

Saskatchewan Government Insurance

The Chair: — Welcome to the Crown Corporations Committee meeting for Thursday, May 1. I would first of all inform all members that we will be having another meeting next Thursday, that being May 8, also from 9 to 11, at which point we will be considering SaskTel. I had tried to arrange the meetings on once every two weeks but because of ministerial availability as well as officials I'm sorry that for next week I will have to call a meeting for the May 8 rather than May 15. Having said that, it is not my intention to call a meeting on May 15.

We are here to consider SGI (Saskatchewan Government Insurance). Could I have a motion that we will consider Saskatchewan Government Insurance '96, Saskatchewan Auto Fund '96, and SGI CANADA Insurance Services Ltd. '96 concurrently?

Mr. Langford: — I will move that motion.

The Chair: — Thank you, Mr. Langford. All those in agreement? That passes.

My intention today is try to move through this and if possible to conclude the review of this Crown today. We have many items of business before us, and it is apparent that we will have to . . . If I could have your attention, please? It is apparent that we will have to have fall sessions, and perhaps even some summer sessions. But there are many Crowns and I think that if we apply a little bit of discipline — self-discipline that is — to our proceedings that we will be able to conclude at least a couple of the major Crowns while the legislature is still in session.

So it is my hope today that we can conclude the review of SGI today. What I would do in order to facilitate that process then is to ask that the minister will make an opening statement of no more than 10 minutes. Mr. Minister, the clock is right behind me. Everyone can see it except me but I've got a watch and I'll . . .

A Member: — We can't see it.

The Chair: — We'll move.

After which I will ask the auditors — the Provincial Auditor and the representatives from the private auditing firm — to make a statement. I will then proceed to taking questions. And my intention is to do it in this order: opposition, third party, and then government, if those three parties have questions. If not we'll just keep following in that order. And I would ask that you limit yourselves to 15 minutes of question and answer each, and then I'll move on and recognize the next speaker so that we can have an opportunity for everyone to be able to have some questions.

I would expect of course, that likely government members — since they do have other processes, since they're able to talk to the minister much more directly than opposition and third party — that they may not have as many questions. So likely there'll

be much more question and answer time for the opposition and the third party.

Is that process agreed to by the committee members? Thank you very much, and I look forward to your cooperation. Mr. Minister, if you will begin, please, introduce your officials and make your opening statements.

Hon. Mr. Serby: — Thank you very much, Madam Chairman, and good morning to all of the members of the committee. Before I get started on making my short presentation, which I understand is 10 minutes after I get completed saying what I want say — I appreciate that — first of all I want to introduce my officials who are here with me this morning. Directly to my left is Mr. Larry Fogg, who is the president of the corporation. Next to him, on my far left, is Randy Heise, who is the vice-president of underwriting. Over to my far right is Sherry Wolf, who is the vice-president of licensing and registration of the auto fund. And directly to my right is Mr. Jon Schubert, who is the assistant vice-president, injury claims and rehabilitation claims.

First I want to acknowledge that this is the 50th anniversary of the Crown Corporations, and I also want to acknowledge this morning that this year is also the 50th anniversary of salvage. And the first salvage centre was in North Battleford. Later this . . . Or early next month, we're going to be in North Battleford for a board meeting and we'll be officially recognizing the 50th anniversary.

When I spoke briefly with the Chair of the committee about two weeks ago, she said to me that the committee would appreciate if when the Crown arrived here for a meeting, that we would have a small gift available for all the members of the committee. So this morning, Madam Chairperson, what we've done is brought along a small gift, which maybe someone from the Crown Corporations Committee might take this and circulate it to all of the members. I can give it to the Clerk. They're actually small little calculators which we prefer you didn't use until we're finished our meeting this morning.

The Chair: — I think many members will be inspired to check the accuracy.

Hon. Mr. Serby: — I want to extend my congratulations to the Crown Corporations Committee and to you, Madam Chair, on the success of this corporation . . . the Crown committee has enjoyed over the last number of years under your leadership here.

So with that I want to say good morning. It gives me great pleasure to report to members of the committee on the '96 operating performance of the Saskatchewan Government Insurance. I would like to also use this opportunity to brief the members on the many challenges facing the corporation in the near and long term.

As you know, SGI consists of two major but separate operations — the auto fund, which provides quality, compulsory vehicle insurance and licensing to Saskatchewan

people; and SGI, which sells affordable general insurance products and competes in the market-place with about a hundred other insurers.

I'll begin by reviewing SGI CANADA's operation performance in 1996. SGI CANADA enjoyed its 11th straight year of profitability last year, recording a net profit of 21.6 million. This was a major improvement over 1995, when a deluge of summer-related damage claims limited our net profit to just over 4.4 million. SGI CANADA's investments performed extremely well in 1996, boosted by strong capital markets. Investment earnings totalled 30.2 million, compared to 20.6 million in 1995. Also last year, direct premiums written climbed to 157 million and our policy count reached an all-time high in 1996.

In the past the company has been vulnerable to major losses mainly because of our business . . . because mainly our business was concentrated here in Saskatchewan. We started to address this problem in 1993 with the establishment of SGI CANADA Insurance Services Ltd., or what we call SCISL, which sells SGI CANADA products outside the province.

Offering our products outside Saskatchewan is a sound business move, we believe. It will improve protection for all SGI CANADA customers by spreading the geographical base of risk outside of our province.

After a profitable year in 1995, SCISL recorded a small after-tax loss of 78,000 last year and much of that loss is attributed to the major summer hailstorm which hit Winnipeg especially hard last summer. Despite this setback, SCISL made substantial progress in the areas of growth and service. The company's policy count nearly doubled in 1996 and direct premium amounts more than doubled to 4.2 million.

We remain committed to a strategy of careful, controlled expansion into other provinces. By the end of last year, there were 28 brokers selling SGI CANADA products in Manitoba and in Ontario. Further expansion into Ontario is a priority this year with the emphasis on Thunder Bay and other communities in north-western Ontario.

Now I'd like to review the '96 operating performance of the Saskatchewan Auto Fund. The auto fund is currently facing a very serious financial situation. Last year the fund experienced a loss of 7.2 million, leaving the rate stabilization reserve in a record deficit position of 112.6 million. Two major factors played a role in this loss, including nearly a hundred million in injury claims left over from the tort system and the doubling increase of damage claims.

Collision claims have climbed sharply, by 26.5 per cent since 1992 — increases largely due to unusually poor winter driving conditions and a stronger economy, resulting in more and newer vehicles being registered.

The cost per claim is also higher than ever due to the higher labour costs and the new technology. Speciality items that make our vehicles safer and more convenient such as airbags, anti-lock brakes, and electronic components cost more to repair.

And since 1992 the average cost per collision claim has increased by 19.5 per cent.

Damage claim counts are difficult to control, but we're working hard to contain these expenses as best we can. For example, last year we drafted stricter legislation for new drivers, impaired drivers, and disqualified drivers, as these groups are more collision-prone than the general driving population. We produced and distributed brochures and other materials on safe driving and seasonal driving and on protecting our vehicles from theft and vandalism.

SGI has taken a number of steps to help combat the growing national problem. We continue to provide specific assistance to law enforcement through pilot projects like Hot Cars and by lending vehicles for extra patrols, and we're working with SGI CANADA brokers to enhance distribution of THE CLUB.

We're also working through the Canadian Council of Motor Transportation Administrators to lobby the auto manufacturers to improve and increase the installation of auto theft devices as original equipment in vehicles. We're evaluating the success of these programs and are actively pursuing other crime protection projects.

We're an industry leader in the recycling of automotive parts from damaged vehicles and our successful salvage operation helped reduce the damage claim costs.

We're also taking a lead role of promoting traffic safety in partnership with community groups like Students Against Drinking and Driving, the Saskatchewan Snowmobile Association, and the Saskatchewan Safety Council.

And we've got the lowest operating costs in the industry. We're introducing new programs to improve customer services like daily vehicle expiration, short-term registration, and auto-pay, which we expect to introduce very shortly.

Unfortunately these actions, though part of the solution, are not enough to relieve the financial stress of the auto fund. That's why we're reviewing the auto insurance rates and deductibles in Saskatchewan. The last rate increase took place effective April 1, 1993, more than four years ago now. Raising rates is something we have to consider if we want to get the automobile fund back into the black. Saskatchewan currently has the lowest auto insurance rates in the country, and that won't change even with a rate increase. We're committed to making sure Saskatchewan people enjoy the best auto insurance system in Canada and into the next century.

Despite the auto fund's dire financial situation, I want to stress that the personal injury protection plan is working. Introduced in 1995, PIPP (personal injury protection plan) is an essential part of our strategy to return the auto fund to a profitable position. PIPP was brought in to control sky-rocketing injury claims costs, improve injury benefits, and channel settlement money to where it helps people the most. And we say PIPP continues to do its job into 1996.

The plan helped control injury claim costs while providing

higher, improved benefits and rehabilitation services to people injured in motor vehicle accidents. Under PIPP, rehabilitation is our top priority. With that in mind, SGI has established new partnerships with various health professionals and organizations to develop effective research and rehabilitation programs.

We signed an agreement with the Regina and Saskatoon health districts to provide \$9 million over three years for specialized rehabilitation for people with soft-tissue injuries. We also committed \$9.3 million to a three-year partnership with Saskatchewan Health to improve services and programs for people who acquired brain injuries.

Under the old tort system, SGI was paying most of its settlement dollars for pain and suffering, followed by a loss of income, and lastly rehabilitation. PIPP is a more caring system with guaranteed benefits, among the best in Canada.

In closing, the future holds many challenges for SGI; but I'm confident that we can build upon our 50-year tradition of protecting Saskatchewan people with quality, affordable automobile insurance.

I'm equally confident that SGI CANADA will continue to prosper and that our strategy of careful expansion to other provinces will provide long-term growth and stability.

I am very pleased, Madam Chairman, to answer any questions that the committee might have, with the assistance of my officials. Thank you very much.

The Chair: — Thank you, Mr. Minister, and on behalf of the committee I would first of all like to thank you for an excellent overview that was well within the 10 minutes. I do appreciate your cooperation there, and I also do thank you for the gift of the calculators. I think that all committee members join me in expressing the appreciation. I have also given calculators to the Clerk and to the people who provide the *Hansard* for us. So we do appreciate that and we will be using those calculators with a lot of pride.

I will now ask the private auditing firm to make a statement.

Mr. Wilson: — Thank you. Good morning, Madam Chair, committee members, and others in attendance.

We've conducted an audit of each of the three entities, December 31, 1996 year ends that you're considering this morning. Our auditors' reports are contained in the annual reports of each of the three entities. In our opinion the financial statements are fairly presented as at December 31, 1996 for each of the entities.

In addition, and as required under the terms of The Provincial Auditor Act, we've also reported to the Provincial Auditor that each of the three entities have complied with relevant legislation and have adequate systems of internal control in place as at December 31, 1996.

The Chair: — So you're saying there's nothing unusual in these annual reports.

Mr. Wilson: — Correct.

The Chair: — Thank you. Mr. Atkinson, will you be making a statement on behalf of the Provincial Auditor or will your colleague?

Mr. Atkinson: — My colleague, Mobashar Ahmad, is responsible for our office's examination of SGI. He'll be making the comments.

The Chair: — Okay, thank you, Mr. Atkinson.

Mr. Ahmad: — Madam Chair, committee members, good morning. We have completed our work and we concur with the opinion expressed by the appointed auditors.

I just want to point out a couple of things in the annual report. As you will notice, there is no comparison of budget; they were simply actual. And a payee list has not been provided.

The Chair: — I'm sorry, a pay list?

Mr. Ahmad: — Payee list. A list of pay . . . where the money has been paid. That's the requirement of Public Accounts Committee.

The Chair: — It's not as yet and may never be the requirement of the Crown Corporations Committee, but I note.

Mr. Ahmad: — Thank you.

The Chair: — Thank you. Having said that, we will now move into questions by members. I would first of all recognize a representative from the opposition party.

Mr. Hillson: — Thank you, Madam Chair. We're concerned that of course no-fault was introduced to avoid rate increases. Now you tell us that the fund is well in the red and yes, there will be rate increases.

First of all, can you tell me how many of the old claims from pre-no-fault are continuing to show up in the balance sheet? Is that a significant factor in the losses we experienced last year?

Hon. Mr. Serby: — Just a couple of comments first, Madam Chairman. First of all when no-fault was introduced in 1995, studied through the year 1994, and examined in some detail as well early in 1993, the statement made was that we would not have rate increases for a period of three years.

The fact is, is that no-fault . . . there were no rate increases in 1994, there were no rate increases in 1995, no rate increases in 1996, and we're now in April of 1997, which is a 4-year period where the auto fund has not experienced any rate increases.

It's true that in my opening comments I had indicated that we are reviewing in some detail the auto fund with the close eye of course on whether or not we need to increase rates. It is of course one of the options that we're suggesting here, that I've indicated today, and is certainly under consideration.

The auto fund is, as the member from North Battleford properly indicates, in the red for \$112 million. In 1994, when he asks what portion of that makes up the old . . . that comes from the old tort system, I believe it was \$94 million that we assumed in that auto fund as debt today that is from the old tort system.

Mr. Hillson: — How much less on an annual basis are we paying out to victims of auto accidents today versus what you anticipate we would be if we were still under tort system? How much less are those who've been in a car accident receiving?

Hon. Mr. Serby: — It's approximately \$75 million a year less that we're paying out than what would have been paying in the past. However, I think what we need to give consideration to here is that we're paying out a significant amount today, immediately, in terms of the rehabilitation, which under the old tort system people needed to wait in many instances for long periods of time before they were . . . (inaudible) . . . by any kind of a settlement.

Today the income replacement benefits kick in immediately. Today the cost for home-making services, care to the individual family, kick in immediately. There aren't long periods of time that families would undergo waiting for settlement to come out of the tort system.

Mr. Hillson: — Okay. But you're saying that even with the increased speed with which, say, rehabilitation services is paid out, that it's about \$75 million less on an annual basis that victims are receiving?

Hon. Mr. Serby: — That's correct.

Mr. Hillson: — Now you've said that you are reviewing our rate structure. When do you expect to have an answer of the review of the rate structure and the need for rate increases? Will that be immediately after the federal election?

Hon. Mr. Serby: — Well I think that we've been looking at the rate review structure for about three and a . . . for about four months now, and of course hadn't had any communication with Mr. Chrétien as to when he was planning on calling the election. So I want to assure you that the rate review has very little to do with the life and interest of the Prime Minister, but what in fact it has to do with is the stability of the future of the automobile insurance fund.

As I've indicated on other occasions, and want to share with the member this morning, there are other considerations here that need to be given when we're considering any kind of change to the package.

Of course as you know, we have a fixed deductible in the province. I think we need to examine deductibles as well as rates. We want to look at — and it's been raised by some of the members in the House — the question about surcharges in the province on leased vehicles. Is that something that we need to have in place today as we've had over several years?

And so when we're reviewing the package, it would be all-inclusive to ensure that we're able to make the kinds of

adjustments that are necessary to support an insurance program that's affordable for the individuals, that provides . . . or for the motoring public; that provides a window for the stabilization fund to reduce itself and still to enjoy some of the lowest rates in the province . . . or in the country.

Mr. Krawetz: — Okay. Mr. Minister, I asked the question of you last year — and I think we'll still stick on the auto fund — there was some discussion last year that there was a concern by a number of individuals who seemed to fall into that category of multiple injuries and how no-fault handled their particular situations.

And I asked you about a review, whether or not indeed we were going to stick with the five-year commitment I think, of the previous president. And you said, I believe, that no-fault was under constant review and that indeed if there was a problem recognized, there would be a need to change things.

Is that continuing and have you felt that indeed the concerns of some of the individuals who fall into that multiple injuries, that their total rehabilitation program and their total lifestyle which has been severely altered because of no fault of their own — an accident that does not have any bearing on their driving habits — as to whether or not there are any possible changes to no-fault to accommodate them?

Hon. Mr. Serby: — Well I appreciate the question. And certainly the member is correct, in my statements of last year, that the review of PIPP was initially I think, designed to have a period of five years pass before there was any serious consideration to making any changes to the way in which it is today, and did indicate that on an ongoing, constant basis we're reviewing the kinds of services, and how the program responds to people who are in fact injured in an accident. And it's correct that we're continuing to do that.

At what stage, the member asks, are we at today? Well I guess I can say to the member that we're about, now, four months beyond having completed the overall design of what the rehabilitation services are in the province — which are the tertiary centres in the two large centres of Saskatoon and Regina — and now have our secondary services in most of our regional centres across the province, established. And so are beginning to see now, some of the full impact of people being able to access the community team . . . the community teams, if I might say it that way.

Now our hope is that once we have a window of time that passes, where in fact people have had the option of accessing our tertiary and secondary services, that we can then examine in some detail what the success or pitfalls might be — if I could use that word — in the rehabilitation services that we're providing.

At the same time, in conjunction with the design of those health-related services that we're buying, we also have a research study that's under way, through the University of Saskatchewan, that's about eight and a half months or nine months away from reporting on its findings with the people who have been involved in car crashes in the province and have

had exposure to the PIPP program.

It's my sense that, in order to be able to, I think clearly articulate the success or areas of improvement that would be necessary for the program on an overall basis, you would need to have all of that information in place. So we're likely a year away from having all of that in detail for us, where we've have some examination.

The other part of your question is that, are we doing anything with multiple injuries for folks? I think in some instances, you know, the answer to that is that we have been able to provide some additional services to them, some enhanced services. Is there a sort of a broad-brush policy that, somebody who is in a multiple-car crash gets treated in a particular fashion that's different than someone who isn't? We don't have that design. But as I say to you, we're continuing to manage that, we think, and monitor it through the process.

Mr. Krawetz: — Some of the concerns raised by individuals last year through us and by us to you were . . . seemed to centre around the inability of adjusters to understand your . . . the new PIPP program, and indeed handling the claims and handling the sensitivity of continuing with benefits as well as a rehab program. And I think I heard from you last year that there was indeed a commitment in SGI to bring adjusters up to speed to ensure that they're . . . that all people in the province are treated equally whether they're from rural Saskatchewan or urban Saskatchewan, and that indeed that sensitivity occurs. Have you seen any improvement in that area or do you feel that the system is indeed more sensitive?

Hon. Mr. Serby: — Well I really appreciate that question from the member because one of my major concerns — and I responded when you asked me the question last year — is that we have people who are working in a new field in SGI, and that being the PIPP adjusters. Because by and large, the majority of those folks who work within the system primarily focused on the adjustment and assessment of what I might call tin. Today of course, they're having to work with individuals and families who have been affected by, in many instances where we have this kind of a situation, a trauma in their lives. And it's a traumatic situation.

What we're doing of course, is that we're doing two things. One is that we're providing some distinct and extensive training and educational seminar for our people who are working within SGI CANADA — or within the auto fund — to ensure that they have the kinds of sensitivity, understanding, appreciation for the broad kinds of issues that families face when they're involved in a car crash.

Are we where we want to be today? The answer is no, we're not where we'd like to be. Do we have a lot of work to do to enhance that side of the equation? The truth is that we do have a lot of work to do to enhance that side of the equation.

Part of it of course, is that we need to work closely with the unions who have a contractual arrangement in terms of how people move through the system. They have an understanding and appreciation for the importance of having well-trained,

qualified staff who do this kind of work.

And so we're building towards achieving that. We haven't reached that platitude yet today, but certainly we're heading in the right direction, I've got to say.

Mr. Krawetz: — Thank you, Mr. Minister. If I could get you to take a look at page 22 of the auto fund report. You noted that of course we have had a \$7 million deficit this year. I see a couple of things that surprise me there, and I guess it's looking at the revenue side as well as the expenditure side. Premiums written seem to have decreased by \$6 million. And then of course we see an administration expense that seems to have jumped by about \$5 million under expenditures.

When you talk about rate hikes, I think you're only looking at one side of the equation; you're looking at the revenue side that's going to come in from people. Is there anything being looked at in terms of not only revenue but expenditures as well? How can we reduce expenditures? Your claims that you have indicated, the average cost per claim is increasing. And I think that's understandable with the cost of vehicles and the cost of repair and the cost of product, but are there any other things that you're looking at? If you could make comments on all of those points that I've raised.

Hon. Mr. Serby: — I'm just going to ask Larry to comment on it, because it has to do with the short-term registration stuff and some of the administrative changes.

Mr. Fogg: — The premiums written, as you point out, are down somewhat. It's not that there's less vehicles being registered. The fact of the matter is we brought in the short-term registration program during 1996 and people are now intending to register their vehicles for a three-months period rather than for the annual period. I think almost 40 per cent of the vehicles being registered now are taking advantage of the short-term registration program.

But that won't affect the bottom line . . . or it will have a minor effect on the bottom line because you have to really look at the premiums earned, and they should stay relatively constant. That should have no effect on the premiums earned. It does have a minor effect on investment income.

Mr. Hillson: — Madam Chair, we have received inquiries from numerous people who say that, you know, when SGI demands a medical report, that it's at their expense.

And my question to the minister is, is whether this shouldn't properly be borne by SGI when they have taken the initiative in saying that licensing cannot go forward until there's medical evidence.

Hon. Mr. Serby: — I want to indicate to the member, Madam Chair, that the point that he makes is one that we've obviously been looking at for about a year now. When we talked about it, I think at committee last year and when we introduced some of our legislation last year around the drinking and driving initiative, we said that we would be looking at trying to look after this piece of the equation.

The cost of assuming this responsibility today is about \$1.5 million, which we think would grow a bit over the short term. So that number could get to two or two and a half million dollars at the end of the day.

So in our review of the entire auto fund, which includes, as I said earlier, the rates and deductibles and surcharges, we have in the package the analysis of what the additional costs would be, as you appreciate and I've reported. The auto fund currently is \$112 million in deficit, which by the way, just as an aside, last year the auto fund generated about \$3.3 million in terms of surplus; this year it's 7.5.

And we have the peaks and valleys in the insurance business, as you well know. Over a period of two years the auto fund hasn't done all that badly, even with stabilized rates . . . or with no rate increases. But the \$1.5 million that we think would be additional costs for us in including the health reports is one that we're giving consideration to in our review.

The Chair: — Thank you, Mr. Minister. I will now move to the representative from the third party.

Mr. Heppner: — Good morning. Thank you. I think we've all had people who have contacted us on concerns that they have, the way they feel that the no-fault has really, you know, caught them short.

Are you keeping a record or a list of that? And my question basically is, how many of those individuals are there?

Hon. Mr. Serby: — I see Mr. Schubert sort of scrambling around. He might have those numbers for you, of the number of people who have contacted us who are suggesting that there is a wish on their behalf to possibly revert back to what the old system might have been.

By the same token, I think what's important here is that we also have a number of people who . . . a large number of people who have contacted me personally, and the corporation, talking about how no-fault has been of benefit to them. And I didn't bring it with me today, but I have it for a special occasion, letters from many people from across the province, from all of our constituencies, who have indicated to us that they're very pleased with the services of no-fault. They're very satisfied with benefits that they've received.

But not to say, for a moment, that there aren't also individuals who've written us or families or I've met with who have said that they wish they could have the old tort system back, get the immediate pay . . . or get a large pay-out for personal injury and damage. We've had those as well. I don't know if we have that exact number, but . . . We have the number of appeals, but that you have. You're asking more of the number of people who complained or people who would like to have the old system back. I don't think we have that number; I don't think we have that number.

The Chair: — Mr. Minister, could you please have your officials provide that answer then to the Clerk, together with 15 copies? Don't table it with me. Table it with the Clerk because

she will distribute it then to all members.

Hon. Mr. Serby: — Just in terms of direction, Madam Chair, I need to be clear in terms of what we're gathering here. If we're gathering, from what's discussed . . .

The Chair: — I would ask Mr. Heppner to expand on the kinds of information he's looking for.

Mr. Heppner: — Okay. The number of people that have contacted you with concerns about the no-fault insurance.

Hon. Mr. Serby: — Okay. Now . . .

Mr. Heppner: — Now some of these will be people who obviously are, you know, looking for definite grievances and others who are just, you know, contacting and say they've gone through the program; they're going to live with it, but they're very unhappy with it.

Hon. Mr. Serby: — Okay. Well we can certainly try to provide that as best we can, Madam Chair, to Mr. Heppner.

My problem is this: in gathering information, if we have a letter on file that says we weren't particularly pleased with the way in which our adjuster treated us, but you know what, once we got to the tertiary centre, we sure appreciated the excellent cooperation and the services that we got from the FIT (functional, inter-disciplinary and therapeutic) centre. And then when we returned home, we had an excellent follow-up from the new adjuster because we're now living in a different community.

We initially had a complaint, and then we have some fairly significant positive comments that are made and if . . . And we've got a number of those.

Mr. Heppner: — Yes. I'm not concerned about complaints about the quality of all the employees. I think that's sort of a different issue that be dealt with.

The no-fault deals largely with . . . or one of the strengths that it claims is the therapy thing, the way they work through that component. There are quite a number of people who've been on . . . had through SGI, and their therapy has been, by and large, sent down to a fitness program. And I have some serious concerns about people that have injuries of the whiplash type and then are just sent to a public fitness program, which is sort of like a health spa.

Would you care to comment on how comfortable you are with having, you know, those groups take care of some very serious physical kinds of things.

Hon. Mr. Serby: — Yes. Well I think part of the issue for us at SGI of course, is that we don't have medical expertise, other than John Schubert — who doesn't have a lot either, I want to share with you. But around the corporation from time to time, they do call him "Dr." Schubert, only because he was involved in the design and the development of the PIPP program on behalf of SGI.

But by and large, SGI really does depend on the medical health community to assist us in determining what the difficulties that families or individuals are experiencing, and how in fact that might move them from where they currently are when they're involved in a car crash, to whether they're either fully rehabilitative or where they can manage their lives into the future. That really becomes the responsibility of the health system. And we have a dependency then on it.

In the design of the program of course, both at the tertiary level, or more so at the tertiary level, we rely on the expertise of people who are well educated, in my opinion, and people who are certified to do the kind of work that they do. They're doctors and occupational therapists and psychiatrists.

And at the end of the day when someone shows up at the FIT centre or the tertiary centre, they would do a broad analysis, assessment, on both the individual and the family. Of course there'll be then an opinion that's reached — a professional opinion that's reached that then would come to us. We come back to SGI and we would then be responsible through our adjuster system to try to interpret that back to the individual and the family, even after it's been done at that level.

Whether people accept, when they go through this system, the full appreciation that they should that there isn't any more that can be done or that there are itinerant services that they can receive into the future becomes, I think, a judgement in some instances. Some people are very appreciative of the fact that they have a life membership at the spa, if I might say this — okay? — for the rest of their life in order to ensure that the soft-muscle tissue is . . . that they have an opportunity to go and have it massaged and relaxed in that kind of a system. They say that's efficient.

You might have another person who might be referred to the same kind of environment and they'll say, well this isn't what we need. But the recommendation really is coming from a team of individuals who are trained and specialized to deal . . . to make that kind of determination.

Are they always right? Well I suppose that when you and I go to visit our physician or someone else who we rely on for professional opinion, maybe even our lawyer from time to time who gives us a professional opinion, we might think that it's not very suitable. Okay? And that happens to us in the . . .

A Member: — Auditors.

Hon. Mr. Serby: — Well and maybe even auditors. But although we have a great deal of respect for auditors and their practice and continue to espouse that on every opportunity we get.

Mr. Heppner: — I have a general situation that I'd like for you to comment. If there's two vehicles involved in an accident, the police were called out. They see no reason to lay any sort of charges. So they do a report but lay no charges. SGI then seems to be able to think that they can go ahead and decide, well we'll make a decision that one person actually was at wrong when the police aren't laying any charges. Something seems a little

skewed there.

Hon. Mr. Serby: — Well there is the authority vested in that of the claims adjuster to make a determination when there are vehicles involved in a car crash, and then to make a determination, even if there aren't any charges laid, as to who might carry more responsibility for the act to have happened. And that responsibility is charged with the adjuster.

Again, I mean we try I think, through the system, to make the best decision based on what their intelligence shares . . . or gives them after they interview both of the parties and then would make a ruling. If an individual's not happy . . . if it happens to me, and you and I are in an accident and I'm not happy with what Larry, who's the adjuster, decides, we have another process. And that is set. We can then go to appeal, and then the court would then decide whether or not I'm in . . . whether Larry was right or he was wrong about the assessment that he had made.

So there is an extended process outside that of SGI. Whether that's sufficient, I don't know. At this point in time there is another option for individuals if they're not satisfied.

Mr. Heppner: — Yes, I'm aware of that option and I think what's happening is, SGI, to make sure that they're getting their deductible out of at least one person, just arbitrarily picks one of those and hopes that they won't go to an appeal on that situation. I would imagine in many cases people say, well the hassle of going through small claims and whatever else is out there, collecting the witnesses if they happen to be from, you know, far around the province is . . . just isn't worth the hassle. So they'll just cough up the money and may, in many cases, be unfairly done by.

A question on the rate increase that we talked about earlier. There's a loss; the rate increase is to sort of make up that loss. Over what period of time is that loss supposed to be absorbed? Like one year, three years, what's the situation with that?

Hon. Mr. Serby: — Well I think that any time that you want to do some benefit to a loss, and in this case we're looking at \$112 million is what the auto fund sits at today . . . And there is some perpetual growth, there's some perpetual growth to that, I want to indicate as well. And that means that the auto fund is continuing to lose money. So at the end of the day when the decision is made about how you're going to try to turn that around, that might be larger than the number of 112.

So if and when that . . . or when that date is decided, then you need to try to grow that deficit down. And then of course through a public consultation process that we have today, through the wisdom of the people who work within the corporation, and what in fact the public is able to manage, I think you'd make the determination.

It would be my sense that in order to grow, you know, a debt of \$112 million down, you're not going to do it in one or two years. You're going to have to amortize that out over a period of time, and at the same time hope that you don't have, you know, a major hailstorm in the process, or you don't have some

kind of a casualty that will create a great deal of cost to the auto fund. So there's that factor as well.

Mr. Heppner: — Driving down the highway we see numerous deer lying in the ditch that have been hit by vehicles. I'm wondering if you have some information on the number of deer that have been hit and the dollars of damage that that has created in the past year?

Hon. Mr. Serby: — What we have is we have a sheet of information here. I could either read it into the record or I could also provide a copy of it but . . .

The Chair: — Read it into the record, Mr. Minister.

Hon. Mr. Serby: — The number on the wildlife side, the number of claims, for example, paid out for 1993, and we go back from '93 to '96 . . . or to '96. We didn't have the number of claims reported in 1993, but the amount paid on the claims or the number of claims that we paid on was 6,566 in '93. And then in 1994 the number of claims that we had reported was 8,954 and we paid out on 7,038. So we paid out on fewer claims than were reported.

In 1995, the number of claims reported were 9,437 and we paid out on 7,592. And in 1996, we had 10,120 claims and we paid out on 7,874 claims. So you can see that the number of claims are going up — I think that's part of what you're interested in learning — and we are paying out on more claims each year as well.

I can also share with you what the costs of those claims incurred. In 1993 the cost was 10.6 million; in 1994 it was 12.5 million; in 1995 it was 15 million; and then '96 it's actually 14.9 million. So it's just down by a very small amount.

And then we've also provided for you the average cost per claim so that you have some . . . And that's just basically taking the number of claims and dividing it into the cost. And those have increased as well except for the final year.

The Chair: — Thank you, Mr. Minister. I wonder if you would perhaps give a copy of that to Mr. Heppner. He probably will have some further, follow-up questions after he's had an opportunity to look at that.

I will now, as per our agreement at the start of the meeting, ask the government members if they have any questions to ask. Failing that, I'll move to the opposition then.

Mr. Krawetz: — If I could come back to one question I asked you, Mr. Minister, before, and I know I asked about three or four all in one mouthful. The administrative expenses for last year, from '95 to '96, seem to show an increase of about \$6 million, or 5 million actually. Could you tell me how that number has jumped?

Mr. Fogg: — More than \$3 million of that is due to data processing increases, of which the SAM (SGI Auto-Mate) or the on-line issuing system is the majority of those costs.

Mr. Krawetz: — Picking up additional hardware equipment or what . . .

Mr. Fogg: — We provided, to all of our issuers we provided equipment so that they could do point of sale licence issuing and registration, sort of thing, an improvement in customer service. And a big part of those costs are due to that new system.

Mr. Krawetz: — This . . . For 1997 then, because all of those offices have been outfitted that way, do we expect a decrease?

Mr. Fogg: — It should level off then.

Mr. Krawetz: — A program that you've had in place for awhile has been the photo ID program, and I know that you also outfitted each of your offices with the ability to have that service available for all residents. I note also I think this year, that you are not including the photo ID opportunity card with your drivers' licences. Is this something new? And why are you moving in that direction?

Ms. Wolf: — There's no intent to remove the photo ID program. Most of the people are not participating in the program. It's a very . . . fairly low level of interest. And most people are aware that their photo cards can be purchased through or picked up through the issuing offices. And if they want to get a new photo, they can do so.

So there's no intent to eliminate the program, but we felt there wasn't the value in sending out the portions for the photo ID.

Mr. Krawetz: — Could you tell me how many registered drivers we have in the province? And how many . . . what percentage of those people have a photo ID?

Mr. Fogg: — 640,000 drivers.

Ms. Wolf: — Yes. And there's approximately 330,000 photo IDs out there. Approximately 330,000. Now that would be as of about '96.

Mr. Krawetz: — Is there any thought by SGI auto fund to look at compulsory photo identification for not only the purposes of, you know, a police officer, the ability of a police officer to recognize the driver, etc., but also for all the other things that photo ID seems to be of help to?

Mr. Fogg: — When the program was originally brought in, I think in the late '80s, intent at the time was to make it mandatory. However through a number of discussions, there was a number of people opposed to that. Certainly some of the elderly people found it difficult to get in and they didn't wish to proceed with that; so we just left it as optional and it still remains optional today.

Mr. Krawetz: — Is it optional in our two neighbouring provinces of Alberta and Manitoba?

Mr. Fogg: — I believe it's mandatory in both of those provinces.

Mr. Krawetz: — Another question. We've heard a lot of discussion around licence plates, as far as the location of licence plates, in Saskatchewan of course where we have two licence plates. There has been discussion in, I believe Manitoba that they had one licence plate and now they seem to be thinking about going back to two. Alberta of course, is on a different system.

Where do we sit in Saskatchewan? And I know that there are vehicles that are currently being produced, the newest vehicles that makes it very difficult to in fact attach a front licence plate. What is the thinking at the auto fund?

Hon. Mr. Serby: — Well our examination has been fairly extensive on this. There is sort of two camps on this. One is that the police forces — police detachments — are not excited about us going to a single plate in this province and have made that known.

Of course the tourism authorities and the tourism industry — our tourism authority, I think — is anxious for us to move in that direction; from the point of view that you might then be able to highlight, advertise either something from within the province or a multitude of things within the province that would be of benefit, both in Saskatchewan and outside.

And there is also a cost saving to SGI here of about, I think 300, about \$300,000 if we were to move to a single licence plate. Where is it? We have our committee sort of finishing its final work on this and it's a committee that's made up of representation from SGI, from the tourism authority, from the enforcement agencies, I think. I don't know who else might be on that but it's a sort of . . . it's a multiple committee of folks and we're right on the edge of making a decision as to where we'll move with that.

Mr. Hillson: — I'd like to come back to this issue of the medical certificates. People are saying that when you demand a medical certificate it really should be covered by SGI. You say you've been looking at the issue for a year and I gather from what you told us earlier, that there's going to be no public word on auto rate increases until after June 2. But what about this medical certificates issue? You've been looking at it for a year. How long will it take for this review to be completed and some definite word to be given to seniors and others for whom a medical certificate's been demanded?

Hon. Mr. Serby: — First I want to indicate, Madam Chairman, that June 2 has no magic to me other than the fact that we have a federal election this particular year, but it has no magic . . .

Mr. Hillson: — No relationship to an announcement about auto rate increases?

Hon. Mr. Serby: — As it relates to SGI. And I want to assure the member for North Battleford that I have had absolutely no discussion with the Premier about SGI; and nor does he have any interest in it I don't think. But I want to indicate that I appreciate his comment as it relates to us needing to give consideration, in a significant way, to look after the payment of the medical inquiries — or the medical needs that we make of

people — when we ask for that to be done. There is no question that we appreciate that and believe that that should be part of the process.

It is under consideration in a significant way in our review generically. This is a cost to the auto fund — make no doubt about it — this is a cost to the auto fund. And I've indicated to you that it's somewhere in the neighbourhood of 1.5 and it will grow. And is it fair to ask people to take a medical and then have them pay for it on their own? It's an issue that I think we need to give strong consideration to — and are — because it is an issue of fairness.

And I hear from people on a regular basis, as you do, particularly diabetics who indicate on their driver's licence, when they fill out their application, they tell us that they have a particular illness or an ailment that would affect their driving privileges. They report it and then we ask them to go and have a medical at their expense. It's a difficult issue and without any doubt it's under significant discussion and review now, and will be part of our announcement when we reach that date.

Mr. Hillson: — Madam Chair, I believe everybody who has contacted me on this issue is unemployed. And I suppose that only stands to reason, that those who are in the position of where there might be medical grounds for questioning whether or not they can have a licence, almost by definition, going to be unemployed.

So these are almost always people in low income. They're not people of means. I mean is it your experience too, that the inquiries are coming from people who are poor? People in poverty who find that now the cost of getting a licence is jacked up for them to the extent of a medical report that they are being forced to get and forced to pay.

The Chair: — Mr. Hillson, if I could just intervene. It may be — and I'm not certain — but the Minister of Social Services did just announce in the House the other day some changes to the social assistance program and some changes with respect to medical benefits, dental benefits, optometric exams. So I don't know, but it might be that that situation is being resolved through other departments.

Hon. Mr. Serby: — I think it would be fair to comment — although I don't know that they're all poor — there's certainly people by and large that we hear from that are on fixed incomes. More of them are seniors who are experiencing some health-related issues with age of course, and so they're coming from that group as well.

I also want to indicate here that's important, and that is that if we move to this benefit that we would be the first province in Canada, by the way, that would be paying for the medical services when we request it, and we would be the first. So we would be leading the country if we choose to do this.

Mr. Hillson: — Madam Chair, the minister has assured me that the date of June 2 has absolutely no magic in terms of when he's going to tell us how much our auto insurance is going to be increased. But can he give us some indication then of what

the magic date is? If it's not tied to June 2, what is it tied to? We know about this debt. We've known about it for a long time. He's given numerous indications of a phase in rate increases. So what is the magic date that he's going to tell us if it isn't June 3?

Hon. Mr. Serby: — Well I think what's important, and I'm sure that the member appreciates, that any time that you're going to make any changes to the rate structure within the Crown sector, there is a process. And of course the process is that the administrative staff would need to put together a comprehensive plan for what those . . . what that strategy might be, to look at how we're going to reduce the debt in the auto fund. So they would need to prepare that documentation.

Then they would need to make that documentation available to the board; and then the board would have an examination of all of the options that they would put before us; then would have to choose a recommendation of what has been designed by the administrative staff. Then that package needs to go then to CIC (Crown Investments Corporation of Saskatchewan), to the Crown Investments Corporation board, who would then exam it with great detail. Then that process would make its way to the cabinet, who would then have to review it and make a decision on the proposal or the package.

And then it would go — as the system exists today — to a 45-day review process. Then that 45-day review process would examine it; then return to cabinet. Then cabinet would examine what the findings have been of the 45-day review process after a fairly scrutinized exercise in determining what the public had said. And then it would bring us to making a decision on what the changes would be, based on all of that consultative process.

I say to the member, and have said publicly, that I was hoping that we would be fairly close to that process being completed by this date. We're midway through it. We're midway through the process. So even if I were to suggest today to you that we were going to be proceeding on a particular channel, or down a particular stream, we have not even had the 45-day review process based on how it is.

So at earliest, if I was at committee today and were to announce something that I can't, we're 45 days down to it anyway. And more, because then it would have to come back to cabinet; it would have to be reviewed by . . . or back to the SGI board and then back to cabinet. So it's awhile yet before we're going to have a definitive answer in terms of what we're going to have here as a suggested solution.

The Chair: — Thank you, Mr. Minister. Mr. Hillson, I'll now move back to Mr. Heppner.

Mr. Heppner: — Okay, resuming that discussion that we were having on wildlife collision claims. If I look at 1996, a little over 10,000 claims, almost 8,000 claims . . . 2,000 were sort of lost. Like were these people who hit a moose, and couldn't find the moose, or exactly what happened there?

Mr. Fogg: — It's usually because it's lower, that the claim is lower than the deductible. It would be a minor claim and it

would be less than the \$500.

Mr. Heppner: — It might be justifiable to have wildlife have to pay that deductible because I'm sure they were the ones that were an infraction on the traffic. If we go over it, is that the same rationale that would follow through if we go to the theft part of that hand-out and see the difference between claims and claims paid?

Mr. Fogg: — That's the majority of them, would be lower than the deductible.

Mr. Heppner: — Okay, that leads to the question, what happens to the rest of them? Like if the majority weren't . . . if the majority happened to be those where the claims were less, then there still must be some other ones where the claims were high enough, but still not paid out?

Mr. Fogg: — There would be some that for whatever reason, they determined that perhaps it wasn't a wildlife; it was reported as a wildlife collision; when they looked into it, perhaps it wasn't. But those would be few and far between. The majority would be to deal with the deductible.

Mr. Heppner: — With the fact that that represents 7 per cent of claims, damage claims incurred — which I found rather surprising — are there any creative solutions that are out in the wings for this?

Mr. Fogg: — We've certainly worked with Saskatchewan Wildlife Federation and looked at all of the possible options and looked at all of the research. And we've looked at whistles, which there is no research that supports them working. We've looked at some exotic things like artificial wolf urine to keep them out of the ditches. You look at reflectors and fencing, high fencing. But reflectors will work, but you need so many of them or otherwise the animals will simply cross at some other point. And the same with fences; very high fences will work, but unless you're willing to put them all along the highways, it is cost prohibitive.

So we haven't come up with any good solution to this problem that we're aware of. Although we're always examining whatever research is available.

Mr. Heppner: — I'd like to switch into the area of home burglaries. And I think that's an area that all of us are concerned about, because we likely either have had that happen to us or has happened to the neighbour next door.

What losses are incurred in this area and to what extent are you involving the Justice minister on that and why the increase that's there and what is the increase?

Mr. Fogg: — The increase in claims, and you're right, it is increasing year after year, primarily the problem is in Regina, Saskatoon. And in fact I think Regina has twice the number of theft claims that Saskatoon has; so the problem is really in Regina.

And yes we are involved in committees with Justice, with the

police agencies, to see what we can do about this. We also, I think the minister alluded to . . . we talk to the car manufacturers to see if we can bring in perhaps better anti-theft devices on the vehicles. We're working with our brokers to distribute, the term is, THE CLUB, to prevent theft. So we had the Hot Car program, we worked with the media on that. So we try to take whatever steps we can to curb it.

And I think in '97, I think we're doing a little better job in '97 than we were in '96. I think there's somewhat fewer theft claims.

Mr. Heppner: — You mentioned that Hot Car program. Could you give us some sort of hard numbers on that, what's been happening with that and how effective it's been and where it's at? And maybe some of you had some solid numbers on that.

Hon. Mr. Serby: — I don't know that we have any, I don't know if we have any solid numbers on measuring how effective it's been. What we're saying though, is that through our relationship both with the radio stations, with the police, we think that it's having at least some presence in the community and continue to view that as being one of the initiatives that will help us with the management of this issue to some degree, and at least an alert system if nothing else.

Are we successful in terms of seeing a reduction in the number of crimes here, or stolen vehicles? Well we think we are. It's a public presence position that we're taking on it.

Even though you see some of the numbers still increasing, what would it have been had we not had the program? Well I don't know that. But we do know that there has been growth in this area for us as a Crown corporation.

Is it an issue? Absolutely it's an issue, and it requires, I think, you know, many kinds of opportunities that are outside that of just SGI to try to bring some resolution to this or to improve it.

Mr. Heppner: — Okay. Moving into the area of home rates, what's happening with the number of losses there? And the other question, to what extent would substantial rate reductions that relate to anti-theft devices and alarms and this sort of thing sort of curb the whole problem?

Mr. Fogg: — On the home situation, Home Paks, we do provide a discount for monitored alarm systems. In the cities of Regina, Saskatoon, the Battlefords, and Prince Albert, there's a mandatory . . . well it's a mandatory 500 deductible across the board. In rural Saskatchewan, outside of those four locations, the deductible is 250. But yes, we do provide some discount for alarm systems.

Mr. Heppner: — What percentage of homes in those cities have alarms? And if they're effective, would a higher discount, you know, bring a situation where there would be more alarms and thus reduce the whole cost?

Mr. Fogg: — I don't know if we have the figures on the numbers of alarms. We'd have it somewhere and I could get that for you, how many are monitored.

And I believe the discount is . . . it's 15 per cent now. The Home Pak product is not a particularly profitable product for SGI CANADA or for any insurer in the province. And while monitored alarm systems have proven to be effective, it's difficult to provide any more incentives or any reduction in premiums when we're already losing money on that product.

Mr. Heppner: — Okay, and where my question was going is, if we're losing money, if we could reduce the number of thefts dramatically, then obviously that loss would go down. So possibly a rate reduction to bring that about would, you know, change the bottom line positively?

Mr. Fogg: — It would. We always try to measure how much . . . how effective these discounts are. We provide discounts for being claims-free and for age discounts, and all of these have an effect. It's just when you add some of these discounts one on top of the other, you know, you can get up to, I think, 25 or 30 or perhaps more discount on the premium. And there's only, you know, a certain level you can get to with discounts.

Mr. Heppner: — Moving in another area, the SGI building in Yorkton. Originally you weren't able to find a successful bid for that under CCTA (Crown Construction Tendering Agreement) and finally you decided to do a cost analysis and buy out an old Department of Highways building. Why wasn't that cost analysis and those sorts of things done at the start rather than after the direction that had been taken wasn't working?

Hon. Mr. Serby: — Well I just want to make sure that we get a couple of things clarified. Number one is that the SGI current facility had never gone out on tender, ever gone out on tender, either as a new building or in the current site that it's in. What discussions were had — and this was prior to my day at SGI or SPMC (Saskatchewan Property Management Corporation) — the discussions that were held were to have a new salvage facility in Yorkton because the salvage facility that's there currently needed to be upgraded, and the location of the current salvage facility is inappropriate. We have now an ambulance service operating from beside it and there was a problem there.

But in spite of that, a decision was made to construct a new building in Yorkton. At the very same time there were some decisions being made around the consolidation of some of the Highways operations around the province. If you ask the question about whether or not there's a discussion that was held between the Department of Highways and SGI at that time, the answer will be, not very much. Today, I can assure you, having Highways and SGI, we would have had that discussion; but we didn't have it then.

When SGI realized and Highways realized that we had about 40 per cent of the building that wasn't being utilized . . . Which by the way in Yorkton it's not an old Highways building; it's one of the newer Highways buildings around the province. It's well equipped, well built, well constructed, and has a life span of many years.

Highways and SGI then had a discussion and said, why isn't it that we wouldn't be using this facility to combine our services,

rather than building a brand-new SGI building and having 40 per cent of a relatively modern Highways building sit there vacant, that we wouldn't have much use for at this time. Why wouldn't we combine those efforts? And that discussion was had late in 1995 I think, or mid-1995 into 1996.

And today of course, what's happened is that that facility has been combined, those services have been combined, and we have SGI and Highways sharing the same facility. But it was never tendered. There was a negotiation with the city about the purchase of land. The city in fact . . . SGI had purchased a piece of property from the city with the intent of building a new facility, and also with the option of moving out of that agreement if in fact there was a decision down the way made by SGI that they weren't prepared to move on at the particular time.

So that's the only effort that was made by SGI, was the purchase of the property from the city. But there was never a tender that was issued for the building of a new SGI building. Oh, I need to retract that comment. There was a tender issued for the purchase of a building, the construction of a building.

Mr. Heppner: — One question coming out of the SGI CANADA annual report from page 25, down about four or five lines, under administrative expenses. They have seemed to have done a substantial jump and I'd like for you to comment on that, where that jump in administration expenses comes from. It's page 25, administrative expenses.

Mr. Fogg: — It's primarily . . . it's once again the same as with the auto fund. It's primarily data processing costs. We're developing a new system for claims and underwriting to solve our year 2000 problems as well as to get us off of the old mainframe and onto a client-server network.

Mr. Heppner: — So if this is brought about by developing of a new system, this is then a one-time increase and we should see it go back down?

Mr. Fogg: — No, it will continue. The system will take a few years to develop and it's not by any means finished. What we have is a few of our products on the new system. We have the home and condo and tenant on. We have to still do the auto, agro. It will go on for some period of time.

Mr. Heppner: — But there will be a decrease once that system is running?

Mr. Fogg: — Those costs will decrease once the system is running, yes.

Mr. Heppner: — To what extent, would your estimate have been? We should be able to go back to the '95 level once all that computer is running?

Mr. Heise: — I think I should clarify that some of the costs to develop the system are being capitalized, and therefore once the . . . as the system becomes operational, it will be amortized over a period of time. Therefore you'll continue to see some level of expenses, perhaps at this level or perhaps even a little higher

into the future, because it will be depreciated over a number of years.

Mr. Heppner: — There was an announcement that was made — and I think it's a very positive one — that drunk driving deaths were down 30 per cent. And that's amazing. I think it's exciting and your department needs to be commended for whatever role you played in that.

And I guess I'd like a comment on that. To start off with, exactly what part do you feel your department had to do with a very substantial decrease?

Hon. Mr. Serby: — Well I appreciate the question. I think what's important to recognize here is that a great deal of real good work was done by . . . And I want to give credit to the all-party committee, because they travelled around Saskatchewan and talked to almost everybody. If there's been a consultative piece of work that I've ever witnessed get done by an all-party committee, it has to be this one.

And so if there's credit that needs to be paid to anybody, sort of front and centre in terms of the accomplishments of this particular piece of legislation and the impact that it's having today on our communities and the fact that the numbers are going down — the number of alcohol-related deaths — it's that of the all-party committee.

And as I say to you, they travelled all across the province, met with schools and parents and organizations and groups and brought about what we have today in terms of, we say, some of the toughest legislation anywhere in the country, but also legislation that's proving to be very successful.

SGI's part in this, by and large, has been . . . We're involved in overseeing the legislation because it's within our bailiwick. We're responsible to see that some of the training programing is developed for the driver training education, is developed and adhered to.

Obviously the Highway Traffic Board is managing today, through it's hearing officers, the kinds of suspensions that need to be associated to folks who don't abide by the regulations.

The public education program that we see being managed through the Canadian Mental Health Association is . . . Or the public education — I've got my programs mixed up here; it's not through the Canadian Mental Health Association — but some of the public education that's out there today SGI is participating in. SADD (Students Against Drinking and Driving), of course, has been one of the major, major components of the work that's getting done in the province to ensure the enhancement and visibility of this program.

So it's been a collective effort. But I think I would say again, Madam Chair, that the work of the all-party committee has to be commended.

The Chair: — Thank you, Mr. Minister. Now according to our agreement at the start of the meeting of trying to share the air space, the question and answer space, amongst all three parties

with 15 minutes each, I would now ask if government members have any questions to address? No? I will then move to the opposition.

Mr. Krawetz: — One more question, Mr. Minister, I think connected more to the auto fund. This past winter there's been an extensive lobby by the Saskatchewan Snowmobile Association around the possibility of having a trail fee placed on the registrations — the \$20 fee. And I know that your department has met with people and as well as ourselves. I'm wondering, are those discussions continuing and is the government any closer to saying yes, to saying no? What position is government taking on that issue with the Saskatchewan Snowmobile Association?

Hon. Mr. Serby: — Well I want to say to the member that I've met just as of last week again with Mr. Brewer, who's the president of the Saskatchewan Snowmobile Association. They have a very, very progressive program in place and want to expand that to ensure that we have good snowmobile trails across the province.

We've made a commitment to the Saskatchewan Snowmobile Association through SGI, and I think through some partnership with Economic Development and SERM (Saskatchewan Environment and Resource Management), that we would assist them in some way, shape or form come this fall. Because they're looking at of course, expanding their trail system across the province. It's of benefit to all of the snowmobile community across Saskatchewan, and also it's the major tourist attraction. The snowmobile industry here, because we've had lots of snow over the last couple years, has really, really expanded.

And so we're saying that we're prepared to make an investment in helping the Saskatchewan Snowmobile Association in reaching some kind of a level of operation for this fall. I know that they've been meeting with both, I think, yourself . . . They've met with or at least have been communicating with you, with Mr. Boyd and other members of the opposition parties. And I really appreciate the support you've given them, and our effort will be to try and manage that in the fashion to a system to get to where they want to be.

And they've put several proposals before us in terms of trail fees, as you suggested, some type of a mandatory registration fee, which all have different kinds of implications. And so we're discussing that with them, and hope to reach some resolution well before they're into the snowmobiling season.

Mr. Krawetz: — Yes. One of the issues I think, and it's a great concern to us of course, is that safety. And with safety comes, I believe, reduced expenses in terms of snowmobile accidents and snowmobile costs. And I think with leisure time, people . . . the industry is growing in terms of snowmobiling.

I know it's a difficult number to track, but I'm wondering in terms of snowmobile registrations — the number of snowmobiles that register is not difficult, of course that's available — do you have any idea on the number of snowmobiles that are operated in the province of Saskatchewan

that are not registered during the snowmobiling season?

Hon. Mr. Serby: — What the snowmobile association tells us, that there are about 40,000 snowmobiles in the province right now, and that about 17,000 our records show that are registered. So nearly . . . well only about half of the . . . almost half of the snowmobiles in the province are registered. The rest of the snowmobiles in the province are not registered. And we . . .

The Chair: — We could calculate the amount.

Hon. Mr. Serby: — You could calculate that. Yes.

Mr. Krawetz: — I think our math skills, Madam Chairman, our math skills will allow us to tell us that, you know, greater than half are not registered. And I think that's a concern to a lot of residents when we start to look at trail fees. And I know those things have been pointed out by the snowmobile association when we have vehicles or snowmobiles that are not registered, and I believe then compulsory registration is necessary on the trail. Is that true or not true?

Hon. Mr. Serby: — It is. The snowmobile clubs across the province are insisting that it be compulsory registration. Their issue of course, is that they don't have any mechanism to enforce it. And so you have on your snowmobile trails many machines that are operating, based on the number I gave you, that aren't registered. But it becomes an enforcement issue for the clubs and they're of course asking for some additional resources to be able to do that as well. And that would be useful. Some provinces have actually enforcement officers.

Mr. Krawetz: — If we could turn a couple of questions now over to SGI CANADA and SCISL. On page 25, which my colleague from Rosthern has referred to before, you indicate that there was in 1996 an underwriting loss of still in excess of \$8 million. And I note that the premiums written and premiums earned are fairly comparable and that that figure has also risen by about \$8 million. So indeed the loss has dropped by 8 million because you've picked up an additional \$8 million worth of revenue.

So in the area of claims and the expenses, as my colleague has pointed out, there has been very little change there. We're still seeing a comparatively high level of claims, cost of claims is high, and indeed there is still a significant loss. What kinds of things is SGI CANADA doing to try to alleviate increasing costs?

Mr. Fogg: — Madam Chair, in 1995 the reason for the \$16 million underwriting amount, the primary reason is storm claims, and especially that storm in Pilot Butte. And I think that storm alone was twelve and a half million dollars.

When you get into 1996, as in '95, we have a continuing problem with theft claims in those four locations I previously mentioned. At the same time, in the spring — it was an unusual spring — we had some water mains break, we had some sewers back up.

And we also strengthened some of our reserves at the same time, some of our reserves for the commercial auto products and the assumed reinsurance products. We strengthened those reserves in that year as well.

Most of our products, I think, especially the commercialized products and the auto products, are fairly profitable. Where we're having some difficulties, as are all insurers, are with the habitation products. We try to avoid where possible to put through any significant rate increases. Our tendency is to look to deductible changes, especially for theft claims, where we believe the home-owner could take certain measures to protect his property, whereas, for example, on a wind claim they can't. But on theft claims they could take steps such as to put in alarm systems or bars on windows or perimeter lighting or deadbolts, things like that.

So we've made some changes in deductibles. I think our reserves are now as they should be, and I would hope, depending on the summer season, we will have a . . . we'll be back to an underwriting profit again in '97.

So much of SGI CANADA's performance depends on the month of June, July, and August, and we just have to see what happens.

Mr. Krawetz: — You provided the chart for the auto fund regarding wildlife and theft claims. Do you have those statistics available for the period '94, '95, '96 regarding how property claims have been incurred by SGI, the various categories, and the breakdowns maybe between theft and theft-related . . .

Mr. Fogg: — I think we would have them somewhere. I don't know if we have them with us.

Mr. Krawetz: — That would give us a better understanding. You know, when you talk about disasters and the kind of storms that can, you know, cause \$10 million damage in an awful hurry, that's understood. And I think we in Saskatchewan know that we are very vulnerable to the weather. But when we start to look at claims that insurance companies pay out, not only SGI but other companies, that are in some way controllable by us as individuals, I think we have to do everything in our power to see what can be done to those claims and what can be done to those costs, and try to bring that about. And in order to understand that, you have to see the numbers and you have to know what kind of trends are occurring in Saskatchewan, and the like.

Mr. Fogg: — We do have them for many years. I've got some information for the last two years on the Home Pak product. But for example, in 1995 hail claims were \$7.2 million, and in 1996 they dropped to 2.6. So those are just, you know, the effects of summer storms.

Fires stay relatively constant; they were 4.6 million in '95 and 4.3 million in '96. And theft increased from 6.7 million in '95 to 7.6 million in '96. Fire, you know, stays fairly consistent; wind, hail, it depends on the summer season; and theft is particularly high and that's what we're trying to deal with.

Mr. Krawetz: — Before I pass to my colleague here, premiums written jumped by \$8 million. Is that due to premiums that were increased last year or the rate increases? Or is that due to new clients, new customers?

Mr. Fogg: — Higher policy count and — especially in Manitoba, because these are combined statements — an increase in commercial auto and Auto Pak and the commercial lines in Saskatchewan.

Mr. Hillson: — I'm from North Battleford. Now you've already shared with us . . .

The Chair: — This is like Missouri, is it?

Mr. Krawetz: — \$1,000 deductible.

Mr. Hillson: — We're some of those people you've already pointed out, paying more and getting less. Now part of the concept of insurance is the idea of shared risk. Now is this a new philosophy with the company, that we're not pooling risk? We're tired of being . . .

Mr. Fogg: — No, I think you're quite right. The basic premiss of insurance I think, is that the premiums of the many pay the losses of the few. That's exactly what insurance is. But you also . . . The other principle is that you have to pay in a premium appropriate to the risk. And in any type of personalized products, for whatever reason, people are put into categories.

When we look at the areas of the province where we are making or losing money, we assign the proper premiums for the proper risk. If we didn't do that and charged everybody the same premium, what happens is other insurance companies would reduce rates in perhaps the most profitable areas of the province, and take away the profitable business. So you have to charge, I think, the appropriate rate for the appropriate risk.

Mr. Hillson: — So what communities have gotten the hit then?

Mr. Fogg: — The Battlefords, Prince Albert, Regina and Saskatoon.

Mr. Hillson: — Okay. And does that apply to car theft as well?

Mr. Fogg: — No. No.

Mr. Hillson: — Because the . . . I understand . . . I'm told that the mandatory deductible for theft of property out of cars is also subject to the higher deductible. Is that because that's under house insurance as opposed to the car?

Mr. Fogg: — It could be. I believe if you have an Auto Pak and a Home Pak with SGI CANADA, there's only one deductible and it would be the lower of the deductibles.

Mr. Hillson: — But I'm told that people who, you know, apart from their car being stolen, they had property in the car they were claiming was stolen, and that that was also, in our community, bumped up to 500.

Mr. Fogg: — It's \$500 for . . . Yes, that would fall into your Auto . . . or your Home Pak.

Mr. Hillson: — And so that also would be higher in North Battleford than in other communities?

Mr. Fogg: — Than in Moose Jaw for example? Yes, it would.

Hon. Mr. Serby: — I want to assure the member from North Battleford that that change didn't occur in November of '96 for North Battleford.

Mr. Hillson: — Okay, so it's not a pay-off. Okay.

Hon. Mr. Serby: — It's not related to the outcome in North Battleford in November.

Mr. Hillson: — No, I don't mean to, Mr. Minister, to come across as having a suspicious nature and I want you to know that I do accept your assurances that our auto rate increases will not be announced before June 3. So I want you to know that I accept your assurances on that point.

But you've told us again this morning — in fact you've told us several times — that one of the reasons we're going to have to pay more in insurance is the unfortunate history with car thefts. And the Minister of Justice keeps telling us that car theft is not a common problem and he points out that there are actually several people in Regina who haven't had their car stolen.

Now do you talk to the Minister of Justice and where is the government on this? Is it a problem that's going to jack up our insurance rates or is it not a problem?

Hon. Mr. Serby: — Well I think that one of the comments and statements that I've made on a number of occasions, when you look at the increase in the auto fund debt stabilization fund, some of it's attributed of course to the fact that we've had increases in theft. There's no question about that. And I think overall that's been about 7 per cent — the overall increases in claims in the auto fund has been about 7 per cent. Now that isn't all youth-related crime. That's related to theft of vehicles, which is both adult and youth.

The question about what we're trying to do about it collectively as communities, we, as I've outlined earlier, have a number of programs that we're offering in Regina, in concert with the city of Regina, the radio stations, the city police. So we try to make some effort here to reduce that. Do we talk about this issue collectively as members of government? Of course we talk about this collectively as members of government, but it isn't just an issue that one jurisdiction can manage on its own.

This is also an issue for the city of Regina, where I know the Minister of Justice has had significant number of consultations with the . . . It's an issue for the police department here, and I know that he's met and talked with the police department about it. I know that he's talked with the minister responsible for Social Services, who in turn talks with a number of the community organizations and departments who are responsible for providing social services and family services, because it's a

broad issue, a broad issue as you know. And in trying to curb some of the future kinds of incidences of increases in thefts, we need to continue to have that kind of consultation.

The Chair: — Thank you, Mr. Minister. Mr. Hillson, if you could in the spirit of cooperation wrap up this line of questioning and then I'll turn to Mr. Heppner and perhaps we can complete our review of SGI '96.

Mr. Hillson: — I would like to ask one general question if I may, Madam Chair, about our initiatives outside of the province. Have you considered which is the best way to go, on our own or in partnering, in order to have the biggest impact? You say we're now moving into the area of north-western Ontario. Are we committed to doing this as an individual entity or have we looked at whether partnering would be more appropriate and more effective?

Hon. Mr. Serby: — Well I think that . . . just an excellent question. Some of the results of the Crown review as it relates to SGI CANADA have indicated to us that our success rate, of course, within the province has been very good. Our penetration here is, I think, about 76 per cent when you include the auto fund. So in terms of market share, the SGI CANADA and SGI has made a significant impact into our province.

Can we grow this operation, for a better word, outside of the province? Well we think we can, and we're starting to see some of the signals into Manitoba. And of course you need to have the approval of our friends in the other provinces to be there. And so the Manitoba government has indicated to us that they think that we have a good product and they want us serving their community, and we're there, the Manitoba community.

We're into Ontario, again with the blessings of the Ontario government. And a result of that, we think that we'll make some impacts into that market.

We've had some discussions with our friends in British Columbia because we think that there's an area of the province there that we would very successful in. We haven't to date received approval from our counterpart in British Columbia.

Our friends in Manitoba, our elected friends in Manitoba, don't want us there, okay . . . or Alberta, I mean, sorry, our friends in Alberta don't want us there, and they've said that.

So I think that if we could impact some of the political jurisdictions or the government structures in some of the other provinces, we could be doing much more business across Canada than we are currently.

Mr. Hillson: — But you get along better with the Government of Manitoba than the Government of B.C. (British Columbia); is that . . .

The Chair: — Mr. Minister, I'll just save you from answering that question, and turn to Mr. Heppner now.

Mr. Heppner: — Thank you. The member from North Battleford seemed to be somewhat concerned whether his

constituency was being hard-pressed by SGI, and when you see that only members of the opposition have questions from this, you start to wonder if maybe there is some truth to that kind of a trend.

But anyway, I'd like to get us back to the drunk driving thing. I had one or two more questions on that. Do you see any further decline happening in that area, and are there some other program changes that you're looking at as well to maybe increase the number of . . . or to decrease the number of deaths in that area?

Hon. Mr. Serby: — Well I think . . . Certainly I see the numbers going down, a decrease in the number of fatalities that we have in the province, the number of deaths that we have in the province. I see that reducing itself as time passes.

And I say that from a couple of perspectives. One is that our school education programs are getting stronger. Part of the recommendation of the all-party consultation process was that we wanted to see an enrichment in the driver education program. And so currently SGI, along with driver educators across the province, are moulding a package that I think will be more constructive and will address better the preparation of young drivers into our driving community.

I think the other is that there's a . . . there's been an appreciation by the liquor industry, if I might use that term, who are also on board and now you have safe driving programs at the end of . . . that are sponsored by the hotel industry, where they have . . . they're actually paying for and sponsoring people to be a designated driver; that's where I'm looking for, designated driver programs. Your hotels, your restaurant lounges, are coming on stream there. So it's starting to happen.

There's been of course, some concern about whether or not .04 is the level of which we want to leave it at. Our interest at this point in time is for it to stay there; if the numbers continue to move down in the way in which they are, we think we will. If there's . . . if our numbers start to turn and go in the other direction, then we can of course reduce the mandatory level to no tolerance or zero tolerance. So there are some options that are in the works that are continually being looked at.

Mr. Heppner: — What's the approximate dollar value of this 30 per cent drop that's there?

Hon. Mr. Serby: — I don't know that number today, but we could do a bit of an estimate on that — if you want that immediately, we could try to get that immediately. If your interest would be to have us provide that maybe, say a couple of months down the road — we're sort of at a year end — we'd be happy to try to do that, because we're going to try to get that number anyway.

Mr. Heppner: — Okay, and one last question.

The Chair: — I remind you, Mr. Minister, please table the answer with the Clerk and she will then distribute the copies.

Hon. Mr. Serby: — Certainly.

Mr. Heppner: — One last question, because we're wrapping up over here. We've discussed a number of things that have influenced the need for an increase of rates. We look at this one with the drunk driving where there's been a dramatic drop, and I would think the number there would show a very high dollar value to that particular drop.

And yet we're discussing increases of rates and these sorts of things. And the one thing that we haven't discussed in a whole lot of detail, and I'd like for you to comment on that, obviously any company can always look at being more efficient and more competent within it's own structures, and what do you intend to do in that particular area to try and keep the rates from going up too high?

Hon. Mr. Serby: — Well I think it's always a concern when you have a large organization or corporation or company. And certainly it's been one of the issues that I've raised both at the board level . . . and the board has raised it, and we've had several discussions within the operation, the administrative operation of the organization.

We have I think, 1,300 and — I don't know the number factually — 1,365 or in that neighbourhood of employees within the corporation. That number has remained relatively stagnant over the last two years, and we've had some significant reorganizational changes at the senior level of the operation of the corporation. Can you continue to provide the kinds of product to Saskatchewan people, and services to Saskatchewan people, with a workforce that's less than that?

Well earlier today I indicated that we have some issues around the new PIPP program which is additional to our operations in the province. We need some expertise in that level that currently we don't have to the level of which I think would be significant; although we have a lot, and so we may need to add some additional folks there.

You hear on a continued basis, I know, from some of your claim centres around the province, that there are waiting-lists and there are backlogs, and it takes you a week or 10 days before you finally get to see an adjuster. Those are all customer service issues that we're trying to address, and sometimes, you know, we may need to add additional personnel to the system.

Are we paying attention to the administrative structure of the organization and ensuring that we can do as much as we can with the fewest number of bodies? The answer is yes to that. There's no question about that.

The question that you ask about the rates in the province. Yes, we can have some administrative changes. We're going to see some successes I think, in the drinking and driving program. We might be able to do some things around the wildlife, some wildlife initiatives to reduce the number of road accidents there. Maybe we can negotiate some different rates with our automobile . . . auto body folks when they come to the table next year. All of those things impact the stabilization fund. I think what we need to remember is, that rate today is at 112 million and it's growing a bit.

Even with all of those, even with all of those initiatives that we could undertake, we still have \$112 million debt today that's going to increase, and somehow we need to tackle it. And we'll use every venue that we have or avenue that we have available to us to try to bring that down, including what other new initiatives we might need to exercise in the next several months as it relates to rates or deductibles or whatever that might be.

Thank you.

The Chair: — Does that complete your line of questioning, Mr. Heppner?

Mr. Heppner: — Yes.

The Chair: — Thank you. Mr. Minister, I was remiss at the start. I did not ask you to provide a list of all the people who are on your board plus their honoraria, as well as senior executive salaries and remuneration. Do you have that information with you?

Hon. Mr. Serby: — Sorry, Madam Chair, I neglected in my opening comments to file it with you.

The Chair: — No, the error was mine, not yours. The Clerk will distribute that to all members of the committee now. I would then ask Ms. Bradley if she has a motion to put.

Ms. Bradley: — Yes, I'd like to move:

That the Crown Corporations Committee conclude its review of the annual report and financial statements of Saskatchewan Government Insurance for the year ended December 31, 1996 and subsidiary statements: (a) annual report and financial statements of Saskatchewan Auto Fund for the year ended December 31, 1996; and (b) the annual report and financial statement of SGI CANADA Insurance Services Ltd. for the year ended December 31, 1996.

The Chair: — Thank you, Ms. Bradley. All those in favour of that motion please indicate? Opposed? Hearing none, that motion carries.

Mr. Minister, thank you very much, and thank your officials for the clear and concise answers and for keeping to the rather arbitrary time limits that I set for members at the start of the meeting.

I would also like to thank all members of the committee for your cooperation. I apologize for being a tad autocratic and arbitrary, but I think that we have had a very productive meeting, and I do thank you from the bottom of my heart for your cooperation.

I would ask if members could informally, in the next couple of days, come to me and give your feedback about these guidelines that I've set out. I do want to be fair and I want to give all three parties adequate opportunity to put their questions with respect to the Crowns. It may be that the 15 minutes is a reasonable one, or we might want to change it. But in the

meantime unless I hear differently, we will use the same procedure next week for when we consider SaskTel.

So our next meeting will be Thursday, May 8, at 9 o'clock, from 9 to 11.

Again, Mr. Minister, I do thank you for your cooperation. I understand that you had an important, pressing engagement in Yorkton and you were willing to make yourself available for us, so we do thank you.

Could I have a motion of adjournment, please?

Hon. Mr. Serby: — Also, Madam Chairman, thank the members of the committee and certainly all the questions that were asked of us today are very top of mind for all of us and are ones that we need to address in a major way in terms of the benefit of the corporation. And I really do want to extend my appreciation to the members of the committee for questions, and to wish you and the Crown Corporations another very busy and successful 50 years. And thank you for the opportunity.

The Chair: — Thank you. Motion to adjourn? Ms. Bradley. Thank you very much.

The committee adjourned at 10:54 a.m.