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*Speaker: Honourable Perry Trimper, MHA*

Monday

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(Night Sitting)

The House resumed at 6 p.m.

**MR. SPEAKER (Warr):** Are the House Leaders ready?

The hon. the Government House Leader.

**MR. A. PARSONS:** Yes, Mr. Speaker, when we left off we were in the middle of second reading of Bill 6 and we'll resume second reading.

**MR. SPEAKER:** Thank you.

The hon. the Member for Fortune Bay - Cape La Hune.

**MS. PERRY:** Thank you so much, Mr. Speaker.

It's a pleasure, once again, to rise in this hon. House on behalf of the people of the beautiful District of Fortune Bay - Cape La Hune.

We're here on a Monday night, and I'm truly hoping that we will be here, as was committed to the people, right through the month of May so we can properly debate all the bills, including the budget that will be forthcoming tomorrow.

This bill, Mr. Speaker, speaks to the insurance primarily for the taxi industry. Approximately 95 per cent of taxi insurance written in Newfoundland and Labrador is insured through Facility Association, which is an insurer of last resort.

Taxi rates in this province have experience a cumulative increase of approximately 244 per cent in the last six years since 2012. This has really frustrated taxi operators, and it's certainly very challenging for them. In these times of excessively high taxation, expenses such as these are really hurting the taxi industry. They feel they're in a crisis largely as a result of all these major taxation increases, including the recent significant increases in insurance premiums.

The Facility Association is an unincorporated non-profit organization of all automobile insurers, and it was established to ensure that automobile insurance is available to owners and licensed drivers of motor vehicles where they're unable to acquire insurance through the

voluntary insurance market, Mr. Speaker. These exist not just in Newfoundland and Labrador, but in Nova Scotia, New Brunswick, PEI, Ontario, Alberta, the Northwest Territories, Nunavut and Yukon.

Mr. Speaker, every insurer who's licensed to write automobile insurance in Newfoundland and Labrador is required to become a member of the Facility Association and to abide by the plan of operation, which sets out the governance framework for the Facility Association. The regulation of that plan of operation is the responsibility of the Superintendent of Insurance. Their rates and underwriting rules are the responsibility of the board.

This act, Mr. Speaker, is proposing to make several amendments. The first is Risk Sharing Pools and rates of commission for brokers. Section 98 of the act will be amended to require that the Facility Association include a provision in its plan of operation with respect to the establishment and operation of a Risk Sharing Pool for members of the Facility Association.

The PUB review defined a Risk Sharing Pool as a form of risk management where insurance companies come together to form a pool of drivers who are of higher risk but do not necessarily fall within the description of a residual market risk, and these are sometimes referred to as the grey market risks. The pool is distributed among all insurers operating in the market, and it can protect drivers from higher premiums associated with the Facility Association residual market.

During our briefing, the department officials noted that Risk Sharing Pools do exist in other jurisdictions, and during the PUB review it was raised by the Consumer Advocate as well.

Section 98 will also be amended to set the maximum rate of commission that may be paid to a broker for the Facility Association business in relation to taxis and limousine services. The current rate of commission for brokers to write such policies is 6 per cent. So, what this amendment is going to do, Mr. Speaker, is it will mandate brokers to cut that amount in half, to 3 per cent.

During our briefing, again, it was noted by the officials that most other provinces have a 6 per cent commission rate and this change, based on current rates, could result in between \$200 and \$470 in savings per vehicle for the taxi industry. The other change that's highlighted in the bill is that the proposed amendment will come into force on August 1, 2019.

So, certainly this bill is not as detailed and comprehensive as the previous bill. It certainly would be good to be able to have the bill reviewed by the taxi companies themselves in its form here before we actually go through with Committee of the Whole, but my understanding is that these are changes that the PUB has recommended.

There has been some research done. From our point of view, I guess, on this side of the House, we certainly recognize that changes are required to try and do something better for the people who require insurance in Newfoundland and Labrador, given that we are paying such high rates. That, in addition to all of the 300 tax hikes that we've been living with for the last three years, and the levy, certainly has made it very difficult for businesses and residents in this province. We certainly look forward to seeing more of these types of initiatives in the future.

Thank you, Mr. Speaker.

**MR. SPEAKER:** Thank you.

The hon. the Member for St. John's East - Quidi Vidi.

**MS. MICHAEL:** Thank you very much, Mr. Speaker.

I'm happy to stand and speak to Bill 6, which is a bill, in some ways, that accompanies Bill 3 that we spoke to earlier this evening. Bill 6 is simpler.

Reading over Bill 6 and the briefing note, I remember a couple of times actually that our caucus, and I know the other two caucuses did as well, met with taxi drivers and operators. They were quite concerned not too long ago, about a year and a half ago, I think, if we might remember, they didn't know if they were going to be able to keep their vehicles on the road

because costs had become so high and they were appealing to government to take some action to help them.

What we're dealing with here today is a bill that's putting in place a couple of steps that hopefully are going to help them. We don't have any concrete information in terms of dollars and cents to tell us how the measures of this bill will help the cost of insurance for taxi drivers. I'm hoping that when we come into Committee we might get a more in-depth explanation from the minister with regard to that.

Really, in a sense, the Facility Association, in and of itself, is a Risk Sharing Pool. That's what formed it, was the taxi drivers in particular coming together in a way that they would be protected through the Facility Association. But what we find now is that there are so many drivers inside of Facility Association who are high risk that other drivers are being affected by that high risk; hence, the move, as the Consumer Advocate said, to depopulate Facility Association.

What the bill says is: Section 98 of the *Insurance Companies Act* will be amended by the following: "The association shall include in its plan a provision with respect to the establishment and operation of a risk sharing pool for members of the association."

So what we'll have happen now is that within the Association itself, the highest risk people in the Association – and there are different ways of defining that. In some cases, it would be younger drivers, for example. But the highest risk members will themselves become a Risk Sharing Pool, and the hope is that that would then benefit the others whose insurance costs will come down because of the highest risk members being removed from the pool and being in their own pool.

What I don't have, from the minister – and, as I said, I think we can ask her this in Committee – is, if you want to put it, the mathematical breakdown of how that's going to work to benefit the drivers who are affected by having these really high-risk drivers as part of the Facility Association.

The second piece is the lowering of the rate of commission. Right now the rate of commission that may be paid to an insurance broker, for Association business, is 6 per cent and what is being suggested by government is that be lowered to 3 per cent. Now, I note that Ontario did a similar review as that which was just done by the PUB and their government decided to keep the 6 per cent commission but put a cap of \$370 on any commission. So I found that rather interesting and I think I will want some explanation from the minister of why it was decided that just dropping the rate to 3 per cent was the way to go.

I'm not saying it isn't the way to go, but I don't have enough information to tell me that it is the way to go. So I would like to get information from the minister on the actual dollars and cents that will say to me that this bill is going to help the taxi drivers and operators here in our province and that we won't have them again coming in and saying that they can't afford to stay on the road.

I will need some extra information from the minister. I feel confident that she will have the information and I'll be satisfied, but I will need to get more information.

Thank you very much, Mr. Speaker.

**MR. SPEAKER:** Thank you.

The hon. the Member for Mount Pearl - Southlands.

**MR. LANE:** Thank you, Mr. Speaker.

It's a pleasure to take a couple of moments and speak to Bill 6, An Act to Amend the Insurance Companies Act. This one, of course, is a lot smaller bill obviously, only a couple of changes as compared to the other bill that we just recently debated, but it's an important bill nonetheless because it deals with our taxi industry.

Mr. Speaker, we all realize, of course, that – well, I think first of all we all appreciate. I know I do. There has been a good many times in the past when I appreciated the fact that there was a taxi available to get me where I had to go or to get me home from where I was or whatever the

case might be. I think we've all had the opportunity to avail of taxis, particularly if you're out socializing and stuff and people, obviously, don't want to break the law, they don't want to drink and drive and so on. We're always encouraging people to take a cab.

And, not just that, there are a lot of people who don't drive, people who can't afford a car and so on, people who depend on taxis to get them to doctors' appointments or to get them to the grocery store, wherever they got to go, so they do provide a significant service for the general public, there's no doubt about it.

I think we would be lost, quite frankly, if we didn't have them. We would absolutely be lost. So, it's important that we ensure that this is a sustainable industry for the benefit, not just of the taxi drivers, the brokers, the stand owners and so on, but certainly for all the people amongst us who utilize taxis for various reasons.

We also, of course, are very well aware of the challenges that face taxi drivers and face the taxi industry, and particularly drivers, I would say, because there's no doubt if you're someone who – I'm not saying it's easy because there are challenges to it, but perhaps if you're an owner, you have a couple of hundred taxis or whatever, you got a stand, you're charged a stand rental or whatever, that's one scenario – albeit it's a lot of hard work, I'm not denying that. But, certainly if you're a driver, you just got your one car, maybe you've got a couple of cars, you're trying to feed a family and you're trying to just struggle along, it can be a lot of hard work, a lot of time, for very modest returns.

I know a lot of taxi drivers and yes, there are times that they have good nights, there are some times that they get good tips and all that stuff; but there's also an awful lot of times when they're out there on the road, or they're waiting for calls and so on, time is money, they're not necessarily getting the calls and so on, or you run into a situation where whether it be routine maintenance or something major happens to your car, it breaks down and it's very, very expensive as we all know to have vehicles repaired, whether it be just routine maintenance or something significant, there's a big cost to that.

Then, on top of that, you have insurance. Insurance is not a nice-to-have, insurance is a must-have, even though we talked about in the previous bill that there are some people out there that seem to believe it's okay to drive without insurance, but they're not the norm. I think most of us, 99 per cent of us, we understand that insurance is a must-have, and certainly the taxi industry does.

For them, when you look at the rates for insurance, where it's gone, it may have been the minister who was talking about the fact that – I think she gave an example of someone who – five or six years ago it was like \$1,800 and now it's like \$7,000 or \$8,000 and they haven't had any accidents. This is someone with a clean driving record and their rates have gone up 400 per cent or 500 per cent, which is absolutely insane. Given the fact that many drivers, they eke out a living, but many drivers, they're certainly not getting rich at it, for sure. As a driver, you're not.

Given the fact of what they make, to see that kind of a cost associated to insurance, \$7,000, \$8,000, is absolutely ludicrous. I don't know how many of them survive, to be honest with you. I don't know how they do it. Many of them have said, the industry itself has said, that they were sort of on the verge of collapse. I really don't think they're exaggerating at all, to be honest with you, when you look at the cost of everything to keep going.

It's important, here in this House of Assembly, that we do whatever we can to try to protect – I'll use the word protect – this vital industry, not just for, like I said, the stand owners and the brokers and the drivers, but also for the public because of the need for that service.

There are a couple of things being proposed here. The first one in terms of limiting the profit margin, if you will, for the insurance broker from 6 per cent down to 3 per cent, I believe the minister said, and I stand to be corrected, I believe I heard the minister say that was going to result in somewhere between \$200 and \$500 or \$200 and \$470 or something like that.

**AN HON. MEMBER:** (Inaudible.)

**MR. LANE:** Yes, between \$200 and \$470 in savings for the insured person, the driver, if you will. That's a good thing. Although, really between \$200 and \$470 on a \$7,000 or \$8,000 annual bill is – it's a help, but it isn't really getting us where we need to go. It is a help, and I acknowledge the fact that it is a help.

Now, I will say, and again I look forward to Committee because the Member for St. John's East - Quidi Vidi did raise an interesting point and a good point about: as opposed to slashing the percentage on the broker from six to three, that I think she said it was Ontario that they actually put a cap, because slashing it from six to three, if we saw the actual math and the numbers and stuff, maybe that works out fine, but I'm not sure how much they would normally make and how much they're going to make now, because you also can't expect brokers to offer a service and do it for free, either. They've got to make some return on investment or why would they do it at all? So, I'm not sure what kind of return they're making on 3 per cent, if it's reasonable or not, I'm not sure. I never really thought of it until the Member for St. John's East - Quidi Vidi raised it, but I'll be interested to hear that question.

In principle, I understand what you're trying to do, and there's no doubt that the insurance industry is making big profits and so on. So if they're not making as big a profit on taxis, I'm sure they're making it off the rest of us so that they're still a very sustainable business. Although, like I said, they still need to make a reasonable return.

I guess the point is, at least in that example, the minister did give sort of a concrete number, if you will, or a range that you could see here's how much money this would save the taxi drivers.

When we get to the other piece about the pool for taxi drivers, or in this case, I guess, it would be the creation of two pools, if you will, because Facility insurance is already a pool. I guess what's being suggested is that – which, again, makes sense to me – if you've got someone who's a taxi driver, and let's say they've been operating for the last 10 or 15 years, and they got a totally clean record. They haven't had any speeding tickets, no moving violations, no

accidents and so on. They're very cautious. They're doing everything right. They maintain their vehicle. They have their winter tires on in the winter. They're abiding by all of the signage and traffic lights and so on. They're not speeding. They're not having accidents, more importantly, then it does seem patently unfair for those individuals to be thrown into the same pool, theatrically, with a person who has a half-dozen speeding tickets over the last number of years, has been in two or three accidents and so on, is basically what I would say a bad driver, it does seem unfair for the good driver to be thrown in with this other person and, as a result, everybody's rates are going up.

It would seem to me that if you're somebody who has a terrible driving record and so on, then you should be separated. If that means that your rates are going to be so high that you can't afford – it's no longer worth your while to be in the taxi business, so be it. If you're going to be out there and not abiding by the laws of the land and putting yourself and putting others at risk on the roads, if the consequence to that is your insurance rates go to a point that you can't afford to be a taxi driver anymore, well, b'y, you made your bed, lie in it. At least let the good driver, the ones that are trying their best, who are being diligent, let them make a decent living for themselves. I would say that most drivers and people in the taxi industry would agree with that, I would think.

To get around to the point on the money part, though, and, again, the Member for St. John's East - Quidi Vidi raised this point, and I guess I'll just reiterate that point, there's been no dollar figure attached to that. There was a dollar figure attached on the savings of \$200 to \$470 on the profit margin for the broker reduction, but there's nothing, there's no sort of concrete number, or percentage, or idea, which I would be interested to see is has anybody sort of talked through this with the insurance industry?

Have they talked through this and said, right now, the average driver with a clean record in the taxi industry – somebody said there was a number of \$7,050 or something like that, we'll say \$7,000 for a clean record, that's what you're paying, so, now, we said we can deduct \$200 to \$470 off that \$7,000 by making one change. How much can we deduct off it by going with

this pool? Has anyone figured that math out to say: We figure we can knock \$1,000 off, \$1,500 off, \$2,000, \$500, what is it? Is it anything significant? Just wondering if that's been done.

At the end of the day, of course, taxi drivers, in addition to these changes, taxi drivers are also going to benefit from some of the changes in the previous bill. I'm assuming that everything in the other bill also applies to the taxi drivers. So anything in the other bill that would benefit drivers overall will benefit taxi drivers in addition to these changes, and, of course, the taxi drivers are going to benefit greatly. Particularly if you own multiple taxis, you'll benefit greatly from the 15 per cent on insurance tax. I'm sure they're going to be really happy about that, and that's going to save them significant dollars as well.

So, you know, I think it's a step in the right direction, Mr. Speaker. It's not the be-all and end-all. I think it's been said here before when it comes to all of this around insurance, whether it be for taxi drivers or the rest of us, there is no silver bullet. There is no one thing that can be done to address this. If it were that simplistic it would have been fixed long ago, but there are things we can do. Hopefully by taking a number of measures in different areas, that when you combine all those efforts, hopefully it will get us the results we're looking for.

Certainly, I will support anything we can do to support taxi drivers, as I said, to make their industry sustainable so they can continue to provide the service that many of us need, many of us want, many of us rely on from time to time. I think it's a good thing. Of course, as I said, these drivers have families just like the rest of us that they need to feed. So they need to make a living as well. A lot of them don't make a big living at this, so anything we can do to try to help them out I think we should. I will support the bill.

Thank you, Mr. Speaker.

**MR. SPEAKER:** Thank you.

The hon. the Member for Cape St. Francis.

**MR. K. PARSONS:** Thank you very much, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. K. PARSONS:** Thank you to my audience over on the side here.

Anyway, Mr. Speaker, again, it's a great privilege to get up here and represent the beautiful District of Cape St. Francis.

Mr. Speaker, I had the opportunity to attend the briefing on Friday and I have to say there was a lot of discussion on this. Some of the questions –

**AN HON. MEMBER:** (Inaudible.)

**MR. K. PARSONS:** There weren't a lot of Members at the briefing, no.

I had the opportunity to ask some of the questions that have even been asked here today, but I do have ones that I want to ask the minister.

Mr. Speaker, when you talk about Facility insurance, 95 per cent of the taxi industry are insured under this association. For people out there, Facility, basically, is all the insurers got together and they formed this association to cover, I guess – now, the minister can correct me. It's basically for people who can't get insurance anywhere else, so that there is an opportunity. If somebody says, look, I went and tried to get insurance, no one will insure me, and drives, that's why they're driving, but that's not the fact. Facility insurance are obligated to insure people. Now, what you pay in Facility is what the problem is.

The taxi industry has been hit really hard. Since 2012, they've seen an increase of 244 per cent in their annual premiums. I spoke to a broker earlier today. Once the announcement was made, I called up and spoke to a broker. I explained to him what the government has announced today. I tried to explain it; I didn't have much time because we were coming into the house. In general, he said: well, any savings is great, Kevin. It's good that there are going to be some savings there. I think he was more with the 15 per cent, and I tried to explain about the broker bit, about the 3 per cent versus 6 per cent.

The taxi industry, and I've spoken to the taxi industry and the minister knows this. I've

spoken to the minister several times over the last number of months and the two of us are after having great discussions. We've talked about the taxi industry because I know they'll say: we spoke to the minister, can you ask the minister this, and stuff like this. I've gone to the minister and we'd have a conversation, because these are all small business owners. The taxi industry may have hundreds of drivers, but when you stretch it out, there are thousands of people involved because their families are involved, too. Because this is their business. This is what they do.

I tell you, my hat's off to the taxi company and taxi drivers right across this province because I know, like lots of other Members I think, I've used them. I've had to use them, and they drove me home lots of times. It costs a lot of money coming from St. John's to Flatrock, by the way. Anyway, you got to pay it. It's a service that we need, and we cannot let these people go out of business. They're a small business. We always say in this province that our whole economy can't operate without small business owners, and that's what a lot of these people are.

Now the brokers, in the St. John's area there are a couple of major players, but they have brokers all the way down through. They're represented right across the whole province. They're the ones like the three, the four-car operations; that this insurance is after costing them. It's unbelievable the amount of cost.

Remember, a taxicab driver, to make a reasonable salary or a reasonable dollar, has to work a lot of hours. Their time to make money is in the evenings and nighttime. It's on Saturday nights, Friday nights. They have to put up with people in their cars; having to clean up after people in their cars. It's not an easy industry. It's not an easy way of life.

So they deserve – and they've been here. We witnessed it. A few weeks ago they had a demonstration outside. The taxi industry were here in the gallery and they listened to Question Period. I have to say, they weren't too impressed with Question Period from a taxi industry. I spoke to a few of them afterwards, but they did come and they did show their frustration. Some of the things that are in this bill will alleviate some of the stress.

Like the minister said, and my colleague was just wondering there that time about, how is it 200 to 470. Well, obviously, if it's 3 per cent and a person is paying \$15,000 then it goes down to 3 per cent and he's paying six, so it's saving 3 per cent. That's like \$450 that that person will save, because they do pay different rates and stuff like that.

The main thing when I spoke to the taxi industry – and it's not addressed in this bill and maybe the minister will say it is – was they were looking for alternatives. What they were talking about was they'd like to have, if there was another insurance – because my belief, now I could be wrong and the minister can correct me, is that once you apply for insurance you go to a broker.

I'll give you an example, Cal LeGrow Insurance or Johnson Insurance. Once you say you're a taxicab driver you automatically go to Facility. Now, when I read the notes earlier, I said that 95 per cent of the taxi industry goes to Facility. I don't know where the other 5 per cent goes to, but my understanding through the taxi industry, this is what they were looking for. They wanted to be able to be in a fair market, and it could be that somebody may come in here – an insurance company now. As you know, anyone that goes through insurance, you can go out now and you can get your insurance fed right through everyone and see who is going to give you the best price with all this stuff, but as a taxicab driver you're automatically gone right into Facility.

So, they were looking for it, and they were looking because I guess it's like anything that you buy, you try to get the best value for your market. They were looking and saying, okay, I spoke to a taxicab driver. Actually, I had a meeting with him. He said, Kevin, I haven't had an accident. I'm driving now for 15 years, I had no claims on my cars. I haven't had any accidents, and I'm put into the same pool with someone who is after having five accidents or six accidents.

My question to the minister is – what we call here, it's called – and I asked a question over in the briefing, actually. Where they're talking about Risk Sharing Pools. So that's with Facility. I'm not sure if government is going to

set up those pools or whether that's going to be through Facility insurance, because it could be set up that anyone that's a taxicab driver is automatically put in this pool. It could be that somebody that's had five speeding tickets and the insurance company is not going to insure them anymore, that they may be put in a different pool. We don't know, and the people give them all the – that's going to be based on regulations. As you know, when you go to briefings, usually the regulations are where all the important stuff is. So that wasn't answered, and maybe the minister can give us a couple of answers on how it's going to determine what the pools are and what pools – I know the Member for St. John's East - Quidi Vidi, that was one of the things she just talked about.

My understanding is that it will be done on driving records, rather than on whether you're a taxicab driver. Maybe it could be done if you're under 25 years old and you had an accident, maybe you could be done in that pool. But especially for the taxi industry, it's going to be interesting how these pools are set up. Like I said, we do have some drivers out there that have great records, and they'll want to be put into a pool. Whether they still have to stay in Facility – hopefully they wouldn't; maybe they could go to broker and get insurance. That's what they'd like to be able to do. If they have a great driving record for 15 years, don't let me go to Facility, let me go to another insurance and be able to compete with everybody else. That's what they'd like see.

Again, it will be interesting to see what the minister says to this. If this is a way to reduce the rates of the good drivers that are taxicab drivers in Facility, then great, because this is what they want. This is what they're looking for. I spoke to many of the drivers and they said to me Kevin, I got a good record or I don't have a good record, so they want to be able to be put into a pool that says, listen, my record is good, so my rate is going to be reduced. I'm not going to pay the same rate – the same thing as all drivers in the province. We don't want to see drivers in the province that have good records and then you got a guy that's going to have three or four accidents – they're not going to pay the same amount. So maybe the minister can answer this when we do get to Committee.



Another thing that was discussed in the briefing, which is interesting – and again, there are going to be questions in Committee when we talk about the difference between 6 per cent and 3 per cent when it comes to the brokers. I think the minister already mentioned that there was, I think every other province in Canada – let me see now. There is Nova Scotia, New Brunswick, PEI, Ontario, Alberta, and the Northwest Territories, Yukon do have Facility insurance now, so there are a couple of provinces that don't. But these provinces, they do, and in all these provinces the broker does get 6 per cent. So it'd be interesting to see what the brokerage companies here in Newfoundland think of this.

My understanding, again – and I could be wrong – is the 3 per cent that they will make here in the province probably will be as much as they'll make in Ontario because the rate for a taxicab driver – I'm just giving Ontario as an example; I'm not really sure of this. I think that this is the reason why, is that if they pay 6 per cent in Ontario and the cost of the insurer is \$5,000 they'll collect the same amount in Newfoundland and Labrador. If the cost is \$10,000 then 3 per cent, they're still going to make the same money. So, that was what was basically passed on. That was my understanding. I could be right; I could be wrong. But we'll have some questions on that.

The important thing – and I don't know if the minister mentioned this – if comes in and this does pass in the House, is that this will be coming into force August 1. Sometimes when we bring in regulations and bills into this House, it takes a long period of time before they – it could be two years, it could be three years down the road, so just to let the taxi industry know that at least there are some savings coming. It will be interesting to see in tomorrow's budget when the 15 per cent off the taxes on insurance will come in because if it's 3 per cent and 15 there I'm sure that they'll be pleased with that when it comes into effect.

So, that's about all I got to say. Like I said, the taxi industry plays a major role in Newfoundland and Labrador. There are a lot of people affected by it. There are a lot of families that are part of the taxi industry, not only the taxicab drivers. This is what their livelihood is,

they're small business people and they contribute a lot to this society.

As a matter of fact, last week when there were some announcements done for the fishery, ensuring that people get their stamps because of the downfall in the crab and shrimp, taxi cab drivers tell me well, listen, they give money to everybody else, why can't they help our industry? Our industry is dying. I'm hoping that this will be some relief for the taxi industry and hopefully that this will come in effect, like I said, early and we can get it done.

Anyway, I just want to say that the taxi industry out there, we appreciate everything you're doing. You're a major part of our economy here in Newfoundland and I hope it increases business over the next little while.

Thank you very much.

**MR. SPEAKER:** Thank you.

If the hon. the Minister of Service NL speaks now, she will close the debate.

The hon. the Minister of Service NL.

**MS. GAMBIN-WALSH:** Thank you, Mr. Speaker.

We recognize that the taxi industry is a large consumer group of insurance in Newfoundland and Labrador. We also know that the problems facing the taxi industry have been ongoing for more than 20 years. This is the first administration, Mr. Speaker, who committed to addressing the issue.

We included a closed-claim study specific to taxi operators when we initiated the review of the auto insurance system by the PUB. We said from day one, Mr. Speaker, that our goal for the review was to help inform government's decision-making in an effort to help stabilize the insurance rates and provide the best product possible, and this includes the taxi industry in our province.

Mr. Speaker, I want to just reiterate a couple of measures which our government feels will directly benefit the taxi industry. I want to speak about the commission rate of 6 per cent. The rate

is intended to provide for recovery of the estimated operating expenses associated with writing automobile insurance in the province and is based on the agreements between Facility and its servicing carries.

The decrease from 6 per cent to 3 per cent is the commission rate. I just want to note that the expense provision is a percentage of the premium and the premium level has increased so substantially, the amount of the expense provision has also risen substantially with it.

So, Mr. Speaker, the servicing carrier fees and the operating costs together total 10 per cent. What's happening is this is a processing and handling fee and because the cost has gone up, this has gone up also. So, this decrease is a savings of about \$210 to \$470 for each driver.

We have the fleet rating removed from the rate approval process. That's another measure that will help benefit taxi operators. Fleet rating allows for direct negotiations by risk manager, through their broker, or directly with the insurer to address the risk profile and risk management system. In essence, it would give the vehicles managed in fleets, such as taxis, a measure of control over their rates.

We've also amended the legislation to allow Facility Association to develop an all-comers Risk Sharing Pool for Newfoundland and Labrador. This can protect the drivers from higher premiums associated with Facility Association. This pool, of course, will be for what we call the lower at-risk drivers within the pool and pools are determined by Facility.

It is our intention that that all of the reforms of the automobile insurance we have announced today would help realize improvements in the auto insurance product for all consumers, including the taxi operators. The taxi industry and the government have already taken actions to help strengthen the taxi industry and enhance the safety of the taxi in the province. The measures we introduced today complement this work and they signal our intent to continue to work closely with taxi operators. Our government realizes the importance of the taxi industry to the provincial economy and the valuable service they provide to the people.

Mr. Speaker, many vulnerable populations use taxis: persons with disabilities, persons of low income, persons who don't have access to a car, seniors. The taxi is used a lot in the Province of Newfoundland and Labrador and especially in here in the City of St. John's.

Mr. Speaker, young drivers being high risk, it was mentioned earlier, but it is actually the driving experience that is considered – the years of experience, not so much the age. That was addressed in 2004-2005 that you cannot discriminate based on age. Ninety-five per cent of the taxis are presently in Facility and the other 5 per cent are in the private market at present. Provinces without Facility have public insurance and the rates are different based on the history.

I want to take this opportunity to just thank the members of the taxi industry, especially – I'm just going to name them by their first name. I have had numerous meetings with the taxi industry over the last two years and I just want to name Peter, Albert, Derek, Tom, Chris, Steve and Doug especially, because they've sat with me for hours trying to discuss and come to a solution here.

I want to, once again, thank my hon. colleagues for their support of the amendments debated here today.

Thank you, Mr. Speaker.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** Thank you.

Is the House ready for the question?

The motion is that Bill 6 be now read a second time.

Is it the pleasure of the House to adopt the motion?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, 'nay.'

Carried.

**CLERK (Barnes):** A bill, An Act To Amend The Insurance Companies Act. (Bill 6)

**MR. SPEAKER:** This bill has been now read a second time.

When shall the bill be referred to a Committee of the Whole?

**MR. A. PARSONS:** Now.

**MR. SPEAKER:** Now.

On motion, a bill, “An Act To Amend The Insurance Companies Act,” read a second time, ordered referred to a Committee of the Whole House presently, by leave. (Bill 6)

**MR. SPEAKER:** The hon. the Government House Leader.

**MR. A. PARSONS:** Yes, Mr. Speaker, I move, seconded by the Minister of Service NL, that the House resolve itself into a Committee of the Whole to consider Bills 3 and 6.

**MR. SPEAKER:** It is moved and seconded that I do now leave the Chair for the House to resolve itself into a Committee of the Whole to consider the said bills.

Is it the pleasure of the House to adopt the motion?

All those in favour, ‘aye.’

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** All those against, ‘nay.’

Carried.

On motion, that the House resolve itself into a Committee of the Whole, the Speaker left the Chair.

### Committee of the Whole

**CHAIR (P. Parsons):** Order, please!

We are now considering Bill 3, An Act To Amend The Automobile Insurance Act.

A bill, “An Act To Amend The Automobile Insurance Act.” (Bill 3)

**CLERK:** Clause 1.

**CHAIR:** Shall clause 1 carry?

The Chair recognizes the hon. the Leader of the Official Opposition.

**MR. CROSBIE:** I assume I rise to ask questions.

**CHAIR:** Yes.

**MR. CROSBIE:** Thank you.

Minister, if I might, the portion here, section 3 of the bill, and it would be 25(1) in the amended legislation, provides for this notice period – I mentioned it earlier during my remarks – 120 days after the accident, you have to give notice, and a further provision for applying to the Supreme Court for an extension of the notice period if you haven’t complied with the requirement to give notice.

I ask what the thinking is behind the notice, what is the consequence if you don’t give notice and what are the grounds that the court is meant to consider if the court is being asked for an extension.

**CHAIR:** Thank you.

The Chair recognizes the hon. Minister of Service NL.

**MS. GAMBIN-WALSH:** So, Madam Chair, the reasoning behind the 120 days was because it would ensure that you’re moving on the accident when the memory is fresh and it happened. And if you’re injured in an accident, you would certainly know before 120 days.

You can still make a claim, and the judge can take that into account in making decisions and awarding the costs also, and the right to sue is not impacted. But the whole idea is the fact that if you are injured in an accident, the objective to help in the long run, the combination of these measures we’re putting in place – and one of the objectives is that the individual that is injured would get the treatment that they need right

away. They have this 120 days that if you're injured, like I said, you will know you're injured within 120 days. Waiting for a year to then go to court to claim an injury, we're trying to eradicate that and decrease the cost to insurance as a whole, and to address the needs as they exist on the impact of the injury.

**CHAIR:** Thank you.

The Chair recognizes the hon. Member for Fortune Bay - Cape La Hune.

**MS. PERRY:** Thank you, Madam Chair.

I have a question regarding the notification of the registrar of motor vehicles.

What does the registrar of motor vehicles currently do with the information about the cancellation or expiration of insurance policies for ambulances, taxis, school buses and commercial vehicles; and when you describe that process to us, can you tell us if the new process for private-passenger vehicles will be handled in the same manner?

**CHAIR:** Thank you.

The Chair recognizes the hon. the Minister of Service NL.

**MS. GAMBIN-WALSH:** So, Madam Chair, at present they just receive for the commercial vehicles. They call law enforcement. So, if somebody cancels their insurance or their insurance is not valid, we actually do call the law enforcement, we notify the police officers. Now what will happen is this will just move to the entire general population. So anyone, when the insurance company notifies Motor Registration Division that somebody has cancelled their insurance policy, then the police officers will be made aware of this occurring.

Therefore, as I have indicated numerous times here today, automobile insurance is the law, and the process is to enforce the law.

**CHAIR:** Thank you.

The Chair recognizes the hon. the Member for Fortune Bay - Cape La Hune.

**MS. PERRY:** Thank you, Madam Chair.

Will the registrar of motor vehicles be hiring more staff to manage the influx of ongoing vehicle information about cancelled or expired insurance policies, and how are you going to ensure that this will produce results and that it isn't just an added layer of bureaucracy?

**CHAIR:** Thank you.

The Chair recognizes the hon. the Minister of Service NL.

**MS. GAMBIN-WALSH:** I just wanted to address the last comment first. It's definitely not an added layer of bureaucracy. Protecting the public and ensuring the safety of the public is in everyone's best interest.

We will, in fact, be using existing staff and we will assign the role. As everyone is aware, we'd been doing digital-by-design over there, and as people's roles are no longer needed we just move them to an area where they're needed, and it's actually working quite well, and we will do that here with this incident also.

**CHAIR:** The Chair recognizes the hon. the Leader of the Official Opposition.

**MR. CROSBIE:** Could I ask the minister if there is a source for the rules around determining fault that are in contemplation in this?

**CHAIR:** Thank you.

**MR. CROSBIE:** So do you already have that sorted out or are we going to be writing these rules ourselves somehow?

**CHAIR:** Can you repeat the question again, please?

**MR. CROSBIE:** Well, the minister is about to answer, so maybe I can repeat it if she needs it.

**CHAIR:** Do you want it repeated?

**MS. GAMBIN-WALSH:** I think I understand what he's asking.

Nova Scotia presently has rules, so we'll do jurisdictional scans and we'll use the data that's already there, but, of course, as you know, we've already done significant jurisdictional scans and Nova Scotia has rules – yeah.

**CHAIR:** The Chair recognizes the hon. the Leader of the Opposition.

**MR. CROSBIE:** The rules around determining fault that the bill speaks to, I just wonder where they're going to come from, if they're on the shelf somewhere and we're going to dust them off or if we're going to have to invent them.

**CHAIR:** The Chair recognizes the Minister of Service NL.

**MS. GAMBIN-WALSH:** The answer to the question from the opposite Member is yes.

**CHAIR:** Thank you.

The Chair recognizes the hon. the Member for Fortune Bay - Cape La Hune.

**MS. PERRY:** Thank you, Madam Chair.

What kind of penalty will exist for insurers who do not abide by the duty to notify the registrar about cancelled or expired policies and how do you intend to actively monitor this?

**CHAIR:** Thank you.

The Chair recognizes the hon. Minister of Service NL.

**MS. GAMBIN-WALSH:** I think the Member is asking me what type of penalty will exist for the actual insurance company if they do not contact Motor Registration Division. Madam Chair, it will be in the legislation. It will be the law so they will have to and all of this will be determined in regulations.

**CHAIR:** Thank you.

The Chair recognizes the hon. the Leader of the Opposition.

**MR. CROSBIE:** Could the minister explain in respect of section 34.1(1), which makes reference to diagnostic and treatment protocols

prescribed in the regulations, does she have a concept of where these are going to be borrowed from. I assume they're already in existence somewhere and where is that?

**CHAIR:** Thank you.

The Chair recognizes the hon. Minister of Service NL.

**MS. GAMBIN-WALSH:** Yes, Madam Chair, they're already in Alberta and Nova Scotia, but as I alluded to in my opening remarks, we will also be consulting with physicians and the health care facilities to ensure that we come together and put forward the plan or how it will be covered.

**CHAIR:** Thank you.

The Chair recognizes the hon. Member for Fortune Bay - Cape La Hune.

**MS. PERRY:** Thank you, Madam Chair.

In clause 3, section 25.1(5) in referring to the examination following an accident, this section states that the examination must not be “unnecessarily repetitious or involve a procedure that is unreasonable or dangerous.”

Who defines this and who decides this?

**CHAIR:** Thank you.

The Chair recognizes the hon. Minister of Service NL.

**MS. GAMBIN-WALSH:** The courts and medical professionals.

**CHAIR:** Thank you.

The Chair recognizes the hon. the Member for Fortune Bay - Cape La Hune.

**MS. PERRY:** Thank you, Minister.

With respect to serving notice within 120 days, what happens if the 120th day falls on a statutory holiday such as Christmas Day?

**CHAIR:** Thank you.

The Chair recognizes the hon. the Government House Leader.

**MS. GAMBIN-WALSH:** Madam Chair, I believe the judge can determine – sorry.

**MR. A. PARSONS:** That’s all right.

**MS. GAMBIN-WALSH:** No, go ahead.

**MR. A. PARSONS:** You’ve probably got a better answer than me.

Well, in that case, we actually debated a bill just a little while ago, the *Interpretation Act* would actually apply to that when it comes to statutory holidays. So the 120 days, just like any other piece of legislation, if it falls on a certain day we will go by whatever that act says.

**CHAIR:** Thank you.

The Chair recognizes the hon. the Member for Fortune Bay - La Hune.

**MS. PERRY:** The PUB noted that because the DCPD tends to enhance the accuracy of rate setting, the premiums paid by some people may change following the implementation as insurers adjust rates to reflect the insured vehicle, and that’s the Direct Compensation Property Damage, DCPD.

Could you provide more detail on this?

**CHAIR:** Thank you.

Would you like to ask another question? Would you like to repeat that question?

**MS. PERRY:** We can come back to that one again after.

**CHAIR:** Okay.

**MS. PERRY:** Under clause 6, diagnostic and treatment protocols, section 34(1) states that the type of injuries, as well as the diagnostic and treatment protocols covered under that section, will be set out in the regulations.

Can you offer any details as to exactly what type of injuries will be included here?

**CHAIR:** The Chair recognizes the hon. the Minister of Service NL.

**MS. GAMBIN-WALSH:** Sprains, strains and whiplash is what we have determined; primarily around those type of injuries.

**CHAIR:** Thank you.

The Chair recognizes the hon. the Member for Fortune Bay - Cape La Hune.

**MS. PERRY:** Thank you, Madam Chair.

Thank you, Minister.

These questions are relatively short so I’ll give you a couple and if you want me to repeat any, I can. We can come back to the one on direct compensation for property damage as well.

We’re looking for what diagnostic and treatment protocols will be included? Who is going to have input into these regulations? When can we expect to see the regulations?

We were also told during the briefing that there maybe some upfront costs associated with this. Who will incur this cost? How will the insurance premiums be impacted? How will consumers be affected?

**CHAIR:** Thank you.

The Chair recognizes the hon. Minister of Service NL.

**MS. GAMBIN-WALSH:** So just to go back to the DCPD first, Madam Chair. The PUB report actually stated that: “The introduction of DCPD coverage in Newfoundland and Labrador would allow drivers who are not at fault to seek reimbursement for damages to their automobiles directly from their own insurer rather than from the insurer of the driver who was at fault. This can contribute to a faster and more customer-friendly resolution ....”

As it comes to diagnostic and treatment protocols, as noted again in the PUB report: “The goal of diagnostic and treatment protocols is to get a person injured in a motor vehicle accident on the road to recovery as soon as

possible with timely and effective evidence-based treatment specific to the injury.”

Madam Chair, the benefits of the protocols for the injured person, of course, would include not having to wait for approval, being able to seek out your own physician, not having to pay out of your pocket and the defined injuries will be based on the scientific evidence and being able to choose your own treatment provider.

Madam Chair, this is all about enabling the individual who's injured in the accident to get treatment right away, to decrease their injury period and the length of time.

Mr. Speaker, I know this quite – Madam Chair, I will get that right – well because I myself had an accident in the 90s when the insurance – we didn't have, I didn't have the assistance of the legal community, it just wasn't something that existed at that time. It was a long period of time before I actually got treatment, and I felt it for years.

So, this particular provision here will actually allow people to get back to work, to get back to their families, to get back to their life a lot faster. It's a provision that everyone actually agreed on.

**CHAIR:** Thank you.

The Chair recognizes the hon. Member for Fortune Bay - Cape La Hune.

**MS. PERRY:** Thank you, Madam Chair.

So, again, going back to the diagnostic and treatment protocols. When the officials said that there might be upfront costs associated, can you elaborate on that? Who will be expected to incur these costs?

**CHAIR:** Thank you.

The Chair recognizes the hon. Minister of Service NL.

**MS. GAMBIN-WALSH:** Madam Chair, I'm not certain what you say when the officials said there would be upfront costs. I understand the provision here is to enable the individuals to get the treatment right away, and Alberta – yes.

So, it would allow an individual to get the treatment right away. In actual fact, the insurance company would pay the provisions for the cost of the treatment.

**CHAIR:** The Chair recognizes the hon. Government House Leader.

**MR. A. PARSONS:** Just to jump in there and to further what the minister said. Actually, the costs will be borne by the system up front, but it actually smooths out and lowers over time. The other provinces that have done this have noted that there is a decrease later on. So, like many cases, there's an upfront investment but it will result in savings as you move through it.

**CHAIR:** Thank you.

The Chair recognizes the hon. Member for Fortune Bay - Cape La Hune.

**MS. PERRY:** Thank you, Madam Chair.

This question pertains to clause 7, access to the uninsured fund. Officials stated that the hope is that prohibiting uninsured drivers from accessing the uninsured fund would encourage greater compliance with the mandatory insurance requirement.

How likely is it that prohibiting access to the uninsured fund will impact the number of uninsured drivers on the roads in our province? Do you have any statistics?

**CHAIR:** The Chair recognizes the hon. the Government House Leader.

**MR. A. PARSONS:** Thank you, Madam Chair.

It would be hard to have statistics on it, but what I would say is that this clause certainly wouldn't increase the number of uninsured drivers we have on our roadways. We all know – I don't think there's a single person who can say that we want to increase the number of uninsured drivers or do anything to encourage that. That's something we want to lower. So this move, for many reasons, I think is a positive. One of them is that it will not encourage and I think you will see a decrease, and certainly that's our hope.

The other thing is that going back to the notification by the insurance companies to MRD of the cancellation of a policy will help lead to increased police presence, getting uninsureds and getting them off the road.

**CHAIR:** Thank you.

The Chair recognizes the hon. Member for Fortune Bay - Cape La Hune.

**MS. PERRY:** Thank you, Madam Chair, and thank you, Minister.

My next question pertains to the same section, actually. It's still in access to the uninsured fund. The proposed amendment to section 45.1 allows a 30 day grace period in instances where an individual might overlook renewing their insurance policy.

Last year, your government announced it would no longer be sending out vehicle registration renewal reminders in the mail. That policy decision was implemented with little public education and a lot of people have complained about being unaware of the policy. So is there a grace period associated with that?

**CHAIR:** Thank you.

The Chair recognizes the hon. Minister of Service NL.

**MS. GAMBIN-WALSH:** Madam Chair, it was actually just a couple of weeks ago that I spoke in Gander and I indicated to the general public that a significant number of people have – the uptake on the email service, which you will get email notifications when your licence, registration expires. There has been significant uptake.

We're very proud to say the people of the province actually like the new system. We believe that as we move forward this grace period is really – if you're in an accident and you're injured, and if you've been paying insurance for the last 12 months and for some reason for 30 days your insurance lapsed or you were in hospital, we really, truly can't penalize people if they can prove there's a reason why in the last 30 days they didn't pay insurance that

they've been paying for the last 12 months, especially when they're injured.

**CHAIR:** Thank you.

The Chair recognizes the hon. Member for Fortune Bay - Cape La Hune.

**MS. PERRY:** Thank you, Madam Chair.

Thank you, Minister.

Moving on now to clause 8, the regulation making authority regarding rate filing and exemptions. The proposed limits on rate changes, no more than 3 per cent annually and no more than 6 per cent cumulatively over three years. It appears to assume that an economic environment of low inflation exists. When the rate of inflation increases insurers may leave the market.

Was any consideration given to including a provision to accommodate a change in limits when the rate of inflation is higher than it is today, and is this an opportunity to reference the Bank of Canada's consumer price index?

**CHAIR:** Thank you.

The Chair recognizes the hon. the Government House Leader.

**MR. A. PARSONS:** Thank you, Madam Chair.

I think the difference between the three and six was just a balancing act here, trying to come up with something with some certainty for everybody involved, rather than right now where there's a real volatility that's involved in the rate setting process. That's something that is being complained about by insurers, and obviously consumers are complaining as well. The rates that were used was the 3 per cent annually, 6 per cent cumulative over three years.

There was some talk about inflation, but that was more of the conversation was occurring on the deductible possibly being linked to inflation. At this time, what we did was just go with the deductible, just a straight up doubling from \$2,500 to \$5,000.



Coming back to the other part; 3 per cent and 6 per cent we think is fair. It gives everybody an opportunity – it does allow for increases. It allows for certainty, we'll say, within the system.

**CHAIR:** Thank you.

The Chair recognizes the hon. Member for Fortune Bay - Cape La Hune.

**MS. PERRY:** Thank you, Madam Chair.

Thank you, ministers.

Notes provided in the briefing suggested that a statutory review would be mandated every five years, but in the bill itself, subsection 64(1) states: "The minister shall, every 5 years, consider" – is the word that's actually written into the legislation – "whether a review of this Act and the regulations and other matters related to automobile insurance is necessary."

Is it correct to say that there are no guarantees that a statutory review will occur every five years, and there's no guarantee that public attention will be drawn to this ministerial discretionary power. So why not require that the minister be required that it be mandatory and read it must conduct public consultations every five years in order to inform a decision?

**CHAIR:** Thank you.

The Chair recognizes the hon. the Minister of Service NL.

**MS. GAMBIN-WALSH:** Thank you, Madam Chair.

In actual fact, the option to do the review, as issues arise – in actual fact, some of the changes can probably be done within Service NL and may not be necessary to do a full review every five years. If that is the case, in fact, we will do that within Service NL.

The whole purpose of this is we don't want to let it happen what has happened. So here we are now, 20 years before Facility put forward for an increase. We don't want this to happen again. So we put this provision in here to try to ensure that the government of the day in five years' time

does keep an eye on this insurance, and if we need a review, it is done, and if changes are needed within Service NL, they are done.

We don't want to go another 20 years or so, 2004, 2005, since something is done, because it's evident that the impact that it can have on the people of Newfoundland and Labrador is quite negative if you let it go for any period of time.

**CHAIR:** Thank you.

The Chair recognizes the hon. the Government House Leader.

**MR. A. PARSONS:** Yes, thank you, Madam Chair, and I would say that's a good question.

The two things that I would stick to right here, it says, the minister shall, and the difference between that and the minister may, is that there is a guarantee they must consider this issue every five years. Regardless of minister, regardless of department, regardless of government, the issue must be considered.

I think the biggest issue the minister and her department have dealt with over this period is that where there has been no review and it hasn't come up, it can be allowed to go 15 years, and it's hard to put the toothpaste back in the tube 15 years out.

So what we're saying here is that the minister shall, every five years, consider it. Now, the reason you have to have some flexibility there is that, okay, five years in, if you go out to the industry and they say, you know what, we're okay. If you go out to stakeholders and they say we're okay, I think it would be foolhardy for government to take the time and expense to consider a review that nobody wants, but at least we know that the department must do the consideration and perhaps even draft up a note or some kind of briefing on, okay, this is where we've looked at it five years in, this is where we are. This is the decision we're going to make at this time and this is why.

**CHAIR:** Thank you.

The Chair recognizes the hon. the Member for Cape St. Francis.

**MR. K. PARSONS:** Thank you very much.

Minister, I think the word consider comes across as something you don't really have to do, you consider it. I understand your explanation on it but I think it'd be nice that it was something that was done on a regular basis so that the industry would be able to be regulated a little bit better.

What's your plan to inform the stakeholders and to educate the public about these changes?

**CHAIR:** The Chair recognizes the hon. the Government House Leader.

**MR. A. PARSONS:** Thank you, Madam Chair.

Again, when it comes to educating the public about any of these changes, similar to any bill that's gotten – this issue has gotten a certain amount of notoriety in the last three years. What I can tell you is that the industry, before we were even debating this, is already full aware of this. This has been a process where I can tell you they've been in constant contact with the department, not only that, with MHAs I think, as well as the other side, other stakeholders are fully involved in this.

Like anything, the debate will cause some public awareness. I'm sure insurance companies will be in discussions. Once they have an internal look, I'm sure they're going to reach out to their customers to have a conversation. So I have no doubt that the word will get out; plus the fact that the department itself is very good at getting the word out through social media and through other means; plus it will be in the *Gazette*; plus its getting widely reported in the news. So I'm not too worried about it getting out. This is not one of those significant changes that gets no attention. This is one I think there was a certain amount of anticipation on where was this issue going to go so people are aware.

**CHAIR:** Thank you.

The Chair recognizes the hon. the Member for Cape St. Francis.

**MR. K. PARSONS:** Thank you very much.

Will these changes result in lower insurance rates for the people of the province?

**CHAIR:** Thank you.

The Chair recognizes the hon. the Government House Leader.

**MR. A. PARSONS:** Thank you, Madam Chair.

One of the big issues that we dealt with through this process is that there is no magic bullet to come up with lower rates. Other provinces have tried. In one province, they brought in a cap and it resulted in a lowering at first and then, years later, there were significant rate increases that were asked for.

I think the guarantee to getting lower rates for people is reducing the number of accidents, reducing the number of claims and the cost that come with it. So that's why the package that's been put forward really has components not just from Service NL, but from JPS and from Transportation and Works. I know that law enforcement is going to have to play a role here. Transportation and Works, when we look at the camera projects that they've been doing, they're going to play a role here. Then we look at the direct compensation, the treatment protocols, trying to get people healthy faster, I think will have an overall advantage to the system.

Do I think you'll see it right now? Probably not. The big thing I think people want to know is stabilization. In some of the clauses in here, people will know the max on rate increases being sought and how often it's going to happen as opposed to the volatility that exists right now. So I think this is going to immediately result in stabilization, but I think that as time goes by we'll look and we're going to see the cost will go down.

**CHAIR:** Thank you.

The Chair recognizes the hon. Member for Cape St. Francis.

**MR. K. PARSONS:** Thank you very much.

I hope so. I think that's what the consumers are looking for, a reduction in the cost because we're paying high price right now.

The PUB said you may still see increases in rates in the short term. Do you agree with that

assessment? Is that what's going to happen? Are the rates going to go up in the short term and then we'll see stabilization is what you're saying?

**CHAIR:** Thank you.

The Chair recognizes the hon. Government House Leader.

**MR. A. PARSONS:** Thank you, Madam Chair.

That would only be speculation at this point. Again, that's why we had the PUB; we had somebody independent to look at the companies as they come in and make a rate increase. For me to say aye or nay, I think right now would be guess work, the same as it would be for absolutely anybody.

What I do like is that through this piece of legislation, we've introduced some certainty into this process going forward, which I think is helpful, not just for the insurance companies but for consumers as well.

**CHAIR:** Thank you.

The Chair recognizes the hon. Member for Cape St. Francis.

**MR. K. PARSONS:** Thank you very much, Madam Chair.

Will consumers have to wait until the insurance policy expires for tax on insurance to be removed, or will this be done immediately?

**CHAIR:** The Chair recognizes the hon. Minister of Service NL.

**MS. GAMBIN-WALSH:** The taxes, Madam Chair, as the Premier indicated today, additional information will come forward tomorrow in budget 2019.

**CHAIR:** Thank you.

Seeing no further speakers, shall the motion carry?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against, 'nay.'

Carried.

On motion, clause 1 carried.

**CLERK:** Clauses 2 through 12 inclusive.

**CHAIR:** Shall clauses 2 through 12 inclusive carry?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against, 'nay.'

Carried.

On motion, clauses 2 through 12 carried.

**CLERK:** Be it enacted by the Lieutenant-Governor and House of Assembly in Legislative Session convened, as follows.

**CHAIR:** Shall the enacting clause carry?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against, 'nay.'

Carried.

On motion, enacting clause carried.

**CLERK:** An Act To Amend The Automobile Insurance Act.

**CHAIR:** Shall the title carry?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against, 'nay.'

Carried.

On motion, title carried.

**CHAIR:** Shall I report the bill without amendment?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against, 'nay.'

Carried.

Motion, that the Committee report having passed the bill without amendment, carried.

**CHAIR:** Okay, and we are double-billing here this evening.

Order, please!

We are now going to consider Bill 6, An Act To Amend The Insurance Companies Act.

A bill, "An Act To Amend The Insurance Companies Act." (Bill 6)

**CLERK:** Clause 1.

**CHAIR:** Shall clause 1 carry?

The Chair recognizes the hon. the Member for Fortune Bay - Cape La Hune.

**MS. PERRY:** Thank you, Madam Chair.

We seem to be doing these in the evenings a lot.

My first question – and the questions are fairly general in scope, Minister – is how would Risk Sharing Pools be developed, and can you elaborate for us a little on how they might actually work?

**CHAIR:** Thank you.

The Chair recognizes the hon. the Minister of Service NL.

**MS. GAMBIN-WALSH:** As I alluded to earlier, Madam Chair, the Risk Sharing Pools would actually be for the lesser risk of the whole for the individuals who are presently in Facility, and Facility themselves will determine how the actual structure of the pools.

**CHAIR:** Thank you.

The Chair recognizes the hon. Member for Fortune Bay - Cape La Hune.

**MS. PERRY:** Thank you, Madam Chair.

Thank you, Minister. When might we see the establishment of Risk Sharing Pools here? Do you have any kind of a timeline in place?

**CHAIR:** Thank you.

The Chair recognizes the hon. the Member for Cape St. Francis.

**MR. K. PARSONS:** Yes, thank you very much, Madam Chair.

Minister, I'm just wondering with the change in the brokers' rates from 6 per cent down to 3 per cent, what kind of consultations were done with brokers in the province?

**CHAIR:** Thank you.

The Chair recognizes the hon. the Minister of Service NL.

**MS. GAMBIN-WALSH:** Madam Chair, the brokers did attend the meetings and they attended a recent meeting where we had the insurance companies, the legal community, the Consumer Advocate and the brokers were in the room at the same time.

As I indicated already, this 6 per cent to 3 per cent is a commission rate change, and the cost of insurance went up, so therefore the cost to the taxis went up, and we're just sort of writing the fact that the decrease to 3 per cent will just be more in line with the fact that this is a processing and a handling fee of a policy, and the reason why the cost has gone up, as I indicated before, is because the premiums for insurance have gone up.

**CHAIR:** Thank you.

The Chair recognizes the hon. the Member for Fortune Bay - Cape La Hune.

**MS. PERRY:** Thank you, Madam Chair.

Are there any other measures being considered to address the crisis in the taxi industry, other

than those that we have discussed here today, and as well, I'm going to go back to a previous question: When can we expect to see the establishment of Risk Sharing Pools here?

**CHAIR:** Thank you.

The Chair recognizes the hon. the Minister of Service NL.

**MS. GAMBIN-WALSH:** As I indicated, the Risk Sharing Pools themselves will be determined by the insurance industry, and that will be a way to help ensure that the taxi industry drivers who don't have any accidents will be the lesser of the ones within Facility, and it will help differentiate between the bad drivers and the good drivers, so that the good drivers are not being penalized.

So this is a process that we're establishing here today in the House of Assembly, putting it forward, and the insurance companies will then work with us, or we will work with the taxi industry to make that a reality.

**CHAIR:** Thank you.

The Chair recognizes the hon. the Member for Cape St. Francis.

**MR. K. PARSONS:** Yes, thank you very much, Madam Chair.

Minister, as you stated earlier you have great consultation with the taxi industry, you named them all, and I understand and I know it by speaking to them that you did have several meetings, so you know that a lot of the taxis' concerns were about alternatives. I know they spoke to me about it and I know they've also spoke to you about alternatives other than Facility.

So, is there anything in this bill or anything that will allow a taxi company or a taxi broker to go elsewhere, other than Facility, to be able to get an insurer?

**CHAIR:** Thank you.

The Chair recognizes the hon. the Minister of Service NL.

**MS. GAMBIN-WALSH:** Madam Chair, yes, I do understand that was a major concern of the taxi industry, but, in actual fact, Facility is the insurer of last resort and the 5 per cent that are presently not within Facility are insured in the private market, so the option is the private market.

As the Minister of JPS alluded to, and we alluded to this morning, the whole process here is the *Highway Traffic Act*, the enforcement, Transportation and Works, the taxi industry and drivers as a whole here in Newfoundland and Labrador. We need to become better drivers and by becoming better drivers we remove ourselves out of Facility.

There's no process as such to remove yourself out of Facility, only to become a better driver, have decreased tickets, decreased accidents, and 5 per cent presently are of the 100 per cent.

**CHAIR:** Thank you.

The Chair recognizes the hon. the Member for Cape St. Francis.

**MR. K. PARSONS:** Thank you very much, Minister.

That's very interesting. I wanted to check into this a little bit more so what I did, I contacted a broker and the question that I asked the broker was: Once I tell you that I'm in the taxi industry, do I automatically get put into Facility? I was told yes.

What you're telling me here today is that if I'm a taxicab driver – maybe there are other regulations that I don't know about, maybe I should ask something different – I'm not necessarily put into Facility. Because when I did contact a broker, the broker told me that as soon as I tell that I'm a taxicab driver, I'm automatically put into it. So, I just wanted clarification on it if you can, please.

**CHAIR:** The Chair recognizes the hon. the Government House Leader.

**MR. A. PARSONS:** Yes, I think that the Minister of Service NL could better handle it. It's not my understanding that it's automatically into Facility, but I will say that the fleet rating

that's set out in the other bill is a path out of Facility for the portion that is in there.

So, through the establishment of these pieces of legislation, we're going to see one of those issues that you've heard from companies, and so have I, we're going to see them, hopefully, establish a path to move out of Facility, which is, as the minister said, the last resort.

**CHAIR:** Thank you.

The Chair recognizes the hon. the Member for Cape St. Francis.

**MR. K. PARSONS:** I'm glad you mentioned that, Minister, because that was the last question that I had about the fleet because I know that speaking to the industry, that's one of the questions that they asked me also about the fleet rating.

Can you explain, is there any regulations in place that they have to abide to be able to be put in this category to be able to be in a certain fleet so they wouldn't have to go into Facility?

**CHAIR:** Thank you.

The Chair recognizes the hon. the Minister of Service NL.

**MS. GAMBIN-WALSH:** Better driving records for one.

So we do have a classification of drivers presently. The taxi industry has indicated to us that there are drivers out there that don't have any accidents and yet they still have higher insurance. So, by the taxi industry fleet rating this group, it will enable them to decrease their insurance rates.

**CHAIR:** Thank you.

Seeing no further speakers, shall the motion carry?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against, 'nay.'

Carried.

On motion, clause 1 carried.

**CLERK:** Clause 2.

**CHAIR:** Shall clause 2 carry?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against, 'nay.'

Carried.

On motion, clause 2 carried.

**CLERK:** Be it enacted by the Lieutenant-Governor and House of Assembly in Legislative Session convened, as follows.

**CHAIR:** Shall the enacting clause carry?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against, 'nay.'

Carried.

On motion, enacting clause carried.

**CLERK:** An Act To Amend The Insurance Companies Act.

**CHAIR:** Shall the title carry?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against, 'nay.'

Carried.

On motion, title carried.

**CHAIR:** Shall I report the bill without amendment?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against, 'nay.'

Carried.

Motion, that the Committee report having passed the bill without amendment, carried.

**CHAIR:** The hon. the Government House Leader.

**MR. A. PARSONS:** Yes, I move, Madam Chair, that the Committee rise and report Bills 3 and 6.

**CHAIR:** The motion is that the Committee rise and report Bills 3 and 6.

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**CHAIR:** All those against, 'nay.'

Carried.

On motion, that the Committee rise, report progress and ask leave to sit again, the Speaker returned to the Chair.

**MR. SPEAKER (Trimper):** The hon. the Member for Harbour Grace - Port de Grave and Chair of the Committee of the Whole.

**MS. P. PARSONS:** Thank you, Mr. Speaker.

The Committee of the Whole have considered the matters to them referred and have directed me to report Bills 3 and 6 without amendment.

**MR. SPEAKER:** The Chair of the Committee of the Whole reports that the Committee have considered the matters to them referred and have directed her to report Bills 3 and 6 without amendment.

When shall the report be received? Now?

**MR. A. PARSONS:** Now.

**MR. SPEAKER:** When shall the Bills be read a third time?

**MR. A. PARSONS:** Tomorrow.

**MR. SPEAKER:** Tomorrow.

On motion, report received and adopted. Bills ordered read a third time on tomorrow.

**MR. SPEAKER:** The hon. the Government House Leader.

**MR. A. PARSONS:** Yes, Mr. Speaker, given the hour of the day, I would move, seconded by the Minister Responsible for the Status of Women, that the House do now adjourn.

**MR. SPEAKER:** It has been moved and seconded that this House do now adjourn.

Is it the pleasure of the House to adopt the motion?

All those in favour, 'aye.'

**SOME HON. MEMBERS:** Aye.

**MR. SPEAKER:** Motion carried.

This House stands adjourned until tomorrow at 2 o'clock.

On motion, the House at its rising adjourned until tomorrow, Tuesday, at 2 p.m.