Product Enhancements

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2024 General Rate Application

MANITOBA
PUBLIC INSURANCE

Summary

In the 2024 General Rate Application, MPI submitted an update to the Basic Insurance Model evolution as part of the Product Enhancements chapter. This presentation highlights four main aspects of our update:

- Progress Since the 2023 GRA

- Updated Project Plan

- Next Steps to Enable Driver Data Collection

- Compliance with PUB Order 134/23, Directive 12.16

Progress → **Project Plan** → **Next Steps** → **Recap**

Progress Since 2023 GRA

1 Jurisdictional Scan on Driver-Based Data Collection

2 Required Regulation Changes to Enable Driver Data Collection

3 Working Names and Definitions of Future Insurance Models

4 Driver Data Collection Considerations
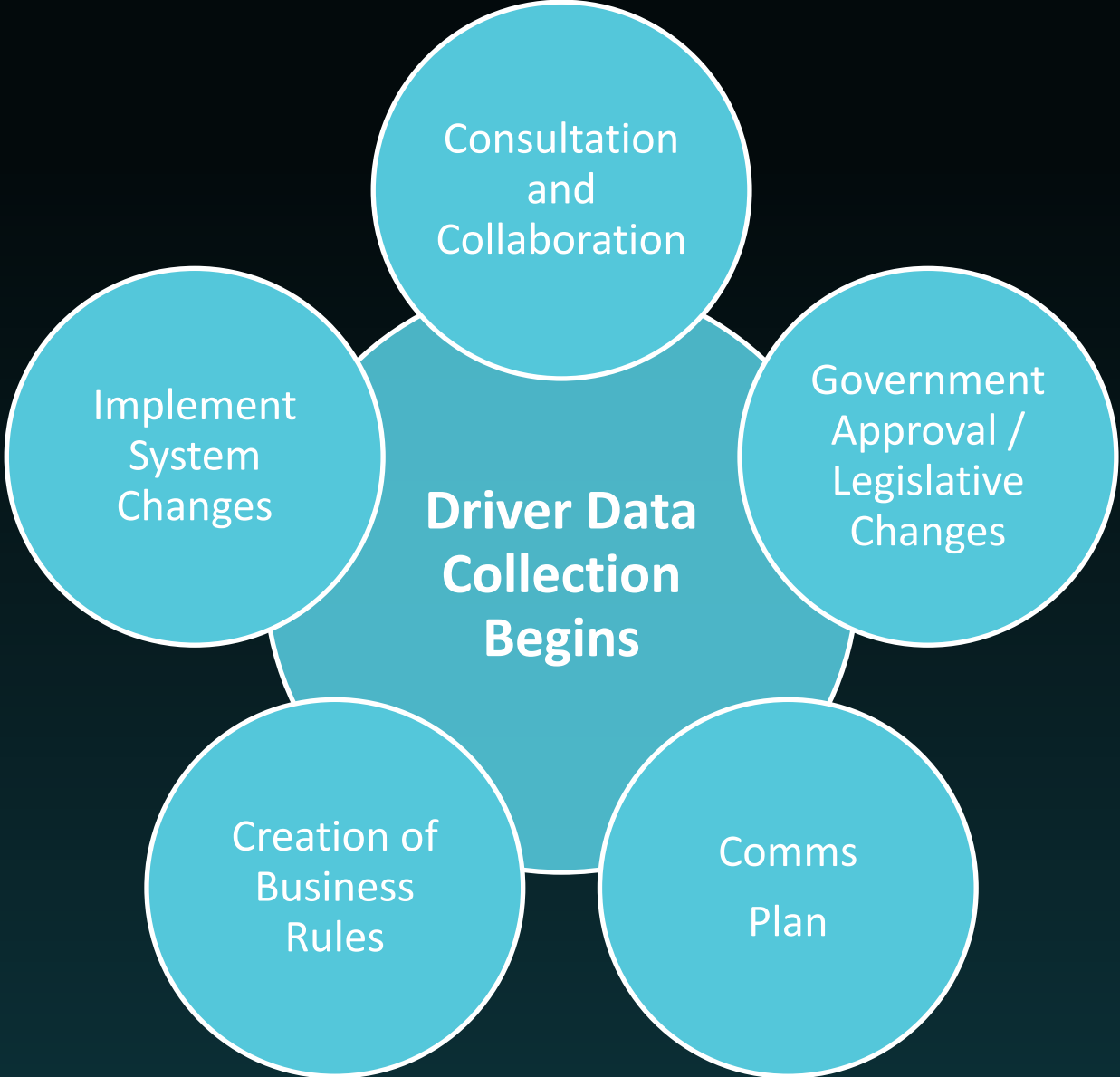
Updated Project Plan

Basic Insurance Model Program

Driver Data Collection & Analysis Phase

Implementation Phase

Next Steps to Enable Driver Data Collection

Consultation and Collaboration

Government Approval / Legislative Changes

Driver Data Collection Begins

Implement System Changes

Creation of Business Rules

Comms Plan

Recap

- In compliance with PUB Order 4/23 directive 12.16, MPI has filed an update to the five-year plan filed in the 2023 GRA including detailed workplan, start date, and schedule for the Corporation to bring forward about rating modes Registered Owner, Primary Driver, Listed Driver and Primary/Listed Driver Hybrid to the Board for approval though:

    ◦ Substantial progress on several key topics

    ◦ Strong, logical workplan with supporting project charter and project plan

    ◦ Well detailed next steps to enable us to begin driver data collection
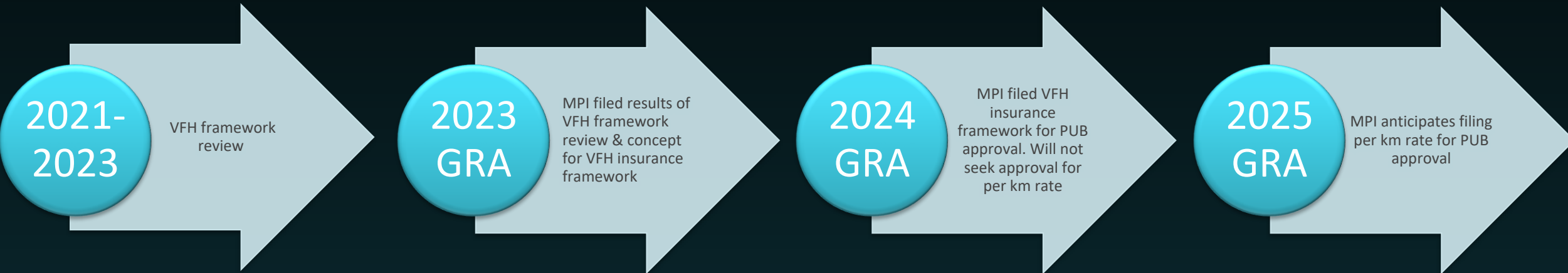
    ◦ Implementation phase outline

Summary: VFH Insurance 2018- 2024

- March 1, 2018 - MPI introduced a new Vehicle for Hire (VFH) insurance model in response to Local Vehicles for Hire Act (February 28th , 2018).

- Over time, a number of weaknesses were identified both internally and by VFH operators.

2021-2023 — VFH framework review

2023 GRA — MPI filed results of VFH framework review & concept for VFH insurance framework

2024 GRA — MPI filed VFH insurance framework for PUB approval. Will not seek approval for per km rate

2025 GRA — MPI anticipates filing per km rate for PUB approval

Relief Sought in the 2024 GRA

1. **PUB approval for the proposed VFH framework**

   ▸ TNC Blanket Policy

     - Approval for product and pricing, with the exception of the per km rate
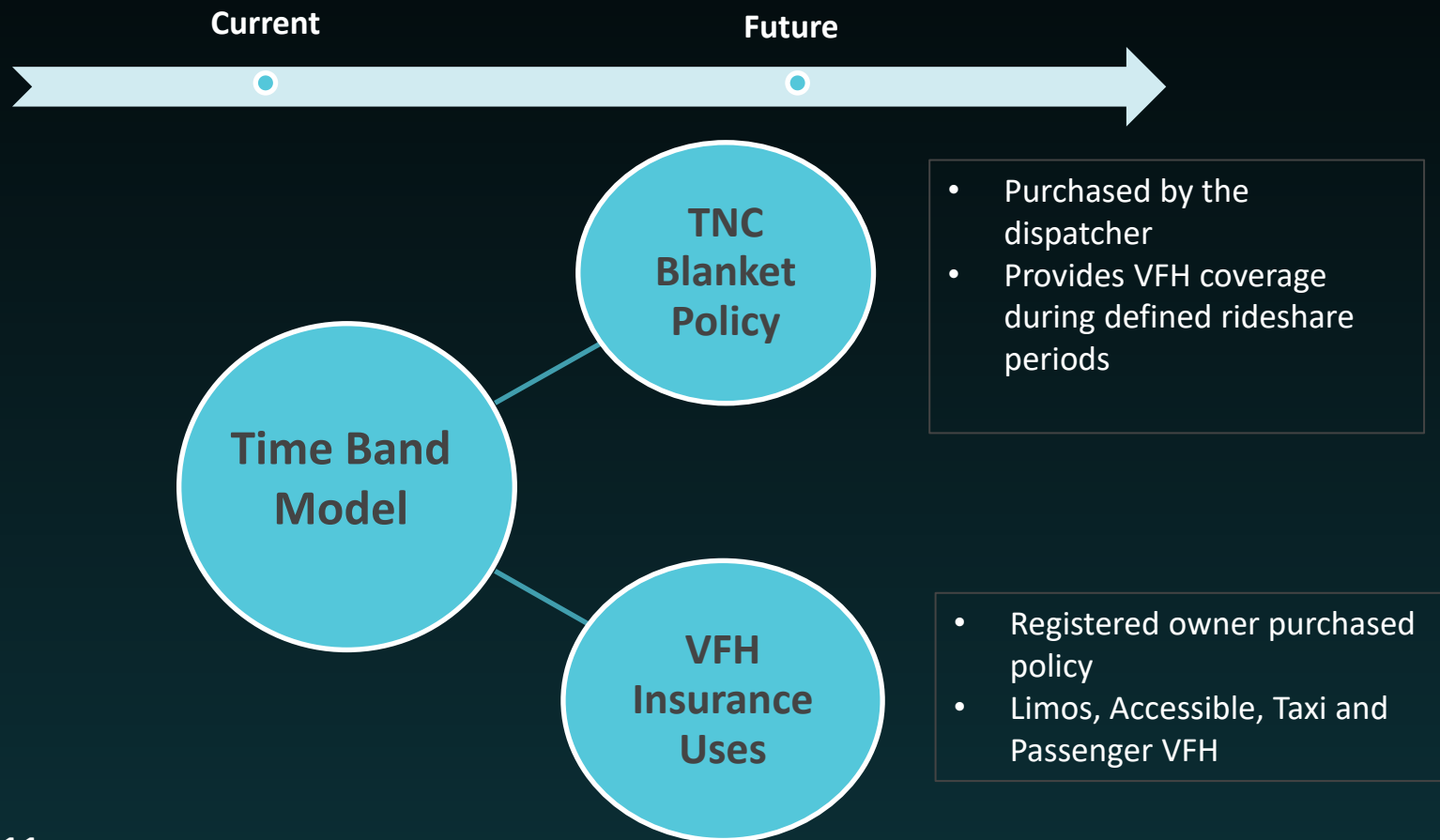
   ▸ VFH Insurance Uses

     - Approval for decommissioning time bands and moving VFH uses to full time

2. **MPI is seeking a directive for materials filed in the 2025 GRA and proceeding applications that restricts the sharing of certain third party confidential data with registered Intervenors to implement the TNC blanket policy in the VFH framework.**

Proposed VFH Insurance Framework

Based on the results of the VFH framework review, MPI is proposing a streamlined framework that will provide more choice to VFH operators and meet industry standards

Current

Future

Time Band Model

TNC Blanket Policy

- Purchased by the dispatcher
- Provides VFH coverage during defined rideshare periods

VFH Insurance Uses

- Registered owner purchased policy
- Limos, Accessible, Taxi and Passenger VFH

Guiding Principles of the VFH Insurance Framework
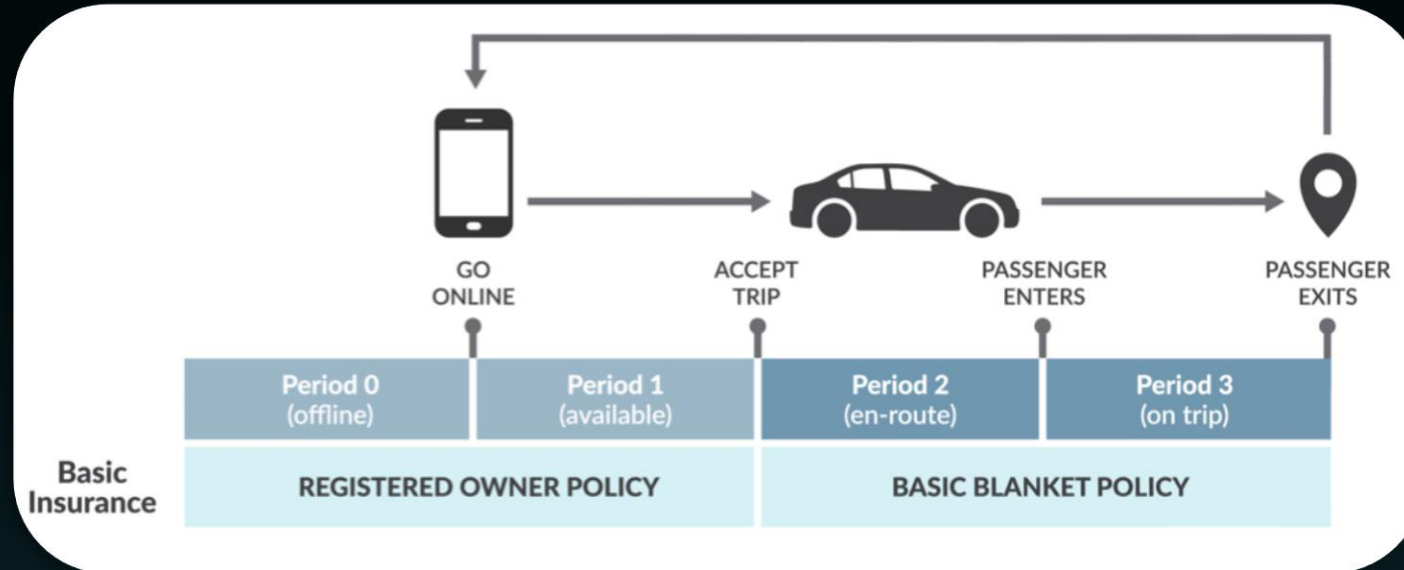
Basic Insurance Coverage

Implementation of the proposed framework will not result in cross-subsidization

Framework is Fair and Equitable across all VFH stakeholders

Model demonstrates Actuarial Accepted Practices

TNC Blanket Policy

VFH coverage will be provided through dispatcher purchased blanket policy during VFH operation (Period 2 and Period 3)

Premium requirements are based on aggregate reported kms in P2/P3 for each dispatcher on a per policy basis

Minimum Requirements For TNC Policyholders

1. Functionality to reliably track and report P2/P3 kms requires geolocation capabilities

   ▸ Accessibility of technology is widely available but solution is dependent on dispatcher business model

   ▸ At minimum:

      - Represent trip start and end points by latitude and longitude

      - Represent Kms by actual route taken

      - Categorize trips by defined rideshare periods (Period 2 and Period 3)

      - Report data monthly

2. Premium deposit and monthly premium installments

3. Vehicle listing (VIN and Plate numbers)

Determination of Insurance Premiums

Premium Deposit
- TNCs will provide annual km estimate across all affiliated vehicles
- Apply per KM rate to estimate = Annual premium estimate
- 20% deposit

Premium Installments
- Monthly KMs reported in P2 and P3
- Apply per km rate = Monthly premium installment
- Invoice TNC

Annual Km Reconciliation
- Total annual premium over policy year
- Compare actual annual premium to annual premium estimate
- Ascertain whether there is a deficit or surplus

Claims and Annual Reconciliation

Per Km Rate

- MPI will allocate losses occurring during ridesharing periods to the overall TNC experience

Per TNC Policy Basis

- Losses occurring involving TNC affiliated vehicles during ridesharing, will impact a TNC's annual assessment
  - % of responsibility at incident level

Annual Loss Reconciliation

- Calculation of the ultimate loss ratio for a policy year
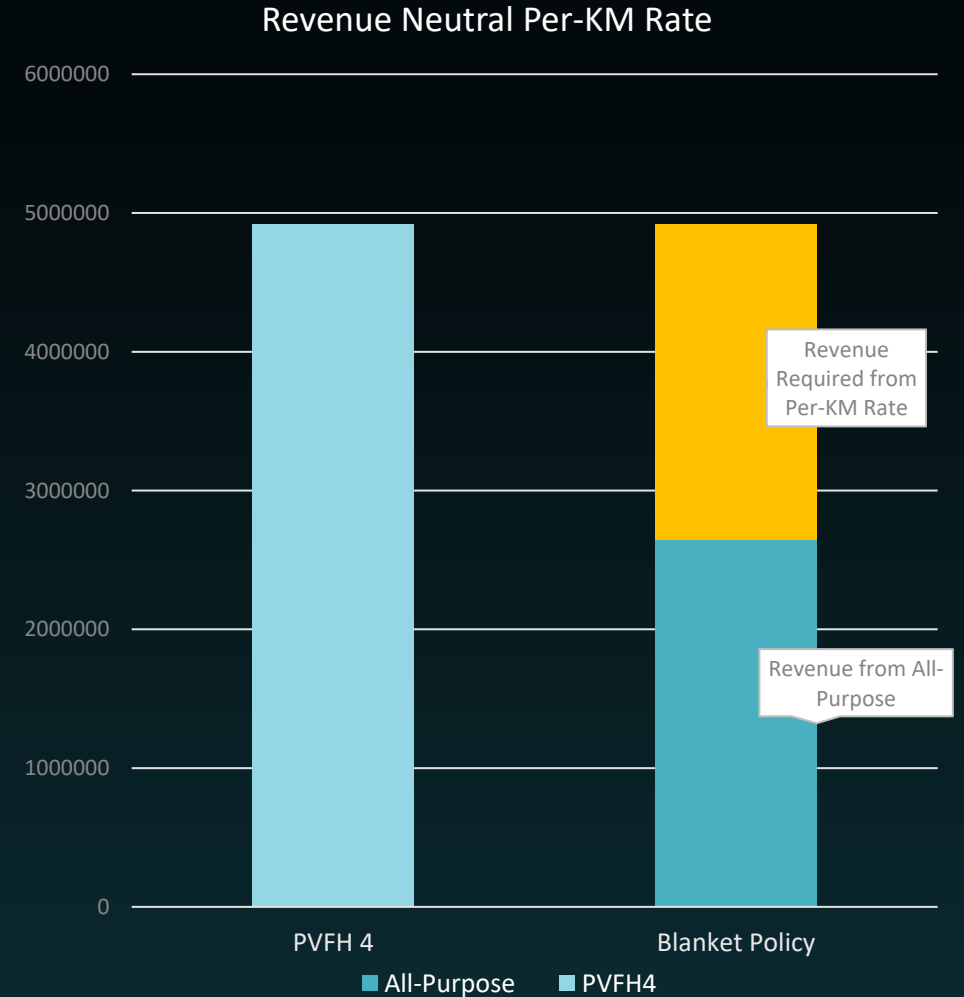 - Retrospective rebate/surcharge with final settlement in Year 3

TNC Blanket Policy-Ratemaking

Current Approach for determination of per km rate

- Drivers will be required to maintain the most appropriate insurance use coverage for vehicle usage outside of Period 2 and Period 3

- To remain revenue neutral, the difference in revenue from PVFH 4 and All-Purpose will be generated by the per-km rate

- Based on a projection of KM driven

Other Features:

- Retrospective rebate and surcharge

  ◦ Based on the ultimate loss ratio (ULR) evaluated over three years

- Individual claims are capped at $50,000 for ULR calculation

Revenue Neutral Per-KM Rate

Revenue Required from Per-KM Rate

Revenue from All-Purpose

PVFH 4 — Blanket Policy

■ All-Purpose ■ PVFH4

Challenges with using External Stakeholder Data

Background:

- 2021-2023: MPI engaged all TNCs to assist in the building of the blanket policy, which includes collection of km data from TNCs for the purposes of setting an accurate per km rate at the onset.

Issue and challenges

- Currently, MPI cannot provide data in an aggregated form where individual TNC data is unidentifiable. This data is commercially sensitive due to concerns related competition and market share.

  ◦ Other public jurisdictions provide redacted information in public filings with only regulators permitted to review data

Outcome:

- MPI is seeking a directive for materials filed in the 2025 GRA and proceeding applications that restricts the sharing of certain third party confidential data with registered Intervenors to implement the TNC blanket policy

  ◦ Without this directive, MPI is unable to implement a TNC blanket policy

VFH Insurance Uses

- In co-ordination with Nova 3 Release, MPI proposes moving minority of customers (8%) to full time insurance uses for Taxi VFH, Limo VFH, Accessible VFH and Passenger VFH and decommissioning time bands.

  ◦ As per the TC's request, MPI will review a Part Time Taxi Model

Apr-23	Vehicle Count by Time band				Total	Percent	2023 Percent VFH4	2022 Percent VFH4
VFH Group	1	2	3	4				
Accessible VFH	1	5	17	183	206	7%	89%	87%
Taxi VFH	4	0	36	581	621	22%	94%	91%
Limo VFH	6	5	0	71	82	3%	87%	85%
Passenger VFH	56	39	43	1748	1886	67%	93%	89%
Grand total	67	49	96	2583	2795	100%	92%	89%

* Cells may not total to 100, due to rounding

Recap

- In compliance with PUB Order 4/23 Directive 12.10, MPI has filed the VFH Insurance framework for PUB approval, addressed concerns related to cross subsidization and demonstrated the accessibility of the required technology.

  ○ MPI is seeking approval for the VFH Insurance Framework

  1. Blanket policy

     - Approval for the framework and methodology, with exception of per km rate

       - MPI anticipates filing the per km rate and methodology in the 2025 GRA for PUB approval

  2. VFH Insurance uses

     - Approval for decommissioning time bands and transitioning VFH uses to full time

  ○ MPI is seeking a directive for materials filed in the 2025 GRA and proceeding applications that restricts the sharing of certain third party confidential data with registered Intervenors for the implementation of TNC blanket policy.

    ▸ Without this directive MPI will be unable to implement a TNC blanket policy.