

## **Summary of 2018 MPI GRA Workshop**

Monday, June 26, 2017 - 9:00 a.m.

A discussion was held at the GRA Workshop on issues to be included in the 2018 GRA. Intervenors indicated a general satisfaction with the Issues List, and proposed no amendments, additions or deletions. MPI proposed a number of amendments and/or deletions.

MPI recognizes that the scope of inquiry, defined in *The Crown Corporations Governance and Accountability Act*, is established by those matters which the PUB considers relevant. The proposal for the removal of some issues from the Issues List is intended to focus the rate application on matters that are central to a determination of just and reasonable rates, thereby enhancing the efficiency of the regulatory process, without compromising the real and perceived efficacy of the public review process.

Consensus was achieved that certain matters were within the scope of this year's GRA. Those matters are listed directly below. For the remaining issues a consensus was not achieved that the public interest is best served by allowing these matters to be "tested" insofar as, in MPI's view, they do not figure prominently in the PUB's determination of the rate increase sought by MPI.

### **Issues Agreed to be within Scope of 2018 GRA**

1. Requested vehicle rate (2.7% vehicle rate increase overall, varying by Major Class, etc.; no RSR rebuilding fee; no changes to other fees and discounts);
2. Requested 1.8% in overall revenue through changes to Driver Safety Rating and implementation of changes;
3. Rate indication based on accepted actuarial practice in Canada;
4. Proposed compliance filing based on interest rates as at November 30, 2017;
11. DCAT and the target RSR/total equity threshold levels;
15. Claims forecasting (including PIPP);
17. Disposition of excess reserves in the Extension and SRE lines of business (Note: the Board's jurisdiction on this issue is limited to the relationship of these excess reserves to Basic retained earnings including RSR rebuilding and rebating);

### **Issues without consensus on inclusion or exclusion from scope**

5. Compliance with Board Order 162/16;
6. Interest rate forecasting methodology;
7. Interest rate forecasting risk;
8. Financial forecast accuracy (2016/17 forecast versus actual results);

9. Changes in projected financial results;
10. Cost allocation methodology;
12. Performance of the investment portfolio and the composition of the portfolio;
13. Investment Policy Statement;
14. The cost of operations and cost containment measures;
16. Operational benchmarking, including with comparison to other provinces;
18. New or enhanced services being developed or examined by MPI;
19. Run-off of prior year claims during 2016/17;
20. IT strategy and projects including the Physical Damage Re-engineering Project, Distributed Estimating Technology Modernization and other initiatives planned for or ongoing in the rating years;
21. Road safety, loss prevention and a review of related expenditures; and
22. A variety of other issues that may arise (depending upon the nature and scope of the issue).