

**MANITOBA PUBLIC INSURANCE**  
2021 GENERAL RATE APPLICATION  
Round 2 Information Requests  
September 15, 2020

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Taxicab Coalition (TC)



**MANITOBA  
PUBLIC INSURANCE**

**TC (MPI) 2-1**

<b>Part and Chapter:</b>	<b>TC (MPI) 1-1</b>	<b>Page No.:</b>	
<b>PUB Approved Issue No:</b>	<b>1,2,12</b>		
<b>Topic:</b>	<b>VFH</b>		
<b>Sub Topic:</b>	<b>Differences in ratemaking approach by subcategory of VFH</b>		

**Preamble to IR:**

In response to TC(MPI) 1-1(c), MPI states:

*"c) The ratemaking methodology used is consistent for all insurance uses."*

**Question:**

- a) Please explain if flat rating Taxi VFH, is considered a change in methodology from the approach used to determine Passenger VFH rates.
- b) If not a methodology change, please explain how MPI characterizes this difference. Please also describe what constitutes a different 'methodology'.
- c) For each of the definitions provide in response to part b), please itemize all differences between subcategories of VFH.

**Rationale for Question:**

To understand the definitions, semantics and nomenclature related to ratemaking, and identify all differences in approach between VFH subcategories.

**RESPONSE:**

- a) The Taxi VFH insurance use (as well as the prior Taxi Livery Passenger Vehicle insurance use) has always been flat rated by territory. MPI is not proposing a change to this in the 2021 GRA.

The flat rating for Taxi VFH is different than Passenger VFH, which is not flat rated. As indicated in its response to TC (MPI) 1-14(b):

*"MPI does not flat rate Passenger VFH as a result of a policy decision MPI made when VFH insurance uses were first introduced and based on its understanding of how vehicles in this insurance use would operate."*

- b) The rating of vehicles within distinct insurance uses is either flat rated or not flat rated. MPI is required to treat these uses differently because of the unique makeup of vehicles within each use. Please see the response to TC (MPI) 1-14(d) for a detailed explanation as to why certain insurance uses, including Taxi VFH, are flat rated. Further, as indicated in the response to TC (MPI) 1-14(b):

*"not using a flat rate would result in some Taxi VFH paying more and some paying less, averaging to the same flat rate for all Taxi VFH."*

When the insurance use is not flat rated, it is because the vehicles within the insurance use have different loss potentials which must be recognized in rating.

- c) In the response to TC (MPI) 1-1(c), MPI states:

*"The ratemaking methodology used is consistent for all insurance uses."*

To clarify, MPI used a consistent ratemaking methodology to determine the revenue requirements for all insurance uses (i.e. the total premium amount MPI should collect from each insurance use to achieve the overall revenue requirement). MPI then determines the rates for vehicles within each insurance use to calculate the overall revenue requirement for that use. MPI applied this same methodology to all VHF subcategories.

**TC (MPI) 2-2**

<b>Part and Chapter:</b>	<b>TC (MPI) 1-2</b>	<b>Page No.:</b>	
<b>PUB Approved Issue No:</b>	<b>1,2,11,12</b>		
<b>Topic:</b>	<b>VFH Claims Experience</b>		
<b>Sub Topic:</b>	<b>Actual Claims Experience and COVID-19 impact</b>		

**Preamble to IR:**

In response to TC(MPI) 1-2, MPI states:

- d) *Situations where an insurance use has a loss ratio exceeding 130% are rare. This could occur in insurance uses with a small number of units, whereby a single large loss could throw off the entire loss ratio for that use. **This could also occur in the case of new insurance uses, where MPI has insufficient data to determine an appropriate starting rate.***

*The latter scenario above represents the case with Passenger VFH. When it created the insurance use, MPI understood that individuals would drive for a ridesharing company on a casual basis, and pick up passengers as part of their regular day-to-day driving from one place to another. The starting rates for this insurance use reflected this understanding (i.e. MPI assumed a moderately higher rate for Passenger VFH as compared to All Purpose to reflect the increased risk exposure). [emphasis added]*

The response appears to contain the admission that Passenger VFH did not have an appropriate starting rate, as approved on a final basis in PUB Order 159/18.

**Question:**

- a) Please confirm that Passenger VFH did not have an appropriate starting rate, as approved on a final basis in PUB Order 159/18.

- b) If part a) is confirmed, please confirm that it then follows that currently applied for Passenger VFH rates are also not appropriate. If not confirmed, please explain.

**Rationale for Question:**

To confirm MPI's perspective with respect the appropriate level of Passenger VFH rates, on a starting basis, and in this application.

**RESPONSE:**

- a) Based on the actual claims experience as of February 29, 2020 (per PUB (MPI) 1-88), Passenger VFH did not have an appropriate starting rate. However, this experience has very low credibility given the size of the Passenger VFH pool.
- b) The applied for rates are appropriate based on the ratemaking methodology, which is applied consistently for all insurance uses. However, the rates for Passenger VFH are not fully reflective of the potential loss costs for the reason(s) stated in TC (MPI) 1-2 above.

**TC (MPI) 2-3**

<b>Part and Chapter:</b>	<b>PUB(MPI) 1-88</b>	<b>Page No.:</b>	
<b>PUB Approved Issue No:</b>	<b>12. Claims experience to date for the Vehicles for Hire (VFH) class and implications, if any, of new market entrants</b>		
<b>Topic:</b>	<b>VFH Claims Experience</b>		
<b>Sub Topic:</b>			

**Preamble to IR:**

In response to PUB(MPI) 1-88, MPI states:

*"methodology. Although certain rating classifications may have different loss ratios in the short time, **all rating classifications eventually move toward the indicated break-even actuarial-required rate**, as a result of the ratemaking methodology."* [emphasis added]

**Question:**

- a) Please quantify 'eventually' in the highlighted text, as it relates to Passenger VFH specifically.
- b) Please provide a narrative description, with quantitative support, of how 'eventually' is quantified in a) above. Is the description provided general, or does it apply to only Passenger VFH?
- c) Please characterize the rate of change for "rating classifications that move towards the indicated break-even actuarial required rate". Is the rate of change linear, quadratic, or other? Does it approach the break even actuarial required rate asymptotically, or is it possible to 'overshoot' the target?

- d) Please discuss MPI's view as to how the test of 'just and reasonable' rates is met, where rates do not equal "the indicated break-even actuarial required rate".
- e) Please quantify, in dollars, how far Passenger VFH rates must still move to equal the indicated break-even actuarial required rate.
- f) Please provide a narrative description, with quantitative support, of how the dollars are quantified in e) above. Is the description provided general, or does it apply to only Passenger VFH?

**Rationale for Question:**

To test the assertion that Passenger VFH Rates applied for in this application are just and reasonable.

**RESPONSE:**

- a) Based on the current ratemaking methodology, there are two factors that affect the pace at which a rating classification will "move toward the indicated break-even actuarial-required rate".

The first factor is the credibility assigned to the actual raw relativity, which is dependent on the number of insured units. Please see *Ratemaking, page 42* for further details.

Per *Ratemaking Appendix 9, Table 15*, the credibility for the Passenger VFH (Passenger Vehicle) insurance use is 10%. Assuming the balanced raw relativity does not change, it would take approximately 10 years (beyond the 2021 GRA) for the rates to move toward the indicated break-even actuarial-required rate.

The second factor is the maximum experience adjustment of 15%, which is discussed in *Ratemaking, page 50*. Per *Ratemaking Appendix 9, Table 15*, the balanced raw relativity and the new relativity after product change are 3.0156 and 1.9316 respectively. This implies an actual-to-applied ratio of 1.56 ( $=3.0156 /$

1.9316) i.e. the rates for the Passenger VFH (Passenger Vehicle) insurance use would have to be increased further by 56% beyond the 2021 GRA. Assuming the maximum experience adjustment of 15% per year, it would take approximately 5 years (beyond the 2021 GRA) for the rates to move toward the indicated break-even actuarial-required rate.

- b) Please see part (a) above, which can be applied in general.
- c) The rate of change is dependent upon the following factors and does not follow a particular pattern year-over-year. Using insurance use as an example, these factors include:
- Changes in the actual loss experience, and how it compares to the changes for other insurance uses at the major class level. This affects the actual raw relativity.
  - Changes in the composition of vehicles, and how it compares to the changes for other insurance uses at the major class level. This affects the current relativity.
  - Growth in the number of units for the insurance use. This affects the credibility assigned to the actual raw relativity.
  - Overall revenue requirement and the revenue requirement at the major class level. This affects the base rate and balancing the changes to achieve the revenue requirement.
- d) When assessing whether the proposed rates are 'just and reasonable', the current ratemaking methodology used by MPI takes into account the observed data, the credibility of the observed data, and the current rate. For classifications with highly credible data, the proposed rates move very quickly from the current rate to the 'indicated break-even actuarial required rate', since there is substantial evidence to support that the indicated rate is appropriate. However, for lower credibility classifications, movement towards the indicated rate is understandably slower



since there is much less evidence that the actuarially indicated rate is in fact the 'true' break-even required rate. To immediately give full weight to very low credibility experience would typically not be seen as 'reasonable'. As a result, it is therefore 'just and reasonable' to have proposed rates that do not completely reflect observed experience if the observed experience has very low credibility.

For new rating classifications, it would be reasonable for MPI to compare the new classification to other more credible, but similar, rating classifications and then make an informed judgment on the initial rates. For example, based on its research MPI would expect that Passenger Vehicles for Hire would have higher rates than All Purpose Passenger Vehicles, but lower rates than Taxi Vehicles for Hire. Another method would be to compare the relative differences in rates in other jurisdictions for the new rating classification relative to a highly credible rating classification. For example, MPI research indicated that Passenger Vehicle for Hire carried about a 20% additional premium over All Purpose Use in other jurisdictions.

- e) Per the Rate Model, the average rate for the Passenger VFH (Passenger Vehicle) insurance use based on the applied for 2021 rates is \$1,995. Per the response to a) above, the rates for this insurance use would have to be increased further by 56% beyond the 2021 GRA. As such, the average rate for this insurance use would have to increase by a further \$1,117.
  
- f) Please see part (e) above, which can be applied in general.

**TC (MPI) 2-4**

<b>Part and Chapter:</b>	<b>TC(MPI) 1-2</b>	<b>Page No.:</b>	
<b>PUB Approved Issue No:</b>	<b>1,2,11,12</b>		
<b>Topic:</b>	<b>VFH Claims Experience</b>		
<b>Sub Topic:</b>	<b>Actual Claims Experience and COVID-19 impact</b>		

**Preamble to IR:**

In response to TC(MPI) 1-2 MPI states:

*"In general, loss ratios are used at MPI as a monitoring and strategizing tool. It informs management of potential issues so that an appropriate response can be determined if necessary. The above processes may be affected depending on these responses, but not necessarily so. "*

Per PUB (MPI)1-88 Figure 1, Passenger VFH loss ratios have exceeded 120% for 2018 and 2019 (since inception).

**Question:**

- a) Please explain if MPI considers that the loss ratios for Passenger VFH represent a 'potential issue'.
- b) If so, please explain if MPI has determined an appropriate response. Has this response been incorporated into the current application? If so, please provide a description and page reference. If not, please explain why not.

**Rationale for Question:**

To understand if and how MPI is acting on the loss ratios for Passenger VFH.

**RESPONSE:**

a) and b)

Based on the actual claims experience as of February 29, 2020 (per PUB (MPI) 1-88), the rates for Passenger VFH do not fully reflect the loss costs. MPI explains the many reasons for this is in its responses to various information requests in this GRA. MPI adjusts the rates for Passenger VFH based on the current ratemaking methodology and does not propose any special adjustments to these rates in this GRA. As per its response to TC (MPI) 1-9:

*"MPI is currently reviewing its vehicle for hire (VFH) products in order to address known issues with their existing design including*

- *significant differences between Taxi VFH and Passenger VFH rates".*

**TC (MPI) 2-5**

<b>Part and Chapter:</b>	<b>TC (MPI) 1-3</b>	<b>Page No.:</b>	
<b>PUB Approved Issue No:</b>	<b>1, 2, 11, 12</b>		
<b>Topic:</b>	<b>Taxi and Passenger VFH rates</b>		
<b>Sub Topic:</b>	<b>Year over year comparison</b>		

**Preamble to IR:**

In response to TC(MPI) 1-3 (a), MPI states:

*"The reversal (i.e. from 'Top 50' dollar increase in the 2020 GRA to 'Top 50' dollar decrease in the 2021 GRA), is mainly the result of the 5.0% capital release proposed by MPI. With the capital release, the experience adjustment for Taxi VFH in Territory 1 is -5.33% (see Ratemaking Appendix 3, page 5), which translates into a \$631 decrease. **Excluding the 5.0% capital release, the experience adjustment is 0.93% or a \$110 increase.**" [emphasis added]*

In response to TC(MPI) 1-3(b), MPI states:

*"Per the response to PUB (MPI) 1-88, based on the loss data as of February 29, 2020, for the two loss years since the introduction of the VFH use, the loss ratio for Passenger VFH is more than 120% each year (see lines 7 and 8). This implies that the rates for this group are currently insufficient. As such, **for both the 2020 and 2021 GRA, the rates for Passenger VFH have seen increases above the average for vehicles in the Private Passenger major class.** This explains why it made the 'Top 50' list in both GRAs." [emphasis added]*

**Question:**

- a) Please provide the experience adjustments for all VFH subcategories excluding the 5.0% capital release.

- b) Please provide a narrative description with numerical example, for how the experience adjustment with and without capital release is calculated (noting it does not appear to be simple arithmetic).
  
- c) Please provide a table with the following for each of the 2020 and 2021 GRAs:
  - i. Average increases/decreases for each subcategory of VFH
  
  - ii. Average increases/decreases for Private Passenger and Public Major classes.

**Rationale for Question:**

To understand experience adjustments without the impact of capital release.

**RESPONSE:**

- a) Please see Figure 1 below, comparing the experience adjustment for all VFH categories, with and without the 5.0% capital release.

**Figure 1 Experience Adjustments for VFH**

Line No.	Description	Territory	Experience Adjustment	
			Excluding Capital Release	Including Capital Release
1	Passenger Vehicle-for-Hire (Passenger Vehicle)	1	0.33%	-5.94%
2	Passenger Vehicle-for-Hire (Passenger Vehicle)	2	2.19%	-4.16%
3	Passenger Vehicle-for-Hire (Passenger Vehicle)	3	9.46%	2.65%
4	Passenger Vehicle-for-Hire (Passenger Vehicle)	4	4.71%	-1.80%
5	Passenger Vehicle-for-Hire (Passenger Vehicle)	5	-3.32%	-9.36%
6	Passenger Vehicle-for-Hire (Truck 4,499 kg or less GVW)	1	-5.88%	-11.02%
7	Passenger Vehicle-for-Hire (Truck 4,499 kg or less GVW)	2	-10.14%	-12.42%
8	Passenger Vehicle-for-Hire (Truck 4,499 kg or less GVW)	3	-10.05%	-12.34%
9	Passenger Vehicle-for-Hire (Truck 4,499 kg or less GVW)	4	3.58%	-2.78%
10	Passenger Vehicle-for-Hire (Truck 4,499 kg or less GVW)	5	11.27%	6.80%
11	Taxicab Vehicle-for-Hire	1	0.93%	-5.33%
12	Taxicab Vehicle-for-Hire	2	6.61%	0.05%
13	Taxicab Vehicle-for-Hire	3	-2.36%	-8.38%
14	Taxicab Vehicle-for-Hire	4	-0.49%	-6.62%
15	Limousine Vehicle-for-Hire	1	-3.09%	-8.97%
16	Limousine Vehicle-for-Hire	2	-1.25%	-7.10%
17	Limousine Vehicle-for-Hire	3	0.00%	0.00%
18	Limousine Vehicle-for-Hire	4	0.00%	0.00%
19	Accessible Vehicle-for-Hire	1	5.74%	-0.64%
20	Accessible Vehicle-for-Hire	2	14.99%	14.12%
21	Accessible Vehicle-for-Hire	3	0.00%	0.00%
22	Accessible Vehicle-for-Hire	4	14.99%	14.12%

- b) Please see *Figure 2* below, detailing the derivation of the experience adjustment for Taxicab VFH in Territory 1, with and without the 5.0% capital release.

**Figure 2 Deriving Experience Adjustment - Taxicab VFH Territory 1**

Line No.	Description	Source/Formula	Excluding Capital Release	Including Capital Release
1	Rate Model Number of Vehicles	[a] Rate Model	467	467
2	Rate Model Annual Premium	[b] Rate Model	4,303,065	4,303,065
3	20/21 Average Rate	[c] = [b] / [a]	9,214.27	9,214.27
4	Public Major Class Required Rate	[d] Part VI, Ratemaking, Figures RM-12 & RM-13	2,152.36	2,038.52
5	Public Major Class Operating Expense*	[e] Part VI, Ratemaking, Figures RM-12 & RM-13	102.92	102.92
6	Combined Relativity	[f] = [g] * [h] * [i]	4.6197	4.6197
7	'Use = Taxicab Vehicle for Hire' Relativity	[g] Part VI, RM Appendix 9, page 153	3.9423	3.9423
8	'Territory = 1' Relativity	[h] Part VI, RM Appendix 9, page 153	1.1663	1.1663
9	'GVW = Not Applicable' Relativity	[i] Part VI, RM Appendix 9, page 153	1.0047	1.0047
10	Indicated Rate	[j] = ([d] - [e]) * [f] + [e]; Note [1]	9,570.76	9,044.82
11	Balanced Indicated Rate	[k] Note [2]	9,300.94	8,790.63
12	Balanced Indicated Change	[l] = [k] / [c]	0.94%	-4.60%
13	First Cut Selected Change	[m] Note [3]	0.94%	-4.60%
14	Balanced Selected Experience	[n] Note [4]	<b>0.93%</b>	<b>-5.33%</b>
15	Notes:			
16	*Includes Road Safety, Operating Expense and Regulatory/Appeal			
17	[1] See also Part VI, Ratemaking, page 49			
18	[2] Rates are balanced back to the revenue requirement for the Public major class			
19	[3] Based on the experience adjustment rules per Part VI, Ratemaking, RM.5.1			
20	[4] Rates are balanced back to the overall revenue requirement			

- c) Please see [Figure 3](#) below, showing the average rate changes for all VFH categories, and for the Private Passenger and Public major classes for both the 2020 GRA and the 2021 GRA. MPI based the 2020 GRA figures on PUB-approved rates and the 2021 GRA figures on the applied for rates.

**Figure 3 Average Rate Change**

Line No.	Description	Average Rate Change	
		2021 GRA	2020 GRA
1	Passenger Vehicle-for-hire (Passenger Vehicle)	-4.45%	8.91%
2	Passenger Vehicle-for-hire (Truck 4,499 kg or le:	-6.52%	17.38%
3	Taxicab Vehicle-for-hire	-5.00%	10.53%
4	Limousine Vehicle-for-hire	-8.73%	6.94%
5	Accessible Vehicle-for-hire	-0.52%	11.57%
6	Private Passenger	-11.02%	-0.90%
7	Public	-6.11%	10.35%

**TC (MPI) 2-6**

<b>Part and Chapter:</b>	<b>TC (MPI) 1-4</b>	<b>Page No.:</b>	
<b>PUB Approved Issue No:</b>	<b>1, 2, 11, 12</b>		
<b>Topic:</b>	<b>VFH</b>		
<b>Sub Topic:</b>	<b>Time Bands</b>		

**Preamble to IR:**

In response to TC (MPI) 1-4 (b), MPI states:

*"Since most Taxi VFH (97%) select all 4 time bands, changing or simplifying the existing time bands may have no practical effect."*

Note however, that if existing time bands are not tailored to commercial needs, customers may be electing four time bands as the only suitable that captures the required timeframe.

**Question:**

- a) Please explain if MPI considers the scenario outlined in the preamble to be possible, and or plausible.
- b) Please explain if adjustments to time bands can be implemented in advance of the current test year.
- c) Please explain if adjusting time-bands constitutes a change in 'rate' and discuss any implications for PUB approval under Section 25(1) of *THE CROWN CORPORATIONS GOVERNANCE AND ACCOUNTABILITY ACT*



**Rationale for Question:**

To better understand the possibility to tailoring time bands to commercial needs.

**RESPONSE:**

- a) The selection of all four time bands, which allows for complete flexibility for full time operation, is appropriate for most Taxi VFHs. While more Taxi VFH customers could choose less than four time bands with the changing of timeframes, MPI believes it is unlikely to have any practical effect.
- b) Adjustments to the time bands will require changes to the system, the registration certificate, communication and training material and possibly rates. Whether MPI can implement an adjustment in advance of the current test year depends on the type of change proposed.
- c) An adjustment to the time bands that *does not* change the risk profile would *not* require a rate change. However, an adjustment to the time bands that *does* change the risk profile would require a rate change, and then such rate change would be subject to approval by the PUB.

**TC (MPI) 2-7**

<b>Part and Chapter:</b>	TC(MPI) 1-5 TC(MPI) 1-6 TC(MPI) 1-8 TC(MPI) 1-9	<b>Page No.:</b>	
<b>PUB Approved Issue No:</b>	1, 2, 11, 12		
<b>Topic:</b>	VFH Framework Redesign		
<b>Sub Topic:</b>			

**Preamble to IR:**

In response to TC(MPI) 1-5(b), MPI states:

*"As Vehicles for Hire (VFH) only began on March 1, 2018, insufficient time has elapsed to establish a trend."*

In response to TC(MPI) 1-5(c), MPI states:

*"MPI has not monitored the deviation of time bands from the target 25% threshold. As VFH only began on March 1, 2018, not enough time has elapsed to establish a trend."*

In response to TC(MPI)1-6(d), MPI states:

*"VFH began on March 1, 2018. Not enough time has elapsed to establish a trend."*

In response to TC(MPI)1-8 (a) and (b), MPI states:

a) *"MPI does not have any data on other relevant risk factors affecting VFH beyond territory, insurance use, vehicle type and driving record."*

b) *"MPI has not explored options for acquiring other relevant risk data."*

In response to TC (MPI) 1-9 (a), (b), (c), and (d) MPI states:

*"MPI is currently reviewing its vehicle for hire (VFH) products in order to address known issues with their existing design, including:*

- *significant differences between Taxi VFH and Passenger VFH rates;*
- *significant differences in exposure (i.e. kilometers driven) and driver risk, not properly captured by the current system;*
- *feedback from Transportation Network Companies that the current product offering does not meet their needs (i.e. no per kilometer rate available, blanket coverage, etc.); and*
- *lack of incentives to improve driving behaviour (i.e. flat-rated Taxi VFH)."*

The following news report (<https://globalnews.ca/news/7040431/uber-green-light-winnipeg-operations/>) states:

*Legislation allowing ridesharing went into effect in Manitoba in 2018, but Uber held back on venturing into the Winnipeg market due to Manitoba Public Insurance (MPI)'s vehicle-for-hire coverage, requiring drivers choose from four time slots as opposed to the blanket-type insurance found in other areas.*

*But after months of behind-the-scenes work on the part of both MPI and Uber, the two sides came to an agreement, which paved the way for the company to [apply to operate in the city](#) in May.*

**Question:**

- a) Please discuss if the current inability to establish trends in the existing data, and the current absence of potential better rating variables will impede MPI's ability to evaluate the success of the current framework, and impact the effectiveness in developing a new framework.

- b) Please discuss if the recent establishment of UBER operations in Manitoba provided the impetus for MPI to re-evaluate the VFH framework.
- c) Please discuss if MPI has sought feedback from any other VFH subcategories on whether the current product offering is meeting their needs.
- d) Please indicate if MPI would consider collecting input from all VFH stakeholders in the earliest stages of the VFH framework redesign.
- e) Has MPI established a comprehensive baseline of deficiencies with the current framework as a starting point for the framework refresh. If so, please provide details.
- f) Please discuss the foremost policy considerations in developing the revised VFH framework.
- g) Please explain how MPI knows there are significant differences in exposure (kilometers driven) not properly captured under the current system.
- h) Referencing part g) above, please explain why in response to TC(MPI) 1-8(c), MPI indicated that it was currently unknown if the rating factor of kilometers driven was preferred to existing rating factors?
- i) Please explain how flat rating acts as a disincentive to improving driver behavior.
- j) Please provide as much detail as is presently available on the nature and scope of the VFH framework revision, including if any of the rating variables outlined in TC(MPI)1-8 will be incorporated into the new framework.

**Rationale for Question:**

To understand the approach and any existing limitations to the VFH Framework redesign.

**RESPONSE:**

- a) The ability of MPI to develop an effective new framework will not be impeded by its inability to establish trends. MPI identified the issues with the current VFH framework and does not need to establish trends in order to develop a new framework.
- b) MPI believes it can enhance the VFH framework to better meet the needs of all stakeholders. Upon evaluating the current two-year old VFH framework, MPI believes it is now prudent to develop a new framework.
- c) MPI has primarily received feedback from organizations in the Passenger and Taxi VFH subcategories.
- d) MPI will conduct further consultations with VFH groups during the initial stages of the VFH framework review.
- e) MPI has identified issues with the current VFH framework (see TC (MPI) 1-9). This will form the starting point for its discussions with VFH groups.
- f) The following principles will guide the development of a new VFH framework:
- The rating model is actuarially-based and uses experience-based adjustments to reflect the risk
  - The model and/or pricing does not have to apply identically and/or consistently between VFH sub-categories
  - No cross-subsidization outside of the VFH class or between VFH classes
- g) This knowledge is based on the review of the VFH frameworks in other jurisdictions and their experience with kilometer-based rating.
- h) MPI will be in position to determine if the kilometers driven rating factor is preferred over the existing rating factors once its review, including stakeholder consultation, is complete.

- i) Flat rating simply means that a single rate is applied to the insurance use regardless of the type of vehicle insured. Whether the rates for an insurance use are flat rated or not has no effect on driver behaviour. Incentives or disincentives for improving driver behaviour are achieved through the Driver Safety Rating and Fleet programs, which have the potential to significantly lower the rates for good drivers/fleets.
  
- j) MPI is in the preliminary stages of the review and will evaluate the rating variables identified in TC (MPI) 1-8. As noted, MPI will consult with VFH stakeholders as part of the review of the current VFH framework.

**TC (MPI) 2-8**

<b>Part and Chapter:</b>	<b>TC (MPI) 1-7</b>	<b>Page No.:</b>	
<b>PUB Approved Issue No:</b>	<b>1, 2, 11, 12</b>		
<b>Topic:</b>	<b>VFH Rates</b>		
<b>Sub Topic:</b>	<b>Processes for claims handling and appropriate coverage</b>		

**Preamble to IR:**

In response to TC(MPI) 1-7(a), MPI states:

*"One scenario where the claim will be flagged is when the time of loss occurs outside the policy's declared time band. An adjuster will contact the customer to investigate and establish if the vehicle was engaged in commercial activity at the time of accident. As with any use code potential breach, the adjuster will obtain a non-waiver agreement and statutory declaration from the customer"*

In this scenario, the insured is known to have the correct insurance use, but may have been operating outside the time band.

**Question:**

- a) Please explain if there are procedures in place to detect potential use code breaches for Common Carrier Local Passenger Vehicle, or Passenger VFH. Specifically, how does MPI identify instances where an insured was operating with the wrong insurance use, for example, operating for a TNC or food delivery under private passenger pleasure, or all-purpose coverage.
- b) Please explain how effective those procedures, described in part a), are known to be. Please provide quantitative support, as available.

- c) Since the inception of the VFH framework, and for detected code breaches for each of TNC or food delivery operators, please provide the number of claims that have variously been denied, covered under Relief from Forfeiture, or covered under *ex gratia*.
- d) Does MPI have processes in place to audit TNC companies, or businesses with delivery drivers, for the correct insurance use prior to a claim being made?
- e) Beyond the initial point of sale, does MPI have any processes to establish correct insurance use, prior to a claim? Did these processes change as a result of automated renewals?

**Rationale for Question:**

To understand the processes in place to ensure that insureds are operating under the correct insurance use.

**RESPONSE:**

- a) A potential use code breach can be identified when a customer reports an accident. MPI will ask the customer a number of questions and, based on the responses, MPI will determine the potential for a use code breach. MPI will assign an adjuster to investigate the claim if it identifies a potential use code breach. As with any use code potential breach, the adjuster will obtain a non-waiver agreement and statutory declaration from the customer. If the investigation confirms a use code breach, the adjuster will recommend denial of the claim, coverage under relief from forfeiture or an *ex gratia* payment.
- b) The procedure is effective in identifying potential use code breaches provided the customer is truthful in their responses. Many breaches, including use code breaches, are identified by information gathered from the third party driver or witnesses to the accident.
- c) The information requested is not available at the insurance use level.



- d) MPI does not audit Transportation Network Companies or businesses with delivery drivers to determine whether they are insured under the correct insurance use.
  
- e) Autopac agents/brokers review the policies, including the insurance use, with customers when they attend for renewal. However, with automated renewals, customers are no longer required to meet with an agent/broker on an annual basis. Instead, customers must review their annual Statements of Account in their reassessment years. Customers are asked to confirm that the information contained in their annual Statement of Account is accurate and current. If it is not accurate and current, the customers are directed to contact an agent/broker.

**TC (MPI) 2-9**

<b>Part and Chapter:</b>	<b>TC (MPI) 1-8</b>	<b>Page No.:</b>	
<b>PUB Approved Issue No:</b>	<b>1, 2, 11, 12</b>		
<b>Topic:</b>	<b>Rate Setting Framework</b>		
<b>Sub Topic:</b>	<b>Optimal VFH Rating Data</b>		

**Preamble to IR:**

In response to TC(MPI) 1-8(c), MPI states:

*"Data that may be relevant in assessing VFH risk include:*

- 1) Driver of vehicle – owners of Taxi VFH vehicles hire drivers to drive their vehicles and these drivers may change frequently. This frequent change in who drives the vehicle impacts the ability to assess risk.*
- 2) Distance driven – the increased distance driven by Taxi VFHs may increase the risk.*
- 3) Time on road – the increased time Taxi VFHs are on the road may increase the risk.*

*It has not been determined that the above data is preferred over the current rating variables."*

The Fleet program would appear to provide strong immediate incentives for business owners to manage who is operating their fleets

**Question:**

- a) Please explain if the incentives in the fleet program are stronger and more immediate than the current registered owner model applicable to VFH, and if the fleet program would provide a substitute in the short term (albeit an imperfect substitute) to the information listed in point 1) of the pre-amble.
- b) Is MPI aware if owners of Passenger VFH hire drivers to operate their vehicles?
- c) Please explain how MPI would determine if any of the data outlined in response to TC(MPI)1-8 is preferred over the current rating variables, should it decide to acquire this data.

**Rationale for Question:**

To understand options currently available to MPI to improve the VFH framework.

**RESPONSE:**

- a) The incentives in the fleet program are more immediate than the current VFH registered owner model. A customer in the fleet program is entitled to the maximum fleet rebate of 33% if they have a loss ratio of 37% or lower in the current assessment year. Based upon the above simplistic analysis of fleet rebate and loss ratio, it is possible that adopting a pricing structure similar to the fleet program may address the risk associated with multiple drivers.
- b) MPI is not aware of any instances of owners of passenger VFH vehicles hiring drivers to operate their vehicles.
- c) The data outlined in TC (MPI) 1-8 is not to replace the current rating variables (i.e. MPI will continue to differentiate risks based on insurance use and territory). However, collection of this data will allow MPI to better differentiate the risk within the insurance use (i.e. if certain taxis are on the road more than others, MPI can differentiate the rates to collect more premiums from them).

**TC (MPI) 2-10**

<b>Part and Chapter:</b>	<b>TC (MPI) 1-12</b>	<b>Page No.:</b>	
<b>PUB Approved Issue No:</b>	<b>1, 2, 11, 12</b>		
<b>Topic:</b>	<b>VFH rates</b>		
<b>Sub Topic:</b>	<b>Loss Prevention Programming Outcomes</b>		

**Preamble to IR:**

In response to TC(MPI) 1-12(a), MPI states:

*"Although increases were observed in the counts and rates of most types of collisions, the claims costs associated with those collisions appear to have decreased. There were physical damage claims cost reductions of 9% for at fault collisions, 17% for all collisions, 63% for at-fault rear-end collisions, and 46% for not-at-fault rear-end collisions."*

**Question:**

- a) Please provide data supporting the conclusion that the counts and rates of most types of collisions increased.
- b) Please explain what is meant by a 'not at fault rear end collision'.
- c) Please discuss if 'at fault rear end collisions' are the primary type of collision that the Mobileye system is designed to warn against.
- d) Please discuss if a 63% reduction in claims costs for 'at-fault rear end collisions' considered a success? Did MPI have KPIs or benchmarks against which to measure success, at the outset of this pilot program? If so, please discuss the program results against those benchmarks.

- e) Please discuss the future of the Mobileye Pilot program, if any.
- f) Please explain if a 63% reduction in claims costs for 'at-fault rear end collisions' is broadly in line with the downward trend in Winnipeg? Please also include a discussion of the results presented in CI.9.2, in particular Table CI-34, as context for the downward trend in Winnipeg.

**Rationale for Question:**

To fully understand the results of the Mobileye pilot project.

**RESPONSE:**

a) to f)

In its response to Information Request *TC (MPI) 1-12*, MPI provided various data related to the Mobileye study participants, including collision and claims costs. While MPI derived this data post-study, there was an inherent flaw in the methodology of the study, which invalidated its results. These flaws include:

- Study methodology: participants self-selected into the study, resulting in a biased sample that was neither random nor representative of the taxi population as a whole. Though MPI could analyze the collision results of the participating taxis, the results would not be representative or transferrable to the larger taxi group.
- Study integrity: an audit of study participants during the pilot revealed that, at minimum, 10% had tampered with the device, including one case where the participant completely disconnected the device.

Accordingly, the study results cannot provide an accurate reflection of the success or failure of the pilot project.

**TC (MPI) 2-11**

<b>Part and Chapter:</b>	<b>TC (MPI) 1-13</b>	<b>Page No.:</b>	
<b>PUB Approved Issue No:</b>	<b>1, 2, 11, 12</b>		
<b>Topic:</b>	<b>VFH Rates</b>		
<b>Sub Topic:</b>	<b>Impact of major class on subcategory rates</b>		

**Preamble to IR:**

In response to TC(MPI) 1-13(b), MPI states:

*"The decision to put Passenger vehicle for hire (VFH) in the Private Passenger major class was based on the prior understanding of MPI of how vehicles in this insurance use would operate. Specifically, MPI understood that individuals would drive for a ridesharing company on a casual basis, and pick up passengers as part of their regular day-to-day driving from one place to another. The rates for this insurance use reflected this understanding (i.e. MPI assumed a moderately higher rate for Passenger VFH as compared to All Purpose to reflect the increased risk exposure).*

*MPI did not put Passenger VFH in the Public major class (or the Commercial major class) because it did not assume that this insurance use would operate in the same capacity as Taxi VFH."*

**Question:**

- a) Please confirm that MPI now understands that Passenger VFH operate in the same capacity as a Taxi VFH, and provide a description of that operation.
- b) If part a) is confirmed, please discuss which major class MPI would have placed Passenger VFH in, at the time of VFH inception, had it known then, what it knows now.

- c) If, knowing what it knows now, MPI would have placed Passenger VFH in the Public major class, please discuss any remaining reasons why Passenger VFH should remain in the Private Passenger major class.
- d) In lieu of fully recalculating all rates, please provide a directional assessment, including a coarse estimate of magnitude if possible, of the impact to Passenger VFH rates if they were set under the Public Major class. Please provide a narrative description of all the factors that would influence the Passenger VFH rates, including the impact of relevant loss development factors included in Appendix 1, to TC(MPI) 1-13.
- e) Please elaborate on how the pace at which rates for respective insurance uses will ultimately reflect the loss exposure is impacted by the ratemaking methodology. Please also indicate how the selection of major class impacts the pace of change. Please reference the response to TC(MPI) 2-3 as appropriate.
- f) Please identify any other potential differences that may materialize as a result of shifting Passenger VFH into the Public Major class, for instance, the impact on the rates for other insurance uses in the Private Passenger, and Public Major classes.
- g) Without formal definitions for major classes, please explain how MPI ensures consistent allocation of new insurance uses to major classes? Please describe who has final responsibility for the decision, and how MPI ensures that there is continuity in these decisions across time.
- h) Please explain the difference between a “vehicle used for commercial purposes”, and a “vehicle used as public service vehicles”, in the context of VFH time bands specifying times for ‘commercial’ operation.

**Rationale for Question:**

To better understand the impact of calculating Passenger VFH rates in the Public major class.

**RESPONSE:**

- a) MPI does not believe that Passenger VFH operates in the same capacity as Taxicab VFH. MPI appreciates that there are differences between Passenger VFH operators in terms of how long they drive in their capacity as a Passenger VFH. However, on average, Passenger VFH operators are on the road significantly less than Taxicab VFH operators.
- b) Based on its current understanding, MPI would continue to place Passenger VFH in the Private Passenger major class. While there are differences between Passenger VFH operators, the understanding of MPI that "individuals would drive for a ridesharing company on a casual basis" (see response to Information Request TC (MPI) 1-13(b)) still applies. As indicated in the response to (a) above, on average, Passenger VFH operators are on the road significantly less than Taxicab VFH operators.
- c) See the response to (b) above.
- d) MPI cannot comment on Passenger VFH rates without completely recalculating them with the assumption that Passenger VFH are part of the Public major class. Per the response to Information Request TC (MPI) 1-13(d):

*"such an undertaking is not possible in the applicable timeframe."*

This undertaking would require that MPI perform the following:

- adjust the data to reflect Passenger VFH being in the Public major class;
- update the current models/worksheets to reflect Passenger VFH being in the Public major class;
- review loss development factors and selected trends for both the Private Passenger and Public major classes;
- recalculate relativities for the Private Passenger and Public major classes;
- re-run experience adjustments; and
- recalculate rates.



In terms of potential magnitude, moving Passenger VFH to the Public major class would not significantly change the Passenger VFH required rate. Assuming the same initial rate, MPI would gradually adjust actual Passenger VFH rates over time towards the indicated break-even rate, based on the credibility of the data. This gradual adjustment would occur regardless of the major class in which it is placed.

- e) Please see the response to Information Request TC (MPI) 2-3, specifically parts (a) and (c).
- f) MPI cannot comment on the question without a complete recalculation of the rates assuming that Passenger VFH were part of the Public major class. Per the response to Information Request TC (MPI) 1-13(d):

*"such an undertaking is not possible in the applicable timeframe."*

- g) Per Figure 1 in the response to Information Request TC (MPI) 1-13(c), there is a definition for each major class. The responsibility for placement of an insurance use in a major class falls within the scope of the Product and Pricing directorate. In general, this placement is fairly straightforward given that, "...most of the major classes are self-explanatory".

In the case of Passenger VFH, while there may be some support for placing the insurance use within the Public major class, MPI believes that the Private Passenger major class is more applicable per the response to (b) above.

- h) The main difference between the Commercial and Public major classes is that they each transport different things. Specifically, vehicles within the Commercial major class, defined as "vehicles used for commercial purposes" (TC (MPI) 1-13(c)) generally transport goods, while vehicles within the Public major class, defined as "vehicles used as public service vehicles" generally transport people. Taxi VFH falls into the latter group.

**TC (MPI) 2-12**

<b>Part and Chapter:</b>	<b>TC (MPI) 1-14</b>	<b>Page No.:</b>	
<b>PUB Approved Issue No:</b>	<b>1, 2, 11, 12</b>		
<b>Topic:</b>	<b>VFH Rates</b>		
<b>Sub Topic:</b>	<b>Flat Rating Certain VFH Subcategories</b>		

**Preamble to IR:**

In response to TC(MPI) 1-14(b), MPI states:

*"By contrast, MPI does not flat rate Passenger VFH as a result of a policy decision MPI made when VFH insurance uses were first introduced and based on its understanding of how vehicles in this insurance use would operate (see TC (MPI) 1-13(b))."*

**Question:**

- a) Please elaborate on why MPI's understanding of how Passenger VFH were expected to operate, impacted the decision not to flat rate the insurance use.
- b) Please explain if homogeneity of vehicles within the insurance use reduce the impact of subsidization between vintages of vehicles within the insurance use.
- c) Please explain if the rationale for flat rating substantially extends to Accessible VFH? If not, please explain why not.

**Rationale for Question:**

To further understand the reasons for flat rating some insurance uses, but not others.

**RESPONSE:**

- a) In the response to TC (MPI) 1-13(b), MPI states:

*"MPI understood that individuals would drive for a ridesharing company on a casual basis, and pick up passengers as part of their regular day-to-day driving from one place to another."*

MPI understood the difference between the All Purpose insurance use and the Passenger VFH use was the additional passengers picked up along the way. Given that the All Purpose insurance use was not flat rated, MPI made the policy decision not to flat rate Passenger VFH as well.

- b) If all vehicles within an insurance use are the same, each pays the same rate such that the total premiums collected is sufficient to cover the expected claims costs and expenses for the group. In this situation, without considering the different drivers of the vehicles, there is no subsidization since all the vehicles have the same loss potential.

If the makeup of vehicles within an insurance use is very different, rates must be differentiated to reflect the differences in expected claims costs and expenses resulting from different values of the vehicles, safety features, how the vehicle is built, etc. In this situation, not differentiating the rates would result in the subsidization of vehicles with higher loss potential by vehicles with lower loss potential.

In the case of Taxi VFH, there is potentially some subsidization as a result of flat rating. However, MPI has provided the reasons why the Taxi VFH insurance use continues to be flat rated. Per TC (MPI) 1-14(a), the flat rating of Taxi VFH is "a carryover from prior to the introduction of VFH insurance uses." Per TC (MPI) 1-14(b), "not using a flat rate would result in some Taxi VFH paying more and some paying less, averaging to the same flat rate for all Taxi VFH." Per TC (MPI) 1-14(d), "By flat rating, all taxi operators pay the same rate regardless of the vehicle driven. Taxi operators can renew their vehicle without any additional insurance cost."

- c) Accessible VFH is not flat rated, but instead is rated based on declared value, which is a carryover from prior to the introduction of VFH insurance uses. Of the four reasons for flat rating, per TC (MPI) 1-14(d), the only one that might apply is “to not restrict the use of newer and more expensive vehicles.” However, the applicability of this to Accessible VFH is less when compared to Taxi VFH given the differences in how these two insurance uses operate.

**TC (MPI) 2-13**

<b>Part and Chapter:</b>	<b>TC (MPI) 1-15</b>	<b>Page No.:</b>	
<b>PUB Approved Issue No:</b>	<b>1, 2, 11, 12</b>		
<b>Topic:</b>	<b>Fleet Rebate Program</b>		
<b>Sub Topic:</b>			

**Preamble to IR:**

In response to TC (MPI) 1-15) (a), MPI states:

*"The fleet program was designed to provide a financial incentive for vehicle owners to implement a fleet management program to reduce losses arising from automobile accidents."*

In response to TC (MPI) 1-15) (c), MPI states:

*"The current design of the fleet program enables fleet customers to earn the same maximum 33% discount as individual customers (i.e. those not in the fleet program). Vehicles in the fleet program are rated the same as individual customers (i.e. same territory, same insurance use, etc.)."*

In response to TC (MPI) 1-15) (e), MPI states:

*"The current incentives encourage good driving behavior. MPI believes that the maximum discount of 33% afforded to both fleet and non-fleet customers is fair and does not favour one group over the other."*

**Question:**

- a) Please confirm that one year of good experience in the fleet program will result in an immediate discount of 33%, whereas it may take many years for an individual driver to climb the DSR scale to enjoy that level of discount.

- b) Please confirm that corporate customers, with less than 10 vehicles are not eligible for any form of vehicle premium discount (either through the DSR, or fleet program).
- c) Please confirm that loss experience in the fleet program is based on at-fault claims, or based on the degree of responsibility for the claims cost (excepting comprehensive claims).
- d) Please confirm that the incentives for at-fault accident free driving would increase, as eligibility for the fleet program is expanded, as the financial impact of a single claim on discount/surcharges is increasingly more significant.

**Rationale for Question:**

To more fully understand the incentives of the fleet program.

**RESPONSE:**

- a) Confirmed. To obtain the maximum discount of 33%, a fleet customer is required to have a loss ratio of 37% or lower within the assessment year.
- b) Corporate customers with less than 10 vehicles are not eligible for any form of vehicle premium discount, either through the Driver Safety Rating (DSR), or fleet program. However, a single-owner limited company can enter into a right of possession agreement, to make the sole owner the registered owner. The registered owner's driver's license is then used to determine the DSR Vehicle Premium Discount.
- c) With the exception of comprehensive claims, which are entirely included in the loss ratio calculation, claims are included according to the degree of responsibility. For example, if the fleet driver is held 40% responsible in a claim, only 40% of this claim's cost is charged to the fleet experience.

- d) The incentives for at-fault accident free driving increase as a fleet customer moves up the rebate scale, which is a function of their loss ratio for the assessment year. This is independent of expanding eligibility for the fleet program by decreasing the number of vehicles required to enter into the fleet program. However, if the fleet size were to decrease, the financial impact of a single claim on discount/surcharges would become increasingly more significant.

**TC (MPI) 2-14**

<b>Part and Chapter:</b>	<b>TC (MPI) 1-16</b>	<b>Page No.:</b>	
<b>PUB Approved Issue No:</b>	<b>14</b>		
<b>Topic:</b>	<b>Benchmarking</b>		
<b>Sub Topic:</b>	<b>Rates Comparison</b>		

**Preamble to IR:**

In response to TC(MPI) 1-16(b), MPI states:

*"The TNC is responsible for two separate premium charges 1) Purchase of a "blanket liability policy" carrying a minimum of \$1M liability, to cover all affiliated drivers and vehicles. This policy responds (secondary) if the damages exceed the Basic \$200,000 TPL included with the vehicle's Basic Plate insurance. 2) An additional premium that is paid to SGI (Saskatchewan Auto Fund), based on actual kilometers driven by its drivers. The details of these two premium charges are outlined below:*

(...)

*"The price varies and currently ranges from \$0.013 per km to \$0.11 per km. The price can vary depending on the size of the driver pool, and potentially other factors. The TNC must renew their blanket policy annually, but the premium is paid monthly, based on the previous month's per km calculation."*

(...)

***"Estimating the VFH premium of SGI***

*The number of kilometers driven by rideshare vehicles will vary but assuming a distance of 3,500 km per year, under the SGI rating model, the personal vehicle insurance premium of the driver would remain the same, and the TNC would pay \$385 (3,500 x \$0.11/km) as additional insurance to SGI (Saskatchewan Auto Fund) to cover the VFH risk."*



**Question:**

- a) Appreciating the example was provided for illustrative purposes, does MPI have any information to suggest that 3500 km per year is a reasonable estimate for distance travelled by a TNC operator in Saskatchewan?
- b) Is MPI aware if TNCs in Saskatchewan are operating on a basis that is **not** akin to how Taxis operate?
- c) Would incorporating either or both of the rating variables Distance and Time on Road (as described in response to TC(MPI) 1-8 (c)) necessarily require that the rate setting framework change, to something analogous to SGI's framework, or could these rating variables be incorporated into the current rate setting framework?

**Rationale for Question:**

To understand the implications for of SGI's VFH framework, in Manitoba's context.

**RESPONSE:**

- a) MPI does not have information regarding the distances travelled by TNC operators in Saskatchewan.
- b) MPI is aware of the June 3, 2020 CBC article titled: "City of Regina saw increase in total rides hired, but less taxi hires, after Uber arrived"<sup>1</sup>, which references a report presented to the City Council of Regina. According to the CBC article, the report indicates that the number of vehicles driving for UBER changes monthly and that there are approximately 425 UBER drivers operating in Regina every month, with the majority operating part-time. Of these drivers, only 15% made weekday trips

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<sup>1</sup> [https://www.cbc.ca/news/canada/saskatchewan/regina-sees-increase-taxi-uber-one-year-later-1.5597044#:~:text=The%20Associated%20Press\)-,A%20report%20presented%20to%20Regina's%20city%20council%20on%20Wednesday%20showed,trips%20in%20Regina%20in%202019.](https://www.cbc.ca/news/canada/saskatchewan/regina-sees-increase-taxi-uber-one-year-later-1.5597044#:~:text=The%20Associated%20Press)-,A%20report%20presented%20to%20Regina's%20city%20council%20on%20Wednesday%20showed,trips%20in%20Regina%20in%202019.)

and 42% averaged fewer than 30 trips per month. Only 18% of drivers reported making six or more trips per day.

- c) MPI does not currently collect this information. In order to use the Distance or Time on Road variables within the rate setting framework, MPI would need to add the ability to reliably collect this information to its current system. It is therefore premature to discuss any impacts of adding these rating variables to the existing rate setting framework.

**TC (MPI) 2-15**

<b>Part and Chapter:</b>	<b>TC (MPI) 1-17</b>	<b>Page No.:</b>	
<b>PUB Approved Issue No:</b>	<b>19</b>		
<b>Topic:</b>	<b>Coverage Changes</b>		
<b>Sub Topic:</b>	<b>Implications for VFH</b>		

**Preamble to IR:**

In response to TC(MPI)1-17(b), MPI stated:

*"The percentage of policies with one or more Extension coverages in place to enhance existing coverages impacted by the coverage change (as of July 1, 2020) is as follows:*

<b><u>VFH Sub-Group</u></b>	<b><u>Percentage of Policies</u></b>
<i>Accessible VFH</i>	<i>98%</i>
<i>Limo VFH</i>	<i>60%</i>
<i>Passenger VFH</i>	<i>96%</i>
<i>Taxi VFH</i>	<i>99%</i>

**Question:**

- a) Please expand the table provided in response to part b) to include a column for each of deductible buy-down, TPL, and MIV coverages, as well as a column for all other Extension coverages.
- b) If the current results have changed materially since the inception of the VFH framework, please provide that historical information.
- c) Please describe the most common scenario where TPL coverage is required as a result of a collision in Manitoba.

**Rationale for Question:**

To understand uptake of specific extension coverages by VFH insureds.

**RESPONSE:**

- a) The percentage of policies with Extension coverages in place (as of July 1, 2020) is as follows:

**Figure 1 VFH Extension Coverages**

Line No.	VFH Sub-Group	Extension TPL	MIV	Deductible Buy Down	Other*
1	Accessible VFH	96%	2%	94%	16%
2	Limo VFH	60%	11%	31%	5%
3	Passenger VFH	95%	2%	87%	41%
4	Taxi VFH	98%	0%	95%	4%
5	* Other includes New Vehicle Protection, Leased Vehicle Protection, and Extension Loss of Use.				

- b) The current results have not materially changed since the inception of the VFH framework.
- c) The most common scenario where Basic TPL coverage is required is when an at-fault driver is involved in an accident resulting in physical damage to another person's vehicle. The most common scenario where Extension TPL coverage is required is when an accident involves a commercial vehicle.