



Current Articles 2004 - November

General Insurance OmbudService

Prior to the introduction of the General Insurance OmbudService (GIO), disputes were resolved by the Public Ombudsman appointed by the Financial Services Commission of Ontario. Bill C-8, An Act to establish the Financial Consumer Agency of Canada was passed by the federal government. All federally regulated P & C insurers are required to have a process in place for addressing customer disputes in matters of home, auto and business insurance. The GIO is the organization that deals with complaints that cannot be resolved by the insurer. Some provincially regulated insurers are also members.

Many times the insurer and your insured cannot come to an agreement with regard to the settlement of a claim. You, as the broker, are literally "caught in the middle". What better advice can you give to your client but to recommend the services of the GIO to resolve the matter?

Here is how it works: The first step is to contact the IBC to determine whether it can be resolved with a phone call to your client's insurance company. If it can't be resolved the IBC will put your client in contact with the insurer's liaison office. At the end of this process, the insurer will send to your client a final letter of position explaining how the insurer plans to resolve the complaint. If your client is not satisfied, he/she may ask GIO to arrange for mediation. It is important to remember that before your client contacts GIO your client must first have tried to resolve the problem with the insurer.

The GIO mediation process is commenced by contacting the GIO office and your client will be asked to sign a Mediation Registration. The GIO office will help your client select an independent mediator from a list provided by the ADR Institute of Canada Inc. After receiving all the documents the mediator will facilitate a 90 minute discussion between your client and a representative of the insurer. The mediator will act as a neutral third party to help your client resolve the differences in an informal and confidential manner. If this process does not resolve the differences, the mediator will prepare a report with recommendations that are NOT binding on either party. Of course if your client's situation is still not to his/her satisfaction your client would have the right to pursue the various legal options.

Your client will not be charged any costs for the GIO's efforts. If mediation is required, the insurer pays the cost of the mediator.

The General Insurance OmbudService commenced a little over 2 years ago. Up until the GIO year end of April 30, 2003 there have been 5,717 calls. These calls produced 43 cases of which 17 were settled at the company level; 23 referred to mediation, of which 13 were successful; 1, following mediation, continues to be addressed by the insurer; and 9 are pending. In addition 3 files were closed at the consumer's request.

As an interest to IBAH member's, the Chair of the General Insurance OmbudService is Lea Algar. Lea was a broker in Hamilton and President of IBAH in 1970. After teaching at Mohawk College

Lea become director of Market Conduct at the Insurance Commission. Lea left there and became Ontario's first Insurance Ombudsman. This position has been replaced by the GIO.

An informative brochure can be obtained from the General Insurance OmbudService (Ontario) at 1-800-387-2880

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