

other public and private insurance companies with regard to the cost of distribution in other Canadian jurisdictions?

**RESPONSE:**

- a) Please see [Appendix 1](#), filed confidentially pursuant to the PUB's Commercially Sensitive Information process.
- b) While private markets are less willing to share exact commission schedules, third party sources can provide average retail insurance commissions. In the case of public insurers, this information provides an "apples-to-oranges" comparison as private markets offer a much wider range of products and services and are subject to different regulatory, economic and competitive forces.

As for MPI commissions, the range varies from 3% paid on Basic products to 19.75% paid on Extension products. By comparison, the Insurance Corporation of British Columbia (ICBC), pays less for basic insurance. Given the wide disparity in commission rates, MPI believes that looking at the average commissions paid offers the best comparison between organizations. On average, MPI pays a broker commission of approximately 6-7%<sup>1</sup> on all retail premium collected. This rate may be compared to the rates paid by public insurers in other jurisdictions (please refer to [Attachment A Appendix 1](#) for more details).

However, no comparison of commissions paid is complete without considering the value added or the work performed for that compensation. Some private market brokers perform activities that do not apply in the case of auto insurance transactions conducted in Manitoba. These relate to assisting the customer in managing their risk and price and include:

- Shopping among insurance providers for quotes
- Submitting a single application to many insurers for quotes

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<sup>1</sup> Based on the 2018 Annual Report, Gross Premiums Written/Commissions

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