



Legislative Assembly of Manitoba

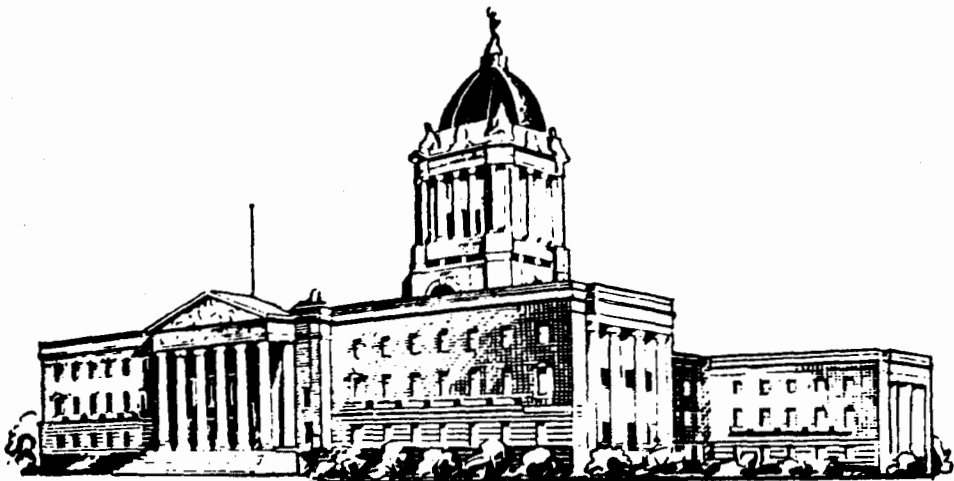
HEARING OF THE STANDING COMMITTEE

ON

PUBLIC UTILITIES AND NATURAL RESOURCES

Chairman

**Mr. Harry Shafransky
Constituency of Radisson**



THURSDAY, April 14, 1977, 10:30 a.m.

TIME: 10:30 a.m.

CHAIRMAN, Mr. Harry Shafransky.

MR. CHAIRMAN: We have a quorum. We shall proceed. Committee come to order and proceed with the Annual Report for the Manitoba Public Insurance Corporation. We were on Page 11 at the last day. We're starting on Page 12, and Mr. Steen, you had some questions. Any questions, Mr. Steen?

MR. STEEN: The first thing, Mr. Chairman, we asked a number of questions at the last meeting, I wonder if the Minister — he took some of them as notice — does he have some of those answers with him today?

MR. CHAIRMAN: Mr. Burtniak.

MR. BURTONIAK: Mr. Chairman, I am not sure whether the Member for Crescentwood is referring to the questions that were asked here as well as those in the House.

MR. CHAIRMAN: I believe they were asked in this committee.

MR. BURTONIAK: Yes. There was one question that I recall that he wanted to know the legal firms in Manitoba and out of the province that were used by the Manitoba Public Insurance Corporation. I have a list of these firms here. I can read them off. It's a fairly lengthy list.

MR. STEEN: Can the Minister just supply one copy?

MR. BURTONIAK: Well, yes. You see we only have one copy.

MR. STEEN: I don't say it would be necessary to have seven. Can the Minister have that list copied and our group at least have a copy provided for them?

MR. CHAIRMAN: Well, we can ask the Clerk and he will have it reproduced for the members of the committee if this is in order.

MR. STEEN: For each member of the committee?

MR. CHAIRMAN: Yes. The Clerk will reproduce that for the members of the committee. Mr. Steen proceed.

Appendix

Legal Firms in Manitoba Referred to in the Last Fiscal Year

Messrs. Duncan, Duncan &
Hanssen
Morden

Messrs. Pitblado, Hoskin &
Company
Winnipeg

Messrs. Klein & Company
Winnipeg

Messrs. Evans, Premachuk
The Pas

Messrs. Fillmore & Riley
Winnipeg

Messrs. McArthur, Fitch &
McArthur
Winnipeg

Messrs. Norton, Schwartz &
Company
Winnipeg

Messrs. Johnston, Johnston
& Oliphant
Dauphin

Messrs. Windsor & Berman
Winnipeg

Messrs. Richardson & Com-
pany
Winnipeg

Messrs. Tupper, Adams &
Company
Winnipeg

Messrs. Hirschfield, Hunt &
Company
Brandon

Messrs. Scarth, Simonsen &
Company
Winnipeg

Messrs. Carroll, Mullally &
Company
Brandon

Messrs. Numerow & Levine
Winnipeg

Legal Firms in Alberta Referred to in the Last Fiscal Year

Messrs. Walsh & Company
Calgary

Bassie, Shymko, Hladun &
Sitko
Edmonton

Messrs. Newson, Hyde
Edmonton

Messrs. Parlee, Irving, Hen-
ning & Company
Edmonton

Messrs. Goodfellow, Pearce
& McKenzie
Calgary

Messrs. Milner & Steer
Edmonton

Messrs. Code, Hunter
Calgary

Legal Firms in Ontario Referred to in the Last Fiscal Year

Bennett, Hamilton & Com-
pany
Sault Ste. Marie

Swancar, Compton &
Shewchuk
Kenora

McTague, Clark, Hollan &
Company
Windsor

Fitzgerald, Kurisko & Com-
pany
Sault Ste. Marie

Messrs. Cassels, Brock
Toronto

McKechnie & Scott
Rexdale

Messrs. Gowling & Hender-
son
Ottawa

Miller, Maki, Inch & Com-
pany
Sudbury

Weiler, Weiler & Maloney
Thunder Bay

Messrs. Lord & Conacher
Kingston

Messrs. Thomson, Rogers
Toronto

Legal Firms in Saskatchewan Referred to in the Last Fiscal Year

Wedge, McKercher & Com-
pany
Saskatoon

Hill, Klassen, McLellan & Ball
Estevan

Kyba, Dellow & Kulyk
Yorkton

Pederson, Norman, McLeod
& Todd
Regina

Eisner, Kapoor, Saretzky
Melfort

Reese & Carey
Saskatoon

Hyman & Kuziak
Regina

Legal Firms in British Columbia Referred to in the Last Fiscal Year

Harper, Grey & Company
Vancouver

Ladner, Downs
Vancouver

Severide & Company
Langley

Mair, Horn & Company
Kamloops

Cecil C. Pratt
Terrace

Paine, Edmonds & Company
Vancouver

Legal Firms in Other Provinces referred to in the Last Fiscal Year

Kitz, Matheson & Company
Halifax, N.S.

Wood & Aaron
Montreal, P.Q.

Halley, Hickman, Hunt & Co.
St. Johns. Nfld.

Files referred to Mr. Blakney's firm (Griffin, Beke & Co., Regina)
Only two files referred to this firm. October 25, 1975 & January 10, 1977

Files referred to Mr. John R. Robarts' firm (Stikeman, Elliott & Co., Toronto)
Nil

Files referred to Mr. E. Peter Lougheed's firm (Atkinson, McMahon & Co., Calgary)
Nil

MR. CHAIRMAN: Yes, Mr. Jorgenson.

MR. JORGENSON: Well I was just wondering, Mr. Chairman, if there is anything particularly wrong with having that attached as an Appendix to Hansard or as part of the debate then it will be available to everybody.

MR. CHAIRMAN: Well, you wish to have it . . .

MR. JORGENSON: Well, that was done on one other occasion where a lengthy table was just simply asked to be inserted in Hansard as part of the proceedings. It was done and I think it was rather a satisfactory way of doing it.

MR. CHAIRMAN: Is that agreeable to the Committee that in order to have that, insert it into the records of the . . . Well, it shall be done. The Clerk has gone to get it reproduced for the members of the committee right now, but it shall be inserted into the proceedings of the transcript.

Mr. Dutton.

MR. DUTTON: That list, Mr. Chairman, includes not only the Province of Manitoba but other territories as requested.

MR. CHAIRMAN: Fine. Mr. Steen.

MR. STEEN: Mr. Chairman, through you I have two questions transfer firm that might operate out of their particular town or village, must buy their insurance from the Public Insurance Corporation directly, rather than the local agent being given the privilege of writing it. I am told that the reason for this is that there is more complex problems in the underwriting and therefore that the underwriters have to look at the particular trucking firm themselves. I'm wondering why, and I can see why the underwriters must look at the vehicles and the fleet of vehicles, etc., but when it comes up for renewal and it's the same fleet of trucks and so on, why the local agent couldn't have an opportunity to have that business.

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: Yes, well, I think the question should be broken down into two parts, if I may, and one is basic Autopac and the other one is what we call SRE, or special extension endorsements really that are put on a separate policy.

Now insofar as basic Autopac is concerned, it is written through a government agency that is true, because of administrative complexities, it has nothing to do with underwriting. I'm sure you appreciate that any vehicle that is licensed, that we have no alternative but to offer insurance to that vehicle. Therefore we do not underwrite the basic Autopac as such. Now it is true that agents anywhere, not only the rural agents but the urban agents too, do not participate in portions of this type of business. Now when it comes to the remainder, it is my understanding that all agents are treated equal, that they do have an opportunity of writing business for any of the extension type of coverage that is written. That type of coverage simply means that a man or firm may wish to increase the mandatory \$50,000 third party and lower the, which is in most instances, \$500 deductible on the trucks to a lower amount. They may do that through any agent. I think that is correct in your underwriting procedures. Yes.

MR. STEEN: Mr. Chairman, to Mr. Dutton. If the trucking firm were to remain the same from one year to the second year, could that business not be written through an agent?

MR. DUTTON: The basic business?

MR. STEEN: Yes.

MR. DUTTON: No, the basic business cannot and it . . . again we're crossing lines of authority here. It is not really our requirement or our regulation or pertaining to underwriting as such, but it is the problems of, as I understand it, with the traffic board and the proper handling of the licensing that is important here, the insurance portion of it. It doesn't come under our jurisdiction really as such, so we don't issue them to agents. Now this question has been raised on numerous occasions with the two agents' associations that we have in the province, in our discussions with them. You know, there are in some instances very few license plates and these were annual plates that dropped in most cases and if we were to make a distribution, for instance, or the government department was, of a number of plates to each department, they would not be used up. There's only so many and they may not license anyone. It's a little different than it is on the something like 300,000 to 400,000 private passenger cars that we have. It's a matter of administrative difficulties that the agent is excluded and no other reason and certainly nothing to do with underwriting I assure you.

MR. STEEN: Another question, Mr. Chairman. I have been informed that persons employed by the Provincial Government that use their own vehicle for their particular duties, if they drive less than 1,000 miles in a particular year, using their car for business as a Provincial Government employee, that they were instructed that they did not need business insurance if they could get by with all-purpose coverage. Can the General Manager comment on that?

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: Yes, I'd be happy to' Mr. Chairman. That does not apply just to government employees, that is the rule to the motoring public generally. There has to be some yardstick as to

what constitutes business and what doesn't. It's very easy for us to define business when it comes to a business firm or a limited firm, for instance, we know they're in business. But to an individual John Doe, what does constitute business and what doesn't . . . so they are using a general yardstick measure of 1,000 miles a year. If a person drives over that in business then we take the view that it should be rated as a business vehicle. And again, that applies to everybody, not just government employees.

MR. STEEN: Well, Mr. Chairman, to the General Manager. What would my friend, the Honourable Member for Morris, what classification as a member of the Legislature would he, in his car, since he commutes two or three times a week, 40 miles to Morris, Manitoba and being a member of the Legislature is primarily his only occupation, what would he be, business or all-purpose?

MR. DUTTON: Well, I think he should be all-purpose. It just depends. We're looking at this entire question at the present time and it not only involves MLAs but it involves Councillors too, of the various communities. What does constitute business or all-purpose or pleasure? It's our understanding that most of them do receive money for mileage for the use of their vehicles and if they are using their vehicle to any extent at all or are receiving any money for the use of their vehicle, then certainly it is not pleasure. So we have taken the stand that they have to be rated at least all-purpose. Now that's contingent upon what their normal occupation is. The councillor may be a taxi driver and he is using a taxi all along, obviously we wouldn't be rating him as all-purpose or business, he would take his own rating group. The point I'm trying to make is that it is contingent upon what he would normally do with the car anyway and we've taken the stand that councillors have to have an all-purpose and I believe the same stand is with an MLA. I would stand corrected if the underwriters . . . I'm quite sure that is the case. Yes, the authorities I have with me tell me that is so. Maybe we should rate them higher.

MR. STEEN: I personally carry business for the simple reason that I do have another occupation other than being an MLA and I did have it under the all-purpose one year and my agent said that he thought that perhaps I should be in the business category. This is a case of the agent bumping me up, and you might recall from our last meeting I was citing examples of agents trying to give persons lower classifications in order to, perhaps, attract their business. And you said that that does not occur as often as perhaps I thought it did; perhaps a hundred cases in the whole province in a year and that's about it.

MR. DUTTON: I think the yardstick we used that we have 125 . . . claims that we've paid out. So, therefore, that's only when a claim occurs. Not all of them were improper usage but I think the words are used that perhaps it's the tip of the iceberg if we get around 100 claims. There are many many people who are driving with improper usage who simply are fortunate enough not to have accidents. You brought the question up the other day and I agree that it is a constant problem with us.

MR. CHAIRMAN: Page 11—pass; Page 12—pass; Page 13—pass; Page 14. Mr. Steen.

MR. STEEN: Maybe, Mr. Chairman, you could pause for thirty seconds to let the Honourable Member from Minnedosa sort of find a chair and a table, and we'll find out if he's really with us or not.

MR. BLAKE: Mr. Chairman, on that particular point, I would just like to mention that the problem that the city members have that us country members don't have is that we are close enough to walk to the office but sometimes we run into problems along the way and . . .

MR. CHAIRMAN: We understand, Mr. Blake. May we proceed.

MR. BURTONIAK: On that point, Mr. Chairman, I'd just like to say that seeing as the Honourable Member for Minnedosa has arrived safely, I certainly wish to say that I'm very happy that no accident occurred on the way down.

MR. CHAIRMAN: Page 14—pass; Page 15. Mr. Jorgenson.

MR. JORGENSEN: On Page 14 there is an item that says "Due from re:automobile insurance companies insurance division \$174,100" and then below that it says "Other." I wonder if Mr. Chairman could tell us what that "Other" is.

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: This is clearly defined in this fashion to indicate that we are doing the reinsurance, of course, on the conventional basis with professional reinsurers and other insurance companies both, incidentally, on a ceded and assumed basis, in many instances. And that is the "Other" that is there. The automobile insurance division is an inter-office arrangement that we have between the general business and the basic autopac on reinsurance.

MR. JORGENSEN: This is a fairly substantial increase on 1975. I wonder if he could explain to me why that occurred.

MR. DUTTON: Yes, it is. I'd say it is but the figures are here if you want them. Yes. It just referred to claims outstanding and not received because claims have not been paid as yet. That's what it is.

MR. STEEN: Mr. Chairman, to Mr. Dutton, this is claims that have not been paid to the Public Insurance Corporation by the reinsurer.

MR. DUTTON: Yes, that's right. They're due from the reinsurance companies. That's right. It would be claims of that nature.

MR. STEEN: Do the reinsuring companies, are they slow payers or is this something that . . .

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MR. DUTTON: Reinsurance, generally, is a slow-moving process, I assure you. Reinsurance may, through its complexities, not only be on a treaty of reinsurance directly with many many companies but they may retrocede, too, to various other companies. That is they've spread all over the world and it takes awhile to get this machinery working and to get your cheques. On the other hand, I might say that it also takes them awhile to get their bills into us when we owe them any money.

MR. STEEN: Mr. Chairman, on that point of reinsurance, I know from the life insurance business and I can cite an example: in the City of Calgary where the London Life Insurance Company insured a person for \$10 million and then they reinsured it with four or five other carriers, that death claim was three years ago and it is still in the courts. So I know of a particular case and I know the agent that had the piece of business, and the London Life did honour the contract and they are in the process now of suing five other major insurance companies in Canada to try and recover the portions that were reinsured.

MR. DUTTON: The process is a slow one. We've never had to resort to litigation to get money from any reinsurer but what you must do, really, to protect yourself, of course, is to make sure that the terms of the reinsurance contract are clear to everyone. Obviously in any contract it is an advantage. And the other point you must do is to check the stability of the reinsuring company to make sure it's a firm you want to do business with.

MR. STEEN: Mr. Chairman, to the General Manager, the question that the Member from Morris asked regarding reinsurance, I understand the General Manager correct that that is reinsurance on general business and not on the automobile?

MR. DUTTON: No. It's due from reinsurance companies. The automobile insurance division is the one that is being reinsured by the general insurance division. Not the other way around.

MR. CHAIRMAN: Page 14—pass; Page 15—pass. Mr. Jorgenson.

MR. JORGENSEN: On Page 15, "Due to reinsurance company, general insurance companies division," there is an amount of \$174,000 and that, again, represents a fairly substantial increase. I wonder if the Chairman could explain those three items; \$174,000, \$284,000, and \$31,396,000.00. I am checking the note but the note that it refers to, Note 5, does not seem to relate to that particular item. I wonder if the Chairman could explain that.

MR. DUTTON: Were you referring to Note 5, Sir? Note 5 is unearned premiums.

MR. JORGENSEN: Note 5 doesn't seem to relate to . . . It relates to fleet rebate.

MR. DUTTON: There is no note relative to the "Due from reinsurance companies."

MR. JORGENSEN: But I was wondering what was meant by unearned premiums?

MR. DUTTON: Yes. The unearned premiums are the premiums that we cannot show for accounting purposes. For instance, Sir, let's take a round figure of \$100 on a premium, that if we wrote a policy in July of that year, we couldn't say that the full \$100 has been earned for profitability purposes until July the next year. And if you end the year at December 31st, you could only show your earned premiums at half of that, and so your unearned premiums would be shown at half or \$50.00. And this is the premiums that we have not earned on our books as yet. In other words, it's reserved until the policies expire for the payment of losses that may occur after the date of the corporate year.

MR. CHAIRMAN: (Pages 15 to 21 were read and passed.) Page 22— Mr. Steen.

MR. STEEN: Just a general question and it doesn't really refer to any page, to the General Manager. On the general business that the Public Insurance Corporation is writing, approximately what percentage of the total business in Manitoba is now coming to the Public Insurance Corporation? Do you have such a figure?

MR. DUTTON: In the year under question, we got a little less than \$5 million in premiums written. I think the total amount written in the province, it works out to about seven and one-half percent at this time.

MR. STEEN: And we are now into the second year of being in the general business, right?

MR. DUTTON: Yes. This report is the first full year of operations.

MR. STEEN: What does the General Manager anticipate for this year? Are you anticipating a substantial increase?

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: I think that we will increase the premiums and we may end up with around \$10 million in premiums at the end of this particular year. I might advise you though, that the situation is changing in the insurance business, it's no longer just a seller's market, the insurance companies are getting a little more competitive than they were a year ago.

MR. STEEN: Mr. Chairman, to Mr. Dutton. Of the \$5 million that you did in your first year, how much of that \$5 million was on Crown agencies, whether it be municipal or school board or provincial or federal?

MR. DUTTON: Of the close to \$5 million, there's \$400,000 approximately was government business and all of it's aspects. The rest was from the public itself. Most of the business we are getting incidentally, and certainly by far, the number of contracts we write is on habitational risk, the Homeowner's Policy we're getting a large share of those.

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MR. STEEN: Mr. Dutton, at the recent School Trustee's Association annual meeting, there was a concern expressed by many of the School Trustees about the high rates that the various School Divisions are being charged mainly through vandalism. Has the Public Insurance Corporation been underwriting a number of School Divisions and are you experiencing the same problems?

MR. DUTTON: Yes, we have written a number of schools, I think it's quite correct for them to be concerned about the rates that have happened over the last few years on schools. But the insurance companies, in my view, generally speaking, have no alternative but to raise rates because of bad loss experience on schools. As a matter of fact, I know some of the school units have had difficulty in obtaining insurance. The other day when I was here I mentioned that we are looking at the entire picture of schools, and will offer for consideration what we think is a solution to the situation; if it's acceptable that's fine, it may correct the problem of unavailability of insurance for schools, and if not, then of course, the situation will remain as is.

MR. STEEN: Mr. Dutton, to your knowledge has the Public Insurance Corporation denied insurance to any school division for any of their facilities?

MR. DUTTON: I don't know of any School Division as such that we have denied insurance for. . .

MR. STEEN: Even though the risk may be high, you can still come up with a premium?

MR. DUTTON: Yes, the rate may dictate to the school that they may not wish the protection. I am just advised we write 28 of the School Divisions, out of about 55, so we are writing about fifty percent.

MR. STEEN: What about. . .

MR. DUTTON: That's not saying that we are writing them 100 percent in every instance. We are participating in some cases, on subscription policy with other carriers.

MR. STEEN: And some portion of the business. With the various municipalities in the province, perhaps the Minister of Municipal Affairs can tell us — what are there, some 80 or 85 municipalities in the province, or is there . . . how many Bill? How many municipalities are there in the province?

MR. CHAIRMAN: Mr. Uruski, can you indicate how many municipalities in the Province of Manitoba?

MR. URUSKI: It's in excess of a hundred.

MR. STEEN: Mr. Dutton, can you tell me, is the Public Insurance Corporation doing very much business with the various municipalities and cities?

MR. DUTTON: Not as yet. . . we're talking about a figure of that nature.

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: The Estimate that we have from the underwriting department here is that we probably have about fifteen or twenty. So as I say, we're not writing and haven't been called upon to do so much in the full year of operation of municipalities as yet.

MR. STEEN: What about with the various public Hospital Boards?

MR. DUTTON: Not too many hospitals I know that. See hospitals again is considered a preferred class of risk by insurance companies, generally speaking, and they have a good history of profitability, and that indicates they shouldn't be a problem rate-wise or capacity-wise with hospitals, and I gather there isn't.

MR. STEEN: So I gather it's going to take some time to lure that business away.

MR. DUTTON: Well, it could only be lured away on better performance or a sharper pencil, I'd assume.

MR. CHAIRMAN: Mr. Steen.

MR. STEEN: Mr. Dutton, is there any compulsion for recreation boards or hospital boards or any groupings that receive moneys from the Provincial Government that they must offer their insurance to the Public Insurance Corporation?

MR. DUTTON: I don't know of any direction or instructions along that line. . . I haven't heard anything at all.

MR. STEEN: For example, if a local area was to build themselves an arena and receive some moneys from a particular department in the Provincial Government as a grant, there are no strings attached to your knowledge with that feature . . . insurance corporation.

MR. DUTTON: I don't know of them. It hasn't come to my attention, Sir, if that is the case.

MR. CHAIRMAN: Mr. Uruski, you have some comments on this?

MR. STEEN: He's just chirping away.

MR. CHAIRMAN: Mr. Johannson.

MR. JOHANNSON: Yes. You said, Mr. Dutton, that you had 28 School Divisions . . .

MR. DUTTON: Yes, about half insured.

MR. JOHANNSON: . . . at least partial insurance on at least twenty-eight. And by the way, I don't see anything wrong with your turning down a school division, you're in competition with other companies and if you prefer to turn down a risk on the grounds that it's a bad risk, that's entirely acceptable to me, although it doesn't seem to be so acceptable to the Honourable Member for Crescentwood.

MR. CHAIRMAN: Mr. Johannson, do you have a question?

MR. JOHANNSON: I was going to point out, Mr. Chairman, that we are on Page 22 and I see nothing about General Insurance on this page.

MR. CHAIRMAN: Well, it was a question of a general nature.

MR. JOHANNSON: So the whole discussion has been out of order?

MR. CHAIRMAN: No, we've allowed questions of a general nature to be applicable to any page. Page 22—pass; Page 23—pass; Page 24—pass; Page 25—pass; Page 26—pass; Page 27—pass; Page 28—pass. Mr. Steen.

MR. STEEN: I just wanted to check with my colleagues to see if they had any questions before you got off the very final page.

MR. CHAIRMAN: No question. Mr. Johannson.

MR. JOHANNSON: I have a general question to Mr. Dutton. The Government in Saskatchewan and I gather Saskatchewan SGI/O has been looking into the whole question of further extension of no-fault coverage. Can Mr. Dutton tell us what kind of progress they are making and whether he is familiar with . . .

MR. DUTTON: Yes, I think I can, Mr. Chairman. The plan . . . they've named it a Reparations Plan, and they're trying to dispose of the tort system entirely. They are having problems with it of course, because when you take away a man's right of going to court away from him, then I think you have to be pretty careful. Insofar as the injury to the person is concerned, it is fairly easy to be able to establish a plan of this type, of complete no-fault — the only problem is of course, is pain and suffering of which they haven't put a dollar value on, and which would not, as I understand it, be something that a person can collect for. But the area of real concern, the real problem, and in my view what does happen in Manitoba, and certainly in other parts of the country, the persons greatest concern is the damage to his vehicle. If somebody comes through a red light and damages your car, he is entirely at fault. It is very difficult to explain to John Doe that look, we're only going to repair your car in excess the deductible amount and you can't sue the wrongdoer for the damage to your vehicle. That's the position they are in, and that's the obstacle as I understand it, they are having difficulty of overcoming.

On the other hand, it is very difficult for an insurance company to insure a car from the ground up, there has to be a deductible amount, otherwise you have what is virtually a maintenance policy and not an insurance policy and the cost would be prohibitive indeed to simply maintain everybody's car from any scratch or damage that it would receive. That's the problem they're in. As I say, they could probably come up with answers, and I think they have the answers, maybe some arguments about certain phases of it insofar as personal injury is concerned, but I would certainly hesitate to suggest a plan like that in Manitoba. I'm sure the public would not accept damage to their vehicle and no chance of recovery from the wrongdoers.

MR. CHAIRMAN: Mr. Johannson.

MR. JOHANNSON: Mr. Chairman, I was mainly concerned about the no-fault aspect concerning personal injury.

MR. DUTTON: Yes, personal injury — they are establishing an amount of money that a person can receive as a right rather than to perhaps go to litigation. We do that here though, I would agree, you have a modified no-fault plan in which a person can claim under what is termed Part II of the regulations. He will be paid \$75.00 a week for life; if he's permanently disabled there are modification of that plus lump sum payments they would receive. Maybe this amount isn't large enough, and perhaps if it is a problem of compensating the innocent victim of an accident for his injuries, maybe the Part II benefit should be increased but, at this stage what they are doing in Saskatchewan is going beyond that; not only increasing the amount paid regardless of fault, but also taking away tort or the right of a man for his day in court. They are suggesting that, I'm not saying they've done that. They've had a Committee headed by a rather prominent lawyer in the Province of Saskatchewan and their report — I have a copy and have read it with some interest, and I believe must have gone to the law making authorities in Saskatchewan by this time.

MR. CHAIRMAN: Mr. Blake.

MR. BLAKE: Yes, Mr. Chairman, thank you. I notice . . . just a general question under A and Section B. I notice in the last couple of years the Motor Vehicle Branch of Highway's Department has never shown a loss, and I just wondered in this particular case how they apportion the administrative expense on Motor Vehicle Branches, maybe the MPIC is carrying a larger share of the expenses than they should. If it were apportioned on an actuarial basis possibly we might be showing a loss in the Motor Vehicle Branch of Highways.

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: It is on an actuarial basis as best we can manage it. In accounting matters there are certain grey areas you might call them when it comes to the actual dollars expended by us on behalf of the Motor Vehicle Branch for instance or vice versa. There is a formula that we use and that formula has worked both ways. As you know, the Motor Vehicle Branch pays us a sum of money because we handle the licence issuing of all the vehicles in this province — the actual work itself and the maintenance of the system is done by us for which the Highway Traffic Branch and the Motor Vehicle

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Branch has to pay us a sum of money. On the other hand, they handle all the driver's licensing system' and collect of handling that large number of dollars for the same fee that he is paid for collecting \$18.00 on the normal licence and insurance fee. Has consideration been given to increasing the agent's rate for issuing the licence?

MR. CHAIRMAN: Mr. Burtniak.

MR. BURTONIAK: Mr. Chairman, as I pointed out when Mr. Blake asked this question a couple of nights ago, what he's saying in regard to the amount of fee the agent gets — 20 or 40 cents, or whatever it is, is quite correct. But then of course, the same agent may get a pretty good percentage of the share that comes to him through the insuring of the vehicle itself, so therefore, he's not actually just making his income only on those 40 cent fees that he's getting. There are other fees for insuring the vehicles as well, so therefore' he makes a lot more than 40 cents, I can assure the member.

MR. BLAKE: Yes Mr. Chairman, on that particular point, the agent's commission is I think five percent of premium, the same fee that was brought in some three or four years ago or six years ago. Has consideration been given to increasing the insurance agent's commission on issuing the driver's licence or the insurance on the vehicle itself? a sum of money for us and we pay them for handling that system, and the formula has. . . we sit down once a year with my Director over here of Finance along with Peter Dygala and a few more to hammer out what the costs are, and I assure you both sides try to protect their interests, no question about it.

MR. CHAIRMAN: Mr. Blake.

MR. BLAKE: That brings me to another question, Mr. Chairman, that I brought up with the Highway's Minister and his Estimates. The issuer of the driver's licence or the other licences he handles, the driver's licence also, is paid a fee of 40 cents for issuing a driver's licence of say \$18.00.

MR. DUTTON: You mean the agent?

MR. BLAKE: The agent. But should that driver have several demerit points on his licence he may pay \$368.00 or \$269.00 or whatever. . . twenty demerit points. The previous Minister is correcting me on some of the prices, but that agent receives only 40 cents for collecting three or four hundred dollars — the same fee that he's paid for collecting \$18.00. I should say he's paid 40 cents. It would seem rather inequitable that he's charged with the responsibility

MR. CHAIRMAN: Mr. Dutton.

MR. DUTTON: I don't think we can lay the fault with the Motor Vehicle Branch for the amount of money that is paid. You see they are responsible for the licensing system and they are prepared to pay a certain sum of money, albeit apparently a small document amount, for the handling of that because of the work involved. And of course the agents are prepared to accept a sum of money, they would like it to be larger naturally, but they do it because of very obvious reasons.

Now, why should they pay more because a person has been surcharged — I'm talking about the Motor Vehicle Branch — it doesn't make sense, they don't collect the additional money, we do. We feel the agent shouldn't benefit by a larger sum of money through the unfortunate happenings of the individual who has been surcharged because of convictions.

MR. BLAKE: You benefit, why shouldn't he?

MR. DUTTON: We benefit sure. We feel that there is a relationship between the number of convictions a man may have and the accident frequency he may have on the highway, and we feel too, incidentally, that there is no more work involved — I'm sure there isn't. And you talk about the responsibility of collecting a larger sum of money, the system itself pretty well relieves a man of any responsibility. We pay for the bond that insures his integrity or the disappearance of any money that he may have; the cheque is made out not to us or to him, it's made out to the Treasury Department, therefore, it's pretty well secured. It has to be cash on the barrelhead. It's the same amount of work in filling out the piece of paper, so he's really getting the same sum.

We've had this discussion of course, with agents' associations, and I might point out initially agents were not allowed to issue the driver's licence — in the main they weren't — but that the agents have put in representation to Mr. Dygala requesting this privilege because they felt that it was a convenience to the motorist to be able to stop at one place to get his vehicle insurance and his driver's licence, and indeed, it's very nice if you are in a community to know that everybody that drives a car is going to cross into your store some day to buy a certain product, if you are a good salesman, you'll sell him something.

MR. CHAIRMAN: Mr. Steen.

MR. STEEN: Yes, Mr. Chairman, to Mr. Dutton. What is the percentage of business done by the Manitoba Public Insurance Corporation that is funnelled through the so-called private agent?

MR. DUTTON: You're talking about Autopac, Sir?

MR. STEEN: Yes, Autopac, rather than . . .

MR. DUTTON: Autopac would be roughly, I would say, the last figure I saw was 85 percent. It may be higher now but the bulk of it goes to agents.

MR. STEEN: Has that trend been changing in any way?

MR. DUTTON: It is gradually increasing. It started a little less than 80 percent the first few years and it changes maybe one percentage point or so. Last year, for instance, when it was plate year, the

agent had a bunch of plates and I would imagine that people liked that series number and they would go down there and pick out a plate. We even had a very well known radio station here try to buy plates with their call letters on it but we haven't got those call letters so we couldn't issue them.

MR. STEEN: A very good friend of mine that is in the whiskey business has the initials of the company that he represents on his car.

My final question, Mr. Chairman, to Mr. Dutton. Can he comment on the frequency that the Agents' Association and he and his people meet . . . just enlighten us as to how often you meet and perhaps what are the general subjects that are discussed.

MR. DUTTON: Yes. We met, particularly in the early days, quite regularly with both — we had two Agents' Associations.

MR. STEEN: What are the two?

MR. DUTTON: There's two. One is the Manitoba Agents' Association which is the one that has been here for many years, and the other one was called the Autopac Agents' Association. I do believe the Autopac Agents' Association is somewhat in a dormant condition at the present time. They were formed really to, as I understand it — we had nothing to do with the formation of course of either organization — they were formed to try to iron out the problems that they felt that they had with us and indeed there were problems, particularly in the early days. But these problems I think for the most part have been ironed out; whereas we used to meet with them at least monthly at one time, we may meet with them now, I would say, on a quarterly basis and whenever we make a change or have a change in mind, it has been our policy to contact the Agents' Association to advise them what we have in mind so that the matter can be thrashed out; we don't want them simply to face a, for instance, a unilateral change in commission rates and this type of thing the way it has happened in the past with many insurance companies. I would say, Sir, that the relationship — I'm sure if you talk to the Agents' Association now — between ourselves and them is very good indeed. We do have an open door policy with each other and will discuss our mutual problems.

MR. CHAIRMAN: Page 28—pass. Mr. Steen.

MR. STEEN: Mr. Chairman, just one final comment. I would like to thank the Minister and Mr. Dutton and his staff members for informing the members of the committee as to the operation of the Public Insurance Corporation and, as usual, Mr. Chairman, you did an excellent job.

MR. CHAIRMAN: Thank you. Somebody move that the Annual Report for 1976 of the Manitoba Public Insurance Corporation be received and reported.

MR. PETURSSON; So moved, Mr. Chairman.

MR. CHAIRMAN: Is it agreed? Committee rise.