

Insurance agents may get break in auto bill



By ART MCKENZIE

B.C. auto insurance agents were mildly encouraged Monday when Highway Minister Bob Strachan told them he expects an amendment to the Automobile Insurance Act "in regard to selling agencies."

The new monopoly Insurance Corporation of B.C. (ICBC) provides that agents' licences will not be transferable and no compensation is given agents who choose to get out of the auto insurance business.

The effect of these provisions is that an insurance agency business without a transferable licence becomes an article that is not saleable,

and no compensation is offered these agents. The government will take over the auto insurance industry March 1, 1974 when the giant ICBC goes into business.

The minister's guarded statement that he expects the legislature will make changes as a result of representations made to the government by the Insurance Agents Association of B.C. drew applause from 500 agents, among them many openly hostile to the minister.

The 2,000-member agents' association expects to lose one third of its "insurance market" because its members will not be able to write insurance on new vehicles or commercial vehicles, as the regula-

THE PROVINCE BUSINESS

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Tuesday, March 13, 1973

tions now stand. And they expect their premium income will be cut 50 per cent by reduction in commission rates and volume of business.

For these reasons, briefs to the minister of highways by the association have stressed amendment on these main points — size of the insurance market and non-transferability of their licences.

The minister said he recognized the role of agents serving the insurance business in B.C., and he hoped that in coming months he and they would "continue to meet face to face so together we can work out a procedure that will serve the requirements of the legislation, will best serve the public, and will provide agents with reasonable expectation for their future in B.C."

When the highways minister ended his short talk to the agents, their president, William Hamilton, thanked him and said: "The minister's speech has given us some hope for the future, that it is not all dark for us..."

"And I hope we will be able to meet with him from time to time to clarify some points in his speech today."

of the mammoth task the government is taking on in setting up — overnight — Canada's largest general insurance company.

"The chore of training sufficient personnel to market insurance for one million vehicles is, frankly, beyond comprehension."

"The only logical source of manpower in the province is the 'independent agency force'. It is, therefore, evident that we have a service to offer that is essential to the success of the government plan, and for that service, the agents deserve reasonable consideration."

Agents starting now face shrinking 1973 income because since the ICBC is to take over March 1, 1974, they are now

starting to write policies for less than a year and will end next January writing policies for periods as short as 30 to 60 days with corresponding reductions in premium insurance and in commissions.

Under the ICBC, motorists will buy their insurance policy at the same time they renew their licence plate stickers. They will buy it from their own private insurance agents or directly through government offices to be set up throughout the province.

Individual agents will have until Oct. 1 of this year to apply for licences as agents representing ICBC. If they choose not to participate in the new plan as agents, they will be forced to rely for their revenues on other types of insurance.

Banks launching new credit card

By BOB SHAW

The Bank of Montreal and La Banque Provinciale du Canada have joined to issue a new international bank charge card, called Master Charge.

Master Charge will compete directly with the five-bank ChargeX card, it was announced here Monday by Robert J. Kayser, senior vice-president, B.C. division of the Bank of Montreal.

Both banks, said Kayser, had been invited many times to join the ChargeX group but decided to introduce their own card.

"We believe there should be competition," he said. "We

will make our own decisions on discount procedures, merchant structures, how and to whom the card will be issued. We took the hard way. The easy way to get into charge cards would have been to join ChargeX. But they wanted a high price from us."

The two banks will design customer services linked to the charge card service in the future without having to conform to those of a larger banking group, he added. These could be such things as a single statement for a charge card and chequing account.

Kayser said the Bank of Montreal here will contact

merchants during the summer to sign them up for acceptance of Master Charge and will begin issuing cards to consumers in the fall. It is expected that the system will be in full operation for this year's Christmas shopping.

The Master Charge originated in the U.S. where it now has 27.6 million cardholders. This compares with 23.3 million holders of BankAmericard, the U.S. counterpart of ChargeX, according to figures furnished by the Bank of Montreal.

The Master Charge system is part of the Interbank Card Association, a non-profit international organization of banks

formed to provide an interchange of credit cards worldwide. Interbank has members in Europe, Japan, North and South America, which recognize Master Charge on an interchangeable basis. It has some 31 million cardholders and 1.3 million merchant outlets at which Master Charge is recognized.

The Bank of Montreal has 1,100 branches in Canada and an international division. Assets are \$11.7 billion. The Provincial Bank of Canada (the anglicized name) has 275 branches in the eastern provinces, a foreign office in New York and assets of \$1.7 billion.

The Bank of Montreal, said

Kayser, feels that, with Master Charge, it can "fly its own flag," whereas it would tend to submerge its identity in the larger ChargeX group.

The cost to merchants of most charge cards is 2 to 5 per cent, depending on volume of business, he said. The cost to the card holder is nothing on full monthly settlements but interest is charged when the card is used as a credit instrument. "We'll compete in both these areas," Kayser said.

The Bank of Montreal's Bankcardcheq is a different instrument, providing a guaranteed cheque and limited short term credit. It will continue in operation.

The agents applauded generously. However, during the minister's speech there were outbreaks of groaning and derisive laughing.

Strachan read a newspaper report purporting to describe the Manitoba (Autopac) government insurance as "virtual confiscation."

A heckler then called: "You'd make a good carpenter, buddy."

Strachan replied: "I have always been proud of my ability as a carpenter. I've never been ashamed of anything I've done in political life. Everything has been done face to face, on top of the table. We tell you what we intend to do before we do it, not afterwards."

He got some boos and laughter when he said agents told him the insurance companies they represented did not feel they had any responsibility for the agents facing business disruption and income reduction.

"You don't have to believe me if you don't want to," Strachan called to the hecklers.

They sounded off again when he read a newspaper report of Sept. 9 saying the \$135 million B.C. car insurance industry would be able to adjust to the takeover, and another story dated Sept. 27 saying that with few exceptions, leading insurance men insisted that their companies will continue to operate very much as usual and with a minimum of staff dislocation.

The proposed government-operated ICBC will be in general insurance as well as in auto, fire, homeowners', tenants' packages and other personal lines.

The auto insurance part alone involves 1.3 million drivers, one million vehicles and several thousand agents.

The sheer size of ICBC is staggering. Alan Finnie, retiring president of the agents' association, wrote in its official publication:

"We have not been unaware



ALBERT HALL

B.C. bank pair guests of Peking

Two senior officials of the Bank of British Columbia are visiting Peking this week as guests of the Bank of China.

Albert Hall, chairman and president of the Bank of B.C., and Peter Darling, assistant general manager, international, were scheduled to fly to Peking Sunday from Canton. They will be in Peking until Thursday.

They left here last Thursday at the invitation of the Bank of China. They will be back in Vancouver at the end of March.

Hall established a correspondent relationship with the Bank of China two years ago, while on a visit to Hong Kong.

The B.C. bank and the Bank of China have been doing some business both ways in letters of credit and remittances with the Bank of China's Hong Kong branch.

Strachan hits hot liner land 'hysteria'

"Hot line radio big mouths" and people "still angry about the results of the last (August) election" are responsible for the furor about the proposed B.C. Land Commission, Highway Minister Bob Strachan said Monday.

Strachan told the 25th annual meeting of the Insurance Agents Association of B.C., the radio "open liners" whipped up hysteria on the subject.

Really, Strachan said, these talkers were hysterical about their ratings.

He said the act does not allow confiscation, that there is "\$80 million in that act for purchase of land, and only by agreement with the owners."

Also, people disappointed with the NDP taking power and Social Credit losing it make "deliberately misleading statements" about the act.

Petroleum seen as target NDP blamed for well halts

The Canadian economy will suffer if governments and ecology groups continue to subject the petroleum industry to punitive taxation and interference, an industry spokesman said Monday.

In a speech to a Canadian Electrical Association meeting here, the managing director of the Canadian Petroleum Association, D. B. Furlong, criticized recent actions of the four western provincial governments.

The British Columbia (NDP) government, he said, has caused cancellation of several drilling operations by announcing a doubling of royalties on oil wells.

Furlong suggested that the real impact of the higher royalties, which amount to 30 per cent of wellhead prices, will be felt five years from now, when the cancelled exploration and development is needed.

"These new royalties create a situation where, on the average, they will be almost 50 per cent greater than those in effect in Alberta and Saskatchewan.

"Most people don't realize that to date the provincial government of B.C. has collected \$7 cents from every dollar generated by the industry in various forms of leases and taxation."

He also expressed concern about increases in royalties in Alberta and Saskatchewan, plus the planned Saskatchewan Crown corporation which

would compete with private companies is searching for oil and gas.

On the Manitoba government's appointment of former cabinet minister, Eric Kierans, to do a study on the mining industry, Furlong commented:

"He says these recommendations are not nationalization but from the media reports they seem to be confiscation of legitimate interests. I hope

U.S. wheat still barred

WINNIPEG (CP) — The Canadian wheat board has not authorized imports of United States wheat into Canada and has no intention of doing so, G. N. Vogel, chief commissioner of the wheat board, said.

Vogel's statement was made in reply to reports and advertisements being carried in some U.S. weekly newspapers suggesting that the Canadian wheat board would consider importing U.S. wheat to expand Canadian wheat exports.

"There is no basis for this suggestion," Vogel said. "Our wheat supplies are ample to meet the expanded export program we have under way and we have no need or intention of allowing imports of U.S. wheat to supplement this program."

the Manitoba government keeps a cool head."

He also criticized native and ecology groups that are protesting plans to develop northern oil and gas.

Furlong summed up his criticism of governments by saying:

"There is a natural tendency for all governments to look around for new sources of revenue. There would seem to have developed in the public and government mind the idea that the oil and gas industry is a fat cat, that it has not made a substantial contribution to Canada and that it can and should be milked to the last drop without damage to western and Canadian development.

"This, in my opinion, is most unwise and wrong.

"Our industry has made a very large contribution to western development and to the health of the Canadian economy. It can make an even greater contribution in the next 25 years.

"But it will not be able to do so if it is faced by continuing misrepresentations of its motives and by punitive taxation, delay and interference."

If the petroleum industry is not restrained, Furlong said, it will be able to discover and develop vast new sources of energy in Canada.

"The CPA forecasts the potential of conventional oil and gas in Canada, including the

Arctic and eastern offshore, as 140 billion barrels of oil and 725 trillion cubic feet of gas, which means that in the next 50 years or so we could find seven to 10 times our present reserves."

This, he said, does not include the Athabasca oil sands, containing an estimated 300 billion barrels of oil, or shale oil in Saskatchewan.

"In my opinion, Canada, as regards energy now and in the future, is in a very attractive position. We may have a glut of energy supply again between now and the year 2000 but since our U.S. neighbors have such large appetites, we should be able to deal off our surpluses at attractive prices and with considerable benefits to Canada."

He warned, however, that "all this may not happen if our people and our governments are not wise and prudent."

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