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July 22, 2022

Public Utilities Board
400-330 Portage Avenue
Winnipeg, Manitoba R3C 0C4

VIA EMAIL
publicutilities@gov.mb.ca
Darren.Christle@gov.mb.ca

Attention: Mr. Darren Christle

Dear Sir:

Re: Manitoba Public Insurance Corporation 2022/2023 General Rate Application

I am writing to you on behalf of the *Insurance Brokers Association of Manitoba* (“**IBAM**”) to request that IBAM be accepted as an Intervenor in *Manitoba Public Insurance Corporation’s* (“**MPI’s**”) *2022/2023 MPI General Rate Application* (the “**2023 GRA**”). We enclose herewith the *Intervener Request Form* on behalf of IBAM. I can confirm that IBAM's Board of Directors unanimously supports this request for Intervenor status in the *2023 GRA*.

a) **IBAM**

As you will recall, IBAM is a not for profit organization that represents the interests of brokers and private insurance agents (collectively, “**Brokers**”) and the consumers of *Property & Casualty* (“**P&C**”) insurance throughout the Province of Manitoba. IBAM’s members are qualified professionals who provide professional advice to their customers and freedom of choice in their selection of (P&C) insurance coverages. Brokers’ professional obligations promote consumer protection.

As you will also recall, P&C brokerages currently employ over 2,600 people in over 300 storefronts in Manitoba. IBAM currently has over 2,000 broker members. Although membership in IBAM is voluntary, the vast majority of eligible brokers in this Province choose to be members of IBAM.

b) **IBAM’s Proposed Intervention**

As the *Public Utilities Board* (the “**Board**”) is aware, a significant amount of time was spent on the service delivery model at MPI’s *2020 General Rate Application* (the “**2020 GRA**”). In short, Broker commissions and fees - and the potential for the delivery of online direct-to-consumer

services - were central to the 2020 *GRA*. IBAM subsequently called a panel of witnesses to provide relevant evidence on the service delivery model.

As the Board is also aware, IBAM sought Intervener status at MPI's 2021 *General Rate Application* (the "**2021 GRA**"). This request was subsequently denied by the Board. Based on this decision, and on certain representations made by counsel at the *Pre-Hearing Workshop* held on July 5, 2021 respecting the *Preliminary Issues List* for MPI's 2022 *General Rate Application* (the "**2022 GRA**"),¹ IBAM did not seek leave to intervene in the 2022 *GRA*.² Despite these assurances, the Board accepted and considered incomplete and inaccurate submissions in the 2022 *GRA* respecting service delivery and, in particular, the involvement of Brokers in online transactions. The Board then proceeded to make a determination about same, without notifying IBAM that it intended to make a finding of fact in this regard. As the Board did not do so, it lacked relevant information and came to conclusions that were simply incorrect. Those conclusions were summarized in a *News Release* issued by the Board following the conclusion of the 2022 *GRA* on December 15, 2021 (the "**News Release**"). It was the *News Release* that ultimately led to Order No. 134/21 being varied as a result of subsequent submissions made by IBAM.

Given that the Board would have benefitted from IBAM being an Intervener at the 2022 *GRA*, it is clear that IBAM's participation as an Intervener could assist the Board at the 2023 *GRA*, especially given that the other parties will be raising the issue of brokers, broker commissions and/or the *MPI-IBAM Future Services Agreement* (the "**Broker Agreement**"), and potential amendments thereto. IBAM's relatively limited Intervention will ensure that the Board has a full and proper understanding of the issues relating to broker agreements entered into with MPI,³ the work undertaken and the services that brokers provide in the delivery of MPI services, and the other insurance related services that brokers provide to all residents of the Province of Manitoba. It will also ensure that a similar situation does not happen again with respect to inaccurate or incomplete evidence being raised with respect to the topics of brokers and broker commissions.

If granted Intervenor status by the Board, IBAM will seek an award of costs for its participation in the 2023 *GRA*. While IBAM currently does not intend to call witnesses, and intends for its participation in the 2023 *GRA* to be reduced (as compared to its participation at the 2020 *GRA*), IBAM's participation will make a significant contribution to the proceedings and lead to a better understanding, by all parties, of the issues before the Board. IBAM will participate in the 2023 *GRA* in a reasonable manner, cooperate with other Interveners who have common objectives,

¹ Counsel for Board, MPI and the other prospective Interveners were in attendance and each spoke to their proposed focuses and interventions, if applicable. The transcript from this *Pre-Hearing Workshop* confirmed that counsel for IBAM specifically advised that she was there to determine "*if brokers or broker commissions or IBAM will be the focus of any of the questions of the other Interveners or the focus of the [2022] GRA in general with MPI.*" None of the counsel present indicated that the issues of the service delivery model, brokers in general, broker commissions or the Broker Agreement should be added as issues to the 2022 *GRA*, nor did any counsel indicate that brokers or broker commissions would be a focus of their lines of questioning.

² Please see *Appendix "A"* of the enclosed Application for further information on this decision.

³ Including, but not necessarily limited to, the Broker Agreement.

and make reasonable efforts to ensure that its participation is not unduly repetitive of other Intervenor.

Pursuant to section 9.2.1 of the *Intervener Costs Policy*, IBAM will submit a detailed cost estimate within the time prescribed by the Board, using the *Intervener Costs Award Form*, should IBAM's Intervener Application be approved.

c) Concluding Remarks

The Board has a specific mandate based on its enabling legislation and establishes just and reasonable rates for the provision of rate bases and premiums charged for compulsory driver and basic vehicle insurance provided by MPI. The Board fulfills its mandate through public hearings, paper reviews and - when required - direct intervention. Its processes involve enquiry, research, consultation, careful deliberation, and public dissemination of decisions and notices of upcoming Board activities including rate applications.⁴ In order to fulfill its mandate and ensure that it has a full and proper understanding of all issues arising from the 2023 *GRA*, the Board should grant Intervener status to IBAM.

We look forward to hearing from you.

Yours truly,

INSURANCE BROKERS ASSOCIATION OF MANITOBA



Per:

Grant Wainikka, CEO

Encl. *Intervener Request Form*, with attached *Appendix "A"*

⁴ See Public Utilities Board – “*What We Do*” – at <http://www.pubmanitoba.ca/v1/about-pub/what-we-do.html>