

MANITOBA PUBLIC INSURANCE

2022 GENERAL RATE APPLICATION
Round 2 Information Requests
September 15, 2021

Coalition of Manitoba Motorcycles Groups (CMMG)



MANITOBA
PUBLIC INSURANCE

CMMG (MPI) 2-1

Part and Chapter:	CMMG (MPI) 1-3	Page No.:	2
PUB Approved Issue No:	13 Driver Safety Rating (DSR)		
Topic:	Proposed changes to DSR system		
Sub Topic:			

Preamble to IR:

In Response to CMMG (MPI) 1-3 MPI indicated as follows:

"Further, given that DSR levels +15 and +16 have the same vehicle premium discounts and driver's license fees (for 2022/23), MPI believes that the process will treat all drivers currently at DSR level +15 fairly because they will be in no better or worse position as a result of this change."

Question:

- a) In the 2022-2023 GRA does MPI anticipate making DSR +15 and +16 levels eligible for different discount amounts?
- b) How will MPI inform customers about the changes regarding the discounts provided to DSR levels +10 to +16.
- c) What explanation will MPI provide to customers as to why the discount levels are the same for DSR level +15 and +16?
- d) Does MPI anticipate a negative response from customers regarding the introduction of DSR +16 with the same discount level as DSR +15?

Rationale for Question:

To examine MPIs proposed DSR changes, and possible customer response.

RESPONSE:

- a) MPI is proposing the same vehicle premium discounts for DSR levels 15 and 16 in the 2022 GRA. MPI anticipates that vehicle premium discounts will be different for DSR levels 15 and 16 by the 2024 GRA. This will allow for the collection of at least one year of data to appropriately differentiate the loss exposure. Notwithstanding, it is not uncommon to see the same vehicle premium discounts for multiple DSR levels e.g. DSR levels 7 to 9 have vehicle premium discounts of 25%. The proposal of MPI in the 2022/23 GRA represents the first step in moving towards actuarially indicated vehicle premium discounts.
- b) MPI will inform customers of the changes to the DSR scale via their renewal/re-assessment notices, a news release, and the MPI website. MPI staff and brokers will also continue to be available to explain changes to customers.
- c) The materials will not contain a specific explanation as to why the discount levels are the same for DSR level +15 and +16. MPI is developing updated materials but they will not explain why the same vehicle premium discounts or driver license premiums appear at multiple levels of the scale.
- d) MPI understands that customers will have different opinions regarding the changes to the DSR scale, including the introduction of DSR +16 with the same discount level as DSR +15. However, drivers at both levels will benefit from an increased vehicle premium discount (from 33% to 37%). Drivers who move up the scale will experience other tangible benefits, for example: in the event of an at-fault accident, the driver at DSR level 16 would move down the DSR scale to DSR level 11, rather than to DSR level 10. The vehicle premium discount at DSR level 11 is 2% more than DSR level 10 based on the proposed changes to the vehicle premium discounts.

CMMG (MPI) 2-2

Part and Chapter:	CMMG (MPI) 1-5	Page No.:	2 & 4
PUB Approved Issue No:	18. Operation and financial impact of COVID-19 on MPI financial results, ratemaking approach and CMP 11. Claims forecasting		
Topic:	Impacts of COVID 19 on claims forecasting		
Sub Topic:			

Preamble to IR:

In response to CMMG (MPI) 1-5 MPI indicated as follows:

"MPI assumes the reduction in the frequency of claims due to the COVID-19 Pandemic will no longer be in effect after September 20, 2021. MPI based this assumption on the low-range scenario vaccination plan prepared by the Government of Manitoba."

and

"Prior to the hearing of the 2022 GRA, MPI will update its expense, revenue, investment, and claims forecasts and determine the final amount of the requested rebate"

MPI also provided Figure CI-1 Government of Manitoba Vaccination Plan which provides estimated timeframes for vaccination efforts in Manitoba as of March 4, 2021.

Question:

- a) Please provide a narrative discussion as to why data as of March 4, 2021, was used to guide MPI's estimations of collisions frequencies rather than more recent data to the filing of the GRA in June 2021.

- b) What does MPI plan on relying on to inform the Corporations assumptions regarding collision frequencies for the October update?

Rationale for Question:

To understand the basis for MPIs assumption informing the Corporations forecasting methodologies.

RESPONSE:

- a) The forecasting process for the General Rate Application (GRA) begins in April of each year, using the most up to date data available (i.e. March). As the GRA requires months of preparation, MPI must prepare its forecasts well in advance of the month of filing (i.e. June).

In the case of the 2022 GRA, MPI received no credible indications suggesting that its original COVID-19 assumptions were no longer valid and therefore could not be relied upon for the purposes of its forecasting. As previously indicated, MPI will file its rate update in early October. This update will include its best estimate assumptions available at the time of preparation.

- b) MPI will rely on its available data pertaining to current and prior experience, the Government of Manitoba COVID-19 website, current state of emergency status, case counts at the time of preparation and on its consultations with ICBC and SGI. MPI will provide its analysis of the impacts of COVID-19 on its forecast together with its rate update in October.

CMMG (MPI) 2-3

Part and Chapter:	Part V Claims Incurred	Page No.:	17
PUB Approved Issue No:	11. Claims Forecasting		
Topic:	Collision Frequency cs. Forecast		
Sub Topic:			

Preamble to IR:

Figure CI - 8

Question:

- a) Please update this figure to include from January 2020 to the most recent data available in 2021.

Rationale for Question:

To allow review of most recent available data.

RESPONSE:

- a) See the figure below for the updated ultimate collision frequency. The actual line is the estimated ultimate collision frequency as of July 31, 2021. The forecast is the ultimate collision frequency originally estimated excluding any COVID-19 impacts in the 2021 GRA as of March 31, 2020.

Figure 1 Monthly Collision Frequency vs Forecast

Line No.	Accident Loss Month	Actual	Forecast	Difference	% Difference
1	Jan-20	0.152	0.145	0.007	4.63%
2	Feb-20	0.117	0.110	0.007	6.23%
3	Mar-20	0.087	0.074	0.014	18.65%
4	Apr-20	0.056	0.097	(0.042)	-42.79%
5	May-20	0.066	0.098	(0.032)	-32.86%
6	Jun-20	0.085	0.104	(0.018)	-17.77%
7	Jul-20	0.087	0.099	(0.012)	-12.28%
8	Aug-20	0.085	0.098	(0.013)	-13.57%
9	Sep-20	0.089	0.105	(0.015)	-14.65%
10	Oct-20	0.102	0.118	(0.016)	-13.86%
11	Nov-20	0.082	0.137	(0.055)	-40.15%
12	Dec-20	0.095	0.156	(0.061)	-39.28%
13	Jan-21	0.093	0.155	(0.063)	-40.39%
14	Feb-21	0.107	0.143	(0.036)	-25.31%
15	Mar-21	0.081	0.107	(0.026)	-24.52%
16	Apr-21	0.075	0.096	(0.022)	-22.38%
17	May-21	0.067	0.097	(0.030)	-30.93%
18	Jun-21	0.085	0.103	(0.018)	-17.32%
19	Jul-21	0.074	0.098	(0.025)	-25.10%

CMMG (MPI) 2-4

Part and Chapter:		Page No.:	
PUB Approved Issue No:			
Topic:			
Sub Topic:			

Preamble to IR:

In response to CMMG (MPI) 1-5 MPI indicated as follows:

"For the purposes of forecasting in the 2022 GRA, MPI believes that its extensive claims experience history will be the best indicator of post-pandemic claims forecasting. MPI will continue to monitor the impacts of COVID-19 and make adjustments to its forecast as necessary"

Figure CI -8

Figure CI- 8 Monthly Collision Frequency vs Forecast

Line No.	Accident Loss Month	Actual	Forecast	Difference	% Difference
1	Apr-20	0.056	0.097	(0.042)	-42.68%
2	May-20	0.066	0.098	(0.032)	-32.44%
3	Jun-20	0.085	0.104	(0.018)	-17.64%
4	Jul-20	0.087	0.099	(0.012)	-12.06%
5	Aug-20	0.085	0.098	(0.013)	-13.42%
6	Sep-20	0.090	0.105	(0.015)	-14.47%
7	Oct-20	0.103	0.118	(0.015)	-12.56%
8	Nov-20	0.083	0.137	(0.054)	-39.51%
9	Dec-20	0.094	0.156	(0.062)	-39.62%
10	Jan-21	0.091	0.155	(0.064)	-41.17%
11	Feb-21	0.106	0.143	(0.038)	-26.39%
12	Mar-21	0.086	0.107	(0.021)	-19.19%

Question:

- a) Has MPI taken any steps to place more weight on recent historical claims data from the 1st, 2nd, and 3rd, waves of the COVID-19 pandemic in Manitoba to better inform its forecasting methodologies?
- b) Please provide a narrative discussion outlining the positives and negatives of relying more heavily on historical data accrued since March 2020 to inform claims frequencies and forecasting for the 2021 GRA than using general historical data wherein the impact of the pandemic was not present.
- c) Given the rise of the Delta variant in Canada, will the Corporation modify its forecasting methodologies to accommodate for the impending 4th wave and its impact on collision frequencies? If not, please provide a narrative discussion explaining why.

Rationale for Question:

To understand the Corporations rationale behind forecasting methodologies during the COVID-19 pandemic.

RESPONSE:

- a) MPI will continue to use more recent collision frequency data in its forecast of COVID-19 impacts. However, MPI does not believe that COVID-19 Pandemic claims frequency (especially within its first three waves) is a best estimate of future claims frequency post-Pandemic.
- b) MPI assumes that this question should refer to the 2022 GRA forecast. MPI uses the pre-Pandemic claims experience to forecast an underlying base scenario (i.e. its best estimate of claims frequency assuming COVID-19 did not occur). MPI then applies a "COVID-19 adjustment" to this base forecast, based on its experience through the Pandemic. MPI assumes that this adjustment will not last forever (i.e. will subside over time) and therefore must predict when and by how much to

reduce it. At the time it filed its 2022 GRA, MPI selected a 20% reduction in Q1 and 10% reduction in Q2. MPI does not currently believe that its COVID-19 experience will continue indefinitely and therefore is not a best estimate of claims experience beyond the 2021/22 fiscal year.

- c) MPI is currently monitoring the ongoing potential impacts of the Pandemic. MPI will update its collision frequency forecast (including the impacts of the Pandemic) in its rate update to be filed in October. MPI can confirm that it will modify its assumptions of the impact of COVID-19 presently contained in the 2022 GRA.

CMMG (MPI) 2-5

Part and Chapter:	CMMG (MPI) 1-5 e	Page No.:	3
PUB Approved Issue No:	18 a) Special rebate application for actual and projected savings generated between March 31, 2021 and September 30, 2021		
Topic:			
Sub Topic:			

Preamble to IR:

In response to CMMG (MPI) 1-5 e) MPI provided as follows:

"MPI submits that both applications before the Board (i.e. the 2022 Special Rebate Application and the 2022 General Rate Application (GRA)), address the impact of the pandemic."

Question:

Please confirm whether MPI will file further rebates where collisions frequencies do not return to normal as projected, and excess capital is accumulated in the Basic reserve.

Rationale for Question:

To understand MPI's future plans regarding rebate applications associated with pandemic impacts

RESPONSE:

Confirmed. MPI be filing a forecasted rate and rebate update with the PUB in early October. If greater than expected excess capital is accumulated in the Basic reserve for 2021/22, MPI will adjust the amount of the rebate accordingly.

As indicated in response to CAC (MPI) 2-37, MPI will soon propose a methodology for the timely release of capital accumulated over a short period of time (rebates versus the capital release provisions under the current Capital Management Plan).

CMMG (MPI) 2-6

Part and Chapter:	Part I Overview	Page No.:	9-10
PUB Approved Issue No:	7 a)		
Topic:	Transfers of excess capital from Extension to Driver and Vehicle Administration		
Sub Topic:			

Preamble to IR:

The Corporation has confirmed that on an ongoing basis, in the event that the DVA continues to be unable to cover its administration costs that MPI will continue to transfer excess revenue to fund the DVA shortfall.

Question:

- a) In the event that Basic experienced a shortfall and did not have sufficient revenue to cover claims, where would funds be transferred from to cover a shortfall?
- b) In what circumstances would MPI deem it inappropriate to transfer excess revenue from extension to the DVA?
- c) Where MPI forecasting requires a rate increase to the majority of MPI customers, would the Corporation still seek approval from the Board of Directors to transfer excess revenue from extension to the DVA rather than the transfer excess extension revenue to basic to offset any rate increase?

Rationale for Question:

To understand the Corporations analysis of the CMP and powers for transfers from the extension reserve.

RESPONSE:

- a) If expected Basic claims costs exceeded revenues in a given rating year, MPI would request an appropriate AAP rate increase. In the event Basic's forecasted MCT was forecasted to be below 100%, a capital build would be requested as per the capital management plan.
- b) If the DVA line of business did not require capital transfers to offset future expected losses (i.e. was self-sustaining), MPI would have no reason to and would therefore not transfer to it any excess Extension capital.
- c) Please refer to CMMG (MPI) 2-7.

CMMG (MPI) 2-7

Part and Chapter:	CAC (MPI) 1-94	Page No.:	3
PUB Approved Issue No:	7a. transfers of excess capital from Extension to Driver and Vehicle Administration		
Topic:			
Sub Topic:			

Preamble to IR:

In response to CAC (MPI) 1-94 MPI provided as follows:

"In deciding to transfer excess Extension capital to DVA, MPI first considered the implications of its decision to Basic, which included consideration of the following:

- 1. MPI could use excess Extension capital to fund the DVA shortfall while maintaining the forecasted financial position of Basic (as savings generated from the COVID-19 Pandemic outpaced the previously forecasted Extension transfer to Basic as of March 31, 2021);*
- 2. Basic was already sufficiently capitalized and previously rebated tens of millions directly to customers (due to Pandemic-related savings);*
- 3. Basic continues to accumulate excess reserves and does so at a rate greater than forecasted by MPI in the 2021 GRA."*

Question:

- a) In the even that a transfer from extension to basic was required to maintain the forecasted financial position of basic, would the Corporation decline to transfer excess revenues from extension to the DVA?

- b) Where basic had not accumulated excess reserves due to pandemic-related savings, would the corporation have transferred the entirety of the extension reserves to the DVA?

Rationale for Question:

To understand the Corporations rationale for the DVA transfers, and to understand the implications for possible future transfers.

RESPONSE:

- a) In the event that all other assumptions and forecasts evolved exactly as projected in the setting/approving of the rates in a prior GRA, and that altering the assumption about the transfer of Extension excess capital would deteriorate the financial position of Basic (i.e. potentially lead to the need for a capital build within Basic) – this would be a key decision criteria and could lead to the Corporation declining/delaying a transfer to the DVA line of business.
- b) Had there been no excess reserves in Basic, the Corporation may not have transferred the entire amount of excess capital over Extension’s 200% target. The financial condition and capital levels of Basic is, and would be an important consideration when transferring capital between various lines of business.

MPI offers compulsory insurance, optional insurance products, as well as administers the DVA on behalf of government and must balance the operational and financial requirements of each business segment as well as the Corporation in totality.

CMMG (MPI) 2-8

Part and Chapter:	CAC (MPI) 1-94 d)	Page No.:	4
PUB Approved Issue No:	7a. transfers of excess capital from Extension to Driver and Vehicle Administration		
Topic:			
Sub Topic:			

Preamble to IR:

In response to CAC (MPI) 1-94 d) MPI provided as follows:

“Management would generally seek Board approval as close to the year-end date as possible; typically within +/- 30 days of March 31st of any given year. Previous forecasts and assumptions of capital transfers would always be a key criteria in such a decision to ensure there are no adverse consequences, to the extent possible.”

Question:

- a) What ‘adverse consequences’ has the MPI Board of Directors identified would prevent them from approving a transfer from extension to the DVA.
- b) Where the Board of Directors has not identified specific examples, please provide the Corporations position on what ‘adverse consequences’ means including examples where possible.

Rationale for Question:

To Understand the Corporations interpretation of its powers under the CMP.

RESPONSE:

- a) Understanding the above-quoted answer requires a consideration of the question that elicited the response. Specifically, CAC (MPI) 1-94(d) asked:

"Noting that MPI has forecast transfers from Extension from 2023 through 2026 (line 9 of PF-3), please indicate the dates on which MPI may confirm or reverse these commitments to transfer excess capital to Basic."

Plus or minus 30 days before March 31st for each of the above mentioned forecast years, MPI management will provide its Board of Directors with the relevant information needed to decide whether to transfer excess Extension capital. MPI will not automatically transfer the amounts forecasted by virtue of the amounts having been forecasted. The decision to transfer any such excess capital (and the amount to transfer) from Extension in each of those years will depend on the totality of the circumstances present at the material times.

Having approved a transfer of capital from Extension to DVA, the Board of Directors did not identify any adverse consequence(s) that prevented approval.

- b) Adverse consequences in this context is to mean that the Corporation would not be able to deliver/achieve the previous financial forecasts and ordered rate indications. i.e. Basic would be put into a worse financial position than previously forecasted which could potentially lead to future rate increases.

CMMG (MPI) 2-9

Part and Chapter:	CAC (MPI) 1-91 b)	Page No.:	3
PUB Approved Issue No:	7. a) Transfers of excess capital from extension to Driver and Vehicle Administration		
Topic:			
Sub Topic:			

Preamble to IR:

In response to CAC (MPI) 1-91 b) MPI provided as follows:

"The financial position of the DVA line of business would quickly deteriorate beginning in 2021/22 and MPI did not otherwise have the funds required to cover the DVA-portion of the Project NOVA costs;"

Question:

- a) Please provide an explanation has to why the DVA line of business financial position will deteriorate in the 2021/22 year.
- b) Please explain why adequate funds were not allocated to support the DVA portion of the Project NOVA costs.

Rationale for Question:

To Understand the Corporations interpretation of its powers under the CMP.

RESPONSE:

- a) MPI expects the financial position of the DVA line of business to deteriorate primarily due to the impact of large Project NOVA-related expenses. In the 2021/22 fiscal year, MPI is forecasting the DVA line of business to lose \$24.0 million in net income.

- b) The Government of Manitoba (GoM) provides DVA funding in the form of a yearly allotment of approximately \$32M. The funding provided to MPI from GoM does not cover the costs of running the DVA program. For instance, year to date, there is a \$6.1M loss for the period ending July/21, which is consistent with previous patterns of losses on the DVA line of business. MPI has discussed the costs of Project NOVA and its financial impacts with the GoM. Currently, no GoM monies can be set aside to fund the NOVA-related costs for DVA. MPI continues to absorb costs internally and will need to ensure the establishment of a long term funding model that allows break even DVA operations, and one that absorbs the potential capital costs for DVA modernization.

DVA funding from the government has not materially changed since MPI took on the administration of the DVA in the mid-2000's.

CMMG (MPI) 2-10

Part and Chapter:	CMMG (MPI) 1-2	Page No.:	2
PUB Approved Issue No:	13. Driver Safety Rating (DSR), including but not limited to MPI's progress towards changes to the DSR system		
Topic:	Primary Driver Model		
Sub Topic:			

Preamble to IR:

MPI has indicated it would require customers declare the primary driver(s) of the vehicles being insured to conduct a pricing examination of the primary driver model.

Question:

Please provide an explanation of logistics to collect this data including the required timeframe for data collection, any associated costs, data storage, IT implications, or any other relevant considerations.

Rationale for Question:

To determine the requirements to collect data on the primary driver model.

RESPONSE:

Please refer to CAC (MPI) 1-54.

There are no plans to ask customers to declare the primary driver(s) of the vehicles being insured nor plans to conduct a pricing examination of the primary driver model.

CMMG (MPI) 2-11

Part and Chapter:	Part VI DSR Appendix 1	Page No.:	15
PUB Approved Issue No:	13 Driver Safety Rating (DSR)		
Topic:	Actuarial soundness of registered owner model		
Sub Topic:			

Preamble to IR:

MPI has confirmed that for collision losses where a driver can be identified, 33% of reported losses are attributable to claims where the driver is not the registered owner.

Question:

Please provide the breakdown of the DSR Driver losses and the corresponding registered driver DSR similar to the table below.

		Registered Owner DSR				
		15	14	13	...	-20
Driver DSR	15	Loss Amounts and Claim Counts				
	14					
	13					
	...					
	-20					

Rationale for Question:

To examine the shortcomings of the registered owner model.

RESPONSE:

Please refer to Appendix 1 for the breakdown of reported losses and claims counts (as at February 28, 2021) by registered owner Driver Safety Rating (DSR) level and the corresponding driver DSR level. Please note that MPI only considered collision losses where a driver can be identified.

Figure App 1-2 2018-2020 Collision Claim Counts by DSR (PASVE and LTRUCK)

Line No.	Driver DSR	Registered Owner DSR																																			
		-20	-19	-18	-17	-16	-15	-14	-13	-12	-11	-10	-9	-8	-7	-6	-5	-4	-3	-2	-1	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	-20	634		1	1	5		3	8	6	8	6	6	4	12	11	9	15	5	11	23	35	29	33	32	26	29	21	25	22	23	24	29	22	26	29	156
2	-19	3	106	1						1						1	2	3		3	3	5	4	3	3	1	7	3	1	1	1	3	3	4	3	5	32
3	-18	1		109						2	2		1		1	1	1				1	6	4	1	7	5	4	3		3	4	4	3	3	8	7	29
4	-17	5			136	1		1		2		1		1		2	3	2	2	2	2	7	7	4	1	4	4	3	6	1	8	5	3	8	4	3	28
5	-16	3		1		156	1	1	2	3	1	1	2		2	1	5	5	3	1	6	8	5	14	5	6	4	5	3	6	8	9	8	8	10	11	53
6	-15			2		1	200	1	2		1	1	1		3	3	4	3		3	8	8	6	10	5	2	9	2	9	5	9	10	2	5	6	7	65
7	-14	2			1	1		223		1		2	1	3	4			3	2	2	1	14	9	5	12	2	6	4	5	8	11	7	7	9	9	5	62
8	-13	3		2				498		3		3	2	2	3	4	6	7	6	16	25	14	21	23	17	18	14	15	14	14	14	9	12	16	15	100	
9	-12		1		1	1	1		4	421	1	2	3	2	4	3	5	3	5	10	7	19	16	11	13	14	11	12	15	13	13	22	12	10	15	100	
10	-11	4			1		2		3		376	1	3	3	1	1	3	6	5	6	5	15	21	12	10	12	17	8	14	18	11	9	19	14	13	9	86
11	-10			1	1	1		1	2	2	1	608	2	1	3	3	1	7	1	8	9	18	26	24	26	21	13	15	16	14	27	28	20	27	33	21	159
12	-9	2			1	1	2				4	640	2	2	4	6	5	9	4	7	12	29	28	24	24	25	30	15	17	28	35	25	36	22	21	21	150
13	-8	6	1	1		2	2	1	1	3	1	4	2	720	4	1	6	8	9	6	10	24	31	21	14	24	29	20	27	25	17	25	38	20	31	24	171
14	-7	9			1	2	2	1	2	1	1	3	2	6	1,018	10	5	14	5	15	21	48	34	34	32	24	32	29	29	32	41	38	40	49	43	32	254
15	-6	1	2	1	1	3	2	2	1	5	3	4	2	3	5	1,094	9	17	7	10	13	27	40	28	25	37	37	36	26	29	28	39	41	42	55	35	250
16	-5	8		2	1	1	3	1	3	2	4	2	4	5	8	8	1,540	17	13	15	19	80	74	46	53	51	61	67	52	57	58	65	78	66	65	55	442
17	-4	9			1	2	1	5	3	3	2	7	7	5	6	8	14	2,112	16	21	31	57	74	70	62	71	66	57	77	79	70	86	82	66	73	65	554
18	-3	9	2	2	3	1	1	2	2	4	2	7	3	3	5	6	6	20	1,589	12	23	45	37	42	50	52	55	42	52	46	55	75	54	62	54	61	481
19	-2	9		2	1	4	2	1	7	5	5	3	9	6	11	10	15	17	14	2,129	31	52	65	64	44	59	68	62	78	78	66	89	78	75	77	67	584
20	-1	12	2	1		2		2	3	4	8	7	3	12	8	11	17	19	8	24	2,557	89	56	67	70	75	78	83	80	75	85	94	100	107	98	86	635
21	0	25	4	7	9	13	14	9	9	19	16	28	22	34	44	40	62	75	76	109	114	7,860	339	355	289	278	272	321	336	311	328	421	370	364	376	353	2,609
22	1	26	7	3	2	6	6	9	12	9	14	22	16	20	22	20	38	69	38	55	82	273	6,503	206	239	228	258	261	242	264	282	325	349	350	362	313	2,585
45	2	10	3	1	1	3	6	2	7	10	11	10	11	10	22	24	19	51	37	42	45	172	174	5,844	192	176	206	201	216	215	222	298	266	294	266	250	2,033
46	3	10	1	1	1	5	2	2	8	6	6	7	11	12	15	12	18	27	18	37	35	110	113	127	5,469	146	142	154	160	152	155	256	191	219	228	192	1,568
47	4	10	1		1	1	5	2	3	6	2	3	9	8	10	6	20	23	11	23	31	80	80	83	88	4,830	106	123	153	125	147	168	183	175	190	148	1,338
48	5	11	1		1	3	4	2	7	1	1	7	1	5	6	11	8	16	13	22	28	63	49	65	66	77	4,702	126	109	121	110	151	135	139	154	142	1,166
49	6	2	1	2		3	3	3	1	4	2	2	7	5	9	11	11	12	19	13	42	47	53	56	68	84	4,649	87	88	117	131	127	127	131	102	1,022	
50	7	5		5	1	1		2	3	1	1	2	3	2	3	4	4	17	6	12	11	40	36	42	39	51	41	57	4,485	74	74	108	118	121	109	95	915
51	8	5		1	1	2			1	2	4	7	1	2	2	6	9	7	11	12	18	31	33	40	23	37	53	54	48	4,289	96	116	89	105	102	102	862
52	9	4				2		1	2		1	4	6	3	6	8	8	2	6	6	25	38	30	36	24	30	47	61	62	4,373	79	93	97	101	90	844	
53	10	2	2		1				4		7	1	4	6	2	5	7	8	7	8	33	31	30	33	31	44	40	55	72	75	5,763	87	105	110	110	1,040	
54	11	2		1		2		1	1		2	2	2	4	6	5	6	4	1	11	29	18	20	24	30	26	42	40	55	61	90	5,297	104	109	86	954	
55	12	2	1		2	1				1	2	2	3	1	6	4	8	5	10	20	18	22	32	22	26	41	42	60	59	62	89	5,064	79	81	917		
56	13	2				1	2	1	2	2	1	1	2	1	2	4	5	3	9	6	23	20	26	21	15	24	24	28	38	41	70	53	67	4,946	70	910	
57	14	1				2	2	1	2	2	1	4	1	2	1	4	2	5	9	17	14	17	16	19	21	17	24	34	37	42	61	58	64	4,262	754		
58	15	13	1	2	8	3	1	5	6	4	3	10	9	13	10	13	22	13	23	29	73	70	66	79	75	92	138	135	150	195	306	341	313	392	352	37,466	

CMMG (MPI) 2-12

Part and Chapter:	Part VI Driver Safety Rating	Page No.:	9, 11
PUB Approved Issue No:	13 Driver Safety Rating (DSR)		
Topic:			
Sub Topic:			

Preamble to IR:

MPI has provided the following figures:

Figure DSR- 1 Current Vs Indicated Rates

Line No.	DSR	Average Rate			
		Current	Indicated	Variance	% Variance
1	15	\$963	\$770	-\$193	-20.1%
2	14	\$1,045	\$988	-\$56	-5.4%
3	13	\$1,067	\$1,010	-\$58	-5.4%
4	12	\$1,102	\$1,049	-\$53	-4.8%
5	11	\$1,114	\$1,074	-\$39	-3.5%
6	10	\$1,142	\$1,123	-\$20	-1.7%
7	9	\$1,171	\$1,178	\$8	7.0%
8	8	\$1,171	\$1,229	\$58	5.0%
9	7	\$1,181	\$1,298	\$117	9.9%
10	6	\$1,268	\$1,372	\$105	8.3%
11	5	\$1,349	\$1,448	\$99	7.4%
12	4	\$1,349	\$1,529	\$180	13.4%
13	3	\$1,434	\$1,625	\$191	13.3%
14	2	\$1,428	\$1,714	\$286	20.0%
15	1	\$1,519	\$1,833	\$314	20.6%
16	0	\$1,543	\$1,877	\$334	21.7%
17	-1 to -20	\$1,575	\$1,916	\$341	21.7%
18	Total	\$1,165	\$1,165	\$0	0.0%

Figure DSR- 2 Selected Discounts

Line No.	DSR	Discount			Sel'd less Current
		Indicated	Selected	Current	
1	15	56.0%	37.0%	33.0%	4.0%
2	14	45.6%	32.0%	30.0%	2.0%
3	13	44.8%	31.0%	29.0%	2.0%
4	12	43.6%	30.0%	28.0%	2.0%
5	11	42.1%	29.0%	27.0%	2.0%
6	10	40.2%	27.0%	26.0%	1.0%
7	9	37.9%	25.0%	25.0%	0.0%
8	8	35.3%	25.0%	25.0%	0.0%
9	7	32.2%	25.0%	25.0%	0.0%
10	6	28.8%	20.0%	20.0%	0.0%
11	5	25.0%	15.0%	15.0%	0.0%
12	4	20.8%	15.0%	15.0%	0.0%
13	3	16.2%	10.0%	10.0%	0.0%
14	2	11.2%	10.0%	10.0%	0.0%
15	1	5.8%	5.0%	5.0%	0.0%
16	0	0.0%	0.0%	0.0%	0.0%

MPI 1-4: Even though the indicated discounts are higher than the current discounts per Figure DSR-2, the indicated rates for DSR 2 and below are much higher per Figure DSR-1. The difference between the indicated discounts and the actual discounts for the low DSRs will still be less than for DSR 10+ (Figure DSR-2).

Question:

Please provide a rationale as to why MPI has not addressed the subsidization by lowering the discounts of those DSRs that are not paying the appropriate rate?

Rationale for Question:

To understand MPI's rationale for the proposed DSR changes

RESPONSE:

Per the response to CMMG (MPI) 1-4, "MPI is not proposing decreases for DSR +2 and below given that the actuarially indicated discount rates are higher than the current discount rates per Driver Safety Rating Chapter Figure DSR-2."

MPI recognizes that the current rates for DSR +2 and lower would increase by 20% or more per Driver Safety Rating Chapter Figure DSR-1. However, as explained in the response to CMMG (MPI) 1-4, "This increase is applicable if the current discount rates are adjusted to the actuarially indicated discount rates", and the average base rate (i.e. the rate at DSR 0) is increased by 22% to offset the revenue loss. For DSR +2, this would mean an increase in the discount from 10.0% to 11.2% as per Driver Safety Rating Chapter Figure DSR-2, rather than a decrease.

As indicated in its response to CAC (MPI) 2-33, MPI proposes moving towards actuarially indicated vehicle premium discounts in the 2022/23 GRA via an incremental step that will reduce cross-subsidization between registered owners at different DSR levels. While MPI recognizes that this does not immediately resolve the cross-subsidization issue, it also appreciates that the 21.7% increase in the base rate (within a one year period) that would result from moving completely to the actuarially indicated vehicle premium discounts would be unacceptable to ratepayers.

CMMG (MPI) 2-13

Part and Chapter:		Page No.:	
PUB Approved Issue No:	13 Driver Safety Rating (DSR)		
Topic:	Primary driver model		
Sub Topic:			

Preamble to IR:

During the 2021 GRA during cross examination Mr. Luke Johnston provided the following comments:

(Transcript October 27, 2020 Pg 1567 Line 6-14)

MR. LUKE JOHNSTON: "Definitely in terms of the rating piece. It's – you know, it – it really would just be to change the question to who's the primary instead of the registered owner, so it shouldn't be expensive.

My one (1) note on that was just our IT area would have to comment on the collection of the data and stuff and how much that would cost or if we could do it."

Question:

- a) Please confirm whether MPI agrees with Mr. Johnston's comments that the Primary Driver model would be the least costly model to switch to from the registered owner model.
- b) Does MPI believe it is not in the corporation's best interest to adopt the Primary driver model? If not please provide an explanation.

- c) Does MPI agree that the primary driver model provides a more actuarially sound model for pricing risk than the registered owner model? If not please provide an explanation as to why.

Rationale for Question:

To examine the corporations rationale for refusing use of the primary driver model

RESPONSE:

- a) MPI agrees with the comment made by Mr. Johnston that the implementation of the primary driver model should be the least costly option compared to the other proposed alternative models. However, MPI has not estimated the cost of implementation for each of the options and therefore cannot confirm that this would in fact be the case.
- b) MPI submits that it is not in the best interests of customers for MPI to adopt the Primary Driver model at this time. The Primary Driver model is less consistent with one of the three (3) main goals of the DSR system, namely to “be simple and easy to understand.”

The Primary Driver model would require a significant change in practice for our customers. MPI would need to define the term “primary driver” and the primary driver(s) of a vehicle would need to be declared at the time the insurance policy is written. This would greatly impact brokers at the time the policy is renewed/re-assessed. MPI would also require business rules in order to determine requirements should the primary driver(s) change during the policy period.

A number of other challenges exist. For instance, an additional administrative burden would be introduced to the claims adjudication process. Specifically, under the model, adjudicators would need to consider whether a primary driver was driving the vehicle at the time of loss and any coverage considerations related thereto.

Further, based on the DSR Public Consultation Report (presented to the PUB in the 2020 GRA), refiled as to this information request as Appendix 1, customers expressed indifference when it comes to the fairness of the Primary Driver versus the Registered Owner models, with almost half (44%) preferring the Registered Owner model and only 21% preferring the Primary Driver model.

- c) MPI agrees that the Primary Driver model is more actuarially sound than the Registered Owner model, with the caveat that this assumes accurate reporting by customers of the primary driver for each vehicle they insure.

DSR Public Consultation

Detailed Report of Findings – July 16, 2019



MANITOBA
PUBLIC INSURANCE

DSR Public Consultation

Detailed Report of Findings – July 16, 2019

Contents

Executive Summary	1	Driver Premium Model Assessment	67
Key Highlights	1	Quantitative Assessment	67
Background Overview	2	Strengths and Weaknesses	69
Methodology Overview	2	Overall Qualitative Feedback	71
Brief Model Descriptions	3	Overall Model Preference	74
Detailed Findings	4	Best Fit with Insurance Concepts	74
Background	9	Preferred Model for Setting Vehicle and Driver Premiums	77
Public Consultation Methodology	11	Why the Registered Owner Model?	79
Public Awareness	11	Why the Primary Driver Model?	80
Feedback Methods	12	Why the All Household Driver Model?	81
Notes for Reading and Interpreting Report	15	Why the Declared Drivers Model?	82
Household Vehicle-Driver Demographics	16	Why the Driver Premium Model?	83
Number of Regular Drivers	16	Other Considerations	84
Number of Vehicles Registered	18	Conclusion	87
How Vehicles in the Household are Currently Registered	19	Appendix A: Setting your Autopac Premium	A1
Guiding Principles of Auto Insurance Premium Setting	20	This paper	A3
Underlying Values of the Auto Insurance Model	23	Foreword	A4
Priority Ranking of Underlying Values	26	Introduction	A5
Interpretation of Specific Underlying Values (VoC ePanel Results)	28	Founding principles	A5
Registering all vehicles under a single person	28	How your Autopac premium is set	A5
Circumstances that would warrant denying someone vehicle insurance	31	Reducing risk on the road	A6
Best way to ensure that drivers who don't register a vehicle share the financial risk of accidents	33	Pricing risk on the road	A6
Circumstances where less experienced drivers should pay more	35	Driver premium and vehicle premium	A6
What does "fairness" mean?	36	The DSR system and current Autopac premium pricing model	A7
Best way to reward a good driving record	37	Proposed alternatives	A8
How do you know you are paying the right price for your auto insurance premium?	39	Personal impacts	A10
Registered Owner Model Assessment	41	Questions to consider	A11
Quantitative Assessment	41	Sharing your views	A11
Overall Qualitative Feedback	43	Appendix B: Stakeholder feedback	B1
Primary Driver Model Assessment	46	Letter to Stakeholders:	B2
Quantitative Assessment	46	2019-05-15 Autopac Premium Consultation – Feedback	B3
Strengths and Weaknesses	48	CAC Manitoba comments on MPI discussion document	B6
Overall Qualitative Feedback	50	Appendix C: Survey Questions	C1
All Household Drivers Model Assessment	53	Primary Survey Questions	C2
Quantitative Assessment	53	ePanel - Another Driver Safety Rating Survey Available	C11
Strengths and Weaknesses	55	ePanel - A Third Driver Safety Rating Survey Available	C13
Overall Qualitative Feedback	57	Appendix D: Advertising/Media Relations	D1
Declared Drivers Model Assessment	59	Newspaper print ads	D2
Quantitative Assessment	59	Online ads, animated (frames shown)	D3
Strengths and Weaknesses	62	Social Media Ads	D4
Overall Qualitative Feedback	64		

Executive Summary

Key Highlights

Manitoba Public Insurance (MPI) has completed a public consultation process that explored Manitobans' opinions and preferences about how driving records, as defined by the Driver Safety Rating (DSR) scale, should be applied to vehicle insurance policies, particularly in cases where more than one driver uses a vehicle.

Over the eight week period of this public consultation (April 1, 2019 to May 22, 2019), more than 2,900 responses were provided by the general public and stakeholders. This report represents the opinions of the general public in Manitoba with a high degree of confidence and can be projected to the full adult population in the province.

In analyzing the feedback from these responses, we found that:

- Manitobans chose the current Registered Owner Model as their preferred model for setting vehicle and driver premiums.
 - About half of Manitobans said that this model works; they see no reason to replace it.
 - The Primary Driver Model was selected second most often. It was chosen by about half as many Manitobans as the Registered Owner Model.
- Manitobans do not view any single model as “perfect”.
 - If a model is selected or developed to replace the current one, most Manitobans believe insurance premiums should be based on the driving record of the person who drives a vehicle most often, or the primary driver.
 - They also believe that driver's licence premiums should be influenced by an individual's driving record.
- Overall, Manitobans say that good driving should be rewarded with lower premiums, and that paying the right price (what they consider to be fair) is of paramount concern.

Communicating how insurance premiums are set in a way that is easily understood by customers is also very important.

- Making rates affordable for less experienced drivers, making the purchasing process easy, and limiting the amount of personal information that has to be shared with MPI during the purchase process are much less important when determining which insurance model should be used.

Please note: The content of this report is presented as the results of the public consultation process. All opinions expressed are summarizations of the feedback received and should not be viewed as representing the opinion or position of Manitoba Public Insurance.

Background Overview

In 2018, The Manitoba Public Utilities Board (PUB) ordered that MPI review the DSR and the Autopac premium rating system, to ensure the rates charged to our customers reflect their driving risk as best as possible. MPI committed to two tasks prior to the current General Rate Application (GRA):

- Begin consultations with the public regarding how driving records, as defined by the DSR scale, should be applied to vehicle and driver premiums.
- Explore some alternative models for pricing risk.

This report details the findings of the public consultation with Manitobans undertaken in the spring of 2019 as part of the PUB Order 159/18, Directive 11.9¹. The objectives of the public consultation were:

- To measure customer awareness of the current Registered Owner Model;
- To measure overall support for changing the current model;
- To measure customers' overall acceptance and desire for a model that more closely aligns driver risk and driver/vehicle premiums than the current model; and,
- To gain insight into potential issues or concerns of changing to an alternative model including the collection of additional household and driver data required to conduct the associated analysis.

Methodology Overview

MPI completed a comprehensive public consultation, which employed a variety of channels to inform and educate Manitobans, as well as qualitative and quantitative research methodologies to gather feedback. These included:

- A public discussion paper made available on a dedicated page on MPI's public website;
- Print and digital advertising to let Manitobans know that the consultation was underway, that we value their feedback, and how they could participate;
- A random representative telephone survey of Manitobans;
- An open link opportunity sample survey (or open link survey) that could be accessed via a link on the same dedicated web page as the discussion paper;
- *Voice of the Customer (VoC) ePanel* surveys;
- Stakeholder engagement, where regular participants in the PUB hearings were sent the discussion paper and invited to submit written feedback.

¹ PUB Order 159/18, Directive 11.9 states: "In the 2020 GRA, with respect to the Driver Safety Rating system, the Corporation shall report on the progress of its public consultation efforts, its preliminary research on the no or low cost options for rating models, as well as on its decision on whether to proceed with data collection for the higher cost options."

Brief Model Descriptions

Respondents to all consultation mediums were asked for their opinions of five models that could be used to set vehicle and driver premiums in Manitoba. In brief, these models were described as follows:

Registered Owner Model:

“Under the Registered Owner Model, the current model used in Manitoba, a vehicle’s premium is based on the Driver Safety Rating of the registered owner of the vehicle regardless of how many other drivers drive the vehicle or the driving records of the other drivers.”

Primary Driver Model:

“Under the Primary Driver Model, a vehicle’s premium would be based on the Driver Safety Rating of the primary driver of the vehicle, the one who drives the vehicle the most.”

All Household Drivers Model:

“Under the All Household Drivers Model, the vehicle’s insurance premium would be based on the Driver Safety Rating of all the drivers in the household.”

Declared Drivers Model:

“Under the Declared Drivers Model, the vehicle’s insurance premium would be based on the Driver Safety Ratings of all the declared drivers listed on the vehicle’s policy.”

Driver Premium Model:

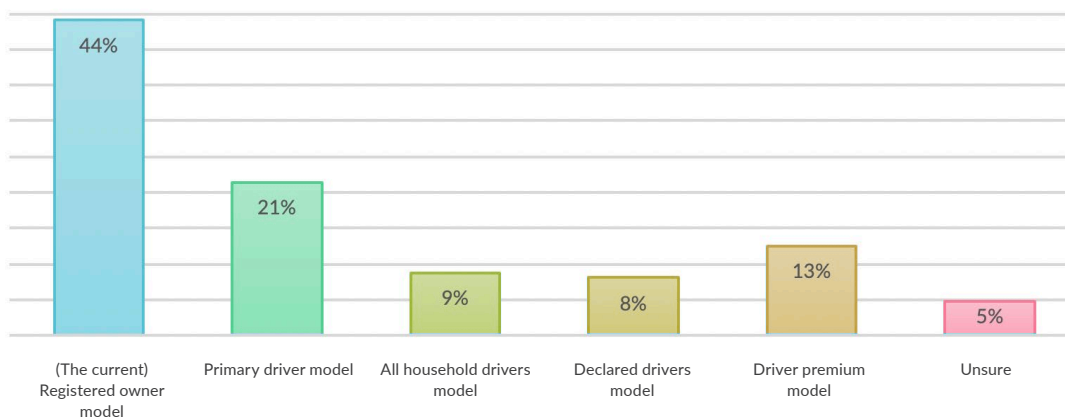
“Under the Driver Premium Model, people who hold a driver’s licence but do not register or insure a vehicle in their name would pay an additional “non-owner” driver premium, based on their Driver Safety Rating. The driver premium collected from these “non-owners” would be used to lower vehicle premiums for the pool of insured vehicles.”

Detailed Findings

Preferred Model for Setting Vehicle and Driver Premiums

- Manitobans chose the current Registered Owner Model as their preference for setting vehicle and driver premiums.

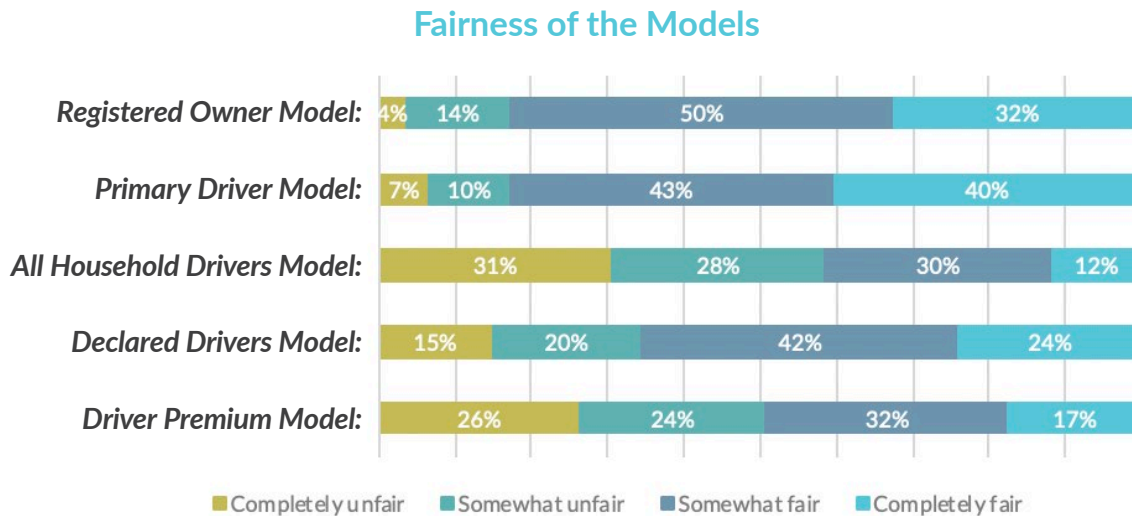
If you were to choose one of these models to use for setting vehicle and driver premiums in Manitoba, which would you choose?



- The results on the previous page are specifically cited from the telephone survey, and were also mirrored in the open link survey results.
- No single model that was viewed as perfect. Many Manitobans took a view that the current Registered Owner Model was the best; that it works, so they see no reason to replace it. If a model is selected or developed to replace the current one, the strongest sentiment is to base vehicle premiums on the primary driver of the vehicle and to base driver licence premiums on the individual's driving record.¹

Evaluation of the Five Models

Manitobans were asked if they felt each of the five models was fair to use to set Autopac premiums.



The above results are specifically cited from the telephone survey, and were also mirrored by the open link survey results.

Registered Owner Model:

- A majority of Manitobans told us that they view the current Registered Owner Model as being fair (82%).
- Primary strengths of this model include that it works now, that it rewards good driving behaviour with premium discounts, and that it gives people the freedom to choose who registers the vehicle.
- Primary weaknesses or concerns were that this model is subject to people “gaming” the system (or using the system to their own advantage); that is, registering a vehicle in the name of a driver with the better driving record resulting in a premium discount, even though they may not be the primary driver of the vehicle – if they drive it at all.

Primary Driver Model:

- A majority of Manitobans told us that they view the Primary Driver Model as being fair (83%).
- Primary strengths of this model were that it rewards good driving behaviour, would be easy to administer, and that it makes sense to base vehicle premium on the person who drives the vehicle the most.
- Weaknesses of the model include that it may still be open to people using the system to their own advantage, that it would be inconvenient to have to keep track of who the primary driver is, or that it would be difficult to make that determination (of a primary driver) in some situations.

All Household Drivers Model:

- Only four in ten (41%) Manitobans evaluated the All Household Drivers Model as fair; the majority (59%) said that they thought this model would be unfair.
- Primary strengths of this model were difficult to identify for many Manitobans. However, having some form of blended rate for the household was seen as beneficial because it would make all drivers take responsibility for their actions behind the wheel. Some also identify that it would be good for new or less experienced drivers to benefit from more experienced drivers' discounts.
- Weaknesses of the model focused heavily on the belief that this model would penalize the drivers in a household who had a good driving record, and possibly a higher DSR, by bringing them down to the level of the "bad" (or less experienced) drivers in the household, who may have a lower DSR.

Declared Drivers Model:

- Two-thirds (66%) of Manitobans said that it would be fair to use the Declared Drivers Model to set Autopac premiums.
- Primary strengths of this model were that it would hold all drivers accountable for their driving behaviours, and allow vehicle owners a say in who could and could not drive their vehicles.
- Weaknesses of this model revolved around it being difficult to administer and enforce, that it would be inconvenient to have to declare all the potential drivers, and that it may not allow for one-time or emergency driving situations.

Driver Premium Model:

- Manitobans are divided on whether they see it as fair to use the Driver Premium Model to set Autopac rates in Manitoba. Half (49%) said it would be fair, while half (51%) said it would be unfair.
- Strengths of this model included that it shifts more of the risk based premiums onto all drivers and in turn lowers the vehicle insurance for owners. Manitobans were positive about the benefits this would bring to making all drivers responsible for insurance premiums, regardless of vehicle ownership.
- Weaknesses revolved around the belief that this model would penalize those who have a licence, but don't drive often or at all. Some people interpreted this as a "cash grab".

Household Registration Practices

In the telephone survey, Manitobans were asked a series of questions about the drivers and vehicles in their home. This provided a high level overview of how the vehicles in the household are registered and driven.

- Three in ten households have a single vehicle registered by the only driver in the household. Any change to the rate making model will likely have little effect on these households as the current primary driver is the registrant of the only vehicle.
- Four in ten households have multiple vehicles, registered by multiple drivers. All models explored would be relevant to these households and affect their registration practices.
- Two in ten households have a single individual registering multiple vehicles (all the vehicles in the household). Any changes to the current model would affect these individuals and their current registration practices.
- Of the remaining households, a fairly equal number have: a single vehicle driven by someone not the vehicle owner; no vehicles registered; or, did not provide enough detail to classify the household.

Guiding Principles

The telephone survey, the open link survey, and the *VoC ePanel* were used to explore how Manitobans responded to the underlying philosophy at work in Manitoba's Autopac system.

- Overall, Manitobans accept the guiding principles that:
 - Drivers should be encouraged to act responsibly behind the wheel.
 - Drivers with a poor driving record and more at-fault claims should pay higher premiums.
 - No one should be denied insurance.
- Manitobans are generally split regarding whether:
 - All drivers should share the financial risk of accidents.
 - Less experienced drivers should pay higher insurance premiums.
- It appears that less experienced drivers, who speculatively may have lower DSRs, are less likely to agree with changes to the current system that either restrict access to insurance products or increase the penalties applied to poor driving.
- Drivers with a good DSR appear more open to guiding principles that reward good driving and hold drivers with poor driving records and less experienced drivers responsible for their actions with higher insurance premiums.

Value Prioritization

The telephone survey and the open link survey explored how Manitobans prioritize a set of concepts, or values, when implementing an auto insurance model.

- “Rewarding having a good driving record” is the top priority for Manitobans by a significant margin.
- “Accurately pricing risk, that is, paying the right price or rate” and “Fairness” are essentially tied for second place in terms of top priorities.
- “Ease of understanding, that is, knowing how the rate is set” is fourth and rounds out top level priorities.
- “Affordability for less experienced drivers” and “Ease of use, that is, easy to purchase” are lower level priorities, while “The amount of personal information required to get vehicle insurance” does not appear to be much of a priority for Manitobans when considering auto insurance.
- It appears that Manitobans embrace some of the overall concepts or values that could be used for implementing an auto insurance model much more than others.
 - Overall, Manitobans say that good driving should be rewarded and that paying the right price (what they consider to be fair) is of paramount concern.
 - Communicating how the rate is set in a way that is easily understood by customers is also very important.
 - Making rates affordable for less experienced drivers, making the purchase process easy, and limiting the amount of personal information that has to be shared to purchase insurance are much less important when determining which insurance model should be used.

Background

As part of the 2019 GRA process, the PUB ordered that MPI review the DSR model and parts of the Autopac premium rating system to ensure the rates charged to our customers reflect their risk as best as possible. Consequently, the PUB directed that a DSR Technical Conference, facilitated by the PUB, be held to discuss the availability and practicality of other analytical tools and ratemaking methodologies to better determine DSR rates and the application of vehicle premium discounts based on primary driver rating rather than simply the registered owner rating. The conference was held on March 20, 2018 and four alternatives to the registered owner rating model were introduced and discussed.

Including the current model, there are five models under consideration. In brief, these models can be summarized as follows:

Registered Owner Model:

“Under the Registered Owner Model, the current model used in Manitoba, a vehicle’s premium is based on the Driver Safety Rating of the registered owner of the vehicle regardless of how many other drivers drive the vehicle or the driving records of the other drivers.”

Primary Driver Model:

“Under the Primary Driver Model, a vehicle’s premium would be based on the Driver Safety Rating of the primary driver of the vehicle, the one who drives the vehicle the most.”

All Household Drivers Model:

“Under the All Household Drivers Model, the vehicle’s insurance premium would be based on the Driver Safety Rating of all the drivers in the household.”

Declared Drivers Model:

“Under the Declared Drivers Model, the vehicle’s insurance premium would be based on the Driver Safety Ratings of all the declared drivers listed on the vehicle’s policy.”

Driver Premium Model:

“Under the Driver Premium Model, people who hold a driver’s licence but do not register or insure a vehicle in their name would pay an additional “non-owner” driver premium, based on their Driver Safety Rating. The driver premium collected from these “non-owners” would be used to lower vehicle premiums for the pool of insured vehicles.”

At the conclusion of the technical conference, MPI indicated to the PUB that changes to the current premium rating model should be thoroughly considered and analyzed prior to transitioning from the current Registered Owner Model to any other model. While the review of DSR models and the Autopac rating system is expected to involve multiple phases over the longer term, MPI committed to two tasks immediately:

1. Begin consultations with the public regarding how driving records, as defined by the DSR scale, should be applied to vehicle and driver premiums.
2. Explore some alternative models for pricing risk.

This report details the findings of the public consultation with Manitobans undertaken in the spring of 2019 as part of the PUB order (PUB Order 159/18, Directive 11.9²). As outlined in the previous GRA, the objectives of the public consultation included:

- To measure customer awareness of the current Registered Owner Model;
- To measure overall support for changing the current model;
- To measure customers' overall acceptance/desire for a model that more closely aligns driver risk and driver/vehicle premiums; and,
- To gain insight into potential issues or concerns of changing to an alternative model including the collection of household and driver data required to conduct the analysis.

This report provides details and analysis regarding the public consultation completed in the spring of 2019.

² PUB Order 159/18, Directive 11.9 states: "In the 2020 GRA, with respect to the Driver Safety Rating system, the Corporation shall report on the progress of its public consultation efforts, its preliminary research on the no or low cost options for rating models, as well as on its decision on whether to proceed with data collection for the higher cost options."

Public Consultation Methodology

As part of this comprehensive public consultation approach, MPI used a variety of channels to inform Manitobans about the current vehicle insurance and rate setting system and the public consultation activities, as well as qualitative and quantitative research methodologies to gather and tabulate feedback regarding the rate setting system. These included:

- A public discussion paper
- Web page on the MPI public website dedicated to the public consultation
- Advertising letting Manitobans how to participate in the consultation
- Internal employee and business partner engagement
- General public random representative telephone surveys
- Open link opportunity sample (or open link) surveys
- *Voice of the Customer (VoC) ePanel* surveys
- Stakeholder engagement

Over the eight week period of this public consultation (April 1, 2019 to May 22, 2019), a total of 2,912 responses were provided by the general public and stakeholders.

Public Awareness

Discussion paper

The discussion paper was the starting point for all public and stakeholder discussions. It presented the current state and inputs regarding the potential future state of the DSR in plain language that could be understood by members of the general public. It included presenting and explaining the current model and the four proposed alternative models for how to apply a DSR rating to determine insurance premiums. The discussion paper was made publicly available on April 1, 2019, prior to the start of all other research activities.

This discussion paper has been included in full in the Appendices of this report.

Dedicated public web page

A web page was created specifically to be the public hub of the consultation. It contained background on why MPI was holding this consultation, links to the discussion paper and the open link survey for easy reference and access as well as contact information for providing additional feedback.

Internal employee and business partner engagement

Designed to both inform staff of the reason for the consultation and encourage them to participate, an intranet news item was published on April 1, 2019. As a follow-up, there was also an internal newsletter article published on April 2, 2019 with additional details on how MPI was letting Manitobans know how they could participate and why it was important for them to do so.

The Insurance Brokers Association of Manitoba (IBAM) was also notified of this public consultation. This ensured that this key business partner was aware of the consultation, was aware of how they and their broker network could participate, and gave them information so they could respond to any customer enquiries about the process.

Advertising to let Manitobans know how to participate in the consultation

To ensure that Manitobans were aware of the consultation and their options to share their views, MPI ran a number of print and online ads. These ads are included in the Appendices of this report.

Our online ads ran for three weeks, from April 1 until April 21, 2019, on Facebook and Instagram.

Our print ads ran as follows:

Daily newspapers	
Winnipeg Free Press	Sat. April 6 & 13, 2019
Winnipeg Sun	Sun. April 7 & 14, 2019
Brandon Sun	Sat. April 6 & 13, 2019
Weekly/Bi-weekly Newspapers	
La Liberté	Wed. April 3 & 10, 2019
Manitoba Cooperator	Thurs. April 4 & 11, 2019
Shilo Stag - e/o Thurs.	Thurs. April 4, 2019
Winnipeg River Advocate - bi-weekly	Fri. April 12, 2019
Dawson Trail Dispatch (Mon. 1 st Wed)	Wed. April 3, 2019
Thompson Citizen	Wed. April 3 & 10, 2019
Thompson Nickel Belt News	Fri. April 5 & 12, 2019
Grassroots News	Wed. April 3, 2019

Feedback Methods

Survey creation

A master survey was created to be used for several audiences and data collection methodologies, including the general public over the phone, the general public via an open link on the MPI public website, and as the basis for discussion guides to be used with MPI's VoC ePanel. The survey was altered as necessary to fit each distinct data collection method.

The master survey has been included in the Appendices of this report.

Random Representative Telephone Survey

Using the master survey as a base, a survey was developed and fielded over the phone (using an external research provider, NRG Research Group) with a random representative sample of the general public, adult Manitobans age 18 and older.

The primary objectives of the telephone survey were to:

- Gauge the current understanding among Manitobans of the DSR and auto insurance model currently in place.
- Explore understanding of and preference for various potential new DSR and auto insurance models, as presented in the discussion paper.
- Understand the potential demographic breakdown of the Manitoba Basic auto insurance market by household.

Utilizing both landline and cellular phone samples, a total of 1,500 surveys were completed from April 2 to 25, 2019, allowing for a detailed quota structure³ to be in place by age, gender, and household type. A random representative sample of 1,500 Manitoban adults carries a margin of error of plus or minus 2.5%, 19 times out of 20. Each telephone survey took an average of 22 minutes to complete.

Primary quotas for the general public survey included:

- Age and gender according to the Statistics Canada distribution of the Manitoba population.
- Type of household, such as:
 - drivers with no vehicle insured in their name
 - single insurer, single vehicle
 - single insurer, multiple vehicles
 - single insurer, multiple vehicles, multiple drivers
 - multiple insurers, multiple vehicles, multiple drivers

Results from the telephone survey are a key component of this report of findings from the public consultation process.

Open Link Opportunity Sample Survey

The master survey was modified as necessary to enable it to be deployed via an open link on MPI's public website. Members of the general public and any other interested party were able to access the survey and provide their feedback online.

A dedicated web page was developed to facilitate the public consultation. The open link survey was made available online April 1, 2019, on this web page (linked on the same web page as the discussion paper). Advertising of the public consultation process directed the general public to this location and invited them to review the discussion paper and complete the survey at their convenience. The open link survey was deactivated on May 22, 2019.

Responses to this open link survey create an opportunity sample that provides a quantitative depth of understanding for the survey questions, but is not considered representative of the general public or any other specific population, other than interested individuals who made the effort to provide their feedback. The open link survey captured 633 completed surveys. All completed surveys were analyzed for this report. The open link surveys took respondents an average of 26 minutes to complete.

Results of this open link survey are incorporated into this report of findings from the public consultation process and provide complementary depth to, or a deeper understanding of, the results of the telephone survey.

Voice of the Customer (VoC) ePanel Discussion

MPI currently maintains the VoC ePanel for use in gaining customer feedback regarding various topics of interest. The ePanel consists of MPI customers who have agreed to provide their regular, ad hoc feedback to the Corporation via email invitations to electronic surveys. Results from the ePanel are considered qualitative.

Discussion guides were prepared for our ePanelists to gauge the current understanding of the DSR and auto insurance model and to explore their understanding of and preference for various potential new DSR and auto insurance models in an iterative (or phased) approach. ePanelists were presented with information from the discussion paper in a similar form to the open link survey and asked to respond to questions about that information. Responses were compiled and presented back to the ePanelists, with further follow-up questions posed to generate a discussion where ePanelists were able to leverage others' response to the questions and concepts presented.

³ A "quota structure" is used ensure a minimum number of surveys are completed for specific demographic sub-groups so that the survey results can be projected to the population of interest, in this case adult Manitobans, and examined by those demographic sub-groups.

Three iterations, or phases, were completed with ePanel members, including:

- A modified version of the open link survey; launched on April 4, 2019.
- A survey exploring the understanding and meaning of specific concepts and values from the discussion paper; launched on April 18, 2019.
- A survey expanding on the strengths and weakness of the potential alternative models identified in the discussion paper; launched on May 2, 2019.
- All three survey links were deactivated on May 22, 2019.

The first iteration of the ePanel discussion captured feedback from 381 ePanelists. The second iteration captured feedback from an overlapping sample of 226 ePanelists (that is, ePanel members completing a survey in the first iteration were the only members invited to the second and third iterations), while the third iteration captured feedback from an overlapping sample of 170 ePanelists. Over the three iterations, ePanelists spent a combined average of 51 minutes providing feedback.

Results from the ePanel iterative discussions formed a key component of this report of findings from the public consultation process.

Stakeholder Feedback

In addition to the public consultations, stakeholders including the PUB, Consumers' Association of Canada (CAC) Manitoba, Canadian Automobile Association (CAA), and the Coalition of Manitoba Motorcycle Groups (CMMG) were invited to review the discussion paper and provide a formal written response to the proposals within the discussion paper.

Two submissions were received and have been included in full in the Appendices of this report.

Notes for Reading and Interpreting Report

Please find the following notes and advice for reading and interpreting the findings of this public consultation:

- The content of this report is presented as the results of the public consultation process. All opinions expressed are summarizations of the feedback received and should not be viewed as representing the opinion or position of Manitoba Public Insurance. As such, the views and opinions expressed by participants and presented in direct quotations (including language, terms, opinions and assumptions) do not reflect those of Manitoba Public Insurance nor imply any factual accuracy nor position.
- Results from the random representative telephone survey can be projected to represent the entire population of adult Manitobans. The results of that survey are presented in this report with statistically significant demographic differences highlighted. Where appropriate, results are provided from the open link survey and the VoC ePanel, in a comparative format, to complement the representative findings from the telephone survey.
- Demographic differences are examined and highlighted for the random representative telephone survey of adult Manitobans. Tests of statistical significance are applied and only differences between groups that are significant at the 0.05 confidence level are noted in this report.
- Due to rounding, not all proportions reported in this document will add exactly. For example, the report may show that 51% of the population views something as fair, which includes 27% who view it as completely fair and 25% as somewhat fair. Rounding in each of the two fair categories makes it appear that 52% would be in the overall summary when it is only 51%.
- When reviewing qualitative data, including results from the open link survey and the VoC ePanel surveys, it is important to remember that results are not statistically based, like for the telephone survey, but rather are anecdotal and more subjective in nature, given that only the views of those who chose to participate are represented. For this reason, any specific percentage proportions should not be viewed as representing any particular population other than the group of respondents in each survey. Language such as 'many', 'some', and 'few' is used to give an indication of the magnitude of the opinion expressed, but should not be interpreted as representing any specific proportional representation.

Household Vehicle-Driver Demographics

Manitobans responding to the telephone survey were asked a series of questions about the drivers and vehicles in their household in an attempt to build a simple view of how Manitobans in general currently register and insure their vehicles.

Number of Regular Drivers

Most Manitoba households have at least two people aged 16 and older. There is an average of 2.3 people aged 16 and older in the household.

Three in ten households have a single vehicle registered by the primary. Any change to the rate making model will likely have little effect on these households as the current primary driver is the registrant of the only vehicle.

Four in ten households have multiple vehicles, registered by multiple drivers. All models explored would be relevant to these households and affect their registration practices.

Two in ten households have a single individual registering multiple vehicles (all the vehicles in the household). Changes to the current model would affect these individuals and their current registration practices.

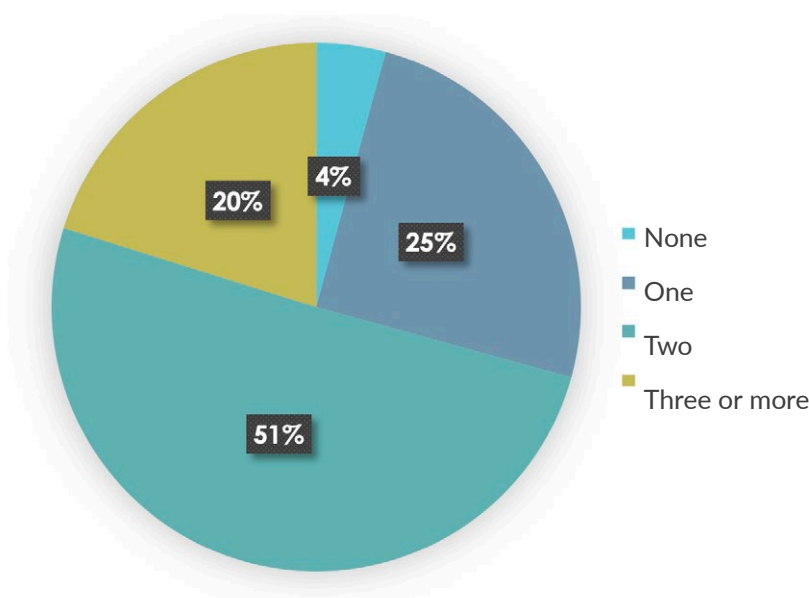
How many people age 16 or older live in your household?												
	Total	Age			Gender		Education			Region		
		18-34	35-54	55+	Male	Female	<HS	HS Grad	Some PS	PS Grad	Winnipeg	non-Winnipeg
1	17%	13%	12%	26%	16%	19%	29%	20%	14%	16%	17%	18%
2	54%	48%	53%	59%	56%	52%	49%	48%	53%	57%	52%	56%
3+	28%	38%	35%	15%	28%	29%	22%	33%	33%	26%	30%	26%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Mean	2.3	2.6	2.4	2.0	2.3	2.3	2.1	2.3	2.4	2.3	2.3	2.2

Most Manitobans aged 16 and older have a licence.

- One-quarter (23%) of Manitoba households have one licence holder.
- Half (52%) of Manitoba households have two licence holders.
- One-quarter (23%) of Manitoba households have three or more licence holders.
- Only 2% of households report having no one with a licence.

Nearly all Manitoba households have at least one person aged 16 or older with a licence who regularly drives, that is, drives a vehicle at least once per week.

Number of Regular Drivers in Household



The average Manitoba household has 1.9 regular drivers.

- Households with people aged 55 and older have the lowest average number of regular drivers.
- The number of regular drivers in the household increases with education.
- The number of regular drivers in the household is higher outside of Winnipeg than in Winnipeg.

Number of Regular Drivers (i.e., Drive at Least Once per Week) in Household												
	Total	Age			Gender		Education			Region		
		18-34	35-54	55+	Male	Female	<HS	HS Grad	Some PS	PS Grad	Winnipeg	non-Winnipeg
None	4%	5%	3%	5%	4%	5%	12%	5%	<1%	4%	6%	2%
1	25%	20%	20%	33%	23%	27%	41%	27%	22%	23%	25%	24%
2+	71%	75%	76%	62%	73%	68%	47%	68%	78%	73%	68%	73%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Mean	1.9	2.1	2.1	1.7	2.0	1.9	1.5	1.9	2.1	2.0	1.9	2.0

A very small number of respondents in the telephone survey (0.2%) refused to provide enough information to develop a profile of the number of regular drivers in the household.

Number of Vehicles Registered

Most Manitoba households have at least two vehicles owned or leased. There is an average of 2.2 vehicles owned or leased in the household.

- Significantly more vehicles are owned/leased in households outside of Winnipeg.
- Significantly more vehicles are owned/leased in homes with 35 to 54 year olds.

Number of Vehicles Owned/Leased in Household												
	Total	Age			Gender		Education			Region		
		18-34	35-54	55+	Male	Female	<HS	HS Grad	Some PS	PS Grad	Winnipeg	non-Winnipeg
None	3%	6%	2%	2%	2%	4%	6%	5%	%	3%	4%	2%
1	30%	30%	24%	37%	27%	34%	43%	30%	31%	29%	35%	24%
2	37%	35%	40%	36%	39%	36%	23%	32%	37%	41%	38%	36%
3+	29%	29%	34%	25%	32%	27%	27%	32%	32%	27%	22%	38%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Mean	2.2	2.1	2.3	2.0	2.3	2.0	2.0	2.2	2.4	2.1	1.9	2.5

A very small number of households in Manitoba do not have a vehicle registered.

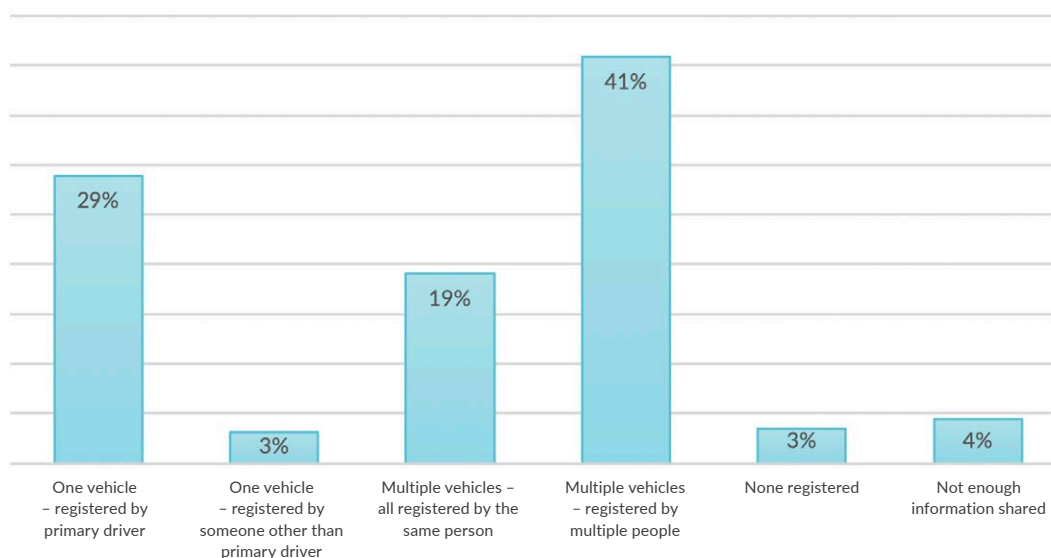
Number of Vehicles Registered in Household												
	Total	Age			Gender		Education			Region		
		18-34	35-54	55+	Male	Female	<HS	HS Grad	Some PS	PS Grad	Winnipeg	non-Winnipeg
None	3%	6%	2%	3%	3%	4%	6%	6%	0%	3%	5%	2%
1	33%	32%	26%	39%	30%	35%	48%	33%	34%	31%	37%	27%
2	39%	36%	43%	37%	41%	37%	25%	34%	37%	43%	39%	39%
3+	25%	25%	29%	21%	26%	24%	20%	28%	29%	23%	19%	32%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

How Vehicles in the Household are Currently Registered

Manitobans were asked if the vehicles registered in their household were registered by the person who drives the vehicle most often, or by someone else. Based on these responses, combined with the number of vehicles and regular drivers in the home, a simple profile of how vehicles in the household are currently registered was developed.

Three in ten (29%) households in Manitoba appear to have a single vehicle in the home and it is registered by the primary driver. A very small number (3%) of households are single vehicle households where the vehicle is registered by someone other than the primary driver. One in five households (19%) have multiple vehicles that are all registered by the same person. By far, the largest proportion of households in Manitoba have multiple vehicles registered and multiple individuals registering those vehicles; 41% of households fall in this category.

How Vehicles in the Household are Registered



Respondents in the open link survey mirror these results⁴. One-quarter (25%) of these respondents had a single vehicle registered to a primary driver. One-quarter (24%) had multiple vehicles all registered to the same individual, and half (50%) had multiple vehicles registered to multiple individuals.

It could be expected that for households with a single vehicle registered by the primary driver, any change to the rate making model will likely have little effect on these households; whatever model is used, there is only one vehicle and driver.

For households with multiple vehicles registered by multiple drivers, all models explored would be relevant to these households and affect their registration practices.

For the households where a single individual registers all the vehicles, changes to the current model would definitely affect their current registration practices.

⁴ While the open link opportunity sample survey did not ask all of the detailed household vehicle and driver demographic questions, respondents were asked how many registered vehicles there are in the household and if all the vehicles are registered by a single person or if there were multiple people registering the vehicles.

Guiding Principles of Auto Insurance Premium Setting

Manitobans were read the following statement:

"In Manitoba, the costs of the auto insurance plan are covered by driver insurance premiums and vehicle insurance premiums. The driver insurance premium is charged on every Manitoban's driver's licence and ensures that all Manitoba drivers share some of the financial risk of accidents. Vehicle insurance premiums cover most of the costs of the auto insurance plan and are paid for by the registered owner of the vehicle."

Manitobans were asked how much they agreed or disagreed with a set of six guiding principles which could be used to determine how auto insurance premiums should be set in Manitoba. Survey participants were asked to respond to the following series of statements:

It appears that less experienced drivers, who may have lower DSRs, are less likely to agree with changes to the system that either restrict access to insurance products or increase the penalties applied to poor driving.

Drivers with a good DSR appear more open to guiding principles that reward good driving and hold drivers with poor driving records or less experienced drivers responsible for their actions with higher insurance premiums.

"No one should be denied insurance, that is, everyone should have access to coverage."

"Drivers should be encouraged to act responsibly behind the wheel."

"All drivers should share the financial risk of accidents, regardless of whether they own a vehicle."

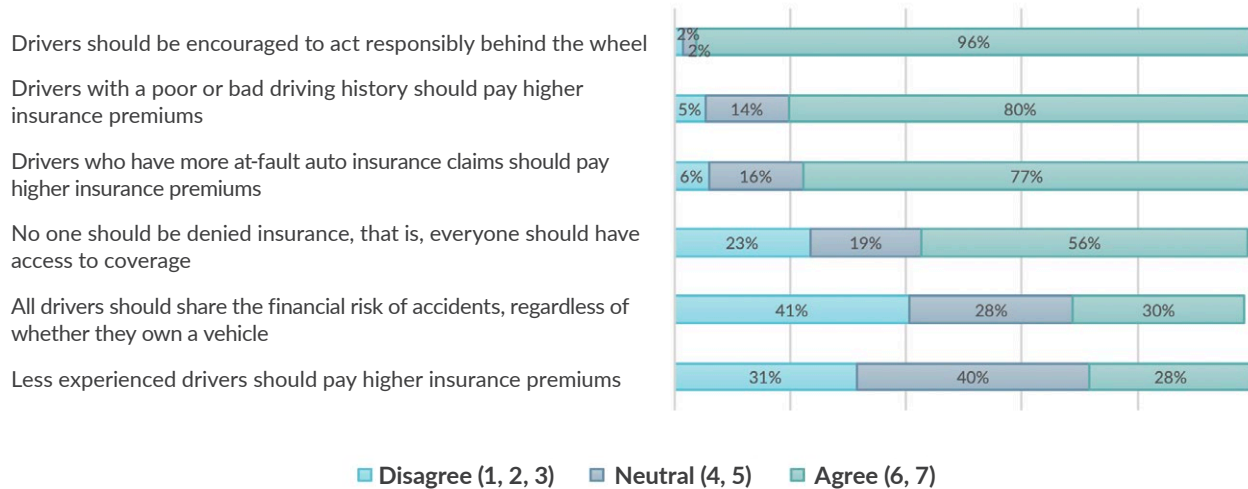
"Drivers who have more at-fault auto insurance claims should pay higher insurance premiums."

"Drivers with a poor or bad driving history should pay higher insurance premiums."

"Less experienced drivers should pay higher insurance premiums."

Agreement with guiding principles behind how auto insurance premiums could be set

(Scale: 1 = Strongly disagree ... 7 = Strongly agree)



Nearly all (96%) Manitobans agree (rating of 6 or 7 on a 7-point scale) that “*drivers should be encouraged to act responsibly behind the wheel.*” Respondents in the open link survey mirrored these results, with nine in ten agreeing with this guiding principle.

- There are no demographic differences in this response, with one exception. Men are slightly more likely than women to disagree (Males 2%; Females 1%) or to take a neutral stance (Males 3%; Females 2%).

Eight in ten (80%) Manitobans agree that “*drivers with a poor or bad driving history should pay higher insurance premiums.*” Respondents in the open link survey mirrored these results, with eight in ten agreeing with this guiding principle.

- Younger Manitobans, those age 18 to 34, are more likely than those age 35 and older to take a neutral stance (Neutral: 18-34 – 21%; 35-54 – 13%; 55 and older – 11%).
- The youngest age group are the least likely to agree, although a strong majority still does (Agree: 18-34 – 72%; 35-54 – 82%; 55 and older – 85%).

Nearly eight in ten (77%) Manitobans agree that “*drivers who have more at-fault auto insurance claims should pay higher insurance premiums.*” Respondents in the open link survey mirrored these results, with eight in ten agreeing with this guiding principle.

- Younger Manitobans, those age 18 to 34, are more likely than those age 35 and older to take a neutral stance (Neutral: 18-34 – 22%; 35-54 – 14%; 55 and older – 14%).
- The youngest age group are the least likely to agree, although a strong majority still does (Agree: 18-34 – 70%; 35-54 – 79%; 55 and older – 82%).

The principle that “*no one should be denied insurance, that is, everyone should have access to coverage*” garnered agreement from just over half (56%) of Manitobans. Respondents in the open link survey mirrored these results, with half agreeing with this guiding principle and three in ten disagreeing.

- One-quarter (23%) of Manitobans disagreed with this principle. Younger Manitobans, aged 18 to 34, have the highest level of agreement with this (Agree: 18-34 – 67%; 35-54 – 56%; 55 and older – 48%), while older age groups have higher proportions who disagree (Agree: 18-34 – 12%; 35-54 – 25%; 55 and older – 31%).

When responding to the guiding principle that “*all drivers should share the financial risk of accidents, regardless of whether they own a vehicle*”, Manitobans are somewhat split. While three in ten (30%) agree, four in ten (41%) disagree. Respondents in the open link survey mirrored these results, with fairly equal proportions (just over a third) agreeing and disagreeing with this guiding principle.

- Younger Manitobans (age 18 to 34) have fairly equal proportions in each of the agree (34%), neutral (30%), and disagree categories (36%), while Manitobans age 35 and older have higher proportions who disagree (35-54 – 42%; 55 and older – 43%) than agree (35-54 – 27%; 55 and older – 28%).

The guiding principle that “*less experienced drivers should pay higher insurance premiums*” divides Manitobans; many appear to be “*on the fence*” about it. A nearly equal proportion of Manitobans agree (28%) and disagree (31%), with the highest proportion (40%) maintaining a neutral stance. Respondents in the open link survey mirrored these results, with about three in ten agreeing, one in three disagreeing, and four in ten remaining neutral regarding this guiding principle.

- Younger Manitobans have a higher proportion who disagree with this principle than older Manitobans (18-34 – 42%; 35-54 – 32%; 55 and older – 23%).
- Conversely, older Manitobans have a higher proportion who agree (18-34 – 23%; 35-54 – 28%; 55 and older – 32%).

In summary, it appears that less experienced drivers, who may have lower DSRs, are less likely to agree with changes to the system that either restrict access to insurance products or increase the penalties applied to poor driving. Drivers with a good DSR appear more open to guiding principles that reward good driving and hold drivers with poor driving records or less experienced drivers responsible for their actions with higher insurance premiums.

Underlying Values of the Auto Insurance Model

Manitobans were asked how much priority should be given to each of a series of specific concepts, or values, when implementing an auto insurance model for Manitoba. The list of seven concepts presented was as follows:

“Fairness.”

“Affordability for less experienced drivers.”

“Ease of use, that is, easy to purchase.”

“Ease of understanding, that is, knowing how the rate is set.”

“Rewarding having a good driving record.”

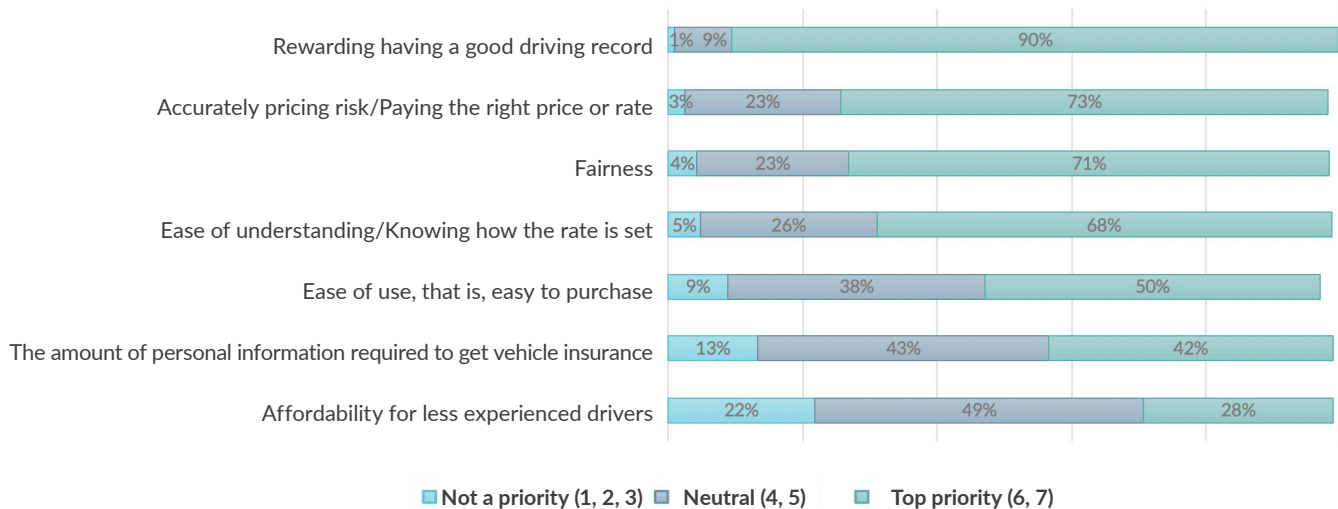
“Accurately pricing risk, that is, paying the right price or rate.”

“The amount of personal information required to get vehicle insurance.”

Overall, Manitobans say that good driving should be rewarded and that paying the right price (what they consider to be fair) is of paramount concern.

How much priority should be given to specific concepts, or values, when implementing an auto insurance model

(Scale: 1 = Strongly disagree ... 7 = Strongly agree)



“Rewarding having a good driving record” was rated as a top priority by the highest proportion of Manitobans overall. Nine in ten (90%) said this is a top priority, with most of the remainder of the population falling into the neutral category (9%). Respondents in the open link survey mirrored these results, with more than nine in ten saying this is a top priority.

- Manitobans age 35 and older consider this a top priority more often than those under age 35 (18-34 – 84%; 35-54 – 92%; 55 and older – 94%).
- Manitobans age 18 to 34 have a larger proportion to take a neutral stance than those age 35 and older (18-34 – 15%; 35-54 – 7%; 55 and older – 5%).

Three-quarters (73%) of Manitobans consider “accurately pricing risk, that is, paying the right price or rate” to be a top priority. Respondents in the open link survey mirrored these results, with three-quarters rating this a top priority.

- Manitobans age 35 and older consider this a top priority more often than those under age 35 (18-34 – 68%; 35-54 – 76%; 55 and older – 73%).
- Manitobans age 18 to 34 have a larger proportion to take a neutral stance than those age 35 and older (18-34 – 29%; 35-54 – 22%; 55 and older – 20%).

“Fairness” is a top priority for seven in ten (71%) Manitobans. Respondents in the open link survey mirrored these results, with three-quarters who rated this a top priority.

- A higher proportion of those age 55 and older consider this a top priority than those under age 55 (18-34 – 70%; 35-54 – 68%; 55 and older – 75%).

“Ease of understanding, that is, knowing how the rate is set” is a top priority for seven in ten (68%) Manitobans. Another one in four (26%) Manitobans took a neutral stance regarding this concept. Respondents in the open link survey mirrored these results; seven in ten rated this a top priority.

Half (50%) of Manitobans said that “ease of use, that is, easy to purchase” was a top priority. Four in ten (38%) took a neutral stance, while one in ten (9%) said this was not a priority. Respondents in the open link survey had a very similar opinion, with two-thirds who rated this a top priority and one-quarter who took a neutral stance.

- Younger Manitobans, those age 18 to 34, have the highest proportion who said that this is a top priority (18-34 – 58%; 35-54 – 45%; 55 and older – 47%).
- While equal proportions of men and women say this is a top priority (50% in each), men have a higher proportion who said this was not a priority (Male – 11%; Female 7%).

“The amount of personal information required to get vehicle insurance” is a top priority for four in ten (42%) Manitobans, while an equal proportion (43%) took a neutral stance. Just over one in ten (13%) said this is not a priority for themselves. Respondents in the open link survey mirrored these results; four in ten rated this a top priority, while nearly half took a neutral stance.

- This appears to be more a priority for Manitobans in the oldest age group and for women. Those age 55 and older have the highest proportion to rate this a top priority (18-34 – 43%; 35-54 – 37%; 55 and older – 47%).
- Women have a higher proportion rating this as a top priority than men (Male – 40%; Female 45%).

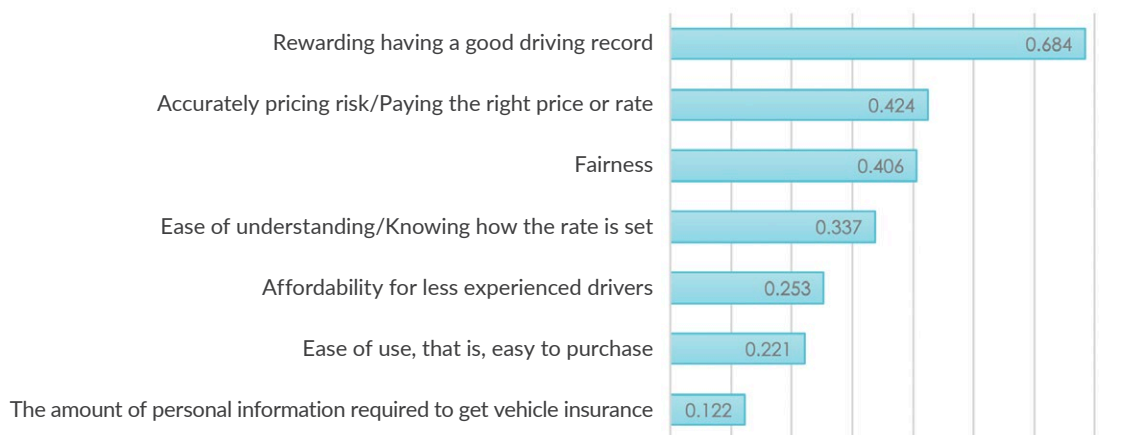
How the system addresses “*affordability for less experienced drivers*” is a top priority for three in ten (28%) Manitobans. Half (49%) of Manitobans took a neutral stance regarding this concept, while nearly one in four (22%) said this is not a priority. Respondents in the open link survey mirrored these results; three in ten rated this a top priority and three in ten said it was not a priority.

- Younger Manitobans, those age 18 to 34, have the highest proportion to rate this as a top priority (18-34 – 32%; 35-54 – 27%; 55 and older – 26%), while Manitobans age 35 and older have higher proportions to rate this as not a priority (18-34 – 15%; 35-54 – 24%; 55 and older – 25%).
- Manitobans who live in Winnipeg have a higher proportion who said this is not a priority than those who live outside of Winnipeg (Winnipeg – 25%; outside Winnipeg – 18%).

Priority Ranking of Underlying Values

Manitobans were asked to rank the top priorities given the same list of seven specific concepts, or values, when implementing an auto insurance model for Manitoba. Respondents in the telephone survey were asked to indicate which of these concepts would be their first (top), second, and third priority. A priority rank score was calculated⁵, yielding an aggregate rank score between zero and one for each concept. A rank score of zero would indicate that no one included the concept as a priority; a rank score of one would indicate that everyone chose the concept as the number one priority.

Priority Rank Score (Range 0 to 1)



“Rewarding having a good driving record” is the top ranked priority among Manitobans when evaluating concepts and values that should be considered for how auto insurance premiums could be set in Manitoba, receiving a total score of 0.684, or 68% of the best possible score. Respondents in the open link survey also ranked this concept as the first overall priority, where they gave it a rank score over seventy percent of the best possible.

“Accurately pricing risk, that is, paying the right price or rate” (rank score 0.424) and “fairness” (rank score 0.406) rank fairly closely as the second and third priorities, respectively, but could be considered as virtually tied among all Manitobans. Both of these concepts/values received just over 40% of the best possible score. Respondents in the open link survey also have these two concepts as second and third, where they ranked “accurately pricing risk, that is, paying the right price or rate” with nearly sixty percent of the best possible score and “fairness” with nearly fifty percent of the best possible score.

⁵ Given that there were seven concepts to be ranked, the first ranked concept is considered to have a score of seven, the second ranked concept a score of six, etc. The priority rank score is then calculated by taking the count of people ranking a concept as first multiplied by seven, plus the count of people ranking it second multiplied by six, plus the count of people ranking it third multiplied by five, divided by the total sample of people multiplied by seven. This yields a score that can be considered a proportion of the best possible total if everyone in the population ranked the concept in first position. For example: Among a total sample of 1,500 people, “Fairness” received a first ordinal rank from 257, a second ordinal rank from 218, and a third ordinal rank from 231 people. Therefore, $((257*7)+(218*6)+(231*5)) / (1500*7) = ((1799)+(1308)+(1155)) / (10500) = 0.406$

“Ease of understanding, that is, knowing how the rate is set” (rank score 0.337) claims fourth position among all Manitobans. This concept receives 34% of the best possible score, setting it in position to round out the top ranked values overall. Respondents in the open link survey also ranked this in fourth spot, with this concept receiving nearly twenty-five percent of the best possible score.

“Affordability for less experienced drivers” (rank score 0.253) is ranked fifth by Manitobans among the concepts explored, receiving 25% of the best possible score, while *“ease of use, that is, easy to purchase”* (rank score 0.221) is ranked sixth by Manitobans, receiving 22% of the best possible score. *“Affordability for less experienced drivers”* and *“ease of use, that is, easy to purchase”* are close enough in rank to be considered tied among Manitobans overall. Respondents in the open link survey also ranked these two concepts very close with one another. While each of these concepts received nearly twenty percent of the best possible score, the actual rank order between the two concepts is reversed when compared to the telephone survey.

Given that *“the amount of personal information required to get vehicle insurance”* (rank score 0.122) achieves the lowest priority ranking score among all the concepts examined, it is evident that Manitobans understand that some level of personal information must be shared with their insurer when it comes to auto insurance and driver licensing.

Demographically, there is very little that distinguishes the rank order of the concepts and values explored. There are two exceptions.

- Younger Manitobans, those age 18 to 34, ranked *“ease of understanding, that is, knowing how the rate is set”* as their second overall priority and *“fairness”* as third, with *“accurately pricing risk, that is, paying the right price or rate”* falling into fourth position.
- Manitobans with a high school grad education ranked *“fairness”* in second spot and *“ease of understanding, that is, knowing how the rate is set”* in third, with *“accurately pricing risk, that is, paying the right price or rate”* falling into fourth position.

In summary, it appears that Manitobans embrace some of the overall concepts or values that could be used when implementing an auto insurance model much more than others. Overall, Manitobans say that good driving should be rewarded and that paying the right price (what they consider to be fair) is of paramount concern. Communicating how the rate is set in a fashion easily understood by customers is also very important. Making rates affordable for less experienced drivers, making the purchase process easy, and limiting the amount of personal information that has to be shared are much less important when determining which insurance model should be used.

Interpretation of Specific Underlying Values (VoC ePanel Results)

MPI maintains the VoC ePanel that allows for customers to share their thoughts and opinions when it comes to customer service and program and policy issues relevant to them. This ePanel was engaged to find out more about how MPI's customers envision and interpret the guiding principles behind how auto insurance premiums could be set in Manitoba. In consideration of the time spent by respondents to the telephone survey and the open link survey, these specific discussions were not completed within those survey respondents and instead were only presented only to VoC ePanel members for their feedback.

Registering all vehicles under a single person

ePanel members were provided with the following statement and asked if they felt this practice is fair.

"Some Manitobans choose to have a single person register all of the vehicles in their household while others choose to have different people register different vehicles."

Reasons for being fair:

More than two-thirds evaluated this as fair, with nearly half saying it was completely fair. It should be noted that while most selected this current practice as being fair, many still provided reasons why it is perceived to be not entirely fair.

The most common theme around why this is a fair practice revolved around the idea that it provides people with the liberty and freedom of choice to declare who a vehicle will be registered to. Along these lines, it was also often noted that each household has its own reasons for choosing who the registered owner of a vehicle will be. These sentiments are seen in the following selection of responses:

"We already have no choice but to deal with MPI. We should at least have the choice of how to register our vehicles."

"It should be up to the individual who registers a vehicle or not, if I want all register in my name or to have my wife register, our choice."

"Because we live in a free country."

"Every household is made up of different dynamics."

"It depends on a lot of things. To suggest a few, family dynamics, family finances, individual finances. I think it is up to the family."

The second most common response for why this practice is considered fair is that it allows a household to maximize the savings on vehicle premiums (by registering vehicle(s) to the person with the highest DSR), and that it is fair to be able to save as much money as possible by maximizing discounts. For instance:

"They are trying to save money just because they have an accident shouldn't right away mean they have to pay more for car insurance."

"Well I can definitely see why they would do it if that one person has a good driving record and can save some money... everything is so expensive these days and if one can cut corners!"

"If that is how Manitobans have to do it to save money, I agree."

Some stated the practice is fair since drivers with a poor driving record are penalized on the cost of their licence based on their DSR. This was expressed in the following selection of comments:

“Drivers who operate Dad’s vehicle, and who have accidents, pay for that accident on their licenses.”

“Bad drivers already pay an extra premium on their license.”

The registered owner being ultimately responsible for situations the vehicle is involved in, and giving the owner authority to decide who can drive the vehicle was mentioned by several respondents as a reason for this practice being fair. For example:

“Some drivers are not adults and parents or primary adults may want that control.”

“A person who own[s] the vehicle is responsible for all matters.”

“Single person registers and takes all responsibility for the vehicle whether the person driving it or not.”

Convenience of having one person as the registrant for all vehicles (particularly to make premium payments convenient) was cited by several respondents as a reason for this being fair. This was expressed in the following selection of responses:

“One person maybe makes all the money in the household and it would be an unnecessary inconvenience for that person to have to give everybody that has to insure a vehicle the money.”

“Allows for convenience when renewing as all vehicles can be updated and paid by one person in one visit.”

Both fair and unfair:

That owners should keep their property in their name was perceived as a reason for this practice being both fair and unfair. It is likely that some viewed the portion of the statement “choose to have a single person register all the vehicles” in terms of their individual ownership of multiple vehicles, and since they consider multiple vehicles as their personal property, they should all remain under their name. Meanwhile, other respondents perhaps considered the aspect of the statement “choose to have different people register different vehicles” in that those “other people” may not be the individual owners of those “different vehicles” and therefore the vehicle is not under the owner’s name. This sentiment of keeping the vehicle(s) owned under the owner’s name was mentioned by respondents ranging from those who indicated the model as being *completely fair* to *completely unfair*, and was expressed in the following sample of responses:

“Registering a vehicle indicates ownership. If I purchased a vehicle, I need to be identified as the legal owner and from what I understand, that is through the registration of the vehicle in my name.”

“The owner of the vehicle should be the one to register it: if one person in a household owns all the vehicles, they should register them; if multiple people own the vehicles in the same household, each individual should register the vehicle they own.”

“I like to have my own name registered on my car, as a woman and a wife. Don’t have to worry about transfer of ownership if husband dies or divorced.”

“The person who owns the car should register it.”

Reasons for being unfair:

The nearly one-third who said this practice was unfair primarily fell into the somewhat unfair category. However, a small number did feel this practice was completely unfair.

The most recurring theme as to why the practice is considered not fair (or why it is not completely fair) is that it allows households to manipulate the system to obtain a lower premium by registering the vehicle(s) under the person with the highest DSR, regardless of their use of the vehicle; to use the system to their own advantage. Some who expressed this sentiment indicated that they consider the practice to be rather dubious and unethical. For example:

"The pricing system is meant to charge more for the higher risk drivers. When one person insures all the vehicles they are circumventing this system and are really transferring risk to all insured. That seems unfair."

"Obvious effort to get a cheaper rate. Almost fraud."

"If you have a family with a driver who has many demerits who then continues to drive under a vehicle insured by say a spouse with a better driving record it is indeed 'gaming' the system."

Similar in nature, several respondents expressed that the person who drives the vehicle the most should be the individual the vehicle is registered to and for whom the insurance premium is based. The following selection of responses express this view:

"The principal driver should insure the vehicle."

"Vehicles can and should be insured by the person who uses the vehicle most."

"When drivers own a car, the main driver should register and pay the corresponding fee."

Related to driver(s) not being a factor in a vehicle's insurance, some also noted that a vehicle registered in only one name does not properly account for the vehicle's combined risk due to multiple drivers. The notion that one individual does not represent the true usage risk can be seen in the following responses:

"One person registering multiple vehicles does not adequately cover the risks with young drivers or those with demerit points."

"I think that vehicles driven by less experienced drivers are more likely to be involved in accidents so their registration should reflect the higher risk. This doesn't happen if the person who registers the vehicle is the one with the best driving record."

Circumstances that would warrant denying someone vehicle insurance

ePanel members were asked their thoughts on when it would be appropriate to deny someone insurance coverage. They were asked to respond to the following question:

“While many Manitobans agree that no one should be denied insurance, what do you think would be circumstances that would warrant denying someone vehicle insurance, if any?”

Respondents had a variety of reasons as to why they believe someone should be denied vehicle insurance. While the subject of the question is the ability to insure a vehicle, respondents often seemed to interpret the question’s subject as denying someone the ability to drive.

Nonetheless, the most common responses share a theme of having a history of dangerous driving and being a threat to safety on the roads. This included having a poor driving record, low DSR, or having too many driving infractions in general. This also involved conviction(s) for impaired driving, dangerous operation of a vehicle, and having a history of numerous collisions (often specified as being at-fault). These aforementioned responses can be seen in the following example responses:

Poor driving record/too many driving infractions in general:

“Some people should NOT be allowed to insure or operate a motor vehicle. Driving records will support the decision.”

“Bad driving records need to have consequences.”

“Prior convictions in this or another jurisdiction which are equivalent to someone in our Manitoba system having -20 points. If you have the equivalent of -20 points, then no driver’s licence.”

History of impaired driving:

“If they are caught driving impaired, or otherwise driving recklessly they should be removed from the road. Driving is a privilege not a right.”

“Multiple impaired driving with or without a major accident.”

History of dangerous driving offences:

“Repeat dangerous driving offenders.”

“People who have been convicted of dangerous driving offences.”

History of multiple collisions:

“If they cause a lot of accidents they should be removed from the road.”

“Causing multiple mishaps to their own vehicle or others.”

While not a driving offence, being medically unfit to drive also pertains to the recurring theme of road safety and was stated by several respondents. For example:

“Medical issues that would limit ability to drive safety, ie: visual.”

“Medical circumstances that negatively affect the competency of the driver whether young or old.”

Other than road safety and previous driving history concerns, several respondents specifically indicated a reasonable cause for denying vehicle insurance would be if a person has a suspended licence or no licence whatsoever. The following responses mention this view:

“At some point people lose their license for life due to poor driving habits, why should they still be able to insure a vehicle?”

“If you don't have, or are denied a driver's license, or suspended for a length of time, you should not be able to have insurance.”

A history of criminal convictions in general, regardless if the crimes involve driving or a vehicle, was mentioned by a notable number of respondents. The following sample of responses indicate criminal history as justifiable grounds for denying vehicle insurance:

“If they are a repeat offender and cannot comply with the law.”

“If someone is currently incarcerated.”

Having committed fraud, usually mentioning auto insurance fraud specifically, was cited by several respondents. For instance:

“If a person is caught more than once filing a false claim, then MPI should be able to suspend their insurance privileges for a specified period of time.”

“Someone who has fraudulently deceived the insurance company should be denied insurance for a penalty time.”

Best way to ensure that drivers who don't register a vehicle share the financial risk of accidents

ePanel members were asked what they saw as the best way to ensure that drivers who don't register a vehicle share the insurance risk that all drivers represent. They were asked to respond to the following statement and question:

"Many Manitobans have indicated that they agree that all drivers should share the financial risk of accidents, regardless of whether they own a vehicle. In your opinion, what is the best way to ensure that drivers who don't register a vehicle share this risk?"

By a wide margin, the most common thought was that a charge or insurance premium be placed on the driver's license of those without vehicles. Some also specified that the premium paid on their licence should be based in part on the driver's risk/DSR. The following selection of responses indicate this widely shared view:

"They would have to pay a separate insurance fee with their driver's license."

"Have the registration of insurance be a piece of the licensing component instead of vehicle ownership."

"The only way I see is to charge a premium on their licence. Once the driver registers a vehicle, the premium ceases."

"Add it on to your driver's licence if you are a bad driver pay more for your licence."

"If they don't own a vehicle, their driver's license is higher."

The second most commonly suggested method was to have additional monetary charges to non-owner drivers who are at-fault for collisions. Some specified that this could be paid at their next licence renewal, or that they get billed to cover the vehicle owner's deductible or all of the damage expenses. The following are responses that offered these concepts:

"A surcharge should be meted out to non registered drivers who are involved in accidents."

"At least deductible should be paid by the driver than the registered owner."

"People who do not carry insurance should not be subject to no fault and should be liable for the damages that may occur."

"Have them pay for the accidents on their driver's license."

It was also mentioned by several respondents that all drivers should pay for coverage or share the risk in general. The concept of "paying" and "sharing risk" is similar to the earlier theme of payment of an insurance premium on the non-owner's licence. For instance:

"If they drive a non-registered vehicle they should be able to share financial risk."

"Each driver should carry a portion of the insurance cost."

Some proposed the concept of having an optional “non-owner insurance product” that could be purchased to provide coverage to those who drive but do not own vehicles, it was further specified by a few that this would be useful for those who do not drive personally or drive company/employer owned vehicles that already have coverage. For instance:

“Offer premiums based on the amount of coverage they want to carry and the deductible they are prepared to pay. I think a good model would be the insurance purchased for rental vehicles. The insurance for drivers not owning a vehicle should be accessed fairly for each year and a rebate offered when they keep an upstanding driving record.”

“Buy a policy for insurance to drive a vehicle not registered in their name. Unless it is a company vehicle they are driving for work purpose and registered by the company they work for.”

“Maybe something like non owner/registered insurance.”

Circumstances where less experienced drivers should pay more

ePanel members were asked to discuss the circumstances that would lead to a less experienced driver having to pay more for insurance premiums. They were asked to respond to the following statement and question:

“Manitobans have different views when it comes to whether or not less experienced drivers should pay higher insurance premiums. Under what circumstances, if any, would you say that less experienced drivers should pay more?”

The two most common responses shared the theme of having a less than ideal driving history. Possessing a poor driving record, low DSR, including having received tickets for (unspecified) driving offences, was the most mentioned circumstance where less experienced drivers should pay more. This was closely followed by the specific mention of having a history of being involved in collisions. The following selections indicate these circumstances that were deemed acceptable to charge more due to a less than ideal driving history:

Having a poor driving record and/or receiving tickets (in general):

“If they do not demonstrate a clear driving history for prescribed period of time.”

“Poor driving record and repeated infractions.”

“Their driving record going forward should dictate whether they pay more or less.”

Collision history:

“Only if they are involved in an at-fault accident just like everyone else.”

“They should pay more after an accident, whether they cause it or not. Good defensive driving should eliminate most accidents. Adjusters would have some discretion in deciding the penalty.”

“This can become unfair if charging additional premiums based on lack of experience. Higher premiums should only be charged if a less experienced driver is involved in an accident.”

Driving history was further noted in a few specific responses about having received distracted driving, speeding, or dangerous driving offences.

Some stated that having a licence for only a certain number of probationary years is a justifiable reason for charging less experienced drivers with a higher premium, with a few indicating that their risk needs time to be established. These sentiments can be seen in the following selected responses:

“I think they need to have the experience of years of driving under their belt.”

“Probation period of ~5 years. If good driving record in that time period then insurance should be lessened.”

“Novice is novice and they should not be awarded any special breaks until they have proven themselves, graduated license for ALL new drivers.”

Several also indicated their belief that less experienced novice drivers should pay more in general, with many stating they are inherently a higher risk. For example:

“Less experienced drivers are more likely to have accidents and should pay more.”

“New drivers are at a higher risk of causing or being in an accident so it is only fair they pay more.”

“Less experience is less experience and there should be no circumstance where they should not pay more.”

It was also suggested by some that being in a younger age range is a circumstance that warrants paying higher premiums. This was mentioned in the following selection of responses:

“Should the existing practice be in place, twenty five years of age is reasonable.”

“New drivers should have higher rates. Statistics show that they will be in an accident within a couple years. Young drivers are stupid. Kids are fearless and unwise. Mistakes will happen.”

What does “fairness” mean?

ePanel members were asked what fairness means in an auto insurance context. They were asked to respond to the following statement and question:

“A majority of Manitobans agree that fairness is a primary value that needs to be considered when setting insurance premiums. In an auto insurance context, what does fairness mean to you?”

By far, the most common theme was that it is fair to base premiums on driving records. Many of the respondents who espoused this view specifically indicated that it is fair that higher risk drivers pay more and that good drivers pay less. These concepts of it being fair to base on the driving record can be seen in the following responses:

“Safe driving assures fairness. It’s only fair if those drivers costing MPI more in payouts/claims pay more in premiums. It is unfair to penalize safe drivers due to the costs (payouts for claims) that becomes the responsibility of MPI for the behaviours of unsafe drivers.”

“Fairness needs to be and already is determined by each person’s driving record.”

“That insurance costs are relative to the driver’s history.”

“People who have a good record should get a break on their premiums. Seems to me that the points system that you have right now works with people who have been responsible for accidents paying more to get insurance.”

“Number of at fault accidents, traffic and parking offenses should be considered when setting insurance rates.”

Though not nearly as common a response as “driver history,” the second most common theme was to take a vehicle’s characteristics and realities into consideration such as its value, age, condition, make, model, and cost to repair. For example:

“Older, cheaper vehicle = less cost on premiums. Newer, expensive vehicle = more cost on premiums.”

“Cost of repair for individual vehicles should be taken into account.”

“Value and mileage of vehicle.”

The notion that fairness means treating and considering all customers equally when setting premiums was also common. Some mentioned equality as a starting point for the individual, with the ability to make adjustments to premiums in the future, depending on vehicle value or driving history. The following selection of responses mention this view:

“All drivers are treated the same and come under the same rules and regulations.”

“Fairness - a person sets out on an equal basis - as soon as there is an accident, crime etc. then their rates go up.”

“Fairness means everyone pays the same for a certain class of vehicle.”

“Treating everyone with the same measuring tape.”

Several respondents said that fairness means that there are thorough and proper assessments of fault, and that the percentage of fault is correctly applied to each driver in an incident. The following responses showcase the notion that for rates to be fair, determinations of fault must be fair and ultimately correct:

“Impartial overview of any claims submitted.”

“Fairness means that each claim made is looked at in a fair manner where ‘the more likely situation’ is not always the situation that is chosen as people tend to lie when in an accident to make it look like it wasn’t their fault. If the two stories don’t make sense, investigate more. Don’t penalize the [G]ood Samaritan for telling the truth. The truth isn’t always the most logical situation.”

“Not being 50/50 at fault when one could not prevent another driver from hitting you.”

Best way to reward a good driving record

ePanel members were asked what they felt was the best way to reward a good driving record. They were asked to respond to the following statement and question:

“Rewarding having a good driving record is ranked as a top priority by a majority of Manitobans. In your opinion, what is the best way for an insurance system to reward a good driving record?”

When asked what could be done within an insurance system to reward those with a good driving record, by far the most common theme was to provide cost savings and discounts, often indicated via premium and licence cost reductions. Most respondents indicated this method of reward; all other concepts for rewarding good driving records paled by comparison. The following is a selection of responses indicating premium reductions and/or cost savings:

“Reduce rates and fees based on driving record.”

“Lower cost to the driver based on driving history.”

“Cheaper premiums.”

“Decrease the cost of the driver’s license and insuring a vehicle.”

“The only tangible way to reward a good driving record is with lower premiums.”

“Significant discounts.”

The second most common response is that the current system of rewards works as it is now. This could be interpreted as one in the same with the aforementioned “cost savings on premiums,” given that the current system does provide discounts on vehicle and licence costs based on the DSR. However, these respondents did not specifically refer to cost savings or premium discounts; it is theoretically possible they were referring to some other aspect of the current system. Nonetheless, the following comments illustrate the ‘current system works’ responses:

“Seems the present system is working fairly well.”

“The current way is certainly doing a good job unless there are more ideas out there.”

“The way it is done now.”

Similar in nature to both the “cost savings” and “current system works” responses, several respondents stated that the amount or value of discounts for having a good driving record should be increased from the value amount in its present form. In essence, maintaining the current system of rewards but having more lucrative discounts. For instance:

“Provide tangible discounts instead of the peanuts on the driver rating scale.”

“Increase the deduction for good driving records. Don’t have such a granular system as today.”

“Raise the percentage on the discount.”

Along the lines of increasing the discounts offered in the current system, some mentioned that the current DSR scale should either have no ceiling or a higher ceiling. The following selection of responses indicates the opinion that it would be ideal to surpass +15 (33% discount) on the DSR scale to ensure good drivers are rewarded:

“Don’t cap the merits.”

“The system should not be capped at +15. For example a driver with a +25 should only pay \$1.00 for a driver’s license.”

“Remove the 15 merit maximum, let it increase as the good driving history increases.”

Outside of cost savings and discounts, it was commonly suggested that an “*accident forgiveness*” policy be introduced, which some private insurers in other jurisdictions have been advertising. It was proposed by some that a driver with a high DSR and/or no at-fault claims for a certain period of time should not be penalized if they have a single, and rare, at-fault accident. This concept was mentioned in the following selection of comments:

“Not get nailed to a cross for getting a once in a lifetime ticket or having a once in a lifetime accident.....if you have ticket or accident within a six month window then you should lose credits but not for a one-time event.”

“A single ‘grace’ accident if you have not had an accident or ticket for several years, you pay a one-time premium vs dropping 5 point on the DSR.”

“A driver, who has had a good driving record for some time, should be given a ‘break’ by not having to pay their deductible when they are involved in an accident, especially when it does not involve alcohol, cannabis or any other illegal drug. Accidents do happen!”

How do you know you are paying the right price for your auto insurance premium?

ePanel members were asked to discuss how they know they are paying the right price for an auto insurance premium. They were asked to respond to the following statement and question:

“Paying the right price or rate is a priority for a majority of Manitobans. How do you know you are paying the right price for your auto insurance premium?”

A substantial number of respondents indicated that they simply do not know if they are paying the right price for their auto insurance premium, or that they could not comprehend a process to determine if they are paying the right price. However, many did provide a method or rationale of how they know they are paying the correct price for their premium.

The most common theme expressed was that they know they are paying the right price based on their driving record, including that good drivers pay less and poor drivers pay more for their premium. The relationship between DSR and their premium seems to instill the notion that the system indeed produces the correct price. For example:

“Based on my merits in my license, I know my rate reflects my performance as a driver.”

“I guess my premium is fair as it is based on my driving record and I am in the process of driving more carefully in order to earn points that will allow me to pay less for insurance.”

“The premium you pay at least reflects the risk you pose on the roads, depending on your driving record.”

“You pay according to your merit points.”

The second most common response, with nearly as many mentions as the aforementioned “due to driving record,” was to compare to what people pay in other provinces in Canada. For example:

“I always compare insurance premiums from different provinces. I try and find prices that would reflect the same size area that I travel in.”

“Compare to other provinces especially privately insured ones. MPI should be giving examples of other rate structures.”

“By comparing what your friends pay in other provinces.”

Making comparisons was a recurring theme in several response types. Comparing the rates one pays to what others pay was mentioned by some, for instance:

“By comparing rates of other drivers in same age group and same records.”

“I don’t know ever what the “right price” is but I do check with other people.”

Additionally, using comparisons as a method was also indicated by some respondents who stated they compare against what private insurers may advertise or quote, for example:

“I’ve compared to private carriers for interest.”

“I find it is cheaper with private insurance but do not have a choice.”

Several respondents indicated that they use information provided by MPI to ascertain that they are paying the right price for their premium, with some mentioning that they trust MPI and its information. The following selection of responses illustrates this perspective:

"You don't know. You just have to take MPI's word that you are paying the right amount."

"MPI financial reporting."

"The chart released by MPI suggests that my rates are lower because of my driving record."

Some respondents also stated that they know they are paying the correct price (or not) due to their vehicle(s) age/make/model/mileage/condition/value. For instance:

"Based on the value of the vehicle you are registering, and the value you will receive for that vehicle if it is damaged in an accident. If you drive a vehicle for 10 years and it is depreciated when it is written off the insurance premium should reflect that too."

"Age of car, how long you have had same car, honest depreciation value."

"I know I am not. I own a 28 year old truck and paying as much now as when it was new."

Registered Owner Model Assessment

A majority of Manitobans view the current Registered Owner Model as being fair.

Primary strengths: It works now; it rewards good driving behaviour with premium discounts; and, it gives people the freedom to choose who registers the vehicle.

Primary weaknesses/concerns: Subject to people using the system to their own advantage by registering a vehicle in the name of a driver with the better driving record, even though they may not be the primary driver of the vehicle, if they drive it at all.

Quantitative Assessment

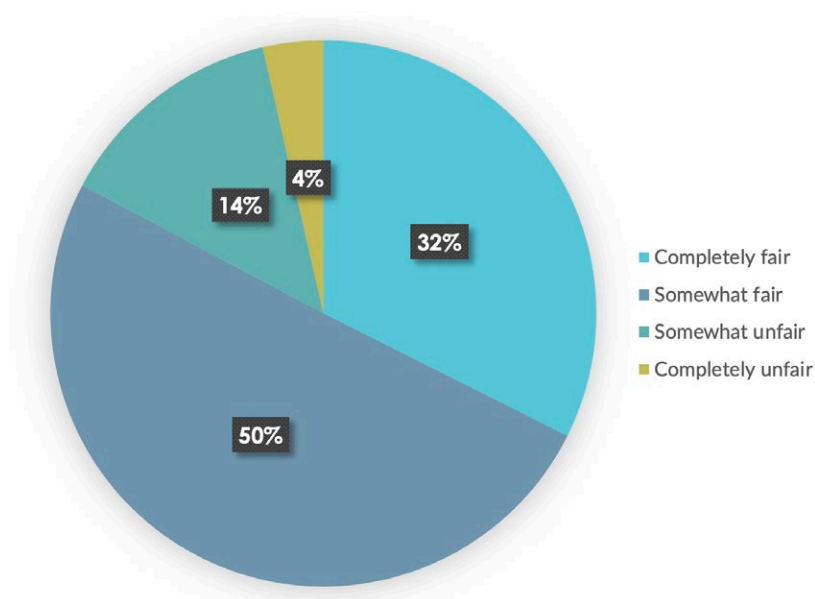
Manitobans were presented the following description of the Registered Owner Model:

“Under the Registered Owner Model, the current model used in Manitoba, a vehicle’s premium is based on the Driver Safety Rating of the registered owner of the vehicle regardless of how many other drivers drive the vehicle or the driving records of the other drivers.”

A majority of Manitobans said that they view the current Registered Owner Model as being fair. More than eight in ten Manitobans in the random telephone survey said it was either *completely fair* (32%) or *somewhat fair* (50%). Respondents in the open link survey mirrored these sentiments, with one-third (33%) saying it was *completely fair* and just less than half (43%) saying it was *somewhat fair*.

While nearly one in five Manitobans rated the current Registered Owner Model as unfair, most of these were in the *somewhat unfair* category (14%), while a few fell into the *completely unfair* category (4%). A slightly higher proportion of respondents in the open link survey rated the model as unfair, but the majority of those still gave a rating of *somewhat unfair* (17%) rather than the *completely unfair* (7%).

Registered Owner Model (current model) – How fair do you believe it is to use this model?



Registered Owner Model Assessment

Younger Manitobans and those outside of Winnipeg gave higher ratings for the fairness of the current Registered Owner Model.

- Nearly nine in ten (86%) Manitobans under age 35 rate the model as fair; those aged 55 and older have the highest proportion to rate the model as unfair (21%).
- Outside Winnipeg residents are more likely than Winnipeggers to say this would be a fair model (85% vs. 81%, respectively). Conversely, Winnipeggers are more likely than outside Winnipeg residents to say that this model would be unfair (19% vs. 15%, respectively).

There appears to be a strong belief among Manitobans that the owner of the vehicle has a responsibility to make decisions about who drives their vehicle.

- *“Owners should be held responsible for who they allow to use their vehicles.”*

It appears that many Manitobans agree that using the owner’s DSR is a fair way to set vehicle premiums. Part of this is the assumption that the owner is likely to be the person most often driving the vehicle. It extends from there that owners with a good driving record deserve to be rewarded for that record with lower vehicle premiums, while owners with a poor DSR will be penalized by paying more in vehicle premiums.

- *“Based on the owner’s driver record is fair.”*
- *“Owners are likely to drive the vehicle most often.”*

There is also a strong belief that the driver needs to take responsibility for their actions behind the wheel. This appears to go hand-in-hand with the idea that drivers should be rewarded for their good driving record. While these themes are strongly prevalent among those who view the model as unfair, many Manitobans who view the current Registered Owner Model as fair mention these themes in justifying their stance.

- *“Drivers should be held responsible for accidents, not registered owners.”*
- *“Owners with a good, safe driving record are rewarded/pay less in premiums.”*
- *“Bad owners with a poor driving record penalized/pay more in premiums.”*

There appears to be some concern that the current Registered Owner Model allows for some people to “game the system,” that is, to have someone with a good DSR insure the vehicle, and be rewarded with lower vehicle premiums, while allowing drivers with a poorer record to drive the vehicle.

- *“System is manipulated by owner/register vehicles for less for young or bad drivers.”*
- *“Not factoring in the risk for everyone who is driving the vehicle.”*
- *“Skill/experience gaps/every driver is different.”*

Registered Owner Model Assessment

Overall Qualitative Feedback

The following is a detailed discussion of the qualitative feedback received from the open link survey and the VoC ePanel surveys.

The Registered Owner Model is the current model being used for Autopac, as such respondents are quite familiar with how it functions. The majority of respondents indicated that the Registered Owner Model is either *somewhat* or *completely fair*. Nonetheless, many who indicated the model as being fair (particularly those that selected *somewhat fair*) expressed some concerns with the model and its perceived shortcomings.

Of the feedback that indicated why the model is considered fair, the most common themes were that owners are held accountable for the actions of who they allow to drive their vehicles, and that it is acceptable to base the insurance premium on the owner's DSR regardless of who may most commonly drive the vehicle. This sentiment was expressed in the following comments:

"Owning a vehicle is a privilege not a right so I feel that some onus should be on the registered owner to be accountable for those drivers they lend their vehicle to."

"It is their vehicle and they have to approve who drives the vehicle. They are the one responsible for the vehicle and other drivers should not affect their premiums. A claim affects the driver's licence and DSR rating but doesn't affect the owner of the vehicle. The owner and primary driver should not be affected because they let their spouse, child, friend use the vehicle."

Some also stated that the registered owner is the person most likely to primarily drive the vehicle, so it makes sense for the vehicle's premium to be calculated using the owner's DSR.

The most common feedback regarding why the model is considered unfair was that households often deliberately manipulate the system for lower premiums by registering their vehicle(s) under the name of the person with the highest DSR, even though that person may seldom or never drive the vehicle(s) in question. The following responses represent this opinion:

"Insurance fraud is conducted by those who register their vehicle with Mom or Dad (who get additional savings as they are more 'experienced') and then drive it full time. The kids get a ton of demerits on their license and don't end up paying for the additional risk when it comes to insuring their vehicle (of course they still pay on their license). There is a very high rate of this."

"Most households register vehicles to the person who has best DSR rating. Many parents have vehicles in their names but they are driven by their children - not always living at home. In some cases they are adults living in a separate residence."

The second most common reason for not considering the Registered Owner Model to be fair is that the risk is not being factored in for all (potential or actual) drivers of a particular vehicle as it is based on only one person's DSR. Several respondents also mentioned that the premium should be based on the driver's DSR (if the usual driver is not the owner). These lines of feedback share the theme that the Registered Owner Model does not properly account for the actual drivers of a vehicle. The following are a selection of responses that conveyed these perspectives:

"It doesn't accurately assess the risk, since the registered owner of a certain vehicle could never drive it and a 'bad' driver could be the sole driver."

"Insurance should be a cost under the licence. Only a small portion should be based on the type of car."

Registered Owner Model Assessment

The Registered Owner Model was the model most often selected as the best model for setting driver and vehicle premiums in Manitoba. Compared to the other models presented, the Registered Owner Model may be perceived as rather straightforward given it does not require as much information sharing between a customer and MPI or insurance brokers. As a result, the most common reasons for selecting this model were that it is simple to use and easy to understand. Some specifically mentioned this ease in comparison to the other models presented. Several respondents also noted the minimal amount of information sharing and less personal information required. The following responses expressed these sentiments:

"Because it is the easiest to administer and for the consumer to understand."

"It is the easiest to operate and the most non-intrusive."

"It seems a lot less intrusive, less personal information given."

"This is the most straight-forward method, and I believe the easiest to understand."

"The other methods seem too difficult to manage - too many moving parts."

"Because I understand it the best, and I am used to it, and I think it is OK."

"All the other models are more complex to administer, thereby adding more costs to customers."

As it is the current model in use, familiarity was an influencing factor. The second most common response was that the current model seems to work ("So why change it?"). Several also outright indicated that it is the system they are familiar with and it is the only system they are accustomed to. A few mentioned that it would either be costly or complicated to change the current system. A selection of responses indicating such are:

"It seems like it works so stop trying to fix things that aren't broken."

"It works, everyone knows it, a change will be costly."

"Although I find it more and more expensive each year even though I am at top level for discount, I believe it works and it's basically affordable. Changes would just increase premiums."

"Just stay with the current model and do not make any changes. What is not broken don't fix."

Notably, many respondents stated that the Registered Owner Model is fair because it is the best model either for them or their household in comparison to the other models presented. The following responses expressed these notions:

"Seems to be a fair way to provide coverage. Makes me accountable for my own rates."

"The alternatives really suck. Maybe hire a person off the street to come up with a better model. Too many ridiculous ideas and none is a good alternative."

"This model works OK now. Why change something that works?"

"It seems to be the most fair of the choices."

"Fair for me with maximum good driving points."

Registered Owner Model Assessment

Several mentioned that the Registered Owner Model is preferred as it ensures that the vehicle owner is ultimately responsible for their vehicle, including giving owners the ability to determine who may drive it. This was expressed in the following responses:

"It's my car. I get to say who drives it."

"The owner of the vehicle is responsible for the vehicle. If an allowed family member or allowed driver is involved in an accident I believe it is the owner's prerogative to allow that driver access, or not, to the vehicle in future. It is the owner who is presently "on the hook" for deductible and any increase in insurance costs as a result. The decision should be theirs then, as to who drives the vehicle and who pays the deductible and the insurance increase. The owner owns the car, not MPI."

Cost was also a recurring theme, with numerous mentions of it being the less expensive model. The Registered Owner Model is often viewed as affordable, in particular for households with novice drivers (given that premiums will not increase simply by having a novice driver with a lower DSR using a vehicle). This was expressed in these responses:

"We have one of the most affordable auto insurance costs in the country, and I'd like to keep it that way."

"I'm thinking of kids getting their license; we can't "assume" they will be bad drivers because they are in a high risk group...I feel that the majority of the other models may end up costing a new responsible driver more or rather the family more."

"The others create some unfairness such as a large family with teenagers living at home and driving the family vehicle and each having to pay an insurance premium on their licence."

"This is the most cost effective one for my family of four drivers, two of which have limited experience driving as they are new drivers. The other models mean we will pay more money, despite everyone having good driving records."

Primary Driver Model Assessment

Majority of Manitobans view the Primary Driver Model as being fair.

Primary strengths: Rewards good driving behaviour; Easy to administer; and, Makes sense to base vehicle premium on the person who drives the vehicle the most.

Weaknesses: May still be open to people using the system to their own advantage; Inconvenient to have to keep track of who the primary driver is; and, Difficult to make a primary driver determination in some situations.

Quantitative Assessment

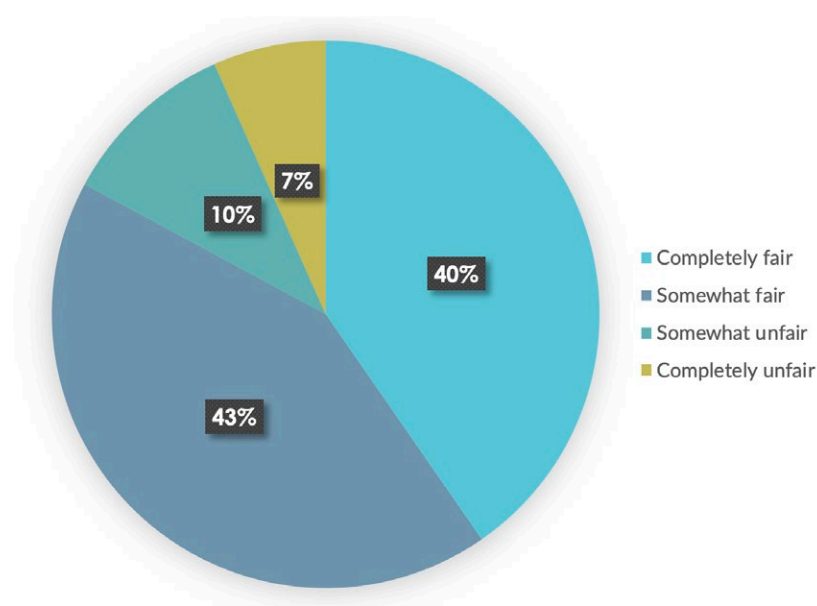
Manitobans were presented the following description of the Primary Driver Model:

“Under the Primary Driver Model, a vehicle’s premium would be based on the Driver Safety Rating of the primary driver of the vehicle, the one who drives the vehicle the most.”

The Primary Driver Model is viewed as fair by a strong majority of Manitobans (83%). Equal proportions of Manitobans in the random telephone survey view this model as *completely fair* (40%) and *somewhat fair* (43%). Respondents in the survey generally mirror these sentiments, with one-quarter (23%) saying it was *completely fair* and just less than half (45%) saying it was *somewhat fair*.

Among the nearly one in five Manitobans who say this model would be unfair, most feel it would be *somewhat unfair* (10%), while many feel it is *completely unfair* (7%). Again, these sentiments are mirrored by the open link survey, where 21% said the model would be *somewhat unfair* and 11% said it would be *completely unfair*.

Primary Driver Model How fair do you believe it is to use this model?



Primary Driver Model Assessment

Manitobans' education level appears to have an impact on how they evaluate the potential fairness of the Primary Driver Model. Those with the highest level of education (i.e., post-secondary graduates) are least likely to say that this model would be fair (79%), while those with a less than high school education are most likely to say it is fair (92%).

Outside Winnipeg residents are more likely than Winnipeggers to say this would be a fair model (86% vs. 81%, respectively). Conversely, Winnipeggers are more likely than outside Winnipeg residents to say that this model would be unfair (20% vs. 14%, respectively).

Those who rate the model as fair appear to focus heavily on the primary driver aspect. They assume that the primary driver is likely to also be the vehicle owner. There is a strong continuing sentiment that good driving behaviour should be rewarded and that this model would do so.

- *"Primary driver should be responsible/puts the vehicle at most risk."*
- *"Owner is most likely the primary driver."*
- *"Should be based on the primary driver's record/ rewards good drivers."*
- *"Should be based on the owners driving record."*

There appears to be some level of concern that this model does not adequately assess and account for the risk of other drivers who may use the vehicle. Some Manitobans said that the responsibility for vehicle premiums should be shared among all drivers of the vehicle.

- *"Responsibility should be shared."*
- *"Should not penalize one for the actions of another."*

Many Manitobans, including both those who view this model as fair and as unfair, are concerned that this model will have difficulty with identifying who the primary driver is. They also say that there could be problems with assigning a primary driver if driving is co-shared.

- *"More than one driver uses the vehicle equally/ how do you decide?"*
- *"Hard to know who is/will be driving."*

There appears to be some concern for how to account for multiple drivers in the household and that the Primary Driver Model may not be fair for families who have to assign a primary driver who may have a lower DSR than others. This seems to coincide with the concern that this model is open to using the system to their own advantage, as with the Registered Owner Model, leading to some concern for fraud within the system if this model is adopted.

- *"Bad/new drivers benefit from drivers with good records."*
- *"Not fair to other drivers in the family."*
- *"Would cost some families more."*
- *"Very hard to monitor/ unable to enforce/ potential for fraud."*

Even among those who view the model as fair, some state that the vehicle owner should bear responsibility for the vehicle insurance.

- *"Owner should be responsible, not primary driver."*

Primary Driver Model Assessment

Strengths and Weaknesses

VoC ePanel members were asked what they felt were the strengths of the Primary Driver Model. They were presented a list of seven guiding principles and concepts behind how auto insurance premiums could be set in Manitoba and asked if they thought each was a strength of the model. The principles and concept statements presented were that:

"It is fair for all Manitobans."

"It would be affordable for less experienced drivers."

"It would be easy to use, that is, easy to purchase."

"It is easy to understand, that is, to know how the rate is set."

"It rewards good driving behaviour."

"It ensures that you pay the right price or rate."

"It requires sharing an acceptable amount of personal information to get vehicle insurance."

While more ePanel respondents saw each of these statements as strengths, there were opinions on both sides, with many respondents seeing them as weaknesses as well.

That it rewards good driving behaviour was seen as the biggest strength of the Primary Driver Model; noted by half of ePanel respondents. Four in ten ePanel respondents said the model would be easy to understand or know how the rate is set, and that it would be fair for all Manitobans.

- Three in ten said it ensures that you pay the right price or rate, and that it requires sharing an acceptable amount of personal information to get vehicle insurance.
- One in four indicated it would be affordable for less experienced drivers, and one in five that it would be easy to use.
- One in five ePanel respondents said that none of these were a strength.

When the same list of principles and concepts was presented to ePanel members (in reverse) as possible weaknesses of the model, one in five ePanel respondents felt that none of the statements represented a weakness. One in three, however, felt that the model would not ensure that you are paying the right price or rate and a nearly equal number thought that it would not be affordable for less experienced drivers.

- One in five said it would not be fair for all Manitobans, that it would not be easy to understand, and that it would not be easy to use.
- More than one in ten said that it would not reward good driving behaviour.

ePanel members were asked to discuss any other strengths and weaknesses of the model. Some ePanel respondents believe that a key strength of the Primary Driver Model is that insurance premiums should be based on the primary driver's record and that this would reward good and safe drivers, while poor and unsafe drivers would pay more for their insurance. This is captured in the following respondent comments:

"Basing rates to reward good driving would be an incentive to continue good driving habits."

"The principal driver of the vehicle pays the appropriate amount, stopping the registration of the vehicle to the person with the best driving record."

"Poor drivers have to pay more."

Primary Driver Model Assessment

A few ePanel respondents also said that the Primary Driver Model would be easy to understand and administer. A few respondents also felt that the model would be less prone to “gaming” or “cheating” the system by registering the vehicle in another driver’s name to benefit from another individual’s driving record. Some respondents also commented that the model was generally good and fair. These responses are provided below:

“It would be simple to use and understand.”

“Too many people are taking advantage of someone else’s good driving record.”

“It is fair to everyone.”

Some ePanel respondents expressed a general negative sentiment towards the model:

“I do not agree with this model so I do not see any strengths.”

When discussing weaknesses of the Primary Driver Model, some ePanel respondents believe that this system can be manipulated, where vehicles are registered under a different primary driver, to the benefit of young or “bad” drivers. This also related to another weakness, that it could be difficult to determine the primary driver of the vehicle, and that the model would not be amenable to instances where a vehicle is shared, as it may be difficult to determine how much the vehicle is used by each driver. These concerns are reflected in the following statements:

“Customers will use this to selectively reduce premiums. It is not an equitable method of sharing risks with all MPI customers.”

“In family situations it may be difficult to determine who is the primary driver. What are the consequences if this info is incorrect??”

Some respondents identified that this model would not be fair to some primary drivers members of the household; that the model would penalize good drivers, and that “bad” or new drivers would benefit from someone else’s good driving record and status as primary drivers. Other comments related to how this model would cost more for certain drivers and/or that this is a “cash grab” by MPI. These comments highlight respondent concerns with this model:

“It is potentially unfair to the primary driver or car owner.”

“The primary driver could be a good driver and the others may be bad drivers, hence the rate of insurance is not reflective of all drivers.”

“Just another money grab from MPI.”

Primary Driver Model Assessment

Overall Qualitative Feedback

The following is a detailed discussion of the qualitative feedback received from the open link survey and the VoC ePanel surveys.

A majority of respondents indicated that the Primary Driver Model was either *somewhat* or *completely fair*. By far, the most common reason given for why the model is considered fair was that vehicle premiums should be based on the person who drives the vehicle most (regardless of who actually owns the vehicle). It was often stated that doing so would be an effective way to reward good drivers and penalize those at-fault for collisions through savings or increased cost on the premium. Along these lines, it was often mentioned that it is fair for the primary driver to be declared as it is their driving that creates the risk level, as opposed to the owner who may seldom or never drive the vehicle. These perspectives were mentioned in comments such as:

"If I am the registered owner but not the one who will be the driver on a regular basis than the premiums should be based on the driving record of who is driving the vehicle the most."

"It is based on the driver who is operating the vehicle. If they are horrible drivers they should pay more. I have max merits and have never been convicted of a violation so I SHOULD pay next to nothing."

As with all other models, those who indicated that it is fair often provided feedback pertaining to the model's shortcomings or perceived unfairness. The top theme for the Primary Driver Model being unfair is that it still creates a potential for households to indicate a person as the primary that has the highest DSR, regardless if they are actually the primary driver, and that MPI would be unable to monitor for households employing this tactic. For instance, this theme was evident in the following response:

"I feel that it would be tough to enforce when a non-primary driver who was driving regularly. How would MPI know who is really driving the vehicle regularly? I feel that my previous example of an elderly person registering the vehicle and allowing a 16 year old to drive could and would still happen."

The prospect of having to provide updates if the primary driver changes was considered unfair by some due to it being a hassle, or that they may forget to provide the required updates. The fluid nature of how some households use vehicles (i.e., more than one driver per vehicle and the ever-changing proportion each drive it) was a common theme given the perception that it would be too difficult to track or determine who actually drives the most, and that it is unreasonable to foresee the future use of a vehicle's drivers. This was noted in the following comments:

"Locking in a primary owner is cumbersome and likely difficult to change, including adding costs and trips to a broker. If I were able to do this online, that would be great!"

"Because in a family household the primary driver can change many times a month."

"This would be EXTREMELY difficult especially in rural areas where farmers have many vehicles driven by different people at any given time. It would be very time consuming to obtain the necessary information and to update on a regular basis. MPI is trying to make getting insurance easier and I don't know that this would be the right answer."

"The constant update of information may cause some issues as people may forget or not keep up."

Primary Driver Model Assessment

Some respondents cited a possible increased cost to their household, particularly if a novice driver is a primary driver of a vehicle, and that such an increase in expense would be unfair. It was noted that:

"I have seven vehicles and a driver safety rating that is probably a little less than average. This means I would be paying a higher premium on many vehicles I am driving even though I can only drive one at a time."

"A teenager typically has more creases to iron out, and they have the least amount of funds. That impacts the parent's pocket book when paying for insurance."

Respondents were further invited to share additional questions or concerns about the potential Primary Driver Model. The common themes were quite similar to the feedback as to why the model is considered unfair. Particularly, that MPI would have to rely on an "honour system" and would be unable to monitor if the primary driver is actually the person who drives the vehicle the most. There was also a notable amount of concern that the primary driver for a vehicle may change often and as such it creates an undue hassle to update MPI whenever there is such a change, and the proportion of use by drivers of a certain vehicle would be burdensome for a household to keep track of.

Related to multiple drivers for a vehicle, a common question pertained to what would happen if a non-primary driver is involved in a collision. The following questions were posed:

"What if the identified primary driver isn't the one driving the vehicle if it were in an accident? Is it still covered?"

"What if you and your spouse share the vehicle, or if you have a child who uses the vehicle periodically and gets into an accident? How would you prove that they are not the primary driver?"

About one in five respondents selected the Primary Driver Model as the model they would choose as the best for setting driver and vehicle premiums in Manitoba. The most common theme within the responses is that the model is fair because the premium is based on the main driver (rather than the owner). This included that vehicle premiums should be based on the primary driver as that is the driver who most accurately represents the true risk for most of the time the vehicle is being driven. Some responded generally by stating that the model makes the most sense and that they perceived it to be the fairest model. The following selection of responses illustrate these perceptions:

"The person who is using the vehicle needs to assume the risk, doesn't make sense to charge based on someone's good record when the person using it all the time has a bad record. Should be charged based on your own personal driving of your own vehicle."

"Although in our household it would mean slightly higher premiums, it would be the best option for Manitobans to truly represent the risk and make the insurance system fair for all drivers."

"The model accurately captures who is driving the vehicle primarily and basis the rates on that person."

"This creates the clearest possible connection between driving record and insurance rates."

"It seems to me that the most risk is associated with the driver who is the primary driver because they are behind the wheel most often. So, for instance, if a car is registered in a parent's name but the primary driver is an 18 year old university student then the risk of that driver is the one that should be used to assess the premium."

"I think the primary driver of the vehicle should have more of a financial stake rather than just the registered owner."

"Many people with drivers licence do not drive or rarely and should not have to pay for drivers who have accidents."

Primary Driver Model Assessment

Several specifically mentioned that the model is a benefit to good drivers and/or that poor drivers are duly penalized; that it encourages safe driving. For example:

“Responsible for your actions and either pay or are rewarded accordingly.”

“Cost of insurance should be determined by good/bad driving record.”

“Because this would be based on a good driving record. The better you drive the less you’ll pay.”

A few other respondents indicated that the Primary Driver Model gives their fellow customers less ability to manipulate the system, such as to obtain the lowest rate possible. The following comment summarized this notion:

“I would choose this one to try to eliminate one person (the one with the best DSR level) from insuring all the vehicle[s] in the household or even outside of the household when the primary driver is not the registered owner.”

All Household Drivers Model Assessment

Most Manitobans evaluated the All Household Drivers Model as unfair.

Primary strengths: Some form of blended rate for the household seen as beneficial because it would make all drivers take responsibility for their actions behind the wheel; and, Good for new or less experienced drivers to benefit from more experienced drivers' discounts.

Weaknesses: Belief that this model would penalize the drivers in a household who had a higher DSR by bringing them down to the level of drivers in the household who have a lower or negative DSR.

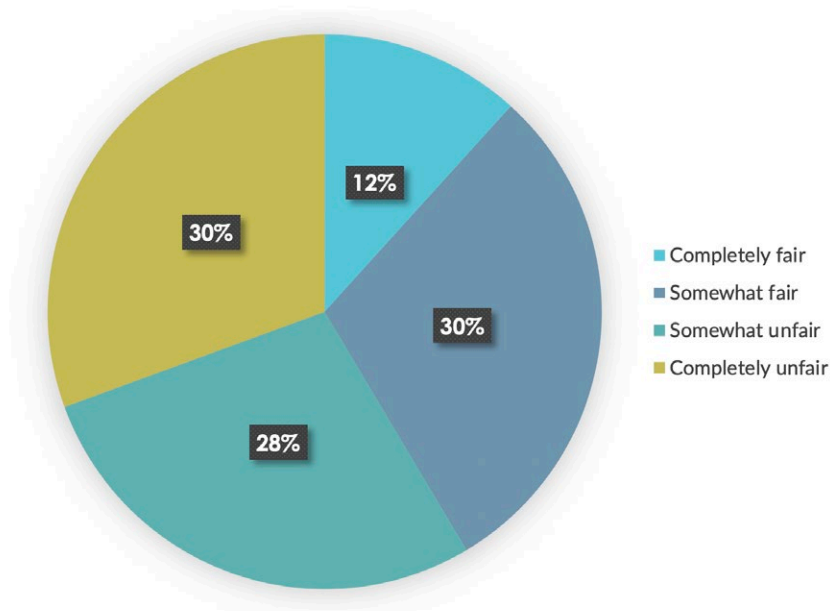
Quantitative Assessment

Manitobans were presented the following description of the All Household Drivers Model:

“Under the All Household Drivers Model, the vehicle’s insurance premium would be based on the Driver Safety Rating of all the drivers in the household.”

Only four in ten (41%) Manitobans evaluated the All Household Drivers Model as *fair*, with just over one in ten (12%) saying it would be *completely fair* and 30% *somewhat fair*. The majority (59%) said that they thought this model would be *unfair*, with 28% saying it would be *somewhat unfair* and 30% saying it would be *completely unfair*. Respondents in the open link survey mirrored these sentiments, with 37% saying it was *fair* (10% *completely fair*; 27% *somewhat fair*) and two thirds (63%) saying it is *unfair* (29% *somewhat unfair*; 34% *completely unfair*).

All Household Drivers Model – How fair do you believe it is to use this model?



All Household Drivers Model Assessment

Manitobans in the oldest age group, those aged 55 and older, were the only group to see an even split between fair (48%) and unfair (52%) when responding to the All Household Drivers Model.

Manitobans with a high school or less education were more likely than those with post-secondary education to view this model as fair (53% less than high school; 48% high school; 32% some post-secondary; 40% post-secondary graduates).

Manitobans who viewed the All Household Drivers Model as fair focused on the perceived ability of the model to encourage safe driving at the household level. The rewards for good driving would be shared by everyone in the family/household.

- *“All drivers in the family will be sharing responsibility/ based on a household driving record.”*
- *“Rewarded for having a good driving record/ household has a good driving record.”*
- *“Encourages driving safely/responsibly.”*

Some Manitobans who thought this model would be fair said that it wouldn't affect them personally as they are the only driver in the household. Some others said that they thought this model would afford them the opportunity to decide who can and cannot drive their vehicle.

- *“I am the only driver/No affect in my household.”*
- *“Flexibility to choose who can/can't drive their vehicle.”*

Manitobans who viewed the All Household Drivers Model as unfair focused on the assumption that the model would unduly penalize the good drivers by bringing their rating down to the level of any “bad” drivers in the household. New and young drivers in the household are also viewed as penalizing to the experienced drivers under this model. These concerns were also mentioned by those who viewed the model as fair.

- *“Not fair to other drivers in the family/Penalizing one for actions of another.”*
- *“Skill/experience gaps/every driver is different.”*
- *“Hard to control others in family.”*

There are many Manitobans who question how this model would be implemented. They mention concerns about differential driving of the vehicles by the household members and the difficulty in knowing who would be driving most often, or at all.

- *“Some household members might not drive the vehicle at all/not all drive equally.”*
- *“Difficult to determine how much a vehicle is driven (i.e. seldom driven, borrowed vehicle).”*

Some people mention that they think this model misses the mark and that vehicle premiums should be based on who owns the vehicle or who drives it most often.

- *“Registered owner should pay.”*
- *“It should be based on the main driver/individual's record.”*

There is also some concern that the All Household Drivers Model would not produce better or safer drivers. Instead, poor drivers would be discouraged from becoming better by not having to bear the full cost of their poor driving; that is, drivers with a higher DSR in the household would insulate the drivers with a lower DSR.

- *“Not curtailing poor driving/Unsafe drivers should have higher premiums.”*

There is some level of concern that the All Household Drivers Model would increase vehicle premiums over their current levels.

- *“Would cost more/Trying to make more money.”*

All Household Drivers Model Assessment

Strengths and Weaknesses

VoC ePanel members were asked what they felt were the strengths of the All Household Drivers Model. They were presented a list of seven guiding principles and concepts behind how auto insurance premiums could be set in Manitoba and asked if they thought each was a strength of the model. The principles and concept statements presented were that:

"It is fair for all Manitobans."

"It would be affordable for less experienced drivers."

"It would be easy to use, that is, easy to purchase."

"It is easy to understand, that is, to know how the rate is set."

"It rewards good driving behaviour."

"It ensures that you pay the right price or rate."

"It requires sharing an acceptable amount of personal information to get vehicle insurance."

ePanel respondents were much more likely to see these statements as weaknesses of the All Household Drivers Model than to see them as strengths.

Nearly half of ePanel respondents thought that none of the statements was a strength of the All Household Drivers Model. One in four did say that the model would reward good driving behaviour, which was the biggest strength of the All Household Drivers Model.

- One in five thought it would be fair for all Manitobans and that it requires sharing an acceptable amount of personal information to get vehicle insurance.
- More than one in ten said the model would be affordable for less experienced drivers, and would ensure that you pay the right price or rate.
- One in ten said the model would be easy to understand or know how the rate is set.
- Very few said that it would be easy to use.

When the same list of principles and concepts was presented to ePanel members (in reverse) as possible weaknesses of the model, half said that the All Household Drivers Model is not fair for all Manitobans.

- More than four in ten said that it would not be easy to understand or know how the rate is set, and that it would not ensure you were paying the right price or rate
- Four in ten said that it would not be easy to use, and that it requires sharing too much personal information to get vehicle insurance.
- One in three said that it would not reward good driving behaviour.
- More than one in four said that it would not be affordable for less experienced drivers.

ePanel members were asked to discuss any other strengths and weaknesses of the All Household Drivers Model. Despite being asked to discuss the strengths of the model, some respondents still had generally negative things to say, such as it's a poor system, not fair, or that a different system is needed. It was noted that:

"I do not agree with this model."

"Again a bad choice; not fair for most people."

All Household Drivers Model Assessment

Nearly as common, ePanel respondents did reiterate that a key strength of the model is that all drivers in a family share responsibility for the use of their vehicle(s) and/or that premiums would be based on the records of the entire household. This sentiment was expressed in the following comments:

"It would be based on all drivers of the vehicles driving behaviour."

"Models risks of all drivers."

Some respondents mentioned that another strength of the model is that it rewards those drivers and households with good driving records, whereas it makes "bad" drivers pay more. These perspectives were mentioned in comments such as:

"Good household of drivers get rewarded with lower premiums."

"Better chance at spreading the appropriate cost over an entire family."

A few respondents insisted that the model was not fair to other household members and/or that it penalized one for the actions of others.

When asked about the weaknesses of the model, the most commonly cited response was that the model was not fair to other household members and/or that it penalized one for the actions of others. A few respondents provided the same response to the previous question, which asked about the strengths of the model. These were noted in the following comments:

"The good drivers in the group would feel victimized by any driver in the group having multiple demerits."

"It penalizes households that have new drivers."

"This system would penalize good drivers. Not right."

"This system punishes all! Not fair to the others that do not have issues."

Another common theme and concern of respondents was that "bad" drivers or new drivers could benefit from drivers with good records, while good drivers would not benefit in return. These perspectives were mentioned in comments such as:

"The rate would be highly influenced by the driver with the worst record. Does not reward good drivers."

"It would allow bad drivers to slip under the protection of the vehicle's owner, and thus, aiding their bad driving habits."

"Better drivers will have to absorb the cost for drivers with poor safety ratings."

Nearly as common, respondents took issue with the complexity of the All Household Drivers Model, and said that this would lead to difficulties in administration and enforcement, have implications for individuals using the model fraudulently, and would ultimately cost more money for the customer. The following responses expressed these opinions:

"Very complicated to compile info and have an average rating. Could lead to divorce!!"

"Too much depends on the honesty of the purchaser. How would it be monitored?"

"People are going to lie about who is in household."

"It is money driven."

All Household Drivers Model Assessment

Overall Qualitative Feedback

The following is a detailed discussion of the qualitative feedback received from the open link survey and the VoC ePanel surveys follows.

Respondent sentiment towards the All Household Drivers Model was generally negative, as the majority of respondents believe that this model is *somewhat* or *completely unfair*. Regardless of respondents' perceptions of the model as fair or unfair, a number of distinct themes emerged from participant responses.

The single most frequently cited theme is that respondents believe this model is not fair to other drivers in a family/household and/or penalizes persons in the household based on the actions of another. Participant responses generally focus on "bad" drivers affecting premiums of good drivers, or the impact that new teenager drivers would have on household premiums. These concerns are expressed in the following comments:

"By this, if I have 3 teenagers (children), I primarily driver the vehicle, have a +15 on the scale but occasionally let my kids driver the vehicle to go to the store, school or see a friend, my rate will go significantly down and I am the primary driver of the vehicle?"

"Good drivers sacrifice discounts because of a new driver with no merits who has not had a chance to establish a driving record. Insurance premiums potentially rise for all vehicles even though the less experienced driver may not use them all."

While still prominent, other negative comments from respondents focus on how the All Household Drivers Model is too complex and difficult to understand/administer and that this model would result in ratepayers paying more money. Some participants also indicate that this model would negatively affect household members who don't drive the vehicle at all, or may lead to difficulties in determining how vehicle-use is split within the household. This sentiment was expressed in the following comments:

"Certainly more complex to administer, and life being as complicated as sometimes it can be, I don't expect it would end up working as designed in many cases."

"Again this seems like MPI is trying to make more unfair profits off the backs of Manitobans."

"I don't believe this system fairly shows who is using what vehicle. Just because there are multiple vehicles registered to a household doesn't mean everyone in the house is driving all of them."

Less frequently cited negative themes included that the All Household Drivers Model would be subject to potential fraud as it would be very hard to monitor and enforce. Respondents also believe that premiums should be based on the primary driver's record. These perspectives were mentioned in comments such as:

"I think it would make applying for insurance very time-consuming. I don't get how MPI could rely on owners to tell the truth about who drives the vehicle."

"This model is unfair because it should be based on an individual driver, not the combined DSR levels of all other drivers in the same household, who may be driving different vehicles."

Despite mostly negative comments, respondents also had positive things to say about this model. Some believe that the All Household Drivers Model shares responsibility among all drivers in the family. They acknowledge that premiums would be based on the entire household's records. While less common, some respondents believe that the model makes sense and is reasonable/fair. The following response expressed this opinion:

"I like this model - I think it provides owners/drivers with responsibility. If the driver abstract reflects poor driving habits on the roads then this should be reflected in their insurance premiums."

All Household Drivers Model Assessment

Some respondents opted to share additional questions and concerns about the All Household Drivers Model, which were similar in nature to reasons given of why the model is or is not fair. The most commonly cited questions and concerns are that this model is complicated, hard to understand, and may be difficult to administer by MPI. Cited at nearly the same frequency, the second most common questions or concerns relate to the model being perceived as unfair to other drivers in the family or that the model penalizes a member of the household due to the actions of another.

While less common, some respondents expressed a general dislike towards the All Household Drivers Model, whereas others had questions or comments about the difficulties associated with determining how much a vehicle is driven and/or what would occur in situations where a vehicle was loaned to a driver from outside the household. Respondents had similar questions or comments about situations where some household members don't actually drive the vehicle at all or where a vehicle(s) is not shared equally by the household.

A few respondents drew attention to how this model may not be fair to households where roommates are present or where accommodations are shared, but its members are not related. Similarly, a few respondents indicated that they don't like the amount of information sharing and collection required for this model.

While a number of other respondents had some other type of question or concern about the All Household Drivers Model, the only other discernable issues noted were about how MPI would address situations where "guest drivers" are operating the vehicle or how MPI would calculate a driver's DSR and premiums under this new model.

The All Household Drivers Model was one of the least often selected models as the preferred for setting driver and vehicle premiums in Manitoba. Due to the model's lack of popularity, there were comparatively few responses explaining why the model was selected. The most common reasons were that it ensures that everyone in the household shares responsibility for its vehicles, and that it is perceived to be the fairest model in general. A few indicated that the All Household Drivers Model would promote safe driving behaviours since the actions of one would affect all other drivers in the household. This was mentioned in the following sample of responses:

"This will allow all drivers [in] the same household to share financial responsibility of the insurance premium. Also, this will encourage all drivers to be a better driver to keep the vehicle insurance premium low."

"The All Household Drivers Model seems to be the best for encouraging fair driving while staying very fair and affordable for Manitobans. It ensures that families will discuss safe driving, and practice it, as well as lessen the insurance premiums for safe drivers who own a vehicle that nobody else drives. It is the most fair out of all the options. It also does not allow any unsafe drivers who do not own a car to escape paying any penalties."

Declared Drivers Model Assessment

Most Manitobans said it would be fair to use the Declared Drivers Model.

Primary strengths: Would hold all drivers accountable for their driving behaviours; and; Allows vehicle owner a say in who could and could not drive their vehicles.

Weaknesses: Difficult to administer and enforce; Inconvenient to have to declare all the potential drivers; and, May not allow for one-time or emergency driving situations.

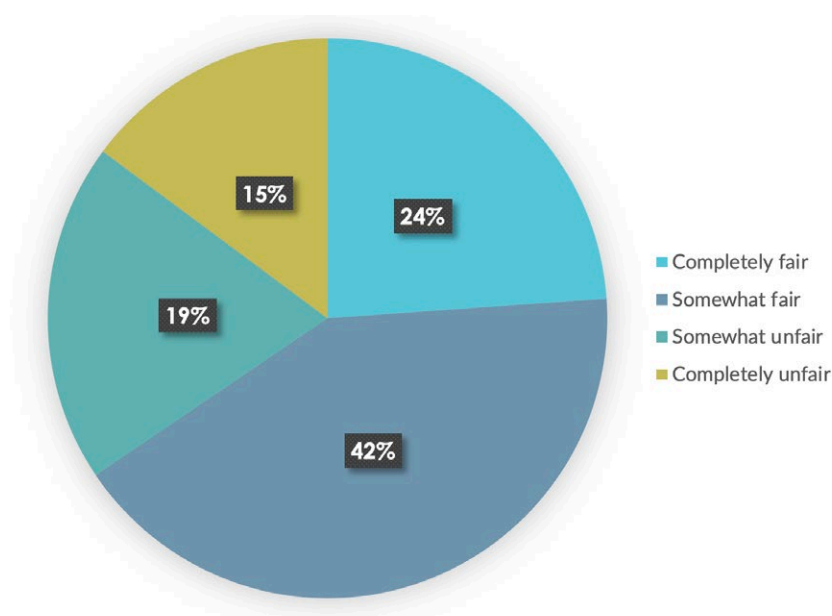
Quantitative Assessment

Manitobans were presented the following description of the Declared Drivers Model:

“Under the Declared Drivers Model, the vehicle’s insurance premium would be based on the Driver Safety Ratings of all the declared drivers listed on the vehicle’s policy.”

Two-thirds (66%) of Manitobans said that it would be fair to use the Declared Drivers Model to set Autopac premiums, including 24% saying *completely fair* and 42% *somewhat fair*. The one in three (35%) who said it would be *unfair* to use this model are split between it being *somewhat unfair* (19%) and *completely unfair* (15%). Respondents in the open link survey had similar sentiments, but were more evenly split about the fairness of this model overall, with 51% saying it was *fair* (14% *completely fair*; 38% *somewhat fair*) and 49% saying it is *unfair* (25% *somewhat unfair*; 24% *completely unfair*).

Declared Drivers Model – How fair do you believe it is to use this model?



Declared Drivers Model Assessment

Younger Manitobans, aged 18 to 34, are much more likely than older age groups to say that the Declared Drivers Model would be fair. Conversely, Manitobans age 35 and older are much more likely than those aged 18 to 34 to say that the model would be unfair. (18-34: 73% fair – 27% unfair; 35-54: 61% fair – 39% unfair; 55+: 63% fair – 37% unfair)

Among Manitobans who said it would be fair to use the Declared Drivers Model, the primary focus was on the shared responsibility of those who are driving the vehicle. Having the vehicle premiums based on their driving records is seen as providing rewards to good drivers, and giving flexibility to vehicle owners to choose who can and cannot drive their vehicles. This was positively viewed as encouraging safe and responsible driving.

- *“All drivers will be sharing responsibility/Based on declared driver’s records.”*
- *“Flexibility to choose who can/can’t drive their vehicle.”*
- *“It rewards good drivers.”*
- *“Encourages safe/responsible driving.”*

For some, using this model would not have any effect on them as they are the only driver in the household.

- *“I am the only driver/No affect in my household.”*

The primary concern among Manitobans who said that the Declared Drivers Model would be unfair is the belief that this model would penalize good drivers by bringing them down to the level of the poor or new, less experienced drivers in the household (those with a lower DSR). Many people who viewed the model as fair also mentioned this concern.

- *“Not fair to other drivers in the family/Penalizing one for actions of another.”*

There are some strong concerns and questions about how this model would be implemented and managed. Manitobans mentioned that it would be difficult to declare all drivers in advance, and question how emergency situations (e.g., someone needs to drive, but are not declared on the policy) would be handled. There is also some concern for the amount of driving that each declared individual would be doing and how that would be accounted for under this model.

- *“Difficult to know (keep track of) who will be or is driving the vehicle/amount people drive the vehicle (including in what proportion).”*
- *“Hard to declare drivers in advance/ What happens in emergencies.”*
- *“Seems complicated/How would it be implemented/Too many variables/Difficult to administer.”*

There is some level of concern that this model’s focus on declared drivers would not account for all potential drivers. This leads some to question if the model would restrict drivers to only those declared on the policy.

- *“Should be based on everyone driving the vehicle (i.e., not just declared drivers).”*
- *“Non-declared drivers are restricted from driving the vehicle/owner should be able to allow people to drive.”*

Some Manitobans are concerned that this model would be subject to people manipulating it and not declaring all the drivers, or that some people may be misleading or dishonest about how much driving is actually done by individuals declared on the policy.

- *“System can be manipulated/purposely not declare drivers.”*

Declared Drivers Model Assessment

Some Manitobans went on to say that the premium charged should be based on the primary driver of the vehicle, while others said that it should come down to who owns the vehicle.

- *“Should be based on the main driver/individual’s record.”*
- *“Only registered owner should pay.”*

There is some level of concern that the Declared Drivers Model would increase vehicle premiums over their current levels.

- *“Would cost more/Trying to make more money.”*

Declared Drivers Model Assessment

Strengths and Weaknesses

VoC ePanel members were asked what they felt were the strengths of the Declared Drivers Model. They were presented a list of seven guiding principles and concepts behind how auto insurance premiums could be set in Manitoba and asked if they thought each was a strength of the model. The principles and concept statements presented were that:

"It is fair for all Manitobans."

"It would be affordable for less experienced drivers."

"It would be easy to use, that is, easy to purchase."

"It is easy to understand, that is, to know how the rate is set."

"It rewards good driving behaviour."

"It ensures that you pay the right price or rate."

"It requires sharing an acceptable amount of personal information to get vehicle insurance."

About half of ePanel respondents said none of these statements were strengths, while fairly large proportions saw each as a weakness of the Declared Drivers Model.

That it rewards good driving behaviour was seen as the biggest strength of the Declared Drivers Model; noted by one in four ePanel respondents.

- One in five said it would be fair for all Manitobans, and that it ensures that you pay the right price or rate.
- Just less than one in five said that it requires sharing an acceptable amount of personal information to get vehicle insurance.
- One in ten said that it would be affordable for less experienced drivers, and that the model would be easy to understand or know how the rate is set.
- A few said that it would be easy to use.

When the same list of principles and concepts was presented to ePanel members (in reverse) as possible weaknesses of the model, nearly half said that the Declared Drivers Model would not be easy to use, would not be easy to understand how the rate is set, and that it would not be fair for all Manitobans.

- Four in ten said that it requires sharing too much personal information to get vehicle insurance.
- One in three felt that the model would not ensure that you are paying the right price or rate, and a nearly equal number said it does not reward good driving behaviour.
- One in five said that it would not be affordable for less experienced drivers.

ePanel members were asked to discuss any other strengths and weaknesses of the Declared Drivers Model. Despite being asked about any additional strengths, the most commonly cited response is a general dislike of the model and/or that it is not fair. For instance, this was mentioned in the following responses:

"No strengths."

"I do not agree with this model."

"This is unfair approach."

Declared Drivers Model Assessment

Some respondents had positive things to say about the Declared Drivers Model. In particular, respondents felt that this model was good because all drivers will share responsibility or that Autopac premiums will be based on declared drivers' records. Some comments that capture this sentiment include:

"It doesn't allow a person to side step the assessment on their driving behavior."

"It puts the onus on the actual drivers to pay for the use and adds a pressure on them to improve their driving or risk loss of use."

Respondents provided additional comments related to both positive and negative themes. A few respondents believed that the model was generally positive, in that it made sense and was reasonable/fair. However, just as many respondents said that this model is too complicated, raising questions about how the model would be implemented, with too many variables that could be difficult to administer. The following comments highlight these concerns:

"It would make it fair to most drivers."

"Need more info as to how MPI would determine rate based upon driver sounds complex and very unclear."

"Complicated and difficult to maintain."

When asked about the weaknesses of the model, the most common response was that this model was too complicated, difficult to implement, and has too many variables that would be difficult to administer. This sentiment is captured in the following remarks:

"It is too complicated. If a driver was missed it could void your insurance. You would have to update more frequently."

"Unnecessarily complex and would require more administrative work on the part of MPIC and the owner."

"Too hard to implement and claims would be difficult to prove."

Other negative themes included that the Declared Drivers Model had some shortcomings: it would be difficult to monitor and enforce; and that it isn't fair to certain drivers in the household, as the actions of one driver could penalize another. Other issues included concerns that this model could cost more money for Manitobans, and that the model restricts an owner's ability to allow other non-declared drivers to use their vehicle. These issues are provided as follows:

"This model is begging the customer to provide false information to achieve a lower premium. I think the administration would be impossible."

"It would penalize drivers who have worked to have a good driving record as soon as they have an inexperienced driver in the house."

"Too costly to administer."

"With the declaring of drivers for this vehicle, no one else can legally drive this vehicle."

Declared Drivers Model Assessment

Overall Qualitative Feedback

The following is a detailed discussion of the qualitative feedback received from the open link survey and the VoC ePanel surveys.

A slight majority of respondents indicated the Declared Drivers Model to be either *somewhat* or *completely unfair*. Respondents provided ample feedback as to why they consider the Declared Drivers Model to be unfair, with the most common theme being the perceived complex nature of the system and the administration required to maintain the model's system. Speculatively, and given the nature of the opportunity sample created by the open link survey, it is possible that those with a greater knowledge of how auto insurance works, such as those who work in the insurance industry, were more inclined than others to complete the survey, which could explain in part the prevalence of responses related to the Declared Drivers Model being "*difficult to administer*."

Nonetheless, the model's complexity that leads to confusion and administrative difficulty was the most recurrent theme for the model being unfair. For example, these responses indicate the perception of the difficulty to understand and to administer:

"I had to read this three or four times to somewhat understand what it said. This is definitely too complex for the average client to understand."

"It would be a very complex model to administer which in turn would cost drivers more."

"This is even more complicated for the consumer. There are people who still believe their driver licence gets renewed the same month of their birth. That change happened over 15 years ago!!"

Other recurring reasons pertaining to complexity were that it would be difficult for households to keep track of (or be able to list in advance) everyone who would be driving a certain vehicle, that it would be problematic or impossible to be adequately enforced by authorities and/or MPI, and that it would be burdensome to have to make changes to the declared driver list for a vehicle (e.g., frequently adding and removing declared drivers). These responses are seen in the following comments:

"People need to hop in and drive, not be worried about who they declared and when. Things can easily come up that would lead to a non-declared driver needing to drive."

"We don't always know who in household might need to use a vehicle, I have never driven my partner's truck but in an emergency I would."

"It would be too hard to monitor."

"This model appears to be too admin heavy for both the consumer and insurance company."

"What a pain that would be to have to indicate every time someone may borrow my car for a few hours."

The Declared Drivers Model was also cited as being unfair due to the perception that it penalizes some in the household for the actions of another, such as one individual with a lower DSR 'pulling down' the average DSR based on all the vehicle's drivers. Similar to this reason, some respondents mentioned that the "cost of risk" should instead be charged on an individual's licence and not affect the premium of a vehicle that may be used by more than one driver. It was stated that:

"I don't want to see my premiums effected by someone other than me. I understand the concept and don't necessarily disagree with why this would be looked at but I maintain a good DSR level and that should not be affected by someone else."

"Put the risk on the driver's license of the drivers with less experience or a bad driving record. The vehicle is not at fault, but the driver. If I have a good record and someone with a poor driving record drives my car occasionally the premium on their licence should reflect the risk premium. Car insurance should be based on the safety record of the vehicle, not the drivers."

Declared Drivers Model Assessment

As with other models, a common reason given for it being unfair is that households can manipulate the system to obtain the lowest premium possible, in the case of the Declared Drivers Model, it was indicated that households may not declare drivers who have lower DSRs so as to obtain a higher average DSR to be used for the calculation for the vehicle's premium. For instance:

"This would be a good model in a perfect world. People are not truthful and therefore will not list a driver of the vehicle with a bad safety rating. But will still let that person drive the vehicle. The model needs to be cut and dry, and not be able to be manipulated by drivers."

Similar to the other models where the premium is calculated using drivers' (not the owner's) DSR, the possibility of an increase in cost was often mentioned, particularly so for households with novice drivers with a lower DSR. It was noted that:

"If I declare my teenage daughter the average would increase my premium a lot. I understand how the system works. It sounds fair on the surface but under any of these programs except the current model I am going to end up paying more for insurance when I am a good driver. Shouldn't those who aren't get charged more?"

"Appears designed to extract maximum premiums from vehicle owners."

However, in contrast to other models, the amount of mentions about privacy (i.e., not wanting to share personal information such as who drives what vehicles) was a notably more common response in the Declared Drivers Model. This is seen in the following selection of responses:

"I am getting uncomfortable with the amount of info sharing and how MPI may analyze that information as we go through these scenarios."

"Slight invasion of privacy, potential for abuse."

"None of your business who drives the vehicle."

Some respondents provided their reasoning for considering the Declared Drivers Model to be fair. Here, the most common response was that all drivers of a vehicle share responsibility for its use and as such it takes all of their DSRs/risk into account for the premium. As well, a few indicated that it allows an owner flexibility and control of who can and cannot drive the vehicle. These responses were indicated in the following comments:

"The insurance rate is based upon everyone who drives the vehicle and not just one person."

"I like this model the best. Premiums should be based on who drives the vehicle."

"As a registered owner I will decide that more risky drivers [in] my family would not drive my vehicles or they would have to take more driver education if they want to drive or they would actually have to contribute to the increased premiums."

Some respondents opted to share additional questions and concerns about the Declared Drivers Model, which were similar in nature to reasons given of why the model is or is not fair. The most common concern pertained to the perceived complicated nature of the Declared Drivers Model's system such as its implementation, administration, and ability to monitor and enforce. This theme was followed by the concern of households deliberately manipulating the system to obtain a lower premium by strategically not declaring certain drivers (i.e., with a lower DSR).

A common question was of the nature of consequences if a driver is "caught" driving a vehicle they were not on the declared list for. This was expressed in the following selection of comments:

"My only concern is whether my insurance is still valid if someone happens to be driving who isn't listed."

"What were to happen if someone other than a declared driver was driving and had an accident? How would this impact the policy holders claim? Would coverage be in question?"

Declared Drivers Model Assessment

Other common questions and concerns related to people not on a vehicle's declared list being unable to drive it (e.g., houseguests, emergency situations, designated drivers/Operation Red Nose). It was indicated that:

"It could complicate insurance matters when relatives are visiting or the owner's ability to be helpful and kind when needed."

"Situations happen when you may need to borrow someone's car for a week or two. It would be a pain to technically have to be added as a driver of their vehicle for such a short period of time."

"Could put a damper on services such as Red Nose, depending on exemptions for such one-time uses."

"This could definitely lead to people who drive impaired because a designated driver isn't on my insurance."

The Declared Drivers Model was one of the least chosen models for being the best to use when setting vehicle and driver premiums in Manitoba. Among the reasons provided by those who did select it as their model of preference, the model being perceived as fair in general was the most cited reason. A more accurate reflection of risk was a theme among several responses, including several who stated that it is better to assess risk by incorporating all of a vehicle's drivers' DSRs. Some responses that conveyed these perspectives include:

"This idea makes the most sense. You want to drive the car? You need to be on the insurance policy, and if you are a bad driver, then that needs to be reflected in the cost of the insurance."

"It seems to be the best option to estimate the rates according to the risk we actually face on the roads."

"The fairest of proposed models."

"Appears to be the most fair."

Some also mentioned that the Declared Drivers Model would do more to ensure that drivers make safe driving choices given their DSR is used in part in the premium calculation, with a few stating that it rewards good drives and penalizes poor drivers. For instance, it was noted:

"Might make other drivers listed watch how others in the group drive and be more vocal if they objected to their driving habits because they would all have to pay extra because of one bad driver."

"It accurately assesses the risk and so good drivers enjoy the maximum benefit while poor drivers are adequately penalized and unable to mask their driving habits."

"Rates would be based on Drivers' record for the vehicle registered regardless of who registers it."

"I like this one as it reflects how many deferent drivers may be actually be using one vehicle. All drivers are contributing to the vehicles use and ultimately the possibility of an accident."

A few also wrote that there would be less ability to manipulate the system since all drivers have to be listed, not just the one(s) with a high DSR. For example:

"Does not allow one person in the household who has a good driving record to register vehicles in order to save money for another household member who does not have as good of a rating."

"It would rule out someone with a good driving record registering a vehicle for another driver which would lower the premiums."

"Would prevent the best rated driver from being the one to insure the vehicle."

Driver Premium Model Assessment

Manitobans are divided on whether they see it as fair to use the Driver Premium Model.

Strengths: Shifts more of the risk based premiums onto all drivers and lowers the vehicle insurance premiums; and, Makes all drivers responsible for insurance premiums, regardless of vehicle ownership.

Weaknesses: Belief that this model would penalize those who have a licence, but don't drive often or at all

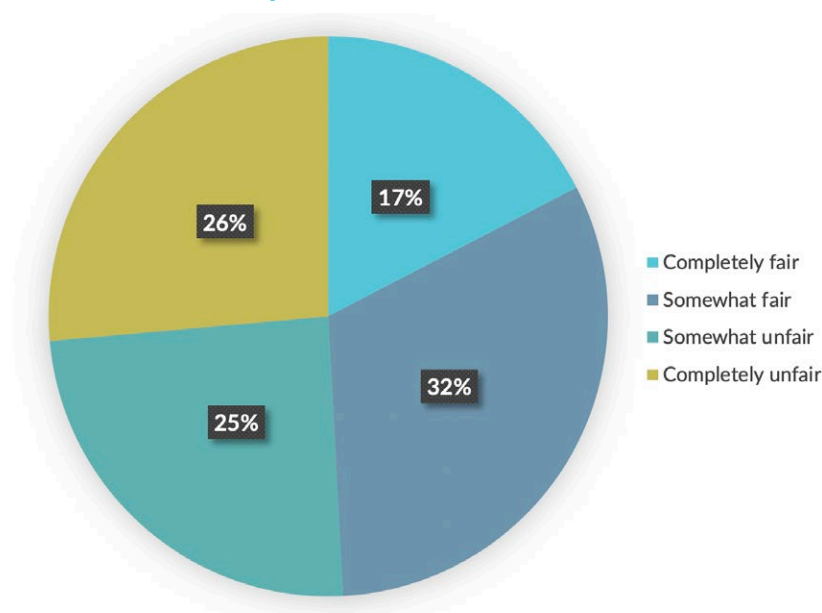
Quantitative Assessment

Manitobans were presented the following description of the Driver Premium Model:

“Under the Driver Premium Model, people who hold a driver’s licence but do not register or insure a vehicle in their name would pay an additional “non-owner” driver premium, based on their Driver Safety Rating. The driver premium collected from these “non-owners” would be used to lower vehicle premiums for the pool of insured vehicles.”

Manitobans are divided on whether they see it as fair to use the Driver Premium Model to set Autopac rates in Manitoba. Half (49%) said it would be *fair* (including 17% who said it would be *completely fair* and 32% *somewhat fair*), while half (51%) said it would be *unfair* (including 25% who said it would be *somewhat unfair* and 26% *completely unfair*). Respondents in the open link survey mirrored these sentiments, with 57% saying it was *fair* (25% *completely fair*; 33% *somewhat fair*) and 43% saying it is *unfair* (17% *somewhat unfair*; 26% *completely unfair*).

Driver Premium Model – How fair do you believe it is to use this model?



Driver Premium Model Assessment

Whether this model is considered fair or not appears to differ with age. The youngest age group (those aged 18 to 34) are most likely to view the Driver Premium Model as unfair, while the oldest age group (aged 55 and older) are the most likely to view the model as fair. (Fair: 18-34 – 43%; 35-54 – 49%; 55+ – 55% / Unfair: 18-34 – 57%; 35-54 – 51%; 55+ – 45%)

Men and women differ on how they assess the fairness of this model. Men are more likely to say the model is fair (52% male; 47% female) while women are more likely to say it is unfair (49% male; 53% female).

Those who view the Driver Premium Model as a fair way to set rates primarily focus on the idea that all drivers should bear responsibility in the system, not just vehicle owners. They often say that they believe this model will lower costs.

- *“All users are responsible/Every driver is held responsible.”*
- *“Lowers the costs.”*

The idea that whatever system is implemented should reward good driving behavior with lower premiums and have drivers with a lower DSR pay more is seen as a positive for the Driver Premium Model. Regardless of whether they saw this model as fair or unfair, many Manitobans use this idea to justify their stance.

- *“Rewards good drivers/based on driving history/bad drivers pay.”*

Among Manitobans who view the Driver Premium Model as unfair, the primary concern is that this model penalizes non-owners. Whether they don't own a vehicle because they can't afford one or because they don't drive very much, many people felt this model would treat those particular drivers in an unfair manner. People also point out that it is difficult to determine how much driving a non-owner actually does.

- *“Penalizing people who can't afford a vehicle/No vehicle then no premiums.”*
- *“People who don't drive very much shouldn't have to pay.”*
- *“Difficult to determine how much vehicle is driven.”*
- *“Not fair to other drivers in the family/penalizing one for actions of another.”*

Some people wondered how fair this model is for Manitobans who only hold a driver's licence as government issued identification.

- *“Just use licence for identification.”*

Some Manitobans expressed concern that the Driver Premium Model can still be manipulated so that poor and less experienced drivers would pay less than their fair share.

- *“System can be manipulated/register vehicles for less for young or bad drivers.”*

There is a strong concern that the Driver Premium Model would cost more. This view is shared by Manitobans who see this model as fair and unfair alike.

- *“Would cost more/trying to make money.”*

Some Manitobans said that the vehicle premium charged should be based on the primary driver of the vehicle, while others said that it should come down to who owns the vehicle.

- *“Should be based on registered owner only.”*
- *“Owner should only be responsible for paying.”*

Driver Premium Model Assessment

Strengths and Weaknesses

VoC ePanel members were asked what they felt were the strengths of the Driver Premium Model. They were presented a list of seven guiding principles and concepts behind how auto insurance premiums could be set in Manitoba and asked if they thought each was a strength of the model. The principles and concept statements presented were that:

"It is fair for all Manitobans."

"It would be affordable for less experienced drivers."

"It would be easy to use, that is, easy to purchase."

"It is easy to understand, that is, to know how the rate is set."

"It rewards good driving behaviour."

"It ensures that you pay the right price or rate."

"It requires sharing an acceptable amount of personal information to get vehicle insurance."

ePanel respondents were fairly divided regarding whether each of these statements was a strength or a weakness of the Driver Premium Model. One in three mentioned that none of the statements was a strength, while an equal number said that none was a weakness.

That it would be fair for all Manitobans was seen as the biggest strength of the Driver Premium Model; noted by nearly half of ePanel respondents.

- One in three said the model would reward good driving behaviour, and that it ensures you pay the right price or rate.
- One in four said it would be easy to use, and that it would be easy to understand how the rate is set.
- One in four said that it requires sharing an acceptable amount of personal information to get vehicle insurance.
- One in ten said that it would be affordable for less experienced drivers.

One in three ePanel respondents felt that the Driver Premium Model would not be fair for all Manitobans, making this the biggest weakness of the model. A nearly equal number said that it would not be affordable for less experienced drivers.

- One in four felt that the model would not ensure that you are paying the right price or rate, and that it would not be easy to understand or know how the rate is set.
- One in five said that the model would not reward good driving behaviour.
- More than one in ten said that it requires sharing too much personal information to get vehicle insurance.
- One in ten said that it would not be easy to use.

Driver Premium Model Assessment

ePanel members were asked to discuss any other strengths and weaknesses of the Driver Premium Model. In discussing potential strengths, some ePanel respondents identified that this model would ensure that all drivers more equitably contribute to Autopac costs. A similar number of respondents indicated that they believe the model places greater responsibility on all road-users, whereby every driver is held accountable for their driving behaviour. This is captured in the following remarks:

"I like the non-owner premium. Then everyone pays, if they drive."

"Why would you have a driver's license if you don't drive? And if you drive, no matter what car, you should have to pay some insurance."

"It addresses the issue that drivers are the main source of risk related to auto accidents."

"This is my preferred model. People who hold a drivers licence and do not own a car STILL drive on occasion (car co-ops, rentals, borrowing a car). These drivers should help carry the load of insurance premiums."

Despite being asked to comment on the *strengths* of the model, a few respondents provided generally negative remarks about this model, suggesting that it would not be fair, or that they generally disliked it. For example:

"I don't know that there are any strengths to this model."

"I do not agree with this model."

When asked about the potential *weaknesses* of the Driver Premium Model, the most common theme provided by ePanel respondents is that this system would penalize those who can't afford a vehicle and that those who don't own a vehicle shouldn't have to pay Autopac premiums. These views included:

"It discriminates against someone who can't afford a vehicle."

"It would make having a driver's license more expensive for individuals who choose not to own a vehicle because of necessity and or financial reasons. Some of these people choose to bus to work. They may also have to drive for work or have use of employer vehicle that they have to expense."

"Seems unfair to charge more just because you don't have a car registered in your name."

Some other respondents felt that bringing in the Driver Premium Model would cost Manitobans more, or that doing so would be a 'cash grab'. This sentiment is reflected in the following comments:

"The thought of having to pay extra on top of paying for a driver's license could be more that some people are willing to do."

"MPI want more money."

Finally, a few respondents said that this model was unfair to those who don't drive very much and that these individuals shouldn't have to pay a driver premium. A few respondents also expressed a general dislike for this model, citing that it is unfair to Manitobans. This consisted of the following comments:

"There are many 'non-owners' with valid driver licenses, who NEVER operate a vehicle anymore, but want to keep their licenses for various reasons. The increased premiums would not be fair to them."

"You should only have to pay for this insurance if you require it. If you have your license but don't drive, why should you have to pay extra?"

"Not fair. That's all I am saying."

"It is not fair for all Manitobans."

Driver Premium Model Assessment

Overall Qualitative Feedback

The following is a detailed discussion of the qualitative feedback received from the open link survey and the VoC ePanel surveys.

Respondent sentiment towards the Driver Premium Model was relatively split, with about half of respondents saying the model is *somewhat* or *completely fair*. While there are a number of distinct themes evident a few key themes stand out more than others.

The most commonly cited theme is positive, as respondents cited that the Driver Premium Model should ensure that all drivers, regardless of vehicle ownership, will contribute to the auto insurance pool. For example:

“Every driver should share in the costs of the insurance scheme. Just because they don’t own a vehicle doesn’t mean they can’t be in an accident and incur huge costs for the program. This is the most equitable way to share the costs. This is the best of the models presented so far.”

Other common themes included some criticisms. Some believe that the model is not fair and penalizes people with a driver’s licence that can’t afford or do not own a vehicle. Others believe that those who do not own a vehicle should not pay a driver’s premium. Some respondents identified a preference for a particular element or feature of a different model as preferential to the Driver Premium Model. While less common, across some cases respondents indicate that this model was still preferred, so long as certain concerns or features were addressed as part of the model. For example:

“Not everyone can afford to own a vehicle, but have access to one to use on a regular basis. Charging them for not owning something expensive is unfair.”

While slightly less prevalent, some respondents have negative concerns with the Driver Premium Model in that it would cost ratepayers more in the long-run. This is accompanied by a concern that people who don’t drive very often shouldn’t have to pay an additional driver premium. Respondents also identified an issue with this model in that there are some drivers who only use their driver’s licence for the purpose of government identification and may be negatively affected. Relevant comments included:

“This sounds like a cash grab to me but may need more info.”

“Someone who has a licence but doesn’t normally drive shouldn’t have to pay more.”

“It penalizes people who only hold a driver’s licence for when they occasionally rent a vehicle or use it as a means of ID.”

On the positive side, some respondents believe that this model is generally positive in that it makes sense, is reasonable and/or is completely fair. Another positive aspect of this model is that respondents believe that it will reward good drivers based on driving history and/or that “bad” drivers will pay more premiums under this model. For example:

“It’s fair as long as they use a car or have access to a car.”

“This is by far the best model. This would [en]sure individual drivers are accountable for their actions instead of vehicle owners being punished.”

“Rewards good driving habits and punishes bad driving habits of those who don’t own a vehicle.”

Some respondents opted to share additional questions and concerns about the Driver Premium Model which were similar in nature to reasons given for why the model is or is not fair. The most commonly cited questions and concerns, while infrequent, related to respondent beliefs that individuals who possess a driver’s licence, but do not drive often, should not have to pay the additional driver’s premium associated with this model. Just as common, some respondents had questions or concerns related to how costs may increase under the Driver Premium Model.

Driver Premium Model Assessment

Slightly less common, a few respondents indicated that the favourability of the model would depend on certain factors related to the actual cost of the driver premium. A similar number of respondents also had questions or comments about how this model would not be fair to novice/new drivers, or that they preferred other models, or features from other models, over the Driver Premium Model.

The Driver Premium Model was selected as preferred model slightly less often than the Primary Driver Model, and well behind the Registered Owner Model. By far, the most common reason provided for why the Driver Premium Model is the best for setting driver and vehicle premiums in Manitoba is that drivers should be responsible for their driving history and that this cost should be on the individual and their licence (rather than on a vehicle's premium). Tying into this theme, the second most common response was that the Driver Premium Model most accurately accounts for the risks of all drivers. This was expressed in the following comments:

"All drivers should pay towards premiums whether you own a vehicle or not. We are all on the roads and for those that drive but don't have their own vehicle they are getting away scot free. They are just as liable when an accident occurs. This seems to be a much more fair way to assess fees than any of the other models. The other models rely on lots of honesty as to who is driving. This is straight forward... you have a license then you pay."

"Drivers who don't register vehicles because of their poor driving history or lesser discount would now be required to pay their fair share of the costs."

"Everyone who holds a driver's license should be responsible for sharing accident risk, whether or not they own a vehicle."

"The non-vehicle owners have driver's licenses for the purpose of driving, they should pay a portion of the cost for that right."

"This places emphasis on the individual driver's habits/skills and experience, they can have a poor driving record and actually have to pay for that poor rating."

"Everyone who has a driver's license should pay toward vehicle insurance."

"Driver Premium Model puts more responsibility on those who have only paid for a license but could be a potential risk when driving someone else's vehicle."

"This spreads the risk more broadly to all those who drive recognizing that it is the act of driving and the nature of probability that subjects drivers to risk if accidents."

Road safety was also a common theme within the responses, with many stating that the Driver Premium Model either will encourage better driving in general, or that it is the best model as it rewards good driving behaviour while being a disincentive to drivers with a poor or bad driving history (given the DSR/risk cost is placed on the licence as opposed to the vehicle). For example:

"I think this would aid in reducing bad drivers in the province."

"Better and more experienced drivers pay less. Have to earn lower premiums by paying more attention to follow the rules."

"It is only right for good drivers to pay less than bad drivers."

"This places emphasis on the individual drivers habits/skills and experience, they can have a poor driving record and actually have to pay for that poor rating, benefiting those who have good records."

Driver Premium Model Assessment

Some respondents also wrote that they deem it to be the fairest model, that it will be less expensive or more affordable for them, and that it will reduce other's ability to manipulate the system for lower rates since the owner of the vehicle(s) would not matter in the context of a driver's DSR. These sentiments were noted in the following responses:

"It is the most fair and accurate way to determine premiums. It will also have the lowest administration costs which will help keep premiums down."

"Many drivers that I know with low driver safety ratings will insure vehicles under names of family members with better safety ratings. Those family members will never end up driving the vehicle. The driver ends up with a lower insurance price that does not accurately reflect the risk when they are driving. The Driver Premium Model solves most of this problem."

"Balances priorities best resulting in greatest fairness."

"Seems the most fair of the bunch for a group. For an individual person they are all fair."

Some respondents expressed that the Driver Premium Model leaves less room to manipulate the system, since it would not matter (to such an extent) the DSR of a vehicle's owner. The following selection of responses express this notion:

"Because I personally know people who have multiple vehicles registered in their name because they have the highest safety rating [yet] all the people in their family with terrible driving records are the ones actually using these vehicles."

"Applying the DSR on the driver, rather than the owner also reduces 'gaming' of the system, where vehicle ownership is transferred to individuals with better DSRs. It also avoid misleading registrations that are likely to happen if based on multiple drivers (i.e. not accurately listing people with poor DSRs on the vehicle registration)."

The ease and simplicity of the Driver Premium Model was also indicated by some respondents. For example:

"This model of insuring vehicles seems the most user friendly and gives a more level playing field."

"This would be the easiest model to determine actual insurance costs."

Overall Model Preference

Best Fit with Insurance Concepts

After having responded to how fair they thought each of the five models presented was, Manitobans were asked to consider which of the models they believed would accomplish specific things, including which model:

“Is the easiest for all Manitobans to understand?”

“Is the easiest for all Manitobans to use?”

“Would be the most affordable for all Manitobans?”

“Is the most fair for setting the vehicle and driver premiums?”

“Would ensure that all drivers share the financial risk of accidents?”

“Would best encourage safe driving among drivers?”

“Is the best to accurately determine vehicle and driver premiums based on driver risk?”

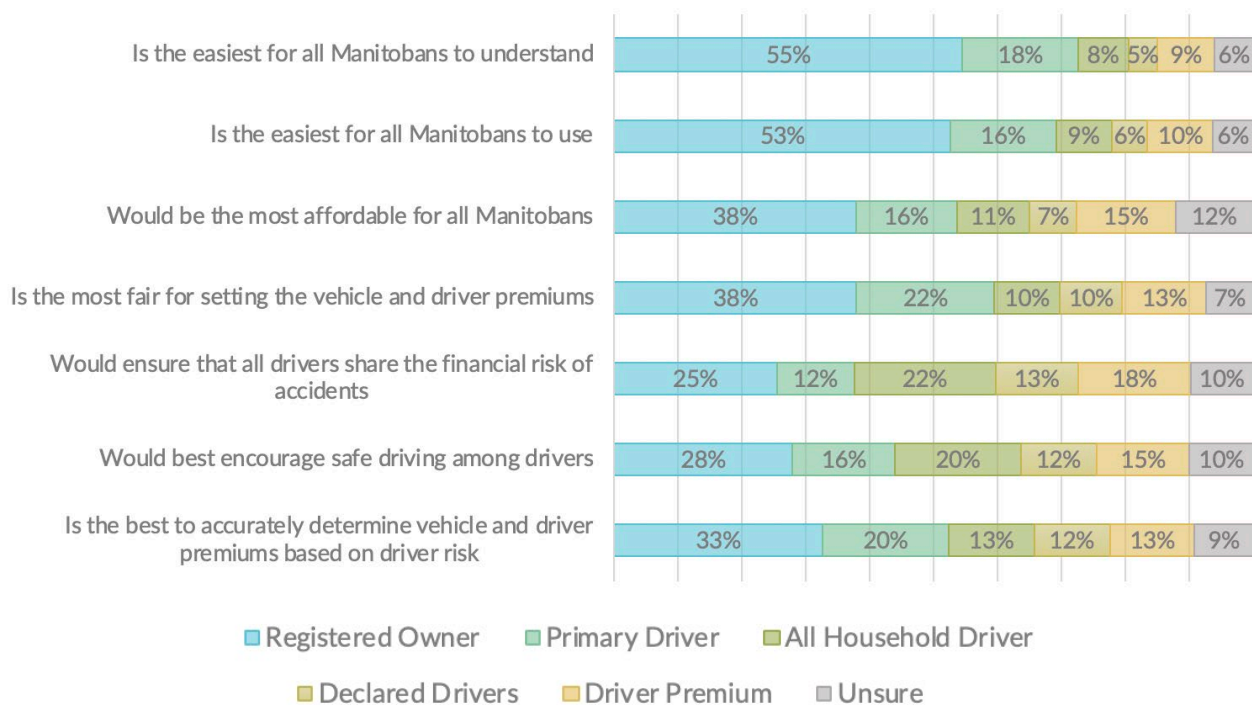
Manitobans chose the current Registered Owner Model as their preference for setting vehicle and driver premiums.

There is no single model that is viewed as “perfect”. Many Manitobans took a view that the current Registered Owner Model was the best; that it works, so they see no reason to replace it.

If a model is selected or developed to replace the current one, the strongest sentiment is to base vehicle premiums on the primary driver of the vehicle and to base driver’s licence premiums on the driver’s record.

Overall, the current Registered Owner Model was chosen most often as the model that would best accomplish each of the concepts explored.

Which model do you believe... ?



Regarding the model that *“is the easiest for all Manitobans to understand,”* more than half (55%) of Manitobans in the telephone survey chose the current Registered Owner Model. One in five (18%) chose the Primary Driver Model, and one in ten chose the Driver Premium Model (9%) or the All Household Drivers Model (8%). Only a small number of Manitobans (5%) chose the Declared Drivers Model.

- Respondents in the open link survey also chose the current Registered Owner Model (six in ten) as best fitting this value, but chose the Driver Premium Model (nearly one in five) next most often, followed by the Primary Driver Model (more than one in ten).

For a model that *“is the easiest for all Manitobans to use,”* more than half (53%) of Manitobans in the telephone survey chose the current Registered Owner Model. Nearly one in five (16%) chose the Primary Driver Model, and one in ten chose the Driver Premium Model (10%) or the All Household Drivers Model (9%). Only a small number of Manitobans (6%) chose the Declared Drivers Model.

- Respondents in the open link survey also chose the current Registered Owner Model (nearly two-thirds) as best fitting this value, but chose the Driver Premium Model (one in five) next most often, followed by the Primary Driver Model (one in ten).

When choosing which model *“would be the most affordable for all Manitobans,”* four in ten (38%) chose the current Registered Owner Model. Nearly one in five (16%) chose the Primary Driver Model or the Driver Premium Model (15%), while one in ten (11%) chose the All Household Drivers Model. Fewer than one in ten (7%) chose the Declared Drivers Model. More than one in ten (12%) said they did not know which model would best accomplish this.

- Respondents in the open link survey also chose the current Registered Owner Model (half) as best fitting this value, while one in four chose the Driver Premium Model, and one in ten the Primary Driver Model.

When choosing a model that *“is the most fair for setting the vehicle and driver premiums,”* four in ten (38%) chose the current Registered Owner Model. Nearly one in four (22%) chose the Primary Driver Model, while more than one in ten (13%) chose the Driver Premium Model. One in ten Manitobans chose each the All Household Drivers Model (10%) or the Declared Drivers Model (10%).

- Respondents in the open link survey also chose the current Registered Owner Model (one-third) as best fitting this value, while nearly one in four chose the Driver Premium Model, and one in five the Primary Driver Model.

When it comes to which model *“would ensure that all drivers share the financial risk of accidents,”* Manitobans were more divided in their response. One in four (25%) chose the current Registered Owner Model, while a nearly equal proportion (22%) chose the All Household Drivers Model and almost one in five (18%) chose the Driver Premium Model. Just over one in ten chose either the Declared Drivers Model (13%) or the Primary Driver Model (12%). One in ten (10%) Manitobans said they did not know which model would best accomplish this.

- Respondents in the open link survey were a bit different than the telephone survey, with four in ten choosing the Driver Premium Model and one in five the current Registered Owner Model. Nearly one in five chose either the All Household Drivers Model or the Declared Drivers Model.

Manitobans were divided when it comes to choosing a model that “*would best encourage safe driving among drivers.*” Nearly three in ten (28%) chose the current Registered Owner Model, while one in five (20%) chose the All Household Drivers Model. Almost one in five chose either the Primary Driver Model (16%) or the Driver Premium Model (15%). Just over one in ten chose the Declared Drivers Model (12%), while one in ten (10%) Manitobans said they did not know which model would best accomplish this.

- Respondents in the open link survey were also divided. One in four chose either the Driver Premium Model or the current Registered Owner Model, while nearly one in five chose each of the All Household Drivers Model, the Primary Driver Model, or the Declared Drivers Model.

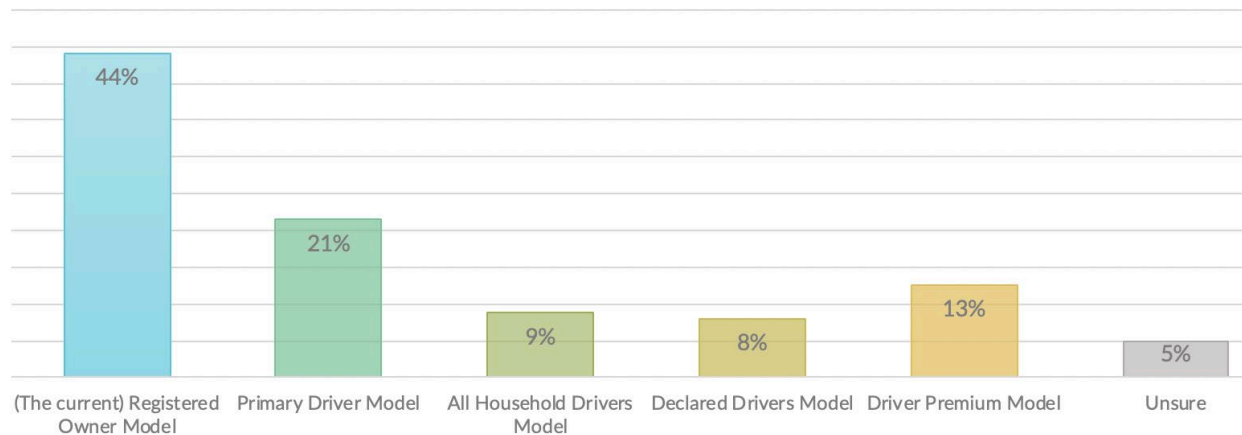
When asked which model they felt “*is the best to accurately determine vehicle and driver premiums based on driver risk,*” one-third (33%) of Manitobans chose the current Registered Owner Model and one in five chose the Primary Driver Model. An equal proportion chose the Driver Premium Model (13%), the All Household Drivers Model (13%), and the Declared Drivers Model (12%). One in ten (9%) Manitobans said they did not know which model would best accomplish this.

- Respondents in the open link survey mirrored these choices. One in three chose the current Registered Owner Model and one in five chose the Primary Driver Model or the Driver Premium Model. Nearly one in five chose the Declared Drivers Model and one in ten the All Household Drivers Model.

Preferred Model for Setting Vehicle and Driver Premiums

Manitobans were asked, "If you were to choose one of these models to use for setting vehicle and driver premiums in Manitoba, which would you choose?"

If you were to choose one of these models to use for setting vehicle and driver premiums in Manitoba, which would you choose?



By more than a two-to-one margin over any other model, Manitobans chose the current Registered Owner Model. Nearly half (44%) chose the Registered Owner Model, with the next most popular model being the Primary Driver Model, chosen by 21%. The Driver Premium Model was selected third, by 13%, while the All Household Drivers Model (9%) and the Declared Drivers Model (8%) were well behind the front runners. Five percent of Manitobans did not indicate a preference for any one model.

- The Registered Owner Model was selected as the preferred across all demographic subgroups. There were no significant differences among subgroups.
- The Primary Driver Model was the second selection across all demographic subgroups. There was a small but significant difference by age, with the oldest age group (aged 55 and older) having a smaller proportion choosing this model than the other age groups.
- There were no other significant differences among demographic sub-groups, although the models chosen in third, fourth and fifth spot did shift order and proportional magnitude slightly for some sub-groups.
- Respondents in the open link survey also chose the current Registered Owner Model as the best. More than four in ten respondents chose the Registered Owner Model, while one-quarter chose the Driver Premium Model and one in five chose the Primary Driver Model. One in ten chose the Declared Drivers Model and one in twenty the All Household Drivers Model.

If you were to choose one of these models to use for setting vehicle and driver premiums in Manitoba, which would you choose?						
	All Manitoba	Age			Gender	
		18-34	35-54	55+	Male	Female
Registered Owner Model	44%	42%	45%	45%	46%	42%
Primary Driver Model	21%	26%	23%	17%	22%	21%
All Household Drivers Model	9%	8%	8%	10%	8%	10%
Declared Drivers Model	8%	11%	7%	7%	7%	9%
Driver Premium Model	13%	10%	13%	14%	14%	11%
Unsure	5%	4%	4%	6%	3%	7%
Total	100%	100%	100%	100%	100%	100%
	Education				Region	
	<High School	High School Grad	Some Post- secondary	Post- secondary Grad	Winnipeg	Outside Winnipeg
Registered Owner Model	54%	45%	49%	42%	44%	44%
Primary Driver Model	13%	22%	26%	21%	21%	22%
All Household Drivers Model	11%	10%	7%	9%	9%	8%
Declared Drivers Model	2%	8%	5%	10%	8%	8%
Driver Premium Model	12%	12%	11%	13%	13%	12%
Unsure	9%	4%	2%	5%	5%	5%
Total	100%	100%	100%	100%	100%	100%

Why the Registered Owner Model?

Manitobans who chose the current Registered Owner Model as their preference to use for setting vehicle and driver premiums appear to believe that this model would be easy to use, understand and implement.

- *“It is the easiest/simplest/easy to understand and implement.”*

Familiarity plays strongly among Manitobans when it came to their choice of the current Registered Owner Model as the best to use. Along with overall familiarity with the model goes the sentiment that the model works now, so why make a change to a system that works. As a respondent succinctly put it, *“If it’s not broken and is working fine why change it.”* Common sentiments here included:

- *“Current model works for me./Never had any problems./If it ain’t broke...”*
- *“It is the only one I know./Like it as it is now./Familiar.”*

Manitobans also say that this model is the best because they believe it is the fairest model, or the model that makes most sense.

- *“It is the fairest model. /Makes the most sense.”*

Several Manitobans felt that this was simply the best model for them and/or their family personally; that it is better for their own situation than other models. Sentiments around this included:

- *“It is the best model for me/Better than others.”*
- *“This model would benefit me/my household the most.”*
- *“I am the only one who drives my vehicle./I don’t let anyone else drive my vehicle.”*

Manitobans said that they thought the Registered Owner Model was best because it would yield lower or more affordable rates than the other models.

- *“Less expensive./Affordable.”*

Very common among Manitobans who chose the Registered Owner Model as their preference was the thought that the vehicle owner should maintain responsibility for their vehicle. Those who chose this model appear to assume that the vehicle owner and the vehicle driver are most often the same person. Sentiments here included:

- *“Vehicle owner should be responsible for their vehicle.”*
- *“The driver should be responsible./Based on driver’s record.”*

A small number of Manitobans mentioned that they thought the Registered Owner Model is the best to accurately reflect or mitigate risk, and that the model would promote safe driving. This included:

- *“Better reflects/mitigates the risk involved./More accurate reflection of the risk.”*
- *“Does more to promote, encourage safe, responsible driving.”*

Why the Primary Driver Model?

Manitobans who chose the Primary Driver Model as their preference to use for setting vehicle and driver premiums believe that the driver should bear responsibility for the vehicle insurance. This was an overwhelmingly common theme among those who chose this model.

- *“The driver should be responsible/Based on driver’s record.”*

Many who chose the Primary Driver Model as their preference said they thought this model would be the fairest model to use, and that it would be easy to use and understand. These sentiments were second most common among Manitobans choosing this model.

- *“It is the fairest model./Makes the most sense.”*
- *“It is the easiest/simplest./Easy to understand and implement.”*

Several Manitobans felt that this was simply the best model for them and/or their family personally; that it is better for their own situation than other models. This includes those who viewed this model as one that reflects their current situation (possibly as the only driver or current primary driver in the household). Sentiments around this included:

- *“It is the best model for me./Better than others.”*
- *“This model would benefit me/my household the most.”*
- *“I am the only one who drives my vehicle./I don’t let anyone else drive my vehicle.”*
- *“It is the only one I know./Like it as it is now./Familiar.”*

Many Manitobans mentioned that they thought the Primary Driver Model is the best to accurately reflect or mitigate risk, and that the model would promote safe driving. Some included the thought that this model would actively share responsibility better. This included:

- *“Better reflects, mitigates the risk involved./More accurate reflection of the risk.”*
- *“Does more to promote, encourage safe, responsible driving.”*
- *“Everyone shares the responsibility.”*

Some told us that they thought the Primary Driver Model was best because it would yield lower or more affordable rates than the other models.

- *“Less expensive./Affordable.”*

A small number of people assume that the vehicle’s primary driver is the same as the vehicle’s owner.

- *“Vehicle owner should be responsible for their vehicle.”*

Why the All Household Driver Model?

Manitobans who chose the All Household Drivers Model as their preference to use for setting vehicle and driver premiums believe everyone should share responsibility for vehicle insurance. This was a very common theme among those who chose this model. Since the model takes into account all the household's drivers, it fits well with people who thought that all drivers need to be responsible.

- *"Everyone shares the responsibility."*
- *"The driver should be responsible./Based on driver's record."*

Many who chose the All Household Drivers Model as their preference said they thought this model would be the fairest model to use. These sentiments were second most common among Manitobans choosing this model.

- *"It is the fairest model./Makes the most sense."*

Many Manitobans mentioned that they thought the All Household Drivers Model is the best to accurately reflect or mitigate risk, and that the model would promote safe driving. This included:

- *"Does more to promote, encourage safe, responsible driving."*
- *"Better reflects, mitigates the risk involved./More accurate reflection of the risk."*

Several Manitobans felt that this was simply the best model for them and/or their family personally; that it is better for their own situation than other models. This includes those who viewed this model as one that reflects their current situation anyway. Sentiments around this included:

- *"It is the best model for me./Better than others."*
- *"This model would benefit me/my household the most."*
- *"I am the only one who drives my vehicle./I don't let anyone else drive my vehicle."*

A small number of Manitobans told us that they thought the All Household Drivers Model was best because it would yield lower or more affordable rates than the other models.

- *"Less expensive./Affordable."*

A small number of people assume that the vehicle's primary driver is the same as the vehicle's owner.

- *"Vehicle owner should be responsible for their vehicle."*

A small number of people assume that the All Household Drivers Model would be easy to use and understand.

- *"It is the easiest/simplest./Easy to understand and implement."*

Why the Declared Drivers Model?

Manitobans who chose the Declared Drivers Model as their preference to use for setting vehicle and driver premiums believe that the driver needs to bear responsibility for vehicle insurance. This was a very common theme among those who chose this model. They believe that this model would share the responsibility among all drivers better than other models.

- *“The driver should be responsible./Based on driver’s record.”*
- *“Vehicle owner should be responsible for their vehicle.”*
- *“Everyone shares the responsibility.”*

Many who chose the Declared Drivers Model as their preference said they thought this model would be the fairest model to use. These sentiments were second most common among Manitobans choosing this model.

- *“It is the fairest model./Makes the most sense.”*

Many Manitobans mentioned that they thought the Declared Drivers Model is the best to accurately reflect or mitigate risk.

- *“Better reflects/mitigates the risk involved./More accurate reflection of the risk.”*

A few Manitobans mentioned that they thought the Declared Drivers Model is the best model to promote safe driving.

- *“Does more to promote, encourage safe, responsible driving.”*

A few felt that this was simply the best model for them and/or their family personally; that it is better for their own situation than other models. This includes those who viewed this model as one that reflects their current situation. Sentiments around this included:

- *“This model would benefit me/my household the most.”*
- *“It is the best model for me./Better than others.”*
- *“I am the only one who drives my vehicle/I don’t let anyone else drive my vehicle.”*

A small number of people assume that the Declared Drivers Model would be easy to use and understand.

- *“It is the easiest/simplest./Easy to understand and implement.”*

A small number of Manitobans told us that they thought the Declared Drivers Model was best because it would yield lower or more affordable rates than the other models.

- *“Less expensive./Affordable.”*

Why the Driver Premium Model?

Manitobans who chose the Driver Premium Model as their preference to use for setting vehicle and driver premiums believe that all drivers need to share responsibility for vehicle insurance, regardless of vehicle ownership. They feel that this model will best account for the driver's record. This was a very common theme among those who chose this model. They believe that this model would share the responsibility among all drivers better than other models.

- *"The driver should be responsible./Based on driver's record."*
- *"Everyone shares the responsibility."*

Many who chose the Driver Premium Model as their preference said they thought this model would be the fairest model to use.

- *"It is the fairest model./Makes the most sense."*

Many Manitobans who chose the Driver Premium Model felt that this was the best model for them and/or their family personally; that it is better for their own situation than other models. This includes those who viewed this model as one that reflects their current situation (possibly as the only driver or current primary driver in the household). Sentiment around this included:

- *"It is the best model for me./Better than others."*
- *"This model would benefit me/my household the most."*
- *"I am the only one who drives my vehicle./I don't let anyone else drive my vehicle."*
- *"It is the only one I know./Like it as it is now./Familiar."*

Several Manitobans mentioned that they thought the Driver Premium Model is the best to accurately reflect or mitigate risk.

- *"Better reflects, mitigates the risk involved./More accurate reflection of the risk."*

Several Manitobans mentioned that they thought the Driver Premium Model is the best model to promote safe driving.

- *"Does more to promote, encourage safe, responsible driving."*

Several Manitobans told us that they thought the Driver Premium Model was best because it would yield lower or more affordable rates than the other models.

- *"Less expensive./Affordable."*

A few people mentioned that the Driver Premium Model would be easy to use and understand.

- *"It is the easiest, simplest./Easy to understand and implement."*

Other Considerations

Manitobans were given the opportunity to volunteer anything else that they thought should be considered when evaluating possible alternatives to the Autopac premium rating system. Most in the telephone survey (63%) did not have anything to offer, while a few (2%) said there were no changes needed.

There were a number of suggestions around things that the system could or should take into consideration, including:

- Taking the driver's history or record into account, i.e., rewarding "good" drivers and penalizing "bad" drivers.
- Considering the age and condition of vehicle.
- Considering the age of driver.
- Using kilometres driven or the amount of time behind the wheel to calculate premium.
- Considering value of the vehicle.
- Considering where most of the driving is done, such as rural or urban, and highway or city.
- Holding all drivers in the household responsible.
- Considering individual financial situations.
- Making collision insurance optional.

There were a number of suggestions for general improvements, including to:

- Lower the premiums and offer more discounts.
- Improve the merit system.
- Have better driver training.
- Change how fault is determined.
- Provide other insurance options.
- Change the no-fault system.
- Learn from other insurance companies or jurisdictions.
- Have different options for payment.
- Have different services for immigrants.
- Provide more licensing options.
- Explain how rates are determined.

Keep Premiums Low

The most common aspects to consider pertain to the cost of premiums. Lowering the premiums by providing more discounts for high DSRs or generally requesting to keep premiums low were the most common mentions, with some specifically noting their belief that novice drivers should not have to pay more or should be placed at a higher DSR once they obtain their full licence. As seen in the following sample of responses:

"Keep it simple and keep the costs down."

"New drivers aren't necessarily bad drivers, Driver's Ed new drivers are often very good drivers. Unfortunately, they are treated like they are bad drivers, starting at 0 discount for vehicle insurance. Shouldn't they be given some incentive to be good driver's right from the start? Can't they start with a discount and lose it if they prove to not be good drivers?"

"Make a larger discount for clean driving records. Way larger!"

"Costs are too high solely based on types and years of vehicle."

Discounts

Some advocated for special discounts, such as for “green” (environmentally friendlier) vehicles, or for people with multiple vehicles (a bundle discount). Lowering motorcycle rates was also specifically indicated by a few respondents. This was reflected in the following comments:

“In the age where people try to become greener, insurance companies should attempt to help people make better choices. For example there could be 3 categories of vehicles (not more) trucks, SUV, and cars. Each category arranged according to emissions. Higher emissions receive a surcharge while greener vehicles receive a discount.”

“Discounts for environmentally friendly cars: electric.”

“I would like to see a special rate for those who have 6 or more vehicles licensed (as pleasure vehicles) similar to a fleet discount or like the collector car program. As an example I have an older truck that I might use once or twice a month and maybe drive 1,000 km a year but can’t afford to license year round. Like a limited use policy.”

“Off topic a little maybe but I have two motorcycles insured. I would love to own more motorcycles however the cost of insuring prohibits that. I can only ride one at a time and would like to have one licence plate with multiple bikes registered/insured under one plate. At a greatly reduced rate for each additional motorcycle added to that plate. Just a thought.”

Driving Records

Many respondents cited that a driver’s record is an important consideration when evaluating alternative models, in particular that poor drivers should have to pay more and good drivers should be rewarded through increased discounts. It should be noted that this sentiment was a common reason provided throughout the survey as to why certain models are considered “fair” or why some selected certain models as their preference. Similar in nature, some respondents stated that the merit/DSR system should be evaluated when considering models to ensure that it properly assesses risk, with some mentions that there should not be a cap or the ceiling should be higher for how many points (or the discount) one can receive for an exceptional driving record. For instance:

“Years of accident free driving should not have a ceiling for reward. More years clear, more discount. This surely would promote safer drivers I feel.”

“Rewards should be more pronounced for drivers with no fault claims such as myself and my husband who have been driving for 50 years with no accidents. I don’t feel we have been sufficiently rewarded for our driving records but we continue to financially support those who tailgate, drive recklessly, intoxicated/high while driving, leaving unlocked cars running, distracted, multiple claims, etc.”

“It is too easy to lose points on the scale, yet agonizingly slow to climb the scale. There needs to be better incentive to climb the scale well past 15, even if it means capping out on discount at that moment.”

“Rate the accident. The worse the accident the more deductions from the rating system.”

Vehicle Characteristics and Driving Habits

A recurring theme was the aspects of a driver and/or a vehicle that should be taken into consideration for calculating premiums. While the current model does take some aspects of the vehicle's make/model or the region the customer resides into the equation, respondents many times stated that it should be further considered or modified. For instance, many referred to the condition or the value of the vehicle, as well as the amount of kilometres driven as factors that should be considered for alternative models. This was noted in the following selection of responses:

"Age of vehicle. Mileage of vehicle. Why does it cost 1400 a year to insure a vehicle worth 1000."

"DSR should be calculated on kms driven not yearly. That would be a fair system. People who drive more, are more likely to encounter situations that are challenging, against people who hardly drive 10 kms a week or occasionally. It would be more fair to rate someone's safety/risk on the scale of kms driven."

"The driver shouldn't be the sole factor in determining premiums. Territory, purpose/use, and vehicle particulars should always be considered."

"Higher premiums for higher cost cars. If you have a luxury vehicle over \$60,000, you SHOULD pay more because it will cost more to fix. I don't want to pay into a system that fixes my neighbors Lamborghini at the same rate I pay for my Escape."

"Location. Outside town in northern location pays higher premium yet we do not have as much incident or risk of incident if we drive in town mostly. There should be a rebate for northern area compared to Winnipeg."

Other

While not directly related to how alternative models may be evaluated, many respondents provided feedback related to other aspects of MPI. Several stated that more effort needs to be done by MPI when determining who is at fault for a collision. Some referred to driver's education and testing as an area that needs to be improved, including that the tests to obtain a licence should be more difficult to pass. A few respondents also wrote that they desire a private insurance system to provide choice in who they give their auto insurance business to, and/or that they desire an end to the 'no-fault' system so that they may have the ability to litigate against other drivers. Some others mentioned that they are in favour of the current public system and that it should be maintained.

Conclusion

MPI completed a comprehensive public consultation with Manitobans regarding five potential DSR models that could be used to set Autopac rates, including vehicle and driver premiums. Three primary data collection tools were used in this consultation process, including a telephone survey, an open link survey, and MPI's VoC *ePanel*. Four regular PUB contributors were also invited to provide feedback; two did so. Over the eight week period of this public consultation (April 1, 2019 to May 22, 2019), more than 2,900 responses were provided by the general public and stakeholders.

When discussing all of the alternatives, there is no single model that is viewed as perfect. However, analysis of the feedback received finds that almost half of Manitobans indicated a preference for the current Registered Owner Model; it works, so they see no reason to replace it.

With respect to any alternatives, the strongest sentiment to emerge from this consultation is that vehicle premiums be based on the primary driver of the vehicle and that driver licence premiums be based on the individual's driving record.

Appendix A: Setting your Autopac Premium



Setting Your Autopac Premium



Contents

Foreword	A4
Introduction.....	A5
Founding principles.....	A5
How your Autopac premium is set	A5
Reducing risk on the road	A6
Pricing risk on the road.....	A6
Driver premium and vehicle premium	A6
The DSR system and current Autopac premium pricing model.....	A7
Proposed alternatives.....	A8
Primary Driver Model	A8
All Household Drivers Model	A9
Declared Drivers Model	A9
Driver Premium Model	A10
Personal impacts	A10
Questions to consider.....	A11
Sharing your views.....	A11

This paper

The purpose of this paper is to help you understand the DSR system and how it is currently applied to determine your vehicle insurance rates. We also provide descriptions of four alternative ways that the DSR system could be applied to determine driver and vehicle insurance premiums. These alternatives highlight certain values more than others. We are seeking your feedback on these alternatives.

The paper is part of a broader public consultation process which also includes targeted stakeholder feedback, an online survey, and general phone surveying.

If you require any additional information or clarification about the paper or our public consultation process, please contact us as outlined below.

By email: MPIResearch@mpi.mb.ca

By post: Autopac Premium Consultation
Manitoba Public Insurance
Box 6300
Winnipeg, Manitoba R3C 4A4

Foreword

This is your invitation to share your views on how Basic Autopac insurance rates are determined.

At Manitoba Public Insurance, our mission is to provide “exceptional coverage and service, affordable rates and safer roads through public auto insurance.” We want to make sure that we deliver on this mandate now and into the future. This includes obtaining your important views on how insurance rates are determined.

Pricing for your Autopac coverage depends on the following four primary factors:

- Where you live
- How you use your vehicle
- What kind of vehicle you own
- Your driving record (as reflected in your Driver Safety Rating – DSR)

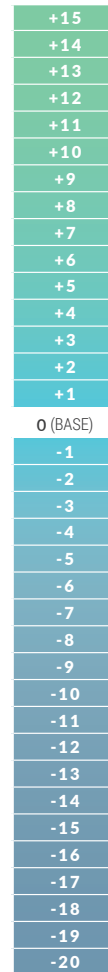
The DSR system is a key factor in how much individual drivers pay for licensing and coverage, and one over which drivers have control. It was introduced in January 2010 to recognize safe driving behaviour for individual drivers in a fair and simple way. Minor changes have been made to the system over the years to ensure that the DSR scale continues to represent the risk of each Manitoba driver.

The Public Utilities Board (PUB) has ordered that we review the DSR model and parts of the Autopac premium rating system to ensure the rates charged to our customers reflect their risk as best as possible. Overall, premiums collected are adequate to cover the costs of auto insurance claims. Our objective today is to determine if there is a more accurate and fair way to allocate or divide premium based on driver risk. As part of the review, we have committed to consult with you – the public – regarding how you believe driving records, as defined by the DSR scale, should be applied to vehicle policies, particularly in cases where more than one driver uses a vehicle.

As part of a public consultation process, we welcome your input on our current method of applying DSR ratings in pricing insurance coverage and on potential alternatives we are considering to ensure fairness to all Manitobans.

We recognize that any changes could impact individual Manitobans, depending on their specific circumstances. As such, we are inviting you to review this paper and encouraging you to share your views with us.

We thank you in advance for your participation in this important initiative. Your feedback is very important to us.



The Driver Safety Rating scale

Introduction

As a not-for-profit Crown corporation, we are accountable to you and committed to:

- Guaranteeing all Manitobans access to Basic automobile insurance.
- Setting rates fairly by matching Autopac premiums to claims risk and submitting Basic Autopac rates to the PUB for independent review and approval.
- Giving you the most complete auto insurance protection in North America.
- Making Autopac services accessible throughout Manitoba.
- Settling claims fairly and promptly.
- Promoting road safety to help prevent traffic collisions and keep insurance costs down.

Founding principles

Manitoba Public Insurance began operations in 1971 to provide basic, compulsory insurance coverage, which became known as Autopac. With the introduction of the Autopac program, both vehicles and drivers have been required to be insured. This reduced the number of uninsured vehicles and drivers on Manitoba roads, kept administrative costs low and increased customer convenience, as it combined two processes (driver licensing and insurance issuance) that had previously been completed separately.

A key founding principle of the Autopac program was guaranteed access to coverage – no one should be denied insurance. Prior to the Autopac program, insurers were able to deny some customers insurance if they felt that the risk was too high, resulting in uninsured drivers.

Another important founding principle of Autopac was fairness. The plan does not use non-driving rating factors such as credit score, gender, or age to determine auto insurance rates. This makes Autopac more accessible and affordable for less experienced drivers.

How your Autopac premium is set

The concept of insurance is based on the fact that it spreads out the cost of claims among many people so no one has to face the cost of a claim alone. For one person, the cost from an accident could cause significant financial hardship, or even bankruptcy. Spread among many people, the cost becomes affordable.

All auto insurance plans, including Autopac, group you with others. You are grouped with others who live in a similar area, own similar vehicles and use their vehicles like you do.

The money collected from everyone in your group covers you if you have a claim. In exchange for that protection, you share your group's costs through your premiums. In part, your premiums depend on how much your group, as a whole, has cost the insurance fund.

Reducing risk on the road

One of the ways that we seek to keep premiums low is to work with Manitobans to reduce risk on the road through the promotion of safe driving. Our DSR system is one of the tools we use for this; it encourages drivers to act responsibly when they are behind the wheel. The benefits of the system include rewarding good driving behaviour, while charging drivers with histories of poor driving behaviour a higher premium, based on their risk, using an easy-to-understand numerical scale (DSR scale).

Pricing risk on the road

Currently, the DSR level of the registered owner of the vehicle has a large impact on the cost of vehicle insurance. If the registered owner has a positive DSR, he or she will be eligible for a discount on their vehicle insurance. On the other hand, if their DSR is negative, they will not be eligible for a discount on their vehicle insurance and may be required to pay a surcharge on their driver's licence.

In many cases, the registered owner is not the only driver of the vehicle. Many people could be driving the same vehicle at different times and the drivers could have different DSR levels.

The PUB has asked us to investigate to see if there is a better way to price vehicle risk, including when more than one driver uses a vehicle. The goal of any change is to allow us to more accurately determine vehicle and driver premiums based on the risk associated with all drivers of a vehicle and to continue to encourage safe driving.

Driver premium and vehicle premium

In Manitoba, the costs of the auto insurance plan (which includes coverage for physical damage, property damage and bodily injury claims) are covered through two sources: driver insurance premiums and vehicle insurance premiums. The driver insurance premium (ranging from \$15 to \$3,000, depending on the licence holder's DSR level) is charged on every Manitoban's driver's licence. Collecting this premium ensures that all Manitoba drivers share some of the risk of accidents, regardless of whether they own a vehicle or not.

Vehicle insurance premiums cover most of the costs of the auto insurance plan. Pricing for vehicle premiums depends on where you live, how the vehicle is used, the kind of vehicle you own, and the registered owner's DSR level.

The DSR system and current Autopac premium pricing model

Your position on the DSR scale depends on your driving record, which reflects your years of safe driving, and your accident and traffic conviction history. Driving safely moves you up the scale, which can lower the costs of your driver's licence and your vehicle insurance. Your DSR level and resulting premiums can change based on your driving record over the past year, including any traffic convictions, at-fault claims or alcohol- or drug-related administrative suspensions.

The main goal of the DSR system is to charge drivers an appropriate premium based on their risk level. A customer's DSR level is a rating indicator and MPI does not intend to charge any more than necessary to cover the expected risk.

It is important to note that the DSR risk scale has been proven to be very accurate in predicting driver risk. That is, the probability of being involved in an at-fault collision increases as a driver's position on the DSR scale decreases. Most people believe drivers who have more auto insurance claims should pay a greater share of the plan costs (through higher insurance premiums).

Today, we use what is referred to as the Registered Owner Model to determine a vehicle's premium discount (between 0 and 33 per cent). Under this model, we use the DSR level of the registered owner of the vehicle to calculate the vehicle insurance premium discount, regardless of how many other drivers drive the vehicle or the driving records of the other drivers.

What this means

A vehicle could be insured by a driver with a DSR of +15, but driven by drivers with lower DSR levels (who present a higher risk). The Registered Owner Model is flexible when multiple drivers use a vehicle. For instance, there is no requirement to list all the drivers when insuring the vehicle. Other benefits of this model include the relative ease of administration and ease of customer understanding. However, risk may not be as accurately priced as it could be under other models. For instance, drivers who have more auto insurance claims are not paying a fair share of the plan costs (through higher insurance premiums) if they are not the registered owner of the vehicle.

Proposed alternatives

Insurance can be a complicated topic and our intent at this time is to make you aware of some different alternatives. Manitoba Public Insurance is reviewing four proposed alternative concepts to determine whether there are any clear advantages to changing the way we determine auto insurance premiums in Manitoba.

Overall, the premiums collected today are adequate to cover the costs of auto insurance claims. As mentioned earlier, the DSR risk scale has been proven to be very accurate in predicting driver risk (i.e., at-fault accidents). The validity of the risk scale is not in question. We are not evaluating the other rating factors that comprise your insurance rates (where you live, how you use the vehicle, or the vehicle type). Our objective is to determine if there is a more accurate and fair way to charge premium based on driver risk.

The PUB has instructed MPI to determine rates in a more “actuarially sound” way. This might seem complicated. Essentially, it refers to applying statistical methods and risk theory to calculate insurance premiums. The closer the price of insurance to the risk, the more actuarially sound the price. Or, in other words, under an actuarially sound model, riskier drivers should pay more than safe drivers.

The following alternative concepts to the Registered Owner Model have been identified and we are inviting Manitobans to share their views on them. There are different ways of applying each concept and your feedback will help us develop definitions and rules.

Primary Driver Model

Under the Primary Driver Model, a vehicle’s premium discount would be based on the DSR level of the primary driver of the vehicle (the one who drives the vehicle the most) rather than the registered owner. The vehicle owner would be required to identify the primary driver for the vehicle, and ensure that this information (who the primary driver is) is updated every time it changes.

What this means

The owner of the vehicle would pay vehicle premiums based on the risk presented by the primary driver of the vehicle, rather than the owner of the vehicle. This could mean that the owner would be paying more or less for insurance for their vehicle than if they were insuring it based on their own DSR level if they are the registered owner.

We currently do not require Manitobans to identify the primary drivers of the vehicle when they apply for insurance in Manitoba, and therefore there will be added effort required by both customers and MPI in terms of obtaining information, and ensuring it is updated regularly.

This model requires more information sharing between customers and MPI compared to the current model, but less than the following two models. The model is flexible when multiple drivers use a vehicle as there is no requirement to list all the drivers when insuring the vehicle. Other benefits include ease of customer understanding and ease of administration.

All Household Drivers Model

Under the All Household Drivers model, the vehicle's insurance premium would be based on the DSR levels of all the drivers in the household who use the vehicle.

What this means

There are many different ways a vehicle's insurance premiums can be determined under this model.

Vehicle insurance premiums could be based on the combined or average DSR level of all drivers in the household, based on the assumption that all vehicles in the household are being driven equally by all drivers in the household.

Another option under this alternative is to assign vehicles to specific drivers. For example, the vehicle with the highest insurance premium could be assigned to the driver with the highest vehicle discount; the vehicle with the second highest insurance premium could be assigned to the driver with the second highest vehicle discount and so forth.

This model prioritizes fairness by more closely aligning driver risk and insurance premiums. Adopting this model would improve the actuarial soundness of our system. This model would require more information sharing between customers and MPI. Some people may find this model to be more complicated to understand and more complex to administer.

Declared Drivers Model

Under the Declared Drivers model, the vehicle owner insuring the vehicle would be required to declare all of the regular drivers of their vehicle on their insurance policy. While we have not defined "regular driver" yet, a regular driver could be someone who drives the vehicle a certain number of times in a defined period of time.

What this means

Just like the previous model, there are different ways a vehicle's insurance premiums can be determined under this model.

Vehicle insurance premiums could be determined based on the average DSR level of the declared drivers, on the DSR level of the lowest rated driver or on some other basis.

This model has similar benefits as the previous model: increased fairness by more closely aligning driver risk and insurance premiums. Adopting this model would improve the actuarial soundness of our system. However, this model will require more information sharing between customers and MPI compared to the current model. Some people may find this model to be more complicated to understand and more complex to administer.

Driver Premium Model

Today, all drivers pay a driver insurance premium when they pay for their driver's licence – even those who do not register a vehicle. When considering this model, it is important to remember that drivers who do not register a vehicle do not pay vehicle insurance premiums through an Autopac policy. The driver insurance premium is usually quite low (\$15 to \$45 for anyone with a DSR of zero or higher) compared to vehicle insurance premiums.

Under the Driver Premium Model, people who hold a driver's licence but do not register or insure a vehicle in their name would pay an additional "non-owner" driver premium, based on their DSR level. The concept is for the driver premium collected from these "non-owners" be used to lower vehicle premiums for the pool of insured vehicles. This, in turn, would improve the actuarial soundness (and fairness) of the Autopac rating system by placing more financial responsibility on drivers rather than assigning almost all of the financial responsibility to registered owners (that is, those with auto insurance policies).

This method could be used with the Registered Owner model. That is, registered owners would continue to purchase Autopac policies and pay vehicle premiums for their vehicles and people with driver's licences only would pay a driver premium that better accounts for their risk.

This model will require less information sharing with MPI compared to the previous two models. Other benefits include the ease of customer understanding and ease of administration.

Personal impacts

We understand that the potential impact of each model on Manitobans will depend on the details of each model and each person's individual circumstances; for example, the number of vehicles in the household, the number of drivers in the household, and the frequency or amount of vehicle use by different drivers in the household.

Some of the models may result in higher or lower costs, or more or less convenience. For example, we expect that, generally speaking, the administration of the Registered Owner, Primary Driver, and Driver Premium models will be less time-consuming for customers than the other two models; under the All Household Drivers or Declared Drivers models, we would be required to collect additional household and driver information that we don't collect today. In addition, vehicle owners under these models would be required to report any changes that might impact the premiums they pay. However, the benefit is that overall, the risk may be more accurately priced under these models.

Questions to consider

1. Which values matter most to you in terms of your auto insurance premium? Some values to consider are fairness, the amount of information sharing with MPI, affordability for new or inexperienced drivers, ease of use/ease of understanding, ease of administration, and improving the actuarial soundness of our system.
2. Do you believe the current Registered Owner Model is fair and appropriate based on your own personal circumstances? Do you believe it is fair and appropriate for other individuals you know?
3. Overall, do you have any thoughts on the current Autopac vehicle premium rating system using the registered owner's DSR to determine insurance rates and discounts versus using the DSR of all drivers who may use a vehicle?
4. Do you prefer any of the proposed alternative models? Do you have any specific concerns with any of the proposed alternative models?
5. Do you believe that switching to one of the other alternative models presented in this paper would improve the overall Autopac premium rating system in terms of fairness, affordability, ease of use, etc.?
6. Is there anything else you would like us to consider when evaluating possible changes to the Autopac premium rating system?

Sharing your views

There are a number of ways you can share your views on our Autopac premium consultation. You may send written submissions to Manitoba Public Insurance, including a direct response to this paper:

By email: MPIResearch@mpi.mb.ca

By post: Autopac Premium Consultation
Manitoba Public Insurance
Box 6300
Winnipeg, Manitoba R3C 4A4

And/or participate in an online survey at mpi.mb.ca

Responses to this paper must be provided no later than April 30, 2019.

Appendix B: Stakeholder feedback

Letter to Stakeholders:

Dear XX,

As a valued partner of Manitoba Public Insurance, we want to advise you and your members that we are conducting a public consultation on our Driver Rating System (DSR) and how it is currently applied to determine vehicle insurance rates in Manitoba.

The Public Utilities Board has ordered that we review the DSR model and parts of the Autopac premium rating system to make sure the rates charged to our customers reflect their risk as best as possible, are fair and equitable, and that overall, the premiums collected continue to be adequate to cover the costs of auto insurance claims.

Our objective is to determine if there is a more accurate and fair way to charge premiums based on driver risk. As part of the review, we have committed to consult with the public regarding how you believe driving records, as defined by the DSR scale, should be applied to vehicle policies, particularly in cases where more than one driver uses a vehicle.

To help Manitobans understand the DSR system and how it is currently applied, we have created a discussion paper. It explains the current DSR system, but also provides descriptions of four alternative ways that the DSR system could be applied to determine driver and vehicle insurance premiums. These alternatives highlight certain values more than others. We are seeking feedback on these alternatives.

As a key stakeholder in this process, we invite you to review the discussion paper and provide any written feedback to us by April 30, 2019:

By email: MPIResearch@mpi.mb.ca

By post: Autopac Premium Consultation
Manitoba Public Insurance
Box 6300
Winnipeg, Manitoba R3C 4A4

The discussion paper is part of a broader public consultation process which also includes your feedback, an online survey, and general phone surveying.

The online survey and discussion paper are available on [our website](#).

We encourage you share this information with your members and complete the survey by April 30, 2019.

If you require any additional information or clarification about the paper or our public consultation process, please contact us.

2019-05-15 Autopac Premium Consultation – Feedback

Doug Houghton
Box 1120
Beausejour MB R0E 0C0
204-268-5406
houghtnd@mymts.net

May 15, 2019

Autopac Premium Consultation - Driver Safety Rating System Review

Thank you for this opportunity to provide input into Driver Safety Rating System Review.

The current system of determining insurance premiums is partly fair in that it doesn't discriminate on the basis of age or gender. It does however, have many inequities as it allows high risk non-owner drivers to drive vehicles owned by those with merit discounts. As well, high risk drivers who accrue demerits or lose merits can simply transfer ownership to a parent, another family member or spouse with a better rating. Their DSR rating does not affect the vehicle premium. As well, this non-owner driver can continue to drive a company owned, MPI owned, or government owned vehicle without affecting the premiums of those vehicles. Are leased or rented vehicles affected?

I am of the opinion that there should be no discrimination based on age or gender of vehicle owner and that rates are based on driving experience and driving record (DSR). Presumably if a young or new driver chooses to own and insure a vehicle, they would not have yet earned merits and would pay the higher basic rate, more than that of the experienced driver with merit discounts. Furthermore, if that young or new driver exhibits high risk behavior with accidents and traffic violations, they will accrue demerits and consequently, higher insurance rates. **The loophole:** many young drivers and new drivers as well as those with bad driving records can drive a vehicle owned by a parent, other family member or spouse and their driving record would not be reflected in the premium of the merit discount owner. The same occurs with a company owned vehicle. (See notes in previous paragraph)

Other inequities - Person Injury or PIPP claims are a major claims cost to MPI and indirectly to policy holders, yet current MPI policies exempt certain classes of vehicles from paying PIPP premiums. In 2011 or 2012, MPI's own stats revealed that 12,954 vehicles, or 1.5% of registered vehicles, did not pay for PIPP coverage, including inter-provincial trucks, Government of Canada vehicles, and fire department vehicles. Although it's true that interprovincial truck drivers etc. may be eligible to obtain Workman's Compensation if injured, it is usually the occupants and passengers of smaller vehicles who sustain injuries. As well, in 2011, one-third of all PIPP claims were from non-vehicle owners. Of these, drivers without a registered vehicle accounted for 27% of these claims.

These drivers do not contribute to these high claims costs; however any movement to placing premiums on the drivers licence would help ameliorate this inequity.

I agree that rates charged to MPI clients should reflect the risk of all drivers, be fair and equitable and that the premiums collected are adequate to cover the costs of auto insurance claims.

I have read all of the proposed alternatives. Each has merits, but inequities remain. Each will have various degrees of public/political acceptance and complexities in terms of administration, enforcement and monitoring. All will have winners and losers in terms of premium costs.

2019-05-15 Autopac Premium Consultation – Feedback cont.

The primary Drive Model only works well if there is only one primary driver. This model will benefit the single driver / owner. Unless vehicle owners are totally honest, it's not much different than the current system. It requires policing and monitoring and can be confusing when there are multiple drivers to a vehicle and vehicle ownership changes during the policy year. It places more administrative responsibilities on MPI / agents and increases the possibility of disputes when a claim is made. There will be a need to develop a simple process to monitor and enforce and determine penalties for non-disclosure?

The All Household Drivers Model is a step in the right directions, but may still have some complications when a household has more than one vehicle with separate owners and others family members driving both. How does one determine an appropriate rate? As well there may also be regular non-household drivers such as a tradespersons vehicle or a farm pick up. How will leased vehicles be impacted? As in the Primary Drive Model, it requires honesty and places more administrative responsibilities on MPI and its agents. It may also increase the possibility of a dispute when a claim is made. As above, there will be a need to develop a simple process to monitor and enforce and determine penalties for non-disclosure?

This model may benefit the single driver / owner and be more costly to the single vehicle owner with several licensed family members, particularly younger drivers not yet in the work force. This increased cost should be partly offset by reduced vehicle premiums, but without a detailed actuarial analysis, the details are unknown. There may be more public backlash and lack of public/political acceptance, particularly from families with multiple drivers.

The Declared Drivers Model will perhaps be more easily understood by vehicle owners as it is similar to models used by private insurers in other jurisdictions. It still requires honesty on the part of vehicle owners to identify all regular drivers and defining same. How will an occasional driver be determined? As for previous models, it places more administrative responsibilities on MPI and its agents. It may also increase the possibility of a dispute when a claim is made. As with previous models, there will be a need to develop a simple process to monitor and enforce and determine penalties for non-disclosure?

This model may benefit the single driver / owner and be more costly to the single vehicle owner with several regular drivers, particularly younger drivers not yet in the work force. This increased cost should be partly offset by reduced vehicle premiums, but without a detailed actuarial analysis, the details are unknown. There may be more public backlash and lack of public/political acceptance, particularly from families with multiple drivers.

Driver Premium Model

This model requires minimal or no monitoring and is perhaps the easiest to enforce and administer. It also places more financial responsibility on the driver, who ultimately is responsible for accidents and infractions. Once again this may have a negative impact on large families with single vehicle and multiple drivers, but is the fairest and easiest to administer. As part of the driver premium model, all financial penalties due to accidents and Traffic Act infractions should be placed on the drivers licence and not the vehicle. This will place the financial responsibility where it belongs, on the driver. Once again there may be greater costs to the multi driver family, but this increased cost should be partly offset by reduced vehicle premiums. Without a detailed actuarial analysis, however, the detailed impact is unknown.

2019-05-15 Autopac Premium Consultation – Feedback cont.

Given the possible backlash and lack of public/political acceptance, I am of the opinion that this shift of insurance cost from the vehicle to the driver could be implemented on a staged basis, perhaps over a five year period until all liability and PIPP costs rest with the licenced driver.

A Better Model

In my opinion, a proper insurance model should separate the “tin from the skin”. In other words, the vehicle should only be insured for collision and comprehensive, based on its value and repair costs etc.

All liability and related personal injury (PIPP) premiums should be applied to the drivers licence, based on the drivers DSR and licence class, if applicable. This would cover the drivers own injury claims and when at fault injury and vehicle damage to others. As well, all financial penalties due to accidents and Traffic Act infractions will be applied to the drivers licence and not the vehicle, placing the financial responsibility where it belongs.

This system may also encourage drivers to cancel licences when they are no longer able to drive or require a specific licence classification.

I trust the preceding comments will assist in your review. I will be forwarding motorcycle specific comments under separated cover directly to Actuarial and Risk Management, product and pricing section.

I am out of province for a few weeks and lacking cellular coverage so if you'd like to contact me for clarification or further comment just text or email at the above noted email address and phone number.

CAC Manitoba comments on MPI discussion document

Consumers' Association of Canada Association des consommateurs du Canada Manitoba

CAC Manitoba comments on the MPI discussion paper entitled *Setting Your Autopac Premium* 2019-05-15

The Manitoba branch of the Consumers' Association of Canada (CAC Manitoba) would like to thank MPI for the opportunity to review this discussion paper, and offer some preliminary comments on this issue. We hope this will be the beginning of further dialogue and information sharing as MPI continues to explore these options.

We note from the MPI website that other forms of engagement have been conducted on this topic (survey, consumer panels) since April 1st of this year. CAC Manitoba commends MPI for beginning consumer and stakeholder engagement while several options are still on the table. We hope that the compiled data on the completed research will be made available to stakeholder organizations, and to the public, as part of the ongoing dialogue, and that more engagement will take place at that point, and before any final plan is put forward to the PUB.

The following comments are based on CAC Manitoba's past experience working with, and hearing from, auto insurance consumers, and the input of Board members and colleagues, but without the benefit having conducted engagement with consumers on this specific issue and the possible alternatives associated with it. With that understanding, here are our preliminary thoughts on the six questions asked at the end of the discussion paper:

1. Which values matter most to you in terms of your auto insurance premium?
Some values to consider are fairness, the amount of information sharing with MPI, affordability for new or inexperienced drivers, ease of use/ease of understanding, ease of administration, and improving the actuarial soundness of our system.

21-222 Osborne Street South, Winnipeg MB R3L 0G6
204-452-2576 1-888-596-0900 cacmb@mts.net

CAC Manitoba comments on MPI discussion document cont.

Each of these is important for consumers in different ways. From the perspective of CAC Manitoba, several of these concepts come together as inseparable aspects of one key principle:

- Fairness for, and amongst, consumers, including
 - fair and equitable access to auto insurance, which includes affordability, ease of understanding and using the system, protection of personal information required for access, etc.
 - fairness amongst consumers regarding the balance between their contribution to the system and the risk/cost they bring to the system

[2. Do you believe the current Registered Owner Model is fair and appropriate based on your own personal circumstances? Do you believe it is fair and appropriate for other individuals you know?](#)

While the current Registered Owner Model has served Manitobans for many years, the question for CAC Manitoba is whether or not there is potential for the fairness and actuarial soundness of this model to be impacted when, for example, vehicle owners have high DSRs, but some of the drivers of their vehicles have lower DSRs. To answer this question with greater certainty, it would be very helpful to have information regarding the overall dislocation of premiums amongst policyholders with the current Registered Owner Model.

[3. Overall, do you have any thoughts on the current Autopac vehicle premium rating system using the registered owner's DSR to determine insurance rates and discounts versus using the DSR of all drivers who may use a vehicle?](#)

This question highlights why it is so important to engage in an ongoing and in-depth dialogue with MPI customers and other stakeholders before any final plan is put forward. This is an important question to make part of the discussion, particularly because it could be a contentious question for some customers. Using the DSR of all drivers of a vehicle may possibly raise some insurance premiums. This could cause consumers to disallow some drivers from using their vehicle, or to allow some drivers to use their vehicle without being named on the insurance, for fear of an increase in their premium. From the perspective of

CAC Manitoba comments on MPI discussion document cont.

administrative ease, this option may require consumers to make several changes to their policies each year, as a new driver or an additional driver, needs to be added.

4. Do you prefer any of the proposed alternative models? Do you have any specific concerns with any of the proposed alternative models?

From our very preliminary review of the discussion paper, and without the benefit of input from consumers, the one alternative that seems most likely to be a viable alternative to the system currently in use would be the Primary Driver Model, in terms of ease of understanding by consumers, and the system modifications required. In our opinion, this model warrants further exploration.

Some concerns with the other three alternatives:

- The All Household Driver Model might provide MPI with more information about the DSRs of all drivers of a vehicle, but may be more complicated to administer (for example, possibly requiring several changes to the policy annually)
- The Declared Driver Model requires less personal information from consumers, but relies heavily on the self-reporting of consumers, creating the possibility of uninsured driver accidents, and more administrative requirements.
- The Driver Premium Model charges a "non-owner" driver premium to cover risks that are not really identified. How does this alternative account for consumers who maintain a license but rarely drive? Or consumers who are trying to reduce their carbon footprint by sharing a vehicle, or buying into a vehicle co-op?

5. Do you believe that switching to one of the other alternative models presented in this paper would improve the overall Autopac premium rating system in terms of fairness, affordability, ease of use, etc.?

This is a vital question to this discussion, and one that cannot really be answered with any certainty in the absence of further costing information, and the results of

CAC Manitoba comments on MPI discussion document cont.

engagement with consumers. CAC Manitoba would like to request that MPI prepare a costing model comparing the Registered Owner Model with the Primary Driver Model, and any other model that consumers, stakeholders, or MPI are seriously considering. The costing should include the financial impact on premium revenue and the costs of modifying the systems. We would ask that the costing comparison be shared with stakeholders.

6. Is there anything else you would like us to consider when evaluating possible changes to the Autopac premium rating system?

We would be interested in any research MPI has done into other jurisdictions that use either a system similar to Manitoba's current system, one of the four alternate systems, or any other viable system, particularly if it is perceived to be successful.

Summing up

CAC Manitoba commends MPI for engaging consumers and stakeholders early in the process, while there are several alternatives being discussed. We hope this is the beginning of an ongoing dialogue that will include:

- sharing of results from engagement already conducted
- sharing of information on the dislocation of premiums with the Registered Owner Model
- preparation and sharing of a costing model comparing the Registered Owner Model with the Primary Driver Model (and other models that are being seriously considered), including the financial impact on premium revenue and the costs of modifying the systems
- sharing of any research MPI has gathered on alternative models currently being used in other jurisdictions

CAC Manitoba would like to thank MPI for the opportunity to comment on this discussion document.

Appendix C: Survey Questions

Primary Survey Questions

Introduction

Hello, my name is [INSERT NAME] with [INSERT COMPANY NAME]. I am calling on behalf of Manitoba Public Insurance to discuss how auto insurance premiums are determined in Manitoba.

Verify age

Household-Vehicle-Driver demographic profile

[TRANSITION STATEMENT] We would like to understand more about the drivers and vehicles in your household.

HD1. How many people age 16 or older live in your household? Please include yourself.

[RANGE 1+]

HD2. How many vehicles are owned or leased in your household? (Note: We are only looking for vehicles that can be driven on the road. This does not include off-road vehicles such as ATVs or snowmobiles.)

[IF ONLY ONE PERSON 16+ IN HD1 - ELSE SKIP TO HD5]

HD3. Do you have a license to drive?

Yes

No

[IF ONLY ONE PERSON 16+ IN HD1 AND YES IN HD3 - ELSE SKIP TO HD5]

HD4. Do you regularly drive? (NOTE: By 'regularly' we mean at least once per week.)

Yes

No

[IF MORE THAN ONE PERSON 16+ IN HD1 - ELSE SKIP TO HD8]

HD5. How many of the people age 16 and older in your household are currently licensed to drive? Please include all licensed drivers, regardless of the class or stage of their license or if they regularly drive.

[RANGE 0 TO NUMBER OF PEOPLE 16+]

[IF ONLY ONE LICENSE HOLDER IN HD5 - ELSE SKIP TO HD8]

HD6. Does this person regularly drive a vehicle?

Yes

No

[IF MORE THAN ONE LICENSE HOLDER IN HD5 – ELSE SKIP TO HD8]

HD7. How many of the drivers in your household regularly drive a vehicle?

[IF MORE THAN ONE VEHICLE OWNED/LEASED IN HD2 – ELSE SKIP TO HD9]

HD8. How many of the vehicles in your household are currently registered?

[RANGE 0 TO NUMBER OF VEHICLES OWNED/LEASED]

[IF ONLY ONE VEHICLE OWNED/LEASED IN HD2 OR ONLY ONE VEHICLE REGISTERED IN HD8 – ELSE SKIP TO HD10]

HD9. Is the vehicle in your household registered by the person who drives it most often? That is, is the person who drives this vehicle most often the individual named on the insurance policy?

Yes, registered by the person who drives it most often

No, registered by someone else

[IF MORE THAN ONE VEHICLE REGISTERED IN HD8 – ELSE SKIP TO HD11]

HD10. Are all of the vehicles in your household registered under the same person? That is, is the person named on the insurance policy the same person for all vehicles in the household?

Yes, all registered by the same person

No, there is more than one registered owner

[ASK FOR EACH VEHICLE REGISTERED]

HD11. Is this vehicle regularly driven by only one or by more than one driver? If more than one, by how many drivers in total?

Only one driver

RECORD NUMBER OF DRIVERS [RANGE 2+]

[IF MORE THAN ONE VEHICLE REGISTERED AND MORE THAN ONE POLICY HOLDER – ASK FOR EACH VEHICLE REGISTERED]

HD12. Is the registered owner for this vehicle, that is, the individual named on the insurance policy, the person who drives it most often?

Yes, registered by the person who drives it most often

No, registered by someone else

Underlying Values Prioritization

[TRANSITION STATEMENT] I'd like to discuss some of the underlying philosophy at work in Manitoba's Autopac system. In Manitoba, the costs of the auto insurance plan, which includes coverage for physical damage, property damage and bodily injury claims, are covered through two sources: driver insurance premiums and vehicle insurance premiums. The driver insurance premium, ranging from \$15 to \$3,000, depending on the licence holder's Driver Safety Rating level, is charged on every Manitoban's driver's licence. Collecting this premium ensures that all Manitoba drivers share some of the risk of accidents, regardless of whether they own a vehicle or not. Vehicle insurance premiums cover most of the costs of the auto insurance plan. Pricing for vehicle premiums depends on where you live, how the vehicle is used, the kind of vehicle you own, and the registered owner's Driver Safety Rating level. Vehicle insurance premiums are paid for by the registered owner of the vehicle.

[ALTERNATE TRANSITION STATEMENT] I'd like to discuss some of the underlying philosophy at work in Manitoba's Autopac system. In Manitoba, the costs of the auto insurance plan are covered by driver insurance premiums and vehicle insurance premiums. The driver insurance premium is charged on every Manitoban's driver's licence and ensures that all Manitoba drivers share some of the financial risk of accidents. Vehicle insurance premiums cover most of the costs of the auto insurance plan and are paid for by the registered owner of the vehicle.

VP1. I'd like to know how much you agree or disagree with some of the guiding principles behind how auto insurance premiums could be set in Manitoba. I am going to read you a statement and I'd like to know if you agree or disagree with the statement, using a 7-point scale where 1 means you strongly disagree and 7 means you strongly agree. How much do you agree or disagree that...
[READ STATEMENT - RANDOMIZE ORDER]

STATEMENTS:

No one should be denied insurance, that is, everyone should have access to coverage
Drivers should be encouraged to act responsibly behind the wheel
All drivers should share the financial risk of accidents, regardless of whether they own a vehicle
Drivers who have more at-fault auto insurance claims should pay higher insurance premiums
Drivers with a poor or bad driving history should pay higher insurance premiums
Less experienced drivers should pay higher insurance premiums

VP2. I'd like to know how much priority you feel should be given to some specific concepts, or values, when implementing an auto insurance model for Manitoba. I am going to read you a value statement and I'd like to know if you think it should be a top priority or not. Please use a 7-point scale where 1 means it should not be a priority at all and 7 means it should be a top priority. How much priority should be given to... [READ VALUE STATEMENT - RANDOMIZE ORDER]

VALUES:

Fairness [IF ASKED FOR A DEFINITION, SAY: "Fairness means whatever it does to you."
Affordability for less experienced drivers
Ease of use, that is, easy to purchase
Ease of understanding, that is, knowing how the rate is set
Rewarding having a good driving record
Accurately pricing risk, that is, paying the right price or rate
The amount of personal information required to get vehicle insurance

VP3. I'd like to know what you consider to be the top three priorities that should be considered when implementing an insurance model for Manitoba. Please think about the seven statements we previously discussed. These were [RE-READ ALL VALUES IN ORDER THEY WERE ASKED IN FOR VP2]. Now please tell me...

Which is the top priority value?
Which is the second priority?
Which is the third priority?

VALUES:

Fairness
Affordability for less experienced drivers
Ease of use, that is, easy to purchase
Ease of understanding, that is, knowing how the rate is set
Rewarding having a good driving record
Accurately pricing risk, that is, paying the right price or rate
The amount of personal information required to get vehicle insurance

[NOTE: THE DATA COLLECTION VENDOR WILL BE ASKED TO COMMENT ON THE BEST PRACTICE TO ADMINISTER THIS QUESTION, BE IT RE-READING ALL THE STATEMENTS, SOME OF THE STATEMENTS, NONE OF THE STATEMENTS, ETC.]

Model Assessment

[TRANSITION STATEMENT] I'd now like to discuss several models that could be used to set your driver insurance premiums and vehicle insurance premiums. It is important to know that the Driver Safety Rating impacts all the models we will discuss. Your position on the Driver Safety Rating scale depends on your driving record, which reflects your years of safe driving, and your accident and traffic conviction history. Driving safely moves a driver up the scale, while at-fault claims, traffic violations, and driver suspensions move a driver down the scale. Simply put, good driving increases your rating and bad driving decreases your rating. A positive Driver Safety Rating results in lower driver insurance premiums and vehicle insurance premiums.

[ALTERNATE TRANSITION STATEMENT] I'd now like to discuss several models that could be used to set your driver insurance premiums and vehicle insurance premiums. It is important to know that the Driver Safety Rating impacts all the models we will discuss. Your Driver Safety Rating depends on your driving record, and good driving increases your rating while bad driving decreases it. A positive Driver Safety Rating results in lower driver and vehicle insurance premiums.

[CURRENT MODEL DESCRIPTION]

[MODEL NAME] Registered Owner Model

The first model we will discuss is the current model used in Manitoba, called the Registered Owner Model. Under the Registered Owner Model, the Driver Safety Rating of the registered owner of the vehicle is used to calculate the vehicle insurance premiums, regardless of how many other drivers drive the vehicle or the driving records of the other drivers. This model prioritizes the values of ease of administration and ease of understanding.

[ALTERNATE MODEL DESCRIPTION] The first model we will discuss is the current model used in Manitoba, called the Registered Owner Model. Under the Registered Owner Model, a vehicle's premium is based on the Driver Safety Rating of the registered owner of the vehicle regardless of how many other drivers drive the vehicle or the driving records of the other drivers.

MA1. The Registered Owner Model is the current model used to set vehicle insurance premiums. How fair do you believe it is to use this model? Would you say it is **[READ RESPONSES – RANDOMLY REVERSE ORDER]**?

- Completely fair
- Somewhat fair
- Somewhat unfair
- Completely unfair

MA2. And why do you say that the Registered Owner Model is **[INSERT RESPONSE FROM PREVIOUS]**? **[RECORD VERBATIM]** PROMPT: Any other reasons?

[TRANSITION STATEMENT] Now I'd like to discuss several alternative models that could be used to set driver insurance premiums and vehicle insurance premiums for Manitobans.

[PRESENT EACH MODEL TO THE RESPONDENT IN RANDOM ORDER. AFTER PRESENTING THE MODEL DESCRIPTION, ASK THE QUESTIONS BEFORE MOVING TO THE NEXT MODEL]

The first alternative model is the...

The second alternative model is the...

A third alternative model is the...

The last alternative model is the...

[MODEL NAME] Primary Driver Model

[MODEL DESCRIPTION] Under the Primary Driver Model, a vehicle's insurance premium would be based on the Driver Safety Rating level of the primary driver of the vehicle, the one who drives the vehicle the most. The vehicle owner would be required to identify the primary driver for the vehicle, and ensure that the primary driver information is updated every time it changes. The owner of the vehicle would pay vehicle premiums based on the risk presented by the primary driver of the vehicle, regardless of the Driver Safety Rating of the vehicle owner or others who may also drive the vehicle from time to time. This model prioritizes the value of ease of understanding. This model requires more information sharing between customers and MPI compared to the current model.

[MODEL NAME] All Household Drivers Model

[MODEL DESCRIPTION] Under the All Household Drivers Model, the vehicle's insurance premium would be based on the Driver Safety Rating levels of all the drivers in the household. Vehicle insurance premiums could be based on the combined or average Driver Safety Rating of all drivers in the household, assuming that all vehicles in the household are being driven equally by all drivers in the household. Another option under this alternative is to assign vehicles to specific drivers, although how they would be assigned has not yet been determined. This model prioritizes fairness by more closely aligning driver risk and insurance premiums. This model requires more information sharing between customers and MPI compared to the current model. Some people may find this model to be more complicated to understand and more complex to administer.

[MODEL NAME] Declared Drivers Model

[MODEL DESCRIPTION] Under the Declared Drivers model, the vehicle owner insuring the vehicle would be required to list all of the regular drivers of their vehicle on their insurance policy. A regular driver could be someone who drives the vehicle a certain number of times in a defined period of time. Vehicle insurance premiums could be determined based on the average Driver Safety Rating level of the listed, or declared drivers, on the Driver Safety Rating level of the lowest rated driver, or on some other basis. Benefits of this model include increased fairness by more closely matching driver risk and insurance premiums. This model will require more information sharing between customers and MPI compared to the current model. Some people may find this model to be more complicated to understand and more complex to administer.

[MODEL NAME] Driver Premium Model

[MODEL DESCRIPTION] Under the Driver Premium Model, people who hold a driver's licence but do not register or insure a vehicle in their name would pay an additional "non-owner" driver premium, based on their DSR level. The driver premium collected from these "non-owners" would be used to lower vehicle premiums for the pool of insured vehicles. This, in turn, would improve the actuarial soundness and fairness of the Autopac rating system by placing more financial responsibility on drivers rather than assigning almost all of the financial responsibility to people with auto insurance policies. Benefits of this model include ease of customer understanding, and ease of administration. This model will require less information sharing with MPI compared to some other alternative models.

[QUESTIONS TO BE ASKED AFTER EACH MOEDL DESCRIPTION]

After hearing this description of the [INSERT MODEL NAME], how fair do you believe it is to use this model to set Autopac premiums for Manitoba drivers? Would you say it is [READ RESPONSES – RANDOMLY REVERSE ORDER]?

Completely fair
Somewhat fair
Somewhat unfair
Completely unfair

MA4. And why do you say that the [INSERT MODEL NAME] is [INSERT RESPONSE FROM PREVIOUS]?
[RECORD VERBATIM] PROMPT: Any other reasons?

MA5. Do you have any questions or concerns regarding the [INSERT MODEL NAME]?
PROMPT: Any other questions or concerns?

None/ No questions

RECORD VERBATIM QUESTIONS

Overall Model Preference

[NOTE: READ A BRIEF SUMMARY OF EACH MODEL IF NECESSARY OR ASKED]

Registered Owner Model

Under the Registered Owner Model, the current model used in Manitoba, a vehicle's premium is based on the Driver Safety Rating of the registered owner of the vehicle regardless of how many other drivers drive the vehicle or the driving records of the other drivers.

Primary Driver Model

Under the Primary Driver Model, a vehicle's premium would be based on the Driver Safety Rating of the primary driver of the vehicle, the one who drives the vehicle the most.

All Household Drivers Model

Under the Household Drivers Model, the vehicle's insurance premium would be based on the Driver Safety Rating of all the drivers in the household.

Declared Drivers Model

Under the Declared Drivers Model, the vehicle's insurance premium would be based on the Driver Safety Ratings of all the declared drivers listed on the vehicle's policy.

Driver Premium Model

Under the Driver Premium Model, people who hold a driver's licence but do not register or insure a vehicle in their name would pay an additional "non-owner" driver premium, based on their Driver Safety Rating. The driver premium collected from these "non-owners" would be used to lower vehicle premiums for the pool of insured vehicles.

[TRANSITION STATEMENT] Now that we've had a chance to discuss all five models, I'd like to get your thoughts regarding which one model you feel is the best for Manitoba overall.

MP1. Considering the five models, which one do you believe [INSERT STATEMENT]? [CHOOSE ONE RESPONSE]

STATEMENTS:

- Is the best to accurately determine vehicle and driver premiums based on driver risk
- Would best encourage safe driving among drivers
- Would ensure that all drivers share the financial risk of accidents
- Is the most fair for setting the vehicle and driver premiums
- Would be the most affordable for all Manitobans
- Is the easiest for all Manitobans to use
- Is the easiest for all Manitobans to understand

[PRESENT RESPONSES IN THIS ORDER – THE CURRENT Registered Owner Model, FOLLOWED BY THE FOUR ALTERNATIVE MODELS IN THE ORDER THEY WERE PRESENTED]

- (The current) Registered Owner Model
- Primary Driver Model
- All Household Drivers Model
- Declared Drivers Model
- Driver Premium Model

MP2. If you were to choose one of these models to use for setting vehicle and driver premiums in Manitoba, which would you choose?

[PRESENT MODELS IN THIS ORDER – THE CURRENT Registered Owner Model, FOLLOWED BY THE FOUR ALTERNATIVE MODELS IN THE ORDER THEY WERE PRESENTED]

- (The current) Registered Owner Model
- Primary Driver Model
- All Household Drivers Model
- Declared Drivers Model
- Driver Premium Model

MP3. Why would you choose that model? [RECORD VERBATIM] PROMPT: Any other reasons?

MP4. Is there anything else you think should be considered when evaluating possible alternatives to the Autopac premium rating system in Manitoba? [RECORD VERBATIM] PROMPT: Anything else?

[END SURVEY]

Those are all the questions I have. On behalf of myself, [THE VENDOR], and Manitoba Public Insurance, thank you for your time today.

ePanel - Another Driver Safety Rating Survey Available

Hello

Recently, you participated in an ePanel survey about Manitoba Public Insurance's public consultations on the Driver Safety Rating system. We would like to follow up on that survey and get a more detailed understanding of how you think about the underlying philosophy at work in Manitoba's Autopac system.

Please click the survey link before Monday, April 26 to provide your feedback. This survey should take about 15 minutes to complete:

Your individual responses will remain confidential and will only be reported in aggregate form. This means your responses will never be individually disclosed – only overall results (combined from all participants' input) will be reported.

Members of our Voice of the Customer ePanel who complete this survey will have the opportunity to complete another survey on this same topic next week. That one will dig deeper into some of the insurance models explored in the first survey.

Some Manitobans choose to have a single person register all of the vehicles in their household while others choose to have different people register different vehicles. Do you feel this practice is:

- Completely fair
- Somewhat fair
- Somewhat unfair
- Completely unfair

Why do you say that?

While many Manitobans agree that no one should be denied insurance, what do you think would be circumstances that would warrant denying someone vehicle insurance, if any?

- None – No circumstances would warrant denying insurance to someone
- Yes – Specify circumstances

Many Manitobans have indicated that they agree that all drivers should share the financial risk of accidents, regardless of whether they own a vehicle. In your opinion, what is the best way to ensure that drivers who don't register a vehicle share this risk?

Manitobans have different views when it comes to whether or not less experienced drivers should pay higher insurance premiums. Under what circumstances, if any, would you say that less experienced drivers should pay more?

- None – No circumstances would warrant this
- Yes – Specify circumstances

A majority of Manitobans agree that fairness is a primary value that needs to be considered when setting insurance premiums. In an auto insurance context, what does fairness mean to you?

Rewarding having a good driving record is ranked as a top priority by a majority of Manitobans. In your opinion, what is the best way for an insurance system to reward a good driving record?

Paying the right price or rate is a priority for a majority of Manitobans. How do you know you are paying the right price for your auto insurance premium?

END SURVEY

ePanel - A Third Driver Safety Rating Survey Available

Hello

Recently, you participated in an ePanel survey about Manitoba Public Insurance's public consultations on the Driver Safety Rating system. We would like to follow up on that survey and get a more detailed understanding of how you think about the alternate rate setting models presented for Manitoba's Autopac system. This is the third and final survey in our series about this topic.

Please click the survey link before Wednesday, May 15 to provide your feedback.
This survey should take about 15 minutes to complete:

In a previous survey, you reviewed and responded to several alternative models that could be used to set driver insurance premiums and vehicle insurance premiums for Manitobans. We would like to know what you think are the strengths and weaknesses of each of these models.

INSERT DESCRIPTION OF MODEL

A majority of Manitobans have told us that they think this model is fair.

A majority of Manitobans have told us that they think this model is not fair.

Manitobans appear to be divided on this model, with about half saying it is fair and half saying it is not fair.

What do you think are the strengths of this model? (Please select all that apply)

It is fair for all Manitobans

It would be affordable for less experienced drivers

It would be easy to use, that is, easy to purchase

It is easy to understand, that is, to know how the rate is set

It rewards good driving behaviour

It ensures that you pay the right price or rate

It requires sharing an acceptable amount of personal information to get vehicle insurance

None of the above

What are the other strengths of this model that you would include?

That is, why would someone choose this model over others?

What do you think are the primary weaknesses of this model? (Please select all that apply)

It is not fair for all Manitobans

It would not be affordable for less experienced drivers

It would not be easy to use, that is, not easy to purchase

It is not easy to understand, that is, not easy to know how the rate is set

It does not reward good driving behaviour

It does not ensure that you pay the right price or rate

It requires sharing too much personal information to get vehicle insurance

None of the above

Are there any other weakness of this model that you can think of?

That is, why would someone recommend not using this model?

END SURVEY

Appendix D: Advertising/ Media Relations



Share your views.

Manitoba Public Insurance welcomes your input on our current method of applying the Driver Safety Rating (DSR) in pricing insurance coverage and on potential alternatives.

Complete the survey at: mpi.mb.ca



Newspaper print ads
English and French.



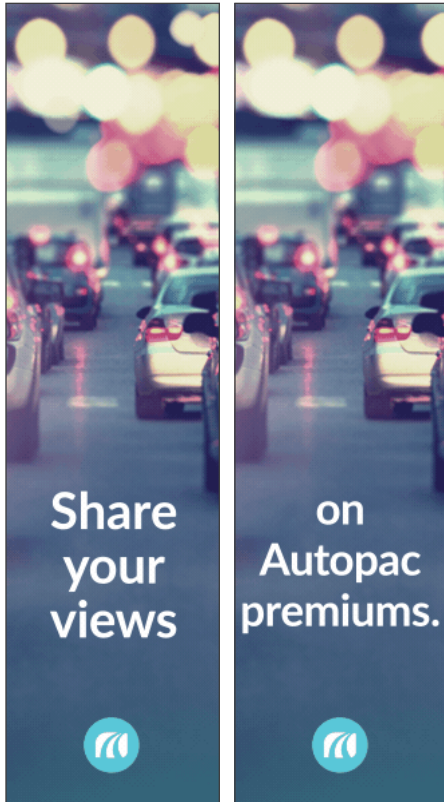
Exprimez votre point de vue.

La Société d'assurance publique du Manitoba accueille vos commentaires sur notre modèle courant d'établissement des tarifs d'assurance, qui utilise les cotes de conduite, et sur des modèles de rechange potentiels.

Participez au sondage sur le site Web mpi.mb.ca.



Online ads, animated (frames shown)



"Skyscraper" size (160 x 600 px)



"Big Box" size (300 x 250 px)

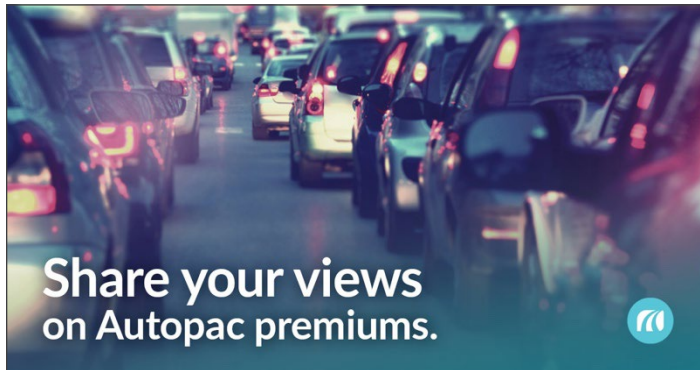


"Leaderboard" size (160 x 600 px)

Social Media Ads

Facebook:

Text: MPI Welcomes Your Input

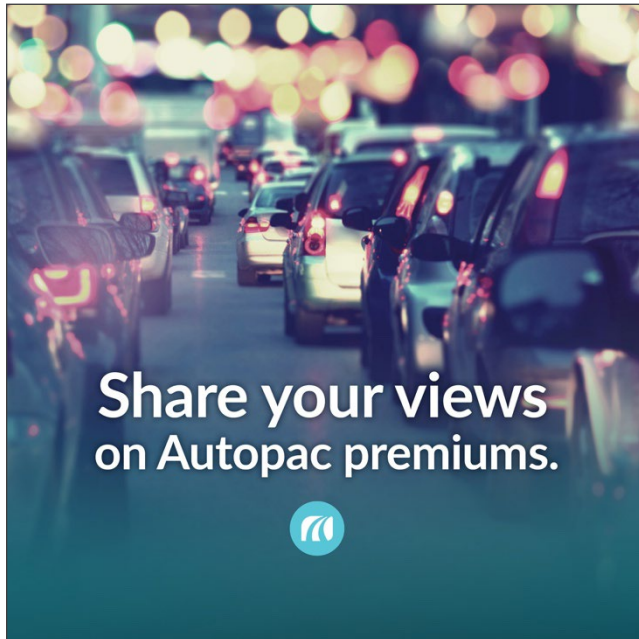


(headline not required)

Link Description: Complete Survey

Links to: www.mpi.mb.ca

Instagram:



Manitoba Public Insurance welcomes your input on our current method of applying the Driver Safety Rating (DSR) in pricing insurance coverage and on potential alternatives we are considering to ensure fairness to all Manitobans. Complete the survey at www.mpi.mb.ca



CMMG (MPI) 2-14

Part and Chapter:	Part VII Investments	Page No.:	
PUB Approved Issue No:	8 performance of the investment portfolio and composition of i) the portfolio, ii) benchmark portfolio(s) on a market value basis		
Topic:			
Sub Topic:			

Preamble to IR:**Question:**

- a) Please provide an update to CMMG (MPI) 1-10 updating charts for all shadow portfolios showing returns spread from August 2020 – August 2021.
- b) Please provide an update of the basic actual returns for the period from August 2020 to August 2021 similar to that provided in MPI Undertaking #12 from 2021 GRA.

Rationale for Question:

To examine the returns of the basic portfolio when compared with those of the shadow portfolios.

RESPONSE:

- a) Please refer to Appendix 1, which provides monthly returns and the annualized return from July 2020 to July 2021, as August 2021 data was not available at the time of the writing of this response.

- b) Please refer to *Appendix 2*, which provides monthly returns and the annualized return from July 2020 to July 2021 as August 2021 data was not available at the time of the writing of this response.

Basic Portfolio Policy Weights - Passive Benchmark Returns

	Asset Allocation	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Jul 2020-Jul 2021
Asset Class	Weights (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)
Fixed Income														
Real Return Bonds	0.0%	0.80%	0.00%	-0.75%	2.33%	0.27%	-2.46%	-3.82%	-1.59%	-1.90%	3.78%	1.68%	1.64%	-0.29%
Mid-Term Provincials	33.0%	-0.43%	0.57%	-0.42%	0.35%	0.63%	-0.51%	-3.17%	-0.99%	0.66%	0.56%	0.53%	1.47%	-0.83%
Long-Term Provincials	27.0%	-3.07%	0.44%	-1.83%	2.24%	0.36%	-3.14%	-2.68%	-4.24%	-0.14%	1.62%	2.70%	1.48%	-6.38%
Mid-Term Corporate	9.0%	0.13%	0.09%	-0.45%	1.37%	1.11%	0.03%	-4.25%	-0.78%	0.61%	0.56%	0.37%	1.28%	-0.05%
Long-Term Corporate	11.0%	-2.30%	-0.30%	-1.91%	3.67%	0.97%	-2.15%	-3.27%	-3.10%	-0.88%	1.03%	2.71%	1.49%	-4.25%
MUSH Bonds	20.0%	-1.75%	0.43%	-1.06%	1.28%	0.40%	-1.75%	-3.23%	-2.42%	0.53%	0.44%	0.32%	1.05%	-5.72%
Total	100.0%	-1.56%	0.37%	-1.10%	1.50%	0.59%	-1.60%	-3.16%	-2.37%	0.24%	0.87%	1.30%	1.37%	-3.61%

Notes:

For Real Return Bonds, the monthly returns of the RRB Canada Index were applied.

For other asset classes, the returns were based on the benchmarks as defined in the Investment Policy Statement for each investment portfolio.

Weights as specified in Section 7.1 of the Investment Policy Statement

Shadow Portfolio 1 - Basic (including RRBs)

	Asset Allocation	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Jul 2020-Jul 2021
Asset Class	Weights (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)
Fixed Income														
Real Return Bonds	24.0%	0.80%	0.00%	-0.75%	2.33%	0.27%	-2.46%	-3.82%	-1.59%	-1.90%	3.78%	1.68%	1.64%	-0.29%
Mid-Term Provincials	27.0%	-0.43%	0.57%	-0.42%	0.35%	0.63%	-0.51%	-3.17%	-0.99%	0.66%	0.56%	0.53%	1.47%	-0.83%
Long-Term Provincials	9.0%	-3.07%	0.44%	-1.83%	2.24%	0.36%	-3.14%	-2.68%	-4.24%	-0.14%	1.62%	2.70%	1.48%	-6.38%
Mid-Term Corporate	9.0%	0.13%	0.09%	-0.45%	1.37%	1.11%	0.03%	-4.25%	-0.78%	0.61%	0.56%	0.37%	1.28%	-0.05%
Long-Term Corporate	11.0%	-2.30%	-0.30%	-1.91%	3.67%	0.97%	-2.15%	-3.27%	-3.10%	-0.88%	1.03%	2.71%	1.49%	-4.25%
MUSH Bonds	20.0%	-1.75%	0.43%	-1.06%	1.28%	0.40%	-1.75%	-3.23%	-2.42%	0.53%	0.44%	0.32%	1.05%	-5.72%
Total	100.0%	-0.79%	0.25%	-0.92%	1.64%	0.55%	-1.59%	-3.40%	-1.93%	-0.23%	1.46%	1.18%	1.41%	-2.48%

Notes:

For Real Return Bonds, the monthly returns of the RRB Canada Index were applied.

For other asset classes, the returns were based on the benchmarks as defined in the Investment Policy Statement for each investment portfolio.

Shadow Portfolio 2
Shadow Portfolio - P2 Basic Unconstrained

	Asset Allocation	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Jul 2020-Jul 2021	
Asset Class	Weights (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	
Fixed Income	Short-Term Provincials	22.0%	-0.01%	0.21%	-0.03%	0.15%	0.22%	0.11%	-0.95%	-0.75%	0.22%	0.15%	-0.20%	0.43%	-0.46%
	Mid-Term Provincials	10.0%	-0.43%	0.57%	-0.42%	0.35%	0.63%	-0.51%	-3.17%	-0.99%	0.66%	0.56%	0.53%	1.47%	-0.83%
	MUSH Bonds	10.0%	-1.75%	0.43%	-1.06%	1.28%	0.40%	-1.75%	-3.23%	-2.42%	0.53%	0.44%	0.32%	1.05%	-5.72%
	Private Debt-Universe	15.0%	-1.13%	0.32%	-0.76%	1.03%	0.37%	-1.11%	-2.52%	-1.49%	0.06%	0.63%	0.96%	1.03%	-2.65%
	3X Real Return Bonds	16.0%	2.36%	-0.04%	-2.27%	6.99%	0.77%	-7.40%	-11.44%	-4.83%	-5.72%	11.32%	5.02%	4.90%	-2.71%
Public Equities	Canadian Equity	13.0%	2.93%	-2.42%	-2.82%	11.67%	2.99%	0.41%	5.43%	3.58%	2.60%	3.56%	2.21%	0.22%	33.95%
	Private Equity	5.0%	2.35%	-2.06%	-3.11%	10.57%	1.72%	-0.32%	4.36%	3.87%	2.39%	3.44%	2.48%	0.80%	29.14%
Alternatives	Real Estate	7.0%	0.18%	0.25%	0.77%	0.47%	0.11%	0.91%	0.83%	0.83%	0.83%	0.83%	0.61%	0.96%	7.85%
	Infrastructure	2.0%	0.26%	0.33%	0.85%	0.55%	0.19%	0.99%	0.91%	0.91%	0.91%	0.91%	0.69%	1.04%	8.89%
Total	100.0%	0.50%	-0.21%	-1.08%	3.56%	0.82%	-1.43%	-2.06%	-0.77%	-0.21%	2.75%	1.46%	1.44%	5.01%	

Notes:

The 3X Real Return Bonds returns were based on the monthly returns of the RRB Canada Index and borrowing costs at the 91 day Tbill rate.

The allocation to the Diversified Growth Fund (1%) was added to the Real Estate allocation (6%).

For Private Equity, return was assumed to be zero for first 12 months due to the J-curve (returns of the S&P/TSX Total Return Index would be used after 12 months)

The "J-curve" reflects the reality that for private investments there is usually an initial period where expenses are incurred with little return to offset the expenses.

For other asset classes, the returns were based on the benchmarks as defined in the Investment Policy Statement for each investment portfolio.

**EFB Portfolio Policy Weights - Passive Benchmark Returns
With J-Curve Effect**

	Asset Allocation	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Jul 2020-Jul 2021
Asset Class	Weights (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)
Fixed Income														
Real Return Bonds	0.0%	0.80%	0.00%	-0.75%	2.33%	0.27%	-2.46%	-3.82%	-1.59%	-1.90%	3.78%	1.68%	1.64%	-0.29%
Long-Term Corporate	20.0%	-2.30%	-0.30%	-1.91%	3.67%	0.97%	-2.15%	-3.27%	-3.10%	-0.88%	1.03%	2.71%	1.49%	-4.25%
Private Debt-Long	20.0%	-3.01%	0.41%	-1.87%	2.37%	0.37%	-3.05%	-4.19%	-3.86%	-0.50%	1.39%	2.81%	1.53%	-7.67%
Public Equities														
Canadian Equity	10.0%	2.93%	-2.42%	-2.82%	11.67%	2.99%	0.41%	5.43%	3.58%	2.60%	3.56%	2.21%	0.22%	33.95%
Global Equity (large cap)	18.0%	3.72%	-1.46%	-2.86%	9.73%	2.56%	-0.72%	1.83%	2.20%	2.27%	-0.37%	4.35%	2.34%	25.61%
Global Equity (low vol)	7.0%	3.72%	-1.46%	-2.86%	9.73%	2.56%	-0.72%	1.83%	2.20%	2.27%	-0.37%	4.35%	2.34%	25.61%
Alternatives														
Real Estate	15.0%	0.18%	0.25%	0.77%	0.47%	0.11%	0.91%	0.83%	0.83%	0.83%	0.83%	0.61%	0.96%	7.85%
Infrastructure	10.0%	0.26%	0.33%	0.85%	0.55%	0.19%	0.99%	0.91%	0.91%	0.91%	0.91%	0.69%	1.04%	8.89%
Total	100.0%	0.21%	-0.51%	-1.56%	4.93%	1.24%	-0.94%	-0.27%	-0.27%	0.77%	0.96%	2.57%	1.46%	9.48%

September 2, 2021

Notes:

Global Equity (large cap) and Global Equity (low vol) returns were based on the returns of the MSCI Net World Index in USD converted into CAD.

For other asset classes, the returns were based on the benchmarks as defined in the Investment Policy Statement for each investment portfolio (effective August 8, 2019).

Weights as specified in Section 7.1 of the Investment Policy Statement

**Shadow Portfolio - P3 EFB (including RRBs)
With J-Curve Effect**

	Asset Allocation	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Jul 2020-Jul 2021
Asset Class	Weights (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)
Fixed Income														
Real Return Bonds	10.0%	0.80%	0.00%	-0.75%	2.33%	0.27%	-2.46%	-3.82%	-1.59%	-1.90%	3.78%	1.68%	1.64%	-0.29%
Long-Term Corporate	10.0%	-2.30%	-0.30%	-1.91%	3.67%	0.97%	-2.15%	-3.27%	-3.10%	-0.88%	1.03%	2.71%	1.49%	-4.25%
Private Debt-Long	20.0%	-3.01%	0.41%	-1.87%	2.37%	0.37%	-3.05%	-4.19%	-3.86%	-0.50%	1.39%	2.81%	1.53%	-7.67%
Public Equities														
Canadian Equity	10.0%	2.93%	-2.42%	-2.82%	11.67%	2.99%	0.41%	5.43%	3.58%	2.60%	3.56%	2.21%	0.22%	33.95%
Global Equity (large cap)	18.0%	3.72%	-1.46%	-2.86%	9.73%	2.56%	-0.72%	1.83%	2.20%	2.27%	-0.37%	4.35%	2.34%	25.61%
Global Equity (low vol)	7.0%	3.72%	-1.46%	-2.86%	9.73%	2.56%	-0.72%	1.83%	2.20%	2.27%	-0.37%	4.35%	2.34%	25.61%
Alternatives														
Real Estate	15.0%	0.18%	0.25%	0.77%	0.47%	0.11%	0.91%	0.83%	0.83%	0.83%	0.83%	0.61%	0.96%	7.85%
Infrastructure	10.0%	0.26%	0.33%	0.85%	0.55%	0.19%	0.99%	0.91%	0.91%	0.91%	0.91%	0.69%	1.04%	8.89%
Total	100.0%	0.52%	-0.48%	-1.44%	4.80%	1.17%	-0.98%	-0.33%	-0.12%	0.67%	1.24%	2.47%	1.47%	9.88%

Notes:

Global Equity (large cap) and Global Equity (low vol) returns were based on the returns of the MSCI Net World Index in USD converted into CAD.

For Private Debt, return was assumed to be zero for first 12 months due to the J-curve.

The "J-curve" reflects the reality that for private investments there is usually an initial period where expenses are incurred with little return to offset the expenses.

For other asset classes, the returns were based on the benchmarks as defined in the Investment Policy Statement for each investment portfolio.

Shadow Portfolio - P4 EFB With J-Curve Effect

	Asset Allocation	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Jul 2020-Jul 2021	
Asset Class	Weights (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	Returns (%)	
Fixed Income	Mid-Term Provincials	20.0%	-0.43%	0.57%	-0.42%	0.35%	0.63%	-0.51%	-3.17%	-0.99%	0.66%	0.56%	0.53%	1.47%	-0.83%
	MUSH Bonds	10.0%	-1.75%	0.43%	-1.06%	1.28%	0.40%	-1.75%	-3.23%	-2.42%	0.53%	0.44%	0.32%	1.05%	-5.72%
	Private Debt-Universe	15.0%	-1.13%	0.32%	-0.76%	1.03%	0.37%	-1.11%	-2.52%	-1.49%	0.06%	0.63%	0.96%	1.03%	-2.65%
Public Equities	3X Real Return Bonds	8.5%	2.36%	-0.04%	-2.27%	6.99%	0.77%	-7.40%	-11.44%	-4.83%	-5.72%	11.32%	5.02%	4.90%	-2.71%
	3X Long-Term Provincials	18.5%	-9.23%	1.28%	-5.51%	6.72%	1.04%	-9.44%	-8.02%	-12.78%	-0.44%	4.84%	8.08%	4.42%	-19.84%
	Canadian Equity	14.0%	2.93%	-2.42%	-2.82%	11.67%	2.99%	0.41%	5.43%	3.58%	2.60%	3.56%	2.21%	0.22%	33.95%
	Private Equity	6.0%	2.35%	-2.06%	-3.11%	10.57%	1.72%	-0.32%	4.36%	3.87%	2.39%	3.44%	2.48%	0.80%	29.14%
Alternatives	Real Estate	3.0%	0.18%	0.25%	0.77%	0.47%	0.11%	0.91%	0.83%	0.83%	0.83%	0.83%	0.61%	0.96%	7.85%
	Infrastructure	5.0%	0.26%	0.33%	0.85%	0.55%	0.19%	0.99%	0.91%	0.91%	0.91%	0.91%	0.69%	1.04%	8.89%
Total		100.0%	-1.37%	0.00%	-2.03%	4.50%	1.01%	-2.70%	-2.70%	-2.63%	0.20%	2.88%	2.71%	1.95%	2.15%

Notes:

The 3X Real Return Bonds returns were based on the monthly returns of the RRB Canada Index and borrowing costs at the 91 day Tbill rate.

The 3X Long Term Provincials returns were based on the monthly returns of the Long Term Provincial Index and borrowing costs at the 91 day Tbill rate.

For Private Equity, return was assumed to be zero for first 12 months due to the J-curve (returns of the S&P/TSX Total Return Index would be used after 12 months).

For Private Debt, return was assumed to be zero for first 12 months due to the J-curve.

The "J-curve" reflects the reality that for private investments there is usually an initial period where expenses are incurred with little return to offset the expenses.

For other asset classes, the returns were based on the benchmarks as defined in the Investment Policy Statement for each investment portfolio.

Shadow Portfolio Returns vs. Actual Portfolio Returns

July 2020 - July 2021

Shadow Portfolio - P1 Basic

Shadow Portfolio - P2 Basic Unconstrained - With J-Curve Effect*

Passive Return on the Basic Portfolio

Actual Return on the Basic Portfolio

Returns (%)	Passive MPI Return Less Shadow Portfolio
-2.48%	-1.13%
5.01%	-8.62%
-3.61%	
-0.86%	

Shadow Portfolio - P3 EFB - With J-Curve Effect*

Shadow Portfolio - P4 EFB - With J-Curve Effect*

Passive Return on the EFB Portfolio - With J-Curve Effect*

Actual Return on the EFB Portfolio

9.88%	-0.40%
2.15%	7.34%
9.48%	
7.87%	

*The "J-curve" reflects the reality that for private investments there is usually an initial period where expenses are incurred with little return to offset the expenses.

Asset Class	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Jul 31, 2020 - Jul 31, 2021
Provincials	-1.36%	0.57%	-1.06%	1.29%	0.54%	-1.61%	-3.26%	-2.64%	0.32%	1.13%	3.56%	1.29%	-1.44%
Corporate	-0.96%	-0.05%	-1.70%	2.86%	1.19%	-1.20%	-3.15%	-2.72%	0.21%	2.83%	2.81%	1.61%	1.50%
MUSH Bonds	0.37%	0.36%	0.37%	0.36%	0.38%	0.37%	0.33%	0.37%	0.36%	0.37%	0.36%	0.37%	4.46%
Total													-0.86%