

Benchmarking

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MANITOBA
PUBLIC INSURANCE

Agenda

- Current State
- Vehicle Rates Comparison and Average Premium Growth Rate
- Serving Manitobans
- Operational Efficiency
- Maturing Benchmarking Approach and Methodology



Current State

- Focused on continuously improving and providing service/value to Manitobans
- Benchmarking compares MPI to peers, identifies opportunities for improvement
- MPI benchmarks include:
 - **Canadian Vehicle Rates Comparisons and Average Premium Growth**
 - **Serving Manitobans (Forrester)**
 - **Operational Efficiency (Crown)**
 - **Information Technology (IT) (Gartner)**
- Operational Benchmark now Crown Benchmarking Exercise (i.e. MPI, SGI and ICBC)
- IT Benchmarking discussed in detail in IT/NOVA panel



Vehicle Rates Comparison & Average Premium Growth Rate (1/4)

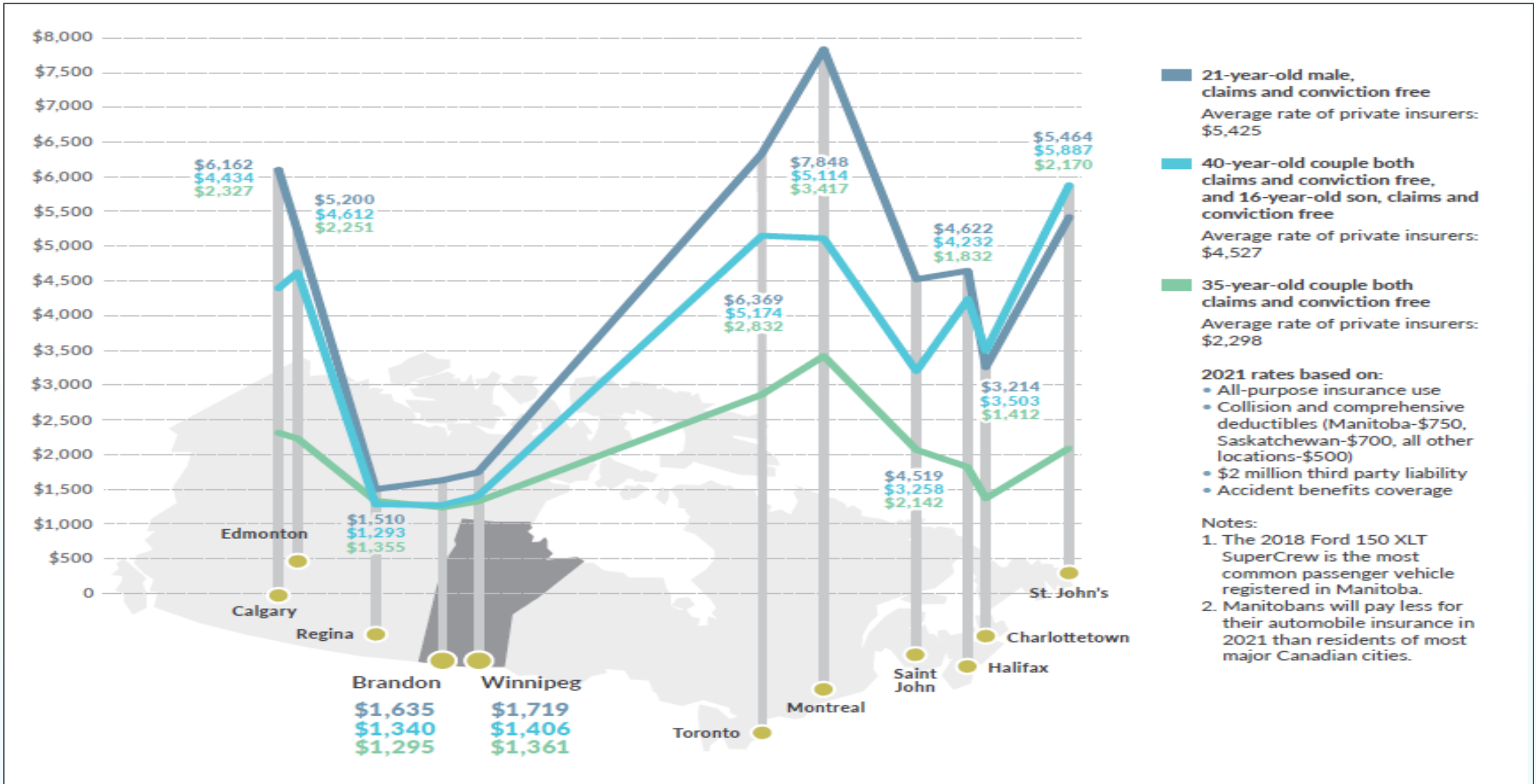


Figure BMK App 2-3

Motorcycle Insurance Rate Comparison by Driver Profile (Winnipeg, Brandon, Calgary, Regina and Toronto)

Line No.	Driver Profile	Motorcycle	Winnipeg MB	Brandon MB	Calgary AB	Regina SK	Toronto ON
21							
22	Driver Profile 5	Motor-Scooter 2013 Honda PCX 150	\$381	\$349	\$1,004	\$539	\$2,104
23	35 year old male; one at-fault claim in the last year and claims and conviction free prior to that	Sport 2007 Yamaha YZF R6	\$1,622	\$1,348	\$1,288	\$1,905	\$2,799
24		Sport-Touring 2011 Suzuki DL650A V-STROM	\$1,018	\$882	\$1,288	\$1,531	\$2,799
25		Touring 2013 Harley Davidson FLHX Street Glide	\$1,248	\$1,075	\$2,504	\$1,901	\$3,362
26		Other 2003 Yamaha V-Star 1100 Classic	\$1,025	\$889	\$1,288	\$1,527	\$3,310
27	Driver Profile 6	Motor-Scooter 2013 Honda PCX 150	\$381	\$349	\$897	\$539	\$2,104
28	50 year old male; one at-fault claim in the last year and claims and conviction free prior to that	Sport 2007 Yamaha YZF R6	\$1,622	\$1,348	\$1,145	\$1,905	\$2,799
29		Sport-Touring 2011 Suzuki DL650A V-STROM	\$1,018	\$882	\$1,145	\$1,531	\$2,799
30		Touring 2013 Harley Davidson FLHX Street Glide	\$1,248	\$1,075	\$2,203	\$1,901	\$3,362
31		Other 2003 Yamaha V-Star 1100 Classic	\$1,025	\$889	\$1,145	\$1,527	\$3,310
32	Driver Profile 7	Motor-Scooter 2013 Honda PCX 150	\$505	\$466	\$1,219	\$755	\$2,462
33	21 year old male; one at-fault claim within the last year and claims and convictions free prior to that	Sport 2007 Yamaha YZF R6	\$2,111	\$1,782	\$1,573	\$2,463	\$3,281
34		Sport-Touring 2011 Suzuki DL650A V-STROM	\$1,363	\$1,186	\$1,573	\$1,995	\$3,281
35		Touring 2013 Harley Davidson FLHX Street Glide	\$1,658	\$1,438	\$3,068	\$2,458	\$3,956
36		Other 2003 Yamaha V-Star 1100 Classic	\$1,372	\$1,195	\$1,573	\$1,991	\$3,879
37	Driver Profile 8	Motor-Scooter 2013 Honda PCX 150	\$381	\$349	\$882	\$539	\$2,104
38	65 year old male; one at-fault claim in the last year and claims and convictions free prior to that	Sport 2007 Yamaha YZF R6	\$1,622	\$1,348	\$1,123	\$1,905	\$2,799
39		Sport-Touring 2011 Suzuki DL650A V-STROM	\$1,018	\$882	\$1,123	\$1,531	\$2,799
40		Touring 2013 Harley Davidson FLHX Street Glide	\$1,248	\$1,075	\$2,517	\$1,901	\$3,362
41		Other 2003 Yamaha V-Star 1100 Classic	\$1,025	\$889	\$1,123	\$1,527	\$3,310



Vehicle Rates Comparison & Average Premium Growth Rate (3/4)

MPI rates are among lowest in Canada for taxi cabs

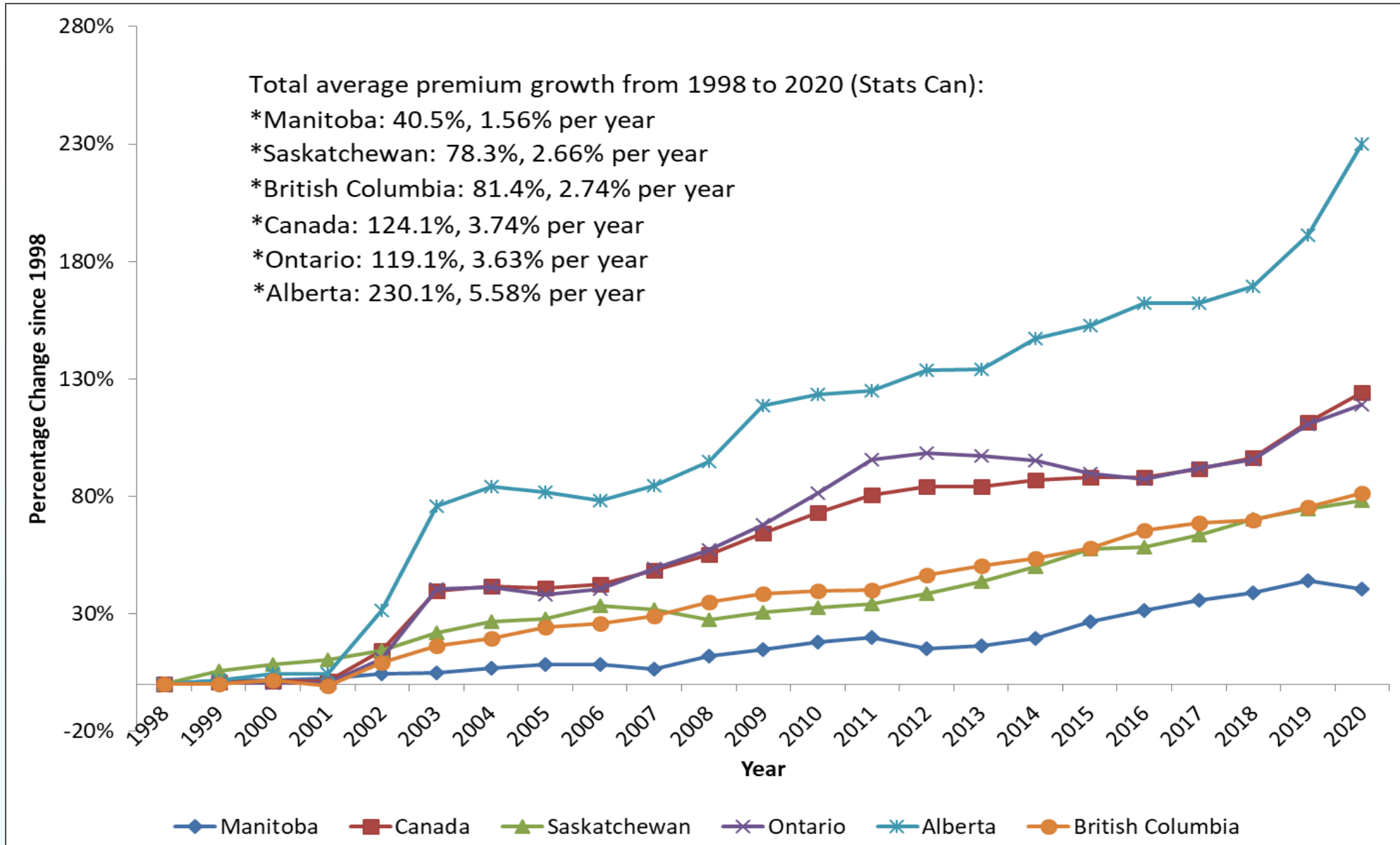
Figure BMK- 3 Taxi Cab Insurance Rate Comparison (Winnipeg, Brandon, Portage la Prairie, The Pas, Saskatoon, Regina, Prince Albert, Vancouver)

Line No.	Vehicle	Winnipeg MB	Brandon MB	Portage la Prairie MB	The Pas MB	Saskatoon SK	Regina SK	Prince Albert SK	Vancouver BC
1	2017 Toyota Camry	\$8,097	\$4,123	\$4,123	\$4,921	\$4,182	\$4,182	\$3,586	\$16,513
2	2017 Toyota Prius Hybrid Hatchback	\$8,097	\$4,123	\$4,123	\$4,921	\$4,182	\$4,182	\$3,586	\$17,211
3	2017 Dodge Grand Caravan SE	\$8,097	\$4,123	\$4,123	\$4,921	\$4,182	\$4,182	\$3,586	\$16,001
4	2018 Toyota Sienna	\$8,097	\$4,123	\$4,123	\$4,921	\$4,182	\$4,182	\$3,586	\$16,277



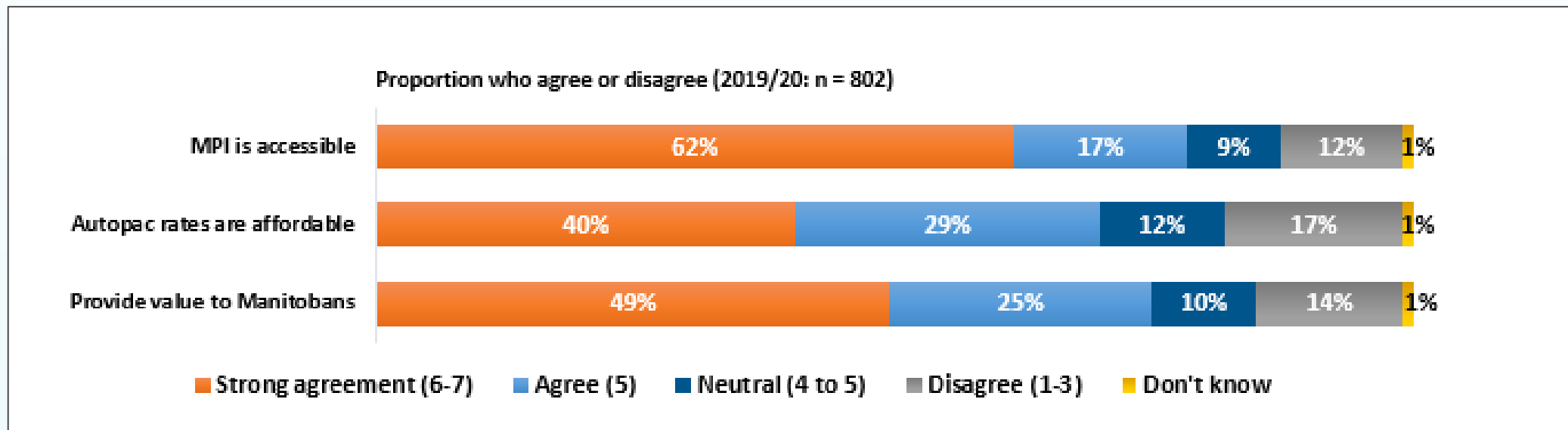
Vehicle Rates Comparison & Average Premium Growth Rate (4/4)

Average Premium Growth Rate consistently lower



Serving Manitobans – Performing well

- MPI aims to position itself as a strong corporate citizen by offering quality products and services
- MPI receives customer service and general public feedback
- Overall, MPI continues to perform very well in meeting the needs of Manitobans



Operational Efficiency – How We’re Measured (1/3)

- Previously measured with the assistance of Ward Group (U.S. and Canada Private Insurers)
- Now measured through **Crown Benchmarking Exercise** (MPI, SGI and ICBC)
 - Work with SGI and ICBC to define measurements, analyze similarities and learning from differences
 - Variations in business scale/products offered amongst Crowns
- Monthly review of Balanced Scorecard with Executive Committee
 - Incorporate Crown Benchmarking results
 - External model ensuring best practice - 60 internal measures across: finance, customer, process, learning and Growth



Operational Efficiency - Continued Expense Decrease over time (2/3)

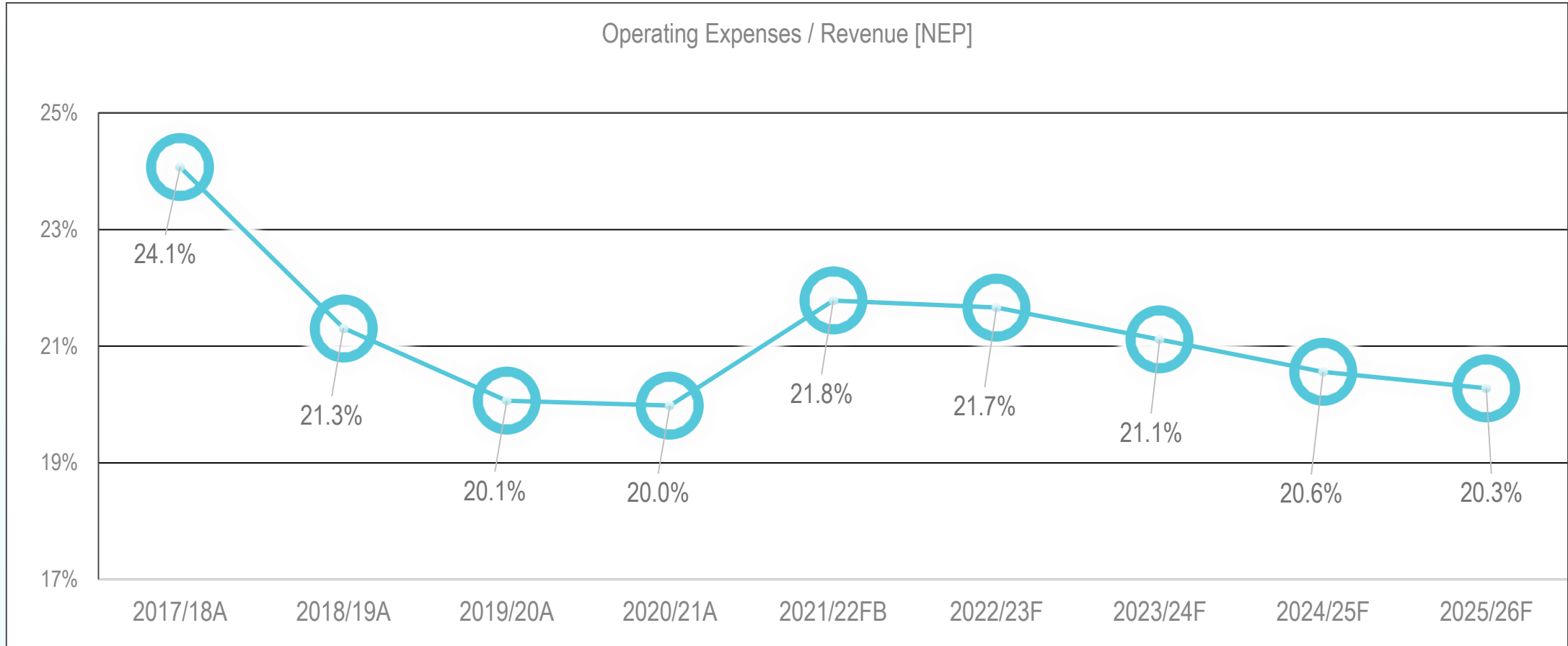
Expense	17/18 - 20/21 (4 years)
Compensation - Salaries	-0.2%
Compensation - Overtime	-9.5%
Compensation - Benefits	4.4%
Compensation - H & E Tax	0.1%
Sub Total - Compensation	0.6%
Data Processing	8.1%
Special Services	11.0%
Building Expenses	-6.9%
Safety/Loss Prevention Programs	-17.1%
Telephone/Telecommunications	-5.0%
Public Information/Advertising	-11.9%
Printing, Stationery, Supplies	-8.3%
Postage	2.5%
Regulatory/Appeal	-2.2%
Travel and Vehicle Expense	-20.4%
Driver Education Program	-20.0%
Grants in Lieu of Taxes	-1.3%
Furniture & Equipment	-2.0%
Merchant Fees & Bank Charges	-0.1%
Other	-7.6%
Sub total - Other Normal Operating Expenses	-0.3%

- Compounded growth rate for expenses - **0.3%** relative to expenses growth rate based on 6.1% annualized CPI target
- Expenses well-managed, MPI continues focus on its expense base to meet fiscal prudence mandate
- Key areas for future expense variability years:
 - Data Processing costs; and
 - Compensation requirements driven by Project Nova and MPI 2.0



Operational Efficiency – Decreasing Expenses over Time (3/3)

Decreases in Expenses Over Time



Maturing Benchmarking Approach and Methodology

COVID-19 pandemic created obstacles for Crown Benchmarking

Areas for improvement:

- Align measurements and methodologies to increase usefulness of comparatives
- Incorporate governance findings into Balanced Scorecard
- Ensure a high level of learning/business integration
- Increase detail level for:
 - Ratio of management to FTE/Span of Controls
 - IT costs and infrastructure
 - Service offerings to ascertain the differences in operating structure, vision and future delivery

2020/21 Crown Benchmarking to begin by end of 2021.

