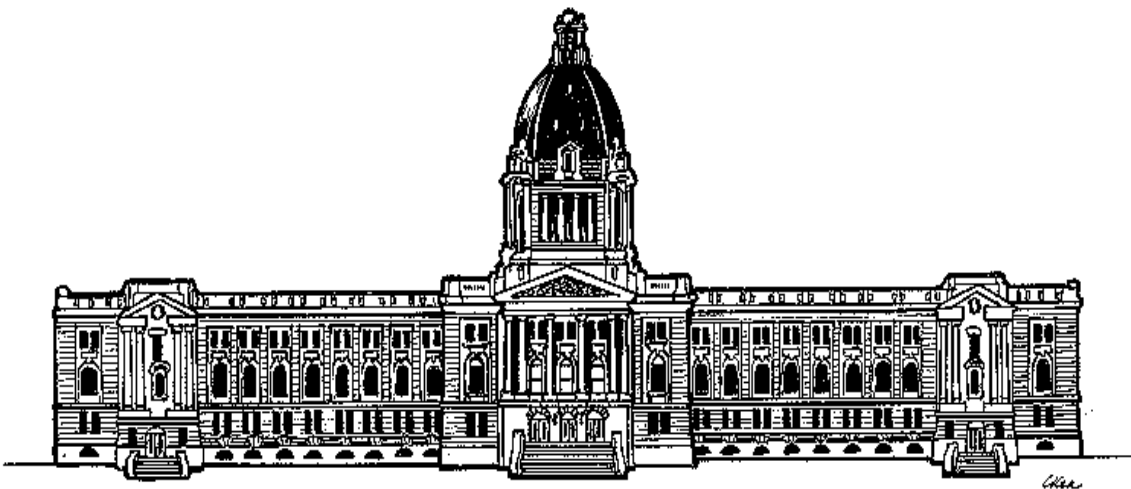




# **STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES**

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## STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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[The committee met at 10:00.]

**The Chair:** — I want to welcome everybody to the meeting this morning. I see that we have one substitution. Doyle Vermette is substituting for Cathy Sproule.

I believe members have a copy of today's agenda. If members are in agreement, we will proceed with the agenda. We also have one document to table today, CCA 104/27 Crown Investments Corporation report of public losses April 1st, 2013 through to June 30th, 2013 for CIC [Crown Investments Corporation of Saskatchewan] and subsidiary Crown corporations dated August 1st, 2013.

On today's agenda is the consideration of Saskatchewan Government Insurance related entities, 2008, 2009, 2010, 2011 annual reports. With that I will introduce Minister Harpauer, and I will have her introduce her officials and if she has an opening statement to make before the members begin questioning. So I will turn the floor over to the minister.

#### Saskatchewan Government Insurance

**Hon. Ms. Harpauer:** — Thank you, Mr. Chair, and good morning to all of the committee members. I'm joined today by my officials from SGI [Saskatchewan Government Insurance]. To my left I have Andrew Cartmell, the president and CEO [chief executive officer]. To my left I have Jeff Stepan, the chief financial officer. Behind me I have Earl Cameron, the vice-president of the Auto Fund; Tamara Erhardt, the vice-president of human resource and corporate services; Sherry Wolf, the vice-president of claims and salvage; and Kim Hambleton, the manager of corporate affairs.

As you mentioned, today we're here to discuss the annual reports for SGI Canada and the Saskatchewan Auto Fund from the years 2008 through to 2011. That time period was a prosperous one for SGI Canada, with the company posting profits in all four years.

In 2011 SGI Canada even posted a small profit despite record storm claims in Saskatchewan. This is due to SGI Canada's geographic diversification strategy that enables it to spread its risks so that profits in one region can be used to offset losses in another. During that same four year period, the Saskatchewan Auto Fund continued to provide quality service to the people of our province while maintaining among the lowest auto insurance rates in Canada.

SGI continued to be the leader in traffic safety by introducing programs like graduated licence for motorcycles and the province-wide report impaired drivers program. In 2010 SGI also completed its five year auto fund system redevelopment project which resulted in increased efficiency and enhanced customer services including the introduction of online services with MySGI.

So I thank you, Mr. Chair, and I will entertain any questions.

**The Chair:** — Questions open. Mr. Vermette.

**Mr. Vermette:** — Thank you, Mr. Chair, to the minister and

your officials for being here, giving us an opportunity to look at 2008 to 2011 annual reports, and to the committee members.

I guess I want to start out looking at individual years, and you can break it down however you want to do it. But I can start out doing it year by year or just giving you the opportunity — however you guys want to handle it — to report it.

As far as returns — and you talk about the returns to Saskatchewan people from the Crown, SGI, to CIC — can you tell us what those profits were or what was turned over to CIC each year?

**Hon. Ms. Harpauer:** — Okay. So in 2008 SGI Canada had a profit of 40.4 million, and 26.2 million was the dividend to CIC. The Auto Fund posted a loss of 42.7 million, and the Auto Fund does not pay dividends to CIC. In 2009 SGI Canada had a profit of 52.4 million, and it paid a \$34 million dividend to CIC. The Auto Fund posted a loss of 40.8 million. In 2010 SGI Canada had a profit of 49.3 million, and it paid a dividend of 43.5 to CIC. And the Auto Fund . . . I'm sorry, I didn't have that out.

**Mr. Stepan:** — In 2010 the Auto Fund had an increase to the rate stabilization reserve of 68.4 million.

**Hon. Ms. Harpauer:** — So the profit was 68.4 million in the Auto Fund. And again just a reminder, the Auto Fund doesn't pay dividends. In 2011 SGI had a consolidated profit of 441,000, and there was no dividend that year.

**Mr. Stepan:** — In 2011 the Auto Fund had a loss of 143 million.

**Mr. Vermette:** — Okay, thank you. Do you know, like watching trends, is there any reason why . . . Can you give us some light why . . . What has happened or what type of, I guess, has caused going from profits to loss? Was it claims? And I know you mentioned that. And what type of claims are you talking about? Was it like a storm in one area? You were talking about the weather. And I mean whether it's 2010, 2011 year, we had . . . If you can give me a little bit of background information on those years.

**Hon. Ms. Harpauer:** — Of course there's two separate companies within the umbrella of SGI. So we have to keep that in mind, that SGI Canada is general insurance, and SGI Auto Fund is just the auto. Weather is . . . However weather is a big factor in both of the two branches of the company, and I'll get our president to elaborate further.

**Mr. Cartmell:** — I can start on this, in any event. So in insurance, there's basically two sources of profit. There's underwriting profit, which comes from the premiums we collect less the claims and expenses to run the business. So that's called underwriting profit. There's also investment income profit. The money we take in we invest and make a profit off of that as well. So whether it's SGI Canada or the Auto Fund, they both have both sources of profit.

In addition in the Auto Fund, because we have salvage operations, basically every written-off vehicle comes to us, and we have a process whereby we sell those vehicles either to auto

wreckers or we sell parts to individuals and businesses. We also make a profit from the sale of salvage as well. So in the Auto Fund, we actually have the three sources of income coming into the organization.

In any given year, the investment markets go up and down. We invest in bonds and we invest in equities and we invest in real estate. And so during the time period in question, of course 2008 was the big financial implosion, so that had an impact on our organization, and I think it leaked into 2009 as well. And we can certainly talk about our investment strategies should you wish to know them.

And as the minister indicated, the other significant factor for us would be storm losses. The Auto Fund is particularly susceptible to hail damage. And SGI Canada is susceptible to hail, wind, flood which, for insurance purposes, is really sewer backup claims. So in any given year, we're at sort of the mercy of the weather. We price our products based on averages and trends, but in any given year you're going to get it wrong. And so in some years our profit is better than expected; in other years it's lower than expected.

**Mr. Vermette:** — Okay. Now you gave some numbers, and I'm not sure for 2011 year, and you looked at the profits of the insurance. You went from 40 in 2008 to 52 and 49. And then you went — and I want to be clear on the numbers — 441,000? Okay. Now I'm just trying to find out, was it the loss in 2010, the storms in 2010 that caused you the loss in 2011? Is that what happened? Or is it 2011? I'm just trying to understand.

**Mr. Cartmell:** — Accounting practices are such that we have to estimate the value of claims at the end of the year to be sufficient to cover off all the losses that have occurred. So the 2011 year should be reflective of storm activity in 2011. It is possible if a storm occurs towards the end of the year, sometimes the information that we collected may not be completely accurate. And then we have actuaries that make estimates with respect to the ultimate value of those losses.

So in any given year, sometimes there's a little bit of a shift from losses from one year to the next. But our intent is to try and get it as accurate as possible at the close of each calendar year.

**Mr. Vermette:** — Okay.

**Mr. Stepan:** — If I can add to that. In terms of the actual storm losses, when you look at 2009, we had essentially no storm losses and we recorded a profit of \$52 million. In 2010, we had storm losses of \$30 million on a net basis and we still recorded a profit, but that was because we had strong investment earnings. We had investment earnings of almost \$40 million.

In 2011 when we recorded just a net profit of 400,000, we had storm losses of \$32 million, but our investment earnings were only \$9.5 million. So that really is, you know, the storm losses of \$30 million are almost double what our 10-year average is. But because we didn't have the investment earnings to offset that, that's why our profit was so slim in 2011.

**Mr. Vermette:** — So when you look at that in a year where you take losses that you have — whether it's storm, investments

— and you look at that, how do you adjust them? Do you adjust the next year in some way? Is there ways that you turn that back to the customer? Or you just kind of hope your retained earnings kind of . . . you ride by. Can you explain that to me? And just to see what kind of increase in 2012, would you have increased I guess premiums and everything else to your customers?

**Mr. Cartmell:** — So every year we undertake an analysis of the rates that we charge our customers. It doesn't matter if it's the Auto Fund or SGI Canada. Again it's a mathematical process. We employ a number of actuaries to do that work for us. And essentially what they do is they will look at previous years' experience, and it sort of depends on the product line. But as an example, they'll look at experience over the past say three, four, five years. We look at trends in the data. We try and take that pool of information that we've had the last number of years and project that experience for what we expect to happen in the upcoming year.

So for instance we will look at the long-term trends with respect to storm losses. So if it was the homeowner's line of business — we're insuring homes in the province — we would probably take something like the last 10 years worth of storm losses and look at averages or look at trends in terms of the number of claims and the size of each loss to try and predict what pool of premium we need to collect to cover off what we anticipate to be storm losses in the upcoming year.

We do that not only for storm losses but for all different types of losses. So as a general rule, if you simply have a bad year in 2011 because of storm losses, we do not attempt to recoup all that in one year the following year. That forms one year of experience over a broader time period. By that way we minimize fluctuations and the impact on our customers.

**Mr. Vermette:** — Thank you for that information. That's helpful. And I know this report covers off 2008 to 2011. Do you have the numbers or could you provide the committee with numbers at a later date as to the increase in premiums in 2012? Just to have an idea of that, would that be possible?

**Mr. Stepan:** — I've got that information. In terms of the premiums, overall premiums written went from 471 million in 2011 to 492 million in 2012 and the profit, the profit in 2012 was \$82 million was our net income in 2012. And that was primarily because of a strong investment market. So one year, bad year; the next year is it bounces back. And that's not because we had changed anything necessarily. It's just that was the way the market had moved.

**Hon. Ms. Harpauer:** — Now I need to add to that however. That isn't necessarily just an increase in premium. That might be an increase in customers too. So to do a breakdown at SGI Canada would be rather difficult because every policy is unique in a lot of ways, like what you're going to insure. So I don't know how you would do comparison of an individual policy increase. On the Auto Fund it's a little bit easier because the vehicle is what it is. But it would be very, very hard to do an actual policy comparison.

**Mr. Vermette:** — And I know you have, and I'm just going to assume this and maybe I shouldn't say I know. I'm suspecting

you guys have, or as SGI itself, you have, would we say short-term, long-term, medium plans of investment and ways that you're going to use dollars to invest? Is that handled by yourselves or do you have somebody who takes care of your investments for you that decides trends? Is it independent or you have a firm that looks after that for you?

[10:15]

**Mr. Stepan:** — In terms of investment management, we have a statement of investment policies and goals for all of our companies, a separate one for the Auto Fund and a separate one for SGI Canada. The strategic decisions in terms of how the policy is set is set by our investment committee and our board with the advice of an external consultant, Hewitt Associates.

In terms of implementing the policy, the actual investment manager is a number of different investment managers that we hire that implement the investment policy and we . . . So they're professional investment managers who are in . . . They are the ones who actually do the buying and selling of the equities and the bonds, and then we hold them to performance standards in terms of outperforming the objectives that are set out in the investment policy.

**Mr. Vermette:** — Okay. Thank you for that. So how do you determine who will handle your investments, and can you tell me the process that you go through to identify the company or companies that you decide to use?

**Mr. Stepan:** — Absolutely. That's an excellent question, given that we just made a change in one of our investment managers. So we look at . . . We have investment managers in place now, and on a quarterly basis we're looking at their investment performance. And if their investment performance isn't up to what the standards are that are outlined in the policy, then we will undertake to do an investment manager search.

That investment consultant who is advising us on the policy also assisted us with the investment manager search. And that process involves looking at a large number of investment managers who provide investment services for the specific asset class. In this case we were looking for a Canadian equity manager. So we had a long list of about a dozen Canadian equity managers who provide institutional investment management services. We whittled that down to a short list, looking at the various criteria that were important in terms of long-term performance, stable people, a process that we were comfortable with in terms of offsetting our other investments managers and getting complementary investment managers. And then from that we went to a short list presentation where they come, they present their qualifications, and then the investment committee makes a decision, recommends to the board hiring the specific investment manager. And upon board approval, that manager then is put in place.

**Mr. Vermette:** — And I'm trying to understand. Okay, so it's not like a tender. It's a . . . whatever you call it. Committee? Would it be people within SGI that then would make the recommendations to the SGI board? I want to understand that process to make it clear.

**Mr. Stepan:** — Yes, it is very much like a tender in terms of

going out to the market and finding out who is out in the market that will provide those services. The committee that was involved was the investment committee of the board. So it wasn't management necessarily recommending. It was the investment committee of the board who was involved in the process in terms of determining that we need to fire our existing Canadian equity manager and hire a new one and then involved in the process of the long list, whittling it down to the short list.

They were involved in the short list presentations. In fact that's who the investment managers were presenting to was the investment committee of the board, and that included the board Chair who was at the table as well. And then that investment committee made a recommendation to the board, and the board, in this case, approved that recommendation.

**Mr. Vermette:** — I've got some more questions about that and I'm just trying to understand. Has it changed the way you handle and the way you would go through an investment committee to look at I guess managers and recommendations that they would make? Has it changed from 2006 to 2008, '09, '10? Or it's the same process you've used?

**Mr. Stepan:** — That process has been in place for several years.

**Mr. Vermette:** — Thank you for that. I want to go to another area, and I'll leave that for now. I may come back to some of the financial stuff. But you talk about programs that are I guess encouraged. And SGI and we'll say the Auto Fund is what I'm assuming goes into areas of, would we say driver education programs and stuff like that. Could you give me a bit of idea, in the four years we're looking at, what type of programs have you initiated? What type have you actually, if you have decided not to support or encourage those programs, have you cut some programs that you find were not helpful or you didn't get any of the outcomes you were projecting? Can you give me some ideas on some of those I guess programs maybe you were moving forward in a positive way or ones that you feel are really not doing service to the program or it's not helping Saskatchewan residents?

**Mr. Cartmell:** — I'll start the discussion on that and I think Sherry will come up to give you some specifics. For the Auto Fund, we generally take about 3 per cent of the premiums we collect to invest in various traffic safety initiatives. And there are a number of programs of course that we tend to fund every year.

An then of course, from time to time, as there's research and analysis done not only of research sort of in terms of traffic safety programs that seem to have success around the world, but also an analysis of our own accident statistics in terms of the types of accidents occurring and where they occur, those sorts of things, we then modify and adjust our particular programs.

Sherry, if you're going to come up here. She can provide some of the details in terms of some of the changes on some of the programs that would've occurred during the time period in question.

**Ms. Wolf:** — Excuse me for the delay. I'll be speaking from somewhat of a memory. But during that period of time, there

were a couple of legislative changes that were initiated. First of all, there was changes to *The Traffic Safety Act* with respect to emergency vehicles — slow to 60.

There was changes, I believe, in 2007-2008. Again my memory is a little weak on that one, having said that there was a legislative change there. There was also changes to *The Traffic Safety Act* with respect to cellphones, and that came into effect in January 2010. Those were the two primary legislative changes during that period of time.

In addition to that, there are a number of programs that SGI is responsible for: all of driver licensing, which includes medical review program, driver education, driver examinations, the medical review program, driver improvement program, as well as safe driver recognition. All of those were sustained during that period of time. However, there were some changes to the funding for Aboriginal driver education, which was in, I believe 2012, in that neighbourhood. Since that time we have taken over responsibility for broadening Aboriginal driver education, and so one offset the other. That would be the primary change with respect to driver education. In addition to that, there was a green rebate program which was initiated and then stopped as well during that period of time.

**Mr. Vermette:** — Thank you. I'll go to the program. You talk about the Aboriginal driver education program, and I believe that was a program that was going to go on First Nations communities, in the communities to deal with the schools. Is that correct?

**Ms. Wolf:** — That's right.

**Mr. Vermette:** — What was the goal? Did SGI have a goal set of how many they were going to try to take part in the program? Do you have any numbers, any projections on how you were going to try to get as many First Nations, I guess students, involved in the program? And is there any targets on that?

**Ms. Wolf:** — We had a transfer of ownership of responsibility midway during the season, so I'll turn this over to Earl.

**Mr. Cameron:** — Thank you. Our goal is hopefully 100 per cent. We've had many, many schools sign up already. We have the program . . . Sorry.

**Hon. Ms. Harpauer:** — We're going to get some clarification because our government initiated the province, through SGI, paying for driver's education for First Nations students on-reserve. Are you referring to that or are you referring to the previous program where that funding got directed to this?

**Mr. Vermette:** — Well I'm just talking about the program, period, on First Nations communities to the schools. So however that is, if it was a program that ran before and you've changed it, then it would be nice to have the changes and when you made the changes. So if you could, for clarification even for myself, and I thought, that's what I thought she was responding to, and so . . .

**Hon. Ms. Harpauer:** — I'll get the date of the announcement because it was announced by our government that we were going to offer driver education to students on-reserve, and it

would be, as Earl pointed out, that our hope is to get that in place for all of on-reserve schools. And that some of the challenges of the course will be, and it's a challenge off-reserve as well, is getting the instructors in place that can deliver that program.

**Mr. Vermette:** — Then do you have any numbers if it's a . . . And I want to be clear on this, so if we were talking about a program that used to be there and then there's a new program which the government announced to reach out to First Nations communities, to the schools, to driver ed, do you know how many then currently are signed up or registered or took the opportunity to sign up schools currently?

**Hon. Ms. Harpauer:** — So right now, there are over, or there's over 20 schools that have signed up per se and want to deliver the driver education on-reserve as soon as possible, so very quickly. There's high interest in the other schools as well. And so our anticipation is there will be approximately 2,700 First Nations students on-reserve that will benefit from this program.

Prior to that, the previous program that we discontinued was only spending about 150,000. It was anywhere in the province, so it was not targeted. It was not a great deal of money. So it was quite a significant change then to go to offering driver education to all on-reserve schools.

**Mr. Vermette:** — Okay. Thank you. You're saying 2,700 students. And do you have like a date when you're going to achieve those targets or can I have an idea what you're referring to?

**Hon. Ms. Harpauer:** — School division . . . or the schools will when they're ready to deliver it. So although we are offering the supports and the services and the funding, the school itself has to be ready to deliver it. So no, I don't have that date.

**Mr. Vermette:** — Okay. So currently, from the numbers you presented, there's about 20 schools that have applied. It doesn't mean they're running the driver education program right now, it's they've applied to look at it, finding the instructors and getting going. Is that correct?

[10:30]

**Hon. Ms. Harpauer:** — The schools are setting up the program and so when they have it set up, then the funding will be there for them.

**Mr. Vermette:** — So it's the funding that's available? If they apply then they get the funding and then they run the program? Is that how you're saying it then?

**Hon. Ms. Harpauer:** — That's correct. They set up the program and then we provide the funding per student.

**Mr. Vermette:** — Is there a . . . What type of a . . . Is it a grant they would apply for or if they have 40 students or whatever capacity — 30, 10 students — is there a limit that they can apply for to assist them with those students?

**Hon. Ms. Harpauer:** — No.

**Mr. Vermette:** — Okay . And how do you determine the fee? Is it just the total cost? Has SGI said, well here's the amount that we will allow, allocate per school, per student? Or if there's more cost in an isolated community, is that taken into consideration? Or how would you determine that? I'm just curious.

**Hon. Ms. Harpauer:** — I'll get Earl to answer that question.

**Mr. Cameron:** — Yes, we have taken that into consideration because certainly the costs are different. Smaller classes are not as efficient and classes in remote areas may cost quite a bit more. So yes, we're not saying it's a one-size-fits-all. It will be the costs that they incur to put that program on for each student.

**Mr. Vermette:** — Now part of that program, I know there's . . . yes, you have whether it's 15, 20 hours in classroom and then you have so many hours, I believe it's four or six — you can correct me — that they actually have to, you know, go out, practise driving with an instructor. Would that cost be in there as well, that you would be covering for those communities?

**Mr. Cameron:** — That's correct. The six hours in class would be part of that cost. Sorry, the six hours in car would be part of that cost. The six hours in class would be part of the cost, the six hours in the car would be part of the cost, and of course the cost in the car is slightly higher because you're doing one-on-one training.

**Mr. Vermette:** — Okay. And in class is six hours? Has that changed then?

**Mr. Cameron:** — I'd like to correct that statement. It's 30 hours in class and no, it hasn't changed.

**Mr. Vermette:** — Thank you for that information. I wasn't sure what the number was but I appreciate that. Now having said that you have 20 schools apply, has anyone that has applied not been considered at this time, do you know?

**Mr. Cameron:** — No, they've all been considered and we have agreements with . . . signed already so they know what all the rules are, what they have to do. It's in place. It's just going forward now with them getting educators hired and starting their program. And we'll assist them in any, you know, help they need with that. But really we're providing funding at the end once they're set up.

**Mr. Vermette:** — Okay. No, no I just wanted to get that cleared up just if there were any issues. So far with the program and, you know, it's good to have community members have the opportunity throughout the province to have access to driver education programs. And that's good when we see programs that offer young people opportunity and specially in our First Nations communities. I think that's a good idea. You know, it'll deal with some of the issues facing First Nations. It's a small start but at least a start and hopefully and a continued start. I'll say that.

So having said that, you're hoping to achieve, and I think the minister said 2,700 students. Do you have any idea of when you figure those targets will be met? Like you pick 27 for obviously a reason as a target, so how are you guys going to work or how

will you be working towards that target?

**Hon. Ms. Harpauer:** — This isn't a target. We hope to offer this to 100 per cent of the eligible First Nations students on-reserve. So we're suggesting to you that will be approximately, should they all be able to partake in this program, that would mean right now of that age group that would take the program would be approximately 2,700. So our target's 100 per cent.

**Mr. Vermette:** — Thank you for that. Okay. I'm going to go back and just looking at this and some of the other programs, and I've got some questions for our Aboriginal community members that I want to ask later on, but I'm going to continue in the program in driver ed. We know that we have a lot of immigrants coming in to the province. And how is SGI working with the immigrants to make sure that they have opportunities to the driver programs? And I'm just looking at the numbers, you know. And how do they, from 2008 to now, how are things going? And what programs do you have to support them?

**Hon. Ms. Harpauer:** — That question probably would be better asked in I believe Advanced Education or the Ministry of Economy. SGI doesn't have extensive programs. Through different newcomer centres I think there is offerings, but we can talk about what we do through SGI. But it isn't all that's done within government.

**Mr. Cameron:** — Okay. Certainly there is many new Canadians coming at our door. And in many cases they come from countries where we have reciprocity so they're bringing over a driver's licence. We're able to verify that driver's licence and turn that into a Saskatchewan driver's licence.

In those cases where they don't have a driver's licence or don't come from a country that's recognized where there would be a valid driver's licence, we assist them in getting their written test done, going through making sure they understand, going through the driver education program so that they can take their training, and then eventually taking their driver test with us. We have just converted our new automated system for test drive into, I think we have 26 languages now in which they can take their written test in, which we didn't have that a few years ago.

**Mr. Vermette:** — You talk about, and you're saying the program that if . . . I guess the country they come from, how do you determine whether it meets SGI's I guess the regulations or equivalent to Saskatchewan drivers? How do you determine that and how is that done?

**Mr. Cameron:** — I can speak to that a little bit. We have agreements across Saskatchewan . . . or across Saskatchewan, across Canada with a committee in CCMTA [Canadian Council of Motor Transport Administrators], the Canadian motor vehicle transportation administrators, where we have set standards for drivers' licences. Each jurisdiction approves different jurisdictions, and on a set standard what needs to be in there, and then verifies it with that country. And a good example would be if there was a country where Manitoba's done the research and done all the work on, that country might be added to the list right across Canada by all jurisdictions. So it's a fairly high standard.

There's new countries being added all the time. And there's countries where there's a concern where someone can't produce a driver's licence that appears to be a valid piece of information. And in some cases we do further testing. In some cases they have to take driver training because they haven't driven that type of vehicle on roads that are like here, or with the signs that are here. So I mean if safety is the most important thing here, that these new drivers aren't just coming over with any driver's licence, given a Saskatchewan driver's licence, and assume they can drive on our roads and with our signs.

**Mr. Vermette:** — Okay. Thank you for that. And I'm kind of going into this area as taking over the critic role for SGI so I just want to make sure I'm getting some of the background information. So I appreciate you filling me in on some of the areas that a person is just wondering about as you're sharing stuff comes to — and just so you know where it's coming from.

I had talked about the Aboriginal I guess with education but also First Nations and Aboriginal — Métis, First Nations — that work for SGI. Can you give me for 2008 what the numbers were for First Nation, Métis? Is it possible that your Aboriginal FTEs [full-time equivalent]?

**Hon. Ms. Harpauer:** — So in 2008 there were 210 Aboriginal employees; in 2009, 216; in 2010, 222; and in 2011, 222.

**Mr. Vermette:** — And is there any way of identifying or it is not possible to when we say Aboriginal, of course we know First Nations, Métis . . . On the form where they're employed, it's just self-declare or is that just a questionnaire they would identify?

**Hon. Ms. Harpauer:** — It's self-declare.

**Mr. Vermette:** — Okay. And so it doesn't break down whether it would be First Nation or Métis ancestry?

**Hon. Ms. Harpauer:** — No.

**Mr. Vermette:** — Okay. What percentage for those years would you say as Aboriginal, the workforce that SGI employs?

**Hon. Ms. Harpauer:** — In 2008 it's 11.3 per cent; in 2009, 11.3 per cent; in 2010, 11.6 per cent; and in 2011, 11.5 per cent.

**Mr. Vermette:** — Do you have any numbers for 2012 at all handy?

**Hon. Ms. Harpauer:** — No. No we don't.

**Mr. Vermette:** — Would it be possible to provide that to the committee at a later date?

**Hon. Ms. Harpauer:** — Absolutely.

**Mr. Vermette:** — Thank you. Looking at the numbers, where would you place . . . Do you have a target to encourage First Nations, Métis to apply within SGI? And do you look at those numbers and compare them to . . . And what do you compare them and how would you compare, saying yes, we're comfortable with, you know, the number and percentage of Aboriginal people working within SGI? And if you can give me

a little background information on that.

**Ms. Erhardt:** — I sure can. The working-age population of Aboriginal employees in Saskatchewan is approximately 15 per cent. We do extensive outreach with our human resources recruitment and diversity team. They are themselves 100 per cent Aboriginal.

We attend many career fairs across the province. We have extensive outreach with partnership and workforce agencies to promote Aboriginal employment, and we continue to drive that number each and every year.

Our external hiring in 2008 through to 2011 of individuals that we hired externally range from 18.9 per cent to 14.1 per cent Aboriginal people that we're bringing in the door as a percentage of our external hires.

**Mr. Vermette:** — Do you compare these numbers with the other CIC Crowns? Do you know what some of those numbers . . . Do you guys ever discuss those? I'm just curious to see how they play out. I don't know if you have any of those, but maybe if the minister or somebody could give me that. And if not, well then that's fine, but I'm just seeing if you have it.

**Hon. Ms. Harpauer:** — I don't have it here, obviously, because we're considering SGI, but I can get those numbers for you because it is an initiative of all of the Crowns is to do their best to have diversity within their workforce, both First Nations and people with disabilities. So I can get for the committee the statistics in the other Crowns as well.

**Mr. Vermette:** — Thank you to the minister for that. I want to go back on, and if you could maybe give me, highlight some of the programs or the ways that you go out. And I know you said job fairs. What other ways? Do you use incentives or ways to get First Nations, Métis to apply and to want to stay? And once they're there, what type of programs do you have to ensure or try to work that they find it to be a good and working environment and part of the team? Is there any things that you do as an organization? How do you make sure that they feel like they're a part of, they're welcome and part of that working environment? Do you have any programs that you run?

[10:45]

**Ms. Erhardt:** — SGI has been recognized for the, I believe it's the last five years running as one of Canada's best diversity employers. My team of staff in human resources provides extensive on-boarding support to new Aboriginal recruits in the organization and partners with them if there are any difficulties experienced within the first three, six, one year of hire. We also have a performance management unit that works one-on-one with managers in an early intervention way to try and address any issues that may arise in that first year of employment.

I believe you also asked about outreach. We have partnerships with SIAST [Saskatchewan Institute of Applied Science and Technology]. We have partnerships with SIIT [Saskatchewan Indian Institute of Technologies]. We have partnerships with other Aboriginal outreach employment agencies that work one-on-one with my human resources team in order to promote Aboriginal employment. I also find that our best way of



advertising is to have our own Aboriginal employees speak about their work experience at SGI. We place a lot of emphasis on employee referrals as well.

**Hon. Ms. Harpauer:** — I'm going to get Andrew Cartmell to add to this. It's outside of the years that we're considering, but it's a new initiative that we're undertaking that I'm sure you'll be interested in.

**Mr. Cartmell:** — Sherry Wolf, our VP [vice-president] of claims, and I met with the leadership at SIIT I guess earlier in the year. And the reason we wanted to do that is in our industry, in our own company, and in autobody repair shops is a shortage of skilled labour. And we went to SIIT just to see if there was an interest in developing or running a program. I had heard from the previous president of SIIT that they set up an airline mechanics program that seemed to be having great success. The leadership at SIIT was quite interested in that.

And subsequent to that, Sherry's met with SIAST and with the trades council, and we're getting interest in developing a program. And we actually have a meeting set up in late November to pull the three parties together to see what we can do to develop a program. Now it may not directly benefit SGI in terms of new employees, but it recognizes in Saskatchewan there's a shortage of skilled autobody repairers. And the industry is interested. The educational institutions are interested in doing something and sharing a program. So we're quite excited about the potential that that has.

**Mr. Vermette:** — Okay. Thank you for sharing that information. I guess for as far as turnover, would you say when you're monitoring the Aboriginal I guess employees — and the reason why I'm going down this, I want to understand it and of course give opportunity where we can and to understand some of the SGI and the hiring practice and how the work environment is — would you say there's been a . . . Do you have a changeover with your First Nations employees versus — and I don't know if you monitor it — with non-Aboriginal workers in the workforce and that part of the team? Is there a way of determining, you know, is First Nations leaving more than non-Aboriginal? And I'm just . . . Métis. I'm just trying to see if there is a, each year, kind of a trend, if there's any way to monitor that at all.

**Ms. Erhardt:** — Can I just ask a point of clarification? You're talking about voluntary turnover or involuntary turnover?

**Mr. Vermette:** — When they actually make the decision to leave the employment of SGI.

**Ms. Erhardt:** — Our voluntary turnover rate is actually very small when you exclude retirements. It's been less than 2 per cent for many, many, many years. Yes, including Aboriginal.

**Mr. Vermette:** — Okay. But there's no . . . What I was asking, to identify the Aboriginal volunteering to leave employment, do you have any numbers on that that shows at all?

**Ms. Erhardt:** — Less than 2 per cent overall, but not specifically. No.

**Mr. Vermette:** — Okay. When these individuals, for whatever,

leave voluntarily or I mean obviously if you have issues with them and, you know, they're no longer needed or you're no longer suited for their position within your SGI, do you guys actually do a survey of the ones that voluntarily leave SGI to find out why they might have left? Do you do anything like that?

**Ms. Erhardt:** — Yes. We do do external . . . We do do exit interviews when individuals voluntarily leave our employment. And predominantly the reasons are a promotion elsewhere, returning to school, relocation, those types of things, outside of retirement of course.

**Mr. Vermette:** — Okay. Okay. Have you found any that say they leave because they're just not happy or anything, and if you can share that? I'm just curious out of those four years of anyone that has left. Do you have any of that?

**Ms. Erhardt:** — I wouldn't have the breakdown. But I do know that if there are issues that are identified in the workforce through those surveys, we do address them.

**Mr. Vermette:** — Okay. Thank you. Now you look at your in-scope and out-of-scope positions within SGI. Can you tell me and do you have the numbers? And if not, would you provide the committee with . . . I'd like to see your in-scope, out-of-scope of how many employees were hired in 2008, 2009, 2010, 2011.

**Hon. Ms. Harpauer:** — All we have with information here is just the total number hired, but we don't have the breakdown of whether it's in-scope or out-of-scope, so we'll have to provide that to the committee at a later date.

**Mr. Vermette:** — Okay. For clarification, I want to make sure that the information I'm asking . . . to make it fair when you guys provide it. Looking at your total staffing, ones that are in-scope, out-of-scope, can you also break down out-of-scope? And when I say out-of-scope, of course we're talking about usually management positions and stuff like that and more senior positions within the organization. Can you tell me, out of the in-scope, out-of-scope, the breakdown of Aboriginal versus non-Aboriginals so we can see those numbers to see if at the top end of it, you know, how we're moving in a positive way to encourage Aboriginal people to apply and see what type of programs you're offering to make sure, encouraging them to apply in upper management and mentorship programs and stuff. I'm curious to see how you work with that as out-of-scope. If you can give some of those numbers to see where you're at, or if you want to give some comments would be great if you have any comments.

I know you couldn't give me the true numbers at this point, but you're committed to doing that and providing those to the committee, so I thank you for that.

**Hon. Ms. Harpauer:** — We'll provide the breakdown of in-scope, out-of-scope, Aboriginal, and non-Aboriginal.

**Mr. Vermette:** — Okay, thank you. Some of the employees, whether they retire, you know, and we know that nowadays individuals put in their years of service with wherever they're working, and sometimes those individuals retire and then they

come back to work. And they decide retirement, they tried for six months, four months, or whatever it is and say, you know what? I don't like being at home, so I would like to come back in the workforce. Can you tell me if SGI has had the opportunities where employees decide to retire and they come back to work, whether it's . . . and maybe not as an employee but as a consultant, independent, where — have you had any of that — where you've brought back people.

**Ms. Erhardt:** — Yes, we have, but few, and I would say that none at the current time that are on a consulting basis. But certainly there are some that did retire and have now come back into the workforce on a more part-time or temporary basis.

**Mr. Vermette:** — So is that like they come back as a consultant, as an employee? I just want to be clear on that.

**Ms. Erhardt:** — The majority of individuals that we would have working with us now are employees.

**Mr. Vermette:** — Okay. So do you have some — any, any at all — that have come back, that you hire them on as a consultant and not as an employee?

**Ms. Erhardt:** — I don't believe we have any at this time.

**Mr. Vermette:** — Okay. Thank you. I'm going to go and talk a little bit about . . . And just to get background information for myself of course as being the new critic. And I know that was a hot issue, and some people were a little concerned and upset with the motorcycle insurance rates that SGI was proposing or whatever was coming down the line, whoever was bringing them in. I don't know. If you can give me some details, 2008 to 2011, the cost for motorcycles to register, and give me some information, if you would.

**Mr. Cartmell:** — I don't have exact numbers for you, but I can assure you that the . . . If what you're asking is, you know, were the rates adequate for what we charged motorcycles in that time period, 2008 to 2011, the answer would be no. The rates for motorcycles have been inadequate for a long period of time.

**Mr. Vermette:** — And I'm not saying I know. And that's why I'm going to ask some of the questions, just to get to details into it.

**Mr. Cartmell:** — And I could give you some reasons why, if you want to understand a little bit about the dynamics that go on with it.

**Mr. Vermette:** — Please. Would you do that?

**Mr. Cartmell:** — So in Saskatchewan, while drivers have a choice of a no-fault program or a tort product where you have the ability to sue, most drivers have a no-fault product. And no-fault by its very nature is designed to assist an injured person in getting back to their pre-accident condition as quickly as possible through the means of rehabilitation, support for income loss, and those sorts of things. So the idea is on rehabilitation as opposed to a pot of money at the end of the rainbow.

Unfortunately with motorcycles, due to the very nature of motorcycles, motorcyclists are quite exposed to being injured

because they don't have the protection around them. In Saskatchewan we have quite a high number of single-vehicle motorcycle accidents. I think it's a combination of, we're predominantly a rural province. We have a lot of grid roads. We have a lot of gravel, those sorts of things. So unfortunately the number of seriously injured motorcyclists has outstripped the premium that we've been able to collect from them as a group. It's not blaming necessarily motorcyclists for it, but the reality is, is that they are exposed. And while quite a number of accidents are single-vehicle accidents, there is also a problem with other drivers on the road giving motorcycles the right distance and respect that they deserve.

It's interesting that on average . . . This will just give you a sense of the cost of a typical motorcycle injury, the cost of all auto accidents, in terms of injury. So if you combine every accident we have that involves injuries and sort of spread it across on a per-claim basis, a typical injury claim in Saskatchewan, well in 2008 it was \$40,000. By 2011 it had grown up to \$47,000. The same number for a typical motorcycle accident is \$247,000. So that's the difference. So when you look at the severity of the accidents, it's basically five times higher for a motorcyclist being injured in a claim.

And so it's difficult. There are approximately 13,000 licensed motorcyclists, about 20,000 bikes, in the province. And the reality is we're talking on average 120 to 140 serious motorcycle accidents a year. So it's not that many, but the reality is when they happen, they tend to be serious, and the cost to rehabilitate people is expensive.

[11:00]

**Mr. Vermette:** — You said 240,000. Were you referring to 2008 or 2011 average, you said, for motorcycle?

**Mr. Cartmell:** — I think that's a current number. So I'd say it's likely the 2011 number. So it's \$247,000 would be a motorcycle accident versus 47,000 for all injuries combined.

**Mr. Vermette:** — No, and I appreciate that and yes, the cost is . . . Yes. Because I had my stepdaughter in a motor bike accident this summer, pretty serious. So I understand what you're saying about the work there.

I know that you're looking at raising the rates and I know there's a whole process and I don't know if you've gone through that yet. And can you give any idea where you think rates are going or what the plan is at this time or is it you're waiting or you can't share that at this point until a later date? I'm not sure. So that's why I'm asking for clarification on that.

**Hon. Ms. Harpauer:** — We had a submission last spring to the rate review panel that has already gone through the entire process. We don't have a rate proposal before the rate review panel at this point in time.

**Mr. Vermette:** — Will that be something that's like coming soon or it'll be just to continue with the rates you're using currently 2011 and '12, whatever rates there are you're still going? Just for clarification.

**Hon. Ms. Harpauer:** — That is something not only outside of

these years, but it'll be a determined decision with SGI and our government at a future date.

**Mr. Vermette:** — Okay. Thank you for that. In 2008 to 2011 and the years, I'm looking at motorcycles and the cost of it. And I realize the Auto Fund obviously covers off motorcycle because you're going to . . . The costs are so much higher what I hear you say in what you presented — 247,000 for injuries.

How much is being brought over from, if I could say this, if there was a way to doing it, the Auto Fund to cover off motorcycle cost? Do you guys have a way of doing that, determining, okay here's the true cost for motorcycle injuries over the 2008 versus . . . So here's what we took in. It's 11 million. Damages were 29 million. Where are you getting the money? Obviously from the Auto Fund some ways. So could you give me some numbers just to see?

**Hon. Ms. Harpauer:** — \$9 million.

**Mr. Vermette:** — That you take from . . .

**Hon. Ms. Harpauer:** — From other insured vehicles to cover motorcycles.

**Mr. Vermette:** — Looking at the four years — and obviously you take the data from 2008, 2009, 2010, and 2011 and you come out with some kind of a . . . I would assume, using that information to determine programs, whether it's injuries, whether it's, you know, loss of life, can you tell me some of the . . . Does SGI sit down looking at that data? And how do you use it to continue in the future with programs and things? Are there anything from the 2008-11 years that you guys are targeting or using to go ahead in a positive way in the future?

**Hon. Ms. Harpauer:** — So they would use the data of course to look at trends of drinking and driving, what creates the accidents, etc. We mentioned earlier when you asked of the . . . a couple of the programs that SGI pays for that are basically social initiatives to make awareness to drinking and driving. But SGI hasn't undergone a major review of their, what they cover but they're undergoing it right now actually, a review with stakeholders on the policy, what it covers, and benefits. I'm not sure if that's what you were looking for.

**Mr. Vermette:** — Well that will take me into another area, but that's good that you raised that because I'm going to go into that area eventually here. But having . . . I guess I was looking at, you determine, and I don't know if you use four years or if you use seven years, eight years, ten years to look at different programs SGI uses, to that data, to determine type of programs, whether it's cost . . . And you talked about it earlier, and I was just trying to see if there was programs that you come from the data that you collect that tells you how you're going to run a certain program. And that's kind of where I was getting at because . . . [inaudible] . . . I'm new to it. So I'm just seeing what you use that information for.

**Hon. Ms. Harpauer:** — I'm not sure if you were of the perception that SGI runs a bunch of programs. They're an insurance company and so the premiums that you pay should pay for the claims. Now they do a few programs but it's not a massive program deliverer. That's where other ministries

within government do. But if you started to run government programs through SGI extensively then the premiums have to pay for that. So you know, like I'm not sure what you're looking at for programs. Yes, we do driver's education. It used to be under Education. It was moved. We've expanded it to on-reserve. There are some drinking and driving initiatives that SGI has undertaken for traffic safety purposes, but SGI is not a major deliverer of programs. It's an insurance company that's funded through premiums.

**Mr. Vermette:** — So then to say — and you can correct me here — some of the programs that SGI partners with ministries or with municipal, whether RCMP [Royal Canadian Mounted Police] policing, so there isn't any dollars going into those areas? So SGI doesn't partner with more officers, more . . . whether it's impaired driving and everything like that, those type of programs? I just want to be clear. I was under . . . I thought they did some of that, and maybe I'm wrong. And I'm just trying to get clarification, being taken over as critic role.

**Hon. Ms. Harpauer:** — Andrew will address the . . . Like I said, it is limited, but Andrew will address what they're funding right now.

**Mr. Cartmell:** — So for example we do work with the various police forces around the province. We have provided some funding for automatic licence plate readers, those sorts of things for the police. We do, from time to time, fund specific initiatives with respect to drinking and driving and various campaigns. When you hear about various campaigns going on in the province with respect to cellphone use and drinking and driving and speeding, seat belt usage, we will at times fund those programs.

We have a data system called the TAIS [traffic accident information system] system that collects information on accidents. I believe it's a combination of our own data and police reports. So that tells us areas that have particular issues with various infractions. And then we work with the various police forces to target those areas, to basically try and provide a higher level of enforcement that will either slow people down or combat drinking and driving or improve seat belt usage, those sorts of things.

The analysis that we try to do internally, although it's difficult at times, is we do want to see a cost-benefit analysis. If we're going to spend money on something, we do expect to see a return in terms of fewer accidents or claims dollars as a result of it. So it's sometimes difficult to prove a direct connection between various programs and that, but that is our ultimate goal is to try and have that cost-benefit analysis that supports the programs that we do support with the various law enforcement.

**Mr. Vermette:** — So then there are some programs that are not new, you were doing for years. And I realize that you look at them and just from your own I think information you shared with me, I'm getting an understanding that if there at the end of the day it helps and assuming to lessen injury, deaths, and just safety for our roads, you'll work with those whether they're police force or whether there . . . Is it other agencies besides that or is just mainly your own programs?

Like I know you talk about seat belts and you do your own

advertising and I know, you know, you do a lot of that bringing awareness and, you know, we could use more of that, and we understand that. And sometimes educating the public is crucial and I know you guys do good work because I see the ads and the billboards and stuff and that's good I think sometimes, that awareness. And there's certain times I believe of course you target impaired driving and certain blitzes that you'll . . . wintertime and around the Christmas season you'll see that type of . . . But that's within your own SGI doing your own programs and bringing education out there, awareness, to I guess Saskatchewan residents. Would that be clear? You're not partnering with different groups or agencies at all when you're doing some of that stuff? Or some of that you do partner a little bit?

**Mr. Cartmell:** — Well we do partner with various police forces. We do partner with the Saskatchewan Safety Council. So there are groups that we do partner with. For various big entertainment events — the Craven festival, Rider games, various things like that — we do help fund busing so that there's fewer people that need to drive and they can have a better time because they know they're not driving basically to get there or home. We have supported programs like . . . North Battleford had a program — I can't remember what it was called — around Christmastime to drive people home.

Operation Red Nose is something that we've done in various communities. So there's a number of things like that we do support and again the idea is, is we will support initiatives where we think there's a good likelihood of reducing the number of accidents, reducing the severity of accidents, keeping, you know, reducing drinking and driving and things of that nature.

**Mr. Vermette:** — Have you partnered with municipalities at all, and if they come up with ideas that might help lessen injuries? Or have you done partnerships with municipalities at all or rural communities?

**Mr. Cameron:** — Yes, we have. Not only municipalities, but also First Nations reserves where we've had seat belt challenges, intersection improvements, red light cameras, child seat safety. We go out and install in the communities and help people, assist them with the correct installation of their child seat. So we have all sorts of those types of partnerships.

**Mr. Vermette:** — Do you have a number, like of costs in 2008? And maybe it's in the reports. But I mean if you could just . . . an idea of 2008, 2009, 2010, '11, what's your cost for that? You know, you partnered with . . . And has it gone up, down?

**Hon. Ms. Harpauer:** — We'll undertake to give you how much was spent in 2008, '09, '10, and '11.

**Mr. Vermette:** — Okay.

**Hon. Ms. Harpauer:** — And so, as mentioned quite a while ago now by Andrew, was it's about 3 per cent of the premium is what they dedicate to programs. Yes.

**Mr. Vermette:** — Thank you for that. Yes, I kind of forget that, but I appreciate that.

Now let's just say an organization or a community decides that they want to bring forward or approach SGI. They have some way of might assist in their community. And if they wanted to get a hold of SGI, it sounds like there's an opportunity if they want to, you know, send a proposal or meet with SGI to say, we have an idea that might help lessen cost to SGI for taxpayers. So you would entertain that type of thing? And you do that from . . . Is it mainly has to be, you know, law enforcement, municipal government, or can it be from a group or individuals? You know, just for clarification, if you would.

**Mr. Cameron:** — Actually we do get many requests from a wide variety of groups. Our traffic safety people look at them. Some of them we're able to provide funding, or some we're able to direct where they might be better suited to go for funding. And you know, there's many like that. And an example was the highway at Harris, Saskatchewan, where Department of Highways and SGI built the deer fence a few years ago because it was the highest number of hits per square mile . . . per running mile along there. So those were examples.

There's some other very small ones where a community might just need \$500 to put up a sign somewhere, a better light at an intersection. We get all sorts of requests like that.

[11:15]

**Mr. Vermette:** — And would you actually . . . You say better lighting. And I want to be clear. Did you say lighting or lights? Like I just want to be clear on what you . . .

**Mr. Cameron:** — It was both. We've had requests for lights, you know, which we're not responsible for, but we can help with funding. We've had requests for better lighting where someone's in a crosswalk and feels there should be a better light there so that it's safer for someone to cross at night. The speed monitoring devices that you see on No. 1 Highway either at Regina or Moose Jaw were ones where the cities have requested that to create an awareness. They wanted one of those little reader boards. The big reader boards in the communities where the police would use them in school zones or in communities, some of the community organizations ran them, SGI paid for quite a few of those so that it would create that awareness in those communities either in a school zone or just in a high-traffic area.

**Mr. Vermette:** — I appreciate that. And I know part of the Traffic Safety Committee and the hearings we went around and, you know, I was part of that so some of the information, some of it's not new to me. But some of it is, so it's just my own asking to get a clarification on some of the areas.

So I just want to be, I want to go to SGI Canada and just get some information. Because obviously by the numbers it looks like it's had profit and has done some . . . And you can correct me. And I think that's where you were talking about some of your years where you had good profits is overall SGI insurance, and I'm going to that area. I'd like some information on that.

**Hon. Ms. Harpauer:** — Well beyond what? Like I gave you . . . Every year I gave the profit and the dividend. What information are you seeking?

**Mr. Vermette:** — I'm guessing, for clarification, it's obviously not just in Saskatchewan, SGI. You're obviously going out to other provinces and SGI Canada covers. Can you give me what provinces you go and what are . . . Like because I don't know and I'm just asking for clarification to understand. I don't know if you go and yes, if you go to eight of the provinces, you go to three. Just to give me an understanding.

**Hon. Ms. Harpauer:** — SGI Canada does business in Saskatchewan, Alberta, and Manitoba, and Coachman Insurance Company is in Ontario and the Insurance Company of Prince Edward Island is in the Maritimes.

**Mr. Vermette:** — And what type of insurance does SGI Canada provide? Is it homeowner? Is it business? What type of insurance does SGI cover? With the profits you're making . . . just trying to have an understanding of that.

**Hon. Ms. Harpauer:** — It's a fully competitive property and casualty insurance company.

**Mr. Vermette:** — Okay. Customers, you know, everyone has a choice to either go with SGI or SGI Canada as an individual. I mean I have insurance and mine's with SGI. Of course I support that and I get a good service.

How's it rated? Is there any way that you guys determine that your customer, your client base, do you have any of the 2008-2010 . . . In your report, does it show customer satisfaction? How do you guys determine whether people are, you know, are satisfied and continue? If you have any numbers on that.

**Hon. Ms. Harpauer:** — It's in all the reports, in all the reports, the public reports.

**Mr. Vermette:** — Can you give me some details in those reports if you're having customer satisfaction whether from yourself, SGI? And how can you guys, and how do you guys plan to improve if they are down or up in certain years? Is there any reason what's caused that or is it the change of staff? Is it the way the customer feels that SGI, whether it's adjusters, the way they were treated? Were they treated fair? Do you guys monitor any of that stuff?

**Hon. Ms. Harpauer:** — Yes, it is monitored. And in 2008, the customer service survey results for customer satisfaction for auto was 88 per cent; property, 91; injury, 92; overall an average of 89 per cent satisfaction. In 2009, it was auto, 88 per cent; property, 92 per cent; injury, 90 per cent; for an overall average satisfaction of 89, so the same. In 2010, satisfaction with auto was 89; property, 92; injury, 90; for an overall satisfaction of 90 per cent. So it improved by 1 per cent. 2011, for satisfaction with auto was 90 per cent; property, 91; injury, 90; with an overall satisfaction of 90. So in the four years under consideration we're looking at two of those being 89 per cent satisfaction and 90 per cent satisfaction.

**Mr. Vermette:** — And looking at the trends, and you mentioned that you used 10-year for some of the trends that you guys monitor. Is that good at 89, 90 per cent? Was it lower before, higher? Like I'm just . . . Do you monitor that as data to see?

**Mr. Cartmell:** — We do monitor it. I don't have the numbers here. I think, I think it's likely consistent with what we've seen the last number of years. We do take our customer satisfaction seriously and we are constantly looking for ways to improve the service that we provide. We've for years had, you know, survey processes in place both on the claim side and on the service side to see what we're doing.

And on the competitive side of our company, our industry is becoming more and more competitive, particularly here in Saskatchewan. With the economic prosperity that we're thankfully experiencing, it's also attracting a lot of competitors, insurance competitors, into the province. And as a result of that, customer satisfaction is becoming increasingly important. So we have a lot of initiatives under way that work on our service levels.

More recently, we've been spending a fair bit of time with respect to making it easier for customers to interact with us. So for example on the Auto Fund side, with our systems redevelopment, we now have something called MySGI which basically allows customers to access a huge number of services from the convenience of their home without ever having to leave.

And we're working on similar programs on the SGI Canada side so that we're, you know, continually trying to make it easier for customers to do business with us because we . . . You know, on the competitive side, we're in a competitive environment. And on the Auto Fund side, it's equally important for us to provide good customer service. We want to keep our customers as happy as we can.

**Mr. Vermette:** — Thank you for that. You take SGI Canada and the Auto Fund . . . And I know you talked about the different profits, and some of the earnings are retained with SGI Canada, and actually some are paid a dividend to CIC and then to the people of the province. So obviously, some of the SGI Canada — would that be correct to say — offsets some of the Auto Fund? Or doesn't? It's totally . . .

**Hon. Ms. Harpauer:** — They're totally separate.

**Mr. Vermette:** — So in each year then that you talked about the profits and you say so much of the profits is paid to CIC and some of them retained, what are the retained earnings? What do you use for those retained earnings within SGI? Is there a reason why you keep so much of the returned earnings or to do work? And if you could just explain that to me, it'd just be helpful.

**Mr. Cartmell:** — So SGI Canada is an insurance company and while we're not regulated by the federal regulator, which is OSFI, the Office of the Superintendent of Financial Institutions, being a financial institutions, there are solvency requirements that are important for us to follow. We voluntarily follow the OSFI solvency standards.

So the idea is, with an insurance company you need to have a capital base that's sufficient to support the business that you write. It's a complicated formula. It's called the minimum capital test, but we make sure that we retain in SGI Canada a sufficient capital base to support the volume of business that we

write and also to support the growth that we're hoping to achieve in the organization. Essentially anything that's excess in terms of capital, we dividend to CIC.

**Mr. Vermette:** — So then to be clear, when we have storms and damages, you have to be able to access the funds as you need to release them that are invested. So if we need 10 million, 20 million, you're seeing that as, oh something's going on, you can pull that investment out and use it to cover off the damages or loss that you have to pay. Would that . . .

**Mr. Cartmell:** — In the last four years, we haven't had to do that. It's impacted our profit level, but we've never had to dip into our retained earnings on the SGI Canada side because even though we've had storm years, they haven't been sufficient to cause us to dip into the capital base.

**Mr. Vermette:** — And I don't have the numbers before me. I know the reports are there, but do you have the numbers before you that you could just share with me what are your retained earnings in 2008, '10, '11 . . . '09, '10, '11?

**Hon. Ms. Harpauer:** — We'll ask Jeff to get those numbers.

**Mr. Stepan:** — Yes. The total retained earnings for 2008 in SGI Canada consolidated operations, 2008 was 100, the retained earnings were \$98 million; and then 2009, it was \$146 million; 2010, 178 million; and in 2011, \$174 million.

**Mr. Vermette:** — If you have it and you want to share it, do you have the numbers for 2012 yet?

**Mr. Stepan:** — Yes. It was \$201 million.

**Mr. Vermette:** — You take though the retained earnings . . . And I'm going to go back to where I believe there was an investment board that managed it, and those are the funds we were talking about that are invested. Would that be correct or am I wrong?

**Mr. Stepan:** — Well there's more than that that's invested. That's part of what's invested, but a bigger part of what's invested is actually the premiums that we're holding. When we collect a premium from someone, we're not going to be paying out a claim right away. So we're taking that premium; we're investing it. We're earning a rate of return. So part of what we're investing is those premiums that we're holding, knowing that at some point we're going to have to pay those out in claims.

**Mr. Vermette:** — Okay. So in the report, does it show what the premiums are in 2008, 2009, '10, and '11? And they're probably in there.

**Mr. Stepan:** — Yes.

**Mr. Vermette:** — So obviously you have your retained earnings. You have, you know, the premiums that people have paid. So those investors look after that and as you pay each year. Can you just kind of give me an understanding of, take one year — I'll just say 2008 and 2011 — to show me what the premiums, plus I now have your retained earnings are, just to see if you have those numbers for 2008 and 2011.

**Mr. Stepan:** — I'll give you the premiums side. The premiums written for SGI Canada consolidated was \$353 million in 2008. And in 2011, the premiums written were \$472 million. And again the retained earnings, you've got those numbers.

In terms of what's invested, the difference is we have our premiums written, but we also have our claims liability. So it's the difference between the amount that we collect in a year and the amount that we're actually paying out is what we're investing. But that claims liability is actually a number that is something that we're going to be paying out for several years. We don't, you know . . . Some claims, not so much for SGI Canada but certainly for the Auto Fund, we might be paying out a claim for 40, 50, 60 years if we're taking care of someone for the rest of their life for rehabilitation or income replacement.

[11:30]

**Mr. Vermette:** — Now thank you for the clarification for that because I was wondering about it. Okay. No, that's good.

Now I'm going to go to injuries and talking about the numbers, and we look at that. And I want to talk about I guess the Auto Fund right now and individual . . . and some of the numbers. And if you look at 2008 to 2011 in the report, we see in the rural areas the numbers are going up, individuals that are killed on rural roads. Do you guys look at that? And how do you determine what's the cause of that? And I know in the report you gave some update. So if I just get some of that information because I want to go into injuries and the 2000 report and get some information on individuals and . . .

**Mr. Cartmell:** — I think Earl can provide some information on that but, just to keep in mind, during the time period 2008 to 2011, the population of Saskatchewan grew. The number of vehicles on the road would've increased as well, so there are some sort of natural pressures in the system that likely result in a higher number of accidents regardless of anything else.

**Hon. Ms. Harpauer:** — You're well aware because you worked on the committee. You did some great work on the Traffic Safety Committee, the all-party committee. So yes, SGI does gather those numbers. They present them and the concern around them. We look for trends, keeping in mind, as Andrew had just mentioned, that we've had a population growth and the numbers of vehicles on the road has also grown. So that is the purpose of looking at additional initiatives that the government can undertake to reduce those accidents. So yes, they look at numbers.

**Mr. Vermette:** — And I realize that some of this information . . . And some of it was provided on the committee. And I was just looking at your report, and that's kind of why I wanted to look at that, the numbers, and it's good that you also said the volume of traffic. We realize the activity going on our roads. It's definitely going to . . . And maybe that's a reason why.

Now we look at injuries, and I want to talk a little bit about injuries. We can talk about, you know, it's sad for families to go through, whether you lose a loved one or they're injured. And you talked about years, paying out for years. SGI Auto Fund might be paying out an individual for years. Can you give me some information on individuals?

And you talked about 89 per cent, 90 per cent of your customers are pleased, and they're happy with SGI, and satisfaction, and all the different things that you guys monitor.

And you know, in the 2008 year, 2009, 2010, 2011 year, can you tell me — and you guys obviously have a time where you have to settle claims — do you have outstanding claims in 2008-2009? And I'm not looking at individual names, but I'm just curious to see claims because if you obviously don't settle a claim, it moves to the next year and so on. And is there a time limit for clients to settle a claim with SGI?

**Mr. Cameron:** — I can try and answer that. Certainly on property damage claims or third party liability claims, there's a two-year limit of statute of limitations where you have to bring an action to settle. There could be claims still outstanding as they go through the courts, where someone's brought an action against either a responsible motorist or against SGI.

Under our injury program where there's no-fault claims, those claims, like we said, go on forever, and it isn't a case of them settling. As long as that person is having issues or incurring costs from their injury, like that's the kind of claims you're talking about, that would be open for two, three, five years, or in the cases of real serious ones, forever until, you know, they turn either 65 or when their benefits run out.

**Mr. Vermette:** — And if you answer this or you don't answer, I mean, I'm just trying to get some understanding of SGI while we have you here, and the minister and your officials, trying to stay within the report and that you guys have put the four years. But also trying to understand, obviously there are claims for whatever reason are not the control of SGI that are not settled. And I'm just trying to understand the process.

If somebody, I'm thinking an individual — I'm just going to put it out — they're in a car accident. They get injured, and they're trying to work with SGI to settle their claim. And at the end of the day that's what everybody's trying to do, you know, rehabilitate them back to, as best you can, to an individual having the same I guess standard of living they were before the accident. I think that's what you tried to explain and that's how I took it. Are there individuals, and how many would there be? And is it identified in your reports, 2008, individuals that have not settled? And do you guys monitor? Is there some way to say, okay, claims settled in 2008, here they are?

If you had 4,000 injuries, 3,900 of those, 999, are settled. One is still ongoing that hasn't been settled. And when I say hasn't been settled, where you guys have a program for individuals, and you're monitoring them, and you're helping them every month to cover the costs, physio, all the different things that go on. You talked about that might go on forever. Are there somewhere you have individuals . . . And I'm not asking for names and stuff. That's not what I'm saying. I'm just saying numbers of individuals from these reports that you would say have not settled with SGI and are continuing whether . . . And I realize there's no control, yourself. You said the courts. For whatever reason, it's not settled. But within SGI are there . . . And if someone is in a claim with SGI, what is the process?

And I just want to . . . And I'm trying to get some information because for individuals and also . . . And I know the name of

the . . . You have an organization. Is it fair practices with SGI or commissioner or whatever? Can you give me a little bit of information on that? Obviously that individual would be working on those clients in 2008 to '11 that have not settled. Or do they look into that? If you can give me some information.

**Hon. Ms. Harpauer:** — Okay. I want to clarify for the committee and for the public that's watching. When you're using the word settled, and I think in that case we had a bit of miscommunication. We have open files. They may be in the case of if you had a catastrophic injury and we're having income replacement for life. That would be an open file. So in your situation, I think you would call that settled. For better understanding, I think what you're talking about is files that are in dispute.

Okay. So with every single decision that's made for a benefit in an SGI claim, there is an appeal, or the person can appeal it if they don't agree. And so for a detail on that appeal process . . . But it's not just the claim in itself that can be appealed. It's every single decision on a claim can be appealed. So I'll get Earl to explain the appeal process to you.

**Mr. Cameron:** — Okay, I'll try and clarify. As the minister said, every decision on an injury benefit can be appealed. There's a separate body called the accident injury appeal board that reports to a different ministry, and you would take your appeal there. We also do have a fair practice office that looks after many of those concerns or it's just clarification. If the person still doesn't agree, they could appeal to the accident injury appeal board. They also have a choice, too. It's not mandatory they go there. They could actually go through the court system and get a ruling. So it gives them a choice.

**Mr. Vermette:** — So if an individual obviously is in and is going to appeal I guess whatever SGI's offering them, whether it's . . . At any point, is there parts of it that they can — and I want to be clear on this — is there parts they could appeal then? And parts that if they accept, they're okay with, whether it's physio and a living allowance to help them? That's fine, but if there might be parts of it that they're unhappy with?

**Hon. Ms. Harpauer:** — Yes.

**Mr. Vermette:** — Okay. Do you have any way of knowing . . . And you talk about the fair practice, whether it's . . . Is it with somebody within SGI that does this? Or is it an independent fair practice when you mention that?

**Hon. Ms. Harpauer:** — It's internal.

**Mr. Vermette:** — Okay. So if it's . . . How do they oversee? And I'm just understanding it. How do they oversee that? It's internal and it's an individual working for SGI. How do they determine whether someone — and I'm just trying to understand it — has been dealt with fairly or not? How do they determine that? Like I'm just . . .

**Hon. Ms. Harpauer:** — Well, and I can get the officials to add to this. So that office would help, actually they help with some policy areas as well, but they would help if quite frankly there was clarification or simple steps or something that you could help that client with. If it's a more complicated dispute, then

probably they would be better served through the appeal process.

**Mr. Vermette:** — And how would an individual get information to . . . And is that provided when they are dealing with SGI, that there is the options for those individuals?

**Mr. Cameron:** — Yes, that is. And they would discuss that with their personal injury rep. They might talk to the personal injury rep's manager. And they would be referred, saying, if you don't agree with this decision, fair practice office will take a look at it. Like a separate set. They're not out at the branch. They're in our head office. They would look at it, and they would comment back to either the personal injury rep, to the manager, or to someone higher up that there's some issues here we need to take a look at and make sure that we're doing the right thing for the customer.

**Mr. Vermette:** — Okay. And I understand to the committee too as well as the minister and your officials for bearing with me with the question. I guess I'm trying to get some information as well as taking over the role, but also trying to stay within the reports and knowing what stuff, you know, you have settled and that are ongoing. And it's out of your control, and I understand that. But I guess I was just trying to understand the process.

Going back to some of the questions I asked earlier. And I want to focus on . . . Again I'm going to go back to programs that SGI wants to get into. And I'd asked you earlier if individuals could again apply, and groups. And you said that yes, you have no problems. And you talked about and I think you said lighting, even as far as just lighting for safety, that you have gone ahead and done that. If a school was to . . .

**Mr. Cameron:** — Just to clarify. That was an example of the requests we get. I don't know if we've done a specific lighting one, but we have had requests. And sometimes it's a case of us not funding but just the municipality addressing that issue. We have done red light cameras and intersection improvements and signage and all those things. I don't know if there is actually dollars paid for lighting. But it is one of the common requests from certain individuals.

**Mr. Vermette:** — Okay, no. I was not understanding when you said about lighting, and I apologize. Because I was thinking like . . . Because that opens it up because I know there's communities that are looking at exactly those issues for safety. And I'll give you an example. If a community's looking at a highway, and we talk about safety for injuries or we're even talking about . . . And I guess SGI, it's injuries because if a pedestrian is hit . . . And we'll talk about crosswalks, and I know there are those areas. So then those type of things, you might support more lighting at a crosswalk. You might support flashing lights if it was to save in traffic areas or whatever. And I know Highways looks after some of that as well and, you know, when there's a request that they do that. But in partnership with SGI, those are the type of things then when you said, and I had thought lighting you had said that . . . And I'm just talking about lighting that SaskPower puts up and looks after, and that that's not what you were talking about.

**Mr. Cameron:** — Well it is. That's a good example. And we do refer those groups sometimes to Highways, sometimes to SaskPower, sometimes to the municipality. And also we have in many cases tried to be the liaison there to encourage. And those are the kind of requests we get to encourage them to take some action. And like I said, in some cases we have provided funding. I don't know if we've ever done one specifically just for lighting. But I do know there has been, recently there's been a couple of requests including an on-reserve request.

**Mr. Vermette:** — Well there you go. That is exactly . . . Now you're saying on-reserve. Goes back to my comments earlier about programs. And we had talked I know with the traffic safety hearings. We'll see where it goes. There are programs. And I know yourselves as SGI had shared with the — if I can share that — with the, you know . . . information about programs that our First Nations could apply, and partnerships that are going on.

So how would we encourage — and I say this — First Nations to apply? And what programs could they apply to SGI? You know, are there different programs they could apply? Is there areas where you would suggest when they talk about lighting on the First Nations? We're talking about pedestrian safety and lessening fatalities. How would you suggest those individuals get hold of your SGI to see about dealing with some of the pedestrian accidents, saving injuries? And again you talked about, as long as it shows it's saving SGI and the Auto Fund. And I think in this situation . . . I mean there's many of those circumstance we could use. So I'm just curious because I know around the table we get a lot of questions about what to do. And it's school groups. It's about children, safety. It's about pedestrians.

So within that area, is there any suggestions you could make that a person relay back to the leaders, individuals, on how to approach SGI? And what type of things are you looking at? You say if it's a cost savings for SGI you'll look more favourably at it. Is that correct?

**Mr. Cameron:** — I think certainly we encourage any idea to come forward, and if there's a basis for it, we'll try and do something with it. As you can imagine, there's many requests we get that maybe don't have as much merit in them. Or there's just some that you simply couldn't afford or are not within our area of expertise. But no, we encourage all communities to contact our traffic safety unit. They do look at things, and they do try and work with the communities, whether it be improving something or helping them get hold of the right people to see if those improvements can be done.

**Mr. Vermette:** — Well, Mr. Chair, at this point — and I know the information for 2008, '09, '10, '11, and I appreciate the opportunity and being new in the role as critic for SGI — I want to say thank you to the minister and your officials for being here. For myself I think I've wanted to get some information clarification. And I know maybe some areas I went out of the four-year report, but I was just trying to get some background information and just want to say thank you for giving me the opportunity to ask some questions.

At this time, Mr. Chair, I don't have any further questions.



**The Chair:** — Thank you, Mr. Vermette. Do you have a closing statement, Minister?

**Hon. Ms. Harpauer:** — Yes. Thank you, Mr. Chair. And I too would like to thank all of the committee members as well as Mr. Vermette for all of your questions.

**The Chair:** — Thank you.

**Hon. Ms. Harpauer:** — And I'll thank my officials here for backing me up on many of those questions because there was a lot of details asked.

**The Chair:** — Well thank you. Seeing no other questions, I would ask a committee member to conclude its consideration of the annual reports of 2008, 2009, 2010, 2011 annual reports of SGI.

**Mr. Moe:** — I so move.

**The Chair:** — Mr. Moe so moves. All those in favour?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. With that I also want to thank the minister and officials for appearing. I would ask a member to move a motion of adjournment.

**Mr. Parent:** — I so move.

**The Chair:** — Mr. Parent has moved that this committee now adjourn. All those in favour?

**Some Hon. Members:** — Agreed.

**The Chair:** — The committee is now adjourned. Thank you.

[The committee adjourned at 11:50.]