

## Getting together on cheaper auto insurance

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**CO-OPERATIVES** / *Instead of a Crown agency to handle automobile coverage in Ontario, maybe the best answer for the new NDP government is a non-profit corporation with elected directors*

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# Getting together on cheaper auto insurance

BY JACK QUARTER  
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**A**UTO insurance will be one of the first minefields for Ontario's NDP government to cross. It will also be a measure of whether the new government can cope with public dissatisfaction over politicians and people's desire to take part in decisions that affect their lives.

The former Liberal government created high expectations about stopping the upward spiral in auto insurance rates. Yet the agreement it struck with the insurance companies permitted rates to increase in Metro Toronto and restricted the rights of accident victims in claiming compensation for injuries. Except from the auto insurers themselves, the agreement got little support.

The NDP's announced policy of creating a government corporation for auto insurance follows a tradition by NDP provincial governments in Western Canada. The objective is to provide auto insurance at cost.

However, as Manitoba's experience has shown, a Crown corporation for auto insurance can create problems. Rate increases are treated by the public as if they were tax increases, and inefficient management reflects directly upon the government.

Moreover, support for Crown corporations seems to be dwindling. Privatization is about the only federal Conservative ini-

tiative that enjoys substantial public support.

As a way out of this dilemma, the government should consider creating a non-profit co-operative corporation. Its primary membership would be the people who are insured.

According to the democratic principle of one member, one vote, they would elect a board of directors to govern the corporation, just as the public elects its representatives to the legislature.

This would bring auto insurance under the control not of the government but of the people being insured. The distinction is more than semantic. An elected board would be responsible and accountable to the public. The board would have to communicate directly with the public and listen carefully to its desires. On the other hand, the public would have to become better informed about the merits of various insurance options and should have confidence in policies determined through an open, democratic process.

A co-operative corporation would operate independently of the government both in its financial arrangements and its policies. The provincial government would choose the general direction — that is, to provide insurance at cost. The specific path — the policies of the corporation and its financial arrangements — would be determined by its democratically-elected board.

Opting for a co-operative instead of a

Crown corporation would create less upheaval because Ontario's largest insurer, The Co-operators, is part of the co-operative movement. The Co-operators is not a consumer co-operative; it is controlled by 29 co-operative federations across Canada. However, The Co-operators' presence in Ontario might assist in developing the proposed consumer co-operative.

The NDP governments in Saskatchewan and Manitoba have permitted privately owned carriers to compete with government corporations for supplementary (as opposed to basic) forms of coverage. This could be done in Ontario; indeed, such competition in the market should provide a valuable impetus to the co-operative corporation.

**T**HE new Ontario government faces great expectations, stemming in part from the frustration of people who feel dispossessed of a voice in government. Social democratic parties in particular have been vulnerable to criticism of detaching themselves from the people by relying too much upon government control. To the average citizen, public ownership through Crown corporations represents control by government, not by the people.

But an auto insurance co-operative corporation based upon the principle of one member, one-vote, would demonstrate that Ontario's NDP government

intends to make a genuine effort to encourage direct public involvement in decision-making.

Ironically, the co-operative approach would take the NDP back to its roots in the CCF, appropriately named the Co-operative Commonwealth Federation. The NDP has never officially abandoned the co-operative tradition, but it has not taken it to heart, either.

Co-operative corporations have a substantial presence in the Canadian economy, however. Co-operative assets in 1988 totalled \$68-billion, in firms ranging from credit unions to Gay Lea dairy products. About 12 million Canadians belong to co-operatives, some of which such as the wheat pools of the Prairies or the food wholesaler Co-op Atlantic in the Maritimes, are among the country's major corporations.

An auto insurance co-operative corporation could achieve the goals of a Crown corporation without increasing state involvement. The more fundamental issue is not simply auto insurance, but whether the Ontario government will seek to provide maximum opportunity for people's participation in shaping the services that affect their lives.

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