

Auto Insurance Dare Hurlled at Opposition

By PAUL MOSS and BRIAN BUTTERS Times Staff

ed vocation," without compensation or kind of legal redress.

In referring to the powers the bill gives the cabinet to set a whole structure of regulations for administering public car insurance, the MLA said:

"A vote for this bill is a vote for legislation in the dark. It is just a rubber stamp to the authority of cabinet."

In a democratic society, he said, the public's business should be conducted out in the open and "not behind the secret doors of cabinet."

NO REDUCTION

Allan Williams (L-West Vancouver-Howe Sound) said there will be no significant reduction in insurance premiums under the new plan and that is why Strachan has been reluctant to talk about premiums.

Williams accused Strachan of "not knowing what he's talking about." The premiums for 1974 car insurance could be figured out on the basis of 1970-71 accident rate figures, he said. The government has all the computer facilities it needs available for its use but still has not been able to come up with figures.

The Liberal said the government is "abusing its power" by not merely forcing the insurance industry to comply with the recommendations of the 1968 Wootton Commission on car insurance.

"All the government had to

do was to regulate the industry as the royal commission recommended," Williams said.

Since the companies function under licences from the government, this could easily be done, he said.

HIT HARDEST

Williams also said it will be the small insurance agent who will be hardest hit by the legislation.

He said there is a possibility that the government will lower premiums immediately before the next provincial election, which he said would be using the insurance plan for "narrow political purposes such as we have never seen in the province before."

Health Minister Dennis Cocke vigorously defended the legislation, saying the people of the province had "asked, begged and insisted" that the NDP bring in government-run car insurance. Not to do so would be letting the people down, Cocke said.

He said the government knows better than to try to regulate the insurance industry by enforcing rules. This method was tried by the former government and failed, he said, as it has in other jurisdictions.

ROUTE CHOSEN

"We're going this route," Cocke said, predicting that before long other jurisdictions across North America will be sponsoring government-run car insurance as well.

Cocke said the rates which

will apply under the new plan will be "excellent" and commensurate with the situation which exists in the province in relation to accidents.

No insurance company in the world is in a position to be able to predict what rates it will be charging a year from now, he said.

Cocke added that the NDP does not support the position whereby capital in the form of car insurance premiums makes its way outside the province through the large insurance companies with headquarters outside Canada. Decisions affecting the companies are not being made with British Columbia in mind, he said, something which will change with the new plan.

TORY VIEW

Progressive Conservative house leader Scott Wallace said if the government-run plan is to offer lower rates and superior service, it should be able to survive in a competitive position with plans of other insurance companies.

He attacked the lack of choice available under the government plan, calling it a "complete and total monopoly" of the insurance business.

Wallace said Premier Barrett had gone on record during the election campaign as saying the government car insurance rates would be 20 per cent lower.

He criticized Strachan for the complete absence of figures for the legislature to use in discussing the plan. And he



COCKE
... route chosen



WILLIAMS
... why no figures?

said details of the "large financial enterprise" which is to be undertaken by the government should be made available.

LETTERS IN FAVOR

Gary Lauk (NDP-Vancouver Centre) said the government was faced with a choice of providing slightly lower premiums in a non-monopoly situation or "substantially" lower premiums with a monopoly situation. It chose the latter route, he said. He added that letters he has received since the plan was introduced have been running 95 per cent in favor of the government's position.

He was supported by Robert McClelland (SC-Langley) in urging the government to refer the two bills setting up the government-run insurance program to the legislature's standing committee on public orders and private bills.

McClelland noted that the legislation indicates a one-car family with several drivers may pay higher insurance premiums, and asked whether that would be three, six or 12 times more. He said it was impossible to debate the legislation when no one was told how much insurance was going to cost B.C. drivers in future.

COST ESTIMATED

Harvey Schroeder (SC-Chilliwack) quoted his own computations to inform the house that he had worked out what the average cost of premiums would be under the government scheme: \$136.70.

He said he arrived at the figure by taking a projection for the number of vehicles in B.C. by 1974 — 1,280,000 — and dividing that into the estimated \$175 million as the first-year volume of business to be tackled by the proposed Insurance Corporation of B.C.

Schroeder said sources in the insurance industry claim 70 cents in the premium dollar is returned in claims to the insured. The remaining 30 per cent is circulated through

the economy in the form of rents, salaries, promotions, dividends and so on.

However, translating that formula to the government's own figures, \$32.5 million (or 30 per cent of the estimated business volume) is swallowed up in administrative costs, he said. Assuming the average income of a British Columbian to be \$7,000 per annum, that \$32.5 million would be worth the equivalent of 7,500 jobs.

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