Auto Insurance Dare Hurled at Opposition

By PAUL MOSS and BRIAN BUTTERS Times Staff

After all three opposition parties in the legislature had launched a four-hour verbal onslaught Tuesday against the NDP government's public car insurance legislation, Premier Dave Barrett challenged them in turn to pledge at the next provincial election that they would repeal the legislation if elected to govern.

'Will you say that now? he demanded.

Barrett also promised that he would personally take out advertising space to list the names of all MLAs who voted against the legislation at this session, adding: "How's that for a threat?"

Amid loud applause from his party ranks, Barrett said: "This bill is here today because the people of British Columbia want it, and there is no question about that whatso-

MONOPOLY Throughout the afternoon of debate on second reading -approved in principle - of Bill 35, the Autobobile Insurance Act, there were repeated complaints from the opposition benches that the government-operated car insurance scheme will create an expensive bureaucratic monopoly. confiscate the private insurance industry in the province without compensation and deny B.C. motorists the right to choose private insurance if they are dissatisfied with the government plan.

The government was accused several times of deliberately concealing what the actual cost of premiums will be, although Highways Minister Robert Strachan had said Monday that information was not available.

STRACHAN SILENT

Strachan himself did not speak on Tuesday, his formal reply left in suspension until adjourned debate re-

Some of the most outspoken condemnation of the legislation came from Liberal MLA Garde Gardom (Vancouver-Point Grey), who predicted B.C. will face a \$7 million loss in revenues through taking over the private insurance industry in the province.

He said the loss would be sustained through cutting off an industry that provides taxes on premiums, income, sales and land from its gross premium income of roughly \$150 million. All those revennes, he warned, would "go down the drain."

Gardom said there is little doubt the legislation is designed to create "a total bureaucratic monopoly with the most enormous, inflexible and expensive bureaucracy that anyone in this province ever dreamed of ... ever night-

MIND-BOGGLING

He added: "We have got statism running wild. We will have administrative costs of the program that will be mind-boggling.

Ed Smith (SC-North Peace River) said earlier if the government-run auto insurance is as good as its backers claim, the government should let it stand on its own merits by competing in the open market with private insur-

He said the Socreds reject the scheme's "autocratic" approach to premium collections "Pay up now, in advance, cash on the barrel head" the sweeping powers enabling the government to cancel an agent's contract without notice or compensation, and also the suggestion that the house can't be told what the premium rates will be because these haven't been calculated. Smith declared the rates

that will apply in B.C. under the government scheme can be calculated by taking the rates for comparable coverage under the Manitoba government's car insurace plan and adding 40 per cent allow for the higher salaries prevailing here.

EMBARRASSMENT

The government, he said, is well aware what the premiums will be but doesn't intend to disclose them because of "embarrassment" that the public will realize that preelection inferences of \$25 per year insurance costs were nothing more than a myth.

"In my estimation this is nothing but a smokescreen,"

Smith said. Gardom said it is open to doubt whether government in-surance in B.C. will be any cheaper than is now provided privately, because there will be "hideen charges" through overlapping of agencies, personnel and supplies.

"We are going to find the taxpayers of this province indirectly contributing to the in-surance program," he said. "I can't see why the one million people in B.C. who don't have cars should be concerned about anyone else's

MORT, MORE

We are going to have more civil servants, more centraization, more buildings, more red tape, more rigidity,

By prohibiting private insurance companies from doing business in the province from next year, he said, the legislation seeks to impose "seizure of a legitimate, taxpaying, non-polluting, regulat-

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

"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 pub c'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 fereing the insurance industry to comply with the recommendations of the 1968 Wootton Commission on car insurance.

'All the government had to

pensation or kind of legal dustry as the reyal commission recommended," Williams

> Since the companies funtion 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 wid lower premiums immediately before the next provincial election, which he said would be using the insurance plan for "narro.v 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 "askerl, begged and insisted" that the NDP bring in government-rin 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 methiod 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 jurisdiction 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.

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 monop-

oly" 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



WILLIAMS . . . why no figures?

nancial 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 choice of providing slightly premiums in a nonmonopoly situation or "sub-stantially" 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

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 governnment scheme: \$136.70.

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, \$52.5 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 \$52.5 million would be worth the equivalent of 7,500 jobs.



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