



# Legislative Assembly of Manitoba

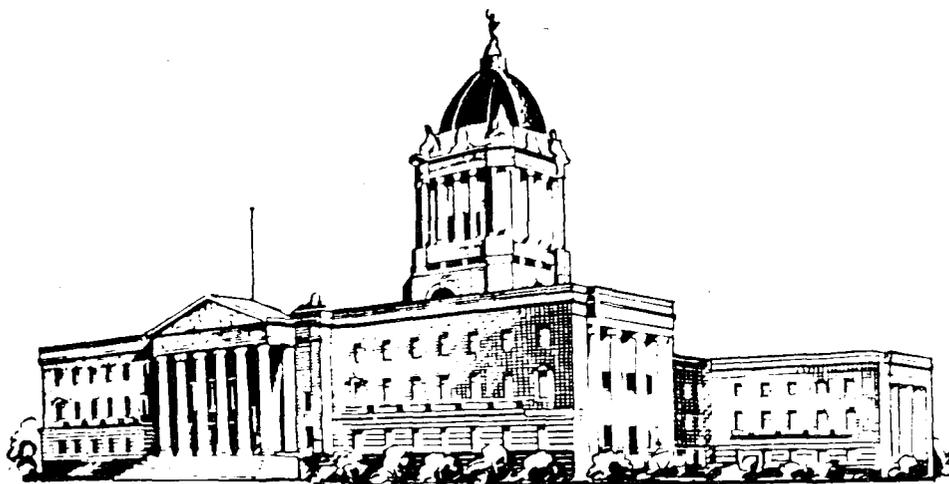
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HEARINGS OF THE STANDING COMMITTEE

ON

PUBLIC UTILITIES

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



10:00 a.m., Tuesday, April 23, 1974.

PUBLIC UTILITIES COMMITTEE  
10:00 a. m. , Tuesday, April 23, 1974

CHAIRMAN: Mr. Shafransky.

MR. CHAIRMAN: . . . to the annual report from the Chairman of Manitoba Public Insurance Corporation. I'm going to call upon the Minister responsible to introduce his chairman. Mr. Uruski.

MR. URUSKI: Thank you, Mr. Chairman. Gentlemen, this is the first time that the Manitoba Public Insurance Corporation is appearing before committee, Public Utilities Committee, and the report before us will be the 1973 annual report. Before I introduce the rest of my staff and the General Manager, who will be making a statement with respect to the operations of Autopac, I would like to say that in accordance with government policy that there be public scrutiny of the operations of Autopac and the Manitoba Public Insurance Corporation, we are appearing before this Committee, and any questions that might come after our presentations, to be directed either to myself or the General Manager and we will endeavour to answer them.

At this point in time, I'd like to introduce some of our staff: Mr. Joe Pereira, our Underwriter; Mr. Carl Laufer, who is the Director of Claims; and Mr. Arnold Hillier who is our Director of Finance; and Mr. J.O. Dutton.

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: Thank you, Mr. Chairman, gentlemen.

MR. CHAIRMAN: Mr. Blake.

MR. BLAKE: Mr. Chairman, before Mr. Dutton commences, we certainly have no objections to a statement. We're just wondering if it's going to be a reasonably short statement that we can get at questions, or -- as long as it's not going to be a two-hour . . .

MR. CHAIRMAN: Yes. Well, time will tell.

MR. BLAKE: He's not a politician, so I figure it'll be short.

MR. CHAIRMAN: I think that's the best way, if we start in on this, then we'll find out. Mr. Johansson has a point of order?

MR. JOHANNSON: There are no copies of the . . . Have you any extra copies of the report? Yes, please, I would like -- some of us forgot ours.

MR. BLAKE: There are not copies of Mr. Dutton's statement . . .

MR. DUTTON: No. No, it's just a short statement.

MR. CHAIRMAN: I think a lot of members will have forgotten. Mr. Dutton.

MR. DUTTON: All right, Mr. Chairman. I understand very well and I'll keep my remarks as brief as possible, but I thought that inasmuch as it's the first opportunity I've had to appear before this committee that perhaps a brief overview of the operations may be in order so that perhaps at this stage . . . what has happened.

The corporation came into existence on September 29, 1970. It was given responsibility to develop and administer a universal plan of automobile insurance for the province, and also other supplementary automobile insurance plans. Now, as you are aware, Mr. R.D. Blackburn was appointed General Manager on February 1, 1971, and he began the task of recruiting staff for the corporation. Well, the first executive officer to be appointed was Mr. A.E. Elias as Director of Finance in January, 1971, followed by Mr. Laufer in April of '71 as Registrar of Claims. Messrs. Blackburn, Hillier and Laufer formed the Management Committee of the Corporation, reporting directly to the corporation's Board of Directors, who at that time numbered five; that is the Honourable Howard Pawley as Chairman, A. Chisvin, S. Leipsic, O. Sigurdson and A. Wiley. In late '71, two members were added to the board, F.W. Keller and N. Manchur. In July '71, I was appointed General Manager of the corporation with Mr. Blackburn as my assistant.

Now, the universal plan was scheduled to be implemented in November '71. However, by late June of that year it was evident that a sector of the motoring public whose automobile insurance policies were expiring, would be unable to obtain short term policies to cover them for the period up to November 1, 1971. Consequently, the corporation inaugurated an emergency insurance service in late July '71, known as the Interim Facility. The purpose of this operation was to provide a minimum of automobile insurance coverage for those unable to obtain protection elsewhere and at a reasonable premium. It was an underwriting policy of

(MR. DUTTON contd.)

this Interim Facility to accept all applications, and during the three months of its operation over 9,000 policies were issued, approximately \$250,000 were received in premium income, and after payment of claims and other expenses, a credit balance of \$31,000 was transferred to the Rate Stabilization Fund.

Now during the first year of the operation of the Universal Supplementary Plan, that is the 1971-72 fiscal year, the corporation earned a premium income of just under \$38 million. Added to this figure was 1.6 million earned in investment income, for a total earned revenue of 39 - 1/2 million. During that year approximately 127,000 claims were reported to the corporation, for a net incurred liability of 32.4 million. Included in this figure was a provisional liability of one million dollars for claims, which could possibly have occurred during the fiscal year but were not as yet reported to the corporation. In 1971-72 administrative expenses, inclusive of premium and business and property taxes, agents' commissions, adjusting expenses, amounted to 17 percent of premiums earned or 16 percent of the total earned revenues. It was in that surplus of 739,000 in 1971-72 which amount was again transferred to the Rate Stabilization Fund.

During the early months of the operation, the corporation had more than its share of teething problems, mainly in the area of the computer system and also in the handling of claims due to the delay in the completion of the drive-in Claims Centres. However, those problems have now been pretty well resolved and we feel that the service that has been promised is just about achieved.

During 1972 the Management Committee was expanded to six, to include Mr. J.P. Pereira as Director of Underwriters, and Mr. Sandy S. Kapoor as General Counsel. The responsibilities of the corporation were expanded on April 1, 1973 to include the administrative functions associated with the registration of vehicles. These functions were formerly performed by the Motor Vehicle Branch. The corporation's expanded role resulted in the transfer of a large number of employees from the Civil Service to the staff of the corporation, bringing the total permanent staff complement to 502 employees at the end of the 1973 fiscal year.

In 1972-73, the corporation showed a net deficit of 9.3 million, due to an increase of 35 percent in the number of claims made on Autopac. In addition to the increase in the number of claims, the average cost of each claim also increased due to the general inflationary trend. During the year, the organizational expenses of the corporation were finalized at a figure of \$3.4 million. In addition, transitional assistance in the form of grants was paid to 607 agents, insurance company employees and adjusters. The dollar value of the grants totalled approximately 1.2 million. The total start-up costs of the corporation, consisting of organization expenses and transitional assistance, amounted to 4.7 million. These costs are now being amortized over a period of 20 years commencing with the year under review.

The corporation now has four drive-in Claims Centres in Winnipeg, and a Claims Office in Brandon, Selkirk, Dauphin, Portage la Prairie, Thompson, Flin Flon and The Pas. In addition, we have a Salvage Division operating out of Winnipeg where vehicles, which are written off as total losses, are sold by public auction. And in the year under review, approximately 7,000 vehicles were disposed of by the Salvage Division, grossing approximately 1.7 million.

Mr. Chairman, that is as brief as I'd hoped I'd keep it for a short overview of the corporation.

MR. CHAIRMAN: Mr. Blake.

MR. BLAKE: Yes, thank you, Mr. Chairman. Before we go into maybe some of the shorter questions, I wonder if Mr. Dutton might just give us some idea of how the corporation proposes to recover the losses that they have suffered to date and prevent a similar loss from recurring this year with the experience to date on accident rates. We've had roughly six months of operation into this year and the accident rate has been reported, I think, up 22 percent, as the Minister said, and I'm sure you have some idea of where you stand financially now halfway through the year, and I wonder if you just might comment on . . .

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: Yes, there is no question about it, the way accidents are occurring now, it is my view that the rates that were set which we hoped would more than take care of the losses of the previous year, will not be adequate. I think that's the question you're really seeking. The accident ratio does continue to climb in Manitoba. The reasons behind it, of

(MR. DUTTON contd.)

course, I would imagine would be something that would take a great deal of surveying. I think there are many reasons for it. But our rates - the increase was set at a minimum basis really to try to, at 9 - 1/2 percent on the basic to try to cope for whatever loss we had. But again, we've got inflation creeping in and still an increase in the number of claims that we are being presented with. So if this keeps up, it would be my guess that there would be a deficit again this year.

MR. BLAKE: Would you care to make an estimate at all of what rate increase would be required to recover the past losses and to prevent another loss? Would you be able . . .

MR. DUTTON: No, I'm afraid -- it would be very difficult to do at this time, and I'll give you a reason for that. You see, the new rates that were brought into effect for this year, that nine and a half percent as I mentioned under the basic, only came into force on March 1st, and therefore we've been operating four months of this fiscal year of twelve on old rates, and obviously there was a loss rate -- the losses that we had last year will carry on for those four months, and we haven't had time yet to find out just how effective the new rates have been because we've only had one month's experience on it and it'll take a little time. And also I do believe, I hope, that we've hit the plateau, that the accidents' frequency is going to level off; I can't see it continuing at the pace that it has. As you're aware, last year we killed more people in this province than any year in our history and I think that'll stop, myself.

MR. BLAKE: Thank you, Mr. Chairman. And through you again, Mr. Dutton mentioned the Claims Centres. On the balance sheet there are some two million in, we assume, buildings - could you tell us how many Claims Centres you own and how many you rent? I assume that you rent the Claims Centres in the other areas. How many are planned for . . .

MR. DUTTON: Yes, we own the three Claims Centres in Winnipeg. The property is all ours. We rent property in all the other areas -- we rent it.

MR. BLAKE: You prefer to lease rather than, you know . . .

MR. DUTTON: Well, I think -- we knew, for instance, that the Claims Centres that we would obviously require three or four or maybe five Claims Centres in Winnipeg. It's pretty difficult to project when you have no figures from which to work initially, and therefore it was economic sense to purchase the properties here, but before we could find out whether other areas, let's say Brandon, for instance, could have a drive-in Claims Centre, I think it would be prudent and probably a wise thing to rent property until we find out the number of claims that you would have in that area and whether we ought to build a type of a centre that we have here in Winnipeg.

MR. BLAKE: Could you tell me what plans the corporation has for going into the auto wrecking business, that is, becoming involved in the auto wrecking business as a part of the corporation's activity?

MR. CHAIRMAN: Mr. Uruski.

MR. URUSKI: Mr. Chairman, the corporation is now reviewing the whole aspect of the salvaging of automobiles that the corporation takes in on write-offs, that are written off. As you know, we have received many complaints from individuals and dealers whereby vehicles sold in auction, some of which tend to come back on the market, and there are complaints that they are in an unsafe condition. As you know, dealers who are dealing, whether they be auto wreckers or used car dealers, require, if they resell automobiles, require a Safe Vehicle Certificate. However, an individual does not require a certificate if he takes in and repairs a car. That problem was envisaged in the Highway Traffic Act in that there are relatively few qualified mechanics anywhere in the province. Most of the mechanics are good mechanics but they aren't qualified by the standards, and how would you define a qualified mechanic if you were going to apply the Safe Vehicle Certificate? As a result, that area hasn't been acted upon. We are currently reviewing the system and the operations that have been carried on in Saskatchewan insofar as salvage and the recycling of automobile parts, but there is no formal decision as to when some type of facility might be established in the Province of Manitoba.

MR. BLAKE: Mr. Chairman, another question. I know that other members have questions and I don't want to monopolize them, but one more question, through you to Mr. Dutton. Foregoing the normal problems that you had in starting up that is inherent in any new business or corporation like this I suppose, are you completely satisfied that the management of the corporation is sound and there's not a - I don't want to use the term "rip-off" - is there advantage being taken in any particular area that has accounted for a portion of this \$10 million?

MR. CHAIRMAN: Mr. Uruski.

MR. URUSKI: Well, Mr. Chairman, insofar as the management of the corporation, I am certainly satisfied that the management and the operations are carried on in as best a manner as possibly can. I believe that Mr. Blake is referring to some of the comments made in the last several days about the possibility of the ripping off Autopac I believe in the payment of more than once, or twice, for the same claim. Incidentally we have done some work and we have some reports that I can report on. The recent statistics compiled by Autopac indicate that out of 337,000 claims processed since November 1, 1971, there were only 212 duplicate payments made; of these, Autopac recovered payments on 138, leaving a balance of 64 claims, half of which are in the process of being recovered.

Autopac paid out approximately \$55 million in claims and has experienced only a loss of \$6,000 in unrecoverable duplicate claims; and in my mind that type of a ratio on the system that we've got is very commendable, or the system that we have.

Now, there is a possibility that, as I've indicated, that you can get paid twice for a claim, but it would only be in the area precisely where a fraud has been committed, where in effect an individual would falsify two separate incidents of the same accident, and it is conceivable that if he is in collusion with an auto repair agency who will sign the statement that the repair has been done wherein in effect it hasn't been done, then it is conceivable that that could happen. However, in the checks that were made, these are the areas, the amounts of claims that we have been able to pick up.

MR. BLAKE: Have you uncovered any excessive claims, such as, you know, a slight scratch on the bumper and the fellow gets a whole new bumper? Have you uncovered many instances of this nature?

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: No, Mr. Chairman, we haven't uncovered an appreciable amount, but I think the point is that there has been some difficulty in quality control of claims, if you wish to call it that. I think that that is perhaps the case. I think you'll appreciate though that as we've only been operating since November 1, '71 and with a staff of now some 502, most of which - all of which of course are from Manitoba, many many of them were never in the insurance business before. And I'm not faulting them because I do realize how difficult a task it is for them to become completely experts in their line of business, but they're doing an excellent job. We have put in other controls lately, too, to ensure that quality control is maintained and that the overpayments as well as underpayments are not made, because I think they're both important. We are doing everything we can to protect the motorist's dollar and will continue to do so.

MR. CHAIRMAN: Mr. Johannson.

MR. JOHANNSON: Yes, Mr. Chairman, I'm interested in protecting the motorist's dollar too and the dollar of the people of Manitoba. I have a couple of questions for Mr. Dutton. Is there a research branch or division within the corporation, or a research function being carried on, first of all and . . .

MR. DUTTON: In any given area, you mean?

MR. JOHANNSON: Right. Well, I'm specifically concerned with the increase in claims and the increase in the cost of claims.

MR. DUTTON: Research in the sense that I would imagine everyone considers research I would say no, excepting that there is continuous, of course, appraisal to problems given by the underwriting director when it comes to rates and so on, he has to try to project what is happening when he sets the rates. I would say continuous concern, too, on behalf of the Claims Director. But research as a department as such, the answer would have to be no.

MR. JOHANNSON: Well, I'm specifically concerned as I said about the claims and the escalating cost in claims. I would imagine that a systematic analysis has been done of this indicating what areas have produced the additional number of claims, the additional cost in claims.

MR. DUTTON: This is carried on of course. The various areas of course of concern - I'll give you an example. We did have the year under review three rating territories in this province, which was following the industry's procedures set up long before Autopac, that the City of Winnipeg as such would be one rating territory, the outside of Winnipeg would be another and north of the 53rd parallel would be the highest rate. I guess just as an example, we did continue to follow statistics and we found that this perhaps wasn't a justified system,

(MR. DUTTON contd.)

and as a result the territory between the 53rd and 55th parallel received a lower rate than it had under the industry. But you see in the other areas of claims too are the problems of body shop costs, and it's very difficult, it's a difficult concern of not only ourselves but I suppose the entire insurance industry in what really ought the rate to be, the hourly labour rate in a body shop; because most of the money is paid out incidentally in bent fenders, not in injuries to persons when it comes to automobile claims; and perhaps this area should be explored and more research done in this area, because if we want to really watch where the dollar is going, that's where it's going.

MR. JOHANNSSON: One other question. It would seem to me that there might be a possibility of reducing the number of claims, the incidence of claims, the cost of claims, if the corporation were to be involved in a safety program. I'm interested in protecting the motorists and at the same time in protecting the dollars of the Province of Manitoba. Has the corporation gone into a safety program at all, has it examined this possibility?

MR. DUTTON: No, the corporation has not gone into a safety program as such. We have supported the Manitoba Safety Council in this area, but as a safety program as such, the answer is no. I certainly agree with you, I agree entirely, I think that a great number of things can be done in safety. I honestly believe that we should have some type of a mandatory training program for the young people coming onstream that are going to learn to drive. Most of the youngsters if they follow the example that I taught my children, they learn to drive from their Dad, and I'm afraid they teach them their bad habits, too, you see, I think that some form of driver training in which we could participate financially would indeed benefit in the long run, and would certainly benefit the motoring public in Manitoba if there were fewer accidents.

MR. JOHANNSSON: One more question, Mr. Chairman. It seems to me that one thing we could do through a safety program would be to create a different psychology. Some young people, for example, have had a rather irresponsible attitude towards Autopac I would think, in that they feel they can take advantage of it - or some have tried I'm sure - and it would seem to me that it would be of benefit to Autopac to create a psychology whereby motorists would be aware of the fact that increased accidents cost them money in the long run in terms of increased premiums. What's been the experience with younger drivers in terms of claims? Has there been an analysis of this?

MR. DUTTON: Yes there has. The younger driver is no doubt involved in more accidents than the - and by the younger driver I'd say anyone under 25, in that group - is involved in more accidents than a more mature person. And when you come down to breaking into two categories in the younger group you find that it's a young male that is involved in the accident as opposed to a young female. I'll give you some statistics. Over a 30-month period that we took count of this, we found out that the female driver under 25 was - two out of ten on an average were involved in accidents during that period of time, whereas a male driver, the figure was eight out of ten. There's no question about it that they are more heavily involved in accidents, and I think it's unfortunate. I do believe however that perhaps if you're talking about changing the attitude of some of them, the fact that they're going to be surcharged now for accidents and surcharged for convictions should get the message across to them, at least hope will partially anyway.

MR. JOHANNSSON: Right.

MR. CHAIRMAN: Mr. Blake.

MR. BLAKE: I'd like to comment on the same, Mr. Chairman, on safety, I notice there's 32,000 in safety last year. The defensive driving courses that have been offered throughout the province, they've recently doubled the fee on them from \$5.00 to \$10.00. Is there a reason for this? Do you think this will encourage or discourage people from . . . Apparently the course has been quite successful, and this is maybe one step to eliminating some of the accidents, and it would seem odd at a time like this when the accident rate is increasing that they would increase the fee. Have you any comment to make on that?

MR. CHAIRMAN: Mr. Blake, I will allow that question, do you want . . .

MR. BLAKE: Sure. If not, I'll lose my trend of thought.

MR. URUSKI: Mr. Chairman, the Defensive Driving Course or the Manitoba Safety Council as it is now known is a private organization which receives substantial funding both from the Department of Highways Motor Vehicle Branch and some \$30,000-odd last year on a pro-rated basis from the Manitoba Public Insurance Corporation. The information that we

(MR. URUSKI contd.)

receive from the Manitoba Safety Council is that once they had expanded on a province-wide basis and had to service communities outside of Winnipeg and Northern Manitoba, that their costs escalated to that degree that they had to in effect double the rates in order to keep above water, and this is the prime reason that they gave for the doubling of rates. I gather from the information that I have is that for a period of time after the doubling of fees occurred that there was a downward trend in the number of people applying to take the defensive driving course, but I believe that it has somewhat stabled and I think it is being regenerated but I can't give you the specific figures on behalf of the Safety Council. They would be able to provide some more information.

MR. BLAKE: That's a privately operated program ?

MR. URUSKI: That is correct.

MR. BLAKE: They would be reluctant to show a loss I suppose.

MR. CHAIRMAN: Mr. McKenzie.

MR. MCKENZIE: Mr. Chairman, I have two or three questions. I'm wondering if the Minister or Mr. Dutton has any evidence of cars which have been salvaged on the road being involved in accidents. In other words, any of the salvaged cars, have you had any evidence of them being involved in an accident after they're sold publicly ?

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: The answer to that is no. I have read of course a great deal in the paper about perhaps these vehicles not being roadworthy, and certainly I would say that 90 percent of them aren't when we sell them because they are write-offs. But we haven't got any history to my knowledge - am I correct, Carl - any history of these cars creating a problem on a highway by having a number of accidents. Nothing on our books would indicate that that is the case.

MR. MCKENZIE: The next question, Mr. Chairman, regarding the no-fault principle. I'm sure that there's many people as confused as I am about what this means and what it's all about. I wonder if you could explain again to me and maybe this time I'll understand it, what you mean by the no-fault principle, and if in fact you could give me some indication if - a lot of people like me think with a no-fault principle you can wrack up cars as fast as you want, and that is part of the increase of your accident rate.

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: Yes, Mr. Chairman, of course the no-fault principle is one that's under great discussion today. I'm sure you're aware, Sir, that the Insurance Bureau of Canada is advocating a complete no-fault system, whereas really what we have here in Manitoba is a modified no-fault system. No-fault as we know it here simply means that every person who is injured in an automobile accident is, whether he's a driver or a passenger or whether he's a pedestrian, is entitled to payments regardless of who is at fault in the accident, up to a certain figure. Over that he can resort to the tort system, he can go to court and sue for damages beyond what he has recovered under the no-fault or Part II portions of the Act, up to the minimum limit of 50,000 and higher coverage of that if a person carries it.

Now insofar as it relates to your own vehicle is concerned, every vehicle in Manitoba is insured and this is unique because you don't find this in many other provinces that every vehicle is insured. On a first subject to a deductible which under a private passenger car is \$200.00, it simply means that in case of an accident the damage to your car is repaired on what we call is a first party basis. In other words, we deal with you only, to repair that car for the damage over \$200.00, and all that you have to resort to court for, a small debt court in this case, is the recovery of that 200 should the other party be at fault. So really, all we're talking about in case of an accident here in Manitoba of just damage to cars is \$200.00 which the courts must have to resolve, and in case of injury to any person in an amount in excess of what we would pay under the Part II of the no-fault benefits. That Part II pays in case of injury, a person can't work, \$50.00 a week for life and it's not reduced by old age pension when a person hits 65; and also pays for partial disabilities and it pays other benefits that may have - also pays for funeral expenses, etc.

MR. CHAIRMAN: Mr. Uruski. On a point of order ?

MR. URUSKI: No, no, not on a point of order. Just an additional point of information for Mr. McKenzie, and that is, the comments made by Mr. Dutton were relating to the basic coverage. If an individual of course has additional coverage insofar as his deductible or

(MR. URUSKI contd.)

collision coverage insofar as deductible is concerned, then the amount of liability or amount of tort liability would be decreased with the amount of increase in the deductible. In other words, if it goes on to 50 then you would only be talking about the 50.

MR. CHAIRMAN: Mr. McKenzie.

MR. McKENZIE: Another question, Mr. Chairman. Supposing I go to a Claim Centre, I'm not happy with the particular adjuster that looks at my vehicle, can I ask for another adjuster?

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: Yes, Sir, I would say that that would be exactly what you should do. But I would want to know under the circumstances why a person wasn't happy, because there are two things wrong - either the person, of course, is difficult to satisfy - and there are people like that I think you'll agree, or the adjuster is not doing his job. And the area that I would want to find out, make sure that the service the adjuster was giving is adequate. I appreciate, it's true, that there can be clashes of personality you know, even people . . .

MR. McKENZIE: That's what I'm referring to.

MR. DUTTON: . . . familiar with each other. In that case we certainly are not going to insist that a claimant deal with a man that he just can't get along with.

MR. CHAIRMAN: Mr. Spivak. Mr. McKenzie.

MR. McKENZIE: I have another question. You mentioned, Mr. Chairman, I think, that you had 502 employees as of the end of '73. Are they full-time, part-time or some on contract? Are they civil servants, are they classed as civil servants? And could you give me any idea of the way that these people are hired, are they screened by the Civil Service or are you the corporation hiring these people, or . . . ?

MR. DUTTON: Yes, Mr. Chairman, I'd be very happy to answer that. The 502 employees mentioned are permanent employees. There are a number of temporary employees hired during the year because of the seasonal nature of the work. For instance, on renewals, cycle comes up in March, obviously we're not going to keep a staff there for the full period when they're only needed for about six weeks. The employees of MPIC are not civil servants, they are Crown corporation employees; they are not hired by the Civil Service, they're screened by our own Director of Personnel who does his own screening. We do our own hiring in effect. We have our own union, which is no way related to anything else that the government has, except it is the MGEA, but its own chapter.

MR. CHAIRMAN: Mr. McKenzie.

MR. McKENZIE: Do you give preference to people that have an insurance background or have been in the industry, you know, as you're screening these applicants?

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: Yes, Sir, the answer to that, Mr. Chairman, is that we are very anxious to obtain anyone with insurance experience, particularly in the adjusting end of it. It's been very difficult to obtain these people. But certainly anyone that is an adjuster who matches all other requirements, we'd be very anxious to get him on our staff even now I can assure you, Sir.

MR. CHAIRMAN: Mr. McKenzie.

MR. McKENZIE: One last question, Mr. Chairman. The information that you gave the Member for St. Matthews, these breakdowns now of the accident ratio between the - under 25 years of age, has there been an increase in that ratio of the number of young people involved, and has the ratio widened between males and females in the experience of Autopac? Like, reviewing it back say before, say in the late sixties and the early seventies, the statistics that are available for then, are they comparable to that time or are you finding there's more accidents with the under age of 25 drivers today?

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: I haven't got the statistics with me at the present time, but if you ask my feeling on the subject, I would suggest that perhaps there are more accidents today, but that is only a personal view. I haven't got the statistics with me. We could take that question back if you like and do some research on it, but I really haven't got the figures at the present time.

MR. CHAIRMAN: Mr. McKenzie.

MR. McKENZIE: I'd appreciate a breakdown some time if you did have one.

MR. CHAIRMAN: I could suggest that possibly the General Manager can get that information, supply it to me and I'll relay it on to the members. Mr. Spivak.

MR. SPIVAK: Mr. Dutton, I notice Mr. Ziprick back there and I think the first question I'd like to ask is: Does the Corporation pay any audit fees for the audit of the Corporation's books?

MR. DUTTON: Yes, Sir.

MR. SPIVAK: And that's charged as an expense?

MR. DUTTON: Yes, Sir.

MR. SPIVAK: And it's listed in the statement?

MR. DUTTON: Yes, Sir.

MR. SPIVAK: Would you mind showing me where in the statement?

MR. DUTTON: It's under page 14, statement 3, Special Services.

MR. SPIVAK: So the special services is the audit then?

MR. DUTTON: Not entirely, Sir. And the amount of it, my treasurer says he thinks it's about \$25,000.

MR. SPIVAK: So the audit is \$25,000 payable by the Corporation. Does the Corporation have a pension plan?

MR. DUTTON: Pension fund?

MR. SPIVAK: Yes.

MR. DUTTON: Yes, Sir.

MR. SPIVAK: Where is that shown?

MR. DUTTON: The pension fund? It's on the same page, Salaries and Employee Benefits.

MR. SPIVAK: How much would have been set aside for the pension plan then?

MR. DUTTON: Wait a moment, Sir, and we'll get that.

MR. SPIVAK: I realize that you may have to look for that information. While . . .

MR. DUTTON: We'll take that as . . .

MR. SPIVAK: While he's looking at it, I wonder if you can indicate, are there any other costs of Autopac borne by government departments and not by the Auto Insurance Corporation itself?

MR. DUTTON: I'm sorry, I didn't get that.

MR. SPIVAK: Are there costs related to the Auto Insurance Corporation borne by departments of government other than the Corporation?

MR. CHAIRMAN: The question was, are there costs incurred by the Corporation which might be borne by other departments of government?

MR. URUSKI: Mr. Chairman, the function, as is early indicated, of the registration of motor vehicles, which is now being carried on by MPIC which was originally a function of the Motor Vehicle Branch, is now a shared item, that the corporation receives sharing from the Motor Vehicle Branch for the administering of that function.

MR. SPIVAK: But since its inception, I wonder if Mr. Dutton can indicate whether there have been costs borne by the government departments - Planning and Priorities is one - for studies, for undertakings, other departments, in which their normal costs would have been that of the Government Auto Insurance Corporation rather than the government department.

MR. DUTTON: No, Sir.

MR. SPIVAK: Nothing like that, eh?

MR. DUTTON: Nothing like that.

MR. SPIVAK: Can I ask whether, with respect to the financial statement, the amount of claims that are shown, does that allowance, the allowance provided here with respect to the claims or the provision for unpaid claims, does that take into consideration the claims for bodily injury that have not been paid, that are in the process of being examined and investigated? Because I understand, in the case of bodily injury particularly, that the corporation is very far behind in paying out claims in this particular category.

MR. DUTTON: The answer to that, Mr. Chairman, is yes. The procedure, so that we all understand it, is that when a claim occurs, on every claim filed a reserve is set up and the reserve is there, of course. As you say, if it's a large amount it goes before our legal adviser and it goes before our medical adviser as to what this will ultimately cost us.

MR. SPIVAK: I mean, you set the reserve up yourself.

MR. DUTTON: Yes we do.

MR. SPIVAK: On your own formula, essentially.

MR. DUTTON: Yes, I think there are . . .

MR. SPIVAK: Can I ask, do you receive payment from Medicare itself, from the Manitoba Health Services Commission?

MR. DUTTON: Payment from Medicare?

MR. SPIVAK: Do you pay the Corporation?

MR. DUTTON: We pay. We pay -- in the case of fault, in this case, in case a motorist is liable we pay the Medicare, the same as any other insurance company does, Sir.

MR. SPIVAK: Can I ask, Mr. Dutton, would you fear competition if competition was allowed to go with the Auto Insurance Corporation?

MR. CHAIRMAN: Mr. Spivak, I believe that question is not relevant. That is, when a policy's established, I don't think that the General Manager should be called upon to express an opinion in this regard.

MR. SPIVAK: Well, Mr. Chairman, I don't think the question -- I realize that the question of whether competition would be allowed or not is policy and that will be determined by the government, and at this point the government is not prepared to allow competition. I'm now asking Mr. Dutton and his chairman whether he would be prepared . . .

MR. CHAIRMAN: Mr. Dutton is the General Manager and Mr. Uruski is the Chairman.

MR. SPIVAK: Well I'd like to be able to continue, Mr. Chairman, and then Mr. Uruski can speak. I wonder why I can't allow a question to be put to the General Manager as to whether he would be prepared to meet competition?

MR. CHAIRMAN: Mr. Spivak, I still state that there is a matter of policy that I would -- if you wish to ask that question, ask the Chairman of Autopac, Mr. Uruski.

MR. URUSKI: Mr. Chairman, Mr. Spivak indicates whether or not Autopac would be prepared to allow competition. Mr. Spivak should know that any coverage that is purchased by a motorist over and above the basic compulsory package of automobile insurance in Manitoba is sold on a competitive basis, and any motorist can purchase that coverage wherever he sees fit. And I might just add that the motorists of Manitoba have seen fit to turn approximately 80 percent of their business to the Manitoba Public Insurance Corporation with respect to the excess coverage, or additional coverage over the basic. Now, I think the argument that was put in the Legislature when this bill was being debated was that whether or not and how much of the coverage or insurance coverage should be made compulsory, and I think it was even agreed by the Conservative Party that insurance should be made compulsory. The only aspect was the sale of it. Well, he knows very well that it is government policy that if this matter was made compulsory, and it was, that it should be borne by a sole agency.

MR. SPIVAK: I'd like to put another question to Mr. Dutton. Do you feel that your organization, in your operation of a public insurance corporation, is efficient?

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: Is which?

MR. CHAIRMAN: Is efficient.

MR. DUTTON: Well, perhaps it would be a bit jocular, maybe he could say compared to what?

MR. SPIVAK: But we have no comparison figures, that's the problem. Well no, as a matter of fact, Mr. Chairman, just on that point . . .

MR. CHAIRMAN: Mr. Spivak, Mr. Dutton will answer . . .

MR. SPIVAK: Well he asked me compared to what, and the problem we have is that we have no comparison to anything. Now that's why I'm asking him, in his opinion, if he thinks it's efficient.

MR. CHAIRMAN: Mr. Spivak, Mr. Dutton is prepared to answer the question and I believe he so indicated.

MR. DUTTON: Efficiency of an organization, I think, is measured in the terms of what it cost in relation to the total product to run that organization. That being the case, Sir, I must tell you, when I said "compared to what" it is greatly more efficient than the insurance industry operating in other provinces of this country as today. We are operating, and there's no question about it, at a lower acquisition cost than the industry operates. And so, whether it be the system of the corporation itself, it is having the desired effect. Having said that, I must say that I'm not entirely satisfied with the operation as yet. I think it would be quite a lot to expect to have an absolutely perfectly smoothly-running organization in such a short period of time with the massive problems that we've had, but it is coming and I think it's an

(MR. DUTTON cont'd) . . . . organization that people in this province, the way it's going to be operating, can be very proud of, Sir.

MR. SPIVAK: Well seeing how, you know, effective you've been in competition on the additional coverage, I ask you: do you think that if coverage was allowed or competition was allowed on the basic, that you'd be just as successful?

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

MR. JOHANNSON: The Legislature in 1970 spent many months debating Autopac and it decided to set up the Manitoba Public Insurance Corporation. The matter was decided by the House. Mr. Spivak is now reflecting on the decision of the House. He is reviving a debate that was settled many years ago and I think this is clearly out of order.

MR. CHAIRMAN: Your point of order is well taken. Mr. Spivak, on a point of order.

MR. SPIVAK: Mr. Chairman, on the point of order. This, I believe, is the first time that the Chairman of the Auto Insurance Corporation has come before the Committee and the first time we will have to really examine the activities of the Corporation through him. I would think, and the point has been made by Mr. Uruski as Minister, that the additional coverage has been undertaken with competition and the corporation has been eminently successful in this respect. I therefore think it is germane and I think it is a proper question to ask the Chairman whether he believes that if competition was allowed the corporation would be as successful in competition with private insurance companies on the basic. This is a question that has been determined by policy of the Legislature but at the same time, because we do have the situation of the additional coverage being in competition, I think the question can be put to him. Now, if the government won't allow that question to be put to him that's fine, but I think the question is a proper one for a Chairman coming before the Committee for the first time, and I see no reason why he should not be able to answer that.

MR. CHAIRMAN: Mr. Spivak, the Chairman did answer. Mr. Uruski, do you care to repeat the answer again? Mr. Green, on a point of order.

MR. GREEN: Yes, Mr. Chairman, on the same point of order. I think that the difficulty with the question is not one as to whether it should be answered or not, but whether it is appropriate as a question to somebody who is administering a government program.

MR. CHAIRMAN: I had ruled on that, Mr. Green, already; I've indicated that it's government policy and any questions to be asked could be directed to the Minister responsible and not to the General Manager.

MR. GREEN: Well, Mr. Chairman, that is not the point that I'm making. The point I'm making is that Mr. Spivak says that the General Manager, now appearing here for the first time, should be asked this question, and I suggest to you that it would make just as much sense if one was to ask the President of the CNR whether it would be better if the CPR were nationalized and combined with the CNR.

MR. SPIVAK: I think that's probably the . . . questions have not been asked.

MR. GREEN: Well, Mr. Chairman, I suggest to you that it hasn't been asked, I suggest to you that Mr. Spivak would have objected if I asked the Commissioner of Insurance, under the Conservative administration, whether the Province of Manitoba should go into a comprehensive universal automobile insurance program, whether they should do that; whether they should not have any competition in the insurance industry. Because that is not a question of administration, that is a question of policy.

MR. CHAIRMAN: Mr. Spivak. On the same point of order?

MR. SPIVAK: Mr. Chairman, on the same point of order. The question put to the General Manager is: having been as successful as he has been in competition with the private insurance companies for the excessive coverage, does he believe that the Auto Insurance Corporation is efficient enough to be able to compete with auto insurance companies on the basic coverages?

MR. CHAIRMAN: . . . the same kind of question which I'm sure that the General Manager would be prepared to answer. However, I'm stating that that is a question of policy and should be directed to the Chairman and the Minister responsible for Autopac.

MR. SPIVAK: Mr. Chairman, is that your ruling?

MR. CHAIRMAN: I would say that that is my ruling.

MR. SPIVAK: Well, I object to your ruling, Mr. Chairman, and I challenge it.

MR. CHAIRMAN: Well, the Chair has been challenged. The question has been called. Shall the ruling of the Chair be upheld?

A COUNTED VOTE WAS TAKEN, the result being 5 to 3 in favour.

MR. CHAIRMAN: The ruling of the Chair has been upheld.

MR. SPIVAK: Mr. Chairman, I'd like to continue on with one more question if I can.

MR. CHAIRMAN: Mr. Craik. I mean, Mr. Spivak.

MR. SPIVAK: I wonder, Mr. Dutton, whether based on the experience of the Corporation to date and on the substantial increase that took place as far as the premiums for this next period of time and the suggestion of increases for the following year, I wonder, Mr. Dutton, whether the Corporation would be prepared to undertake a condition prior to an increase, which would allow the equivalent of a Public Utility Board or a Rate Review Board to examine the financial picture of the Corporation and to approve such rates. Do you believe that if this arrangement was arrived at, that the Corporation would be able to justify the increases that it has brought forward, or would the Rate Review Board or Public Utility Board in fact find that there should be substantially higher increases to be able to justify the cost that the Auto Insurance Corporation has to bear?

MR. CHAIRMAN: Mr. Uruski.

MR. URUSKI: Mr. Chairman, I believe that the honourable member wants to know whether or not the rates have been substantial. It really depends on how he envisages a public corporation operating. The rates that were established were established in order to offset a projected claims amount similar to last year and to take into account an inflationary factor or an inflationary trend of the increased costs of repairing automobiles. It was not envisaged to totally recoup the losses, the underwriting losses sustained last year, and if Mr. Spivak indicates that the Public Utilities Board would in fact want a larger increase in the rates of auto insurance premiums, it is my understanding and my feeling that as long as the claims situation is being met and the reserves of the corporation are adequate in order to carry on a functional claims and coverage industry in the Province of Manitoba, that the claims and the premiums established up to this date have been adequate.

MR. CHAIRMAN: Mr. Spivak.

MR. SPIVAK: Well, Mr. Chairman, on this point, I -- and if the Minister is the one who is going to be answering, I would prefer Mr. Dutton answering this, but if the Minister will be answering it, I'd like to point out the certification by the auditor and refer to that certification as a basis for the question.

MR. CHAIRMAN: Mr. Spivak, it would seem to be moved that we should go into the actual report . . .

MR. SPIVAK: Well no. But I'm not -- I just want to refer the certification to be in a position to relate to the actual question. My understanding of what the Provincial Auditor, as long as that he certified that the records are according, the information supplied in this audit is according to the actual records of the company. The insurance company is a public corporation which means that any deficit for the operation can be picked up by the Provincial Treasury or by -- (Interjection) -- Oh yes, it can be, and as a result it does not have to be operated on a businesslike basis. So for that reason, at this point, there is no necessity on his part to certify in a normal way as an auditor would normally certify for an operating business. Now that being the case, because there is not that kind of certification and there is really no check on the Auto Insurance Corporation, and this committee is not to check nor is the Legislature to check because they do not have really the information available in detail from the records, I wonder whether the General Manager is of the opinion that the rate structure undertaken by the Auto Insurance Corporation for this year would in fact stand up if scrutinized by a Rate Review Board or a Public Utility Board, who would be in a position to examine in detail the accounting records and determine whether the calculations, estimates, projections and allowances are in fact correct or not.

MR. CHAIRMAN: Mr. Uruski.

MR. URUSKI: Mr. Chairman, we're going back to the same form of question that was asked before with respect to whether or not the amount of increase in premiums would be adequate and whether or not it would stand up. I've indicated, I've answered the question insofar as how the premiums were established for this year and what accounts or what matters it took into account in the establishment of these premiums and I'm wondering if Mr. Spivak wishes any other point to be . . .

MR. SPIVAK: Well I would like the question to be put to the General Manager; if that question can be put then I'll finish with one. I wonder if Mr. Dutton can indicate whether he

(MR. SPIVAK cont'd) . . . . had any conversations with the Minister or with the Cabinet with respect to the increases to be undertaken by the Public Auto Insurance prior to the board making the final decision.

MR. CHAIRMAN: Mr. Uruski.

MR. URUSKI: Mr. Chairman, of course the General Manager had conversations with the Minister because the Minister being the chairman of the board, the recommendations of management would have come to the board and would have been approved by the board. So that all matters dealing with the rate structure would have been dealt with through the board and through myself as chairman of the board of directors.

MR. SPIVAK: Then can I ask whether the board ever considered several alternatives to the rate structure before finally striking the final rate structure or was one proposal put before them and then approved?

MR. CHAIRMAN: Mr. Uruski.

MR. URUSKI: Mr. Chairman, I might add that the claims picture in the various territories and the various matters that go into the rating structure were dealt with by the Director of Underwriting with the board, and several avenues insofar as the claims picture were discussed and several approaches were discussed insofar as the rate picture. Yes. You know there would be a lot of information that would be given out at one time that members, board members weren't aware of. Additional information would be provided and alternatives were discussed at the board meetings.

MR. SPIVAK: Did the board ever consider a higher rate structure than was finally determined?

MR. URUSKI: The board considered several alternatives insofar as the rate structures were concerned and in several areas there were variances of rates other than was finally established, to a slight degree.

MR. SPIVAK: Did the board consider a potential deficit for this year?

MR. CHAIRMAN: Mr. Spivak, earlier . . .

MR. URUSKI: Yes, Mr. Chairman, yes. In the event that claims would have been increased to the degree that they have increased, we would have considered a slight deficit. If the board could have read into their crystal ball, Mr. Chairman, the amount of claims increase that we have had to date, then it probably would have been a different picture.

MR. CHAIRMAN: Mr. Craik?

MR. CRAIK: Mr. Chairman, to Mr. Dutton on this same topic. Your premiums written were, in the year indicated, around 40 million, your deficit was around ten, indicating your premiums, to be even, should have been in the order of 50, around \$50 million. Have you any projection on what your premiums will be for the current year?

MR. DUTTON: Yes, they'll be slightly in excess of \$50 million - 51, something like that.

MR. CRAIK: Which really doesn't show any increase over the previous year.

MR. DUTTON: No. I think that answer is quite correct. It doesn't show any increase, an appreciable increase.

MR. CRAIK: How do you account for last year's deficit?

MR. DUTTON: The last year's deficit really is made up in claims, the number of claims that we incurred, and the fact that the cost per claim had gone up. There's no question about it that inflation is here and particularly in the automobile business the costs have gone up quite substantially.

MR. CRAIK: I realize, Mr. Dutton, you mentioned that earlier. What my question was: how do you include to amortize -- how do you, in your accounting procedure, how do you amortize last year's deficit?

MR. DUTTON: The question and the decision made was not to try to recoup that \$10 million from last year from this year's motorists. It is hoped that this matter can carry on over a period of time and we can live with a \$10 million deficit sitting on our books. I'm sure it will be recouped as time goes on. A good year will pay for a bad year and so on and so forth.

MR. CRAIK: Will you in your write-off of your start-up costs, your amortization period of 20 years, there's no interest charges charged against that debt in your amortization. Are you charging interest in your bookkeeping against your deficit from last year?

MR. DUTTON: No.

MR. CRAIK: Is this a fair, then, accounting practice to give a fair picture of your operations in comparison to, say, a private company that would have to . . .

MR. DUTTON: A private company, of course, would have borrowed the money in the first place.

MR. CRAIK: And would be paying . . .

MR. DUTTON: We haven't the money -- the government of course, you're aware, hasn't any money invested in Autopac. The only difference is the money that we put out is money that we would have invested in paper. As it is, we've got it invested in buildings at the present time and it is start-up. We didn't borrow -- we hadn't any money loaned to us from General Revenues. The money is all the motorists' money that's involved in Autopac. The insurance business is really just a giant cash flow, if you want to call it, money flow, and with your money, which runs into many millions of dollars which you keep in reserve to pay claims, money . . . to pay claims, we have used this, a portion of it, for the construction of buildings to start up which is going to be amortized over a 20-year period, whereas the normal . . . of course would have been to have it in paper and earning interest on it.

MR. CRAIK: Well, even though it's only a giant cash flow, as you say, with that size of a deficit in one year, \$10 million deficit, you would have found that any other company, whether it's a private company or a mutual company, probably would have had to dig into reserves or dig into earnings on investments or some other source, but eventually would in the long term have to pick that up some way, and if you have no reserves - which you don't have - how do you, you know, how do you over the long run present a clear picture when you have a \$10 million deficit?

MR. DUTTON: Of course, having a \$10 million deficit simply means that our earnings are decreased in any given year because the interest earnings are not there on that 10 million that we would normally have. It's quite true that under the normal scheme of things with the private company that they would be made to put up the 10 million bucks or take it out of reserves, or have sufficient reserves to compensate for it. However, with a public corporation, I think it's a well-known fact that the resources of the government are behind that organization and it is felt that this amount of money is always guaranteed, and therefore you don't necessarily have to put it up on actual paper as you would under the private sector.

MR. CRAIK: The picture then we get -- just to finish that -- is that your budget for the current year is roughly the same as it was, or what the actual was the year before, \$51 million. With the inflation you've mentioned and if you get a continuation of the claims increase that you appear to have here, then you will again -- as you've indicated, you'll have some deficit but it would appear that it might be quite a substantial deficit because your year before one was about equated with the year before that and showed a \$10 million loss. You're really just up to break even.

MR. DUTTON: I think that, to answer that there will be a deficit. Again, as I mentioned earlier, that the first four months of the year which runs from November 1st to November 1st, don't forget, is based on last year's rates. So, therefore, four months out of the year is based on a rating structure which we know is inadequate, and only eight months of the year were based on a rating structure to find out whether it is adequate or not. And I think that, as a result of this and the fact that the claims still continue to increase, that we can expect a deficit again this year.

MR. CRAIK: You've indicated that your increase is due to the two things. One, inflation, and your average cost per accident has gone up, but your increased number of accidents in the one year is 44,000, your increased number of claims, which is 44 over 127 the year before, which is about 35 percent increase.

MR. URUSKI: Right.

MR. CRAIK: It's easy to understand the inflation. It's not so easy to understand why, with the relatively fixed number of vehicles in the Province of Manitoba, there may be slight variation, slight increase, but in the number of miles covered there is a vast discrepancy here between the number of claims and the number of vehicles, the change in the number of vehicles.

MR. URUSKI: What you are saying is, you're wondering why, if the vehicles haven't increased, why the claims have increased so much.

MR. CRAIK: Well, a person might be able to comprehend a five percent increase in the number of accidents if you've got a five percent increase in vehicles, but you've gone up

(MR. CRAIK cont'd) . . . . 35 percent in the number of claims in one year. Now I think you've probably compared, your statisticians have likely compared the number of accidents per vehicle in other jurisdictions as well. There just has to be something wrong here in the number of claims.

MR. DUTTON: Of course, the number of claims are not necessarily related to the number of vehicles. A claim doesn't mean just the damage to the vehicle itself. There may be five people in that car when it's just a simple car accident. It could give rise to six claims, one for the car and if the five people are injured it would be six claims. And I do believe that the public here are aware that they are entitled to benefits regardless of who is at fault if they're injured in an accident. And I think more of these injuries are coming to the fore than used to, because it was a case previously, in most instances, of having to take a person to court which was a lengthy and perhaps a costly venture, whereas now, by way of right, they are entitled to certain benefits and the claims are coming in. I think maybe partially this is some explanation as to why there has been, and what I'll agree is a very substantial increase and one that we didn't visualize.

MR. CRAIK: Well, I guess the question, then, has to be as to how to a value judgment, somebody's value judgment, as to whether there are a significant number of these claims that are not legitimate. It's not a question of . . .

MR. DUTTON: In the case of injury to a person, who is to say whether a number of the claims are legitimate or not? We have our medical adviser and in every instance we get a doctor's report. If the doctor says a person does have a whiplash, does have an injury, then I think it is very difficult to dispute it insofar as the administration of the plan here is concerned. I have suspicions that perhaps some of them are somewhat imagined, but to what percentage and what degree I don't know. We do try to keep as close a touch on it as we can and we are watching it very, very closely. We've had both a medical adviser and a dental adviser to give us advice into these injuries. We do insist we're getting more typing up now and having various medical practitioners look into the injuries of some people if we get suspicious. But if the question is whether there's a ripoff on injuries, there may be, but even if there was, Sir, I'd like to point out that the injuries is not where the dollar is being spent. The money is being spent on the actual damage to the vehicle itself, it's not the injury to persons that's causing this problem.

MR. CRAIK: The pie that you show shows only four and a half percent to no fault accident.

MR. DUTTON: That's what I'm referring to, yes.

MR. CRAIK: These are primarily to people, whiplash and so on.

MR. DUTTON: Well it could be and also . . .

MR. CRAIK: Bodily injury.

MR. DUTTON: No, no, it could be the whiplash to some degree but for a good part it's the weekly indemnity, the payments that you're paying a person when he's off work.

MR. CRAIK: Well, that being the case, Mr. Chairman, it's really -- I kind of gather, perhaps, that when I said that the increase is 35 percent, I think your reply was that this wasn't accidents, it was people injured.

MR. DUTTON: Yes.

MR. CRAIK: The implication was there that perhaps the accidents hadn't gone up, there were just more claims. But to come back to your final answer here, it's really more claims for damage that is the big part of it, then?

MR. DUTTON: We know the claims have gone up too. The claims reported -- and of course, again, what are we relating it to, I don't know how exact the reporting was prior to Autopac, but our accidents attributed to Manitoba now, show the largest increase in any province in Canada. The accidents were up something like in the neighbourhood of 50 percent, according to the statistics that we saw, which is something I found very difficult to understand or very difficult to believe if we're all reporting on the same basis. And I strongly suspect, Sir, that that is what is not happening, that you haven't got uniformity reporting across this country to find out. Everyone's reporting the accidents now because they're required to, because they know that when they go to Autopac for the damage to their vehicle they are told they must get a police sticker, they must make a police report too, and I think this is one of the things that's given now . . . reporting, showing the large increase statistically in the number of accidents. But the claims are real; we're getting them; and I don't think there is

(MR. DUTTON cont'd) . . . . too much incorrect about this because the number of deaths have gone up and a death is a real and final statistic. No one's faking that, that's for sure.

MR. CRAIK: We periodically get treated to statistics, arguments that are justified one way or another, and we heard it in the debate when Autopac was set up and we've heard it in the House this year. I wonder whether it isn't misrepresentation to be using the Autopac rates when they're not a break-even rate that is being expressed. For instance, the most recent statistics show the comparison between -- the last one I heard used, I think, was between Toronto, Hamilton and Winnipeg, but if you add the deficit of Autopac to bring up the rate by the percentage it should be brought up, it makes it an entirely different picture. Now that's only one of the things. My point is -- and I notice that you again use it on Page -- your report refers to a comparison here on Page 3 and it shows, you know, \$126.00, \$126.00 and \$121.00, when in actual fact it's misleading information.

MR. DUTTON: Well, Mr. Chairman, if I may, I'd like to counter that. You're trying to make a comparison with what you say is a profitable picture for the rates shown for the other territories, as opposed to a loss picture in the rates shown by Autopac.

MR. CRAIK: That's right.

MR. DUTTON: Well, I think if you look at the industry's record this year of losing \$132.2 million, you'll find that their rates are based on a loss proposition too. There's no question that the insurance industry also lost money on automobile across Canada this last year and what they will do with their 1974 rates has not as yet been established. It will be interesting to see.

MR. CRAIK: Well, my point is, the point I'm trying to make here is that in your report you seem to be perpetuating what people don't believe anyway, with the comparison of these rates, because they've had it up to their ears.

MR. DUTTON: The rates are factual. The figures put in this report are not imaginary; they are subject to question by anyone and that includes the insurance industry. The rates that you see there, Sir, whether they're hard to believe or not, are the correct rates.

MR. CRAIK: They're the rates, Mr. Dutton, but the . . .

MR. DUTTON: They're the rates.

MR. CRAIK: The implication here is that we should actually use these to compare, and if you don't include your break-even position, or relatively closely to your break-even position, it isn't comparing apples and oranges.

MR. URUSKI: Well, Mr. Chairman, the rates that are shown in the table as of last year, the honourable member will recall that the corporation showed a surplus position at the time, so that the rates established at that time were adequate. Now, the 1974 increase takes into account the deficit position and the increased cost in claims. It maybe does not take the total recoupment of that \$10 million, that is correct. However, as was pointed out earlier, the industry showed a net deficit or underwriting loss this year of some \$132 million of which they are now aware of, so that it is logical -- you know, one can readily see as to what will happen in those provinces as well, and a comparison will probably even widen.

MR. CRAIK: I know that the other rates probably reflect this particular . . . too, but there's no requirement for MPIC to operate under the Insurance Act of Canada to put it on the same basis. If any and other insurance company sustained the relative losses last year that you did, you'd be in trouble as far as the Insurance Act of Canada is concerned. But in comparing rates, you're comparing people who are governed by the Insurance Act of Canada as opposed to a provincial Crown corporation who can stand a \$10 million loss on its books because the government is backing it up. So you're not talking about the same thing.

MR. DUTTON: Well, I think it was necessary to put the comparison of rates in here to show just what the rates really were in this country because of the massive amount of publicity given to industry spokesmen that would infer that our rates were higher than they were in the rest of Canada, and I thought it was time it was put in in an official document, Sir, just what the rates really were; whether you would want to say that it was fair comparison or not, these are what the rates are across the country.

MR. CRAIK: Well, to cap it off, Mr. Chairman, I have no objection to putting in a comparison of rates -- and I think that's what we want and what we need, to look at these things. What I'm suggesting here is, if we're going to be treated to these rate comparisons, then I think as a Crown corporation they should reflect the costs to the Crown as opposed to the costs to the Corporation, and not include the subsidy that is being provided by the Crown.

MR. URUSKI: But it's not . . .

MR. CRAIK: Well, unless it's amortized, Mr. Chairman, it has to be -- they have to show up some place. And if, for instance, as we see here in 1972, 1973, we know that the deficit was -- whatever it was, 20 percent . . .

MR. URUSKI: '72 and '73?

MR. CRAIK: Yes.

MR. URUSKI: There was no deficit. There was a surplus.

MR. DUTTON: 1973 - this shows 1973 . . .

MR. CRAIK: 1971 . . . to \$121.00 here, and there was a deficit sustained on the percentage of 20 percent. You're talking about \$24.00 at least added on to that to cover the deficit.

MR. DUTTON: Yes. Well, our 1974 rate would show an increase from \$121.00 to approximately \$137.00, which then would give you the adequate statistics to the industry's 1973 rate, in order to recoup it.

MR. CRAIK: Well, Mr. Chairman, I don't wish to refer to the specifics of the report. I had one other question with regards to claims servicing on weekends. You advertise a claim service, a 24-hour claim phone number people can use. But people coming into the city, for instance, from the country, that have accidents here on the weekend, are finding that they have no place where they can get actual settlement on their claim, say, over a 48-hour period or better; I suppose if it's more than 48 hours, Friday night to Monday morning, they're stuck virtually with having nobody to adjudicate their problem except they can phone the Claims Centre, who are consoling, but they can't get an adjustment made on their accident. Now, is it not the intent, or is there not something that can be done to actually provide a claims service over that weekend period?

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: Well, first of all, we do keep the Claims Service open on Saturday morning, so it's not a 48-hour period. I think the question, though, and the observation is a very excellent one indeed, that we ought to be able to give longer service. But again it's a matter of personnel and it's a matter of negotiations, frankly, with our union. The union in their contract says the normal working hours are from 8:30 to 5:00 o'clock. Anything over that is considered overtime, and overtime of course is time and a half. There is a new contract being negotiated by July 1st and I think this is the type of thing that should be taken under consideration to see if some method can be arrived at in our negotiations with them to ensure that the plant is kept open at least on Saturday. After all, the buildings are there, the facilities are there, it's just a case of having the people there themselves, and I think it's a good point, Mr. Minister, that if we can do something along that line to keep the Claims Centres open on Saturday, we should do so. However, I might mention a 24-hour service, I think, is somewhat unique, you know. You don't find that all over the place. If a person was for instance in Ontario, or something of that nature, and you had an accident, you were in a strange city, you'd have difficulty on Saturday in knowing what to do with it. But the point of a 24-hour service is, any injuries, we do have a roster of adjusters on call who can handle a claim if it's very serious. If not, the person is told to come around on Monday morning. But I agree that perhaps that is not the best system and we should do better.

MR. CRAIK: Your adjusters are available 24 hours though?

MR. DUTTON: They are available at the call of the Director of Claims, or the Claims Manager, as to who they will send out. If it's a real serious claim we'll look at it. If not, we're not going out for every fender-bender, of course. If a car is still driveable, then he's asked to report it to a Claims Centre on a Monday morning. If the car's a total loss, it obviously has to be secured and we pick it up immediately, and it's taken to our holding compound and the person is asked to report on Monday morning. If there are injuries we can have someone there to really be on the scene.

MR. CHAIRMAN: Mr. McKellar.

MR. McKELLAR: Mr. Chairman, I'd just like to ask a few questions here. One is regarding corporation members. Are there any changes in the list of corporation members here at the present time compared to the list here?

MR. URUSKI: Yes.

MR. McKELLAR: If there are any changes, who are they?

MR. URUSKI: Yes Mr. Chairman, the corporation members, there's one director less on the Corporation at the present time and that is Mr. Sylvan Leipsic has resigned from the

(MR. URUSKI cont'd) . . . . Board, oh, approximately a month and a half ago, I believe, or two months ago, I don't know the exact date. And he has not been replaced.

MR. McKELLAR: He's not replaced yet?

MR. URUSKI: No.

MR. McKELLAR: What do the board members get? What are the salaries, like on a yearly basis?

MR. DUTTON: I believe it's in the Act. I believe it's \$3,000 annual plus expenses.

MR. McKELLAR: Yes. Mr. Blackburn, the Assistant General Manager, is he in Brandon or where does he operate out of?

MR. DUTTON: That is correct.

MR. McKELLAR: Is that on full-time basis or . . .

MR. URUSKI: On a full-time basis, in Brandon.

MR. McKELLAR: In Brandon. Yes, now, you have a general counsel here, I see, in these . . . What law firms in Winnipeg do you use for your legal work?

MR. DUTTON: I haven't got a list of them but there's quite a number that they use. They're not farming out much work though. There is as much legal work to do under no-fault part of the injuries as there used to be on a straight . . . system. But we can get a list if he likes, Mr. Chairman, but I haven't got it with me . . . the firms that have been used, the list can be provided.

MR. CHAIRMAN: Fine. We can have the list again provided and I will make it available to the members.

MR. McKELLAR: Where is it here, now? It's on the next page over here.

MR. CHAIRMAN: Mr. McKellar, possibly we can go into it page by page and then you can get to that particular point. But proceed.

MR. McKELLAR: Well, you mentioned here under Investment Centre, investments, various Manitoba debentures. There was 7.8 million dollars. What investments did you put your money in?

MR. URUSKI: Schools and hospitals, Mr. Chairman.

MR. McKELLAR: At what interest rates?

MR. URUSKI: I believe that that question was asked and that information is being provided, I believe, to Mr. Blake.

MR. McKELLAR: I've seen a list somewhere. I know the Minnedosa Hospital is in one of them.

MR. URUSKI: That is correct. The list has been provided to the Legislature and . . .

MR. CHAIRMAN: I believe that it was an Order for Return and Mr. Blake would have received it.

MR. McKELLAR: What length of term of investments are you talking about here? One year, two years, five years, ten years?

MR. DUTTON: They're various lengths of investments.

MR. McKELLAR: Well how can you -- when you have a deficit of \$10 million, do you not need this money in your operations? How are you going to recover this money if you need it . . . ? Is it recovered -- on demand, there's nothing on demand?

MR. DUTTON: No, no. No. The short-term investments we have of some almost \$6 million, in short term, as opposed . . .

MR. McKELLAR: 90 day notes, 90 days?

MR. DUTTON: Pardon?

MR. McKELLAR: 90 day notes?

MR. DUTTON: 60, 90, 120 days, whatever it is, as we feel the money is falling due. The procedure we have is this. Maybe we should explain it. A great deal of money, of course, is exchanged, if you want to call it that, during the year. If we're going to take in about \$52 million and we're paying out around \$52 million, there's a great procedure here. So we have three accounting practices. (1) We know we may need cash at any time so we have a cash account, where the money is on demand, and we may have that to a million dollars, and that's money on demand which earns a small amount of interest, of course. Then we have short term. We try to figure out how much money's required in 60 days, 90 days, 120 days, whatever it is. That's our short term. Then we have money which we feel -- well, not required on a short term or a long term, it's simply a holding fund, if you want to call it that, and that is what we put into long term. Now, the reason that we can say that we have this, we

(MR. DUTTON cont'd) . . . . know that there'll always be a reserve for unpaid claims and a reserve on unearned premiums at all times. As an example, in the report under review, the provision for unpaid claims is fifteen and a half million dollars.

MR. McKELLAR: Yes, I know.

MR. DUTTON: This will continue. It may sound strange, but it will always be above this pool, so why not put it in some form of long-term investment. Your reserve for unearned premiums is always going to be fairly large, too, in the system we have, it can't be long-term, but we've got about three months that we can't use this money because it's not earned as yet, for three or four months each year. So that pretty well takes care of what looks like a very large sum of money when we are sitting with a deficit.

MR. McKELLAR: Now, who do . . .

MR. CHAIRMAN: Mr. McKellar, would you use the mike?

MR. McKELLAR: Who do you deposit your money with, is it a credit union or bank, who do you deposit your money with? What bank do you use or what credit union?

MR. DUTTON: Well, we use the Credit Society, and we use the Bank of Montreal, and what's the other one? The Canadian Imperial. Three banks.

MR. McKELLAR: Do you use any -- is that in Winnipeg only? You don't . . .

MR. DUTTON: Oh, no. Winnipeg.

MR. McKELLAR: Nothing out in the rural part like . . .

MR. DUTTON: Well, they do, there are smaller deposits out there, that's all. The main banking function is done right here.

MR. McKELLAR: I see. Well, on Page 9 here I'm a little amazed at this statement here, Congratulations . . . Who wrote this statement congratulating Mr. Pawley? You know, I haven't been in the industry for 25 years. I wouldn't expect that he deserved much congratulations because he was the one that created the \$10 million deficit. I would say that this statement should be erased from the pages of this book. Now, I'd like to know, who was the author?

MR. URUSKI: Mr. Chairman, the report has been tabled in the House by myself.

MR. McKELLAR: Were you the author?

MR. URUSKI: I am responsible for the report, Mr. Chairman.

MR. McKELLAR: Are you the author?

MR. URUSKI: The report was presented to the Board of Directors of Autopac and was approved by the entire Board of the Manitoba Public Insurance Corporation.

MR. McKELLAR: Well, I'm a little amazed at having put this in. I would say this Page 9 should be stricken from the records.

MR. CHAIRMAN: Mr. Green?

MR. McKELLAR: No, I've got some more questions. I've got some more questions. I'm not finished with you yet.

MR. CHAIRMAN: Well I thought that you were concluding your comments.

MR. McKELLAR: Oh no, no, no. I'm just starting. I have a little knowledge of insurance.

MR. URUSKI: Right.

MR. CHAIRMAN: Order please.

MR. McKELLAR: No. I want to get back to the agents' commissions, which started out the first year on basic seven, second year six, third year five, 10 percent on extension.

MR. CHAIRMAN: Mr. McKellar, would you use the mike?

MR. McKELLAR: And nothing on licence plates. Forty cents on driver's licence. Now in the past, before Autopac came in, they did get commission on licence plates, 65 cents I think it was. Now I'm talking about private passenger cars, and I think they got 40 cents on the driver's licence at that time. Now driver's licences have increased from two dollars and a half - and I purchased mine the other day because my birthday is in April - to \$13.00. Forty cents is what they're getting on driver's licences with a 30 percent increase in the year 1974. Now I do know enough of what it costs to operate an office and I realize that some of them have other businesses; in the case of Wawanesa it's the barber shop. But for the life of me, I wonder how you expect an agent to operate a business on five percent on basic, 40 cents on driver's licences, nothing on licence plates, and I realize there's 10 percent on extension. But do you think that an agent can actually operate -- and I could understand that he could operate but he doesn't get his commissions right then, he has to wait two months, three months to get his commissions. And he has to wait under Autopac to decide how much

(MR. McKELLAR cont'd) . . . . they're going to pay him and when they're going to pay him. Now is this sufficient? Because I know what those private companies were paying before. They were paying me twelve and a half percent.

MR. CHAIRMAN: Well, Mr. McKellar, Mr. McKellar . . .

MR. McKELLAR: Is this sufficient in your own mind? I'm asking Mr. Dutton.

MR. CHAIRMAN: Mr. McKellar, I believe you are trying to debate a particular point, but if you can use some other means to debate it . . .

MR. McKELLAR: No, no.

MR. CHAIRMAN: And if you wish to ask a question, ask the Chairman.

MR. McKELLAR: I'm asking a question that was given to me by your agent, by your agents. Yes.

MR. URUSKI: Mr. Chairman, first of all, I want to indicate that the -- Yes. Mr. Chairman, with the increase in premiums from last year to this year, I am of the information that the increase in agents' commission was something of an increase of about 11 percent over the commissions. . . Between 17 and 20 percent in commissions have been paid to agents over last year, over 1973. So there has been an increase in commissions paid in dollar amounts. Now, the actual percentage may not be that high on the basic coverage, but the honourable member surely must realize that the amount of time spent and the area and the time spent in the renewal cycle is a relatively short period. It starts in January and ends at the end of February, roughly an eight-week period, and in that point in time the agent earns the bulk of his commission.

There have been additional increases made, changes in commission rates made, on a flat fee basis for certain transactions of which there were payments not made before, and that's I believe on trailers and some other areas. The driver's licences previously were not handled by some agents, just certain agents. There is a review being made now and agents are being appointed in certain areas to have the ability to sell driver's licences. Now frankly I was not aware that there was a fee paid to agents on vehicle registrations because to my knowledge agents did not handle vehicle registrations prior to Autopac. There were registering agents that handled vehicle registrations that had nothing to do with insurance, because the insurance and the vehicle registrations were not coterminus. Now they are. That avenue might over time be explored, but I can say right now that if the dollar amount in commissions have increased by 17 percent over last year, on the average, I would say that that would more than offset the inflationary trends that would be affected by an office and an individual having office.

MR. McKELLAR: Well what percentage of the total premium income was forwarded through the Motor Vehicle Branch rather than going through the individual agents? Have you got any records of what went through the Motor Vehicle Branch compared to what the agents sold?

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: Mr. Chairman, I'm informed that approximately 15 percent of the total renewal cycle went through Motor Vehicle Branch or thereabouts, or maybe slightly less of the total amount.

MR. McKELLAR: Well, what percentage of the P. S. V. trucks and commercial trucks and all of that, what volume of premium are we talking about that doesn't go through the agents, like, that has to go automatically through . . . ?

MR. URUSKI: You are saying what percentage of the total premium dollar is commercial vehicles and public service?

MR. McKELLAR: Which cannot be handled by the ordinary agent.

MR. URUSKI: That is correct.

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: That is included in the 15 percent.

MR. URUSKI: That is included in the 15 percent.

MR. McKELLAR : Is that right?

MR. URUSKI: Yes.

MR. McKELLAR: Well, also, what on the surcharge this year which you initiated, \$50.00 on two accidents and \$100.00 on every accident over two accidents . . .

MR. URUSKI: In one year.

MR. McKELLAR: . . . how much money do you expect this new policy will bring in to your corporation in the following year.

MR. URUSKI: Nothing this year.

MR. McKELLAR: No, I know. But I'm talking - how much money? You must have an estimate of the amount of money you expect to get from this.

MR. URUSKI: Frankly speaking, I hope it would be none. Yes, I would hope that the psychological effect of the deterrent would induce people to drive more safely. However, in the event that we are probably looking at an amount, if the trend continues as per last year, based on last year's statistics - am I correct - this figure is based where individuals are involved in two or more accidents in one year of which they are 50 percent or more responsible in both accidents, we would be looking at a figure of somewhere between \$300,000 and \$500,000 in the following year.

MR. McKELLAR: That's all. That's all you're talking about then?

MR. URUSKI: That's all we're talking about.

MR. McKELLAR: Well, on demerit points, how much money did you collect last year on demerit points?

MR. URUSKI: Insurance surcharge on demerit marks?

MR. McKELLAR: Surcharge on demerit points. And how much money do you expect the \$25.00 increase across the board on demerit points to bring in this year?

MR. URUSKI: The amount of money I am informed that will be collected on the surcharge on the demerit point system, on the basic of \$3.5 million and 1.8 on the surcharge.

MR. McKELLAR: How much money do you expect the business rate, new business rate that you brought in this year to -- do you estimate an amount of money that you'll get in premiums?

MR. URUSKI: Mr. Chairman, while we're getting that figure, Mr. McKellar made a statement earlier about agents not being paid promptly on their commissions. My information is that commissions are paid promptly, and unless there is an error in the commission, in the statistics provided by the agent, the commission would be paid promptly. Unless there is an error made by the agent himself, then the commission might be withheld or a problem raised. But if the member has a specific point with respect to commissions not being paid promptly, I would like to investigate that further because it is my information that we do pay them promptly.

MR. McKELLAR: Well this is the problem that's created, the first two years, and the problem is, it was on the computer. If you could sort them out. They're about ten feet long on the sheets and the agents couldn't sort them out. This is the problem.

MR. DUTTON: It was not only the agents who couldn't sort them out, Sir, we couldn't figure them out either.

MR. McKELLAR: No, well this is the problem, this is where they . . .

MR. DUTTON: But at the present time they are being paid -- as a matter of fact, slightly ahead of the due date.

MR. McKELLAR: Yes. Is there any thought in mind of having the agents take their commission off before they forward the money in, rather than to have -- like . . . This is what the private companies do.

MR. DUTTON: Yes. I appreciate that, and certainly it is a system that I am familiar with and has a great deal of merit. But there are other changes, too. As you're probably aware, the agents are not accountable for the moneys they collect, whereas maybe if we changed it in that system we should make them fully accountable. In other words, if it's an N.S.F. cheque the agent doesn't have to make good, that we go out and we collect it, you see; this is the type of thing. So the system is entirely different than what is the normal one under the agency basis, but perhaps we could consider it and along with other changes, too, because the other system is what the agents are more familiar with.

MR. McKELLAR: Well, I'm interested to know in the statement here \$194,000 of that debt, now how were they accumulated? Were they accumulated by agents' bad debts or agents' accounts? How would they . . . ?

MR. DUTTON: No, no.

MR. McKELLAR: How were they accumulated? How was this . . . ?

MR. DUTTON: No, we haven't got a record of bad agency accounts because the system that the agents have, the money is really deposited in a trust account of which they can only issue cheques to one source, you see.

MR. McKELLAR: Yes.

MR. DUTTON: But any of the money that we've had difficulty with is usually a rejected cheque by the bank, whether it be N. S. F. or any other reason, which we can't trace, that type of thing. A person may give you a bum cheque and then take off for places unknown and how are you going to get him back? And sometimes it's an amazing thing, though, but when you get literally thousands and thousands of cheques, some banks can't even trace the signature of the person, and it's not to say that that account isn't there. And so we've had to put in a procedure wherein every cheque that an agent accepts, he has to put the licence number on the back of it so we can trace it by that fashion.

MR. McKELLAR: Well, you aren't correcting that experience, then, like I mean you're trying to correct that problem?

MR. DUTTON: Yes, I think we have it pretty well under control now. The first time around it was a problem but, frankly, I know I didn't visualize this as being as great as it was. It seemed to be one of our smaller problems at that time, but certainly a control has been put on now. We haven't got anywhere near that problem any more.

MR. McKELLAR: Well, tell me, why are the cheques not made out to the Corporation rather than the Minister of Finance?

MR. DUTTON: That is the requirement. But we are looking into the situation and perhaps that situation will change this coming year.

MR. McKELLAR: Well let's see here now.

MR. URUSKI: Mr. Chairman . . .

MR. McKELLAR: Well I'll let it go to another time.

MR. URUSKI: Mr. McKellar asked with respect to how much additional premium would be collected from the "business use" and I've just been given an estimated figure of approximately, projected figure of approximately three-quarters of a million dollars, \$750,000 on business use.

MR. CHAIRMAN: Mr. Green.

MR. GREEN: Mr. Chairman, my questions relate to matters which have previously been asked. I believe that it is a fact that Mr. Dutton appeared before the -- if not appeared before, but his Corporation accounted, not as a requirement but as a cooperation with the Wootten Commission that sat in British Columbia.

MR. DUTTON: That is right. The Wootten Commission wrote and asked if I would appear before them and I did so.

MR. GREEN: And I believe that the Wootten Commission found that the system of accounting used by the Public Corporation in Saskatchewan was entirely satisfactory.

MR. DUTTON: I think that the SGIO got a clear bill from them. There's no question about that.

MR. GREEN: And I think that the Wootten Commission also found that the systems used by the private corporations left much to be desired. This I ask because Mr. Spivak indicated that somehow the public accounting was not satisfactory in relation to the private accounting. Has that been -- do you recall the Wootten Commission commenting on that?

MR. McKELLAR: Mr. Chairman, on a point of order. What's this got to do with . . .

MR. GREEN: Well what did Mr. Spivak introduce it for? Why did he introduce it? -- (Interjection) -- But he suggested that our commission reports to the Provincial Auditor and the Provincial Auditor is entitled to rely on the government, that somehow the public accounting was not as satisfactory as the private accounting.

A MEMBER: No, I don't think he said that.

MR. GREEN: Oh he didn't say that? Well then, Mr. Speaker, I'll go back to the transcript and try to correct myself before proceeding with the questions. If he said it I'll proceed with the questions.

Mr. McKenzie suggested that no-fault was a system where anybody could drive around and break their automobile and not worry about who has to pay for it because it's no-fault coverage. In that respect, have we all . . .

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

MR. McKENZIE: Mr. Chairman, on a point of order. I did not make that allegation at this meeting today. I suggested, I asked the Chairman to explain the no-fault principle and I asked him if he thought that due to misunderstanding, that the misunderstanding of the no-fault principle was part of the cause of the increase in the accident rate.

MR. GREEN: Mr. Speaker, I heard Mr. McKenzie say that is the no-fault principle

(MR. GREEN cont'd) . . . . such that a person can go ahead and drive his automobile and not worry about who pays for it? Those were his exact words.

MR. McKENZIE: Due to the misunderstanding . . .

MR. GREEN: Now has that not been the situation as long as collision coverage has been sold and to the extent that you could buy \$25.00 deductible, that you were always insured no-fault for your collision coverage under the private system? Down to \$25.00 if you wanted.

MR. DUTTON: It's virtually the same, Sir, excepting that there was different carriers on the coverage and although while the damage to your vehicle, if it was \$25.00 deductible, would be adjusted by whoever the carrier was on a first party basis, he'd take subrogation, of course, and sue the other party for the full amount of damage, and then of course you get the adversary system and a few problems and it takes a little longer. But basically, the answer to your question is yes, it was on a no-fault basis.

MR. GREEN: The insurer paid you, and still does, in private jurisdictions. Regardless of what he did, he pays you depending on the amount of your deductible . . .

MR. DUTTON: Yes, sir.

MR. GREEN: On the basis of no-fault.

MR. DUTTON: Yes, sir.

MR. GREEN: You could be entirely negligent and you will get paid.

MR. DUTTON: That's right.

MR. GREEN: That is the system that prevails wherever private insurance is now sold with a deductible clause.

MR. DUTTON: That's right.

MR. GREEN: Of course, I presume that if they could prove that you wilfully drove your vehicle into a wall desiring to smash it, then they will not have to pay you.

MR. DUTTON: It would be damned tough to prove, Sir.

MR. GREEN: Isn't that the same principle, Mr. Dutton, Mr. Chairman, upon which all fire insurance is now sold?

MR. DUTTON: Oh yes. Oh yes.

MR. GREEN: Unless they can prove that you deliberately set fire to your house, you will be paid no-fault even if it was your own negligence that started the fire.

MR. DUTTON: No question. Absolutely correct.

MR. GREEN: So that the only feature of no-fault insurance that was changed vis-a-vis the Manitoba Government, is that deductible, the collision coverage became universal. That means everybody had it.

MR. DUTTON: Yes, that's right.

MR. GREEN: The deductible was \$200.00 not \$25.00.

MR. DUTTON: That's right.

MR. GREEN: And there was injury claims and the result of injury on a no-fault basis.

MR. DUTTON: That's right.

MR. GREEN: So that if a person wished to claim no-fault injury insurance, he would deliberately have to hurt himself in order to recover money on the basis of Mr. McKenzie's question.

MR. DUTTON: That's quite right.

A MEMBER: Within certain limits.

MR. DUTTON: Of course.

MR. GREEN: Within certain limits. And beyond those limits the same tort rule applies. If you can identify the injury or if you can identify the person who is to blame after going to the Court of Queen's Bench, after having a split decision in the Court of Appeal and after having a split decision in the Supreme Court of Canada, one or other of the parties will recover. And this could cost a great deal of money.

MR. CHAIRMAN: Mr. Johannson.

MR. JOHANNSON: Mr. Chairman, I would like to give my support to a suggestion made by Mr. Craik advocating that Autopac proceed to provide weekend service. I think that's a very good suggestion and I think Mr. Craik proves a claim we made in 1970 that a public system can provide better service than a private system. Now, I have a number of questions . . .

MR. CHAIRMAN: Proceed, Mr. Johannson.

MR. JOHANNSON: . . . and I'd like to ask them of Mr. Dutton. Under the private system of insurance where tort was involved, there was a certain cost for legal fees involved.

(MR. JOHANNSON cont'd) . . . . Now, what percentage of legal fees have been eliminated under our system that were in effect here?

MR. DUTTON: The legal fees under our system are shown as part of claims themselves because we have our own legal department - I'm sorry, as part of administration itself, because we have our own legal department. Under the other system, the private sector, they show the cost of legal cost as part of claims, and therefore the pure dollars in claims is reduced by the amount of money they're paying the lawyers, and paying independent of justice too, by the way.

MR. JOHANNSON: But to reduce it to figures that a layman would be familiar with, what percentage of expenses under the old system were legal expenses, what percentage under our system are?

MR. DUTTON: We could try to find out for you but we--we can get you ours. We can try to find out what they were previously. We haven't got them right now.

MR. JOHANNSON: Okay. Another question along the same line. There is a limited competitive feature in our present system on the supplementary, or the optional coverage, and this is where I imagine you get some of your legal expenses. Now, what would be the effect of, in terms of reducing legal expenses, of eliminating competitive optional or supplementary coverage?

MR. URUSKI: As I understand Mr. Johannson, I don't think it relates to the supplementary coverage. It really relates to an individual seeking higher reimbursement for physical injury than is being paid under the no-fault benefits. Where an individual feels that his injuries are worth more dollars than is being paid under the no-fault benefit, then he resorts to the legal action and that system, the same as under the old system.

MR. DUTTON: But I think to answer your question, the way to get around it, to cut down perhaps the cost of legal fees would be to increase the Part 2 benefits and the no-fault benefits, and you could still leave, if you like, the tort remedy at 50,000, but provided that you remove from the award you get in court the amount that is paid on no-fault, this would have the effect. And frankly, this is the area in which the insurance industry is such, the private sector are trying to advocate across this country at this time that they go for a much larger payment. I think they are suggesting \$1,000 a month for loss of wages, etc.

MR. JOHANNSON: Supposing the no-fault feature were increased to something approaching that advocated by the New York, I believe it is Superintendent of Insurance or Commissioner . . . ?

MR. DUTTON: Commissioner.

MR. JOHANNSON: Commissioner of Insurance. Would this, in effect, eliminate most of the legal costs?

MR. DUTTON: It would eliminate, yes, a great deal of legal cost. Yes, Sir.

MR. JOHANNSON: What amount?

MR. DUTTON: Well, it's hard to say. It just depends how far you go. Increasing them, if you do leave in general expenses, pain and suffering, this type of thing, you're all right.

MR. JOHANNSON: And if you eliminate that?

MR. DUTTON: If you eliminate that, then you're certainly going to cut out an awful lot of the legal expenses involved, because the person wouldn't have to go to a lawyer. They've simply got their payment by right. But, of course, to put in paid and suffering, this type of thing, is something that's an intangible, that it's pretty hard to write it into regulations. It varies too much.

MR. CHAIRMAN: Mr. Blake.

MR. BLAKE: Thank you, Mr. Chairman. We assume from Mr. Green's remarks earlier that the accounting methods are acceptable and certainly have been found adequate by Mr. Wootten, whoever he might be. I can't just quite get clear in my own mind why you plan or project for a deficit this year. Why wouldn't you project a break-even or a slight profit in view of having a loss last year? Why would you project a deficit this year?

MR. DUTTON: It was hoped that--we're not projecting for a deficit. You know, it's a strange thing. We thought that perhaps two or three things wouldn't occur. One, of course, is the hail storms which have hurt many insurance companies in this province in the last years . . .

MR. BLAKE: No, I mean the coming year. You're projecting a deficit for 1974.

MR. DUTTON: Yes, I know, but this is what caused part of the deficit of 1973.

MR. BLAKE: All right.

MR. DUTTON: An unusual event, I think, for this province, is storms of that severity. We had hoped, too, that the statistical figures that we had from last year and the only thing that we could base it on, would continue on with the same pattern. That is, we found that the claims in January, February and March were not at the same plateau they are this year, and for some reason they've taken off again on it. We didn't bank on this and as a result we had hoped that that first quarter would have not cost us too much, because it was still based on the old rate and we figured that the rate that we were setting for the next period of time, for the remaining eight months, would be all right. But I'm afraid that that's not what is happening and that's what I tried to truthfully tell you that, as I see it, there would be another deficit coming up in this coming year. And I'm willing to venture, Sir, that that is the situation that many insurance companies are finding themselves in again this year, not only ourselves.

MR. BLAKE: Don't you think, Mr. Chairman or Mr. Dutton, don't you think that it would have been probably good business judgment to maybe increase the rates to some point whereby you would avoid this particular deficit in 1974, because if you do show a substantial profit it could go against the deficit from the previous year.

MR. DUTTON: I couldn't agree with you more. I think that makes good business sense.

MR. BLAKE: You feel the rates should have been increased?

MR. DUTTON: I couldn't agree with you more, and I believe in that concept, and that we should have a reserve, we should have these type of things, but I think I should put you into the picture, too, a little more clearly than what I did. We really didn't project a deficit for this coming year, we anticipated a seven percent increase in claims, which is normal. Well to date we have had an increase of 22 percent, you see. That's for the first few months. That's what's happening.

MR. BLAKE: So if they continue the way they're going now, we could be faced with a substantial deficit then in 1974, say another \$10 million loss.

MR. DUTTON: Well I couldn't project what the dollars will be, but if, it continues like this it doesn't augur well for rates. That's right.

MR. CHAIRMAN: Mr. Banman. Mr. Blake.

MR. BLAKE: Mr. Chairman, I have one or two more that are small questions. I just want to make sure I've got most of them covered. Maybe the Minister might comment briefly on the undercover agents that we understand are sleuthing around the province on behalf of Autopac.

MR. CHAIRMAN: Mr. Uruski.

MR. URUSKI: Mr. Chairman, first of all, I'd like to make one comment on the remarks made . . .

MR. BLAKE: Is my terminology not correct?

MR. URUSKI: No. Made by Mr. Blake earlier. As I have indicated before, I want him to clearly understand that the projected premium increase for 1974 was not to incur a deficit, it was to take care of the premium load of 1973, which was an escalating claims in that year of 35 percent and the premiums would have taken care of that plus a 7 percent increase, so that a deficit was not projected for 1974; it's only by the fact that claims have risen over 1973 by 20-odd percent that we foresee this happening.

The question relating to the super sleuths or investigators running around, I believe that I made an announcement when the premiums were increased in December that there would be areas that the Corporation would be attempting to streamline its functions and some of the areas that we want to keep tabs on is on the type of repair work being done, whether customers are satisfied, and whether or not assistance can be given by our corporation to existing police departments vis-a-vis thefts of automobiles and auto theft rings and the like, which in many instances cost the Corporation thousands of dollars where there are thefts of cars occurring. And I would say that the work that will be performed, the potential work that will be performed by these investigators, is really invaluable, not only to the Corporation in dollars and cents, but it will assist the existing police departments in trying to correlate the information that they have with respect to thefts, car rings and the like.

MR. BLAKE: Do you still feel that advertising will be necessary next year to a substantial amount, such as you've done in the past, or do you feel now that the program is launched and on its way that you could . . . ?

MR. URUSKI: The type of advertising that has been done in the past was mainly functional, was to inform people about the claims service, the renewal periods and the like. We have

(MR. URUSKI cont'd) . . . . embarked on a type of advertising to try and alert people in the safety sense of it, to alert people to their driving habits so they would slow down. This is the type of advertising that we are doing and I think we will continue to do, to see whether or not it will have some benefit on the ratio of accidents and whether people will be cognizant of that type of advertising. But basically, the advertising that was carried on in the past was mainly of a functional nature, of Claims Centres being opened, renewal times, come on Thursdays rather than on Mondays, this type of thing.

MR. CHAIRMAN: Did it have any effect on the Chairman?

MR. BLAKE: Mr. Chairman, I don't know whether this was given before. Did someone give us the dollar value of the revenue from the surcharge on driver's licence? Did we have that or is that available?

MR. URUSKI: Yes, that was given. Now, the surcharge on the increase of fees in the driver's licence, including surcharges, will bring approximately \$1.6 million next year.

MR. BLAKE: 1.6 million. Would you care to make a comment on truck rates? There was some controversy with the truckers and there were some additional plans offered.

MR. URUSKI: Well, Mr. Chairman, really, basically our statistics show that our truck rates in Manitoba are substantially lower than those offered by the industry, and in fact when the plan came in, the point raised by the trucking association--and primarily I don't think it reflects the total attitude of the truckers, I would say it would be of some individuals representing the trucking industry that were raising that type of an issue, and the issue they raised is as to why were we not offering a rebate for good fleet discounts, for good fleet experience and surcharging them. When the Board and the Corporation finally decided to go into that area of rating, we got the reverse argument, saying that you're going to put us out of business by your fleet and surcharges.

Now, I gave statistics to the Legislature with respect to fleet rates comparing them to ours in 1974, and if the honourable member wants them I will compare them to Manitoba insurers of, I believe of 1971, where the insurance industry started off with a premium and then they made a reduction for good fleet, and the premium rating in Manitoba with a radius of operations of under 100 miles, was for a semi-trailer, I believe, a '71 tractor-trailer or a new unit with 50,000 lbs. gross vehicle weight, third party coverage of \$50,000 and medical and no-fault accident benefits and \$500.00 deductible all-peril, the rate in 1971 was \$1,820.00 for that type of a unit. Then they went to a 40 percent discount on a rebate which ended up with a rate for a good fleet rating or the best, a rating of \$1,092.00. The 1974 Autopac premium rate was \$676.00, which is the medium rate, and it could be reduced to, I believe on the rebate system it could be reduced by 25 percent and it could be increased by 50 percent for a bad record, so that even with our worst record would be comparable or better, would be better than the industry's best rate in 1971, in 1974.

MR. BLAKE: Well, Mr. Chairman, my point was that the trucking industry doesn't seem to be overly joyed with that particular setup, and is it not, did it not occasionally, the resignation from the board of the one member that has recently left the board . . . ?

MR. URUSKI: No, Mr. Chairman, you know, that wasn't the issue with respect to truckers' rates per se on the basic policy, and the basic increase in premiums was not what caused the member to leave. There was a discrepancy on some of the excess coverage, which is competitive, which is sold on a competitive basis, in which we suffered substantial losses, and the premiums increased in that area, or asked for by the Corporation, were in certain instances over 100 percent, and it was mainly due to the bad experience of that individual and this caused some concern by one of the board members, but not with respect to the basic rate of truck insurance.

MR. BLAKE: Through you, Mr. Chairman, to the Minister. Could you tell me how often the board of directors of the Corporation meet? Monthly or . . . ?

MR. URUSKI: Monthly or more often, yes, that is correct. There are regular--There isn't a regular date set up for meetings but in the past the board has met probably on the average more often than monthly, but presently they are meeting approximately monthly.

MR. BLAKE: In view of the remuneration paid to the board of directors, Mr. Chairman, and that paid to MLAs, if I were to fill a vacancy on the board it would save an awful lot of the questions that we've been asking this morning. I'm available.

MR. CHAIRMAN: Mr. Banman.

MR. BANMAN: Thank you, Mr. Chairman. I'd like to ask several questions of

(MR. BANMAN cont'd) . . . . Mr. Dutton through you, more or less clarification, and I think being in the opposition I think possibly we're--Autopac is here and I guess it's here to stay, and I think possibly to help reduce the losses somewhat, I think some of the holes have to be plugged and I think the special investigators which Autopac has put on is, I think, a step in the right direction. I know from personal experience and being in the automobile business, things like the hail damages which occurred, to the naked eye to some people it's very very hard to see, and what has happened - and I think your investigators will probably turn some of that up - is that claims have been sent in and some of the cars haven't been repaired, as a result traded off, and are still running around not repaired right now. And I think with the investigations going on they'll probably run into that.

MR. URUSKI: Mr. Chairman, just on a point of order. The honourable member indicates that cars are running around unrepaired. The individual, after receiving an estimate for repairs, has one year in which to complete his repairs under the contract, but if he goes to a body shop and then signs the declaration that the repairs are complete, and Autopac makes the payment to the body shop because Autopac on the repair does not make payment to the individual, then he has in effect committed a fraud, and if the honourable member knows of individuals who have sold their cars and received payment for repairs that they have signed for as having been completed, we would really want to investigate our system and check this matter out.

MR. BANMAN: All I'm trying to point out is that this is happening and apparently people are, as the Minister stated before, people are double-claiming and they are catching that, and the only thing I'm trying to bring up here right now is that there are some loopholes in the system and they will have to be plugged. It's as simple as that. And they'll have to maybe--this is why I mentioned that the policing of it by hiring special investigators is one way of doing it.

Now the other thing I'd like to ask is, has there been any consideration given, together with the Highways Department, to the way that cars are now being registered and also insured, at the time of renewal or at the time of purchase of a vehicle, because I'd just like to point out something. Saskatchewan and Ontario have a different system whereby they register their cars, and I think you're probably aware of that, in that the licence plates stay with the car, so when a person registers a car he has to have a duplicate registration. The registration has to always be there. Under our present system, somebody can go register a car at the Motor Vehicle Branch and really never own the car. You can draw up a Bill of Sale and he can register that unit and really never own that unit. I'd like to ask Mr. Dutton, are there any cases of this type that have been brought to your attention with regards to somebody licensing a car that either was sold by Autopac and not repaired and then claimed again, or possibly that somebody registered a car and then could report it stolen later and really had never owned the car?

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: First of all, I might point out that--just correct one point, Sir--that Saskatchewan's system is the same as this one. I don't know about Ontario's but the plates are the same as they are here.

Now, insofar as a person registering a car that he doesn't own and puts in a claim, it's very difficult for us to really give you an answer on that because this is one reason why we have special investigators to track down any of these suspicious items. I suspect, Sir, that there may have been some of this going on. There's always a situation where you're going to find someone who's going to try to beat a system, and I think we'd be naive if we didn't think that perhaps some of it has gone on in the past, but we are going to check it; we are checking out every area we can. We're trying to make a double check now on registrations. We're working on the system; we're trying to work on some system where we can have a visual check on registrations, but you'll realize this is a big task. But some changes have to be made if we find that this is going on, because if it is going on it's a ripoff and will have to be stopped, that's all.

MR. BANMAN: The other point I'd just like to make is, I think that there is quite a bit of concern, I know, within the Autopac department and also with the Department of Highways - I've received a letter from them - with regards to Autopac selling write-offs. Some of the cars which I realize are reparable, some have frame damage, this type of thing, are being sold to individuals who in return fix them in their backyards, then can go ahead and sell the car privately by advertising them in the local paper. This car never has to go through the scrutiny of any mechanic. Number one, it's unfair to the consumer buying the car; he could be buying it at night; thinks he's buying a private car, and really what he's buying is somebody's dumped

(MR. BANMAN cont'd) . . . . a bunch of putty on a car and moulded a unit out of it. I would . . .

MR. CHAIRMAN: Mr. Banman, we have dealt with that particular issue that you are discussing. The Minister did indicate that he is aware of it, that their problem is to being able to . . .

MR. BANMAN: Thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. McKenzie.

MR. McKENZIE: Mr. Chairman, on Page 3 of the Report, it's mentioned premium rates in Manitoba have not been increased since inception of the plan; in fact rates were reduced approximately five percent every year under review.

MR. URUSKI: That is correct.

MR. McKENZIE: Can you explain to me how you arrived at that five percent or what projections you made?

MR. EVANS: Mr. Chairman, on a point of order. I'm wondering if it wouldn't be more orderly, more efficient, if now that the members are asking specific questions on pages, if we went through the report page by page and when we get to Page 3, which will be very quickly Mr. McKenzie can . . .

MR. McKENZIE: Yes. I have one other question then.

MR. URUSKI: Yes. If you have other questions related to the report on the over-all operations, please put them and then we'll go . . .

MR. McKENZIE: Well, it again refers to the no-fault principle. Would you agree with me, Mr. Chairman, and Mr. Dutton, that the no-fault principle applies only to personal injury and not to property?

MR. DUTTON: No.

MR. URUSKI: Mr. Chairman, the no-fault principle applies to the settling of claims on property damage on a first party basis. The only portion that is on the tort liability is on the deductible portion, so that the no-fault principle applies to the aspect of property damage as well, and it's the individual insuring his own car. The honourable member should know that. He brought a case to me where the individual ran off the road of his own volition, and his car was subsequently covered under the no-fault principle. He paid his deductible and the amount of damage over and above the deductible was covered.

MR. McKENZIE: Well, Mr. Chairman, you could eliminate a heck of a lot of problems that we MLAs have, if people really understood this principle. Now, I'll cite you another example real quick, Mr. Chairman, where an Indian with licence plates on a car that didn't belong on that car, backed into a school bus when the guy was letting the students out of the school bus. Now because the plates didn't belong to that vehicle, the school bus guy had to fix his own bus. The example I gave the other day in a letter of the man that left the taxi in front of a hotel while he went in to pick up a fare, he comes out, somebody's backed up his car and he can't find out who it is. Now again, see the confusion of it . . .

MR. URUSKI: Mr. Chairman, there really isn't any confusion. Unless you can find the individual who caused the damage and the vehicle is properly insured, there is no problem. And the incident that the honourable member cites about an incident where the car backed up into a school bus if that motorist is known and the registration of the car is identified, then there should be no problem of covering the damage on the . . .

MR. McKENZIE: The plates were off another car. Not insured. That's my concern. That somehow to change our brochures or change our advertising so we can once and for all get a complete understanding of the no-fault principle.

MR. URUSKI: All right.

MR. DUTTON: The only point is that backing into the school bus, the vehicle itself had the wrong plates and therefore was an uninsured vehicle. But it would be taken care of under our Act. In the Uninsured Motorist provision of the Act it would be paid for anyway. So, whether a vehicle is properly registered or not, the innocent party is compensated by the Uninsured Motorist provision of the Act.

MR. CHAIRMAN: Mr. Patrick.

MR. PATRICK: Yes, Mr. Chairman, a couple of questions to Mr. Dutton. You indicate the comprehensive costs are 12 percent of the premium--12.5. Is this not considerably higher than generally what is accepted in the industry? Can you give us the reason why? Is it because of the high hail damage last year or is it because of more theft or windshield damage? What is

(MR. PATRICK cont'd) . . . . the reason for the high comprehensive coverage?

MR. URUSKI: High ratio?

MR. PATRICK: Yes.

MR. URUSKI: It would be primarily because of the hail damage of last year, the ratio on Page 5.

MR. DUTTON: Mostly hail damage, yes.

MR. PATRICK: Mostly because of the hail damage last year?

MR. DUTTON: Yes.

MR. PATRICK: Can you give us a breakdown as comparison, say, from the 1972 statement, 1972 and partial 1973, as to this statement here where you indicate your collision is 42.5. What I'm trying to determine is where the increases have been the greatest. Is it in the collision section or administrative section, or is it in the bodily injury? If we can get the percentages from last statement as compared to this statement, it would give us some indication where the pressure is coming from. Can we get that?

MR. CHAIRMAN: I believe that it was indicated earlier that the General Manager would provide that information and I can give it to the members.

MR. DUTTON: I'll get it for you.

MR. PATRICK: Okay. My second question is: has the board or yourself given any consideration to perhaps not have all the people that have damages or claims to come up to the Claims Centre? For instance - I'm talking about small claims - a windshield claim or \$150.00 or less than that, because the complaints that we are getting is that some people do have to spend a day, from half a day to a day, and lose time from work in reporting their claim because of the line-ups, say Monday or Tuesday. And since they still have to sign an affidavit that there is a loss, we know when there's a windshield crack it has to be notarized, it has to be witnessed, what is the reason for this, say a windshield claim, going to the Claims Centres, waste half a day or perhaps a day, a full day at times? Is there anything that can be improved in the system that perhaps on a small claim it's not necessary to go to the Claims Centre except to go to a dealer or to a garage place to get it replaced?

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: The last few months, the few months after January 1st, of course, we had a tremendous load on our Claims Centre. People were waiting for quite a period of time. Fortunately, however, very few windshield losses in the wintertime, they usually happen in the summer. But we have now opened a fourth centre here which is a temporary basis. We are in the process of building a fourth one. We anticipate that it will not be necessary initially for people to wait in line-ups. Another point, a person I think if it has minor damage like a windshield loss or something of this nature, should not really go on a Monday or Tuesday. Wednesday or Thursday, when it's really slack, would find it very very helpful to him. We've also had a look at the area of windshield claims and small claims and we're still keeping it under consideration whether a person can report in fact to an agent perhaps, or failing that, maybe we could take it by phone. But we want to go a little bit slow in this area to find out if we can't resolve it the other way first.

MR. PATRICK: Yes. I used the windshield as an example but I meant small claims, because the situation may be resolved now with an extra Claims Centre, but around January and prior, December, I know that we were getting many complaints in respect to wasting a day from work or wasting a day and a half from work. But that's fine if that's resolved by another Claims Centre.

I have another question to the Chairman. This year we had the change from all purpose to business rating - that was the first time, which results in two policies, you know, the Autopac and MPIC, and again there's some misunderstanding on the part of the insureds. They're saying, well, why do we need two policies? Why doesn't my registration indicate my coverages, what I'm carrying? Is there any way that that system can be streamlined? Say a two part section of a registration which would show your Autopac and then extension on that same--when they change to business use.

MR. CHAIRMAN: Mr. Uruski.

MR. URUSKI: Mr. Chairman, we did not, when we instituted the category of "business use", we did not know which vehicles or which owners of vehicles would be in that category. As a result, we are now reviewing the number of people who have taken "business use" and we will be trying to formulate that on the computer basis just like the regular policies for the following year. We are endeavouring to correct that.

MR. PATRICK: But it would still require two policies, or will the extension be recorded on the same application?

MR. URUSKI: Possibly not. It may be able to be handled on one application.

MR. DUTTON: That's what our hope is. The same way as you do now for all purpose or preferred.

MR. PATRICK: That's great. It would be a big improvement. Another question: Is there any reason on small trucks why they are not able to get \$25.00 all-peril under the MPIC? It's \$50.00. Say, a half ton pickup.

MR. DUTTON: It's a matter of underwriting discretion. I can't think of any other reason.

MR. PATRICK: Yes. Well we're getting many requests why can we not . . .

MR. DUTTON: Well that's fine. Then we could take this under advisement. But when it comes to the deductible, really it's underwriting discretion excepting when you get to the private passenger car, when you get the coverage on the registration certificate itself, it becomes a matter of a system problem then, of space and so on. But on any SRE it's a matter of underwriting discretion as to what . . .

MR. PATRICK: Because you have to go to the MPIC because the outside market is almost non-existent. One more, not a question but perhaps maybe an indication, since the chairman is here. Because of the rate increase which comes up, and usually the complaints come in to the agents, even on the surcharges we've had a lot of complaints, I believe when they raise the rate increase perhaps in January before the registrations come out, I think there should be a clear indication from the Minister or somebody that the rates will be increased so much per certain--for all purpose use, so much for business, and so much for private use. Then people are aware that there was an increase, there is an increase, instead of coming in and then start arguing, you know, why should I pay more or why has my rate increased?

MR. URUSKI: Well, Mr. Chairman, I'd just like to comment on that. First of all, the announcement of rate increases was made in December prior to the renewal period. Prior to the issuance of registrations, there were meetings held with agents and agent's seminars, at which time the rate changes were explained and all agents of the province were invited, and their staff as well, to those seminars so they could be brought up-to-date on what changes in procedures and rate changes and the like, so that the agents, my information is the agents would have known what the changes were.

MR. PATRICK: Yes. I have no argument with that. The agents were aware and knew, but the public was not and we were seeming to catch flak, you know, at the counters and saying, well, we weren't aware that there was going to be a rate increase.

MR. URUSKI: Mr. Chairman, I made the rate announcement and I started making projections in October, September or October, that it didn't look good, and in December I made the formal announcement; and the press, on December 21st the press got a comprehensive document from us outlining in dollars and cents exactly which category and what increase . . .

MR. PATRICK: Mr. Chairman, I have no argument with the Minister, because that's what he did. I think it's a good policy and he should pursue it next renewal term, too, so that the public be aware what to expect.

MR. URUSKI: Fine.

MR. CHAIRMAN: Page 1--pass?

MR. McKELLAR: Mr. Chairman, I have some more questions. Can we call it 12:30?

MR. McKENZIE: I have a couple of questions, Mr. Chairman.

MR. CHAIRMAN: Mr. Johannson. I believe there is Mr. McKenzie; Mr. Johannson is on the list; Mr. McKellar I put you on the list for the next meeting of the committee. The date will be set. Committee rise.