



# Manitoba Public Insurance (MPI) 2023 General Rate Application

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# Overview

- ▶ Driver Safety Rating (DSR) scale is **discriminatory** in effect.
- ▶ "Registered Owner Model" does not accurately reflect **risk**.
- ▶ "Cross Canada" premium comparisons are **misleading**.

# Age Discrimination

- ▶ MPI is proposing that two new levels be added to the DSR scale. If approved, there would be 38 levels on the scale in total, with +16 and +17 as the newest additions (with plans to allow the scale to expand organically to **at least** DSR +20 in future years).
- ▶ *"As a public auto insurer, MPI is accountable to all Manitobans to deliver Basic compulsory insurance that provides value through: Guaranteed/**non-discriminatory rating; not based on age**, gender, or other personal factors but based solely on the vehicle risk (type of vehicle, use, territory), and the driver's record (Driver Safety Rating)."*
- ▶ The DSR scale means that younger drivers will pay higher rates than most people. Increasing the number of levels before reaching the "maximum merit level" disproportionately harms younger drivers.

# Fraser v Canada (Attorney General), 2020 SCC 28 [Fraser]

- ▶ Ms. Fraser, Ms. Pilgrim, and Ms. Fox were RCMP officers. They all had children in the 1990s. When they went back to work, they found it hard to juggle work with their childcare responsibilities. The RCMP wouldn't let them work part-time. Ms. Fox retired, and Ms. Fraser and Ms. Pilgrim took more unpaid leave. In 1997, the RCMP began to allow job-sharing as an option instead of unpaid leave. This way, two or three people could split the duties of one full-time position.
- ▶ The women joined the program and came back to work. Most people who joined the program were women with children. Most did so to balance work with their childcare responsibilities. RCMP members pay into a pension plan. Their pension gets bigger the longer they work. Full-time members could "buy back" pension credit if they were suspended from duty or took unpaid leave. This would make their pension bigger. But if they job-shared, they weren't allowed to buy back any pension credit.
- ▶ Job-sharers said the situation was unfair. Ms. Fraser, Ms. Fox, and Ms. Pilgrim said they should be allowed to buy back the pension credit. They said the pension plan treated job-sharers (who were mostly women with children) worse than other members. They said this breached section 15(1) the *Canadian Charter of Rights and Freedoms*, part of Canada's Constitution. Section 15(1) says the law should treat everyone equally, without discrimination on certain characteristics.

# Takeaways from *Fraser*

- ▶ In 2020, the Supreme Court of Canada (SCC) said the pension plan discriminated against the job-sharers because they were women.
- ▶ The SCC said the pension plan breached the job-sharers' right to equality because it disadvantaged women more than men. It didn't matter that the plan didn't set out to hurt women specifically. What mattered was its effect. The pension plan didn't allow job-sharers to buy back credit like other people could. The women were in this situation because they had to job-share to take care of their kids.
- ▶ Similarly, young drivers are in this situation because Manitoba has no alternative insurance scheme. Age, like gender, is a protected characteristic. That the DSR does not intentionally discriminate is irrelevant. It is discriminatory in effect.

# Models & Risk

- ▶ Registered Owner Model: Premium discount is calculated by the registered owner's DSR level, irrespective of other drivers who drive the vehicle or their driving records. A vehicle could be insured by a driver at DSR +15 but driven by a driver at DSR -5. Risk may not be as accurately priced as it could be under other models.
- ▶ Primary Driver Model: A vehicle's premium discount is based on the DSR level of the primary driver of the vehicle rather than the registered owner. 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.

# Public Utilities Board Order 134/21

- ▶ *Directive 11.13: "In the 2023 GRA, the Corporation shall bring forward a five-year 5 plan for the implementation of the Primary Driver rating model."*
- ▶ MPI has sought leave to appeal this directive on the basis that the Public Utilities Board (PUB) does not have the requisite jurisdiction to compel MPI to implement a different DSR model. The Court of Appeal has not yet issued a decision in this matter.
- ▶ In the meantime, MPI has put forward a five-year plan for the implementation of the Primary Driver Model in the 2023 General Rate Application pursuant to PUB's directive.
- ▶ A report, "Compliance with PUB Order 134/21," was to be filed by MPI in August 2022. At the time of writing, it has yet to be published.

# Misleading Comparisons

- ▶ Motorcycles represent only 1.6% of non-commercial passenger vehicles
- ▶ Taxis represent 3.1% of commercial vehicles
- ▶ Potential scenarios are niche and not representative of MPI pricing for the majority of MB drivers
- ▶ Comparisons to other provinces ignore rural areas and small towns
- ▶ EY report is currently not available or inaccessible to the public



# Big Picture Issues

- ▶ Accessibility
- ▶ Transparency
- ▶ Scale

# In Summary

- ▶ The 2023 General Rate Application contains proposals that are discriminatory in effect.
- ▶ MPI has not taken all steps necessary for the switch to a Primary Driver Model.
- ▶ Data is "cherry-picked" by MPI to support their assertion that Manitobans pay among the lowest rates.