO) Consultation Paper

As the chairperson for the Canadian Independent Adjusters Association's (CIAA) Legislation Committee, I have reviewed the consultation paper entitled "Relationships Between Insurers and Sales Intermediaries" and even though this paper did not address independent insurance adjusters, we would like to submit a presentation on behalf of CIAA.

Over the years we note that there has not been any comment or concern relative to independent insurance adjusters by Insurance Regulators and we believe that a grave concern could exist which will impact the future of independent adjusters and the insurance industry itself.

Members of CIAA are licensed independent insurance adjusters and our organization is the only voice of independent adjusters across Canada.

There has been a monumental change in the industry over the last five years and a substantial influx of new industry personnel. The older, experienced personnel are diminishing daily and there is a very large age/experience gap between personnel in the industry.

Our records indicate that there has been a decline in the number of licensed independent adjusters in Ontario and in other provinces across Canada over the last several years and we anticipate a decline with the upcoming renewal of licenses.

We find that many adjusters are leaving the independent adjusting field and taking employment with insurance brokerage firms in the capacity of claims consultant. Because they work for brokers, they must obtain brokers' licenses, as dual licenses (adjuster/broker) are not allowed.



There are also many independent adjusters leaving the adjusting field to join insurance contracting firms presumably as estimators; however, there is a countrywide problem of contractors being merged by certain insurers to perform the investigative tasks of the adjuster at a much reduced charge, if a charge is allowed at all. This is in keeping with cost cutting measures of the insurers.

The rank of risk managers is also expanding in light of ever growing self-insured retention. We are aware that claims are being handled by this faction without the utilization of licensed personnel in all cases. We are also aware that cities, the provincial government, and the federal government and many large companies with self-insured retentions of \$1 million and upwards are delegating personnel to deal with their claims within that parameter and the personnel are not always licensed individuals.

As CCIR and CISRO are aware, the mandate of CIAA is to promote professional ethical service to the public. We also endorse and provide continuing education to our members and from our past discussions, various superintendents of financial services have indicated much to our credit that there have been no complaints about licensed independent adjusters. However, this could also be a curse in that we are overlooked because Insurance Regulators encounter no problems with us as a group.

There is a fast growing element of people who are handling claims without licenses and the public's perception is that since insurance is not involved in the case of high self-insured retention, there would be no reason for the public to lodge a formal complaint with your department. If allowed to go unchecked, this sector will rival the paralegal element and ultimately create possibly as many problems with no avenue of control since they technically fall outside the parameter of your jurisdiction. A recent example has become case law where an accused was charged with four counts under Section 385(8) of the Insurance Act in the Province of Manitoba when he was acting as an adjuster without a license and was convicted on each of the four charges.

We enclose a copy of the decision that was delivered on May 19, 2005 in Winnipeg, Manitoba between Her Majesty the Queen and the accused Laurie Tomlinson.

We believe that the area of independent insurance adjusting should be a priority of CCIR and CISRO in what we believe could be a foreseeable problem to the public's interest.



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With the foregoing in mind, it is CIAA's position that other cases like the Tomlinson case can be avoided if the regulators would assist us by having legislation put forth requiring that all claims adjusting be handled by licensed independent adjusters and/or staff adjusters, and all licensed independent adjusters should be members of the CIAA, so we can better monitor the use of unlicensed adjusters who settle claims in all the provinces of Canada.

We invite CCIR and CISRO to give us their comments with respect to the above.

Respectfully submitted,

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Encl: Reasons for Decision