



October 9, 2020

Via E-Mail

Dr. Darren Christle
Board Secretary and Executive Director
The Public Utilities Board
400 – 330 Portage Avenue
Winnipeg, MB R3C 0C4

RE: Manitoba Public Insurance (MPI) 2021 General Rate Application (GRA) Application to Amend Requested Rates for Service and Supplemental filing

In accordance with directive 6.5 of the PUB Order 88/20, MPI has prepared an update to the provisional rate indication. The final overall rate request for the 2021 General Rate Application should be considered a decrease of 8.8%, which break-down is provided below as follows in comparison to the overall provisional rate requested:

June 17th provisional overall rate decrease of **10.5%** was comprised of:

- a **3.0%** decrease resulting from changes to the Automobile Insurance Coverage Regulation, M.R. 290/88R (Basic Autopac Coverage);
- a **2.5%** decrease (provisional) in the break-even cost of Basic vehicle premiums, which are:
 - a) calculated in accordance with Accepted Actuarial Practice (AAP);
 - b) grounded on naïve interest rate forecast as at March 31, 2020, as ordered by PUB in Order No. 176/19, Directive 13.4; and
- a **5.0%** Capital Release (provisional), in accordance with the Capital Management Plan, as approved by the PUB in Order No. 176/19, Directive 13.6.

October 09th Rate Update Overall rate decrease of **8.8%** is comprised of:

- a **3.0%** decrease resulting from changes to the Automobile Insurance Coverage Regulation, M.R. 290/88R (Basic Autopac Coverage);
- a **0.8%** decrease (provisional) in the break-even cost of Basic vehicle premiums, which are:
 - a) calculated in accordance with Accepted Actuarial Practice (AAP);
 - b) grounded on naïve interest rate forecast as at August 31, 2020; and
- a **5.0%** Capital Release (provisional), in accordance with the Capital Management Plan, as approved by the PUB in Order No. 176/19, Directive 13.6.

The overall rate decrease of -8.8% impacts the major class rate requests as follows:

Figure 1 - Indicated Rate Change

Line No.	Major Class	Current Average Rate	Indicated Average Rate	Indicated Rate Change
1	Private Passenger	\$1,184	\$1,073	-9.4%
2	Commercial	\$828	\$811	-2.1%
3	Public	\$2,141	\$2,063	-3.7%
4	Motorcycles	\$847	\$887	4.7%
5	Trailers	\$77	\$68	-11.3%
6	Off-Road Vehicles	\$7	\$7	0.0%
7	Overall	\$905	\$826	-8.8%

MPI has provided the following materials in support of this final rate indication, considering different scenarios and interest rate forecasts when applicable, included with this letter as Appendix 1:

1. Set of updated Basic and Extension Pro Formas Statements;
2. Explanations for significant variances between June 17th and October 9th, 2020 update;
3. Overall and Major Class Required Rate Changes (with and without capital provisions);
4. Summary of premium increases/decreases by major class, territory and vehicle type;
5. Major Class Summary Report; and
6. Rate Indication Table and MCT % before and after Capital Management Plan.

Sincerely,



Michael Triggs
General Counsel and Corporate Secretary

MT/st

Encl.

cc: K. McCandless and PUB Advisors
2021 GRA Registered Interveners