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Loss Prevention Strategy & Framework for Manitoba Public Insurance

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Executive Summary

Manitoba Public Insurance has historically engaged in a range of loss prevention and reduction activities that independently, carry the objective to reduce the number and/or the cost of claims to the Corporation. These programs vary in their structure, management and contribution to the overall return on investment to the loss prevention portfolio.

A Loss Prevention Strategy and Framework brings all elements of loss prevention in scope, manages the program design from ideation to development and launch using a standard approach, establishes the governance framework to manage the programs through their lifecycle, enables collective tracking, and recognizes that these elements all work together, contributing in different but complementary ways toward the overall goal of loss prevention, reduced claims, and lower claims costs that ultimately benefit ratepayers in the form of lower insurance premiums.

To support the development of the MPI loss prevention strategy and framework, MPI asked IBM to develop a leading practices based framework for managing and evaluating MPI's loss prevention programs. Specifically, the project objectives included leveraging IBM's knowledge, expertise and leading practices to:

- Assist MPI in the identification of all applicable loss prevention programs
- Develop and propose a Loss Prevention Governance Framework
- Develop a governance structure based on leading practices for go forward implementation
- Develop monitoring and evaluation framework through which key performance indicators can be developed, tracked and reported upon
- Develop a reporting framework (or scorecard) through which performance indicators from each program can be rolled up to produce an overall ROI measure for the entire loss prevention portfolio

A high level assessment of MPI's current loss prevention capabilities revealed a number of strengths and weaknesses.

Strengths

- **Comprehensive:** MPI has leveraged its role as a public insurer and as administrator of DVA to develop and deploy a large number of initiatives that contribute to its loss prevention efforts. From an individual program perspective, MPI's loss prevention efforts can be viewed as one of the more comprehensive in the auto insurance industry with a broad set of programs covering various aspects of loss prevention

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- **Availability of Data:** Due to its mandate of providing licensing and vehicle registration services, MPI has access to information that is not easily available to private insurers which it can use to design programs that are more effective in producing the desired loss prevention outcomes

- **Pockets of Excellence:** There are pockets of excellence for program design, management and governance (e.g. Road Safety Programming, Value Management Business Case process etc.) within MPI; however an overarching framework is missing

Weaknesses

- **Unclear loss prevention objectives:** The corporate mission to serve the ratepayer on Loss Prevention is not well understood. Additionally, some of the business units have never been asked to account for their performance on loss prevention metric.

- **Lack of loss prevention management governance:** Since most of the current loss prevention programming was designed for serving different corporate priorities, there is no clear and consistent process for ideation and new program development. The current governance structure to ensure that programs are appropriately reviewed, assessed, and managed lacks maturity. There is a lack of ownership and accountability for results, once an initiative is launched.

- **Inconsistent Measurement:** There is a lack of a uniform approach to identifying, qualifying and measuring impact by initiative. Some business units measure their performance to a service standard (rather than the inherent loss prevention opportunity).

- **Data Access and Maturity:** MPI lacks the ability to easily access and apply MPI's unique line of sight opportunity: data from claims, licensing, registration, inspections, etc. Further there are opportunities to develop big data and advanced analytics based capabilities.

As a pre-requisite to developing the loss prevention strategy and framework, IBM developed a core definition of loss prevention based on MPI's mandate, founding principles, and corporate strategic goals.

Loss prevention at MPI is defined as:

The Loss Prevention initiatives undertaken by MPI seek to identify and implement programs to address the primary drivers of claims and claim costs with the intention of reducing the social and financial impact to ratepayers

IBM recommends a stage gate process to ensure each loss prevention program in the portfolio focuses on objectives that generate the most value. The key features of the new process include:

- Developing a solution brief document that details the loss issue being targeted, size of the issue, recommended solution, estimated cost of development and operations, benefits expected and other considerations.

- The process links with the MPI Value Management Business Case process to drive standardization across the enterprise.

- Program prioritization to ensure that the available resources (financial, workforce etc.) are effectively allocated across all programs based on a pre-defined scoring criteria that is defined from the overall corporate strategy.

- Ensuring all aspects of the program design are covered through the feasibility assessment including changes to current operations to include new monitoring and evaluation mechanisms where applicable.

To manage the loss prevention portfolio and the new process, several recommendations have also been made. This includes adding two new governance committees to the existing MPI governance structure:

- **Loss Prevention Internal Working Committee:** Owns the MPI Loss Prevention portfolio at MPI – setting the direction and evaluating the submissions from each Business Unit.

- **External Stakeholder Committee on Loss Prevention:** Maintains the formal relationship with external stakeholders to obtain support for MPI Loss Prevention program delivery and jointly discuss opportunities for new programs.

Additionally, roles and responsibilities of various stakeholders required to support the process through the various lifecycle stages have been clearly defined.

A portfolio evaluation framework has been designed. The evaluation framework links each program's objectives with the outcome indicators and the related measurements and data points. Additionally the benefit realization timeline and frequency of reporting is also required to be developed and reported. Outcomes are collected from each program (loss prevention or loss payment reduction) and rolled up to define the loss prevention portfolio's scorecard.

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In order to successfully implement the loss prevention framework, there are three foundational efforts that MPI needs to undertake in parallel.

Change Management and Communication:

- In many instances, this framework will represent a change in how current and future programs are designed, managed, perceived and evaluated to ensure alignment with the MPI loss prevention program vision and objectives.

- Conduct a change management program including communication and training for MPI internal stakeholders to help them adjust to the new process, governance and evaluation standards within MPI.

- Communicate Loss Prevention intent and objectives with external stakeholders to obtain support required to implement the process, governance and evaluation frameworks.

Data Collection, Measurement and Evaluation

- Data and measurements recommended here may not currently exist in MPI.

- Conduct a deep dive into available data points and sources (including internal, external sources, paper and electronic formats) to identify gaps between current data available and required data.

- Develop the program evaluation reporting using the available data and plan for collection and monitoring for data points that are not currently available within MPI

- Develop the capability to link the data and present it in a form that can be easily managed for various data analysis and reporting.

Baseline and Reporting

- Complete the solution brief for all current and future Loss Prevention programs to clearly develop the program objectives, baseline current performance and develop targets for improvement including associate business case and roadmap for implementation.