

Homeowners, advocates call for end to Tarion monopoly

Provincial government no longer considering private home insurance model

[Laura Osman](#) · CBC News · Posted: Jan 23, 2020 4:00 AM ET | Last Updated: January 23, 2020



Julie Bellefeuille has fought for years to have major construction defects fixed in her east Ottawa home. She appeared Jan. 22 at the province's standing committee on justice policy to call for an end to Tarion's monopoly in Ontario. (Jean Delisle/CBC)

Homeowners who've fought for years for restitution after discovering defects in their newly built homes are demanding the provincial government reconsider its efforts to reform the Tarion home warranty program and instead open it up to private insurers.

They were joined by consumer advocates — and even a former high-ranking Tarion employee — at a provincial standing committee on justice policy Wednesday in Ottawa, where they called for an end to Tarion's monopoly.

The Progressive Conservative government has [pledged to overhaul Tarion](#) after a damning [report by the province's auditor general](#) in October, charging the warranty provider was overly influenced by builders and failed homeowners.

"Tarion is broken and beyond repair," said Julie Bellefeuille, who's been struggling for years to get necessary repairs to her new home in east Ottawa's Cardinal Creek neighbourhood.

She told the committee that navigating Tarion's "broken" system left her struggling with financial and emotional damages.

"Families are left to fight the broken system that failed them," she said.



The Ford government has pledged to overhaul Tarion after a damning report by Bonnie Lysyk, the province's auditor general, in October 2019. (Gregory Bull/The Associated Press)

The government's proposed overhaul will not address the core problems, Bellefeuille said, since the corporate culture will endure. She instead called for the government to open the warranty system to private providers.

"What matters most is giving the people of Ontario a choice," Bellefeuille said.

Loss of oversight

Bellefeuille's message is one that's been heard often over three days of committee hearings, according to NDP MPP Tom Rakocevic, who attended meetings earlier this week in Windsor and Brampton.

Rakocevic put forward a private member's bill in opposition to the government's proposed legislation, one that calls for a multi-provider model.

Last month, Consumer Services Minister Lisa Thompson announced the government had decided — after extensive consultation with the public and members of the building industry — to reject opening up home warranties to other providers.

In a statement to CBC Wednesday, Thompson said making improvements to Tarion will yield benefits that a private model would not.

"By increasing the accountability of a single provider and making the significant changes to the governance of Tarion, there will be more enforcement mechanisms built into the system – which is what new home buyers in Ontario deserve," Thompson wrote.

"In a private insurance model, these protections are not built in, are difficult to enforce, and are not guaranteed."

Carleton MPP Goldie Ghamari shares the minister's reservations about privatizing home warranties.

"If we go to a private model, we lose government oversight and accountability," Ghamari told the committee Wednesday.



Goldie Ghamari, the Progressive Conservative MPP for Carleton, says she has some reservations about moving to a multi-provider model. (Jean Delisle/CBC)

Competition a 'critical driver'

Ghamari said while she believes in a free market economy as a Progressive Conservative, she also struggles with the idea of allowing more providers into the system.

For example, Auditor General Bonnie Lysyk would not be able to assess a private insurance company, she said.

Lysyk expressed similar concerns in her recent report, though a 2015 review of Tarion by Chief Justice John Douglas Cunningham concluded that Tarion must be dismantled.

Research shows that competition is a critical driver of performance and innovation. -

Karen Somerville, Canadians for Properly Built Homes

Ghamari also pointed out that a multi-provider model actually might not give consumers much choice, as they would be forced to go with whatever insurance company the builder chose.

But Karen Somerville with Canadians for Properly Built Homes, a homeowner advocacy group, pointed out that at least people would be able to choose the builder that offered the best insurance.

"Research shows that competition is a critical driver of performance and innovation," said Somerville. "Research also shows that competition encourages lower prices, better products and better service."

'Customers were secondary'

Dave Roberts, Tarion's former director of enforcement, told the committee the culture at Tarion before his 2017 retirement favoured builders, and workers were incentivized to avoid making payouts to homeowners.

"Consumers were secondary, the builders were first," he said.



David Roberts retired as the director of enforcement for Tarion in 2017. He says employees were offered incentives not to issue payouts to homeowners. (Jean Delisle/CBC)

Roberts also called for home warranties to be opened up to third parties, which he said is best for consumers.

"[Tarion] cannot adjust to the market without going through regulation changes. They cannot offer upgrades for better protection or longer protection," he said.

The government, which has been in public consultation about Tarion's future since early last year, said any specific changes to Tarion will be decided after this round of consultation.