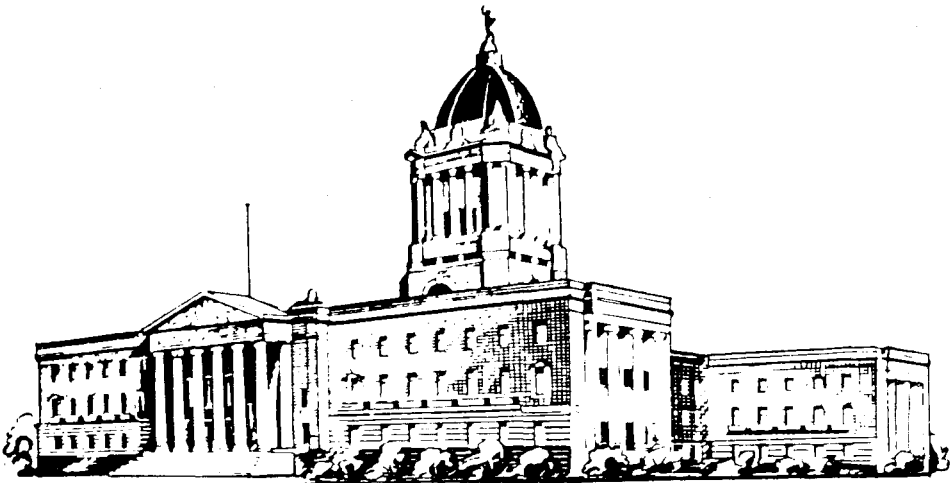




Legislative Assembly of Manitoba

HEARINGS OF THE SPECIAL COMMITTEE
ON
PUBLIC UTILITIES AND NATURAL RESOURCES

Chairman
Mr. Harry Shafransky, M.L.A.
Constituency of Radisson



10:00 a.m., Tuesday, May 6, 1975.

PUBLIC UTILITIES AND NATURAL RESOURCES COMMITTEE
10:00 a. m. , Tuesday, May 6, 1975

CHAIRMAN: Mr. H. Shafransky.

MR. CHAIRMAN: Good morning. We have a quorum. We can proceed with the Annual Report from the Manitoba Public Insurance Corporation. I call upon the Chairman to introduce his Annual Report. Mr. Uruski.

MR. BILLIE URUSKI: Mr. Chairman, we're here this morning to discuss the Annual Report of the Manitoba Public Insurance Corporation for the fiscal year ending October 31st, 1974.

A MEMBER: Pass.

MR. URUSKI: I am sure most members know Mr. Dutton, J. O. Dutton, the General Manager of the Corporation, and I'm sure you have met him. I believe it is in order at this point to provide the members with a brief overview of the Corporation's operations for the past fiscal year and indicate some possible future prospects which may be envisaged.

You will note that the Corporation incurred a deficit for the current year of \$9.9 million of which approximately 6.9 is attributable to the first four months of the fiscal year before effecting the general rate increases of March 1, 1974. Unfortunately the rate increase proved insufficient to offset the escalation in claims reported and the inflationary price increase in automobile values, parts prices, labour costs and general operating expenses associated with the claims handling.

The total number of claims reported to the Corporation was 179,000 with the average cost per claim increasing from \$255.00 in 1973 to \$281.00 in 1974, or ten percent exclusive of adjusting expenses. The expense ratio of the Corporation was maintained at 19 percent of earned revenues, with the general administration expenses remaining static at 4.9 million. This despite increased salary costs and inflationary pressures.

Steps have been taken to reverse the deficit position of the Corporation through the effecting of the general rate increase of March 1, 1975. The new rates anticipate the elimination of approximately \$5 million deficit incurred for the first four months of this fiscal year, that is from November 1, 1974, to February 28, 1975. During this period the 1974 rating structure prevailed. The 1975 rates, in addition, have been established to take into consideration the rapidly escalating costs of repairing and replacing automobiles. For example, the hourly body shop labour rates in Winnipeg have increased 19 percent effective March 1, 1975. Body shop materials have increased 30 percent. In addition, repair parts prices have risen significantly. We also detect substantial increases in court awards to persons injured in automobile accidents.

We have also increased weekly indemnity payments under Part II of the Act by 50 percent effective March 1st - that is, from \$50.00 a week to \$75.00 a week. In spite of these rate increases, which were necessary for the above reasons, the Manitoba motorists still enjoy rates which are amongst the lowest in Canada. Mr. Chairman.

MR. CHAIRMAN: Mr. Blake.

MR. BLAKE: Well, Mr. Chairman, I wonder, after the overview, I wonder if the Minister might bring us up-to-date on the statement before us, on the members of the Corporation. There have been some changes.

MR. CHAIRMAN: On the board members?

MR. BLAKE: Yes.

MR. CHAIRMAN: Mr. Johannson, on a point of order.

MR. JOHANNSON: Can we decide at this point that we will proceed in regular fashion through the report? That is, page by page? This is the usual procedure.

MR. CHAIRMAN: Well if that is the wish, we can come up to that point. We'll start Page 1--pass?

MR. BLAKE: Mr. Chairman, speaking to the point of order. I just wondered also, is a motion necessary to transcribe the proceedings of . . . ?

MR. CHAIRMAN: No, I believe that it has been the accepted rule that we have all the meetings of the Public Utilities Committee recorded and transcribed.

MR. BLAKE: Right. And we'll be proceeding before Page 1 with the . . .

MR. CHAIRMAN: Fine. Let us just pass those pages leading up to the . . .

MR. URUSKI: Mr. Chairman, the question raised by Mr. Blake insofar as the Board members. Presently there is one change as to the composition of the board, and that is the

(MR. URUSKI cont'd) name of Henry Carroll from Brandon, who is a barrister and solicitor from Brandon, takes the place of Mr. Floyd W. Keller who resigned in
 --(Interjection) -- Yes, the last day of the fiscal year, on October 31, 1974. That is the only change that there is.

MR. BLAKE: Just making that change would bring that up-to-date then.

MR. URUSKI: Yes, but that will be in the new report because he was still a full-time member as of the last day of this fiscal year, so the new appointment would have no effect on last year's report whatsoever.

MR. BLAKE: Does he have some expertise in the insurance field, or would he be considered a political appointment?

MR. URUSKI: Well, Mr. Chairman, any member that is appointed to the board, I would say that he has considerable legal experience and varied experience in insurance insofar as matters that he can contribute to from the legal point of view.

MR. McKELLAR: Mr. Chairman, the Corporation officers, are there any changes there? I would like to know . . .

MR. URUSKI: Yes. In the year of review, no, Mr. Chairman. In January, Mr. Chairman, of this year, there have been internal changes within the Corporation. As you know, the Assistant General Manager took on a position with the Insurance Corporation of B. C. That was Mr. Blackburn. Prior to the end of our fiscal year there was no change. There was a vacancy created on the Executive Branch at that time, but in January of 1975 we hired a gentleman by the name of Kenneth Jordan, who has taken on the role as Director of Claims. There has been an internal changing around of personnel. The change primarily is in the functions between Mr. Laufer, Mr. Pereira and Mr. Jordan. In those three areas there has been a realignment of duties and the three gentlemen cover the claims area, the underwriting and personnel.

MR. BLAKE: Mr. Laufer is still in claims?

MR. URUSKI: No, Mr. Laufer is Director of Administration and he handles personnel matters and agency appointments in this area.

MR. BLAKE: Would this be a lateral move?

MR. URUSKI: It's lateral moves within the corporation, yes.

MR. CHAIRMAN: Mr. Johannson.

MR. JOHANNSON: Yes. Could you simply outline the present positions of these gentlemen, so that if we have questions at some future time we know who to approach?

MR. URUSKI: The only change that there will be, will be an additional name added to that, K. M. Jordan - he'll be the Director of Claims - and C. A. Laufer will be Director of Administration.

MR. CHAIRMAN: Okay. Can we then pass the Corporation members and Corporation officers page? (Agreed) Starting Page 1 - Mr. Blake.

MR. BLAKE: Yes. The head office of the Corporation. I wonder if the Minister might inform us of the location of the Head Office.

MR. URUSKI: Yes. Mr. Chairman, the head office of the Corporation is Brandon. However, the Executive Offices of the Corporation are within Winnipeg. The Corporation presently is seeking to develop facilities within the Brandon area for a permanent head office staff and a head office building within the City of Brandon. That is in the active working stages now.

MR. BLAKE: Could you tell me how many executive officers are presently in Brandon?

MR. URUSKI: At the present time there are none, Mr. Chairman.

MR. BLAKE: There's no executive officers in Brandon and yet it's the head office of the Corporation.

MR. URUSKI: That is correct.

MR. BLAKE: How many employees would be in the Brandon office and how many employees would be in the Winnipeg office?

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: I think, Mr. Chairman, there are in the neighbourhood of 65 in Brandon. In Winnipeg there's substantially more than that. We have four claims offices, our salvage operation of course here, including the administrative offices, and in total the number would be, I would say, in the neighbourhood of 325, sir.

MR. BLAKE: Three hundred and twenty-five?

MR. URUSKI: In the City of Winnipeg.

MR. BLAKE: It is mentioned in the Report somewhere 610 employees. Where would the rest of them be?

MR. DUTTON: Well the rest of them of course, there are offices throughout the province

MR. URUSKI: Yes, the offices in Selkirk, Dauphin, The Pas, Flin Flon and Thompson, those offices take in, too, staff that is located in those areas.

MR. BLAKE: Possibly the Minister could give us a breakdown - not necessarily today, whenever he gets it - of the staff in the various offices to give us a total picture of the staff.

MR. URUSKI: And where they are located and what . . .

MR. BLAKE: That's right. Of the 65 people in Brandon, who would they be responsible to if they have no executive officer in Brandon? Do they have a boss there or do they just come and go on their own, or a demerit system or . . . ?

MR. URUSKI: Yes. The staff people within the Claims area, there is a Claims Centre in Brandon; they would be responsible to the Claims Centre Manager. The people in the basic underwriting would be responsible to the Director of Underwriting here in Winnipeg, and the out-of-province claims, they would be handled through . . . as well.

MR. DUTTON: Mr. Chairman, Mr. Minister, we are trying to do what we can to increase the personnel in Brandon, but most of the action of course obviously is in Winnipeg. The claims, for instance, have to be handled here and most of our staff are claims personnel. But to accomplish whatever we can to increase the personnel in Brandon, we are in the initial stages, adding or going to add substantially because of the entrance into the general business and particularly the habitational lines, which of course requires more handling than it would the commercial because of the sheer volume. These will be built up and be handled in the City of Brandon through the head office area.

MR. BLAKE: I understand the Brandon Claims Office handles all out-of-province claims. Now, in the interests of efficiency wouldn't it follow that these claims should probably be more easily and more efficiently handled through the Winnipeg office rather than Brandon?

MR. DUTTON: That may be so, Mr. Chairman - through you, Mr. Chairman. That may be the case and perhaps is the case. It would seem to me that where you have the management of claims it would be easier handling all claims, out-of-the-province claims. Nonetheless it is the corporate policy that as many of the claims personnel as possible will be situated in Brandon and that therefore the out-of-the-province claims are being handled in that fashion. But the answer to your question really is yes.

MR. BLAKE: Yes, it would be more efficient to handle it out of Winnipeg.

MR. DUTTON: Yes.

MR. BLAKE: This comes to mind because I had a particular case where there was a constituent of mine involved in an accident down in the United States, and I don't know how many phone calls he made from Texas to Brandon, and Brandon was phoning the office in Winnipeg, and then finally we got to the point of requisitioning a cheque, and the cheque was requisitioned in Brandon but it had to come to Winnipeg. Then we got involved on a Thursday, and the computer only prints cheques on Thursdays and Tuesdays and we missed Thursday so it was going to be the following Tuesday. But after we got that straightened out we found that all foreign claims settlements are made by hand anyway and really we didn't need the computer. But the chap was without a car in Texas for roughly thirty days and it was sitting in the lot all repaired and he couldn't get it. So that's why I bring up the matter of efficiency. I think if it had been handled out of here - and there's methods of wiring payments and what not - I think it could be handled much more efficiently and much quicker.

MR. CHAIRMAN: Mr. Johannson.

MR. JOHANNSON: The question I had related to the employees in Winnipeg. I wanted to get a breakdown of the number of employees in Head Office, the number in the claims centres - there are now four claims centres?

MR. URUSKI: Yes. Four.

MR. JOHANNSON: And the number involved in the salvage operation?

MR. URUSKI: Yes. Mr. Chairman, the number of employees would have to be broken down as to specific Head Office duties, and of that total, approximately 325, there is I believe less, or approximately less than 100 would be actual Head Office personnel. The others would be in the area of claims - that would be the claims area which would handle the Winnipeg and

(MR. URUSKI cont'd) some of the rural area claims divisional work as well as other personnel that would have to be here within the office of Winnipeg irrespective of where the executive staff would be. So that the percentage of the number of total personnel, that is strictly by Head Office, will be broken down and will be provided to the members.

MR. CHAIRMAN; Mr. Jorgenson. Mr. McGill, I'm sorry I missed you. Mr. McGill.

MR. MCGILL: Mr. Chairman, I want to refer to the remarks of the Minister about the present search of the Corporation for sufficient space in Brandon to have an effective head office operation. Now, I understand from the Minister that the nominal head office of the Corporation is in Brandon. Is that correct?

MR. URUSKI: The head office of the Corporation, with approximately 65 employees, is in Brandon.

MR. MCGILL: But the effective head office operation is where the executive offices are, and I presume effectively Winnipeg is serving as the real head office although the nominal head office is Brandon. Is that right?

MR. URUSKI: That is correct.

MR. MCGILL: And it is your intention still to make the Brandon office the real head office of the Corporation, providing you can find space in Brandon. Is that right?

MR. URUSKI: Mr. Chairman, we are attempting to have as many employees from the Corporation perform as much work and service out of the Brandon office as will be possible, and, as indicated, we will be situating the services of the general lines, or the habitational lines, the house insurance lines as it's commonly known, in the Brandon office. The commercial area of the general insurance will be within the City of Winnipeg. We are continually looking for - we are looking at the possibilities of moving and having as many people in the administrative area as is feasible within the Brandon head office. We are not solely going to be moving people just for the sake of movement but, however, any duties which could be performed out of the Brandon office will be done so, and this is one of the areas that has been mentioned in the general lines which will be working out of the Brandon office.

MR. MCGILL: Well, Mr. Chairman, I'm still not very clear. Are you looking for more space in the Brandon area?

MR. URUSKI: Yes, Mr. Chairman, we are. We are presently situated, as the honourable member knows, in the government building, within the government offices in Brandon, and the space requirements are - we are being confined to the space that we have, and we are expanding and, as a result, we will be moving out of those quarters.

MR. MCGILL: When space is available do you intend to move the chief executive officers of the Corporation to Brandon where the head office is?

MR. URUSKI: The entire executive staff will not be moved into the Brandon office, sir. We are looking at ways of locating possibly part of the executive staff and maybe one or two members of the executive staff, if not permanent or on a rotating basis within the Brandon area.

MR. MCGILL: Will the Chief Executive Officer of the Corporation be in Brandon?

MR. URUSKI: On a full time basis? No.

MR. MCGILL: He'll continue to reside in Winnipeg whatever is done with the expansion of the present Brandon office. Is that correct?

MR. URUSKI: He will continue to reside in Winnipeg, if he so desires. If he wishes to live in Selkirk or anywhere else, he can reside there, but his main functions will be out of the Winnipeg office.

MR. MCGILL: Mr. Chairman, I recall when the Provincial Building was planned in Brandon that one of the principal objectives was to provide space for the head office of the Manitoba Public Insurance Corporation. Was that not one of the major provisions of the planning of that building? Now in the space of two or three years, has the planning been found to be inadequate? Is the building now too small for the Public Insurance Corporation? It's only been built two or three years.

MR. URUSKI: Mr. Chairman, the building was not built solely for the Manitoba Public Insurance Corporation, and as a result the various government departments have priority over the use of the government building and the Corporation is having to seek other space. We still have adequate space as at present, but when we will be situating our staff for the general insurance line we will require considerable additional space and we will have to move. And even through natural growth we would have to eventually move out of the present space that we have, because there is no room for expansion within that building. The other space is being

(MR. URUSKI cont'd) taken up by other departments.

MR. MCGILL: Mr. Chairman, I know that it wasn't built solely for Autopac, but it seems to me that if only 65 employees are at Brandon and it's now inadequate, surely there wasn't much real intention of housing all of the head office staff of Autopac in Brandon in the first place.

MR. URUSKI: Well, Mr. Chairman, the building itself was not built for the Corporation. The building is a provincial office building and the Corporation leases space from the Provincial Government, as any other tenant.

MR. CHAIRMAN: Mr. Jorgenson.

MR. JORGENSEN: Mr. Chairman, each year there are a group of farmers in the Province of Manitoba who make their annual trek down to Texas and then work their way back taking in the harvest in the southern states, and work their way back north. Up until this year they have never had any great difficulty in getting the kind of liability insurance, the insurance that they require to make it possible for them to operate their vehicles in the States and on the way back. This year, somehow or other, there are problems and they will be starting - I was speaking to a group of them over the weekend, they'll be leaving about the 25th of April, and they've been attempting to get a decision from Autopac as to what kind of a licence that they will be required to have, and up to the weekend, at least, people that I spoke to have told me that they still have not had a decision as to the kind of licences they will be required to have to make this annual pilgrimage to Texas and back, and I wonder, what is the hold-up? Why is it that Autopac cannot make a decision as to what kind of licence? Are they going to have a truck licence, a C. T. licence or a CTD licence, or must they be given a special licence in order to to down there and operate and make a few bucks for themselves? Or is Autopac going to be in their way and preventing them from carrying on what is a normal operation for them?

MR. CHAIRMAN: Mr. Jorgenson, you mentioned that - you said, "this 25th of April."

MR. JORGENSEN: Of May. I'm sorry.

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: Yes, Mr. Chairman. It's the first I've heard that there is any form of problem. There was a problem I've heard of in the past years in liability insurance of people phoning me and asking if I could assist them. However, the type of liability had no bearing on automobiles. The type you're referring to, sir, would appear to be automobile and I have my underwriting manager here. He's just handed me a slip to say that the problem of course is not ours; we're quite prepared to provide the insurance at any time. Perhaps a problem is created by the fact that the registration and the insurance document are one and the same thing, coterminous documents. Because any vehicle that is licensed in this province we are obligated to insure. We do not turn down and have not got the right to turn down or to indicate that they must not be licensed. The problem, I am told, is with the Highway Traffic Board, is it? --(Interjection)-- Highway Traffic Act. It says they may not use "F" plates for custom combining but must be "T" plates. Sir, as I say, it's the first time I've heard of it. I'll go into this just as soon as we get out of here because obviously they must have plates and we'll find out what we can do to ensure that they get them. I cannot understand why there is now a problem if there hasn't been a problem in the past, and we'll find out just where the hold-up is.

MR. JORGENSEN: Well the difficulty is apparently a determination as to what kind of plates they are going to be required to have, whether it be a farm plate, a truck or a C.T. plate.

MR. DUTTON: Evidently that is the case, sir, which of course I'm sure you'll appreciate is not the Corporation's sphere of responsibility, but nonetheless because insurance is also part of the plates, we'll have a look into it to make sure that they get plates so they can have insurance.

MR. JORGENSEN: Well I was under perhaps the wrong assumption, that the Motor Vehicles Branch was a part of Autopac or has that been changed as well?

MR. URUSKI: No, no. You were under the wrong assumption, Mr. Chairman, but additionally you were speaking about liability coverage. You should realize that until the 1975 registration year the limits of liability that were carried by vehicles were limited up to 300,000. This has been extended to cover areas where liability coverage could be increased to half a million and one million dollars. Some of these areas I believe are requirements by some of the states in the U.S. that a motorist carry that type of liability. But what you're talking about is actually licensing as to the definition of the vehicle which the Corporation itself has no control over.

MR. JORGENSEN: The kind of liability that they require is being provided by the private

(MR. JORGENSEN cont'd) . . . insurance industry and that does not pose a problem. What they're concerned about is that there seems to be an inability to make a decision as to the kind of truck plates that they will be required to have, and unless they have the proper kind of truck plates then whatever insurance they might have paid for will be worthless because Autopac will tell them, well you were illegally licensed, so therefore we do not assume any responsibility for injuring you. That's happened many times before and they're concerned about that, and they want to know when the decision is going to be made as to what kind of a licence plate they will require so that they can get proper insurance and be properly covered.

MR. URUSKI: Mr. Chairman, the honourable member made a statement that that's happened many times before. If he has instances that that has happened many times before I would like to have those instances.

MR. JORGENSEN: Well I don't have . . .

MR. URUSKI: Especially insofar as the definition of what the vehicle is or is not. The Corporation does not have any authority insofar as to what the description of the vehicle shall be or shall not be. The Corporation has the responsibility of providing insurance based on the use of the vehicle.

MR. JORGENSEN: Well if a farmer moves down to Texas to start harvesting and does not have the proper plates that are authorized by either the Motor Vehicles Branch or whoever has the responsibility for authorizing it, then he is not insured. That's the sort of thing that I was referring to and that's happened before, where people were not properly insured under the Act and so therefore were unable to collect insurance. I don't say there's anything wrong with that if they're not properly licensed. All I am saying is that these people want to know what kind of a licence shall be required and seem to be unable to get any kind of a decision.

MR. URUSKI: Well, Mr. Chairman, the decision will not come from us but the honourable member well knows that if he wants to look at the description of the vehicle and describe it all he has to do is contact the Registrar of Motor Vehicles and get the basic information, tell him what the vehicle will be used for and the type of plates will be given to him.

MR. JORGENSEN: No. That's just the difficulty. That has been the case in the past but this year for some reason or other somebody decided that there should be a different classification and it is their inability to make up their minds what kind of a classification that will fall into that's causing the trouble in the first place. All I'm asking is that it be looked into and that these people be given the decision so they can get going down to the States and be properly insured. If you look into that I would appreciate it.

MR. URUSKI: I'll check that with the Registrar, Mr. Chairman.

MR. CHAIRMAN: So indicated by the Chairman and the General Manager.

MR. JORGENSEN: There are a couple of other points that I want to raise. The second one is, there are a number of people who pay their insurance premiums in instalments and in a number of cases they'll pay the first instalment and then neglect to pay the succeeding ones. Now how do you collect those premiums? Do you have Autopac agents collecting them or is it done in some other way?

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: The answer to that, Mr. Chairman, is that they are notified, they receive notices that their premiums are due, their second instalments. They may pay them through an agent if they wish, it's up to them, or they may if they wish go to the Motor Vehicle Branch or can mail it in direct. I would say the bulk of them go to agents.

MR. JORGENSEN: And if they do not pay then do you use the RCMP to take the licence plates off their cars?

MR. DUTTON: I don't think that the RCMP, Mr. Chairman, are too occupied in that task. As a matter of fact the bulk of . . .

MR. JORGENSEN: But it is being done?

MR. DUTTON: Well I can't say, sir, because I don't know.

MR. JORGENSEN: Well I do know. It is being done.

MR. DUTTON: Uh hmm.

MR. JORGENSEN: The RCMP are removing licence plates off the cars. What I want to know is, is that a charge to Autopac or is that charge levied against somebody else? It becomes a charge of the Attorney-General's Department or does Autopac list that as one of their costs?

MR. URUSKI: Mr. Chairman, if a motorist fails to make his payment on his second

(MR. URUSKI cont'd) instalment his registration is then suspended, placed in suspension by the Registrar of the Motor Vehicles. As a result the plate has no further validity and the vehicle registration is suspended and therefore the motorist has to then turn in his plates to get a new set of plates once he makes that payment, unless that car of course has been abandoned. But those plates have to be turned in. Now you're speaking about the specific charge. The specific charge is not made to the Corporation.

MR. JORGENSEN: So the collecting of insurance premium then falls on the responsibility of someone else and it is not a cost to Autopac? That's another hidden cost is it not?

MR. URUSKI: Mr. Chairman, as I indicated, the registration is suspended of the motorist and as a result the plates have no further validity and once the registration is suspended that vehicle is improperly on the road.

MR. JORGENSEN: But it is Autopac premiums that are at issue here. It's the premiums for Autopac that are being collected in that way.

MR. URUSKI: Yes, that is correct.

MR. JORGENSEN: All right. So then it is a cost to Autopac.

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: Mr. Chairman, I should perhaps make one point clear. As I say, I was not aware of the RCMP - this is strictly a rural situation when it does occur. Of course, the bulk of the vehicles in this province are in the City of Winnipeg and because of the concentrated effect of it we do pay for enforcement in the city here to pick up any plates. We don't call upon the law enforcement officers to do so.

MR. JORGENSEN: Now I want to raise perhaps one or two other issues. One of them was an individual whose case was brought to my attention and I want to raise it here because this is perhaps the only opportunity that I have to do it. It concerns a person who had purchased a licence plate for his automobile and then bought a new one and had the plates transferred and the insurance transferred. In the Autopac office they made a mistake in calculating the amount of money that he had to pay in excess of what his original premium was, which amounted to not a great deal of money but the letter that he got from Autopac was not the kind of letter that I would have thought that anyone would send out to a person when they had made the mistake themselves. They ordered him to pay the premium under penalty of having his licence removed. Now they could very easily have sent out a notification to this man, we have made a mistake in calculating your insurance and find that you owe us a further amount of money, instead of the kind of threat that was sent out to this person in the form of what I presume is a form letter.

I would think that in the interests of creating a better kind of public relations that when you come across situations like this, where you have made the mistake, that you're at least going to have the decency to apologize to a person for having made that mistake and not threaten him. I wonder if that can be taken into consideration so that . . . will not be receiving those kinds of letters. I will not reveal the letter although I have it, because I don't want to reveal the identity of that particular person. Incidentally, he asked me not to reveal his identity because he was afraid of recriminations.

MR. JOHANNSON: What garbage!

MR. JORGENSEN: It may be garbage to you.

MR. CHAIRMAN: Mr. Dutton. Order please.

MR. JORGENSEN: It is incredible and that's the reason I'm raising it.

MR. DUTTON: Mr. Chairman, the situation is this, that what you're referring to is a computer processed form and I agree with you, the form is too harsh. It was meant to encourage people to of course insure that their payments are there, and I assure you, sir, that the number of NSF cheques we get far exceeds the number of clerical errors made by agents or in our own office and that was what it was designed for. But, however, regardless I agree it is too harsh and when this matter - and I think maybe it's the same matter, sir, was drawn to my attention, I immediately issued instructions that this was to cease forthwith, and even if it had to be off-lined and would cost us more money to administer it, still the public relations and the fact that the people should not be harassed becomes foremost and it has been taken care. In that instance, sir, I agree with you. However, I hope we never get in the position that anyone would not reveal their name because of fear of any harassment from us, because I wouldn't go along with that.

MR. JORGENSEN: Well I'm pleased to hear that. The final point that I want to raise

(MR. JORGENSEN cont'd) concerns the question of school buses which was raised in the House and it poses other problems that I wonder maybe it does not fall under the jurisdiction of the Minister of Public Insurance Corporation. It is a related subject and perhaps more properly falls under the jurisdiction of the Minister of Education. However, I'll pose the question here and if it should be posed to someone else well then that's fine, you can let me know that. It occurs mostly in the rural areas where farmers who have contracts to haul students to schools, in almost every instance they have purchased a farm truck, a half-ton truck, equipped with four-wheel drive, because on many of the roads that they have to travel over, under the conditions that they must travel, they require four-wheel drive. We understand now, according to the Minister's statement, that by the end of 1966 . . .

MR. URUSKI: Seventy-six.

MR. JORGENSEN: I'm sorry, 76, that the Automobile Insurance Corporation will no longer be insuring these vehicles. I also understand that there is to be let a contract for the construction of buses of a capacity of about 20 passengers, small school buses. Is it the intention of government to replace these multi-purpose trucks that can be used when they are not being used as school buses, can be used on the farms, with school buses properly constructed for that purpose, and if so who will be responsible for purchasing them? Will it be the individual person who is going to be driving it or will it be the school division?

MR. URUSKI: Mr. Chairman, I have been informed by the department, by the Minister of Education, that a number of small type school bus vehicles are being tried out now by the department, and the divisions can assess their need on that basis. However, in many of these cases where the half tons are used we have found that although they have been allowed by the Safety Division Branch and the Department of Transportation from the school divisions, I certainly feel that in many instances should an accident occur, where there have been instances where there's only one exit to that back door of that half ton unit or three-quarter ton unit, that those passengers just don't have a chance. As a result we are attempting to encourage them to get vehicles which are adequate with safety measures on them that will at least give the passengers a chance should that vehicle be involved in an accident. And the department through the school divisions is attempting to purchase - and I believe the methods that they now use between the school divisions and the Department of Education would provide these vehicles in the same manner as they are now providing larger buses. .

MR. JORGENSEN: Am I to understand that the reason that they are being changed is because of the safety feature with respect to the exit, that there is only one exit on those trucks and that is a rear one? It would seem to me you'd have to have an unusual kind of an accident to be able to block that rear exit.

MR. DUTTON: Mr. Chairman, if I may. This is an area that really does concern us, sir, because a passenger has good coverage and everything else, and I believe that there's responsibility on the corporation to bring to the attention of the elected officials any shortcomings as we see them. And surely, in our view anyway, sir, this is one where it's known that vehicles are used, the only way you can get the back door open is with a rope which is tied to the driver's side. Sir, if an accident occurred, and it's not unusual for a driver to be knocked out, there's going to be panic occur. In the wintertime the type of heating they have is of the nature in case of an upset could cause serious burning, cause many injuries. The very nature of the covering itself, the shell they use is soft in nature, if the vehicle rolled over the children could be injured. We think in these cases, they carry from 15 to 20 passengers, surely some safer form of transportation could be provided. I think in our view our approach is right in asking the various departments to provide safer vehicles for the school children in the smaller districts. All we need is one accident where a number of children are killed or seriously injured to have a lot of people say, well why wasn't this brought to our attention? And what we're doing is bringing it to your attention and hope that it will be corrected in the period that we've suggested, sir.

MR. JORGENSEN: That's fair ball. One more question. Are those new school buses that have now been ordered, are they equipped with four wheel drive?

MR URUSKI: I can't tell you. I really can't.

MR. CHAIRMAN: Mr. Johansson.

MR. JOHANNSON: I have a number of questions, Mr. Chairman, to Mr. Uruski or through him to Mr. Dutton. First of all, following on a question by Mr. Jorgenson. When a motorist fails to pay the second instalment on his insurance, legally he is also failing to pay

(MR. JOHANNSSON cont'd) for part of his registration, is he not? No? Okay.

Mr. Jorgenson brought up the fact that in some cases RCMP officers are picking up plates and that this is a hidden cost. Could the corporation dig up precisely the number of such cases that occur in a given year?

MR. URUSKI: The procedure that occurs, I'm sure we could probably check it out within the rural areas, but the procedure that occurs, that once the notice of suspension is issued by the Registrar, the vehicle is improperly registered and the plates are under suspension, therefore the police would of course have that notification of the vehicle that is under suspension. But the number of cases where that is, we could probably check out and try and get a figure, but there is a - we have a compliance officer within the City of Winnipeg where the bulk of the non-payment and NSF cheques are made and he does nothing else but that, once he receives notice that a notice of suspension has been issued by the Registrar.

MR. JOHANNSSON: I have a couple of questions relating to the head office in Brandon. I gather from what Mr. Dutton has said and from what Mr. Blake was saying, that the system that would provide the cheapest coverage to the motorists of Manitoba would be a system whereby the major functions of the corporation would be located in Winnipeg.

MR. URUSKI: Yes.

MR. JOHANNSSON: So in effect by locating more and more functions in Brandon what you're doing is you are adding to the costs of Autopac which the rest of the province must pay for, for the benefit of Brandon. Is this correct?

MR. URUSKI: To a degree, Mr. Chairman. There are some functions which we have in Brandon that they would not add significantly to the cost of running the corporation. However, if the entire Claims area, the claims for example is the bulk of our personnel in claims, and if the Claims personnel out of the Winnipeg office were all to go into Brandon, of course it would add to the cost, because approximately 70 percent of our claims are within the Winnipeg area and therefore the people, the Claims' managers within the Corporation are out of necessity located within the City of Winnipeg.

MR. JOHANNSSON: Has Autopac done studies to determine if additional costs would be involved in locating functions in Brandon?

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: Yes, Mr. Chairman. Yes, we have looked into it; we haven't made a thorough detail study and the study we did make is now a bit outdated but there's no question that the cost would be substantially higher if we were to move a goodly number of the administration from Winnipeg to Brandon. The flow of paper is here, I think it's quite obvious, the action is in Winnipeg, the very nature of the province, the very nature of the fact that you have - what? more than half the people in the province right here, and that's where flow of paper and that's where the problems are.

MR. CHAIRMAN: Mr. Blake.

MR. BLAKE: We seem to be wandering in a general question area, Mr. Chairman, and that's fine, because the questions have to be answered sometime or another. Mr. Jorgenson brought up a question of operators in the United States, brought to mind the 60-day residency outside of the province, and I wonder if that particular method of calculating a charge has now been clarified to some degree or what do these people do that are going to be outside of Manitoba for 60 days?

MR. URUSKI: Mr. Chairman, I could give a resume that was provided to me outlining the details regarding the surcharge. If the honourable member wants it I will give it out to him in detail form.

MR. BLAKE: Fine. Will the people that are going to be outside of Canada for 60 days be able to understand it? Is it in good simple terms because this is causing some difficulty.

MR. URUSKI: Mr. Chairman, when may the surcharge be levied? Mr. Chairman, the regulations permit an assessment of an additional premium when a vehicle is utilized outside of Manitoba for a continuous period of 60 days or more. Why is a surcharge levied? The Highway Traffic Act permits a resident to register a vehicle in Manitoba, even if the vehicle would rarely, if ever, be used in Manitoba during the particular registration year, by virtue of the automatic attachment of the insurance to the registration, the corporation provides coverage on such vehicles many times in high hazard and in high premium areas. In addition a number of Manitobans regularly utilize their vehicles for periods of three, four and five months in the States. The insurance rates in Montreal or Toronto or Florida or California

(MR. URUSKI cont'd) are exceedingly higher than our rates in Manitoba and if the Corporation is to be exposed to these high hazard areas for extended periods it is only correct that an additional assessment should be made, otherwise the other motorists in Manitoba will be subsidizing the few vehicle owners who operate in these high risk areas. It is a well known fact that an accident occurring outside Manitoba is more expensive to settle. The Corporation has to engage the services of outside adjusters and outside legal assistance which adds substantially to the expense. In addition, every accident which occurs in the United States is a potential large loss in view of the astronomic awards made by the U. S. courts. As an example, we have on our books a claim which has to be settled and has been settled in California. In light of the injuries involved, this claim could have been settled in Manitoba for approximately \$5,000. However, because of the propensity for very high awards south of the border, we were prepared to offer \$25,000. The claimant refused to settle for anything less than \$125,000. This meant court action which of course resulted in substantial legal costs to the corporation regardless of the outcome, and since then of this particular case the outcome has been established by the courts and I believe the claim was settled for approximately \$68,000, which could have been by Canadian law and as court records, could have been settled for \$5,000.00.

What is the assessment? The assessment may be assessed in two different ways. If the extended use is in the U. S. A. the assessment is based upon Territory I rate plus 100 percent. If extended use is in Canada the assessment is based on Territory I rates plus 50 percent.

For what period is the assessment applied? The motorist pays the additional premium only for the period he is outside the province. For instance, if the vehicle is utilized outside of Manitoba for an entire year, the assessment is applicable for the same period. If usage is for four months, the assessment is made for the same period. As it is not possible in most instances to predetermine the usage outside the province, the motorist is assessed the additional premium for the balance of the registration year. He is also advised by letter than when he returns to Manitoba he should advise the Corporation or the agent and he will be entitled to a refund for the unused portion.

To what extent has this surcharge been applied in 1975? In its practical application this surcharge is assessed in a judicious manner. For instance, it does not apply to persons leaving the province under medical recommendation. Persons using their vehicles in jurisdictions which have lower, equal or slightly higher premiums than our Winnipeg premiums, we will also waive the additional premium if the Winnipeg premium plus 50 percent or 100 percent is more than the premium prevalent in that jurisdiction, if the premium in that jurisdiction can be predetermined. Persons utilizing their vehicles for only 60 days or slightly over that period this charge will not be made.

What is the average monthly assessment? This of course depends upon the territory in which the motorist is currently registered, Winnipeg, rural or northern, the jurisdiction and the jurisdiction in which the motorist will have his extended stay, the make and model of his car, that is the rating group and the existing coverage purchased. Assuming Territory I motorist with an average car and having basic insurance, the average monthly charge in Canada would be about \$5.00 which would go to \$6.00 if that motorist had extended coverage. In the U. S. it would be \$10.00 or \$12.00 if he had extra coverage over and above the basic.

It should be noted that the application of the surcharge has received a good response from most vehicle owners who have been assessed this additional premium. They realized they were the beneficiaries of an incredible bargain in the past three years, when for approximately \$80 to \$100, which would be Territory II rates, they could utilize their cars for extended periods of up to possibly six months in Arizona or California or Florida or Texas where the insurance premiums could range anywhere from \$5 to \$750.00

There was the other issue that was raised in the press about the motorist who intended to work in the States for approximately six months and was assessed an additional surcharge of \$180.00. The motorist could have, of course if he was working for that period of time in the U. S. could have re-registered his motor vehicle in the area that he was working if the premiums that would have been charged in Manitoba were substantially higher and purchased his insurance there. But if he wanted to have his vehicle registered in Manitoba when he returned in a shorter period of time than he was surcharged, he would be refunded the additional premium.

MR. BLAKE: I thank the Minister for the detailed explanation. As long as they have a medical certificate as I understand it, they're not subject to an additional charge outside of the

(MR. BLAKE cont'd) country over 60 days. The regulations as they're laid down - what I've concerned with, if someone decides to go down to, say, Arizona, for three months this winter, can they walk into their insurance agent and say, "I'm going to Phoenix, Arizona, I'll be gone approximately 90 days," and pick up this coverage, without having to detail where he's going to drive, how much driving he's going to be doing down there - will he be going to the grocery store, will he be sightseeing, will he be doing this - this is the understanding I got when I checked on it some time earlier, and I suppose these regulations hadn't been drawn up by that time.

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: The reason a number of questions are asked is to establish first of all whether perhaps a certain man should be surcharged at all, and in certain instances the premium would be waived. It's not intended, and I can understand where the confusion would be created, not intended to try to probe into a man's own affairs, but certainly certain questions ought to be asked. For instance, where I talk about medical certificates, for instance, would be waived, in certain other circumstances would be waived. I realize this has created a problem, and may be out of all proportion, because I do believe there are about 90 surcharges, something of this nature, we've had up to the last time I checked it, which isn't a large number when you consider there are 500,000 vehicles involved. I don't know, maybe this should be entirely be off-line to handle on an individual basis as to why the surcharge could be, because there's no question in my mind, sir, that there ought to be one if a person is driving in a higher rated area for a good period of time.

MR. BLAKE: Just while we're annexing surcharges, I wonder if you could clarify for me the surcharge applied to a driver who may have no demerit points on his license.

MR. URUSKI: A surcharge . . .

MR. BLAKE: . . . that would be applied to someone who may have no demerit marks on his license, someone who has never been charged with an accident, yet he can be charged with a surcharge.

MR. URUSKI: The only time that a motorist will pay an accident surcharge, if he has within the driver's license year, in his driver's license year has been involved in at least two accidents of which he has been deemed responsible for both of those accidents, he would be surcharged \$50.00 on his driver's license. That is the accident surcharge that is in effect.

MR. BLAKE: He would be deemed totally at fault should he back into a Hydro pole or something of this nature, he'd be deemed to be 100 percent responsible for that.

MR. URUSKI: Well, if he caused the accident, he would be deemed responsible, that is correct.

MR. BLAKE: He would have no charges, he would have no demerit points on his license.

MR. URUSKI: That is right. That is the accident surcharge. If he is held responsible for the accident, that would be one accident on his record. The surcharge is made after the second accident with that driver's licence year.

MR. CHAIRMAN: Mr. McGill.

MR. MCGILL: Mr. Chairman, it was on the point that Mr. Blake just raised that I wanted to ask the Minister one or two questions. This apparently has been in effect for about a year now, this surcharge.

MR. URUSKI: It's a year and a month approximately. It was implemented March 1, 1974, it began, but the records of course start after March 1, 1974.

MR. MCGILL: Is this something that is generally known by policyholders? Has it ever been publicized in respect to this? We all are pretty much aware of the surcharge that's applied by the licensing bureau when you have demerit points, but in this case you're saying that if a man has two accidents in one year in which he is deemed to be 50 percent or more responsible, he will pay an additional \$50.00, and if he is in three accidents . . .

MR. URUSKI: . . . yes an additional \$100.00.

MR. MCGILL: . . . an additional \$100.00. That makes \$150.00

MR. URUSKI: That is right.

MR. MCGILL: Now has this ever been publicized?

MR. URUSKI: In addition to the announcements that were made in 1974 after a motorist is involved in his first accident of which, at that point in time, a letter is sent to him indicating that he has been deemed responsible for that accident, and a notification letter is sent to him that should he be involved in a second accident in the year of his licence there will be a surcharge of \$50.00 should he be held responsible for his second accident, and also the

(MR. URUSKI cont'd) notification of a third and subsequent accident. A letter goes out to that motorist, if moneys are paid out on his behalf.

MR. MCGILL: But isn't it a fact that usually in an accident where there is no involvement, or the police are not interested, that it's an accident that occurs, that the adjuster may say to the two drivers that in order to process this we have to suggest that if you both bear 50 percent of the responsibility we can effect the adjustment, and he at that time may say well, you know, if that's necessary I may accept that responsibility. But if he were completely aware of the fact that he is in effect putting demerit points on his licence.

MR. URUSKI: There are no demerit points.

MR. MCGILL: Well no, I know there are no demerit points, but he is accumulating a record which is going to cost him more money if a second situation occurs, where again the police are not interested, but it's simply a matter of the adjuster deciding and coming to some agreement with the two people involved as to the percentage of their liability. I think that this is something that may be happening by a meeting of adjusters and two drivers involved, where the result of such agreement is not fully understood by the people.

MR. URUSKI: Well, Mr. Chairman, the adjusters will make a determination in consultation with their superiors, their Claims Center Manager, insofar as the liability of an accident is concerned based on police reports if there are, and on statements of the people involved. If the statements are unclear and there is likelihood that there is a division in the liability an assessment of that nature will be made. However should a motorist disagree with that assessment at any time, he has the opportunity to take this matter to Small Debts Court to have a ruling on that liability question. Because there are instances where motorists disagree with the statements of other motorists, and of course with the assessment made by adjusters in consultation with their superiors.

MR. MCGILL: Mr. Chairman, then to the Minister. I would think that this kind of surcharge will tend to increase the number of cases that will go to court rather than having a sort of out-of-court agreement between two drivers involved since the penalties involved now are somewhat substantial and more than applied in the past. What is happening now? Are more people going to court to determine the degree of their responsibility as a result of this surcharge?

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: Mr. Chairman, if I may. The accident surcharge - I think it was already mentioned - is \$50.00 for two accidents of which the person is 50 percent at fault or more within the 12 month period of his driver's licence. Of course the mandatory deductible under the Act is \$200.00. If two drivers of course were involved in an accident and all they were carrying is the mandatory coverage, and because there's not such a thing as a principle of set-off here in settling claims, it would mean that if they agree that they were 50-50 at fault they would both be paying \$100.00 each at that stage. In other words, instead of getting back the full coverage they'd only get \$100.00 in each case. Therefore the dispute in instances of that nature would arise regardless of whether you had a surcharge system or not.

When it comes to the 50-50 settlements I'm advised that very few claims are settled on this basis. It's our experience that people do demand their rights, and rightly so, and say that I wasn't at fault in that accident and I'm not going to accept a 50-50, and this is one of the problems that we're constantly faced with is to establish just who was at fault because you get two different versions naturally, and honest opinions from the people. In these cases if they are settled in court, I don't think it has increased the number of awards, sir, I think that one of the problems the accident surcharge may have is a tendency for people not to report an accident to us, if he is the wrongdoer, because he's going to be surcharged and the innocent victim therefore has created a problem of rounding him out, and we've created a problem of rounding up the wrongdoer to make sure that we do get a statement from him. I would say that this has been by far the greatest reaction we've had to it rather than I believe than going through the Small Debts Court.

MR. URUSKI: To get the fellow to make a statement.

MR. DUTTON: Yes.

MR. CHAIRMAN: Mr. McGill.

MR. MCGILL: Mr. Chairman, I appreciate the explanation given, and I would just like to hope that the Autopac Corporation insures that when the adjuster is meeting with people and making an agreement as to degree of responsibility of each driver, that he would make sure that they understand, you know, exactly what the penalty may be in the event that another such accident occurs in the same year.

MR. DUTTON: I think, Mr. Chairman, the observation is a good one, and if that is not being followed at this time, I'll soon ensure that where a person is adjudged at least 50 percent at fault he is notified quite clearly of what the responsibilities would be.

MR. CHAIRMAN: Mr. Banman.

MR. BANMAN: Thank you, Mr. Chairman. I have several questions. First of all I think I would like to ask the Minister in charge with regard to general insurance, we've had the date of July 1st being battled around for the government's entry through the Manitoba Public Insurance Corporation into the general insurance field, and I wonder if the Minister could give us a date as to when he anticipates that they will indeed be selling policies.

MR. URUSKI: As it presently exists that will be the date that we will commence doing business for selling general insurance.

MR. BANMAN: Have you already selected the agents that will be selling the insurance or when will they know if they become agents or not.

MR. URUSKI: Applications are now being requested by agents who are applying to be agents for the Corporation, and we are hopeful that by approximately May 15th that the selection procedure through the agency services will be carried and concluded.

MR. BANMAN: Anybody that applies for an agency that is already in the selling of different types of insurance well then has a chance to get an agency from Autopac.

MR. URUSKI: An agent who presently holds a general insurance licence, and who is in the general insurance business, can apply and would be considered along with all other agents who apply.

MR. BANMAN: A further question, Mr. Chairman. Being involved in business myself, and we've heard a lot of talk about premium comparisons and that type of thing, I would like to ask if - let's take last year for instance - if Autopac were to have shown a break-even statement, I wonder if the Minister would confirm that the Autopac rates under that particular instance should have been about 20 percent higher in order for that Corporation to make a break-even point situation.

MR. URUSKI: That would be approximately that.

MR. BANMAN: That would mean that that would have broken even and you wouldn't have picked up any of the previous year incurred deficits.

MR. URUSKI: That is correct. In that neighbourhood of approximately 20 percent.

MR. BANMAN: Has the Corporation done any research as to the effect of the two cents a gallon increase on the intra-provincial truckers, in other words the small transfers hauling back and forth from Winnipeg out to rural areas, and that type of thing? Will there be any rate adjustments with regard to their rates, because if you take some of the trucks which are burning about four, five - doing four to five miles per gallon, you're looking at an increased cost of three to four hundred dollars for one truck. That means a 50 percent hike in premiums.

MR. URUSKI: Yes. Mr. Chairman, the honourable member knows that the gasoline tax prior to July 1, 1974 was 17 cents, and it is now going back to 17 plus one, or 18 cents, so that the gasoline tax is going up exactly to where it was, plus one cent. Now when you're talking about truckers operating within a 100-mile radius we have done some checks insofar as, say, a tractor and semi-trailer unit, which would be valued at approximately \$25,000 with a gross vehicle weight of 74,000 pounds. The gasoline insurance premium for that trucker at about 4.5 miles to a gallon that's the industry mileage rate that we have gotten, would cost that trucker approximately \$44.00 for every 10,000 miles that he drives, and in Manitoba the average trucker, as given to us by the Trucking Association, would be in the neighbourhood of approximately 40,000. Using a 50,000 calculator for a transfer operator from a rural area within the 100-mile radius, there would be an additional premium of approximately \$220.00 to him.

MR. BANMAN: To put it in better perspective though, Mr. Chairman, we faced an increase of over 6 cents or 8 cents, and then the government because of the certain amount of moneys that they were getting back from our Virden oil fields decided to give us two cents back. But in effect, those two cents which we are talking about now are going to Autopac, and I don't think they have anything to do with the road system that we are involved with right now. But be that as it may, I would like to ask if there has been an increase in the number of claims this year over the previous year.

MR. URUSKI: In 1975?

MR. BANMAN: Yes.

MR. URUSKI: In the first five - let's see - October, five months - what have we got? What have we got in claims in percentage terms?

MR. DUTTON: No, it's not increased.

MR. URUSKI: The claims are not - there isn't an increase in the number of claims I am informed.

MR. DUTTON: We've had, Mr. Chairman, a better winter fortunately, not as much ice and snow. It makes a difference.

MR. URUSKI: But the honourable member if he indicated he wanted to place the rates in a better perspective, I will indicate to him that the gasoline insurance premium if you add it to the rates, say a rural truck driver - and I assume the member is referring to a rural truck driver using the same vehicle within 100 miles of Winnipeg - his basic premium would be \$573.00, and using the above average gasoline use another 220, which would give him a premium of approximately \$800.00, \$793.00. Even giving the worst position, if he had a fleet of five units and had a bad year where he would be surcharged for his accidents of 50 percent on his basic premium of another \$300.00, it would give him a premium of approximately \$1,100, and if one wants to put it into perspective all he has to do is look at what rates are charged for commercial units in commercial insurance in other provinces. And if you look at Alberta, for the worst record, and I have shown the worst record, that premium in comparison is \$3,500, and that's 1974 versus our 1975 premiums. Ontario would be \$2,500.00.

MR. BANMAN: Another question. The increased labour rates paid to the people repairing vehicles under the Autopac, involved with Autopac, I wonder if the Minister would inform us as to what increase we've had from 1974 to 1975 in metropolitan Winnipeg and rural Manitoba.

MR. URUSKI: Of claims?

MR. BANMAN: No, as far as the labour rate is concerned, payable to people repairing Autopac vehicles.

MR. URUSKI: The Winnipeg rate was at \$10.25, the basic rate was \$10.25 and has increased March 1 to \$12.00, and the rural I think was \$8.00 . . .

MR. DUTTON: It increased the same dollars.

MR. URUSKI: The same dollar amount - the same dollar amount was increased for the rural areas.

MR. DUTTON: So percentage-wise, Mr. Chairman, it would be higher because the rates were lower previously, but they were able to negotiate and convince us that the same dollar increase ought to be the case throughout the province.

MR. URUSKI: It varies in the rural areas from approximately \$9.00 up to almost the city rate.

MR. DUTTON: Higher. Higher, Mr. Chairman, if you go up north.

MR. URUSKI: Up north. Yes, in northern Manitoba it was I believe \$14.00 an hour prior to the increase.

MR. BANMAN: Just roughly I'd be interested to know what percent of the \$60 million paid out last year was, let's say, labour.

MR. URUSKI: Was labour?

MR. BANMAN: Yes.

MR. URUSKI: You mean the body shop . . .

MR. BANMAN: Yes.

MR. URUSKI: Collision damage. Collision damage was . . .

MR. BANMAN: If it's too technical maybe we could . . .

MR. DUTTON: I think if you'll allow us some time we can give an answer to this committee later if you like.

MR. URUSKI: What is paid to body shops?

MR. DUTTON: Yes.

MR. URUSKI: We can probably get a . . .

MR. BANMAN: Yes, paid on the estimates or on the claims.

A further question, and this is more of a technical one. I understand that U-drive cars, when a person rents a U-drive and should that person become intoxicated and have an accident with that particular car, does he have only public liability and property damage on that car, or is that car insured . . . ? In other words, is the dealer or the rental agency, is he covered for any of the damage incurred to his vehicle?

MR. DUTTON: This applies in total, not just to the situation to which you refer. If I loan my car to anyone, he's sober at the time, he gets impaired later on, he goes to the pub and he knocks back too many and he has an accident, then no way am I penalized. The car is repaired - there is of course a problem with the impaired driver, but I'm talking about the owner of the vehicle itself - because I did not - I loan my car to a person when he is sober, I have no control over what he does afterwards. On the other hand, if I loan my car to an individual who was impaired, and I knew he was impaired, then I'm the author of my own misfortune and there is no collision coverage to the car. Obviously we have to look after the third party, any injured person, and they are looked after, and of course the Part II payments are taken care of too --(Interjection)-- always subject to deductible obviously . . . Pardon?

MR. BLAKE: . . . impaired driver?

MR. DUTTON: Oh yes. We try to recover from the fellow that's had one too many, yes.

MR. BANMAN: Like getting blood out of a stone.

MR. CHAIRMAN: Mr. Craik, would you take the mike?

MR. CRAIK: Through you, Mr. Chairman, to Mr. Dutton or Mr. Uruski. At the half-way mark now, through 1975, what is your projection of what the company's position is this year?

MR. URUSKI: Mr. Chairman, as I indicated in my statement, we have incurred approximately a \$5 million deficit from October 31st until the renewal on February 28th, which is under the old year premiums. If I could indicate what the claims will be in this forthcoming year, I would be able to tell you exactly what the position will be on October 31, 1975. The increase in premiums was looked at to cover off the deficit position and possibly take into account, slightly, some of the previous deficit. However, that is always dependent upon the number of claims that the corporation receives on the cost per claim.

MR. CRAIK: In the current year.

MR. URUSKI: In the current year.

MR. CRAIK: Well, that's five months' position through your fiscal year, isn't it?

MR. URUSKI: Yes.

MR. CRAIK: November, December, January, February . . .

MR. URUSKI: November, December, January, February, four months.

MR. CRAIK: Four months. And equating it to your previous experience, what does that project you to at the end of October?

MR. URUSKI: If I could tell you how many claims there will be from May 1 until the end of October, I could be able to tell you exactly whether or not there is a one million dollar surplus or a five million dollar deficit at the end of the year. If you can tell me how many claims there will be from now until the end of October, I will tell you what the position, the financial position, of the corporation will be at the end of October.

MR. CRAIK: Well, Mr. Chairman, I mean, my question was, based on your previous experience, what it should project, and I think every company that's in the insurance business at a halfway point during the year has a reasonably accurate projection of what its position is going to be at the end of its fiscal year.

MR. DUTTON: Mr. Chairman, that's right. Everybody has an idea, and for the last few years all of us have been unhappy at this time of the year, too, at what we see. Well, there's no question right now, Mr. Chairman, that the new rates are enabling the corporation to break even or have a small surplus each month, and we anticipate that will be the case. But let's not forget that there's still a \$5 million deficit, based on the first four months, that has to be overcome, so if the question is, are we going to be able to overcome that five million, then I'd say that's very difficult to answer because, again, there is a relationship too as to if we're going to have a real good summer, if we're going to have lots of claims, and maybe some of the big ones. But I'm quite sure that if we're to take the eight months from here until the end of the year in isolation, it would show a surplus, but whether that surplus is sufficient to overcome the four months that we have to take in as part of the twelve and show an overall profit, is the problem. I'm not too optimistic, personally.

MR. CRAIK: There's no provision, as I see it, in your report to pay off your previous deficit of roughly \$20 million - \$10 million last year, more or less, and ten the year before. Does the corporation not plan to pay off this deficit?

MR. URUSKI: Well, Mr. Chairman, had the number of claims, if they stabilize, or the number of claims drops, of course the deficit will begin to be paid off. There's no doubt about

(MR. URUSKI cont'd) it that the deficit will have to be paid by the motorists of this province, and they will be paid over a period of time. Now, if the honourable member says to me, "How much of that deficit will you pay off this year," I again say to him, if he can tell me the number of claims that there will be between now and the end of October, 1975, I will be able to project for him as to how much of that previous deficit will be taken care of. You know, when the honourable members indicated before, that reasonably well a company will know in the halfway projection of their year, all he has to look at is the headlines in the Globe and Mail now, that in July of 1974, an increase; in January of 1975, an increase; in April of 1975, an increase; and a projected increase in July. Now, that is within one year. Would you say that the companies were aware of their position in that one-year period?

MR. CRAIK: Well, Mr. Chairman, I don't read the Globe and Mail regularly as perhaps the Minister does, so I am not aware of what his Canadian survey might yield him.

MR. URUSKI: It isn't our survey, Mr. Chairman, it is the survey of the companies.

MR. CRAIK: Well, Mr. Chairman, I'm asking questions about Autopac now. Let me put it more directly. If the Minister wants to bring in the general insurance industry, let me ask you: Is there any company in Canada that writes \$50 million worth of insurance a year that could sustain \$10 million a year loss two years running, and a possible another \$5 million this year, that would be not put out of business by the Insurance Act of Canada? There's no company that I know of that could operate the way Autopac's running if they had to meet the Insurance Act of Canada laws, which is a \$20 million loss on \$50 million of written - \$50 million per year this last year, something like 40 the year before, and a \$10 million loss each year, you couldn't meet the test of adequacy, 115 percent of assets to liabilities. Now you make a lot of comparisons about your performance versus other companies, but in down-to-earth English, perhaps Mr. Dutton can comment on this because he knows the private insurance industry. Is there any way that you could possibly still be in business if you had to meet the test of adequacy of the Insurance Act of Canada?

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: If I may, Mr. Chairman, the answer to that is of course the size of the corporation involved. I'm sure we're all aware that some of the insurance corporations' assets run into hundreds of millions, if not billions of dollars. There's no question about that. There is one company, now that you mention it, sir, that has a deficit substantially higher than Autopac has had these last two years, but they are part of a large conglomerate that has hundreds of millions behind them, and they were able to absorb it and of course prove the test of adequacy, and the answer is of course that behind Autopac, and which has different rules apply, is the entire Province of Manitoba, which I would assume have more resources than any insurance company would have. And that is why I would say that they are not worried about the corporation going bankrupt, as the Superintendent would be of any other organization, particularly one that was perhaps head office in other territories. But if we were to say in the first place, the answer would be that we would never have been able to get started if you applied the same financial rules to Autopac that you apply to other companies, because the government would have had to put in quite a large sum of money, probably running into millions of dollars to start it. And the government, of course, has no money invested in Autopac. Not a cent. That is the difference. It's a different game. It's a different method of operating.

MR. CRAIK: It's different, Mr. Chairman, would you not agree it's different if you started up and you had to, of course, have the backing of the government to write 50 million - no other company other than a private company with private stock was the type of one you're referring to, some large company that has that. But the normal insurance company, say it's a mutual insurance company, which is the most common we have in Canada, where there is no private stock in it, is of course what you're comparing yourself to from Square One. But I'm talking about a company that is operating, and if you assume that you have been a normal operating company for the last three years, my assessment of what the Insurance Act of Canada requires is that you've lost \$10 million on \$40-odd million of premiums two years ago; you lost \$10 million on \$50 million of written premiums; you may well lose another five, or whatever it is, this year - if you're lucky it's five, if you're not it might be something different - and you have no provision for retiring that deficit over that period of time, no clear budgeted requirement to meet in order to retire that debt. Now, looking at yourself in competition with a normal company, would the Insurance Act of Canada allow you to still be in existence?

MR. DUTTON: Well again, I want to make sure that I haven't left the wrong impression

(MR. DUTTON cont'd) here in my statement as to what the corporation will end up at the end of the year. If I gave you the impression, sir, that we are anticipating a \$5 million deficit, then I hope you'll forgive me, because we are not. I don't think you can add it in or assume that it's going to be 25 million in the red at the end of this year. That won't be the case. I can pretty well assure you of that. Now, had we been operating on the same basis as other companies, then again I must say that initially the Government of Manitoba would have had to put in from the taxpayers a substantial sum of money. As it is right now, they have not done so. We're still operating, we're still paying all our bills. We know, and they know, that this corporation is going to be here - it's designed that way - for a long time to come. If it ever became a requirement that we needed money, we could always get it from the government itself, so the corporation will not go bankrupt. The situation would be when it comes to retiring the debt, obviously the debt to ourselves must be retired and put into a surplus position. I had hoped that we would have been able to pick up a bit of it this year but I don't think so. But any surplus we make through future years, which should be a modest amount and should go towards retirement of that 19 million, there's no large hurry to do it.

MR. CRAIK: Where, Mr. Dutton, do you get the \$20 million now that you have as an accumulated deficit?

MR. DUTTON: An insurance company, all insurance companies operate is just really a large cash float. That's what an insurance company is. Many reserves are put up. Any time a claim happens, for instance, sir, the money is reserved for it. The money is not paid out for a long period of time, maybe for years.

MR. CRAIK: I'm aware of that. And your provisions for unpaid claims is 21 million, and the deficit of 20, you mean that you're just taking it out of there?

MR. DUTTON: Yes, we're working on a cash flow basis at the present time.

MR. CRAIK: So again, you're operating in a fashion that no other insurance company operates?

MR. DUTTON: Oh yes. Yes, I agree. I agree. And I didn't say that we didn't. I said the name of the game is different.

MR. URUSKI: That's right.

MR. CRAIK: This provision for unpaid claims goes down to, I presume, a lower value than that at certain times of the year.

MR. DUTTON: No, the provision for unpaid claims does not fluctuate. As a matter of fact, the provision for unpaid claims seems to rise all the time because it follows the inflationary tendencies of the economy.

MR. CRAIK: Do you have a budgetary provision to retire your deficit? Do you have an intention to retire your deficit?

MR. DUTTON: Yes, we have an intention to retire the deficit.

MR. CRAIK: But you have no fixed plan to introduce it?

MR. DUTTON: No. As I stated, Mr. Chairman, there is no emergency situation been declared by the board or by the Chairman, just stating that we'll get it cleaned up whenever we can. In other words, if we were to charge people to clear it up in one year, it would be bad or unfair for the motorists of this coming year to pay back the 19 million.

MR. URUSKI: Mr. Chairman, additionally there is no doubt that the philosophy of the private companies versus the public company is completely different. Mr. Craik should and probably does know that any investment income that the companies gain do not go back to the policyholders of that company, they go back only to the shareholders. In a public company, any money that is gained in investment income goes back to rate stabilization to the benefit of all the motorists of the province, and as a result the private companies have amassed huge sums of money in reserves to the benefit of their shareholders.

MR. CRAIK: When you're talking about public companies, who are you talking about?

MR. URUSKI: Every other company other than a publicly operated company.

MR. CRAIK: Are you talking about Portage la Prairie Mutual, Red River Co-op? Are you talking about Altona Co-op? Are you talking about Wawanesa? Who are you referring to? Are you talking about the . . . of companies that are not stock companies, or are you talking about mutuals?

MR. DUTTON: The majority of companies in Canada, companies, sir, are stock companies, but the mutual companies obviously operate in a different fashion. And within mutual companies there is even a different operation. I think the sums of money that is accumulated by a mutual company is one of the problems. Nobody knows who it belongs to.

MR. CRAIK: And who does them for the current stockholders, the current policyholders?

MR. DUTTON: There are no stockholders, but the policyholder is depending upon whether they're participating or not as to whether they have a vote, and so they operate on a different fashion, and it's often been a query as to where the millions of dollars that they accumulate, just who it does belong to.

MR. CRAIK: Well I don't think there's any question about who it belongs to. I've never known there to be any question about who it belongs to.

MR. DUTTON: Who does it belong to?

MR. CRAIK: It belongs to the current policyholders.

MR. DUTTON: The current policyholders. They'd belong to current policyholders who may not be voting members.

A MEMBER: They all vote.

MR. DUTTON: Not necessarily. It depends upon mutual to mutual.

MR. CRAIK: Mr. Chairman, with regard to administration of your claims, you state in here that the cost of automobile insurance is a direct economic result of automobile accident experience. There seems to be pretty strong evidence that one of the real problems is your claims administration rather than simply the motoring experience of the public. The motoring experience of the public over the period of time you've been in operation, would not appear to agree entirely with the total cost of automobile insurance in the Province of Manitoba, you know . . . from 30-odd million to 60-odd million in the time you've been in business.

MR. URUSKI: The number of claims . . .

MR. CRAIK: Why is your excuse here, your reason, entirely that it's automobile accident experience? I mean that, by implication, puts the onus on your driver, and I think it's a pretty serious question as to whether it's the driver experience that's been the cause of the vastly increased number of dollars going into straightening bent fenders and kinked necks. In other words, do you think that the methods you're using on claims settlements is satisfactory at the present time? Because that certainly is where the massive number of complaints - not necessarily complaints, but stories - are coming in from the motoring public at the present time, of in many cases what are considered to be exorbitant claim settlements. And what sort of control, what mechanism do you have to examine whether your claim settlement technique is adequate?

MR. DUTTON: Mr. Chairman, I'm glad you qualified one statement when you said there were complaints that we're being too lenient, which is rather inference. If we are being too lenient, it's a matter of measurement as to how you see it.

MR. URUSKI: Whose ox is gored.

MR. DUTTON: We hope we're not. We intend to make a just payment for a loss. When it comes to such things as kinked necks, as you mentioned, it's a very difficult thing to establish. Now to ensure that payments are made in accordance with a person's physical disability, if you're talking about that, we rely upon the Medical Association here. We pay for examinations. We have our own medical adviser who makes the examination, who doesn't himself make examinations - he reads the reports, gives recommendations, refers this person to a specialist. We have court awards that are happening which we study constantly to see that any payment which we make which is made out of court is in keeping with the trend today. We find incidentally that when they do go to court the courts are awarding much higher decisions than they did in the past. Surely we have no control over this. This is the judicial system. And when it comes to the injured person, this happens in all cases in this fashion; this is how it is handled. When it comes to the damaged vehicles itself, we do negotiate what I'd consider as a fairly good rate from the body shops. I believe that the hourly rate in Manitoba is as advantageous to the motoring public as anywhere in this country, the size of the population. You go to B. C. and they're paying \$3.00 and \$4.00 an hour more. You go to Toronto, you go to other areas where we know it to be the case. A lot of the money paid out repairing cars goes to hourly rate. When it comes to the parts themselves of course we pay the price of the parts as any other insurance company would do. When it comes to glass we're able to negotiate a discount on glass which comes to Autopac, which is lower than what the public would pay and again it works to the benefit of the motoring public.

Now the other question would be then are you allowing too many hours? I had a meeting the other night with the Automotive Trades Association where there were 175 of them there from all over the province and the indication I received from them was that we were being too

(MR. DUTTON cont'd) tough on hours that we are allowing, too tough indeed. And there was quite a few complaints. And now I am advised here by you, sir, that perhaps we're being too lenient. We hope to check this; we are making every effort we can. We are working also with - getting information from an experimental station that's being run in Regina to find out just what the hours should be and we're doing everything we can to correct this. And certainly I would say that the system that we have here is - if it isn't better it's at least on a par with what the industry is using elsewhere.

MR. CRAIK: Well I'm not suggesting, Mr. Chairman, here that in all cases that you're being too lenient. I just don't think you're going to hear from the people generally unless they've been treated in a less than satisfactory way. You'll hear from those ones.

MR. URUSKI: Who do you hear from?

MR. CRAIK: I don't think generally you're going to hear from the people that have an over . . .

MR. DUTTON: I'd like to hear them say thanks anyway.

MR. CRAIK: . . . an over-abundant settlement. Well, Mr. Chairman, I'm sure . . .

MR. URUSKI: Who do you hear from?

MR. CRAIK: Do you want some samples and examples of the ones you hear from, the history's replete? I'm sure every MLA in the province must be, you know, getting the feedback. There's probably more feedback on Autopac than there is any other single issue that an MLA has to deal with and if you want us to provide us with, you know, names and examples I can . . .

MR. URUSKI: Of generosity. You're talking about generosity.

MR. CRAIK: Well you get, Mr. Chairman . . .

MR. URUSKI: I would like to hear.

MR. CRAIK: You get both cases. You get both the cases where they are unhappy but by and large I would say the ones - the feedback on the over-abundant settlements exceed those that come back where they are dissatisfied with it. The difficulty in the system is that your system is almost like a one-way valve, those that get a high settlement, an over satisfactory one, you're not going to hear from. By and large they're not going to come back to complain. You hear about it after the fact by way of the casual statement. But you're going to hear about the ones . . .

MR. URUSKI: So you're not sure of them, you can't confirm them.

MR. CRAIK: Mr. Chairman, I can confirm any examples that I state to the Minister if it's the wish and desire of the person relating them to do so. I'm talking about your system as a matter of general principle. The way it operates is that you have a one-way valve type of system. You're going to hear back by and large from those that have what they think is a bad claim's settlement and you're also going to probably not so likely hear from those that get an over-abundant settlement. And I think that it's human nature and I don't care whether it's Autopac or Timothy Eaton Company the client is dealing with. I am talking about the nature of your system, to have your claims man adjust a claim and if he's adjusted it over-abundantly it goes out and of course it's charged for by the body shop. This person gets his car fixed and that's it. Now if it's unsatisfactory and the man can't get it done for that or can't get a good job done for that price he comes back and you hear from him. Now under the system where you at least had to have competitive bids from a body shop on a particular job you have entirely a different matter, but you have no control. I mean you have to - how are you going to keep a man sitting in a fancy Autopac Claims Center in touch with the actual floor of the body shop where the claims work is being done. If you want examples I can give you two or three.

MR. DUTTON: There's no doubt . . .

MR. CRAIK: I can tell you about the man who dropped a box in the trunk of his car and he snapped a wire on the car and they started - the wire heated up and caused a lot of - well it didn't catch fire but caused a lot of smoke damage. He went down; he was allowed \$70.00-odd to get it fixed. He fixed it for \$3.95.

MR. DUTTON: I'd like to have cases like that.

MR. CRAIK: If you want another one . . .

MR. DUTTON: But I'd like the names of course.

MR. CRAIK: This fellow had an accident and he went down but he stopped into the garage first and said, "What would it cost me to get this fixed? I don't know if I'm going to get this covered or not." He got a bid of \$600.00. It was a small accident on his front fender and his

(MR. CRAIK cont'd) hood. The settlement on it was over \$1,200.00, it was double. The Claims Center gave double the amount. You know if you want more . . .

MR. DUTTON: Yes, I do.

MR. URUSKI: I'd like the specifics.

MR. CRAIK: I'm sure every MLA sitting at this table must be getting this feedback.

MR. URUSKI: I'd like the specifics, Mr. Chairman, that's why I . . .

MR. DUTTON: Mr. Chairman, . . .

MR. CHAIRMAN: Order please.

MR. CRAIK: All I'm saying is . . .

MR. DUTTON: Mr. Chairman, if I may . . .

MR. CRAIK: . . . you're hearing about the unsatisfactory claims settlements, you know. But I can suggest to you that those two I have just indicated to you, the fellows were just happy to get their cars fixed and that's all there was to it. They said, well you know why should we stick our neck out and make an official complaint. But if you get - I can tell you a few more and if you want them you can have them. But I'm again telling you that the evidence, all the evidence that's coming in is that you're getting the feedback on bad claims settlements, complaints, but you're not hearing about the ones where you're too generous in your settlements. And I suggest that until you get that into a competitive situation where the body shops are competing, you're not going to get it.

MR. DUTTON: May I answer some of these questions. First of all the statement was made that perhaps that every MLA gets more questions on Autopac than almost anything else. I don't think this is too unnatural. We have opened over 250,000 claim files. That means 25 percent of the population of this province are involved directly now or a claim that is being settled in Autopac. There's bound to be people who are unhappy with it, obviously. There's bound to be people who are overpaid. But if our system is wrong - that's what you're suggesting, sir - can you tell me why the insurance industry is now paying out hundreds of thousands of dollars to copy our system and the Insurance Bureau of Canada have hired the consultants that helped set this place up to build drive-in claims service centers for them to follow the same system that we have. Can you answer that one? And that's the situation and I think that's an answer in a nutshell. The public they have found out in other provinces do not like to drive around and particularly in a city like Toronto to three or four places to get estimates when they should be able to drive into one point and have the insurance companies themselves estimate that damage for them.

Now to answer your question about whether we are too overly generous on a bent fender. We have now this last year put in supervisors, and all these estimators incidentally come from the industry itself and I'm talking about the body shop industry, have had many years of experience in estimating cars. Now they're being checked by supervisors who are also top men in their job to make sure that they're not overestimating. Perhaps that is why we are getting lots of complaints at this time now from the ATA because they say we're being too tough.

MR. CRAIK: Well, Mr. Chairman, I think it's very inconvenient for a person to have to get two estimates.

MR. URUSKI: Or three or four.

MR. CRAIK: I had an accident myself where I wasn't responsible but a city vehicle, snowplow, backed into a fender and after a couple of weeks they decided that it wasn't an Autopac responsibility, it's a city responsibility. So the city said the only way we're going to settle with you is if you get two estimates on how to fix that fender. Well I can tell you the one estimate came in at \$120.00 and the other came in at about \$78.00. I mean there's a variation right there. That shows you the spread in estimates and it wasn't a very difficult job to fix that fender. Well six weeks have gone by and I still haven't got the fender fixed because the settlement only arrived last week. It's inconvenient, sure it's inconvenient and it's taken some time to do it. But what it's done is it's kept the system relatively clean and honest on the basis of the competition of the body shops. Now what I'm saying is happening to you if your adjuster is a man that's giving \$120.00 you're not going to hear a complaint; but if your adjuster was giving the \$78.00 award some of those body shops would be saying, we can't touch it, we can't touch it for that. And so your natural is to go up. I mean it's a built in one-way street for higher costs in repairing cars. And the body shops are by and large happy because they have this. They know that the thing is ratcheting its way up; they don't have to worry at all.

(MR. CRAIK cont'd) They don't have to compete with the guy down the street. All they have to do is turn down a few of the settlements sent to them by Autopac and sooner or later the Autopac has to go up. I don't know how you're going to do it. I think basically your system is . . . You say the rest of the industry is going to that system. I guess they too then realize the comfort of extravagance because that's what we have, the comfort of extravagance.

MR. DUTTON: Well it's not my position, and I'm sure you appreciate, to debate this type of thing with you. I'm an administrator. But I should point out really that the insurance industry of which I am in close touch with at all times really, indicate that they like the system that they see or have seen on the prairies and not necessarily going to follow everything we do but they do agree with the drive-in concept and it's not new. It has been going on. All State use it to name a company. There have been many other companies in the United States. There are some in operation now in Eastern Canada. It is considered the coming thing in adjusting the bent fender. Not the other basis of which you are mentioning. Because the other system too has a few problems with it, another one of which is the danger of collusion, I'm sure you are aware in certain instances. There's a danger of a closed shop. If you get a small enough community where there's a number of shops you can say, well I won't bid now or you bid, you can have it this time and you can high price. So it's not just that easy to say that by simply asking for competition you're going to get the lowest price at all times.

MR. CRAIK: I had one other question, Mr. Chairman, and perhaps it's been already discussed and cleared up. Under the two categories, All Purpose and the second category. The All Purpose being the Business and the second category being . . .

MR. URUSKI: No. Preferred, All Purpose and Business are the three categories.

MR. CRAIK: Preferred, All Purpose and Business. What categories under the basic insurance are people under 25 covered without extra insurance?

MR. URUSKI: Pardon me?

MR. DUTTON: All Purpose.

MR. URUSKI: All Purpose.

MR. CRAIK: And Preferred?

MR. URUSKI: And Preferred are drivers over 25 that don't use their vehicle to and from work. For pleasure use.

MR. CRAIK: So you would have to have - your first category then is, your highest category is which one?

MR. URUSKI: Business. Are you talking about highest premium category? Highest rate?

MR. CRAIK: Yes.

MR. URUSKI: It's Business.

MR. CRAIK: Is a person under 25 in the family covered under that?

MR. URUSKI: Yes. Under Business. Yes.

MR. CRAIK: And they're covered under the second category, All Purpose, automatically?

MR. URUSKI: Right.

MR. CRAIK: But they're not covered under the third one which is the Preferred.

MR. DUTTON: If they have a person under 25 who would normally use that car, drive that car, then they should be All Purpose.

MR. BLAKE: Occasionally they would be covered.

MR. URUSKI: Yes.

MR. CHAIRMAN: Mr. Blake.

MR. BLAKE: Thank you, Mr. Chairman. There's been so many points raised I don't want to become repetitive here. One point that was mentioned earlier on, you mentioned that there had been no increase in your number of claims. Has the dollar value of those claims increased?

MR. URUSKI: Yes. We indicated that there was . . .

MR. DUTTON: Increase in claims and dollars.

MR. URUSKI: . . . an increase in claims and dollars. The cost per claim last year increased from \$255.00 to \$281.00 from 1973 to 1974 or a 10 percent exclusive increase.

MR. BLAKE: No, I was thinking of the first five months or four months of this year where you mentioned you had a \$5 million deficit. You mentioned your number of claims had not increased.

MR. DUTTON: That's right.

MR. BLAKE: But has your dollar value of those claims increased?

MR. DUTTON: Yes, the dollar value of the claims increasing, Mr. Chairman. And I think in the opening remarks the Minister pointed out one of the reasons for it of course is that the increase of 19 percent in shop - hourly rate and the shop material and so on and so forth.

MR. URUSKI: The 30 percent in shop material . . .

MR. BLAKE: This is not likely to rectify itself, it will continue to increase throughout the year.

MR. DUTTON: No, there's no question, Mr. Minister, and there's no secret, there's no difference. We're faced with nothing different than the insurance industry is generally across the country. The cost of repairing cars is going up and accelerating very rapidly and we're all in this uncomfortable position of having to recognize that fact.

MR. BLAKE: So without your 6 million or whatever you're estimating from the gasoline tax to bail it out, you could be looking at another \$10 million loss this year.

MR. DUTTON: No. The loss this year - what I try to say, Mr. Chairman, is that if we could ignore that first four months, we're worked in on a surplus basis now with the rates. But we have to make up that first four months which had a \$5 million loss. We have to make it up in an 8-month period. And the statement I'm making is that I think it is debatable as to whether we can do that in eight months.

MR. URUSKI: It really is dependent on the number of claims the Corporation receives.

MR. BLAKE: Also on windshield damage. I've been given to understand that you will now be deducted for every stone bruise on your windshield \$10.00. Is that correct?

MR. URUSKI: No, I'm not aware of that at all.

MR. DUTTON: A break is a break is a break when it comes to glass really.

MR. BLAKE: I've been given to understand if you take your windshield in you've got one stone bruise that has spread to actually impair your line of vision, but if there's two other stone bruises on there they'll deduct \$10.00 for each of those other bruises.

MR. DUTTON: In keeping with the question that was asked here and in trying to minimize the cost of - that we're spending out in claims, what we're doing really is encouraging people - if there's a bruise on the windshield that doesn't obstruct the vision, it's not a hazard - not to replace the windshield, that we'll replace it for them later. But let them drive. Surely this is a - I came from a small farm community, we all used to do that, we didn't bother replacing the windshield until later on. You're going to get another hit anyway.

MR. BLAKE: You might just check into the \$10.00 deduction. Also while we're on the . . .

MR. URUSKI: There's no such deduction.

MR. BLAKE: No. All right, that's misinformation. Kill that rumour before it spreads over the country.

MR. URUSKI: Do that, Dave.

MR. BLAKE: While we're on windshields it might be a good time, it's maybe not the time - I don't know where the time is on the statement now - but on repair parts, could you tell me if the Corporation is planning on going into the auto wrecking business more extensively than they have? Do they plan on using the present auto wreckers to supply more used parts? And I can agree. I don't really see a 1973 car that needs a brand new fender on it. The fender has to come off a '73 car to fit it and if it's in perfectly good shape, I can't see any driver complaining. And it's been estimated that this would provide a substantial savings to Autopac in the neighbourhood of two to four million dollars if they used used parts.

MR. URUSKI: Yes. First of all, Mr. Chairman, the policy has been and is of the Corporation to use used parts wherever we can get them and the only system of availability of parts presently is through auto wreckers that are in existence. We are actively pursuing the possibility of setting up a salvage operation under the aegis of the Corporation. We are still working on that.

MR. BLAKE: Actively pursuing. This means you've got it set up, you haven't told us about it yet, is that it?

MR. URUSKI: No. Actively pursuing the planning of looking at salvage. There is no salvage that the Corporation is into now other than the auctioning of wrecked vehicles which is the only salvage that the Corporation has at the present time. There is no used parts that the Corporation utilizes of its own. We utilize the private system wherever we can obtain parts.

MR. BLAKE: In mentioning auctions, I've been out to the auction. I was just amazed at

(MR. BLAKE cont'd) the type of cars that were being auctioned off. There wasn't a good clean car there. They were all racked up hot rods that have been probably wrecked for the umpteenth time. There were very few of those cars went to auto wreckers. I would say probably not a third of those cars sold went to auto wreckers. And I know people are buying them and they're making one car out of three and that car goes on the road and it's probably a total in another three or four months. Do you think this is a good practice or should not maybe the largest portion or maybe all of these cars should be going to the auto wreckers themselves? And also there must be the odd nice clean family car of a 1973-74 vintage that gets totalled somewhere and where were those cars? There were none on the lots. Are they sold elsewhere or . . . ?

MR. URUSKI: All the cars that the Corporation receives in the Winnipeg area are sold through the auction. When you talk about a nice 1973-74, a nice 1973 or 1974 if it's totalled would have to - the damages would have to exceed the value of the car, otherwise it would be repaired.

MR. BLAKE: That's right. But when you look in it, the seats would be nice and clean and it would look like a family car. These cars that were being auctioned out there were complete and absolute wrecks. The seats were ripped and there were . . .

MR. DUTTON: We believe - the last figure I saw - about 60 percent were being bought by wreckers and I think to answer a couple of questions, we've got to make sure that we maximize the return that we get from total losses. The total losses will vary between seven to ten thousand a year, somewhere in that neighbourhood. And we're talking now of the sums that would probably run about \$2 million that we'll recover. The best method of it, the way we're handling it at the present time, by selling whole units is to have people bid on them. Otherwise what are we going to do if, as we started at first, to sell them in lots of five, and let the wrecking association tender on them because with lots of five we found that the price per car was substantially less than what it is when we opened it up to the general public. And we're talking now - the difference would run into many hundreds of thousands of dollars, that's why we do it, the fashion we're handling it.

However we are running into a problem and it's quite clear anyway to the administration that we're not being able to obtain recycled parts and we should be able to obtain recycled parts. Particularly when all of these thousands of vehicles that I'm speaking of should be, theoretically anyway, put back into the market as recycled parts, in many instances, rather than rebuilt because obviously the type of car you're talking about shouldn't be rebuilt. So the question is where are the parts? We've been meeting with the salvage people and they have an association here to find out if there's some method in which we can ensure that recycled parts get back on the market. Because there's a difference of opinion between the ATA and the salvage people as to the availability of parts. We're in this stage at the present time to see if there is some way in which this can be worked out because we certainly want to get the parts. You're quite right, I'm sure there would be a substantial saving in the cost if we could get recycled parts back into the vehicles.

MR. BLAKE: Just further to a question that Mr. Craik mentioned on the estimates on jobs. Do you have any idea of how many jobs are completed with less than the number of hours that the estimator has applied vis-a-vis the number that come in with a request for additional hours?

MR. URUSKI: That's one thing that you will not get from the body shop, whether or not - dependent on how they handle the working hours of their people, whether they're on piece work or whether they're on straight hourly rate. I believe that most of the body shops are on piece work or on job work and that the workman is paid on the job that he completes, whether it takes him the estimated period of time or a lesser time.

But the method of estimating that is utilized by the Corporation is at the present time, as indicated before, we're using some information from the Research Centre in Regina about estimating times and procedures. As well we use the industry figures that the industry throughout the country utilizes insofar as the estimating of the repairs of the vehicles. So the procedure is the same.

MR. BLAKE: I just bring it to mind because of one job that I think they estimated nine hours and I said to the chap, you know, what if you do it in six hours? And he said, you know, that's good-o for us. Well what if it takes you twelve? Well he said that's no problem. He said we just submit a request to the agent or the estimator and say we can't do it, it's going to take this much longer and he said they just authorize another three hours.

MR. DUTTON: Well, you do hear of course, there's no question of the occasions when a person - I hear them too - a person - a person has been allotted too much time. One of the problems that we found out we do have and I've been having meetings with our estimator to try and find out if we can't get some degree of uniformity and make sure that the estimates are correct. Unfortunately, of course estimating is not an exact science and you're going to have a variation between two estimators. You know, albeit they're very qualified people in their field, one of the problems that we do run into is that maybe a body shop will phone back if you don't allow enough hours perhaps for the work to be done on the fender. But he may have more than enough hours on the grill but he doesn't tell you that. But one would make up for the other. But he'll beat you back on the other one.

Now we have these estimating supervisors that I mentioned who are there and their purpose is to make sure that we do have uniformity, to make sure that there is an after inspection too, incidentally, because we have had complaints of inferior workmanship. And although it is up to the individual to choose their own body shop, I still say there is a responsibility on our part to make sure that the workmanship is adequate because we're paying for a first class job. And so these people are doing this and it's going to take a while to iron out any wrinkles which may be there but we're moving in that direction as quickly as we can.

MR. BLAKE: You've had considerable experience with hail damage. A case comes to mind that I'm aware of. A brand new vehicle that was involved in an accident with 1,600 miles or something on it. After much negotiation it has been repaired but when he received the vehicle there was little pock marks or dents all over it and he said well, you know, I'm not going to take this. Autopac are now requesting him to sign a hail damage form and he said no, I wasn't in a hail storm, it can't be hail damage. So he's gone back to the dealer that sold it and he's simply sold that as a new car and came to us with the fact that it hasn't been involved in a hail storm at all. That's been under fire for three months now as to who's going to pay for the damage to the car.

MR. DUTTON: Well when it came to that hail storm, you're talking about the one in 1972 that hit, was a bad one. We took the position at that time that all hail damage had to be repaired rather than straight cash settlements.

MR. BLAKE: This is a brand new 1975 car.

MR. DUTTON: Yes, for a 1975 car. Where did he get the hail damage?

MR. BLAKE: Well that's what he's wondering. He says that in the letter, and they won't fix it until he signs the letter that it's hail damage.

MR. DUTTON: Well I think if you'd give me that one, sir, that one's got me mystified. We don't often get hail in the wintertime.

MR. BLAKE: That's just the point. It's just so ridiculous I thought I might bring it up. All right.

I just want to revert back to the Minister, the general insurance. I have an application form where they're requesting marital status and the names of organizations to which you belong and what offices you've held. I just wonder what bearing that might have on appointing an agent to sell life insurance, fire insurance.

MR. DUTTON: I had a member of the press approach me on that the other day and he asked me if there was any political overtones to such a question. I assure you that this is one strictly of administration, perhaps an over-exuberance too on the people that do it. They were trying to find out just how many people, you know, for our records, belong to service clubs or the type of people, this sort of thing. If they don't answer it, it's nothing to it. There was nothing sinister I assure you intended. As a matter of fact, well I know that Sherman here hasn't even seen the questionnaire.

MR. BLAKE: They're already bonded as an Autopac agent. I imagine that will be sufficient for . . .

MR. URUSKI: Well, yes. Mr. Chairman, the questionnaire is pretty well I believe - I was informed that it is a standard type of a form that is put out by the industry when an agent wishes to apply to become an agent of that company.

MR. BLAKE: Another point. Where there's an accident, say someone is rear-ended and he is not at fault at all and he reports his accident dutifully to the proper authorities. But the chap that hit him from behind will not report the accident. What steps are taken to bring that chap into Autopac's office and make him report the accident?

MR. DUTTON: This is one of our most difficult problems that we have. As I mentioned

(MR. DUTTON cont'd) earlier perhaps this is a by-product too of the accident sur-charge and for obvious reasons. If a person has had one accident and he's caused another one and he can get away, maybe he will. And so what happens is it's up to the individual who has been rear-ended to of course exchange particulars with the other party, his driver's licence and so on. If they advise us, and which in almost every case they do, and if there's a police report or the police are there at the scene of the accident I should say, then it assists. But what happens is that if he doesn't come in to report, then we send him a letter, we phone him, and we actually go to his house to try to call him in, to get him to comply. We do have re-course, of course which will be in the most severe cases followed up to make sure that the man can be charged for not reporting the accident. We're not a law enforcement agency, we don't like to resort to that but we're certainly going to take every course that we can.

MR. BLAKE: I see. You just couldn't automatically charge him for not reporting it.

MR. DUTTON: No. Well if he doesn't report the accident to the police of course that's a different story, depending upon the amount of damage.

MR. BLAKE: No, this one was over. The one I'm thinking of was over \$200.00.

MR. URUSKI: There should have been a charge.

MR. BLAKE: The car got rear-ended and the grill of the other one was sure as hell . . .

MR. DUTTON: Well you know we've had cases like that too, very unfortunate. People innocently did not report an accident and I know what will happen I believe with the RCMP anyway they'll phone a chap and say you'd better come down and make your report and if he doesn't do it he gets a summons. His fine isn't too much but he gets so many points added to him that he gets really rapped when he renews his driver's licence. So they get hit pretty hard.

MR. BLAKE: This particular person is a salesman and he just claims he's out of town all week and he doesn't get in to report it. But this has been going on for about three months now.

MR. URUSKI: You're indicating that there was no report to the police at all?

MR. BLAKE: No, no. The chap that was stopped at the light reported it but the fellow who hit him in the rear end hasn't reported it.

MR. URUSKI: I'd be interested in hearing those details.

MR. BLAKE: Your people have contacted him two or three times.

MR. URUSKI: Yes. And the damage exceeds . . .

MR. BLAKE: Well it was over \$200.00 to the one car and it has to be more with the grill of the other one. It's probably a \$400.00 or \$500.00 crunch altogether with the other one.

MR. URUSKI: That's really an enforcement action on the police. If you've got the details I certainly would like to have them.

MR. BLAKE: I have them in the office. I have given them to Mrs. Manson.

MR. URUSKI: I'll check that out. It's being worked on then.

MR. CHAIRMAN: Mr. McKellar.

MR. MCKELLAR: Mr. Chairman, Mr. Dutton or Mr. Uruski, I was interested - you mentioned the general insurance, going into the general insurance business and I'm just wondering about the various agents you're going to appoint. Now I know in our case the barber is the agent in my area. Now he doesn't know anything about insurance and I don't know whether you're going to licence him or not but are you going to make an insurance agent out of this man in a month and a half?

MR. URUSKI: Was he an Autopac agent?

MR. MCKELLAR: Yes he is.

MR. URUSKI: No. If he is not a qualified insurance agent and holds a valid general insurance licence he would not be eligible for a general licence whether he's an Autopac agent or not.

MR. MCKELLAR: Well then does that mean that the people that hold a licence with the Superintendent of Insurance will automatically - that's the only licence they'll require to sell general insurance? Are you going to make them have a licence from your company, corporation?

MR. URUSKI: No, no, Mr. Chairman. They can apply if they have a general insurance licence as recognized by the Superintendent of Insurance, the same requirements as the private industry.

MR. MCKELLAR: Well that's good to hear but we won't have an insurance agent, Autopac insurance agent in Wawanesa then. That relieves that problem then. I'm sure that Wally Semchyshyn will be happy to hear that. --(Interjection) -- So will the barber, yes.

(MR. McKELLAR cont'd)

Now one thing I always mention, government always likes to comment - and I want you to answer this Mr. Dutton because you're just the General Manager. Mention is always made about those bad bad companies in Manitoba who sold insurance for many years that their costs of operating their companies, their expenses is around 35 percent and yet Autopac gets by with 19. Now I know what the companies, the private companies pay for commissions on general insurance, it's 20 percent. Now what commissions are you going to pay, Mr. Chairman, and I would like to know that because I'm sure many of the agents who are going to sign up in the next two weeks will be anxious to know that.

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: The commissions we will pay - we are in a competitive basis of course in the general insurance with Wawanesa if you wish or any other companies and the commissions have to be on a par with what the industry pays. In other words, the same.

MR. McKELLAR: Renewals. What commissions are on renewals?

MR. DUTTON: Pardon?

MR. McKELLAR: On a renewal? Not the first policy . . .

MR. DUTTON: No, the contract - the agent - We're talking about the general business aren't we?

MR. McKELLAR: Yes.

MR. DUTTON: Each agent will be under contract as they would be with any other company and the contract does spell out what the commissions will be and that's of course the same commissions on renewals.

MR. McKELLAR: I see.

MR. DUTTON: It's the conventional system, sir.

MR. McKELLAR: Are you going to have direct writing?

MR. DUTTON: Direct writing as such, no, excepting - we're not going to solicit premiums directly but there will be people, there always is people who will come in and demand that you write the coverage through them instead of through an agent. There are some people like that of course.

MR. McKELLAR: Yes. Well having been in the business for 25 years are your agents not going to leave the barbership to go out and inspect the house or dwelling or mercantile risk?

MR. DUTTON: The agents . . . ?

MR. McKELLAR: Yes. Are they not going out to inspect that mercantile risk or that dwelling to see whether everything is in order? Who's going to make a report? Are you going to send an inspector out to every house and every mercantile risk?

MR. DUTTON: No, no, Mr. Chairman. We do intend to have a loss prevention department which of course will have a look at the heavier commercial risks with a view to finding out what the deficiencies, physical deficiencies would be and recommending any changes and arriving at the rate. Every risk has to be underwritten. There's nothing new about that surely, sir, and when it comes to dwelling insurance we all know that companies have various philosophies when it comes to writing it.

For instance many companies won't write a dwelling insurance if it's over 25 years old. That's how they underwrite it and inspect it. Or they will not write a dwelling if it has a value of less than \$20,000.00. That's their system of handling it. So we have to have our own philosophy of course which will have to embrace an older dwelling, we'll have to insure that people with dwellings less than \$20,000 can buy coverage. We are not going to go out and inspect each and every one of them because it would be prohibitive in cost to do so.

MR. McKELLAR: Well presently the agent is responsible, or not responsible but he's got to make a report on every . . .

MR. DUTTON: Yes, he makes a recommendation. That is right, yes.

MR. McKELLAR: In most cases he sees the house.

MR. DUTTON: Yes.

MR. McKELLAR: I always did anyway when I was writing.

Now how about the mercantile risks? How are you going to handle those, that type of particular risk?

MR. DUTTON: The mercantile risks - we intend as I stated to pay conventional commission. The philosophy we are developing is to ensure that an agent gets an adequate market.

(MR. DUTTON cont'd) In other words we will be able to write a reasonably large limit for him at a standard commission. However if he is expecting it to be obtainable strictly on a rate basis then I think he's going to be disappointed because I'm sure we're all aware that the general insurance business, fire business at the present time is not in a very good state and to reduce rates when they're losing money would be courting disaster.

MR. McKELLAR: Yes, well you mentioned that your office for the general insurance is going to be in Brandon, is that right? Was that mentioned?

MR. DUTTON: No, that is for the habitational portions of it which of course require the large staff when it comes to typing. We will not have enough business to be computer produced at this stage, obviously, and it would be I think administratively foolish for us to write costly programs for this when we haven't any business. So that initially at least the policies will have to be typed and there's only so many policies a girl can type a day. And there's no doubt that the increase of staff to a large extent is going to be in Brandon because of the nature of the business. But the commercials, because most of the commercial business is in Winnipeg and has to be underwritten, will be handled through Winnipeg here.

MR. McKELLAR: Are you going to operate out of the Bank of Montreal Building where you are presently on Portage Avenue?

MR. DUTTON: Well at the present time, sir.

MR. URUSKI: For the present, Mr. Chairman. The honourable member knows that there has been - the Department of Public Works is now presently looking at sites for a government building which will include the Corporation staff within the City of Winnipeg, other than the Bank of Montreal Building.

MR. McKELLAR: How many employees do you expect to hire to look after general insurance?

MR. DUTTON: The numbers initially are not very large. We are looking perhaps between 25 and 30 people contingent upon what we write of course and if the volume comes in to any extent it will be increased proportionately. But we do have the base on which to operate now. We have accounting; we have our own systems department and computing department and claims people, etc., so that the increases won't be substantial.

MR. McKELLAR: Have you hired your inspectors and adjusters or are you going to use the same adjusting firms that you have right now, same adjusters?

MR. DUTTON: The answer to that on adjusting, sir, is to handle our own adjusters if it's at all possible. Obviously the people on top have to be experts in general claims adjusting which we all know is different than automobile adjusting, different expertise entirely. And we will have these. We hope that the smaller claims that do occur from time to time can be handled by our own adjusting staff. But certainly any complex - you know an old claim or anything of this nature would have to be handled by a person with many years' experience and would be done so. And if it is necessary to engage outside help we will do so.

MR. McKELLAR: Yes. On other question regarding general insurance. Are you aware that B. C. lost two and a half million the first year of operations in the general insurance business?

MR. DUTTON: I think the first year of operation they lost something like \$700,000 or \$800,000. That's the second you're referring to.

MR. McKELLAR: Do you expect to have this type of performance in Manitoba?

MR. DUTTON: No, sir, we do not. I do believe you can learn things from another man's misfortune and that's what we're hoping to do.

A MEMBER: What happened in Autopac?

MR. McKELLAR: Well this doesn't seem to happen when governments start to operate things.

But now one other thing that bothers me and it's in the Inspector's Report of the Liquor Commission where 90 percent of the impaired driving charges, or the moneys collected on charges involving alcohol, were collected in rural Manitoba. And everybody knows that this money - eventually that you get another piece of the action through demerit points. Now surely - I don't know, I only live here in Winnipeg four or five months of the year - but there's just as many drunken people in Winnipeg as there are in the country. In fact there's more. Are the police not catching these people or is there a reason why the rural people are having to contribute 90 percent of the demerit points and most of the demerit points are from impaired driving charges. This is not fair to rural Manitoba. Either we have just laws affecting all people or something's got to be done. It's not right. It's certainly not right.

{MR. McKELLAR: cont'd)

I've had one young fellow in my area that's 18 years old. He had two impaired driving charges already. If he was living in Winnipeg he would not likely have any because he wouldn't get caught. This is bothering me. Are you making any study on this in the Corporation?

MR. URUSKI: Well, Mr. Chairman, we of course are not, we're not an enforcement agency. I can't confirm the figures that he has and I haven't seen the report from the Liquor Commission. But I certainly can take this up with the Attorney-General and the honourable member can do likewise insofar as that report. I'd like to have it.

MR. McKELLAR: Yes. Well another thing that always concerns me and this deals with demerit points too. The agents tell me all through the province that all they get no matter whether they charge - and presently you're charging a maximum of 375 for demerit points and you can go as high as you want with accidents, three accidents makes it \$150.00 which comes to \$525.00.

MR. URUSKI: Yes.

MR. McKELLAR: And on top of their driver's licence the most they can collect as commission on that is 40 cents. You see otherwise you don't pay any commissions on the demerit points and the surcharges and that's the very thing.

MR. URUSKI: Mr. Chairman, the agents for years out of wanting the service of handling the drivers' licences on behalf of the Motor Vehicle Branch were after the Corporation to do that regardless of the remuneration, because they indicated that people that did business with them wanted to come there and renew their driver's licence. As a result the Motor Vehicle Branch did transfer over the functions in addition to the agents that they had in those communities to other Autopac agents. As a result they are being paid the same fee as other agents were prior to the Corporation. There's a standard fee for handling the drivers' licences.

MR. McKELLAR: Previous to that there were no demerit points and there was no surcharges on accidents. The only surcharge on accidents was on the policy itself, not on the driver's licence.

MR. URUSKI: Mr. Chairman, when Autopac came in there was a surcharge on demerit points although agents other than MVB agents did not handle the renewal of drivers' licences. The renewal of drivers' licences by Autopac agents was instituted last fall and practically - not all of the agents have yet been appointed - but practically all agents within rural Manitoba have been appointed dual agents, for Autopac and for the Motor Vehicle Branch, and they are being paid the same fee as agents who did nothing else but handle drivers' licence renewals.

MR. McKELLAR: Wawanesa and Portage agents and Killarney isn't, neither one of them are. And I understand the Wawanesa agent has requested but he hasn't been given permission.

MR. URUSKI: That may be so.

MR. McKELLAR: Now in other words do you pay a commission on licence plates? You pay a commission on licence plates?

MR. URUSKI: I'm sorry.

MR. McKELLAR: A commission on licence plates? Do you pay a commission?

MR. DUTTON: We pay commissions on the registration of vehicles.

MR. URUSKI: On the registration of vehicles.

MR. DUTTON: And if they require licence plates when they're first registered of course . . .

MR. McKELLAR: Yes, well that's what I mean. The registration . . .

MR. DUTTON: Yes.

MR. McKELLAR: Do you pay a commission on the . . .

MR. URUSKI: Well on the insurance portion.

MR. McKELLAR: But not on the licence plates.

MR. URUSKI: Yes.

MR. DUTTON: Registration fee only.

MR. McKELLAR: Yes. Well one other thing that has always bothered me because I remember so well when we were told, when we were having the hearings that those companies in the past were paying out too much money for lawyers' costs. Now we all know what has actually happened. Say if I hit Dave Blake's car . . .

MR. BLAKE: Don't you dare.

MR. McKELLAR: . . . and I don't get a good adjustment, because of the fact we're both insured in Autopac that they will tell me the thing I have to do is hire a lawyer. Now I know in the past when I was with Portage and he would be with Wawanesa each one of the companies would hire a lawyer to fight the case and the company would pay it, not the individual. This means an awful lot because I tell you the average person they will not hire a lawyer because they just simply refuse to go to court on their own. This is a fact of life, they will not. And when the Minister gets up and compares one premium against another premium as it was in the past, this was one of the services provided by the companies, individual companies, that we don't have that today when we disagree. And it's all right to go to Small Debts Court but there again we have to have a lawyer defend us, we have to have a lawyer and this is another case. I just want to bring this to the attention because I think the General Manager when he came out with the statement, "The name of the game is different." It should be, "We all realize it's different." Everything's different about it, quite a difference. "The name of the game is different." I'll never forget those words.

MR. DUTTON: I should clarify that we do pay for lawyers of course. If you're injured in an accident and you find that it's necessary to sue the other party who you consider to be the wrongdoer and you win your case then the legal fees are paid for by Autopac as they were before. The only difference being now - and previously there were many cars didn't carry collision insurance and you really did have the adversary system with it spelled out in capital letters and it would be of interest to any insurance company to sue the other one because they had to recover the total amount of damage to the vehicle. What you're talking about now in the bulk of cases is \$50.00 and \$50.00 I don't think anyone is going to hire a lawyer at any time for a \$50.00 situation. I think it's more adequately handled in the Small Debts Court where you pay a fee of \$3.00 and if you were successful in that case that money is returned to you. I don't think that there is a great difference or inconvenience to the public in this matter. I could establish later on just how many cases do go to Small Debts Court so that we can find out, and how many and which lawyers are involved.

MR. McKELLAR: Well not all of them are personal injury claims over and above the minimum like you know or the . . . The individual has to take legal action on his own.

MR. URUSKI: The honourable member, Mr. McKellar, should know that the cost of legal fees to the Corporation are within the total budget of the administrative expenses of 19 percent. As well if someone hires two lawyers the ultimate payor is of course the insured through his premium.

MR. McKELLAR: Yes, I know, I know.

MR. CHAIRMAN: Mr. Henderson.

MR. HENDERSON: Yes, something along the line of the last questioning there. But Small Debts Courts can only handle cases up to \$500.00.

MR. DUTTON: But there are no cases over that for damage to a fender. If you're going to sue the person for \$100,000 or something then a person has to have a lawyer and I don't care what the system would be. Obviously it ought to have a lawyer. That's what the legal profession is for. But I don't think it's necessary to take a lawyer's time for small claims and the claims for an average motorist cannot be higher than \$200.00 in damage to his vehicle. Because every loss is settled on a first party basis and all that is disputed is \$200.00 if that's his deductible or in the majority of cases, because the people do buy down, perhaps it's \$50.00 or \$100.00.

MR. HENDERSON: Yes. But if he took it to the Small Debts Court and he wasn't satisfied with the decision of the Small Debts Court has he then recourse of taking a lawyer and then would that be paid for by the Insurance Corporation?

MR. URUSKI: I'm sorry.

MR. HENDERSON: And then if he wasn't satisfied with it . . .

MR. DUTTON: If he gets a judgment that overrules the Small Debts Court then we'll pay his legal costs, yes.

MR. HENDERSON: If it overrules.

MR. DUTTON: Yes. That just doesn't happen though. I know of one case where a fellow was that dedicated because of the manner in which the young lady who he felt damaged his car addressed him, one that I can't repeat. But in any case he said it would be worth a lawyer's fee to make sure that she didn't get away with that.

MR. CHAIRMAN: Mr. Johnston.

MR. G. JOHNSTON: Mr. Chairman, mention was made of rising costs, I think 19 percent for materials and 30 percent for shop time.

MR. URUSKI: Shop time 19 and 30 percent materials.

MR. G. JOHNSTON: Now I refer to the Autopac agents. Are they operating on the same percentage fee as they did when they first went with Autopac?

MR. URUSKI: The percentage is the same. However with respect to the increases in premiums that have been effected their income would increase.

MR. G. JOHNSTON: Well what you're saying is their income increased because of inflation not because of a change in the rates, is that right?

MR. URUSKI: That is correct.

MR. G. JOHNSTON: I presume there's an Autopac agents' association, I think I've read of it. Are they negotiating for a better agreement and if they are what stage are the negotiations at?

MR. URUSKI: There is a committee between Corporation staff and the agents' association meeting continually on varied problems dealing with any aspect of the agency business but there is no specific negotiations with respect to increase in percentage. There were submissions made however we did not increase the percentage terms as outlined in the legislation.

MR. G. JOHNSTON: So do I understand you to say that they are not going to give them any increase?

MR. URUSKI: In percentage terms that is correct.

MR. G. JOHNSTON: With respect to the changing of rates, premium rates, the Premier said some time ago that that 5 percent cut in 1973 was a mistake, and the way he said it leads me to believe that the decision was made in Cabinet, the rate cut of 5 percent at the time. Is this how rates are set, not by the Board of Directors and the General Manager but they're overruled and set in a political way by Cabinet?

MR. URUSKI: Mr. Chairman, first of all the honourable Mr. Johnston from Portage should realize and should recall - I don't know if he wants to recall - all the debate that took place in this House when the announcement was made in the first year that there would be a surplus position and his own Leader had indicated that the motorists of this province were being overcharged, along with the Leader of the Conservative Party. For days and days that debate continued. Percentages of rates are recommended by the Corporation staff to the Board of Directors and ultimately approved by the Cabinet of this province. That is correct.

MR. G. JOHNSTON: So we expect that any changes in the future will be made in the same manner then, by Cabinet.

MR. URUSKI: The rates will be approved in the same procedure, that the rates will be established by the Board and the final approval through regulations will be brought in through Cabinet.

MR. G. JOHNSTON: So this means then that the Board of Directors can see a bad year in formation with losses and can recommend that there should be an increase in premiums but the Cabinet can overrule that recommendation and indeed cut rates in the face of the evidence that they should have been raised.

MR. URUSKI: That debate, Mr. Chairman, will continue you know. The honourable member wants to work it both ways. He wants to yell or debate that there is continually a loss and then he wants to have his cake and say that the rates are increased - rates are not increased. Well it just doesn't happen, he can't have it both ways.

MR. G. JOHNSTON: Thank you, Mr. Chairman. At least we know for sure how rates are set now.

MR. URUSKI: I have given you the procedure.

MR. G. JOHNSTON: Another question and this has to do with the workers in the Autopac Corporation. When does their wage agreement run out?

MR. URUSKI: July 1st I believe.

MR. DUTTON: July 1st.

MR. G. JOHNSTON: So anything the General Manager could say now with regards to the size of increase would be premature I would think. Is it a two-year agreement?

MR. DUTTON: No, they have made their proposal to us but we have not countered with ours at this stage so there have been no meetings between the two of us.

MR. G. JOHNSTON: Is it a two-year agreement?

MR. DUTTON: Pardon?

MR. G. JOHNSTON: Is it a one or a two-year agreement?

MR. URUSKI: Presently it is a one-year agreement.

MR. G. JOHNSTON: Turning to the . . .

MR. CHAIRMAN: Order please. Is it the inclination of the members that we proceed? It is now 12:30. I have a number of people on the list. Is it the inclination that we proceed and conclude with the number of people and possibly pass the report or do you wish to . . . ?

A MEMBER: I've got a bunch more questions.

MR. CHAIRMAN: All right. Committee rise.