

Narrator: Arnold Affleck (AA)

Company Affiliations: Grain Insurance & Guarantee

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Summary: Former president of Grain Insurance & Guarantee Arnold Affleck discusses his career in insurance related to the Canadian grain industry. He first describes his career path towards the senior-most role at Grain Insurance & Guarantee, as well as the major changes in the company at the time due to the sale of Federal Grain to the Wheat Pools. He shares the history of the company being formed by private grain companies to insure country grain elevators due to the susceptibility to fires, and he explains the importance of the inspection division for keeping the company afloat. He explains the process of a country elevator inspection, investigations into the elevator managers, as well as the process of recovering grain after an incident. Affleck recounts his own work to diversify the inspection branch of the company due to rapid grain company amalgamation, as well as the implementation of new rules for country elevator repairs. Other topics discussed include their lack of interaction with terminal elevators, members of the board of directors from the grain companies, investor meetings, interactions with the Canadian Underwriters Association, and the other insurance organizations for the Wheat Pools and multinationals like Cargill.

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Time, Speaker, Narrative
NP: Nancy Perozzo on November 27, 2013, and today's interview is taking place in St. James area of Winnipeg. I will have the person that I am interviewing today introduce himself and his connection to the grain industry.

AA: My name is Arnold Affleck. I was in the grain industry starting with Grain Insurance and Guarantee in 1970, retiring in 1993. We insured, initially country grain elevators in Western Canada, and terminals in Thunder Bay as a participant that was about it for this stage.

NP: Great! Several years back I learned of the existence of specialized insurance for the grain trade, and so I have been trying to track down someone such as you to learn more about it. Before we went on tape you said you grew up in Manitoba. Did you grow up in rural Manitoba?

AA: Yes, in Killarney, Manitoba.

NP: On a farm?

AA: No, in the town. My mother was widowed. I was the youngest in the family. My brothers and sisters of course moved away, so when I graduated from high school, mother and I moved to Winnipeg and that was the start of it. Then I started in the insurance business.

NP: At that time, you were working for what company when you first started?

AA: The North British and Mercantile. After the merger with Commercial Union is when I got transferred to Saint John.

NP: You were transferred to Saint John, but you spent most of your career related to the grain industry in Winnipeg. How did you get back here? What happened?

AA: I came back as the executive assistant to the president until he retired. Then I succeeded him. It was quite a shock because up to that time, the principal shareholder was Federal Grain with about 50 percent of the shares of the company. They sold out to the Pools. All of a sudden, our business was cut in half. It is interesting because at that time I had been working on expansion plans, and they would always be, "Well let's have another study. Let's have another study." Of course this came from Federal. They knew what they were negotiating with the Pools.

It enabled us to work on expansion plans, and we extended that from the grain business to trying to do a specialized thing because we had this inspection unit. We got into retail store chains. We got into churches. We got into funeral parlours. I know some of my peers and competitors would say, "Geez Affleck, do you know what you are doing? You are cutting this and cutting that." We were making money all the time because of our inspection service. That was carried over from the grain business. Going back in history

of that, the company was formed in 1920. Prior to that, the insurance companies were charging exorbitant premiums because the grain companies were having elevators burn right and left. So, at that point they decided to form their own company, and that is when the inspection unit was formed. That worked out very well.

Of course, things have changed in the business since that time. When I came there in 1970, there was something like 4,200 primary grain elevators in Western Canada. Now there are probably about 500 to 600, if that. This company grain insurance just changed its name because the grain business was representing such a small portion of its total.

NP: I am going to go back because in the last couple of minutes there are all kinds of stuff that you have tossed out that I would like a bit more information on. First of all, I started asking the question of how you got back from Saint John, New Brunswick, to Winnipeg. What was the company that you went to in Saint John with?

AA: Commercial Union.

NP: Commercial Union, and then a job came up in a different company?

AA: Grain Insurance.

NP: Was it just called Grain Insurance or did it have a--?

AA: Grain Insurance and Guarantee. That was when I got the call asking if I would I be interested because they were looking for a replacement for the president.

NP: Who was the president at that time, do you know?

AA: Jack Timmerman.

NP: Okay. Yes.

AA: Here is a man 104 years of age. It is the good life he leads, I guess. He was swimming and swimming competitively until about three years ago. The doctor told him to quit. He said, "You already have four world records. What are you expecting now?" He is still going strong!

NP: In 1970, you replaced him?

AA: Yes, I replaced him in 1974, when he retired.

NP: You mentioned that that company was formed in 1920 exclusively to insure--?

AA: Just the country grain elevators and shareholders.

NP: Country grain elevators.

AA: That is all it did—company grain elevators and surety bonds and of course grain stocks for the shareholder companies. At that time there was something like about 34 or 35 shareholder companies, and now I think there's four. That's the way amalgamations have gone!

NP: That's right. Let's go back to those early days when you first started. I had asked you a question at the beginning of the tape whether you had grown up on a farm, and you said no. You were in the town of Killarney. Once you took this job with the Grain Insurance and Guarantee Company, what did that job entail, before you took over for Mr. Timmerman? What were you doing?

AA: I was the branch superintendent of the company in Saint John, and I was slated to take over the branch manager's job in a couple of years.

NP: Okay, but you came back here instead?

AA: Yes.

NP: When you came back here, did you come back into the senior management job of the Grain Insurance and Guarantee Company?

AA: Yes.

NP: What did the office look like at that time, number of employees? You mentioned various divisions?

AA: There was probably about maybe 30, but that was mostly the [inaudible] Inspection Bureau, which was our inspection arm and they had something like 12 field inspectors and of course the office staff to administer. We had about eight electricians. We did electrical inspections and also work on elevators. The grain trade used our electrical department for their construction work, at that time. We disbanded the electrical division because of the elevators being reduced in number and the grain companies wanting to use local contractors because it was handier and probably cheaper in the long run, too.

NP: Tell me more about the inspection department. What specifically did they do?

AA: First of all, I guess just about every inspector had been an elevator insurance manager prior.

NP: Elevator insurance?

AA: No, an elevator manager. They would do about four physical risk inspections a year. They would do a very thorough job. We had a demerit system for elevator managers. So if things were wrong, they would get demerited, and we would do personal inspections on them, too, as to what their drinking habits were, et cetera.

NP: Really?

AA: Sure. Any new elevator manager, when the bond application came in, they would go and scour the neighbourhood, see friends, and contact references. Drinking in elevators was strictly taboo. That worked our extremely well.

NP: You said they did four inspections a year. Was that four inspection of every elevator?

AA: Yes.

NP: You started to talk about the number of elevators when you first started.

AA: Yes, that's right. In the whole system, there was about 4,200. We insured about half of those. And half of those was Federal Grain. When they sold out, boy, that was decimating!

NP: That was a big item.

AA: Yes.

NP: You mentioned the Pools. Did they have their own insurance arm?

AA: Yes, they did. They called it the Pool Insurance Company. I think it has gone kaput now.

NP: Where were they headquartering in?

AA: Winnipeg.

NP: In Winnipeg as well. Did you know who ran that operation?

AA: Yes, we are good friends!

NP: Is he still around, too?

AA: I don't know. It goes back over the years.

NP: What was his name?

AA: I can't even remember now. [Laughs]

NP: You are like me. The names don't come.

AA: It goes back so long.

NP: Yes, it does go back so long.

AA: Yes.

NP: These Pool elevator guys, the managers who became your inspectors, did you recruit them?

AA: Yes, we would. I can't remember just exactly how I went about it. I guess a lot was word or mouth and so on. We would have one, or somebody would retire, and we would have to go out and find another one.

NP: Would they be mostly people that had retired from the grain-elevator manager job?

AA: No, these were very active people, maybe in their thirties or forties when we hired them.

NP: Did you ever go out on inspections?

AA: Oh sure.

NP: Tell me how a physical inspection worked?

AA: When I first came to Grain, I said I would like to find out what makes this place tick. I would go out to an elevator and sit there for a day and see what went on and have a good conversation with the elevator manager. He would explain how they operated, how they did this and how they did that, and the rest of it. So, I got a very good feel of how the elevator system worked and what went on.

NP: Did the inspectors have to get down and dirty like crawl into spots?

AA: Oh, you bet.

NP: What can you tell me about that?

AA: You have to go down in what they call the boot, which is down at the bottom, and then you go up to the top. I can remember, after being out for two or three days on one of these things, and I came home and I had the coveralls on, and one of my kids said, "What's this dad? I mean, where he was working before, what is he doing with this on?"

NP: From your suit to the coveralls! [Laughs]

AA: It was quite an experience.

NP: What did you learn about the operation of those elevators because you would not have been familiar with them not being a farm guy?

AA: Of course, in the country you see what is going on. Although I remember as a kid, I would be visiting my uncles and my cousin who was older than I was. He would be driving the grain truck. I would go with him to the elevators. I was just a kid at the time, but I remember going and getting that, and of course there was a team of horses, too, that we took the thing.

NP: Yes, back in the 1930s, I guess?

AA: Yes, that's right. In the elevator, you see the truck comes in, what transpires. You take the weights. You take the grade. You tell the farmer what you graded it at, what your dockage is going to be. Then after you have weighed it, you give them a grain ticket which is like cash.

NP: What hazards were the inspectors looking for in the country elevators?

AA: Cleanliness, wiring and just overall eliminating any hazards that they might see. It used to be a joke that an inspector would be going down a line, and they said that if you are down there and you see dust flying out of the elevators because they heard the inspector was coming.

NP: So, their housekeeping improved?

AA: Yes. Our approach was, well, that it was great. It was getting done!

NP: Did you find there was quite a difference in standards of various--? Was it companies or managers that determined the standards?

AA: We determined what the standards were, and they were complied with. It wasn't very often that someone got demerited. The elevator managers were quite conscious of it because any demerits reflected in their bonus.

NP: Okay, good system!

AA: The companies paid attention to that.

NP: As far as the other investigation, the personal investigation, how did people react—both the people being investigated and also the people when you go out and check with neighbours—was that a touchy situation?

AA: I don't think so because small communities you are pretty subtle about it. You say to somebody "You know Harry so-and-so?" They say, "Oh yes." They may touch on what his drinking habits may be or anything else. By in large, they all came through highly regarded.

NP: Ever any incidents that you can recall that didn't work out so well?

AA: Not that I am aware of.

NP: That somebody had to actually be dismissed because of--.

AA: No, I don't think so. The grain companies are pretty careful who they hired as well. I mean, they are the ones who did the hiring. When we came on the scene after we got the bond application was to check, to see what the background was. That was all.

NP: This bond that you mention, the CGC required elevators to be licensed. Did your work overlap with theirs in some way?

AA: Not really because we issued those bonds. It was money from heaven because if the companies did something wrong and we had to pay, we could go back and claim from the grain company. Their financial situation was such that was a no brainer.

NP: You mentioned in your introduction that you did the inspections on the prairie elevators, which were mainly wooden structures, but you also did inspections on the terminals?

AA: No, we didn't do the terminals.

NP: No?

AA: When you got to the terminals, that was a pretty big thing back in that time anyway. Grain Insurance didn't participate in the terminals of Thunder Bay. Although, we had another subsidiary called Grain Insurance Brokers, and we placed the insurance with private insurance businesses, insurance companies. It wasn't until latterly that Grain Insurance started to insure the terminals. Now I find that the company insures for Richardson's, Parrish & Heimbecker, Paterson's, and I don't know what else. They insure them 100 percent with reinsurance. But it is interesting in that respect because I recall when we were trying to place reinsurance on the terminal elevators, and we were having some difficulty because I think Lloyd's of London now were equating it with the American system. At that time, the American grain trade didn't have a very good experience with--. They were having explosions. I was able

to convince the Lloyd's Brokers that Canada has clean grain. The Americans can sell dirt to the elevator, whereas we have a cleaning system, and what we deliver to the terminals and what they export is clean grain.

NP: You managed to convince them?

AA: Yes.

NP: What difference did that make the fact that Lloyd's was able to--?

AA: It just meant that we got the coverage and the terms better.

NP: Not a bad thing.

AA: That's right.

NP: How costly was insurance?

AA: It is not costly, no. I can't remember what the rates were. The rate on the grain terminals is not high. I can't remember what it was.

NP: Other than explosions like fire wouldn't be too much of an issue because of--.

AA: To my knowledge, there has only been one explosion and that was at the Paterson elevator in 1954, I think. It wasn't earth shattering, but it was an explosion. It ran into hundreds of thousands of dollars. But that was it.

NP: There were two others previous to that in 1945 and 1952, but they were Saskatchewan Wheat Pool elevators, and they were deadly. They lost, I think, in total maybe 30 people, before the dust control situation. Over your career—now you started in 1970 which in my estimate is just recent, recently—dust control, what was it like then and did it change at all over your time or had they already gotten pretty good control of it?

AA: There were no changes, to my knowledge anyway.

NP: The Grain Insurance Brokers—and let me see if I have got this straight—the Grain Insurance Brokers that handled the terminal elevators, they would shop around to place the insurance on the terminals with various private companies. Did certain private companies specialize in terminal elevators?

AA: The only ones that I know of were Parish & Heimbecker, Richardson's, and Paterson's. I don't think the other ones at that time had terminal elevators.

NP: By that time, there were not very many.

AA: The rest were the Pools or UGG.

NP: This is a question that might be relatively difficult to answer given how far back I am asking you to go. But you had said, was it 34 companies? Did you say or something like that?

AA: It was something like that.

NP: Can you remember some of the names of the companies that were functioning when you first started?

AA: When I started, they were down to five or six. This is when the company was formed in 1920. They had 30-some private grain companies and all those elevators, and they got through amalgamations. Like Inter-Ocean, they amalgamated in the '70s with Richardson's. Parrish & Heimbecker took over Ellison, and there were a few others, too, that cut it down.

NP: Considerably. But the Federal sale to the Pool, even when I think of the terminal elevators in Thunder Bay, that really took over a number of elevators that were all built by different companies.

AA: I remember Timmerman was beside himself when that happened. He said to me, "I would never have brought you here if I had thought this was going to happen." I said, "This is now an opportunity. We can expand into other areas." That is what we did!

NP: Good thinking! It worked out well. The Grain Insurance and Guarantee Company, I think it did just change its name did it not?

AA: To Wynward.

NP: Was that just within the last couple of years?

AA: In May.

NP: I have a question about the kinds of records that were kept because oftentimes what we find--. We are especially interested in terminal elevators. We like to see who owned what and when and who sold to whom. I would think every time there was a turn over there would be some kind of record change at the insurance level. Did you keep an archives or did all the papers get tossed?

AA: At one time, I guess they did. But to my knowledge nothing has been done in years. I used to have a monthly letter. It was mainly for field staff, so they knew what was going on. My successor cut it out.

NP: You didn't keep any copies for yourself?

AA: No.

NP: Ah, darn.

AA: I never thought of that.

NP: Did they keep the same offices, or did they move around? That is often what happens is once they move, they chuck anything they think is not--.

AA: They are still in the same office in the Grain Exchange Building.

NP: Are they?

AA: They were until maybe 10 or 12 years ago. They moved to the Richardson Building.

NP: They probably just emptied the files and tossed out your newsletters.

AA: I think so. They didn't save a heck of a lot. What we had in there was all close calls. We would record what were close calls that didn't end up being a loss.

NP: What would be some examples of close calls related to the elevators?

AA: It could be all of a sudden, they found a fire starting and were able to put it out, this sort of thing. An interesting part of this whole thing is we were having difficulty with welding losses and not the proper precautions taken in welding. So, I proposed a suggestion that if they had a fire from welding there would be no insurance coverage. I knew that wouldn't wash, but it stirred the pot. So, I amended it and said, "Okay, if there is a loss from welding, we will impose a \$500,000 deductible." That went over. One of the things, criteria, we had was if they were doing welding, they had to have the supervision of one of our inspectors. Cargill who were at that time—still are I guess—"We are Cargill. We do what we want. Nobody tells us what to do." This came across from Cargill operating people and fortunately one of the directors was a Cargill VP of Finance, and he said, "That is all very fine. But," he says, "you are the ones that have been causing all the welding fires." Which was true. It came from the welding construction, the Cargill construction people. That was just an interesting sidelight.

NP: The board of directors then was made up of the representatives from the various grain companies?

AA: That's right.

NP: Can you think of who was on your board when you were there?

AA: When I first joined it was Cy Leach, who was the chairman, and of course it was Federal and George Sellars was the vice chairman. He was Federal. And there was Heffelfinger, National Grain, before Cargill, and of course Bill Parrish, Don Paterson. Paterson. What the heck was his name? I can't remember it now.

NP: John? There were two of them. Or Don. It was either John or Don.

AA: It was Don. He was the Winnipeg guy. Then I thought it was time to expand to bring in an outside director. So, I brought in Lawrie Pollard. Just after I took over, Bill Parrish became the chairman.

NP: What was the thought behind bringing in a person from outside the industry?

AA: I thought it would be nice, seeing as we were expanding outside, to have something that you bring something in other than the grain trade, and he was a good director. I don't know to this day who the board is. Nobody publishes anything anymore.

NP: You noticed.

AA: Yes. Mind you, I am still on the pension committee. The Province of Manitoba brought in legislation that you had to have a pension committee. Apparently, the company said, “We are federally licensed. We should not have to.” I said, “It doesn’t matter. You have to.” You had to have somebody from outside, so I was voted from the retired employees to be their rep, and then there is an employee who was voted on by other employees, and there is someone from the company, the board. So that is the Pension Committee.

NP: The make-up of the board of directors were competitors. So how did that work?

AA: The grain trade is very friendly, the same as the insurance business. We would have an insurance managers’ meeting once a month. We would have very frank discussions, and we would say, “You have to watch such and such a broker because he says such and such, and this is what is going on here and what is going on there.” We would pick each other’s brains. We were all very friendly. We would have a couple of golf tournaments a year and so on. The grain trade is the same way. They would all congregate in the “Mousetrap Club” for coffee in the mornings. It was quite a close group.

NP: Were you part of the “Mousetrap Club?”

AA: No. I was invited, but I didn’t go.

NP: What kinds of issues did the board have to deal with or was it just pretty much, “Let’s see if things are going along smoothly?”

AA: Investment portfolio.

NP: Tell me more about that?

AA: We had a chap from Richardson’s who was very astute as an investor. We did our investment portfolio extremely well under his guidance. He has a very simple formula—50 percent equities, 50 percent bonds. The equity side would be 25 percent preferred, 25 percent commons. On the bonds side, it would be 25 percent government bonds, 25 percent corporate bonds. It worked out very well. It [inaudible] in the market quite well.

NP: During your time, which was ‘70 to ‘93, you went through a pretty good time for investment returns.

AA: That’s right.

NP: Was there every any issue with that? I am thinking now someone I knew who worked for the Workers Compensation Board, and they of course had the same kind of thing where they had a portfolio and there were some pretty scary times. Was it fairly steady and just a nice, pleasant bulge?

AA: Yes, it was steady. As I say, this guy from Richardson's, he studied this investment scene. I remember my secretary took some papers over to his house to be signed, and there he was at the kitchen table. He was surrounded by investment stuff.

NP: What was his name? e deserves to get credit if you can remember his name?

AA: I know his name so well.

NP: It will pop into your head at some point. Let's not worry about it. What size of portfolio?

AA: At that time, it was about \$5 million and is growing and growing since then.

NP: Was that profit used to pay out claims or was there a profit paid out? And if it was paid out, how did they pay it out?

AA: We paid out very good dividends and that was from operations, not from the investment side, but just from operations. With the exception of one or two years, we always had very good underwriting profits. I guess we lost \$100,000 one year.

NP: Which in the overall scheme of things is pretty small?

AA: That's right. Another year, we lost a little bit more, but that was it. We always had very good underwriting profits. I had the theory that let's not get hung up on the expense ratio. Let's get hung up on losses. We spent a lot of money on inspections, but it paid off. The same thing when we went into the retail stores, the churches and so on. We had the inspection system going.

NP: When you had brokers, the broker arm, Grain Insurance Brokers, did your inspection staff still do the inspections on the terminals or was that somebody else's responsibility?

AA: We never did the terminals. The Canadian Underwriters Association did that.

NP: Oh, did they? Do they have an office here?

AA: No longer. I think it's faded.

NP: Is there somebody from your era who was working there, who is still around?

AA: Not really.

NP: No.

AA: Our VP of finance just retired last year, but I hired him in the early '80s. The only other person maybe Allen MacLeod who use to be our chief inspector. I don't know what the state of his health is these days either. That's it.

NP: When you say Canadian Underwriters Association is--?

AA: I was a member of what we called the board companies—the stock companies.

NP: If I was to look them up on Google, I might be able to trace them?

AA: I don't think it exists anymore.

NP: It's not around anymore.

AA: They may now have the Insurers Advisory Organization, which is an offshoot. That is all it is for members. But everybody has gone its own way. The Canadian Underwriters Association going back initially, they set rates for the member companies, and you had to follow those. My first job was with Western Canada Insurance Underwriters Association and companies submitted copies of their policies for approval. That was years and years ago. Now everybody does their own thing. But the Insurers Advisory Organization is there to give them information to help them and take it from there.

NP: What impact did the Canadian Underwriters stating rates have? Was there any opposition on the part of the people buying insurance?

AA: They could always go to the mutuals if they wanted to.

NP: There was competition there somewhere?

AA: You go back and there were I think 300 plus insurance, general insurance, companies doing business in Canada. Now there again it is a fraction of that. In Winnipeg here, we would have maybe a dozen or more branch offices. I think there's two or three now.

NP: I went off on a tangent, but coming back to the dividends that were paid out, it wasn't a public share. The dividends went to the grain companies?

AA: Yes, the shareholder companies.

NP: Which were essentially at that time the grain companies?

AA: It is still that way.

NP: Even with the change of name?

AA: Oh yes, with the change of name they are still the shareholders. The reason for the change in name was because the grain side of the operation is now down to a very small proportion, considering it started out being 100 percent.

NP: Considering they went from 6,000 maybe at the height of the time of the prairie elevators down to I think to 200 or 300 now.

AA: That's right just a fraction.

NP: That was happening I guess gradually throughout your time so as that was decreasing, you were building the other side?

AA: Yes.

NP: Were there many losses related to the prairie elevators?

AA: Laterally, no. We didn't have. My god, if we had one a year, it was an exception. The biggest one we had was up at Peace River and that would have been I guess in the '80s. It was our first million-dollar loss in the country grain elevator system. I went up there to see what it was all about. Other than that, it was a few hundred thousand.

NP: Why such a high loss there? Was it not the typical wooden elevator?

AA: It was a good size elevator, and it was full. It was interesting in that this happened in January. I was up there, and you try to get local people to salvage the grain. There was a minimum-security prison up there, and the fire chief was a deputy warden. He said, "Look I can get you all the help you want." He said, "These guys will do anything, and it doesn't matter how cold it is, to get out of that place." I remember they were sitting around having coffee one day, and one said to the other, "Harry, if you ever get me involved in another fight again, I will throttle you." That is the type of things they are in there for.

NP: Tell me a bit more about the recovery of product? You said you usually use local people. Let's say an incident occurs.

AA: The first thing, of course, the fire department responds, and you know that it is going to be a total loss. So we would try and convince them to save their water for adjoining properties and let this thing burn because we don't want all that water spoiling the grain. We want to salvage it. It would burn around the grain so we would get in there and salvage the grain as much as we could. We would get a pretty good price for the salvage.

NP: Was smoke damage an issue then with grain?

AA: Of course, it was salvaged grain and so you would have somebody perhaps a feed lot or whoever it was who would buy it. You couldn't ship it. You couldn't export it, but it had a value.

NP: Who would establish the value? What kind of technical person would establish it?

AA: Just a bid.

NP: Oh, just a bid.

AA: Just a bid.

NP: Were there companies or individuals that followed the disaster from disaster to bid?

AA: There is a guy south of here that use to like to get the salvaged grain. He is usually the best. That was just to mitigate the loss.

NP: What kind of equipment did he use? Nothing fancy? Do you go with shovels?

AA: No, not really. He would buy it because we would salvage it. We would supervise the salvage by hiring local people—people with machinery, people with labour or whatever the case might be.

NP: What happens? The notice comes in that there has been an incident. Take it then through the technical steps of it.

AA: First of all, you would hear about the fire. First thing we would do is dispatch the local inspector up there to see what is going on, and he would be there to do something and to supervise the salvage operation.

NP: Did you have to locate other space for the salvaged material or was it just put on the ground?

AA: It would be taken out and put on the ground until you get it into some kind of conveyance to get it out of there.

NP: The conveyance would be supplied by the person who bid?

AA: Yes, and there would be trucks or whatever.

NP: You didn't have to locate a place to put the grain elsewhere while you found somebody to buy it?

AA: That's right.

NP: Good. Was there a time of year more than another where you could expect to have fires?

AA: I guess, not really. One of the things that they had earlier on was lightning fires. We had very stringent restrictions as to how lightning rods should be installed, and this was another part of the inspection. We would hire university students in the summertime to go and either install or improve the lightning system. But that was a very important part of it.

NP: You have a lightning rod and what else is part of the system?

AA: The lightning rod up there is installed properly. We had an abandoned elevator in Alberta, and thieves came and stripped the copper off the system because of the price of copper. Eventually, it burned down but that was no loss as it was an abandoned elevator anyway.

NP: There is a lightning rod that goes up and then wires to the ground?

AA: That's right, it is grounded.

NP: There was a lightning strike in Thunder Bay this year that hit a smokestack. It was no longer functioning in the elevator, but it had been standing there for 100 years. I sure wish they had had the lightning rod on it, because it just demolished it, and they had to take it all down.

AA: I can't think of any particular time of the year because laterally the incidents of an elevator fire was hardly ever happened, compared to many years earlier when they had the old gas driven machinery. That is when you had the fires. When electricity came in, that took away that hazard. That was a big thing.

NP: That had all taken place before you came into the business?

AA: Yes.

NP: Did Mr. Timmerman ever talk of stories about his early days and what differences there was in the industry versus when you came in?

AA: Yes. He started in the grain business. He was an elevator manager. He came into the organization and became manager of the Affiliated Inspection Bureau. That was a subsidiary our inspection organization. He was the one who really established that and got it going. He formed the electrical department and so on. When the president of the company was killed in an air crash, an Air Canada thing—that would have been back in the early '50s—they made him the general manager of Grain Insurance and Guarantee. He didn't know anything about the insurance side, but we had Jim Krome who was the insurance man really who ran Grain Insurance Brokers. So he had to rely on him for the grain side of it, but he learned fast. Then when I came in, I was the one who had the insurance background. He and I had a very good relationship! We thought along the same lines, and it worked out well.

NP: Nice to work at a place where people like each other and can work well together.

AA: It is great to have a place that you like to go to work.

NP: Yes.

AA: I can't think of how awful it must be when you hated to go there every day and get up and "Oh, god, I have to go to that place."

NP: I think it takes a toll on your health.

AA: I think so.

NP: Have you pretty much talked about all of the changes that occurred over the time you were there?

AA: Not really no.

NP: No?

AA: People that I was working with. They have retired now. There is only one person left in the organization that goes back. We bought an agency in 1998 or something. One of those individuals is there now. She serves on the pension committee, too.

NP: Yes.

AA: We bought them, and the man who headed that he became my successor.

NP: You bought them for any particular reason, or did they specialize in anything?

AA: Yes, they specialized in insuring carnivals.

NP: Well, that is an unusual one!

AA: They had an inspector for that, too. He went around and he did the inspections, and there again that is something everybody avoided. Another thing we did was mobile homes. Nobody wanted mobile homes, and they were doing a good job of that!

NP: You were good at identifying niche markets.

AA: Absolutely!

NP: And recognizing they shouldn't have been avoided as most companies did.

AA: Yes.

NP: Well, the unknown.

AA: But if you are going to go into it go into it in a big way. You can't dabble.

NP: The funeral parlour was one that you said you worked with as well. That was a good pick.

AA: One of the first things we got into was churches. I was approached by a broker in Saskatoon, and we were doing him something else, a store thing. He said, "What about churches?" I said, "No way would we touch churches." He said, "Will you listen to me?" I said, "Of course." He had a program with the Lutheran Churches in Canada. When he was through, I said, "Oay. That started it all.

We went into a whole bunch of denominations. The one thing that we didn't do was Roman Catholic, Anglican, or United churches because they had the old cathedral-type buildings. The Lutherans and the Apostolic and all these others, they had the nice, new, modern churches and some of my competitors said, "Affleck insuring churches? Nobody insures churches."

NP: Probably those other churches were the ones that tended to hang around, because the major congregations have been shutting down a lot of churches.

AA: That's right and they were the ones that had the big, old, cathedral-type of old churches.

NP: What would you describe as major challenges that you had over your time?

AA: Oh gosh! I guess the first one was after the Federal Grain thing was where do we go from here, and how do we get out of this mess? I guess that was the main one. I can't think of anything else.

NP: How did you approach that? Did you have a business plan to say, "Oops, we have a real problem here?"

AA: I had plans to expand and shut it off until after the Federal thing became a reality. The other directors were prepared to have us go and expand. So that was it.

NP: You mentioned your members of the board and one of the people that you mentioned was Sellers.

AA: Right.

NP: Are there any members of that family still around? Do you know?

AA: Not that I am aware of.

NP: We have tracked down, went and interviewed Stuart Searle down in Georgia, I guess.

AA: Is that where he is now?

NP: Yes. We also interviewed—there were the Searles and Leach—interviewed Mr. Leach here to so we were able to track them down.

AA: Gus Leach?

NP: Yes. But we have not been able to track down any of the families.

AA: I don't think there are any here.

NP: Yes. I would like to get a bit of their history.

AA: I liked him. He was a good guy. Boy, was he ever right on! He was so astute. I admired him.

NP: What were some indications would you say, "Oh that guy knows what he is doing?"

AA: He could just seem to hit on something. At a board meeting and he would cut through the ice.

NP: The kind of person that—there’s a lot of discussion—and they can come up with two sentences that clarifies the whole thing, that kind of guy?

AA: Yes, that’s right and of course he did extremely well. He pioneered the oil business in Alberta. Everything he touched seemed to work out.

NP: Who was on your board from Richardson’s or was there anyone?

AA: I am trying to think of his name.

NP: But not somebody from the Richardson family, so not George Richardson? Someone in the Pioneer division probably?

AA: No. The one that was there initially--. I am trying to think of his name, too. He had been George Richardson’s—back to the original—his secretary, and they were looking for someone to take over the grain operation, and he said, “I would like the job.” So he was given it. He was very astute in investments, and he also was ahead of the game when it came to the elevator system in the country. As an example, WWII came along, and he said, “We are going to have a grain storage problem.” He was the first to start to building annexes. An interesting sidelight to him, when I was being interviewed, he was the chairman. So Cy Leach said, “So tell me Mr. Affleck, what have you been doing as far as community activities?” So I listed a few and I said, “Quite frankly most of the things I have been doing have been for selfish reasons.” I thought [inaudible] that I can get out of here. This guy spoke up and he said, “I see what Mr. Affleck has been doing, and he hasn’t had time for that kind of nonsense.” He had two interests in life apparently, and that was grain insurance and the Richardson grain trade. So then the other question was, “Why do you want to come back to Winnipeg?” I said, “I don’t necessarily, but I will go anywhere if the money is right.” I thought, well I have killed this thing, and I can get out of here.

NP: They appreciated your honesty.

AA: Yes.

NP: Anything else about wartime storage? I have a particular interest in it because when we lived in Winnipeg between 1973 and 2000, we lived in Wildwood Park, and I did a history of Wildwood Park along with our members of the community. The story was that Mr. Bird of Bird Construction had purchased lumber from the grain storage that was built in the terminal elevators.

AA: Yes, it wouldn’t surprise me.

NP: I have been trying to track down and trying to find out how the elevator sold off the excess lumber, once the storage crisis was gone.

AA: I have no idea.

NP: These little stories.

AA: Yes.

NP: Any other stories you would like to talk about?

AA: I think that is about it.

NP: Yes. A question I ask is, "Canada has been pretty successful as an international grain trader." Do you agree with that one?

AA: Yes.

NP: When you think about your part in the complex that is the grain industry, how would you say that your business, your part in it contributed to Canada's success in the grain trade?

AA: Stability. We gave stability as far as an insurance market was concerned, which doesn't exist all the time in other businesses or other jurisdictions. The grain companies, themselves, saw that when they formed their company, and the Pools followed suit.

NP: Your operation was in existence before the Pools even started up, really?

AA: That's right.

NP: What was the reason for the private companies coming together and could they not have insured themselves?

AA: At that time, no, they couldn't, because now we have got into companies forming a captive, in [inaudible] Bermuda or someplace. That was what Cargill has done in the States. They have a captive insurance company, and it does all their American business. If they wanted to come to Canada with it, they would have to be licensed and so on. So they are quite happy with the

country elevator system and happy to be all part of it, because they took over from National Grain, which had that. We fronted for their captive on their Canadian operation, I think, in their eastern terminals and other businesses that they have. We fronted for them for a fee. So that gave them the entry.

NP: They weren't on the board? Did they have a member on your board?

AA: Oh yes as a matter of fact, after Cargill bought National Grain and of course they took over. I came across their president out skiing in Jasper, and I said, "Do you realize that with your purchase of National Grain, you just bought 17 percent interest in our company?"

NP: That was a bonus!

AA: And of course they had a director.

NP: I should ask this question. When the company was first set up back in 1920, was it a single ownership company or was it set up as what amounts to a cooperative private?

AA: It was set up as a shareholder company. But it was managed by an outside agency at that time. That went on for a number of years, until the mid '30s when they decided that they would run their own operation, so they hired a president and a vice-president from this agency to run the new company under a different administration.

NP: When it was first set up, was it set up by a conglomerate of grain companies?

AA: Yes. They were all suffering from trying to get insurance paying exorbitant premiums. So they all jumped on board, and they all get together. Now who spawned the idea, I have no idea.

NP: You said in the 1930s because of all of the company's collapses, I guess, what was the change there?

AA: They set up their own administration. They hired an outside agency as a management company. This was their own, but they hired these two individuals. I would go back into the records. The manager was hired for \$15,000 and the assistant for \$7,500. Some of the young people say, "My god!" I said "Do you realize that at that time you could buy a nice house in River Heights for \$5,000?" So it is all relevant.

NP: A very nice house for that if you are looking at the 1930's. Wow!

AA: I remember Cy Leach's house on Wellington Crescent was built in the 1930's for \$75,000, and that of course in the millions now.

NP: Yes, quite amazing and beautiful houses.

AA: That's right.

NP: When you think back on your career with the grain insurance company, what brings you the most satisfaction? What you were most proud of?

AA: Of the constant years of profit and growth.

NP: Given what you have said, without the decisions that you made that growth and profit was not a guarantee, because of what was happening in the industry?

AA: Yes. We, the industry, went through some pretty tough years. I am talking about the insurance industry. We went through it unscathed.

NP: Yes.

AA: That was good!

NP: Yes, great. One other thing before ending the interview, in the letter that you received we noted that we were trying to establish a grain industry activity centre in Thunder Bay to recognize the importance of the industry to Canada, past and present. The insurance area is not something that people would not pop to mind immediately when thinking about the grain industry.

AA: I wouldn't think so. It is just a housekeeping thing.

NP: Yes, but pretty important one. Is there anything that can be featured that you can think of if such a centre comes about?

AA: I can't think of anything specifically, no, that would be of any great interest.

NP: Very important piece, but very difficult to popularize.

AA: That's right. It is necessary.

NP: I would like to thank you very much for setting time aside to share your story. It really fills in a nice piece of our puzzle.

AA: I am sorry that I might have not been too much help.

NP: Oh no, everybody's piece is important. So thank you.

AA: Thank you.

End of interview.