

I am pleased to see that the Premier of Ontario has acknowledged the serious problem which the Hon. Member for Winnipeg North (Mr. Orlikow) has raised in the House, but nevertheless I believe it is up to the provinces to come to grips with it.

Finally, even if the federal transfer payments growth rate were to be reduced, the payments themselves will continue to increase, at least at the same rate as inflation. I hope the provinces will still be able to control their health care costs and yet meet the needs of their citizens. The Minister has assured his provincial colleagues that the federal Government, ever respectful of provincial jurisdictions, will continue to work with them to meet the challenges we must face with respect to health care system.

● (1810)

[English]

INSURANCE—MUNICIPALITIES' DIFFICULTIES IN OBTAINING LIABILITY COVERAGE

Mr. Alan Redway (York East): Mr. Speaker, we have a gigantic problem with liability insurance. It is so great in fact that a Montreal economist, whom you know very well, Mr. Speaker, Dian Cohen, referred to it as a national disaster.

I suppose the problem started a few months ago and showed up in the trucking industry when it was having difficulty obtaining liability insurance. Since that time there have been increasing problems in this whole area. In fact, around the Christmas season we found an increasing number of activities which were having a great deal of difficulty getting any form of liability insurance; either they could not get it at all or they had to pay an exorbitant premium to get some form of liability insurance.

The most pressing area at the moment is the municipalities across the country. In my own municipality we are having enormous problems with the whole area of obtaining liability insurance. In fact, in Metropolitan Toronto, five of the seven separate municipalities—that is, the six area municipalities and the Regional Municipality of Metropolitan Toronto—are without any form of liability insurance at the present time and have been without liability insurance since January 1. The Municipality of Metropolitan Toronto, the City of Toronto, the City of Etobicoke, the City of York and my own home municipality, the Borough of East York, are without any liability insurance and have been since January 1. Fortunately, the other two area municipalities in Metropolitan Toronto, North York and Scarborough, have liability insurance, but they have had to pay a very substantially increased premium over what they had been paying.

I hear reports that this is not just a local Metropolitan Toronto problem; in fact, it stretches right across the country. There were reports in local newspapers over the weekend that neither the City of Vancouver nor the City of Victoria have any liability insurance whatsoever. Apparently the City of Calgary has insurance, but the price of the premium is up substantially even though it has had to cut the amount of

liability coverage. The City of Regina also has had some difficulty getting liability insurance. It has it but at a higher price. This is a problem right across Canada. I believe *Montréal Nord* has the same problem. This indicates that it is a national problem, not a local problem in any way, shape or form.

Also, it is quite clear that the difficulty faces not only municipalities. School boards as well have this problem. For instance, in Ontario they are required to have liability insurance or they are not supposed to open their doors. What is happening, because they cannot obtain any legitimate form of liability insurance, is that they are paying a premium to get \$1 million worth of coverage but the coverage also provides a \$1 million deductible. Many school boards in the Toronto area are paying something like \$25,000 for an insurance policy with \$1 million coverage but with a \$1 million deductible. It means that they have absolutely no insurance. Day-care centres are also having this problem. In my own municipality the family day care service apparently as of February 28 is not going to have any liability insurance coverage at all, and the Cradleship Creche, another organization with substantial day care centres, also is not going to have any liability insurance at all and faces the prospect of closing down altogether. School bus companies have the same problem. So it is truly, in the words of Dian Cohen, a national disaster.

● (1815)

What is the problem? It has been variously described in a number of ways. First of all, it has been suggested that the problem lies with some of the very substantial court judgments that have been handed down recently. For instance, there is the case that has been pointed to time and time again in the City of Brampton outside Metropolitan Toronto of the rider of a trail bike who was injured and the courts awarded that person some \$6.3 million, against the City of Brampton. That is the classic case held out as an example of why liability insurance companies are no longer prepared to provide this form of insurance. Is that the real answer?

I saw a report in the weekend paper of a United States court decision as well where a young boy attempting to break into a public building fell through a skylight in that building and was awarded damages by the court, even though he was in the act of breaking and entering. So that is the sort of thing that we are faced with in the courts.

The Minister of State for Finance (Mrs. McDougall) indicated that part of the problem lies in the undercapitalization of these companies. Another Member suggested that maybe we need a new reinsurance scheme and that the federal Government should be participating in that reinsurance scheme. A number of suggestions that have been made. It has been suggested that we should be putting a limit on liability. In a case like the one in the States with the break and enter and the boy being awarded damages in that situation, it seems to me to make some sense that we should be considering some sort of limitation on liability. Another suggestion of the Minister was to improve the capitalization of the insurance compa-