TOWING INDUSTRY PRICING AND REGULATORY REFORM IN ONTARIO

An Evaluation of Professional and Enforcement Towing Models, Market Distortions, and Policy Recommendations

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1. EXECUTIVE SUMMARY

Ontario's towing and recovery industry operates under two starkly different commercial realities: a stable, professional service model built on repeat commercial relationships, and a volatile, crisis-driven collision and law-enforcement segment [1, 2]. This report examines the structural drivers behind each model, the true cost centers of providing round-the-clock emergency towing, and the systemic gaps that have allowed predatory “chasing” practices to distort pricing across the sector [2, 3].

The evidence indicates that abusive pricing, fraud, and predatory billing are concentrated almost entirely within the collision-chasing segment, which is fuelled by police-radio monitoring, corrupt referral arrangements, and, in some cases, staged accidents [3]. Legitimate operators, by contrast, face escalating equipment and labour costs, chronic non-payment on abandoned and impounded vehicles, and aggressive resistance from insurers even on fair invoices [2, 4, 5]. Blanket price caps under the current regulatory framework penalize compliant operators without addressing these root causes [6, 7]. This report recommends that regulators abandon undifferentiated rate caps in favour of targeted enforcement against chasing and fraud, and adopt a province-wide Zone (Area of Responsibility) system for police towing [7, 8].

2. TOWING AS A PROFESSION: THE STABLE COMMERCIAL MODEL

Professional tow operators who choose not to provide police or emergency towing build their businesses on a steady, recurring base of dozens to hundreds of regular accounts: auto clubs, roadside assistance providers, equipment rental agencies, auction yards, dealerships, municipalities, and insurers [1]. Because this work arrives on a predictable schedule rather than through emergency dispatch, these companies can manage overhead tightly, plan routes efficiently, and avoid the capital strain of maintaining constant standby capacity [1].

This predictability carries directly into workforce stability. Drivers keep regular hours, are home with their families every night, and are not subject to on-call rotations [1]. Turnover is low, morale is high, and these companies typically operate as respected, active participants in their local communities. This business model is becoming increasingly attractive within Ontario's towing sector and a viable alternative to accepting police work, precisely because it avoids the operational and reputational pressures associated with emergency and police towing [1].

> **Industry Note: Why Operators Opt Out of Police Rosters**
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> *Companies that decline police towing consistently report lower overhead, higher staff retention, and fewer disputes over payment, reinforcing the professional model as a financially resilient alternative to emergency-only operations [1].*

3. TOWING FOR LAW ENFORCEMENT: OPERATIONAL REALITY AND OVERHEADS

Once a company accepts police or emergency-towing responsibilities, its cost structure changes fundamentally. Police towing requires instant, 24-hours-a-day, 365-days-a-year availability, which in turn requires a dedicated dispatch system, additional training, and additional equipment and staff [2]. Drivers who previously worked predictable hours are placed into rotating on-call shifts covering nights, weekends, and holidays, with direct consequences for family life and staff retention [2].

Many operators have exited police towing altogether as a result. Insurance companies routinely contest invoices, threaten litigation, or pursue court action regardless of whether pricing is fair, a pattern the industry regards as intentional interference with economic relations [2]. While professional operators seldom lose these disputes, the cost and stress of constant litigation and the derogatory reputation that follows combined with the demands of 24/7 readiness, have pushed a meaningful share of the industry to withdraw from emergency-towing rosters entirely [2].

> **Legal Framing: Economic Torts in Invoice Disputes**
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> *Industry counsel characterizes the systematic contesting of valid invoices by some insurers as conduct capable of constituting intentional interference with economic relations or causing loss by unlawful means, even where operators ultimately prevail in court [2].*

4. STRUCTURAL DISTORTIONS: CHASING, FRAUD, AND INDUSTRY DEMORALIZATION

The primary source of abusive pricing is not the towing industry broadly, but a distinct “chasing” segment concentrated in collision towing [3]. Chasers monitor police, fire, and ambulance radio traffic to identify collisions in real time, then race competing crews to the scene to secure the job [3]. This practice has pushed collision rates among tow trucks well above the norms for other commercial vehicles, and has also been linked to advance tips from officers paid to direct calls to the highest bidder, as well as to staged accidents designed purely to generate inflated invoices [3].

The consequences extend well beyond pricing. Legitimate operators report employees assaulted at collision scenes, ongoing threats and harassment, and an industry segment associated with shootings, arson, and intimidation directed at competitors and legal counsel [3]. Honest operators are left carrying a reputational burden of guilt by association, even though the abusive behaviour originates from a narrow, identifiable segment of the market, one made more lucrative by downstream referral commissions from body shops, personal-injury lawyers, and clinics [3].

5. ECONOMICS OF TOWING SERVICES: OPERATIONAL COST DRIVERS

Towing rates vary because the underlying services vary enormously in complexity, capital intensity, and risk. Scheduled daylight tows of standard vehicles carry the lowest rates because they are predictable and can be routed efficiently, including through backhauls [4]. Emergency responses — disabled vehicles in live travel lanes, severe weather, and hazardous-goods incidents — demand specialized equipment, additional training, and rapid response, all of which cost more to provide these services and will disrupt service to regular customers [4].

The capital required to operate a compliant modern fleet has risen sharply: flatbeds, heavy-duty wreckers, secure storage, and ongoing driver training all represent significant, largely fixed costs that must be reflected in baseline rates [4].

Operational Data: Temporal Call Concentration

More than 36% of police towing calls occur overnight, between 6:00 p.m. and 7:00 a.m., a window dominated by enforcement impounds and collision recoveries rather than steady commercial volume [4]. Maintaining trained dispatchers and drivers ready for this unpredictable, after-hours demand is a significant fixed cost that must be reflected in pricing [4].

6. HEAVY-DUTY RECOVERY AND NON-PAYMENT RISK

Heavy-duty recovery — tractor-trailers, loaded commercial vehicles, and complex highway incidents — carries the greatest financial exposure in the industry [5]. Recovering payment is often difficult: impaired or unlicensed drivers, out-of-province or out-of-country vehicles, and commercial claims that must be split across as many as three separate insurers (tractor, trailer, and cargo) all slow or block payment [5]. Operators have previously halted highway clearance work to force government-guaranteed payment terms, but that arrangement no longer functions reliably [5].

Service Category	Equipment Required	Primary Risk Profile	Payment Recovery Rate
Scheduled Light Tow	Tow Truck, Wheel Dollies or Flatbed	Low Risk, Low Complexity	-2% — High Predictability of payment
Police / Incident Tow	Tow Truck, Wheel Dollies or Flatbed,	High Traffic, Scene Risk	15% — High Abandonment Risk no payment
Heavy-Duty Recovery	Multiple Heavy Duty Trucks Rotators, Air Cushions	Extreme Liability, Fragmented Policies	20% — Extreme Litigation Risk, negative cash flow

The industry's position is that all police-requested tows should be paid regardless of circumstance, with non-payment addressed through consequences to the vehicle owner — such as suspension of drivers licence or plate renewal until payment is made to MTO — rather than absorbed indefinitely by the operator [5]. The call was initiated by the government through the police and the road is owned by the government.

7. REGULATORY ASSESSMENT: TSSEA, PRICE CAPS, AND A ZONE SYSTEM PROPOSAL

The Towing and Storage Safety and Enforcement Act, 2021 was intended to curb abusive pricing, but its price-registration rules have instead constrained legitimate operators without addressing chasing, fraud, or extortion [6]. Registered price menus have been required to omit real costs — rate of inflation, wheel dollies for AWD/4x4 vehicles, mandatory free-kilometre allowances, fuel surcharges standard elsewhere in trucking, and adequate minimum hours for heavy-duty calls — forcing the remaining line items to absorb costs that should instead be itemized transparently [7]. Rate caps that do not track inflation compound the problem: several zone contractors in the Greater Toronto Area have been unable to adjust pricing for years despite rising equipment and labour costs [7, 8]. A price list should be transparent and honest.

This report recommends against blanket price caps and instead proposes a fully transparent price-registration system paired with a province-wide Zone (Area of Responsibility) system limited to police towing and tendered competitively across Ontario [8]. Because the province and municipalities own, and are ultimately responsible for, the highways being cleared, they are best positioned to convene operators, insurers, and police associations to design and oversee this system [8].

8. CONCLUSION AND RECOMMENDATIONS

Ontario's towing pricing problem is not, at its core, a pricing problem. It is a narrow, identifiable enforcement problem concentrated in the collision-chasing segment [3, 6]. Addressing it through industry-wide rate caps punishes compliant operators while leaving the actual sources of fraud and abuse untouched [6, 7]. A durable solution requires targeted enforcement, full price transparency, and a structural fix — a Zone (Area of Responsibility) system — that removes the incentive to chase in the first place [7, 8]. Ontario Recovery Group (ORG Inc.) recommends the following actions to provincial and municipal regulators:

1. Suspend the rate-cap initiative pending a framework that addresses its actual causes [7].
2. Investigate and prosecute the chasing segment directly, through forensic invoice audits and enforcement against fraud and extortion, rather than regulating the industry as a whole [3, 6].
3. Establish a joint working committee of reputable, unblemished tow operators to help design workable pricing and service standards [1].
4. Include police associations in that committee to set clear, sensible protocols for handling emergency and collision calls [2].
5. Develop a province-wide Zone (Area of Responsibility) system for police towing, competitively tendered, to eliminate the incentive for chasing [8].
6. Guarantee payment for all police-requested tows, with non-payment enforced against the vehicle owner through drivers' licence and plate-renewal consequences or cancellation of running rights in Ontario for commercial vehicles rather than absorbed by the operator [5].

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