

## MANITOBA PUBLIC UTILITIES BOARD

Re: MANITOBA PUBLIC INSURANCE CORPORATION (MPI)  
GENERAL RATE APPLICATION FOR  
2015-2016 INSURANCE YEAR

Before Board Panel:

Karen Botting	- Board Chairman
Regis Gosselin	- Board Member
Anita Neville	- Board Member
Susan Proven	- Board Member
Allan Morin	- Board Member

HELD AT:

Public Utilities Board  
400, 330 Portage Avenue  
Winnipeg, Manitoba  
November 4, 2014  
Pages 1208 to 1423



“When You Talk - We Listen!”



1 through the -- through the last few years, and we've  
2 been addressing some different reserving issues, you  
3 know, with -- whether -- whether it's auto reserving or  
4 duration, as they come up. And, yeah, I -- I don't  
5 know. From -- I can't really explain the business's  
6 perspective but that's -- that's mine.

7 MR. BYRON WILLIAMS: Okay. Thank you.  
8 We're going to just go to the duration issue and have a  
9 bit more conversation there. And I'll ask Diana to  
10 pull up the transcript of your discussion with Ms.  
11 Grammond from October 29th at page 1,027.

12 And, Mr. Johnston, it's lines 1 to 16,  
13 in particular eleven (11) to six (6) -- sixteen (16)  
14 that we'll give you a chance to just take a look at.

15

16 (BRIEF PAUSE)

17

18 MR. BYRON WILLIAMS: And, Mr. Johnston,  
19 the concern you're flagging on this page is the concern  
20 with certain type of IRI claims that are staying open  
21 longer than they're used to.

22 Would that be fair?

23 MR. LUKE JOHNSTON: Yes. I'm looking  
24 at the percentage of IRI claims relative to the total  
25 number of IRI claims that are still open at different

1 stages of -- of their lifetime, so to speak.

2 MR. BYRON WILLIAMS: And if -- I'll  
3 direct your attention to the bottom of this page, being  
4 page 12 -- 1,027 and then roll over to the top of page  
5 1,028. Mr. -- Mr. Johnston, at line 25 you can see  
6 that -- that's perfect, Diana -- you're talking about  
7 putting in a plan to essentially start benchmarking  
8 experience based on pre-system targets.

9 Do you see that, sir?

10 MR. LUKE JOHNSTON: Yes, I do.

11 MR. BYRON WILLIAMS: And, Mr. Johnston,  
12 could you understand how that statement might be  
13 puzzling to some who would have expected benchmarks to  
14 already be in place?

15

16 (BRIEF PAUSE)

17

18 MR. LUKE JOHNSTON: So the -- the new  
19 system -- again it's my understanding that there are --  
20 I believe it's ICD-10 guidelines for -- return-to-work  
21 guidelines that case managers have. And again, from my  
22 perspective, what I brought forward to the business is  
23 my view of duration and to show what I'm seeing in  
24 terms of how -- how claims are staying open.

25 So clearly the goal of BI3 isn't to just

1 maintain old benchmarks, like -- or maintain things the  
2 way they -- they were. What we started doing is to say  
3 -- you know, and -- and sometimes there's a -- you  
4 know, a translation issue between the actuarial  
5 department and the claims department. We don't  
6 necessarily speak the same language.

7                   But what we're doing is we're putting  
8 the benchmarks based on the way that I see them for  
9 financial reporting purposes, and we're starting to  
10 track the performance relative to those benchmarks  
11 based on pre-BI3 experience. So at least at a minimum,  
12 from an actuarial basis, we -- you know, we can target  
13 to meet and then exceed those benchmarks.

14                   There's -- there's other benchmarks that  
15 the business uses for all other types of case  
16 management issues that I -- you know, I'm not as a --  
17 that are necessarily needed by me or used by me, but  
18 there's others that we could probably provide. But I -  
19 - I don't enough knowledge to speak intelligently about  
20 them.

21                   MR. BYRON WILLIAMS:    Mr. Johnston,  
22 you're describing my entire legal career.

23                   So bef -- before we get to the -- the  
24 non-actuarial part of the team, for -- did I understand  
25 you correctly, for financial reporting purposes you've

1 recommended a return to the pre-BI3 guidelines, sir?

2 MR. LUKE JOHNSTON: No, we wanted to  
3 make sure that there was a clear connection between the  
4 business and the financial implications (sic) of  
5 their decisions.

6 So in terms of BI3 implementation, I  
7 have no doubt the -- you know, the -- the injury claims  
8 management department was doing everything that they  
9 thought they needed to do to make this successful. And  
10 then you have the actuary over here saying, Oh, you  
11 know, like, my numbers are going up and I have to post  
12 higher ra -- like, so we wanted to bridge those  
13 together and make sure that the benchmarks they were  
14 seeing were the ones that were really -- that -- you  
15 know, that mattered on a financial basis, as well.

16 If you're a case manager, you might have  
17 guidelines, let's get, you know, income replacement  
18 payment out within a certain number of days. And  
19 that's a really important benchmark to you, and you'd -  
20 - you know, you do it, you get it in. You know, Yay, I  
21 did -- you know, I met my benchmark.

22 But from my perspective on it, I'd be  
23 saying, You're paying a lot more money, you know.  
24 Like, Why are -- you know, why are you still paying  
25 these claims, et cetera?

1                   So we needed to merge the benchmark so  
2 what the business was doing was also consistent or  
3 working with our financial benchmarks as well, and then  
4 that they understood what -- how -- what they were  
5 doing would -- might impact our financial results, and  
6 then the forecasting as well.

7                   MR. BYRON WILLIAMS:     Mr. Johnston, I  
8 wonder if by way of undertaking you can provide, just  
9 using your language here, the benchmarks that you're  
10 employing on a financial basis based on the pre-system  
11 targets?

12

13   (BRIEF PAUSE)

14

15                   MR. LUKE JOHNSTON:     Yeah. Yeah, we can  
16 do that.

17

18 --- UNDERTAKING NO. 44:     MPI to indicate the  
19   benchmarks employed on a  
20   financial basis based on  
21   the pre-system targets

22

23 CONTINUED BY MR. BYRON WILLIAMS:

24                   MR. BYRON WILLIAMS:     And going to your  
25 evidence again, lines 10 to 14 on page 1,028.