



**Third Session — Thirty-Second Legislature**  
of the  
**Legislative Assembly of Manitoba**

**STANDING COMMITTEE**  
on  
**PUBLIC UTILITIES**  
and  
**NATURAL RESOURCES**

33 Elizabeth II

*Chairman*  
*Mr. Phil Eyer*  
*Constituency of River East*



MG-8648

**VOL. XXXI No. 1 - 10:00 a.m., THURSDAY, 26 APRIL, 1984.**

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Second Legislature**

**Members, Constituencies and Political Affiliation**

Name	Constituency	Party
<b>ADAM, Hon. A.R. (Pete)</b>	Ste. Rose	NDP
<b>ANSTETT, Hon. Andy</b>	Springfield	NDP
<b>ASHTON, Steve</b>	Thompson	NDP
<b>BANMAN, Robert (Bob)</b>	La Verendrye	PC
<b>BLAKE, David R. (Dave)</b>	Minnedosa	PC
<b>BROWN, Arnold</b>	Rhineland	PC
<b>BUCKLASCHUK, Hon. John M.</b>	Gimli	NDP
<b>CARROLL, Q.C., Henry N.</b>	Brandon West	IND
<b>CORRIN, Q.C., Brian</b>	Ellice	NDP
<b>COWAN, Hon. Jay</b>	Churchill	NDP
<b>DESJARDINS, Hon. Laurent</b>	St. Boniface	NDP
<b>DODICK, Doreen</b>	Riel	NDP
<b>DOERN, Russell</b>	Elmwood	IND
<b>DOLIN, Hon. Mary Beth</b>	Kildonan	NDP
<b>DOWNEY, James E.</b>	Arthur	PC
<b>DRIEDGER, Albert</b>	Emerson	PC
<b>ENNS, Harry</b>	Lakeside	PC
<b>EVANS, Hon. Leonard S.</b>	Brandon East	NDP
<b>EYLER, Phil</b>	River East	NDP
<b>FILMON, Gary</b>	Tuxedo	PC
<b>FOX, Peter</b>	Concordia	NDP
<b>GOURLAY, D.M. (Doug)</b>	Swan River	PC
<b>GRAHAM, Harry</b>	Virden	PC
<b>HAMMOND, Gerrie</b>	Kirkfield Park	PC
<b>HARAPIAK, Harry M.</b>	The Pas	NDP
<b>HARPER, Elijah</b>	Rupertsland	NDP
<b>HEMPHILL, Hon. Maureen</b>	Logan	NDP
<b>HYDE, Lloyd</b>	Portage la Prairie	PC
<b>JOHNSTON, J. Frank</b>	Sturgeon Creek	PC
<b>KOSTYRA, Hon. Eugene</b>	Seven Oaks	NDP
<b>KOVNATS, Abe</b>	Niakwa	PC
<b>LECUYER, Hon. Gérard</b>	Radisson	NDP
<b>LYON, Q.C., Hon. Sterling</b>	Charleswood	PC
<b>MACKLING, Q.C., Hon. Al</b>	St. James	NDP
<b>MALINOWSKI, Donald M.</b>	St. Johns	NDP
<b>MANNES, Clayton</b>	Morris	PC
<b>McKENZIE, J. Wally</b>	Roblin-Russell	PC
<b>MERCIER, Q.C., G.W.J. (Gerry)</b>	St. Norbert	PC
<b>NORDMAN, Rurik (Ric)</b>	Assiniboia	PC
<b>OLESON, Charlotte</b>	Gladstone	PC
<b>ORCHARD, Donald</b>	Pembina	PC
<b>PAWLEY, Q.C., Hon. Howard R.</b>	Selkirk	NDP
<b>PARASIUK, Hon. Wilson</b>	Transcona	NDP
<b>PENNER, Q.C., Hon. Roland</b>	Fort Rouge	NDP
<b>PHILLIPS, Myrna A.</b>	Wolseley	NDP
<b>PLOHMAN, Hon. John</b>	Dauphin	NDP
<b>RANSOM, A. Brian</b>	Turtle Mountain	PC
<b>SANTOS, Conrad</b>	Burrows	NDP
<b>SCHROEDER, Hon. Vic</b>	Rossmere	NDP
<b>SCOTT, Don</b>	Inkster	NDP
<b>SHERMAN, L.R. (Bud)</b>	Fort Garry	PC
<b>SMITH, Hon. Muriel</b>	Osborne	NDP
<b>STEEN, Warren</b>	River Heights	PC
<b>STORIE, Hon. Jerry T.</b>	Flin Flon	NDP
<b>URUSKI, Hon. Bill</b>	Interlake	NDP
<b>USKIW, Hon. Samuel</b>	Lac du Bonnet	NDP
<b>WALDING, Hon. D. James</b>	St. Vital	NDP

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

**Thursday, 26 April, 1984**

**TIME — 10:00 a.m.**

**LOCATION — Winnipeg, Manitoba**

**CHAIRMAN — Mr. P. Eyer (River East)**

**ATTENDANCE — QUORUM - 6**

*Members of the Committee present:*

Hon. Messrs. Bucklaschuk and Evans

Mr. Brown, Mrs. Dodick, Messrs. Eyer and Enns, Fox, Ransom and Scott.

**APPEARING:** Mr. Olafur P. Sigurdson, Chairman of the Board

Mr. Carl Laufer, President and General Manager

**MATTERS UNDER DISCUSSION:**

1983 Annual Report of the Manitoba Public Insurance Corporation

\* \* \* \*

**MR. CHAIRMAN:** Committee come to order. We are considering the Annual Report of the Manitoba Public Insurance Corporation for the year 1983.

What is the will of the committee on how to proceed?

**MR. P. FOX:** Page-by-page.

**MR. CHAIRMAN:** Page-by-page.

Does the Minister have any introductory comments, or does the General Manager have any comments to make to begin with?

**HON. J. BUCKLASCHUK:** Mr. Chairman, perhaps I'll start off with a few remarks.

As the Minister responsible for the Manitoba Public Insurance Corporation, I am pleased to appear, again, before this committee to review the corporation's operations for the fiscal year ended October 31, 1983.

As in past years, several officials of the corporation are here to assist me in answering your questions and I would like to take a few moments to introduce them.

First of all, Mr. Olie Sigurdson, Chairman of the Board of Directors; seated next to Mr. Sigurdson, Mr. Carl Laufer, President and General Manager of MPIC; sitting at the side, Mr. Ken Jordon, Senior Vice-President, General Insurance Division; Mr. Henry Dribnenky, Vice-President Finance; and Mr. Barry Galenzoski, Comptroller.

Perhaps before we begin, I could ask committee members to direct questions of a political nature to myself; those questions concerning corporate policy to Mr. Sigurdson; and those of a more technical nature to Mr. Laufer.

You'll see from the Annual Report before you that the Manitoba Public Insurance Corporation has again enjoyed a very successful financial year. In the 12 years since its formation, the corporation has grown to become a stable and secure organization providing comprehensive insurance protection to the public at a reasonable cost and leading the way in the development of innovative coverages especially tailored to meet Manitoba's insurance needs.

As many of you are also aware, MPIC also contributes significantly to the development of both the public and private sectors of our economy. In 1983, for example, the corporation paid \$24.0 million in salaries and benefits to its 884 full-time employees. The corporation paid out \$14.3 million in commissions to its 400 independent agents. The corporation paid \$63.7 million in claim settlements to automotive repair shops and other related businesses; and the corporation also paid \$464,000 to municipalities as grants in lieu of taxes on the corporation's property holdings.

These funds, of course, have a multiplier effect as they move through the economy creating employment, not only for those directly involved in the insurance business, but for many other Manitobans in secondary and tertiary industries.

Further evidence of MPIC's financial achievement can be found in the 1982-3 Annual Report. For example, the corporation's assets, which consist mainly of investments increased to \$280.3 million in 1983 from \$232.3 million in the previous year, while total investment income rose to \$27.0 million from \$25.5 million in 1982.

MPIC's investment portfolio now totals \$248.0 million, of which \$192.4 million is invested in long-term provincial, school, hospital and municipal bonds and debentures.

The corporation's record of service to the public is demonstrated in some less traditional way, as well.

Recognizing that it has a responsibility to encourage Manitobans to drive safely, MPIC embarked upon a comprehensive public education program in 1983. The ALIVE campaign, which addresses several key safety concerns, is dedicated to reduce the number of needless deaths and injuries occurring on our roads and highways each year.

Initial response to the program has been encouraging and I am pleased that the corporation will continue to play a major role in this very important safety initiative during the current year.

Now the financial success, and otherwise, of the corporation would not be possible without the dedication and competence of the staff at Manitoba Public Insurance Corporation. It's only through their efforts that Manitoba Public Insurance Corporation has been able to provide high quality services that it's become known for, and I would like at this moment to publicly express my appreciation to the employees of the Manitoba Public Insurance Corporation for their fine efforts.

That concludes my statement on the Manitoba Public Insurance Corporation's operations in the 1982-83 fiscal

year, and before answering your questions I would like to call on Mr. Sigurdson, the Chairman of the Board of Directors, to provide a brief report on the corporation's financial results.

Mr. Sigurdson.

**MR. O. SIGURDSON:** Thank you, Mr. Bucklaschuk.

As the Minister has just mentioned the corporation's 1982-83 financial results were most encouraging, due largely through the efforts of MPIC staff and its 400 independent agents throughout Manitoba. Those of you who have been following trends in the Canadian insurance market will know that many insurers continue to experience financial difficulty in 1983.

In view of this, it is particularly gratifying to note that MPIC recorded a consolidated net profit of \$9.7 million in the 1982-83 fiscal year, the ninth net profit reported by the corporation in its 12-year history.

The Automobile Insurance Division, or Autopac, completed the year with a net surplus of \$9.7 million on totalled earned revenues of \$206.4 million. This surplus enabled the corporation to increase its catastrophic reserve by \$6.5 million; its contingencies reserve by \$1.4 million; and its rate stabilization reserve by \$1.8 million, thereby further protecting Manitobans from sudden and unforeseen increases in future claims costs.

Although the total claims payout rose from \$139.9 million to \$154.8 million in 1983, these costs were partially offset by a slight reduction in claims volume, from \$197,000 to \$195,000, and a 7.2 percent increase in investment income. Nevertheless, the increase in claims expenses, caused mainly by higher payments for no-fault accident benefits and liability awards, made it necessary to implement the modest rate increase of 2.6 percent on the average in order to maintain the corporation's sound financial position. Mr. Bucklaschuk mentioned that the corporation has demonstrated its ability to meet the insurance needs of Manitobans by offering comprehensive protection at reasonable rates.

I am pleased to report that this commitment to providing high quality coverage continued in 1983 with the introduction of substantial improvements in no-fault accident benefits. Despite intensive competition, competitive pressure and property casualty insurance market, the corporation's General Insurance Division also recorded steady gains in 1983. The 774 loss reported in 1982 was reduced to 6,000 last year and premium earnings rose by 22.8 percent to a total of 22.5 million. Again, a good portion of this increase can be attributed to the efforts of MPIC's agents who have been and will continue to be instrumental to the success of the General Insurance Division.

In closing, I would like to thank you for this opportunity to give you a brief overview of the corporation's operations. Now with the permission of the Chairman and the committee, we would be pleased to answer any questions you may have.

Thank you.

**MR. CHAIRMAN:** Is it the will of the committee to proceed page-by-page? (Agreed)

Page 1—pass; Page 2—pass; Page 3—pass; Page 4—pass; Page 5—pass.

Page 6 - Mr. Enns.

**MR. H. ENNS:** Mr. Chairman, on Page 6, I wonder if the Chairman perhaps or the Minister could indicate to us - that is currently the full complement of the Board of Directors and they are appointed for what number of years?

**MR. CHAIRMAN:** Mr. Bucklaschuk.

**HON. J. BUCKLASCHUK:** The question from the Member for Lakeside asks if this is the current board membership. There has been one change since this report was published. Mr. Lecuyer has been replaced on the board by the Member for St. Johns, Reverend Don Malinowski.

The term of office, as I recall, for the appointment of the members of the board is for a three-year period.

**MR. H. ENNS:** Thank you.

**MR. CHAIRMAN:** Page 6—pass; Page 7—pass; Page 8—pass; Page 9—pass; Page 10—pass; Page 11—pass; Page 12—pass.

Page 13 - Mr. Enns.

**MR. H. ENNS:** Mr. Chairman, through you to the Minister I suppose, the last few days there has been considerable comment made with respect to the General Insurance Division of MPIC moving, I suppose one could call it, more aggressively into the provision of general insurance through their group offering to the Manitoba Government Employees' Association. I wonder if either the Minister or the General Chairman can give us a description of precisely the plan that is being offered, or the plan that has been negotiated with the Manitoba Government Employees' Association?

**HON. J. BUCKLASCHUK:** Perhaps the General Manager could speak on the specifics of the policy.

**MR. CHAIRMAN:** Mr. Laufer.

**MR. C. LAUFER:** The plan that has been offered to the members of the Manitoba Government Employees' Association is a payroll deduction plan. It will be offered on a voluntary basis. The rates for that plan will be equivalent to our manual rates which are available to any resident of the province. The plan is underwritten in a slightly different fashion in that it works on a square footage basis for ease of administration, as opposed to a value basis which is the present way of rating policies, but they equate to manual rates. What I'm saying is, it hasn't been discounted.

**MR. H. ENNS:** One presumes that, as the General Manager indicated, that these kinds of general insurance policies, which have been available to all citizens of Manitoba but sold primarily, I would understand, through their network of agents, has the corporation projected any savings that, in this instance, will be accrued by the corporation not having to pay commission on these premiums as a result of this arrangement.

In other words, if the General Manager indicates that there is no general discount being offered in this

instance, can he, first of all, indicate what is the percentage of commissions normally associated with a policy of this kind? I would assume that that saving is being - well, let me ask, I shouldn't assume - is that saving being passed on in the actual premium as being offered to the government employees under the payroll deduction plan; or is that commission being split or indeed kept by the corporation?

**MR. CHAIRMAN:** Mr. Laufer.

**MR. C. LAUFER:** The group policy is being placed through an agent the same as a homeowner's policies would be with the private individual, and that agent is paid a commission for the placement of that business.

**MR. H. ENNS:** Would the general manager indicate who that agent is?

**MR. C. LAUFER:** The agent is H.B. Group Insurance Services, which is a subsidiary of Reed Stenhouse.

**MR. H. ENNS:** Mr. Chairman, what I'm trying to get at is that what, in effect, we are doing is denying the agents in many areas throughout Manitoba, who would normally write this insurance policy and collecting them in one insurance house, H.B. Group Insurance of Reed Stenhouse; has the corporation made any projections as to the takeup of the offer? Mr. Laufer indicated that this is voluntary, but has he received any information from the Manitoba Government Employees Association as to what they anticipate the takeup will be? Do they expect 40, 50 percent, 30 percent or is that speculation at this time?

**MR. C. LAUFER:** We've checked into it as the honourable minister knows. The Manitoba Telephone System and Hydro have had similar plans in place through the private sector for something around four years. They have eligible members of 10,700 in those two organizations. The actual participation in MTS is 1,388 which is 30.8 percent. Hydro has a participation of 1,687, which is 27.2 percent. That is after being in place for four years.

Our estimate of initial penetration would be about 20 percent participation in the first 12 months. We feel that would generate a premium of approximately \$425,000 or we'll have about 2,250 employees. The average policy cost is expected to be in the area of \$190.00. The commission impact on the 1,128 agencies - if we said that income will be deprived of the other agency force, there are 1,128 agents selling general insurance in Manitoba. It would amount to about \$100 per agency.

**MR. H. ENNS:** I suppose I only have one further question in this area and perhaps this is not the right source to direct it to. I'm aware, of course, that MTS and Hydro have had similar programs in effect for their employees. I'm also aware that it's, I believe, their practice to invite tenders for that group insurance business. I understand this is not the case with respect to this arrangement with the Manitoba Government Employees Association. My question would be to the Minister responsible for the Civil Service, whether or

not, under this government's direction, the Manitoba Government Employees Association would have the same opportunity to go shopping with their group plan in the future as is the practice by Hydro and telephone employees? Would the Minister care to answer that question or entertain any . . . ?

**MR. DEPUTY CHAIRMAN, P. Fox:** The Honourable Minister.

**HON. J. BUCKLASCHUK:** With respect to this specific policy, my understanding is that the Manitoba Government employees approached the corporation, that they had indicated to their consultant or agent that they had a preference for the Manitoba Public Insurance Corporation. I'm led to believe that they were desirous of obtaining some sort of group policy, and certainly there is the possibility that they might have entered into an agreement with some private sector for an insurance corporation which could possibly have resulted in the funds flowing out of the province. The fact that the Government Employees Association has a policy with the Manitoba Public Insurance Corporation is not something that I, or the Minister for the Civil Service, can be held responsible. They, as a corporate body, undertook this exercise and as I had indicated a preference for the Manitoba Public Insurance Corporation.

**MR. ENNS:** Perhaps Mr. Laufer can confirm what I believe is a practice with some of the other group insurance policies involved in the public sector, such as Manitoba Hydro and MTS, and I would assume that MPIC General Insurance Division has participated in going after that business. Is it not a practice on the part of, say, Manitoba Hydro employees, who have a similar group insurance program in effect, to have initially or periodically open up that insurance for competitive tendering? Can Mr. Laufer indicate, from his experience, that that is the case, and if MPIC participated in that tendering at that time?

**MR. C. LAUFER:** I am not certain just what the practice is with Hydro, but I believe generally these programs are marketed by the agent, and he is the one that comes up with the underwriter or the insurance company who will underwrite the risk. Perhaps sometimes the group is interested in who that underwriter is, possibly from a point of stability more so than anything else. But, given a proposal, if they feel it's acceptable to the group, they probably accept it on that basis, rather than tendering. I don't know of any tendering process.

The second part of the question, we didn't make offerings on those two particular groups.

**MR. H. ENNS:** Just a general question, are you aware of the general terms of the insurance package that, for instance, Manitoba Hydro employees have? What I am asking is, is the package that is being offered currently to the Manitoba Government Employees' Association similar?

**MR. C. LAUFER:** I am not entirely familiar with that package, because I haven't reviewed it, but it would

be similar. I believe that there are a few differences in ours.

**MR. H. ENNS:** But, at this point, MPIC General Insurance Division does not carry any other government associate or Crown corporation group plans, other than the one that you entered into with the Manitoba Government Employees' Association?

**MR. C. LAUFER:** This is the only plan.

**MR. H. ENNS:** Thank you.

**MR. DEPUTY CHAIRMAN:** Anybody else? Mr. Ransom.

**MR. B. RANSOM:** Thank you, Mr. Chairman.

A question for Mr. Sigurdson. What plans does the corporation have at the moment with respect to the life insurance and pension management field?

**MR. O. SIGURDSON:** As you know, there is a study going on and until such a time as the study is complete I think it would be premature to say which course of action we would take.

**MR. B. RANSOM:** What's the nature of the study that is under way? What's it trying to determine?

**MR. O. SIGURDSON:** I think that the nature of the study is; first, if there's a need; secondly, how feasible would it be for the corporation to go into it. Pending the completion of that study, I don't think I can say much more.

**MR. B. RANSOM:** You mean, need. Well, I should ask you, in what sense are you talking about need?

**MR. O. SIGURDSON:** What I was saying there was that if through the study it was demonstrated that the public was not adequately served in some areas of the insurance field.

**MR. B. RANSOM:** When would you expect that that study would be completed?

**MR. O. SIGURDSON:** May I refer that one to Mr. Laufer?

**MR. DEPUTY CHAIRMAN:** Mr. Laufer.

**MR. C. LAUFER:** We expect that the study should near completion sometime in July. There are a number of areas that we're exploring at the present time that have taken more time than we had anticipated, but sometime in July, hopefully, the study will be complete for presentation to the Minister.

**MR. B. RANSOM:** Some months ago there was a questionnaire sent out to agents, I believe, and I think the Minister undertook to make the results of that questionnaire available to the House. Has that been analyzed and will it be made available?

**MR. CHAIRMAN:** Mr. Minister.

**HON. J. BUCKLASCHUK:** I do recall a question being raised in the House and I had indicated that the results

of the survey would be presented to the members. The findings of that survey will be part of the report which will be, as indicated, completed sometime later this summer.

**MR. B. RANSOM:** A question to the Minister, then. Is the decision, as to whether or not the government goes into the life insurance and pension management field, does that hinge solely upon this study that is under way at the present time?

**HON. J. BUCKLASCHUK:** The decision as to whether or not the corporation enters into the life insurance and pension management areas will certainly be based, to a great extent, on the report that is being worked on at the present time, however, the decision is a political decision, and that is something that we will deal with at the appropriate time.

**MR. B. RANSOM:** So this might not be based on simply whether or not there is need, whether the public are being served by the companies that are now in the business, but it could be based upon some other political or ideological consideration?

**HON. J. BUCKLASCHUK:** There will be other factors taken into consideration when that decision is being made.

**MR. B. RANSOM:** Mr. Chairman, I understand that there is a group of management experts looking at at least a portion of the general insurance section, a group I think by the name of Proudfoot, can Mr. Laufer give us an indication of what is being done within the scope of that study and what the corporation is doing as a consequence of it?

**MR. CHAIRMAN:** Mr. Laufer.

**MR. C. LAUFER:** The study that is being done is a review of various productivity factors, particularly within the General Insurance Division. Our system, as you know, was set up in 1975 based on a very small portfolio which has subsequently grown over the years, and with modifications to the original system became somewhat inefficient, a little too costly to administer, and we were looking at better ways of doing things and improving productivity. The view, of course, would be to cut the administrative costs somewhat and improve our expense ratio.

**MR. B. RANSOM:** And what has been done is a consequence of that study?

**MR. C. LAUFER:** Well, the study isn't complete as yet. A portion of it has been done. We've looked into the commercial lines area to a very significant extent, as well as the personal lines area of the General Insurance Division, and with realignment and redeployment of some of the people, we've reduced the number of persons required to handle that volume of business, changed the paper flow, reduced the amount of paper and things of that general nature.

**MR. B. RANSOM:** There have been some staffing changes then, as a consequence of this report? What

numbers are we talking about, how many people were working beforehand; how many people are being laid off; how many people are being shifted; are functions being moved from Brandon to Winnipeg; what's the nature of the changes that are taking place?

**MR. C. LAUFER:** There were six positions identified in the Commercial Underwriting Department in Winnipeg, and those positions were redeployed into other areas of the corporation.

There were 11 positions identified in Brandon. As I recall four people were transferred to Winnipeg on a voluntary basis. Several people were redeployed right within the Brandon office because we have more than the personal lines operation in Brandon, as you know; and I believe two or three, I'm not sure of that number, two or three persons who were on maternity leave, elected not to return to the offices.

There were no layoffs involved in the exercise.

**MR. B. RANSOM:** The four people who transferred to Winnipeg, were they transferred into a different section of the corporation or are they still within the general insurance group?

**MR. C. LAUFER:** They were transferred into a different section of the corporation.

**MR. B. RANSOM:** How many positions then are you actually going to eliminate from the general insurance section in Brandon?

**MR. C. LAUFER:** The total is 11.

**MR. B. RANSOM:** You're going to eliminate 11 positions from Brandon in the general insurance section?

**MR. C. LAUFER:** That's correct.

**MR. B. RANSOM:** I maybe misunderstood in an earlier comment then, that there were 11 positions in Brandon, but you're speaking then of 11 positions being eliminated. How many in total are employed, or were employed prior to this reduction in the general insurance section in Brandon?

**MR. C. LAUFER:** I'll just have that figure for you. About 60 positions. That's in the General Insurance Division. We have 114 people in Brandon.

**MR. B. RANSOM:** Were some of the functions then that those 11 people were doing in Brandon, were some of those functions moved to Winnipeg, or are all of the functions continuing to be carried on in Brandon simply on a more efficient basis?

**MR. C. LAUFER:** None of the general insurance functions that were carried on in Brandon were moved out of there. All of those functions still remain.

**MR. B. RANSOM:** So, on the basis of 60 people then, there was close to 20 percent overstaffing in Brandon prior to the elimination of these 11 positions. Who initiated the study? Was this initiated internally within the Corporation? Did you recognize the necessity to

do something with this section and seek out this group of people that provide assistance?

**MR. C. LAUFER:** We have, for some time, been concerned about the expense ratio of that particular division. It's been a matter that's been discussed with the board on a number of occasions, over a number of months, particularly the year prior when we could see the results were deteriorating and we were looking at avenues in which to improve and streamline.

The initiative for this particular exercise was on the part of the corporation.

**MR. B. RANSOM:** Well, this came solely from the corporation and not something that was directed by the government.

**MR. C. LAUFER:** That's correct, just solely from the corporation.

**MR. B. RANSOM:** Can you tell us how much this study costs, how much it has cost up to now, or how much it costs on a daily basis for these consultants?

**MR. C. LAUFER:** They've been working in a number of areas, 6 areas of the General Insurance Division, plus one area of data entry; and the costs incurred since the review work was undertaken in those areas, that we have identified, is \$188,800.00. Now there was ongoing work since that time. I don't have those figures.

The improvement in efficiency has been measured in three of those six areas that we are able to identify - the rest of that is yet to be identified - at \$276,000.00. When this portion of the review is complete, we will be able to give you figures on the total cost and the total impact from an improvement in efficiency point of view insofar as savings are concerned.

**MR. B. RANSOM:** What do you have to pay for advice like that on a daily basis?

**MR. C. LAUFER:** \$700 a day.

**MR. B. RANSOM:** That's almost as good as Donald MacDonald. Is that for a group of people or are we talking about one person who is being paid \$700 a day?

**MR. C. LAUFER:** That's for an individual.

**MR. B. RANSOM:** And the \$276,000 in savings, over what period would that apply?

**MR. C. LAUFER:** Those would be the annualized savings.

**MR. B. RANSOM:** What other areas of the corporation are being looked at by these people?

**MR. C. LAUFER:** We're presently looking at the Systems Department, the Administrator of Services Department, and the Accounting Department.

**MR. B. RANSOM:** Just one point of clarification then on the fees, \$700 per person. How many people are

working on this? Is it just one or is it a number of people that are being paid at that rate?

**MR. C. LAUFER:** The number varies from day-to-day. There are specialists in various areas of Analysis and Systems Implementation. They're only called upon as required. Sometimes we have three people in there, sometimes we have six people in there. Sometimes they're in for two or three days, sometimes one day, sometimes a whole week. It just depends on what area of expertise is required and the length of time it takes to resolve that particular little project that they're working on.

**MR. CHAIRMAN:** Mr. Ransom.

**MR. B. RANSOM:** Whereabouts is this company based? Where do these people come from?

**MR. C. LAUFER:** The people are based in Toronto.

**MR. B. RANSOM:** I don't have any further questions on that area, Mr. Chairman.

**MR. CHAIRMAN:** Mr. Brown.

**MR. A. BROWN:** I don't know if this is the proper place in which to discuss this, but we are under the General Insurance Division. First of all, I would like to say that one of my major complaints that I was receiving from my constituency a while back was the MPIC and the lack of service that we were getting in my particular area.

Ever since - we've had an office over there - at the present time, a claims office - most of the complaints as far as MPIC are concerned, have disappeared and we do appreciate the claims office that we have Winkler and the way that the area is serviced at the present time.

However, there is one area of concern which I have, and that is regarding classification. Your Autopac dealer really determines what classification you should be in. Now, I have had a number of instances brought to my attention where somebody was put in a classification and after he came out with a claim then the claims officer said, well, you were in the wrong classification and we cannot honour your claim.

Now this to me seems not the way that MPIC should be dealing, that if the agent puts a person in a certain classification then surely MPIC should honour the decision made by that agent. If the agent is making wrong classifications, then I would think it would be the responsibility of the MPIC then to get after the agent and make sure that he puts people in their right classifications.

While we are on that particular topic, I'm just wondering what my classification should be. I discussed this with one of the claims officers. I am a farmer, I use my vehicle for pleasure; I have a business, I use it for business; and I also use it for driving to the Legislature to attend the Sessions over here. Now I have an all-purpose insurance and the claims officer told me, well, an all purpose will not cover you if you drive from your apartment to the Legislature and you have an accident and you should have a different

classification. I'm just wondering, what kind of classification should MLA's be in.

**MR. H. ENNS:** High risk.

**MR. C. LAUFER:** Travelling from your apartment to the Legislature is, in my view, identical to travelling to and from work. That is not a business classification. That is the all-purpose classification which you have. If you have a business other than the farming business, which you mentioned, and perhaps are selling some manufactured article and travel more than a 1,000 miles - I don't know how that translates into kilometres - but if you travel more than 1,000 miles selling that product in any given year, then you would have to upgrade to the business class of insurance.

**MR. A. BROWN:** So it's the per 1,000 miles that determines whether you should be in a business classification or not.

**MR. C. LAUFER:** That's correct. The all-purpose coverage is designed so that you can drive to and from work and do occasional business with the vehicle without having to go to the higher category. Once you're using that vehicle for more than 1,000 miles a year it is then classed as a business vehicle per se and should be rated in that category.

**MR. A. BROWN:** In that case, Mr. Chairman, I'm still all right. My business happens to be right close to my home, so I don't have to put on any miles as far as my business is concerned. That would be very negligible, but the point I'm trying to get across is this, that your agents don't know, they don't know what classification to put you in.

The other problem is that if you are in the wrong classification and your claims officer says that you're in the wrong classification, then you have a great deal of difficulty getting your claim honoured, and this is something that I certainly would like to see MPIC clear up so that we don't continuously run into that type of situation.

**MR. CHAIRMAN:** The Honourable Minister.

**HON. J. BUCKLASCHUK:** Just going back to the previous question from Mr. Brown, I should remind Mr. Brown that, as MLA's, we do get paid a vehicle mileage for travelling back and forth to our constituencies, and I believe that the mileage involved in your particular situation would be such that you would be paid for in excess of 1,000 miles or 1,600 kilometres, and my understanding is that, as MLA's, under those circumstances, we would be required to carry a business type of licence. I wouldn't want you to go out on the highways and be involved in an accident and find your coverage invalid.

**MR. CHAIRMAN:** Mr. Brown.

**MR. A. BROWN:** Mr. Chairman, that brings us to a topic, and this was discussed a number of years ago before the minister was a Member of this Legislature. At that time, it was decided that the MLA's and so on

would not be classified as business people, as such. That decision was arrived at a number of years ago and hopefully that is still honoured and if any changes are made on it, then we would appreciate knowing about it, because that particular thing - we did have a discussion on a number of years ago.

My other question is that I notice that you are going into joint advertising with agents; you're doing some of your own advertising. I cannot find anywhere in the financial statement the amount of money that you are spending on advertising. Would you have that figure handy?

**MR. CHAIRMAN:** Mr. Laufer.

**MR. C. LAUFER:** In the period covering this Annual Report, the General Insurance Division didn't do any advertising, if that is the advertising to which you're referring, or is the safety advertising relative to the ALIVE Program?

**MR. A. BROWN:** Could we have a breakdown on both. How much are you spending on safety advertising and how much are you spending on advertising the insurance? I notice that you're cost-sharing with the dealers on their advertising.

**MR. C. LAUFER:** With respect to the ALIVE Program, which is through the Manitoba Traffic Safety Committee, the expenditures for the year under review are \$105,768.00.

For the year under review, the General Insurance Division did no share cost or individual advertising on general insurance products, however, we plan in the current year to do some of that.

**MR. CHAIRMAN:** Mr. Ransom.

**MR. B. RANSOM:** Going back for a moment to the matter of the positions at Brandon, raised the question in my mind, does the corporation have the complete freedom to lay people off if they see that's in the interests of efficiency as far as the corporation is concerned?

**MR. C. LAUFER:** The corporation operates under a separate collective agreement with the Manitoba Government Employees' Association and in that agreement there are provisions for layoffs, and bumping rights and so on, in the event that jobs become redundant for whatever reason.

The policy of the corporation over its history of 13 years has not been to invoke layoffs clauses and, in fact, we have not laid any employees off and it isn't out intention to do so in the future.

**MR. B. RANSOM:** But, are you under any direction from the government as to whether or not you can lay people off, or are you simply operating within your own policies, your own terms of reference?

**MR. C. LAUFER:** The government has not given us instructions in this area.

**MR. B. RANSOM:** Thank you.

**MR. DEPUTY CHAIRMAN:** Mr. Eyer.

**MR. P. EYLER:** I just have one quick question for Mr. Laufer.

From my personal perspective, it seems that the interesting aspect of this plan offered the MGEA is the periodic payment method, bi-weekly, monthly, or whatever. I've just renewed my MPIC home insurance last month and I had to pay \$600 up front for the year. I'm able to pay \$300 for life insurance on a monthly basis, but I can't pay \$600 in home insurance on a monthly basis. I was wondering if there's any consideration being given to offering a monthly payment system in the General Insurance Division through general agents?

**MR. C. LAUFER:** We don't have the capability within our present system to administer something like that. We are in the process of developing a new system to deal with the volumes that we're involved with now and that new system will likely have that capability, and once it's in place we'll certainly explore making that available to other residents.

**MR. P. EYLER:** Do you have any idea when this new system will be in place or ready?

**MR. C. LAUFER:** I believe it'll be 14-16 months away.

**MR. P. EYLER:** Thank you.

**MR. CHAIRMAN:** Page 13—pass; Page 14—pass.  
Page 15 - Mr. Ransom.

**MR. B. RANSOM:** Mr. Chairman, this area had its service stability and security. It seems to me to be a rather disturbing number of people who have been contacting me lately about complaints with the way they've been treated by the corporation. I was wondering, do you have a monitoring system that keeps track of complaints and what has been happening in that area over the years? Are complaints increasing that are coming to you, or are they decreasing, or are you not monitoring it?

**MR. CHAIRMAN:** Mr. Laufer.

**MR. C. LAUFER:** We have a customer services department and a central log for complaints that come from any portion of the public or through the elected representatives or other sources. That log, and I don't know the exact numbers off hand, indicate that the number of complaints have been decreasing over the years, particularly with the advent of Dial-A-Claim. One of the complaints in the past was, as you recall, lineups at garages or at the claim centres. Dial-A-Claim has pretty well eliminated that. Recently installed in the Dauphin area too, it should be starting to show some impact if not already, but very shortly.

Insofar as monitoring what's happening when customers complain of rude treatment, those things are dealt with at a very high level when we receive such a complaint. I see that myself. I speak to the vice president in charge of the area affected and we ensure that the management of that particular office is involved

in speaking to the employee and, indeed, ensuring that those things don't recur.

I think as you can appreciate, in all instances, a disagreement over a claim settlement can result in a divergence of opinion which sometimes isn't always handled on the most friendly basis. I can say that it isn't always the employee who takes the aggressive or strong approach to the dialogue.

**MR. B. RANSOM:** Well, that may be. I'm not sure of the relevance of that, but nevertheless, I think it's one of the things that with a corporation or indeed with a private company that might have a monopoly that this has to be one of the things that you need to be extremely concerned about, because there can be a degree of arrogance develop on the part of the people providing the service and there can be a lot of frustration on the part of the people who are having to get their service through that company or that corporation, because they have no alternative.

I accept your statement that there aren't as many complaints but that doesn't necessarily mean, of course, that people don't have complaints. It can mean also that they're simply throwing up their hands in frustration and saying it's no use, because anytime that we've complained before it hasn't done any good and so we're just going to live with it.

Have you done anything by way of polling of people who have had claims, for instance, with Autopac to see how they've been treated? It's quite understandable that people who have never had to do any more business than pay their annual premiums will probably not be unhappy with the service they're getting in the corporation, but people who have had a claim and go through whatever rigamarole there is, may find it somewhat different. Have you done anything to follow up with people who've had claims?

**MR. C. LAUFER:** We had for a number of years, in place, a customer-comment card which was a card that each individual entering a Claim Centre received, and it addressed various areas of service and allowed for whatever dialogue they wanted to enter.

The cards were overwhelmingly complimentary of the service to the extent that we finally discontinued them because there was nothing more coming out of it that we could do something useful with.

We put in place claim controllers who are sort of auditors, I guess you would call them. We send them out to all of the claims offices and they monitor the interaction between the claimant and the adjuster, the manager and the staff, and the overall operation of the office. They check through files to ensure that when phone calls are received that they are responded to promptly, that letters are followed up promptly, and they do reports on each Claim Centre of a significant volume. That gives management a fair idea as to how that centre is performing from an operational point and from a public relations' point of view.

We also have quality controllers in place who do, among other things, call on people who have had their vehicle repaired and ask to see the vehicle, and they talk to the individuals about how they feel about the quality of the repair done by the shop and the adjustment in general. We only have two of those

people, so naturally the sampling isn't huge, but it gives us some feeling for what is happening.

We also have in place at the current time what we call our Public Relations Task Force who are examining all the areas of our interface with the public, not only in the claims area but in the marketing of our products and so on, to put in place programs that might assist the employees in improving the corporation's public relations image.

**MR. CHAIRMAN:** Mr. Ransom.

**MR. B. RANSOM:** I take it then that all of this is done internally, that there are not outside independent people doing some of these evaluations. Is that correct?

**MR. C. LAUFER:** Yes, that is correct.

**MR. B. RANSOM:** Since a group such as a Proudfoot Group is able to come in and look at the management of the General Insurance Division in Brandon and find that you have ranging up to 20 percent overstaffing and that there is annual savings of \$276,000 to be made there, is it possible that perhaps an independent evaluation of the service provided, or the satisfaction level of clients, is there a possibility that that might be a worthwhile thing as well?

**MR. C. LAUFER:** That's correct. That would be a worthwhile thing. We conducted a survey some time ago, which was an independent survey of the feeling of people on various aspects of MPIC, and that survey demonstrated a very high level of satisfaction with the claim service of the corporation.

**MR. B. RANSOM:** One other question. The ALIVE Program was mentioned on this page as well. I am interested in whether or not that program was something that was undertaken on the initiative of the corporation alone, or was there some direction from government to undertake this initiative at the same time as the compulsory seat belt legislation was being introduced?

**MR. C. LAUFER:** We established a Safety Department - I think it's about two years ago, a little over two years ago - because we felt the corporation was not doing enough in the area of promoting public safety. We gradually built programs and developed budgets to overcome that deficiency and, naturally, seat belts were an area that we were particularly concerned with. Even before the announcement that legislation would be introduced, we were very concerned about that area and had started developing some programs. Naturally, when the pronouncement came that legislation would be introduced, we liaised with the Minister and the government so that any work that we did in that area would not conflict or duplicate efforts that might be done in other areas. So the ALIVE program became a program that worked in concert with the impending legislation.

**MR. B. RANSOM:** I could see that a program like this would make sense in the absence of compulsory legislation, but it certainly raises the question in my

mind that it may be a waste of money at the moment. Once you have compulsory legislation in place that the government has passed, does it really make sense for the corporation to be out doing this kind of advertising in face of the compulsory legislation?

**MR. C. LAUFER:** Legislation of this nature was put in place in other provinces who have compulsory automobile insurance plans - Saskatchewan and British Columbia to name the two - and they found that reinforcement - I guess they did a number of surveys of usership - and they found that reinforcement, not necessarily of the legislation but of the value and the benefit to the individual of protecting himself through the usage of seat belts, increased the usership.

In fact, in British Columbia, as I recall, after the program was in place for a period of time - a year-and-a-half or something like that - the usership began to decline in spite of the fact that there was enforcement and the insurance corporation of British Columbia, along with some other agencies, put together a program and were aiming at getting a 70 percent usership, and they almost accomplished that. They almost doubled it through positive reinforcement through the advertising media to show the benefits of the belts and the helmets.

So we were of the view that if we could reinforce it and improve the usership, that that would certainly be a worthwhile expenditure, considering that several lives could be saved as a result of that.

**MR. B. RANSOM:** Are you doing any kind of evaluation to determine what benefits are going to flow to the ALIVE advertising program as opposed to the compulsory aspect?

**MR. C. LAUFER:** We were initially faced with a bit of a problem in that respect because some type of comparison would be necessary and, prior to the announcement of the belt legislation, we had not gathered statistical information that would rather precisely identify what was happening with wearers and not-wearers and the extent of injury or the prevention of death, but we attempted to put the files in such an order that we could garner some of that kind of information and then develop comparisons based on what was happening after the legislation was proclaimed and after enforcement started to take place.

I believe Dr. Mulligan of the University of Manitoba is going to do a very selective in-depth study of the effect of using restraint systems and helmets, and he will be publishing a separate report. We will be giving him information from our files to assist him in that, and we are reasonably confident that within a year or two we should have some very meaningful information as to the impact that the belts and the helmets have had.

**MR. B. RANSOM:** A final question. What will the cost be on the ALIVE Program?

**MR. C. LAUFER:** The ALIVE Program is in three areas. One is the seat belt, motorcycle, helmet area; the other one will deal with drinking and driving and road safety; and the final phase of the ALIVE Program will deal with highway traffic education, driver education as to the perils of driving and so on. Those are three separate

and distinct portions of an overall program that we are developing to reinforce public safety on the highways. Unfortunately, I have the numbers, but I don't have them with me as to what each portion of that particular program would cost. We have split them out into separate budget areas, but I do have the total cost which will run over into the end of this year, and perhaps a little further, at around \$750,000 is the budget that we have put up for that.

**MR. B. RANSOM:** Maybe you could just provide us subsequently with the breakdown for those figures.

**MR. CHAIRMAN:** Any further questions on Page 15? Mr. Brown.

**MR. A. BROWN:** As well, Mr. Ransom was speaking on another area of concern, and this again which has to do with the classification came to my mind.

As this fellow is a businessman and he has his car registered as a business vehicle, but as it so happened that he had to go to Winnipeg to pick up some parts in a hurry, and he walked out of his business and he found that he had a flat tire on his car. He took his wife's car into Winnipeg to quickly go and pick up the parts that he needed.

On the way into Winnipeg, he picked up a stone and it broke his windshield. When he came back to try to get a claim on the windshield and, of course, they asked the usual questions as to where were you, what was your purpose of business, how did this happen, and he told them exactly what had happened, the claims officer at that time, well, he says that this car is not classified as a business car; therefore, we cannot honour your claim. Now that developed into a big hassle in that particular area and I think that finally the final settlement was that it was a saw-off - Autopac paid half and then he had to pay for the other half.

All I want to do really is drive home to you that there are problems occurring in areas of that nature, and if you have the 1,000 mile limit on there, that's fine, but certainly your claims officers don't seem to know about this now. Certainly, this vehicle would not be driven 1,000 miles like, his wife's car. He only took it on this one occasion in order to quickly go into the city.

So, again, I would like to reiterate, if your claims officers could have more direction from your office, I think that we could eliminate a lot of the complaints in the province that we are getting into.

**MR. C. LAUFER:** Our adjusting staff, as you may know, is in excess of 400 people, nearing 500 people, and there are always new people coming into the adjusting ranks. We do have some fairly comprehensive training programs for them. We have some excellent claim manuals which would give them the information that they require. While I say there really shouldn't be any reason for something like that to happen, given that the 1,000 mile limit should be very common knowledge to all the claims personnel, I would be particularly interested in a case like that being brought to my attention so I could identify what caused the problem or how that came about, whether it was lack of information or just lack of knowledge on the part of the adjuster.

We also have ongoing training programs for our people to ensure that they keep current and, as I say, the claim controllers examine the files of those offices to ensure that no errors of that nature are being made, and if we identify them in a particular area, we outline training programs to correct them. We adjust over 200,000 claims a year and there is bound to be the odd one that goes awry. I don't deny that. Our people are just as human as anybody else is and they make mistakes, but the percentage is very small. We are very proud of that fact and, as I say, I am always keenly interested if our people make errors - and I know the Minister is keenly interested, as is the Chairman - and we deal with those matters right away and we take them seriously. So if you could bring that to the Minister's attention or myself, we will be happy to look into it further to see: (a) what happened; and (b) if we did err, we will make sure that we correct that.

**MR. CHAIRMAN:** Mr. Scott.

**MR. D. SCOTT:** Thank you.

A couple questions for Mr. Laufer, if I could.

First off, dealing with fraudulent claims and, I believe, in recalling last year or the year before, there was some investigations into fraudulent claims. Could you inform the committee as to just how big a problem it is, how many you expect are out there, what percentage of the overall claim load of 195,000 in the past year, number of claims handled, how many would be, both in percentage terms and actual numbers, is the estimate of the corporation; also, the cost associated with these fraudulent claims?

**MR. C. LAUFER:** I have those figures, but not with me, and I could certainly make them available to you.

**MR. D. SCOTT:** If you would, I would appreciate that.

On another area, and this is within various vehicle categories - and I appreciate I am going back into General Automobile Insurance Division which we have kind of touched on through the questions previous as well - are there still categories of vehicles where we are losing on? In other words, a couple of years ago, I remember we were still losing significant amounts of money, I believe, on four-wheel drives, half-tons, motorcycles and farm trucks. I am wondering if that is, in those categories, coming up to covering their own cost, at least. We make money, the corporation overall earns money, and yet the general ratepayer is still subsidizing certain categories to a fair extent, I think, and I would like to know how those categories, if the rates have been adjusted so as to hopefully have those areas carrying themselves and contributing to the overall benefit of the corporation?

**MR. CHAIRMAN:** Mr. Laufer.

**MR. C. LAUFER:** Yes, we did bring that out, I believe, in the last committee hearing. I think at that time we indicated that we would be applying rate adjustments to those categories with loss ratios that were beyond the acceptable at a higher level than anyone else, and that's why we had rate increases of 0 percent for those that were with good loss ratios, 1, 2, 3, 4, and 5 percent

for the very bad loss ratios, but even that 5 percent figure that was applied would not necessarily take care of a situation where you have loss ratios of motorcycles in the area of, I'm not sure, but say 180 percent. In other words, \$1.80 going out for every dollar coming in.

Our plan is a long-term plan to each year apply premium increases to those categories slightly higher than the others and bring them into line. In any large pool of automobile insurance, there's always a bit of cross-subsidization that takes place. That's just the way the insurance plans operate, but there has been improvement in those categories by way of ratios and, I think, we did this now three years running and every year there has been an improvement and we can see that eventually they'll come into place and operate within a proper loss ratio.

**MR. D. SCOTT:** Thank you, Mr. Laufer.

I would hope and I would think that where there are perpetual, can one say losers, within the categories that over time one would try to adjust so that there would be a break-even at least in those, and that there would not be this cross-subsidization always to the same groups.

The last concern I have, and this is going back into claims again in categories, and could you clarify for me whether or not an individual who lives on the outskirts or somewhere outside the City of Winnipeg, but would classify normally for a rural classification, but drives back and forth to work in the City of Winnipeg where they actually put more mileage on their vehicles than someone living in the City of Winnipeg - in other words, they drive further in the City of Winnipeg each day than I would, even though I pay the higher rate - what kind of enforcement we have to make sure that those vehicles are, in fact, being charged to proper categories?

**MR. C. LAUFER:** The system when it was originally set up for reasons of low administrative costs and to ensure that every vehicle in the province carried insurance, so that no innocent victim would be left faced with a substantial claim which they can't collect, was piggybacked on the motor vehicle registration system. Okay, that was the vehicle that we used to carry the insurance document.

Now, with that comes a lot of advantages and the odd disadvantage. One of the disadvantages is that you can't rate on the basis that you are saying. The criteria for territorial rating has to be the address that is shown on the registration form, which is to be the residence of the registered owner. Now, if the registered owner happens to be a person living just outside of Winnipeg and travels into Winnipeg and enjoys a Territory 2 rating because of that, within the system we can't control it, and we accept that.

By the same token, we have a number of vehicles based in Winnipeg that travel outside the city quite frequently, but they carry Territory 1 rates, and there's a probable saw-off somewhere in there. We feel that the advantage of using the motor vehicle registration system as the document to carry the insurance far outweighs any of those small shortcomings, because I don't think there are all that many people who do that.

**MR. D. SCOTT:** Well, I have come across this partially because one of my neighbours, who has moved into the City of Winnipeg, forgot to renew and change his rating, and this gentleman actually is an insurance agent as well selling life insurance, and he was in an accident and found that his coverage that he was not in a proper category, did not inform them of his change of address and accordingly adjust his premiums.

Would it not be possible - I can appreciate your different zones and how vehicles are registered, but we also operate on an honour principle, basically the category between all purpose and general purpose, or preferred rate - the preferred rate and the all-purpose rate, and I would think that vehicles that are registered outside, that people could be informed of this if they are operating a vehicle on a daily basis in the City of Winnipeg, that an honour system could be established there the same as it is for people within the city going for all purpose or preferred rate for not using the vehicle.

**MR. C. LAUFER:** With doing it on a voluntary basis for preferred and all purpose, it readily comes to light because the distinction is so precise and there are so many vehicles in each of those categories. You have 200,000 in the preferred and 300,000 in the all purpose, and everybody is really aware of that.

The number of people that might be living just outside or commuting from another small town into Winnipeg and the people living in Winnipeg that work outside of the city are so small in numbers that it would just create too many problems for what we think the value of that service would be.

**MR. CHAIRMAN:** Mr. Enns.

**MR. H. ENNS:** Mr. Chairman, several years ago Autopac was pursuing a court action to reduce their liability on a personal-injury claim on the grounds that Autopac felt that the claim or the person involved had contributed to his/her injuries by not wearing a seat belt. It is my understanding, if I recall, that at that time the court denied Autopac's position based partly among other reasons because there was no law requiring the compulsory wearing of seat belts. We now have a law requiring compulsory wearing of seat belts. Will it be the attitude of Autopac to where circumstances arise and the decision of Autopac claims adjuster feel that a person has indeed contributed to an aggravated personal injury as a result of not wearing seat belts that to pursue such claims through the courts if necessary to reduce Autopac's liability?

**MR. C. LAUFER:** The case that you mentioned occurred and the judge ruled at the time that with legislation not being in place, that was not a proper avenue to pursue.

As administrators of the plan, we're charged with the responsibility of ensuring that each individual motorist is protected to the extent that it is legally possible. I think what we lose sight of sometimes when we have such a comprehensive third party liability program, as we do in Manitoba, is the fact that program is there only to protect the individual against his wrongdoing. The court actions don't really take place, the individual who has been injured against The

Manitoba Public Insurance Corporation, but they take place, the individual who has been injured against the individual who has perpetrated that injury.

If you take a situation where Person (A) and Person (B) are involved in an accident, and discount anything to do with insurance; let's say that neither one of them have any insurance, and the wrongdoer is charged by the injured party for those injuries he suffered and is claiming \$100,000, just for a round figure. Person (A) says, well that seems (a) like a lot of money for the type of injury that you have, and (b) you in part contributed to the extent of your injuries, so why should I have to pay for your negligence as well as mine?

A judge would have to evaluate that and if he concluded that indeed, by not wearing the seat belt, Person (B) was injured to a greater extent than he had been had he been complying with the law and wearing his seat belt, the judge would no doubt say, indeed why should Person (A) now have to pay for your additional injuries which were caused by your own negligence in not wearing the belt? He would reduce the amount of the award that Person (A) has to pay by the amount of the additional injuries that were caused by non-wearance of the belt.

That same principle would apply in cases brought to the courts today.

The judge would have to determine whether in fact the individual that was injured contributed to his own injuries to any extent. If he can determine that and determine the percentage applicable, he would reduce the amount that the wrongdoer has to pay. That of course in turn reduces the amount that the insurance company has to pay if that person has insurance, but if he does not, the justice of the case is that Person (A) pays the rightful amount for the damages he caused through his negligence - not an amount that is caused by his own negligence plus the amount that is caused by the individual's negligence who was injured.

That is the basis on which it works. The reason the first case failed is there is no law to say that people must buckle up to protect themselves. The case would not fail now, in my view, because people are required to protect themselves, and must avail themselves of that protection, otherwise they are jointly negligent with the wrongdoer. Those cases are becoming more prevalent. There's a recent one in Ontario again that very clearly pointed that out.

**MR. CHAIRMAN:** Mr. Enns.

**MR. H. ENNS:** Mr. Chairman, my specific question was the administration of Autopac. You have a constant concern about the costs of claims. You now have a law that enables the corporation to view that law from the point of view of not paying for any or excessive injury claims that in the opinion of Autopac adjusters, to some extent, was the fault of the claimant not complying with the compulsory Manitoba law.

My question still is the same. Will Autopac pursue reductions of liability if it can be ascertained that the person contributed to his own injuries?

**MR. CHAIRMAN:** Mr. Laufer.

**MR. C. LAUFER:** First of all, it would be the judge in the court of law that would make that assertion and

yes, we would use that in putting forward the defence on behalf of the individual whom we protect.

The other thing that probably comes into play and is worthy of mention is that no other coverage that the injured individual has will be reduced, only the award for general damages.

The no-fault accident benefits which are as good as you'll find anywhere will be paid in full. There will be no reduction there. Their weekly indemnity benefits will not change from what is awarded any other individual. So, they have the full extent of the coverage that they have and, as I mentioned, our no-fault benefit plans are very substantial, the weekly indemnity payments and so on are perhaps slightly second to Quebec - and Quebec, that's all they have. They have no recourse in tort, they have no general damage awards whatever. All you get is what the no-fault plan there offers. Here, we pay what the no-fault plan offers and we pay that in full, plus we pay a general damage award over and above that through the tort system. It's only that upper layer that might be affected if there is contribution found on the part of the injured party.

**MR. CHAIRMAN:** Mr. Enns.

**MR. H. ENNS:** An interesting question, I suppose, is, would the corporation accept the reverse of that in those instances which admittedly may be far and few between, but where it can be shown that the wearing of a seat belt, contributed to a persons injury, does the corporation now leave itself open to additional liabilities as a result of that, should that be the finding of a court?

**MR. CHAIRMAN:** Mr. Laufer.

**MR. C. LAUFER:** That would be a logical finding and I think that it would be something that we would pay for without any difficulty whatever. It happens even without law. There's certain things that automobiles have to have by way of safety standards.

Sometimes people are injured in automobiles that are driving around not meeting those standards. Faulty steering - different things like that - crashing into an abutment - but, if the individual is injured he's paid his full benefits. If, during the course of a collision or a rollover that someone is more seriously injured because of wearing the belt, that injury will be construed to be part of the whole automobile accident, and whatever the extent of that final injury is, the award will be assessed on that basis.

**MR. CHAIRMAN:** Mr. Enns.

**MR. H. ENNS:** Just on another subject, Mr. Chairman, what is the current status with respect to your wage situation, salary arrangements with your employees? Are you in the midst of a contract or just running out or approaching a new contract?

**MR. CHAIRMAN:** Mr. Sigurdson.

**MR. P. SIGURDSON:** I think that Mr. Laufer should answer that.

**MR. CHAIRMAN:** Mr. Laufer.

**MR. C. LUAFER:** Our current contract expires on the 30th of June of this year and we will be entering into an exchange of proposals with the bargaining unit within the next two weeks, but no negotiations have taken place of any kind.

**MR. CHAIRMAN:** Mr. Enns.

**MR. H. ENNS:** A similar question with respect to your autobody people that you contract with in terms of rates, rate setting, are you in the midst of negotiating with them as well and could you give us some indication of where we stand with respect to payouts to the autobody industry?

When I say, where we stand, comparison to other provinces, are we under some pressures to increase those amounts, maintaining reasonable operators in the province that can provide the service necessary under the current rates that are being paid by Autopac?

**MR. C. LAUFER:** We have just concluded negotiations with the automotive repair trade and have adjusted the chargeout rate by 5 percent and have made some minor adjustments in some of the material costs that they use in the repair of automobiles, and that rate is now in place for the coming year.

**MR. H. ENNS:** Could I ask the general manager what that rate is and how that rate compares, perhaps, to Saskatchewan and/or B.C. or sister provinces with similar plans?

**MR. C. LAUFER:** The rate in 1983 was \$26.15 for the City of Winnipeg.

**MR. H. ENNS:** \$26.15?

**MR. C. LAUFER:** \$26.15. It is now \$27.45. I don't have British Columbia and Saskatchewan rates, but it seems to me that Saskatchewan is running around \$29.75, something like that, and perhaps it's a little higher, I'm not certain. British Columbia is running around \$38.00.

**MR. H. ENNS:** How much?

**MR. C. LAUFER:** \$38.00.

**MR. CHAIRMAN:** Mr. Fox.

**MR. P. FOX:** I wonder if Mr. Laufer can tell us how extensive our all-terrain vehicle coverage is, how many, and whether we're experiencing any problems in that particular area.

**MR. C. LAUFER:** Unfortunately, I don't have those statistics with me, but we can certainly provide them for you.

I know part of that group of all-terrain vehicles of which you speak are the four-wheel drive pleasure trucks and we've had a fairly poor loss experience with that group; but there are other vehicles that may be insured under the General Insurance Division that are off-road vehicles that don't require to be licensed and wouldn't fall under the compulsory plan and it would be, I think, rather difficult to pull all those together into

some kind of a meaningful package that I could give you.

**MR. P. FOX:** The other area that I wanted to know was not just the four-wheels because from last year we were aware that they were in poor shape; but the ones that are now used as pleasure, the three-wheelers, and what kind of a loss ratio we're getting there. I wonder if that's available, not necessarily today.

**MR. C. LAUFER:** I don't believe we insure all that many of those, the little three-wheeled trikes that you see bombing around, the Hondas and what have you, but we can attempt to sort that out for you and see what it looks like.

**MR. P. FOX:** Okay.

**MR. CHAIRMAN:** Mr. Ransom.

**MR. B. RANSOM:** There was an award, I believe, where the corporation had to pay interest on a claim dating back some time. What is going to flow from that, in terms of the policy of the corporation? Are you going to be paying interest now on claims after a period of 30 days or that sort of thing?

**MR. C. LAUFER:** We have for some time now, as you say, been paying interest on claims after judgment and that interest starts to run, I think, within 30 days of a judgment being rendered. Where we can't get the payment out within that period of time, which we usually do, certainly we would pay interest on the days that we have missed the 30-day period.

**MR. CHAIRMAN:** Mr. Brown.

**MR. A. BROWN:** We've heard rumours the last while that Autopac is planning on cutting back on some of their dealers or some of their agencies. Is there any truth to this? Are you contemplating on cutting back on some of your dealers?

**MR. CHAIRMAN:** Mr. Laufer.

**MR. C. LAUFER:** We have no plans or contemplation in reducing the size of the agency force at all.

**MR. A. BROWN:** Under Claims Cost, I wonder, would I be able to get the figure that you're paying out for windshields, let's say, and claims for injuries? Do you have those separate?

**MR. C. LAUFER:** The number of bodily injury claims in 1983 were 9,820 and those claims generated costs for public liability payments of \$29,532,287, and Part 2, No-Fault Accident Claims of \$11,411,868.00. I don't have the figure for windshield replacements with me, but I reviewed them here about six weeks ago when we were dealing with another matter, and our expenditures per year for windshield replacements is just under \$1 million.

**MR. A. BROWN:** I thought that would have been a lot more.

That's fine, thank you.

**MR. CHAIRMAN:** Page 15—pass; Page 16—pass; Page 17—pass.

Page 18 - Mr. Enns.

**MR. H. ENNS:** On the operations of the General Insurance Division, we note a sizeable increase from '82-83, from \$19,000 to \$23,000 in the General Insurance Division, Premiums Written; Premiums Earned from \$18,000 to \$22,000. Let me just ask the general question to Mr. Laufer, and I think, reading through the report, the report indicates something of which most of us are aware, that it has not been that smooth a year for the general insurance industry in the country generally and in Manitoba, with some firms having suffered serious problems. To what do you attribute that increase in the Premiums Written, Mr. Laufer?

**MR. C. LAUFER:** We instituted, during the year under review, a premium increase which is along the lines of what you are saying. The insurance industry wasn't enjoying all that good a year partly because the rates were too low, so a portion of that is due to the increase in rates that we put into place, a portion of it is due to our Reinsurance Assume portfolio and the rest is due to an increase in just overall operations.

**MR. CHAIRMAN:** Mr. Enns.

**MR. H. ENNS:** Are you, in pursuing "government business", garnering more of that business than you had, for instance, in a year or two ago, or is that . . .

**MR. C. LAUFER:** I think - I just want to check - it would be very comparable to the year prior.

**MR. H. ENNS:** Mr. Chairman, the General Insurance Division of Autopac, I suppose, several years ago suffered some reverses, also reverses in terms of personnel. There was some senior management that left the General Insurance Division of Autopac of MPIC, at that time, as I understand, went into the insurance business in a private field. Did the General Insurance Division suffer any substantial losses in premiums and written as a result of that action? I'm referring particularly to a general-advocate company

**MR. C. LAUFER:** There were some 13 people that were involved and a goodly number of those were fairly high-level people, and we had some difficulty recruiting to replace those people. During that period of time, there was a drop off in the amount of business that we wrote, but I'm happy to say that once we had our people in place and reasserted ourselves, we overcame that and, indeed, are in a much better position than we were at the time that took place.

The impact that the advocate general has had on the Manitoba marketplace is very small. I believe they wrote about \$1.5 million in personal lines which is a very small impact on the marketplace and didn't affect our operations significantly or at all.

**MR. H. ENNS:** With the kind of monies that you have been able to put into your reserve as a result of your

operations this year and the year last, what can Manitobans expect in terms of future, next year's insurance premiums on their general automobile rates? What I'm asking is the corporation as it's presently structured and financially improved position, do you forecast any substantial increases in auto insurance, are the result of new costs that the general public may not be aware of in terms of the nature of claims, or can you assure us, can you hold out to us the possibility of modest or no increases of insurances in next year?

**MR. C. LAUFER:** As you say, the operations of the corporation over the last two years have been very satisfactory, and we've been able to build a very financially-sound organization as a result. That is reflected in the fact that over the last two years, we've had very very modest increases in automobile-insurance rates, 2.6 percent in the past year. I think it was 2.7 percent the year prior which is substantially below the inflation rate. The operating results in this current year are very encouraging and if that continues to the conclusion of the current fiscal year, we don't foresee any change in what's been happening over the last few years.

**MR. CHAIRMAN:** Page 18 - Mr. Brown.

**MR. A. BROWN:** I notice that your accounts receivable are quite high. Just exactly what are these accounts receivable?

**MR. C. LAUFER:** There's a lot of this insurance jargon; I'll try to make it reasonably understandable.

When the agents sell our product the premiums aren't necessarily remitted immediately; some are 60 days, some are a little bit later. There is some \$2.8 million in those kind of accounts receivable; the premium-payment plan, there's \$181,000 receivable.

We have accounts receivable from judgments that have been obtained through claims operations, \$1.5 million there. We have in situations where claim settlements are made where we take promissory notes and allow the pay back of the claim over a period of years or the pay back of the judgment over a period of years; there's some \$4.2 million in that.

Accrued interest that is coming in from bonds and all our investments, about \$9 million there. On the assumed business, there are retained premiums of over \$1 million; on loss reserves on the assumed business, there are retained reserves of about \$1 million; and the rest are small numbers that comprise all of this. That is how those accounts receivable build up.

**MR. CHAIRMAN:** Pages 18 to 30, inclusive, were each read and passed.

Page 31 - Mr. Enns.

**MR. H. ENNS:** A question to the Minister, Mr. Chairman. Is it the intention of the government to ask the Provincial Auditor to, in the future, audit MPIC, or is it his intention to continue the practice of outside auditors to do this function?

**MR. CHAIRMAN:** Mr. Bucklaschuk.

**HON. J. BUCKLASCHUK:** I have not giving that question any consideration as to whether there will be any change in the choice of auditors.

**MR. H. ENNS:** Thank you.

**MR. CHAIRMAN:** Page 31—pass.  
Page 32 - Mr. Enns.

**MR. H. ENNS:** Mr. Chairman, I wonder if, just in conclusion, the general manager could just update us with what the current number of employees are in his operation in the General Insurance Division, on the Auto Division, and the number of agents. Would he have that information available to the committee?

**MR. CHAIRMAN:** Mr. Laufer.

**MR. C. LAUFER:** We have staff-filled positions in 1983, 884, which was up from 879 in 1982; and, in the General Insurance Division, we have 91 employees as opposed to 83 in the year prior; and we have about 400 agents, exactly 400 agents, which is up from 399 the year prior.

**MR. H. ENNS:** Has that number-of-agents figure remained relatively constant over the last two or three years, or four years?

**MR. C. LAUFER:** It grows a bit each year, not by significant amounts, but it grows a bit each year.

**MR. H. ENNS:** What is a good Autopac agency trading for these days?

**MR. C. LAUFER:** I have no idea.

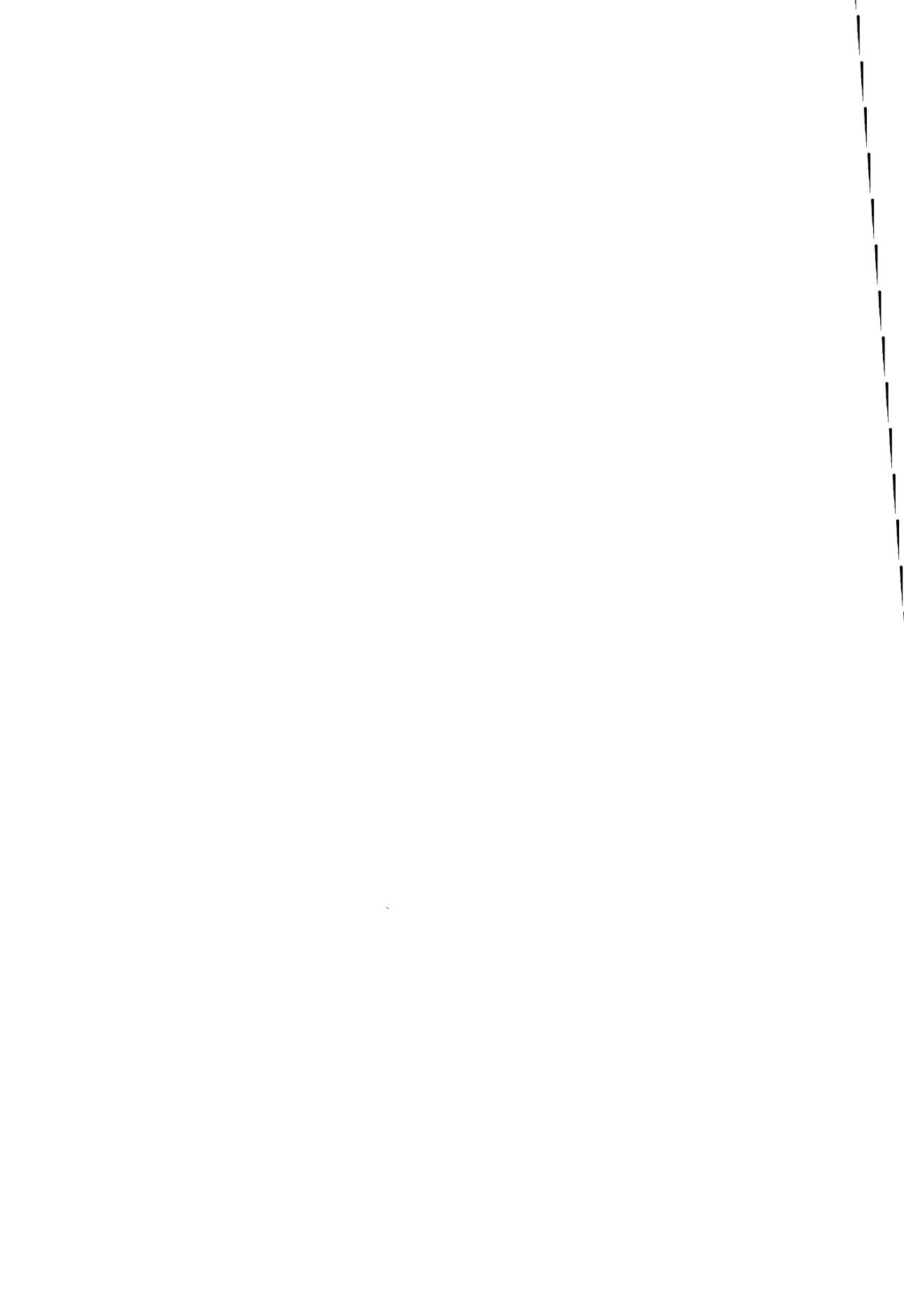
**MR. H. ENNS:** But that is certainly going on, and one of the few ways that agencies change hands, by purchasing of the agency, right?

**MR. C. LAUFER:** That is correct.

**MR. CHAIRMAN:** Page 32—pass.

That concludes the Annual Report of MPIC for the year 1983.  
Committee rise.









**Canada Post**  
Canada Post  
Postage paid Post paye

**First class** **Première classe**

**F70**