



**Fourth Session — Thirty-First Legislature**

**STANDING COMMITTEE**  
**ON**  
**PUBLIC UTILITIES**  
**AND NATURAL RESOURCES**

**29 Elizabeth II**

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Speaker*



**10:00 a.m., THURSDAY, 8 MAY, 1980**

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty - First Legislature**

**Members, Constituencies and Political Affiliation**

Name	Constituency	Party
<b>ADAM, A. R. (Pete)</b>	Ste. Rose	NDP
<b>ANDERSON, Bob</b>	Springfield	PC
<b>BANMAN, Hon. Robert (Bob)</b>	La Verendrye	PC
<b>BARROW, Tom</b>	Flin Flon	NDP
<b>BLAKE, David</b>	Minnedosa	PC
<b>BOSTROM, Harvey</b>	Rupertsland	NDP
<b>BOYCE, J. R. (Bud)</b>	Winnipeg Centre	NDP
<b>BROWN, Arnold</b>	Rhineland	PC
<b>CHERNIACK, Q.C., Saul</b>	St. Johns	NDP
<b>CORRIN, Brian</b>	Wellington	NDP
<b>COSENS, Hon. Keith A.</b>	Gimli	PC
<b>COWAN, Jay</b>	Churchill	NDP
<b>CRAIK, Hon. Donald W.</b>	Riel	PC
<b>DESJARDINS, Laurent L.</b>	St. Boniface	NDP
<b>DOERN, Russell</b>	Elmwood	NDP
<b>DOMINO, Len</b>	St. Matthews	PC
<b>DOWNEY, Hon. Jim</b>	Arthur	PC
<b>DRIEDGER, Albert</b>	Emerson	PC
<b>EINARSON, Henry J.</b>	Rock Lake	PC
<b>ENNS, Hon. Harry J.</b>	Lakeside	PC
<b>EVANS, Leonard S.</b>	Brandon East	NDP
<b>FERGUSON, James R.</b>	Gladstone	PC
<b>FILMON, Gary</b>	River Heights	PC
<b>FOX, Peter</b>	Kildonan	NDP
<b>GALBRAITH, Jim</b>	Dauphin	PC
<b>GOURLAY, Hon. Doug</b>	Swan River	PC
<b>GRAHAM, Hon. Harry E.</b>	Birtle-Russell	PC
<b>GREEN, Q.C., Sidney</b>	Inkster	Ind
<b>HANUSCHAK, Ben</b>	Burrows	NDP
<b>HYDE, Lloyd G.</b>	Portage la Prairie	PC
<b>JENKINS, William</b>	Logan	NDP
<b>JOHNSTON, Hon. J. Frank</b>	Sturgeon Creek	PC
<b>JORGENSON, Hon. Warner H.</b>	Morris	PC
<b>KOVNATS, Abe</b>	Radisson	PC
<b>LYON, Hon. Sterling R.</b>	Charleswood	PC
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<b>McBRYDE, Ronald</b>	The Pas	NDP
<b>McGILL, Hon. Edward</b>	Brandon West	PC
<b>McGREGOR, Morris</b>	Virden	PC
<b>McKENZIE, J. Wally</b>	Roblin	PC
<b>MERCIER, Q.C., Hon. Gerald W. J.</b>	Osborne	PC
<b>MILLER, Saul A.</b>	Seven Oaks	NDP
<b>MINAKER, Hon. George</b>	St. James	PC
<b>ORCHARD, Hon. Donald</b>	Pembina	PC
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<b>PAWLEY, Q.C., Howard</b>	Selkirk	NDP
<b>PRICE, Hon. Norma</b>	Assiniboia	PC
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<b>SCHROEDER, Vic</b>	Rossmere	NDP
<b>SHERMAN, Hon. L. R. (Bud)</b>	Fort Garry	PC
<b>STEEN, Warren</b>	Crescentwood	PC
<b>URUSKI, Billie</b>	St. George	NDP
<b>USKIW, Samuel</b>	Lac du Bonnet	NDP
<b>WALDING, D. James</b>	St. Vital	NDP
<b>WESTBURY, June</b>	Fort Rouge	Lib
<b>WILSON, Robert G.</b>	Wolseley	PC

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON PUBLIC UTILITIES AND NATURAL RESOURCES**

**Thursday, 8 May 1980**

**Time — 10:00 a.m.**

**MR. CHAIRMAN, Arnold Brown (Rhineland):** The meeting will come to order. We have a quorum. At the last meeting it was requested that page 2 of the document which was distributed by Mr. Orchard be distributed; we have it over here at the present time so I'll ask to have this distributed. At the last meeting the Member for St. Vital started asking questions and they were mainly questions which appeared in the annual report. I wonder if we are ready to go on a page by page on the . . . We're jumping all over the place in order to do this in some kind of an orderly way. Are you ready to go on page by page or are there any further questions?

**MR. CHAIRMAN:** The Member for St. George.

**MR. BILLIE URUSKI:** Mr. Chairman, just on a point of procedure. I think the committee has operated rather satisfactorily in terms of questions. If we can continue the discussion in a general way and once the questions are over then we just proceed with the report I think as has been normal practice in, I think, in the Telephone System Committee and the like and then once we're through . . . We may be jumping here there and everywhere in terms of questions and then once we're finished our questioning then we can proceed with the report, if that's agreeable, Mr. Chairman.

**MR. CHAIRMAN:** The Minister.

**MR. ENNS:** Mr. Chairman, I have no objection to dealing with the matter in that way, with the consideration that detailed examination of the page by page report would then probably not take place.

**MR. CHAIRMAN:** Mr. Schroeder, pardon me, the Member for Rossmere.

**MR. VIC SCHROEDER:** Thank you. If that is satisfactory, then I would like to ask . . . (Agreed).

**MR. CHAIRMAN:** It's agreed. The Member for St. Vital had the floor the previous time.

**MR. D. JAMES WALDING:** Yes, Mr. Chairman, I was raising with the Corporation and with the Minister the fact that the General Insurance Division has been making steady profit over the years and I was not referring at all to the Autopac part of it. Mr. Dutton had mentioned to us that the time might soon come when revenues from the general division would be turned over to the province's general revenues. I was questioning whether this is a matter of MPIC policy or the Minister's policy or how the decision will be made, and I was raising the suggestion with Mr. Dutton that perhaps the premiums on general insurance should be lowered or an increase foregone in order to attract more business to the corporation and expand its sphere of business.

The Minister did make a short statement just at the end of our last meeting, and I was not clear from him how he felt this General Division of MPIC should go. I wonder if I can ask him whether he wouldn't think it would be a good business practice for the general division to reduce its premiums slightly in order to do more business and expand its scope of operations.

**MR. ENNS:** Mr. Chairman, I would want to make it very clear that the day to day operations of the General Insurance Division or indeed the entire operations of MPIC fall entirely within the capability and the direction of the management and the board of directors of MPIC. I would not presume nor would it be this government's intention to direct the corporation as to when premiums ought to be reduced or when they should be increased. I think that would be treading on very dangerous ground; it would be denying the corporation the opportunity of exercising their capabilities and responsibilities in the insurance field.

The question of policy that's raised here by the Honourable Member for St. Vital as to when a surplus of earnings accrue to Manitobans through their government, I would only have to say that it was obviously the intent of the then government that that should be the case inasmuch as that that provision is written into the Act. I can only indicate to you that I have received no recommendation from management at MPIC to make changes to that particular portion of the Act, nor have I, as a member of government, looked at the Act from a point of view of amending the Act to make some changes that would change or alter the policy that was originally deemed appropriate when Manitoba Public Insurance Corporation was formed.

For a more personal comment, having satisfied myself, or the government satisfying itself that the affairs of the General Insurance Division are being operated in a businesslike way, recognizing that they are in a competitive market in operating their business, but nonetheless being a public corporation, there is only one way that the general public as a whole, and not just the policy holders to whom they sell insurance to, can benefit from running this business as a public Crown business, and that is if, in fact, earnings accrue to government which can then be distributed, hopefully in a prudent and wise manner to the benefit of all Manitobans. In basic philosophical terms, having made that step, I would have to say that I would agree and be in tune with what obviously was the intent of the then administration, 1970-71, when the Act was originally written and passed in the House.

**MR. WALDING:** Mr. Chairman, I have to tell the Minister that I was not aware that it was possible for the General Division to make money and to turn that over to general revenue. Personally, I wasn't aware of that. I was under the impression that Hydro,

Telephones and the Autopac were there as self-governing Crown corporations with no subsidy intended one way or the other, I believe that that's built right into the Hydro and Telephone Acts that there shall be no . . . money one way to the other.

**MR. CHAIRMAN:** The Minister.

**MR. ENNS:** Mr. Chairman just on a point of order which is . . . really not a point of order, but perhaps by way of information. Manitoba Hydro contributes to the general public in a different way through water rental rates. For every horsepower of energy generated the general citizen of Manitoba through water rental rates charged by the province receives a benefit, as distinct from their operation that applies only to the Hydro users any changes that are effected in the rate structure. I just throw that in for the honourable members information.

**MR. WALDING:** Mr. Chairman, the minister knows that that wasn't a point of order, that was just a red herring that he throws in; that the water rate that Hydro pays is the cost of doing business . . .

**MR. ENNS:** In any event, it was a herring that swims in water.

**MR. CHAIRMAN:** Order. The Member for St. Vital.

**MR. WALDING:** Sorry I missed the Minister's last remark because you hadn't recognized him, Mr. Chairman. The Minister said at the beginning of his remarks there that he or the government doesn't get involved with the day to day affairs of the corporation. If that is the case then why did the government put a freeze on the corporation's hiring about two years ago and refused to let them hire more staff in the normal businesslike general free enterprise manner that any other corporation would continue? So, really it's not what he has said. In any case, that's not what I was speaking of, I was speaking more of a general policy decision. The Minister seems to think that that would be settled at the time that it occurs, but in looking into future years of the Corporation, with the Corporation making this profit every year and building up to the 125 percent that Mr. Dutton had mentioned, would it not be the appropriate time for the Minister to indicate to the Corporation and to the committee whether he thinks it would be better now for the corporation to undertake on a long-term planning basis, that it would reduce its premiums now on the one hand or whether it should continue to build up its reserves until such time as it can make payments to general revenues. I really have not heard from the Minister, either his personal view or the way that the government sees that this should go.

**MR. ENNS:** Mr. Chairman, I think we're probably repeating ourselves. I would in the first instance rely on the fact that the management at the general insurance division would be making these kind of decisions as they saw fit. I think Mr. Dutton pointed out the inadvisability of using accumulated reserves in a way to lure business on a one-shot or on a short-term period simply to gain more business, but if that is not done so in a manner that is supportive

by the market conditions of the day that insurance companies can get themselves into difficulty. These are the kind of management positions that I insist that this government has no intention of trying to make. I would assume that in the ordinary course of good management certainly the stronger the position of the company financially, that they will certainly be able to be in a position to respond with the reduction in premiums if it's deemed necessary and prudent, to enable them to more aggressively search out a greater share of the business. But I would also assume, and speaking now as a member of the government and I encourage the management to so run that division of MPIC, that it is a profit-maker and that the people of Manitoba can look forward to having the General Insurance Division contribute to the general revenue of the province such as obviously was foreseen in the drafting of the Act.

**MR. WALDING:** Thank you, Mr. Chairman. I would like to move back to another area that I was discussing with the Minister. I'm quite pleased to hear the Minister say that it's not the government's intention to interfere in any way with the good management practices of the Corporation. I would like to ask Mr. Dutton whether it was the corporation who chose Burch, Findlay, McFarlane and Company as their auditors?

**MR. CHAIRMAN:** Mr. Dutton.

**MR. DUTTON:** Mr. Chairman, no, the decision wasn't made by the corporation.

**MR. WALDING:** I'd like to ask either the Minister or Mr. Dutton then, who made that decision?

**MR. CHAIRMAN:** The Minister.

**MR. ENNS:** Mr. Chairman, while I in the last few minutes and perhaps during Tuesday's deliberations, made it abundantly clear that we have no difficulty in separating out the functions of government and the specific responsibilities of management of Autopac, let me also make it very clear that this government will from time to time make specific decisions that affect general policy; we see those entirely within the realm of government and they will continue to be made. Fundamental changes in the direction and the policy of the corporation, which by practice and perhaps by Act, call for Orders-in-Councils to be passed, fundamental changes to the plan, to the type of coverage, to the increased benefits or expanded coverage of a plan, which under the Act call for Orders-in-Councils to be passed. This executive council does not pass Orders-in-Council without of course very seriously expressing their will and their desire in these matters.

There will be, and there are, many areas which the corporation is well informed of and works concurrently with Lieutenant-Governor-in-Council, where changes of policy are in fact directed and emanate from the government. That has always been the case, I think the Act was so structured that that ought to be the case.

The question the honourable member raises with respect to auditing, we've discussed that on another time in the House, it is a matter of policy of this

Thursday, 8 May, 1980

government to do, as the Premier puts it, to re-establish the norm, which is practised by most other jurisdictions, that it is considered advisable that outside accounting firms do a substantial amount of the auditing within the various Crown agencies and/or other programs of government. That is a policy decision that was arrived at and was therefore directed at MPIC as well. Under that policy decision, the Department of Finance, not just in the case of MPIC but in the case of other Crown agencies, from time to time will appoint the auditors in question.

**MR. CHAIRMAN:** The Member for St. Vital.

**MR. WALDING:** Mr. Chairman, I seem to recall the reason this particular company was chosen for MPIC was that they had some special expertise in the insurance field. I'd like to ask Mr. Dutton now if he could outline for us any particular benefits accruing to the corporation or any particular services that this company carried out for them because of their expertise in the field of insurance?

**MR. DUTTON:** Mr. Chairman, the auditors that were appointed, a new firm, have done an adequate job of auditing our books in my view. I don't come into contact with them on a daily basis when they are there, no more than I did with the Provincial Auditor, but I know of any specialities that they would bring in there that would do a more adequate job than the Provincial Auditor was doing.

**MR. WALDING:** I take it then that the Corporation is quite satisfied with the work done by Burch, Findlay, McFarlane & Co.?

**MR. DUTTON:** Yes, we are quite satisfied with the auditing that has been done over the years for the Corporation, including this last year.

**MR. WALDING:** I'd like to ask Mr. Dutton whether the work of the Provincial Auditor was in any way unsatisfactory and not quite up to the standards that the Corporation would have wanted?

**MR. DUTTON:** The Corporation has absolutely no complaints at all about the Provincial Auditor's work, he's very thorough and in my view did a very good job of auditing our books?

**MR. WALDING:** I would like to ask Mr. Dutton whether he can point out to the committee any advantages to the Corporation of Burch, Findlay, McFarlane & Co., auditing the books over the job that was done by the Provincial Auditor. Can you tell us any benefits, any advantages that have accrued to the Corporation by means of this change?

**MR. DUTTON:** I just checked with my Vice President of Finance, we can think of no advantages.

**MR. WALDING:** I would like to ask whether the new auditors for the corporation have been in any way involved in the negotiations on the cost-sharing arrangement with the Motor Vehicle Branch?

**MR. DUTTON:** No, not in any way, sir.

**MR. WALDING:** Can the Corporation give its policy holders any justification at all, any benefit however small, for the outlay of an additional 30,000 a year for auditing fees? 32,000 to be accurate.

**MR. DUTTON:** No, I can't think of any advantages.

**MR. WALDING:** Well, Mr. Chairman, perhaps I can ask the Minister if he can help me when my constituents want to know why the Corporation is expending an additional 30,000.00. Maybe gentlemen opposite would also like to have this information for their constituents; after all I'm sure their constituents, no more than mine, like to see public money wasted and if there is absolutely no benefit to accrue to Manitobans from the expenditure of this 30,000 we ought to have some reason to give to them, when they come to us, as to gentlemen opposite, who have far more responsibility in this regard and say Why are you wasting 30,000 a year for this particular Corporation alone — we haven't got to Hydro and other Corporations yet. What can the Minister advise me I should say in defence of this action.

**MR. ENNS:** Mr. Chairman, the member is obviously goading me into a position to pass judgement on the functions of the Provincial Auditor's job versus outside private auditing performances and I refuse to do that, Mr. Chairman. I've stated and that question has been debated on numerous occasions in the House, particularly I believe, during the last session, policy decision has been made to employ and to use outside auditors, which has been the practice in the past, is the practice in most other jurisdictions in Canada and without repeating that debate or some of the debates that took place at that time, I can in general indicate to you that there's some feeling that, a) we have a number of competent, capable chartered accountant firms in the province of Manitoba, who certainly look forward to being able to use their staffs, their talents in providing what they consider to be the work that they are specialists in.

I suppose if you wish to take a look at the total operations and costs to the general taxpayers and the people of Manitoba, as the cost of building that all into ever-increasing staffs of the Provincial Auditor, it can be argued that we can do it all in-house and have a massive auditing group working under the Provincial Auditor and doing that all in government. I know that the propensity of the previous administration was in that direction. Not just with auditors but with many other endeavours in the business and economic life in Manitoba.

Mr. Chairman, without a lengthy debate on the subject, the policy decision is clear, made by this government, carried out by the Department of Finance, that outside auditors shall and will continue to be employed in the auditing of Crown agencies and other government departments.

**MR. WALDING:** Mr. Chairman, I wasn't trying to goad the Minister into making some comment on the Provincial Auditor. I don't intend to be unreasonable in the matter. I did ask particularly about the talents of this company and it has been explained to us they are doing a good job, and I will accept that they are a competent firm of chartered accountants who can do a competent job for the corporation. I probed to

Thursday, 8 May, 1980

find out whether the work of the Provincial Auditor had been in some manner unsatisfactory or not quite good enough for the needs of the corporation, and I was assured, no, there was no difference. I could have accepted the reasonableness of additional services that could have been provided by this particular company from their reported expertise in this direction, and if there had been additional services that they were able to provide for the corporation, that would have seemed not been reasonable to me to pay extra money for it. But we have been assured from the people involved that the Provincial Auditor did an adequate job and this company has done an adequate job. We've been assured that there has been no additional benefits to the corporation in the form of auditing or other services to the corporation. So all that we are left with is the fact that the government, by a policy a decision, has decided to spend an additional 32,000 to do exactly the same job.

The Minister says that the government doesn't want to see the Provincial Auditor's office overloaded. Well, it wasn't my opinion that they were overloaded; they seem to be doing a very competent and efficient job in many areas of accounting for the government. It would not have meant adding a single person to their staff to continue to do this work. What did happen, as I recall from Public Accounts' Committee, was that the number of positions declined slightly which accounts for an apparent saving in the Provincial Auditor's department which is offset by some — I'm trying to recall the figures that the Provincial Auditor gave us — some 200,000 in additional fees outside. But the Minister still has not given me anything that I can explain to my constituents as to why the government is spending 32,000 for no apparent reason and for no apparent benefit.

The government has taken the ideological position that the private sector can do it better and cheaper. We are seeing here exactly the opposite, which on second thought, is perhaps not a bad thing, Mr. Chairman, because we will certainly point this out to all of Manitoba's motorists at the next provincial election and perhaps that will persuade them of the truth of what we have been telling them all these years. No further questions, Mr. Chairman.

**MR. CHAIRMAN:** The Member for Rossmere.

**MR. SCHROEDER:** Thank you, Mr. Chairman. I don't have the bill with me but there was a bill presented to the Legislature recently dealing with changes in terms of negligence versus gross negligence on individuals who are passengers in motor vehicles. That is, the current state of the law is that if you are passenger in a motor vehicle and your driver is involved in an accident and if your driver was negligent, but not grossly negligent, you are not entitled to collect in ordinary tort law. On the other hand, if your driver is grossly negligent, then under current law you are entitled to sue your driver.

My understanding of the proposed amendment's effect is, that if the amendment is passed, passengers will be entitled to collect from a driver who is merely negligent, that is, they would be able to sue a driver and Autopac but then be required to pay on the basis of negligence as opposed to gross

negligence. I'm just wondering whether any cost studies have been done as to approximately what we might expect in terms of expenditures by MPIC as a result of this change and as to how the figures would have been arrived at.

**MR. DUTTON:** Mr. Chairman, this problem of gross negligence and ordinary negligence has been around with us for some time, as you are quite aware, and it's our view that the courts have been interpreting gross negligence a little bit different than they used to do a few years ago. So, what was a grossly negligent driver need not really be established. It seems to me that many of the awards that were coming down that in light of what we used to say years ago, it was really only ordinary negligence and the interpretation that we put on and I'm not so sure whether the O.C. has gone through, but it is the intent of the corporation to remove that grossly negligent feature and fall in line with what is going on in the rest of the country and ordinary negligence will suffice rather than proven gross negligence against the driver.

**MR. SCHROEDER:** Thank you. Further on that, have there been legislated changes in other areas of the country to change it from gross negligence to negligence?

**MR. DUTTON:** Yes, in other areas of the country, of course, the automobile insurance industry is rigidly regulated by the departments, of the superintendents of insurance, when it comes to the coverage afforded on automobiles, and they have a standard policy on all the standard endorsement forms that are attached thereto. I don't know how long ago, a year or so ago, in some jurisdictions the gross negligence feature has been replaced by ordinary negligence and it was our intent to do the same, if it hasn't already been done, and I would have check back on it. We didn't have that many instances where the thing was contested in court of late. That's why I cannot answer you whether there has been a change as of now, but if it hasn't, it certainly is the intent, plus the fact that the enrichment of the Part II benefits that we have, have been paying passengers in a vehicle anyway 70 percent of their pay and unless there is pain and suffering involved there was little to be gained perhaps in litigation and proving gross negligence.

**MR. SCHROEDER:** I'm sorry, maybe I missed it, but in other jurisdictions is it being done simply on the basis of changes in policies as between drivers and insurance companies, or is it being done on the basis of changes to actual statutes by provincial legislatures?

**MR. DUTTON:** I think what happens in other jurisdictions is that it will require changes in legislation, but the superintendents of insurance who meet on a regular basis make recommendations to the jurisdictions with the idea of having uniformity across the country in cover, and I suppose depending upon the particular laws in the various provinces as to whether it requires legislative change or not. I think in our case, and I would stand corrected here, Sir, but it requires an Order-in-

Thursday, 8 May, 1980

Council and not necessarily a legislative change, and in that fashion, we can effect it without going to the legislature, if that is the case.

**MR. CHAIRMAN:** The Minister.

**MR. ENNS:** Just to add to what Mr. Dutton said, I think the honourable member has to understand the act that in jurisdictions such as Manitoba, Saskatchewan and British Columbia, undoubtedly where the automobile insurance industry does not come under the purview of the superintendent of insurance, the necessity for legislation is more apparent, whereas in those jurisdictions where the insurance industry comes directly under the supervision, regulation of the Superintendent of Insurance, he can and does put out regulations of his kind which have to be adhered to and changes have to be made in the subsequent policy forms without having to rely on the legislative change. I think probably good practice and that's probably happening, that they then recommend those changes to their jurisdictions. But there is a difference in the way the insurance industry operates in Ontario as compared to Manitoba. In Ontario they operate very more directly under the supervision of the Superintendent of Insurance. In Manitoba the Superintendent of Insurance regulates the private insurance companies but not the operations of MPIC.

**MR. CHAIRMAN:** The Member for Rossmere.

**MR. SCHROEDER:** Then again I'm wondering whether we could have an approximate dollar figure in the change in the legislation or in this change in policy. There was an indication that basically the courts are now treating ordinary negligence as gross negligence anyway. Does that mean that the Corporation does not expect any increase in cost or will there be some increase in cost and if so, will that be reflected in rates?

**MR. CHAIRMAN:** Mr. Dutton.

**MR. DUTTON:** I don't think there will be a substantial increase in cost, Mr. Chairman. As I mentioned earlier, that there was a rather liberal interpretation in the courts anyway, and I think our legal department's pretty well decided that unless it's an obvious strong case on our part, why go to litigation as certain judgements are before us that we can look at. I can't see where there is going to be a substantial change in dollar amounts to us, and particularly as I mentioned now that we are paying more under no-fault regardless of anyone being at fault, it should reduce to a degree the litigation that we would have, in having a person . . . the driver of the car who incidentally enters spousal immunity, that it could be a spouse who is driving and they can't go after them. But I think it's an advantage in this case under the no-fault system that we have now the right to make these payments which are quite liberal.

**MR. SCHROEDER:** One concern I suppose all of us have is the fact that we now then will have a situation where if you're the passenger in a motor vehicle where a driver is negligent, you're entitled to sue and you're entitled to general damages for pain

and suffering and all those other things. If you're unfortunate enough to be a passenger in a motor vehicle where there is an accident, say there is a one-car accident and your driver is not negligent, then you wind up not having that right even under the proposed legislation, and I'm just wondering whether the Corporation has done any costing on what it would do to the system to entitle the passenger in a vehicle where the driver was not negligent to recover costs for his injuries on the same basis as the passenger in a vehicle where the driver was negligent.

**MR. DUTTON:** No, we have no costing figures to give you.

**MR. SCHROEDER:** Would it be possible to obtain that type of calculation?

**MR. DUTTON:** It is possible to capture information as to what we would pay to an injured passenger in a motor vehicle and pass that information on over perhaps a yearly basis, but to say what the difference would have been had a driver been grossly as opposed to ordinary negligence would only be a judgement call, and of course if we're not going to court, if we're not going to say that you have to prove gross negligence, we won't know what the variance would be. The only thing that you would be able to get is the total cost in paying for injuries to passengers of vehicles.

**MR. SCHROEDER:** I'm sorry, maybe I didn't make my question clear enough. My understanding was that it was the position of the corporation that there would not be a substantial change between gross and straight negligence in one vehicle. My question this time was would there be a substantial change if you entitled passengers in vehicles where the driver was not negligent at all, to recover on the same basis as passengers in vehicles where drivers were negligent.

**MR. DUTTON:** No, there will not be a substantial change and I've mentioned earlier I believe that the changes in the regulations have been made to afford this type of protection. I can't see where it's going to be a substantial cost to the Corporation by saying you no longer have to prove gross negligence. Okay, is that the question you're asking?

**MR. SCHROEDER:** No, no, that's not the question. The question I'm asking is what would happen, what would the cost be to the Corporation if you didn't have to prove negligence at all. If you have an accident, a one-car accident where your driver is not negligent, it's an accident, a pure accident, what would the effect be on your Corporation if you're required to make payments to passengers in those circumstances in the same fashion that you will now be required to make them where the driver was just a little bit negligent.

**MR. DUTTON:** Of course, Mr. Chairman, we are required to make payments to those passengers under Part II of the Act and those payments are made.

Thursday, 8 May, 1980

**MR. SCHROEDER:** I understand that they're made. They're made in a different fashion though. You're not entitled to your court judgement which theoretically is to put you in the same position as you would have been had you not been injured. Your no-fault payments are based on government regulations and there are certainly maximums which passengers in vehicles where the driver was negligent are clearly in a better position because they are entitled to go well beyond those regulations, and obviously it's going to cost more money if you're going to cover passengers in vehicles where drivers were not negligent. I'm just wondering whether there is any calculation as to how much that would cost.

**MR. DUTTON:** No, I can't tell you what that cost will be other than to give you a judgement that the cost will not be substantial, I'm quite sure, because the only difference here we're talking about is pain and suffering, which of course I realize can go up to 100,000 on some of the Supreme Court awards, if a person is a quadriplegic and so on and he can sue a wrongdoer, he can recapture quite a bit for pain and suffering. But I can't see any special that he would gain on if we're paying perhaps 70 percent of his salary up to a maximum of 20,000 a year. So then in worse cases I imagine one could say that it could cost us an additional 100,000 plus the care of the individual which can run, and I've seen some awards running up as high as 600,000, so you may have individual cases of that nature that could cost us a sum of money but they are few and far between. I don't know how many cases we have now of people who are crippled for lifetime and we know that. I think the enrichment of the benefits, we thought would cost us 3.5 million to bring them up to date and perhaps in total 3 million a year, I can't see that the difference in changing the law from gross negligence to ordinary negligence is going to cost the corporation a large sum of money.

**MR. CHAIRMAN:** The Member for Rossmere.

**MR. SCHROEDER:** Again on that, I'm just wondering whether the Chairman would view that as being an amendment which would make the law more fair, that is that those passengers would then be in a similar position to passengers in vehicles where drivers were negligent. Would you consider that to be a more fair law than either the current law or the proposed law?

**MR. CHAIRMAN:** Mr. Dutton.

**MR. DUTTON:** I certainly agree, I think that's a more fair law. I believe that over the years, as a matter of fact, that society generally is saying that if you're injured in an automobile accident, you want to be compensated whether it's a wrongdoer or not; and of course in this case, why prove where a person is grossly negligent as opposed to ordinary negligence. I agree it's a fair law.

**MR. SCHROEDER:** Then to the Minister, I'm just wondering whether he might consider amendments to put those passengers in a similar position, that is passengers in vehicles where drivers were not

negligent as opposed to passengers in vehicles where drivers were negligent.

**MR. ENNS:** Mr. Chairman, I think we've been having difficulty understanding the Honourable Member for Rossmere's questions and his understanding of the answers of the Chairman. It's my understanding that the passenger is now being insured and covered; the difference is the possible loss between the liberal coverage that is now available and the possible court settlement, is what the honourable member is asking.

Mr. Chairman, that has not been seriously thought of by the government and I would have to indicate to the Honourable Member for Rossmere that I believe that we ought to allow a year or two of experience to dictate to us whether or not that really would be deemed an improvement.

The province of Quebec has removed litigation in tort completely out of this field and I would have to indicate to the honourable member that that experiment, or that program is being monitored and watched with care. There is an increasing concern by, what I would consider to be a fairly large segment of our society — I say this advisedly knowing that I'm speaking to a learned member of the Bar — that far too much dollars, far too much costs are eaten up in litigation; that when you hear of these substantial settlements that are costing the motorist, in this instance, dollars, that I don't believe that there's any question that the severely injured person whose life has been badly maimed and altered as a result of car accident that substantial and adequate funds should be available to lessen the suffering that that person goes through for the rest of the life in the actual costs. But when substantial amounts of those dollars are siphoned off by lawyers, then I raise questions about extending that system, and I suppose the short answer to the honourable member is that I would sooner look to the recommendations coming from the corporation that would from time to time review the settlement rates that we are dealing with, would entertain recommendations from the corporations to upwardly revise them in keeping with current costs and/or experiences as to actual settlements and perhaps even to look into building some flexibility into our regulations that would allow for the unusual case, rather than to encourage greater amounts of litigation in this field.

In the jurisdiction in Manitoba we have accepted the universality, the compulsory feature of automobile insurance. We accept the responsibility from time to time to review the benefits that are paid under that program, and I have some difficulty in looking for means to expand the area for court battles and litigation costs to be added to the system.

**MR. SCHROEDER:** Well, I would agree with the Minister. If we can avoid expensive litigation that that will be for the benefit of both the corporation and the individual who's injured in an accident. I would agree with his comments that we should be looking at ways of possibly reconsidering amounts occasionally where people are injured and possibly that's another area where we could be getting at even where passengers have the right to sue, to get



Thursday, 8 May, 1980

those general damages, the pain and suffering type of thing which they're not entitled to under Part II, that is to try to set up some system whereby rather than getting those 600,000 awards, that the courts would be, or some other body, a body similar to the Workers' Compensation Board, could make a calculation as to what it costs an individual at the present time to live because of the accident and to make those payments and to allow review over the years; because hopefully some people will recover more rapidly than a court might have expected; and at that point in time there might be a change downward; or on the other hand, some individuals may have more problems than were originally expected and would then be entitled to go back to such a board for further consideration. It would as well be an incentive for the public to ensure that individuals, who were badly injured, were provided with all reasonable means of getting back into the workplace if, as a result of the accident, they were off for some time. I would hope that these types of things should be considered.

**MR. ENNS:** Mr. Chairman, I thank the honourable member for those constructive comments. I'm sure the management of the Corporation will take them under consideration.

**MR. CHAIRMAN:** The Member for St. George.

**MR. URUSKI:** Thank you, Mr. Chairman. I would like to ask Mr. Dutton whether the Manitoba Public Insurance Corporation was involved in paying for any of the costs of the report entitled, Report of the Ministerial Insurance Review Committee.

**MR. DUTTON:** No. We were not involved in it at all.

**MR. URUSKI:** Could I then ask the Minister whether he could advise this committee whether all the costs of the report have been accounted for now - has the costing of the report been compiled?

**MR. ENNS:** Mr. Chairman, my understanding is, yes, they are in. I don't have that information before me. The figure generally used is generally accurate. I certainly don't need to remind the honourable member that this detailed specific information is available, there are means of achieving that through an Order for Return. I indicate to him that it's not the . . . I would have to take the question as notice. It's my belief I believe that the amounts allocated and the moneys paid for the review report came either through the Department of Finance or through Executive Council, I'm not quite sure of that, it didn't come out of my estimates in Government Services but I suspect that they likely came through the Department of Finance. But my understanding is that the total costs of the report have been submitted and have been dealt with.

**MR. URUSKI:** Could the Minister indicate whether the terms of reference as outlined on page 1A of the report, where those that were sent to the committee - were there other terms of reference that may have been given in a general way to that committee?

**MR. ENNS:** Mr. Chairman, the member may or may not be aware that I, as a Minister that had had the responsibility for MPIC in the first 12 or 14 months of this administration, in that capacity I participated in a sub-committee of Cabinet with the then responsible Minister, the Honourable Mr. McGill, in drafting the terms of reference and it's my understanding that those were the terms of reference agreed upon, that were approved by Executive Council and that no other terms of references or instructions were subsequently added to the commissioner.

**MR. URUSKI:** Okay, the Minister has no actual cost figures but he indicates that we should be able to receive them from the Minister of Finance in his capacity, or else the Premier, one or the other, whose estimates have not yet come up. Is that correct?

**MR. ENNS:** Mr. Chairman, I am advised that it is likely the Department of Finance and the member is correct, I believe his estimates are up next, possibly with the interruption of the budget debate, but I believe his estimates are up after Agriculture, yes.

**MR. URUSKI:** Just to clearly confirm the Minister because I used the figure. Can the Minister give us the figure of the cost of the study as he believes it to be.

**MR. ENNS:** Well, Mr. Chairman, honourable members of the opposition have used the round figure of 300,000; members of the government have not disputed that figure and I assume, although not having seen the final tally, but that that is an approximately correct figure.

**MR. URUSKI:** Is any of the cost to the Minister, is any of the cost of that report to be paid for by the Corporation?

**MR. ENNS:** Mr. Chairman, it's not our intention to pass on any of those costs to the corporations. The report, was, as it's titled, clearly done at the initiative of the then Minister and of Executive Council and the costs will be borne as stated previously, entirely by government.

**MR. URUSKI:** Mr. Chairman, the present Minister was the Minister who received the recommendations of the report and made certain statements concerning that report. Could the Minister indicate whether or not he has listed in a press release some seven recommendations that he as Minister and the government has accepted within the report - out of a total, I believe, of possibly some . . . oh, maybe 100 or more recommendations anyway; I would say approximately 100 recommendations within the report - the Minister has indicated seven recommendations, at least to the media, that he has accepted. Can the Minister indicate or repeat to us here in this committee what those recommendations are that the government has accepted from that report?

**MR. ENNS:** Mr. Chairman, in keeping with the spirit of co-operation that we've managed to have at

this session of the Public Utilities Committee, I gently remind the Honourable Member for St. George that the committee is not dealing with the Ministerial Review Commission report at this time, we're dealing with the Annual Report of Autopac. I have no objection to in general terms discussing certain aspects of the ministerial report but I remind the honourable member that from time to time governments have in the past and will continue in the future, governments of all political stripes will call on persons or commissions to advise them and write reports and reviews on certain operations of government, and this is precisely what happened here.

The honourable member is aware of those basic recommendations that were contained within that report, that were endorsed, indeed adopted and acted upon by the Corporation, he is also aware of a number of them and principally perhaps the single substantial recommendation on which the government has chosen, and concurred in with the Corporation not to act on. I do not have the report before me, as the honourable member has, because it's my judgement that it has served a purpose. I'm aware the honourable member is of course free to discuss the matter further with the Chairman, that there are some internal changes that are being acted upon or made, perhaps matters of housekeeping nature more than substantive, that the Chairman of the Board is certainly free to comment on but in essence the report has been reviewed by a sub-committee of cabinet and caucus — certain recommendations were adopted, others were rejected.

**MR. URUSKI:** Thank you, Mr. Chairman. I just wish to remind the Minister of the undertaking given by his predecessor last time the committee met and we tried to question him on the terms of reference and when there would be a move to allow the Corporation to operate normally as a result of the staff freeze that was placed on the Corporation, and the then Minister indicated to him well, you know, he didn't want to make any statements because he had asked for this review and that he would not be making any policy changes or giving the corporation any direction from its staff freeze that was placed on that corporation until the review was over, and since the review was in motion he did not want to discuss the review at all.

I hope the Minister hasn't suggested that members of the Legislature in discussing the Annual Report of the Corporation are not able to discuss the report which would have such fundamental effect on the Corporation as to, in effect, kill the corporation, although the government has stated that it's not, that the Minister isn't suggesting that we should not at all discuss the report dealing with the faith of the annual report that we're dealing with. If he is not then I would like to go on, Mr. Chairman, and ask him to go through and using the press release or at least the press coverage that the Minister received indicating government's position that they intend to keep the Corporation, and some of the recommendations . . . they were listed as seven recommendations adopted by the government, namely one substantially increasing the injury and death benefits. That's clearly been indicated that the

government has accepted that and has moved to increase bodily injuries in a very substantive way. That certainly has no opposition from this side of the House, in fact it has been long overdue in terms of moving in that direction.

The other recommendation I'd like the Minister to comment on with respect to the one-stop accident reporting, eliminating the necessity of reporting vehicle accidents separately to MPIC. Can the Minister indicate where that item is, or else the General Manager, where is that in the process?

**MR. ENNS:** Mr. Chairman, that item is very much alive, it is currently within the Attorney-General's office, the Attorney-General has substantial involvement in terms of the law enforcement and the police aspect of this. The Corporation has indicated sincere willingness to co-operate in this move. I must admit to some impatience that we haven't been able to proceed a little further along this line but let me make it very clear that I have asked the Corporation, through, Mr. Dutton, to co-operate in every way possible with achieving this goal and he just, in recent days, you know, indicated to me where the matter is at and substantially the ball is somewhat in the Attorney-General's court. I would invite the honourable members, opposition's assistance in prodding my colleague the Attorney-General to seeing that we attain this stated objective.

**MR. URUSKI:** Mr. Chairman, could I ask Mr. Dutton — it seems that I'm getting the same story as I got when I was Minister back in 1975 when we started these negotiations with respect to possibly utilizing one report. Has there been any progress between the Corporation and the city police and the Attorney-General's Department in the one-stop shop reporting and where has it gotten since 1975?

**MR. DUTTON:** Yes, Mr. Chairman, there certainly has been progress. Problems haven't changed as to what they were in your day. We're quite happy and we've always said so to provide a copy of our claims report if it would meet all purposes, but obviously it won't. We take a report dealing with matters pertaining to insurance only. The Motor Vehicle Branch requires more information, that is statistical data which go to the federal government I believe, who are compiling statistics across the country, which is additional information than what we would have in our report, and in addition the police would perhaps require further information and I also understand that the city of Winnipeg may require further information.

The problem is that we are quite prepared to have new forms printed and provide copies to wherever they wish them to go; the only thing is who's going to pay the additional cost? I don't think that that burden should be placed upon the Corporation whose function is really insurance not law enforcement or statistic gathering for other agencies or other purposes. That's where the Attorney-General is coming in and trying to find out how much information is required for this report, what type of report it should be and what the cost will be and who is going to bear those costs.

Thursday, 8 May, 1980

**IR. URUSKI:** Mr. Chairman, it appears that the city of Winnipeg may hasten this process by the recently announced possibility of tacking on a 4.00 or 5.00 charge for reports received from the city of Winnipeg from accident reports. Can the general manager comment in this respect from the latest press comments on the charges that may be levied by the city?

**IR. DUTTON:** Well, the city, as you know, sees fit to charge us 5.00 for a police report. This indicates to me that there is a cost involved and if we were to provide them with reports then of course there must be a parallel if it cost them 5.00 to produce a report and they wish to charge us for a police report. What you're referring to is additional information that they say that insurance companies including ourselves are gathering. That is not necessarily dealing with automobile insurance; it could be under the general insurance department wherein say a ten-speed bike turns up missing and they put in an insurance claim, and that is reported the police department, and there's a section on that form that asks them to reply to us or to any insurer if the bike is recovered or the conditions of it and so on, and that is considered an enquiry into the police records and for that information I understand they wish to charge an additional 5.00. We are again looking at that. I haven't got that entirely clarified with them. I am working with them though to find out just why the charge and we are asking for information that's really frivolous, that will be cut out, but certainly if there is important information that we ought to be getting from the police department, the question then is should we pay extra money for it, and if so, how much.

**IR. URUSKI:** If that additional information primarily pertains to the general insurance field, would either presently charges, if you are aware of, to other companies who are in the field within the province of Manitoba in this respect?

**IR. DUTTON:** It is my understanding that we're not being singled out. They mentioned us because obviously we're the big writer in the province and they probably get more enquiries from us than they would any other company, but the charges, as I understand it, were being levied to all and sundry.

**IR. URUSKI:** So then the recommendation of the no-stop reporting of accidents is still continuing on as it was back to 1975; am I correct?

**IR. DUTTON:** Yes, I would say it is continuing in effect but has been accelerated in the last while.

**IR. URUSKI:** Could I ask Mr. Dutton, the other recommendation that was accepted by the government, the continuation of the tort process, the continuation of the tort process allowing traffic accident victims to receive compensation under the no-fault injury benefits program and in addition, to seek damages in court, but the system will be monitored against abuse. Could the general manager indicate how that differs from what is now in effect?

**MR. DUTTON:** Well, of course, the tort system is the fault system that's going to be used here. That's where we differ from the province of Quebec and whatever that report suggests is one that we're not prepared to adopt at this stage. We do believe that in addition to payments for injuries received in automobile accidents, payments regardless of fault, a person still has his day in court. There are certain things that you cannot adequately describe under payment of no fault, and one is pain and suffering, so on, the courts will decide the degree of pain and suffering.

Now with regard to us monitoring it to see if there's any abuse is a very difficult question. I don't know why they ask that because who are we to say whether the courts are giving awards that they ought not to give. Surely if a person goes to court, then it's up to the judge to hand down his decision and the quantum, the amount, and if we do not agree and there's a point at which we can appeal, then we can appeal. So we do monitor it in that effect that if we think that the amount of the award for some reason is excessive, then we appeal. So to that extent, we do monitor it. But I don't know how else you can monitor the award of a court.

**MR. URUSKI:** But could Mr. Dutton indicate whether that recommendation is anything different than we've had since the implementation of Autopac.?

**MR. DUTTON:** No, no, not really.

**MR. URUSKI:** Okay. Mr. Chairman, the next one that I have is the possible expansion of programs to reward fault-free drivers. At present, one merit point is awarded for each two years of accident-free driving. I recall we discussed this very concept when we decided upon going for a merit system a number of years ago and of course it was not able to be implemented as a result of the total redesign of the driver system which came into being, I think in '77 or early '78, to be able to put that on record so that drivers could have their accident-free and conviction-free records utilized for the awarding of merit system. Where is the Corporation now and what is the thinking in the Corporation with respect to the possibilities that the merit point system can have in terms of rates and things like that?

**MR. DUTTON:** Of course the merit point system is in effect and that you can obtain so many merit points and that will have an effect on your premiums that you would pay, that you have a number of convictions against you. It has that effect before it hits the six points and where the surcharge sets it. I think one of the problems that has always been before us is whether we ought not to give a lower insurance premium for those who are claims-free or accident-free. It just depends from which plateau you start. We have worked on the assumption that we'll give the low rate to all drivers and surcharge them when they become a bad driver. Whether there should be two levels to that, say, that you have an intermediate rate from which to start and from which you can give credits is another problem, but at the present time we still have the old philosophy that we'll give them the lowest rate that we can, that we

Thursday, 8 May, 1980

feel is the lowest rate, and surcharge them if they are involved in more than two accidents a year in which they are 50 percent at fault or more or if they have more than six points under the driver system for convictions, etc.

**MR. URUSKI:** So then the merit system is in fact playing its role now on the demerit point system as a result of convictions and it's working now.

The separation of general insurance division of MPIC from Autopac for accounting and reporting purposes was another recommendation that was made and adopted. Could the general manager indicate to us whether there has been any further changes in terms of the separation of the two, accounting and reporting?

**MR. DUTTON:** It has always been the policy of the Corporation to separate the operations of Autopac and the general division for accounting purposes. There are certain areas of course that you cannot separate. As the Chief Executive Officer, for instance, a portion of my time is allocated to both areas. The question then arises, how much of my pay would you charge against both of them and that goes on of course for the other departments we have that are common to both operations. But we do keep them separated as much as we can and recently I have split the Corporation into two main functions and was why I went to the senior vice-president operation and I have one man who is senior vice-president now of the Autopac division and another chap who is senior vice-president of the general insurance division. And so the operations that come under them are very much easier to keep track of on a cost basis so that we do have the proper costing. I think though the auditors over the year have been very closely watching this situation and certainly have been keeping me advised if this area is beginning to get fuzzy at all and we do, I think, a reasonable job of keeping these costs divided.

**MR. URUSKI:** So other than the changes that have now been implemented in terms of upper management, the accounting systems that were in place initially, you're keeping continuous vigilance on them but they are basically continuing in the same manner in terms of allocating cost and the like, as was originally set up?

**MR. DUTTON:** Yes, fairly well. We have cost accounting for each department. Each department has its budget and of course some are very clearly defined. A claim centre for instance is Autopac. The general claims division which is at 330 Portage is general insurance, the underwriting division and general insurance, obviously all the costs should be charged there. So there are many many areas. Most of the areas are cleanly and clearly defined. It's only in certain other functions as to what portion of the mailing room is charged out. Obviously it wouldn't be good economics to have two mail rooms, so we work the economics of both and try to make proper charges to both departments.

**MR. URUSKI:** Therefore, even if the operations are used by both, there is an allocation of cost to both divisions, am I correct?

**MR. DUTTON:** Yes, Mr. Chairman.

**MR. URUSKI:** Thank you. The next one is to the Minister and of course it's been asked already by the Member for St. Vital in terms of the separations of the roles of general manager and board chairman. It's been an accepted policy of government. The Minister has indicated, if I understood him correctly, that it is one that is not of the highest priority as far as he is concerned, although it will be a policy, he will implement it at no great rush. Am I understanding that correctly?

**MR. CHAIRMAN:** The Minister.

**MR. ENNS:** Yes, Mr. Chairman, that is correct.

**MR. URUSKI:** The final recommendation that the Minister has indicated that he and the government has accepted, that's to Mr. Dutton, was the payment by MPIC to the Manitoba Health Services Commission in a lump sum basis.

I recall, Mr. Chairman, that there were discussions and negotiations under way a number of years ago with respect to the lump sum payment because of the amount of book work and the like. Could Mr. Dutton indicate where the problems that arose at the time in terms of — I presume it was of accounting — that both parties were, I gather, leery as to what would be an acceptable level to make a lump sum payment, and has that been resolved now or is it in the process of being resolved?

**MR. DUTTON:** I think some history on it perhaps would not be amiss. As you are aware, in hospitalization, if there is a wrongdoer in an automobile accident and the insurance in our case, the insurer can respond on that individual's behalf, then we are obligated to pay for the hospitalization of the injured party on behalf of the wrongdoer. If there is no wrongdoer then of course there is no one they can sue and the hospitalization claim is not made out of an insurance policy or Autopac.

Now the problem arises that this is recognized and certainly we agree that we ought to be paying for this hospitalization, but over the years we'd find that we'd get statements of claim in from various solicitors in which they would simply add the hospitalization account and I understand collect 10 percent of a fee which could run up to 50,000 or more. I told the committee when they came in to see me that I felt that this is improper and that the two agencies are owned by the same government and surely there is a way that we can be directed, if you wish, by some form of legislation or inter-government direction to make all these payments and they wouldn't have to bother getting a lawyer to simply add the name of hospitalization and collect the money, because they were losing thousands of dollars.

Now one step then just further from that, rather than do it on an individual claim report, one is the average in the year, and perhaps we can make one payment, which would be justified at the end of the term. Now on my understanding, this should come into effect very shortly. There's an agreement in principle between the Hospital Services Plan and ourselves so that we will be able to do this.

Thursday, 8 May, 1980

**MR. URUSKI:** Would it be a problem for the Corporation to, almost on an automatic basis, when fault has been established in a claim file and we know that there is now separation of the vehicle damage claims from the bodily injury claim and that section is completely separate, that once liability has been established in a claim file that it's an automatic thing and can be actually accounted for and either made on an individual payment basis, which of course would generate a lot more work, but for an accounting basis, accounting it may be on a quarterly or something like that, and make a lump sum payment. Would that be a very difficult procedure that could be instituted; there are two separate sections within the corporation and the specific one is of course dealing with bodily injury, that in terms of looking for files, it's not very difficult because they're handled by one department?

**MR. DUTTON:** Yes, that's right. They're handled by one department. That department is again divided in two really because you have the handling of a Part II claim, or no-fault claim, which does not entail the payment of hospitalization, but the other one does. Now there is a problem that arises that cannot make it automatic on an individual file, is that if a person is only carrying say, 50,000 third party, and the individual is badly injured, then of course the payments are made to the individual in place of the hospitalization. I think that would be only fair in that case rather than have the injured individual suffer financially a great deal so that we can pay off the hospitalization. So there is a small problem in this area.

So rather than making the payments on an individual basis, the way we're working with them right now is we're going to pay them a lump sum once a year, or maybe twice a year, have an adjustment at the end of the year, and keep track of what this ought to be so it is justified. After all, we have nothing to gain by not doing it that way. As a matter of fact we'd gain plenty, it cuts down our administration and the payments are made anyway.

**MR. ENNS:** The only losers are the lawyers.

**MR. URUSKI:** Mr. Chairman, can the general manager indicate whether or not the procedure for payment of hospitalization is generally the same in all provinces of the country in terms of whether the company is privately operated or publicly operated, in terms of the way that they handle their payments? Is that the general accepted procedure?

**MR. CHAIRMAN:** Mr. Dutton.

**MR. DUTTON:** It's the general procedure excepting the province of Quebec. In Quebec, I was quite surprised when I went down there to look at their plan, I studied it quite a bit. After all, it's a new venture, something we ought to keep an eye on. If they had been able to negotiate with Ottawa the exclusion of any payments from the plan they have said, look, everybody is being paid here on a no-fault basis, you can't go to court. Well, our benefits are equally as good as they are in Quebec plus the fact that you can sue the wrongdoer; but we still have to pay the hospitalization, whereas Quebec have

negotiated some kind of an agreement with Ottawa with their plan down there that the Regie doesn't pay anything on hospitalization.

**MR. URUSKI:** Thank you, Mr. Chairman. Could I now go to some of the recommendations that the Commission has made and one dealing with the restructuring of the corporation in the General Insurance area? Could I ask the general manager to indicate, a recommendation was made that the unusual practices used to develop the General Insurance business be ended, specifically, overcharging government accounts, subsidizing rates from the auto business reinsurance treaties and coercion of agents be forbidden. That recommendation was there in the General Insurance area. I'd like to understand better what the background of that is and what the Corporation's response to that was.

**MR. DUTTON:** Well, I do not agree with that statement in any way, shape or form. In the first place, so-called overcharging of government accounts, and the way you've read that infers that this ought to stop as of the time of that report. At the time of that report, of course, any government accounts we were writing were obtained on a competitive basis from competing with the insurance industry and any rates that we have charged which would have fat in them would indicate to me that any of the private companies would have been overcharging too, had that been the case. There's never been a policy, a case of overcharging, there has been a great variance in rates over the last few years and if anybody knows the history of the general insurance in the property field especially, have known that about five, six years ago the insurance companies were losing hundreds of millions of dollars across Canada each year and there was a substantial increase in rates, large boost in rates, and that's just about the time that we came into the picture, and we were charging the rates that the industry were going to be asking, much higher. Since then there has been a substantial softening of the market, something like interest rates, they'll go up and go down; insurance premiums do the same thing. And competitive field, you can go out and talk to any businessman, he probably will tell you in many instances where insurance rates have been cut as much as 50 percent or more, from one private company to another. So it has not been a case of the Corporation overcharging for government accounts and certainly has not been the policy. Point number two there that you had was . . .

**MR. URUSKI:** Yes, the coercion of subsidizing rates from the Auto Business Reinsurance Treaties. That's the other point.

**MR. DUTTON:** There is no subsidization of rates or cross-subsidization between Autopac and the general business, none at all.

Then the third point that was raised there it says something about coercion of agents.

**MR. URUSKI:** Coercion of agents.

Thursday, 8 May, 1980

**MR. DUTTON:** I deny this emphatically. As a matter of fact when that report was written and in over the seven to eight years that the Corporation have been handling Autopac there's only been three agents cancelled. That is a record I think that defies comparison with any organization, because each insurance agent, and surely people are aware of this, is protected, Autopac agent is protected by legislation, by the Act and its regulations, and I cannot cancel an Autopac agent unless he is guilty of a misdemeanour, and the only way I can cancel him is to send him a registered letter pointing out, in writing, what his misdemeanour is and giving him five days to show cause why he should not be cancelled. They come in and the whole thing is ironed out. As I say only three have ever been cancelled and those three were guilty of misdemeanours that do affect funds.

I also had affidavits from my field representatives asking them if they did coerce agents and I have the responses in the negative. I can tell you, too, that it's certainly not corporate policy and never has been.

**MR. URUSKI:** Mr. Chairman, can I ask the Minister in terms of the general insurance area, that wasn't one of the recommendations it appears that his government has accepted either. Am I generally accurate in that statement? The one that I have asked about, the practices to develop the general insurance business. Those three points that I raised with the General Manager, I did not see any comment with respect to the government's statement, or the Minister's statement with respect to acceptance or rejections and I am taking from that, and I will ask the Minister specifically whether the government has accepted that statement from the committee?

**MR. ENNS:** Mr. Chairman, I think it would be more understandable simply to indicate to the committee that the government accepts the statement that was just made by the General Manager of MPIC with respect to these particular recommendations.

**MR. URUSKI:** I didn't ask the Minister previously after I handled the seven recommendations that were outlined in the Minister's statement that they intend to maintain the Corporation, other than administrative statements that the Minister said that would likely be handled internally, where there any other policy areas which the government has accepted from the Burns Report that may not have been commented on in the press, that the Minister can indicate to us in this committee?

**MR. ENNS:** No, Mr. Chairman, I believe those areas where in fact specific action has been undertaken in concert with the Corporation have been taken. The Burns Commission Report lists among the numerous recommendations that the honourable member referred to any number of the kind of self evident recommendations that I think are taken as a matter of course on the part of the Corporation as being of an ongoing nature.

The report discusses about the necessity to ensure appropriate training programs of middle management within the Corporation, talks about recommendations about general personnel

development, etc. These are the kind of generalized recommendations of which there are many in that report with which I'm lead to believe, the Corporation doesn't take issue with. I'm also lead to believe that internally they have acknowledged and are moving perhaps in a somewhat accelerated way in meeting some of these recommendations. I'm not prepared to suggest that that was not being done, in any event, with or without the report but I think it is worth while simply to point out that many of the, you know, that long listing of specific recommendations fell within this category. I believe, I can recall, the Chairman may correct me but in the initial go-around of looking at the 100 plus odd recommendations there were some 60 of this kind of recommendation with which no one took issue with neither within the Corporation nor within government and the Chairman may be congratulated for showing some restraint with respect to responding to some of the specific recommendations issued in the report, I'm appreciative of that, but I think the substantive measures of the report have been dealt with by government and the honourable member and members of the House are aware of it.

**MR. URUSKI:** Thank you, Mr. Chairman, but I'd like to have some comments, if I could, from the General Manager on some of the recommendations that were within the report and I think it would be good to have some understanding as to how the Corporation reacted and has been handling some of these recommendations dealing with — well for example, in the rating system, that premiums or fees be directly related to the protection purchased. There's a basic recommendation within the rating systems that this be handled. Was there a suggestion that you have been made aware of, or by the committee, that this was not the case within the Corporation?

**MR. DUTTON:** No, I believe it is the case within the Corporation. I didn't talk to the members of the committee or get them to elaborate just what they meant in that particular recommendation but certainly the fees charged are directly related to the protection that you receive. It may be that they were inferring that it should be a finer breakdown of charges. I don't know what purpose this would serve. For instance, we charge so much for Part 2 Benefits as opposed . . . as you know the breakdown is for collision, third-party cover and Part 2 Benefits are really in one area. That type of thing could be done of course, but it would be at some cost. We do keep information statistically that we have but for ease of getting out the reports there is a combination of the charges there but the charges are in direct relation to the protection you receive.

**MR. URUSKI:** Mr. Chairman, the report as well indicated that premiums for automobile collision and property damage insurance be collected with the issuance of registrations. I gather that only confirms what is happening now. Am I correct in that assumption, in those recommendations?

**MR. DUTTON:** Yes, of course, the vehicle registration and insurance is one document and the

Thursday, 8 May, 1980

collision charges are on there. It's been the same right from the start.

**MR. URUSKI:** Mr. Chairman, there's the recommendation dealing with property damage claims that the present compulsory collision comprehensive insurance requirements be dropped for the 1980 insurance year. I see the government, although they were making statements that they would like to see that happen, they have, it appears rejected that recommendation at the present time. That is the area, the Minister, is one dealing with collision coverage being optional. What does the Minister see in this respect if he is at the present time, at least he's indicated that the government has rejected this suggestion within the report. By rejecting the report, doesn't mean that the government still is not wanting to bring this in. Can the Minister give us the government's position in this respect?

**MR. ENNS:** Mr. Chairman, as indicated earlier, the report was reviewed at some length by a sub-committee of caucus and Cabinet. The question that the honourable member raised was certainly one that received considerable amount of attention, but the decision of the committee and the subsequent recommendations to the corporation were that we saw no particular advantage in making any changes in this area at this time.

**MR. URUSKI:** At this time?

**MR. ENNS:** We saw no particular advantage to making changes.

**MR. URUSKI:** Thank you, Mr. Chairman. Could Mr. Dutton indicate to me, in the event that compulsory collision comprehensive insurance was no longer required, what impact in terms of revenues would that have on the Corporation based on one assumption, that no one would carry collision coverage on his car? I mean, that's the worst side of the coin and what kind of an impact would that have on revenues to the Corporation? Then you can work back.

**MR. DUTTON:** In the first place if no one would carry it is hardly a possibility, of course, because most people finance cars and a finance company is not going let them drive away with a valuable product unless there was some protection, protection in the way of collision coverage rather than third party. So that could never be, but it's a hypothetical question. Let's say that no one did, it would probably cut the basic Autopac premium by about 50 percent. I want to make it quite clear that that could not happen . . .

**MR. URUSKI:** Of course.

**MR. DUTTON:** Yes.

**MR. URUSKI:** Could Mr. Dutton tell us what annual premiums basic Autopac brings into the Corporation as of last year?

**MR. DUTTON:** The figure I have here, Mr. Chairman, includes the extension coverage but I

think, it would be a judgement call, that would be about 80 million in basic Autopac.

**MR. URUSKI:** 80 million.

**MR. DUTTON:** Yes.

**MR. URUSKI:** Collision portion of that coverage would be approximately 40 million of that?

**MR. DUTTON:** Yes, Mr. Chairman, but again keeping in mind that the collision coverage is extended, too, under extension coverage. We are talking about 200 deductible in the basic.

**MR. URUSKI:** Yes, that's fine. So that somewhere below possibly half of that 40 million, I gave the worst picture of it, but somewhere down from that, substantially down from that, is a possibility in terms of revenues to the Corporation?

**MR. DUTTON:** I don't think, Mr. Chairman, it would be a substantial reduction. I have thought about this over the past and I really believe that most people would carry collision coverage. The people that would opt out, if I may so, would probably be the large organizations who become self-insurers such as the provincial government fleet and other fleets of that nature. But an individual would be carrying collision coverage. People value their automobiles and they are more worried about what is going to happen to a dent fender rather than putting their face through the windshield, that's a fact. So the collision coverage would be carried and I honestly believe, too, that the Corporation would capture the lion's share of that collision coverage.

**MR. URUSKI:** Could the general manager tell us what percentage of the private passenger vehicles, the cars, are carrying additional coverage for collision purposes, extension insurance?

**MR. DUTTON:** It is a very substantial percentage. I believe that perhaps the people in Manitoba, the motorist here, are better protected than anywhere in North America. I think the percentage will run around 90 percent carry additional coverage and probably even a higher percentage than that. The public are not satisfied, and I've said this in a speech that I made two or three years, and ought not to be satisfied with a 50,000 third-party cover, first of all, and certainly most people wish to reduce the deductible below the 200. I would say it's in excess of 90 percent. I can't give you the exact figure because I can only tell you what portion we have and I don't know what portion the private sector had.

**MR. URUSKI:** Right. Then what portion does the corporation have, about 90 percent?

**MR. DUTTON:** We have around 90 percent.

**MR. URUSKI:** 90.

**MR. DUTTON:** Yes, Mr. Chairman, we'll have around 90 percent.

**MR. URUSKI:** So then, of the remaining 10 percent, some of which could be privately insured in

Thursday, 8 May, 1980

terms of extension and some of which would carry no additional coverage at the present time?

**MR. DUTTON:** That is quite correct, sir.

**MR. URUSKI:** Mr. Chairman, another recommendation that was made and I'd like some comment from the general manager, the denial of claims based on nuisance clauses and contract fine print be eliminated. What are those nuisance clauses that the Corporation has?

**MR. DUTTON:** I don't think they are nuisance clauses. People are always annoyed if the claim is denied for violation of the terms of a contract, but there must be some in there, there must be some protection. For instance, if a person is impaired over point .08 and smashes his automobile, he's the author of his own misfortune really isn't he and he has violated his insurance coverage. Is that a nuisance coverage, should that be eliminated? There are other forms of this nature that are involved. It depends if the motoring public generally speaking would accept this type of cost on their insurance to pay for the damage a person does to a car if he's impaired. When you start rolling cars these days, you're talking thousands of dollars. Now that same individual if he is impaired, though, damaged another individual, we will pay the damage on his behalf to the innocent party. It's only on his own property that he pays the piper. So, the fair enough nuisance coverage is such. I think in every insurance contract there are some exclusions and there will always have to be.

**MR. URUSKI:** So, Mr. Chairman, other than the standard, as I understand the exclusions that exist now, are they common throughout the insurance industry across this country, the impaired driving and the wrong coverage and the like? Are those type of exclusions carried on basically throughout the entire country?

**MR. DUTTON:** Yes, I keep closely in touch with what is happening in other provinces. I make a point of going to the superintendents' convention every year to monitor the changes, particularly in automobile insurance, and the coverage here in many areas is similar to what it is in other provinces when it comes to these exclusion costs.

**MR. URUSKI:** Could Mr. Dutton tell us whether there is, other than these exclusions that are general throughout the industry, is he aware the committee meant something different in addition to those that we have discussed?

**MR. DUTTON:** I don't know whether the committee was referring to people not registering their vehicles properly. If a person uses his car in business and registered it pleasure, as you know, there is a substantial reduction in premium. If that is done deliberately to defraud the company then I think that we ought not to pay any claim, any damage to his vehicle. However, if that is an innocent error, and there are lots of them, we do make an ex-gracious payment and they are paid. The same thing applies to a person living in different territories. This creates

problems and there are many instances where we make ex-gracious payments because the person did not realize they had to make the change and some people will go to the Motor Vehicle Branch and make the change on their driver's licence, change of address, thinking that is sufficient report to us, and because they are two different systems it doesn't come through. Perhaps both systems are remiss and that they should be tied up because I think it could be argued in a court of law that because there is an insurance premium on the driver system, an insurance premium on the vehicle system, if I reported change of address on the driver system, shouldn't that suffice, does the thing follow through? That may be one of the points that they are referring to, but we try to cover that by ex-gracious, as I mentioned.

**MR. URUSKI:** Thank you, Mr. Chairman. There was a recommendation with respect to the current territory structure between integrating territories, 3 and 4, with the larger territories, that is, I think, north of the 53rd parallel. What is the rate differential between territory 3 and territory 4 on the basic coverage? What is it, 5 or 10 percent difference?

**MR. DUTTON:** Territory 3, I believe, is the highest one, higher than territory 4 and they are north of 53rd.

**MR. URUSKI:** Yes.

**MR. DUTTON:** When we put that system into effect, we simply followed the industry's formula that was in effect at that time and I believe the committee recommends that those two territories be changed or that perhaps it should be territory 2. One of the big problems we have is not the number of accidents that you have up north, but it's the cost of repairs. The highest charge of rate is in the north and the cost of parts, freight and everything is much higher. I think this is recognized by the government itself and that they have a northern allowance payment for employees up north of the 53rd. It's the same thing, we have to perhaps make different charges in those two territories and we try to break them down and maybe we have one territory too much, but we're monitoring it and see if the change is necessary.

**MR. URUSKI:** If I recall correctly, the new territory, territory 4, which takes in the southern portion of the northern area, the rates are substantially or basically the same as for territory 1 in the city of Winnipeg. Am I correct?

**MR. DUTTON:** I think that is correct.

**MR. URUSKI:** Thank you, Mr. Chairman. One of the other recommendations, that the board review the Autopac General Insurance Treaty and seriously consider having the general insurance division return its accumulated profit of 1.9 million under this treaty to Autopac. This recommendation, of course, would have a substantial impact on the general insurance division. The practice of having the reinsurance of the automobile portion of Autopac in terms of catastrophe losses and the like is being handled by the Corporation through its reinsurance portfolios, I



presume spread around the world. Is this procedure that is handled by Autopac in terms of reinsuring with its own company in the treaties, is this somewhat different than is handled by the industry as a whole, companies of course which write both automobile and general lines?

**MR. DUTTON:** I'd like to make a few observations on that treaty. That treaty is 375,000, excess of 125,000. What is simply means, that any claim that costs in the excess of that 125,000 is paid out of that particular treaty up to the 500,000 limit; over that, we have other treaties. Now that treaty was negotiated some time back with the London market and I thought myself that the rates they were charging were going to be too high. To establish what the picture would be and to establish whether I was correct or not, decided to have an inter-office treaty; that the general insurance, who assumes re-insurance from other companies incidentally, would assume this one from Autopac. Now they say that — what is it, 1.9 million profit?

**MR. URUSKI:** M'huh.

**MR. DUTTON:** That is a misunderstanding if I may say so, Mr. Chairman, on their part as to what a treaty really consists of. Now this is a third-party liability coverage and anyone, when you stop to think about it, when a person is injured in an automobile accident and is serious enough to hit this layer, the amount of damage done to that individual does not become apparent for a year or two years, or three years. Nor is it a matter of litigation for that period of time, there's a two-year statute of limitations and the statement of claim is made within that period but doesn't mean it goes to court within that period, nor ought it go to court. Sometimes you cannot establish whether the person is the type of an individual that will recover or not. It takes a matter of time for the doctors doing the various operations and again the legal firms are looking at the case and getting to court.

So for the committee itself to say you're going to close off that treaty as of now and as of now you've taken 1.9 million more than you've paid out and therefore you've made a profit of 1.9 million is ludicrous, because it's what we call a long tale in the insurance business, those losses still have to catch up and whether indeed we made a profit or not in the general business, only time will tell and I do not know at this time. And as the Minister is well aware, and with his concurrence, we did not follow that recommendation because I think the recommendation is faulty.

**MR. URUSKI:** Mr. Chairman, there is another recommendation dealing with reinsurance, that the Manitoba Public Insurance Corporation completely review its reinsurance treaties and solicit bids to be reviewed by the board before awards are made for reinsurance. Can the General Manager comment on that because I've had some knowledge, however basic, in this area but I would like some comment on that.

**MR. DUTTON:** Mr. Chairman, it is not a normal procedure in the insurance industry to seek bids on

your reinsurance. One must develop a good relationship and rapport with a reinsurer. I'll give you an example of what I mean and this has just come about, it is very recent. We had a court case, a trial come to court in eastern Canada, the judgement just came down about a month ago wherein we were of the view that the other party would have been at fault and we had sound engineering reports and so on. It was the case of the vehicles riding piggy-back on the CPR, I believe it was; there was a wreck, both the trailers and their contents were destroyed. We, of course, pay our policyholder and then take subrogation, go after the railway, so they put in a counter claim saying that it was a vehicle that was loaded on the train that caused the derailment.

We thought we had all kinds of engineering reports and law on this, we couldn't lose, so we put up a reserve of a little over 100,000 which covers our net. What happens — a judgement came down for almost 1 million against us. That happened four years ago. If we did not have the good faith of the reinsurers, to collect 1 million becomes extremely difficult when the offices of those organizations are across the pond. But I phoned them up and told them I'm sorry old chap but this is what happened, we've had the best lawyers in the country on it, we'll see if there are grounds for appeal and they said that's all right, it's very unfortunate but our contracts say that so even though we haven't been on this treaty for some time we'll pay up. That is the kind of thing you require for security and that you require for good relationship. The motto at Lloyds is Utmost good faith and that's what this is, utmost good faith. That is why you do not necessarily shop around year by year, you're looking for stability of years to come in the reinsurance market, not maybe trying to find out if some offshore organization can give you a cheaper rate at any one time.

**MR. URUSKI:** In this area as well, the committee recommended that the Autopac General Insurance Reinsurance Treaty be terminated.

**MR. DUTTON:** It has been terminated. It was terminated before that.

**MR. URUSKI:** There is no longer an internal treaty between Autopac and the General Insurance Division?

**MR. DUTTON:** That is quite correct.

**MR. URUSKI:** Could the General Manager indicate to us what were the reasons for the termination of the internal treaties?

**MR. DUTTON:** At that time we were looking at the view of saying that it's pretty much a working treaty anyway and maybe we should keep it net, and the security of the Corporation has been increasing as time goes on, as you know now we have something like 16 million in reserves and it was thought when we were exploring it that we perhaps could keep it net, so in any event we terminated the treaty between the general business and the Autopac, so there is no longer that arrangement.

Thursday, 8 May, 1980

**MR. URUSKI:** Just to understand that properly. Then the termination was basically because of the assets of the Corporation it was no longer required?

**MR. DUTTON:** That was one of the reasons for it, perhaps the main reason, I'm not saying that that should remain the case forever and a day, it depends upon what kind of arrangement can be negotiated with reinsurers in future, I'm not saying that I'd be high on that always.

**MR. URUSKI:** So then, Mr. Chairman, a market for the treaty was sent outside the Corporation; it actually wasn't terminated but the business was shifted. Am I correct?

**MR. DUTTON:** At that time it was terminated but we are looking at the other area at the present time.

**MR. URUSKI:** I see. It was just terminated internally and no other reinsurance was sought anywhere but you are still looking in this area?

**MR. DUTTON:** That is right. I am not saying that we will not go unprotected, unreinsured, I am not trying to state that at all. I am telling you there is no longer an inter-office treaty but — and I can't recall the exact dates that it was — I haven't got them offhand, I could let you know when it was terminated if you wish to know later, sir, but I haven't got them in my head.

**MR. URUSKI:** That's fine. I just wanted to understand the reasons behind the termination and the reserves tell us the story.

Mr. Chairman, the one section that was highlighted in the report and that deals with, and I would like to ask the Minister, deals with the political interference be restrained within the Corporation, and can the Minister assure us now that the staff freeze has been lifted and that the marketing department be given more freedom to be competitive in terms of general insurance and the like?

**MR. ENNS:** Mr. Chairman, I would defer to the General Manager to answer that question.

**MR. DUTTON:** Yes, Mr. Chairman, we have freedom to hire our staff, as a matter of fact, recently, the last three months we advertised across the country for a number of topnotch people and I'm very pleased to state that I had something in excess of around 80 applications for positions that were advertised.

One of course is one that deals with the so-called Burns Report and where we're criticized, and I would suggest, sir, justifiably so, on the handling of our human resources or personnel and that we did not have a strong enough personnel department and that there ought to be a very strong personnel manager reporting direct to the General Manager. This is one of the positions that is filled with an individual who, I was quite pleased with the calibre and the qualifications that he has, he just come on stream this Monday. So we have been filling these positions. You probably noted too in Autopac that there has not been the line-ups this winter, that is partly due to the Dial-a-Claim but also partly due to the fact that

we have had sufficient staff to handle the claims. I have no complaints at the present time.

**MR. URUSKI:** Mr. Chairman, could the Minister indicate whether the government is considering establishing an investment committee within the Corporation with representatives from outside the Corporation on the investment committee in terms of dealing with the investment portfolio within Autopac?

**MR. ENNS:** Mr. Chairman, from time to time the General Manager reports to me that he believes that from a corporate point of view, such a committee and perhaps some changes in the very specific direction that the Corporation now has with respect to its investment policies, if those were indeed changed or at least a portion of them changed, they were allowed to more freely exercise the investment opportunities that are there, and not entirely restricted to the prescribed government investments, that the earnings from the investment dollars by MPIC could be improved upon. I believe that's the role of the Chairman to remind government of that from time to time. However the government is well aware of the supporting role that this investment pool plays within Manitoba in terms of the underwriting of debentures for hospitals, schools and other municipal projects and I would have to state at this time there has been no consideration given by this administration or by the Minister to effect any changes.

**MR. URUSKI:** Could Mr. Dutton indicate — one recommendation indicated that the bargaining and write-off values cease and firm practices be established for this type of settlement. It appears that there's some suggestion that the Corporation should not negotiate write-offs and should be very firm in its position or at least that's the implication of that recommendation. Do you have any comments with respect to that?

**MR. DUTTON:** There has always been a procedure of negotiating claims. You can take two cars, say they're 1976 models, if you like, identical vehicles and they are both totalled on the same day this year, they cannot be of equal value, one car may have new rubber, new tires, may have had better maintenance, the upholstery may be in better condition, there are many factors, so the vehicles are not the same and you cannot say so in case of a total loss, and all we're talking about here is total loss, not the repairing of the vehicle. So we do use known factors and the people we have on the staff, the estimators, that is all they do, they really know the price of various vehicles. It is not a case of them coming up with a price and saying, now we're going to bargain with you, with a view to try to get the price down. It's the other way around, usually a person is bargaining with us and suggesting that the gold book, or whatever book they're using, has not got high enough value for the vehicle because it is in mint condition, and to call this bargaining I think is a wrong term, it is negotiating a claim and certainly you do that, it is done in the private sector, wherever insurance is carried out, that's the situation to make sure that you're getting paid the correct amount and pointing out to an adjuster that you didn't take into

Thursday, 8 May, 1980

consideration, I think that the fact that — I'm going to give you an example: I've got a paint job on here that may cost 2,000 as some cars have. That's what it's about.

**MR. URUSKI:** Mr. Chairman, one other one dealing with claims is the Corporation should encourage rather than discourage the waiving of deductibles by companies doing windshield repairs.

**MR. DUTTON:** Mr. Chairman, I do not agree with that comment at all; the reason for deductible is to act as a deterrent. Years ago you used to be able to buy full coverage in the insurance business — now I'm going back many many years — but of course this was found to be not workable because you are actually issuing a maintenance policy, that if you get a scratch on the car and so on and so forth, it is replaced, and it's too costly to do that. So deterrents were put in, if you wish to use that word and deductibles for collision or comprehensive, a glass claim is a comprehensive claim and there is a deductible. Incidentally ours is lower here than many other provinces at 25, some of them are 50.00. So this deductible is there. Now to encourage the glass shop to say well look we'll waive the deductible and simply replace your glass, is inviting people with a scratch on the windshield to replace that windshield, when perhaps they can continue to drive that vehicle, they can settle their claim at the end of the term when they're going to sell it, the windshield itself, does what it's supposed to do, which protects him from the wind and gives him good vision, to me it doesn't make sense. On my car for instance, I've got a small chip in the middle of the windshield which I had repaired; you can have them repair it. Now I could take that car, and I could say, well, you know, I needn't get rid of that small little chip, a break's a break, therefore I'm going to take it to a glass shop and say, it doesn't cost me anything to have the whole windshield put in, where on the other hand it's going to cost me 25, and you know you don't notice that little chip.

**MR. URUSKI:** Mr. Chairman, I'd like to ask the Minister, seeing as the major recommendation was to have the Corporation operate as a mutual company and has been rejected by the government, the three areas for terms of reference that were issued to the committee dealing with the operations of and services provided by the Manitoba Public Insurance Corporation in the fields of general insurance and automobile insurance, the recommendations that the government accepted in terms of dealing with reporting, dealing with the accounting pretty well of hospital fees and the extension of programs and other in-House changes that could be made basically. As well, the principle of no-fault automobile insurance, and the possible further extension of this principle in relation to bodily injury. That area was covered off by the government in its announced increase of coverages in the no-fault area. Compulsory automobile insurance coverage dealt with, or at least the recommendations were rejected, and the respective roles of the private and public sectors in providing insurance service, which was rejected by the government.

Mr. Chairman, I would like to ask the Minister, in view of the report's recommendations which came out in general, where the author of the report indicated that Manitobans generally, while they were satisfied with the operations of the Corporation, really didn't know how poor their Corporation was operated. And his colleague, the Member for Brandon West, in his statements, when the staff freeze was on the Corporation, he had indicated that no moves would be made in terms of allowing the Corporation to operate effectively until the study was complete. One brings me to the point, government has basically rejected all the fundamental changes in terms of how the Corporation should operate. Then the question is, why then, was the need of the study? Can the Minister tell us? I mean, they've basically rejected everything that the committee has recommended, that Burns recommended throughout the entire course of the study.

They now defend and indicate, and rightly so, that the Corporation is basically well run and the changes that they say that they will make are, one could say, other than the benefits section, the administrative changes, one could argue that they are anything but fundamental, they are cosmetic; because they are day-to-day changes that would normally be negotiated between various agencies of government and government departments and would go on a continuous basis regardless of who was running the Corporation, so that basically the changes that the government have accepted are cosmetic. But yet they really ham-strung the Corporation for a couple of years. Now they've rejected the report. The question begs is, what was the need for the study?

**MR. CHAIRMAN:** The Minister.

**MR. ENNS:** Mr. Chairman, we touched on this briefly on Tuesday but, Mr. Chairman, the honourable member is very much aware that the policy of the party that now forms the government, at the time prior to the election of October '77 and indeed prior to that, in acknowledging the place and role for the Autopac Corporation in the sale of auto insurance in the province of Manitoba, held strongly to the view that, if possible, that area of choice, a role for the private sector, ought to be investigated, if indeed that role could be accommodated.

I regard the commissioning of this report as a carrying out of that commitment that was made during the course of the last election. I also regard the fact that the Commissioner and his committee, in arriving at his basic and fundamental conclusion in that report calling for the maintaining intact essentially the system that has been developed but in mutualizing the company and removing it out of the realm of government, if you like, acknowledged the fact — and I don't pass any judgement as to whether he acknowledged it reluctantly or whether he came to the issue with any particular bias — but the major recommendation clearly signals to us, as it did to him, that in essence the advantages of the system that is in operation were there and in essence could not be improved upon, what the Commissioner attempted and what the report attempted to do, and provided the government an option for.

Now, accepting that as a finding, if from a matter of party or government policy you wish to separate

Autopac from government and establish a mutual company, that was one way of doing it and indeed opening it up possibly to outside and private competition, but the recommendation clearly stating that the other companies would have to piggyback onto the system that is in place, again establishing and again underwriting the fact that the basic and fundamental system is working pretty good and is a pretty efficient one, particularly the marriage between the Motor Vehicle Branch and the insurance operation sector of it.

Mr. Chairman, I have no difficulty, nor does this government have any difficulty in having commissioned that report and, in essence, having had the Corporation examined in a pretty thorough manner. I want to put on the record that I am very appreciative of the fact that the Corporation has taken a very responsible mature attitude towards this report. I have indicated that the individual management members, or particularly the General Chairman, may well have in some point in time chosen to, or indeed at this committee meeting, chosen to express some of his perhaps more stronger personal feelings with respect to some of the specific recommendations in the report. But they have accepted the commissioning and the report itself precisely for what it was. It was a report commissioned by the then Minister, by the government, to supply, to provide the government, the new government, the government of the day, with an outside opinion of the Corporation, along with the recommendations that the committee felt could be recommended, the course of action that could be pursued, should the government desire to do so.

But the central recommendation, I believe the honourable member recognizes that, in essence, bears out the present system. He's offered in the mutualization recommendation, a course of action, had the government chosen to follow it, of a separation, if you like. But in making that recommendation, the committee clearly underwrites the fact that the system, as developed and is presently operating, is probably as effective and efficient as one that we can hope to achieve. And if the private sector were to be invited to participate in it, that they would have to participate within the system as it now operates and piggybacks on top of it.

We looked at the situation seriously. We found it to be fraught with too many problems. I believe the committee understated the possible difficulties in doing that. Committee suggests that a metrics form could be developed that would include the five or six private insurance companies that may wish to participate in this manner. Well, there's no insurance; in fact, there is every reason to believe that the five or six could become 18 or 20 or 25 or 30, thus adding and considerably complicating the paperwork on the form, the work for the Motor Vehicle Branch, and work for government in general, than the underestimated position that is stated in the Burns Review Committee Report.

Mr. Chairman, I'm simply indicating the kind of reasoning, the kind of thought processes that went on, that occurred in the sub-committee of Cabinet and caucus that I was chairman of, that made the final recommendations to the government as to the disposition of this report. I believe that it represents

a very serious meaning of a commitment made to the people of Manitoba that we would examine and undertake in a very thorough manner — the Opposition says, in an expensive manner, 300,000 worth — to see whether or not there were possibilities open to this government to carry out an admitted belief and feeling that we had that we would like to open up the insurance business to a greater area of freedom of choice. And by the way, Mr. Chairman, that statistic keeps coming up, as well. Even as you're polling Manitobans about their satisfaction with Autopac, the similar poll also keeps on indicating that a substantial number — I don't know the percentage terms of whether it's 50 or 55 percent or somewhat — that would at the same time, concurrent with their endorsement and expressions of satisfaction with Autopac, would similarly like to have a freedom of choice to choose the insurer of their choice. So there is a contradiction there in attempting to meet those two wishes as expressed from time-to-time through public opinion polls on this subject matter.

But, Mr. Chairman, I believe, in conclusion, that the exercise was beneficial for the Corporation. It has hastened, I believe, some specific action such as the increased benefits to the bodily injured. I remind the honourable member that recommendation was put forward by the Corporation to the then government, the New Democratic Party government, in the summer of 1977 and was not acted upon. I would like to think if the Corporation had put forward the same recommendations, indeed . . . Pardon me, I must retract; the recommendations were also put forward to the new government in the fall of 1977 and was not acted upon but it was acted upon within relatively short order on the publication of that report, Mr. Chairman. So if you are looking for some particular justifications for the report, that certainly is a major one.

As the honourable member, who was a Minister, understands, a Minister or a Corporation in pursuing an objective or goal very often needs whatever supporting evidence or statements of support to achieve a particular goal or an objective that it can get. And in this case, it's a happy case where the recommendation was very quickly concurred upon by the government and, indeed, it supported a position of some standing by the corporation.

Mr. Chairman, I accept the politics of the matter that the Honourable Member for St. George wishes to play with me. I'm satisfied that the Committee honestly attempted to put before the government of day — and it is and let's understand it — that the role of that Committee was to put in front of government, not the corporation, in front of the government of that day whatever options it saw and whatever changes it saw that could be implemented by our Insurance Corporation. Some we have implemented, others we have rejected, and the record and the continued success of the Corporation will speak for itself in terms of the place and the continuing valuable service that the Corporation will provide to the people of Manitoba.

**MR. URUSKI:** Thank you, Mr. Chairman. The Minister has certainly given us little or no indication what the government would have liked or has given

us some indication what the government would have liked to do.

Mr. Chairman, it's fortunate that the Committee made some of these administrative recommendations, otherwise the Minister and the government would have been in a real dilemma as to what to do with this report, because the approach of government, while they wanted to do something with the Corporation to satisfy their statements of many years and I believe their pledges to the industry, they saw the political realities of the situation and the Minister hinted at that. While he said the report recommended that the Corporation was running smoothly, Mr. Chairman, the author of the report went on television and told Manitobans, saying look, Manitobans like the Corporation, but really the Corporation is running in a lousy manner. Those are the statements that he made.

Now here we have a Minister of government saying, no, no, no, that's not what he said. He said the Corporation is running well. The fundamental point that was missed in the report, and the report is very deficient and the Minister has not even commented on it, and that is, what kind of return are the motorists receiving from the corporation? What kind of expenses, how efficiently in terms of conservative figures, mainly on the balance sheet? I mean if we are talking about business operations, I'm sure that all the Conservatives here would want to see one thing, would want to see the final line of that Corporation. Wouldn't that be a way of judging its effectiveness and its method of operation? What's the bottom line? I mean, are we losing money, is the administration fee too high? There wasn't even a comment in the report, Mr. Chairman. All there were was the stabs against management about lack of planning, really, Mr. Chairman, what one could conclude only as a witch hunt, a witch hunt that the government, when it finally saw what the writing on the wall would be in terms of its position, in terms of electoral success or failure in the province of Manitoba, this government decided to, rather than grabbing the bull by the horns that they had hoped that they were going to do, they ran around and grabbed the bull by the tail, because they really couldn't handle the situation when they finally got their hands on that report. That's what it ended up as.

The report, and I said this previously, if the government was really looking at whether the Corporation was run efficiently or not, was to look at an old study and not by New Democrats but by Conservatives. All that we had to do was pick up the study that costs 8 in the province of Ontario done by Tories, Conservatives, blue Conservatives from the province of Ontario, who concluded that on the basis of this very rough comparison, MPIC appears to be the most efficient of government insurers under consideration. When they look at the comparison of claims incurred to total expenditures, when they look at the Ontario industry — the industry report said that the return as per claims was 63.6 percent on the dollar put in and Autopac was at 82.8 percent.

Mr. Chairman, where in this report does it indicate that the Corporation was run efficiently? Nowhere in the report does it do, because it had the basic premise based on the guidelines and statements given to it by the Premier of this province indicating

his particular bend, his particular philosophy as he would have liked to have seen automobile insurance in this province, and that was to get rid of a public corporation, to privatize it. The Minister says that the basic recommendation was to mutualize Autopac. We have a mutual company, Mr. Chairman. Whether the Minister wants to admit or not, it is owned by all the motorists in this province.

**MR. CHAIRMAN:** The Minister on a point of order.

**MR. ENNS:** Mr. Chairman, the reference to that was what the author of the report recommended, that was the author of the report's recommendation with reference to it.

**MR. URUSKI:** Mr. Chairman, is the Minister denying that either both he and the Minister of Finance of this province, who commented on the report, did not indicate in a very — I don't know the exact word to use — but in a very cursory way that they saw Autopac operating as a public corporation within the province of Manitoba. They carefully, at the original tabling of this report, avoided the statement that it would remain as is. They indicated it would be a public corporation. Certainly if one mutualized the Corporation, we know what the end result would be, Mr. Chairman, and I think the government saw that.

To indicate that they are no longer interested in privatizing the corporation, would then tell the people of Manitoba one thing; that they have wasted 300,000 because there is certainly nothing in the report or very little in the report that the government has accepted. They have accepted a report or virtually nothing in the report. The seven items that the Minister talked about as being basic to the report are absolutely nothing, nothing other than the comments about increasing the bodily injury and death benefits, Mr. Chairman.

The Minister says, look, you didn't implement them in 1977 when you announced it. Mr. Chairman, did the Minister want us from the time that we lost the election, in those 30 days in the transitional period, then to put in the benefits that would take place in the following year? Mr. Chairman, that was left to the new government and the new government directly did not do it and I'll tell you why they didn't do it. They made certain pledges to the people of Manitoba that they were going to reduce estate tax and gift tax, and when they shifted the money from the 2 cent gasoline tax, there were no more revenues to make those announcements, because those announcements were predicated on maintaining the same revenues to the Corporation and unless those revenues stayed within the Corporation, those announcements could not be made.

Why didn't the government make those announcements? It's very clear, Mr. Chairman, very clear why they didn't want to make those announcements. Because they wanted the motorists of Manitoba to pick up the tab for the 6 million to 7 million gift that they gave to the 165 estates in Manitoba. That is the reason that they didn't make the announcements. To talk about some basic philosophical difference in the approach of insurance, I don't think there is a basic philosophical difference whether the no-fault benefits should be increased or

**Thursday, 8 May, 1980**

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decreased. I think it's motherhood, Mr. Chairman; I think the issue is motherhood in terms . . .

**MR. CHAIRMAN:** Order. The hour being 12:30, is it the wish of the Committee to have these gentlemen appear before us the next time the Committee meets, or are you willing to . . .

**MR. URUSKI:** Mr. Chairman, unless there are other members in our caucus, I have some comments yet to make and some questions to raise for another meeting, but unless there are other members in our caucus that have other questions, it likely won't take the full time of Committee next time, so that we could, if it's the desire of the government, to schedule another Committee after that, we will likely finish before the 12:30.

**MR. CHAIRMAN:** Committee rise.