

Claims and clunkers mount as ICBC strike wears on

'Real problems' not expected until after settlement

By JES ODAM

Damaged cars by the hundreds are overflowing storage lots run by tow-truck operators. Thousands more are sitting in their owners' backyards, incapable of being driven. And many bodyshops have either closed down for lack of work or are operating with a skeleton staff — sometimes just the owner and an apprentice.

It is all because the Insurance Corp. of B.C. — the government-owned company which has a legislated monopoly on auto insurance in the province — has been hit by a strike of its 1,800 unionized employees since May 29.

And the real problems are yet to come, according to employees, insurance agents, bodyshop operators and others in touch with the situation.

These problems, they say, will not surface until the strike is settled and the employees — however many are left by then — return to work. In more sections, 20 per cent of employees are believed to have found other jobs.

Already, it is estimated, there are some 130,000 claims which have been piling up since the strike began, on top of the 500,000 that were in the process of settlement when the employees walked out.

There are about 350,000 drivers' certificates due for renewal.

Some 300,000 vehicle owners so far have changed their addresses, their cars or their insurance coverage since late May, working through independent insurance agents who have remained open for business during the strike.

These changes also are piling up, waiting to be fed into ICBC's computerized records.

On its general insurance side, ICBC is faced with thousands of applications sent in by agents who have the authority to sell insurance for the corporation.

Employees now manning picket lines instead of inspecting these applications believe hundreds of them have been "dumped" on ICBC by agents taking advantage of the strike to find a home for bad risks.

ICBC is reported to have contingency plans for dealing with all its problems once its employees return to work. But it is not saying what they are.

Vice-president and general manager Norm Bortnick, after agreeing to an interview on the effects of the strike, cancelled it.

"He is going to be tied up in meetings," said ICBC spokesman Jerry Beckerman. Other ICBC executives were also continuously tied up in meetings, he added.

But sources outside ICBC said the contingency plans include an appointment system for nearly all claims centres in the Lower Mainland.

Motorists will be asked to phone in to get a time and place to meet an adjuster to talk about the damage to their vehicles,

any personal injuries and any expenses an accident has cost them.

Meanwhile, some damaged cars are being repaired during the strike — with owners paying bodyshops in cash and hoping ICBC will pay them back some time. Len Macht, a vice-chairman of the bodyshops division of the Automotive Retailers Association, estimates about 15 per cent of damaged cars are being handled this way — leaving the other 85 per cent as a growing backlog.

The backlog alone now represents about 2½-3 months work for the bodyshops in the province and will add to an existing problem in getting skilled labor.

Macht said it would also lead to chaos over spare parts. "The central warehouses of General Motors, Ford and Chrysler have not been pre-ordering anything because there is no way they can predict what they need," he added. "After the first week, 80 per cent of the parts are going to have to be back-ordered — and that takes two weeks to a month."

Macht said that even after the strike the bodyshops will likely want immediate cash from the customer rather than waiting for ICBC to pay up. "Our cash flow has to be maintained to keep us in existence. We are going to be looking at fantastic parts and labor bills and will have to have payment as close to job completion as possible," he added.

Bodyshops in Kelowna, however, are now reported to be prepared to let customers have their cars back on payment of the deductible amount only.

In a bid to get more work, they say they will bill ICBC for the remainder of the money—but add that if they do not get this in 30 days they will repossess the cars.

In pre-strike days, bodyshops reported it took 60 to 90 days for ICBC to pay them for a particular job, while they had to pay their parts suppliers in 30 days.

Another plan being discussed by some bodyshop operators is to allow customers credit for a short period, and leave them to try to collect from ICBC before the credit deadline is reached.

A customer who couldn't get his claim settled in time would have to come up with cash from some other source—such as a loan from a bank, credit union or other financial institution.

Macht said he had heard from some of his customers, who had settled with ICBC during the strike, that they had got loan interest payments included in their claims by shouting loudly enough.

He said he has also been told by his lawyer that ICBC will have to pay the \$20-an-hour rate now being charged by many bodyshops rather than the \$18.50 it has said it will meet.

The cars which are being fixed at the moment, Macht said, are usually those with damage which costs around \$900-\$3000

to fix. Cars with \$200-\$300 worth of damage are still being driven around; those in the \$2,000-\$3,000 range are sitting in storage lots and backyards with owners wondering whether ICBC will ever get them fixed or decide to write them off.

An insurance agent said some owners are taking the damage philosophically, commenting: "I wanted a new car, anyway."

These owners will be quite happy to see ICBC write off their old cars, he added.

So far ICBC has not announced any post-strike policies. It has not said, for example, whether it will pay interest on all bank loans, or cover storage charges — usually \$3 a day in the Lower Mainland — or pay for U-drive rentals and other expenses which have been increased because of the delay in settlement of claims.

In at least one case — Busters — ICBC pickets have prevented motorists getting damaged cars out of storage because tow truck drivers have refused to cross the lines to remove vehicles.

One woman — who said she wants to save ICBC the storage charges — said she had called 22 towing companies unsuccessfully in a bid to have her car towed home.

Members of the Office and Technical Employees Union—which represent ICBC employees—believe no one will ever know the full cost of the strike to the corporation.

This cost, they say, will be far more than the extra amount that appears eventually on employees' pay stubs.

Even before the strike began, a group of the employees said at a joint interview that ICBC's data system was so far behind that the corporation could not do a proper bookkeeping job.

"They can find out from the bank what they have taken in and what they have paid out, but they have no way of finding out what has happened in between," the employees added.

"There is an incredible waste of money that goes on . . . it is just written off at the stroke of a pen," they claimed. The employees said that when the strike began there was still a backlog of 100,000 applications for 1974 auto insurance which had not been entered in the computer because of errors in information.

"We had done only one or two test runs of processing the 1975 Autoplan applications," they reported. "We estimate there will be another 400,000 there that will not be accepted by the computer."

The ICBC computer is programmed to "kick out" any entries which do not tally with previous records. A clerk then has to go through these entries, find the reason and correct it. Each rejected entry is referred to as an error.



DAMAGED CARS OVERFLOW STORAGE LOTS . . . insurance strike in third month

—Dent England Photo

The employees said the 100,000 errors hanging over from 1974 were the hard-core — including some where ICBC's records show an owner with no car, although he or she is still driving around every day, and cars with no known owners.

They believe at least another 100,000 errors will arise from the changes by agents since the strike began — once processing of these changes begins.

All these errors have a snowball effect. Because the computer program demands information strictly in order, further changes to the coverage of owners of vehicles in these cases cannot be recorded until the original error is corrected.

So when a claim comes along, the adjuster may not be able to get up-to-date information out of the computer.

"If someone comes into a claims centre and says they have \$25 deductible on the car, when it is really \$250, there is no way the claims guy can check," the employees said.

"By the time the correct information is found the corporation just says oh well, and writes it off."

They said that if, to speed work after the strike, adjusters were instructed to accept what they were told by claimants, there would be "a horrendous rip-off."

The employees added: "Those people who have an inclination to file fraudulent claims are going to have a field day. Even before the strike there was a suggestion that there had been more claims for tape decks alleged to have been stolen from cars than there had been tape decks sold in the province."

They said ICBC had also been losing a lot of money because of anomalies in its initial rate structure. These anomalies — which go both ways — were not cleared up for the 1975 insurance year and now, the employees said, they will not be changed for 1976 either.

Furthermore, according to the employees, ICBC has already written off underpayments of 1974 premiums caused by miscalculations or wrong rating, on the grounds that it cannot go back to the vehicle owners now.

So the strike backlog will add a huge burden to an already over-loaded staff.

"Investigation of liability is severely hampered when there is delay," the employees say. "Witnesses cannot be located, for example. So you are going to find innocent parties who won't be able to recover their deductible and other expenses."

They are also concerned about what

will happen when police departments and doctors are deluged with requests for accident and injury reports.

"Before the strike it took three weeks to get police reports in some jurisdictions. Doctors traditionally have never liked the paperwork involved."

On top of all this, the dispute will leave a legacy of bitterness. And that could cost money too. "There was some esprit de corps to get the corporation off the ground; now it has gone," one employee said sadly.

"Last Christmas, in data processing, guys would work 24 or 48 hours straight off, go home for eight hours sleep and then come back, to cope with the rebate program. ICBC won't get that now."

Other employees said those who worked in the claims centres were particularly bitter. "They had worked under pretty poor conditions, in overcrowded trailers and out in the mud and rain. The input we are getting from them is that after the strike, requests to work overtime will be resisted."

One striker said: "The employees feel that even if they get all they are asking for, they have been let down. After they got ICBC going it is like the corporation came back and said thanks with a slap in the face."

Body shop operators in Kelowna to bill ICBC in spite of strike

Auto body shop operators in Kelowna will resume billing the Insurance Corporation of B.C. for collision repairs Monday despite the strike of ICBC employees.

But Len Macht, a vice-chairman of the body shop division of the Automotive Retailers Association, said operators in the Vancouver area will continue to bill the customer the full price.

"I don't see how it will help them to bill ICBC when it's on strike," said Macht.

Walter Assmus, body shop foreman at Jacobsen Pontiac Buick in Kelowna, said the shops there have decided to bill direct because customers are postponing work rather than pay the full price and some of the smaller shops are going broke.

He said some of the operators are planning to put a 60-day lien on the repaired car so they can collect payment for repairs if the bill is not processed because of the strike.

He did not know if his firm will do this.

ICBC has asked the operators to collect just the deductible portion of a repair bill and send the rest of it to the corporation, the procedure in use before the strike.

But this brought immediate warnings from the Office and Technical Employees' Union that this would be considered strike-breaking by the operators, and the body shop division of ARA resolved to bill the customer instead.

Union spokesman Fred Trotter said today the union has not had a chance to consider what action it will take in Kelowna.

Union officials there will be discussing the situation with the operators, and could end up picketing the body shops, he said.

Macht said one of the problems in billing ICBC during the strike is that the body shop operator isn't aware of all the circumstances of a collision, and the insurance corporation may refuse to pay a bill, as in the case where a conviction is made for impaired driving.

Rentalsman hits out at B.C. reporting standards

Rentalsman Barrie Clark lashed out Thursday at the B.C. news media and reporting standards in Vancouver and Victoria.

The former MLA and open-line broadcaster told a Kiwanis Club luncheon at the Hotel Vancouver that club members should tell the news media to upgrade their standards in hiring reporters.

And he said the calibre of reporters in the Victoria legislative press gallery should be improved because the public is "not getting the true story" on housing and other government matters.

Asked later to elaborate on his comments, the former Liberal MLA for North Vancouver-Seymour said the media seem to place more emphasis on "chasing police cars and ambulances" than on in-depth reporting of more vital and relevant issues, such as politics.

"If you want to perform a service, dig and tell the truth so the public can have the opportunity to think about it," he advised reporters.

In telling about 50 persons what he has learned in more than a year as rentalsman, Clark said he now knows he must be "very careful" not to let the press place him in a position of confrontation with the provincial government.

He complained that statements attributed to him in a recent interview with the Province newspaper were distorted by other publications and the electronic media. One headline suggested he was "attacking" the government for some of its policies, he said.

Clark said he was once interviewed by an ill-informed reporter "from the major TV station in the area" who did not know

what his (Clark's) position was, what the duties of the Rent Review Commission were, or even what the provincial rent increase ceiling (10.6 per cent) was.

He said if reporters don't adequately research their facts, "don't lead with your mouth open."

An open-line host with CKWX for more than 15 years, Clark told his audience: "I can never go back to do a talk show — I can't go back to pretending I'm a know-it-all."

The rentalsman said the current housing situation is the "most volatile, most emotional issue" in society.

"People will resort to anything to keep their shelter," said Clark, adding that he has been threatened more in the last 10 months than he had been in his six years as an MLA and three years as an alderman in North Vancouver district.

Clark said high mortgage costs and federal income tax legislation, rather than the NDP government, are responsible for the lag in construction of new rental accommodation. "I'm absolutely convinced of that," he said.

Clark cited a case in which he said a banker gave a \$3,500 loan to a 19-year-old man toward purchase of a 1975 Mustang Mark II. Bankers such as this are "irresponsible," he said.

"My father told me, 'son, don't get married until you get enough money to buy a house,'" he said. "I didn't take his advice and I (later) had a hell of a time buying a house."

Clark said if banks don't voluntarily reduce their lending for products such as expensive cars, the government should take action.



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