



First Session — Thirty-Second Legislature
of the
Legislative Assembly of Manitoba

STANDING COMMITTEE
on
PUBLIC UTILITIES
AND
NATURAL RESOURCES

31 Elizabeth II

Chairman
Mr. Harry M. Harapiak
Constituency of The Pas



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Second Legislature

Members, Constituencies and Political Affiliation

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

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

Tuesday, 13 April, 1982

Time — 10:00 a.m.

MS DePAPE (Clerk of Committees): The time being 10:00 a.m., the committee will come to order. The first order of business of the committee is to elect its new Chairman. Do I have any nominations?

HON. BILL URUSKI (Interlake): I move that Harry Harapiak, the Member for The Pas be Chairman of this committee.

MS DePAPE: Are there any further nominations? Seeing none, Mr. Harapiak will you please take the Chair?

**MANITOBA PUBLIC INSURANCE
CORPORATION**

MR. CHAIRMAN, Harry M. Harapiak (The Pas): I guess the first item of business we have to deal with is we have to decide on a quorum. How many would consist of a quorum? A quorum of six, is that agreeable? Agreed.

Mr. Michael Kibzey wants to make a presentation to the committee. What is the committee's wishes?

Mr. Minister.

MR. URUSKI: Mr. Chairman, we've not had in this committee, I believe it's really for the committee to decide in terms of whether we allow public presentations to the committee on some of the Annual Reports. I would seek the advice of members, but I know from my knowledge of being a member on this committee that presentations that are made before the committee are made on the basis of the presentations of the Minister responsible, the Chief Executive Officers and/or the Chairman and the Chairman of the relevant Boards of the agencies that appear before here. There has been no long standing practice that any citizens of Manitoba are allowed or have been allowed to make presentations before this committee, but I'd like to hear some commentary to this.

MR. CHAIRMAN: The Member for Lakeside.

MR. HARRY ENNS (Lakeside): Mr. Chairman, I have to agree with the Minister to the point that we have had some specific committees, namely Law Amendments, and some others where tradition, history and practice has been to encourage or at least accommodate members of the public making presentations. The Opposition would have no objections to hearing Mr. Kibzey make his presentation to this committee, but we are not about to change the rules of the game. If the government wishes not to hear Mr. Kibzey, we'll abide by the government's decision.

MR. CHAIRMAN: Mr. Parasiuk.

HON. WILSON PARASIUK (Transcona): Mr. Chairman, I think that these committees are committees of the Legislature to hear reports from Crown corpora-

tions. There are people who might have disputes or concerns with the Crown corporations and there are ways and means for them to make their case heard either through the arbitration process or through the court, and for us to become an arbitration process here or for us to become a court in respect to particular disputes that individual claimants of Autopac have with Autopac would, I think, really undermine the operations of the committee in the Legislature and change our functions erratically to a point where we wouldn't recognize them. So I suggest that we not proceed in that way and that we proceed as we normally have.

MR. CHAIRMAN: Order please, order.

MR. KIBZEY: In the name of the Governor-General . . .

MR. CHAIRMAN: Order.

MR. PARASIUK: Mr. Chairman, I think we should get the Sergeant-at-Arms if we're going to have some person coming around here, I think, making some ludicrous statements — like he's speaking on behalf of the Governor-General or something ridiculous like that. Mr. Chairman, I think we should get a Sergeant-at-Arms to deal with this person who is not acting in a manner that befits any observer of the way in which a committee operates.

MR. CHAIRMAN: Order. It's the wish of the committee that we not hear you at this time, Mr. Kibzey. The precedent has been set where there has not been a hearing board or arbitration board, so I think we'll just proceed with the business of going through the estimates. (Agreed)

I would like some direction from the committee as to how you would like to proceed with that.

MR. URUSKI: Mr. Chairman, before we proceed with the report, both myself and the Chairman of the Board have brief statements to make to the committee in terms of an overview statement. I'd like to take this opportunity to say I'm very pleased to appear before this committee as Minister responsible for the Manitoba Public Insurance Corporation. I had this honour previously from August of 1973 to September of 1976, so I've had some input into this report which represents a decade of service to Manitoba motorists and the people of Manitoba.

To assist me here today, Mr. Chairman, is Cam MacLean, the Chairman of the Board; Mr. Jim Dutton, President and General Manager of the Corporation, Carl Laufer, the Assistant General Manager; Henry Dribnenky, Vice-President of Finance; and Barry Gilonzoski, the Comptroller of the Corporation.

I might say at this point in time, Mr. Chairman, and members of the committee, that I would like to express my deep, sincere and utmost gratitude to all the Board members and especially all the staff of the Corporation, Mr. Dutton and all the staff, for the fine

excellence of service to the Manitoba motoring public over the 10 years since the beginning of the Corporation and going on into the years ahead. I want to express our appreciation for the dedication and the hard work of all the staff and the members, both present Board members and past Board members, and to the Corporation.

Mr. Chairman, I am pleased to note that in the 10 years since inception, the Automobile Insurance Division has built up retained earnings of \$18.3 million. In addition to this, 17 million has been established for the IBNR which are claims that have been incurred but not yet reported.

There is no question that this Corporation is in a sound financial position, completely self-sustaining, devoid of borrowing equity funds from any source. The Corporation employs 853 Manitobans, 108 of whom are located in Brandon, and it pays salaries excluding benefits totalling \$16.4 million. In addition, payments to motor vehicle repairing agencies total almost \$61 million annually. Grants in lieu of taxes total \$420,000 and premium taxes total \$3.3 million. The Corporation is represented by 353 Autopac agents and 292 general insurance agents. Total commissions paid to agents last year were \$11.8 million. The General Insurance Division commenced operation in July of 1975 and has retained earnings of \$5.1 million. In addition to this, the corporation has established an IBNR of \$5 million for claims not yet reported. The General Insurance Division directly employs 78 people. Corporation assets have grown to \$189.1 million. The assets are concentrated mainly in investments which are now in excess of \$157 million with the exception of \$1.4 million, the entire long-term investment portfolio totalling \$110.7 million is invested in Manitoba Provincial Hospital School and Municipal Bonds and Debentures. Investment income continues to be a significant source of revenue for the Corporation and greatly assists in reducing the eventual cost of insurance to our policy holders.

Ladies and gentleman, briefly this is an overview of my record of the Corporation's decade of service. I would like to now turn this over to our Chairman of the Board.

MR. G. CAMPBELL MacLEAN: Thank you, Mr. Minister and Mr. Chairman. I am very pleased to be here again to report to this committee. I would like to also give an overview of the Corporation's operations for the past year.

As the report discloses, the total net premiums for the Corporation reached \$171.2 million for the fiscal year ending October 31st, 1981, and produced a consolidated net profit of \$5.7 million. Autopac or the Automobile Insurance Division earned a net profit of \$5.1 million while the General Insurance Division contributed a net profit of \$6 million. The Corporation's assets of \$189.1 million represents an increase of \$36.8 million or 24.2 percent over the previous year. The asset growth was primarily concentrated in the investment portfolio which now exceeds \$157 million.

In the Automobile Insurance Division, the Corporation, as of October 31st, has reserves of \$10 million for catastrophe; \$2.8 million for contingencies and \$5.5 million for rate stabilization. During the year we handled 214,000 automobile claims which is a

decrease from 219,000 claims in 1980. The dollar value was \$128.1 million or 12.1 percent over the previous year. Expenses are up by \$4.8 million to a figure of \$32.8 million. The earned expense ratio has been slightly reduced from 20 percent to 19.8 percent in 1981.

The General Insurance Division has shown a profit of \$.6 million and now has a catastrophe and contingency reserve of some \$4 million, plus unappropriated retained earnings of \$1.1 million. Premium earnings for the year were some \$12.2 million and the claims incurred for the year were \$8.4 million.

We, as Manitobans, are proud of the phenomenal achievements at the Manitoba Public Insurance Corporation. These achievements are especially noteworthy since the Corporation operates among those with the lowest rates and best coverages in North America. That's my overview, gentlemen.

MR. CHAIRMAN: Mr. Dutton, would you like to say a few opening comments?

MR. J. O. DUTTON: Yes, I would. I am pleased to appear before the committee again. I've been to every one of these meetings since square one and I'm happy, of course, to have Mr. Uruski back here too. He was the Chairman of the Board through some of our rougher years, and we've had those, and we're pleased to have him here when we can report to the Tenth Annual Report, our decade of service, that things are looking well indeed.

I am really proud of my staff. What really constitutes or makes an insurance organization is the people that are in it, and we do have an exceptionally fine staff down at MPIC, so much so that this is one of the plus factors we never seem to get around talking about. People in Manitoba are now learning how an insurance company operates. A lot of people are getting trained in the insurance business here and, if they wish, they can move to almost any insurance company operating anywhere in this country. As a matter of fact, when some of the companies are looking for employees, and if you watch it closely, you'll find they advertise in the Winnipeg paper to see if they can get some MPIC staff.

It was a good year; the full ten years were very fine indeed, and I'm certainly looking forward to answering any technical questions that you may have in connection with not only the year, but the ten years if you will.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you, Mr. Dutton. We'll proceed with the report now. I guess the usual manner is to go at it page by page, or if you have some questions at this point for some of the people who have made their opening statements —(Interjection)— page by page, yes.

Page 1—pass; Page 2—pass; Page 3 — Mr. Enns.

MR. ENNS: Dealing with the members of the Board, Page 3, is the Board now fully appointed, and I direct the question to the Minister, or are there directors to be appointed to the Board?

MR. URUSKI: Mr. Chairman, there is one vacancy on

the Board at the present time and that is the MLA appointment that has not been filled at this point in time. All of the rest of the Board members, there are no vacancies. The Board is, as presently, constituted.

MR. ENNS: Would the Minister consider putting on the record the good reasons for getting rid of the present MLA, it seems to me, he centres in that picture fairly prominently?

MR. URUSKI: I think tradition has it, Mr. Chairman, in this building that when there is a major movement in the province usually once in four years, that matters that change flow directly from it.

MR. CHAIRMAN: (Pages 3 to 8 were each read and passed.)

Mr. Doern.

MR. RUSSELL DOERN (Elmwood): I wanted to ask the Minister or the Chairman if he could clarify something for me. A few years ago Autopac, this relates to seat belt legislation and the use and wear of seat belts, etc., etc., and possibly motorcycle helmets. There was a practice in the Corporation four or five years ago or longer, I believe, whereby there was some disallowance of claims or some deduction of claims for accidents in which the passengers didn't wear seat belts. I believe this is in effect in British Columbia and possibly other places. I just wanted to, before I make any case there, ask whether it was not the case four or five years ago that there was a penalty imposed or a reduced claim in instances where an accident occurred where the passengers in the car were not wearing seat belts, was that the practice

MR. DUTTON: Yes, Mr. Chairman. We endeavoured to make that the practice. In British Columbia, I believe, the province where seat belts are mandatory, if you're not wearing a seat belt and you're injured in an automobile accident, it can be used as a partial defence in quantum as the amount of the damage done because you contributed to your own injury if it could be proven that you would not have been as severely injured had you been wearing seat belts. However, when we appeared before the courts here, they indicated that unless that was the law of this province we could not use that as a partial defence in reducing the amount of the claim, so unless there is some law that compels people to wear seat belts, makes them mandatory, it will not be a procedure that we can use.

MR. DOERN: So it wasn't the previous administration, it was the courts that ultimately stymied that practice?

MR. DUTTON: Yes, Mr. Chairman, that is the case.

MR. DOERN: Then I would simply say to the Minister, and we had a short discussion on this yesterday, I would hope that he would give serious consideration to supporting legislation of this kind. I think it's been demonstrated statistically for those who like statistics that the mandatory use of seat belts or the voluntary use, whatever you like, but the use of seat belts dimin-

ishes the degree of severity in accidents and in some cases prevents injury altogether.

I simply point out that dozens of organizations in Manitoba who are interested in health, safety and general welfare support this legislation, that the Canadian Medical Association supports it, that the Manitoba Medical Association supports it, that arguments have been made in studies in Manitoba that unbelted drivers were involved in six times the higher rate of injury than others. And I mention that 80 percent of Canadians are now living with mandatory seat belt legislation in the provinces of Ontario, Quebec, Saskatchewan, and B.C., four provinces in total, but 80 percent of the population and many, many, many other organizations are supporting it and other provinces either have it on the books or have it under consideration. So I would think, and I say this now to the Minister, to the General Manager and to the members of the committee, that when you're dealing with accidents, and I also include in that helmets for motorcyclists, where people are not using their seat belts or are not wearing their motorcycle helmets, they are in fact causing additional expenditures from the general insurance fund and they are incurring costs on the public purse through the use of the medical system and maybe through loss of wages and all sorts of other factors. I think there is a high price that is being paid and I take as good common sense the fact that MPIC did, in fact, adopt this policy and procedure but was unfortunately ruled out by the courts because of the lack of mandatory seat belt legislation and/or mandatory helmet legislation, so I simply say to the Minister that I think the logic is there and that the legislation should follow.

MR. CHAIRMAN: Mr. Gourlay.

MR. D.M. (Doug) GOURLAY (Swan River): Thank you, Mr. Chairman. I wanted to direct a question, I guess, to the General Manager with respect to third party liability in the case of a registered vehicle causing some damage on private property. Does not the MPIC have some responsibility in a case such as that?

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: Would you repeat that question. It's very hard to hear you here.

MR. GOURLAY: With respect to third party liability where a registered vehicle does create some damage on private property, does not the MPIC have some responsibility in a case such as that?

MR. DUTTON: Yes, Mr. Chairman, of course it has. The coverage that you have under the basic Autopac is public liability coverage, for instance, not only to an individual but also to damage to property, but the only point is that you have to prove that the motorist was responsible for that damage and that may not have been the case and if you have a specific case in mind, but certainly the public is protected if someone driving a vehicle negligently damages your property and it can be proved as a case against him in a court of law. You don't have to go to court, of course, because we would recognize instantly whether you had a claim or

not and would be able to settle it in that fashion, so the protection is there, generally speaking.

MR. GOURLAY: I have a specific case in the constituency where a vehicle went through an electric fence on private property and the driver admits that, you know, this had been a road on private property at one time, a horse got out on the highway and another vehicle struck it and subsequently, the horse had to be destroyed. I know the Minister appears to be familiar with the case and this is a serious matter as far as the farmer is concerned, but MPIC claim that they have no responsibility in this case. Now the driver of the vehicle admits that he was not aware, he didn't realize he had gone through the fence. Subsequently the horse got out and was killed and now Autopac claims that they do not have any responsibility for losses in a case such as this.

MR. DUTTON: Well, Mr. Chairman, I would think if we are dealing with a specific case I would like to get the details and look at it. It's pretty tough for me to answer a specific question without knowing the whereabouts, and if you would give me that information later, I would certainly be happy to look into it but the coverage is there, the public liability protection is there for both injury to an individual and damage to property, so we would have to look into this one specifically to see what the bottom would be.

MR. CHAIRMAN: Mr. Gourlay, possibly you can get the details to Mr. Dutton.

MR. GOURLAY: Yes, okay, I can supply the necessary information.

MR. CHAIRMAN: Mr. Orchard.

MR. DONALD ORCHARD (Pembina): Could the Minister have any information or share any information as to whether a province is having seat belt legislation; namely British Columbia, Saskatchewan, Ontario, and the Province of Quebec? Do these provinces, as a rule of thumb, discount accident claims for, say personal injury when a person, when it has been determined that person has not worn his seat belt in compliance with the legislation.

MR. CHAIRMAN: Mr. Dutton is having difficulty hearing. Would you like the question repeated, Mr. Dutton?

MR. DUTTON: Whether they discount claims in other provinces because of seat belt legislation?

MR. ORCHARD: That is correct.

MR. DUTTON: No, they don't discount claims as such, Mr. Chairman. I would think that they have to establish the amount of injury — we're talking about injuries now — they would have to establish the amount of injury that a person would suffer had he been wearing a seat belt as opposed to not wearing a seat belt. And that being the case, if it's a smaller amount, or the courts would decide as in that one particular case, that had this person been wearing a seat belt, the claims would not have been as severe

and, therefore, the claim against the other party would not have been as high as the actual injury did cost in dollars because he was partially the author of his own misfortune by not wearing a seat belt and that is the basis of it and that's the basis in which you go to court to have them decide.

And as I mentioned earlier, we can't do that here because there is no mandatory seat belt legislation, the courts have decided that, but it would give us an additional defence and, I think, a justifiable one because if you can reduce or in any way eliminate or keep down the severity of a claim then I think a person ought to do so.

MR. ORCHARD: Well then, I take it that in British Columbia, Saskatchewan, Ontario and Quebec, that there have been cases where the insurance companies have argued successfully that a personal injury claim should be reduced because that individual was not wearing his seat belt.

MR. DUTTON: Yes, Mr. Chairman, we're aware of a number of cases, but not here because of the laws of the province, but certainly in other jurisdictions that has been argued and have used this as a defence, but not in the Province of Manitoba because we do not have a mandatory seat belt legislation and no law. That's what the courts have decided and we cannot do much about that.

MR. ORCHARD: Yes, I'm not at all discussing the Manitoba situation. I am trying to familiarize myself with the situation in British Columbia, Saskatchewan, Ontario and Quebec where there is seat belt legislation. So then, Mr. Dutton, there are cases in all four of those provinces where claims have been reduced via the court procedure because of failure to wear a seat belt as required by law?

MR. DUTTON: You would be referring to B.C. and Saskatchewan, but Quebec is much different because they do not have the tort system down there at all. All their injury claims are paid regardless of fault, a complete no fault system, but Saskatchewan and B.C., yes.

MR. ORCHARD: And how about in Ontario, Mr. Chairman?

MR. DUTTON: In Ontario, yes, they have mandatory seat belt legislation that would work there.

MR. ORCHARD: Mr. Dutton, are you aware of any cases in Ontario where the courts have decided that an insurance claim, personal injury claim should be reduced because of failure to comply with provincial seat belt law?

MR. DUTTON: None come immediately to my mind, but I think that would be the case; there would be cases. We would have to look it up.

MR. ORCHARD: I wonder if, Mr. Dutton, you could use the fine offices of MPIC to provide me with that information?

MR. DUTTON: I would be very happy to make note of that, Mr. Chairman. We will check it out and let him know.

MR. ORCHARD: Thank you, I appreciate that.

This would be a question, I suppose, for the Minister. I believe about a year ago or a year-and-a-half ago, there was an accident in, I believe, northern Ontario in which the coroner attributed the death of, I believe it was three passengers riding in the back seat of a vehicle involved in a head-on collision, to internal injuries caused by the improper wearing of seat belts. I think that is about the first case I'm aware of that's been reported where a coroner has definitively said that there was injury sustained from improper wearing of a seat belt. Now, is the Minister aware of that particular accident report and coroner's report in Ontario?

MR. CHAIRMAN: Mr. Minister.

MR. URUSKI: Mr. Chairman, no I am not familiar myself with the specifics of that case. There may be someone within the Corporation who would have knowledge of that directly, but I'm not aware of the specifics of that myself.

MR. ORCHARD: No one has any knowledge of that particular coroner's report then?

MR. URUSKI: There may be, but we wouldn't have any knowledge of that immediately. We could likely check that out for the honourable member. There probably are some newspaper clippings. More than that, in terms of, unless it was a Manitoba vehicle that was involved in it, we would not have direct access to the information in the file. Can the member indicate whether or not there was a Manitoba vehicle involved in that accident?

MR. ORCHARD: No, it was two Ontario vehicles as far as I recall the incidence.

MR. URUSKI: The only way that there would be some further information more so than the newspaper reports, would be if there were court rulings in that our legal people would have the benefit of those rulings that would set some precedent in terms of claims and how they were adjudicated. I would think we would be notified in terms of the law, law journals and court rulings; we would be advised in that manner, but nothing more than that.

MR. ORCHARD: Mr. Chairman, my question would be to the Minister then. In the event that mandatory seat belts were required by law, a new law that say this administration may perchance bring in. What would be the circumstance, the legal implication of a repeat of the incident in northern Ontario, where a coroner did identify improper. . .

MR. CHAIRMAN: Point of order.

MR. MACKLING: Mr. Chairman, the honourable member is asking for an opinion on a point of law, and he is completely out of order.

MR. ORCHARD: Mr. Chairman, I have to bow to the obvious legal brilliance of the Member for St. James.

MR. MACKLING: Mr. Chairman, on a point of privilege, this sarcasm is uncalled for.

MR. ORCHARD: Mr. Chairman, I don't think there was anything the matter with the line of questioning other than it happened to annoy the Member for St. James. I'm asking simply, if the honourable lawyer from St. James could hold his tongue for a few seconds, we might be able to proceed with the committee.

MR. CHAIRMAN: Point of privilege.

MR. MACKLING: Mr. Chairman, on a point of privilege, the honourable member has exercised sarcasm, impudence, everything in the book.

MR. ENNS: Mr. Chairman, on a point of order.

MR. CHAIRMAN: Point of order.

MR. ENNS: Mr. Chairman, I appreciate that questions of a legal nature are, as a rule, not permitted at committee or in the House. However, we've entertained a series of questions and a short discussion on the reverse implications of such a law. Mr. Dutton has made some comments about it and they are of interest to the committee.

I think the point that my honourable colleague, the Member for Pembina, is raising by this coroner's decision in Ontario raises the other side of that question and really, I don't think he's asking for a specific legal opinion, but simply an attitude of how the government would react to that set of circumstances where a coroner's report clearly indicated additional liability as a result of the wearing of seat belts. Will the government of the day then instruct the Corporation to meet that liability or will the government themselves, being the authors of the law, meet that liability? I think those are legitimate questions that the Honourable Member for Pembina is inquiring about.

MR. CHAIRMAN: The Minister of Natural Resources on the same point of order.

MR. MACKLING: Mr. Chairman, on the point of order, Hansard will show that the question was, will the Minister give his opinion as to a hypothetical situation should that occur in Manitoba and at that point, I said that question was out of order. I then was subjected to sarcastic recognition by the Honourable Member for Pembina which was uncalled for.

MR. ORCHARD: Mr. Chairman, did the . . .

MR. MacLEAN: I think that's a very difficult question to answer because there are so many legal implications. It would be up to the court itself to decide in the first instance, and whether we get instruction from anybody from this House, the Corporation will take the matter to court.

MR. CHAIRMAN: Mr. Orchard, I believe that the

question is out of order so if you would proceed with your line of questioning in some other vein. Mr. Orchard.

MR. ORCHARD: Certainly, thank you, Mr. Chairman. I won't ask for a legal opinion. Would the Minister feel morally bound if he introduced such a mandatory seat belt legislation and should a circumstance develop that a coroner identified death due to further injury, would the Minister, having introduced a mandatory seat belt law, feel morally bound to pay additional claims if a coroner so identified improper wearing of seat belts as contributing to a person's severity of injury or indeed death as was this case?

MR. CHAIRMAN: Mr. Minister.

MR. URUSKI: Mr. Chairman, the honourable member raises so many hypotheses that one couldn't even begin to think of the "ifs" or the possibilities what one could lead to another. I would make this assumption, that a matter of such a degree of dispute or allegation would be made, would normally be handled and channelled through the court system and there would be a ruling that would have to be handed down for the sake of using those "ifs" that the member has thrown out, of setting the precedence and arriving at some basis in law as to how claims of that nature would be handled and would be viewed to give some guidance that not only would be applicable to Manitoba but, I think, would be applicable to the industry right across this country.

One can only speculate and also say, if the chances are that it would end up, likely cases of that nature would end up in the Supreme Court because there would be so many legal ramifications that lawyers and legal counsels and insurance companies, not only our Manitoba company, would be interested in the ramifications of such a judgment, that it would be of interest to the insurance industry right across this country and, I'm sure, even in North America.

MR. ORCHARD: Yes, agreed, and I guess the point that I'm making is, I believe that it would be a subjective opinion offered by a medical examiner, for instance, who might indicate that injuries would have been less had a person worn a seat belt and predicated on that subjective opinion from a medical examiner, I would assume that the public insurance corporations of Saskatchewan and B.C. would proceed to attempt to reduce the claims paid, and that seems to be a desirable course as expressed by the Minister.

And I only make the point that should a subjective opinion be offered, as was the case with the coroner in Ontario, that indeed the wearing of the seat belts exacerbated the injury and indeed in this case caused a death, if there is the desire on behalf of the Public Insurance Corporation and indeed the Minister to proceed with reduction of claims on a subjective opinion, would it not open the doorway to the same kind of reverse legal claims and court disputes and probably suing, should the subjective opinion be offered as it was in Ontario that the seat belt wearing caused additional injury?

MR. URUSKI: Mr. Chairman, obviously it would be a

matter that could be litigated at the present time. There's nothing in the law, even though we do not have a mandatory law in this province today for a litigant to go to court and claim that the very point that the member is raising in terms of injuries indicating that I wore seat belts, for example, and the seat belts were provided by the car company to reduce the chance of injury and as a result of wearing those seat belts, I was injured to a greater extent. There's nothing preventing any litigant or any claimant who has sustained injuries from now going to court and arguing the very point that the honourable member is raising. I don't think anything is preventing anyone from doing that.

The courts obviously will have to look at and decide many of these questions. It will not be a matter of even policy per se. It's a matter of natural justice and what has always been argued, whether or not there is some "contributory negligence," as I think the legal word is, was in play in terms of one's injuries as a result of an accident.

MR. ORCHARD: Mr. Chairman, I don't believe the Minister is correct there because the MPIC did attempt to do that very thing through the courts, and the courts said in the absence of a law they can't make that claim. So I highly doubt if someone could go to court now and say, because I wore seat belts someone has to pay me more damage because there isn't a law existing. I don't think that argument works.

MR. URUSKI: What is preventing them?

MR. ORCHARD: The simple thing that's preventing anyone is because there is no law as it was preventing MPIC some four or five years ago. We're talking about a circumstance that if you bring in seat-belt laws, what are the procedures that the Minister would have his Corporation undertake? That's all we're trying to find.

MR. URUSKI: Mr. Chairman, when that time comes in terms of deciding whether there should be any change in procedures, I believe that there is enough precedent across this country that we will be able to gain from the experience that is handled. I would think in terms of legal implications that our legal people would be involved in this total process just to see whether there are implications, but there may be some more technical information that I'm not aware of at this point in time, maybe some of the staff may want to provide the member further information on that.

MR. ORCHARD: Just one final question, Mr. Chairman. I know the Corporation has already undertaken to do this — I'd be interested in knowing whether there were any such claims in Ontario. We know there are claims in Saskatchewan and British Columbia, and if the Corporation could have the legal department research that and see if any claims had been successful in Ontario.

MR. CHAIRMAN: Mr. Enns.

MR. ENNS: Mr. Chairman, I revert back to the opening statement by the Minister and I share his enthusi-

asm for the state of affairs at MPIC, particularly his reference to its fiscal situation, its self-sustaining basis. I remind the Honourable Minister that, of course, wasn't always so. Prior to '77 the Corporation required the sustenance of support of two cents a gallon on every gallon of gasoline to add to its coffers, and I can also recall and the record will show the dire results that were predicted by members who are now government about the consequence of that action, that it would surely emasculate the Corporation, bring about its demise, etc., etc., etc.

So I'm pleased that, hearing both from the Minister and from the Chairman, that the Corporation is alive and well, self-sustaining and in the black. My question to the Minister is, particularly in view of the rising gasoline and energy costs, is it his intention to reintroduce a form of support to the Corporation via the gasoline tax? You will recall, Mr. Chairman — not you, Mr. Chairman, you weren't here — but the Minister will recall that occasioned lengthy debates in this committee ranging from various points of view that perhaps the entire payment should be paid through the gasoline tax as was expressed by the then Member for Inkster to certainly the retention of some form of payment through the gasoline tax structure to MPIC for the insurance premium.

I would be interested, I am sure, committee members, more important the motoring public, would perhaps be interested in knowing whether or not this government would plan to add yet some additional costs to the already high gasoline costs as was suggested by them when they were in Opposition.

MR. URUSKI: Mr. Chairman, not only did we suggest that to the honourable member, we did it, and it wasn't as a matter of the Corporation having to be subsidized as the honourable member would want to place on the record, it was a matter of indicating that where would we be able to raise \$6 million at that point in time in revenues. We had the opportunity or the choice of raising it on the premiums or we had the opportunity of raising it on the basis of the amount of miles driven of the vehicles on the basis of gasoline tax.

Coincidentally, the member well knows that the motorists are still paying that two cents. That fund was diverted; I guess to make up for that pledge of saying that we will reduce, on one hand, taxes for a couple of hundred Manitobans and we will make up the difference in those reductions in revenues by allowing half-a-million motorists to pay for that gift. We're still paying for that. The principle hasn't changed in my mind — that the more you drive, the more you are exposed to the risks of the highway, and therefore your risk increases and your insurance premium thus should provide for that greater risk.

In terms of telling the member that there is something specific in the wind, the member will have to wait for the Budget and government policy in due course to see whether there will be changes there. But I want to remind the honourable member that the Corporation has always been — and he knows that — self-sustaining. Everything has been above board in terms of the financing, whether it be through gasoline tax that was above board, it was shown.

The one point that the honourable members skimmed over and glossed over was the point where the Corpo-

ration was placed in a very precarious position whilst he and his colleagues were in government, and that I relate back to the Burns Report, Mr. Chairman. Fortunately for the former administration and I think for some of their own colleagues, like the Member for Minnedosa and maybe the Minister himself or the former Minister of the Corporation, saw through and saw the implications that report would have had on the operations of the Corporation's being and the welfare to Manitobans. They saw through that and had they not, Mr. Chairman — well the member shakes his head — there was a diminution, there was a freeze on the General Insurance Division. We all know what impact it had there, what impact it had on staff morale, what impact it had on the Corporation. I say to the honourable member that it did have for that period of time a negative impact on Manitobans and on the operations of that Corporation.

I say to him that I am at least pleased that the Honourable Member for Lakeside, I would give him this much credit, that he would have had an influence as being a former Minister and I believe the Member for Minnedosa would have had an influence on his colleagues in not moving ahead with the sole recommendation that was contained in the Burns Report basically to dismantle the Corporation. That's really what the main recommendation was.

The other recommendations that were implemented by the Corporation and the government of the day which were basically routine matters which were ongoing with no great substance, if I would put it. There were some good administrative changes and the like which were constantly being reviewed by the Corporation and would have been reviewed and dealt with regardless of which administration was there, but the sole move to dismantle the Corporation certainly played a negative and a very major impact on the Corporation for that period of time.

MR. ENNS: Mr. Chairman, if the Minister wants to delve into history, that's fine, but my question to him still remains that with the Corporation showing a \$5.1 million profit in the Automotive Division, the Minister is considering diverting gasoline tax revenues to the corporation?

MR. URUSKI: Mr. Chairman, any change or shift in premiums could be accomplished in two ways. Either in any future increase that might be required in premiums, one could then indicate that instead of having a general increase on the premiums one could indicate that we will make up that increase by a shift in premium tax. Or the converse could be utilized is that if we could use it in another way, if there was a substantial surplus or we could indicate that, yes, we will reduce premiums by an equal amount and in place of those premiums we will use the gasoline tax. Those are the two ways that could be considered in terms of whether gasoline tax would be used for a partial financing of motorist premiums. Those are the two options that would be available and whether they will be employed, that the members of this Legislature would have to be patient and see when we bring down our Budget and whether or not they may be even when the normal consideration for either increased premiums is taken into account, whether some shifts

would be made. That kind of consideration would be made some time during the months and possibly even the years ahead.

MR. ENNS: Mr. Chairman, I doubt very much whether the motorist can anticipate a reduced premium, at least not for the next two or three years. I think the practice by the previous administration, NDP administration, was to do that only in election years as they did in 1973. However, it was a practice not engaged in by the Conservative administration that by and large felt that premiums should correctly reflect the true cost of insurance and maintained regular appropriate increases as, indeed, a well-run insurance company should operate.

Mr. Chairman, a few more questions then with respect to other aspects of the Corporation. Has the ratio of insurance sold changed any over the last year? — my specific question — via applicants going through agents versus selling direct, that has remained fairly static?

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: Yes, Mr. Chairman, it remains fairly constant. I think the applicants are going to agents about the same percentage as they have been over the last few years. I think, if memory serves me right, around 90 percent.

MR. ENNS: I'll ask a question to either the General Manager or the Chairman. Have there been any significant number of new agents appointed since November 17th, 1981?

MR. DUTTON: Mr. Chairman, I thought that question would come up and I do have a list. They list is here; it deals in various methods of handling it. Incidentally, in the appointment of agents, we now have a committee which is chaired by a Board Chairman and the committee consists of members of my board plus myself. Anyone that's seeking an Autopac outlet appears before that board and states his case, as well as the remaining agents who such an appointment may affect, appear before that board and state their objections.

This is the list of them, of the transactions that have occurred during this last year. The pay back of transitional assistance — some people, initially some of the agents decided that rather than become an Autopac agent, initially they took transitional assistance instead; in other words, they virtually sold out their agency to the Corporation. Now two of those that paid back their transitional assistance and that wanted an Autopac outlet. We did activate one dormant outlet and 15 were sale and purchase; in other words, there weren't additional appointments but they had purchased Autopac outlets. Appointments for 11; activate a dormant outlet, 1 — oh no, I've got the two dates here. The first one is the dates from November 1, 1980 to October 31, 1981, the one that I gave you just a moment ago. The new one from November 1, 1981, there have been 11 appointments, pay back or transitional assistance to activate dormant Autopac outlet, 1; and sale or purchase, 9.

MR. ENNS: Would the General Manager have the information available as to how many new appointments were made the year prior or 12 months prior to November, '77?

MR. DUTTON: There were no new appointments; 12 months prior to October 31, the appointments were nil.

MR. ENNS: Well, Mr. Chairman, I suppose those figures must tell us something. I can appreciate the problem that the Corporation has had in this matter. It's been one that has caused them a considerable amount of difficulty from time to time as Manitobans seek the franchise for Autopac licensing. I recall, certainly, the pressures that were on my office when I had the privilege of being Minister. There's always the concern that the allocation of these franchises, which in some instances certainly become valuable, are handled in the most appropriate manner and by the rules and regulations that the Corporation itself imposes in the decision-making as to when an appointment is made. But the record will show that in the year just prior to the changeover in government, there were no additional appointments made by Autopac and in the short few months since November 17, 11 new appointments were made. I'll be asking for an Order for Return, Mr. Chairman, in the House for the names and addresses of these appointments for my use. I think that . . .

MR. MacLEAN: I would like to answer that, Mr. Enns, if I may. I have the names of every agent that was appointed and I was Chairman of that committee. We had for seven or eight months been looking at the problem of agency appointments. We had made arrangements to set up a committee and study the difficulty and I would say that I think the year before that there wasn't any appointments either or the year before that. There was very few new appointments made, certainly in the city, since the inception of Autopac.

We've found that some of the people with dormant licences who were not using those licences were selling them for a lot of money. I don't mind anybody selling a licence if they have built up a practice and it's worth something, but to sit with a dormant licence and start selling it is basically wrong. What was required was to find some way where the needs of the public could be serviced. If there's a need in the area, then we would supply a new licence, but we wouldn't be selling them, we would give it to somebody who had made an application. The question was need.

If there are three or four agents in one area we would not appoint one, but if there weren't any agencies in that area, we would appoint a new one. We went through at least 50 to 100 applications; we came up with 11 and in each case need was shown and so we appointed them. But they could have very well, if an election hadn't been called in November, they probably would have been appointed anyway because the dates were pretty well all set. We were going to examine all these people in any case, have them come before the committee and decide whether or not they should be appointed. But there was a question of need and there was really no significance except that

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we were going to hold them early in November and we ran into the election. We thought we shouldn't call any meetings while that election was on, so as soon as the election was over, we called the meetings and dealt with them at that time. Certainly, I can table this with the committee, the names of every agent that was appointed is here before us.

MR. ENNS: I thank the Chairman for that information and I would appreciate receiving that list if he can make that available to us at some point in time and give it to the committee.

On the further question of the agents, can the General Manager or the Chairman indicate what the current status is with the Corporation's relationship with the agents? They have always had some concerns about the rate of commissions paid, and the view of the commission that from earnings received that's fair and appropriate. I don't know whether the Commission group are still active in a form of an association. I rather suspect they would be, but is the Corporation currently being pressed in any particular way by the independent agents?

MR. MacLEAN: I could answer this and then I'll ask Mr. Dutton. I might say that at our hearings we notified anyone that was close by, any of the applications for new licences, to come and sit in at the hearing and make a presentation. The Agents Committee was at all our hearings; they sat in on all of them. I have, myself, personally heard no complaint about the commissions. The agents seem to be quite satisfied with the way it's been operating but Mr. Dutton may have heard more.

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: Thank you, Mr. Chairman. I don't think the relationship between the Agents Association and the Corporation has ever been better. We're not receiving any complaints from the public about not being able to get service in placing Autopac business and that is because the agents are doing a good job for us. They understand much better now the handling of the paperwork. They're making fewer errors than they ever did.

When it comes to the amount of commission, well obviously everyone will try to get the commission up if they can, but there have been no formal requests from the association for any change in commission. As a matter of fact, I think the commission is certainly ample to cover the work that they're doing and I think that is proven by the fact that we have such a long waiting list of people who would like to become agents of Autopac and also to work under that percentage.

MR. CHAIRMAN: Mr. Enns.

MR. ENNS: Mr. Chairman, one further different subject that I'd like to raise at this time. Perhaps one of the areas that Autopac does have a public relations problem and a recurring complaint from the general public is when a car is totally disabled and written off and the compensation then offered by the book rate to the car owner - I appreciate that the Corporation works from

established figures in the trade - but it doesn't cover seemingly adequately the complaint that many, very often it happens to be older motorists that take specific and careful care of their units, the car then being in above average condition, above average shape. Very often the car having been recently appraised by a local garageman as being valued at \$3,000 or \$4,000 and then unfortunately gets into an accident and the car is totally demolished and the Corporation offers them very often considerably less than what the car owner believes the car is worth.

I know it's a problem for the Corporation; has the Corporation thought about a graduated or a premium that could accommodate this kind of a motorist that doesn't get the Corporation involved in the very exotic ways that cars and vans can now be doctored up. I'm not suggesting that for a moment because there seems to be no limit to the amount of paint work or extra additional gadgets and gimmicks that can be added to a vehicle, I'm not suggesting it should become the responsibility of the public insurer to insure. But there is I believe and I think all of us, as individual members, have faced that, I know the Corporation faces that regularly, the very legitimate complaint from a pretty responsible motorist who honestly feels that his '73 Pontiac or '62 Chev which is rated way down in the book value, but has received that kind of special care and very often that person can substantiate it by receipts of actual work being done, either to the engine or to the body, and yet we have this problem. I raise that to the management of the Corporation at this time and suggest to them that ways should be found to overcome that because it seems to be the one area that considers to be a problem to the Corporation and, as a supporter of the Corporation, I say that's not good, it detracts from the otherwise record of the Corporation in dealing with the general public.

MR. CHAIRMAN: Mr. MacLean.

MR. MacLEAN: I might say that I guess it's one of the most serious problems we have; it's a very difficult situation. It's not that bad because they can go to arbitration if he can actually prove it, but a lot of people have had a lot of work done on their cars and they can't prove it and that's where the difficulty arises because also we find that everybody who's car has been wrecked - it's a brand new car, it's in mint shape - and of course they aren't all. If you can prove it then you can go to arbitration and you have a better chance.

I believe, and I asked Mr. Dutton to speak on this, there are some insurance corporations now in the United States who are endeavouring to find some means of putting evaluations on the car for a specific year as paying a special premium. I believe they've got it out now onto new cars in one insurance company, but maybe you'd like to speak on that method.

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: We have a task force, as a matter of fact, presently studying this problem. We recognize the problem and, incidentally, it's not just a problem peculiar to MPIC or this province, it is a problem with

the insurance industry as well, not only Canada, in the United States, all over. It's so much so that in the States - and I'm not going to name the company, they can pay for their own publicity - but one company is coming up with a plan of replacement cost on vehicles. We have a task force doing exactly that, studying replacement cost on vehicles. They will not be able to report for some time because it's a very touchy subject and one that has to be studied from all angles.

If we can effect this and put it through over a period of time it should take care of some of the problems that we do have. But to give you a cut and dried complete answer is extremely difficult because people do have two different views of what a vehicle is worth. If I own a car I have my own view, particularly when it's a total loss. If somebody else was looking it said, but I wouldn't have paid you that much for your car if I was going to purchase it, therein lies the argument and the two of them cannot often get together and arbitration is the only procedure.

Even in the case of arbitration you do have problems, but you know we have something like 10,000 total losses a year and I don't know the number of complaints we get. It is minimal in comparison, but it is the big vocal problem that we do have and we're aware of it, we're doing our best to come to grips with it, so much so that I would like to suggest to you that in many instances overpayments are the net result of the settlement of the claim.

MR. CHAIRMAN: Mr. Ransom.

MR. RANSOM: Thank you, Mr. Chairman, a couple of points, one relating to risk. Is it possible to make a generalization about the risk that a vehicle is exposed to in driving a mile in southwestern Manitoba, as opposed to driving a mile in the City of Winnipeg, given the same circumstances with any vehicle and driver?

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: It's territorial rating you're really talking about, the difference between driving in rural Manitoba as opposed to the city. There are fewer accidents of course once you get outside of the perimeter road than there is in the city, but then one might argue, well why are the rates higher north of certain parallels and so on. Then we get into the cost of repairing vehicles, the cost of parts, the charge-out rates for body shops in those areas are much higher than they are here, so the cost of repairing a vehicle also must be taken into consideration as well as the frequency of accidents in a given area where there are more vehicles on the road. These two factors must be considered when establishing rates.

MR. RANSOM: I'm interested in knowing whether it's possible to make a generalization about the risk that a vehicle would be exposed to. Is the risk twice as great driving in Winnipeg or three times as great or only 10 percent more than it is in the country, just in a very general way? I'm not trying to pin down to a specific figure.

MR. DUTTON: Mr. Chairman, I wouldn't want to

make a generalization on percentage basis, but we do have the figures as opposed to Territory 2 and Territory 1. Territory 2 is that area outside of Winnipeg, excluding the northern territories, and the statistics are there. We could give it to you, certainly make them available to you, but for me to make a generalization right at this time I wouldn't be prepared to do, but you can certainly have the information, we'll give it to you.

MR. RANSOM: It would be interesting to know that, Mr. Chairman, and I'm not interested in the information from the point of view of the rates that Autopac is charging, I'm interested in it from the point of view of what happens if the government goes back to funding part of the premiums by a tax on gasoline. Because it's my understanding, I think it's safe to assume, that there is a greater risk of being involved in an accident driving one mile in the City of Winnipeg than there is driving one mile in southwestern Manitoba and it is therefore inequitable to place a tax on gasoline to pay the premiums because it doesn't reflect the risk that there is of being involved in an accident. Mr. Chairman, in a situation such as in Southwestern Manitoba at the moment for a person to get a certain type of dental care, for example, it is necessary to drive maybe 100 or 150 miles to get that at a lower risk of driving, whereas in the city a person could perhaps get that same kind of service by driving 15 or 20 miles at the most and be exposed to a higher risk. So I think, Mr. Chairman, that before the Minister reintroduces that type of taxation, he should look at the equitability of it.

The Minister also made reference to the importance of precedent, Mr. Chairman, and the Member for Swan River, Mr. Gourlay, having raised the question of the horse on the road brought to mind a circumstance which I believe occurred in the suburban area of Brandon and I would like to know whether my understanding of the situation is correct. But my understanding is that a deer was frightened by a vehicle and subsequently leaped through the front window of a house and caused significant damage and that Autopac ended up paying for the damage caused by the deer because it was frightened by a vehicle. Is that general description approximately what happened or not?

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: I would be very happy to answer that. I think, without going into the details, but I did hear something about this, of course, because it's so peculiar. That's not what happened. We did pay for it, but under a general insurance policy. I think that is the case, because I do recall the General Claims adjuster showing me pictures of the damage that was done by a deer, and I don't think it was a case of paying it under Autopac. I think it was paid under a general homeowner's policy, but . . .

MR. MacLEAN: Homeowner's policy, and they had glass coverage.

MR. DUTTON: . . . but I think I could advise you more of that if you want specific details, but I'm sure that's the case.

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MR. RANSOM: No, that certainly would make more sense, but as I recall at the time, it was reported as being paid through the automobile portion of the insurance, and the explanation that Mr. Dutton has given us would certainly be a much more reasonable one than the other.

I also would like to ask a couple of questions about Claim Centres, Mr. Chairman. I don't know whether you want to deal with that here or . . .

MR. URUSKI: We may as well deal with all the questions and then we can go through them.

MR. RANSOM: Right. There are at least three places during the report which refers to Claim Centres; page 8, refers to a program of Dial-a-Claim service and the Drive-in Claim Centres. It refers to "damage appraisal by appointment." Then similarly on page 25, it says, "Autopac Drive-in Claim Centres and Claims Offices provide expedient, personalized service." At the end of the paragraph it refers to "the convenience of arranging an appointed time to have their vehicle damage estimated." Is that possible anywhere in the province, that an individual can arrange an appointed time to have their vehicle damage appraised?

MR. URUSKI: Mr. Chairman, that is being veiwed now by the Corporation to try and have that kind of service developed province wide. It will be region by region, but we're hoping that as was the beginning of Dial-a-Claim in the City of Winnipeg which has proved, I have to say, highly successful. I think at any time that you drive into a Claim Centre now, provided you have your appointment, there is no delay. You drive in, your car is estimated. In fact, I've had the reverse kind of criticism from some body shop people indicating — saying, look, your estimators are not doing very much work because there are no cars in the Claims Centre, and they are really not very busy. But the fact of the matter is, the Dial-a-Claim has been so successful that it has eliminated the bulk of any line-ups and is proving without a shadow of a doubt that the flow of claims can be and has been speeded up and that was brought in just two or three years ago. It was piloted here, and I say in all sincerity, it was the best move in terms of assisting the motoring public to speed up the claims for a long time.

MR. DUTTON: Yes, we operate from Brandon, Mr. Chairman, for the province itself. So a remainder, a good portion of the province and for out-of-the province claims, a person that has an accident out of the province, he can also dial it in and report it, and he gets into Brandon which handles all that area. But obviously, we are going to work from certain points; for instance, we will have a look at a new area shortly and that will be announced when we're ready to set it up. I don't want to mention it at the present time, because people might think that it is in place now, but within the next month or so, we'll have another centre which people in that area will report to for Dial-a-Claims. It will be convenient for them to report in and to have their damage estimated. So we're certainly extending it to the entire province as time goes on.

MR. CHAIRMAN: Mr. Ransom.

MR. RANSOM: Mr. Chairman, I'm pleased to hear that, and I would just inform the Minister and the committee of the situation that prevails and I think is generally prevailing in my constituency whereby a person with a claim has their specific day, of course, that the adjuster comes and if you'll phone and say I would like to make an appointment to have my vehicle appraised, the answer is yes, your appointment is at one o'clock. The person with the claim goes into the body shop where the adjuster is doing his work and they find that there may be 15 or 20 other people. Perhaps that's a slight exaggeration in numbers but it does on occasion get quite large, and they all have a one o'clock appointment, Mr. Chairman, and they end up waiting perhaps for two hours. Having waited for a period of an hour-and-a-half to two hours, they'll even find situations where the adjuster goes for coffee and leaves the people standing there. I know in one situation, at least, where they must wait for a period of up to two hours in a body shop where painting is going on or fenders are being hammered out, where there is no opportunity for people to sit down, you have women and all mixture of people standing waiting for two hours under these circumstances. I would just ask that some consideration be given to making the opportunity for people with appraisals to be carried out, for making it a little more expeditious and the surroundings a little more amenable.

MR. DUTTON: Well, I am pleased that you brought this forward. That should not occur, of course, and certainly I'll look into it and see that this type of thing does not occur in future as quickly as they can because we certainly don't want that to happen. There is no excuse for it, and we'll put a stop to it. Thank you.

MR. RANSOM: That's all. Thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. Doern.

MR. DOERN: Mr. Chairman, I had a couple points. Just in regard to Claims Centres again, and I know this comes up in several points, I don't know whether the Corporation has any plans to add to the number. But as a representative from the northeastern part of Winnipeg which includes Elmwood, East Kildonan, North Kildonan and Transcona, it would seem logical that somewhere in that vicinity that a Claims Centre should be located. There's over 100,000 people in that region, and I guess the people from there drive all over the city to find a Claims Centre. I know, I guess in my own experience, I've seen two of them, one on King Street in the north end and the other on Pembina Highway. But my question basically is, does the Corporation have any further plans or plans down the road to build more Claim Centres, or do they feel that the present four centres in Winnipeg are adequate?

MR. DUTTON: We feel that the present four centres in Winnipeg are adequate given the number of claims we have now. We are certainly looking at other procedures though connected with the Dial-a-Claim which may make it a little easier for the public. But when it comes to building more buildings and more claim centres we haven't any such thing in mind at present.

MR. DOERN: Well, Mr. Chairman, I simply say to the corporation that when the time comes I think it would be logical to consider the north-east section of Winnipeg.

I also want to add to what the Member of Lakeside said in regard to classic cars or antique cars. I spoke to the corporation, I guess it must have been in the fall, I believe prior to the election, I drive a 15-year-old car and I suddenly was struck with horror that in the event of an accident I might wind up with \$100 instead of a couple of thousand dollars, which was my own estimate. There are classic cars, I'm not sure of the exact distinction between an antique and a classic - I might ask Mr. Dutton that as a beginning question, what is the distinction between those cars?

MR. DUTTON: If you don't mind I think I will ask Mr. Laufer, my Assistant General Manager, if he would mind answering that.

MR. CARL LAUFER: The antique car has to be 30 years or older to fall into that classification.

MR. CHAIRMAN: Mr. Laufer I wonder if you could come to the microphone and give the answer because it's being recorded for Hansard.

MR. LAUFER: A classic automobile would be a collector's item that would be newer than that, or a car that might be restored in some fashion to make it more valuable than an ordinary one.

MR. DOERN: It was my impression that the corporation has been looking into this, in fact it was my impression that some time in 1981 that the corporation actually had this type of insurance available.

MR. LAUFER: We have available, through our Brandon SRE Department, a policy called a valued policy, some people call it agreed value policy, sold on the basis of an appraisal of the vehicle prior to it being involved in a loss. We have facilities in Winnipeg and in Brandon to do appraisals to determine the value of the vehicle. The owner is given a sheet indicating that value and he has the opportunity of purchasing coverage to that extent from our Brandon offices.

MR. DOERN: So that, in effect, right now you have this type of insurance available. If a person has an older car he can pay an additional premium and have his car covered.

MR. LAUFER: That's correct.

MR. DOERN: My next question then is, is this advertised or known to the public. I don't believe that the general public is aware of it's availability. I simply ask that question, since the corporation has agreed value policies why don't they advertise it or make it known to the public?

MR. DUTTON: I think, Mr. Chairman, we're hitting a different subject here too. I think that we are remiss in not doing more advertising about the additional coverages available from Autopac and the coverages that are presently available. But maybe a campaign should

be, or some advertising should be done in the newspapers but traditionally we've been trying to keep the costs down. I think with the support of the administrators, the governments themselves, in our reluctance to spend some money advertising, but if this committee feels that we ought to be going that route I'd certainly welcome it and be doing more in the way of advertising of the coverages available from Autopac.

MR. DOERN: Well I would certainly support that, Mr. Chairman, because I believe it would be financially beneficial, that I think it could be demonstrated that if you advertise certain programs and policies that you'll get the additional business and pay for the advertising, especially in this area because I don't think anything is as shocking as for somebody to be told that their car is a right-off. This was what the Member for Lakeside was referring to; if somebody's told their car is a right off and they're going to get \$100 or \$50, when they may have believed it was worth several thousands of dollars, that has to be an emotional experience, and existential moment. I think that, given what's happening today in society, high prices of vehicles, high gas costs, high interest rates, more and more people are going to retain their cars. So you're going to have, I think, at least for the foreseeable future, older vehicles on the road. —(Interjection)— Well, the honourable member says an aging population driving aging cars. Anyway the point is that I believe that you could talk to 100 car owners and ask them about this type of policy and they would not be aware of it's existence. I think that should be made known.

Mr. Chairman, I wanted to make a couple of other points. The Member for Pembina earlier gave an interesting illustration but sort of incorrectly assessed it. He made the point that somebody in Ontario had been injured due to the improper use of seat belts. Is that correct? Then he forgot the word improper and went on to say - well now he says it doesn't matter whether seat belts are properly or improperly used. Mr. Chairman, if a person is improperly using a safety device, or a mandatory device, then they are responsible for that. So that if somebody winds a seat belt around their neck and then attaches it and then suffers an injury, then I assume they are not going to be the beneficiaries of an insurance program. Or if a motorcyclist puts his helmet on backwards and takes off a 60 miles an hour and hits a brick wall that he can not then argue, assuming he were alive, that he was wearing his helmet at the time of the accident. So, you know, I just don't understand the logic of the member's argument where he says it's an improper use and then he wants to argue that it was a use. Well it was a misuse of the seat belt that caused the injury, not the proper use.

Mr. Chairman, the other thing that I wanted to go back to ask Mr. Dutton or the Chairman was again the fact that MPIC had a policy whereby they would challenge or reduce the amount of compensation in an injury where seat belts were not used, which is a practise in other provinces. To me, as a layman, not as a lawyer, I don't believe it's all that relevant whether or not there's mandatory legislation or not. I suspect that the reason the corporation didn't challenge the courts, the Manitoba court, appeal the decision was that the

former administration was not in favour of mandatory seat belts or, in the case of the Member for Pembina, probably opposed to such a practise. So I simply say that where you have Ministers who are clearly not in favour, or opposed to the wearing of seat belts, that to me is a different ball game. It seems now there may be legislation introduced and I assume that the Minister is either in favour or not opposed to mandatory seat belts and I simply would think that the corporation would be well advised to reinstitute that policy, reinstitute that practise and when the time comes go to court and if they can't win their case in court then they should appeal the ruling. I don't see the need for the case to be argued on the basis of whether it's mandatory or not. I see it on basis of whether or not seat belts would have prevented a more serious injury. I don't believe that the argument of whether it's a law or not is necessary to establish that case.

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: Yes, I subscribe to your thoughts. I agree with you, but I believe this was a provincial Court of Appeal that ruled in this fashion and it doesn't leave us much of a leg to stand on if that is the case and that is what I think happened. It certainly wasn't any directive that we received — the Corporation received as such — that we were not to use this necessarily as a defence. It was a case where our own legal department could see no point, if the courts in this province then believe that unless there is a mandatory law, then it's of no avail. I can't recall the exact words of one of the judges but he said that it's up to the lawmakers to put this legislation in force if they believe that is the case, or words to that effect.

MR. MacLEAN: I think it went to the Court of Appeal and they ruled against this. I think at that time they decided not to go any further or even they had the right, but the judges were pretty adamant that if we want to change the law that we pass new legislation.

MR. DOERN: It could have been appealed to the Supreme Court, but that was another step. Thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. Orchard.

MR. ORCHARD: Mr. Chairman, a couple of questions for the Chairman. There is a very obvious switch to smaller vehicles nowadays for a number of reasons. Has the damage claims on smaller vehicles — let's call them the compact cars, I don't know whether that is the right term nowadays because compact used to be full size in scaling down — are there repairs to smaller cars and accidents about, what I guess I'm trying to get at, is there an increase in the cost of repairs to smaller cars versus larger cars involved in similar accidents?

MR. DUTTON: Mr. Chairman, that would appear to be the case and it is certainly being studied by the insurance industry as a whole across the country, be it meaningful statistics and it includes ourselves, but it seems to be that a minor collision could be bringing about that circumstance, whereas the costs of repairs

are heavier now or would be dollar wise than one would expect.

MR. ORCHARD: That question then of . . .

MR. DUTTON: . . . It's still being studied, yes.

MR. ORCHARD: Would the Chairman expect a report on that in the near future?

MR. DUTTON: Yes, Mr. Chairman, I think that is reasonable to expect, yes.

MR. ORCHARD: I wonder if I might be copied with the results of that report when received, Mr. Chairman.

MR. DUTTON: Yes, Mr. Chairman.

MR. ORCHARD: A similar question, are there any significant differences in the costs of repairs of the smaller generation of cars imported versus domestic.

MR. DUTTON: Yes, we, Mr. Chairman, are now getting down to the cost of parts, other factors and also the cost, if one could establish it, of the delay in getting the parts. I would answer, generally speaking, that the foreign cars are going to be more costly for repairing. It would appear that will be the case which is going to come about.

MR. ORCHARD: Thank you, Mr. Chairman. The other question that I'd have would be to the Minister, he might be more familiar with this although it could be the Corporation. I would ask the Minister if there has been a statistical analysis done which would show a correlation between miles driven and the accident experience?

MR. DUTTON: Well, no, I think I answered that question.

MR. ORCHARD: Okay, basically is there a direct correlation that if a person puts on 50,000 miles per year compared to one who puts on 5,000 miles per year, is there a direct correlation that there will be 10 times the claim from the driver putting in 50,000 miles versus the one putting in 5,000 miles?

MR. DUTTON: That's a question that would come out only in a certain form and I was trying to answer previously. I wouldn't hazard a guess at this time, nor do I have any statistics with me or information with me. I did mention that there is a difference in rating. But that is not the answer they wanted, they wanted to know whether it was more hazardous, I think, driving a mile in the country to 10 miles in the city or whatever it was. I can't give you an answer to that right now.

MR. ORCHARD: Well, I think there are similarities certainly in the two questions, mine and the one from the MLA for Turtle Mountain. What I would be interested in knowing, and I perceive from the answer from Mr. Dutton that such a study has not taken place is whether there is a correlation between the number of miles a person drives in a year versus his or her accident experience. I guess what brings it to mind is that

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the professional driver quite often will achieve a quarter-of-a-million or a-half-million miles of accident free driving whereas, unfortunately, some people who drive fewer miles per year are often involved in minor accidents. It would seem that the greater the driving experience and distance driven per year, and I don't say always, but often means that the driver is a more skilled driver and has a tendency to avoid accidents. I was just wondering if there had ever been either a Manitoba study or indeed an industry study as to whether there is a correlation between miles driven and accident experience.

MR. DUTTON: Not to my knowledge, Mr. Chairman, because the rating factors, and which the insurance companies are interested in rating factor, deal upon the number of claims for a set number of vehicles or territories. As I mentioned to you, that the difference in rating is the frequency of claims and within the Perimeter road for Territory One, which is Winnipeg, and then when we get outside of Territory One we know that there are fewer accidents and so the rates are lower. All the costs of these factors are brought into the whole plan and then you get further north, it is the costs of repairs that makes the charges a little higher. But to get down to your specific question about driving a mile in the country as opposed to X miles in the city, I can't give you an answer. I haven't got one and I wouldn't want to venture a guess on it. I realize what's behind the question, but I can't give you a definite answer.

MR. CHAIRMAN: Mr. Eyler.

MR. PHIL EYLER (River East): Thank you, Mr. Chairman. I just have one minor question on page 8. Awhile ago the phrase "transitional assistance" was mentioned in relation with Autopac agents, I wonder if you could tell me what that meant.

MR. DUTTON: I would be very happy to. Initially, when Autopac started out, the decision was made at that time to buy insurance and your registration of your vehicle and your driver's licence, if you will. You would purchase it then through insurance agents who had been insurance agents if they wished. If a certain percentage of their income was in automobile insurance and a certain number of dollars within automobile insurance, they would automatically become an Autopac agent. But if they didn't wish to do that, if they didn't want to become an Autopac agent, they could take transitional assistance in the way of money; in other words, they could in effect sell out their agency to Autopac. We put out, I think, about \$1.2 million at that time to purchase a number of agencies.

Some of these people now see that it is a good thing, frankly. It's lucrative, they can make a dollar being an Autopac agent and so they would like to give the money back to us and be reinstated as an Autopac agent rather than the opting out. That's what it means.

MR. EYLER: So this transitional assistance goes way back to '71.

MR. DUTTON: Yes, it does. Yes.

MR. EYLER: Do they pay the same amount that you paid them?

MR. DUTTON: Yes. The answer is, yes, Mr. Chairman.

MR. EYLER: There is no interest on that then?

MR. DUTTON: No, there was no interest on that. It's a better deal than the banks have.

MR. EYLER: You say that two people have done this, this year?

MR. DUTTON: Yes, the answer is yes. It's on the list.

MR. EYLER: I'm just wondering, there's no account taken of the increase in the value of the business or anything like that?

MR. DUTTON: No, there was no account taken of the value of the business, but the appointment of agents, it's very difficult for them, You know, you can take and reinstate, they can pay back the transitional assistance. It doesn't mean to say they get a territory to work from. They don't automatically become an Autopac outlet because they wouldn't have a territory from which to work.

MR. EYLER: But they can find a territory somewhere.

MR. DUTTON: No, it's very difficult. You can't just walk in on anybody's territory and have an appointment.

MR. EYLER: I would assume that if they paid back their transitional assistance though they did get a territory.

MR. DUTTON: Not necessarily they don't. We have here, he's a Chairman of the committee, is my Chairman here, and also on a committee. You just can't walk into a person, say, who's making just a living out of his district that he's in, he's in town. You can't allow somebody to just walk in there and then cut his income in half.

MR. EYLER: The people that pay back their transitional assistance this year, did they get a territory?

MR. MacLEAN: That happened before our committee was set up, so I don't know, but Carl, do you know whether they . . .

MR. LAUFER: There are two of them.

MR. MacLEAN: Did they get a territory.

MR. DUTTON: There were two of them that did.

MR. MacLEAN: Yes, they did get a territory. It was before our committee was set up to examine it though it was early in the year. They did get areas to operate out of. This isn't the first time it's happened; it's happened over the years too. There was a precedent set so they have just been following it.

MR. EYLER: So, I take it there's no Statute of Limitations or anything like this on paying back your transitional assistance.

MR. DUTTON: Not that I know of; not at this time.

MR. CHAIRMAN: Mr. Ransom.

MR. RANSOM: Mr. Chairman, I have one brief question about insurance of older cars for collision. A number of people mention to me from time to time that they think that they don't get a very good deal on an older car, that they would prefer not to insure it at all and if it gets damaged to simply have it towed to the reclamation depot. Has any consideration been given to that recently?

MR. MacLEAN: I believe this has been covered while you were out, so maybe . . .

MR. DUTTON: It's a case of value as to what he is getting. If the vehicle obviously is worth less than \$200 then he is not going to recoup anything under the collision portion of it unless he buys down and it's an amazing thing, that's exactly what they do. In most cases they will buy down to a \$50 deductible but the premium we're charging is taking this into consideration. He is getting, this year, \$100,000 third party cover; he is getting accident benefits which are the best anywhere and the premium that he is getting for all of these factors are less than he would pay anywhere, so what do you reduce from a premium like that if you're going to say, in effect, he has no protection under the \$200 deductible? He's probably only paying a dollar at the most, if he's paying that, for the collision portion of it and she works right down to that.

MR. RANSOM: Mr. Chairman, I'm not familiar enough with it to talk about it in detail, but I know that the vast majority of people out there don't believe that they are paying that small a fee for that coverage.

MR. DUTTON: Comparisons sometimes are odious, but we could compare rates, if you like, with here and any other province and we can show you just what is happening with their so-called accident benefits coverage and their third party coverage if you wish to prove the point. Maybe we should do more advertising than we've been doing in the past, the point I've been making here, and point it out to the public so they would understand. Perhaps that is the answer.

MR. RANSOM: Mr. Chairman, I'm not debating the issue with the General Manager one way or another, I'm saying that it is a concern that has been raised with me from time to time, probably raised more often than any other item with respect to Autopac and it certainly is not the understanding of the people who speak to me that they are only paying perhaps as little as a dollar for coverage on their older vehicle. I accept the explanation that the General Manager has provided until I have a chance to speak further with some of these people that have this concern.

MR. URUSKI: There may be a bit more information

that the honourable member should be aware of, is that in terms of the percentage of claims that are written off versus the total number of claims, it is a very small percentage of claims of which vehicles are written off. So, that in terms of the total claims picture, the write-off of vehicles is very small, although the honourable member makes the point quite rightly where people have said that they have older vehicles and, why should I be paying any collision coverage towards that insurance. But the fact of the matter is, in the old vehicles there is very little premium attached to the collision value of that vehicle, it is all in third party, accident benefits and the like.

MR. CHAIRMAN: Page 8—pass; Page 9 — Mr. Eyler.

MR. EYLER: One more small comment on Page 9, I remember reading in the paper a few years ago that MPIC lost a contract for insuring government buildings. Could you give me a little background on that?

MR. DUTTON: Mr. Chairman, I don't think we would lose a contract for insuring government buildings. It could be that our price wasn't as low as the other company, I don't know, but we didn't have a contract, we cover a lot of them right now. Most of the government buildings we cover now. There may have been one where somebody came in with a premium that was lower than ours and, of course, I guess they would take it, but I think we still have the bulk of the government buildings.

MR. EYLER: Then you still cover most of the buildings?

MR. MacLEAN: Yes.

MR. CHAIRMAN: Mr. Ransom.

MR. RANSOM: Mr. Chairman, I have one quite general question and here again I don't have the specifics to make any sort of debate out of this question, so I'll ask it in a general way. Can the Minister, or the Chairman, or the General Manager, assure me that the agents handling the general insurance are not in any more advantageous a position to sell the general insurance of MPIC than they are of any other company? Is it strictly on a comparable basis, that it has nothing to do with the commissions that are paid to agents that, when a person walks in off the street and wants coverage of a certain kind, that it has to do strictly with the premiums that person pays and the nature of the coverage and not with anything to do with the returns the agent gets?

MR. URUSKI: Mr. Chairman, my knowledge is that MPIC and its relationship with its agents would be no different than with any other company and its agents. They will try and, of course, appoint agents who would want to be able to do as much of their business with the Corporation as any other company would want to appoint agents that would make sure that it receives its share of business and on that basis, I think, MPIC has been and is no different than any other insurance company in its appointment and dealing with its own agents. If the Corporation sees that an

agent really has no great intention of utilizing the Corporation, it does cost money to service that agent in terms of documentation and handling an agent, there are certain costs associated with it. So if an agent, who has been appointed by the Corporation or any other company, is not prepared to provide the business that he intended to when he was originally appointed, then the Corporation would be in no different a position, and should not be in no different a position than any other insurer in dealing with its agents, whether he or she should continue as an agent to sponsor that company.

MR. ENNS: I suppose, just to follow up the question on the matter raised by the Member for Turtle Mountain is can the management indicate, are the general commission payments made to general insurance agents selling general insurance for MHIC comparable to the trade, practise in the trade, or are our commission rates substantially higher?

MR. DUTTON: Our commissions, Mr. Chairman, payable to our agents are as high as any company, and higher than some, so the agents are well compensated for any contracts they place with us.

MR. ENNS: Mr. Chairman, a further question arised out of the question asked by the Honourable Member for River East. It was the practice, of course, during the mid-seventies, and I direct this question to the Minister, the government of the day instructed government agencies, Crown Corporations, etc., to place their insurance with the General Insurance Division of MPIC without reverting to the general trade for competitive tenders; that was changed in '77 to the tendering process. I'm pleased to note by the remarks of the Chairman that the General Insurance Division of Autopac has managed to maintain, or garner, or hold onto, most of the government business, but it's doing so under the competitive business basis at this particular time.

My question to the Minister is, does the Minister intend to offer that policy and provide for the General Insurance Division of Autopac captive clients without recourse to competitive tendering?

MR. URUSKI: Mr. Chairman, before I specifically answer that question, the honourable member should realize what is happening in the insurance industry across this country, and indeed in Manitoba, with the so-called captive market and the rate cutting that has been occurring over the last number of years. No doubt the honourable member has read the reports of the severe losses that the industry has faced right across this country in the general insurance field, in fact, they're speaking of underwriting losses in excess of \$1 billion. We've had the occasion in Manitoba where the industry has, I believe - and it's now coming back to haunt them - tried to use MPIC and to embarrass this Corporation over the years in terms of trying to play a rate-cutting game. This has occurred and, to some degree, has occurred in this province, and in fact, we have a recent incident right now in Manitoba Housing and Renewal Corporation where there was, in fact, a tender and a bid, and MPIC was substantially, I think within about 20 percent or somewhere in

that range of bidding. It so happened that MHRC had a loss shortly after the new policy was enacted and we were cancelled. Immediately we were cancelled by the insurance that bid, this policy, and we were signed up. As a result, here we were with MHRC, nowhere left to go, but here, Autopac, because you are our Manitoba company, please bail us out. Mr. Chairman, we don't intend to continue that, and that's only one example.

We have the spectacle here in Manitoba now of several companies in this country which have gone bankrupt and we have many claimants in this province who are left holding the bag, so to speak, of claims that have not been settled, in the main, because they are being resisted, because of the financial mismanagement of the insurance industry in this country not keeping up with the adequacy and playing the political game, I would call, of trying to embarrass the public companies in this country amongst other games that they have played.

As a result of that, we are reviewing our policy and we are looking at the whole aspect of governmental insurance. We are going to be not going specifically on the basis of competition because we've already had the negative impact and we are now with the insurer, there's an advisor within the Department of Finance, an insurance person; we are now in the process of meeting and reviewing all the policies that government has and we will be arriving at a policy in terms of how we handle future policies within government. But it will not be the kind of competitiveness that the member talks about as being good for business. We are reviewing that area, because we've already seen some evidence in this province of what has occurred and likely will escalate in the months ahead.

MR. ENNS: Mr. Chairman, it's interesting. We have now heard from the Minister the possibility of reestablishing a gasoline tax payment to MPIC along with the distinct possibility of doing away with competition with respect to its General Insurance Divisions, as far as government buildings are concerned.

I remind the honourable Minister that there is, of course, a solitary role to competition. It may well - and I'm not prepared to enter into a long debate with the honourable Minister - but without competition there is also no particular safeguard to the general public and there is a difference between the general public, the taxpaying citizens of Manitoba, in being satisfied that they are not being asked to pay any more than necessary for the legitimate insurance costs covering various government buildings and/or its agencies.

The Minister now indicates to me that the policy of exposing the General Insurance Division of MPIC to competitive bidding is under review and likely will be reverted back to the period of time where no competition will be allowed. In other words, my description of providing General Insurance Division of MPIC with captive government clients is an accurate one and one that I can assure the Honourable Minister will be under review by the members of the Opposition.

MR. URUSKI: Mr. Chairman, the honourable member always reviews. The Corporation, in fact, is captive to many other areas of business. Mr. Chairman, the

honourable member should read some of the latest history as to what is being faced in the industry in terms of premium increases. Would the member, for example, think it outrageous if the Corporation produced a premium 20 percent higher, or 50 percent higher, than is presently anticipated on the present policies? Would he think that an outrageous increase in terms of a policy which would revert to MPIC from the present governmental policies? Would he think that an outrageous increase?

MR. ENNS: Mr. Chairman, I am, firstly, not an insurance expert, but I assure the honourable member that the insurance business has been of longstanding in this country, and the North American Continent, and the World, and that is what the business and that's what the market is all about — experience related to cost. My honourable friends have a different outlook on these matters, but, Mr. Chairman, there is one fundamental difference. Certainly Autopac enjoys, and I refer to Autopac certain captive clients, it enjoys captive clients of all Manitoba Motorists; that's by law. We all recognize it and we accept that, but that is not the case with General Insurance Division. It has never been the policy of the previous administration or the administration that introduced general insurance under MPIC to Manitoba to make it compulsory.

What has been added by the previous NDP administration was to use its position as government to preclude the government and ergo the taxpaying members of the general public to avail themselves to the best possible insurance rates, by competition. In 1977, that was changed. Autopac, the General Insurance Division competed for the government insurance business and, Mr. Chairman, the Chairman of MPIC indicates to us that they have succeeded in doing so very well, that they currently maintain the insurance on most government business. I'm glad to hear that, Mr. Chairman, but I see no advantage to Manitoba taxpayers for drifting away from that system and reimposing the kind of conditions that prevailed prior to 1977.

MR. CHAIRMAN: Mr. Minister.

MR. URUSKI: Mr. Chairman, one point that I want to remind the honourable member that Autopac, the General Insurance Division, should not be used to pick up the losses of other insurer companies and that's one of the reasons that we are — (Interjection) — Mr. Chairman, the trade doesn't recognize it. When they are talking about increasing, the member didn't want to comment on it. When they are talking about increases of 20 to 50 percent would not even bring them above water for 1983, Mr. Chairman. It would be the Honourable Member for Lakeside, that if a policy had expired and there was an increase in premiums of 20 percent over our previous policy, who would get up in the Legislature and scream to blue murder that we were overcharging the public of Manitoba in terms of the policy. Because, Mr. Chairman, the member better realize that 20 to 50 percent in the rest of the country isn't enough to even get them into a profitable position, so he'd better realize what is going on in the industry and the type of cutting back that is happening in the industry.

Agents are being cancelled, Mr. Chairman. Many companies across this country are cancelling their agents out so that they do not look and even write the business because of the underwriting losses that they have had. There has to be an ongoing review of the policies that we have and there has to be some mechanism set up so that Autopac is not left holding the bag after being put into the rocker for the advantageous position of a government that wants to say, well, here, we'll go and compete but when the going gets rough, you have to take all this business because there is no one else in the market. That should not happen, Mr. Chairman, and that will not happen.

MR. ENNS: Mr. Chairman, I think this debate can be better carried on in the House. I'm simply trying to establish, and I think I've got my answer, that the government of the day is prepared to do away with the competitive tendering for government insurance business. I think that's been established. We can debate the philosophical aspects of it in the Chamber.

I say that's a regressive move from both points of view, particularly from the point of view of the people that are paying the bill, the taxpayers of Manitoba, and I say it's not particularly in the best interests for the Corporation. I've always had a lot of respect for the Corporation; I've always believed it could handle itself reasonably well in any competition. I believe that is the attitude of most of the senior management people of the Corporation. I don't think it needs that kind of paternalistic care and attention by government and if the rates have to reflect a 20-percent increase, I'm prepared to accept that. Just as a cattle feeder, I can expect my price of feed or barley to raise by 20 percent if that's what the supply and demand of the product that I'm buying calls for in any given commodity at any given time. That's what you call letting the marketplace set the rules. Mr. Chairman, if the honourable member doesn't want to agree with that, that's another matter.

MR. CHAIRMAN: Mr. Doern.

MR. DOERN: Mr. Chairman, I just want to say on that particular point that if, as a result of that policy, I assume that's a consideration that the Minister is talking about. He's not talking about a new policy; he's talking about a consideration of a new policy. If so, and there are profits as a result of that, they would accrue. If there is a profit made by MPIC as a result of that policy, it would accrue to the Manitoba taxpayer. So I don't see how the member can talk about the fact that this would be at the expense of the taxpayer, I think it would be to the benefit of the taxpayer. I don't know what all governments do to this regard, but I know that some governments self insure and that there are portions of self insurance and you agree with that and that makes sense. This building would be an example of that.

I just want to ask the Minister a couple of points here. I gather that MTS at present, the telephone system, is not insured by MPIC.

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: I believe that to be correct,

Mr. Chairman.

MR. DOERN: Is Manitoba Hydro insured at present by MPIC?

MR. DUTTON: I don't think they are, no.

MR. DOERN: Mr. Chairman, I simply say that I suppose seems sensible and natural to the Member for Lakeside, but it doesn't to me. It seems to me that when you have an insurance company that it makes sense, if you operate an insurance company to insure yourself. I assume that there are many multinational corporations, etc., etc., in the world that are into a variety of businesses and that they would not find it unusual or unnatural to insure their other operations.

MR. CHAIRMAN: (Pages 9 to 17 were each read and passed).

Page 18 — Mr. Eyler.

MR. EYLER: I notice that rent is up about 60 percent between 1980 and 1981. I wonder if we could have some sort of a background for that.

MR. DUTTON: Yes, we rent not only that space but other areas too. That's right, we have more space than we had before, even though we're paying a lower rental per area than we were paying.

MR. EYLER: So rates are going down, it's the space that is expanding.

MR. DUTTON: Pardon?

MR. EYLER: Rates are going down, it's the space that's expanding.

MR. DUTTON: It's the space we have. We have more space than we had before.

MR. CHAIRMAN: Page 19 — Mr. Eyler.

MR. EYLER: There's a list of assets over here. I was wondering what sort of interest rates these things would have on them. Are they generally at the market at the time or are they preferred in some way?

MR. DUTTON: Mr. Chairman, we'd be very happy to provide a list of the individual interest rates yield if you like. We can get that for you, if it is the pleasure of the committee, we'll give it to him.

MR. EYLER: I was just wondering if the general policy, if these things were issued at the market when they were purchased.

MR. DUTTON: Yes, it's the general policy.

MR. CHAIRMAN: Mr. Minister.

MR. URUSKI: Just one point, Mr. Chairman, for the Member for River East, that the legislation is in place to have the Corporation invest all its investment funds through the Department of Finance who do the investment for the Corporation. So it's through the

Department of Finance that these debentures are purchased.

MR. CHAIRMAN: Page 19—pass; page 20—pass; page 21—pass.

Page 22 — Mr. Enns.

MR. ENNS: It's part and parcel of the Corporation, of course, to reinsure substantial portions of their risk with various offshore reinsurers. There was one particular layer of insurance that for several years was handled outside of the Corporation that had previously — my understanding it had been handled by the General Insurance Division of MPIC. My further understanding is that the Corporation has reverted back to handling that particular layer of insurance by the General Insurance Division of the Corporation. Can they . . . ?

MR. DUTTON: I'd be very happy to answer that. That is not the case; it is being handled — it has been carried by Autopac itself, not the General Insurance Division. In other words, it has not been reinsured at all, that layer has been dropped completely and has not been transferred over. If you go back to the Burns Report, that's one of the recommendations, that it be carried by Autopac and that is one we complied with.

MR. ENNS: Mr. Chairman, can the General Manager indicate to me, does that decision come about because of unfavourable costs of the reinsurance or will the costs be the same, or less, or more being handled by the way it is now being suggested? What I am particularly referring to is the item that shows, Reported Claims Incurred, \$1,580,000; and then, the next line, Provision for Unreported Claims of additional \$1,550,000, do I read that to be correct that we are looking at a total of some \$3 million there in costs of that reinsurance layer.

MR. DUTTON: Just wait 'till I read this one first. And the question was, is the provision for unreported claims and the claims incurred are going to total over \$3 million?

MR. ENNS: Well my questioning is how can I relate back to the premium that Autopac paid for that insurance layer outside of Autopac? My memory serves me that premium was in the neighborhood of \$1.9 million.

MR. DUTTON: Yes, around \$2 million, that's right.

MR. ENNS: The point that I'm trying to make is would it appear from your figures here that it's now going to cost close to \$3 million internally to Autopac to cover that same layer of insurance?

MR. DUTTON: Contingent upon what the unreported claims work out to, and I can assure you, Mr. Chairman, that if they hold through at \$3 million we would not be able to renew for \$2 million on a reinsurance treaty. It would go up because they have to make a surplus to, which they would. The Burns Report in it's wisdom envisaged a large profit for the general insurance division because of the way it was handled and

mades strong recommendation that we do not renew. At the time that we cancelled off this it would appear that the reinsurers were indeed in a surplus position and we will not know until the long tail comes in, it's all long-tailed stuff pretty well, it's liability as to what our fortunes are going to be. And of course you can't judge it under any one reinsurance year, one year reinsurance contract, it must be over a number of them. But reading this one as you're looking at it it would appear that the loss is going to be in excess of a million dollars.

MR. ENNS: Well, Mr. Chairman, I'm trying to determine whether or not a decision to, in this instance, not avail yourself of an outside reinsurer who had carried that layer of insurance for the past several years at a cost to the corporation of \$1.9 million. And it would appear from your figures here that to carry that same layer insurance is now going to cost the corporation in the neighborhood of \$3 million and I'm having trouble in my own Lakeside rancher mind make those figures come out right for me. Am I reading the figures correctly?

MR. DUTTON: Mr. Chairman, we have to get back to a couple of factors here of course. The premiums ceded to the General Insurance Division were not as large, \$1.6 million, as were going to be ceded to this other insurer. I am not sure just exactly what the contract reads - but wait until I talk to one of my boys over here.

MR. ENNS: Mr. Chairman, I would be prepared to leave this item and pass on — well just a minute I was simply making a request. It would be beneficial to me, certainly, and to other members of the committee, to then perhaps have the Corporation, at some later date, supply us with prints. I agree with the General Manager's remarks that in reinsurance you cannot take a single year out of context, it has to be applied against the experience and the actual reported, when the unreported claims are borne out, before we can compare apples and apples. But I would make this request, through the corporation - I appreciate that I could possibly do it by means of an Order for Return in the House — for a comparable, you know, listing of what the experience has been in this field, say for the past five or six years, which includes 4 or 5 years where the General Insurance Division ceded to carry this account which was then stopped, the several years where a private outside insurer carried the layer, and what is now anticipated by Autopac.

MR. DUTTON: Yes, I've asked Mr. Dribnenky who has the hands on reinsurance matters. He's the one that pays out all the premiums and, of course, keeps an eye on this situation to bring you exactly the detail in connection with this reinsurance.

MR. CHAIRMAN: Mr. Dribnenky.

MR. HENRY P. DRIBNENKY (Vice-President, Finance): Mr. Chairman, these figures that are in this report here are accumulative figures, they're not figures for one year. These were the entries that were processed during the year for 1981. It doesn't represent the expe-

rience of that particular inter-office treaty. There would be no resemblance really to what the experience is, like that experience could be provided to give the total premiums for a particular year and the total claims.

MR. ENNS: But, Mr. Chairman, the premium charged to an outside private insurer was fixed for a particular layer of insurance and if he took a bath on it, that was his problem, not the Corporation. Is that not correct? My final question on that is, was that figure not fixed at \$1.9 million?

MR. DRIBNENKY: That figure was fixed at \$1.9 million.

MR. ENNS: Had you carried on that contract, certainly it would not necessarily been at that figure, but one cannot say it would not have been at that figure. That would have been the liability the Corporation faced with respect to that layer of reinsurance and isn't that what reinsurance is all about, to spread that risk more uniformly, if you like, or to take the risk off the Corporation.

MR. DRIBNENKY: Yes, that's true. The experience on that \$1.9 million that you're talking about, we won't know how the reinsurers made on that for a number of years yet, because of the long-tailed claims that will come in, the large claims that'll come in, in the future.

MR. ENNS: Well, Mr. Chairman, if the Corporation can provide me some background data on this, spanning a number of years, I will be prepared to leave that item at this time.

MR. DUTTON: Yes, I think that's a good idea, so that we can find out just how it runs out at. Because I believe it is three years that this one particular intermediary has carried it, which would total roughly about \$6 million that we've paid over that period of time. So certainly we'd have to have a look at that three-year period to see how it works out.

MR. CHAIRMAN: (Pages 22 to 32 were each read and passed). That concludes our 1981 Annual Report.
Mr. Enns.

MR. ENNS: Mr. Chairman, I know that certainly members of the Opposition, as I'm sure all members of the committee, would want me to express continued good health to the General Manager and President, Mr. J. O. Dutton. We are happy to see him here before us and hope that he will be able to do so for a number of years.

MR. DUTTON: Thank you very much, Mr. Enns.

MR. CHAIRMAN: That concludes our Manitoba Public Insurance Corporation Report, so will committee rise