

Order No. 145/20

**MANITOBA PUBLIC INSURANCE CORPORATION (MPI OR THE CORPORATION):
2021 SPECIAL REBATE APPLICATION II**

December 14, 2020

**BEFORE: Irene A. Hamilton, Q.C., Panel Chair
Robert Gabor, Q.C., Chair
Carol Hainsworth, Member**

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1.0 BACKGROUND

On March 20, 2020, the Government of Manitoba declared a province-wide state of emergency pursuant to *The Emergency Measures Act*, C.C.S.M. c. E80 as a result of the COVID-19 pandemic.

On April 27, 2020, Manitoba Public Insurance (MPI or the Corporation) filed 2021 Special Rebate Application with the Board (SRA I). By Order 67/20, dated May 1, 2020, the Board ordered MPI to issue to ratepayers a uniform percentage of their annualized premiums in respect of universal compulsory automobile insurance (Basic) policies in force on March 15, 2020, for the Private Passenger, Public, Commercial and Motorcycle classes, in an amount equal to the approximate sum of \$58 million, by May 31, 2020, or as soon thereafter as was reasonably practicable.

MPI filed a second rebate application, 2021 Special Rebate Application II (SRA II), with the Board on November 27, 2020. Pursuant to section 44 of *The Public Utilities Board Act*, C.C.S.M. and Rules 3(2), 4(1), 18, 36(1) and 40(2) of the Board's Rules of Practice and Procedure, the Corporation asked for:

- a. An Order dispensing with the requirement under Rule 36(3) that an application for review and variance be made within 30 days of the order or decision;
- b. Directions on procedure for the hearing of the SRA II, including directions on proceeding by way of a written hearing;
- c. An Order that any evidence tendered by MPI in SRA I and the 2021 General Rate Application (GRA) be received as evidence in SRA II as required;
- d. A review and variation of the directives contained in Orders No. 159/18 and No. 176/19, to the extent that they do not also direct MPI to issue to ratepayers, through a special rebate, a uniform percentage of their Basic

premiums earned between March 16, 2020 and November 21, 2020, for all vehicle classes; and

- e. A directive that MPI issue to ratepayers a percentage of their Basic premiums earned between March 16, 2020 and November 21, 2020, for all vehicle classes, through a special rebate, in an amount equal to the approximate sum of \$69 million, by December 23, 2020 or as soon thereafter as is reasonably practicable.

MPI argued that the increased severity of the COVID-19 pandemic in Manitoba and, in particular, the province-wide move to the Critical Level (Red) on Manitoba's Pandemic Response System on November 12, 2020, could not have been reasonably anticipated within 30 days of the issuance of Orders No. 159/18 and 176/19, nor could it have been reasonably anticipated before May 1, 2020, when the Board issued Order No. 67/20. Accordingly, MPI could not have included the relief now sought in SRA II in the April SRA I filing. MPI also advised that, as a result of the COVID-19 pandemic, its financial position continues to improve at a time when the financial position of many of its ratepayers may have substantially declined, creating an urgent need for support.

The Board issued a directive to MPI and Interveners of Record in the 2020 and 2021 GRAs on December 4, 2020, for the hearing procedure for the Application. In the interests of public health and safety the Board directed that SRA II proceed as a paper hearing.

On December 8, 2020, MPI provided responses to one round of Information Requests, which were issued on behalf of the Board and Interveners of Record in the 2021 GRA, Consumers' Association of Canada (Manitoba) Inc. (CAC), Coalition of Manitoba Motorcycle Groups (CMMG), and Unicity Taxi Ltd. and Duffy's Taxi Ltd. (Taxi Coalition).

MPI, CAC, CMMG and the Taxi Coalition filed written submissions with the Board on December 9, 2020.

Public comments on SRA II were received by the Board on its website until December 8, 2020.

2.0 BOARD FINDINGS

The Board finds that, given the ongoing provincial state of emergency resulting from the COVID-19 pandemic, it is just and reasonable to dispense with the requirement that an application for review and variance be made within 30 days of an order. The Board also finds that MPI has demonstrated a substantial change in its circumstances contemplated by s. 26(3) of *The Crown Corporations Governance and Accountability Act*, C.C.S.M. c. C336 justifying a review and variation of Order 159/18 and 176/19 to allow further rebates to be issued.

In Order 67/20, MPI had asked the Board to order rebates in respect of policies *in force and earning premium* at March 15, 2020. The Board found that it was just and reasonable to order the rebate requested for policies *in force* at March 15, 2020, because the consequence of requiring that the policy be earning premium was the exclusion of the Motorcycle class from the rebate. A shortcoming of the point-in-time methodology used in SRA I was that a customer with a policy in force on March 15, 2020 but cancelled shortly thereafter would still be entitled to a full rebate.

The methodology proposed by MPI in this Application requires that a policy be earning premium at any time from March 16, 2020 to November 21, 2020 in order to be eligible for a rebate, which will include the Motorcycle class. The Board finds that this is just and reasonable in the circumstances, as it avoids the shortcoming of the point-in-time methodology, while also including the Motorcycle class as part of the rebate. Accordingly, the Board is prepared to deviate from the methodology directed in Order 67/20 and approves MPI's proposed methodology for the calculation of the rebate.

The Board issues this Order on an expedited basis given the current state of emergency. The Board will provide detailed reasons in due course.

3.0 IT IS THEREFORE ORDERED THAT:

1. Board Orders No. 159/18 and No. 176/19 are hereby varied to the extent that they do not require the issuance of a special rebate by way of a uniform percentage of annualized premiums in respect of universal compulsory automobile insurance (Basic) premiums earned from March 16, 2020 to November 21, 2020, for all vehicle classes.
2. MPI shall issue to ratepayers a uniform percentage of their Basic premiums earned between March 16, 2020 and November 21, 2020, for all vehicle classes, through a special rebate in an amount equal to the approximate sum of \$69 million, by December 23, 2020 or as soon thereafter as is reasonably practicable.
3. MPI shall file with the Board on a quarterly basis, as soon as reasonably practicable following such information being available to MPI, a comparison of monthly claims costs versus budget for universal compulsory automobile insurance for the quarter commencing October 1, 2020 and continuing thereafter until March 31, 2021.

Board decisions may be appealed in accordance with the provisions of Section 58 of *The Public Utilities Board Act*, or reviewed in accordance with Section 36 of the Board's Rules of Practice and Procedure. The Board's Rules may be viewed on the Board's website at www.pubmanitoba.ca.

THE PUBLIC UTILITIES BOARD

"Irene A. Hamilton, Q.C."

Panel Chair

"Darren Christle, PhD, CCLP, P.Log., MCIT"

Secretary

Certified a true copy of Order 145/20
issued by the Public Utilities Board



Secretary