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MPI to provide a high-level sizing of what it would cost at that time to implement the primary driver model and how long it would take?

RESPONSE:

The Primary driver is an insurance rating concept which would be implemented in the Duck Creek platform. MPI points out the following Basic assumptions for Primary Driver model implementation:

- Primary driver is implemented after Project Nova is complete
- The implementation would be focused around the required insurance rating configuration supported by Duck Creek; and
- The Primary Driver model is common in the vehicle insurance industry and MPI expects minimal issues configuring Duck Creek to support this type of rating model.

That said, MPI submits that providing a cost or time estimate at this point is unrealistic. There are too many unknowns and outstanding business decisions preventing MPI of budgeting this change with reasonable accuracy. The following are examples of which:

- the relationship of MPI's Driver Safety Rating (DSR) with the registered driver and other rating factors that would need to be considered in the policy rating;
- the impact to Driver Licenses surcharges;
- the rules and complexity of secondary and/or family drivers;
- the impact to our Autopac OnLine Fleet policies;
- the available historical data required to rate policies based on primary driver;
- the need to data mine existing systems to expose the necessary data for rating;
- the complexity of forecasting that would need to be provided to predicate premium costs to MPI's customer segments; and

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- the change management and customers' communication.

Two factors will help reduce the cost of delivering a primary driver solution to customers without "reopening" Project Nova:

- Our new delivery approach, based on lean and agile, will help manage the overall delivery costs and reduce the deliver risk
- The configurabililty of the Duck Creek platform will simplify the IT development work required