

2020 General Rate Application

Pre Hearing Conference Application Overview

24 June 2019



MANITOBA
PUBLIC INSURANCE

2020 GRA – Overview Workshop

Agenda

1. **Headline Rate Request**
2. **Points of Interest in the Application**
 - i. Provisional Rate Request
 - ii. Rates in Effect for 13 months
 - iii. Rounding the Rate Indication
 - iv. Revised Capital Management plan
 - v. What to find, and Where
 - vi. Excel Attachments
 - vii. Additional Filings



Headline Rate Request

- ▶ Overall 0.1% rate increase on vehicle premiums based on AAP
 - Basic Rates in effect for 13 months to accommodate change in Fiscal Year End (1-Mar-2020 to 31-Mar-2021)
- ▶ Capital Management Plan
 - No Capital Build/Release Provision required for 2020/21
- ▶ Reserves Regulation establishes Basic Capital level of 100 % Minimum Capital Test (MCT)



Headline Rate Request

- ▶ No change to Driver Safety Rating (pricing or rules)
 - No increase to demerit driver premiums
 - No change in vehicle premium discounts for merit drivers
- ▶ No Change to Service Fees
- ▶ No change to Fleet Rebate Program
- ▶ Antitheft Discount discontinued for new policies



Rates by Major Class

Line No.	Vehicle Major Class	Vehicle Count	Current Average Rate	Proposed Average Rate	Proposed Rate Change	Experience Rate Change*
1	Private Passenger	807,724	\$1,164	\$1,161	-0.3%	-0.2%
2	Commercial	46,360	\$809	\$817	1.0%	1.1%
3	Public	12,785	\$1,928	\$2,136	10.8%	11.5%
4	Motorcycles	17,585	\$810	\$842	3.9%	3.9%
5	Trailers	205,299	\$79	\$76	-3.6%	-3.7%
6	Off-Road Vehicles	71,406	\$8	\$7	-12.5%	-10.9%
7	Overall	1,161,159	\$890	\$891	0.1%	0.1%
8	*Per Figure RM-13					



*Points of Interest
in the
Application*

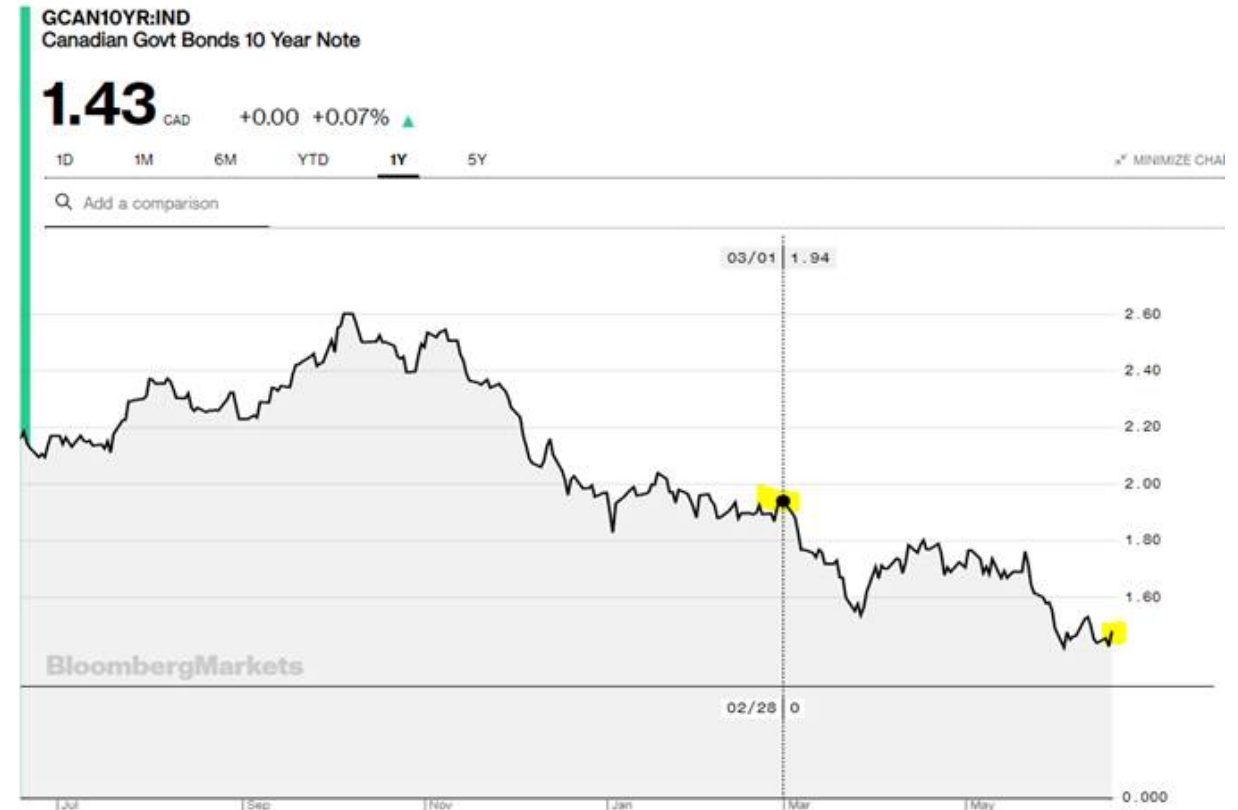


Provisional Rate Request

Based on Naïve Forecast at Feb 28, 2019

Final Rate Request Update - September 30th

- ▶ Interest Rates have dropped 51 bps from 28-Feb 28 to 19-June
- ▶ Estimated rate indication at this interest rate level is 1.18%



Rates in Effect for 13 Months

March 1, 2020 through March 31, 2021

Aligns Rating Year with new Fiscal Year End

- ▶ Desirable to align rating year with new March 31st Fiscal Year End
- ▶ Rates have been calculated for 12 months by the usual process
- ▶ Are to be applied over 13 months
- ▶ Customers who renew in March will have the same price for insurance in 2020 and 2021



Rounding the Rate Indication

Immaterial differences between Financial Forecast and Rates

See RM 4.2.7 for details

- › Minor revisions were made to the financial forecast close to the filing date
- › These revisions resulted in a very marginal change to the overall required rate
 - 0.06% corrected to 0.12% - both round to 0.1%
- › Given the materiality of the change, and the short time to filing, MPI is applying for rates based on the unrevised financial forecast (0.06%)
 - Rate model was not re-run, once the financial corrections were made

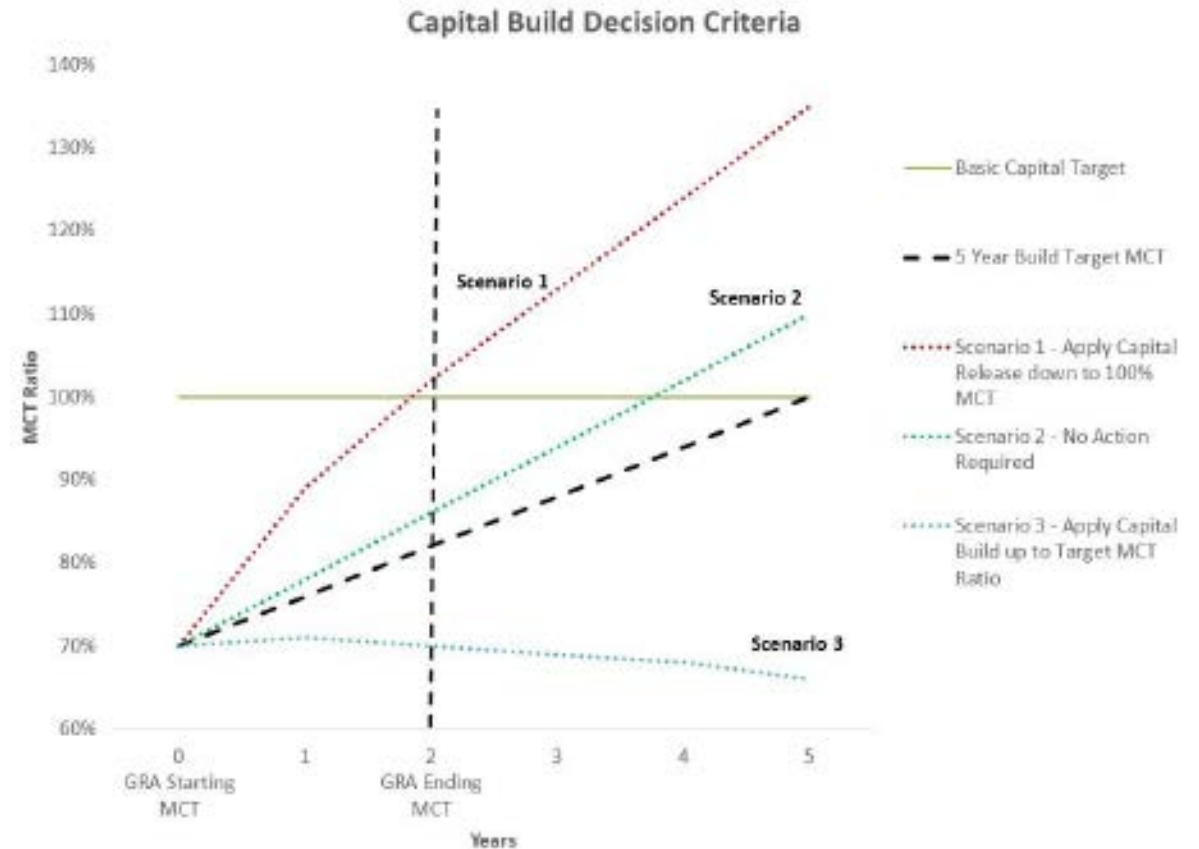


Revised Capital Management Plan

Approach has been simplified since the Technical Conference

MPI's Board of Directors approved the plan as filed

- ▶ Core elements are intact
 - i. Transfers of excess capital From Extension
 - ii. Build/Release to stay on path to 100% MCT
 - iii. 5 years to build, 3 years to release
- ▶ No new Capital Maintenance Provision
- ▶ 'No Action' scenario if on path to 100% MCT



What to Find and Where

1

Legacy Systems Modernization

- Detailed Business case confidential
- Part IV IT Appendix 5 is public facing narrative

2

ALM Post-implementation Review

- Update provided in Part V Investments INV 2.2

3

Shadow Portfolios

- Mercer proposal in Part V INV Attachment A
- Returns since March 2019 in Part VI INV Appendix 10

4

Loss Prevention Chapter

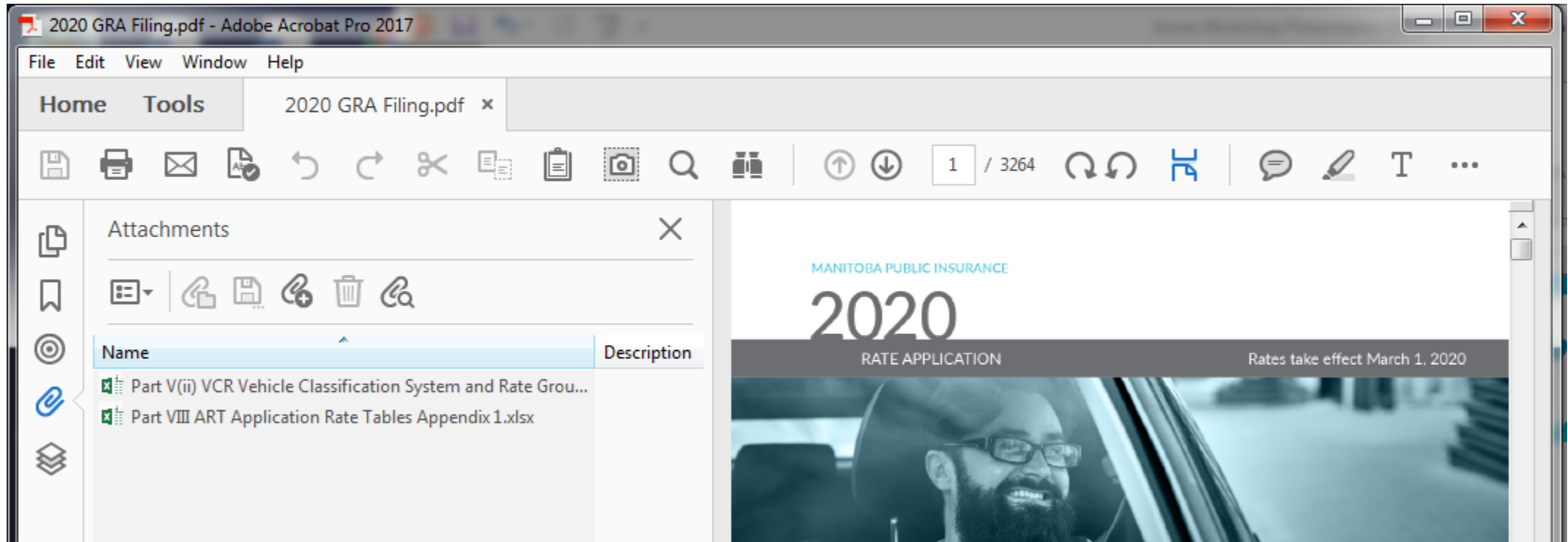
- Full Tech Conference Report and Appendices in Part VII LP Appendix 1
- Budget of in Part V EXP Appendix 15



Excel Attachments

Rate Tables and Vehicle Rate Groups

Attached as Excel Workbooks



Additional Filings

1

Driver Safety Rating

- › Available for filing in September
 - Public Consultation complete
 - Report of findings being prepared
 - Initial pricing work on options currently underway

2

Gartner PDR Review

- › Report will be available next week
 - Updated GRA PDF
 - Circulated as separate attachment

3

2019 DCAT Review

- › To be completed by J. Cheng in July/Aug
- › Filed with Second Round IR Responses



Questions

