

# Pre-Hearing Conference

2021 General Rate Application

June 30, 2020

Presented by  
Steve M. Scarfone and  
Anthony L. Guerra



MANITOBA  
PUBLIC INSURANCE

# A Focused GRA in an Uncertain Time

## Optimizing Transparency, Accountability and Efficiency

- 2021 GRA reflects the expectations and address issues of most concern to ratepayers
  - Impact of COVID-19 and May 2020 Rebate
  - Impact of Basic Autopac product modernization
  - Progression towards greater online service delivery



# Summary of 2021 GRA Requests

## MPI Requests Largest Overall Rate Decrease in 30 years

- **-10.5%** overall rate indication (*provisional*)
  - -3.0% results from modernizing Basic Product
  - -2.5% results from break-even cost of Basic vehicle premiums
  - -5.0% results from capital release as per Capital Management Plan
- Effective over **12** month period (April 1, 2021 to March 31, 2022)

**Rate Change Per Vehicle Major Class**

Line No.	Major Class	Current Average Rate	Indicated Average Rate	Indicated Rate Change
1	Private Passenger	\$1,184	\$1,054	-11.0%
2	Commercial	\$828	\$788	-4.8%
3	Public	\$2,141	\$2,010	-6.1%
4	Motorcycles	\$847	\$862	1.8%
5	Trailers	\$77	\$68	-11.4%
6	Off-Road Vehicles	\$7	\$7	0.0%
7	Overall	\$905	\$810	-10.5%



# Final Issues List

## Normal Consideration vs. Detailed Consideration vs. Deferred

- Issues List determines the scope and focus of GRA
  - Narrowed by Discovery Process (Information Requests)
- Distinction between issues requiring normal and detailed considerations
  - **CAPITAL MANAGEMENT PLAN (CMP) AND RATE STABILIZATION RESERVE (RSR)**
    - ▶ Largely settled during the course of 2020 GRA and Special Rebate Application
  - **DRIVER SAFETY RATING (DSR)** – not subject to a detailed review in 2021 GRA
    - ▶ Progress on DSR review (in scope) vs. whether DSR is “fair” to motorists (not in scope)
  - **VEHICLE FOR HIRE (VFH)** – not subject to a detailed review in 2021 GRA
    - ▶ Claims experience of VFH Class (in scope) vs. fairness of VFH Premiums (not in scope)
  - **INTEREST RATE FORECASTING**
    - ▶ Deferred (given ALM Strategy and economic climate)



# October Update

## What MPI Expects to Provide on October 6, 2020

- Data Subject to Update
  - expense, revenue, investment and claims forecasts
  - capital position
  - change (if any) to proposed release under CMP
- Schedules Subject to Update
  - Pro Forma **PF-1, PF-2, PF-3**
  - Extension Pro Forma **EPF-1, EPF-3**
  - Comparison of changes to Pro Forma from 2021 GRA to October 6, 2020 Update
  - Indicated Rate Change **RM-1**
  - Overall and Major Class Required Rate Change **RM-12, RM-13**
  - Major Class Summary Report and Summary of Premium Increase/Decrease **RM-14, RM-17**
  - Dollar and Percent Distributions **RM-18, RM-19**
  - Update based on *naïve* Interest Rate Forecast and without CMP **INV-13**



# CSI Process

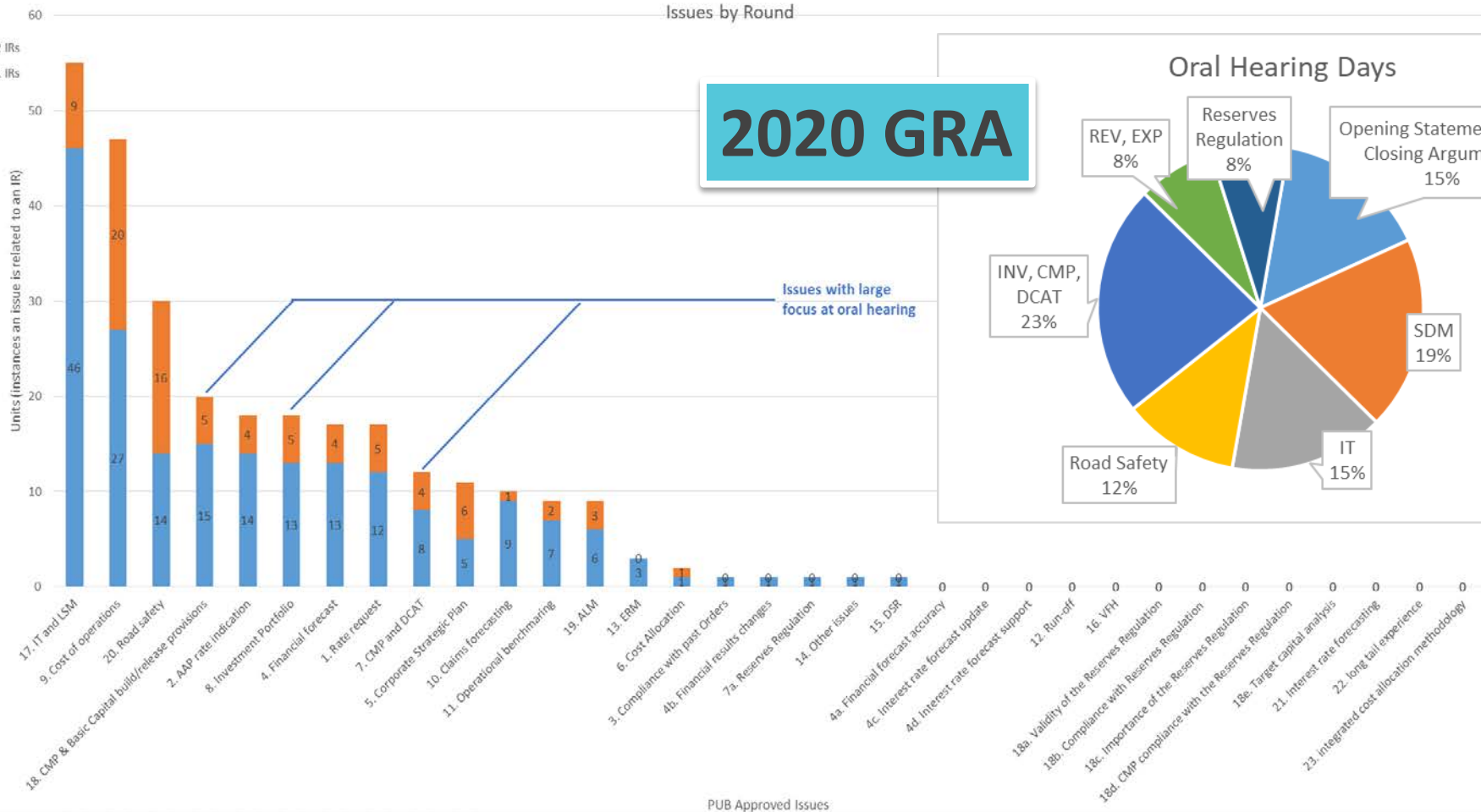
## Optimizing Transparency and Efficiency

- CSI process well received last year
- MPI requests that same process be adopted this year
- Propose use of similar Undertaking Forms and Confidentiality Agreements as last year
  - Copies were circulated to PUB Counsel and Prospective Intervenor Counsel prior to
- MPI expects to file its Omnibus CSI Motion on September 18, 2020



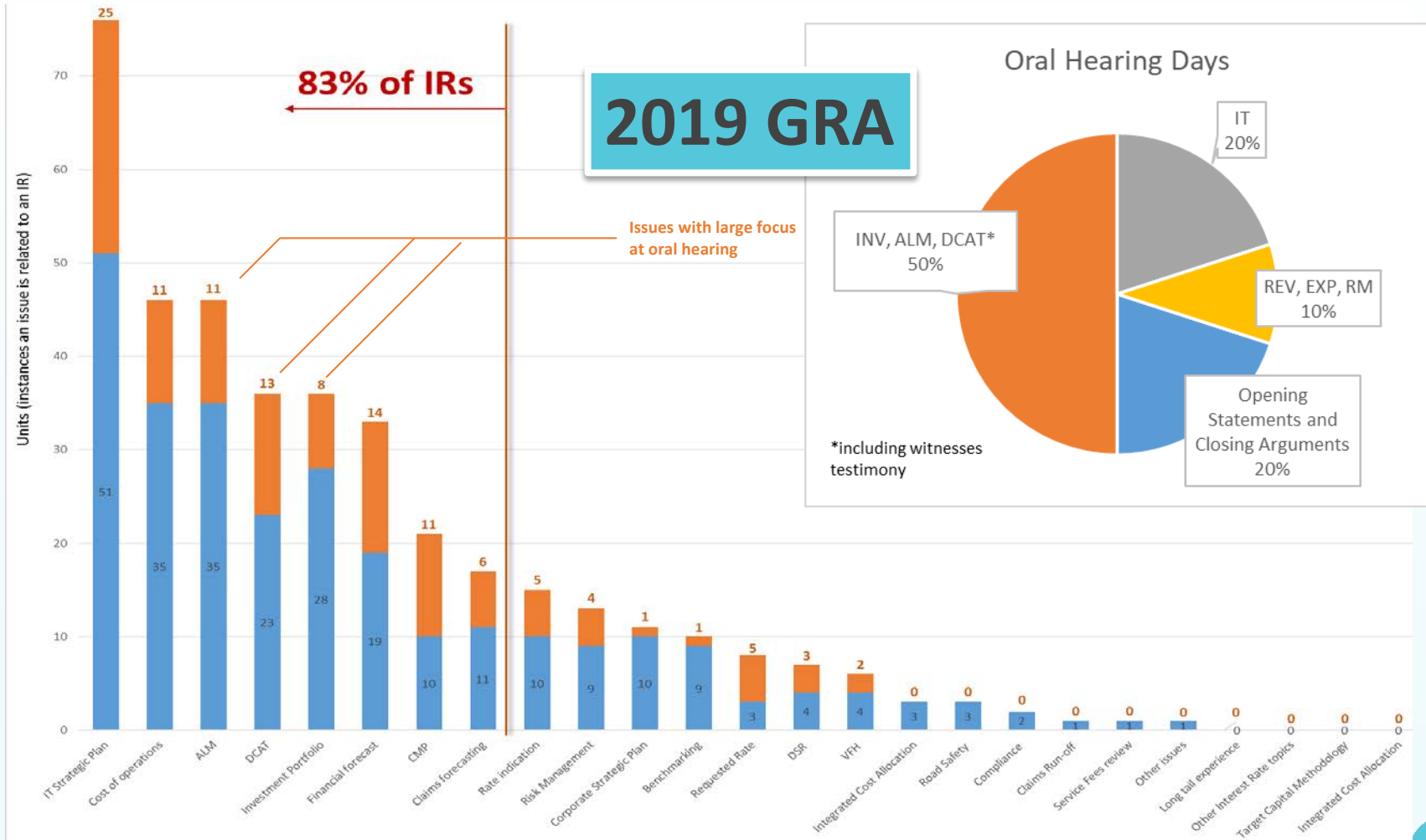
# Information Requests

## Fewer Information Requests = More Hearing Time



# Information Requests

## Fewer Information Requests = More Hearing Time





# Expert Witness Pre-Qualification

- MPI does not seek to call expert witnesses
- Taxi Coalition Witnesses
  - Patrick Bowman
  - Jeff Crozier



# Intervenor Applications

- **Consumers' Association of Canada (Manitoba) Inc. (CAC)**
  - No objection to request for Intervener status
  - Costs
    - ▶ Legal counsel hours down 42% from last year (416.7 vs. 240)
      - Estimates 12 hearing days notwithstanding (1 less than 2020 GRA)
      - Only 20 hours allocated to discovery
      - Budget is \$51,033.87 less this year (\$162,530 vs. \$213,563)
- **Coalition of Manitoba Motorcycle Groups Inc. (CMMG)**
  - No objection to request for Intervener status
  - Costs
    - ▶ Legal counsel hours up 18% from last year (203.9 vs. 240)
    - ▶ Budget is \$15,603.60 less this year (\$24,700 vs. \$40,303.60)



# Intervenor Applications

- **Taxi Coalition (TC)**

- No objection to request for Intervener status
- Costs
  - ▶ Opposed as TC does not represent interest beyond their sole business interest
  - ▶ TC budget is not reasonable
    - Estimates legal hours at 210 compared to CAC and CMMG at 240
      - Estimates present at 4 hearing days vs. CAC counsel at 12 hearing days
    - Estimated legal fees exceed amounts estimated by CAC (\$62,700 v. \$64,450)
    - Total budget is \$132,559.80 or 81% of the \$162,530 total budget put forward by CAC
    - Estimated potential consultant costs of \$82,800.75 extremely high for narrow scope of intervention (\$94,830 consultant cost estimated by CAC)



# Timetable for Hearing

- Is scheduling a 3-week oral hearing reasonable or necessary this year?
- Average of 11 sitting days and 5 non-sitting days in past 3 GRAs

2017	2018 GRA Topic	2018	2019 GRATopic	2019	2020 GRA Topic
2-Oct	Opening Statements	15-Oct	Opening Statements	7-Oct	Opening Statements
3-Oct	REV, EXP, CI, INV, BMK	16-Oct	INV, ALM, RSR, DCAT, MCT	8-Oct	REV,EXP, INV
4-Oct	IT, VM, PDR, CIO Scorecards	17-Oct	INV, ALM, RSR, DCAT, MCT cont'd	9-Oct	Did not sit
5-Oct	DSR, Road Safety	18-Oct	REV, EXP, RM	10-Oct	Road Safety
6-Oct	RSR, Capital Requirements, DCAT	19-Oct	Did not sit	11-Oct	LP, DSR, RM, CMP
9-Oct	Did not sit	22-Oct	IT, PDR, VM, Gartner, CSI	14-Oct	Did not sit
10-Oct	Gartner Group - Scorecards	23-Oct	IT, PDR, VM, Gartner, CSI cont'd	15-Oct	RM, CMP,
11-Oct	Did not sit	24-Oct	Did not sit	16-Oct	CMP, INV, Shadow Portfolios, IT, VM
12-Oct	Did not sit	25-Oct	Did not sit	17-Oct	CSI, IT, VM, SDM
13-Oct	Gartner Group Cont'd	26-Oct	CAC Witnesses	18-Oct	SDM cont'd
16-Oct	CAC Witnesses	29-Oct	INV, CMP, RSR, DCAT cont'd	21-Oct	SDM cont'd, CSI, CAC Witnesses
17-Oct	Did not sit	30-Oct	Valter Viola, CSI	22-Oct	CAC cont'd, IBAM
18-Oct	Closing Arguments & Reply	31-Oct	Closing Arguments & Reply	23-Oct	Did not sit
19-Oct	Closing Arguments & Reply	1-Nov	Did not sit	24-Oct	Closing Arguments & Reply
20-Oct	Did not sit	2-Nov	Did not sit	25-Oct	CSI, Reserve Reg Challenge
				28-Oct	Did not sit
				29-Oct	Closing Arguments & Reply

	Week 1
	Week 2
	Week 3
	Week 4



# Timetable for Hearing

- 2021 GRA is more focused by design, than other GRAs
  - No Service Delivery Model and Loss Prevention Chapters
  - REV, DSR, INV and IT Chapters less urgent this year
  - MPI does not expect to present witnesses to speak to:
    - ▶ Loss Prevention, DSR, CMP/RSR, Road Safety, Shadow Portfolios, Benchmarking
  - No anticipated external witnesses by MPI
  - No holidays (i.e. Thanksgiving, Yom Kippur, etc.) mean that non-sitting days can still be productive
  - No constitutional questions
  - Fewer intervenors this year
  - CAC budgets requiring 42% fewer legal counsel hours
  - Limited MPI resources due to COVID-19 and Project NOVA
  - Requested rate indication is -10.5%



# Timetable for Hearing

- Scheduling more hearing time than required
  - Scheduling days “just in case” not appropriate
  - Places less importance on the discovery phase
  - Actual hearing time required seems to adjust to fit calendar
  - Does not encourage distillation of issues (Issues Meeting of Counsel October 8, 2020)
  - Diverts attention away from issues that matter most to ratepayers
  - Those requesting more hearing time ought to be required to justify need



# Timetable for Hearing

Proposed  
Timetable

<b>Legend</b>		<b>PROPOSED TIMETABLE</b>	
<span style="background-color: #d9ead3; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span>	MPI Filing Date	<b>JUNE 17 FILING DATE</b>	
<span style="background-color: #d9ead3; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span>	MPI Receiving a Filing		
<b>ITEM</b>	<b>Date</b>	<b>Day of the Week</b>	
<b>1</b> Application Filed	<b>June 17, 2020</b>	Wednesday	
<b>2</b> Notice of Public hearing Published	June 20, 2020	Saturday	
<b>3</b> PUB Issues Workshop	June 25, 2020	Thursday	
<b>4</b> Intervener Registration Deadline	June 25, 2020	Thursday	
<b>5</b> Pre-hearing Conference	June 30, 2020	Tuesday	
<b>6</b> PUB Procedural Order Issued	July 03, 2020	Friday	
<b>7</b> Round One Information Requests Filed	July 08, 2020	Wednesday	
<b>8</b> Round One Information Responses Filed	August 05, 2020	Wednesday	
<b>9</b> Parties to file motions on Round 1 IRs	August 12, 2020	Wednesday	
<b>10</b> Board to hear Motions	August 18, 2020	Tuesday	
<b>11</b> Round Two Information Requests Filed	August 24, 2020	Monday	
<b>12</b> Round Two Information Responses	September 15, 2020	Tuesday	
<b>13</b> Parties to file any motions	September 18, 2020	Friday	
<b>14</b> Board to hear Motions	September 21, 2020	Monday	
<b>15</b> Intervener Evidence Filed	September 21, 2020	Monday	
<b>16</b> Information Requests on Intervener Evidence	September 29, 2020	Tuesday	
<b>17</b> Reminder Notice of Public Hearing Published	September 26, 2020	Saturday	
<b>18</b> Interveners Information Responses	October 01, 2020	Thursday	
<b>19</b> MPI Rebuttal Evidence	October 06, 2020	Tuesday	
<b>20</b> Hearing Issues Meeting of Counsel	October 08, 2020	Thursday	
<b>21</b> Rate Update Filed	October 09, 2020	Friday	
<b>22</b> Oral Hearing	Oct 19 - Nov 6	3 Weeks (if necessary)	
<b>23</b> PUB Order Released	December 14, 2020	Monday	



# Timetable for Hearing

- A potential option for a focused 2-week GRA

	Day	Date (2020)	2020 GRA Topic	Legend
<b>Week 1</b>	Monday	19-Oct	Opening Statements	REV = Revenues
	Tuesday	20-Oct	REV, EXP, CI	EXP = Expenses
	Wednesday	21-Oct	RM, RMF	CI = Claims Incurred
	Thursday	22-Oct	-----FREE-----	RM = Ratemaking
	Friday	23-Oct	INV, COVID-19	RMF = Risk Management Framework
<b>Week 2</b>	Monday	26-Oct	BMK, VM	INV = Investments
	Tuesday	27-Oct	IT & CSI (IT,VM)	BMK = Benchmarking
	Wednesday	28-Oct	Intervenor Witnesses*	VM = Value Management
	Thursday	29-Oct	-----FREE-----	IT = Information Technology
	Friday	30-Oct	Closing Arguments & Reply	CSI = Commercially Sensitive Information
<b>Week 3</b>	Monday	2-Nov	-----FREE-----	* If required
	Tuesday	3-Nov	-----FREE-----	
	Wednesday	4-Nov	-----FREE-----	
	Thursday	5-Nov	-----FREE-----	
	Friday	6-Nov	-----FREE-----	

- 8 sitting days and potentially 2 non-sitting days
- Able to accommodate issues that may take longer to address than expected
- Welcome input from parties seeking to justify need for more days





**Respectfully submitted,**  
subject to questions from the panel.



MANITOBA  
PUBLIC INSURANCE