

Ontario Recovery Group (ORG) Inc.
Provincial Towing Association (Ontario) Inc.

65 Keith Road, Bracebridge, Ontario, P1L 0A1
Phone 705 645-0033 - 705 646-0536

Fax 705 645-0017

E-mail doug@ptao.org

August 8, 2012

Mr. Fred Gorbet
Chair, Steering Committee
Ontario Auto Insurance Anti-Fraud Task Force

Re: Regulation of the Towing Industry

I write in reference to your report and the recommendation to regulate the Towing Industry in Ontario and wish to make our position very clear. First we agree with the need for regulation and the creation of proper “Operational Standards” including an effective and enforced set of “Regulations”. We disagree with any form of government regulations municipal or otherwise.

Background

The towing industry in Ontario carries a very poor reputation due to the number of inexperienced persons of low morals whose only goal is to make a quick dollar at the expense of the public and insurance companies. It should also be noted however that there is also a large number of very professional operators that operate their businesses with honesty and integrity. These businesses operate with repeat business as their main objective and work hard at building a large and loyal clientele. It is also true that the professional operators get caught in the stigma of being part of an industry that carries a very poor reputation due to a “guilty by association” attitude by both the public and the insurance industry. The many professional operators in Ontario are convinced there is no future in this industry as it is today and it is urgent that things change immediately. The failure to establish proper standards and effective regulations is providing the motivation for many of these people to leave this industry forever.

Traffic Incident Management

In as much as the regulation of the Towing Industry has been the focus of resolving the issues facing the industry the fact remains that the start of the problems most consumers face is when they are involved in a collision. Not all owners are present when their vehicle is being hooked to a tow truck and those that are present are seldom in a clear state of mind. This is where the greatest majority of problems with the industry start. Traffic Incident Management must be moved up to a clearly organized state and only those that are qualified and licensed should be authorized to provide such services. The loss of such license shall be an incentive to ensure the proper handling of both the vehicle and consumer.



Ontario Recovery Group (ORG) Inc.
Provincial Towing Association (Ontario) Inc.

65 Keith Road, Bracebridge, Ontario, P1L 0A1
Phone 705 645-0033 - 705 646-0536

Fax 705 645-0017

E-mail doug@ptao.org

Current Regulatory Initiatives

Municipal Licensing: Currently the many municipalities surrounding the GTA have a Tow Truck Licensing bylaw which forces the tow operators to purchase multiple licenses from multiple municipalities. The licensing provided by these municipalities enforces few standards which vary from municipality to municipality and have few effective regulations. The proof of this is the very fact that the majority of issues are generated from within and around the GTA and make up the majority of complaints received by this office. Accident chasing is the incident management model used to handle collision scenes and is directly attributed to the high collision statistics involving the towing industry. The faster you drive to a collision the more vehicles you get to tow attitude prevails. If a professionally operated company has a need to be involved in collision towing it is forced to chase accidents as this is the incident management protocol used by the police. Municipal licensing has NOT worked and history has proven our trepidation.

Low Bid Contracts: There are some cities in Ontario that utilize low bid contracts to qualify tow operators used for police seizures but ignore protecting the consumer involved in a collision. Again this leaves the consumer at risk when faced with an accident chaser. Many of these low bid contracts contain clauses that force a fee per call to be paid to the police which must be hidden in the final price to the consumer. Some fees are as high as \$50.00 per call. The majority of these contracts carry a minimum standard of equipment, insurance and training but there are some that are poorly written and still do not provide the consumer with proper protection and apply only to police law enforcement seizures. These contracts can be torn up at a moment's notice and/or altered at the whim of the police regardless of the consequences it will have on the towing company.

Police Towing Policies: The majority of Police Departments within Ontario utilize towing policies which are designed to meet the needs of the police department and carry few initiatives to truly protect the consumer. For obvious reasons the job of the police is to uphold the law and deal with a collision as quickly as they can in an effort to reopen a road. The removal and storage of a vehicle in this instance is not really their concern thus the towing policies of most agencies is to use the "owners choice if practical" or "first available tow truck" or "closest tow operator to the scene" or "the preferred tow operator" or "next up if a rotation system is in use" or even the "officers choice". There is no doubt the Ontario Police Departments consume millions of dollars in officers time in dealing with towing issues and complaints.

Rural Rotation Systems: In some parts of Ontario local associations were formed at the request of the OPP to handle and distribute tow calls through a rotation system. Many of the associations established a "Standards of Practice" protocol and some regulations to which an operator had to agree to become part of the system. The association would hire a local answering service who would distribute the calls on the agreed format. This system has worked reasonably well but there



Ontario Recovery Group (ORG) Inc.
Provincial Towing Association (Ontario) Inc.

65 Keith Road, Bracebridge, Ontario, P1L 0A1
Phone 705 645-0033 - 705 646-0536

Fax 705 645-0017

E-mail doug@ptao.org

have been some minor skirmishes in some areas. There has also been a court challenge on this system to which we are awaiting the ruling.

The Need for Standards and Regulation: All industries and professions carry certain standards and regulations to which they must follow. The towing industry however has no effective regulations to provide a standard of care to their clients and is critically important where the consumer cannot make an informed decision when involved in a collision. This is simply brought on by the lack of an effective “Incident Management System” in Ontario. It will be only after the establishment of proper and effective standards of operation and regulations including a properly devised “Incident Management System” that the towing industry will reach a satisfactory level of performance.

Regulatory Options Available

Expansion of Municipal Licensing: One could argue for the expansion of municipal licensing throughout Ontario but as we have so dearly learned municipal licensing is simply abusive to the industry, does not protect the consumer and is simply not the answer to effect the required changes.

Provincial Licensing: The Ontario Government could at their whim decide to take the licensing of the Towing Industry under their wing. They could establish the “Standards of Operation” and the Regulations on a provincial basis which would likely be an improvement over the current situation. Undoubtedly this will come at a cost to the government and likely to be far less efficient than the final alternative. Unfortunately, this option will likely cause the demise of the associations due to the lack of funding to support an office and staff.

Delegated Administrative Authority or Self-Regulation: The Towing Industry is ready, willing and able to establish the necessary standards and regulations through the towing associations which initiated this proposal. The **draft** standards and regulations are prepared. The **draft** budget is prepared based on the fees for licenses going to the associations. If approved and regulatory authority given to the associations, it will be necessary to include our stakeholders to assist in the establishment of the standards and regulations. It will also put the associations in the position to provide an “effective complaints tribunal” and a single source identity to provide and receive advice on the towing industry. It should be made clear that standards and regulations would only be the start of cleaning up this industry. An effective “Incident Management License” and a properly planned response to traffic incidents including higher standards will be part of this initiative. There will be accountability and consequences for those who choose to abuse.

In conclusion there is an obvious need to open effective communications with all persons, agencies and bodies involved in traffic incident management and the towing industry. Without



Ontario Recovery Group (ORG) Inc.
Provincial Towing Association (Ontario) Inc.

65 Keith Road, Bracebridge, Ontario, P1L 0A1
Phone 705 645-0033 - 705 646-0536

Fax 705 645-0017

E-mail doug@ptao.org

proper and effective communications including the setting of standards and regulations the problems will never end. I would appreciate once again the opportunity to present to your committee at a time and place of your convenience. Thank you and I remain,

Yours very truly

D. G. (Doug) Nelson
Executive Director

