



Standing Committee on Crown Corporations

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**STANDING COMMITTEE ON CROWN CORPORATIONS
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Carrot River Valley

Don Toth
Moosomin

Saskatchewan Government Insurance

The Chair: — Good morning everyone. Welcome back to the Crown corporations hearings. Today we have before us officials and the board Chair from Saskatchewan Government Insurance and we will be considering the annual report and financial statements for the year ended December 31, 1997 of SGI (Saskatchewan Government Insurance) as well as the annual report and financial statements of the auto fund for the year ended December 31, 1997; the annual reports and financial statements of SGI CANADA Insurance Services Ltd. for the year ended December 31, 1997.

I would begin by asking either Mr. Fogg or Mr. Cody to introduce the officials. This is an interesting little protocol conundrum. I'm not sure whether I call first on the Chair of the board, or the president of the corporation. So I'll leave it to you two to sort out. And if one of you would please introduce your officials, I would then ask if you could give us a brief overview statement about SGI and the three reports that we will be looking at. Then I will call on Mr. Jamie Wilson from KPMG. I was going to try to get the real names out but I think it's KPMG now, isn't it?

Mr. Wilson: — It's too hard to pronounce.

The Chair: — Right. From KPMG to make a statement and then Mr. Pradhan from the Provincial Auditor's office. So if you guys have sorted out your protocol, let it go.

Mr. Cody: — Thank you very much, Madam Chair, members of the committee, press. First of all thank you very much for the opportunity to be here this morning with all of you to go over 1997's annual report for SGI, SGI CANADA and the auto fund, and SCISL (SGI CANADA Insurance Services Ltd.) as we call it.

The officials with us this morning are Larry Fogg to my left who is the president of the corporation; to his left is the vice-president of finance which is John Dobie; to my immediate right is Earl Cameron, vice-president of claims; and to his right is Sherry Wolf. Sherry is the vice-president of licencing, registration and the auto fund.

I'm not going to take very much time to give you an overview other than to say that we're having a very, very good year at SGI CANADA. Also at the auto fund, and as well, SCISL. Some of this success is due to good management, of course, but not only that, it's good weather. SGI CANADA this year was very successful in not having a whole lot of storms. We've had a very nice year again so we have to thank the good Lord, I guess, for that. Part of the success story of SGI CANADA.

The auto fund is doing equally as well. In fact, very well. And the reason for it again is that we've had some tremendously fine weather. We've had really no serious detrimental road conditions so that's made a big difference to us. And in the auto fund, we particularly notice it when we don't have a lot of storms in the summertime because if they happen to go through an area where there's a lot of parking lots with new vehicles, it can get fairly expensive for us.

So with that, I want to just ask Larry to say a few words about what it is that the balance of the corporation may have done this year that I may well not wish to talk about.

Mr. Fogg: — Thank you, Mr. Chairman. In 1997 and '98 both, as the chairman has said, excellent years for SGI CANADA and a good part of that was weather related. The auto fund had predicted a minimal profit I believe this year, but we're going to have an exceptional year again weather related. Certainly the change in the deductible had a fair impact.

The rate increase, the 5 per cent rate increase that went through on January 1 of '98 hasn't had any major impact yet; it takes a while for that to show up on the financial statements. So the real success for the corporation has been a reduction in claims.

SCISL, the expansion company that writes business in Manitoba and north-west Ontario had a reasonable year partly because of its investment in the crop hail corporation. It owns 30 per cent of a crop hail business and as most of you know, there has been very little or no hail on the Prairies last year. So it is again having a good year.

So financially we're probably in as good a shape as we've been for some years. And I think it's safe to say that the safety programs . . . some of the legislation changes have also had an impact. So generally speaking, the three companies are doing very well.

Mr. Cody: — Madam Chair, we have some handouts to give to the members . . .

The Chair: — Thank you. The Clerk will distribute them.

Mr. Cody: — That will help them, I'm sure, in some of the questioning. So if you like, we can hand those out at this point.

The Chair: — The Clerk will distribute them, Mr. Cody.

While those handouts are being distributed, I would ask Mr. Wilson to give us a report on his company's examination of the books.

Mr. Wilson: — Thank you, Madam Chair, committee members, other guests. We've conducted an audit examination of each of the three sets of the financial statements before the committee today. Our auditor's reports are contained in each of the three annual reports being distributed to you.

Those reports state that we've examined the financial statements of the three organizations. We conducted our audit in accordance with generally accepted auditing standards. And, in our opinion, the financial statements present fairly in all material respects, the financial position of each of the three organizations at December 31, 1997, and the results of operations for the year then ended. Thank you.

The Chair: — Short and sweet. Thank you. And now the Provincial Auditor.

Mr. Pradhan: — Madam Chair, members, good morning. Jamie Wilson just presented his firm's auditor's report on the

financial statements of SGI, the auto fund, and SCISL for the year ended December 31, 1997. He indicated that the financial statements of these entities are reliable. We agree with these opinions.

In addition to expressing our opinion on the financial statements, KPMG and our office also audited SGI's rules and procedures to safeguard and control its assets and those of the auto fund and SCISL.

We also made an examination to determine SGI's compliance with laws and regulations governing its activities and those of the auto fund and SCISL. Our findings are included in chapter 7 of our *1998 Spring Report*. In this chapter we recommend that:

SGI should follow its rules and procedures to ensure all of its recorded bank balances are reconciled to the banks' records in a timely manner.

SGI should obtain Cabinet approval before its subsidiary purchases shares in another corporation.

The Standing Committee on Public Accounts, or PAC, considered these recommendations at its meeting on October 7, 1998 and concurred with our recommendations.

We would also like to inform the members that CIC (Crown Investments Corporation of Saskatchewan) recently implemented new rules and procedures that required its subsidiary corporations to obtain cabinet approval before their own subsidiaries purchased shares in other corporations. Therefore we consider this matter to be resolved.

With regards to SGI's bank reconciliation procedures, KPMG and our office will note SGI's progress during the audit for the year ending December 31, 1998, and if necessary we'll provide our comments in our 1999 spring report.

We also recommended in this chapter that:

1. SGI, the auto fund, and SCISL should include a comparison of planned performance to actual results in their annual reports.

2. SGI, the auto fund, and SCISL should: publish a list of persons who received money from them and the amounts the persons received following PAC's current minimum disclosure amount; or discuss different public disclosure requirements with the PAC.

PAC considered these matters again at its October 7, 1998 meeting and noted that these items are matters of policy and made the following recommendations which we bring to the attention of this committee.

1. They recommended that the Legislative Assembly request the Crown Corporations Committee to examine whether SGI, Sask Auto Fund, and SGI CANADA Insurance Services Ltd. should include a comparison of planned to actual results in their annual reports.

2. The Legislative Assembly request the Crown Corporations Committee to examine whether SGI, Sask Auto Fund, and SGI CANADA Insurance Services Ltd. should publish a list of

persons who received money from them and the amount the person received.

Madam Chair, and members, in the past we suggested that to assess the performance of Crown corporations, you as MLAs (Member of the Legislative Assembly) and stakeholders should look for the following information in their annual reports:

1. What the organization is all about; what are its mission, visions, and values or guiding principles.

2. What are the long-term goals of the organization; what the objectives of the organization were during the year under review; what the organization has done in the year under review, as it is commonly known in the industry, management discussion and analysis. And no. 5, what the future outlook for the organization is.

Over the past couple of years, the annual reports of SGI and the auto fund have improved significantly. On the first page of these annual reports you will find SGI's vision and values.

And on page 25 of SGI's annual report and page 22 of the auto fund's annual report, SGI provides management discussion and analysis, or MD&A, to help you understand the financial position and results of operations. SGI's MD&A also provides performance measurement ratios that are generally accepted in the property and casualty insurance industry.

The loss ratio shown on pages 26 and 27 and the net risk ratio shown on page 28 are key in assessing SGI's underwriting performance and its financial strength to absorb financial shocks.

In North America it is common for the regulators and other agencies that monitor the insurance industry to analyse the net risk ratio over a period of five years so that they can assess the sustainability of an insurance company's financial strength. You could ask SGI to provide a multi-year trend line for this ratio. You could also ask SGI how its actual net risk ratio of 1.6 shown on page 28 compares with the ratio it had planned to achieve.

Madam Chair and members, the regulators and agencies also assess the net risk ratio in conjunction with the underwriting ratio. The underwriting ratio is a sum of the loss ratio that SGI reports on pages 26 and 27 of its annual report and the expense ratio. You could ask SGI to provide a multi-year trend line for the underwriting ratio. You could also ask SGI how the actual performance ratios included in the annual report compare with its plan.

All insurance companies reduce their underwriting risk by seeding portions of their gross premium. SGI also mitigates its underwriting risk by acquiring reinsurance protection for very large exposures to sharp and catastrophe losses.

Pages 28 and 42 of the annual report provide very useful information which you could use to assess SGI's underwriting policy and the reinsurance activities it undertakes to mitigate this risk.

The auto fund's annual report does not provide similar

performance measurement ratios, probably because the fund has an accumulated deficit of about \$128 million and therefore at the present these ratios may not provide useful information. We agree with this position.

The most useful information for the fund is SGI's plan to reduce this deficit and how it manages the liquidity and the risk ratio that the auto fund faces.

If you look at page 34 of the annual report, it showed that the market value of the investments is \$496 million, which it uses to basically pay out its unpaid claims. And if you look at page 29 of the annual report, it had unpaid claims of \$487 million. And therefore there is not much cushion for basically for the auto fund to pay out its claims.

The fund's annual report does provide some information on liquidity and insurance risk and how SGI plans to reduce this deficit on page 25. Once the auto fund's rates stabilization reserve becomes positive, we would encourage SGI to provide performance measurement ratios for the auto fund as well.

Both SGI's and the auto fund's annual report contain information about SGI's objectives. However, these objectives are spread throughout the reports. We encourage SGI to list its long-term goals and objectives in one place in the annual report. This we believe will assist this committee and the stakeholders in reviewing SGI's goals and objectives. This committee reviewed CIC's annual report last Monday and would have noted that CIC's annual report lists all the objectives in one place.

Madam Chair, and members, this concludes my presentation. Thank you.

The Chair: — Thank you very much. I will now ask committee members if they have any direct questions of either of the auditors, bearing in mind of course that you can ask questions of the auditors at any time. I think they customarily stick around till the bitter end on these things.

Mr. Renaud: — One question to the auditor, the Provincial Auditor. You mentioned a list of persons who received monies and amounts. Are these people that are in a claim position that received monies from SGI?

Mr. Pradhan: — No. What we basically in the past have recommended that this information should be provided for is basically the administrative-type expenditures, you know, like prepayment to suppliers and payroll costs.

Mr. Renaud: — Okay.

The Chair: — Thank you. There being no further questions of the auditors at this time, we will move into questions from the committee members. And I would ask Mr. Toth first of all if he has questions of the SGI officials.

Mr. Toth: — Thank you, Madam Chair, and good morning.

Just a few comments and unfortunately I'm going to have to excuse myself earlier too to attend a funeral. But my guess is we're not going to take a lot of time today unless other

members have a lot of questions.

In regards to SGI, a lot of the things we probably really would like to get into, but first of all I would like to commend you for . . . commend SGI for this information regarding boards, directors' salaries, and per diems, travel expenses. You've already answered one of the questions.

And also the fact that your overview of the performance of the company was quite concise. We'll try to keep that in mind in our questioning. The last couple of days we've had corporations in here and executives have gone to great lengths to tell us why they're doing so well. And then we'd have had the privilege of gleaning more information, so if you'd have taken a few more minutes to explain a little more about the company, we might have picked up more things that we could ask questions about.

No, that's just a little bit of jest. But I was kind of hoping the Vice-Chair would have really given us some fodder to work with.

I noticed in the auto fund and I believe, Mr. Fogg, you had mentioned this in the '97 report, your outlook for '98, you talk about on page 9, forecasting an ongoing loss in the auto fund. And I think, if I heard you correctly, you mention that actually you're going to see a bit of a gain this year.

That's the question I have is while the report says you're looking at a loss, the comment I think was along the lines that it wasn't going to be quite as bad, or in fact it might be on the positive side.

I'd like a response to that and where we're at. I believe the auditor pointed out — and I didn't quite catch the number — a significant shortfall in the auto fund currently in regards to claims. So maybe you could explain that a little bit for us please.

Mr. Fogg: — I think, as I recall, at the beginning of the year of '98, our deficit was \$127 million in the auto fund. And we had predicted that 1998 would be no major change in that deficit. However, there has been a fair reduction in our estimated number of damage claims. Damage claims are now approximately 25 per cent of the previous year — there's fewer claims.

Combined with that, we have better investment earnings than we anticipated — more capital gains in 1998 than we anticipated. And as a result, we're going to have a . . . I guess I have to wait till the end of November and December before I quote that and say that, but we should have a substantial profit in the auto fund in 1998.

Mr. Toth: — And when you say profit in the auto fund for '98, you're basically talking annually, for the '98 year, and with that profit then that allows you to start trying to cover off some of the losses that have built in the auto fund over the past number of years.

Mr. Fogg: — That's right. It would allow us to reduce the deficit.

Mr. Toth: — So with the reduction and the surplus that you

will have in the year '98, you're attributing most of that to . . . Of course we did have a substantially nicer . . . significantly nice winter last year and despite all the bleak predictions earlier on this year, it's looking pretty favourable for this winter as well.

However I note — and we've had in our caucus certainly, and I'm sure other members have had calls from individuals across this province — some of the problems that arise. We certainly know that our highway system is in dire need of some major work and repair. And one of the claims earlier on, you may be aware, the lady that came to us who had a piece, a chunk of asphalt, go through the windshield — a significant injury.

How many claims would you have in the year, say '97 — I guess that's the one we're reviewing — that would be attributable to highway conditions, and what type of damage would you have or numbers would you have that you'd have to pay out in the injury claims or in regards to that?

Mr. Fogg: — I'll have look up in my book. Maybe I could give that to Sherry at the end who could look up.

When we talk about highway conditions, we don't simply mean whether the highway is inadequately repaired. It could mean that there was ice on the highway or . . . (inaudible) . . . and we have some statistics on that for 1997. It is not a major cause of loss so let me say that. It hasn't been. Most collisions in the province take place at intersections in major cities by far and away, so this would not have a major impact.

Mr. Toth: — That's fine.

Mr. Cameron: — The report only gives road conditions . . . The report, the traffic accident report gives types of road conditions but it doesn't break down as to whether the accident is caused by the actual condition of the road. It's only one of the contributing factors. It's more to the condition of the road being dry, wet, the weather condition.

I don't think you would get an exact number in the TAIS (traffic accident information system) report at all.

Mr. Toth: — In the case of where it's . . . I guess a significant injury as a result of a highway conditions and moving away from icy conditions such as the situation where a chunk of asphalt comes through a windshield. And rather than getting into specifics of specific cases but certainly there's one case that is on our mind — how does SGI deal with that? Because I know there was an ongoing debate over adequate compensation. Does SGI just cover it as a result of the insurance that you offer a customer, or do you go back and try to recoup some of your losses from the Department of Highways?

Mr. Fogg: — We would . . . Well first of all if someone was injured by an piece of asphalt coming through the windshield, they would be entitled to PIPP (personal injury protection plan) benefits.

In addition they would . . . if their car was damaged they would have their car repaired or written off, whatever the case may be, subject to the deductible. And that's what's at issue — is the 700 deductible.

It's a question of who is liable. Now the Department of Highways accept liability for that deductible, then in theory they would pay it. Now sometimes we will work with Highways and we will make the payment and then collect . . . (inaudible) . . . against the Department of Highways.

Mr. Toth: — Okay, I appreciate that because I have just fired a letter off to the minister's office in regards to another claim. Now this is isn't in regards to the highways, but it's still an SGI claim in regards to a power line. There happened to be work on a power line and there weren't any warning signs, and a lady on her way to work ran into this power line. It caused significant damage to the vehicle. And there again we're at the deductible.

Now, I believe your letter to the customer was you're doing everything you can to get SaskPower to cover the deductible. And I think there is situations there where, when a person's involved in an accident that has the road conditions, you're driving and you're not really . . . I wouldn't, I wouldn't say that that person was at fault or individual was at fault. They run into . . . where there was no advance warning or whatever. It seems to me that it's highly unreasonable that a person should have anything against their claim or that the deductible should be put on their shoulders. And I'm not sure we're, how SGI deals with this in the long term or what plans you have to deal with these types of circumstances.

Mr. Fogg: — Well, in every claim there is a deductible. Now if the individual is not at fault and we find an at-fault party to collect from, then that deductible would be paid by the at-fault party. As with most crashes in the province they're both insured by SGI or the auto fund, and so it's a simple matter of simply paying from the at-fault party's liability insurance to the non-fault party's. So that one's taken care of.

Where it becomes a problem is when there's no identifiable at-fault party — in theft claims, for example, hit and run, animal collisions, that type of thing. Now where an Alberta motorist victim who is not insured by SGI . . . in those cases the individual is responsible for their own deductible, and they have to try and get it back from the at-fault party. But SGI as a customer service initiative will attempt and try to help that customer recover their deductible.

Mr. Toth: — Okay. Back to the report on page 6, and I noticed just recently — I'm just trying to recall if it's an advertisement that you're running — that there's an area that's called getting tough on bad drivers, and you've referred to a review process. And first of all, when did this 45-day review process take place? You were discussing as I understand it, I would gather rate increases and also how you address problem drivers. Because what I understand here and from the most recent advertisements coming out, there are some new policy shifts in dealing with, and I guess you would call it at-fault drivers.

Mr. Fogg: — That's correct. The rate hearings or the hearings took place about this time last year, November of '97. And one of the issues that were brought forward by the public was that they thought we were not tough enough on bad drivers. So we therefore brought in a driver improvement program we call it, whereby we are trying to warn people about the dangers of poor driving habits.

And this as well, I think you are probably aware consists of warning letters. If that fails there will be an interview process, and the driver will have to be perhaps re-tested or take additional training. And if that fails then there will be suspensions.

Mr. Toth: — I guess the reason I ask the question is because we've been hearing all this talk about no-fault insurance. And I was wondering how . . . And I don't disagree with bad . . . like I mean the fact that — and I think as you've said the public indicated — that if the person's driving habits aren't all that conducive to safe driving on the road and could be a liability to individuals, that individuals should really be held accountable for their type of driving habits. But we've heard so much about the no-fault insurance program. How does this comply with this no-fault insurance we now basically have in place?

Mr. Fogg: — Well I think no-fault insurance is a bit of misnomer. We do identify someone to be at fault in accidents. What we have is a personal injury protection plan that you receive whether you're at fault or not, I suppose, and even within that there is some level of fault that can be assigned.

But as far as physical vehicle damage or physical damage is concerned, certainly there's a question of fault, and the deductibles are at stake. The surcharges are at stake. So yes, very much the fault system still exists.

Mr. Toth: — I say I guess I tend to agree with you. I don't agree . . . I agree no-fault is a misnomer. But when it comes to deductible, basically what you're saying and what we really have in this province when it comes to insurance then is, everyone's deductible is at risk if I understand correctly as far as general insurance. If your claims start getting up here and lot of it can be attributed, even if it's just in many cases a few drivers who haven't been acting responsibly on the road, but because the claims get run up then we have like 5 per cent rate increases and 2 per cent rate increases. We all pay for that.

The getting tough on drivers program you have here basically as a means of warning the driver and eventually possibly taking them off the road for a while, but it will not address the costs that they may have brought in or that SGI has incurred as a result of their driving. Wouldn't that be an area that should be looked at? Would that not have been an area the public would have suggested as well, rather than passing all the increases onto the positive driver out there, that some of that should be passed onto an individual who's at fault?

Mr. Fogg: — You're right. There's two issues here. One is getting tough on bad drivers or trying to improve people's driving habits. The new program we've just announced does not increase or produce any revenue for SGI, I would agree. But however there is a program in effect and has been in effect for a number of years where there are surcharges applied to who is at fault in an accident.

And in addition there are rating units that are applied when someone has a number of moving traffic violations. And that is applied on an individual's driver's licence. And some driver's licences can get as high as 5, 6, \$7,000. So there is additional premiums collected from those drivers that cause accidents or have numerous moving traffic violations.

Mr. Toth: — Somebody's got an awful thick head if they allow it to get that high.

The Vice-Chair: — Excuse me, Mr. Toth, the time being a quarter to 10, I'm just wondering if you have a very short wrap-up to this line of questioning or if you'd defer at this point?

Mr. Toth: — Well I guess I'll let it go at this point.

The Vice-Chair: — Okay. Thank you, Mr. Toth.

Mr. Osika: — Thank you, Mr. Chairman and Mr. Fogg. Ladies and gentlemen welcome. I feel like this is family because we communicate with letters so often directly and so some of the questions that I was to ask, Mr. Toth has already had you clarify.

There are some others that I hope you don't mind my going back to. The surcharges for traffic moving violations once again — that goes into a separate fund, does it?

Mr. Fogg: — No, it simply goes into — if you look at the financial statements — it must be in with the premiums written, so if you look on page 30, you'll see that our premiums written for the year were \$360,818,000 and it is included in there.

Mr. Osika: — Thank you. You also indicated that if there were people who were involved in an accident, that you would help recover their deductibles if they were not at fault. I was wondering if you might be able to . . . if you had any numbers of actions in that respect that SGI has taken, whether during 1997, or do you keep track of that?

Mr. Cameron: — I can answer that. We don't keep track of that, but we do try in almost all cases where there's a out-of-province vehicle involved or a third party that is not insured with the Sask Auto Fund to recover our damages plus the deductible. And one of the rules that we're . . . or policies that we have is whatever money we get, we pay the insurance deductible back first and then we take the balance. Because you don't always have a hundred per cent of recovery.

I think in 1997 we would have recovered approximately \$9 million from other insurance. But that would include SGI CANADA too, so I don't know the exact amount. But it would be somewhere around \$6 million say, that we'd actually recover back from at-fault motorists or at-fault third parties.

Mr. Osika: — Thank you for that. That's encouraging to hear, I guess, and I'm sure Mr. Fogg knows where I'm going with this.

I still have a great deal of difficulty and I guess compassion for those people who have their vehicles vandalized, stolen, wrecked, and still have to pay the now increased deductible. It's through no-fault of their own that they've lost perhaps a lifetime, a major possession, particularly for seniors who cannot now recover a similar form of transportation because the payout for a 1990 Oldsmobile, that's got 20,000 kilometres on it, would not, you know, would not pay for now what . . . well, replacement.

And I don't know if there's ever any possibility in the future to

work with the Justice department or somehow sort out that with our victims of crimes fund, coupled with the surcharges for accidents, violations, whatever, and whether there would ever be a possibility of those two somehow coming together to compensate at least those after the necessary investigations and paperwork — if that would ever, ever be possible.

Mr. Fogg: — First of all, I agree with you, Mr. Osika. Mr. Chairman, it is a very difficult problem and I . . . From time to time, we would say, well perhaps you should buy additional insurance or extension insurance, but many times when you talk to those seniors they can't afford the rates.

All we, at this point, are able to do is try to work as closely as we can with law enforcement agencies to try to correct these types of crimes, to advise people to use the club or other anti-theft devices.

It's not to say that the auto fund at some point in time couldn't be changed so that the deductible for theft losses could be reduced. I mean that's an additional cost of course to the auto fund that it doesn't now bear, and those costs will have to be added to the rates and that type of thing. And it'll increase people's rates overall.

But I agree with you; I sympathize. And Mr. Cameron can probably tell you some of the things we've done to work with the police, and other methods we've used to try to prevent this. But it is a growing problem.

Mr. Cameron: — The adjusters, when they're following up on recovery, do go and apply to the courts for restitution. The problem with that is of course usually a car thief isn't very able to pay back, so we are suspending driver's licences for those individuals or future driver's licences hoping that that will also be a deterrent more than a recovery effect. And in some cases we are recovering some money later on, you know, when people mature, I guess would be the word.

Mr. Osika: — Yes, I would have hoped that the Oldsmobile gang would have had a kitty where you belong, to pay, and go after them for that. I'm just a little facetious.

I appreciate that. And going back to your program for identifying and targeting those people who cause accidents and are the cause of increases in rates rather than a global increase, is that these people now pay their share. I think that's a good idea.

One other area that was talked about was the damages to vehicles as a result of highway and road conditions. And in the case where people in rural areas, using the same highway and experiencing serious damage to springs or shocks or whatever, and simply by travelling on those same roadways. I believe you've answered the question, that if Highways agrees to pay the claims, then they'd pay you back, or it goes the other way around?

Mr. Fogg: — Well from time to time we would just work with Highways so that the customer doesn't have to go to two places to get their money. We will simply pay out the deductible and then Highways will pay us directly.

But first of all Highways has to accept liability for these types of things and if they're not willing to accept the liability, then we can't pay out the deductible. And as far as I know I think we've had no particular problems with the Department of Highways. We've sometimes had discussions with them about certain incidents but I think it's always worked out.

Mr. Cameron: — For the most part. If it's an issue like Mr. Toth had mentioned, they were fairly accommodating in getting that resolved.

Mr. Osika: — Thank you. One other question in the area of registration now of vehicles, and this is recent correspondence that perhaps you may not have yet received or has been forwarded to you, Mr. Fogg. And it has to deal with a constituent who's indicated that as a farmer certain large vehicles that he possesses, whatever they call them — B-train or whatever — licensed, now he's told that if he wants to help his neighbour haul grain, he needs to obtain an additional permit. Is that part of the registration requirements?

Mr. Fogg: — Forgive me, I'm not an expert in this particular . . . (inaudible) . . . But if he is hauling goods for others, he needs a different type of plate, different type of registration than if he is hauling goods for himself. Because there are people in the business of hauling goods who have to pay a certain registration fee, and if you have another individual who is also hauling goods and paying lesser registration fee, it's somewhat of a subsidy for that individual in a commercial market.

Now if he's hauling goods and not charging, I suspect you can still get by with the F-plate.

Mr. Osika: — I appreciate that and there may be . . . because this is a situation where it's doing a neighbour a favour.

As has been traditionally on the farms where someone has certain equipment that the neighbour doesn't, when a certain type of work is done, then you go over and help the neighbours and the situation in the case I'm alluding to or referring to, pardon me, is exactly that. Once the work has been done on my farm, I want to help my neighbour because he does not have the equipment that would speed up completing his operation. That's the situation.

And I know what you're saying, if you're in the business of hauling for other people and you have these B-trains or whatever they call them and you're making money at it, but if it's merely doing a favour for a neighbour, assisting and completing a harvesting operation, is that permit, additional permit still required?

Mr. Fogg: — Mr. Osika, I don't know.

Ms. Wolf: — And I'm not sure either.

Mr. Fogg: — I'm not sure either, but my understanding of it — if you're not hauling for profit, if you're not collecting any fees and you're just helping your neighbour, that you can still use your, I guess, F-plate in this case. But I'm not certain of that so I'll have to check that.

Mr. Osika: — Okay, I thank you. Because this individual

indicated that when he was told that if he even did it as a favour for a neighbour, he would require an additional permit. But I'd appreciate if you would . . . (inaudible) . . . this. Thank you very much.

I believe that's about all I have for now. As I mentioned, most of the questions were concerns Mr. Toth had dealt with and you people have so willingly and ably responded to. I want to thank you very much.

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

Mr. Renaud: — One question I guess. The new anti-drinking and driving initiatives seem to have reduced not only claim costs but also injuries from . . . I think it was put into place in August of 1995, '96, and I think that there was about \$500 million in reduced claims and probably less injuries or, I'm not sure, probably fatalities from about 23 to 18 between that time.

I'm wondering if you can update us on that information and whether the new anti-drinking and driving initiatives that of course began with all-party meetings across the province to determine what was the best legislation, and I just want to know if it's working and what the statistics are as of today, or as close to today as possible.

Mr. Fogg: — Okay, first of all the percentage of fatal accidents involving alcohol from '93 to 1995 was 38.4 per cent, and in 1997 it had dropped to 32.8 per cent. The percentage of injury accidents involving alcohol dropped from 11.5 per cent to 10.8 per cent. And the percentage of property-damage-only accidents involving alcohol dropped from an average of 4.7 per cent to 4.1 per cent. There were 2,220 vehicles involved in drinking and driving accidents in 1997. And using the average cost per collision of \$2,213, vehicle damage cost per year is estimated to be 4.9 million.

So I guess, if you look at one year, it certainly appears to be working and saving not only money, but lives and serious injuries as well.

Mr. Renaud: — Okay, the other question I guess deals with the personal injury protection plans. Some people call it no-fault insurance but I don't like that name. I don't think it's really a true name. But I think in 1996, there were somewhere like about 5,700 claims or something like that. In 1995, I think there were slightly more than that. What were the claims in '97? And I guess how many appeals? How many went to mediation? How many went to court, I guess in regards to the plan?

Basically I think I have the 1996 figures. I'm just interested in the 1997 figures and the 1998 to date if you have them.

Mr. Dobie: — The number of claims for 1997, of PIPP (personal injury protection plan) claims, it went from 6,000 in 1996 up to 6,043 in 1997. So just a very marginal increase in that.

Mr. Fogg: — It's down about 10 per cent from that year to date in 1998.

Mr. Renaud: — Okay. How about appeals? Like if I'm injured and I use the PIPP for rehabilitation, not satisfied with what

SGI is offering, how many people appeal . . . how many claims have there been . . . like there's 6,000-and-some injuries; I guess how many of that were appealed?

Mr. Cameron: — I don't have the exact number but the number in '97, I think, to go to the Court of Appeal, the final step of the appeal was five or six. The other number, and I say it's not exact, there would have been approximately 200 or 300 appeals for that loss year. So it'd be internal.

Mr. Renaud: — Okay, so basically it's working fairly well. There's not a lot of people complaining about the personal injury protection plan?

Mr. Cameron: — That's right, it's working very well. There's still concerns though when people are cut off of benefits for medical reasons; I mean, their stream of income ends. Those ones are the most common type that we would have where an internal appeal would be looked at, where someone feels that they should continue on benefits when the caregivers are saying no, you know, you're fully rehabilitated and ready to go back to work. Usually in those cases it's where there isn't a job to go back to, so there's, you know, an interruption of their income.

Mr. Renaud: — And the only other question I think is, I think it was in 1996, SGI was going to continue to monitor the farm class vans and sports vehicles. I think their rates . . . like when farm trucks didn't increase after the 45-day review, vans, farm vans, and sports vehicles did increase. But then SGI was going to monitor that for another . . . well continue to monitor it I guess. Are we still continuing to monitor the vans and sports vehicles?

Mr. Fogg: — We're monitoring. There's a bit of debate whether or not vans and sport utility vehicles should be entitled at any time to have . . . be F-plated vehicles. And there's two sides to this. Because when you talk about vans, there are certainly market gardeners who use a van as a farm implement. I mean it's clearly farm equipment.

But on the other hand sometimes you see sport utility vans driving around with the plates and it seems obvious to everybody that they shouldn't . . . that these are not farm vehicles.

It's difficult to come up with an adequate definition to address that. And what is happening over time is that some of these vans and sport utility vehicles that have F-plates are gradually . . . the rates are gradually increasing till they're going to be at the same rate as the PV (private vehicle) because their loss ratio is not significantly better than a private passenger vehicle. So that, I guess, at the end of the day, will solve the problem.

Mr. Renaud: — And I have one question that Madam Chairman, who isn't here now, wanted me to ask in her absence.

There are approximately 1,500 employees in the Regina head office and there are only four elevators, resulting in probably some lost productivity. And she was wondering if there was any plans to maybe have the fifth elevator put in.

Mr. Fogg: — Well there are only I think 800 people in the head

office building, but she's absolutely right, there's only four elevators and there's a long story to why that occurred and there are long lines waiting to use the elevator. And you're right, there is some inefficiency in there.

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

Mr. Johnson: — Yes, I would like to ask a question related to how the information is handled regarding snowmobile accidents. And the reason I'm wanting to know this is that as I understand, when SGI provides the information to the Highway Traffic Board related to accidents, the snowmobile accidents will be and sometimes are included in that report which in the end result can mean that an individual's loss of a driver's licence can occur. Whereas if the snowmobile accidents weren't included, they wouldn't lose their licence. And I'm just wondering what is done in that regard and why, and how it works.

Ms. Wolf: — Excuse me. If I could just ask a question. Are you thinking that convictions resulting from snowmobile activities come onto the driver's licence? Is that what you're . . .

Mr. Johnson: — Yes. Not a conviction, just a . . . Well, let's put it this way. Plowing a snowmobile into a rock pile, and the claim is the skis go under the track, and whatever else happens. There is a claim. And that ends up . . .

The Vice-Chair: — Mr. Johnson, excuse me, Hansard is having trouble with the way you're . . .

Mr. Johnson: — Oh . . . and that ends up generating a loss which, when Highway Traffic Board asks for a report from SGI, it's sent over as a loss. And they include it into their system, and it ends up somehow meaning that the person, because of having an accident, I don't know, it increases the points or just exactly how it works. But anyway, you can end up losing your licence where you wouldn't lose your licence should you not had the snowmobile accident or the snow . . .

Ms. Wolf: — Snowmobiles are registerable vehicles. So any action or an at-fault accident would have come onto SGI's information system just as a regular vehicle. Similarly, any kind of convictions would have the same application, and that's fairly consistent around Canada.

Mr. Johnson: — Okay. That means that if the snowmobile was not registered and they crashed into a rock pile, then that wouldn't be included on their . . . then it wouldn't be there.

Mr. Fogg: — If it wasn't registered they would have had no insurance so there would be no surcharge. We wouldn't have paid out . . . SGI would have not have paid out a claim in that situation.

Mr. Johnson: — Okay. Now we come . . . That's the real question is, is if you're not enforcing it half the time, then why is it enforced the other half of the time?

Mr. Fogg: — If the individual registers their vehicle and hits a rock pile and puts in a claim, just like any sort of a motor vehicle accident, there will be a surcharge assessed. If they had not registered and don't put in a claim, then there will be no

surcharge.

Mr. Johnson: — Okay. But as I understand, that's not occurring on a public highway.

Mr. Fogg: — If someone is operating a snowmobile on a public highway, that vehicle must be registered.

Mr. Johnson: — Yes, and therefore if there was an accident occurring there that was generated with other vehicles, I see the rationale to it. But this is where the vehicle is not on a public roadway.

Mr. Fogg: — And it was registered and there was a claim?

Mr. Johnson: — Yes.

Mr. Fogg: — That would be no different than if somebody operating a motor vehicle in their own yard and running into the garage. If there's a claim and SGI pays out, there will be a surcharge, could be a surcharge.

Mr. Johnson: — Okay, but the question that I'm asking is how that's justified across the piece because some people that are skiing could come back with an accident and it won't impact on their licence, for a driver's licence. And in actual fact what they are doing is pushing the . . . doing a risky recreation and achieving exactly the same thing.

Mr. Fogg: — Well if they're skiing though, they won't . . . if they don't put in any claim, there won't be any surcharge.

Mr. Johnson: — Yes.

Mr. Fogg: — So skiers would not put in a claim.

Mr. Johnson: — Well you see why I'm asking it is that it is . . . the licensing is the Highway Traffic Board as I understand it.

Mr. Fogg: — No, the licensing is SGI.

Mr. Johnson: — No, but when you lose your licence.

Mr. Fogg: — No, that's SGI as well but you can appeal to the Highway Traffic Board.

Mr. Johnson: — Oh, okay. Then the question that I ask is why are the snowmobile, non-road allowance snowmobile accidents — because you don't have to have a licence there — included in the information that's used for the analysis?

Mr. Fogg: — If the vehicle isn't registered and it has an accident, there's no likely way SGI would even know about it since there would be no claims. So therefore there would be no surcharge or I suspect no points on your drivers licence.

Mr. Johnson: — Yes, but you're not required to have a . . . a vehicle could be driven upon property without a driver's licence as long as it isn't a highway or under the highway Act and part of the highway system.

Mr. Fogg: — A snowmobile like a private passenger vehicle can be driven on private land and not be licensed. That's right.

Mr. Johnson: — Okay, so half of the . . . the reality is that you pay it out and I can understand that. Whereas the other way, the other one that you don't pay it out and because there was no insurance paid that makes perfect sense. But because you are including it in the information that is used for drivers' licences, and you are, and so you're only including half of the potential accidents that were occurring in that sense. And I'm asking where the justification comes for that because it's not related to the insurance aspect of it. It's totally separate.

Mr. Fogg: — Yes, I see what you're saying. You're saying that whether you're driving a snowmobile safely, whether it's licensed or not licensed and whether there's a claim or not a claim, if you're operating it in an unsafe manner or have poor driving habits, sometimes you will pay . . . you will get points on your licence and sometimes you won't. And I think that's absolutely right. The reason is because unless you have the police stop you or you have an accident, there is no way SGI would know about it. There's no other way; we wouldn't be able to get that information.

Mr. Johnson: — So the rationale behind it is it's just because you have the information, you'll use it.

Mr. Fogg: — Well, the rationale behind it is if you pay out a claim, you're going to have a surcharge and if you have that moving traffic violations, you are also going to pay additional premiums. If the police stop you, whether you are licensed or unlicensed for operating this vehicle unsafely or improperly or you're operating an unlicensed vehicle on public roads, I suspect that will be added to your driver's licence.

Mr. Johnson: — Yes, if that's on a public road. I fully understand that.

What I'm saying is that off of the public road the use of the . . . The fact of the matter is, is that anybody using, anybody riding on the outside of a vehicle on a . . . at 50 kilometres or plus is in . . . there's no . . . It's a sport. It isn't got any sense for doing it.

I mean, that's . . . And it fits right in with skiing at a hundred miles . . . a hundred clicks down the hill and all the rest of it. The only thing is that in some cases the individual not only ends up with the broken arms and limbs and whatever else happens for it, they also end up with an impact on their driver's licence where it doesn't impact the same for other people.

I'm wondering what the rationale is for carrying it across. As long as you're on highway or designated road it makes sense. But once you're off of it, it doesn't. And I'm wondering how, what that is . . .

Mr. Fogg: — The only rationale . . .

The Chair: — Mr. Fogg, excuse me, if you would answer that question and then we will move to the Saskatchewan Party, please.

Mr. Fogg: — The only rationale is that if you are licensed and have an accident and put in a claim, you will have a surcharge added to your driver's licence. That is simply the case. If you have an accident on your farm, run into a rock pile and don't put in a claim, you will have no surcharge on your driver's

licence.

And the surcharge is added to your driver's licence is just another way of us collecting premiums from individuals who have at-fault accidents, whether it's on a snowmobile or a private passenger vehicle.

Mr. Osika: — Should have just moved that pile of rocks off that quarter of land.

The Chair: — Mr. Osika, I don't believe your very humorous comment was caught for the record.

I will now recognize Mr. Toth.

Mr. Toth: — Thank you, Madam Chair. Just staying with snowmobiles for a minute, I noticed by your annual report that in the year 1997 you're about . . . have about a \$3 million shortfall, if I read the report correctly, in regards to snowmobile claims versus the amount you have been collecting in premiums. I guess that surprises me a little bit, and the reason I'm surprised by that a little bit is the fact that I didn't realize the impact snowmobiles have been having. Although I can understand. I just went through a showroom just recently and when you look at these units getting up in that 9 to \$10,000 range, I can see the impact they're going to have when there is a mishap.

And the question I raise as well, and I think this may go into highway traffic a little bit — there was a — I believe it was last spring, and it had something to do I believe with registrations — a lot of snowmobile clubs and cross-country clubs had been calling me, and I don't remember all the details. They might come to your mind in regards to, there again, a registration fee, I believe it was, and the costs and the impairment it would have in how they were building these cross-country trails for people to ride on, the fact that they were getting so high. Is that something that SGI has? Or is that . . . that's tied to the costs of the insurance that you're providing for these units?

Mr. Fogg: — There's two issues. One is snowmobile trail funding. Since SGI is responsible to The Snowmobile Act, we have met many times with the Saskatchewan Snowmobile Association, and their concerns were that their volunteers are grooming these snowmobile trails and they can't continue and they would like some sort of funding for it. At one point they wanted us to put another charge onto the vehicle registration which would pay for these trails. And there's some debate whether that would be fair because some snowmobilers used them or didn't use them.

And at the end the day we've sort of come to the conclusion that Saskatchewan Snowmobile Association in conjunction with SGI and SERM (Saskatchewan Environment and Resource Management) and I think it's . . .

Ms. Wolf: — Economic Development.

Mr. Fogg: — The Department of Economic Development are going to come up with this long-term solution whereby . . . maybe Sherry, you could . . .

Mr. Cody: — As well as Tourism.

Mr. Fogg: — There will be permits I believe to . . . You'll need a permit to ride on these trails. The cost of these permits is about \$60, I believe. And that money for the most part will go to the Saskatchewan Snowmobile Association which will use the money to groom these trails.

In the interim SGI provided grant money to the snowmobile association over a two-year period to fund the cost of these groomed trails, because it's not only recreational benefits to the province it's a safety issue as well, we like them on these trails. So that is why SGI provided grant money and the long-term solution is this permit system.

The second issue of claims with snowmobiles. It's a major problem for SGI because, as is pointed out, less than half the snowmobilers are actually registered. There is some feeling that if you ran into a rock pile with an unregistered snowmobile, the next day you may go down and register it and a week later report a claim. Now there's always that concern out there.

And at the same time snowmobilers, whether they were registered or not registered and whether they were contributing to the auto fund or not contributing to the auto fund, were receiving PIPP benefits which is another major cost.

And so the long-term solution was to do as other provinces have done — is simply provide \$200,000 worth of liability insurance when you can purchase a plate and collision insurance and injury benefits you would have to purchase from the private sector. And that will be effective August of 1999.

Mr. Toth: — Okay thank you very much.

Personal injury claims is an area I'd like to talk about just for a few minutes. On page 11, you say PIPP is working. And I believe a comment was made a little earlier that in general and certainly from the 45-day review process, most people felt that PIPP was working, was meeting the need out there. The end of the paragraph says "in fact fewer than 5 per cent of auto injury claims appeal their benefit allocations."

I think one area though that PIPP is not working in is in that area of fewer than 5 per cent. I'll raise the claim of the family in Regina here, the Markwarts for example, because they're very well known.

An accident took place out in our area on the way to watch their son curl. And here I think is just a gross injustice situation that has arisen — the fact that there is a maximum pay-out. When you receive the type of injury and the type of circumstances the Markwarts went to; they worked so hard to expand themselves and to build for themselves, built a newer home and are now in a small home that they actually were renting for awhile . . . (inaudible) . . . one of the first homes.

And the unfortunate part — and in just chatting with them as well — is just the inability of Mr. Markwart to really go back, be able to really rehabilitate and be accepted back in the fire department in the same type job he had before. He just doesn't have the physical ability.

Here I think is a situation where SGI and PIPP is really failing. And I'm not sure how we adjust it. I don't have a problem with

the fact that . . . and we raised this in the legislature in the whole debate. I think the argument was the fact of going to the courts and the types of lawsuits that were allowed, the types of claims.

And I agree with you there. I think in many cases that . . . and I'm not sure, probably in those cases, the courts were failing the system because I think some of the settlements were outrageous. I think we could have probably . . . And as I suggested to the minister at the time in government, why don't we set some levels that would be realistic and say if you go to court, here is the maximum you can go to be realistic in regards to where insurance is and where insurance claims are.

What I'd like to know is what has the corporation done in the last year or so to review PIPP? I know generally speaking it's working, but the areas where there is some definite failures. Because I think that's an area that needs to be addressed, what has . . . has anything been done to review that area? What has been or is being done, and how are we going to address that area? Because you can go to the courts but you're still limited to that \$125,000 maximum. If you're 30 years old, \$125,000 isn't going to get you very far.

Mr. Fogg: — I'll just make a couple of comments. We can't talk about, as you are aware, we can't talk about any specific case but generally speaking PIPP we say has worked. We've redirected the money.

Before PIPP, 70 per cent of all of the injury payments went for pain and suffering — very little for rehab — and some for income replacement and that was minimal. What we've done is tried to reverse that so the majority of the money is now going for rehab, rehabilitation, income replacement, and as you point out, very little for pain and suffering. And I understand that.

When you talk about what . . . We always look at PIPP and make changes where we can, but that sometimes will involve changes to the legislation. And I would agree, PIPP is not perfect and there are changes that can certainly be made.

The legislation called for a review of PIPP, independent review of PIPP, within five years. So there has to be a review prior to January 1, a review undertaken prior to January 1, 2000. And this is an independent review. I believe it's a five-member commission, or tribunal, or whatever you will call it, that will look at PIPP and try to determine if it is working as we suggest it is working, or what changes can be made to improve it. So that will take place sometime next year.

Mr. Toth: — So in that case though really it doesn't, for the individuals who happen to have just unfortunately been in circumstances that just happened when PIPP first came into place, into being, and fall within that.

And I believe that . . . Like I'm using . . . It's less than 5 per cent. I realize that. But it certainly is . . . While it's a minimal amount for, and I just happened to pick one because we're . . . But there are other situations out there we know of. I believe there are a number of lawsuits actually ongoing right now. Now you're still limited in what you can . . . when you can get your . . . what you can receive for that personal injury or injury benefits.

And I don't know if PIPP really addresses the loss of income that may take place, and that may be part of the review. It may not address where people are in that five-year period till the review takes place and possibly points out the shortfalls and says, yes, in general it's working; here are a couple of areas where we've really failed the community and this is what we would recommend. For people caught in that scenario, they're probably out of luck then.

Mr. Fogg: — Well I guess I would disagree with you that the income replacement benefits are not there. They are there. We do provide income replacement. We provide up to 90 per cent of net income, up to a little over \$55,000 a year.

Now if you were earning higher than that amount, you have the ability — that's why it's not pure no-fault — to sue the at-fault party for additional income replacement or additional medical benefits.

What has changed is that there is no payment for pain and suffering. There is no money for that. And that is the major change. And we've taken that money and put it into much improved rehabilitation centre facilities and into much better income replacement.

Because up until PIPP came in, the most you could get was \$200 a week income replacement. So PIPP is a much better system for replacing income than the previous system.

What is missing though is pain and suffering. There is limited access to pain . . . money for pain and suffering. There is limited access to money for pain and suffering.

Mr. Toth: — Well, you're the expert so I'll have to accept your comments. I have to also go by the fact of what the individuals that have come to me, and where they're at today versus where they were prior to the unfortunate circumstances of accidents they were in that really had no fault. And I appreciate that.

Mr. Fogg: — And I can't, Madam Chairman, I can't dispute that improvements can be made because they can be made. But I certainly think a return to the old system would be detrimental both financially to SGI and to the auto fund, and certainly detrimental to people who are seriously injured in automobile accidents.

Mr. Toth: — Yes. Well I don't think that anyone's really talking of going back to the old tort system.

Mr. Fogg: — No.

Mr. Toth: — But there, like I say, I think there are some areas that need to be addressed. And I pleased to hear that you recognize that, that SGI recognizes that as well. And that we will indeed give . . . That a real comprehensive review of it will be undertaken in, by the year — and here I just should just question this. Is this to be completed by or begun by the year January 2000?

Mr. Fogg: — To begun, started by. We can't put a completion date on it.

Mr. Toth: — A little earlier on there was a comment made

about appeals, and some of the calls that we get. Certainly people I guess who face situations where they're dealing with SGI and PIPP, and don't feel that they've been adequately served, have difficulty in determining what process they should follow. And I believe there is an appeal process. There are, if I'm not mistaken, there are workers that you can talk to. But I think we need, just from what I'm gathering, we probably need a little more information so that the public are aware of some of the avenues they can follow.

And I guess what I would ask is what has SGI done or what are they doing to address these concerns? And it may take, say, a number of calls to my office or other MLAs' offices. If people knew exactly where they should be going, and in many cases — to be honest with you — I don't always have it in front of me so I have to run to somebody else who's got that information. And how do we address that?

Mr. Fogg: — Well, we now provide each injured person with this booklet, this guide. And it tells all about PIPP, what their appeal options are, what they should do. The appeal process though I have to admit is not . . . There's a three stage appeal process: there's an internal appeal; there's mediation; and there's access to the Court of Queen's Bench. It has not worked as well as perhaps it should have. I agree that that is one thing that certainly has to be looked at is make it easier for people to appeal, and make it at least appear to be fair.

Now we try to be as fair as we can, but there are concerns that certainly the internal review is not fair, and that the mediation does not work the way it should. And it's a big jump to Court of Queen's Bench because it's expensive to go there. So somewhere that's one of the areas that has to be improved is the appeal process.

Mr. Toth: — I guess one of the questions I raise as well — and this is an area that I have a concern in — when any agency basically sets in place its own appeal process. And I think that you just used the word fairness and I think that's where the public in general don't necessarily see whether it's SGI, whether it's Workers' Comp, or whatever group, this current APEC (Asia-Pacific Economic Cooperation) scandal for example, I would suggest, have to suggest or even our whole Channel Lake when we're trying to review something that we're part of rather than independently being reviewing it. There are concerns out there.

In regards to . . . like Workers' Comp has a workers' advocate. Is there anything in regards to SGI where there is an advocate in place that a person may go to or if they feel that their claim hasn't been dealt with adequately enough? They just felt they weren't really given fair hearing in regards to a claim against SGI?

Mr. Fogg: — No we don't have advocates. That may be something that we could look at and then maybe the review would indicate that that is beneficial. I don't have a good answer for that. When you look at the other provinces that have a similar type program, Manitoba and Quebec, they have different appeal processes. They have sort of an independent body of three or four people that will look at them. I don't know the right answer and hopefully we'll get some better information when this review takes place later next year.

Mr. Toth: — Okay. In regards to . . . I don't know what you call them.

The Chair: — I'm sorry. I'm wondering about how much longer your questioning might go on? I'm wondering if we should call a break or if we should carry on.

Mr. Toth: — If you don't mind and the officials don't mind, I'd prefer to just go . . . My guess is probably even before 11, I'll be done.

The Chair: — All right, and I have an indication from two other members that they have two brief questions. So if the committee concurs we will carry through without a break. Thank you.

Mr. Toth: — And I would suggest we are moving along a lot faster than we did yesterday. The responses have been to the point which really helps.

The Chair: — I spoke with Mr. Fogg about that very matter this morning.

Mr. Toth: — When it comes to — and I'm looking for the word here — is it client workers or if you will . . . caseworker, caseworker. Say a client comes and is dealing with a caseworker and they run into some concerns and just feel they're not being treated fairly by that caseworker.

Two questions I guess. What I would ask is how does SGI deal with a situation where there just seems . . . and if you get a number of complaints about a specific caseworker and people just feeling they haven't been treated with dignity. And I can appreciate sometimes caseworkers get a little frustrated because they feel that almost being taken to the coals by a claimant. But there certainly seem to be situations — and I've had some personally — where the types of comments certainly do not assist in dealing with the claim adequately where workers may take it upon themselves to maybe just speak out openly and really confront a client on that.

But what I would like to know is how are these situations dealt with and if a claimant was . . . just felt frustrated with the caseworker, would they be also possibly allocated another caseworker to see if there could be a more amicable, workable solution to the claim that they're facing?

Mr. Cameron: — I can answer that. Certainly where the customer voices a concern with the adjuster or the caseworker as you call them, it's looked at by usually the claims manager in that area. If it's a reoccurring or a personal sort of problem that's not going to work out we do reassign adjusters. It's not something we like to do in all cases because you could have I guess shopping going on continually.

We've also spent a fair bit of time and money on training last year, in customer service training not technical training, to help our adjusters better understand the customer, better appreciate what they're going through. And we believe some of that is starting to pay off now in that we're seeing some results in our surveys that there has been an improvement. And hopefully you'll see it in the number of inquiries you may receive at your desk that the customers are finding adjusters to be helpful.

And there'll always be cases where there will be personalities in dispute and that's where we ask our branch manager, our senior adjusters, to intervene.

Mr. Toth: — Thank you. In regards to SGI in dealing with claims too, and this . . . Here I'm bringing something I saw personally, I ran into personally. In regards to . . . It was just a minor situation I had to deal with but because I was in the city I went to a claims area. And to be honest with you I was appalled. I was about ready to walk out and head back home because I find better service at home than I do . . . and this was only . . .

To be honest with you I'm only dealing with one situation. I walked in the door and I don't know how long I stood trying to catch someone's attention. I finally caught the attention, I was assigned an adjuster, and then wasted about 45 minutes — in my mind 45 minutes is 45 minutes too much when I'm running some place else. Whereas if I'm at home and I run into a place like Kipling, the adjuster is there. I stand in line. If there's three or four people in front of me I know okay, it's going to take so long.

But the fact was I've been really pleased with the way the adjusters have dealt with situations at the local level, but I have to say just from personal experience at the client service centres I've run into in the city here, just seemed to me that there were too many people twiddling their thumbs, and the work wasn't getting done. I'm not sure if you get a lot of complaints like that. Unfortunately I'm raising a personal one. I just raise this as something to . . . if there's an area of complaints in that area just to be mindful of the fact that we would certainly want the customer to feel . . .

I guess what you say, well a customer comes in and they know that there's someone there to meet them as quickly as possible. If you see people busy that's no big deal. But when you see people walking back and forth from cubicles and nobody's really, what you can tell, is really doing . . . or ready to come and meet you, it's a little frustrating. And that's the area that I have a concern with.

Mr. Cameron: — I'm sorry to hear that because that was one of the things that we really were trying to improve last year was that when the customer comes in he has to be acknowledged within the first few seconds, because you don't get a chance to make a second impression.

Mr. Toth: — Well, and that may have changed because this is prior to . . . my personal circumstance is about a year and a half. So in that period of time some of those things may have already been addressed and I appreciate that.

Mr. Fogg: — We have now, in the city of Regina and Saskatoon and Prince Albert, hired people whose sole job it is to greet, meet the customer and explain the process to them. I know it was kind of confusing because you drove the car in and there was an appraiser standing there. They weren't perhaps top-notch customer service representatives.

But we've put all of our staff through customer service training — all of our claims staff, manager and staff. And it is probably the single biggest issue that the corporation is facing and

working on is how to improve our level of customer service, particularly in claims. Earl can tell you that. We've taken a lot of steps in this regard.

Mr. Cameron: — I'd like to invite you to come back and try our services again but I don't think that would be the right . . .

The Chair: — If we'd have to have an accident to accept that invitation, I don't think so.

Mr. Cameron: — Perhaps just for coffee, then.

Mr. Toth: — What I was going to say, if in the next year I happen to step on the road, so far I've been able to avoid them — I'll get to one of those questions in a bit. But I think that's excellent because you know in the business world and certainly we see it a lot. At Wal-Mart it's certainly shown that idea of having someone there to greet you and I think as a corporation we don't want to take, just because SGI basically in many ways has a monopoly, that we're just going to take our position for granted. We need to be out there and show the customer that we're there to serve and I think that's certainly important and I appreciate that.

Talking about deer. In the year, I believe in '96, there were a number of claims . . . in fact claims were up. For the year '97, were claims roughly the same as far as mishaps and claims in regards to wildlife? Were they — did they have . . . they increased, or with the milder year were we able to maybe have to see that reduced a bit?

Mr. Fogg: — I'll give you some figures here, Mr. Toth, and I can go back a bit. But in '93 the total collisions with animal claims were about 52,000; '94 it went to 56,000 . . . (inaudible interjection) . . . No? Oh, I'm sorry. Those are total payments.

In '93 we had 6,400; in '94 we had 6,900; in '95 we had 7,500; in '96 we had 7,900 and in '97 we had 8,000.

Mr. Toth: — So how do we explain — or is there any way you can explain why we are seeing more problems related to wildlife? Is that . . . I would say that in our area certainly I could see that with the amount it took a while for us to really have SERM acknowledge the fact that there were a lot of deer around. And certainly the area that I represent, there tends to be more bush in the area and as you're driving along, you're going to have them coming out of the bush. But is there anything that SGI can indicate why we would be seeing the increases or is there something that you can pinpoint that can be addressed to maybe address this situation?

Mr. Fogg: — This is a very difficult area. The animal collision claims run about 12 per cent of our collision claims annually. It hasn't really changed much. The claims have gone up and the percentage stays the same. There's a . . . I could give you a long story here or a short story, but there's a number of things you can look at doing and we have examined them because this is an issue certainly in the Scandinavian countries and in the northern U.S. (United States) states and in many of the Canadian provinces.

What we're using and what the Department of Highways is using is simply, right at the moment, warning signs and it's

debatable whether they work or not. There's just so many of them up. And it says, reduce your speed. And people after a period of time just keep right on driving.

The other . . . the one thing that probably works is fencing like they use at Banff but it's . . . it has to be a very high fence, very expensive. You need to then put underpasses, overpasses so the animals can migrate over the highways and even at that, even if you put up fencing, still the snow will build up and then the animals can get over the fence anyway and sometimes they're trapped between the fences and they can't get out.

The other one we've looked at is reflectors, mirrors so that when a vehicle travels down a highway, it'll hit these various reflectors and it'll look like a kind of a row of lights.

There's some debate whether that works or doesn't work. People who make them say that it's 90 per cent effective, but some of the U.S. states have tried them and say it doesn't work at all, so. And then you can get the whistles which no one I don't believe thinks works anymore. And the only other thing you can do is try and have lower speed limits where there are deer.

The one thing we've tried to do is to change the sort of the habitat along the highways. We've tried to put in shrubs that are non-edible for animals in between the highways and along certain of the ditches so that it doesn't attract the deer. But we only can do that in sort of limited areas because that also has a price to it.

I guess overall, other than slow down where there's animal crossings, I don't think there's very little else we can do. Try to make the public aware that this is a problem and there's a campaign out now, I think, Slow Down and Save A Buck, I think it is called. But we work with the Department of Highways.

But other than that, I have no really good answer for that problem.

Mr. Toth: — Well I realize it is a problem and certainly you try to keep your eyes open. Hopefully an animal's looking at you. You catch the reflection in the eye and then you spot it, but it's usually the third one across that you tend to catch. Can't see them all.

I agree with you. I don't know what to do, other than I guess talking to SERM and in cases where we do have high populations really possibly opening up, making a few more licences available to kind of have some control.

And on the other case — and this is an issue I've raised with certainly wildlife federation as well — is that where they talk of saving or looking after deer, and there's so much wildlife land that's highway property now, of suggesting that they even put aside some of their views and do a little cultivation further in, a lure crop, and then keep the animals off the road.

I think that's something and maybe that's something SGI could start talking to wildlife federation and SERM about and say, can we do something here that says we're going to keep the animals because they've got something here that appeal to them, they won't be out on the highway. That may be an area that we could

look at.

Mr. Fogg: — And we do work with SERM, we work closely with SERM to try prevent this because as I point out, this is costly to SGI for these types of accidents, very costly.

Mr. Toth: — Just a couple of questions in conclusion. The auditor pointed out and brings to the point here, and it's probably a point that all the corporations are dealing with, about obtaining cabinet approval before a subsidiary purchases shares in other corporations. What has SGI been doing to address that concern?

Mr. Fogg: — Well, SGI or I guess it's SCISL, a subsidiary company of SGI, wished to make a purchase in a crop hail company, approximately 30-odd per cent — 39 per cent I think it was.

We got an OC (order in council) to do that. Two OCs — one to put the money into SCISL, which we needed an OC for; and a second one which we were going to get the approval for SCISL to invest in a crop hail company. But I think, as the auditor points out, CIC advises that we did not need this second OC and so fine, we didn't get it.

Then now the auditor points out we should have had it at some debate. And now CIC has agreed yes, everybody's going to get this type of an OC. So of course SGI will do exactly the same. So it shouldn't be a problem again.

The Chair: — And just further to that, Mr. Fogg, the committee will be hearing from Mr. Wright of CIC again next week. And the whole question of the proper reporting relationship and the question of obtaining the necessary approvals and ensuring proper public disclosure will be addressed to Mr. Wright at that point. So we'll be able to make sure that everyone is singing from the same songbook and the same page.

Mr. Toth: — Thank you, Madam Chair. Just one final question — and maybe you've dealt with it in Public Accounts, and I'm not sure if you've had a chance to sit down with them — is the other concern regarding lists of persons receiving money and the amounts the persons receive following Pak's current minimum disclosure amount. Has that been addressed or where are we currently in that situation?

Mr. Fogg: — No, we haven't. That once again I think is something that is a policy issue of the Crown Investments Corporation, and as the chair has pointed out, this'll be something that is, I suppose, dictated to us by CIC, and we would like to do the same as the other Crowns.

I have to point out though it depends what information you're going to provide a list of payees. Because if you look at the auto fund what we're going to have is long lists of body shops receiving money. Certainly in SGI CANADA and SCISL you wouldn't want to be listing the names of claimants. They might choose not to buy their insurance from us.

So whatever is decided on this issue has to be . . . there has to be some discretion used on what kind of lists we would prepare.

Mr. Toth: — Madam Chair, just one question — a question of the auditor then. In regards to the comments by Mr. Fogg and your suggestion here. Are we talking, are you talking here of people employed with and working for SGI? Or as Mr. Fogg has indicated all the body shops and the companies that are providing services and receiving funds for the services that have been asked as a result of claimant procedures?

Mr. Pradhan: — Well, the payment that SGI makes to the auto body shop, we considered that to be part of the claim adjustment payments. And therefore those would not be required to be disclosed. What we are talking about here is administrative payments and payments to suppliers and payroll costs.

Mr. Toth: — Okay. That's kind of what I was reading it as too. And that's, I guess that was where the question is, payroll costs. And I raised it. I raised it a number of occasions because I feel, like for departments they basically have to list all their employees, employers, suppliers. However, Crowns aren't in that same situation.

And if I understand it, that's kind of where we're coming from, from the auditor's office as well?

Mr. Pradhan: — That's right.

Mr. Fogg: — And as I say I think that's, I suppose, up to this committee. But as far as SGI and SGI CANADA is concerned, we take our direction on this from CIC.

Mr. Toth: — And that's something we certainly can address with Mr. Wright a little more fully at, when we sit down with CIC again. Thanks so much.

The Chair: — Thank you, Mr. Toth. Mr. Osika.

Mr. Osika: — Thank you, Madam Chair. I'll be brief and succinct. Just going back to the deer problem. Some places I understand that in order to reduce speed they're going to put up cardboard replicas of policemen on the side of the highway — perhaps replicas of quantities of deer along the way will slow people down with those reflector lights on them.

I'm glad to hear you're addressing the appeal processes where they do need some improvements. The question: does the Ombudsman ever get involved in investigation?

Mr. Fogg: — Yes.

Mr. Osika: — Okay so that would be another avenue that people have access to. Thank you.

Do you carry out surveillance, actual surveillance of claimants in some cases or a number? And do you have any numbers related to . . .

Mr. Fogg: — We do, and have carried out surveillance.

Mr. Osika: — Is it a substantial number?

Mr. Cameron: — No, it's a very small number. Again it's people who our adjusters are suspicious of in that their injury is

minor and there seems to be some malingering; or a case of the injury doesn't seem to exist at all and it's being exaggerated. And in those cases usually what we do is an activity check. The person says they're not able to work and we're just verifying that with their employer. Or if they're self-employed, verifying whether they do any work at all.

Mr. Osika: — Related to that, what would it have cost you for private investigators? Or do you in fact use your own team of investigators, or do you hire individuals?

Mr. Cameron: — We have an SIU (special investigation unit) department. But for the actual surveillance we contract out and hire those people that have those sorts of skills. And I don't have the costs with me here today. I certainly could provide that.

Mr. Osika: — Would you please? Just what it cost you perhaps. We're dealing with '97, but any figures in that respect, whether it's increasing or decreasing.

Mr. Cameron: — It's actually decreasing because what's happening — we're finding is that as we run off our old tort files, our old liability files, in those cases we had spent a fair dollar on activity checks there for claims that right now are at the very youngest four or five years old, you know. So it is decreasing as we run those off.

Under the PIPP program there's less need for it, other than in those cases where someone is really making an attempt to defraud us. And I think there was a recent case just in Moose Jaw in the media where exactly that happened — someone was convicted of collecting income replacement benefits when in fact they weren't entitled to them.

Mr. Osika: — Well I applaud you for those efforts in that regard. I believe that agencies should in fact try and deter, or at least apprehend or carry out investigations in those areas where public money is being accessed to which people are not rightfully entitled.

You mentioned that you're in the process of considering the purchase of a hail company or buying into a hail company?

Mr. Fogg: — We had purchased 30-odd per cent of a crop hail company.

Mr. Osika: — Okay, I'm sorry, I misunderstood, Mr. Fogg. And is this . . . down the road is there any possibility or potential for competition with the crop insurance program in respect to . . .

Mr. Fogg: — Yes, maybe I could just explain what happened here. There was four small crop hail companies in Saskatchewan. There's the big ones — there's the Co-op and Saskatchewan Municipal Hail. But there was four small ones.

And some of them wrote business in Manitoba and some in Alberta. And the capital requirements by the province of Alberta and Manitoba had increased. The Superintendents of Insurance there had wanted 3 million in capital in order to write hail and these companies simply didn't have it. And so we met with the four companies and agreed that we would — at least

with three of the companies — that we would put some money in and we would form one larger crop hail company with these three small crop hail companies plus SGI CANADA or SCISL.

So we put some money into it. We really don't . . . We just were partners, I guess. I wouldn't say exactly silent partners; we had members on the board. And now we have one viable crop hail company — insurance company — located in Saskatchewan who's writing business in Saskatchewan, Manitoba and Alberta. And that is sort of how we got into the business.

Mr. Osika: — Okay. Again, is there any potential in the future to expanding that beyond just hail insurance as far as the agricultural field is concerned?

Mr. Fogg: — Well, if multi-peril crop insurance becomes available, I suspect this company — Palliser — would certainly be interested in doing that. We don't have that level of expertise at SGI CANADA so we rely on our partners to advise us in those matters. But they would certainly be interested in that, yes.

Mr. Osika: — I thank you very kindly.

The Chair: — Thank you, Mr. Osika.

Mr. Johnson: — Just one question related to the providing a list of expenditures. Would the other insurance companies that you are in competition with provide a public list of this nature? And if there are ones that do that, could you provide us with a list of the companies that do provide that?

Mr. Fogg: — I think I'm very safe in saying no other company would provide a list of payees.

Mr. Johnson: — No other company?

Mr. Fogg: — No other insurance company that I've ever heard of.

Mr. Johnson: — And except for the automobile accident insurance fund, all of what you do is in the field of . . . there are competitors that you are competing with then?

Mr. Fogg: — SGI CANADA and SCISL are both fully competitive insurance companies.

Mr. Johnson: — So what the Provincial Auditor is asking then wouldn't be normal to the business community that you operate in?

Mr. Fogg: — It would not be. It would be abnormal in the insurance industry — competitive insurance industry, yes.

Mr. Johnson: — Okay. Thank you.

The Chair: — Thank you. Mr. Bjornerud and then Mr. Kowalsky.

Mr. Bjornerud: — Just one quick question and it comes to our attention every now and then with the diabetes issue with insurance. And I believe last year it was reported by SGI that one out of 47 people with diabetes, when they go to apply for a

licence report that they have diabetes . . . And I guess you may know the cases, but there's been a few where insurance has been not easily obtained by people that have had accidents that have diabetes. Has that changed? Like, you just said the one out of 47 last year were reported. Has that number changed now?

Mr. Fogg: — The legislation has changed in that health care professionals, doctors — I guess in the case of diabetics you might need doctors — are obligated to report conditions where the doctor feels that the individual may not be completely safe in operating a motor vehicle.

So, and I don't have the exact figures book, so I would suspect that there is now more reporting than there once was.

Mr. Bjornerud: — I guess then I know the one case for sure we've had through my office was where the doctor actually said there wasn't a problem, but insurance was not . . . The person that had the accident could not have her claim worked on because there was a disagreement between the doctor, I guess, and SGI. And it seemed to be an ongoing problem; it's been resolved now. But I just wondered if this is an ongoing thing that's happening out there or not?

Mr. Fogg: — It shouldn't be a problem. The only problem that I can imagine would be where someone failed to report that they had a medical condition and then had a claim, and those are few and far between.

We wouldn't refuse insurance simply because, if the person obtains a driver's licence and has a good record, simply because they're a diabetic. We would not refuse them insurance because of their diabetes. They may be prevented from operating school buses or some type of thing like that.

But no, I can't think of an instance we would simply not provide insurance because they were diabetic.

Mr. Bjornerud: — We had one case where we fought for a long time. It went on for months before insurance was finally paid to this . . .

Mr. Fogg: — Well I say . . . the claim may not be paid. If they had diabetes and failed to report that to SGI and then had a claim, and we believe that the medical condition had some impact on that claim, yes, we may very well deny the claim.

Mr. Bjornerud: — Okay, that's good, Madam Chair.

Mr. Kowalsky: — Yes, thank you, Madam Chair. I notice from your annual report, 1997, that you mention that personal injury protection plan will be evaluated by an independent group from the University of Saskatchewan. I commend you on that. I think it's important for the company to get feedback of that type.

My question is first of all related to that. When do you expect that report to be done, completed, and finished?

And secondly, I also want to pass on to the board and to SGI that people in my community certainly are appreciative of the pilot project on acquired brain injury and it's something that's been . . . people with families and friends with brain injuries have been looking for that kind of help and it's just a

tremendous help. I notice it's a three-year pilot project. And my second question is, do you have any plans to evaluate that project and use something as a basis for continuation containing that project?

Mr. Cameron: — I'll try and answer both those questions. The university research should be released sometime early in 1999. It's a very extensive type of research they've taken. I think there's over 9,000 injured people in the data base and they're comparing both the tort system and the PIPP system and also the quality of life that people attain after being through those systems. So there's a lot of interesting research going to come out of that, and it's highly renowned throughout the world even by the World Health Organization. So we should see that early in '99.

The second question, the acquired brain injury. The three-year pilot is basically up. The evaluation results are in and that will go to our board this month as to where that's going.

The Chair: — Thank you very much. Are there any further questions by committee members? If not, Mr. Trew.

Mr. Trew: — Thank you, Madam Chair. I move:

That the Standing Committee on Crown Corporations conclude its review of the annual reports and financial statements of Saskatchewan Government Insurance, the Saskatchewan Auto Fund, and SGI CANADA Insurance Services Ltd. all for the year ended December 31, 1997.

I so move.

The Chair: — Thank you. I would put the motion by Mr. Trew. All those in favour, please indicate. Thank you. Hands down. Opposed? There being none, the motion passes unanimously.

Mr. Toth: — Madam Chair, something I neglected to do yesterday — I won't today — is to thank the board and executive officers of SGI for taking the time to come and be with us today. Also the auditors for their input in assistance. We appreciate it. Thank you so much.

The Chair: — Thank you. And as well on behalf of the Chair, I would like to thank you.

Before I ask for a motion of adjournment since we are clearly finished our business well before the hour of 5 p.m., I would recognize Mr. Atkinson from the Provincial Auditor's office.

Mr. Atkinson: — Thank you, Madam Chair. According to your agenda, I understand your committee plans to discuss the activities of SaskPower on November 30 and December 1 next week. To assist the committee, the Provincial Auditor is tabling a report of the results of our audit of SaskPower for the year ended December 31, 1997.

As part of our audit, we examined the documentation provided to the Channel Lake inquiry conducted by your committee, and the testimony of witnesses who appeared before your committee.

The contents of this report will also be included in the

Provincial Auditor's *Fall Report 1998 Volume 2*, and that will be tabled December 2, 1998 in the Assembly. We are providing this report to your committee so that our conclusions, findings, and recommendations are available to you in a more timely manner.

As you know, the Provincial Auditor's reports are automatically referred to the Standing Committee on Public Accounts. If you have any questions regarding this report, we'll be pleased to address them during the committee's meeting on SaskPower.

Madam Chair, that concludes my comments. Thank you.

The Chair: — Thank you very much. So there will be lots of heavy reading for everybody over the weekend, both to read the SaskPower 1997 annual reports, reread the Channel Lake report from the Crown Corporations Committee, and then read the Provincial Auditor's comments on Channel Lake.

Could I have a motion for adjournment, please.

Mr. Trew: — I move we adjourn.

The Chair: — Okay, it's been moved that we adjourn. All those in agreement? That motion passes.

We'll see you all on Monday at 1 o'clock.

The committee adjourned at 11:05 a.m.