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July 30, 2019

Public Utilities Board
400-330 Portage Avenue
Winnipeg, Manitoba R3C 0C4

VIA EMAIL
publicutilities@gov.mb.ca
Darren.Christle@gov.mb.ca

Attention: Mr. Darren Christle

Dear Sir:

Re: Manitoba Public Insurance Corporation (“MPI”) 2020/2021 General Rate Application

I am writing to you on behalf of the *Insurance Brokers Association of Manitoba* (“**IBAM**”). Please accept this letter as a formal request for IBAM to be accepted as an Intervenor in the *2020/2021 MPI General Rate Application* (the “**Application**”).

a) IBAM

IBAM represents the interests of brokers and the consumers of *Property & Casualty* (“**P&C**”) insurance throughout the Province of Manitoba. IBAM currently has over 2,000 broker members. P&C brokerages employ over 2,600 people in over 300 storefronts in the Province of Manitoba. P&C brokerages contributed approximately \$238 million to Manitoba's GPP in 2017 and \$18.5 million in product and production taxes [such as sales tax on expenses (GST, PST and payroll taxes)]. This estimate significantly underestimates the total government revenue generated by the industry as it does not include corporate income tax, personal income tax, property taxes and premium taxes paid by brokerages to the federal, provincial and municipal governments.

I can confirm that IBAM's Board of Directors unanimously supports this request for Intervenor status in the Application.

b) The Delivery of MPI Services by Brokers & Broker Compensation

As the *Public Utilities Board* (“**Board**”) is aware, much has transpired since the beginning of the preliminary hearing into the Application. For the purposes of IBAM's request for Intervenor status, it is important to highlight the fact that MPI has referenced “*plans for future service delivery*” and has stated that it intends to answer “*questions around the work that brokers provide in the delivery of MPI services throughout Manitoba and the commissions paid for those*”

services”.¹ After making this statement, MPI went on to add that “*the public has [had] a lot of questions come up in the last few days*” and that MPI “*need[s] to answer those questions. How does MPI enter into service provider agreements should be asked and answered...*”²

Similarly, the *Manitoba Branch of the Consumers' Association of Canada* (“**CAC Manitoba**”) has stated that it “*intends to examine the impact of any future changes to MPI's agreements with brokers and the impacts that this will have on ratepayers*”.³ CAC Manitoba has also stated that “*any changes that are anticipated will have an ongoing impact on ratepayers because ... these costs are incorporated directly into MPI's cost of operation and therefore into rates*”.⁴ Finally, CAC Manitoba expects that the issue of “*broker commissions and any implications flowing from brokers agreements and commissions paid to brokers will be explored under cost of operations and cost containment measures*”⁵ (which is issue 9 currently on the preliminary issues list).⁶

In light of these statements, IBAM submits that the Board should grant it Intervenor status so that the Board will properly understand the issues relating to broker agreements entered into with MPI and the services that brokers provide to the citizens of the Province of Manitoba.

c) Reasons for Requesting Intervenor Status

Actions taken by MPI impact our mutual customers and brokerages. It is important for IBAM to be granted Intervenor status in the Application as there no doubt will be areas of inquiry where IBAM and brokers will be able clarify and/or add value to the dialogue. It is also important for IBAM and brokers to be able to represent the views of brokers and consumers in any number of areas that will arise as part of the Application.

In addition, if the fiscal year end is changed, as proposed, there likely will be implications on current agreements and arrangements between MPI, IBAM and brokers. Moreover, any changes in rates / premiums will directly impact brokerages. Clearly, there will be discussion that is germane to brokers and consumers throughout the Application process. IBAM should be granted Intervenor status so that full and proper information in these areas will be before the Board.

d) The Interests of Brokers Are Currently Not Represented in the Application

¹ See MPI Pre-Hearing Transcript, June 27, 2019, page 39.

² See MPI Pre-Hearing Transcript, June 27, 2019, page 39.

³ See MPI Pre-Hearing Transcript, June 27, 2019, page 50.

⁴ See MPI Pre-Hearing Transcript, June 27, 2019, page 50.

⁵ See MPI Pre-Hearing Transcript, June 27, 2019, page 85.

⁶ CAC Manitoba went on to state that if there was a “*preference to have the issue of broker commissions and broker agreements as a separate issue*”, it would not be opposed (see MPI Pre-Hearing Transcript, June 27, 2019, page 85).

IBAM represents all consumers of insurance in Manitoba as well as (virtually) all brokerages in the Province of Manitoba. No other Intervenor is currently representing brokers in the Application. IBAM has expertise in the general operations of MPI's distribution model and in the sale and servicing of insurance and Autopac services at brokerages throughout the Province of Manitoba.

If granted Intervenor status, IBAM will be in attendance throughout the Application and will monitor discussion(s) and provide information, as required.

e) Intent to Seek An Award of Costs

If granted Intervenor status by the Board, IBAM will seek an award of costs for its participation in the Application. As stated in its *Intervener Costs Policy*, the Board may award costs to be paid to any Intervener who has:

- (a) made a significant contribution that is relevant to the proceeding and contributed to a better understanding, by all parties, of the issues before the Board;
- (b) participated in the hearing in a responsible manner and cooperated with other Interveners who have common objectives in the outcome of the proceedings in order to avoid a duplication of intervention;
- (c) represented interests beyond their sole business interest; and
- (d) a substantial interest in the outcome of the proceeding and represents the interests of a substantial number of ratepayers.

IBAM intends to make a significant contribution to the Application as it will ensure that the interests of brokers and consumers are made known to the Board (by way of questioning, submitting information and/or providing written submissions). It is important for IBAM and brokers to be able to represent the views of brokers and consumers in any number of topic areas that will arise as part of the Application. Its proposed intervention will be guided by the Board's criteria for the consideration of just and reasonable rates.

IBAM will participate in the Application in a reasonable manner and will cooperate with other Interveners who have common objectives. This may include, but not be limited to, CAC Manitoba, Bike Winnipeg and/or CAA. IBAM will make reasonable efforts to ensure that its participation is not unduly repetitive of other Interveners.

As set out above, IBAM represents all consumers of insurance in Manitoba as well as (virtually) all brokerages located throughout the Province of Manitoba. IBAM therefore represents the interests of a substantial number of ratepayers. Moreover, no other Intervenor is currently representing the interests of brokers. As a result, the over 2,000 Manitobans that are currently

members of IBAM (and the over 2,600 Manitobans employed by P&C brokerages) have a substantial interest in the outcome of the Application.

f) Concluding Remarks

The Board has a specific mandate based on its enabling legislation and establishes just and reasonable rates for the provision of rate bases and premiums charged for compulsory driver and basic vehicle insurance provided by MPI. The Board fulfills its mandate through public hearings, paper reviews and - when required - direct intervention. Its processes involve enquiry, research, consultation, careful deliberation, and public dissemination of decisions and notices of upcoming Board activities including rate applications.⁷ In order to fulfill its mandate and ensure that it has a full and proper understanding of all issues arising from the Application, the Board should grant Intervenor status to IBAM.

We look forward to hearing from you.

Yours truly,

A handwritten signature in black ink, appearing to read 'Grant Wainikka', is positioned below the text 'Yours truly,'.

Grant Wainikka, CEO

⁷ See Public Utilities Board – “What We Do” – at <http://www.pubmanitoba.ca/v1/about-pub/what-we-do.html>