

Saskatchewan Government Insurance

The Chair: — We now commence our review of our 1994 and '95 . . . oh, just the '95. We will commence our review of the 1995 Saskatchewan Government Insurance annual report and that will include the SGI (Saskatchewan Government Insurance) Auto Fund, SGI general insurance and SGI CANADA Insurance Services Ltd., 1995. And with the concurrence of the members we'll do all of them concurrently? Agreed? Thank you.

Mr. Minister, would you please start by introducing yourself and your officials and then give us a brief overview of SGI for the year under review?

Hon. Mr. Serby: — Madam Chairperson, with us today are . . . to my immediate right is Randy Heise, who is the vice-president of finance and administration. To my immediate right is Alan Cockman who's the vice-president of the auto fund; Jim Roberts, to my second furthest to the left, is the assistant vice-president, personal lines, underwriting division; and Bob Lundy, who's the manager, head office, of auto claims and claims division. Mr. Larry Fogg is not able to be with us today. He's the acting president for the corporation currently and is out of the province.

In terms of an overview, Madam Chairperson, and at the last time that we were at the Crown review I provided a fairly detailed overview in terms of what we anticipated SGI . . . or what we had done over 1994-95, which are the two years really in review, outlining both SGI CANADA, certainly the auto fund, and talked briefly about SCISL (SGI CANADA Insurance Services Ltd.).

If members of the committee want me to go through some of that again in some broader detail or to outline some of what I said in my opening comments, it's only 26 pages and I can certainly go through that again, Madam Chairperson, if you'd like, or just touch up some of the highlights, and I leave it really with you to provide . . .

The Chair: — I think I'll be autocratic here and suggest the highlights is all we want at this point.

Hon. Mr. Serby: — Well I might start then by indicating that in 1995 our mission statement, by and large, was to return the auto fund, if I might just state, to a surplus position by December of 1999. We want to outline here that, of course, over the last three years, which included 1995, there were no rate increases on the auto fund side.

We continue to be the leading insurer in the province of Saskatchewan. We've been developing some other markets outside of Saskatchewan in terms of our insurance products. We're doing a little bit of general insurance business into Manitoba, outlined that we were doing some work in Ontario as well. We also indicated that over the last couple of years we've had some interest in doing some work outside of those three provinces that we were in, looking at British Columbia and/or Alberta as possibilities for us to do some of our marketing.

In 1994 we showed a profit of 18.4 million in the SGI CANADA side, which is the ninth consecutive year of profitability. In 1995 we showed a smaller increase of course, or surplus I mean, somewhere in the tune of about 4.5 million on the SGI side. In the auto fund we showed a surplus of about 3.5 million.

We implemented a number of programs in 1995. Of course last year we piloted the drinking and driving legislation which is now some of the toughest legislation in Canada. Our PIPP (personal injury protection plan) program has now been in operation for a full year. 1995, if we just look at the year in review, it's now actually two years when we look at this year as well. But it was implemented January of 1995.

The new computer system, SAM (SGI Auto-Mate), went on-stream in 1995 and in 1995, we also had a . . . or showed again some significant profit on the salvage division, salvage division side of the auto fund.

I might stop there. I mean those are sort of some of the highlights of which I covered during my last presentation. Well before I do that, I might also indicate that in 1995 we made a number of announcements as you relate to several rehabilitation programs that we were involved in across the province — a joint project with the World Health Organization as it relates to soft tissue injury; and from that of course we then put \$1.5 million annually into the Saskatoon District Health for a specialized treatment centre for rehabilitation services; as well have provided some . . . around the same amount of money to the Wascana rehab centre for some of their programing.

SGI also provided \$9.3 million to the Department of Health to enhance their community-based rehabilitation services for brain injury. And as I've mentioned, the University of Saskatchewan entering into an agreement with the World Health Organization to study the effects of brain injuries, spinal cord injury, and neurotrauma, whiplash. Also SGI plans to contribute with the five-year \$1 million research project with University of Regina to study further soft tissue injury.

I might just also say that in 1995 we had fewer number of injuries on the personal injury side. That's almost reduced by about 3,000. I think we had 48 appeals in 1995 of which none of them went to the . . . beyond the first stage, never went to the second stage or to the third stage, Queen's Bench. I might stop there.

The Acting Chair: — Okay, thank you, Mr. Minister. I guess I'll ask if the auditors would want to . . . Do you have anything to report on? That they may wish to do so now.

Mr. Wilson: — Thank you very much. Good afternoon to the committee members. I believe as we reported at the first session examining SGI, we've conducted an audit of SGI, the auto fund, and SGI CANADA Insurance Services Ltd. Our auditor's report for each of those three entities is included in the annual reports, and in our opinion the financial statements fairly present the financial position and results of operations for the year ended December 31, '95.

The Acting Chair: — Okay. Is there any report from the Provincial Auditor?

Mr. Ahmad: — We have . . . Mr. Chairman, committee members, we have nothing to add other than at the last meeting we stated that we had not completed our work because of certain circumstances. We have now completed our work and we have nothing to report.

The Acting Chair: — Okay, now the floor is open for general questions to the minister or to his officials, so I'll start a speaking list.

Mr. D'Autremont: — Thank you, Mr. Chairman. I'd like to welcome the minister and his officials here today. We have had you here before to review these particular years but there's still a few more questions that we need to deal with.

In your address you mention that there had been 48 appeals of the no-fault insurance. How many of those appeals were the clients successful in appealing? And how many of them were satisfied with the results, since they didn't go on to another level of appeal?

Hon. Mr. Serby: — If the question is what was the outcome of the appeals, I can state this: there were 17 decisions that were upheld; 21 decisions were varied after the hearing; 5 are still pending at the claimant's request, and 5 claims appeals were abandoned or dropped by the claimant. So that's 17, 21, 5 and 5.

Mr. D'Autremont: — So almost 50 per cent of those then were in some way reversed against the SGI original decision, as to changes made?

Hon. Mr. Serby: — At the first level; that's right.

Mr. D'Autremont: — And none have gone beyond that point; even the 17 that were upheld? No one has asked to move beyond that?

Hon. Mr. Serby: — Obviously not, otherwise they would have moved into the second level had that been the case, I expect.

Mr. D'Autremont: — What's the process if a client of SGI wishes to move beyond the first appeal level?

Mr. Lundy: — . . . process past the first appeal, like?

Mr. D'Autremont: — Right.

Mr. Lundy: — They would have the option of retaining a solicitor and entering into a Queen's Bench court action against SGI.

Mr. D'Autremont: — Okay.

Hon. Mr. Serby: — Is it mediation . . .

Mr. Lundy: — There's a mediation . . .

Hon. Mr. Serby: — It would be a mediation process first before the Queen's Bench.

Mr. D'Autremont: — Okay. So if they didn't get a successful initial appeal, they could go to mediation and then on to Queen's Bench court if still unsatisfied?

Mr. Lundy: — That's correct.

Mr. D'Autremont: — You mentioned that there hadn't been a rate increase since the no-fault had gone in in '95. I believe at that time the ministers were giving assurances that there would not be a rate increase for three years after the acceptance of no-fault. Can you still make that assurance to the public of Saskatchewan?

Hon. Mr. Serby: — Well we've now completed — to the member — that assurance because there were no rate increases in 1994, there were no rate increases in 1995 and there were no rate increases in 1996. So over that three-year period of which no-fault was under review and in place, there have been no rate increases.

Mr. D'Autremont: — Okay. There's been no increases since '94, but no-fault didn't go into effect until January 1, I believe, of '95. The minister was saying that the reason that this had to be . . . we had to go to no-fault insurance was to keep costs under control. And that he gave . . . if I recollect correctly, and we'll have to check *Hansard* for this because I'm sure it's in there — that there would be no rate increases for three years under no-fault insurance. Now that's '95, '96 and '97. Does that commitment still hold true for the year of 1997?

Hon. Mr. Serby: — I think, Mr. Chairman, to the member, that when . . . and the member states correctly — that in 1995 no-fault insurance was implemented in Saskatchewan in January. But the discussions about no-fault insurance really began in 1994 in preparation for the implementation of no-fault insurance in 1995.

And throughout the consultation process of 1994 it was clearly stated that if in fact we would proceed to a no-fault insurance program in Saskatchewan, there would be no rate increases for the year in which it was being discussed for implementation and two years past that, which give you the three years that we're talking about.

So the assurances of which, I think Minister Goulet at that point, and the officials of SGI talked about, is that there would be no rate increases over a period of three years — '94, '95, and '96 — and there have not been any rate increases during that period of time. And correctly to state, as you have, that since the implementation of no-fault there has been a reduced cost on the personal injury side.

Mr. D'Autremont: — Well the interpretation that I assume most people in the legislature would have taken, and certainly most people in the public, was when the minister was saying that there would be no cost increases for three years because of no-fault insurance, that they were not including the year starting January 1 of '94, because we were already half of the way

through the year when these discussions were taking place.

And the rate increases would impact not for '94, had they been changed that year, but rather for the preceding licensing period. For some people that would have been in '94, but in June of that year it would have been — for half the people anyways — the next year it would have impacted. So they assumed that the rate increases, when you say not for three years, was for them, '95, '96 and '97.

So are you saying that today that you've met that commitment of no three-year increase of '94, '95 and '96; therefore the public should be expecting a rate increase for '97?

Hon. Mr. Serby: — No, I'm not suggesting that the public should be expecting a rate increase in '97, nor am I saying that the public shouldn't be expecting a rate increase for '97. I'm not talking about rate increases for '97.

What I am saying to you is that when no-fault insurance was implemented in 1995 it was, in my opinion and the understanding of most people, that in fact there would be no increases in '94 because it was during 1994 in which the discussions around no-fault were being designed and prepared for implementation. And the government of the day didn't implement any increases in 1994 on the basis that its intention was to move to no-fault which would then cover off 1994.

And so when I make the statement that no-fault has in fact met its obligations regarding rate increases, we would be including the three years of '94, '95, and '96.

Mr. D'Autremont: — Well I'm sure the government, or SGI in this particular case, wants to include '94 in there, but I think most of the public did not include '94 in there because these discussions did not take place until a third to a half way through the year. And had there been a rate increase going into effect for '94, it should have taken place, one would assume, for January 1, so that everyone in the new year was caught.

I know at times probably SGI has had rate increases at other than the beginning of the calendar year, but for most people, because they had not had a rate increase up until the end of June of '94, assumed that three years for them would have meant until at least the end of June of '97. Can you give us that kind of an assurance, Minister, that from the date that this Bill was passed for no-fault insurance, that we will have reached three years before a rate increase takes place?

Hon. Mr. Serby: — Well I've consulted with my official who was very much a part of the discussions in '93, and really '94, as it relates to the design and the anticipated implementation of no-fault insurance. And when I said to you that the discussions really began in '94, the discussions really began in '93. And the announcement I think for PIPP really was in the spring of 1994 with implementation really then of actual, full implementation of '95.

So a decision was made by the government late in '93, early in '94, that there would no increases in '94 based on the fact that you would have then an implementation of a no-fault program.

So in '95, including then the three years of '94, '95 and '96, no rate increases.

Mr. D'Autremont: — So from the implementation of no-fault insurance we're going to end up with two years of no increases even though the minister had said that with no-fault we could expect three years without rate increases.

Mr. Minister, you say you're not agreeing that there's going to be a rate increase. You're not denying that there's going to be a rate increase. I would suggest though that the mere fact that you will not indicate that there will not be a rate increase, most people will now start to assume that there will be a rate increase. So can you categorically say yes or no to a rate increase for this year, for 1997?

Hon. Mr. Serby: — Well I'm going to say to you that based on the information that I've provided you and the committee for the years in question, '94 and '95, we have outlined to you in some detail the kinds of pressures that have surrounded the operations of the auto fund, SGI CANADA, and SCISL. Without any hesitation we've indicated to you . . . and the request of course that you're making is whether or not there's been any decisions made regarding the auto fund rate increases into the future.

I think it would be certainly prudent for me to say to you and members of the committee that there is pressure on the auto fund. And the pressure that's exerted on the auto fund, one of the options that will need to be considered into the future beyond 1996 are whether or not rate increases are part of a scenario for trying to sustain a balance within the auto fund.

And certainly that would be one of the considerations that we'd be giving. And there are other options that we would be looking at, at the same time. But to unequivocally make a statement today as to whether or not we're going to see increases in 1997 are certainly ones that . . . you know, I'm certainly not in a position to make because I don't have that answer today.

Mr. D'Autremont: — Well thank you, Mr. Serby. I'd have to say perhaps you're a little more diligent in your responses than one of the ministers we had in December who said that there would be no rate increases. The next month his corporation announced a rate increase. So perhaps it's wise to hold your counsel on this particular issue.

But let's pursue some of the reasons why the auto fund is having a difficult time. Under no-fault insurance, Mr. Goulet as the minister assured us that this would be the solution to all of the auto fund's problems; that because of all of the whiplash claims that were of some questionable nature, it was costing the auto fund so much money. By going to no-fault all this would be alleviated and we would have a happy and profitable corporation. And yet it seems after two years of operation, January of '95 til January of '97, that we have yet to get a happy and profitable corporation. So what areas are not performing up to standards within the auto fund that the corporation is looking at to make corrections?

Hon. Mr. Serby: — Well to the member, Mr. Chairman, it

would be stated correctly that with the implementation of PIPP over the three years that we are talking about here, clearly in order to keep the auto fund soluble or to prevent it from growing in terms of the deficit situation that we found it in at the end of 1994, there would have been rate increases. And the rate increases would have been somewhere in the neighbourhood of 8 per cent a year over that period of time.

With the implementation of no-fault we show at the end of 1995 a very small profit, somewhere in the neighbourhood of \$3.5 million, taking our \$108 million debt to around \$105 million debt. And so clearly the indication is that with the implementation of no-fault in 1995, there has been a slight reduction in terms of the overall debt to the auto fund, which really is a self-sustaining fund. It doesn't pay a dividend to anybody. It really is there to sustain itself.

What's happened with it of course is that . . . a couple of things. And the question that you raise is an important one because in 1995 we had some serious storms in this province. And as a result of that, that put a lot of pressure you know on the auto fund. An unusual storm of which the member from Melville and I are familiar with because they're in our backyard. We tried to blame the storm on the Melville community and they tried to blame it on us, and as a result we both got a bit of it. Okay. So at the end of the day it was a stormy period for us. It was about \$11.5 million is what those increases were.

I think the other piece of information that's important when we look at auto fund and what sort of challenges the ability for auto funds to stay soluble or at least level, for a better word, is the fact that as the economy improves and things get better, you have more people who are involved in the driving public, and as a result of that when you have more activity you have more accidents. And certainly that's been the case for us. A number of . . . The increased damage on the tin side. And this is where some of the problems that we're experiencing . . . This is where some of the problems are that we're experiencing, is on the tin side.

So along with increased number of accidents that we're having because of the increased number of vehicles that are out there now, plus the cost of repairing vehicles . . . As you can well appreciate now with most vehicles being all front-wheel drive — you being a farmer and I know understanding the mechanics of the equipment — all of your powertrains are upfront. All of the safety features, the electronics that are in the cars today, the repair of those vehicles is significantly higher. And as a result of that, our tin costs are simply increasing.

And we're not alone in that, by the way. This is not an anomaly to Saskatchewan. This is one that if you were interested, we could provide, or you might on your own look at, what's happening in other provinces across the country and you'll see that the damage on the tin side is increasing significantly across the piece.

Mr. D'Autremont: — Well I can understand how other provinces may have an increase in that area because their populations are growing and yet ours is remaining relatively stable. What kind of an increase then are we talking about as far

as licensed vehicles is concerned? Has the number increased substantially? Is it remaining stable or what is happening within that area?

Hon. Mr. Serby: — The information is it's gone up about . . . The number of vehicles has gone up by about 2 or 3 per cent. We have about 825,000 registered vehicles — 838 actually — 838,000 registered vehicles in Saskatchewan. And you're right. The population in Saskatchewan has grown a little bit and it's stable, which I think is a positive sign, over the last four or five years. We're now over a million people and we're seeing some growth there, which is the first time in a few years that that's happened. And we appreciate the fact that you too recognize that we have growth in the population of Saskatchewan.

Mr. D'Autremont: — We're still less than we were in the mid '80s though, unfortunately. Part of the costs though you say of tin . . . How much of that would relate to the rash of auto thefts that took place, particularly in Regina, during that time period? We certainly heard almost daily on the news of another vehicle in Regina having been stolen and trashed. While we don't seem hear about it as much in the news, perhaps it's simply because it's not happening or it's just no longer news and it's not been reported, and it still continues. What's happening in that area?

What kind of an impact did those kind of thefts have on the insurance costs to SGI, and therefore insurance premiums that went up, to customers in places like Regina?

Hon. Mr. Serby: — In the year of 1994 we handled 5,578 vandalism claims compared to . . . (inaudible interjection) . . . Sorry, I have those numbers reversed. So that was a '95 number — 5,578. The '94 number would be 4,985. So you see a slight increase there.

If you're asking for 1996 — although it's not, Mr. Chairman, the year in review — we can certainly indicate that there's . . . that that number has increased by about . . .

Mr. Cockman: — I don't have the figure for vandalism but I can tell you, on thefts in Regina, which you asked, the number of thefts increased 52 per cent in one year in Regina.

Mr. D'Autremont: — Okay, that would have been what — for '95 from '94 or '96 from '95?

Mr. Cockman: — That 52 per cent is from '95 to '96. That's in the number, not in the value. The value was not as substantial.

Mr. D'Autremont: — Well that change from '95 to '94 amounts to almost a 10 per cent increase in thefts or vandalism combinations. What kind of a dollar figure are we looking at in that area for total cost for the 5,500 as compared to 4,900 for '94?

Mr. Cockman: — The figure for '96 is somewhere around \$10 million. The majority of vehicles that are stolen in Saskatchewan are in fact recovered, and are used mainly for joyriding.

In many other provinces they are . . . They just disappear. A lot

of them get shipped out in fact to other jurisdictions or other countries.

Mr. D'Autremont: — You don't have the number for '95 or '94 though?

Hon. Mr. Serby: — We can provide that though if you would like that number.

Mr. D'Autremont: — If you could, please. Another area that we get a lot of tin damage in this province is from wildlife. I believe numbers have been — for '93-94, '94-95 . . . were around 2,400 accidents involving wildlife sometime during that time period.

I wonder if you can give me that number for that area, and to date if you can — but whatever you have available.

Hon. Mr. Serby: — We can provide, Mr. Chairman . . . The animal collision claims in 1995 were 9,437; in 1994 were 8,954. And in the first nine months of '96 the claims have climbed by about 21 per cent. So that number of 9,437 of '95 will be up over that.

Mr. D'Autremont: — What percentage of those would be white-tailed deer in particular?

Mr. Cockman: — We don't keep the statistics on those. All we know is that it was an animal claim.

Mr. D'Autremont: — Or bird. I was looking for a split between birds, which cause some damage but not major amounts, normally . . . I know of some accidents that cost a lot with rabbits too, but normally they're not that large, but deer and moose and elk — I'm not sure if there's many elk — cause substantial amounts of damage. And I was wondering if you had the numbers on that and the dollar figures.

Mr. Cockman: — Dollar figures overall, I believe in '95 was 17 million.

Mr. D'Autremont: — That would . . . \$17 million would go a long ways to paying for \$11 a licence for hunting, which is going to be down this year because of that.

Has SGI had any discussions with the Department of Renewable Resources to look at means to decrease the cost to SGI by increasing the hunting opportunities available in this province, therefore to decrease the number of animals that would be involved in accidents?

One of the things that is a major problem, particularly this time of the year, are deer and big game on the roads looking for feed. Now if SGI could reduce their costs even by 10 per cent, \$1.7 million would go a long ways to feeding a lot of animals and keeping them off the roads and away from the traffic. Has SGI approached the Department of Natural Resources to deal with any of these concerns?

Hon. Mr. Serby: — Well we have in the past had discussions, not so much with Saskatchewan Environment and Resource

Management, but have with the Department of Highways, on a number of occasions, had discussion with them around a couple of areas.

As you've probably noted, along highways or roadways where there is significant deer population you'll see some signage which really requires traffic to slow. But besides that, we have the reflectors in the ditches, particularly along some of your major, two-lane highways. We have experimented from time to time with, I believe it's a wolf type of urine, that the Highways folks would actually disperse along the side of the roadway, and that . . .

A Member: — Other jurisdictions have. We have not. Newfoundland has.

Hon. Mr. Serby: — Other jurisdictions have is what I'm . . . And we've looked at doing some of those things but haven't. So those are a couple of things that we've looked at doing. In regards to specifically discussions with SERM (Saskatchewan Environment and Resource Management) around . . . from SGI's perspective, have not had those discussions.

Mr. D'Autremont: — I think it would be well worth your while to do so. The ideas of spreading urine or blood meal along the roads is fine until you get a snowfall, covers it up, and your attempts just have dissipated. It seems around the farmers' stacks as soon as you get a snowfall and the blood meal is no longer effective, and the animals simply walk across. I don't think that method would be very effective.

The most effective method is to control the animals through hunting programs and feeding programs. And I think it would be well worth SGI's while to approach SERM to discuss these things, as to what kind of an input SGI could have into this to reduce SGI's costs.

Hon. Mr. Serby: — I think that, Madam Chairman, the comment is well made. And certainly I don't want to leave the impression that we haven't had any discussions with SERM at all about the increasing numbers because certainly we've identified that this is a growing concern for us as well at SGI — that obviously the population has something to do with the number of accidents that are increasing with wildlife. So we've had some of that generic discussion.

But in terms of how we handle the issue, as you relate to the deer population and SERM, is a broader discussion I think that, you know, government has had with the assistance of certainly the opposition parties, Madam Chairman.

The Chair: — Thank you very much, Mr. D'Autremont. I'll now recognize Mr. Krawetz.

Mr. Krawetz: — Thank you, Madam Chair. Well we have three reports, I think, that we want to look at. I think the largest number of concerns by far from people in Saskatchewan come around the area of the auto fund, and maybe we'll stick at that department if we might.

As you recall, Mr. Minister, last year during the session there

was concern expressed by myself and others around a review of no-fault. And originally, if I recall, the answer that I think then acting president . . . or then president Mr. Wright had indicated that no-fault was in for five years and that we weren't going to look at it for five years. Is that still the position of SGI?

Hon. Mr. Serby: — Well I think that in the initial decision of SGI was that before we would open up the whole issue of whether or not we should continue to have no-fault or some form of no-fault, that full examination of that decision would really occur after a five-year period.

I think it would be fair to say though that as no-fault moves along, and we're now into its second year, just completed a second year of operation, that we're examining from within the corporation the value of no-fault and the kinds of things that might need . . . that we might need to look at in preparation for that time line. But at this point in time I don't think we have made any decisions, certainly not around the corporation, that we would be moving to open up the legislation of the no-fault prior to that five-year period. But the examinations of its operation are very much.

Mr. Krawetz: — If I take those comments then to mean that if you see unreasonable situations developing as a result of no-fault, that you might then, in your plan, take a look at that before an expiration of five years, if I read your words correctly.

I guess that leads me to ask you a question about your report where you indicate that the goal of no-fault was of course to remove a significant number of claims — I think you used the word frivolous the last time we were talking about it — and I know the report indicates that there were well over 3,000 less claims. Do you attribute that to those so-called frivolous claims that just aren't coming forward?

Hon. Mr. Serby: — Well I'm not sure if I used the word frivolous. I'd have to sort of check my wording to see whether or not that word belongs to me or whether it belongs to somebody else.

Mr. Krawetz: — Maybe it's mine.

Hon. Mr. Serby: — Because I don't view it to be . . . To be perfectly candid with you, I don't view someone who comes with a claim, particularly an injury claim, as being frivolous in any fashion. So I think that by and large people who arrive at the doors of SGI who have been injured in some way because of an automobile accident is a serious concern.

But the fact that we have fewer number of claims may be attributed to a variety of different reasons. But certainly at the end of the day of 1995, as we report, that we have around 3,000 fewer claims who have come forward.

And as I reported to Mr. D'Autremont, that of those 3,000, or of those 6,000, 6,800 claims that we had last year, only 48 of those actually went to appeal. And at the same time most of them were settled at that level and didn't go to mediation or to court. So there's some indication here that because of no-fault,

for whatever those reasons might be, we're seeing a reduced number of claims.

Mr. Krawetz: — Mr. Minister, though your numbers that indicate that the number of accidents are up, number of collisions are up, you're now talking about wildlife claims being significantly up, sometimes there is injury — yet we see that there are 3,000 fewer injury claims. And you said there could be a number of reasons, one of them being I assume that no-fault, in terms of the conditions that had to be met, maybe are then being looked at. So that ties together with the fact that now we're only seeing an appeal of 48 claims. What was the total number of injury claims in '95?

Hon. Mr. Serby: — In '95 there were about 6,600.

Mr. Krawetz: — 6,600. So it's a very small per cent. I'm assuming . . . and I guess we take you back to last year in terms of the concerns that individuals identified — and I'm talking about specific people like Markwarts and Diederichs, and others like that — where we tried to indicate to you and to your department that there was that small group of people where there was maybe multiple injuries taking place through no fault of their own that were being left out here in this no-fault scenario; that indeed rehabilitation . . . And I know that rehabilitation dollars are up in terms of the amounts that you have allocated towards rehabilitation and that deals with the injury that's there, but it doesn't deal with the predicament that a family has been put in.

And I think that you have had those meetings with people, you've had the concerns expressed by us as an opposition. And I'm wondering whether that has been looked at by SGI officials in terms of saying, there is a problem here that we're not addressing correctly in terms . . . and it's not a large group.

Hon. Mr. Serby: — Yes. Well I think it would be fair to say that in some of the circumstances — and you've raised certainly one and I don't want to go into the detail and can't — but there are some situations across Saskatchewan where there have been a serious loss on the part of families and where there's been loss of life and resulting with that of course is multiple other pains that families need to deal with because of an accident that they were involved in.

The rehabilitation package that we think we have within the PIPP program, as you and I have talked about and others have talked, by and large have . . . we think are meeting those needs and that's really what the personal injury protection program was designed to achieve — to try and get people back into the mainstream of life, to try to make sure that their income is supplemented at least to the level of which they were at before.

And at the same time if there were other opportunities in life that they might have achieved had they not been involved in an accident, I think those avenues are there for them to pursue. And those are quality of life issues here that we're talking about. And compensation for quality of life issues are currently not . . . are not available under this program. They're not here. And I've certainly noted that in some of the discussions that I've had with people.

And certainly as we move along through the process, I think that would be one of the issues that may need to be discussed when we get to the end of the day when we review the program. If I'm still the guy who is responsible for looking after the review, or this government is responsible for looking after the review, that one might be one that would be on the page. But to what degree that would be done, I'm not sure today. Because I don't know really what that compensation is, and the courts and the legal system, for example, hasn't been anxious to move that ahead on their own.

Because that avenue is there, I think, for people today to say, we challenge the legislation or the Act, based on the fact that I lost a certain degree of quality in my life because I've been involved in a car accident. Now I think that that avenue may be there for people today. That challenge has to come forward.

Mr. Krawetz: — Okay. Thank you, Mr. Minister.

A statistical question. I think the cap on rehabilitation is at a half a million dollars — 500,000. I know you're looking at '95 as only one year, even though you have '96 as also a second completed year of PIPP. What's the average amount of dollars that is spent per claim on rehabilitation?

Hon. Mr. Serby: — We're just checking to see if we can have that figure for you immediately or whether we may need to provide that for you in a broader way.

Mr. Krawetz: — If your information is not complete at the moment and you can provide that later, I'd ask that if we could have a comparison as well as what was the amount of rehabilitation claimed prior to PIPP; so that we can see where indeed we're moving as far as the actual rehab per person, per individual that's involved in an injury before January 1, 1995. And now with two years of PIPP, how are we moving in terms of the amount of money spent on rehab? That would be something that I'd ask you also.

And then the other question is, in your '95 report then, you indicate that there was a reduction of \$100 million in terms of costs for claims. Has that money . . . Like, do you see an increase in terms of rehab costs that you are now having to incur?

Hon. Mr. Serby: — If I might, Madam Chairperson, take the liberty of just sharing a piece of information that's really . . .

The Chair: — You can do whatever you want as long as you recognize the principle of ministerial responsibility.

Hon. Mr. Serby: — Thank you, Madam Chairman. We have with us a small package of information that talks about the personal injury protection program, dated December of '96, and what this document says or what this leaflet really says, which is really public information, is that the medical and rehabilitation costs for '96 of the whole pie are about 39 per cent. And the income replacement is about 30 per cent; death benefits being 19 per cent, and then permanent impairment 6, and other costs would be 6 per cent, making up sort of the whole pie. If you take . . .

The Chair: — Mr. Minister, I'm wondering since you're quoting quite extensively from the document, do you have 15 copies that you could table with the Clerk so that all members can have a copy?

Hon. Mr. Serby: — We do, Madam Chairperson.

The Chair: — Thank you very much.

Hon. Mr. Serby: — We would circulate that.

The Chair: — Okay, it will now form part of the official record.

Hon. Mr. Serby: — All right. In that document you'll see then that the results from 1992, we paid over 70 per cent of that, which is simply for pain and suffering, which was not then medical and rehab services.

So we paid 70 per cent for pain and suffering; 22 per cent for loss of income where we're now paying 30 per cent, so we're up about 8 per cent over where we were in '92; and other costs were about 8, of which I would suggest to you some of your medical and rehab would be in that 8 per cent figure.

So when you take a look at the pie and the redistribution of benefits, the medical and rehab is moved probably to about 30 per cent over what it would have been in '92. So the focus is clearly higher on the rehabilitation and on the income replacement. Now this is based on '96.

I was quoting, Madam Chairman, off the first page of the sheet, looking at the pie charts.

Mr. Krawetz: — Okay. Thank you, Mr. Minister, for this extra information that we now have.

Further to people who are on rehab, who determines when there is a level reached by the victim, I guess, or the person who is recovering that will now say they are no longer . . . no longer will SGI cover any further rehabilitation payments? Is that the family physician? Is that the SGI's doctor? Who determines that?

Mr. Lundy: — That could happen at a number of points through the life of the injury if . . . The injured person could determine it themselves of course. They would be fully back at work. The family physician could advise SGI that they no longer are able to treat them. They could be referred to a secondary assessment centre. There's a number of different ways. SGI, as the provider of the benefit, has the final determination as to whether or not the benefit would be terminated, and it would normally be done in conjunction with the adjuster, our medical advisory committee. A number of different people would be involved in any termination of benefits. We take that very seriously.

Mr. Krawetz: — In the last time that we discussed auto fund, there was some concern, and I think it was a concern that was expressed around the role that adjusters played. And at that time of course, even the SGI adjusters, and I think . . . I can't recall

whether it was your answer or someone else who was here indicated that . . . someone else had indicated that the SGI adjusters were getting used to the new system as well. And I'm hearing stories and reports from people that are indicating that the SGI adjuster, the adjuster handling the claim, still plays a very key role, and in fact some suggestion that the adjuster may in fact veto a physician's point of view. Is there any such consideration, that the adjuster plays a very key role and in fact will go against the advice of physicians and/or specialists?

Mr. Lundy: — An adjuster would have an opinion on their recommendations, but before we would turn down a doctor's report we would have our medical experts look at it. We wouldn't . . . The adjuster wouldn't do it on their own. There would be consultation with either our staff doctor or other specialists in that field. It wouldn't be in a vacuum that the adjuster would make a decision like that.

Mr. Krawetz: — We talked about appeal procedures and if in the opinion of the individual who is injured and has been on rehab for a year and a half or whatever the process is . . . and the person is unable to return to work in his or her opinion, and yet SGI has made a decision, is there an appeal procedure then that can be followed by the claimant to say I would like to appeal this decision of taking me off of rehab?

Mr. Lundy — Certainly.

Mr. Krawetz: — And who is on that appeal committee?

Mr. Lundy: — Initially, depending on what the reason was, it would be . . . an internal review would compose . . . whoever is closest to it within SGI for the internal review process. There's no select committee that sits on every review; it's composed depending on the type of claim that's involved. There could be a number of different people involved at this point.

Mr. Krawetz: — Has there been a standard decision made around services that are provided, like chiropractic services, as to how they fit into rehab? Is there a set policy or is it the adjuster who will determine whether or not chiropractic care is part of rehab?

Hon. Mr. Serby: — Some of the frequent services would be, by and large, likely directed by a family physician. So if I might give you this example, because there are number of stages that someone would go through. If I was involved in a car accident, for example, I would see my PIPP adjuster and at the same time likely see a medical person, my doctor, who then would assign some kind of routine to me, either physiotherapy or possibly massage therapy or possibly . . . Some suggestion now that chiro and physicians get along so well they may refer the individual to a chiro, or suggest the work of a chiro. And then away they go on their medical rehabilitative process.

Within a short space of time, six to eight weeks, if there isn't significant change in the individual's prognosis, health prognosis, they could be referred to what has been referred to as a secondary assessment process, which is a battery of individuals which would include then, psychologists . . . here we go, psychologists, physiotherapists, occupational therapists,

your medical practitioner. Oh, on the back of the document that we handed out would really include the team of people who would be involved in that secondary assessment, of which time someone would spend probably another period of time, up to six weeks, being assessed, reviewed by that team of people.

If in fact they found that this person was requiring . . . if I was requiring even more extensive treatment, I would be referred, or could be referred, to what we call tertiary centres, which is really the Wascana Centre here and the Saskatoon centre that we opened last year, for more extensive rehabilitation, okay, and it still could be part of that early stage prior to appealing anything.

Or if somebody was unhappy with the report of the adjuster, saying well we think at this point in time, Mr. Serby, that you should be coming off the program, I could say I don't think I'm very happy with that decision so I want to go further on. And my adjuster may then suggest that I continue to go on through the rest of the program.

And at the end of the day, if once this information would be retained, either from the secondary or the tertiary care people, and I still wasn't happy, then I could go to appeal, of course. But by that time of course, there would also be a large volume of information, or detail, showing all of the people who have been involved with me through that process in rehabilitation. And of course then the mediation process would be the next stage, if I wasn't happy.

Mr. Krawetz: — Is there a clear understanding by the person involved as far as when there is a need to move from the current physician or doctor to another specialist which will require travelling time . . . Are those expenses all covered as part of rehab?

Hon. Mr. Serby: — The expenses are covered, yes. The expenses are all covered. There are two questions that you ask, and one certainly is, expenses are covered. How well we're doing — the other part of your question — is that making sure that people are informed of the process; how well they get to the referral systems that are in place right now, are things that we're still, you know, working on. Because our rehabilitation centres, although we opened the tertiary care centre — we talk about having two in Saskatchewan now, Saskatoon and Regina; we talk about the secondary systems that are in place right now — they're just getting fully into place as I speak now.

We're trying to set up the secondary ones in all of the regional centres around the province as best as we can. And they're just . . . Those teams of people, to some degree, have just come into place. So as much as we're talking about how good the system works, we're also still providing some of the education. And so there could be individuals in your question that might fall through the crack from time to time because we may not be providing that information as fully as we should be yet.

Mr. Krawetz: — Well no system is perfect, Mr. Minister, and I know that in . . . I believe in two of the three cases that I was asked for advice on and help with I think we tracked it down to the fact that there was a lack of communication between the

adjuster that was handling the claim and the person involved. And once that little bit gets straightened out you seem to be able to take down a particular case that seems to be great . . . you bring it down to a level of understanding and it does correct itself.

So I appreciate your comments there.

One other issue related to PIPP in terms of death benefits. We're hearing of a situation that causes me some concern and that is where farming incomes fluctuate and at the time that a death occurs due to an auto accident of the farmer — in this case, of course, it's the male — and it is a poor year, there seems to be a great difficulty with trying to determine what that death benefit is. It's not something very finite in terms of saying this is X number of thousands of dollars or it's based on this formula or a plan. And I wonder if there's a move to address what seems to be a weakness, in my mind.

Mr. Lundy: — If I'm not mistaken, it's done over a number of years. It isn't just the previous year. We consider the income over — I can't give you the exact figures . . . or the exact number of years — but the income would be averaged over a certain period of time.

Mr. Krawetz: — Okay. Example in question, sir, is that in the one case, due to three very poor economic farming years, the decision made is to then do a death benefit of just a few thousand dollars; and in question, the female who is left said, like, that is just an unacceptable settlement on the death of her husband.

So are other things built into it besides saying that you're looking back and saying well, the annual farm income here, net farm income, is this amount?

Mr. Lundy: — The minimum — you'd said a few thousand dollars? — the minimum death benefit is \$45,000. I can't give you the exact number of years we go back though, for the calculation.

Mr. Krawetz: — Okay. I'm hearing you correctly, saying that the minimum is 45?

Mr. Lundy: — For the spouse is \$45,000, yes.

Mr. Krawetz: — To any maximum?

Mr. Cockman: — If I can quote again from this document. It says: death within two years, \$45,855 lifetime benefit, or surviving spouse gets weekly benefits of 50 per cent of the dead spouse's theoretical entitlement had he or she lived, plus 5 per cent for all dependants under the age of 21.

My recollection on the farm calculation was that we took the best of some years. We didn't just take the average. We also looked and saw which was the best year and made some calculations on that basis too.

Mr. Krawetz: — Okay, thank you. If I might just switch gears, still in auto fund, Mr. Minister.

A large number of concerns have surfaced around medicals and the need for medicals to maintain drivers' licences, whether they're through the optometrists' association or whether they're full medicals, and I think you reported last year that when the amendments to the highway and vehicle statutes amendments Act occurred, that there was going to be some discussion between the SMA, the Saskatchewan Medical Association, and the Saskatchewan optometrists' association about who was going to pay these bills; or if indeed it was going to be the responsibility of the individual, year after year, to submit an optometrist's report that he or she is being charged for. Is there any . . . can you bring us up to date as to what has transpired from this one?

Hon. Mr. Serby: — I think part of what . . . We're still examining, as I indicated early in a question that was asked by Mr. D'Autremont, that there are a number of options that we're looking at in terms of sort of the future of what the auto fund and some of its services will be providing into the new year, '97. And certainly one of the major pieces in that is to address the issue that you still ask. We don't have a definitive answer for you today, but it's very much part of the review process that we're currently looking at.

Mr. Krawetz: — So currently, my answer to any individual in Saskatchewan is that if there is a need to submit a medical, they as individuals would be responsible for the cost.

Hon. Mr. Serby: — That's right. Currently, except . . .

Mr. Cockman: — Yes, our requirement is the same as all other jurisdictions, as far as I know, in North America.

Mr. Krawetz: — Okay. One other question as far as the auto fund is concerned and to sort of follow up on Mr. D'Autremont's question regarding the costs, I think in your report you've indicated that the larger amount of dollars per claim on automobiles is due to technology, due to advancement in vehicles. And we know, as you've said, front ends are very expensive. I, having met one of those wildlife creatures on the highway last year, know that \$5,300 is spent very quickly.

What are you doing . . . And I noticed you've said, in the report it indicated, that SGI was pursuing alternatives to this kind of cost. What do you mean by that? And what kinds of things are being pursued for '97 to bring the costs of a claim down?

Hon. Mr. Serby: — Well let me just share one little piece with you in terms of one of the major issues that we think . . . although it's a significant safety feature in Saskatchewan and in motor vehicles not in Saskatchewan only, but the Canadian Automobile Dealers Association have recently stated that they think that there needs to be a change in the whole air bag . . . the entire air bag policy.

For example, if we have a vehicle today where an air bag explodes on the front dash, not only does the air bag explode, it often rips the dash out, takes out the front windshield. We now have air bags that are . . . or vehicles that are coming out with air bags in all four of the doors. When we're into an accident and some of them are going off, I think at around 22 or 23

kilometres an hour, the air bags, as they explode, do more damage than, in some cases, the actual collision.

So some of the discussion that we're currently having through the Canadian Automobile Association and other ministers who were involved in insurance programs across the country, that's one of the discussions that we're having.

The vehicle safety standards that we have today are creating — in my opinion and that of other ministers and officials who work within insurance agencies — some additional costs that maybe we need to re-examine, and the air bag issue is just one of them.

In fact just a couple of days ago I heard that one of the manufacturers of a foreign vehicle were now taking the air bags actually out of the front seat of their vehicle. I'm not suggesting at this point that that's a good idea, but they're proceeding to do that. So that discussion is broader than just us.

Mr. Krawetz: — Thank you, Madam Chair.

The Chair: — Thank you, Mr. Krawetz. I will now recognize Mr. Boyd, and then after he's finished I'll put you back on the speaking list.

Mr. Krawetz: — Thank you.

Mr. Boyd: — Thank you, Madam Chair, and members, Mr. Minister, and your officials. This is just a brief concern that I wanted to bring forward to you with respect to no-fault insurance. I'm not sure with regard to the other MLAs (Member of the Legislative Assembly), but I certainly am and our caucus is, receiving a number of concerns with respect to no-fault insurance.

I just had a call a few moments ago from a constituent of mine that wanted to bring to your attention — to your officials' attention — the concern he has with respect to a problem he's having with the no-fault insurance. And it relates to a number of different things actually, certainly the speed in which the claim is handled and the problems he's having in the processing of the claim. I said to him, probably the best occasion I'll have is none other than right this afternoon. The minister and all his officials are here, so it's a good opportunity to bring this to your attention, sir.

So, it's with regard to a gentleman by the name of Glen Stevens, from Smiley, Saskatchewan. His claim number is K0980595. I don't know all sides of the story here; I'll just relate to you a little bit of what's happened. He was involved in some sort of a traffic accident some time ago — I believe it was last year, '96. He's been going to Saskatoon for the past nine months to receive some sort of physiotherapy care, I understand, five days a week in Saskatoon.

And while he's in Saskatoon he's of course staying in a hotel. It seems that at first blush that a lot of the costs associated with that should be, I would think, addressed and picked up through the no-fault insurance program, but unfortunately they're not. For example he isn't allowed to even phone home and have that

cost picked up; his ongoing farming business and stuff that has to be maintained. He's not allowed travel within the city. He's had a number of legal costs associated with getting his claim brought forward. It seems to be dragging on endlessly and he would like to certainly have you and your officials look into the problem associated with this particular claim.

And he's just at . . . I think at the point where he's getting very frustrated with the inactivity of addressing his claim. It's been something like . . . back in September was the last occasion he's had any contact with SGI officials with regard to this.

So I wonder, Mr. Minister, if you could give the commitment to undertake and look into Mr. Stevens's situation and see if we can't speed up this problem he's having.

Hon. Mr. Serby: — Madam Chairman, and Mr. Boyd, there's no question that what we will do is . . . I know that my officials have taken the information that you've related. They wouldn't have the detail on the case, but certainly will take this back and have the people who are working on it make sure that it gets the kind of attention that it should be getting.

I'm not happy to hear you say that there's been long delays in getting a claim settled, or that he's having difficulty in getting his claim processed. Those are obviously concerns that I have, along with the people who sit at the table here with me who are responsible for the administration of the corporation. And if there are issues that relate to ensuring that people get an expedient, good-quality access to services, that's very much a responsibility and take that obligation very seriously. And we'll take it upon ourselves to make sure that this case gets the attention that it deserves.

I also want to state that I would be . . . I'm a bit surprised to hear that all of the associated costs, in particular those that relate to the medical treatment and travel and stay, are not covered at this point in time. They should be. And they should be fully covered. There may be some ancillary costs here that are not necessarily covered and might be discretionary — it might be viewed as discretionary — but certainly my officials and the people who are working on this case will look at it very, very closely. And I know that you can go back and let this individual at Smiley know that not only have you dealt with it yourself, but you've taken it right to where it will get attended to immediately.

Mr. Boyd: — Well thank you, Mr. Minister. He also mentioned one other area of concern, and this requires, I think, relative speed in looking into this claim. I'm sure that you will. There's some problem with his income replacement benefits that apparently are going to run out at the end of this week.

And there was also a concern with respect to his driver's licence. Apparently upon coming into the city, into Saskatoon recently, he received a speeding ticket. That seems to be one area of your administration that's working relatively well. But he received a speeding ticket and subsequently found that he didn't even have a driver's licence.

He had renewed the driver's licence back in May. In June

apparently SGI suspended it — and apparently erroneously suspended it — so he went through a great deal of hassle associated with that. He had his vehicle impounded right instantly, sort of thing. It's sitting in Kindersley. He's sitting in Saskatoon; no way home. And he contacted SGI yesterday apparently and they didn't seem to be too concerned about his plight at the moment.

So there is some degree of urgency with regard to his particular situation. That's why I wanted to bring it forward to you this afternoon, to see if it can't be looked after as soon as possible.

I would thank you for your attention to the matter and I would appreciate it if you would deal with it as quickly as possible.

Hon. Mr. Serby: — I appreciate you're raising this with me. And it appears to me that this individual will engage all of the services of SGI, and we'll assure you that we'll be attending to this thing as quickly as we can.

Mr. Boyd: — Thank you.

The Vice-Chair: — Thank you, Mr. Boyd.

Mr. Krawetz: — Thank you, Mr. Chair. One statistical question, Mr. Minister, back to the question around medicals and their need.

Do your officials know how many medicals are requested in a given year for a driver's licence, licences? And by medicals I'm referring to an optometrist's report as well, not just from a family physician.

Hon. Mr. Serby: — We would have that information available. We don't have that with us today. Because there are a number of areas in which we would be asking for a medical — of one's eyesight might be one, certainly diabetes would be another. There are a variety of issues here where medical reports might be required or requested. And certainly we would have that number. We don't have it with us, but can undertake to provide it for you.

Mr. Krawetz: — Great, I'd appreciate that, Mr. Minister, and if you're tracking it by age as well or classifications that . . . I'd be interested to know whether or not there is an increase — of course as one gets older I am assuming that there would be — because that seems to be a concern of some seniors. That while on fixed incomes, there is a requirement to provide a medical every three years or an optometrist's report every year. And I think there's pressure on people who are on fixed incomes. So I would like to know if you're tracking it that way, whether or not we could have that kind of information. I'd appreciate that.

If we could switch over to vehicles for just a moment, and I know we talked about the amount of claims and the amount of dollars per claim. Areas of cities, I guess, are more prone to theft-related damage, theft of vehicles and theft-related damage. Is there any plan being looked at by SGI in terms of how we can, as taxpayers, how we can alleviate some of the costs around those types of claims or reduce the number of claims in areas of city? In other words, what I'm asking is, is SGI

involved, I guess, with an education program?

Hon. Mr. Serby: — Well it's a good question that you raise, and certainly we've identified and reported in the past that there really are, for example, four communities, I think, around the province where we have or seen significant growth in the area of theft and vandalism — those being Prince Albert, Regina, Saskatoon, and Moose Jaw.

The question that you ask about what we're doing. Recently, we were involved in an experience with the media and the Regina city police here on a program called Hot Cars, where in fact if someone spots a vehicle that's been reported then they would phone the number, hot tips, Hot Cars tips program. So we're involved in that. Certainly . . . The other one is a sting vehicle. I'm not familiar with this one but Mr. Cockman is.

Mr. Cockman: — There's a program called Auto Bait where we've been provided by one of the Regina dealers with an automobile which in fact is put in a high crime area and is used in fact as an incentive. Incentive is the wrong word, isn't it? It's used to track and it has been reported in fact on a number of occasions where youngsters in particular have tried to steal that car and it has appeared on television. So that . . .

Hon. Mr. Serby: — So there are some small initiatives that we're providing. I mean we have the Crimestoppers as well that we provide some funding.

Mr. Cockman: — Oh absolutely, within Crimestoppers.

Hon. Mr. Serby: — And then we provide some funding to Crimestoppers around the province as well.

Mr. Krawetz: — In your initial remarks you indicated, I think, that the large number of thefts in the city of Regina, for instance, were people who were on joyrides, who don't . . . I think it was your comment, sir, around the fact that they are not vehicles that are stolen for, you know, complete dismemberment and selling of parts, etc., etc. That's not a great Saskatchewan trait, most of those.

So what I'm looking for, is SGI involved with anyone in terms of not waiting until the crime happens but in terms of educating me, the Saskatchewan resident, as to how I might not become a victim?

Mr. Cockman: — Yes, we do also have a promotional campaign and brochures on theft and prevention of theft available at all our offices and all our issuing offices. And there are posters that we put out too.

Mr. Krawetz: — Is there any thought . . . I know that those brochures that are available at SGI Auto Fund issuers are not necessarily picked up by all people. Is there any thought of, like in the city of Regina, for instance, where you talk about that being one of the largest ones, that such a brochure is mailed out with the driver's renewal? Does that occur?

Mr. Cockman: — No, that does not occur. There is also some concern, as I think many people realize, that when you get a lot

of inserts in your mail, again very few people tend to read those inserts.

So there's always a concern as to how much value you get by increasing those inserts. Because as we increase the inserts, we also incur higher postage costs too.

Mr. Krawetz: — I have maybe two more questions regarding the auto fund. Snowmobile registrations fall under, of course, the auto department. Is there a move right now to work with the Saskatchewan Snowmobile Association, SSA, in terms of looking at an increase to snowmobile registrations to cover a fund or to help set up a fund that will deal with safety and certain portion of that money is being allocated toward safety, and other amounts of that money; that whatever that cost increase would be, would be allocated towards a trail fund, is what I'm hearing? Is that occurring or not?

Hon. Mr. Serby: — Well what has occurred is that the request has been made and you're correct in stating that there has been a request that's been made by the Saskatchewan Snowmobile Association and the request is exactly as you've identified it.

There's a request that we have either a mandatory registration for all snowmobiles in the province and/or have what we have today, which is a voluntary registration of snowmobiles. We have somewhere in the neighbourhood of 30,000 snowmobiles in Saskatchewan and we have about 12,000 of them that are registered.

So about a third of the snowmobiles that are currently operating in the province are not registered . . . or are registered, I mean.

The snowmobile association is suggesting here that what we might do is, as I've indicated, make all snowmobile registration mandatory in the province and then take a piece of that registration and apply it to the grooming of trails in the province. For example, I think we have 17 or 18 trails . . . or clubs across the province that look after . . . Or maybe there are more than that — don't quote me on the number but there are a number across the province. And then using some of that registration fee to offset that expenditure.

Part of the problem that is being recognized here is that everybody who owns a snowmobile in Saskatchewan doesn't drive it on the trail. And there are many, many farmers in this province who have them for a variety of different uses and don't drive them off their land, never see a trail. I'm a bit concerned about the idea or their suggestion that you have a mandatory registration and then suggest that you can only then drive your snowmobile on the trail. I think that would be a bit of an issue for those of us in rural Saskatchewan who own snowmobiles.

So the request is certainly on the table. There are some discussions that we're having with Saskatchewan Snowmobile Association, the Saskatchewan Safety Council, in terms of how do you promote safe snowmobiling and at the same time encourage people to register their machines and try to get some money back, you know, to the snowmobile associations. They currently have trail fees, so I mean on a voluntary basis . . .

(inaudible) . . . and it's based on usage. That's correct.

Mr. Krawetz: — Thank you, Mr. Minister. Final question maybe around the auto fund is, how long has Saskatchewan been involved in the picture drivers' licence program? As far as that it's been available to . . .

Mr. Cockman: — It's been available since October 1990.

Mr. Krawetz: — 19?

Mr. Cockman: — 90.

Mr. Krawetz: — 1990. Thank you. I believe that it is still not mandatory. Is that correct?

Mr. Cockman: — Correct.

Mr. Krawetz: — What other provinces have a photo ID (identification) program that is not mandatory?

Mr. Cockman: — I'm not too sure whether any do. I believe the Yukon used to. I'm not too sure whether they still do. I think there's one or two in the States.

Mr. Krawetz: — Is there any move by your department, Mr. Minister, to look at making photo IDs compulsory?

Hon. Mr. Serby: — It hasn't been before the board yet. I have no sense that this has been a request of anybody, either my officials or the public. The answer is no.

Mr. Krawetz: — No discussion has taken place?

Hon. Mr. Serby: — No.

Mr. Krawetz: — Mr. Chair, I'll stop on auto fund right now unless my colleagues have some further questions?

The Acting Chair: — Thank you, Mr. Krawetz.

Mr. D'Autremont: — Thank you, Mr. Deputy Chair. Mr. Minister, some questions that arose from the past questioning — my own and Mr. Krawetz's — when we talk about the rehab costs having changed from pre-no-fault to no-fault, it's my understanding that with no-fault, your rehabilitation costs can be ongoing for the length of time that an injury claim is valid, whereas previously you would have paid out a lump sum and SGI's involvement would have ended at that point.

Under the current system, how long will, or at what rate of movement forward will, these rehab claims be drawing down on SGI's incomes?

Hon. Mr. Serby: — Well on the existing tort claims that are out or the ones that are new?

Mr. D'Autremont: — Okay, let's take the Markwarts because they've been mentioned. Now Mr. Markwart's costs are ongoing, his rehab costs; that is, a cost to SGI on an ongoing basis. Under the previous system before no-fault, SGI would

have paid him out a claim, let's say 100,000 or 500,000, whatever it might have been. So you had that cost immediately. Today you may spend the half a million dollars but you spread that out over five years, let's say. Now at what rate is that cost increasing to SGI under no-fault? You start at zero, you get your first claim, and your costs start to build. At some point that curve will level off, but where will it level off at and how many years down the road to that point?

Hon. Mr. Serby: — Well I don't know that I have the answer to that, nor do I know whether or not my officials have the answer to that, but while I'm speaking, they could be thinking, okay?

And I want to say first of all that someone who's been seriously injured in a car accident like some folks that we know, could be on treatment for life, okay, up until they reach the sum of \$500,000. So a maximum cost pay-out to someone would be \$500,000. It could be \$200,000, but it could be spread over a lifetime, if they ever achieve it. So I mean in terms of length of time, that's the period and the amount.

I think something that's important to realize under the no-fault program is that benefits are accessed immediately, where under the old tort system, if I had a really good lawyer, I might be in a debate for 10 years before I got a settlement.

Mr. D'Autremont: — You mean that's a good lawyer for himself?

Hon. Mr. Serby: — Well I'm just . . . you draw whatever conclusions you wish. But the fact of the matter is, is that under the old tort system the pay-out wasn't immediate. The pay-out was, you know, in some instances several years down the road and, as you well appreciate, we have cases and files today that are aged. You know, they have several years in them, 10 or 15 years before there's been even a pay-out made on them. And which is the difference I think here and the importance, I think, of the strain on the fund because the fund is, as I've indicated to you, self-sustaining and the pay-outs need to be immediately. So cash flow in the fund becomes a very, very critical issue that you raised.

In respect to the other question, you want to try that on, Al, in terms of the curve and the numbers? Because I don't know the answer to that.

Mr. Cockman: — Well we'll do it as a partnership and see how we work. When a claim comes in and we evaluate it, we will put a reserve on it at that point in time so that in fact we fund it to the best of our abilities up front. So a claim comes in in '97, we will make the reserves in '97 for that, even though the pay-outs may extend over a number of years. That's one side of it.

In terms of do we then expect the costs to go down over the years, we're running, it says . . . about 39 per cent of our costs are medical and rehab and we would expect it to continue in that sort of level in subsequent years. Now I don't know if that did answer your question or not.

Mr. D'Autremont: — Well partially. Thirty-nine per cent for medical and rehab — I would throw into that the permanent impairment of 6 per cent. So you're looking at 45 per cent for medical costs in that particular area — I'm comparing your chart here for '96 to '92 — whereas 70 per cent was paid out for pain and suffering, which would have included such things as death benefits and permanent impairments and those types of things. Whereas if you take your other chart, your '96 chart, if you add together your medical, rehab costs, your death benefits, and your permanent impairments, which are not listed under the bottom chart, you come up with 64 per cent. But if because of your new program, starting out your costs are not incurred at the immediate time but spread out further, I'm wondering if that's the reason why those costs are lower.

Mr. Lundy: — No, the figures are . . . The money that's involved in these charts is the incurred costs which would be a claim that's reserved into the future. If we expected an injury to extend over five years or treatment costs to be a certain amount, we'd incur that in 1996 figures.

Mr. D'Autremont: — Okay, let's say the same accident, the same injuries, had occurred in 1992. The claim is not necessarily settled at that point in time but you would have put a certain amount aside as a . . .

Mr. Lundy: — Certainly.

Mr. D'Autremont: — What's your term here?

Mr. Lundy: — IBNR (incurred but not reported)?

Mr. D'Autremont: — Provision for unpaid claims. Now under that circumstance you would expect to pay that out, let's say within reason — he doesn't have a good lawyer — within two years. Your other one, you're looking five years, in your example. You've got interest built up that stays with SGI in that time period, not to the claimant. So the claimant . . . for those last three years, SGI has the interest. In the other case the claimant had the interest. So it's less cost to SGI under the no-fault insurance because SGI keeps the interest for that additional three years in the provision for unpaid claims.

Mr. Heise: — The long-term disability claimants under the new program will receive their cash as time goes by. So if the '95 claimant would have received some cash in '95, some in '96, it could extend on. Assuming it's a very long-term claimant, it could be dispersed over a very long period of time. But there is an effort made to try to reserve for that claim in the year that the claim happened. In other words, trying to reserve, for what the ultimate pay-out discounted from the time the money might be, in that year.

Now it's probably true that over the longer term that yes, SGI keeps some of that money for a longer period of time because it is paid out piece by piece over a number of years. On the other hand, in the case of the previous system, while you're correct that those claims are generally paid out on a lump sum basis, it can take quite some time before that payment is ever made. You mentioned two years. Certainly a number of claims are settled within the two-year period. We've got a number of other claims

that take much longer than that.

At this point in time we're two years beyond that system, '95 and '96, and at this point we've got about 3,600 of those claims which are still involved in the settlement process. So they're at least two years in the settlement process. Some of them may take five; some of them may take seven; and a few of them might even take 10 years. So I think the . . . Just to try to compare that cash flow situation, you've got cash that's probably disbursed sooner under the new system but it's paid out on more of an even flow over a number of years, as opposed to the old system where there may have been very little if any cash paid and then, bang, there was one lump sum payment perhaps two years, maybe five years into the future. So there is certainly a trade-off on the cash flow from the two programs.

Mr. D'Autremont: — Okay, thank you. I know that I'm sure we all get calls from claimants that are in that more than two-year period. I can think of one right now in my area.

Mr. Krawetz mentioned adjusters and I brought it up the last time we were discussing SGI. In the case where an adjuster would question a practitioner's, a medical practitioner's, diagnosis and prescription for therapy, when the adjuster is questioning that and has gone to SGI's physician, does SGI's physician then talk to the medical . . . that person's medical practitioner?

Mr. Lundy: — Yes. Everything is referred back to the customer's family physician. There would be discussion, dialogue, between them. Our medical expert, in-house medical expert, he would have dialogue with the family physician as well if we were questioning some method of treatment, mode of treatment.

Mr. D'Autremont: — Because I know of a situation where the adjuster denied the prescription from the medical physician clients who prescribed massage therapy on an on-going basis and the adjuster limited it to two visits. And to the best of my knowledge, the SGI physician never talked to the family physician. The adjuster simply said no, we'll pay for two and that's it. So perhaps you need to talk to your officials to make sure that they are following the proper procedures.

Mr. Cockman: — And if you've got details of that specific claim, we'd be more than happy to deal with that too.

Mr. D'Autremont: — Okay. On your . . . back of the one we were talking about earlier. I think it's back. Yes. You talk here about time-injury driven claims — primary care, secondary care, and tertiary care. What happens in the case where you are going to the secondary care or tertiary care, where there's a disagreement between the parties. What happens to the treatments during that time?

Hon. Mr. Serby: — Are you . . . If the party is actually attending a secondary care centre and states that they don't believe they should be there. Is this what you mean?

Mr. D'Autremont: — Well no. They think they should be

there and the adjuster doesn't believe that they should be.

Mr. Lundy: — I have trouble understanding that because normally we'd refer them to the secondary care centre.

Mr. D'Autremont: — Okay. The client has appealed the decision from SGI. And now what happens with their medical treatments in that time period?

Mr. Lundy: — Are they funded or not?

Mr. D'Autremont: — Yes. Do they follow the prescribed therapies of their physician or the adjuster or SGI's medical personnel? Or who's treatment is valid while there's an appeal taking place?

Mr. Lundy: — It would depend on the circumstances of the case — what we had recommended and what the family physician had recommended. I can't see the mode of care being that different that perhaps we couldn't accommodate it through the appeal process.

Mr. D'Autremont: — Well it's not involved in the case of this therapy, but just let's use this example. Family practitioner says you need three treatments a week of massage therapy; SGI says no, you only need two treatments, period. Now the client appeals that and says no, my physician says I need three treatments a week. You have . . . It takes secondary care after six weeks, and tertiary care after twelve weeks. Now within that, if they're going to appeal, that must take some time. You don't just show up at the appeal the next day, I would assume. So how . . .

Mr. Lundy: — It's usually quite a short period of time; not the next day.

Mr. D'Autremont: — No. But so what happens if his treatment is supposed to be for the next day and it's the third one for the week and SGI has said no? Who gets priority here?

Mr. Lundy: — To pay the bill for the third massage treatment?

Mr. D'Autremont: — Yes.

Mr. Lundy: — I would think that there wouldn't be a payment made for the third massage treatment until the appeal is heard, or continuing massage treatment.

Mr. D'Autremont: — So if the client can't afford it then he's simply out of luck unless he comes up with the money himself; finds it some place.

Mr. Lundy: — If we're getting into secondary care and that sort of thing, you're talking about a transition period. If there is a disagreement, we've moved from the person's family physician now on to a referral to another physician, a specialist perhaps in that area, a chiropractic specialist. There would have been agreement on the type of care that's needed by that patient. Simple disagreement by the person's family physician doesn't overrule the group as a whole.

Mr. D'Autremont: — Okay, the client has had an accident; he's gone to his family physician; the family physician says this is what the treatment should be. The SGI adjuster disagrees with that treatment. The client appeals.

Now at that point in time, you're telling me then that the treatment the client is entitled to is the treatment that the adjuster has prescribed.

Mr. Lundy: — No, the adjuster wouldn't have prescribed any type of treatment. The adjuster would have . . . if he disagrees with the type of treatment that the family physician had prescribed, then in all likelihood he would have talked to either our medical specialist or referred them to another specialist.

Mr. D'Autremont: — So what kind of a time frame are we looking at then for that?

Mr. Lundy: — Days, as opposed to weeks.

Mr. D'Autremont: — So the client then could be without his treatment for a period, some number of days?

Mr. Lundy: — I wouldn't say he'd be without treatment.

Hon. Mr. Serby: — I think the question that you raise is an important one. Because if the client chooses not to proceed with their treatment, based on a decision or a recommendation that's made by the, by the adjuster, the individual would then, would then fail to get the treatment if they didn't go. Okay?

I would expect though, that if I'm the client and you're the adjuster and you tell me that I can't go for treatment but I went and it felt good and I was feeling better, and you told me I couldn't go, I might go anyway, okay? I might go anyway for the treatment. And then I'll dispute with the adjuster whether or not the government should pay it or whether SGI should pay it or whether you should pay it. That's where the dispute would be, okay? It would be around payment.

If in fact we have adjusters that are saying that you can't get treatment or shouldn't receive treatment, which would be contrary to what your family physician might be saying, it would be my opinion that that would only be given on the direction of SGI's medical staff providing that information to the adjuster. It would be on that basis.

I can't imagine that our adjusters would be making medical decisions on behalf of our clients. They shouldn't be if they are. And so the dispute, in my opinion, should then be about — and I would make this as a recommendation — that if you're in a situation where a client finds himself in that kind of a situation, they should get the treatment. They should continue with it if they think it's helping, and then dispute. Because that's what the appeal would be. The appeal would be then on the payment. Who pays it? And our job is to ensure, I think, that people are getting good treatment and are feeling better at the end of the day.

Now there are some procedures that don't work. And soft tissue injury is not an easy one to diagnose, as you well know. Nor is

it an easy one to treat. And so sometimes you have differing opinions on what medical treatment should be. And that's part of why we have the secondary treatment centre . . . or the treatment services, so that if there is some dispute here, then we can take that individual, move them on into another environment where they can get a broader sort of assessment of what their needs might be.

Mr. D'Autremont: — The problem that arises is that potentially the client can't afford to pay for the services themselves. And that's why they're relying on SGI, because it wasn't their fault for the accident. Or they were involved in an accident — no matter whose fault it is today — they were involved in an accident, and their injuries are a result of that accident and they haven't got the financial wherewithal to afford it directly themselves.

For me a greater concern is the attitude of the adjusters. If the adjuster is to say in a case, well I don't believe that this treatment is appropriate for you but I will refer it to our medical staff for a decision, fine. But where the adjuster says no, this treatment is not appropriate for you and I'm going to deny you payment for that, I think that's a wrong attitude by the adjuster. Because the adjuster is making a medical decision there for which he is not trained.

SGI's medical staff — the people they've hired in that area — are qualified to make a decision, and the physician and the client can dispute that. But SGI adjusters, in my opinion, are not qualified to make those medical decisions that deny therapy or services to a client that have been prescribed by a medical physician.

Hon. Mr. Serby: — I think that by and large we would support that position; that really adjusters aren't making medical assessments on people and determining what their medical needs are; that that's coming from someone else. It's coming from a family physician, or it's coming as a recommendation from a team of physicians that SGI has assembled that would help make that kind of a recommendation, and the adjuster simply provides the information. I concur with you.

I think that as the program matures over time — and I guess I'm speaking with some optimism here in terms of how the program will proceed down the way — you will have people who will be working in the positions of being the adjusters who will have increased skill, increased knowledge, experience, and even training, in my opinion, to help to determine what some of those medical needs might be.

Currently I think it would be fair to say that we don't have in all of our jurisdictions across the province, that kind of a battery of skills, partly because we haven't had the opportunity to train people to that level yet — the other is that we aren't recruiting people specifically at this point in time for those kinds of skills.

But it's important to get there, and I appreciate your comment because I think it's a fair one. And as the program matures and grows, it will be the responsibility, I think, of SGI through the PIPP program to ensure that you have adjusters in place who direct people to the appropriate medical services and that you

don't have a debate there, is what you're talking about, but you take the debate out of there.

Mr. D'Autremont: — Well in my opinion the adjuster should not be making diagnosis unless SGI is providing them with medical malpractice insurance.

Hon. Mr. Serby: — Yes, they're not though. We're saying they're not.

Mr. D'Autremont: — Well unfortunately people that have contacted me seem to feel that a few adjusters are making that determination, and they shouldn't be; they should be referring to SGI's medical personnel for those decisions. And if you'll carry that forward that will be fine in that area.

I was interested in your comments that a death benefit is determined for an income of a number of years. If that's the case, why then is an income benefit not determined for the same type of scenario rather than simply at the immediate time of the accident?

Mr. Lundy: — It is probably a number of years in certain cases. In my case I'm a salaried employee who works on a certain level, so my interim replacement benefit is the best of my salary, which is today. Whereas a farmer, his income, as it's been mentioned before, can vary over three years, and they will take that into consideration. Plus if I'm not mistaken, there's a chart . . . or not a chart, but an average wages for different types of employment that can be considered too, that if it's better than the salary that you're receiving then you can go to this chart . . . well not chart, but list of incomes.

Mr. D'Autremont: — How about a person is on unemployment or on social assistance, whereas last month they had been employed and are no longer today?

Hon. Mr. Serby: — I think that that would be determined by what their potential earning power would be at any given point. So if I was working last week as a labourer for the Saskatchewan Wheat Pool and was earning \$10 an hour or \$35,000 a year, and I'm unemployed today but for the previous 6 or 8 months I was employed with them and that was my earning power, and 6 months prior to that I was unemployed because it's a seasonal kind of job, then I would expect that what would happen is that the determination of that benefit would be paid on that period of time in which I was employed, not unemployed, and then take that over a period of time.

And I can share with you that there are other folks that fall into this category. I have a situation that I personally have been working with out of my own constituency where the individual was a veterinarian, for example, and got killed and the veterinarian's benefits of course vary from year to year, like a farmer, and that was amortized over a period of time in terms of determining what that benefit should be.

Mr. D'Autremont: — Well Mr. Krawetz mentioned the case of Sharon Diederichs, mentioned her name. In her case she was paid based on her unemployment insurance at the time of the accident, whereas approximately — I'm guessing here because I

don't know exactly — a month or a month and a half before she had been employed and had lost her job because of cut-backs and was moving on to another business. But her benefits were paid out simply based on her unemployment insurance at that time, which was significantly less than the salary she had been making previously.

Mr. Lundy: — At 180 days . . . When were these UIC (Unemployment Insurance Commission) benefits paid?

Mr. D'Autremont: — I believe she had finished work in October sometime and the accident was late November, beginning of December.

Mr. Lundy: — This is this past year?

Mr. D'Autremont: — That would have been in '95.

Mr. Lundy: — At 180 days there would be a determination made — we will replace UIC benefits which she was receiving at the time of the accident. At 180 days we would make a determination as to the salary that she was capable of earning had the accident not occurred, if she's still unemployed, laid up from the accident.

Mr. D'Autremont: — She was in the process of starting her own business at that particular point in time and it was to start up at the beginning of the new year. And so her income potential was unknown, I would suspect, because it was a brand-new business. But her previous income was known, and yet she was paid out based on simply her unemployment insurance, from my information.

Mr. Lundy: — In the interim from zero to 180 days or was this after 180 days?

Mr. D'Autremont: — This was probably within the 180-day period.

Mr. Lundy: — Yes. That would have been the income she had at the time of the accident; for the first 180 days, that's what she would receive.

Mr. D'Autremont: — Okay, well what happens after 180 days then?

Mr. Lundy: — It would be determined, depending on her knowledge, skills, abilities, what type of income she could have earned, what type of job she would have held. That's when we could consider previous employment too.

Mr. D'Autremont: — That doesn't do much for a person with commitments though for the first 180 days, does it?

Hon. Mr. Serby: — Well except that, I guess, part of what we try to do is provide a benefit in the interim for the individual. In this case . . . and I don't know that we should get into the detail of discussing the individual case, but let's look at it from a generic point of view.

If somebody's unemployed, we say — the program says —

we're prepared to pick up your benefits from the time that you're unemployed for a period of 180 days to determine whether or not you have some employment opportunities again — and they might. And they might have a greater earning power, which I hear us saying what we would do is give consideration to that, plus give consideration to where they were prior to that.

So encapsulizing all of that, we give somebody a new rate. Clearly, if you have somebody that might be striking off in a new career, which might be a professional career or a business career, we have no way of measuring what that would have been in terms of earning ability, particularly if it's a business career because there is no history there. So you'd be trying to gauge that as best you can with some type of analysis of earning power. And I hear us saying that we would be in a position to do that or would do that.

Clearly, this is an insurance program to at least replace the current lifestyle or quality of life that you had. Because nobody wants an accident. I mean nobody goes out and asks to be involved in an accident so they might, in the future, better themselves — because it usually doesn't work that way.

Mr. D'Autremont: — Unfortunately her current lifestyle though, after the accident, was not able to be continued in the manner that it was before simply because of the accident, because of the decrease . . . the length of time she couldn't get into her business; therefore she used up all of her savings in that 180 days, I would assume.

And because the costs were higher than her income were under UI (unemployment insurance) and insurance . . . The accident was absolutely no fault of her own — another vehicle pulled out, I believe, to pass a third vehicle and struck her — no fault of her own but she paid the results of it.

On air bags, you mentioned some concerns with air bags and their costs. I wonder if you could supply us with any numbers as to the number of fatalities that were prevented by air bags in Saskatchewan or the number of injuries that were prevented. We know that statistics show that seat-belts have saved lives, prevented major injuries. Air bags are supposed to do a similar thing. How many . . . what numbers are we talking?

Mr. Cockman: — We have information that's available on a Canadian and North American basis. We don't have those individuals broken down in Saskatchewan. We know the number of air bags that we have replaced, but as to the number of injuries that have been prevented or deaths prevented by them, we haven't got that statistic. The statistic does exist for Canada, both in terms of injuries, deaths, but also deaths caused by air bags as well, and injuries caused by air bags.

Mr. D'Autremont: — On a monetary level, seat-belts are supposed to save lives and therefore save money to the insuring company in payments. How is it working out with air bags? You were mentioning earlier that air bags are costing SGI money because they're ripping the dashes out of vehicles. But that surely must be offset to a certain degree by the costs saved from lives that are not lost and injuries that do not occur.

Mr. Cockman: — There are a number of concerns with air bags. Overall we're supportive of them because they're a supplementary restraint. The key is to wear your seat-belt first of all.

We do note that the cost of air bags has risen considerably in terms of our repair costs. There are concerns over the speed from which an air bag goes off in an accident, both in terms of the explosion and in terms of the speed that the vehicle was travelling, as to whether we're getting good benefit for air bags. That's not unique to us in Canada or to the United States, and recommendations have been put forward to both Transport Canada and the federal highways in United States and they are looking at this issue at this point in time.

Mr. D'Autremont: — There must be a minimum level though that that airbag could expand and fulfil its function at though. I'm sure no one wants to be sitting there trying to blow it up while the accident is occurring; so it has to happen obviously at a certain speed to have any effect at all.

And perhaps it is going off — they are too fast — but at some of these accidents that I have heard about with small children being involved, I'm not sure that you could decrease the speed enough to keep the air bag effective and still not cause injuries under those circumstances.

Mr. Cockman: — There are certainly concerns in that area. There are recommendations that if you have a small child, the safest place is to be properly belted and in the back seat.

Mr. D'Autremont: — I think that goes without saying; without having an air bag in the vehicle even, that that's the safest place for them. I personally think that air bags fulfil a function and should remain in the vehicles, and that it's incumbent on parents to ensure that their children are properly seat-belted in and contained within the vehicle and that means not in the front seat.

Mr. Cockman: — We would agree with you that air bags save more lives and reduce more injuries than they cause, and therefore are a valued supplemental restraint system.

Mr. D'Autremont: — We've just moved into the new driver program, I believe, what? September 1 or sometime . . .

A Member: — August.

Mr. D'Autremont: — August 1, within the last few months anyway. While it may be early, does SGI have any evaluations on the program to date?

Mr. Cockman: — No, it is too early; in fact even one year doesn't provide a great deal of trend information. The ideal information is taken over a three-year period. We will be doing the evaluation in '97 to see the first indications of the results.

Mr. D'Autremont: — I do have one concern though that was discussed while we were reviewing the new-driver programs on the safe driving committee, and that is the evaluations by SGI of at-fault involvement in an accident where there has been no

charges laid — the police and the courts have not determined that a particular driver was at fault but that SGI has the ability to make that determination for insurance purposes; that driver A is more at fault than driver B — and how that impacts on probationary drivers. There's no charges laid that a probationary driver was at fault. Does SGI then determine that they are at fault and that driver is potentially up for review?

Mr. Cockman: — No, my reading of the legislation . . . my recollection, I should say, of the legislation is that it's based on convictions, not on the fault . . .

Mr. D'Autremont: — We hoped that was the way it was going to be. I was wondering if the interpretations by the department were that way.

Mr. Cockman: — No.

The Chair: — Thank you very much, Mr. D'Autremont.

Mr. Osika: — Thank you, Madam Chair. I welcome the opportunity, Mr. Minister, to have some discussion with you and your officials. Just a couple of things. To pick up on the air bag, if in fact because of the fear that apparently exists among owners of vehicles with air bags and they are disconnected and then subsequently involved in an accident, how would SGI view any claims submitted by those unfortunate people?

Mr. Cockman: — Saskatchewan, like I think every jurisdiction in Canada, does not have specific regulations or legislation involving the installation or the taking away of air bags. Therefore it would have no impact upon an insurance claim. There are studies under way. There was a meeting in Vancouver on January 21 of which all jurisdictions in Canada were involved, taking a look at this particular issue with the idea of coming out with some standard practices and guidelines for use throughout Canada.

Mr. Osika: — Thank you, sir.

Mr. Roberts: — There is one thing I can add to that, is you'd have to be very careful, the firm that's disconnecting that air bag, that they had a very legal document relieving them of any liability in the event of an accident. If an accident occurred and someone was injured, I could go back to that garage and sue them, even though I asked them to take that bag . . . disconnect the air bag.

Mr. Osika: — Good point, thank you very much. I appreciate and I believe that as a result of people believing that prevention is the route to go and incentives for people to try and prevent not only accidents but theft of vehicles, and I notice a number of suggestions and ideas. There are the punishments the other way. For example, so many speeding tickets gets you a different coloured licence for years and years and years.

Has there ever been any consideration for incentives for those people who do follow the advice? Like anti-theft equipment does cost some money. There are some insurance companies that recognize people who have not had claims for X number of years, that are now given some recognition by way of a minor

reduction in their insurance premiums; using or buying, or purchasing, or investing in types of equipment such as anti-theft devices, and perhaps even to the extent to try and prevent or reduce the number of animal accidents.

And not having any scientific data but having some discussions with respect to the deer whistles that people put on their vehicles as a preventative measure, are there any considerations for recognizing those people who do go the extra extent beyond paying all their fees for licences, protection insurance, if they go the one step further, perhaps some recognition?

Mr. Cockman: — When we talked about the dollar loss for theft is around 10 million, which sounds an enormous sum, a significant sum, we're talking of less than 3 per cent of our premiums. If we assume that we can reduce our theft claims by 10 per cent, there isn't a very large incentive in terms of premium to adjust for that. So we have a certain problem with that.

But the thing that we are working on more and more is to go to the manufacturers and do as they have done in Germany — to have more and more anti-theft devices built into the cars. Ford Taurus now has better anti-thefts. Buick, their fleet has some. And we would like to see that in more cars manufactured and imported into Canada. So we are looking at it in that way.

With the deer whistles there is a lot of publications involved in the use and how well deer whistles work. Some of the items I have seen recently from one area say they work extremely well, another where a professor says we don't think deer in fact can hear the 16 to 20 whatever-it-is range.

A study was done by an insurance company in Wisconsin who fitted a large number of a certain type of deer whistles to their fleet. I think that was in 1990. And in 1991 the number of claims they had with animals actually increased rather than decreased, and they abandoned it. And that's the largest group I know that actually had experience with dealing with it. So there is some suspicion as to how effective they are.

Mr. Osika: — Okay, and just to pick up on the study you've heard about, there was one that a trucking firm that I'd heard about had done a similar one and said that their fleet had reduced the number of accidents involving deer. So you're right. There are probably various studies and various results of whatever type of studies are done.

Okay, but I appreciate that and your comments about having the manufacturers add more technology to the vehicles will now increase the cost of having to repair them. I guess that's why the incentives or stricter law enforcement, whatever, to try and prevent those kind of accidents, or any kind of accidents for that matter, have to be considered or talked about — something similar to the driver's licence one for speeding.

Mr. Cockman: — I take your point, and we are in fact in conversations with Justice to see whether a number of the fines and other convictions need to be increased, what we should be doing with them.

Mr. Osika: — Thank you very much. I have . . . talking about prevention, the . . . it was a number of years ago that the program Lights on for Life — to keep headlights on during the daytime — was introduced, and personally I believe that's an excellent program. Unfortunately, we're not at the stage yet . . . and for some reason or other there are people that at dusk or even in blizzard or windy and snow conditions refuse to turn on their headlights.

Is there any way of some type of encouragement to all drivers that between certain times of the day, or at any time . . . or that lights should be on all the time. I know that vehicles are being manufactured with running lights, but those are front running lights. There are no lights on in the back, the rear tail lights do not go on. And perhaps that's another area that again could prevent a head-on collision perhaps, passing of vehicles and that sort of thing. It's just a thought and I wondered if that was being considered.

Mr. Cockman: — The point with regard to the fact the people with daytime running lights do not realize during the day that in many cases the rear lights do not come on is something that we have been talking with the Saskatchewan Trucking Association, because they are very concerned about trucks obviously running into the back of vehicles and things like that. Fortunately those incidents are very few. And we are wondering whether in fact we can get a campaign going or something that deals with that particular subject along with some other trucking safety issues, actually.

Mr. Osika: — And that would also . . . some form of program to encourage motorists as well to make sure that those that do not have automatic running lights . . .

Mr. Cockman: — Over the last couple of years we have put in a number of new signs for Lights on for Life, please put your lights on, at entry points within the province.

Mr. Osika: — Okay, thank you. Just a couple more questions. Can you . . . we're talking about repairs and fixing cars and the costs. The people that fix these, can you give us a rough idea, Mr. Minister, of what the turnaround time for paying body shop owners for repairs that they carry out . . . vehicles that are under . . .

Mr. Lundy: — Our corporate target is within 30 days that we make those payments. Generally for our file reviews, that sort of thing, we work on a target of seven days. Once we get the bill, the payments out within seven days. But corporately we say that we turn around within 30 days . . . (inaudible interjection) . . . We do a lot better than the corporate target of 30 days.

Mr. Osika: — I thank you for that. I have had just some inquiries and some questions on it and I anticipate that if there are longer delays then it's because of a problem with not all the facts being available, or not the forms all being properly completed.

Mr. Lundy: — Yes, it's a very odd circumstance now that we have to send a form out to be signed, but in cases of recovery or

some other matter that we need a legal document signed, then it could take a little longer.

Mr. Osika: — Thank you. One more question. How often will the licence plates for Saskatchewan vehicles be changed?

Mr. Cockman: — We've had the same licence plate since 1977. At this point in time we're taking a look at various options. As you may have read, there were surveys that were conducted which showed the majority of people were quite happy with the licence plate that they have; liked it.

And there were some who were interested in putting a slogan on. Should we go to put a slogan on it does not mean, as some people think, that we would then suddenly replace every single plate in the province. We would suggest the only way we will be doing that would be, as we put new registrations in and people have damaged plates, we would then replace them with ones which happen to have a slogan on them.

Mr. Osika: — I'm told that for not having a front licence plate there's a fine of about \$70. That may be not quite that of an amount, but there is a fine for not having a front licence plate on a vehicle. Why is that?

Why is there a need for a front licence plate when our neighbouring provinces do not have front licence plates, and other provinces and jurisdictions where they're allowed to perhaps advertise their province or something that's going on in their province. I'm just wondering if we're going to continue being required to have a front licence plate and having people paying fines for not displaying one.

Mr. Cockman: — This is an interesting issue. It's one where SGI knows that it can save some money by having one licence plate compared with two. And we believe that there are in fact better places to put our money with regard to traffic safety, rather than having two licence plates.

On the other hand, we are in discussions with law enforcement, who feel that two plates serve a useful purpose to them. And we're having discussions at this point in time as to the future, whether it should be one or two licence plates to be displayed.

Mr. Osika: — I raise that because again our neighbouring provinces and other jurisdictions seem to be taking a lead role in moving towards something other than traditional . . .

Mr. Cockman: — There is a move to one licence plate across North America. There are more jurisdictions go on every year. The interesting thing is, one of our neighbours, Manitoba, have decided that in 1997 they are going back to two. And we are investigating why that is, because they are not following the trend. They are in fact setting off in their own way.

Mr. Osika: — Okay. Thank you very much. Those are all the questions I have.

Mr. Krawetz: — Mr. Minister, the numbers of claims in 1995, as I read it, is somewhere nearly 100,000 according to that graph that you've provided for us. And I see that the number of

collision claims are around 60,000. So we have a significant number of actual accidents taking place where vehicles are involved. It's not storm; it's not hail; it's actual collisions.

The concern that has been brought to me that I would like to flag for you, Mr. Minister, involves Jaws of Life. And I believe you have some . . . probably some letters and concerns that have been expressed to your office. There are situations where the Jaws of Life have been called by the RCMP (Royal Canadian Mounted Police) officer, the fire departments — any different individual or person representing a particular group. But because the actual Jaws of Life equipment is not used, there seems to be a situation where SGI will not then pay any costs towards the Jaws of Life group.

And that's coming to a point now where I'm hearing from of Jaws of Life operators as groups, community groups I guess is the best way to describe them, where they will not be attending collisions because their fear is of course they're not going to get any reimbursement, and as a result they can't balance their books; so they're not going to take off. And I think what we may end up in is in a situation where a very legitimate need will not be met because of that fear. Your comments, please.

Hon. Mr. Serby: — Well I had one question today, Madam Chairman. You asked me how the SUMA (Saskatchewan Urban Municipalities Association) convention went today, and I had one question. I wondered where it had come from. Now I know where it came from.

Mr. Krawetz: — I wasn't there.

Hon. Mr. Serby: — That was exactly the same question that was asked of me by the . . . actually the town of Hafford whom I met with earlier this fall. And they raised the question as you've put it, and that is that the volunteer fire departments across Saskatchewan who now have the Jaws of Life and they made the investment in this equipment, are called from time to time to perform that task.

And often on their way out, and in some situations on their way out to an incident, are then told by somebody along the way that their services aren't needed because the Jaws of Life may not be required and so they stop in the middle of the road and they're not sure whether they should proceed or go home — right? — but go on anyway because there may be a liability issue here so they go on and when they get to the accident they may then direct traffic or they may help the ambulance driver or whatever else might be done. The fire department might be there and so they participate in a different function.

This is an important issue that you raise, and the process under which we're going to take this issue, is to engage — and I've already asked that this process begin and it's under way — the president of the corporation, SGI, to sit down with the policing body in the province, to sit down with SUMA and SARM (Saskatchewan Association of Rural Municipalities), along with the first responders, ambulance operators in the province, to work out some kind of a policy here.

And maybe the engagement of the service needs to be from the

RM (rural municipality), but there needs to be somebody authorizing the action so that we don't get into this kind of a dispute. Because what it then becomes is a subjective debate about whether or not they should have been there or they shouldn't have been there. And at the end of the day the people who actually went and performed the service or were expected to be there and leave their house on a day like today or tonight where it's 35 below and go 10 miles and don't perform any functions, don't get paid, when they're already volunteers, is a serious issue in my opinion.

And so I answer your question in the same way that I answered the SUMA delegation convention today — that SGI, with it's officials, will engage the discussion with the bodies of which I've indicated to come up with a policy to ensure that we don't have this kind of disparity. Because it's an important issue.

Mr. Krawetz: — Thank you, Mr. Minister. Besides the community that you've already mentioned, I want to flag for you the Jaws of Life group operating in the town of Canora, who have raised that concern with SGI by way of submitting letters — Melville as well — and the response . . . there has been a response from SGI that says if the equipment hasn't been used, you're not being paid. And that's a very serious concern because of what you have identified and what I have identified.

So I'm very pleased to see that you indeed will pursue that. Because we have to ensure that there is a system in place to deal with tragedies that will occur and that we must adhere to.

That's my final question for auto fund, Madam Chair, and we still have two other departments.

The Chair: — Oh dear, oh dear. Well I would hope that we will be able to finish by 6. I'll recognize Mr. D'Autremont; he's indicated that he has only four brief questions and is hoping that the minister has four brief answers.

Mr. D'Autremont: — And it does deal with the auto fund primarily, although I was interested in the comments on the drivers' licences. And since the auto fund does run a very tight budget — sometimes in the black, sometimes in the red — perhaps that front licence plate you could sell advertising space on.

Hon. Mr. Serby: — Well we have lots of groups, Mr. D'Autremont, who would like to have their picture or their slogan on the front. There is no question about that.

Mr. D'Autremont: — Well my recommendation is simply three words: land, sky, and water. I received a fax today . . .

Hon. Mr. Serby: — I've been wanting to tell you that that one's already been rejected by a group.

Mr. D'Autremont: — The story of my life.

I received a fax today from a gentleman by the name of Roy Stieb. I don't know anything about the claim other than what he has faxed me, but he has three questions that he wrote down for

me to ask you. And perhaps Mr. Langford may be familiar with the case because it comes from his area.

First question is: does a creditor have a prior right to be paid from an SGI personal injury claim? This person had had an injury — he had a personal injury claim — he was to receive some funds but another government agency put a claim against that payment.

Mr. Lundy: — Are you talking about a pre-PIPP plan?

Mr. D'Autremont: — This is pre-PIPP, yes.

Mr. Lundy: — They wouldn't have a prior right to the money unless they had a judgement. If the person was in bankruptcy — I'm not a lawyer obviously — but they wouldn't have any more claim than perhaps if the government agency had a garnishee on the person's wages or property.

Mr. D'Autremont: — In my discussion with him, he indicated that that was not the case, that he . . . It was ACS (Agricultural Credit Corporation of Saskatchewan) that put the claim in; that he was fully paid up but that because of his injury the next payment, he may have had difficulty. He was a farmer and couldn't do his farming. And they put a claim against his personal injury and then the system seemed to break down very rapidly after that point.

Mr. Lundy: — SGI, in that case, if you have a personal injury claim against someone else, would certainly be responsible for paying the money. If we received the proper documentation, like a garnishee or a judgement, then we would have to redirect payment.

Mr. D'Autremont: — That didn't seem to be the case. As I say, I know very little about this. The man just sent me the information today and phoned me. But from talking to him, it seemed that . . . And I don't know how ACS found out that he had a personal injury claim. But anyway, they made a claim against those funds. It was tied up for about two years before the payments were actually made.

Mr. Lundy: — They could tie it up through the courts. We would probably, in those cases, pay it into the courts.

Mr. D'Autremont: — But SGI wouldn't make a payment unless there was a court action initiated?

Mr. Lundy: — There's garnishee laws, bankruptcy laws, that we would have to obey of course if there was money to be paid somewhere.

Mr. D'Autremont: — But that the garnishee would be decided by the court system though?

Mr. Lundy: — But without, without — yes — without some sort of legal documentation, we wouldn't redirect payment on our own.

Mr. D'Autremont: — Okay. I wonder if I could just pass this on to the minister and if you could have a look at this. Because

like I say, I know very little about the case but there seems to be some concern about how the money was transferred — and the legal implications of it — from SGI to ACS.

Mr. Lundy: — Sure.

Hon. Mr. Serby: — Madam Chairman, our staff may pick up as supplementary at the end of the meeting today unless Mr. Langford has all the answers.

Mr. D'Autremont: — Yes, perhaps he may know the gentleman — I don't.

So that is my questions dealing with some of this. If we want to go on longer, I haven't got into my questions that I came prepared with, but . . .

The Chair: — I would suggest to committee members that it would be preferable if we could finish off SGI today and not have to call back the officials. And I don't know how much longer the members have in terms of questioning, but if the minister is amenable, I would suggest that we simply continue sitting and try to discipline ourselves to finish fairly soon. And I won't put any suggestions as to what fairly soon would be.

But if you have . . . Perhaps you could just caucus right now and decide if you think you're going to likely be more than about 15 minutes. If you are, I would like to call a 10-minute break.

Mr. D'Autremont: — Probably more than 15 minutes.

Mr. Krawetz: — I think I would probably be looking at 15 minutes myself.

The Chair: — All right. Then just for the sake of all the members, I'm going to call a 10-minute break right now and we will resume sitting at 6:57.

A Member: — 5:57.

The committee recessed for a period of time.

The Chair: — We will now resume our deliberations on SGI. Mr. Krawetz, I believe, has the floor.

Mr. Krawetz: — Thank you, Madam Chairman or Chairperson, and I will try to be succinct and brief — two synonyms.

Let me start with SGI CANADA Insurance Services Ltd. — maybe a couple of quick questions about SCISL. Is SGI happy with the expansion thus far, and what provinces are you operating in, and is there a future expansion being looked at?

Hon. Mr. Serby: — I might say to you that I think generally speaking we're happy with the kinds of advancements that SGI CANADA has made into Manitoba. And certainly . . . and Manitoba being our strength really; this is where we're doing a fair bit of our business right now.

And it made some small little inroads into, I think I mentioned the last time that we're here, into Ontario. That process has been a little bit slower for us but we have, I think, now two brokerages that we have . . . or we have one — two now — two brokerages now in Ontario.

We have not had much success with our Alberta friends, as I mentioned previously. And we are, I think I'd mentioned last time, exploring some opportunities maybe with our British Columbia people. But by and large it's been a slow and steady kind of growth, is what I might suggest.

The Manitoba folks who are using . . . are buying our product are happy with it. Our brokers that are operating out of Manitoba are very pleased with the kind of support that they get out of the SGI program here, so I'd have to say yes.

Mr. Krawetz: — Does SGI's status as a Crown corporation have any adverse affects on expansion into another province?

Hon. Mr. Serby: — I mean, specifically I hope not. I'd like to think that that's not necessarily the case, but we're not into Alberta, so you can take from that what you wish; we're not doing business in that province. But we don't believe that that's the case. I mean the product itself sells itself.

Mr. Krawetz: — A specific question around the '95 statement. Prior to the application of investment earnings, if I look at 1995, there was a net loss of some \$143 million. Has this been projected to through 1996? Like I know you're talking about investment earnings giving you a profit in the end, but when I look at the \$143 million worth of loss, is there going to be a bottom line that is indeed going to show profit before investment earnings are added in?

Mr. Heise: — Actually the underwriting loss is \$143,000 as opposed to . . .

Mr. Krawetz: — Oh, that's not millions. Okay. Well that makes it much easier to take then.

Mr. Heise: — That helps, yes.

The corporation would prefer to have what we call underwriting profit rather than underwriting loss, prior to investment earnings. And it's difficult to achieve an underwriting profit in an expansion territory where the volume of business, as is reported for '95, is fairly small because you do have development costs and there are some fixed costs and it's difficult to cover those costs.

We will move forward with premium written there of only premium earned of \$400,000. As we move forward into '96, that premium volume gets larger, and you begin to spread those admin expenses and commission costs and so on over a bigger body of business.

Mr. Krawetz: — Do you expect that it will be more expensive to handle a claim in Manitoba or in Ontario than it would be in Saskatchewan? I know that you'd be looking at, you know, hiring non-SGI adjusters no doubt. Will it become more

expensive?

Mr. Lundy: — Two adjusters stationed in Winnipeg at this time, one clerical staff and a marketing person.

Mr. Heise: — And I believe those people — correct me if I'm wrong at all — but I believe those people were transferred in from Saskatchewan, from SGI jobs in Saskatchewan.

Mr. Krawetz: — In light of the premiums written, then that would translate into a certain number of actual files. Is there sufficient work for two people or is the cost higher?

Mr. Roberts: — The increased premium income and the policy count in the last . . . it's grown rapidly in Manitoba for SCISL and there is the demand. We have 40 brokers now in Manitoba that are supporting us well and we have . . . There's enough work for them. They are people that are transferred from Saskatchewan.

Mr. Krawetz: — Okay, Mr. Minister, thank you very much to your staff. As far as SCISL, I don't have any other comments and I'd like to just turn if I might to SGI CANADA as far as a few questions there, very specific to particular entities.

And I guess the question I have is, the hog industry has been one that I know years back SGI I think looked at insuring hog barns and looking at losses and therefore decided to either increase premiums to such significant amounts that maybe other underwriters would pick them up. And I guess what I'm hearing from individual agents now is that the SGI rates for hog barns are uncompetitive and as a result they're not picking up much of that particular class of insurance.

With the expansion that seems probable or possible in the hog industry, and I guess with newer technologies and newer constructions, is SGI re-looking at that?

Mr. Roberts: — Our market share of the hog industry reflects our market share in the general farm. One of the things that we found with the hog industry is that it is very labour intensive, that there are more and more farmers withdrawing from that because we're now getting into the corporate farms. And as a consequence, what has happened is that there are some national programs that have been put together by one of the large brokers, international brokers. These have come and gone. In the years that we've been in Saskatchewan they've been here; they've gone. We've been a stable market; we're here today, we're here tomorrow. We will not panic on these items. The thing is that our rates reflect our experience.

The situation with the poultry and the dairy, those markets have pretty well dried up and the business has started coming back to us. The hog business will be the same. Suffocation has been a major problem and we came in with a solution for that. We have the solution in place now to provide the suffocation on the hogs.

The large corporate risks, yes we will look at; but we will not underwrite them at a loss.

Mr. Krawetz: — The next question I guess is around manufacturers of farm equipment in Saskatchewan, Saskatchewan manufacturers, that sell machinery to the United States. Is there a problem with liability and extending that liability, and is that being looked at?

Mr. Roberts: — It's a major problem. If the sales are greater than 25 per cent to the United States and depending again on the length of time that that firm has been operation, what their experience is, how long the products that they are providing . . . we may not offer to provide the insurance on that. We just don't have a large enough pool in the United States. With the liability claims, the courts — the way they react to incidents there — we just cannot afford to expose the corporation to the massive awards that will be required.

Our policies are issued in Canadian funds. We do not issue any operation in the U.S. (United States) in U.S. funds. They're always Canadian funds, again because of the fluctuating dollar.

Mr. Krawetz: — What advice then does SGI give to someone who has, you know, an SGI policy covering the actual building that the construction is occurring in and everything else that takes place in Saskatchewan? Do you have any context for outside of Saskatchewan?

Mr. Roberts: — We have for the trucking industry because it is a major operation from Saskatchewan to the United States. Where it is a manufacturer, we will try and work with other insurers to try and put together a package that may provide the coverage that an individual would need.

Mr. Krawetz: — Okay. Just a quick switch to property rates. Last year you announced, SGI announced, a change in deductibles in terms of standard deductibles that would be applied, I believe in the four cities, of \$500. And you looked at some changes to the insurance rates, both residential and farm.

Are there any plans to change deductibles across the province? And I guess what I'm looking at is, I know you have a theft-related damage as well — theft-related deductible, I'm sorry — that is higher in certain areas. Is this going to be blanket across the province, or are you looking at any such measures?

Mr. Roberts: — On January 1, 1996 we introduced a \$500 deductible for crime-covered theft in the cities of Regina, Saskatoon, Prince Albert, and the Battlefords. We only offered a \$250 minimum deductible in those four centres. In the rest of the province you could purchase a \$100 deductible. And if we look at 1997, January 1, in those four centres the minimum deductible now is \$500 for the policy. And in the other centres, it is a \$250 minimum.

There has been a move to a higher deductible. Really, looking at it, the claims that people are looking at are the catastrophe, not a maintenance-type claim.

Mr. Krawetz: — Is that a standard in the insurance industry? That is, other insurance companies are looking at the same thing and moving to a standard deductible of \$500, with

buy-down ability?

Mr. Roberts: — Some are offering buy-downs; some are not. In other provinces — British Columbia, Alberta — there's a minimum of \$500. Manitoba, there's \$500 minimum in the city of Winnipeg, 250 in rural; in Ontario the minimum is 350; in the Maritimes is 500. So there is a move to a higher deductible. In British Columbia they're now talking of \$1000 deductible, minimum.

Mr. Krawetz: — One very specific concern raised by more than one person in the province to me, and I raised it with SGI last year, was around theft and mysterious disappearance being in the same classification. And you talk about a \$500 deductible for theft, you're talking about a \$500 deductible for mysterious disappearance.

I guess when we look at seeing why there is a \$500 theft deductible in Regina, Saskatoon, P.A. (Prince Albert), and the Battlefords, that fits. But then mysterious disappearance falls into that same category. Are the claims, the numbers of claims, large enough in those cities to indeed include mysterious disappearance in that same category?

Mr. Roberts: — It was, and of course now in January 1, 1997, it's \$500 policy deductible. There's no longer the 500 deductible for theft and mysterious disappearance. As of January 1, when the policy comes up for renewal, it will go to a policy deductible, not a risk deductible.

Mr. Krawetz: — But as I understand, you . . . I as the consumer have the ability to buy down.

Mr. Roberts: — Not as of January 1.

Mr. Krawetz: — In those four cities only?

Mr. Roberts: — Yes.

Mr. Krawetz: — For all perils. Okay. Mr. Chair, thank you very much.

Mr. D'Autremont: — I had a concern brought forward to me about licence plates, and this dealt with the purchase of licence plates in province and out of province by an agent, said that he would get the licences and they would have mismatched numbers in the packages and that. Are you still dealing with the same manufacturer or have you changed that since '95?

Mr. Cockman: — We've changed since '95, and we in fact got lower quotations from a Saskatchewan-based company and we've been using those in '96 and continue to do so in '97.

Mr. D'Autremont: — Good. Saskatchewan entrepreneurs that work.

You mentioned that there was a 2.3 per cent increase I believe, in the . . . a 2 to 3 per cent increase in the fleet this past year. How did that compare to the increase in accidents? Has the accident increase been comparable to the fleet increase, has that remained stable, or are we having more accidents than the fleet

increase would indicate?

Mr. Cockman: — When you have a couple of years where you have substantial summer storms, as we had in '95, and then bad winter as we've had — actually '95-96 — and . . . well I'm wondering whether it's normal or not. Those sort of things will really skew the averages; so we've seen increases because of weather. And those are difficult, obviously, to compare back to population basis or vehicle basis.

Mr. Heise: — I might offer some information there for you. The auto fund back in '93-92 area had a fairly steady flow of number of collision claims . . . or not collision but damage claims in total. And it had stayed that way for a few years. Then it began to increase in '94 and has continued on into '95 and as well '96.

So actually the number of damage claims in total in '93, which is storm, which is collision, which is thefts, all types of damage claims, increased from 87,000 claims, auto fund claims, to 99,000 in '95. I think that number was mentioned earlier today and in fact nipped over 100,000 claims into '96. So the increase from '93 to '95 is about 14 per cent — certainly more so than what the increase in the amount of vehicle population has been.

Mr. D'Autremont: — Okay, thank you very much for that. Have you seen a rise in accident claims based on things like highway conditions? Perhaps starting in '94 is a good place to start.

Mr. Lundy: — I think weather conditions probably have as much to do with it as highway conditions. The streets of Regina for the past couple of years have been, through no fault of the city, have been bad because of the winters we've had. We've had an increased number of collision claims.

Mr. D'Autremont: — Has there been an increase though in the number of people who are claiming that highway conditions have resulted in their accident?

Mr. Lundy: — Not that I'm aware of, no.

Mr. Cockman: — It's not statistically significant. It isn't one of those items that has come to us as a new category to deal with.

A Member: — Okay.

Hon. Mr. Serby: — I can report that my office hasn't received any calls or we haven't received any letters where somebody has said to us that we've been involved in an accident because of the condition of the highway. I'm not sure what you're asking about.

Mr. D'Autremont: — Well right within my own community I can think of two during the past summer where a vehicle hit a pothole and bent both front rims on the vehicle; another vehicle hit a pothole and went into the ditch and rolled. A third one over at Lampman, a vehicle hit a pothole in the road and struck the school bus on the way to school with a load of kids. Luckily both vehicles were going at a very low rate of speed and no one

was injured.

But those were all accidents related to the road conditions, to the highway condition, and that was just last summer within my own general area. So I'm just wondering, is this becoming a factor in SGI claims?

Mr. Lundy: — There's no general trend in that way anyway.

Mr. D'Autremont: — Well maybe because in the one case Highways pay the costs.

Hon. Mr. Serby: — Well this sounds like an issue you should be taking up with your local municipalities, you know, because it sounds like the roads . . .

Mr. D'Autremont: — This is highways, this is highway.

Another concern that I know has been brought to SGI's attention and I'm wondering is, where it's at now, is the renewal dates for licences now being on a fixed day like the April 13 rather than the end of the month. I've received a number of complaints like that and people concerned that . . . particularly businesses that have a large fleet and where you may have a hundred vehicles, you've got a hundred different renewal dates in the same year. What's happening in that? Is it causing problems for people?

Mr. Cockman: — Well we've certainly heard from a number of fleets and where there are problems, we are now working with the fleets to see what we can do through the short-term registration programs where you can choose any date from three months to eleven months; five months, six days; eight months, nine days. We're finding that more and more people then can take advantage of that, and by making one change at that point in time, that will resolve most of their concerns over the particulars of a date.

The majority of people on the other hand seem to accept it and understand that it does in fact reduce the month-end line-ups and evens out the load of work that we have, particularly with the new programs coming in.

Mr. D'Autremont: — Or maybe they just think about it the way I do. I think mine gets renewed on January 6, and in my head that's December 31 I've got to get it done by.

Mr. Cockman: — Actually most people like paying on the very last moment. I think we're seeing that people are coming in very close to their last day. So it actually is spreading it around.

Mr. D'Autremont: — Well if I pay on December 31, I can claim it on last year's taxes.

Hon. Mr. Serby: — It sounds like a fairly high surcharge.

Mr. D'Autremont: — No surcharges whatsoever. In your annual report, there's a couple of terms here I'd just like some clarifications on — deferred policy acquisitions under the asset items. I wonder if you could explain that.

Mr. Heise: — Yes. Deferred policy acquisition costs relate to commission costs and premium taxes. Correspondingly on the other side of the balance sheet, there's an item called unearned premiums, and that refers to premiums that are written. That's the next . . . That refers to premiums which are written but of course are earned perhaps over a 12-month period.

So at any point in time, you've written the premium; it's on your books; it shows up as premium written over on the statement of operations but some piece of it isn't earned yet because it was taken into income over the period of coverage that it applies to.

So correspondingly with that unearned premium, there was a commission cost and there's a premium tax cost; so it as well is amortized over the period of a life of the policies in question. So the amounts that you would see on the balance sheet for deferred policy acquisition costs and unearned premiums are simply the portions that are being held and haven't yet been recorded as either expense or earned revenues.

Mr. D'Autremont: — An example would be somebody who is registering their vehicle and they decide to make two payments for it, one every six months. The second six-month one, you haven't received a premium for yet but you're including it in the books.

Mr. Heise: — That would be right. We would record that as a premium written for a 12-month period. This is under the old two-payment plan, if that was the example you were using. Yes, we would report that as a full premium written. Then we would take it into income over the life of that policy.

Mr. Cockman: — But if they only went for a short-term registration of three months, you would only be doing it for three months now.

Mr. D'Autremont: — Exactly. That was skipping one question so I'll go back to the middle one we didn't get to here. You also have the provision here — and you mentioned it as premium taxes — I wonder if you could explain what premium taxes are or premium taxes payable under liabilities?

Mr. Heise: — Each province of this country has a premium tax that they charge and collect on all insurance premiums that are written within that province. So once a year the corporation — and all other insurance companies that write business in this province — would make a payment to the province.

Mr. D'Autremont: — So we actually have a Crown corporation paying taxes. Amazing. Thank you. Those are my questions.

The Acting Chair: — Okay, is there anyone else have any questions? If not, I would accept a motion to . . . that we accept the Crown corporation as reviewed in that. Jack?

Mr. Langford: — I move the motion that:

The Crown Corporation Committee conclude its review of the 1995 annual report of the Saskatchewan Government

Insurance, SGI Auto Fund, and SGI CANADA Insurance Services Ltd.

The Acting Chair: — All those in favour of the motion? Opposed? It's carried. Okay. I will now . . .

Mr. Trew: — I move the meeting be adjourned.

The Acting Chair: — Good enough.

Hon. Mr. Serby: — I want to also take this opportunity to thank the committee, Mr. Chairman, and the members of the opposition for their questions that they've asked us. We appreciate bringing that information forward.

And also to share with you that I hadn't realized that we had a whole host of vehicle damages in Saskatchewan that were caused by rabbits. And I want to tell you that I don't know where the term "jackalope" comes from but I think it comes out of the south-west part of the province . . .

A Member: — South-east.

Hon. Mr. Serby: — Or south-east, south-east part of the province.

Mr. D'Autremont: — If I had my van in here I could show you some.

The committee adjourned at 6:25 p.m.