Nova Scotians were rudely awakened as avarice reared its ugly head in the insurance "industry" in 2003. The only industriousness those who purvey insurance can legitimately lay claim to is a lust for profit in a confidence game that would be called criminal if it were not for the complicity of a government that has abdicated its responsibility to protect those people who elected it from the use and abuse of an industry gone mad on money.

Having been in the insurance business for many years, this writer felt that it was time to give the helpless and hoodwinked a few coping strategies that might enable those sorely abused consumers of insurance (virtually everybody) to, "beat the bastards at their own game".

In Nova Scotia, at least, that means arming the reader with knowledge that their provincial government either doesn't have or, more likely, is not prepared to share.
Certainly, the insurance industry doesn't want to give any "suckers" an even break.

From the beginning, let's clarify that what we'll be dealing with is personal automobile insurance coverages and some of the underwriting criteria that is used in the industry. Personally, I believe the term "industry" is a misnomer because the people in the insurance business create nothing ~ other than a helluva lot of money for themselves.

DO NOT EVER CONFUSE this form of insurance, which is usually referred to under the all encompassing term of " general insurance " with life insurance. For the most part, these are two different entities that operate under different sets of rules and arrive at their premium calculations in a totally different manner from each other. There was a time when life insurance companies and general insurance companies were totally different corporate structures but, over the past few years, this has been changing as life insurance companies have been bought out by general insurance companies and vice versa.

Another "industry" that is sanctioned by governments here in Nova Scotia and in many other jurisdictions are gambling casinos. Any individual who enters one of these establishments better say their "goodbyes" to their money before they enter because the odds are with the "house" ~ that's how any casino makes its money.Casino operators know almost to the penny what their profits should be at any given time. Any amount less than their calculations rings alarm bells. In fact, casinos will do everything in their power to keep cheats out of their " gold mines". There are those "legitimate" gamblers who will count cards or train themselves in other skills that allow them to win more often than the average person who doesn't have the mathematical abilities to re-calculate odds so they are in their favour. When casinos discover these people, they are summarily escorted out and told to never return. Casinos don't want people on their premises who have the same **knowledge** they themselves have. They want to make sure they are the winners most of the time. The people with the knowledge to win are blacklisted and their pictures and descriptions are sent to every other casino so they can keep them out.

Government is more than happy to get their cut from the enormous profits these casinos generate from a gullible public that has been brainwashed into thinking they are going to get "something for nothing". It is indeed strange that a few short years ago, gambling casinos and lotteries were considered illegal and the exclusive domain of "organized crime ". Isn't it amazing how governments will come on side when they are bought off by being given some of the profits?

Insurance companies are, in many ways, a metaphor to the gambling casinos. They don't want people who use their services to know too much about their business, either. Insurers exist to make profits, taking in as much money as the traffic will bear while paying out as little as possible. **Greed IS good !!!** Governments, who get their cut, are reluctant to exercise much control over the insurance industry on behalf the people who elected them. How can the poor (literally and figuratively) consumer have a chance when they are not protected from an insurance industry that is driven to extract more than a respectable profit from a consumer who is compelled by government to show proof of "financial responsibility" in order to drive their vehicles on public roads and highways ~ and that industry, through lies, deceit, and manipulation of that very same government is allowed, without impunity, to charge outrageous premiums for modified policies that allow their industry to show obscene profits for themselves at the end of the day. All of this with the tacit approval and complicity of the government you elected to protect you from such gouging.

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I think that in order for you to get a clear perspective on how the general insurance business works in Nova Scotia and, for that matter, most other provinces, you should know the various levels of the business, who each level is responsible to and how they are supposed to be regulated. I guess the easiest place to start would be with an illustration of how you would go about getting into the general insurance business (if it were possible today) as an agent or broker or possibly, both.

So, you want to become a general insurance agent and "print money" for yourself.

First of all, if you wanted to get into the general insurance business as an agent or a broker nowadays, it's almost an impossibility. It's a closed shop tightly controlled by existing brokers in the business and, certainly, the insurance companies themselves.

How is that so ? Here's what you have to go through in order to be licenced as an insurance agent

or broker in Nova Scotia. You first must contact the Superintendent of Insurance for the Province of Nova Scotia who must issue your licence (s) which you must qualify for by passing an exam set by the Superintendent's office. The exam is based on material, as prescribed by the Insurance Institute of Canada in a book you are required to study as preparation for the exam.
You must obtain the book, at a cost, from the Insurance Broker's Association of Nova Scotia.
I should point out here, that unless you have a definite job offer or lots of money to set up your own brokerage, you should quit while you're ahead.
To write the exam it will cost you $50 for your first sitting for the exam and $25 for any subsequent tries if you don't pass. And, this doesn't mean you will be permitted to continue to write until you pass. If you don't make it by the third try, you will have to wait several months before applying again.
Let's assume you pass the exam. You should be ready to open shop, right ?
NO !!! If you cannot get one of the insuring companies who do business in Nova Scotia to "sponsor" your licence, the Superintendent's office will not issue your licence. Nor will they issue a licence if the committee within the Insurance Broker's Association of Nova Scotia decides they don't want to approve you - based on the criteria they set. Perhaps, another new agent or, especially, a broker might be saturating the existing marketplace in the eyes of those who sit on the committee?
The other important thing is that an insurer will not **sponsor** your licence if you don't have a "market" with their company or, the agency you're working out of doesn't have a market with them. Without the sponsorship of one of the insurers licenced to do business in this province, you **will not** be issued a licence. Period.

If you're bent on being a broker, you must have a " market" with one or more insurers before they will sponsor the agency licence. Most insurers at this time are not interested in "opening accounts" with any new brokers. But if they did, that brokerage would have to sign an agreement to provide that insurer with anywhere from a minium of 250,000 to 500,000 or more in annual premiums before they would even consider opening a new account. Further, the insurer would expect you to have a ratio of 60% property (personal homeowner's policies) to 40% auto.
That ratio is hard to maintain because an agency will usually get more inquiries from a public looking for a "good deal" on car insurance than they will on homeowner's policies. AND, the Superintendent's office (who supposedly make the rules) frown on "tied selling" practices by any agency or agent.
The rule is there but seldom enforced, unless there was a need to find a reason to get someone out of the business. Tied selling means that the agency will say to the consumer who is happy to move his auto policy to their agency that they "would like to have your homeowner's policy as well".
Many times, the agency is pressured by underwriters of the new auto policy that they "will not write this unless we have the homeowner's policy, too".
So much for freedom of choice by the consumer who may already have a less costly homeowner's policy with another company or perhaps, better coverages.
It doesn't matter ! If you want a better deal on your auto policy with this agency, you do what the

insurer wants or they won’t write the new, cheaper auto policy for you.
This is a good spot to make the point that this province’s Superintendent of Insurance is usually, if not always, a political appointee who doesn’t do much more than collect licencing fees from agents and brokers. Once in a long while the Superintendent might cancel someone’s licence if they pull something grossly illegal. The Superintendent is basically a useless, toothless position that, once again, is not really there as a consumer advocate.

For that matter, that auto policy rate could change by renewal time next year and you could be out in the cold again for a decent rate/policy to cover your auto and/or your home.
It’s OK if the agency you’re dealing with is large enough to support a few “markets” but, if your insurance broker is small, the odds are he won’t be able to offer you a lot of choice because, don’t forget, he must provide each “market” that he has an account with that premium volume of 500,000 or more if he is to retain that his market with each insurer.
If the brokerage has only two or three markets (if it’s lucky) they are in a tenuous position because one good auto accident claim where there is a large liability claim due to property damage or loss of life with one of their insurers can push them over the top in regards to their “loss ratio” .
Loss ratio can best be explained in simple terms as a situation that exists when the amounts paid out in claims exceeds the total annual volume of premium dollars that the brokerage has directed to a particular market. Usually, the insurer will attempt to “work with” the broker in “managing” their loss ratios ~ all the time threatening cancellation of the “market” agreement.
Usually what happens with this kind of pressure is that the broker will be forced to work like hell to direct more business to that insurer who has just paid the big claim and/or more effort to “manage” claims will be made by the broker. “Manage” is a euphemism insurance companies like to use to their brokers who are in trouble when they want them to discourage you from making a claim on your policy. The other way to manage any potential claims down the road is to encourage consumers to go with high or higher deductibles on the collision and comprehensive coverages on your auto policy. This is accomplished in a subtle manner by convincing the insured, that’s you, that you’re saving money by lowering your premiums for higher deducts.
You’re also eliminating the possibility of the insurer paying for any more than “catastrophic” losses because your collision claim totals 500.00 and you have a 1,000.00 deductible.

Insurance companies are in business to make as much money as they can possibly squeeze out of you ~ and paying as little in claims as they can possibly coerce your broker or insurance agent into manipulating you out of. Insurers are not in business to pay claims ~ and the inside jokers will tell you that.

The insurance broker is only too happy to do what is required by their “markets”. If a broker can keep a good loss ratio, it can be very profitable . If the broker can achieve a situation where he/she has kept his number of claims down and fulfilled that obligation to maintain the 500,000 or more premium dollars required, he/she is in a position to make big bucks as a bonus as a result of the insurer’s good fortune. One owner of a general insurance brokerage was once heard proclaiming that the business is " a licence to print money ". A broker who is not co-operative is risking cancellation by those insurers he has his "markets" with. Remember, the brokerage is "out of business" without markets.

Money ~ yours ~ is the name of the game. Auto insurance premiums in Nova Scotia have been "going through the roof ". The insurance "industry" would have you believe otherwise but, basically, the reason is **greed** . In each province, and Nova Scotia is no exception, there is an office of the Insurance Board of Canada (herein, referred to as **IBC**). Consumers have varying perceptions of what this organization is and what it does.
The fact is the **IBC's** sole reason for being is to run interference for the insuring companies who are making a fortune from every poor consumer who owns a car, home, cottage ~ whatever ~ that requires liability or physical damage insurance coverage . The **IBC** is **not** a consumer watchdog or a Better Business Bureau. It exists to quiet disgruntled consumers with mis-information as much as possible and half truths that will make consumers of general insurance pliant and compliant when insurers decide that ***they want to make greater profits*** by attenuating coverages provided or increasing premiums to levels bordering on the obscene ~ without any protestations from the public or governments .

The insurance industry is quite secretive and reluctant to release actual figures and facts surrounding how they set premiums or "underwrite" risks. They will cite their data as proprietary and releasing it might jeopardize the business of a particular insurer or compromise the "insurance industry" as a whole. Be assured, the insurance business is **very lucrative**. For example, Allstate Insurance in the United States and Canada, is owned by Sears. Revenue from Allstate Insurance is greater than all of Sears' retail sales put together.

There is much the insurance industry doesn't want you to know and they get away with this stance because governments that are supposed to protect your interests as a consumer and taxpayer, simply don't ~ for a number of reasons.
The insurance industry pays big dollars for lobbyists to make sure legislation is enacted by governments that make their "bottom line" more profitable and exclusive to themselves.

No one would dispute that drinking and driving is morally reprehensible and socially unacceptable. Governments, at the urging of insurers have increased fines and penalties in an effort to eradicate drunk drivers. This condition has not been totally eradicated but drinking drivers and the resultant property damage and deaths have been cut down considerably.
This should have resulted in some stability in auto insurance rates, if not a decrease.

Instead, auto insurance rates have increased. How come?
Another large component that has to have contributed to increasing profits for the insurers is the graduated licence program that places a number of restriction on new and "underage" drivers. An

underage driver is anyone under the magic age of 25. This is an arbitrary number the insurance industry has picked as the point at which one suddenly becomes a favourable risk in its eyes.
The "industry" will argue that their statistical data indicates that drivers under the age of 25 have more accidents and therefore, more premium dollars are required to insure risks in this age group. That said, the industry is usually reluctant to release definitive numbers to support their claims or what methodology was used to collect this data.

Contrary to what the insurance industry would have us all believe, then, underwriting losses are not the major contributing factors to the rates we pay for auto insurance.

It's a well known fact among corporate and upper management levels within insurance companies that when the stock market is in decline, insurance companies will raise their rates because their revenues decrease from investments.

For the laymen to understand why this is so, it helps to know where insurance companies derive their income.

First of all, laymen must realize we are not referring to the source of income for your insurance broker or the agent from whom you buy your auto policy. Later on, we'll tell you where and how these people make their income.

Let's follow the dollars you pay for your car insurance.

You have just paid your insurance agent/broker 1,000 for your auto insurance policy for one year. The insurance broker gets a total of 12% of that 1,000 as a commission. By the way, 12 % is pretty much the standard commission paid by insurers to the brokerage on standard auto policies. Facility Association commissions are usually lower and on a sliding scale, with the insurer getting the lion's share.
That's a total of 120.00.
The remainder, $880, is expected to be remitted to the insurer within thirty days. It used to be that the agency could pick up a few extra dollars in interest by placing that $880 in a "trust" account until it had to be paid. When you consider that some brokers are running accounts that might total 100,000 dollars or more, this interest can add up over a thirty day period.

Many insurers have shortened that thirty days to twenty days before the broker must pay their account so that now, the **insurer** will have the money for a longer period to earn bank interest. The problem now, based on today's economy, is that interest rates have dropped to all time lows so that neither the broker nor the insurer are making as much money as they have in the past ~ for simply parking it in a bank account for a period of time.
The insurer (insurance company) still only requires their cut of $880. There is a federal

Superintendent of Insurance in Ottawa who oversees the insurance industry's business dealings throughout the nation. The federal law dictates that the $880 does not belong to the insurer and the insurer cannot use that money to pay rent, salaries to employees or what have you.
That $880 must now go into a "trust" account with all of the other premiums the insurer collects when it agrees to provide coverage for any losses you may incur as one of its policyholders.
The federal government also dictates that the insurer must have amounts of cash available in that bank account equal to the total amount of policies outstanding and the potential claims they represent.

Even though the $880 does not belong to the insurance company, it can lay claim, without restriction, to all of the interest earned while the money is in the reserve account.
Even with the lowly interest rates available in today's stagnant and declining economy, insurers can still pick up big bucks when you consider these reserve accounts can have balances in the millions and billions of dollars. AND that interest is compounding. For anyone that doesn't comprehend the mechanics of compound interest, it means the insurer (insurance company) can lay claim to the interest ~ as well as ***the interest on the interest as it accrues.***

Insurance companies can take the dollars they make in interest and re-invest them anywhere they believe they can get their highest yields.
Presumably, these insurers have hired the best money managers that have ever graduated from some of the best universities in the world. These people are paid to make more money, through calculated investments, for their employers.

In parallel with this, insurance companies are keeping claims at a minimum through their pro-active and pre-emptive programs geared to increasing profits by decreasing liabilities.

The issue for the insurance industry is not whether they are making profit or not, because it's a "given" that they are ~ or, considering their business acumen and expertise, they wouldn't continue to be in the business.
The profitability has always been there. Industry mouthpieces will tell you differently if there is pressure or, may even threaten to pull out of a market. BUT, they won't carry out on the threat, **because the money is too good !**

The obscene profits that insurance companies took when the stock market was more robust, are not there these days. Insurance companies have decided, with the complicity of "our" government, that they are going to maintain the level of profits they had in the past by gouging those consumers who have no choice but to pay whatever ransom they demand to insure cars, homes and businesses.

Why hasn't the Nova Scotia government done more to protect consumers in this province?

Because the **Insurance Broker's Association** is a powerful lobby group, both provincially and nationally. Its members are voters as well as big contributors to party coffers so, obviously government has a vested and conflicted interest here.

How strong a lobby ? Years ago, when it looked like banks would be selling house and car insurance, the Broker's Association fought and won to keep the banks out of the insurance business in Nova Scotia.
Besides, politicians in Nova Scotia know how far they can push their constituents ~ they've been doing it for years and getting away with it

COMPETITION ?

The result today is that the insurance consumer in Nova Scotia is the victim of limited options because there is no competition.

The Nova Scotia government will tell you that there are safeguards in place to protect the consumer from being gouged by the insurance industry. Not so.

The Nova Scotia Utilities Review Board exists to appease consumers and lull them into thinking their interests are represented and protected. The Board's members are drawn from political friends of the party that is the government of the day. Seldom does this board deny whatever increases insurers want. There is a dance that takes place whereby the companies simply apply for a higher rate increase than they really want. And insurers know they'll get them ~ because that's the way it has always worked..

When insurance rates became an issue just before the last provincial election, John Hamm was desperate to put this issue away as quickly as possible. It was not *his* issue. In fact, the New Democratic Party, which had formed governments in other provinces had made a name for itself by putting alternate and public facilities in place to insure their consumers' vehicles that were, in most cases, lower cost. The insurance industry contributed heavily to make sure Hamm's Progressive Conservatives were re-elected. The PCs had a record of being pro-business but were now put in the position of being between the proverbial "rock and a hard place" to resolve this hot potato that had almost toppled the Lord government (fellow PCs) in New Brunswick, next door. Time was running out for Hamm to "do something" as the election date came closer.
What did Hamm do?

Hamm's PCs gave one of their friends and party faithful, George Jordan, who had recently retired from his broadcasting job at the CBC, a 60,000 salary and an additional quarter of a million dollars in expenses to go out and glibly dissuade consumers in Nova Scotia from demanding more of their government by providing mis-information and dis-information that would take the heat off his friends who had already accepted re-election donations from the insurance industry it was supposedly investigating. Even though Jordan admitted he didn't know "that" much more than the average consumer about the subject of insurance. Three hundred and sixty thousand ***taxpayer dollars*** wasted. For what ?

When Hamm and company barely got in with a minority, they were still on the hot seat to get the insurance thing settled. Suddenly, they were also under the gun to come clean about their "*balanced budget"* they had trumpeted loudly about prior to the election.
The credibility of Hamm's government was hanging out all over the place and it was being pushed by the opposition parties to come up with their "*plan*" which they and George Jordan had claimed would alleviate the problems Nova Scotians were having with exorbitant auto insurance premiums.

Ron Russell, "the Minister in charge of Insurance " insulted your intelligence by claiming he had orchestrated a 20% roll back on auto premiums by agreeing to caps on the amounts those injured in motor vehicle accidents could expect to claim.
Russell's final solution? If you have "soft tissue" injuries (Russell's genius includes *coma* in this category) you will not be able to claim any more than 2,500 in total.

Your rights were given away to the insurance industry by Ron Russell and John Hamm to enable them to appear to have taken care of a problem they weren't even equipped to assess ~ let alone properly evaluate.
Where did Ron Russell get his insurance expertise overnight ~ not to mention his medical degree that allowed him to make diagnoses of physical injuries from afar ? The answer is obvious to any thinking person. He didn't ~ and should never have been entrusted to resolve this problem ~ and certainly not with the simplistic method he used.

And, an apparently apathetic public, now inured to the subject of auto insurance rates, has been too willing to accept the Hamm government's half hearted efforts to come up with a solution. The provincial Liberals fell in behind the PCs and did virtually nothing to oppose this on behalf of consumers ~ they were more interested in making sure the New Democrats were kept out of pushing for public auto insurance that has become popular in other provinces where they have been in power. In this instance, party politics took precedence over Nova Scotians getting a fair shake, once again.
A lousy, twenty percent reduction in premiums is /was a farce and should never have been tolerated by consumers who, basically, have allowed government (***the blind(?) leading the blindfolded)*** to give away their rights.

Your rights to complete coverage taken away so that insurers could increase their profits by selling policies with reduced coverages that limit **their** liabilities.

Has the problem gone away or been solved by this government ?
Absolutely not !!!

In fact, Ron Russell, acting on behalf of his *leader*, John Hamm, has **exacerbated** the problem with his actions.

Insurance companies now have the tacit approval, given away by your government, to continue to load you down with exorbitant auto insurance premiums and amended coverages, that will leave you in the lurch the day you have a legitimate claim and injuries that insurers can walk away from with impunity.

The government of this province decided to let you down and leave you dangling in other ways as well. They have taken the easy way out by letting insurance companies arbitrarily determine and dictate that they will not offer insurance coverage on vehicles that are ten years old or older. This is not physical damage (collision, comprehensive) they are denying - this is liability coverage which has more to do with driver's abilities and safety record. There is no good underwriting argument insurers can manufacture that will justify this latest attitude insurers are pushing.

If the Nova Scotia government is prepared to allow this practice to continue, doesn't this denigrate and diminish this province's annual Motor Vehicle Inspection ?
Presumably, if a vehicle is approved as mechanically safe to be on the road by inspectors who are sanctioned by the Department of Motor Vehicles of Nova Scotia then, it should follow that the vehicle is worthy of being insured. Period.
Why isn't the government of this province protecting the interests of its people who drive older vehicles by putting its foot down on insurers who are, again, simply exercising their need for greed?

Could it be that the **real reason** insurers don't want vehicles over ten years or more is because, in most instances, these vehicles would carry liability coverage only ~ rather than the more complete, and expensive, package that would include collision and comprehensive coverages that can add big bucks to the final bill paid by the consumer.
That's not to say that cars over ten years old are totally uninsurable. Oh, no! The insurance industry would never allow itself to be caught this easily as being inflexible.
Older cars will be insured as *special interest, antique, or otherwise restored vehicles.* These cars are insurable as long as they are not driven on a daily basis for whatever purpose and certainly not much more than, perhaps, two to three thousand kilometres annually.

Insurers will offer collision and comprehensive coverages as well if the owner will have the vehicle appraised for value by a licenced appraiser who charges a fee for his service.

In addition, insurers know that most people running "daily drivers" that are over ten years old are usually seniors or the poor. The latest kick insurers have been on is to eliminate older drivers if possible as risks. The insurance industry has been making overtures to the motor vehicle departments of all provinces to have seniors re-tested periodically and/or to have their family physicians report them if their health deteriorates to a point that would preclude them from driving.

Yes, there have been instances when seniors have become confused and caused accidents. Their reflexes slow as they age, as does sight and hearing diminish. But not in every instance and, certainly, seniors, as a group, are no more likely to have accidents than other drivers on the road. If anything, seniors driving older cars, are a lesser threat because they won't drive at night or during winter months. Some seniors have been known not to drive in rain or in situations where they aren't comfortable and in control.

The insurance industry, never the less, has decided that everyone is guilty without examining each situation on its own merits. It's easier that way. The "industry" supports its stand with its own statistical information that it says it has collected . However, insurers are not prepared to definitively share their numbers or how they interpret them.

Insurers are a secretive lot, much like the Hamm government that has developed a reputation for the way it conducts the province's business. Birds of a feather.

Seniors and owners of cars older than ten years should be putting as much pressure to bear on this or any government that allows the insurance industry to run roughshod over them to satisfy its greed at their expense. Politicians, and the parties they represent, have shown time and again they will do whatever it takes to either get elected and/or make their time in office a positive experience for themselves.

You must be prepared to do whatever it takes to ensure **your interests** come first.

WHAT CAN YOU DO TO PROTECT YOURSELF ?

Don't let the insurance industry or government manipulate you into accepting whatever they want to throw at you.

You might begin by demanding that your government determine why auto insurance premiums are not **competitive**. In other jurisdictions, "price fixing" is a criminal offence.

Apparently not in Nova Scotia.

This writer noticed that almost without exception, auto insurance rates in Nova Scotia really didn't vary from company to company.

How does the insurance industry explain that if one does "rate book drill" and attempts to compare prices from various insurers that generally they will notice that the pie, although the pieces may differ in size slightly from company to company, the total amount of pie will always be the same within a couple of dollars. There is virtually NO competition between company A, B, C or whoever when you compare on an "apples to apples" basis. And it has always been thus.
If you compare three companies then, company A might be a few dollars less for liability coverage than company B, whose rate for collision coverage would be higher for the same coverage and deductible while company C might be pretty much the same as the first two and only a couple of dollars less on the comprehensive coverage.
Invariably, the final price for equal coverages with equal deductibles always came out to be closely the same. Seldom was there any way for the consumer to get a break.

The industry will attempt to bamboozle with all sorts of convoluted explanations (*lies*) but the hard facts are based on something the industry calls "anti-selection" . The interpretation of this is if an insurer were to have lower rates than any of its "competitors" then more people would gravitate to that company with the lower rates and, consequently, their percentage of claims would increase ~ and insurance companies do not exist to pay claims.
Can it be that the reason there is very little differential in premiums is that all insurers have the same costs and therefore need identical premiums ?
Only stupid and naive people would believe that ~ or governments.

This might be a good time to mention that there are a couple of insurers who are not part of the pack and there might be an outside chance that you might get a better premium rate than you have now or were quoted by most of the other agencies in the province.

Allstate and the Co-Operators are non-board companies. They do make their own rules and set their own rates. But both are still required to do business within rules of the provincial and federal regulators who govern the other insurance companies licenced to do business in Nova Scotia.

There was a time when agents who were quoting board insurance company rates would knock Allstate because it would drop you for any loss ~ even if you were just there and not at fault for an accident. Allstate, part of the Sears conglomeration, makes more money than all of Sears' retail operations combined. Back in the old days, Allstate was hated by insurers for having lower rates that siphoned off business and allowed customers to finance their premiums with their Sears

charge card. Then, when their profits started to slip, they became very aggressive and dropped policyholders for the slightest loss. If you were rear-ended by another car (usually an automatic out for the car behind) Allstate would drop you. This was great news to give anyone who was comparison shopping when you wanted to convince them your company was better.
Not anymore.

Now, others are doing the same things, and more, ~ and getting away with it.

The rule is, "there are no rules", apparently, to protect the law abiding consumer who is the unwilling participant in an accidental loss in which they could not avoid being involved.

DRIVE WITHOUT INSURANCE ?

Nowadays, these fine, upstanding insurers will use any excuse, in many instances, to deny coverage through regular markets.
Again, the insurance "industry" shows its benevolent side by dumping as many people as possible into Facility because provincial laws in Nova Scotia say that no one can be refused coverage.
Those same laws state that driving is not a right but a "privilege" and all who drive must be able to show "proof of financial responsibility" when stopped by a police officer.
If you drive without insurance, you're "asking for it".
First of all , there is a horrendous fine you will pay to the Province of Nova Scotia. Your licence to operate a vehicle will be suspended ~ usually a year for a first offence, possibly more if you had an accident at the time you were caught.

After you have done your time walking, presumably, you must show proof of insurance in order to get your licence re-instated. AND, don't expect to get a policy today, get your licence and then cancel the insurance. The insurer will notify the Department of Motor Vehicles and you will be in deeper "doo doo" than before if you are caught driving without insurance. The insurance industry will keep a record of your attempt to defraud and hold it against you in the future.

Maybe you were without insurance because you couldn't afford it ? You had better to win the lottery because the insurance industry is going to kick you while you're down. You **cannot** just go and get insurance at standard rates !
No, you were **BAD** and must be punished further. The only rates you will be quoted are Facility rates which will give you nosebleeds if you are affected by heights.
Facility's regular rates are already many times more than standard but, now, because you didn't have insurance before, you will be required to a pay a 100% surcharge on top. You already paid your fine and did your time out but you will be further penalized by the insurance "industry" who, driven by greed and government complicity, kicks you while you're down ~ because they can.

The Facility Association is a nice little organization formed by insurers to "spread the risks" that all of the "bad guys" present. This is where the impaired drivers must go when they first get their

licences back after coming off suspension. And they have to stay here for at least four years or, until a standard insurer will accept them. Basic, bare bones coverage can cost the first time drinking driver four thousand dollars without batting an eye ~ if they're "lucky".
Needless to say, don't drink and drive. Or, have an awful lot of money ! You'll need it all.

Among others who must go into Facility as a matter of course, are people who drive taxis or work in the courier business. They simply do not qualify for standard coverage ~ something to consider if you were thinking of getting into either of these businesses. And, because of the "increased exposure" perceived by insurers, you will forever be in Facility. A very, very expensive way to try and make a living ~ even before you start.
Each broker is assigned their own Facility market. These facility providers are the same insurers who provide standard coverage ordinarily. The Facility Association sets the rates and makes the rules that are separate from what an insurer might follow for standard risks. The Facility Association, by the way, is composed of the same insurers who ordinarily are licenced to do business in Nova Scotia. No wonder insurance companies are quick to deny standard rates to otherwise good people who should not be in Facility.

Facility policies must be paid for "up front" and there are no exceptions made ~ or you don't get coverage. You can finance the premiums, but the finance rates are sky high as well. If your credit is good, go get a bank loan to finance your premium. Your broker would prefer that you go through their premium financing company because they will pay him a nice cut for signing you up ~ anywhere from a flat 100 to a percentage of the premium amount.
If you have to go on any monthly payment plan make sure there's always more than enough to cover bank charges etc, as well as your insurance payment.

If the money's not there and you cannot get a letter from your bank admitting it was their fault, you're "up the creek". You certainly won't be able to get a monthly payment plan anywhere else and the odds are that you won't be able to get standard rates. If you have to rely on Facility for coverage you'll pay through the nose. Legally, insurers cannot deny coverage. They comply with the poorly defined provincial law by insuring you through Facility where you are abused by default.

Needless to say, Facility is the "hard way" for anyone to have to go for your insurance coverage. For the "bad guys", tough. Do the deed, be prepared to pay the shot. Don't say we didn't warn you, though.

What is laughable is when one reads newspaper articles with quotes attributed to Don Forgeron, the local mouthpiece for the Insurance Bureau of Canada . Forgeron has the unmitigated gall to dismiss complaints that" good people" have been put into Facility that should not be there. No one in their right mind would "choose" to be in Facility as Forgeron, an ex-life insurance salesman, would have the public believe. The "normal" rates for coverage under Facility are **usury** at best, and no one would want them unless they were desperate and without alternatives. Again, Don Forgeron is well paid to tout the line pushed by an insurance "industry" that would have us all believe we are getting a fair shake.

HOW DO YOU FIGHT BACK ?

How to fight back effectively is the BIG question on everyone's mind. In order to drive, you must have insurance ~ your government has made it mandatory. But, that same government has done nothing to protect you from being gouged by private insurers who expect bigger and bigger premiums for decreased coverages.

So, your first priority should be to but pressure on the people you elect to secure equitable rates and reasonable coverages for you from insurers. If they can't or, won't do that, then every effort should be made to put a public insurance system in place that governments can control. More importantly, voters should be more selective as whom they cast their for.

MAKE YOUR INSURER PAY

As of April 1st, the Province of Nova Scotia will require that all drivers in the province must carry a minimum of 500,000 liability coverage.

Those of you who take the easy way out and only carry this minimum amount will be loved by their insurance companies. Why ? Because you will be "letting them off the hook" if you should have a claim that results in a higher amount than you carry.

Here's what happened to a lady in her 70's a few years ago when she attempted to make a left turn across the path of an on-coming motorcycle. She of course, hit the cycle and the driver was seriously injured ~ paralysed for life.

In a situation like this, your insurer would have preferred that you kill the driver of the vehicle because there is no one who can be wheeled into a court room in a wheelchair and have a sympathetic jury award a large settlement.

This is what happened to the lady who hit the motorcycle. She only carried 1,000,000 liability coverage which her insurer eventually had to pay to the paralysed victim. But, a jury awarded that victim a settlement of 5,000,000. The woman had to sell everything she owned to cover the balance of 4,000,000. She lost her life long home, her savings, and all of her personal possessions. AND SHE STILL OWES MORE ! This story was documented on CTV's W5 and exemplifies why you should shift the burden onto your insurer.

So, load up on liability coverage, it's relatively cheap (even at today's rates) and will safeguard the things you hold dear.

Talk to a lawyer and find out how you might be able to protect your home or other assets from being encumbered or seized if you should be in a similar situation. You must do this before you have a problem, you can't do it after the fact.

In spite of the bad reputation that seems to follow the legal profession, there are instances when you should utilize a lawyer to protect yourself.

One of the favourite dirty tricks insurers like to play is assigning or assuming liability in some motor vehicle accident situations as " 50/50" . They pull this out frequently when determining liability (who is at fault and who will pay) in accidents on traffic rotaries in particular.

A good rule of thumb for the consumer who can objectively say they didn't cause the accident is this : If you feel your insurance company, or that of the other driver is "jerking you around "do not hesitate to find a good lawyer who will take your case on a "**contingency basis** " and hire them.

Most lawyers will give you a free hearing and will tell you if you have a legitimate case or not and, they don't get paid unless they win for you. There are variations that can apply to different situations, so make sure you ask lots of questions.
"Jerking around "results when claims people don't return phone calls, don't answer your questions clearly and fully and/or give any indication that they give a damn about your injuries, loss of income or property.

Even though those in the Nova Scotia "government" gave away your rights and want to settle all injuries with a 2,500 dollar settlement, any lawyer worth his/her salt should be able to poke holes in this bad faith legislation. Settlement won't happen overnight,though. You can expect anywhere from two to four years before you might get redress. Don't give up or give in if you believe you are "in the right" and your lawyer has confirmed this to your satisfaction.

TAKE CHARGE OF YOUR SITUATION

As mentioned before, chances are that you won't find much, if any, differential in premium rates from one insurer to the next ~ because of collusion by insurers to fix rates and the complicity by government to continue to allow this practice.

If you do decide to "comparison shop" for auto coverage, make sure when you call an agency that you're getting the correct goods.

When you call, don't ask to "make a policy " as some do.

What you want is **an auto insurance <u>quote</u>.** The person preparing the quorte will ask you a number of questions relating to the use of the vehicle(s) and driving experience of the operator(s).

The best place to begin, before you start calling for quotes, is by doing this :
GO TO THE DEPARTMENT OF MOTOR VEHICLES OFFICES IN YOUR AREA (this is where you go for testing, registration renewal, etc.

When you get there, tell the clerk behind the counter you would like to have a copy of your DRIVER'S ABSTRACT . This will show you whether there are any accidents or violations on record with the department. This will cost you about ten dollars but can save you hundreds ~ or more ! Tell the clerk that the abstract is for insurance purposes.

The reason for this ? You may have had an accident with a vehicle that was registered to someone else. The accident will have been attributed to the owner of the vehicle and NOT to you. That person, more than likely, has paid many times over through increased premiums for their auto insurance coverage.

If that accident isn't showing on your driving record, forget about it !!!

DO NOT VOLUNTEER ANY INFORMATION THAT IS NOT SHOWING ON YOUR DRIVER'S ABSTRACT !!!

YOU WILL PREJUDICE YOUR CASE AND THE INSURANCE COMPANY WON'T DO YOU ANY FAVOURS FOR YOUR WILLINGNESS TO SHOOT YOURSELF IN THE FOOT.

IN FACT, IT CAN MEAN THE DIFFERENCE BETWEEN YOU HAVING A SIX OR MORE YEARS "ACCIDENT FREE" RECORD (RESULTING IN LOWER PREMIUMS) OR , POSSIBLY, SOME UNDERWRITER DECIDING THAT YOU QUALIFY FOR FACILITY COVERAGE ONLY ~ COMPANY UNDERWRITERS ARE GODS !
Ask them ~ they'll confirm that is so !

SO, UNLESS YOU HAVE ALL THE MONEY IN THE WORLD TO WASTE ON INCREASING AN INSURER'S PROFITS, **DON'T VOLUNTEER** ANY INFORMATION.
IF IT'S NOT ON YOUR RECORD, INSURERS HAVE NO OTHER WAY OF FINDING IT.

Even if you have a good driving record and have been with the same insurer for years, the insurer will, as a matter of course every few years, request an up to date driving record on you.
WHY ? Because there are those of you who will lie or attempt to hide things that would increase premiums or otherwise change their desirability as an insurable risk. The ten bucks per driving abstract is a cheap way to insure the insurer's profits.

A good case in point was a woman who was charged and convicted of impaired driving. She didn't notify her agent or broker that she had lost her licence for a year. When her auto policy renewal came out, she paid it ~ even though she did not use her car. She almost got away with this subterfuge until her insurer ordered a batch of driving abstracts and discovered her drunk driving charges. The insurer immediately cancelled the policy and put her into Facility which resulted in a much **LARGER** premium .

This is a good spot to tell you about another "dirty trick" the insurance industry uses to extract more money out of consumers.
The industry won't tell you about this until it's too late ~ so pay attention so you don't get burned.
You have owned a vehicle now for ten years or more and ***never had a claim***.
You're such a good risk that your insurer has given you a discount for being six years (or more with some companies) accident free. Things are going great for you and you decide you would like to take an extended vacation for the next year. So, you sell your car, cancel your insurance and take off to tour Australia. You come back a year later, get a new vehicle and go looking for insurance. All the years you previously drove accident free don't count now. As a matter of fact, the odds are pretty good that you are more likely to wind up in Facility with its exorbitant rates.

WHY?

Because you cannot prove you have a **<u>contiguous</u>** record of driving without any claims.
You can beat the insurance industry at its own game by making sure you are a "named driver" on an auto policy that might be covering your parents' or other relatives car.

If you’re over twenty five years of age, it won’t add any cost to the other party’s premium(minimum at best) and you simply tell their agent you would use their car for “pleasure”. Don’t attempt this though, if your relatives live in Newfoundland or some other province and you’re maintaining a mailing address in Halifax while you’re “in school”.

The alternative to do doing this is to play the game by insurance industry rules and be ripped off .

Here are some other things you can do that make the process of insurance a bit more palatable for you. Of course, the insurance “industry” won’t appreciate some of these hints because “ignorance is bliss” and profitable for those who make their money from all who drive.

When you go comparison shopping, know the terminology and make sure you’re being quoted apples for apples.
Ask the person giving the quote which insurer’s (their “market”) rates they are using. If they are reluctant to tell you, don’t buy your insurance from that broker or agent.

Some will trick by quoting six month rates which will sound cheaper on the phone ~ until you get there to sign the application. Same with coverages ~ make sure they are exactly the same with every company you sample and for the same amounts and deductibles. If you don’t, you could be quoted rates for a six month policy with higher deductibles than you were expecting.
It’s an old trick to get your business.

This is also a good point to tell you that when your auto policy is written for six months at a time, the insurer does not take its annual premium and divide by two. Oh, NO !
Your six month premium will be 52%, not 50%.
When the Nova Scotia government “rolled back” auto insurance rates by 20%, some insurers simply changed their policies, that had formerly been written for the year, to six months only. These insurers picked up the addition 4% on the annual premium but also made it easier for them to pick up quicker profits by not having to wait a year for them to increase their rates.

Anyone who thinks they have a one year auto policy should check the documents that came with your policy to determine when it expires. If the insurer changed you to a six month policy and didn’t inform you, start looking around for a new insurer ~ if not a new brokerage to buy from.

HOW MUCH COVERAGE AND WHAT TYPE

If you’re driving a new car that is financed and not paid for yet, you will be required by the lienholder (bank or credit company) to carry “full insurance” .
Most people know what these coverages are but, just in case you’re new to the game, here’s a quick glossary of terminology for you.

LIABILITY COVERAGE : Also referred to as “Public liability and Property damage” or, PL /PD as it’s more popularly known.

This is the basic coverage (in the amount of 500,000 as of April 1st in Nova Scotia) any registered owner of a motor vehicle must carry. You can own a vehicle, have it insured in your name but not be a licenced driver. The insurance would be rated for the "principal operator" of the vehicle and the rate paid would be determined by THAT driver's loss experience and number of years driving. This is the coverage that applies if you or your vehicle should damage someone's property or if you should injure or kill someone in an accident that you might be held liable for ~ THIS is the coverage that you should load up on as we discussed previously.

COLLISION : This covers physical damage to your car while you're driving it. If you hit an icy patch, lose control and skid into a tree or a pole, go ff the road and over a bank then this is the coverage that will fix your vehicle. Of course, there's a deductible that applies with collision coverage. The higher the deductible, the lower your premium will be. For example, if your total damage comes to 3,000.00 and your deductible is 1,000.00, your insurer will only pay 2,000. You must cover the amount of the deductible.
In most cases, you do not really save that much premium by increasing your deductible on collision. You do, however, lessen the amount the insurance company will have to pay if you damage your vehicle. If you go to a deductible that's high enough to really make a difference in the premium you pay, you will be contributing to the insurance industry's coffers in a big way because the odds are increased for them to not pay for your damages.

If your vehicle is paid for and you don't put that many kilometres on it per year, you might want to consider not carrying collision coverage. If your credit is good, you would be far better off getting a bank loan to fix your vehicle than having an insurance company pay for it and then charge you additional premiums for the next few years as a penalty.

COMPREHENSIVE coverage is better than just having "FIRE and THEFT" on your vehicle which is very specific to those particular losses . Comprehensive will cover if your windows are smashed out, tires slashed ~ as well as fire and theft of the vehicle. Again, this coverage usually contains a deductible and the premium is lower when the deductible is higher. But it ain't THAT much lower. If you have this type of claim, your insurance broker or agent will try to talk you out of making a claim. You run the risk of eventually being put in Facility if you go to the well more than once.

If the car is paid for, drop this coverage as well and pay for damage yourself because it will be cheaper in the long run than having an insurance company dollar you to death.

As we finish writing this we hear the radio news saying the Insurance Bureau of Canada has announced that the "barely surviving", "profit challenged" insuring companies doing business in Canada have managed to scrape out a mere 2.3 BILLION net profit for themselves.

All of this done at a time when their investment yields aren't as high as they would be in a more buoyant investment market.

YOU were lied to six months ago by the insurance industry who had the help of the gutless and useless John Hamm's provincial government who held your pockets open while

insurers picked them. For that matter, you should not forget when another election rolls around, that the LIBERALS did little more than pay lip service to protecting your interests.

As we've said before, we are apolitical and do not believe in the political party system of government because of actions like this by a government whose first consideration is itself as it plays the game of politics. It should be obvious to the people of Nova Scotia that the time has come to consider looking at options other than the Progressive Conservatives or Liberal parties to support and vote for as government.

Besides conspiring to pick your pockets once again and doing nothing to lessen the impact of a greedy insurance industry's exorbitant premiums, what else have they done for YOU lately ???