



“When You Talk - We Listen!”



MANITOBA PUBLIC UTILITIES BOARD

Re: MANITOBA PUBLIC INSURANCE CORPORATION (MPI)
2023/2024 GENERAL RATE APPLICATION
HEARING

Before Board Panel:

- Irene Hamilton, K.C.- Panel Chairperson
- Robert Gabor, K.C. - Board Chair
- Susan Nemec - Board Member
- George Bass, K.C. - Board Member
- Susan Boulter - Board Member

HELD AT:

Public Utilities Board
400, 330 Portage Avenue
Winnipeg, Manitoba
October 25, 2022

Pages 1051 to 1333
Day 5

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1 --- Upon commencing at 9:02 a.m.

2

3 THE PANEL CHAIRPERSON: Good morning,
4 everyone. We will proceed now with the Vehicles for
5 Hire/Driver Safety Rating panel.

6 Mr. Guerra, would you please introduce
7 your panel?

8 MR. ANTHONY GUERRA: Yes. Good
9 morning, Chair. Before I do, I'd -- I'd just like to
10 note I have three (3) exhibits to read into the
11 record, if I may. Thank you.

12 MPI Exhibit number 67 is its response
13 to Undertaking number 2.

14

15 --- EXHIBIT NO. MPI-67: MPI's Response to
16 Undertaking 2

17

18 MR. ANTHONY GUERRA: MPI Exhibit
19 number 68 is the Road Safety Presentation.

20

21 --- EXHIBIT NO. MPI-68: Road Safety Presentation

22

23 MR. ANTHONY GUERRA: And Exhibit
24 number 69 is the Vehicle for Hire presentation.

25

1 --- EXHIBIT NO. MPI-69: Vehicle for Hire
2 Presentation

3

4 THE PANEL CHAIRPERSON: Thank you.

5 MR. ANTHONY GUERRA: Thank you.

6 And in terms of the panel before us, we have a number
7 of members, so I'll address them in order of their
8 appearance.

9 We have Ms. Simmi Mann, Customer Value
10 Proposition Lead to the very left of -- of myself.
11 Beside her is Ms. Satvir Jatana, the Vice-President
12 and Chief Customer Officer. We also then have Mr.
13 Curtis Prystupa, Customer Value Proposition Lead, and
14 Ms. Cara Low who you've met, the Vice-President, Chief
15 Actuary, and Chief Risk Officer.

16 In our back row, we have Ms. Ngoc Ly,
17 Actuarial Analyst number 2; Edward Yu, Customer Value
18 Proposition Lead; Michelle Burdz, Senior Product and
19 Policy Analyst; Scott Patton, Manager, Customer
20 Insight and Analytics; Khurram Masud, who you've met
21 before, Director of Pricing; and Robert Smithon --
22 Smith -- excuse me, Smithson, pardon me, Director of
23 Customer Value Proposition.

24 THE PANEL CHAIRPERSON: Thank you.

25 MR. ANTHONY GUERRA: Thank you.

1 (BRIEF PAUSE)

2

3 MPI VEHICLES FOR HIRE AND DRIVER SAFETY RATING PANEL

4

5 SIMMI MANN, Sworn

6 SATVIR JATANA, Sworn

7 CURTIS PRYSTUPA, Affirmed

8 CARA LOW, Resumed

9

10 THE PANEL CHAIRPERSON: Thank you.

11 Mr. Guerra...?

12

13 EXAMINATION-IN-CHIEF BY MR. ANTHONY GUERRA:

14 MR. ANTHONY GUERRA: Thank you and
15 good morning, members of our panel. So I understand
16 that you will be presenting on the topics of the
17 Vehicle for Hire and the Driver Safety Rating.

18 And if -- if I may, who has the
19 presentation or who will be delivering a presentation
20 this morning? Okay.

21 So, Ms. Mann, I understand before you
22 is the presentation for Vehicle for Hire and Driver
23 Safety Rating. Is that correct?

24 MS. SIMMI MANN: Yes.

25 MR. ANTHONY GUERRA: And will you

1 confirm that this presentation will form part of your
2 direct evidence this morning?

3 MS. SIMMI MANN: Correct, Yes.

4 MR. ANTHONY GUERRA: Okay. I will
5 turn it over to you and your team to present, please.

6 MS. CARA LOW: Good morning, everyone.
7 This morning we -- to start this conversation, we
8 wanted to share the process that we have made on both
9 of these topics.

10 I know that we were here last year and
11 we were just in the early stages of creating a
12 framework for this product. And I'm very please to
13 say that our team has been diligently working on this,
14 and we made quite a bit of progress, and the framework
15 will be in front of you.

16 So Simmi Mann will lead you through the
17 Vehicle for Hire framework, and right after that,
18 Curtis Prystupa will also share the progress that we
19 have made on understanding our DSR model and the next
20 steps that are required.

21 Of course, there's much more detail in
22 the chapter that outlines the required steps that we
23 would have to take, but we did want to share the
24 progress that has been made over the last twelve (12)
25 months.

1 So with that, I'm going to pass it over
2 to Simmi.

3 MS. SIMMI MANN: Good morning. So I'm
4 here today to speak to you on Vehicles for Hire. So
5 I'm going to begin with the VFH history and framework
6 review. Let me just -- okay.

7 So on March 1st, 2018, MPI introduced a
8 new Vehicle for Hire insurance model in response to
9 the local Vehicles for Hire Act which was proclaimed
10 on February 28th, 2018.

11 Now, in response to this bill, MPI had
12 to develop a responsive insurance product for all
13 classes of Vehicle for Hire within its current
14 legislative framework. And this is where the
15 development of the time ban model occurred.

16 Within this model, coverage allows for
17 VFH operators to select their desired times of
18 coverage, tailoring their insurance costs to meet
19 their operating needs. So, this is one (1) model
20 across all stakeholders that provides both full-time
21 and part-time coverage.

22 If a VFH operator wants full-time
23 coverage, they simply select all four (4) time bands,
24 and if they want part-time coverage, they select some
25 combination of the four (4).

1 And over time, we have identified two
2 (2) main weaknesses with our model, the first being,
3 the ineffective use of time bands. So, since the --
4 since the inception of the model, we have found the
5 majority of our stakeholders select all four (4) time
6 bands. So, although the model is predicated on
7 providing both full-time and part-time coverage, as
8 that is what we understand the VFH group requires,
9 none of our customers are using this built-in
10 flexibility.

11 The second weakness is the absence of a
12 blanket policy. So, the blanket policy has emerged as
13 the industry standard insurance product in other
14 provinces for the transportation network companies.

15 Now, back in 2018, when MPI was
16 developing the current time back -- time ban model,
17 there was a lack of information, a lack of data, no
18 industry standards. Public auto jurisdictions hadn't
19 permitted ride sharing. And in jurisdictions that did
20 permit, the insurance models differed.

21 But we can acknowledge that the market
22 has since changed, it has matured, and the blanket
23 policy has certainly emerged as the industry standard.

24 So, MPI has completed a Vehicle for
25 Hire framework review. Now, the overall objective

1 here was to assess the efficacy of our model, gain
2 insight and data from stakeholders to inform model
3 revisions that better meet the needs of our VFH
4 customers.

5 So, in terms of method, we undertook
6 three (3) main steps. So the first being stakeholder
7 engagement, where we had surveys, as well as focus
8 consultation with each survey group. We also had
9 consultation with external public insurers. So, this
10 was mainly conversations with ICBC and SGI on their
11 public VFH insurance models, as well as their overall
12 VFH economies.

13 And the final step was the MPI time
14 band analysis. So, this is where we were really
15 monitoring and analyzing the VFH customer uptake
16 across all groups. We posited that, if we had the
17 data, the information, and the feedback relative to
18 all of these steps, we'd have a good understanding of
19 how our model was performing and what steps we needed
20 to take in the future to kind of improve those product
21 offerings.

22 So, I'm going to walk you through a
23 high-level summary of the results, so starting with
24 the surveys. We had two (2) surveys, one (1) aimed at
25 the dispatcher level and one (1) aimed at the

1 policyholder level.

2 We asked similar questions such as, is
3 the current model fair, who should pay the premium,
4 and how should premium be determined. We wanted to
5 know how our customers felt about the model and if
6 they had any ideas around future insurance models that
7 would better meet their needs.

8 So, concerning the VFH dispatcher
9 survey, approximately 50 percent said that the current
10 model met their business needs. Dispatchers were
11 interested in both the dispatcher and non-dispatcher
12 purchase policies.

13 Dispatchers approved of a model being
14 based on time of day, which is similar to the current
15 time band model, a full-time model which does not vary
16 based on time of day, as well as exploring methods
17 outside of the DSR.

18 In summer of 2021, we surveyed VFH
19 policyholders. So, these are the individuals that
20 actually pay for the VFH premium. And what this
21 indicated was -- or I should say results indicated
22 that less than 50 percent indicated that the current
23 model met their needs.

24 Again, we saw interest in both
25 dispatcher and non-dispatcher purchase policies. We

1 also took the opportunity to ask about time bands.
2 And what we found was that 88 percent of customers
3 indicated that they selected all four (4) time bands
4 for full-time coverage.

5 We also took the opportunity to ask
6 why, and there were three (3) main reasons; the first
7 being that they actually do have a continuous business
8 model, so they do require all four (4) time bands for
9 full-time coverage.

10 The second was that they have an
11 unpredictable business model, so they need to ensure
12 that they always maintain adequate coverage.

13 And the third reason was that their
14 dispatcher mandated them to have all four (4) time
15 bands.

16 So, I think we can acknowledge that the
17 response rates on both of our surveys are small, so
18 we're not, you know, asserting a lot of external
19 validity and generalization of the results to all of
20 our VFH groups, but I think the results do speak to
21 the fact that, you know, we have a diverse group of
22 stakeholders and they have different needs and
23 preferences when it comes to insurance models.

24 So, the second step of the stakeholder
25 engagement was focus consultation with our stakeholder

1 groups. This took place from spring of 2021 to winter
2 of 2022. So, in conversations with limo and
3 accessible VFH, they indicated that the time bands
4 were largely ineffective. They stated that they don't
5 align to their business model which centres around --
6 which is more unpredictable. So they have a lot of
7 social contracts, social events.

8 And so, they need to ensure that all of
9 their vehicles or their vehicle maintains adequate
10 coverage. So they showed full support for a full-time
11 model.

12 Concerning the transportation network
13 companies, they were in support for the development of
14 a Basic blanket policy, which we've set as the
15 industry standard. They indicated that time bands are
16 largely ineffective, that they don't align to the
17 part-time and flexible nature that defines the ride
18 share model.

19 Concerning the Taxi Coalition, with
20 whom MPI has met with a number of times over the past
21 year, they state time bands don't align to their
22 operating needs. They don't align to the driver shift
23 changes. But they still value the inherent
24 flexibility.

25 Along these lines, they've indicated a

1 desire to have a model that provides part-time
2 coverage, as well as explore alternative models to
3 rate risk.

4 So when we look at the results of the
5 stakeholder engagement, we can, in fact, see, yes, our
6 stakeholders are very diverse. They have different
7 business models. And we can see that -- when we look
8 at the time bands or we ask them on the current
9 approach, they indicate that the time bands are
10 largely ineffective; albeit for different reasons.

11 The second step was the results of the
12 external jurisdiction consultation. So this is
13 generally focused on SGI and ICBC.

14 So MPI, SGI, and ICBC, while all public
15 auto insurers -- so we operate with similar
16 constraints, similar considerations, we do have
17 different business models, different ratemaking
18 methodologies, and different VFH technologies. So
19 apples-to-apples comparisons can be a bit challenging.
20 But I'm going to kind of explain these models at a
21 very high level. Obviously, it gets much more
22 complicated than what I have on my screen today.

23 But starting with taxi, limo, and
24 accessible Vehicle for Hire, at SGI, commercial
25 coverage is based on a declared rate registration

1 class. This is subject to the business recognition
2 program, which is SGI's method of managing risks and
3 incentives for commercial owners.

4 The rates are maintained based on the
5 claims history of the Vehicle for Hire group.

6 At ICBC, commercial coverage is based
7 on the declared rate class and subject to the
8 policyholder and listed driver factor, which is ICBC's
9 method of managing risks and incentives.

10 Again, rates are maintained based on
11 the claims history of the VFH group.

12 Now, British Columbia has a much larger
13 economy than Manitoba and Saskatchewan. And for that,
14 they had a -- they have a lot of large taxi fleet
15 companies. So it'll be one (1) company that owns a
16 large number of taxis.

17 Now, about a year after the blanket
18 policy was developed, British Columbia also developed
19 a similar product for taxis. So a taxi is on a per
20 vehicle model during personal use, and then they
21 transition to a distance based product during VFH
22 operation.

23 Now, what ICBC has indicated is that
24 it's only select taxis within large taxi fleet
25 companies that are on this combined model and that no

1 single owner/operator taxis are on this model.
2 They're generally on the declared rate class per
3 vehicle model.

4 So relative to transportation network
5 companies, SGI and ICBC are fairly well aligned. So
6 they have mandatory blanket policies, coverage only
7 during ride sharing periods. These are dispatcher
8 purchase policies. They're kilometre-based by use of
9 a starting rate. And discount and surcharges are
10 applied based on the claims history of the TNC.

11 So what we can see here is SGI and ICBC
12 are somewhat aligned in their approach. They offer
13 more of a customized approach when it comes to
14 insurance models for VFH and that this is a bit of a
15 departure from MPI's current approach, which is one
16 model for all groups.

17 So the final part of our VFH framework
18 review -- and this is the stuff that we've been
19 completing since the inception of the program -- are -
20 - which is the results of the MPI time band analysis.

21 So time bands have been largely
22 ineffective across all Vehicle for Hire groups. So as
23 of April 2022, we can see that 85.1 to 90.7 percent of
24 all VFH stakeholders are selecting all four (4) time
25 bands. So none of them are using that inherent built-

1 in flexibility.

2 Through the stakeholder engagement, we
3 can kind of understand why this is so. That the time
4 bands don't align to their operational business needs.

5 So in sum, we can come to a number of
6 conclusions based on our framework review. One, that
7 our VFH stakeholders are diverse. They have different
8 business models. They have different financial
9 incentives that guide those business models.

10 And for these purposes, one (1)
11 insurance for all does not meet customer needs. In
12 fact, when we look at the consultation, we can see
13 that they're all pointing to different insurance
14 models.

15 When we look at the approach that we
16 currently offer, which is the time bands, we see its
17 been largely ineffective since the inception. And
18 that's due to the fact that it's not aligning to the
19 operational needs of our customers and they all
20 indicate that there are different reasons for why it
21 doesn't align.

22 So, based on the results of the review,
23 MPI is proposing a revised Vehicle for Hire framework.
24 We're hoping that this will improve and provide more
25 tailored solutions to better meet the business needs

1 of our VFH stakeholders.

2 With this, there will be the removal of
3 the time band model. So, currently we have our time
4 band model, which is one (1) size fits all and in the
5 future we're looking to offer two (2) products to our
6 VFH customers.

7 So one, we will have the Basic blanket
8 policy, which will be purchased by the dispatcher and
9 this will be the product that is tailored to the TNC's
10 and passenger VFH.

11 Through the framework review, we
12 understand the importance of retaining the VFH
13 insurance use, so these products will be tailored to
14 the most accessible and taxi Vehicle for Hire.

15 I'll now give us a high level summary
16 of both. So, starting with the Basic blanket policy.
17 So, on the outset, these solutions are tailored to the
18 -- transportation network companies. And this is
19 based on the results of the VFH framework review.

20 The blanket policy will be mandatory
21 for any TNC wanting to operate in Manitoba. That
22 being said, all VFH dispatchers are eligible, provided
23 that they meet the minimum requirements.

24 So, if taxis, limos and accessibles,
25 can meet the minimum requirements and feel that this

1 is the right insurance model to meet their operational
2 needs, MPI is willing to have conversations around the
3 future development of a model like this.

4 In this model, the dispatching company
5 pays premium for insurance coverage during the VFH
6 operation. If we look at the figure below, VFH
7 operation is periods 2 and period 3.

8 So, period 2 is when a driver accepts a
9 trip to when a passenger enters.

10 Period 3 is when a passenger enters to
11 when they're transported to his or her destination.
12 This is when the Basic blanket policy applies.

13 Period zero is when the app is off-line
14 and period 1 is when a driver is available, but hasn't
15 accepted a trip via a TNC platform. This is when the
16 registered owner policy applies.

17 So, this policy is price per -- per
18 kilometer by use of a single starting rate for all
19 TNC's and that starting rate is currently under
20 actuarial built. The premium is determined on a per
21 policy basis. So, if you're a large TNC and you have
22 a large number of vehicles, you presumably put on more
23 ride share kilometers and have a higher premium
24 requirement compared to a smaller TNC, with less
25 vehicles, which would put on less kilometers.

1 In terms of insurance coverage, this
2 includes Basic insurance coverage, so this is no
3 different than what our passenger VFH get today, or
4 any VFH for that matter.

5 In terms of managing risks, some
6 incentives for the Basic blanket policy product, we
7 have two (2) year-end processes. The first being the
8 annual kilometer reconciliation, so here we'll look at
9 all of the kilometers that are reported to us across
10 the policy year for a given TNC. We will apply the
11 starting rate to get the premium requirement.

12 Then, we look at that premium
13 requirement relative to any and all losses that are
14 allocated to a TNC's Basic blanket policy and
15 calculate a loss ratio. At which point, the TNC would
16 be rebated or surcharged based on their loss
17 experience.

18 In terms of managing individual driver
19 risks, the DSR does apply during all times or periods
20 of the model, so periods zero through three (3).

21 So, that brings us to the VFH insurance
22 use models. So these solutions, on the outset, based
23 on the results of the framework review, are targeted
24 to the taxis, accessible and limo. So, here we're
25 simply moving groups to full-time models.

1 So, this is what the majority of them
2 insure as already, so accessible and limo, instead of
3 being accessible VFH 1, 2, 3, will simply move to
4 accessible VFH and limo VFH.

5 Taxi, as well, will move to a full-time
6 model but, of course, as we've heard, through the
7 stakeholder engagement, taxis are interested in a
8 part-time taxi VFH, where a VFH coverage will only be
9 during defined hours of commercial operation.

10 Now, MPI is currently reviewing this
11 request and assessing the demand for a part-time model
12 within the taxi population.

13 So, in terms of current status and next
14 steps for VFH, specifically the proposed VFH
15 framework, actual analysis and development is
16 currently being completed on the blanket policy. When
17 that's done, we can finalize the remaining product
18 policy and business rules. Complete product and
19 pricing will be presented in the 2024 GRA and
20 regulation work will commence in spring of 2023.

21 So, for the last portion of the VFH
22 presentation, I'm just going to cover a number of
23 Orders within PUB Order 134/'21 and 121.

24 So, PUB Order -- oh --

25 BOARD CHAIR GABOR: Sorry, can you

1 back -- can we go back to the previous screen and --
2 so, I -- I just want to --

3 MS. SIMMI MANN: Yeah.

4 BOARD CHAIR GABOR: -- get this clear.
5 Your product and pricing is going to be presented at
6 next year's GRA.

7 MS. SIMMI MANN: Correct.

8 BOARD CHAIR GABOR: But, you're
9 actually going to be introducing it in the spring of
10 next year? Regulation work will commence in spring
11 2023.

12 MS. SIMMI MANN: Yeah, so that's part
13 of the product development. So, we have to work on
14 some of the regulation to build it within 2023, but it
15 doesn't go through the consultation process until
16 after we gain PUB approval in the 2024.

17 BOARD CHAIR GABOR: Okay. Thank you.

18 MS. SIMMI MANN: Okay. So PUB Order
19 134/'21, Directive11.11, indicated MPI to file the
20 results of the VFH framework review and we've done so
21 in the 2023 GRA and I've kind of done a high level
22 summary in this presentation.

23 Directive11.11 had a number of product
24 and pricing orders. So, I'm just going to cover a few
25 of the product-related ones but MPI has filed in

1 accordance with that Board Order.

2 So, Directive 11.11, part B, stated
3 which DSR model best reflects risk and incentives to
4 reduce risk.

5 So, MPI is very much aware that the
6 current registered owner model, combined with DSR may
7 not be the most effective in capturing risk for
8 certain VFH groups that likely employ multiple drivers
9 to a single vehicle. On specifically this one, this
10 is a more of a continuous business model. So, in this
11 regard, a more accurate model would capture the risk
12 associated with all drivers of a vehicle.

13 So, in an effort to address this gap,
14 in 2021, MPI had presented a risk incentive model,
15 positioned to capture risk more appropriately for
16 taxis by use of escalating surcharges due at the time
17 of an at-fault claim.

18 Now, this model has currently been
19 deferred. As we had further discussions with taxis
20 and mapping it out, taxis were not amenable to the
21 proposed model, within the current rate-making
22 methodology. So, we can work on a number of product
23 changes and development on the product side but,
24 ultimately, you know, we are bound by our rate-making
25 methodology.

1 So, PUB Order 134/'21, Directive 11.11,
2 parts D, F, and I, were all separate Orders related to
3 the relevant data collection to better understand taxi
4 VFH, the high claims experience, passenger VFH, and
5 the appropriateness of various metrics for VFH premium
6 design.

7 Now, to further answer these
8 directives, MPI sent out a formal data request to all
9 VFH dispatchers to ascertain what data do they capture
10 and are they willing to share with us. We asked about
11 number of fares, number of hours worked during VFH
12 operation, cumulative working hours, and kilometres
13 travelled.

14 What we found in the responses that we
15 did receive is that there's little consistency in the
16 data collection among dispatchers. So, given the
17 variability of the data captured, the availability of
18 the data to MPI, as well as taking into account
19 industry trends, MPI believes that the kilometres
20 travelled is an appropriate metric in designing VFH
21 premium for the ride share economy.

22 When we look at the appropriateness of
23 various metrics for a VFH premium in general, I think
24 we said, in the Orders, that there could be a number
25 of potential metrics: insurance use, territory,

1 individual driver risk. If these are metrics -- or if
2 there are metrics that MPI doesn't capture, we do need
3 to ensure that there is a certain volume of data or an
4 accuracy.

5 In terms of understanding the high
6 claims taxi experience, MPI is partnering with the TC
7 on a telemonics pilot to collect data and gain further
8 insights relative to the high taxi claims experience.

9 Okay, PUB Order 121, Directive 3. So,
10 the PUB ordered an increase of 20 percent for
11 passenger VFH in the 2022 and 2023 GRA and MPI has
12 been compliant in the 2023 GRA.

13 I'm now going to hand it over to my
14 colleague, Curtis Prystupa, to speak on DSR.

15 MR. CURTIS PRYSTUPA: Thank you very
16 mu -- much, Ms. Mann, and good morning everyone.
17 Thank you for the opportunity to discuss a topic that
18 is very important, not only to all of us here, but
19 also important and impactful to the majority of
20 Manitobans as well.

21 To start, I'd like to begin with an
22 overview of the required steps to change the DSR
23 model. In accordance with PUB Order 134/'21,
24 Directive 11-13, MPI filed its anticipated 21-step
25 plan, in accordance with this Directive, containing a

1 high-level summary of its proposed five (5) year plan
2 for the implementation of the primary driver model.

3 This plan was accompanied by the chart
4 shown here, which outlined the key initiatives and
5 milestones plotted across a sixty (60) year period,
6 with the final year being implementation.

7 Through this plan MPI identified
8 several items requiring substantial effort including,
9 two (2) phases of legislative changes; two (2) phases
10 of requirement gathering, system design, and system
11 changes; a detailed pricing examination; consultation
12 with industry stakeholders; and the development of
13 communication and education campaigns for customers.

14 As we look at this chart, MPI sub --
15 submits to the Board for consideration that this plan
16 at a high level would not only apply to the adoption
17 of the primary driver model, but would also largely
18 apply to the adoption of other potential DSR models as
19 well.

20 Additionally, MPI hopes this Board
21 appreciates the complexity of any change to the DSR
22 model; understands that this plan requires significant
23 resources over multiple years by MPI and by our
24 customers; and that MPI is committed to improving the
25 risk rating accuracy of the DSR model. Next slide,

1 please, Ms. Schubert.

2 Starting at the end of last year, MPI
3 did a deep dive into our existing data sources to see
4 what findings could be made related to DSR. What we
5 found was that our existing data is very limited
6 related to DSR.

7 It is unable to support the necessary
8 product or actuarial analysis necessary to create
9 sound recommendations for future DSR models. This is
10 primarily due to our data lacking information -- or
11 pardon me, identification of primary and/or listed
12 drivers.

13 For example, in previous filings MPI
14 confirmed that at the time of claim, 33 percent of the
15 time somebody other than the registered owner was
16 driving, but we are iden -- unable to identify if that
17 person is the primary driver or regular listed driver.

18 This examination did give us an
19 opportunity to conduct a household analysis that was
20 able to provide some high-level estimates on the
21 prevalence on households that may be leveraging the
22 inherent structure in our current DSR model, as well
23 as the amount of benefit they may be experiencing.

24 Looking at this analysis, I want to
25 state first that the base data for this analysis and

1 the analysis itself is far from perfect. We do not
2 anchor on this -- on this study.

3 Due to the current state of our data,
4 we do have some duplication in addresses. Further to
5 this, the methods used to estimate prevalence and
6 estimated financial benefits required a high degree of
7 subjectivity considering the likelihood of customers
8 to make choices to their benefit.

9 As an example, most studies looked at
10 the relationship between DSR considering policies and
11 license holders in a household to estimate prevalence
12 and the degree of difference in DSR levels to estimate
13 financial benefits.

14 Through subj -- oh, sorry, we're not
15 quite done with that one. Thank you. Through
16 subjective assessment, MPI estimates the prevalence.
17 And again, I will say at a very high level of
18 customers leveraging the inherent structure in our
19 current DSR model is approximately 26 percent. And of
20 the 26 percent, MPI estimates that 19 percent
21 experience some limited financial investments and 7
22 percent are seeing more significant financial
23 benefits.

24 We are in the process of refining this
25 analysis to det -- to determine if more accurate

1 estimates are possible, but we do expected limited
2 returns on that.

3 As we stated earlier, MPI is committed
4 to DSR model improvements and to find the best fit for
5 Manitobans. To do this, we will evaluate two (2)
6 additional options in addition to the primary driver
7 model.

8 Further, as you can -- as you will see
9 by the use of terms such as 'high', 'higher', and
10 'highest', we lack the data necessary to objectively
11 analyze the possible options.

12 We hope that this matrix shows that any
13 model changes carry complex and often conflicting
14 considerations. Customers told -- have told us that
15 they value simplicity. This conflicts with the desire
16 to rate risk more accurately.

17 As we further move towards risk rating
18 accuracy, the further we move away from simplicity.
19 Our goal is to strike a balance between improved risk
20 rating accuracy and customer experience, while
21 demonstrating fiscal prudence for Manitobans. Next
22 slide, please.

23 At this stage, all roads lead us back
24 to a lack of data. MPI must take steps towards
25 obtaining the data necessary to form sound

1 recommendations. If we conduct this data collection
2 via a customer survey, we are limited to product
3 analysis. The credibility suffers and actuarial
4 analysis is not possible, but the time requirements
5 and costs are low.

6 With this, we may be able to understand
7 the percent of registered owners who are not the
8 primary driver and how many unlisted drivers each
9 survey participant has. This could provide us with
10 guidance that favours one (1) model over the others.

11 If we make this data collection
12 voluntary for customers at any point they interact
13 with us, we may require legislative changes and
14 because we will not be collecting information from a
15 random representative sample, actuarial analysis will
16 not be possible. And the time line to complete
17 collection is up in the air depending on how many
18 customers wish to volunteer this information.

19 If we make this data collection
20 mandatory for customers at the time of policy renewal,
21 we will certainly require legislative changes and
22 should be able to complete the collection in one (1)
23 year period.

24 To ensure actuarial soundness with this
25 option, the data would need to be gathered from a

1 random representative sample of policyholders and
2 capture a minimum of 20 percent of DSR-eligible
3 policies. This equates to approximately a hundred and
4 seventy thousand (170,000) policies.

5 We are in the progress of -- process of
6 sizing each option and preparing analysis to support a
7 decision on which method we wish to pursue at this
8 time. Next slide, please.

9 As we have taken you through today, we
10 have conducted a thorough examination of DSR data and
11 built a high-level process for changes to the DSR
12 model. Our next step is to complete the sizing and
13 analysis to make a decision on our preferred data
14 collection model, then consult with government and
15 seek endorsement on our plan.

16 From there, we move to legislative
17 changes, if necessary, then to detailed business
18 requirements and IT design, as well as the first phase
19 of stakeholder consultation.

20 Once those steps are complete and we
21 have a plan -- pardon me, we develop and roll out our
22 customer communication and education campaign,
23 implement the necessary IT changes before we finally
24 begin the DSR data collection.

25 Thank you for your time. I'll now pass

1 things over to Ms. Low to speak some -- to some
2 additional pieces related to DSR.

3 MS. CARA LOW: Good morning. It's
4 nice to be back again today. So I'm just talking
5 about the registered owner model and the expansion of
6 the DSR scale. I'm not talking about a move to the
7 primary driver.

8 I'm both an actuary and also a DSR
9 level 16 driver and a registered owner, so I would
10 like to move to actuarially sound DSR levels and to
11 expand this scale.

12 There are two (2) issues we are
13 currently dealing with. First, as we talked about the
14 other day at the rate-making panel, we are going to be
15 running generalized linear models over the next couple
16 of days -- or couple of years, I should say. So these
17 are called GLM models.

18 We're going to be putting DSR levels in
19 there as a rating variable; that means what comes out
20 of the model could be different than what we get right
21 now with our minimum bias model. So really hard to
22 figure out how we're going to get to the end point
23 when we don't know what the end point looks like yet.

24 The second thing we're wrestling with
25 is understanding our database. So about a third of

1 the population is at the highest DSR level, so that
2 was DSR 15. And over this rating year, the majority
3 of them are transitioning over to DSR 16.

4 So if you look at the indication, it
5 was showing a 56 percent discount for DSR 15; that has
6 been highly influenced by people that are actually DSR
7 16, 17, 18, 19, 20.

8 We have to work with our data
9 management team to understand how to subdivide the
10 highest level, whether it's DSR 15 or now DSR 16. We
11 have to figure out how to subdivide that and get the
12 actuarially-based discounts for each of those sub-
13 levels, and that's something we're still working
14 through.

15 So that is -- those are the two (2)
16 reasons that we're requesting to divert -- defer the
17 DSR Transition Plan to be part of the GLM Transition
18 Plan which we will be filing in the 2025 GRA.

19 MR. ANTHONY GUERRA: Thank you, Ms.
20 Low. While I still have you on the mic, I can ask you
21 some questions about the -- the Vehicle for Hire
22 portion of the presentation because I understand that
23 there was some discussion at a high level about a new
24 product -- or new products, rather, and a discussion
25 about it from the product design perspective.

1 But if you have any additional comments
2 you'd like to make from a rate-making perspective,
3 this would be your time.

4 MS. CARA LOW: Yeah. I just want to
5 follow up. Currently, all our products are under
6 ratemaking that follows accepted actuarial practice.
7 As we change product design, ratemaking is not going
8 to change. It's going to continue being under
9 accepted actuarial practice.

10 So product design is being looked at;
11 ratemaking is not being look at. We will price the
12 new product design, but ratemaking itself will
13 continue to be under accepted actuarial practice.

14 MR. ANTHONY GUERRA: Thank you. And
15 we also heard, Ms. Mann, from you this morning about
16 the -- the situation with the request by the Taxi
17 Coalition for a part-time product.

18 Do you recall that?

19 MS. SIMMI MANN: Correct.

20 MR. ANTHONY GUERRA: And can you just
21 help the Board understand where things are presently
22 at with MPI and the Taxi Coalition in terms of
23 considering what that product might look like if -- if
24 it is at all being considered by the Corporation?

25 MS. SIMMI MANN: I think we -- as we

1 stated, we're just reviewing the request and -- and
2 assessing the overall demand within that taxi
3 population, so.

4 MR. ANTHONY GUERRA: Has MPI done any
5 work on its own in terms of what the product might
6 look like, the pricing, things like that?

7 MS. SIMMI MANN: Yes. We had initial
8 conversations and we provide -- provided premium
9 projections, I would say, you know, an early model of
10 what they could expect. And we did supply that to the
11 TC.

12 MR. ANTHONY GUERRA: And if MPI were
13 to move forward with that type of product, what
14 further work would be required for it to do so?

15 MS. SIMMI MANN: We need to assess the
16 overall demand. What taxis have told us in prior
17 consultation is that there's roughly around 20 percent
18 that would take less than four (4) time bands or need
19 more flexibility. So we'd like just to help further
20 refine assumptions around the projected uptake and
21 gain more data.

22 MR. ANTHONY GUERRA: Okay. Thank you.
23 I have no further questions.

24 THE PANEL CHAIRPERSON: Thank you, Mr.
25 Guerra.

1 Mr. Watchman...?

2

3 CROSS-EXAMINATION BY MR. ROBERT WATCHMAN:

4 MR. ROBERT WATCHMAN: Good morning,
5 panel. For those of you I haven't met before, my name
6 is Robert Watchman, and I am one (1) of the Board
7 counsel. I have a variety of questions to ask, and
8 it's free for anybody on the panel to -- to answer or
9 chip in to an answer already given.

10 And I'm going to start, though, by
11 getting right into the numbers on the Vehicles for
12 Hire. And so, Kristen, if we could turn to RM
13 Appendix 4.

14

15 (BRIEF PAUSE)

16

17 MR. ROBERT WATCHMAN: A little bit
18 difficult to -- to read those numbers, but... So, the
19 RM-4 -- sorry, if we could just look at title so we
20 know what we're talking about here. And this is
21 transition from rate requirement indicators to applied
22 for rate adjustment.

23 And can you just advise the panel --
24 sorry, the Board what -- what that means?

25 MS. CARA LOW: One (1) minute, please.

1

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(BRIEF PAUSE)

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MS. CARA LOW: Sorry, I just wanted to confirm. So, we calculate what we -- the rate should be under accepted actuarial practice. And then we run it through our rate model, so the actual population of the vehicles within Manitoba. And then there's an experience adjustment.

MR. ROBERT WATCHMAN: Thank you. And so, just looking at the structure of the chart so we know where we're looking. So, the first column is major class. The second column is the description of that major class. And then the fourth column is the territory.

And for our purposes, if we can go over to the right side of the -- the appendix, and then column -- or the block 'F'. And block 'F' sets out the applied for adjustment, final rate model, correct?

MS. CARA LOW: Correct.

MR. ROBERT WATCHMAN: And so it's that percentage change, that middle -- that -- the middle of those three (3) columns is the change that's being applied for?

MS. CARA LOW: That is correct.

1 MR. ROBERT WATCHMAN: So, sorry,
2 Kristen, if we could go back to the first column. And
3 just scroll down to the bottom of the page. And we
4 see there -- oops, too far.

5 We see there the last five (5) columns
6 -- sorry, the last five (5) rows are the passenger
7 Vehicle for Hire, passenger vehicle, and then the
8 Vehicle for Hire truck, correct?

9 MS. CARA LOW: That is correct.

10 MR. ROBERT WATCHMAN: Okay. So, if we
11 -- and then it has by territories 1 through 5 for
12 each. And then, if we scroll across to that last
13 group of columns, and we see there that the applied
14 for rate change in respect of passenger vehicle
15 Vehicle for Hires ranges from 19.9 percent in
16 territory 1, if I'm looking at the right line, down
17 to, I believe it's 18.49 for territory 5.

18 Have I got that right? Is that...

19

20 (BRIEF PAUSE)

21

22 MS. CARA LOW: It appears to be
23 correct, yeah.

24 MR. ROBERT WATCHMAN: No, that's --
25 yeah. And I -- I -- we can all read the numbers. I

1 just want to identify the location.

2 Now, if we look then -- so, the next
3 five (5) rows would be the light truck Vehicle for
4 Hires?

5 MS. CARA LOW: Correct.

6 MR. ROBERT WATCHMAN: And so, we note
7 the first one there is 22.04 --

8 MS. CARA LOW: Correct.

9 MR. ROBERT WATCHMAN: -- rate change.
10 Now, is the Corporation asking the Board to exceed its
11 overall cap of 20 percent or is the Corporation -- is
12 the Corporation's request understood to be capped at
13 20 percent?

14 MS. CARA LOW: It is capped at 20
15 percent because the 20 percent is applied to the rate
16 table, so the rates that are being stored. And then
17 these adjustments are when it's applied to the actual
18 population or vehicles.

19 So, people's DSR scales change, the
20 type of vehicle they're driving. You know, they may
21 buy a new vehicle. There's new entrants, people
22 leaving Vehicle for Hire. So the actual population,
23 they're -- not everyone's going to get exactly a 20
24 percent.

25 MR. ROBERT WATCHMAN: But will any

1 individual have an increase that's over 20 percent?

2 MS. CARA LOW: It is possible, yes.

3 Yeah.

4 MR. ROBERT WATCHMAN: And I just note
5 there the last two (2) rows which I believe are
6 territories 4 and 5, there's no information there.

7 Is that because -- or perhaps you could
8 just ask --

9 MS. CARA LOW: There's no exposures in
10 there.

11 MR. ROBERT WATCHMAN: There's no
12 exposures there.

13 MS. CARA LOW: Yeah.

14 MR. ROBERT WATCHMAN: Now, we've seen
15 a number of significant increases in the Vehicle for
16 Hire category -- and perhaps this is a question for
17 Ms. Mann -- about the overwhelming selection of all
18 four (4) time bands.

19 Did the Corporation consider whether or
20 not increasing rates might drive ratepayer -- sorry,
21 no pun intended -- but might drive ratepayers to
22 select less than all four (4) time bands?

23 MS. SIMMI MANN: We haven't seen that
24 with the rate increases. As we can see, I think what
25 drives the customers is, you know, their business

1 models or their incentives to drive. I don't think
2 the rate increase -- if I look at passenger VFH
3 specifically, I don't think we've seen that.

4 MR. ROBERT WATCHMAN: Thank you. Now
5 -- and just so I understand, in this appendix, these
6 are all based upon the current methodology for
7 allocating large loss?

8 MS. SIMMI MANN: Correct.

9

10 (BRIEF PAUSE)

11

12 MR. ROBERT WATCHMAN: And if we could
13 turn now to figure -- sorry, VFH-3 in the application.

14

15 (BRIEF PAUSE)

16

17 MR. ROBERT WATCHMAN: So, this is the
18 average dollar -- this represents the average dollar
19 increase in rates for these Vehicle for Hire
20 categories?

21 MS. CARA LOW: That is correct.

22 MR. ROBERT WATCHMAN: So, there isn't
23 any category that is over 20 percent there?

24 MS. CARA LOW: No, there is not.

25 MR. ROBERT WATCHMAN: Thank you.

1 MS. CARA LOW: And this is at a static
2 point in time. So, by the time the rates actually get
3 applied, there could be a different group of vehicles.

4 MR. ROBERT WATCHMAN: So, this is
5 based upon what point in time?

6 MS. CARA LOW: January 1st -- November
7 1st.

8 MR. ROBERT WATCHMAN: Now, if we could
9 turn to -- sorry again, VFH appendix 4. And so, my
10 understanding is that alter -- alternate analyses were
11 provided for Vehicle for Hire major class. And if we
12 could just keep one (1) finger there and go to
13 appendix 5.

14

15 (BRIEF PAUSE)

16

17 MR. ROBERT WATCHMAN: So, would these
18 -- so, the appendix 4 is the -- part of the
19 alternative analysis. Is that correct?

20

21 (BRIEF PAUSE)

22

23 MS. CARA LOW: That is correct.

24 MR. ROBERT WATCHMAN: Okay. And
25 that's for Vehicle for Hire major class. And then

1 appendix 5, which is the next one, is -- is that for
2 all other -- that includes other Vehicle for Hire.
3 So, sorry, I'm just going to move on from there. It's
4 not quite what I thought it was going to be.

5 Now, okay, so -- so, going back to
6 appendix 4, and if we could look at page 16. And
7 towards the bottom of the page there we see the
8 passenger Vehicle for Hire, passenger vehicle rows at
9 the bottom.

10 And if we go across to the last column,
11 which is the balance indicated change, we see changes
12 from negative eight-point-three (-8.3) -- I'm reading
13 this right across to zero-point-two-five (0.25)?

14 MS. CARA LOW: That's what I see as
15 well.

16 MR. ROBERT WATCHMAN: So the balanced
17 indicated change is negative for most territories,
18 correct?

19 MS. CARA LOW: Sorry, could I see the
20 heading again?

21 MR. ROBERT WATCHMAN: I'm sorry. If
22 we go up to the top, that'd be --

23 MS. CARA LOW: Yes. Correct.

24 MR. ROBERT WATCHMAN: Okay. And if we
25 go to -- back to Appendix 5. And we have the -- the

1 top five (5) entries or top five (5) rows or the
2 vehicle passenger for hire. And again, we go across
3 to the balance capped indicated -- sorry, balanced
4 capped indicated adjustment again.

5 So that middle column of the -- under
6 'E' there, we see that the change ranges from 19.9
7 percent down to 17.04 percent.

8 MS. CARA LOW: Correct.

9 MR. ROBERT WATCHMAN: And so, can you
10 explain for us the -- what is the relationship between
11 those numbers and the numbers that we just looked at
12 in Appendix 4?

13 MS. CARA LOW: One (1) minute, please.

14

15 (BRIEF PAUSE)

16

17 MS. CARA LOW: Sorry about that. So
18 Appendix 4 is where we've taken the Vehicle for Hire,
19 private passenger, limos, taxis, and accessible
20 vehicles and we put them into a combined Vehicle for
21 Hire major class. And so, those indications are
22 relative to each other and within that new class or
23 different major class.

24 And then, Appendix 5, everything's
25 still in its current major class. And then, it's

1 alternative scenario for serious losses.

2 MR. ROBERT WATCHMAN: Okay. So again,
3 just -- it's difficult -- the numbers are small
4 enough, it's difficult to put side by side.

5 But so, the -- so for the first four
6 (4) rows, we have a range of balanced capped indicated
7 adjustment between 12.11 and 19.01 percent. Do you
8 see that?

9 And if we could then turn to RM
10 Appendix 9, table 14.

11

12 (BRIEF PAUSE)

13

14 MR. ROBERT WATCHMAN: Okay. And so,
15 this table is the indicated rate calculation. And if
16 we go to the top of the next page --

17 MS. CARA LOW: Sorry, is this still
18 Appendix 5 or is this Appendix 4?

19 MR. ROBERT WATCHMAN: This is Appendix
20 9.

21 MS. CARA LOW: Okay.

22 MR. ROBERT WATCHMAN: And if we go to
23 the top of the next page. And you see there, after
24 the antique vehicles, we have the same group --
25 grouping of passenger Vehicle for Hire, passenger

1 vehicle.

2 And if we go to the last column
3 balanced indicated change, we see there there's a
4 range from 6.84 percent through 36.66.

5 So are these -- are these numbers
6 comparable to those that we just looked at in -- in
7 Appendix 5?

8 MS. CARA LOW: This scenario -- or
9 this particular exhibit is before capping is applied.

10 MR. ROBERT WATCHMAN: And the capping
11 -- if you could explain the capping again. It's --

12 MS. CARA LOW: The 20 percent.

13 MR. ROBERT WATCHMAN: So for those --
14 those percentages that were over 20 percent, they were
15 capped. The other -- the Appendix 5 caps them at 20
16 percent?

17 MS. CARA LOW: Yes, we -- it's capped
18 at 20 percent and then experience adjustments are
19 applied.

20 MR. ROBERT WATCHMAN: And now, in
21 respect of -- of loss loading, does the -- MPI believe
22 that these uses and territories have the potential to
23 have a large loss during the rating year?

24 MS. CARA LOW: Only major -- all
25 vehicles are -- sorry, just let me think.

1 Everyone can have a large loss. Some
2 are more prone to have large losses than others. But
3 any one (1) vehicle could eventually have a serious
4 loss.

5 MR. ROBERT WATCHMAN: In any
6 territory?

7 MS. CARA LOW: In any territory.

8 MR. ROBERT WATCHMAN: Now -- okay.
9 Again, sorry about this. But keeping these numbers
10 and the numbers that we just looked at in mind,
11 Kristen, if we could go to PUB-MPI-1-8.

12

13 (BRIEF PAUSE)

14

15 MR. ROBERT WATCHMAN: Sorry, could we
16 -- if we could go to the -- to the Information Request
17 itself, the first page. Just to get the context of
18 this.

19

20 (BRIEF PAUSE)

21

22 MR. ROBERT WATCHMAN: Okay. And so,
23 this Information Request dealt with -- excuse me, the
24 Board directive to provide alternate -- alternative
25 rate indication by use and territory. And we -- we

1 don't have to go through the detail of it. That was
2 in the Order.

3 And if we scroll down a bit -- oh, too
4 much. Just a little bit further up, where we talk
5 about -- there. Right there.

6 And so, again, the background to this
7 Information Request that it was expected that serious
8 loss loading was to be determined by this formula
9 that's set out. And again, we don't have to go
10 through that formula.

11 But -- and if we scroll down to request
12 'D', down towards the bottom. Further down.

13 And so, essentially, it was
14 calculations based upon the -- sorry, keep going.
15 Assuming the calculation be performed -- to be
16 performed as expected.

17 The -- the calculation was run and you
18 provided an Excel sheets -- or Excel tables showing
19 the work.

20 And so now if we could go to table 14
21 in this IR. And again, so now about the middle of the
22 page, we have this passenger Vehicle for Hire cluster
23 passenger vehicles.

24 And if we go to the far right column,
25 we see a similar group of numbers, but they appear to

1 have increased. Is that correct? Increased relative
2 to the table 14 that we were just looking at. Sorry,
3 table 14 in appendix RM-9.

4 MS. CARA LOW: I believe that to be
5 true. It's a -- I'm not sure I remember all the
6 numbers from the prior exhibit though.

7 MR. ROBERT WATCHMAN: So, and -- and
8 so this -- so this includes -- oops -- sorry, those
9 are the previous numbers 684, 1616, 3666, 30.57 and if
10 we come back here we'll see they're up to 15, 19, 47,
11 37 and --

12 MS. CARA LOW: Yeah, so they have
13 increased.

14 MR. ROBERT WATCHMAN: They have
15 increased. And is that -- that is a result of loss
16 loading?

17 MS. CARA LOW: That would be true.

18

19 (BRIEF PAUSE)

20

21 MR. ROBERT WATCHMAN: Sorry. So if we
22 -- if we go back to RM appendix 9, table 14, which was
23 the previous one, if we could just scroll to the top.
24 And that's our indicate -- indicated rate calculation
25 and we have that cluster of passenger Vehicle for Hire

1 towards the top.

2 How does that relate to RM appendix 4,
3 which was the first numbers we looked at. So, if we
4 could go back to RM appendix 4. And you'll see along
5 the bottom -- yeah -- okay, if we go to the left --
6 all the way to the left that -- and again, there is
7 that cluster of passenger Vehicle for Hire and if we
8 go all the way to the right, the middle column there.

9 So can you explain to us how those two
10 (2) -- the two (2) appendixes relate to one to the
11 other?

12 MS. CARA LOW: One (1) minute please.

13

14 (BRIEF PAUSE)

15

16 MR. ANTHONY GUERRA: Counsel, I'm just
17 being told that this is going to take a bit of time
18 and just -- I think it might be better by way of an
19 undertaking to -- to respond to that question.

20 MR. ROBERT WATCHMAN: All right. So,
21 the undertaking would be is that -- that how -- how
22 does the information relating to passenger Vehicle for
23 Hire, set out in RM appendix 4, related to the balance
24 indicated rate change set out for those same classes
25 in RM appendix 9, table 14.

1 MR. ANTHONY GUERRA: Yes, that's
2 correct and we will give the Undertaking. Thank you.

3
4 --- UNDERTAKING NO. 25: MPI to advise how does the
5 information relating to
6 passenger Vehicle for
7 Hire, set out in RM
8 appendix 4, related to the
9 balance indicated rate
10 change set out for those
11 same classes in RM
12 appendix 9, table 14.

13

14 CONTINUED BY MR. ROBERT WATCHMAN:

15 MR. ROBERT WATCHMAN: Thank you. Now,
16 if we could go to RM -- back in the Application -- RM
17 appendix 9, table 10, and this is a table entitled,
18 "Reported Loss and ALAE" and -- and that is allocated
19 loss adjustment expense?

20 MS. CARA LOW: That is correct.

21 MR. ROBERT WATCHMAN: Okay. Without
22 hail and with 10-year average expected serious losses,
23 adjusted for Basic product changes.

24 And if we go to the second page and
25 down to the bottom. And so for that -- for the block

1 of passenger Vehicle for Hire passenger vehicle, the -
2 - sorry -- the -- the total value is six million,
3 eight hundred and fifty eight thousand seven hundred
4 and fifty five (6,858,755).

5 Do you see that in the last column?

6 MS. CARA LOW: I do see that. Could
7 we just look at the headings again?

8 MR. ROBERT WATCHMAN: Okay. If we
9 could --

10 MS. CARA LOW: Yes.

11 MR. ROBERT WATCHMAN: And --

12 MS. CARA LOW: It's by territory,
13 yeah. That was correct.

14 MR. ROBERT WATCHMAN: -- by -- it's
15 right.

16 MS. CARA LOW: Yeah. Yeah.

17 MR. ROBERT WATCHMAN: So, that's just
18 loss by territory and then --

19 MS. CARA LOW: Right. Yeah.

20 MR. ROBERT WATCHMAN: -- total for
21 different years.

22 MS. CARA LOW: Yes.

23 MR. ROBERT WATCHMAN: Yeah. Now, if
24 we go to the corresponding table in PUB-1-8. And if
25 we, again, go to page 2, oop -- not quite to -- to the

1 bottom there, but if we, again, focusing on passenger
2 Vehicle for Hire passenger vehicle, we see that the
3 total in the last column has increased seven million
4 three hundred and eighty-three thousand, six hundred
5 and sixty-two (7,385,662).

6 MS. CARA LOW: Yes, I see that.

7 MR. ROBERT WATCHMAN: And -- and
8 again, so -- and this Information Request related to
9 conducting loss loading under a different methodology?

10 MS. CARA LOW: Correct. Yes.

11 MR. ROBERT WATCHMAN: And, the amounts
12 for every loss year and every territory, not -- not
13 including 2017, but all the rest are -- are a -- a
14 little bit larger because of the large loss -- losses
15 allocated based on collision claims. Is that correct?

16 MS. CARA LOW: Collision frequency.
17 Yeah.

18 MR. ROBERT WATCHMAN: So, we have --
19 and if we do the -- the arithmetic, the difference
20 between the appendix 9 amount of six -- six million
21 eight hundred and fifty-eight thousand (6,858,000)
22 plus to this figure is about five hundred and twenty-
23 five thousand (\$525,000).

24 MS. CARA LOW: Seems reasonable, yeah.

25 MR. ROBERT WATCHMAN: And, if we go to

1 -- sorry about this, if we go to -- this is why I
2 never became an actuary. If we go to --

3 MS. CARA LOW: Fortunately, I am --

4 MR. ROBERT WATCHMAN: -- table 11, if
5 we go to table 11 in RM appendix 9 and so this is the
6 earned units by major class --

7 MS. CARA LOW: Correct.

8 MR. ROBERT WATCHMAN: -- for each
9 territory --

10 MS. CARA LOW: Yeah.

11 MR. ROBERT WATCHMAN: -- and year.

12 And so if we go to the next page and so there, if we
13 hold there, and so we see for the passenger Vehicle
14 for Hire passenger vehicle, over those -- over those
15 years and territories, the total number of earned
16 units is three thousand one hundred and eight-one
17 (3,181).

18 MS. CARA LOW: Yeah, over the five (5)
19 years.

20 MR. ROBERT WATCHMAN: And now, if we
21 go to RM appendix 9, table 12, and this is the raw
22 pure premiums without hail and with 10-year average
23 expected serious losses.

24 And, if we go down that page to the --
25 oops -- next page, correct, to the passenger Vehicle

1 for Hire passenger vehicle cluster, we see that the
2 total is two thousand one hundred and fifty-six
3 (2,156)?

4 MS. CARA LOW: I see that. Yes.

5 MR. ROBERT WATCHMAN: Last column.
6 So, now -- now we go to -- back to PUB-1-8, but, this
7 time, table 12.

8 Okay. So, what we just looked at was a
9 determination with respect to the current methodology
10 and this is -- sorry -- as to the alternative, without
11 serious loss, this, in 1-8, includes serious loss? Is
12 that your understanding?

13 MS. CARA LOW: That is my
14 understanding. Yes.

15 MR. ROBERT WATCHMAN: And, so, if we
16 go look, then, we see that the figure, now, in the
17 last column, is two thousand three hundred twenty-one
18 (2,321). Do you see that?

19 MS. CARA LOW: I do see that.

20 MR. ROBERT WATCHMAN: And, so, that
21 indicates an increase per vehicle of about a hundred
22 and sixty-five (\$165) for serious loss loading?

23 MS. CARA LOW: I don't have the exact
24 number but --

25 MR. ROBERT WATCHMAN: Okay, so --

1 MS. CARA LOW: Sorry.

2 MR. ROBERT WATCHMAN: No, that's fine

3 --

4 MS. CARA LOW: It was twenty-three
5 twenty-one (2,321) over -- what was the previous
6 number?

7 MR. ROBERT WATCHMAN: Yes. So, the --
8 the previous number was twenty-one fifty-six (2,156)
9 and --

10 MS. CARA LOW: Yep. That seems
11 reasonable --

12 MR. ROBERT WATCHMAN: -- record that
13 was -- yeah, just -- just for the record, that that
14 was Table 12 there, the -- the twenty-one fifty-six
15 (2,156).

16 So, what we're looking at is an
17 increase of a hundred and sixty-five (\$165) per
18 vehicle for loss loading?

19 MS. CARA LOW: Correct.

20 MR. ROBERT WATCHMAN: And, so, that
21 represents approximately a 7 to 8 percent increase?

22 MS. CARA LOW: That seems reasonable.
23 Yes.

24 MR. ROBERT WATCHMAN: Thank you. Now,
25 does the Corp -- does the Corporation have a view as

1 to whether that loss loading is reasonable for this
2 vehicle use?

3 MS. CARA LOW: At this point, there
4 aren't -- there are no serious losses for the
5 passenger Vehicle for Hire. We have committed to
6 looking at our serious loss loading in the next year.
7 So, we will look at it and we will review our
8 methodology.

9 MR. ROBERT WATCHMAN: Now, so, if --
10 if an alternative methodology using collision claim
11 accounts for large loss -- losses was selected with an
12 increase of about 7 to 8 percent, on average, would
13 MPI agree that this would increase the calculated
14 applied for adjustment that we saw initially in RM,
15 Appendix 4 to be about 20 percent or higher for all
16 passenger vehicles. If we -- perhaps we could go back
17 to that RM-4.

18 MS. CARA LOW: One thing to add. When
19 we do review our serious loss -- large loss loading,
20 it will be for all major classes. We're not going to
21 do any individual major classes and have different
22 methodologies. When we do -- and, if, when we do the
23 review, if we change a methodology, it will be across
24 all major classes.

25

1 (BRIEF PAUSE)

2

3 MR. ROBERT WATCHMAN: So, the evidence
4 that has been provided to date, we have -- so, a zero
5 large loss loading currently in the -- or in the
6 current methodology, and we have a large loss loading,
7 based on collision claim counts by vehicle use, and
8 two (2) large loss loadings discussed in those
9 appendixes, VFH, Appendix 4 and 5.

10 Now, what would MPI recommend for this
11 GRA that would reflect both actual and potential large
12 losses?

13 MS. CARA LOW: One (1) minute please.

14

15 (BRIEF PAUSE)

16

17 MS. CARA LOW: Could you repeat the
18 question?

19 MR. ROBERT WATCHMAN: So, the question
20 is: What would MPI recommend for this GRA that would
21 reflect both actual and potential large losses?

22 MS. CARA LOW: The actual rate
23 application we have comes -- continue to use the
24 current methodology for serious large loss loadings
25 because we haven't had a time to do a really in-depth

1 analysis and come up with what our plan is going
2 forward for serious large loss loadings.

3 MR. ROBERT WATCHMAN: So, for this
4 GRA, you're not considering some addition for
5 potential large losses?

6 MR. ANTHONY GUERRA: Sorry, just to
7 confirm, Counsel, are you referring to just the
8 private passenger Vehicle for Hire class or are you
9 referring to every scenario where there might be a
10 large loss?

11 MR. ROBERT WATCHMAN: Well -- well,
12 yeah, well, I think, for consistency, as -- as Ms. Low
13 just indicated, it would be for all vehicle uses and
14 territories, but...

15 MS. CARA LOW: For the passenger
16 Vehicle for Hire, because they are -- the rate -- the
17 rates themselves are getting a 20 percent increase,
18 not individual registered owners, but the rates
19 themselves are getting a 20 percent rate increase.
20 Even if we added a serious large loss loading, it
21 would get to the same place, 'cause we would cap at 20
22 percent.

23

24 CONTINUED BY MR. ROBERT WATCHMAN:

25 MR. ROBERT WATCHMAN: Thank you. I

1 think everybody will be -- everyone will be happy to
2 know that I'm moving on to some more general questions
3 and I just wanted to ask some questions with respect
4 to the blanket policy and it is anticipated that this
5 will form part of the 2024 GRA? Is that correct?

6 MS. SIMMI MANN: Correct.

7 MR. ROBERT WATCHMAN: And intended to
8 replace the current VFH model?

9 MS. SIMMI MANN: Yes. It'll be one
10 (1) of the product offerings.

11 MR. ROBERT WATCHMAN: And it's
12 intended, at this point, -- the intention is that it
13 would be based on kilometres instead fo vehicle count?
14 Is that correct?

15 MS. SIMMI MANN: Correct.

16 MR. ROBERT WATCHMAN: Would there be a
17 minimum number of vehicles or kilometres?

18 MS. SIMMI MANN: There won't be a
19 minimum number of vehicles.

20 MR. ROBERT WATCHMAN: So now,
21 currently, the rates are based on vehicle counts, and
22 has MPI any further thoughts on how the Corporation
23 might be able to incorporate claims' experience of the
24 blanket polic -- for the blanket policy remainder of
25 the vehicles?

1 MS. SIMMI MANN: Can you just -- oh,
2 sorry. Can you just repeat the question once more? I
3 just want to make sure the right person answers the
4 question.

5 MR. ROBERT WATCHMAN: So, in respect
6 of all -- so, all current rates are based on vehicle
7 count -- vehicle counts, right?

8 MS. SIMMI MANN: M-hm.

9 MR. ROBERT WATCHMAN: So, has MPI
10 given any further thought as to how the Corporation
11 might be able to incorporate that claims experience
12 for blanket policies?

13 MS. SIMMI MANN: This is currently
14 under development but we would look at the claims
15 experience for TNCs or for, you know, when the
16 affiliated vehicles are on the blanket policy. That's
17 when we're looking at the claims experience for the
18 TNC and for that product.

19 MR. ROBERT WATCHMAN: And is -- is
20 there a -- what other data does MPI planning on to
21 collect in order to determine the appropriate starting
22 point, in terms of base rates for the blanket policy?

23 MS. SIMMI MANN: I think we've
24 requested -- I think we answered this in one (1) of
25 the IRs, but we're looking at the passenger VFH

1 experience. And we have requested kilometres,
2 aggregate kilometres from transportation network
3 companies.

4 MR. ROBERT WATCHMAN: So -- and -- and
5 has that -- that data collection, has that started
6 yet?

7 MS. SIMMI MANN: Yes.

8 MR. ROBERT WATCHMAN: And does the
9 Corporation have any indication as to how many years
10 of data would be necessary in order to develop
11 credible rates?

12 MS. SIMMI MANN: I'll just ask my
13 colleague Cara to speak on that.

14 MS. CARA LOW: Generally you would
15 want to use three (3) to 5 years, but because it's a
16 growing book, it's hard to say how credible it is
17 right now. But I would imagine by 2024 GRA we would
18 consider it fully credible.

19 MR. ROBERT WATCHMAN: And do you know
20 at this time whether the blanket policy -- policy
21 would include some provision for large losses?

22 MS. CARA LOW: There will be some type
23 of loss loading in there.

24 MR. ROBERT WATCHMAN: And do you know
25 now whether the claims experience adjustment function

1 will be similar to that of the current fleet program?

2 MS. CARA LOW: Sorry?

3 MR. ROBERT WATCHMAN: With the claims
4 experience adjustment function?

5 MS. CARA LOW: Oh, the rebate
6 surcharge.

7 MR. ROBERT WATCHMAN: Yeah.

8 MS. CARA LOW: We're actually just
9 working on that piece right now.

10 MR. ROBERT WATCHMAN: Now, and if we
11 could just turn to the Vehicle for Hire portion of the
12 application. And I just wanted to go to page 26. And
13 there is discussion there -- sorry, if we scroll down
14 a little bit, just we know the -- nope, the other way.
15 Sorry, scroll up.

16 So, this is just where it talks about
17 legislative and regulatory amendments for the new
18 framework and the indication here is that legislative
19 changes would be require. And the anticipation is
20 that Bill 14 would receive royal assent in November
21 2022.

22 And does the Corporation still
23 anticipate royal assent being given in November?

24 MS. CARA LOW: That's correct.

25 MR. ROBERT WATCHMAN: And has the

1 Corporation maintained communication with
2 municipalities that would be impacted, or that would
3 require changes to by-laws?

4 MS. SIMMI MANN: Yes.

5 MR. ROBERT WATCHMAN: And how many
6 municipalities would require changes to bylaws?

7 MS. SIMMI MANN: It is difficult to
8 say here. Hold on.

9

10 (BRIEF PAUSE)

11

12 MS. SIMMI MANN: Possibly six (6), but
13 -- at this time, because I couldn't give them a lot of
14 information. They weren't sure whether changes were
15 required?

16 MR. ROBERT WATCHMAN: And -- and can
17 you just indicate to the Board just how frequent is
18 that communication with municipalities?

19 MS. SIMMI MANN: I would say it's not
20 too frequent. Now, the City of Winnipeg has become a
21 partner of ours. It's moved from formal consultation
22 to a very frequent partnership.

23 In speaking with rural municipalities,
24 it's a bit more challenging, because a lot of vehi --
25 like MPI is not the regulator for Vehicle for Hire;

1 that belongs to the municipalities.

2 And a lot of Vehicle for Hire, or a
3 good portion, is unregulated. So, when I called them,
4 they were questioning why MPI was calling them. I
5 indicated that we were looking to make changes and I
6 was trying to get a good sense of the VFH economy out
7 there and, you know, whether they had bylaws, because
8 sometimes they're informal and difficult to actually
9 find.

10 So, we've had some consultation, but
11 until I can provide more detail then it's kind of
12 difficult that way. So, once we have it further
13 developed I imagine -- and as I indicated, I would
14 keep them updated on that.

15 MR. ROBERT WATCHMAN: Thank you. Now,
16 I'm going to move to the topic with regards to which
17 DSR model best reflects risk and incentives. And with
18 respect to the taxies, you told us about the
19 collaboration on the -- the telematics project.

20 And can you tell us -- that started
21 this summer. Is that correct?

22 MR. CURTIS PRYSTUPA: So, the intent
23 was to start the program this summer. Unfortunately,
24 we faced some delays and it has not yet begun.

25 MR. ROBERT WATCHMAN: So, it hasn't

1 been done yet. Oh, okay. Now in terms of the
2 telematics letter would be collected, is there
3 information that's being collected beyond the
4 kilometres driven?

5 MR. CURTIS PRYSTUPA: Yes.

6 MR. ROBERT WATCHMAN: Can you tell us
7 what other telematics are being provides -- or being
8 requestion, I guess at this point.

9 MR. CURTIS PRYSTUPA: Yeah, it's a --
10 it's a relatively long -- long list. Essentially,
11 we're looking at how the -- the vehicle is being --
12 being driven. We're looking at location information.

13 We'll capture items like -- like speed
14 and also some driving behaviour as well. It's all
15 around how the vehicle is being driven to attempt to
16 uncover the underlying cause of a claims experience.

17 MR. ROBERT WATCHMAN: And -- so, does
18 this require some sort of IT vendor in order to
19 collect this information?

20 MR. CURTIS PRYSTUPA: Yes.

21 MR. ROBERT WATCHMAN: And has the IT
22 vendor been selected yet?

23 MR. CURTIS PRYSTUPA: No.

24 MR. ROBERT WATCHMAN: And is that part
25 of the delay, which resulted in --

1 MR. CURTIS PRYSTUPA: Yeah --

2 MR. ROBERT WATCHMAN: Sorry, go ahead.

3 MR. CURTIS PRYSTUPA: Yeah, just for a
4 little bit more context, MPI issued a -- a request for
5 a proposal, or RFP for the telematic solution we were
6 -- we were looking for. We did not receive any
7 responses. We did not receive any replies to the RFP.

8 We are having conversations in the
9 market right now to try to -- try to find the solution
10 and try to find the proper -- proper path forward.

11 MR. ROBERT WATCHMAN: Thank you. Now,
12 with respect to the Fleet Program, or some variation,
13 would some variation of the Fleet Program be
14 appropriate owned VFH fleets of two (2) or more?

15 MS. SIMMI MANN: Based on the way that
16 the Fleet Program is designed, I think we've said, you
17 know, in past IRs, that we'd have concerns about that,
18 because it involves the severity of claims, so that
19 could -- if a taxi had or another corporation had a
20 bad year of claims, you know, that would have a pretty
21 deleterious effect on them.

22 MR. ROBERT WATCHMAN: So, you're
23 looking for -- to correspond to fleet, it would be --
24 ten (10) vehicles or more would be the minimum?

25 MS. SIMMI MANN: And that is the

1 current -- yeah, business rule around that, yes.

2

3

(BRIEF PAUSE)

4

5

MR. ROBERT WATCHMAN: Now, again,

6

changing topics and going to the issue of time bands

7

or part-time option for taxis, is that the part-time

8

portion something that you anticipate, introduction to

9

the revisions in that will be provided in the 20

10

(AUDIO ISSUE).

11

MS. SIMMI MANN: Yeah, probably not,

12

no, because we won't have the data to be able to

13

refine the assumptions.

14

MR. ROBERT WATCHMAN: So, that's

15

something that will be further in the future?

16

MS. SIMMI MANN: Correct.

17

MR. ROBERT WATCHMAN: Thank you.

18

MS. CARA LOW: Just -- sorry.

19

MR. ROBERT WATCHMAN: All right.

20

MS. CARA LOW: Just to support that

21

answer, as Ms. Mann earlier indicated that -- we did a

22

survey. We did a consultation with the VFH. And our

23

understanding is about 20 percent would declare that

24

they would take up on that product, and that's a very

25

small number when the total complement of that is

1 around six hundred (600).

2 So, at this time, MPI would not be
3 developing a product for such a small uptake.
4 However, through the telematics and as we continue to
5 work closely with these customers, if the demand
6 increases we would revisit, but the data does not
7 indicate that there would be a need to develop that
8 product currently.

9 MR. ROBERT WATCHMAN: Thank you. Now,
10 one (1) of the other topics that has been discussed in
11 prior General Rate Applications concerns the grouping
12 of passenger VFH with private delivery services into a
13 major class.

14 And -- and can you -- you tell me if
15 I'm correct in understanding that MPI's position is
16 that this would not significantly impact the rates
17 because prices in every classification is break even
18 over time.

19

20 (BRIEF PAUSE)

21

22 MS. CARA LOW: Every major class is
23 breakeven over time as long as there's enough
24 credibility there. And it takes time, sometimes then
25 if it's low credibility to eventually get there.

1 MR. ROBERT WATCHMAN: So, there's no
2 intention then to group passenger -- or VFH, passenger
3 vehicle with delivery?

4 MS. CARA LOW: There's no plans at
5 this time.

6 MR. ROBERT WATCHMAN: I'm going to
7 change now to the topic of the DSR, and I'm just
8 wondering --

9 THE CHAIRPERSON: Mr. Watchman...?

10 MR. ROBERT WATCHMAN: Yeah?

11 THE CHAIRPERSON: Yes, sorry. Let's
12 take a break now then and we'll continue with the
13 cross-examination on DSR at a quarter to 11:00.

14

15 --- Upon recessing at 10:30 a.m.

16 --- Upon resuming at 10:48 a.m.

17

18 THE PANEL CHAIRPERSON: Thank you.

19 Mr. Watchman...?

20 MR. ROBERT WATCHMAN: Thank you, Madam
21 Chair.

22

23 CONTINUED BY MR. ROBERT WATCHMAN:

24 MR. ROBERT WATCHMAN: Turning to the
25 topic of the Driver Safety Rating. Kristen, if we

1 could turn to Appendix 1 of the Driver Safety Rating
2 portion of the Application. And this appendix deals
3 with the Board Directive with respect to a Primary
4 Driver Rating Model.

5 And if we turn ahead starting at page 4
6 of 13, going down the page, starting with -- now -- so
7 there was a number of different topics discussed by
8 the Corporation with respect to required regulatory
9 changes and that sort of thing.

10 And as the Corporation is aware, last
11 week the Manitoba Court of Appeal issued a decision
12 which provides some guidance with respect to some of
13 these matters discussed in Appendix 1.

14 My question is is whether the
15 Corporation is considering any changes to its current
16 program as a result of that decision.

17 MR. ANTHONY GUERRA: Counsel, I can
18 advise that the decision was received on October 19th.
19 Most of the people on this panel were consumed with
20 the preparation for this Rate Application and -- and
21 not digesting the results of the Court of Appeal
22 decision.

23 So, at this time, the Corporation
24 doesn't have a position as to what the impacts will be
25 on this -- on this plan as a result of the Court of

1 Appeal decision.

2 MR. ROBERT WATCHMAN: Thank you.

3

4 CONTINUED BY MR. ROBERT WATCHMAN:

5 THE PANEL CHAIRPERSON: If we could
6 turn to this morning's presentation, Kristen. And if
7 we go to page 20 -- first of all, page 21. Sorry, it
8 starts at 20 -- 21 in the slide deck, the household
9 study.

10 And you indicate there that the current
11 data is very limited in nature and difficult, and the
12 last bullet point is that you're in the process of
13 refining this analysis.

14 Can you tell us at this time what
15 you've determined in terms of changes to the study
16 that might improve the results?

17 MR. CURTIS PRYSTUPA: Sure. No
18 problem. You know, this study was primarily based on
19 locating the -- the DSR level both at the driver level
20 and at the policy level on a per-household basis.

21 We've -- we've recently refined the --
22 the data extract to try to bring in customer numbers
23 as part of that so we can see a little bit more of
24 specifically what policies are registered to what
25 customers rather than making assumptions based on the

1 DSR level.

2 So we think we'll be able to have a
3 little bit more confidence based on that, but to the
4 point I made earlier, I think, you know, there's
5 nothing that we will find that will help us be able to
6 have really good choices for potential future DSR
7 models. All it will help us with is looking at the
8 prevalence of leveraging the inherent structure in our
9 -- in our DSR model.

10 MR. ROBERT WATCHMAN: And, sorry, what
11 was the sample size for this study?

12 MR. CURTIS PRYSTUPA: The sample size
13 -- we -- we did -- we did, again, based on the worst
14 data or the -- the quality of the data, we did utilize
15 our system data to take into account all households in
16 Manitoba. So it wasn't just a -- it wasn't just a
17 portion of that. It was using all households in
18 Manitoba that met the -- that met the criteria.

19 MR. ROBERT WATCHMAN: If we could
20 scroll to the next slide, Kristen, and there you
21 indicated that you were looking at four (4) different
22 models.

23 Can you tell the Board why you decided
24 to consider listed driver and a hybrid listed driver
25 as another model?

1 MR. CURTIS PRYSTUPA: I think that,
2 you know, as we -- as we spoke to in the -- in the
3 presentation today, any movement away from the current
4 model that we -- that we will make to help the risk-
5 rating accuracy of -- of -- or -- or, you know, the --
6 the accuracy of rating risk when it comes to
7 Manitobans. It's a large change.

8 As we move towards data collection,
9 it's going to be a pretty large exercise no matter how
10 we cut it. I feel that we would be providing the best
11 value to Manitobans by doing an analysis that doesn't
12 limit us to a single model to move to, but to conduct
13 that analysis on the popular industry available models
14 that we're -- that we're seeing out there.

15 MR. ROBERT WATCHMAN: And I understand
16 from last year's GRA, it was determined that the
17 Corporation does use a listed driver model with
18 respect to at least one (1) of its Extension products.

19 Is that correct?

20 MR. CURTIS PRYSTUPA: Correct, and
21 that's Orvian -- Orvian insurance.

22 MR. ROBERT WATCHMAN: And is that
23 information of further assistance to the Corporation
24 in determining the desirability of a listed driver
25 model?

1 MR. CURTIS PRYSTUPA: In terms of
2 desirability, potentially not. I think that, you
3 know, as we're working with our technology teams, it
4 may provide some opportunities to, you know, utilize
5 some existing technology process and -- and coding
6 when it comes to collecting that information.

7 Some of that information may be
8 portable to -- to collecting -- collecting information
9 from DSR-eligible policyholders, but as far as lessons
10 learned, because the ORV-listed driver collection
11 really is part of a -- a surcharge collection, it
12 doesn't really help.

13 You know, when you think about, you
14 know, a passenger vehicle and, you know, the
15 behaviours of a household using that compared to using
16 an ORV, I don't that there's enough comparison to --
17 to make it helpful for any analysis.

18 MR. ROBERT WATCHMAN: And are you
19 aware of any resistance or negative feedback from
20 purchasers of that product in terms of their having to
21 provided listed driver information?

22 MR. CURTIS PRYSTUPA: No.

23 MR. ROBERT WATCHMAN: Now, if we could
24 return, Kristen, to the Appendix 1 again, and I wanted
25 to go to page 5, towards the bottom of page 5, where

1 there's a discussion in terms of required IT changes.

2 And that carries over to the top of the next page.

3 Now, the indication is, as I understand
4 it, that the Duck Creek platform is the platform
5 intended for this product as opposed to the Legacy
6 system. Is that correct?

7 MR. CURTIS PRYSTUPA: That's correct,
8 yes.

9 MR. ROBERT WATCHMAN: And the
10 implementation of a new Primary Driver Model would
11 occur something like twelve (12) to eighteen (18)
12 months following NOVA release 3. Is that correct?

13 MR. CURTIS PRYSTUPA: You know, we
14 can't commit to any, you know, time line of
15 implementation at this point but, you know, we've been
16 -- been advised from our technology teams that that
17 would be a -- a preferred best practice.

18 MR. ROBERT WATCHMAN: And we heard
19 last week about the flattening of the NOVA project
20 resulting in extensions of time lines.

21 And is it your understanding that
22 release 3 launch is not scheduled until sometime in
23 2024?

24 MR. CURTIS PRYSTUPA: Correct, yeah.
25 That is my understanding.

1 MR. ROBERT WATCHMAN: And so can you
2 tell us -- sorry, if we could go back to your time
3 line in your presentation this morning and scroll --
4 scroll down to the -- sorry, it's almost -- yeah,
5 there, to the -- the time line.

6 Do you anticipate that those delays in
7 the -- in release 3 of -- of Nova Project will affect
8 your progress and next steps?

9 MR. CURTIS PRYSTUPA: I think that's -
10 - I think that's a good question. I think the answer
11 is -- is somewhat complicated, and I think it comes
12 down to a couple of factors.

13 You know, we -- we did indicate on this
14 slide that we're -- you know, our next kind of
15 milestone here is for MPI to make a decision on the
16 data collection method.

17 And -- and part of that, you know, as
18 we look at doing a customer survey versus voluntary
19 collection versus mandatory collection, a big part of
20 it is the technology aspect and what it's going to
21 take for us to do it.

22 So although we have said, you know, in
23 -- in our chapter we talk about what -- what
24 implementation would look like in IWS or our existing
25 systems, as well as Duck Creek, we are having the

1 sizings done for IWS as -- you know, in -- in addition
2 to Duck Creek when we're looking at the addition of
3 not only the primary driver, but the listed driver as
4 well.

5 I think what it's going to come down
6 to, part of it is going to be those costs and the
7 value of (sic) Manitobans at this -- at this point in
8 time. So I think once we have all of the information
9 gathered that we're looking to put together, one (1)
10 of the considerations that go into the decision is,
11 you know, which method are we going to go with and
12 when are we going to do it?

13 Is it -- you know, do we -- do we make
14 the decision to make the investments in our existing
15 systems, which have a very limited life span, or do we
16 make the choice to wait for Duck Creek to be available
17 with release 3(a)?

18 MR. ROBERT WATCHMAN: And if we could
19 then go back to the Appendix 1, Kristen, and -- or --
20 and turning to page 13, which is that spreadsheet of
21 activities.

22 Now, as I understand it, looking at
23 item J, which is the collection of primary driver
24 information, the indication there is that it would
25 require three (3) years of data collection prior to

1 launch.

2 MR. CURTIS PRYSTUPA: I think the --
3 the indication here -- I'm not sure if I would
4 necessarily agree with that statement, but the --
5 where you see the -- you know, the blue on the Gantt
6 chart continuing from the start of year 3 and beyond,
7 that's intended to identify that it's a continuous
8 process.

9 I'm not sure if that answers your --
10 your question though.

11 MR. ROBERT WATCHMAN: No. I've got --

12 MR. CURTIS PRYSTUPA: If you'd like to
13 rephrase.

14 MR. ROBERT WATCHMAN: No, no, yeah, I
15 was -- I was -- what I was trying to determine is, is
16 whether the Corporation believes it would require
17 three (3) years to collect the primary driver
18 information.

19 MR. CURTIS PRYSTUPA: Sorry, just one
20 -- just one (1) moment.

21

22 (BRIEF PAUSE)

23

24 MR. CURTIS PRYSTUPA: As long as we
25 are -- we're able -- you know, if we -- if we collect

1 the date, if we're able to make sure we're able to map
2 back that data from our -- from our systems for, you
3 know, a minimum of a three (3) period, we would need
4 to collect that information on a three (3) year go-
5 forward basis.

6 Once we collect it, we just have to
7 make sure that we have a map three (3) year look-back
8 period.

9 MR. ROBERT WATCHMAN: And is the
10 Corporation confident that it can collect that data
11 prior to release 3 of the NOVA project?

12 MR. CURTIS PRYSTUPA: I'm sorry, can
13 you repeat that question?

14 MR. ROBERT WATCHMAN: Is the
15 Corporation confident that it can collect that data or
16 start collecting that data prior to release 3 of the
17 NOVA project?

18 MR. CURTIS PRYSTUPA: I don't think
19 I'd be able to answer that.

20 MR. ROBERT WATCHMAN: So, the data
21 collection might have to wait until release 3 of NOVA
22 project?

23 MR. CURTIS PRYSTUPA: I don't think --
24 I don't think I said that. I --

25 MR. ROBERT WATCHMAN: No, no, I'm

1 asking. I'm not suggesting you said that.

2 MR. CURTIS PRYSTUPA: I don't know.
3 Quite honestly, if I'm going to be realistic, you
4 know, as we're gathering information necessary to
5 decide on our -- what -- you know, what we want to do
6 as a method of -- of collection for this DSR data, I
7 think that's going to have to be a main consideration
8 in that -- in that decision, but, you know, that
9 decision hasn't been -- hasn't been made or -- or
10 debated at a large scale at this point.

11 MS. CARA LOW: Just to support that
12 response. There's a number of options to collect that
13 data that we highlighted in the presentation. So,
14 first, we need to come to a decision which option MPI
15 would -- would proceed with.

16 And then, depending on if it's a
17 mandatory option at the renewal process that would
18 require system changes, then the second decision is,
19 do we want to invest that in the current system as
20 we're on the eve of changing those systems out and, of
21 course, the -- the necessary legislation changes.

22 Some of those things are unknown at
23 this time. And -- and just alone, legislation changes
24 could be upward of a twelve (12) months process. So,
25 those are some of the questions that we're internally

1 trying to answer over the next little while so that we
2 can make that informed decision.

3 MR. ROBERT WATCHMAN: Now, my question
4 with respect to the chart is, if we go down to item P,
5 which is final pricing, item -- you see row P.

6

7 (BRIEF PAUSE)

8

9 MR. ROBERT WATCHMAN: And that doesn't
10 appear to take place until year 5, which is two (2)
11 years on this chart after data collection starts.

12 So, is -- is the -- will the
13 Corporation be able to price the product with two (2)
14 years of data collection?

15 MS. CARA LOW: As long as we can --
16 after we collect who the primary driver is, as long as
17 we can link it back to our current database, then we
18 have years of data, and then that's not an issue.

19 So, as long as we can make that link,
20 we will be good.

21

22 (BRIEF PAUSE)

23

24 MR. ANTHONY GUERRA: And I should just
25 correct for the record that this chart was amended in

1 MPI Exhibit 3, but the only change was in the last
2 block of columns where -- where it reads, "2028 was
3 changed to year 6."

4

5 CONTINUED BY MR. ROBERT WATCHMAN:

6 MR. ROBERT WATCHMAN: Now, I want to
7 change to the topic of the changes requested in the
8 Application in terms of the DSR methodology and the
9 increase in merits reading to 17.

10 Now, is it the -- MPI's position that
11 the best way to reduce cross-subsidization between
12 registered owners at different DSR levels is to move
13 toward actuarially indicated vehicle premium discounts
14 via incremental steps?

15 MS. CARA LOW: Yes, it is.

16 MR. ROBERT WATCHMAN: And if we could
17 turn to appendix 3 of the DSR section.

18

19 (BRIEF PAUSE)

20

21 MR. ROBERT WATCHMAN: So, the process,
22 it considered actuarially indicated discounts for each
23 DSR level.

24 And this is the same methodology that
25 was used in the 2022 General Rate Application?

1 MS. CARA LOW: Yes, it is.

2

3 (BRIEF PAUSE)

4

5 MR. ROBERT WATCHMAN: And just going
6 back to page 9 of the DSR portion of the Application,
7 specifically figure DSR 1.

8

9 (BRIEF PAUSE)

10

11 MR. ROBERT WATCHMAN: And so, this is
12 the process that the Corporation has undertaken. And
13 there are the -- it lists the current rate for DSR
14 levels, the actuarially indicated rate. And then it
15 has rates for scenarios 1 through 4.

16 And just in general terms, what is the
17 difference between the four (4) scenarios?

18 MS. CARA LOW: Well, the difference is
19 just what was selected for each of the DSR levels that
20 are listed there.

21 MR. ROBERT WATCHMAN: But ultimately,
22 the -- the scenario that the Corporation recommends is
23 scenario 4?

24 MS. CARA LOW: Correct.

25 MR. ROBERT WATCHMAN: And so, those

1 are -- these -- those numbers in that column represent
2 the discount rates that the Corporation is applying
3 for for each -- each DSR level.

4 MS. CARA LOW: Correct.

5

6 (BRIEF PAUSE)

7

8 MR. ROBERT WATCHMAN: Now, as we see,
9 there's -- so there's a difference between the
10 indicated rate and the applied for rate.

11 And if the objective is to get to
12 actuarially indicated rates, how many years does the
13 Corporation foresee before the rates will correspond
14 to the indicated rate?

15 MS. CARA LOW: We currently don't have
16 a transition plan to get to fully actuarially sound.
17 But it would -- it would have been a 16 percent base
18 rate increase on top of what the filing currently is.

19 And we didn't feel a 16 percent is
20 somewhere where we wanted to go.

21 Our corporate risk appetite is overall
22 rate indication of plus two (2).

23 MR. ROBERT WATCHMAN: If we turn back
24 to Appendix 3.

25

1 (BRIEF PAUSE)

2

3 MR. ROBERT WATCHMAN: And looking at
4 page 2.

5

6 (BRIEF PAUSE)

7

8 MR. ROBERT WATCHMAN: Below the
9 section on data. And the indication there, starting
10 at line -- about -- down to line 20, for Personal
11 Injury Protection Plan, MPI used reported losses and
12 earned units for insurance years 2014 to 2019.

13 The reported losses are developed to
14 the end of March 31, 2022.

15 And if we just scroll up to the
16 previous paragraph, we see, for other coverages, the
17 Corporation used reported losses, earned units as of
18 December 31 for insurance years 2017 to 2020.

19 And the reason MPI used losses
20 developed to December 31, 2021 was for these coverages
21 is the -- is primarily due to timing.

22 So could you explain the different use
23 of reported losses and earned units for the different
24 coverages?

25

1 (BRIEF PAUSE)

2

3 MS. CARA LOW: So from a timing point
4 of view, we just need more time with the physical
5 damage -- like, the collision comprehensive property
6 damage and bodily injury coverages -- in order to do
7 the rate line relativities.

8 Because PIPP benefits are flat rated,
9 so we don't need as much time to work with those
10 losses.

11 MR. ROBERT WATCHMAN: And the
12 Corporation undertook a review of overall relativities
13 by DSR rate -- or DSR level, rather. Is that correct?

14 MS. CARA LOW: Yeah. Yeah.

15 MR. ROBERT WATCHMAN: And -- and those
16 correspond -- or are identical with the same -- those
17 relativities from 2022 GRA.

18 MS. CARA LOW: Sorry?

19 MR. ROBERT WATCHMAN: So --

20 MS. CARA LOW: Are you talking about
21 the actuarially indicated that we were just looking
22 at?

23 MR. ROBERT WATCHMAN: No, at the --
24 the indicated relativities in three-point-three (3.3).

25

1 (BRIEF PAUSE)

2

3 MR. ROBERT WATCHMAN: All right. Just
4 bear with me for a minute.

5

6 (BRIEF PAUSE)

7

8 MR. ROBERT WATCHMAN: Kristen, if it's
9 possible, can we go to the '22 GRA application, DSR-2?

10

11 (BRIEF PAUSE)

12

13 MR. ROBERT WATCHMAN: I'm going to
14 move on. Would it be fair to say that the DSR
15 discounts and surcharges are moving towards
16 actuarially indicated rates, rather than having them
17 currently set at indicated rates due to MPI's concern
18 about dislocation?

19 MS. CARA LOW: It's not so much about
20 dislocation. It's about an overall base rate increase
21 that we would have to make. To move all the way to
22 the indicated would be a 16 percent overall increase.

23 So I guess it's dislocation if you --
24 yeah, it's a lower end that's going to have to field
25 the hit in order to give the larger discounts at the

1 higher end.

2 MR. ROBERT WATCHMAN: So doing it over
3 time should reduce the amount of dislocation?

4 MS. CARA LOW: Correct. Yeah.

5 MR. ROBERT WATCHMAN: And is that --
6 is -- is that why MPI is not recommending any changes
7 in the lower end of the scale, below nine (9)? Sorry,
8 from nine (9) to sixteen (16)?

9 MS. CARA LOW: Yeah. That is correct.
10 Yes.

11 MR. ROBERT WATCHMAN: And did the
12 Corporation consider adding any surcharges on the
13 demerit side of the DSR scale?

14 MS. CARA LOW: We didn't consider it.
15 What we were trying to achieve is the rate decrease --
16 the preliminary rate decreases of minus 0.9 percent.
17 We were trying to give that decrease to the good
18 drivers is what we were trying to do. Without giving
19 an increase to anyone over -- to anyone, in order to
20 pay for the expanded discount.

21 MR. ROBERT WATCHMAN: Thank you. If
22 you could just give me a minute, Madam Chair. I just
23 want to make sure that we've covered everything, but
24 that is just about it.

25

1 (BRIEF PAUSE)

2

3 THE PANEL CHAIRPERSON: Mr.

4 Watchman...?

5 MR. ROBERT WATCHMAN: Thank you, Madam

6 Chair.

7 Now what we've pulled up on the screen
8 here is to the right is the figure DSR-2 from the 2022
9 application. And then on the left is similar
10 information in figure DSR-1 from the 2023 GRA.

11 And my question is: I with respect to
12 the indicate -- actuarially indicated rates, for each
13 DSR level, they appear to be pretty much identical
14 subject to -- to rounding.

15 Were the indicated rates for the 2023
16 GRA updated?

17 MS. CARA LOW: Yes, they were.

18 MR. ROBERT WATCHMAN: And, is it
19 unusual to have fifteen (15) rates pretty much the
20 same over the course of a rating year?

21 MS. CARA LOW: One (1) minute please.

22

23 (BRIEF PAUSE)

24

25 MS. CARA LOW: If we hadn't rounded,

1 you would see a slight difference. It is five (5)
2 years of data. So, that does bring stability to the
3 calculation as well but it was updated.

4 MR. ROBERT WATCHMAN: Thank you.
5 Those are all my questions, Madam Chair.

6 PANEL CHAIRPERSON: Thank you, Mr.
7 Williams? Mr. Klassen...? Sorry.

8

9 CROSS-EXAMINATION BY MR. CHRIS KLASSEN:

10 MR. CHRIS KLASSEN: Thank you, Madam
11 Chair, and thank you to the witnesses. By way of
12 introduction, my name is Chris Klassen. I am co-
13 counsel with Mr. Williams to the Manitoba branch of
14 the Consumers' Association of Canada. Thanks to each
15 of you for your time today.

16 Ms. Mann, I'll advise you now that all
17 of my questions this morning relate to the Driver
18 Safety Rating Program. Ms. Low, Mr. Prystupa, and Ms.
19 Jatana, I'll be directing my questions to you.

20 For those questions which are directed,
21 generally, to the Panel, you're all welcome to answer
22 and there will be some that I'll address to each of
23 you, individually.

24 I'd like to begin our -- our discussion
25 this morning by covering a few basic principles

1 related to the DSR Program and, to do so, I'll ask if
2 Kristen can pull up on the screen page 4 of the Driver
3 Classification System Chapter. Thank you.

4 And I'll just ask the panel to confirm
5 that, between lines 5 and 9, we see MPI's stated goals
6 of the Driver Safety Rating Program? Agreed? Perhaps
7 Mr. -- Mr. Prystupa?

8 MR. CURTIS PRYSTUPA: Yep. That's
9 correct.

10 MR. CHRIS KLASSEN: Thank you. And
11 these are stated goals -- these are goals, as stated,
12 in MPI's Application? Correct?

13 MR. CURTIS PRYSTUPA: Yes.

14 MR. CHRIS KLASSEN: And you'll
15 confirm, for the purposes of the record, that these
16 are, first, to strengthen the ability to reward the
17 safest drivers? Correct?

18 MR. CURTIS PRYSTUPA: Yes.

19 MR. CHRIS KLASSEN: And, second, to
20 encourage poor drivers to improv -- improve their
21 driving behaviour? Correct?

22 MR. CURTIS PRYSTUPA: Yes.

23 MR. CHRIS KLASSEN: And, third, to
24 enhance the overall understanding by drivers of how
25 their driving behaviour can affect how much they pay

1 for auto insurance? Correct?

2 MR. CURTIS PRYSTUPA: That is correct.

3 MR. CHRIS KLASSEN: Now, Mr. Prystupa,
4 as part of your role in supporting the oversight of
5 the Driver Safety Rating Program, is it part of your
6 responsibility to familiarize yourself with past PUB
7 Orders related to DSR?

8 MR. CURTIS PRYSTUPA: Yes. It is.

9 MR. CHRIS KLASSEN: And, so,
10 recognizing that this took place before you joined the
11 Corporation, can you confirm that the DSR Program was
12 initially approved by this Board in Order 89 of 2009?

13 MR. CURTIS PRYSTUPA: I would not be
14 able to confirm that. That was more than a decade
15 before my --

16 MR. CHRIS KLASSEN: Sure.

17 MR. CURTIS PRYSTUPA: -- more than.
18 Yeah. It's way -- way long ago.

19 MR. CHRIS KLASSEN: That's fine and I
20 understand. So, for your reference, then, I'll ask
21 Ms. Schubert to pull up on the screen pdf page 10 of
22 that Order and, if Ms. Schubert could scroll down.

23 Is this -- recognizing that you weren't
24 with the Corporation at the time, Mr. Prystupa, is
25 this Order familiar to you?

1 MR. CURTIS PRYSTUPA: Yes.

2 MR. CHRIS KLASSEN: Great. Thank you.

3 And, so, can you confirm that on the screen in front
4 of you, are three (3) primary goals of the Driver
5 Safety Rating Program that were adopted by this Board,
6 in this Order?

7 MR. CURTIS PRYSTUPA: That's correct.

8 MR. CHRIS KLASSEN: And can you
9 confirm for me, please, that -- that the first is to
10 provide higher rewards, via reduced premiums, for the
11 safest drivers?

12 MR. CURTIS PRYSTUPA: Yes.

13 MR. CHRIS KLASSEN: And, second, to
14 provide stronger incentives for higher risk drivers to
15 improve their driving behaviour? Correct?

16 MR. CURTIS PRYSTUPA: Yes.

17 MR. CHRIS KLASSEN: And, third, to
18 improve drivers' understanding of how their behaviour
19 can affect the amount they pay for auto insurance.
20 Correct?

21 MR. CURTIS PRYSTUPA: Yes.

22 MR. CHRIS KLASSEN: And would you
23 agree that the goals, as stated in Order 89/'09 differ
24 slightly from those set out in MPI's present
25 application?

1 MR. CURTIS PRYSTUPA: Slight --
2 slightly. Yes.

3 MR. CHRIS KLASSEN: And would you
4 agree that, while they might be directionally
5 consistent, the original goals approved by the PUB are
6 more specific?

7 MR. CURTIS PRYSTUPA: Mmm.

8 MR. CHRIS KLASSEN: I'll suggest to
9 you, Mr. Prystupa, and ask you to agree, that the
10 first is more specific, in that it states that the DSR
11 Program will reward the safest drivers with lower
12 premiums, rather than only strengthening MPI's ability
13 to reward drivers in an unspecified manner?

14 MR. CURTIS PRYSTUPA: I'm sorry,
15 which -- which section said that "will reward
16 drivers"? Was that in -- was that in the -- the 2009
17 Order that's on the screen now or --

18 MR. CHRIS KLASSEN: Exactly. So, sir,
19 I'm -- I'm looking at Number 1 and I'll ask you to
20 confirm that Objective 1 here specifies that the
21 method by which MPI will reward safest drivers is via
22 reduced premiums? Correct?

23 MR. CURTIS PRYSTUPA: Yes.

24 MR. CHRIS KLASSEN: And that's a more
25 specific statement than the first objective in MPI's

1 Application, which -- which, as you read a moment ago,
2 only stated that -- that the DSR Program is intended
3 to strengthen MPI's ability to reward safe drivers?

4 MR. CURTIS PRYSTUPA: Yes.

5 MR. CHRIS KLASSEN: Thank you. And,
6 second, would you agree that the second goal
7 articulated by the PUB in this Order specifically
8 calls for incentivizing the improvement of driving
9 behaviour for high-risk drivers, rather than merely
10 encouraging it?

11 MR. CURTIS PRYSTUPA: Yes.

12 MR. CHRIS KLASSEN: Thank you. My
13 next few questions will be for you, Ms. Low. You're
14 aware, I assume, and I'll ask you to confirm, that
15 MPI's Application provides a detailed explanation of
16 the process by which it determines its proposed rate?

17 MS. CARA LOW: I'm aware.

18 MR. CHRIS KLASSEN: And you would have
19 exercised significant oversight over those components
20 of the Application? Correct?

21 MS. CARA LOW: Correct.

22 MR. CHRIS KLASSEN: And, quickly, I'll
23 ask Ms. Schubert to pull up the Rate-setting
24 Framework, RSF Chapter, at page 4.

25 And I'll ask you to confirm, Ms. Low,

1 that on the screen in front of you are a list of a
2 series of actuarial principles on which MPI states its
3 rating approach is based?

4 MS. CARA LOW: I do see that.

5 MR. CHRIS KLASSEN: And can you
6 confirm that -- that, among these principles, are two
7 (2) that I'll name specifically, one, the principle of
8 typing rates directly to costs? Correct?

9 MS. CARA LOW: Correct.

10 MR. CHRIS KLASSEN: And, two, the
11 principle of minimizing cross-subsidization between
12 customers. Correct?

13 MS. CARA LOW: Correct.

14 MR. CHRIS KLASSEN: And, recognizing
15 that these principles are directed at the actuary's
16 work in rate-making, can you confirm whether these
17 principles also apply to the selection of vehicle
18 premium discounts through the Driver Safety Rating
19 Program?

20 MS. CARA LOW: That would be correct.

21 MR. CHRIS KLASSEN: Thank you. Now,
22 to the panel, generally, you'll be aware, and I'll ask
23 you confirm, that, with this year's General Rate
24 Application, MPI filed a document called the Driver
25 Safety Rating Actuarial Review. Correct?

1 MS. CARA LOW: Sorry. I missed that.

2 MR. CHRIS KLASSEN: That -- that --
3 that's completely fine. No need to apologize, Ms.
4 Low.

5 You're aware, and I'll ask you to
6 confirm, that MPI filed with its Application the
7 document that you see now, in front of you, on the
8 screen, the Driver Safety Rating Actuarial Review?

9 MS. CARA LOW: That is correct.

10 MR. CHRIS KLASSEN: And that that's
11 filed as Appendix 3 to the DSR Chapter? Correct?

12 MS. CARA LOW: Correct.

13 MR. CHRIS KLASSEN: Thank you. And
14 can you confirm, please, that the primary objective of
15 -- of this review, being the -- the exercise that's
16 summarized in this appendix was to evaluate the
17 appropriateness of current vehicle discounts and
18 driver licence surcharges on a registered owner basis?
19 Correct?

20 MS. CARA LOW: That would be correct.

21 MR. CHRIS KLASSEN: And, to confirm
22 for clarity's sake, by registered owner basis, you
23 mean that this pricing review is assessing the
24 actuarial soundness of the discounts and surcharges
25 that are presently being charged through the DSR

1 Program, in its current form. Correct?

2 MS. CARA LOW: That would be correct.

3 The registered owner.

4 MR. CHRIS KLASSEN: The registered
5 owner. Exactly, so, thank you. I'll ask Ms. Schubert
6 to please turn to Figure 4 of this appendix and that's
7 on page 10. Thank you very much.

8 And, so, turning our attention to the -
9 - to the table in front of us, it -- it does take up
10 the whole page. Maybe we can look at the whole page
11 briefly and -- and, then, focus on -- later on, the
12 positive DSR levels.

13 But, just to confirm what we're looking
14 at, leaving aside, the -- the line numbers on the
15 leftmost side of the page, the first column identifies
16 each row in this table with a DSR level, starting at
17 positive fifteen (15) at the top and going all the way
18 down to negative twenty (-20)?

19 MS. CARA LOW: Correct.

20 MR. CHRIS KLASSEN: And, in the third
21 column from the left, MPI identifies the calculated
22 discount for each positive DSR level, correct?

23 MS. CARA LOW: Correct.

24 MR. CHRIS KLASSEN: And by "calculated
25 discount," can you please confirm that MPI is

1 referring to the discount calculated by MPI through
2 this actuarial pricing review consistent with
3 actuarial standards and practices?

4 MS. CARA LOW: That would be correct.

5 MR. CHRIS KLASSEN: In other words,
6 we're talking about the actuarially indicated
7 discount?

8 MS. CARA LOW: That would be true.

9 MR. CHRIS KLASSEN: Thank you. And
10 so, the fourth column identifies the current discount,
11 correct?

12 MS. CARA LOW: Correct.

13 MR. CHRIS KLASSEN: And, again, now
14 we're talking solely about the positive DSR levels and
15 so you could feel welcome to zoom in at the top of the
16 table, Kristen. Thank you.

17 And so the fourth column being the
18 current discounts, these are the discounts currently
19 provided through the DSR program, correct?

20 MS. CARA LOW: Correct.

21 MR. CHRIS KLASSEN: And the 5th column
22 titled Variance, identifies the percentage variance
23 between the two (2)?

24 MS. CARA LOW: Correct.

25 MR. CHRIS KLASSEN: And so, by way of

1 illustration, for example, at -- at DSR 15, the
2 calculated or actuarially indicated discount is 56
3 percent, correct?

4 MS. CARA LOW: That would be correct,
5 and just back to my presentation, that 56 is heavily
6 influenced by people who should be in a DSR 16, 17,
7 18. It's not just DSR 15.

8 MR. CHRIS KLASSEN: Yeah, I
9 understand. And thank you very much for that
10 clarification.

11 MS. CARA LOW: Correct, yes.

12 MR. CHRIS KLASSEN: But keeping our
13 focus narrowly on -- on the table for the time being,
14 moving over to the current discount column, we see
15 that the current discount for DSR 15 is 37.

16 MS. CARA LOW: M-hm.

17 MR. CHRIS KLASSEN: And the variance
18 between the two (2) is 19 percent?

19 MS. CARA LOW: That's true.

20 MR. CHRIS KLASSEN: And recognizing
21 that as the DSR scale evolves, vehicles registered to
22 DSR 15 owners will move up the scale.

23 But for the purposes of this table,
24 that means that if the current discount for DSR at
25 level 15 is to be actuarially sound, what's presently

1 charged is too low by a margin of 19 percent when
2 compared to the actuarially indicated discount,
3 correct?

4 MS. CARA LOW: Assuming everyone in
5 the DSR level 15 is truly a fifteen (15), that would
6 be true.

7 MR. CHRIS KLASSEN: Okay. Thank you.
8 Turning now to the DSR chapter rather than the
9 appendix, and specifically to figure 1 at page 12. If
10 -- if we could, Kristen, thank you.

11 And this table has been brought to your
12 attention already today. Here we see a comparison
13 again of -- of current and actuarially indicated
14 percentage discounts as informed by MPI's actuarial
15 pricing review, correct?

16 MS. CARA LOW: Correct.

17 MR. CHRIS KLASSEN: And specifically,
18 again, we see in this table each line addressing one
19 of the positive DSR levels?

20 MS. CARA LOW: Correct, yes.

21 MR. CHRIS KLASSEN: And the second
22 column identifying the current discounts?

23 MS. CARA LOW: Correct.

24 MR. CHRIS KLASSEN: And the third, the
25 actuarially indicated discounts?

1 MS. CARA LOW: That is correct.

2 MR. CHRIS KLASSEN: And here, just as
3 in the table we were -- we were looking at a moment
4 ago, we see that the actuarially indicated discounts
5 are higher than the current discounts, correct?

6 MS. CARA LOW: That is correct.

7 MR. CHRIS KLASSEN: And in a general
8 sense, could you please confirm that when we hear the
9 term 'cross-subsidization' in the DSR, that -- that
10 this is primarily the issue being discussed, correct?

11 MS. CARA LOW: Yeah, that would be the
12 issue.

13 MR. CHRIS KLASSEN: That -- that
14 vehicle owners on the positive side of the DSR scale
15 being the -- the safer lower risk drivers are paying
16 more than they should based on the risk they bring to
17 the system, which is reflected in their actuarially
18 indicated rate?

19 MS. CARA LOW: Yeah, that is true.

20

21 (BRIEF PAUSE)

22

23 MR. CHRIS KLASSEN: Does MPI have, or
24 is MPI able to provide the indicated discount for
25 level 16?

1 MS. CARA LOW: No. That's what I was
2 alluding to in my presentation, is until you end up in
3 DSR 16 in our system, we haven't been able to pull the
4 claims attached to 16, 17, 18 and we haven't been able
5 to subdivide it.

6 Our data management team is telling us
7 they -- we have the data. They haven't been able to
8 figure out how to pull the data.

9 MR. CHRIS KLASSEN: And thank you for
10 that response. Based on what you know of the vehicles
11 registered to DSR 15 drivers, can you provide an
12 estimate as to whether the indicated discount for DSR
13 level 16 would be higher or lower than the 56 percent
14 at level 15?

15 MS. CARA LOW: I would imagine it
16 would be lower because it's going to be gradual. So,
17 DSR 14 is 45 percent. You would kind of expect maybe
18 46, 47, 48.

19 MR. CHRIS KLASSEN: Sure. Thank you.
20 Thank you for that response.

21 And recognizing again that -- that the
22 DSR level 15 that we see on the table contains
23 vehicles registered to drivers who in the near future
24 might be moving up the scale.

25 Would you agree that -- that the issue

1 of cross-subsidization in the DSR is most acute at the
2 higher end of the scale, and particularly so for those
3 at DSR level 15?

4 MS. CARA LOW: Very true.

5 MR. CHRIS KLASSEN: Very true, thank
6 you.

7 MS. CARA LOW: And about a third of
8 peop -- drivers are up there in DSR 15 and 16.

9 MR. CHRIS KLASSEN: Thank you. I
10 appreciate that -- that helpful addition.

11 And on the subject of cross-
12 subsidization, can you confirm that MPI's present
13 Application proposes changes to -- to certain of the
14 DSR discounts to address some of this cross-
15 subsidization?

16 MS. CARA LOW: I would agree with
17 that.

18 MR. CHRIS KLASSEN: And so, scrolling
19 down to figure DSR 4 on -- on page 14, Kristen, we see
20 a table presenting MPI's selected discounts?

21 MS. CARA LOW: Correct.

22 MR. CHRIS KLASSEN: And the selected -
23 - sorry, figure DSR 4, referring to the discounts
24 rather than the rates. Up a page, 14. Perfect.
25 Thank you very much.

1 And to confirm, the -- the percentages
2 proposed in the selected column again are -- are the
3 proposed changes MPI intends to make or proposes to
4 make to the DSR discounts on vehicle premiums through
5 this Application?

6 MS. CARA LOW: That is correct.

7 MR. CHRIS KLASSEN: And it's those
8 changes that are the -- the primary means by which MPI
9 proposes to address, cross-subsidization in the DSR
10 through this Application, correct?

11 MS. CARA LOW: Correct.

12 MR. CHRIS KLASSEN: And when a moment
13 ago I said "primary means," it would be more accurate
14 to say that those are the -- that's the only means by
15 which MPI proposes to address cross-subsidization in
16 the DSR through this specific Application?

17 MS. CARA LOW: Yes, that would be the
18 only way we're doing that.

19 MR. CHRIS KLASSEN: Thank you. And
20 so, just to make sure that we're on the same page
21 looking at this table, as we've seen in a few of the
22 other tables discussed already this morning, the first
23 column on the left, again, sets out the DSR level by
24 row?

25 MS. CARA LOW: Correct.

1 MR. CHRIS KLASSEN: And in the second
2 we see the indicated discounts, which is something
3 we've spoken about a few times this morning?

4 MS. CARA LOW: Yes.

5 MR. CHRIS KLASSEN: Next, over in the
6 third column, is the selected discount?

7 MS. CARA LOW: Yes.

8 MR. CHRIS KLASSEN: Then the current
9 discount?

10 MS. CARA LOW: Yes.

11 MR. CHRIS KLASSEN: And fifth, the
12 right most column is the current discount subtracted
13 from the selected discount, correct?

14 MS. CARA LOW: Correct.

15 MR. CHRIS KLASSEN: And so, in other
16 words, the fifth column identifies MPI's proposed
17 changes to the DSR discounts?

18 MS. CARA LOW: Right.

19 MR. CHRIS KLASSEN: And specifically,
20 to the vehicle premium discounts through the DSR?

21 MS. CARA LOW: Correct.

22 MR. CHRIS KLASSEN: Thank you. And
23 so, to take DSR level 14 as an illustrative example,
24 we see an indicated discount of 45.6 percent, correct?

25 MS. CARA LOW: Correct.

1 MR. CHRIS KLASSEN: And I'll go out of
2 order here and I apologize for that. But skipping two
3 (2) columns to the right, again, for DSR 14, we see a
4 current discount of 32 percent?

5 MS. CARA LOW: Correct.

6 MR. CHRIS KLASSEN: And the difference
7 between the indicated and current being the amount of
8 correction that's required, is 13.6 percent, correct?
9 And I apologize for being abrupt there, but I'm
10 comparing the 45.6 percent indicated discount and the
11 32 percent current discount, correct?

12 MS. CARA LOW: That is correct.

13 MR. CHRIS KLASSEN: Than -- thank you.
14 And so, just to confirm the results of -- of that
15 quick equation again, the difference between indicated
16 and current being the amount of correction that's
17 required for DSR 14 is 13.6 percent?

18 Just -- just to reiterate and -- and
19 confirm what we --

20 MS. CARA LOW: To move to the
21 actuarially indicated, that would be the change
22 required, yes.

23 MR. CHRIS KLASSEN: Thank you. And in
24 the column to the -- on the right, we see that MPI is
25 proposing to increase the discount for DSR level 14 by

1 2 percent, correct?

2 MS. CARA LOW: Correct.

3 MR. CHRIS KLASSEN: And if we were to
4 do the same calculation for DSR 15, we see an
5 indicated discount of 44.8 percent, correct?

6 MS. CARA LOW: Correct.

7 MR. CHRIS KLASSEN: And a current
8 discount of 31?

9 MS. CARA LOW: Correct.

10 MR. CHRIS KLASSEN: And the difference
11 between them being 13.8 percent?

12 MS. CARA LOW: Correct.

13 MR. CHRIS KLASSEN: But for DSR level
14 13, MPI is proposing a 1 percent increase to the DSR
15 discount?

16 MS. CARA LOW: Correct.

17 MR. CHRIS KLASSEN: Thank you. And
18 keeping in mind your -- your comment earlier about the
19 diversity of driving experience among the registered
20 owners in DSR level 15, we do see for DSR level 15 the
21 gap between indicated and current discounts being 19
22 percent?

23 MS. CARA LOW: Yes, that is correct.

24 MR. CHRIS KLASSEN: And would you
25 agree that -- that this tells us that this is the

1 largest gap between indicated and current discounts
2 presented on this table?

3 MS. CARA LOW: Presented in this
4 table, yes.

5 MR. CHRIS KLASSEN: And you alluded to
6 this a moment ago, but on the subject of DSR level 15,
7 can you confirm that there are significantly more
8 vehicles registered to DSR level 15 drivers than the
9 other levels?

10 MS. CARA LOW: That is correct.

11 MR. CHRIS KLASSEN: Will you accept,
12 subject to check, that there are just over three
13 hundred fifty thousand (350,000) private passenger
14 vehicles registered to DSR 15 drivers?

15 MS. CARA LOW: Subject to check, yes.

16 MR. CHRIS KLASSEN: And -- thank you.
17 And again, subject to check, that's out of a total of
18 -- of just over eight hundred forty-five thousand
19 (845,000) private passenger vehicles?

20 MS. CARA LOW: Yeah, that sounds
21 correct.

22 MR. CHRIS KLASSEN: And so again,
23 doing very quick math, we're looking at about 40
24 percent, just over 41 percent of all private passenger
25 vehicles being registered to drivers at DSR level 15?

1 MS. CARA LOW: Yeah, that would be
2 correct.

3 MR. CHRIS KLASSEN: And so, based on
4 our discussion of a moment ago then, you'll agree that
5 the owners of each of the three hundred fifty thousand
6 (350,000) or so vehicles, private passenger vehicles,
7 which are registered to owners in the DSR 15 level are
8 paying vehicle premiums that are 19 percent higher
9 than they should be?

10 MS. CARA LOW: That would be correct,
11 based on the actuarially indicated.

12 MR. CHRIS KLASSEN: Thank you.

13 MS. CARA LOW: But some of them will
14 be moving into DSR 16, and therefore, getting an
15 additional 1 percent discount.

16 MR. CHRIS KLASSEN: Of course. And
17 thank you for that clarification.

18 Could you, please, confirm that MPI
19 isn't proposing any changes to the discount for DSR
20 level 15 this year, correct?

21 MS. CARA LOW: That is correct.

22 MR. CHRIS KLASSEN: But as you said a
23 moment ago, some of those vehicles which are
24 registered to owners who will be moving to DSR 16
25 might see a change after they've moved to sixteen

1 (16).

2 MS. CARA LOW: Sixteen (16) and
3 seventeen (17).

4 MR. CHRIS KLASSEN: Seventeen (17).
5 Were those -- for those vehicle owners who stay in DSR
6 level 15, however, they won't see a change in their
7 vehicle premium discounts this year?

8 MS. CARA LOW: That is true.

9 MR. CHRIS KLASSEN: And the reason for
10 that, as you said a moment ago, is that MPI's position
11 is that it can't know right now with certainty exactly
12 how much adjustment is needed for DSR level 15?

13 MS. CARA LOW: That is true, yes.

14 MR. CHRIS KLASSEN: Is it MPI's
15 position that DSR level 15 discounts might not need to
16 be adjusted after the movement up to levels 16 and 17
17 takes place?

18 MS. CARA LOW: I would think there
19 would still be some movement required 'cause it would
20 just gradually progress from DSR level 14. So maybe,
21 maybe not.

22 MR. CHRIS KLASSEN: Okay. Thank you.
23 I -- I recognize that I'm inviting you to speculate,
24 and I -- I thank you for your response.

25 Mr. Prystupa, you confirmed for me a

1 few minutes ago that, through your role supporting the
2 oversight of the DSR Program, that you've familiarized
3 yourself with past PUB Orders relating to the Driver
4 Safety Rating Program?

5 MR. CURTIS PRYSTUPA: Yeah. At a high
6 level, yes.

7 MR. CHRIS KLASSEN: At a high level.

8 MR. CURTIS PRYSTUPA: Yeah.

9 MR. CHRIS KLASSEN: Sure. Thank you.
10 But based on that high-level review, could you confirm
11 that -- that you're aware then that the issue of
12 cross-subsidization in the DSR has received attention
13 by the PUB and Interveners in past proceedings?

14 MR. CURTIS PRYSTUPA: Yes.

15 MR. CHRIS KLASSEN: And you'd agree
16 that the PUB has, over the course of multiple past
17 GRAs, sought to address cross-subsidization in the
18 DSR?

19 MR. CURTIS PRYSTUPA: Yes.

20 MR. CHRIS KLASSEN: And that one (1)
21 example of this is that, following last year's GRA,
22 MPI was directed to prepare and file a plan for -- or
23 a transition plan for correcting cross-subsidization
24 in the DSR?

25 MR. CURTIS PRYSTUPA: Yes.

1 MR. CHRIS KLASSEN: And -- and that
2 was found at Directive 11.15 of Order 134/'21,
3 correct?

4 MR. CURTIS PRYSTUPA: That is correct.

5 MR. CHRIS KLASSEN: And in response to
6 that Directive, Directive 11.15 of -- of Order
7 134/'21, MPI has filed DSR Appendix 2, correct?

8 MR. CURTIS PRYSTUPA: I would -- I
9 would refer to Ms. Low for any questions specific to
10 Directive 11.15.

11 MR. CHRIS KLASSEN: Sure. Thank you.
12 And just to confirm that -- that the document filed at
13 DSR Appendix 2 is MPI's response to Directive 11.15,
14 correct?

15 MS. CARA LOW: Sorry, could you repeat
16 that?

17 MR. CHRIS KLASSEN: Yeah, of course.
18 That's fine. Directive 11.15 of Order 134/'21
19 directed MPI to prepare and file a transition plan for
20 correcting cross-subsidization in the DSR.

21 And MPI's response to that directive is
22 -- is this document here, correct?

23 MS. CARA LOW: Yes, that would be
24 correct.

25 MR. CHRIS KLASSEN: Thank you. Now,

1 in preparing this document, and -- and, more broadly,
2 in considering its plans for transitioning to correct
3 cross-subsidization in the DSR, has MPI drawn on its
4 past experiences at all in managing rate transitions?

5 For example, in considering how to
6 address cross-subsidization in the DSR, has MPI
7 considered how it approached the initial DSR
8 implementation when levels 11 through 14 were -- were
9 all added at once in the second year of the DSR
10 program?

11 MS. CARA LOW: Not that I'm aware of,
12 no.

13 MR. CHRIS KLASSEN: Thank you. Or,
14 similarly, in -- in considering its plans to
15 transition to address cross-subsidization in the DSR,
16 has MPI considered its experience in transitioning to
17 use of the CLEAR rating system and the rate
18 dislocation that -- that was caused by -- by that
19 process?

20 MS. CARA LOW: One (1) minute, please.

21

22 (BRIEF PAUSE)

23

24 MS. CARA LOW: All I can say is, being
25 new to MPI, as we're making these selections, we're

1 going through the calculations, like I'm not
2 considering what was done in the past with the former
3 actuarial team.

4 MR. CHRIS KLASSEN: Thank you for that
5 response, Ms. Low. And I -- I...

6

7 (BRIEF PAUSE)

8

9 MR. CHRIS KLASSEN: And your statement
10 of -- of just now would also apply to past direction
11 of the Public Utilities Board with respect to rate
12 dislocation in the DSR?

13 MS. CARA LOW: Sorry, if I knew the --
14 one (1) minute, please.

15

16 (BRIEF PAUSE)

17

18 MR. CHRIS KLASSEN: And if you'll
19 forgive me for interrupting, I can offer a slight
20 clarification on -- on my question, just recognizing
21 that in the late 1990s, there was direction from this
22 Board respecting MPI's transition to use of the CLEAR
23 rating model.

24 And my -- my question is whether you
25 and your team have considered that direction in

1 planning this particular transition?

2 MS. CARA LOW: No. We weren't aware
3 it existed.

4 MR. CHRIS KLASSEN: Thank you. We'll
5 leave that there.

6 So turning back to DSR Appendix 2, MPI
7 explains -- and I'll ask you to confirm that MPI
8 explains that it is presently embarking upon the
9 creation of a modernized and more actuarially sound
10 pricing framework utilizing generalized linear
11 modelling, correct?

12 MS. CARA LOW: That is correct.

13 MR. CHRIS KLASSEN: Thank you. And
14 MPI cites this development as a reason for its request
15 to defer and not file in this GRA a comprehensive plan
16 to address cross-subsidization in the DSR?

17 MS. CARA LOW: That is correct 'cause
18 it -- it will go in as a rating variable into the GLM
19 model.

20 MR. CHRIS KLASSEN: Thank you. And
21 so, recognizing that the DSR will become a -- a rating
22 variable, putting that in -- in terms that made sense
23 to me when I was preparing for today, MPI cites this
24 uncertainty related to forthcoming GLM pricing as a
25 reason for not taking more substantial steps today to

1 -- to addressing cross-subsidization, correct?

2 MS. CARA LOW: That is correct.

3 MR. CHRIS KLASSEN: And I don't intend
4 to have the same conversation twice, Ms. Low, but
5 you'll recall from a few days ago you and I had a
6 discussion about MPI's plans to transition to
7 implement GLM-based pricing.

8 And could you please confirm that, in
9 that discussion, you confirmed that, at that time,
10 that MPI has not yet established finalized plans or
11 firm time lines for each of the steps required to move
12 toward implementation of GLM-based pricing?

13 MS. CARA LOW: That is true.

14 MR. CHRIS KLASSEN: Thank you. And
15 I'll ask you to confirm again that it's your
16 understanding that MPI is proposing to implement GLM
17 in a few years time based on its own internal decision
18 rather than direction from this Board?

19 MS. CARA LOW: We plan to bring a
20 parallel analysis to the 2025 GRA for private
21 passenger vehicles.

22 MR. CHRIS KLASSEN: Thank you. I
23 appreciate that clarification. And so, you'd agreed
24 then, or I'll invite you to -- to agree, that it would
25 be open to MPI to explore the potential use of GLMs,

1 and then decide sometime closer to the 2025 GLA -- GRA
2 that using GLMs actually isn't in the Corporation's
3 best interests and not ultimately move -- move ahead
4 with that transition?

5 MS. CARA LOW: Well, until we do the
6 analysis, I guess we don't know, but it is industry
7 best practices. So, we are planning to move ahead
8 with the GLM implementation.

9 A GLM implementation will create
10 dislocation. We're well aware that there's going to
11 be significant dislocation. It's managing that
12 dislocation that's going to be the biggest item up for
13 discussion.

14 MR. CHRIS KLASSEN: Thank you for that
15 clarification. And with respect to that dislocation,
16 does MPI have preliminary analysis of -- of the
17 magnitude?

18 MS. CARA LOW: No, because we're still
19 waiting to get the software installed.

20 MR. CHRIS KLASSEN: Of course. I
21 understand. Does MPI expect GLM-indicated rates and
22 discounts to at least be directionally consistent with
23 the indicated rates and discounts proposed today?

24 MS. CARA LOW: I would imagine so.

25 MR. CHRIS KLASSEN: Thank you. I'll

1 change subjects here but, Ms. Low, I -- I expect these
2 questions to -- to continue to be most perbly
3 (phonetic) answered by you. And my intent in this
4 next section is -- is not to have a technical
5 discussion about rate setting. My -- my goal is to
6 illustrate for our clients' benefit, and that of the
7 Board, how the selection of DSR discounts fits within
8 MPI's pricing exercise, and so I'll try to keep the
9 discussion at a high level.

10 And so, to begin, I'll ask you briefly
11 to confirm that MPI's rate-making exercise is driven
12 by accepted actuarial practice, correct?

13 MS. CARA LOW: Yes, it is.

14 MR. CHRIS KLASSEN: And I'll ask Ms.
15 Schubert to pull up page 30 of the rate-making
16 chapter, please. And I believe we're going to scroll
17 toward the bottom of the page. That's great. Thank
18 you.

19 And I acknowledge, Ms. Low, that this
20 is the provisional filing and not the rate update.
21 But if you'll bear with me, I'd like to refer to it
22 for the time being for illustrative purposes.

23 And so, at a very high level, to
24 determine the overall required rate, MPI begins its
25 rate-making exercise by conducting forecasting,

1 identifying projections for its various revenue
2 sources, claims costs, non-claims costs.

3 And these are the figures we see in the
4 illustration on the screen, correct?

5 MS. CARA LOW: Correct.

6 MR. CHRIS KLASSEN: And that very high
7 level general statement I provided summarizing the
8 exercise is reasonably accurate, correct?

9 MS. CARA LOW: Yeah, that would be
10 very close.

11 MR. CHRIS KLASSEN: Thank you. And
12 then moving on in this exercise. And if Ms. Schubert
13 can scroll to the top of the next page.

14 The next step is for MPI to solve for
15 'P' in this equation which it uses to determine the
16 overall required rate, correct?

17 MS. CARA LOW: Correct.

18 MR. CHRIS KLASSEN: And MPI's next
19 step then is to adjust the overall required rate by
20 what you call an adjustment factor to reflect the time
21 value of money and the fact that premiums are received
22 over the course of the calendar year, correct?

23 MS. CARA LOW: Correct.

24 MR. CHRIS KLASSEN: And finally, I'll
25 ask you to confirm that, to calculate the overall

1 required rate change, MPI compares this figure to its
2 estimate of the prior year's average rate adjusted for
3 vehicle drift which accounts for changes to the
4 insured fleet of vehicles and the resulting changes to
5 the premiums that are charged.

6 Is that correct?

7 MS. CARA LOW: That is correct.

8 MR. CHRIS KLASSEN: And it was through
9 this process, I'll ask you to confirm and as we see on
10 page 33, at line 11, that MPI determined its
11 provisional rate request of 0.9 percent, correct?

12 MS. CARA LOW: Correct.

13 MR. CHRIS KLASSEN: And it was this
14 0.9 percent that MPI used in developing its proposed
15 changes to DSR discounts, correct?

16 MS. CARA LOW: One (1) minute, please.

17

18 (BRIEF PAUSE)

19

20 MS. CARA LOW: This was used for the
21 scenario 4 that was selected, yes.

22 MR. CHRIS KLASSEN: Thank you. Madam
23 Chair, I recognize that it's noon. I -- I don't
24 expect to have more than ten (10) or fifteen (15)
25 minutes remaining.

1 THE PANEL CHAIRPERSON: Thank you, Mr.
2 Klassen.

3 MR. CHRIS KLASSEN: Thank you.

4 THE PANEL CHAIRPERSON: Please
5 proceed.

6

7 CONTINUED BY MR. CHRIS KLASSEN:

8 MR. CHRIS KLASSEN: And, Ms. Schubert,
9 could I ask you please to take us to figure DSR-1.

10

11 (BRIEF PAUSE)

12

13 MR. CHRIS KLASSEN: And, Ms. Low,
14 could you please confirm that -- that this table sets
15 out the four (4) scenarios of proposed changes to DSR
16 discounts that MPI developed for consideration in
17 preparing its Application?

18 MS. CARA LOW: That is true.

19 MR. CHRIS KLASSEN: Could you please
20 confirm that at line 20 each of scenarios 1, 2, 3, and
21 4 all result in an overall rate change of negative .9
22 percent, correct?

23 MS. CARA LOW: That is true.

24 MR. CHRIS KLASSEN: And the reason for
25 this, as we just saw, is that MPI had calculated its

1 overall required rate change to be negative 0.9
2 percent, correct?

3 MS. CARA LOW: That is true.

4 MR. CHRIS KLASSEN: And in applying
5 for rate changes in this GRA, we saw that MPI adjusted
6 its overall rate change to zero and achieved all of
7 the 0.9 percent decrease completely through changes to
8 the DSR system, correct?

9 MS. CARA LOW: Yes, that is true.

10 MR. CHRIS KLASSEN: Thank you. And
11 you'll agree -- or I'll invite you to agree -- to
12 agree, please, that -- that this is MPI's current
13 approach to correcting cross-subsidization in the DSR?

14 MS. CARA LOW: It was the approach
15 both last year and this year.

16 MR. CHRIS KLASSEN: And to be specific
17 -- and I'll -- I'll ask Ms. Schubert to turn to page
18 10 of the DSR chapter.

19 It's MPI's plan -- and I'll ask you to
20 confirm, Ms. Low, that it's MPI's plan to have the
21 pace of change in the DSR discounts, and I'll quote,
22 "determined or heavily influenced," by the rate
23 indication of the GRA?

24 And if you'll -- if you could zoom out
25 for us, Ms. Schubert, I expect that that quote will be

1 on this page.

2 MS. CARA LOW: The thinking is that we
3 don't want to do a big overall rate increase in order
4 to move. So, depending -- if we have a discount, it
5 allows us to expand the scale.

6 MR. CHRIS KLASSEN: Thank you for
7 that. And to confirm from lines 3 to 4 on this page,
8 MPI notes that its current plan for addressing cross-
9 subsidization in -- in the DSR is to propose changes
10 to discounts that are determined or heavily influenced
11 by the rate indication of whichever year's GRA we're
12 talking about?

13 MS. CARA LOW: Correct.

14 MR. CHRIS KLASSEN: Thank you. And
15 so, in -- in practice, that proposal would see MPI
16 where possible continuing to allocate its indicated
17 rate decreases to increases in the discounts at the
18 high end of the DSR scale, correct?

19 And I apologize for the complexity of
20 that language --

21 MS. CARA LOW: Yeah, no.

22 MR. CHRIS KLASSEN: -- but I'm doing
23 my best.

24 MS. CARA LOW: Very true.

25 MR. CHRIS KLASSEN: Thank you. Now,

1 if we fast forward in time by a few months, could you
2 please confirm that MPI's rate update filed on October
3 12th no longer sought a 0.9 percent rate decrease?

4 MS. CARA LOW: That is correct, yes.
5 It's a minus 0.1 percent.

6 MR. CHRIS KLASSEN: Exactly. So,
7 thank you. The -- the rate update sought a 0.1
8 percent rate decrease?

9 MS. CARA LOW: Decrease, yes.

10 MR. CHRIS KLASSEN: Yeah. And could
11 you please confirm that in MPI's October 12th rate
12 update MPI did not propose any adjustments to the
13 changes to DSR discounts that had been proposed in its
14 provisional filing, correct?

15 MS. CARA LOW: Correct.

16 MR. CHRIS KLASSEN: And so, could you
17 confirm, please, that the proposed changes to DSR
18 discounts that MPI is seeking in this Application are
19 still based on the 0.9 provisional rate request?

20 MS. CARA LOW: Correct, yes.

21 MR. CHRIS KLASSEN: And just to
22 confirm MPI's process, if MPI had -- had taken the
23 same approach to changes in DSR discounts in the rate
24 update as it had in the provisional filing, there
25 would only have been a 0.1 percent rate decrease to

1 allocate to the higher DSR levels. Correct?

2 MS. CARA LOW: Correct.

3 MR. CHRIS KLASSEN: And you'll agree
4 that, despite the smaller rate decrease, following the
5 rate update, MPI preserved its proposed changes to DSR
6 discounts that had been initially sought in the
7 provisional filing?

8 MS. CARA LOW: That is true.

9 MR. CHRIS KLASSEN: And, Ms. Low --
10 and this is my last question on this point -- could
11 you -- could you confirm, please, that in order to
12 achieve that -- in order to preserve the DSR discounts
13 that had been sought initially, and also to achieve
14 the 0.1 percent rate decrease, to achieve both
15 simultaneously, MPI adjusted the so-called base rate
16 or the required rate change to positive zero-point-
17 eight (0.8) so that, when combined with the DSR
18 discount changes, the overall rate change request was
19 negative zero-point-one (0.1)?

20 MS. CARA LOW: That is correct.

21 MR. CHRIS KLASSEN: Thank you. The
22 last subject of questions that I have for this panel
23 relate to the primary driver transition plan. They
24 may be best directed to you, Mr. Prystupa. But again,
25 if others are equipped to answer, please feel welcome.

1 And, again, as -- as has been said
2 already this morning, MPI's proposed transition to the
3 primary driver model is set out at Appendix 1 to the
4 DSR chapter of this GRA, correct?

5 MR. CURTIS PRYSTUPA: That is correct.

6 MR. CHRIS KLASSEN: Thanks, Mr.
7 Prystupa.

8 And this plan is filed in response to
9 directive 11.13 from last year's GRA, correct?

10 MR. CURTIS PRYSTUPA: Correct.

11 MR. CHRIS KLASSEN: And if you'll bear
12 with me, I'd just like to review some of the details
13 of the document. And I'll -- I'll do so, trying to
14 follow the order of the sections in the document.

15 Before I do, though, would you
16 characterize this document as a detailed plan?

17 MR. CURTIS PRYSTUPA: No, I wouldn't.
18 I would call it a high level plan.

19 MR. CHRIS KLASSEN: And so, you'll
20 confirm then, Mr. Prystupa, that it's not actionable
21 in its current form?

22 MR. CURTIS PRYSTUPA: I don't know if
23 I would say that. I think it's -- it's directionally
24 actionable. It certainly needs refinement, but I
25 wouldn't call it non-actionable.

1 MR. CHRIS KLASSEN: Thank you. Yeah.
2 I'll -- I'll accept that. That's just fine.

3 Has MPI prepared estimates of the costs
4 associated with the steps of this plan?

5 MR. CURTIS PRYSTUPA: No.

6 MR. CHRIS KLASSEN: Thank you. Could
7 you, please, confirm that MPI cites legal barriers to
8 collecting personal information as one (1) potential
9 cause of delay in transitioning to the primary driver
10 model?

11 MR. CURTIS PRYSTUPA: Can you please
12 provide reference?

13 MR. CHRIS KLASSEN: Sure, I can. Ms.
14 Schubert, earlier this morning, I provided to you a
15 copy of a recent decision of the Manitoba Court of
16 Appeal. And Mr. Guerra referenced this decision
17 earlier this morning.

18 And I have no intention of asking the
19 panel for a legal opinion, but there's one (1)
20 paragraph that I think would helpfully answer Mr.
21 Prystupa's question and lead into my own. And that's
22 paragraph 63, if we could, Ms. Schubert.

23

24 (BRIEF PAUSE)

25

1 MR. CHRIS KLASSEN: Would you mind
2 taking a moment, Mr. Prystupa, to briefly review the
3 paragraph that's on the screen in front of you?

4

5 (BRIEF PAUSE)

6

7 MR. CURTIS PRYSTUPA: Okay. I've
8 given it a scan.

9 MR. CHRIS KLASSEN: Sure. Thank you.
10 And so, having read paragraph 63 of this decision,
11 could you confirm for me, please, that -- that MPI
12 cites legislative barriers to collecting personal
13 information as a barrier to the implementation of the
14 primary driver model and a potential source of -- of
15 delay in its transition plan?

16 MR. CURTIS PRYSTUPA: I'll -- I'm not
17 going to answer your question directly. I'm -- I'd
18 like to find reference within the current Application
19 that uses the term 'barrier'. I don't believe that
20 language was used.

21 So to confirm your application, I'm --
22 or to confirm your question, I'm going to ask you to
23 provide reference within this -- this Application.

24 MR. CHRIS KLASSEN: Thank you. And --
25 and perhaps I can re-frame my question.

1 I believe it was during your
2 presentation that it was mentioned that MPI
3 anticipates that in order to collect the information
4 needed to study the -- the primary driver model,
5 changes would be needed to the Freedom of Information
6 and Protection of Privacy Act. Is that correct?

7 MR. CURTIS PRYSTUPA: No. We would
8 not be applying for changes to that Act.

9 Depending on the scenario of data
10 collection that we would go -- that we would go down,
11 you know, assuming it's -- you know, either -- let's
12 say it's the mandatory collection method that we were
13 talking about. We'd be looking to make changes
14 within, you know, various Acts and regulations outside
15 of -- outside of FIPA.

16 MR. CHRIS KLASSEN: Got it. Okay. I
17 understand.

18 And my question, at very high level to
19 you, is -- is whether paragraph 63 of the -- of the
20 Manitoba Court of Appeal's decision might prompt MPI
21 to consider changing its position with respect to the
22 challenges that it might face in collecting personal
23 information from its customers.

24 MR. ANTHONY GUERRA: Objection. The -
25 - the witness is not qualified to give an answer of

1 this nature.

2 MR. CHRIS KLASSEN: Thanks, Mr.
3 Guerra. And I -- and, Madam Chair, I recognize that
4 this decision, as Mr. Guerra explained earlier, has
5 not been brought to the panel's attention with time to
6 review. And so, I'll withdraw the question and move
7 on. Thank you.

8

9 CONTINUED BY MR. CHRIS KLASSEN:

10 MR. CHRIS KLASSEN: Mr. Prystupa,
11 could I draw your attention to the first slide in your
12 presentation -- or in your section of the presentation
13 given this morning?

14 MR. CURTIS PRYSTUPA: Yes, absolutely.

15 MR. CHRIS KLASSEN: And Ms. Schubert,
16 would you mind pulling it up on the screen? Thank
17 you.

18 And you spoke about the slide in -- in
19 some detail with -- with Mr. Watchman this morning.
20 And so, I won't take you through that discussion
21 again, but I -- I'd just briefly like you to -- draw
22 your attention to the bottom row of the table at line
23 'U'. And specifically, the note that that particular
24 task is anticipated to end on March 31st, 2029.

25 Can you confirm that that's on the

1 screen?

2 MR. CURTIS PRYSTUPA: One -- one (1)
3 moment, please.

4

5 (BRIEF PAUSE)

6

7 MR. CURTIS PRYSTUPA: Yes, I can
8 confirm that that is on there. But I can also confirm
9 and respectfully ask that be considered an error -- an
10 error. And it -- it shouldn't have been included
11 there.

12 MR. CHRIS KLASSEN: Thank you for that
13 clarification.

14 And recognizing that March 31st of 2029
15 is an error, and keeping in mind your discussion with
16 Mr. Watchman about the uncertainty related to Project
17 Nova, and other elements of the plan that are still in
18 development, do you -- are you able to provide an
19 estimate of a more accurate date that could replace
20 March 31st of 2029 in the bottom row of that table?

21 MR. CURTIS PRYSTUPA: Not at this
22 time, no.

23 MR. CHRIS KLASSEN: Thank you.

24 MS. SATVIR JATANA: Just to -- I think
25 it's important to note, you know, this is a high level

1 plan that, kind of, states that if we were to go down
2 this path, the necessary steps that we would take.

3 A lot of that -- and it's the best
4 guess that we could make, given where we're at right
5 now with Project Nova, need to collect data, need to
6 do a thorough analysis in -- in that process. And
7 this is the best plan and the best guess we could
8 make.

9 Now, provided, of course, some of these
10 steps could be done quicker. Some of the steps may
11 take longer than we anticipate. But I -- you know,
12 this is kind of the directionally -- the steps that
13 MPI would have to take to make a model change.

14 MR. CHRIS KLASSEN: Thank you for that
15 clarification, Ms. -- Ms. Jatana. I appreciate it.

16 Mr. Prystupa, with respect to the
17 communication plan set out in -- in MPI's primary
18 driver transition plan proposal, could you please
19 confirm that the document indicates that -- that this
20 particular portion, the communication plan is
21 described as tentative?

22 MR. CURTIS PRYSTUPA: Subject --
23 subject to check, yes.

24 MR. CHRIS KLASSEN: Yeah. Thank you.
25 And is it MPI's common practice to workshop its draft

1 communications plans with customers and focus group
2 style events?

3 MR. CURTIS PRYSTUPA: I can't confirm
4 or deny that. Perhaps Ms. Jatana can, if she has any
5 indication.

6 MS. SATVIR JATANA: You know, as we --
7 we've committed that we want to be more customer-
8 centric. And, of course, it is always best practice
9 to engage customers in the process of -- of changing
10 products or evolving products.

11 And Vehicle for Hire was a great
12 example, where we've done -- we've diligently brought
13 our customers along so that, you know, we're building
14 this product with them. Of course, you know, there
15 are certain things that we're bound by; whether it's
16 our rate methodology and other. But where possible,
17 we would like to find a way to engage customers in the
18 process.

19 So, one, from a changed management and
20 adoption of product is inline with customer's needs
21 and wants.

22 MR. CHRIS KLASSEN: Thank you. Thank
23 you, Ms. Jatana.

24 And -- and -- and on that subject, MPI
25 has included consultation with stakeholders and the

1 public in its proposed plan, correct?

2 MR. CURTIS PRYSTUPA: That -- that's
3 correct.

4 MR. CHRIS KLASSEN: And would you
5 accept, subject to check, or we can put it on the
6 screen if necessary, that MPI -- MPI notes that the
7 scale of this stakeholder engagement would be, I think
8 MPI used three (3) descriptors: large, broad and
9 frequent? Is that correct?

10 MR. CURTIS PRYSTUPA: That is correct.

11 MR. CHRIS KLASSEN: And, while it
12 isn't set out in the document, has MPI identified at
13 which stages of the proposed transition plan it would
14 engage with stakeholders?

15 MR. CURTIS PRYSTUPA: I -- I think
16 that there's perhaps some -- some room for refinement
17 in that. If we -- if we look at, again the Gantt
18 chart that's up on the screen here, who -- we do have
19 some aspects of where we actually indicate there's
20 consultation. Bear with -- bear with me, I'm just
21 trying to see it.

22 Yeah, we seen in section C and I -- I
23 believe off the top of my head, I believe there's
24 another section later.

25 MR. CHRIS KLASSEN: And -- and thank

1 you for that clarification, Mr. Prystupa.

2 Has MPI identified the format of these
3 proposed stakeholder engagement exercises?

4 MR. CURTIS PRYSTUPA: Not at this
5 time.

6 MR. CHRIS KLASSEN: Or whether these
7 engagement exercises would be conducted by MPI or a
8 third party?

9 MR. CURTIS PRYSTUPA: No, we haven't
10 considered that.

11 MR. CHRIS KLASSEN: Thank you. And -
12 - and I have one (1) final question for you. And, we
13 don't need to pull it up on the screen, but just
14 recognize -- if we -- if you'll recall with me that in
15 a table in your presentation this morning, MPI listed
16 multiple potential models, including, but also
17 adjacent to primary driver, that also included listed
18 driver and a hybrid model. Correct?

19 MR. CURTIS PRYSTUPA: That's right.

20 MR. CHRIS KLASSEN: And has MPI
21 identified how its proposed transition plan might
22 change or need to be adapted for each of those
23 potential models?

24 MR. CURTIS PRYSTUPA: I think, at a
25 high level, inline with the transition plan itself, we

1 don't believe that there would be a drastic change to
2 that. And I believe we -- we submitted as part of our
3 presentation for consideration that the transition
4 plan that we described today, should -- would be
5 directionally consistent for any of these potential
6 models.

7 MR. CHRIS KLASSEN: Thank you for that
8 response and I appreciate your -- your engagement this
9 morning. Thank you to all the witnesses. Madam
10 Chair, those are my questions and I apologize for my
11 inaccurate time estimate of about twenty (20) minutes
12 ago.

13 THE PANEL CHAIRPERSON: Thank you, Mr.
14 Klassen. We'll adjourn now and return at twenty (20)
15 after 1:00, please.

16
17 --- Upon recessing at 12:22 p.m.

18 --- Upon resuming at 1:19 p.m.

19

20 THE PANEL CHAIRPERSON: Thank you.

21 Ms. Meek...?

22

23 CROSS-EXAMINATION BY MS. CHARLOTTE MEEK:

24 MS. CHARLOTTE MEEK: Thank you, Madam
25 Chair. Good afternoon to the Board and good afternoon

1 to the panel. Similarly to the other Interveners,
2 I'm mostly going to direct my questions, generally. I
3 might have a couple for specific people, but feel free
4 whoever is best able to answer to -- to go ahead.

5 I'd like to start, just addressing some
6 points made from your slides this morning, if I could.
7 So if we could go to Exhibit 69, slide 22. Thank you.

8 So, there's some options listed here,
9 that are aside from the registered owner and primary
10 driver model. So there's -- there's two (2) other
11 options listed here, the listed driver and the
12 primary/listed driver hybrid. Is that correct?

13 MR. CURTIS PRYSTUPA: Yes.

14 MS. CHARLOTTE MEEK: Thank you, Mr.
15 Prystupa.

16 And, in MPI's view, are these
17 variations of the primary driver model that MPI's
18 considering as alternatives to either the primary
19 driver or registered owner model?

20 MR. CURTIS PRYSTUPA: I -- I wouldn't
21 call them variations of the primary driver model, I
22 would call them their own models themselves, but
23 they're models that warrant their own analysis and
24 investigation on their own alongside primary driver,
25 in our opinion.

1 MS. CHARLOTTE MEEK: Sure. And so are
2 -- are these two (2) other models options that MPI is
3 considering in relation to a -- a possible model
4 change?

5 MR. CURTIS PRYSTUPA: Yes.

6 MS. CHARLOTTE MEEK: Okay. Thank you.
7 And so the listed driver option there, is that one
8 where all potential drivers are listed at the time of
9 registration?

10 MR. CURTIS PRYSTUPA: Correct.

11 MS. CHARLOTTE MEEK: Okay. And then
12 there's the primary driver listed hybrid, and that's
13 where the primary driver is identified and then all
14 other possible drivers are identified?

15 MR. CURTIS PRYSTUPA: That's -- that's
16 correct. Yes.

17 MS. CHARLOTTE MEEK: Thank you. And
18 there's a row here titled, Potential Accuracy
19 Assurance. And in each alternative, other than the
20 registered owner, it indicates a surcharge, where the
21 primary or listed driver is not driving, is that
22 correct?

23 MR. CURTIS PRYSTUPA: Correct.

24 MS. CHARLOTTE MEEK: Okay. And does
25 MPI consider a -- a surcharge in that regard, a

1 requirement for each of these alternatives?

2 MR. CURTIS PRYSTUPA: Not necessarily
3 a requirement, just a possible option. You know,
4 deeper in the details for, you know, towards the --
5 the full model designed, but not a -- not a
6 requirement. No.

7 MS. CHARLOTTE MEEK: Okay. And --
8 and, so it -- seems -- it might be a -- a possible
9 option to be included with those models.

10 Could you advise why MPI might consider
11 that necessary or a possible option?

12 MR. CURTIS PRYSTUPA: I -- I think you
13 -- you know, if we look at, you know, direct -- direct
14 towards the primary/listed driver hybrid model and,
15 you know, just for full transparency, that's the model
16 that ICBC uses today. They use a -- a surcharge, in
17 fact, they actually sell a separate Extension product
18 for non-listed drivers if they wanted to.

19 But if there was somebody other than
20 one of the listed drivers, driving, and that person
21 was involved in a claim, there is a surcharge that's
22 assessed. So, we want to leave it on the table,
23 because it's something that a jurisdictional peer is
24 doing today and -- and we think worthy of analysis.

25 I will say that it also creates, you

1 know, that type of surcharge at the time of claim and
2 any variation of a listed driver model creates a -- an
3 incentive for a customer to report their listed
4 drivers properly.

5 MS. CHARLOTTE MEEK: Okay. And, so,
6 currently with the registered owner model, there's no
7 surcharge that's applied, if anybody other than the
8 registered owner model -- or registered owner is
9 driving? Is that correct?

10 MR. CURTIS PRYSTUPA: Not at all.

11 MS. CHARLOTTE MEEK: Thank you. And
12 I'd now like to brief -- briefly discuss the impacts
13 that the DSR model has on driving behaviour.

14 So, I'd just like to pull up a
15 transcript from last year's GRA, so this is the
16 October 21st transcript. And we'll start at page
17 1892.

18 And Ms. Jatana, I'll -- I'll direct my
19 questions to you and you'll note that this was a
20 cross-examination from last year and -- and a
21 discussion that I had had with you, Ms. Jatana. And
22 so, just starting at line 14.

23 So, here I had asked you this question,
24 Ms. Jatana, asking whether you'd agree that the DSR
25 system is a key driver of collision frequencies within

1 the range of loss prevention interventions employed by
2 MPI.

3 And you had responded that you agree
4 that it is an incentive to promote good driving
5 behaviour behind the wheel. Do you see that there?

6 MS. SATVIR JATANA: I do.

7 MS. CHARLOTTE MEEK: Okay. And then
8 I'd asked you another question, saying:

9 "So, as it promotes good driving
10 behaviour, it is a key in reducing
11 collision frequencies within MPI."

12 And -- and you had indicated that you
13 agreed with that. Is that correct?

14 MS. SATVIR JATANA: Yes.

15 MS. CHARLOTTE MEEK: Okay. And then
16 kind of half way down the next page, I made a
17 reference to Board Order 162/'16 from the 2017 GRA,
18 and if we could just scroll down a little bit, I read
19 in a -- a portion of that Board Order that reads as
20 follows:

21 "The Corporation estimates that
22 since its introduction, there has
23 been a reduction of approximately
24 39,000 collision claims related to
25 the DSR and for an estimated

1 reduction in losses in the
2 approximate total of about a hundred
3 and twenty-four point five million
4 (124.5 million)."

5 And I'd referred you to that last time
6 and then I'd asked the question and you'd agree that
7 those improvements in collision claims and losses were
8 due to the DSR system working and by that, I mean,
9 encouraging good driving behaviour and discouraging
10 poor driving behaviour.

11 And you'd agreed with that at that
12 time, Ms. Jatana?

13 MS. SATVIR JATANA: That's correct.

14 MS. CHARLOTTE MEEK: And then I had
15 asked you another question. I said:

16 "And you'd agree that any
17 improvements to the actuarial
18 soundness of the DSR system, would
19 also lead to further improvements in
20 collision claims and a reduction in
21 losses?"

22 And you'd indicated that -- that you
23 believed that to be true. Is that -- is that right?

24 MS. SATVIR JATANA: True.

25 MS. CHARLOTTE MEEK: Okay. Thank you.

1 And if we could turn now to an IR from this years'
2 GRA, so this is CMMG-MPI-19.

3 And I'd like to draw your attention to
4 MPI's response here, which reads as follows:

5 "By applying actuarially indicated
6 discounts in extending the DSR
7 scale, MPI intends to better segment
8 risk, provide equitable pricing and
9 reward safe driving behaviours."

10 And then they say:

11 "It is difficult to say whether more
12 accurate pricing incentivizes
13 improved driving behaviour and
14 ultimately reduces claims and claims
15 costs."

16 And so, Ms. Jatana, you would agree
17 with me then that the Corporation's position on this
18 issue, that the actuarial soundness of the DSR model
19 incentivizes driving behaviour and reduces claims and
20 claims cost has changed since last year?

21 MS. SATVIR JATANA: I wouldn't
22 necessarily agree with that statement. I think it's
23 important, when you're speaking from a product design,
24 and I've also held road safety as part of my portfolio
25 in the past.

1 We believe that there's enough data in
2 sight, that would indicate that DSR model can impact a
3 driver behaviour and can perhaps, for all of us to can
4 -- stress for all of us to make, you know, good
5 driving behaviour choices behind the wheel.

6 I'm not a, you know, actuary here and
7 so I -- I would respect the opinion of the actuary
8 when it comes to ratemaking but, generally speaking, I
9 -- I would agree that our DSR program can promote safe
10 road driving behaviour.

11 MS. CHARLOTTE MEEK: Okay. Thank you.
12 And so, I'd like to talk about some of the changes to
13 the registered owner model that are being brought
14 forward by the -- the Corporation this year. So I'll
15 -- I'll kind of just direct this generally to the
16 panel if I could.

17 We know that MPI was directed by the
18 Board to bring forward a five-year plan to transition
19 to the primary driver model in the last year's GRA.
20 Is that correct?

21 MR. CURTIS PRYSTUPA: Yes, that is
22 correct.

23 MS. CHARLOTTE MEEK: Okay. And in
24 the interim, MPI has been working to better align the
25 current registered owner model system, with a more

1 actuarially sound model via incremental steps.

2 Is that -- is that accurate?

3 MR. CURTIS PRYSTUPA: That's correct.

4 MS. CHARLOTTE MEEK: And would you
5 agree that in evaluating the DSR system and cross-
6 subsidization that's currently occurring, we need to
7 balance the unfairness of the overpayment by customers
8 on one end of the DSR scale, with the prospect of rate
9 increases for customers on the other side of the
10 scale. Would you agree with that?

11 MR. CURTIS PRYSTUPA: I think this
12 question may be best answered by Ms. Low.

13 MS. CHARLOTTE MEEK: Sure.

14 MR. CURTIS PRYSTUPA: Also, could we -
15 - could -- could I ask -- ask you to repeat the
16 question, if you don't mind please.

17 MS. CHARLOTTE MEEK: Yes, of course.
18 It's a rather long question.

19 You would agree that in evaluating the
20 DSR system and the cross-subsidization that's
21 currently occurring, we need to balance the unfairness
22 of the overpayment by customers on one end of the DSR
23 scale against the prospect of rate increases for
24 customers at the other end of the scale.

25 MS. CARA LOW: Absolutely, correct.

1 It's like a see-saw. You still need to get to a zero
2 -- a minus zero point one (-0.1) so someone needs to
3 pay more so -- if someone else is paying less.

4 MS. CHARLOTTE MEEK: Thank you. And
5 so, part of that strategy from MPI has been to
6 allocate the overall rate decrease being sought by the
7 Corporation to the DSR levels most in need of
8 adjustment. Is that correct?

9 MS. CARA LOW: That is correct.

10 MS. CHARLOTTE MEEK: Thank you. And
11 so this year, based on the October update, MPI has
12 applied for the overall rate decrease of .1 percent.

13 MS. CARA LOW: Correct.

14 MS. CHARLOTTE MEEK: Okay. And the
15 DSR scale movement has stayed the same. And I know
16 you talked about this with Mr. Klassen so I'll try not
17 to be repetitive.

18 The DSR movement is still a negative .6
19 percent change?

20 MS. CARA LOW: Correct.

21 MS. CHARLOTTE MEEK: And MPI has -- or
22 -- applied that .6 percent adjustment to levels DSR
23 plus nine (+9) to plus fourteen (+14) and level
24 sixteen (16) as well?

25 MS. CARA LOW: That is correct.

1 MS. CHARLOTTE MEEK: Okay. And so I -
2 - I'm not going to take you to a reference because we
3 already went over this today, but plus nine (9) to
4 plus thirteen (13) and plus sixteen (16) are all
5 getting a 1 percent increase, level fourteen (14) is
6 increasing 2 percent and level fifteen (15) is not
7 receiving any change.

8 MS. CARA LOW: Correct.

9 MS. CHARLOTTE MEEK: Thank you. So if
10 we could please now turn to part 6, DSR, Appendix 3.
11 Thank you, Kristen. If we could go to line 11, I
12 believe. Okay. Sorry. You're right, Kristen. I was
13 going to start at the top of the page. Sorry. Thank
14 you.

15 So at the beginning of the page here,
16 what MPI is saying is that the discounts and
17 surcharges at each DSR level don't reflect the risk of
18 the registered owner at the DSR level, but rather the
19 discounts and surcharges calculated for each DSR level
20 represent the collective loss experience of the
21 drivers of vehicles registered to owners at the same
22 DSR level.

23 MS. CARA LOW: That's what it says,
24 yes.

25 MS. CHARLOTTE MEEK: Thank you. So I

1 found that rather difficult to understand.

2 So by way of example, what I understand
3 this to mean is that an individual at DSR level plus
4 fifteen (+15) may allow their daughter or partner to
5 drive the car, and other DSR level plus fifteen (+15)
6 might also do that, letting other people drive their
7 car.

8 And the discount for plus fifteen (+15)
9 is based on the collective loss of all of those people
10 driving the vehicle. Is that a good summary?

11 MS. CARA LOW: Yes.

12 MS. CHARLOTTE MEEK: Thank you.

13 MS. CARA LOW: That would be accurate.

14 MS. CHARLOTTE MEEK: Okay. And then
15 I'd like to go down to the second bullet on this page
16 starting with the vehicle discount.

17 So MPI here is providing an explanation
18 for not assigning DSR plus fifteen (+15) any change in
19 the discount. Is that correct?

20 MS. CARA LOW: Correct.

21 MS. CHARLOTTE MEEK: And so what MPI
22 is saying -- and again, I'll try and summarize it best
23 I can -- is that, based on the collective loss
24 experience used to calculate the DSR discount, the
25 discount for one (1) specific registered owner at DSR

1 plus fifteen (+15) could, in fact, be greater than the
2 indicated 56 percent discount because the loss
3 experience included losses from drivers at a lower DSR
4 level.

5 And then, conversely, the discount for
6 one (1) specific registered owner at DSR plus fifteen
7 (+15) could also be lower because the loss experience
8 is also accommodating for drivers at the higher end of
9 the DSR level.

10 Is that a -- a good summary?

11

12 (BRIEF PAUSE)

13

14 MS. CARA LOW: One (1) minute, please.

15

16 (BRIEF PAUSE)

17

18 MS. CARA LOW: Yes, that would be a
19 good summary, yes.

20

21 MS. CHARLOTTE MEEK: Thank you. So
22 it's based on this rationale that MPI is not proposing
23 an adjustment to the plus fifteen (+15) DSR level.

23

Is that correct?

24

MS. CARA LOW: That is correct, yes.

25

MS. CHARLOTTE MEEK: Okay. And so you

1 would agree with me that reasoning that we just went
2 over, that's true for all DSR levels. Is that true?

3 MS. CARA LOW: That is -- yeah, that
4 would be true.

5 MS. CHARLOTTE MEEK: Thank you. And
6 so if we could go to part 6, DSR, page 9. So I'm just
7 looking at -- at the last sentence on this page
8 starting at -- at line 11, where it says:

9 "MPI will seek adjustments to the
10 DSR discounts depending on the size
11 of the overall rate indication in
12 each GRA."

13 That was the -- the proposal from MPI
14 in the original Application. Is that accurate?

15 MS. CARA LOW: That is accurate, yes.

16 MS. CHARLOTTE MEEK: Okay. And you
17 discussed with Mr. Klassen earlier today that, based
18 on the new indication, being that negative -.1
19 percent, it was necessary to have a base rate increase
20 in order to maintain the desired DSR movement.

21 MS. CARA LOW: Correct.

22 MS. CHARLOTTE MEEK: Thank you. I'm -
23 - I'm wondering, in -- in future rate applications
24 where the rate indication is negative, would MPI
25 consider including a base rate increase in tandem with

1 the allocation of the rate indication to DSR levels to
2 more quickly correct the cross-subsidization in the
3 DSR scale?

4 MS. CARA LOW: It's something we might
5 consider, yes.

6 MS. CHARLOTTE MEEK: Okay. But that
7 wasn't something that was considered in the original
8 Application when there was a larger discount?

9 MS. CARA LOW: It was not.

10 MS. CHARLOTTE MEEK: Okay. Thank you.
11 And the Corporation has indicated that it intends to
12 complete a reassessment of the discounts every year.
13 Is that accurate?

14 MS. CARA LOW: That is accurate.

15 MS. CHARLOTTE MEEK: All right. And
16 that's so that the Corporation can ensure the changes
17 being made to the DSR discount levels are actuarially
18 supported?

19 MS. CARA LOW: Exactly, yes.

20 MS. CHARLOTTE MEEK: So if we could
21 scroll up to figure DSR-1, and this figure lays out
22 the proposed scenarios provided by MPI for adjustments
23 to the DSR scale -- excuse me -- based on a DSR
24 adjustment of negative point nine (-.9).

25 Is that correct?

1 MS. CARA LOW: Correct.

2 MS. CHARLOTTE MEEK: Okay. And you
3 discussed this again with Mr. Klassen earlier, and the
4 scenario 4 on the furthest right of this chart was the
5 -- the preferred option by MPI?

6 MS. CARA LOW: Correct.

7 MS. CHARLOTTE MEEK: Okay. And if we
8 could go down to Figure DSR-4, which is on page 14.
9 Okay. And this figure provides the actuarially
10 indicated DSR discounts in the second column there.

11 Is that correct?

12 MS. CARA LOW: Correct.

13 MS. CHARLOTTE MEEK: And the third
14 column provides the selected discounts, and that
15 represents the scenario 4 from the previous figure we
16 were just looking at. Is that accurate?

17 MS. CARA LOW: Correct, yes.

18 MS. CHARLOTTE MEEK: Okay. And so as
19 we discussed earlier, MPI was seeking a 1 percent
20 change for nine (9) to thirteen (13) and (16) and a 2
21 percent change for plus DSR level 14.

22 Is that correct?

23 MS. CARA LOW: Yes.

24 MS. CHARLOTTE MEEK: Thank you. So
25 then if we scroll down to DSR Figure 5. Okay.

1 And this -- this figure is giving us
2 the dollar value that the proposed change will have on
3 average for insureds. Is that correct?

4 MS. CARA LOW: That would be correct.

5 MS. CHARLOTTE MEEK: Okay. So as
6 we've discussed, positive fifteen (+15), there's no
7 change there, correct?

8 MS. CARA LOW: Correct.

9 MS. CHARLOTTE MEEK: And then you
10 would agree with me, subject to check, that the
11 difference between the current and indicated rate for
12 the DSR level +15 is two hundred and eighty dollars
13 (\$280). Is that accurate?

14 MS. CARA LOW: That is -- yeah.

15 MS. CHARLOTTE MEEK: Thank you.

16 MS. CARA LOW: That is correct.

17 MS. CHARLOTTE MEEK: And so that means
18 that there's -- there's an overpayment of on average
19 two hundred and eighty dollars (\$280) at that rate --
20 at that DSR level.

21 MS. CARA LOW: Correct, yes.

22 MS. CHARLOTTE MEEK: Thank you. And
23 if we look at DSR level 14, in the variance column
24 there's a dollar variance there of thirty-one dollars
25 (\$31), right? So that's the improvement between the

1 current and selected rate. Is that correct?

2 MS. CARA LOW: Yes --

3 MS. CHARLOTTE MEEK: Okay.

4 MS. CARA LOW: -- that's correct.

5 MS. CHARLOTTE MEEK: And subject to
6 check, you'd agree with me that the difference between
7 the current and indicated rate is two hundred and one
8 dollars (\$201).

9 MS. CARA LOW: The math is correct,
10 yes.

11 MS. CHARLOTTE MEEK: Thank you. And
12 so that means that -- that there's an overpayment
13 right now at positive level DSR 14 of two hundred and
14 one dollars (\$201).

15 MS. CARA LOW: Correct.

16 MS. CHARLOTTE MEEK: Thank you. And
17 then DSR levels +13 to +9, the selected rate provides
18 an improvement of sixteen dollars (\$16) from the
19 current rate. Is that accurate?

20 MS. CARA LOW: Yes.

21 MS. CHARLOTTE MEEK: Okay. And
22 subject to check, you'd agree with me that, for those
23 DSR levels, they're overpaying by an amount between a
24 hundred and ninety-nine dollars (\$199) to two hundred
25 and seven dollars (\$207) annually.

1 MS. CARA LOW: Subject to check, yes.

2 MS. CHARLOTTE MEEK: Thank you. And
3 if we could just go back up to DSR Figure 4 -- 4 here
4 for a moment, if we look at DSR level +15, the
5 indicated discount is -- oh, sorry, DSR level +13. I
6 might have said fifteen (15). I -- I meant to look at
7 DSR level +13.

8 The indicated discount is 44.8 percent.
9 Is that correct?

10 MS. CARA LOW: Correct, yes.

11 MS. CHARLOTTE MEEK: And the current
12 rate is thirty-one (31) -- or the current discount,
13 sorry, is -- is 31 percent?

14 MS. CARA LOW: 31 percent.

15 MS. CHARLOTTE MEEK: And the
16 difference between that is -- is about just over 13
17 percent. Is that correct?

18 MS. CARA LOW: 13.8 percent.

19 MS. CHARLOTTE MEEK: Thank you. And
20 the proposed change from MPI is a 1 percent
21 adjustment?

22 MS. CARA LOW: Correct, yes.

23 MS. CHARLOTTE MEEK: Okay. And I'm
24 going to suggest to you here that, where MPI makes an
25 adjustment to the discount rate of 1 percent per year,

1 it will take over ten (10) years for DSR +13 to
2 achieve an actuarially indicated discount level.

3 Would you agree with that?

4 MS. CARA LOW: If we would continue
5 this level of change, yes.

6 MS. CHARLOTTE MEEK: Thank you. And
7 I'd like to now turn to an IR from CMMG this year. So
8 this is CMMG-MPI-1-10. And so the question here put
9 to MPI was:

10 "In MPI's view, what is a reasonable
11 increase in Bates' rates within a
12 one (1) year period?"

13 And if we just scroll down to the
14 response which -- maybe we can zoom out a little bit,
15 Kristen, so we can see the whole response. Thank you.
16 And I'll just give you a minute to just -- just read
17 over that response to familiarize yourself with that.

18

19 (BRIEF PAUSE)

20

21 MS. CARA LOW: Okay.

22 MS. CHARLOTTE MEEK: Okay. And so I
23 understand from MPI's response here is that what MPI
24 is saying is that a base rate increase affects all
25 customers, and some customers require a rate increase

1 and some customers do not.

2 So to assign an increase to all
3 customers that's more than 2 percent may result in
4 some customers receiving a rate change that's higher
5 than what they should be getting. Is that accurate?

6 MS. CARA LOW: Higher than they should
7 be getting? Is that what --

8 MS. CHARLOTTE MEEK: Like, they'd be
9 charged more than what they should be charged based on
10 the indicated rate.

11 MS. CARA LOW: No. If we were to move
12 to actuarially sound rate, everyone would be paying
13 what they should be paying.

14 MS. CHARLOTTE MEEK: So, let me
15 rephrase my question.

16 I'm saying, if we did a base rate
17 increase and didn't necessarily -- so, we did a base
18 rate increase of just 2 percent --

19 MS. CARA LOW: Yes.

20 MS. CHARLOTTE MEEK: -- and we
21 assigned various discounts to some of the DSR levels,
22 it may result that some levels of the DSR scale
23 receive a higher discount if the DSR doesn't
24 appropriately adjust in the other way to get into that
25 perfect amount?

1 MS. CARA LOW: If we only partially go
2 there --

3 MS. CHARLOTTE MEEK: Right. Yes.

4 MS. CARA LOW: -- yes, that would be
5 correct then.

6 MS. CHARLOTTE MEEK: Okay. Thank you.
7 So, if I could, we'll go back to the previous figures
8 that we've had a look at here. So, this is going to
9 part 6, DSR. So, I want to look at figure DSR 3 and
10 4. If we can put them side by side, Kristen, that
11 would be really helpful.

12

13 (BRIEF PAUSE)

14

15 MS. CHARLOTTE MEEK: Sorry, if I might
16 just have one (1) moment.

17

18 (BRIEF PAUSE)

19

20 MS. CHARLOTTE MEEK: Madam Chair,
21 could I just have a moment? My document doesn't align
22 with the one (1) on the screen. If I could just have
23 a moment to check.

24 THE PANEL CHAIRPERSON: Certainly.

25 MS. CHARLOTTE MEEK: Thank you.

1 (BRIEF PAUSE)

2

3 MS. CHARLOTTE MEEK: Thank you, Madam
4 Chair. I apologize. This is a figure that was
5 updated by MPI, so we need to actually look for the
6 DSR 3 at MPI Exhibit 12.

7 So, just for clarity of the record,
8 we're looking at figure DSR 4 in the original
9 Application. And then we're looking at MPI Exhibit 12
10 for DSR figure 3.

11

12 CONTINUED BY MS. CHARLOTTE MEEK:

13 MS. CHARLOTTE MEEK: Okay. So, figure
14 DSR 3 here shows us that, based on the actuarial
15 indication, the base rate should increase by just over
16 18 percent. Is that correct?

17

18 (BRIEF PAUSE)

19

20 MS. CARA LOW: Sure.

21

22 (BRIEF PAUSE)

23

24 MS. CARA LOW: Yes, a base rate change
25 would be 18 percent.

1 MS. CHARLOTTE MEEK: Thank you. And
2 the indicated column here on DSR figure 3, so that
3 includes the base rate increase, as well as the
4 appropriate actuarially indicated DSR discounts that
5 should be applied, as well?

6 MS. CARA LOW: Correct. Yes.

7 MS. CHARLOTTE MEEK: Okay.

8 MS. CARA LOW: Yes.

9 MS. CHARLOTTE MEEK: So, for example -
10 - I work by way of example -- the indicated dollar
11 value for DSR plus fifteen (+15) here indicates -- or
12 sorry, includes an increase in the base rate of 18
13 percent and the indicated DSR plus fifteen (+15)
14 discount of 56 percent?

15 MS. CARA LOW: Exactly. Yes.

16 MS. CHARLOTTE MEEK: Perfect. Thank
17 you. So, we can understand from this figure that from
18 a dollar value perspective, all DSR levels below plus
19 nine (9) should be paying more?

20 MS. CARA LOW: Yes.

21 MS. CHARLOTTE MEEK: Thank you. And
22 then if we look at DSR figure 4, so that's on the left
23 side of our screen here, we also know that every
24 positive DSR level should be receiving a greater
25 discount. Is that correct?

1 MS. CARA LOW: That is correct.

2 MS. CHARLOTTE MEEK: Thank you. And
3 so, it's a little bit counterintuitive, but the idea
4 is that everyone's base rate should go up, and then
5 certain positive DSR levels at the higher range should
6 get a bigger discount?

7 MS. CARA LOW: The actual rate tables
8 would go up. And then when you --

9 MS. CHARLOTTE MEEK: Right.

10 MS. CARA LOW: -- go to -- for the
11 individual risk, you would get a bigger discount if
12 you're a good driver, yes.

13 MS. CHARLOTTE MEEK: Thank you. And
14 so, for some DSR levels, a lot of a base rate increase
15 would then be countered by a greater discount?

16 MS. CARA LOW: Correct. Yes.

17 MS. CHARLOTTE MEEK: Thank you. And
18 so, this figure also shows us, if we're looking at
19 figure DSR 3, so that's in Exhibit 12, that DSR levels
20 plus nine (9) to plus fifteen (15) should be paying
21 less than they are currently paying for their
22 premiums?

23 MS. CARA LOW: Correct.

24 MS. CHARLOTTE MEEK: Okay. And so, we
25 discussed earlier as we looked at CMMG-2-2 a base rate

1 adjustment affects all customers regardless of
2 insurance use. Is that correct?

3 MS. CARA LOW: That is correct.

4 MS. CHARLOTTE MEEK: Okay. And you
5 would agree with me that the base rate is just one (1)
6 component of the algorithm used by MPI to determine
7 rates?

8 MS. CARA LOW: Right. One (1)
9 clarification. We then allocate the rate change to
10 major classes for --

11 MS. CHARLOTTE MEEK: That's -- that's
12 what --

13 MS. CARA LOW: Like, right now, they
14 get -- they propose minus .1 percent. That's not
15 applied to every single major class, there is an
16 allocation of that --

17 MS. CHARLOTTE MEEK: Absolutely.

18 MS. CARA LOW: -- that varies.

19 MS. CHARLOTTE MEEK: Yes, yes.
20 Definitely. Thank you. So, just to repeat my last
21 question then.

22 The base rate is just one (1) component
23 of the algorithm that's used by MPI to determine
24 rates?

25 MS. CARA LOW: That it is, yes.

1 MS. CHARLOTTE MEEK: Okay. Thank you.
2 So, other components incorporated in that algorithm
3 would be things like insurance use, vehicle type, and
4 then the DSR level --

5 MS. CARA LOW: Correct.

6 MS. CHARLOTTE MEEK: -- among other
7 things? And these are all examples of components that
8 are combined to determine the appropriate cost of
9 insurance for one (1) insured.

10 MS. CARA LOW: Correct.

11 MS. CHARLOTTE MEEK: Is that correct?
12 And you would agree with me that, when determining the
13 impact of changing any of these one -- these
14 components, it's important to look at the final impact
15 for all changes on an insured before evaluating the
16 reasonableness of any single change in the algorithm?

17 MS. CARA LOW: Sorry, could you repeat
18 that?

19 MS. CHARLOTTE MEEK: Sure. So, in
20 determining the impact of changing any one (1) of
21 those components that we looked at before, would you
22 agree with me that it's important to look at the final
23 impact for all changes on an insured before evaluating
24 the reasonableness of any single change in the
25 algorithm?

1 MS. CARA LOW: A hundred percent. And
2 that's why we run everything -- every -- all the
3 numbers through the rate model to know the impact on
4 every individual.

5 MS. CHARLOTTE MEEK: Thank you. And
6 you'd agree that it's possible to adjust more than one
7 (1) of those components simultaneously?

8 MS. CARA LOW: Yes.

9 MS. CHARLOTTE MEEK: And so, then you
10 would agree that by increasing the base rate and
11 assigning a greater discount to DSR levels plus nine
12 (+9) to plus fifteen (+15), it's possible to achieve a
13 result where those levels that require an increase in
14 their premium receive one and those requiring a
15 decrease in their premium receive one?

16 MS. CARA LOW: Absolutely. Yeah.

17 MS. CHARLOTTE MEEK: Okay. And I'd
18 like to turn to another IR from CMMG this year. So,
19 this is CMMG-MPI-2-2. And so, on page 1. So, we had
20 -- we had a question here of MPI about that 2 percent
21 base rate increase and -- and whether that was
22 reasonable.

23 And we had asked MPI to create a
24 scenario where the base rate is increased by 2 percent
25 and the DSR impact is negative 3, and then the

1 increase in that discount is allocated to the higher
2 DSR levels.

3 Do you see that there?

4 MS. CARA LOW: I do see that.

5 MS. CHARLOTTE MEEK: Okay. And if we
6 scroll to the next page, MPI provided us with this
7 figure. If we could zoom out a tiny bit, please,
8 Kristen. Thank you.

9 And so, what MPI did actually here --
10 actually, maybe, Kristen if I could get you to scroll
11 up a little bit just we can see. Or I apologize, I
12 think it's below the figure. Okay.

13 So -- so, and the -- the little
14 paragraph below the figure there, what MPI's
15 indicating is that you -- you gave us two (2)
16 different scenarios using the parameters that we
17 provided in the question.

18 The first scenario was that there's a
19 base rate increase and the DSR discounts were
20 allocated just to levels positive sixteen (+16) and
21 seventeen (+17), is that correct?

22 MS. CARA LOW: I would have to check.

23 MS. CHARLOTTE MEEK: It says just
24 below. So it -- yeah, it says just below, so I can
25 just read it off the screen. That might be easier.

1 So it says:

2 In scenario 1, MPI is distributing
3 the discounts to level sixteen (16)
4 and seventeen (17).

5 Sorry, I should have directed you
6 there.

7 MS. CARA LOW: I see that now.

8 MS. CHARLOTTE MEEK: Okay. Thank you.

9 And then, in scenario 2, MPI indicates they
10 distributed discounts among DSR levels plus nine (+9)
11 to plus seventeen (+17), weighting those to the
12 largest -- or the DSR levels with the largest cross-
13 subsidization right now.

14 MS. CARA LOW: Correct.

15 MS. CHARLOTTE MEEK: Okay. And then,
16 if we can look up at the figure. Would you agree with
17 me that a base rate increase of 2 percent, as is
18 indicated in -- at line 19 of this figure, subject to
19 check, that's equivalent to a dollar figure of
20 approximately twenty-five dollars (\$25).

21 Would you agree with that, subject to
22 check?

23 If it helps, I can take you to a
24 reference for how someone else did this mathematical
25 calculation for me.

1 MS. CARA LOW: Subject to check, yeah.

2 MS. CHARLOTTE MEEK: Sure. Thank you.

3 MS. CARA LOW: It seems reasonable.

4 MS. CHARLOTTE MEEK: Okay. And so, a

5 base rate of -- of -- or a base rate increase of

6 twenty-five dollars (\$25) would then allow for a

7 discount increase of 4 percent for levels fifteen

8 (15), sixteen (16), and seventeen (17).

9 Is that correct, based on this figure?

10 MS. CARA LOW: Correct. Yes.

11 MS. CHARLOTTE MEEK: And it would

12 allow for an increase of 2 percent for levels twelve

13 (12), thirteen (13), and fourteen (14)?

14 MS. CARA LOW: Correct.

15 MS. CHARLOTTE MEEK: And a discount of

16 1 percent for levels plus nine (+9) to plus eleven

17 (+11). Is that correct?

18 MS. CARA LOW: Correct.

19 MS. CHARLOTTE MEEK: Okay. And I just

20 want to briefly talk about the Primary Driver

21 Transition Plan. I think counsel and Mr. Klassen this

22 morning have covered many of the questions on that

23 issue.

24 But if we could just go to part 6, DSR,

25 Appendix 1, page 13.

1 (BRIEF PAUSE)

2

3 MS. CHARLOTTE MEEK: And just at 'F'
4 on this chart, there's a note about consultations with
5 IBAM for collection of primary driver information.

6 And I was just wondering, has there
7 been any consultations thus far with IBAM about
8 collection of this information or is that a future
9 plan?

10 MS. CARA LOW: We have not, as
11 indicated earlier. First, we need to select the
12 option that we're going to collect the data, if it's a
13 mandatory, voluntary, or a survey. And then, those
14 steps would be determined.

15 MS. CHARLOTTE MEEK: Okay. Thank you.
16 Those are my questions.

17 THE PANEL CHAIRPERSON: Thank you, Ms.
18 Meek.

19 Ms. Wittman...?

20

21 CROSS-EXAMINATION BY MS. KAREN WITTMAN:

22 MS. KAREN WITTMAN: Thank you, Madam
23 Chair.

24 Good afternoon, I am Karen Wittman and
25 I am here on behalf of the Taxi Coalition. Also with

1 me is my colleague, Sharna Nelko, who will --
2 together, we will be asking you some questions today.

3 We've divided the questions up into
4 different topic areas, so you won't get bombarded with
5 questions from both of us at once.

6 Before we jump into questions, though,
7 Madam Chair, I do have a -- a housekeeping issue and
8 that's this: Is that the Taxi Coalition did submit a
9 pre-ask and we are going to withdraw that pre-ask,
10 based on consultations with Mr. Guerra. And we will,
11 instead, be using that pre-ask as an aid to cross-
12 examination.

13 THE PANEL CHAIRPERSON: Thank you.

14

15 CONTINUED BY MS. KAREN WITTMAN:

16 MS. KAREN WITTMAN: So as with other
17 counsel before me, I'm going to direct my questions to
18 the entire panel. And I'm going to defer to you to
19 decide who's best to answer. All right?

20 So I want to begin first by talking
21 about the Vehicle for Hire framework and the
22 presentation that you put forward this morning about
23 the proposal for the new framework.

24 And as I understand it, the key
25 component of the proposed new framework is that the

1 current time band model will be removed and it's going
2 to be replaced with two (2) products, which is going
3 to be a blanket policy and full-time Vehicle for Hire
4 insurance. Is that right?

5 MS. SIMMI MANN: Correct.

6 MS. KAREN WITTMAN: Okay. And this
7 blanket policy is going to be made available to all
8 transportation network companies, or TNCs. Correct?

9 MS. SIMMI MANN: Yeah. All VFH
10 dispatchers.

11 MS. KAREN WITTMAN: I can help at this
12 point and say probably you'll be the one to answer
13 most of these. So if you want to leave your
14 microphone on, that's fine.

15 And then, the full-time Vehicle for
16 Hire insurance, that's going to be available to taxi
17 Vehicle for Hire, limousines, and accessible Vehicle
18 for Hire groups. Correct?

19 MS. SIMMI MANN: Correct.

20 MS. KAREN WITTMAN: Okay. So I want
21 to ask you some questions about both of these
22 products.

23 So in terms of the blanket policy, as I
24 understand it, MPI has not yet finalized the pricing
25 and rating structure for the policy. Correct?

1 MS. SIMMI MANN: Correct.

2 MS. KAREN WITTMAN: Okay. And that's
3 going to come to the PUB for approval in next year's
4 GRA?

5 MS. SIMMI MANN: Yes.

6 MS. KAREN WITTMAN: Okay. But one (1)
7 of the main attributes of that is that there's going
8 to be a single starting rate for all Manitoba TNC
9 dispatchers. Correct?

10 MS. SIMMI MANN: Yes.

11 MS. KAREN WITTMAN: Okay. And then,
12 at the end of the year, there's going to be -- MPI
13 will finalize the premium, based on actual kilometres
14 travelled and actual claims experience. Correct?

15 MS. SIMMI MANN: Correct.

16 MS. KAREN WITTMAN: And then, MPI is
17 going to use, sort of, a rebate surcharge scale to
18 determine whether a rebate or surcharge is required,
19 and, if so, how much?

20 MS. SIMMI MANN: Yes.

21 MS. KAREN WITTMAN: Okay. So I'm --
22 I'm following along so far?

23 MS. SIMMI MANN: Yes, you are.

24 MS. KAREN WITTMAN: Okay. And then,
25 at the end of the year, MPI is going to issue a refund

1 if there's a surplus or collect any outstanding
2 premium?

3 MS. SIMMI MANN: Correct. There would
4 be a rebate at the end of the year. Yeah.

5 MS. KAREN WITTMAN: Okay.

6 MS. SIMMI MANN: Or a surcharge based
7 on the loss experience.

8 MS. KAREN WITTMAN: Okay. Now, you
9 would agree with me, I think, that in a number of
10 important respects the blanket policy operates in a
11 very similar manner to the existing fleet rebate
12 program. Is that right?

13 MS. SIMMI MANN: They're conceptually
14 similar in some ways. But we're developing the
15 blanket policy based on Vehicle for Hire and not the
16 fleet.

17 MS. KAREN WITTMAN: Okay. But some of
18 the ways that they're conceptually similar is -- is
19 the way we just talked about; there being a rebate at
20 the end of the year and -- or a surcharge?

21 MS. SIMMI MANN: Yes.

22 MS. KAREN WITTMAN: Okay. Now, one
23 (1) of the things to note about the fleet rebate
24 program, as I understand it, is that the source of
25 those funds for those rebates comes from all private,

1 commercial, and public MPI customers. Correct?

2 MS. SIMMI MANN: Yes.

3 MS. KAREN WITTMAN: And, in fact, I
4 think that the amount that's charged to those
5 customers is set out in some of the material that MPI
6 has put forward including ratemaking figure RM-13.
7 And Ms. Schubert, I'm wondering if we could pull that
8 up, please.

9 So this figure that you have in front
10 of you, figure RM-13, it's titled 'Rating Year
11 2023/'24 Major Classification Required Rate Changes
12 Breakeven Rates'.

13 And then, if we look down to line 13,
14 do you see that?

15 MS. SIMMI MANN: Yes, I do.

16 MS. KAREN WITTMAN: And it says there,
17 'Fleet rebates'. And then, under that, it shows the
18 allocation to the private passenger, commercial, and
19 public of twenty thirty-six (20.36). Correct?

20 MS. SIMMI MANN: Correct.

21 MS. KAREN WITTMAN: So if I'm reading
22 this correctly, all private, commercial, and public
23 MPI customers fund the fleet rebate program by paying
24 twenty dollars and thirty-six cents (\$20.36).

25 Is that right?

1 MS. SIMMI MANN: Correct.

2 MS. KAREN WITTMAN: So in other words,
3 you'd agree with me that the fleet rebate program, as
4 it stands right now, is subsidized by private,
5 commercial, and public MPI customers. Correct?

6 MS. SIMMI MANN: Correct.

7 MS. KAREN WITTMAN: Now, during the
8 Information Requests, MPI was asked questions about --
9 by the Taxi Coalition about how the blanket policy
10 would be funded. And in particular, how the rebates
11 would be funded under that. And I see that you're
12 nodding.

13 MS. SIMMI MANN: Yes.

14 MS. KAREN WITTMAN: So you're
15 agreeing?

16 MS. SIMMI MANN: Yes.

17 MS. KAREN WITTMAN: Yes. Okay.

18 And I'd like to refer to that right
19 now. It's TC-MPI-1-3. Ms. Schubert, could you pull
20 that up, please.

21

22 (BRIEF PAUSE)

23

24 MS. KAREN WITTMAN: So in question 'D'
25 -- Ms. Schubert, if you could just scroll down

1 slightly -- MPI was asked how it expects that the
2 blanket policy rebates will be funded.

3 And the answer, further down on the
4 page, in 'D', is that this level of detail is still
5 unknown. Do you see that?

6 MS. SIMMI MANN: Yes.

7 MS. KAREN WITTMAN: And I just want to
8 confirm that it -- it remains unknown as far as MPI is
9 concerned?

10 MS. SIMMI MANN: Yes.

11 MS. KAREN WITTMAN: Okay. You would
12 agree with me, however, that cross-subsidization of
13 the Blanket Policy Rebate Program is something that,
14 on a principle basis, should be avoided?

15 MS. SIMMI MANN: Absolutely.

16 MS. KAREN WITTMAN: Okay. And, in
17 fact, you'd agree with me that when the initial
18 Vehicle for Hire framework was initially introduced in
19 2018, one (1) of the underlying principles was that
20 there would be no cross-subsidization between Vehicle
21 for Hire and other insurance uses. Correct?

22 MS. SIMMI MANN: Yes.

23 MS. KAREN WITTMAN: Okay. And, in
24 fact, I think it's even worth noting that that was
25 included in MPI's initial Vehicle for Hire

1 application. So, Ms. Schubert, could you pull that
2 up at the initial Vehicle for Hire application at page
3 6.

4

5 (BRIEF PAUSE)

6

7 MS. KAREN WITTMAN: And if -- I think
8 if we look at the very bottom of the page, in the last
9 paragraph, beginning at line 20.

10 MPI confirmed there that it was MPI's
11 intention to limit cross-subsidization between
12 Vehicles for Hire and the rest of Basic. Correct?

13 MS. SIMMI MANN: Correct.

14 MS. KAREN WITTMAN: Okay. And as I
15 understand it, when the initial Vehicle for Hire
16 application was approved, it was done so in PUB Order
17 11/'18 and the Board also confirmed that this should
18 be a goal of MPI, which is to avoid cross-
19 subsidization between the Vehicle for Hire group and
20 other MPI customers. Would you agree with that?

21 MS. SIMMI MANN: Yes.

22 MS. KAREN WITTMAN: Okay. So,
23 although MPI does not yet know how the funding for the
24 net rebates under the proposed blanket policy would be
25 payable, would MPI agree that it would be preferable

1 not to have the rebates paid by all MPI customers?

2 MS. SIMMI MANN: Just -- just give me
3 one (1) minute.

4 MS. KAREN WITTMAN: Sure.

5

6 (BRIEF PAUSE)

7

8 MS. SIMMI MANN: Can you just repeat
9 the question, so I can answer you properly?

10 MS. KAREN WITTMAN: I can try. So,
11 although MPI does not yet know how the funding for the
12 net rebates, under the proposed blanket policy would
13 be payable, would MPI agree that it would be
14 preferable not to have the rebates paid by for all --
15 paid for by all MPI customers?

16 MS. SIMMI MANN: It's hard to answer
17 this as the product is currently under development.

18 I would say that limiting cross-
19 subsidization is still a guiding principle for us, so
20 that would be held top of mind with any decision that
21 we make regarding the blanket policy, including the
22 funding of the rebates.

23 MS. KAREN WITTMAN: Okay. Now, I also
24 want to talk to you about how coverage is going to
25 work under this new framework for the C -- TNC

1 drivers.

2 Now, as I understand it, for the
3 drivers that want to provide services through with the
4 TNC, the driver will operate under a combination of
5 coverage under the TNC blanket policy and the driver's
6 own regular policy. Have I got that right?

7 MS. SIMMI MANN: Correct.

8 MS. KAREN WITTMAN: Okay. And I think
9 it might be useful to look at how this was outlined in
10 -- in some of the GRA materials. So, Ms. Schubert,
11 could you please pull up Vehicle for Hire, Chapter --
12 Vehicle for Hire Chapter, pages 21 and 22 of 25.

13 Could we scroll down just a little bit,
14 Ms. Schubert? In the bottom half of the page, right
15 there is perfect.

16 In the bottom half of the page, what
17 MPI has done is it's -- it's sort of outlined how this
18 is going to work. And, as I understand it, there's
19 going to be four (4) distinct time periods that will
20 apply to TNC drivers.

21 We're going to have first period zero
22 (0), the off-line period and under this period, the
23 TNC driver's not operating, is that right?

24 MS. SIMMI MANN: Correct. This is
25 personal time and the app is off-line.

1 MS. KAREN WITTMAN: Okay. And during
2 that time, period zero (0) -- period zero (0), the
3 registered owner policy applies, correct?

4 MS. SIMMI MANN: Correct.

5 MS. KAREN WITTMAN: Okay. And then
6 the next period, period one (1), it's called
7 'available', and this is when the TNC driver is
8 available but has not yet accepted a ride.

9 That's right?

10 MS. SIMMI MANN: Yes.

11 MS. KAREN WITTMAN: Okay. And during
12 this period the registered owner's policy will apply.
13 Correct?

14 MS. SIMMI MANN: Yes.

15 MS. KAREN WITTMAN: Okay. Then next
16 we have period three (3) -- or sorry period two (2),
17 which is en route. And during this period, the TNC
18 driver has confirmed a ride and is traveling to pick
19 up the ride.

20 MS. SIMMI MANN: Yes.

21 MS. KAREN WITTMAN: Okay. And during
22 this period, it's the TNC policy that applies.

23 Is that right?

24 MS. SIMMI MANN: Yes.

25 MS. KAREN WITTMAN: Okay. And then,

1 next, under period three (3) and Ms. Schubert could
2 you just turn to the next page. Thank you.

3 Under period three (3) we have 'on-
4 trip' and this is when the TNC driver has picked up
5 the ride and is transporting the passenger to its
6 passenger's location. Correct?

7 MS. SIMMI MANN: Yes.

8 MS. KAREN WITTMAN: And during this
9 period, the TNC policy applies?

10 MS. SIMMI MANN: Yes.

11 MS. KAREN WITTMAN: Okay. And then
12 when the passenger is dropped off, the TNC policy ends
13 and the registered owner policy kicks back in.

14 MS. SIMMI MANN: Depends how the
15 driver is driving. They can cycle off in between
16 periods two (2) and three (3), so they don't often
17 have to go all the way back to zero (0) or one (1),
18 depends on what they choose -- how they choose to
19 continue driving.

20 MS. KAREN WITTMAN: Okay. Thank you
21 for that. I'm with you.

22 Now, under this framework, a TNC driver
23 is allowed to drive part-time, if they want.

24 Is that right?

25 MS. SIMMI MANN: Yes.

1 MS. KAREN WITTMAN: Okay. And at what
2 -- at whatever time of day that they want?

3 MS. SIMMI MANN: Yes.

4 MS. KAREN WITTMAN: And if they choose
5 a part-time schedule, there'll be no limitation on the
6 time of day or the day of week in terms of Vehicle for
7 Hire coverage. Is that right?

8 MS. SIMMI MANN: Yes.

9 MS. KAREN WITTMAN: Okay. And, so in
10 other words, if they wanted to drive from say 6:00
11 a.m. to 8:00 p.m., Monday through Thursday, that would
12 be open to them?

13 MS. SIMMI MANN: Yes.

14 MS. KAREN WITTMAN: Okay. Now, I'd
15 like to turn to MPI's approach to the new Vehicle for
16 Hire framework for the taxi drivers. Okay?

17 MS. SIMMI MANN: M-hm.

18 MS. KAREN WITTMAN: Now, as I
19 understand it that coverage is expected to be 24/7, so
20 in other words, full-time, right?

21 MS. SIMMI MANN: Yes.

22 MS. KAREN WITTMAN: Okay. And, I
23 think you indicated in your presentation that MPI has
24 been in consultation with the Taxi Coalition on this
25 framework?

1 MS. SIMMI MANN: Yes, we have.

2 MS. KAREN WITTMAN: Okay. And as I
3 understand it, during those discussions, the Taxi
4 Coalition has expressed an interest in a part-time
5 option being made available to their drivers.

6 Is that right?

7 MS. SIMMI MANN: Yes.

8 MS. KAREN WITTMAN: Okay. And as I
9 understood your evidence, I think what I heard you
10 say, is that MPI has concern about making this
11 available to part-time drivers, I think you said,
12 because it's a small group. It's only 20 percent of -
13 - of taxi drivers that might be interested.

14 MS. SIMMI MANN: That was the initial
15 estimate, that 20 percent would want more flexibility.

16 MS. KAREN WITTMAN: Okay, but you'd
17 agree with me that -- that 20 percent of drivers, taxi
18 for vehicle driver -- Vehicle for Hire drivers is
19 about a hundred and twenty-five (125) vehicles.

20 MS. SIMMI MANN: Yes.

21 MS. KAREN WITTMAN: Okay. And you'd
22 also agree with me that there are a number of
23 insurance uses that have far less than a hundred and
24 twenty-five (125) vehicles in their category?

25 MS. SIMMI MANN: Yes.

1 MS. KAREN WITTMAN: Okay. And, in
2 fact, if we look at, Ms. Schubert, RM appendix 9,
3 table 11, 'earned units'.
4

5 (BRIEF PAUSE)
6

7 MS. KAREN WITTMAN: And, if we scroll
8 down to Pleasure Motorhome, right there.

9 We can see that that's a relatively
10 small insurance use? Correct?

11 MS. SIMMI MANN: Yes.

12 MS. KAREN WITTMAN: And that's an
13 example of a small insurance use?

14 MS. SIMMI MANN: Correct.

15 MS. KAREN WITTMAN: Thank you, Ms.
16 Schubert. Now, aside from the concern about creating
17 a -- a -- sorry, were you still consulting on
18 something?

19 MS. SIMMI MANN: No. No. We're good.

20 MS. KAREN WITTMAN: I understand that
21 during the discussions about creating a part-time
22 option for -- for taxi drivers, one (1) of the
23 concerns that MPI expressed was that it did not want
24 to offer a part-time option to taxis that would have a
25 reduced premium, until it had data to support reduced

1 losses or lower claims for part-time operators.

2 Have I got that right?

3 MS. SIMMI MANN: Yeah. I think we
4 showed them pricing projections that were based on,
5 yes, the -- I don't want to use pricing terms here but
6 the loss cost for taxis.

7 MS. KAREN WITTMAN: Right, and -- and,
8 so, one (1) of the -- one (1) of the issues, as far as
9 MPI was going to be concerned -- or, sorry, as far as
10 MPI was concerned was that if it is was going to
11 provide a reduced rate for part-time drivers, that
12 loss of revenue was going to have to be made up by the
13 part-time -- or full-time drivers? Is that right?

14 MS. SIMMI MANN: Can you repeat it one
15 more time?

16 MS. KAREN WITTMAN: One (1) of the --
17 one (1) of the things that was expressed by MPI to the
18 -- to the Taxi Coalition was that if it agreed to
19 provide a reduced rate for part-time drivers, the
20 full-time drivers would have to make up that loss in -
21 - in premium?

22 MS. SIMMI MANN: Yes. There had to be
23 some level of balancing between them.

24 MR. CURTIS PRYSTUPA: Just add to Ms.
25 Mann's response, the premium requirement remained the

1 same with the -- the options that we had proposed to
2 them and the options that were proposed were at
3 various levels of adoption. It showed that swing
4 between full-time and part-time pricing.

5 MS. KAREN WITTMAN: Okay, but am --
6 but am -- am I correct in understanding that -- that,
7 if -- if some of the group was going to get a
8 reduction in premiums, it had to be made up by the
9 other group or, sorry, the rest of the group? I see
10 you're nodding.

11 MS. SIMMI MANN: Yes.

12 MS. KAREN WITTMAN: That's a yes.

13 MR. CURTIS PRYSTUPA: That's correct.

14 MS. KAREN WITTMAN: Yeah, until there
15 was actual data available to MPI, was that the idea?

16 MS. SIMMI MANN: I think we stated
17 that this would be a good indication of what it would
18 look like but that would be just on the outset. Yes.

19 So, when we gained more experience that
20 that could change but, as it stands, we still don't
21 have any part-time experience, as no one took less
22 than four (4) time bands, the majority of customers.
23 Correct.

24 MS. KAREN WITTMAN: Okay. And, so, the
25 bottom line is that, without the supporting data

1 available to MPI, MPI didn't want to make the part-
2 time option available to taxi drivers. Correct?

3 MS. SATVIR JATANA: You know, if I may
4 answer that question. So, we've been having a regular
5 engagement with the Taxi Coalition. I, personally,
6 have met with them, dozens of times in the last
7 eighteen (18) months, and this journey started with --
8 first 'cause, when that ask was that MPI should
9 develop a part-time model, the first ask was, okay,
10 well, what would the uptake would be and, as we
11 indicated, that is roughly 20 percent and the number
12 could be hundred (100) to hundred and twenty-five
13 (125) vehicles.

14 Then, in further consultation with that
15 group, it was what would that part-time model look
16 like?

17 So, today, we don't have the data as to
18 say when the vehicles are operating and when it's not.
19 The only data we have by the use of time band and
20 they're taking all four (4) time bands, which indicate
21 the vehicle is on the road 24/7.

22 And we also know a little bit about
23 that business, from direct consultation that,
24 typically, you know, it's -- it's multiple drivers
25 operating the vehicle. That vehicle very much could

1 be on the road 24/7.

2 So, then, it was without any -- our
3 objective data, what would that model look like? The
4 request was that it would be Monday to Friday and --
5 and -- and would be --

6 MS. SIMMI MANN: It was just an -- an
7 elimination of nights and Sundays, essentially.

8 MS. SATVIR JATANA: So, then, at that
9 point, we looked at as to, if a product was to be
10 developed, what is the pricing, and one of the data
11 that we do know, from claims experience, that that is
12 still 67 percent of the claims do occur in that time-
13 frame of when the part-time model was being asked.

14 So, unfortunately, the pricing
15 difference would not be, you know, we could not ha --
16 for that uptake to be, their request would have also
17 been that the pricing should be dramatically different
18 than what a full-time driver or full-time policy-
19 holder would be paying, and we were not able to show
20 that in the pricing model and, therefore, that part-
21 time model was not necessarily acceptable.

22 So, where we ended up, that we would,
23 through the telematics project, where we would have
24 much more accurate data as to when the vehicles are on
25 road, would give us an indication that what that model

1 could look like in the future and -- and, hence, why
2 we have not developed this and we're not developing
3 that product at this point, without proper data, and
4 we do hope that we can have that data, through the
5 telematics, and, then, like I said, we're engaging
6 with that group on a regular basis and, if there is
7 merit and it improves that customer experience, we'd
8 be looking at it.

9 MS. KAREN WITTMAN: Okay. So, there
10 was a lot in that answer but one (1) of the things I
11 just want to confirm that I heard was that what MPI
12 needs is the data, before they're going to be offering
13 this to -- to the Taxi Coalition -- to the taxi
14 drivers. Correct?

15 MS. SIMMI MANN: Correct. It'll help
16 refine some of the assumptions of the model.

17 MS. KAREN WITTMAN: Okay. Now, on
18 that issue, I want to go back to the initial vehicle
19 or higher up location that was brought forward in
20 2018.

21 And, as I understand it, when that
22 model was first introduced, it was based on four (4)
23 time bands? Correct? There was the time band model
24 with four time bands?

25 MS. SIMMI MANN: Correct.

1 MS. KAREN WITTMAN: And those time
2 bands each correlated to certain hours of the day?
3 Correct?

4 MS. SIMMI MANN: Yes.

5 MS. KAREN WITTMAN: Okay. And under
6 the initial model, the driver could register for just
7 one (1) time band, for example, or multiple time
8 bands? Right?

9 MS. SIMMI MANN: Yes.

10 MS. KAREN WITTMAN: And, then, based
11 on the number of time bands that were selected, the
12 customer's rate would be calculated, which is an
13 awkward way of saying that, if you didn't take a 100
14 percent of, like, all four (4) time bands, you didn't
15 pay a full premium?

16 MS. SIMI MANN: Right.

17 MS. KAREN WITTMAN: There was a
18 reduction in premiums, in other words, if you were
19 driving less?

20 MS. SIMMI MANN: Correct.

21 MS. KAREN WITTMAN: And, Ms. Schubert,
22 I'm wondering if we can go back to the initial Vehicle
23 for Hire application from 2018 and take a look at
24 figure 5.

25 And -- and, in this initial

1 Application, we have figure 5, which is Taxicab
2 Vehicle for Hire Reduction by Level for Territory 1.
3 You see that?

4 MS. SIMMI MANN: I do.

5 MS. KAREN WITTMAN: And what I
6 understand this chart to be setting out is a -- in --
7 in the sort of middle column reduction from Level 4
8 Blended Rate is the percentage reduction that would
9 apply, depending on how many time bands were being
10 selected? Is that right?

11 MS. SIMMI MANN: Yep. Yes.

12 MS. KAREN WITTMAN: Yes. And if we go
13 to Figure 6, just further down, here's another figure
14 that will show the similar information but,
15 effectively, the point is is that there's a reduction
16 -- a percentage reduction, if just some time bands are
17 chosen. Correct?

18 MS. SIMMI MANN: Yes.

19 MS. KAREN WITTMAN: Okay. Now, you
20 agree with me that, inherent in this model, was the
21 idea that, if a taxi was on the road less, there would
22 be a reduction in the -- sorry -- this was available
23 to taxis as well as passenger Vehicle for Hire?

24 MS. SIMMI MANN: Yes.

25 MS. KAREN WITTMAN: Okay. And, so,

1 how jumping back to the last question I just started
2 asking you.

3 Inherent in this model was the idea
4 that if a taxi was on the road less, there would be
5 a reduction in the risk and the time bands were price
6 accordingly, correct?

7 MS. SIMMI MANN: Yeah -- yes.

8 MS. KAREN WITTMAN: And so, in other
9 words, when this Vehicle for Hire application was
10 introduced, MPI was prepared to provide a reduction in
11 premium based on a reduction in an insured's operating
12 time.

13 MS. SIMMI MANN: This model was
14 developed when we had little information on part-time
15 and full-time. And you know, we had to come up with a
16 responsive insurance product for Vehicle for Hire that
17 offered both. So, this is the methodology that was
18 undertaken.

19 I was going to say, if we're talking
20 about the part-time model, and I can see where we're
21 drawing conclusions -- or not drawing conclusions, but
22 comparisons here.

23 If we reduce the rate on the part-time,
24 we still have to make up that loss cost for taxis.
25 And I'll -- if it gets too much into the pricing here,

1 I'll defer to the pricing team. Otherwise, we're
2 missing, you know, a certain segment of -- that we
3 have to collect.

4 So, that was the rationale based on --
5 for the part-time model on the premium projections
6 that we provided to taxis.

7 MS. KAREN WITTMAN: And I understand
8 you on that. I just want to be clear though that
9 under the current model, taxis have an option of
10 driving part-time if they want to at a reduced
11 premium.

12 Like this time band model is in effect
13 right now, correct?

14 MS. SIMMI MANN: Correct.

15 MS. KAREN WITTMAN: And under the
16 proposed new framework, that's not an option for them,
17 correct?

18 MS. SIMMI MANN: Correct.

19 MS. KAREN WITTMAN: Okay. And when
20 you developed this initial framework, the 2018 one, it
21 was done based on some assumptions that MPI was
22 making, that if you're on the road less, you're going
23 to have fewer claims, correct?

24

25 (BRIEF PAUSE)

1 MS. SIMMI MANN: I haven't
2 familiarized myself. I just have to review the
3 assumptions, but I would -- sure, I may just double-
4 check here.

5

6 (BRIEF PAUSE)

7

8 MS. KAREN WITTMAN: And I'm -- I might
9 be able to assist because this isn't intended to be a
10 trick question.

11 MS. SIMMI MANN: Yeah.

12 MS. KAREN WITTMAN: Because this issue
13 was canvassed in one (1) of the Information Requests
14 that was submitted at the time of the initial Vehicle
15 for Hire application was made.

16 MS. SIMMI MANN: Right. Absolutely.

17 MS. KAREN WITTMAN: And -- and I can
18 take you that -- to that if you like. So, that's --
19 that would have been an Information Request that was
20 submitted at the time that the 2018 application was
21 made, it's PUB-MPI-6.

22 MS. SIMMI MANN: Right.

23 MS. KAREN WITTMAN: And -- and, Ms.
24 Schubert, would you be able to pull that up for me,
25 please. And, Ms. Schubert, can you scroll down to the

1 -- part -- part of what this -- so, the -- the
2 question that was asked is number B which was:

3 "Please provide the relativities for
4 the claims costs and claim counts
5 between the four (4) time bands with
6 commentary on how these relativities
7 relate to the proposed Vehicle for
8 Hire time band rating
9 relationships."

10 And then if you scroll down to the very
11 end of this document, there was a number of different
12 tables or figures that were included. And if you
13 scroll down a little bit further, Ms. Schubert.

14 The last paragraph says:

15 "The time bands were selected [this
16 is MPI's response] the time bands
17 were selected such that each
18 additional time band equates to
19 approximately 25 percent additional
20 claims exposure."

21 Do you see that?

22 MS. SIMMI MANN: Yes, I do.

23 MS. KAREN WITTMAN: Okay. And that
24 was MPI's response at the time?

25 MS. SIMMI MANN: Right.

1 MS. KAREN WITTMAN: Okay. Now, it
2 does continue:

3 "However for rating purposes only
4 the number of time bands selected is
5 relevant rather than the specific
6 time band selected."

7 Do you see that?

8 MS. SIMMI MANN: Correct.

9 MS. KAREN WITTMAN: Okay. So, at the
10 time, MPI was prepared to make this assumption,
11 correct?

12 MS. SIMMI MANN: Right, because we had
13 very limited information and the model criteria at the
14 time was one (1) model for all.

15 MS. KAREN WITTMAN: Right. And -- and
16 sure, because passenger Vehicle for Hire at that point
17 was very new and you didn't -- MPI didn't have a lot
18 of -- had no data on it, correct?

19 MS. SIMMI MANN: Yes.

20 MS. KAREN WITTMAN: But, at that point
21 MPI was prepared to make an educated guess about the
22 approach that should be taken, correct?

23 MS. SIMMI MANN: Yes, as we didn't
24 have information on part-time operation.

25 MS. KAREN WITTMAN: Sure. I think

1 we're agreeing with each other.

2 MS. SIMMI MANN: Yeah.

3 MS. KAREN WITTMAN: Okay. So -- and
4 in fact, you'll also agree with me that this is
5 something that actuaries do all the time, is they make
6 educated guesses or judgmental decisions about data,
7 correct?

8 MS. SIMMI MANN: I -- I can't comment
9 on that. I can't -- I can -- I can let Cara speak to
10 that.

11 MS. KAREN WITTMAN: Lucky for you,
12 there's an actuary on the panel.

13 MS. CARA LOW: Actuarial science is
14 partly science and partly an art. There is some
15 judgment in there.

16 MS. KAREN WITTMAN: Okay. Thank you.

17

18 (BRIEF PAUSE)

19

20 MS. KAREN WITTMAN: And back when this
21 initial model was introduced, you already confirmed
22 for me that taxis were permitted to -- to take, you
23 know, 1, or 2, or 3 time bands.

24 They didn't have to go with all four
25 (4) time bands?

1 MS. SIMMI MANN: Yes.

2 MS. KAREN WITTMAN: And at that time,
3 nobody was asking the full-time taxis to make up the
4 difference on that, correct?

5 MS. SIMMI MANN: No.

6 MS. CARA LOW: She's correct?

7 MS. SIMMI MANN: Yes.

8 MS. CARA LOW: Yeah.

9 MS. KAREN WITTMAN: So you're agreeing
10 with me?

11 MS. SIMMI MANN: Yes, but each time
12 band was priced similarly, like equally.

13

14 (BRIEF PAUSE)

15

16 MS. SIMMI MANN: So I think -- Satvir
17 is saying, that each of the time bands because they're
18 priced equally they can pick, you know, which ever
19 they want but yes --

20 MS. KAREN WITTMAN: Okay.

21 MS. SIMMI MANN: -- to your question.

22 MS. KAREN WITTMAN: Okay. Now, when we
23 look at the data that -- that's actually emerging from
24 the pandemic, as I understand it, it appears to
25 support the idea that drivers who are -- who drive

1 less --

2 MS. SIMMI MANN: M-hm.

3 MS. KAREN WITTMAN: -- have fewer
4 claims. Would you agree with that?

5 MS. CARA LOW: I think the collision
6 frequency continues to much lower than pre-pandemic
7 levels, yes.

8 MS. KAREN WITTMAN: Okay. And -- and
9 that's reflected in some of the materials that MPI has
10 included with the GRA and I'd to refer to some of
11 those.

12 So, Ms. Schubert, could you please pull
13 up part 5, claims incurred, section CI-2.1.1, figure
14 CA.

15

16 (BRIEF PAUSE)

17

18 MS. KAREN WITTMAN: And this is titled
19 Monthly Collision Frequency Versus Forecast.

20 Do you see that?

21 MS. CARA LOW: Yes, I do.

22 MS. KAREN WITTMAN: And as I
23 understand it, what this table shows is the difference
24 between what was forecasted for collision frequency
25 for the year -- the years at '20/'21, '21/'22?

1 MS. CARA LOW: It's at fiscal year
2 '21/'22.

3 MS. KAREN WITTMAN: Yeah, and -- and
4 then the actual collisions, correct?

5 MS. CARA LOW: Collision frequency, so
6 collision per earned units.

7 MS. KAREN WITTMAN: Okay. And if we
8 just go a little bit above that, Ms. Schubert, to the
9 text above that.

10 I think in this paragraph MPI comments
11 that the collision frequency actually varied from 10
12 to 20 percent below the forecast?

13 MS. CARA LOW: Correct.

14 MS. KAREN WITTMAN: All right.

15 MS. CARA LOW: Collision frequency
16 continues to be down, but we did have a few bad weeks
17 of winter driving there, February and March of 2022.

18 MS. KAREN WITTMAN: Right. But I --
19 the point I was just trying to get to is that it was
20 below what was absolutely forecasted?

21 MS. CARA LOW: Absolutely.

22 MS. KAREN WITTMAN: Okay. And as I
23 understand it, MPI attributes that reduction in
24 collision frequency, at least in part if not large
25 part, to the fact that when people are on the road

1 less they have fewer -- fewer collisions, correct?

2 MS. CARA LOW: Right, traffic density
3 is down.

4 MS. KAREN WITTMAN: And then there's
5 fewer collisions.

6 MS. CARA LOW: Fewer cars to hit.

7 MS. KAREN WITTMAN: Yeah. Okay. And
8 not only were -- were there fewer collisions in sort
9 of the all-purpose category, but there was also fewer
10 collisions for taxis during the pandemic as well,
11 correct?

12 And -- and I think, if it helps, 'cause
13 -- we can look at the data on that. Ms. Schubert, can
14 you please pull up RM Appendix 9, Table 8.

15

16 (BRIEF PAUSE)

17

18 MS. KAREN WITTMAN: And so this, as I
19 understand it -- if you just scroll up so we can see
20 the title -- is 'Reported Loss in ALAE with Hail and
21 Actual Serious Losses'. You see that?

22 MS. CARA LOW: I do see that.

23 MS. KAREN WITTMAN: And so as I
24 understand it, what this is reporting to us is
25 reported losses for all vehicles? Is that what this

1 chart is trying to show?

2 MS. CARA LOW: Correct, reported
3 losses, including the associated adjusting expenses.

4 MS. KAREN WITTMAN: Okay. And if we
5 go to page 82 of that table, the 'Taxi Livery
6 Passenger Vehicle' section. So what this is showing
7 us -- maybe -- sorry, Ms. Schubert, could you just
8 scroll up a little bit so we can see the -- the title
9 or the explanation at the top?

10 So this is showing us the major class,
11 then the use, then the loss year starting 2017 to
12 2021, and then by territory, and then the total,
13 correct?

14 MS. CARA LOW: Correct.

15 MS. KAREN WITTMAN: Okay. I just want
16 to make sure I'm reading these correctly.

17 MS. CARA LOW: Yeah.

18 MS. KAREN WITTMAN: And then if we go
19 down to 'Taxi Livery Passenger Vehicle', it shows us
20 that, in all four (4) territories, what the total
21 losses were each year. And the total losses are in
22 the far right-hand column.

23 MS. CARA LOW: Yes. So these are the
24 dollars of loss.

25 MS. KAREN WITTMAN: Right. Okay. And

1 so if we look at 2017, 2018, we're at almost \$4
2 million --

3 MS. CARA LOW: Correct, yes.

4 MS. KAREN WITTMAN: -- in losses?

5 MS. CARA LOW: Yeah.

6 MS. KAREN WITTMAN: Yeah. And then we
7 look at 2019, again it's a little bit down, but still
8 almost 4 million?

9 MS. CARA LOW: Yeah.

10 MS. KAREN WITTMAN: And then when we
11 look at 2020 and 2021 during the pandemic, that --
12 that drops down pretty dramatically to about -- well,
13 2.4 million and 2.8 million, correct?

14 MS. CARA LOW: Correct. These are not
15 developed losses, so 2021 is not as mature because if
16 you have claims at the end of March 31st, they don't
17 necessarily get reported right away. So since it's
18 raw data, the 2021 is an understated year, but...

19 MS. KAREN WITTMAN: And -- and, sure,
20 that may be, but the point would still be that, at
21 least in 2020 during the pandemic when everybody was
22 driving less --

23 MS. CARA LOW: Yes.

24 MS. KAREN WITTMAN: -- including
25 taxis, losses were down.

1 MS. CARA LOW: Yes. Agreed.

2 MS. KAREN WITTMAN: Okay. And I also
3 want to talk about some of the assumptions that MPI
4 made in its decision to include a 5 percent reduction
5 in frequency for this year's GRA for collision,
6 property damage, weekly indemnity, and ABO-3 indexed
7 claims.

8 Now, as I understand it, the decision
9 to include that 5 percent reduction in frequency is
10 based on a couple of things. One is the experience
11 through the pandemic, and we just sort of reviewed
12 that because, you know, collisions are down, so that's
13 part of it.

14 And then -- and you're nodding, but
15 I'll just say that you're agreeing with me?

16 MS. CARA LOW: I agree.

17 MS. KAREN WITTMAN: Yeah. Okay. And
18 the other part of it is the surveyed intentions of
19 drivers with respect to their future work-from-home
20 intentions, correct?

21 MS. CARA LOW: Correct.

22 MS. KAREN WITTMAN: Okay. Now, we've
23 just gone through the claims, but talking about the
24 surveyed intentions, I understand that MPI did a
25 survey of driver intentions with respect to continuing

1 to work from home, and the results of that have been
2 included, right?

3 MS. CARA LOW: Correct, yeah.

4 MS. KAREN WITTMAN: And I don't need
5 to take you to that, but the reference, if anybody
6 wants to take a look at it, is part 6, CI Attachment
7 A, the Driving Behaviour Survey 2022.

8 But the results of that survey are
9 reflected in one -- Figure CI-9, which I would like to
10 take you to. So, Ms. Schubert, could you pull that
11 up, please. This is in the ratemaking chapter.

12

13 (BRIEF PAUSE)

14

15 MS. KAREN WITTMAN: And immediately
16 below this chart, MPI states that:

17 "As driving behaviour directly
18 affects collision, property damage,
19 and PIPP claims, MPI applied a 5
20 percent reduction to collision,
21 property damage, weekly indemnity,
22 and ABO indexed claim frequency."

23 You see that?

24 MS. CARA LOW: I do see that.

25 MS. KAREN WITTMAN: Okay. And in --

1 you were asked during the Information Request what MPI
2 meant by 'driving behaviour', and that was in TC/MPI-
3 1-4(a). Ms. Schubert, could you -- oh, you're right -
4 - you're ahead of me.

5 So the Information Request asked MPI to
6 define 'driving behaviour' and MPI's response was...

7

8 (BRIEF PAUSE)

9

10 MS. KAREN WITTMAN: Just give me a
11 moment, Madam Chair. I seem to have stumped myself
12 with my own question.

13

14 (BRIEF PAUSE)

15

16 MS. KAREN WITTMAN: Oh, Ms. Schubert,
17 sorry. I -- I may have referred you to the wrong
18 Information Request. The one I want to look at is the
19 Round 1 Information Request which is TC-MPI-1-4.

20

21 (BRIEF PAUSE)

22

23 MS. KAREN WITTMAN: And here, MPI --
24 in -- in response, you'll see that MPI says:

25 "Driving behaviour in this context

1 is referring to the multiple factors
2 that increase the risk that a claim
3 will occur. These include things
4 like the time of day in which a
5 person drives, how often they drive,
6 the conditions of the road during
7 their drives, e.g., increased
8 congestion or an increased number of
9 vehicles on the road."

10 Do you see that?

11 MS. CARA LOW: Yes, I do.

12 MS. KAREN WITTMAN: Okay. And then
13 the Taxi Coalition followed up with a further
14 Information Request, and that's in TC-MPI-2-3. Ms.
15 Schubert, could you pull that up for me. And the
16 question was:

17 "Please confirm that the list of
18 driving behaviours provided is not
19 exhaustive, and explicitly clarify
20 if distance travelled and time on
21 the road are considered elements of
22 driving behaviour and factors in
23 MPI's adjustment."

24 You see that?

25 MS. CARA LOW: I do see that.

1 MS. KAREN WITTMAN: And then the
2 response that MPI gave was:

3 "MPI confirms that it does not
4 intend to list -- the list of
5 driving behaviour provided above to
6 be exhaustive. Distance travelled
7 and time on the road, which of
8 course are closely related, are
9 undoubtedly important vehicle usage
10 attributes and factors into the
11 work-from-home -- or, sorry --
12 factors into the MPI work-from-home
13 adjustment."

14 You see that?

15 MS. CARA LOW: Yes, I do.

16 MS. KAREN WITTMAN: Okay. So and I
17 just want to confirm for the record that MPI considers
18 those to be undoubtedly important vehicle usage
19 attributes when it was factoring into the work-from-
20 home adjustment because that's what it says.

21 MS. CARA LOW: How often and how far
22 people travel would be factors, yes.

23 MS. KAREN WITTMAN: Now, you'll agree
24 with me that this decision to include a 5 percent
25 reduction, frequency reduction, for the drivers'

1 stated intentions to work from home is based on the
2 survey of what the drivers said they were going to do.
3 In other words, it's based on a survey and not actual
4 data.

5 MS. CARA LOW: No, that's not really
6 true. It was used as a -- to confirm what we were
7 seeing in the data, but we continue to monitor the
8 data, and even as of August we know claims are down
9 below pre-pandemic levels.

10 We have continuous talks with the
11 actuarial departments at ICBC, SGI. They're seeing
12 similar things. See similar things in the private
13 market as well. People aren't driving as much.

14 MS. KAREN WITTMAN: Right. That's
15 what you're seeing, but -- but when you were making
16 this adjustment, this 5 percent frequency adjustment,
17 it was based on what drivers were telling you they
18 were going to do, which was an intention, not actual
19 data, because this is what they would do.

20 MS. CARA LOW: True enough. We had
21 historical data. We were asking them what they
22 thought they were going to do in the future 'cause we
23 don't know what they're going in the future and then
24 we've been monitoring it since that time.

25 MS. KAREN WITTMAN: But you didn't

1 know from the data necessarily how often the driver
2 was intending to work from home, like, if it was going
3 to be one (1), two days, a full week?

4 MS. CARA LOW: My understanding, but
5 maybe someone can correct me, is we did ask for that
6 data in a text box, and we didn't get reliable data on
7 that. And I turn it over to my products team.

8

9 (BRIEF PAUSE)

10

11 MS. KAREN WITTMAN: And to be honest,
12 I don't know that you need to look it up any further.
13 I think we're agreed on that.

14 MS. CARA LOW: Fair enough. Yes.

15 MS. KAREN WITTMAN: Okay. All right.
16 So, at this point, I am going to turn the microphone
17 over to my colleague who's going to have some
18 questions about part-time model taxi -- part-time
19 model options for -- for taxicab drivers.

20 MS. CARA LOW: Okay.

21

22 CROSS-EXAMINATION BY MS. SHARNA NELKO:

23 MS. SHARNA NELKO: Hello. So, my name
24 is Sharna Nelko. And I'll be asking some questions
25 today specifically with respect to the pre-ask that we

1 sent out yesterday, but now we'll be characterizing it
2 more as an aid to cross.

3 And, again, like everyone who went
4 before me, I don't intend to direct my questions to
5 one (1) specific individual on the panel, so feel free
6 to answer, whoever thinks is -- is most appropriate to
7 do so.

8 So, I think what I'll start off with is
9 the 2018 Vehicle for Hire framework. And Ms. Wittman
10 did ask a number of questions on that.

11 But first, you'd agree with me that
12 you're familiar with the Vehicle for Hire framework
13 that emerged from MPI's interim application in 2018.
14 Is that correct?

15 MS. SIMMI MANN: Yes.

16 MS. SHARNA NELKO: Okay. And I don't
17 expect necessarily that you know the ins and outs of
18 all the calculations that were done as part of that
19 interim application, but at least as a -- at a high
20 level, would you agree that you're familiar somewhat
21 with the methodology that was imposed?

22 MS. SIMMI MANN: Yes.

23 MS. SHARNA NELKO: Okay. And if, at
24 any point, you're not, we can -- we can take a break
25 and -- and go through the specifics.

1 So, Ms. Schubert, it looks like you're
2 ahead of me and you have that application up on the
3 screen.

4 So, as a starting point, MPI in this
5 interim framework proposed four (4) categories for
6 this rating model. And I believe you went through
7 that with -- with Ms. Wittman. That was the taxicab
8 Vehicle for Hire, the limousine Vehicle for Hire,
9 accessible Vehicle for Hire, and passenger Vehicle for
10 Hire.

11 Is that your understanding?

12 MS. SIMMI MANN: Yes.

13 MS. SHARNA NELKO: Okay. And would
14 you agree with me that premiums for each of these
15 categories for Vehicle for Hire were established
16 separately, but they were all based on that -- those
17 defined four (4) time bands?

18 And I can give you a reference for
19 this. Ms. Schubert, if you'd be able to scroll to
20 page 10 and lines 6 and 7.

21 So, here it sets out that the Vehicle
22 for Hire pool will consist of four (4) subcategories,
23 the four (4) that I just went through, and that
24 premiums would be established or have been established
25 separately.

1 So, do you see that?

2 MS. SIMMI MANN: Yes.

3 MS. SHARNA NELKO: Okay. So, with --
4 with that in mind, we -- we have those four (4) time
5 bands that we looked at. And if you scroll down, Ms.
6 Schubert, that is found in figure 1, line 14.

7 So, maybe if we can just take a moment
8 to go through what those time bands were. So, time
9 band A was Monday through Friday 10:00 a.m. to 3:00
10 p.m. and Sunday through Thursday 7:00 p.m. to 11:00
11 p.m. Do you see that?

12 MS. SIMMI MANN: Yeah.

13 MS. SHARNA NELKO: And time band B was
14 nightly 11:00 p.m. to 7:00 a.m. You see that?

15 MS. SIMMI MANN: Yes.

16 MS. SHARNA NELKO: And 'C' was Monday
17 through Friday 7:00 a.m. to 10:00 a.m. and 3:00 p.m.
18 to 7:00 p.m. Do you see that?

19 MS. SIMMI MANN: Yes.

20 MS. SHARNA NELKO: And Friday -- or
21 sorry, time band 'D' was Friday 6:00 p.m. through
22 Sunday at 11:00 p.m. Do you see that?

23 MS. SIMMI MANN: Yes.

24 MS. SHARNA NELKO: Okay. And, again,
25 you went through this with Ms. Wittman, but just to

1 follow through my process, Vehicle for Hire customers
2 were then able to select anywhere from one (1) level
3 of coverage to four (4) levels of coverage depending
4 on the number of time bands they purchased, right?

5 MS. SIMMI MANN: Yes.

6 MS. SHARNA NELKO: Okay. And where
7 four (4) bands were selected, drivers had the ability
8 to operate 24/7, correct?

9 MS. SIMMI MANN: Correct.

10 MS. SHARNA NELKO: All right. And in
11 terms of the actual rate setting framework, you'd
12 agree with me that MPI set different rates for each of
13 these four (4) categories, being the passenger Vehicle
14 for Hire, taxi, limousine, and accessible? And if you
15 need a reference, I can take you there. Okay.

16 The reference for that would be page
17 13, please, Ms. Schubert, and the first paragraph.
18 The following sections -- this is at line 1. The
19 following sections describe the rate-setting framework
20 for each of the subcategories of Vehicles for Hire.

21 And then if we scroll through, starting
22 on this page, we can see the -- the framework set out
23 for passenger Vehicle for Hire. And then on to the
24 next page, Ms. Schubert. Scrolling down a little
25 further perhaps on to the next page, we can see that

1 there's the taxicab Vehicle for Hire.

2 The next page, I think it's on page 17,
3 is the limousine Vehicle for Hire. And then page 20
4 is the accessible Vehicle for Hire.

5 So, without getting into the specific
6 details of how each of those rates were set, would you
7 agree with me at a high level that it appears
8 different methodologies were applied for different
9 Vehicle for Hire uses?

10 And you can make -- this can be subject
11 to check. Not much turns on this question other than
12 --

13 MS. SIMMI MANN: Yes.

14 MS. SHARNA NELKO: Okay. So, now, the
15 remainder of my questions I intend to focus
16 specifically on the rate-making framework for the
17 taxicab Vehicle for Hire.

18 And, Ms. Schubert, if you could go to
19 page 15, please, for these questions, under Vehicle
20 for Hire 3.2.

21 So, under this section, this is where
22 MPI set out the methodology it proposed at the time
23 for setting Vehicle for Hire rates under this
24 framework. And looking down to line 15 at rate-making
25 assumptions, you'd agree with me that in establishing

1 this rate-making framework there were two (2)
2 assumptions that MPI made.

3 Do you -- do you see those two (2)
4 bullets there?

5 MS. SIMMI MANN: Yeah, I can see the
6 two (2) bullets.

7 MS. SHARNA NELKO: Yeah. Appreciating
8 this is -- well, I guess first I can ask, is -- were
9 you involved in this interim application at all?

10 MS. CARA LOW: No one in -- on the
11 panel was involved.

12 MS. SHARNA NELKO: Okay. And -- and
13 we did have conversations with Mr. Guerra on this
14 before -- beforehand. So, we appreciate in answering
15 all of these questions that you're not intimately
16 familiar with this document and are doing the best you
17 can to answer the questions.

18 So, if at any time you need to make any
19 of your answers subject to check or would like to look
20 at the document, I'm happy to give you time to do
21 that.

22 So there we can see the first
23 assumption at line 16 is that there will be an as yet
24 undetermined reduction in loss exposure for taxis as a
25 result of competition from passenger Vehicles for

1 Hire. You see that?

2 MS. SIMMI MANN: Yes, I do.

3 MS. SHARNA NELKO: And then, the
4 second assumption made by MPI in establishing this
5 rate-making framework was that the exposure for taxis
6 is always greater than the all-purpose passenger
7 vehicle use for the same vehicle. Even for taxis
8 selecting the lowest level; that is level one (1).

9 Do you see that?

10 MS. SIMMI MANN: Yes.

11 MS. SHARNA NELKO: Okay. So with
12 those assumptions in mind, I'd like to now go through
13 the rate-making framework that MPI came to as part of
14 this Application.

15 So Ms. Schubert, if you could go to
16 page 16, please. And starting off at line 5.

17 So in this paragraph, we can see that
18 MPI started off by establishing a base rate for level
19 four (4). Level four (4) being that twenty-four/seven
20 (24/7) operation period, if they selected four (4)
21 time bands. Do you -- do you follow me?

22 MS. SIMMI MANN: Yes.

23 MS. SHARNA NELKO: Okay. So based on
24 this first sentence in this paragraph, we can see that
25 MPI set the taxi Vehicle for Hire level four (4) as

1 the rate equal to the PUB approved 2018 taxi livery
2 passenger vehicle base rate. Do you see that?

3 MS. SIMMI MANN: I do.

4 MS. SHARNA NELKO: Okay. And if we
5 look further on in this paragraph, we can see that --
6 or would you agree with me, in reviewing this
7 paragraph, that in order to determine the base rates
8 for levels one (1), two (2), and three (3), MPI then
9 went on to perform a percentage weighting.

10 And they did this weighting between the
11 base rates that they -- that they established, based
12 on that 2018 taxi livery passenger vehicle base rate,
13 and they weighed this against the average all-purpose
14 passenger vehicle base rate for the four (4) most
15 recent model years. Do you see that?

16 MS. SIMMI MANN: Yes, I do.

17 MS. SHARNA NELKO: Okay. And I think
18 -- perhaps, Ms. Schubert, could you pull up the PUB-
19 MPI Information Request 13, please.

20 And under this Information Request, the
21 PUB had asked MPI to explain why it used the four (4)
22 newest model years in its calculation of the all-
23 purpose average base rate. Do you see that?

24 MS. SIMMI MANN: I do.

25 MS. SHARNA NELKO: And the answer

1 given was that the most recent four (4) model years
2 was used to establish a conservative estimate in the
3 calculation of the blended rate. Do you see that?

4 MS. SIMMI MANN: I do.

5 MS. SHARNA NELKO: So based on that
6 answer, would you agree with me that the four (4)
7 recent model years appear to have been used by MPI to
8 establish a conservative estimate for the blended
9 rate?

10 MS. SIMMI MANN: It appears that way
11 based on the answer that MPI provided.

12 MS. SHARNA NELKO: Okay. Thank you.
13 Now, going back, Ms. Schubert, to -- actually, no. If
14 we can stay on this -- this IR for a moment.

15 And keeping in mind that we're looking
16 at the average all-purpose passenger vehicle base
17 rate. So PUB was asking questions about that
18 weighting that MPI would be doing.

19 Do you -- are you following me so far?

20 MS. SIMMI MANN: I -- I am, but I'd
21 like to say that I'm also not an actuary. So as we
22 get further into the weightings and the methodologies,
23 I'm not the most qualified person to speak on this.

24 MS. SHARNA NELKO: Okay. So Ms. --
25 Ms. Low, if you feel, at any point, you'd like to jump

1 in, feel -- feel free to. I'm not an actuary either,
2 so I might need some correcting.

3 MS. CARA LOW: I've never seen this
4 document before, but --

5 MS. SHARNA NELKO: Okay.

6 MS. CARA LOW: -- we can try.

7 MS. SHARNA NELKO: Okay. And if, at
8 any point, your counsel or any of you feel as though
9 these questions may be better suited for an
10 undertaking, we could -- we could perhaps do that. I
11 can take --

12 MR. ANTHONY GUERRA: I mean, it's
13 obviously a question by question basis. So we --
14 we're trying our best to assist the Taxi Coalition at
15 this point in time, but we may, at some point, realize
16 that we've gone to the extent that we can.

17 So let's -- let's, I guess, continue
18 the questioning, and then we'll -- we'll decide at
19 that point what needs to be done.

20

21 CONTINUED BY MS. SHARNA NELLKO:

22 MS. SHARNA NELKO: Sure. Thank you.
23 I appreciate that.

24 So looking at question 'B', the -- the
25 PUB had asked to provide the supporting calculation

1 behind the all-purpose average base rate.

2 And if we look at the response --
3 perhaps I could give you a moment to read that, Ms.
4 Low, and then I can ask you some questions about that.

5

6 (BRIEF PAUSE)

7

8 MS. CARA LOW: I've read part 'B'. I
9 don't fully understand it.

10 MS. SHARNA NELKO: Okay.

11 MS. CARA LOW: Because we don't rate
12 by model year. We rate with CLEAR rate group
13 assignments using rate groups zero (0) to forty (40)
14 and vehicles -- depending on the make, model, and
15 model year are assigned to a rate group.

16 MS. SHARNA NELKO: Okay.

17 MS. CARA LOW: So I'm not sure how we
18 would have sorted it model years '14 to '17.

19 MS. SHARNA NELKO: Okay. So maybe if
20 I can clarify your -- your response. You -- you've
21 read the question, but you're -- you're saying this is
22 not necessarily the methodology that you would have
23 imposed to arrive at this figure.

24 Is -- would that be accurate?

25 MS. CARA LOW: That would be very

1 accurate.

2 MS. SHARNA NELKO: Okay. But taking
3 for a moment what they -- what MPI appears to have
4 done in this calculation -- I'll see if I can
5 summarize it -- it appears as though they first looked
6 to the all-purpose passenger vehicles in each
7 territory, with model years 2014 to 2017.

8 Would you agree with that?

9 MS. CARA LOW: I would agree with that
10 but this is only territory one (1). Not all
11 territories.

12 MS. SHARNA NELKO: Yeah. So -- so my
13 understanding is that, first, they -- what they're
14 showing is the calculation that they did for territory
15 one (1). But then, they also employed the same
16 calculation and methodology to the other territories.
17 But they're just simply describing territory one (1).

18 So after they did that, I understand
19 that they then looked to the total undiscounted
20 premiums for these groups. Would you agree with that?

21 MS. CARA LOW: That what it reads --
22 how it reads.

23 MS. SHARNA NELKO: Okay. And then,
24 next, they divided the total undiscounted premiums
25 figure by the total number of all-purpose passenger

1 vehicles in each territory to arrive at that average
2 rate.

3 MS. CARA LOW: Correct. That's what
4 it says.

5 MS. SHARNA NELKO: Okay. And also in
6 this Information Request -- Ms. Schubert, perhaps you
7 can scroll up to question 'D' -- MPI was asked to
8 provide an alternative calculation based on the all-
9 purpose average base rate for the newest four (4)
10 model years of Toyota Prius, which PUB identified as
11 being the vehicle predominantly used for taxicabs in
12 Winnipeg. Do you see that?

13 MS. CARA LOW: I do see that.

14 MS. SHARNA NELKO: And if we can
15 scroll down to the response, if I could give you a
16 moment to read that, Ms. Low.

17

18 (BRIEF PAUSE)

19

20 MS. CARA LOW: Okay.

21 MS. SHARNA NELKO: So without reading
22 this entire paragraph, the conclusion that seems to be
23 reached is that the average rate employing this --
24 this approach suggested by the PUB was only marginally
25 different from the average base rate that they had

1 established in 'B'. Would you agree with that?

2 MS. CARA LOW: I would agree.

3 MS. SHARNA NELKO: Okay. And now, Ms.
4 Schubert, if we could go back to the 2018 interim
5 application, looking at page 16.

6 So having -- so what we went through
7 before we were looking at those Information Requests
8 was that MPI first found the base rate established --
9 and established that for level four (4). And then,
10 they established the all-purpose passenger vehicle
11 base rate.

12 So at this point in time in the
13 methodology, we have two (2) base rates. One for the
14 taxi; and then one for the all -- average all-purpose
15 passenger vehicle base rate for the four (4) most
16 recent model years.

17 MS. CARA LOW: Correct.

18 MS. SHARNA NELKO: Okay. So then,
19 having established these two (2) -- these two (2) base
20 rates, and looking to figure 4, MPI then went on to
21 perform a weighting calculation to arrive at a blended
22 rate.

23 MS. CARA LOW: Correct.

24 MS. SHARNA NELKO: Okay. And we can
25 see at -- at figure 4 and appreciating this document

1 is new to you, let's see if you -- we can come to some
2 agreements.

3 So, looking at this, if a customer
4 selected four (4) levels, and we're looking at line 1
5 of this figure. The taxi base rate was given a
6 hundred percent weight. Do you see that?

7 MS. CARA LOW: I do see that.

8 MS. SHARNA NELKO: And then this all-
9 purpose average base rate was given zero (0) weight.
10 Do you see that?

11 MS. CARA LOW: I do see that.

12 MS. SHARNA NELKO: So, the blended
13 rate that would -- that would occur or that was --
14 that came to -- was that it wasn't different in any
15 way from that taxi base rate, if they purchased all
16 four (4) levels.

17 MS. CARA LOW: Correct.

18 MS. SHARNA NELKO: Okay. And if a
19 customer selected three (3) levels, the taxi base rate
20 was given 75 percent weight. Do you see that?

21 MS. CARA LOW: Correct. Yes.

22 MS. SHARNA NELKO: And, in turn, the
23 all-purpose average base rate was given 25 percent
24 weight. Do you see that?

25 MS. CARA LOW: I do see that.

1 MS. SHARNA NELKO: And so, the blended
2 rate arrived at was based on a weighing of these --
3 these two (2) weights, to put it very simplistically.

4 MS. CARA LOW: Yes.

5 MS. SHARNA NELKO: Okay. And if a
6 customer selected two (2) levels, each of these base
7 rates were given 50 percent weight, would you agree
8 with that? So, the taxi weight was given 50 percent
9 weight, as was the all-purpose weight.

10 MS. CARA LOW: Correct.

11 MS. SHARNA NELKO: And if one (1)
12 level was purchased, the taxi based rate was given
13 only 25 percent weight, whereas the all-purpose
14 average base weight was given 75 percent weight.

15 Do you see that?

16 MS. CARA LOW: I do see that.

17 MS. SHARNA NELKO: Okay. Now, this
18 figure shows what the end result was, but it doesn't
19 necessarily show the formula that was applied --
20 applied to get there. And I do have this formula
21 somewhere in my notes, but perhaps I could have a -- a
22 moment, Madam Chair, just to find that.

23 All right. So, let's see if --
24 appreciating that you don't have the underlying data,
25 let's see if we can come to an agreement of what

1 calculation may have been performed to arrive at this
2 blended rate.

3 MS. CARA LOW: If we're looking at
4 figure 4, I'm pretty comfortable with the math.

5 MS. SHARNA NELKO: Okay, I think -- if
6 I can figure it out, I think it's quite simple.

7 So, it looks as though the taxi weight
8 was multiplied by the taxi base rate, so that was one
9 value that was arrived at. And then the all-purpose
10 weight was multiplied by the all-purpose base rate and
11 then those two (2) figures were added together to
12 arrive at a blended rate.

13 MS. CARA LOW: Yes.

14 MS. SHARNA NELKO: Okay. And now, Ms.
15 Schubert, can you scroll down to figure 5 please.

16 So, at this point in time, we have a
17 blended rate established, which we just looked at
18 figure 4.

19 And in this figure, would you agree
20 with me, that MPI then went on to compare the blended
21 rates for levels 1, 2 and 3, to the blended rate for
22 level 4 and with that, they then determined the
23 percentage reduction for the lower levels.

24 MS. CARA LOW: Yeah, and just a simple
25 division.

1 MS. SHARNA NELKO: Yes. Okay. So,
2 just simple division to arrive at -- at each of those
3 percentage reductions and then it looks like there was
4 just some rounding in that third column, so the
5 selected reduction from level 4 blended rate.

6 Would you agree with that?

7 MS. CARA LOW: Yes, I do.

8 MS. SHARNA NELKO: Okay. And, Ms.
9 Schubert, if you can scroll down to figure 6, please.

10 And it looks to me from this figure,
11 which is titled 'Selected Percentage Reduction for
12 Taxi Cab Vehicle for Hire by Territory and Vehicle for
13 Hire Level', it looks like MPI performed the same
14 calculation for each of the four (4) territories, to
15 arrive at these percentage reductions.

16 Would you agree with that?

17 MS. CARA LOW: I would agree.

18 MS. SHARNA NELKO: Okay. So, if we're
19 looking at this figure, just for -- as an example, if
20 we look at line 2, territory 1, a taxi cab Vehicle for
21 Hire customer who purchased three (3) levels, would
22 receive a 20 percent rate reduction from the taxi cab
23 base rate. Is that your understanding?

24 MS. CARA LOW: That is my
25 understanding.

1 MS. SHARNA NELKO: And, if we look,
2 for example, to line 4, or territory 3, as another
3 example, a taxi cab Vehicle for Hire customer who
4 purchased one level, would receive a 54 percent rate
5 reduction from the taxi cab base rate.

6 Is that correct?

7 MS. CARA LOW: That is correct.

8 MS. SHARNA NELKO: Okay. And
9 appreciating you weren't here at the time, but would
10 you agree with me that these taxi cab Vehicle for Hire
11 rates and this rating model that was developed as part
12 of this Application, was subsequently approved by the
13 PUB on an interim basis? In PUB Order 11/'18.

14 MS. CARA LOW: Subject to check, I
15 would assume that's true.

16 MS. SHARNA NELKO: Okay. Now, since
17 this Order and -- and appreciating that this was
18 subject to check, but if you'll perhaps agree with me
19 on an interim basis that this Order did in fact come
20 to be.

21 Since that time, MPI has determined
22 that the time band model is ineffective, but is --
23 would that be correct?

24 MS. CARA LOW: Correct.

25 MS. SHARNA NELKO: And, at least, or

1 in-so-far as this GRA, this 2023 GRA, MPI has
2 determined that not only does this time band model not
3 align with industry standards, but it doesn't align
4 with the Vehicle for Hire business operations across
5 all groups. Would you agree with that?

6 MS. CARA LOW: Yes.

7 MS. SHARNA NELKO: Okay. But would
8 you agree with me that the analysis undertaken by
9 MPI, at least in terms of this GRA, was not a
10 conclusion that this time band model was ineffective
11 in terms of methodology, just that it didn't meet
12 industry standards.

13 MS. CARA LOW: I think we stated that
14 it didn't meet the operational needs of the VFH
15 stakeholders.

16 MS. SHARNA NELKO: Okay. But, so it
17 wasn't based on its methodology per se, in terms of
18 its rate setting framework, just that it didn't meet
19 industry standards and operational --

20 MS. CARA LOW: Yeah, when we spoke to
21 customers, when we had surveys, they just, largely
22 indicated that it didn't meet their business needs.

23 MS. SHARNA NELKO: Okay. And I -- you
24 went through this with -- with Ms. Wittman, but you'll
25 agree with me that, as part of that stakeholder

1 consultation, the taxi cab vehicle for customers have
2 expressed interest in a part-time model. Correct?

3 MS. CARA LOW: Yes.

4 MS. SHARNA NELKO: And they've
5 expressed this interest based on a sort of modified
6 time band approach? Would you agree with that?

7 MS. CARA LOW: I don't know if I would
8 call it a modified time band approach.

9 MS. SHARNA NELKO: Sure.

10 MS. CARA LOW: But, they gave us, you
11 know, the hours of operation.

12 MS. SHARNA NELKO: Okay. And for this
13 line of questioning, Ms. Schubert, would you be able
14 to pull up the excerpts from the Vehicle for Hire
15 update slide presentation.

16 And, I would just note for MPI's
17 counsel, that this is just an excerpt and it's one (1)
18 specific slide, although I did send the entire slide
19 presentation yesterday, only intend to refer to this
20 one slide. And I've included the cover page just to
21 orient everybody in the -- in the slide presentation
22 that we're talking about.

23 So, Ms. Schubert, could you go to the
24 first page, please. So, just to orient ourselves as
25 to what we're looking at. This is a slide

1 presentation that was put together by MPI for the
2 Vehicle for Hire and is it correct that this would
3 have been part of a consultation process that MPI had
4 with the Taxi Coalition or the Taxi Cab Vehicle for
5 Hire segments?

6 MS. CARA LOW: Yes, this was a part of
7 our regular consultation.

8 MS. SHARNA NELKO: Okay, and this
9 consultation, the date of this document is October
10 14th, 2021.

11 MS. CARA LOW: Yes.

12 MS. SHARNA NELKO: And, Ms. Mann, are
13 you -- were you familiar with this slide presentation?

14 MS. SIMMI MANN: Yes.

15 MS. SHARNA NELKO: Okay. And Ms.
16 Schubert if we could go to the next slide please.
17 Look -- so looking to this slide and, specifically,
18 the option 2 on the third bullet, you'll agree with me
19 that the taxi cab Vehicle for Hire customers did
20 express an interest in a part-time taxi cab Vehicle
21 for Hire model and it was specifically based on a set
22 of defined hours and I believe that's what you were
23 just eluding to.

24 MS. CARA LOW: Yes.

25 MS. SHARNA NELKO: So, these specific

1 hours listed are Monday to Thursday, 6:00 a.m. to 8:00
2 p.m. and Friday and Saturday, 6:00 a.m. to 2:00 a.m.
3 the following day. Do you see that?

4 MS. CARA LOW: Yes.

5 MS. SHARNA NELKO: So, my
6 understanding of that Friday and Saturday is that the
7 shift would start -- would start Friday at 6:00 a.m.
8 and continue to Saturday at 2:00 a.m. or -- or -- and,
9 in addition, on Saturday, it would start at -- at 6:00
10 a.m. and continue on to Sunday at 2:00 a.m.

11 Is that your understanding?

12 MS. CARA LOW: Yes.

13 MS. SHARNA NELKO: Okay. And, also on
14 this slide, the last bullet, there's a reference to 67
15 percent of claims are captured during the reduced
16 hours option.

17 So, is that intended to refer to this
18 Option 2 that's on this slide?

19 MS. CARA LOW: Yes.

20 MS. SHARNA NELKO: And can you advise
21 whether the reference to claims if a reference to
22 claims dollars or claims counts?

23 MS. CARA LOW: Subject to check. Let
24 me see if I have that -- if I have that on me to
25 actually confirm.

1 MS. SHARNA NELKO: Sure, and -- and,
2 if you don't, we can also -- perhaps this might be one
3 of the undertakings that -- that we could -- we could
4 give?

5 MR. ANTHONY GUERRA: Let's give Ms.
6 Mann just a moment to see if she can find it.

7 MS. SHARNA NELKO: Okay.

8

9 (BRIEF PAUSE)

10

11 MS. SIMMI MANN: I believe it was loss
12 cost, 67 percent of the loss cost.

13

14 CONTINUED BY MS. SHARNA HELKO:

15 MS. SHARNA NELKO: Sixty -- okay, so,
16 then, that would be a reference to claims dollars,
17 then? Okay.

18 And perhaps this would be a -- I -- I
19 guess maybe I could also ask -- ask Madam Chair, at
20 this time, if -- I -- I do have about, I think, twenty
21 (20) minutes left of my cross. I'm not sure if we
22 would like to push through or take the afternoon break
23 at this time.

24 THE PANEL CHAIRPERSON: No, I think
25 we'll take the break now because there will be Board

1 questions and re-direct, I expect. So, back at 3:25,
2 please.

3

4 --- Upon recessing at 3:13 p.m.

5 --- Upon resuming at 3:25 p.m.

6

7 THE PANEL CHAIRPERSON: Thank you.

8 Ms. Nelko...?

9 MS. SHARNA NELKO: Thank you, Madam

10 Chair.

11

12 CONTINUED BY MS. SHARNA NELKO:

13 MS. SHARNA NELKO: Ms. Schubert, would
14 you be able to pull up the Pre-Ask, please?

15

16 (BRIEF PAUSE)

17

18 MS. SHARNA NELKO: Okay. And -- and
19 starting with the first page and just -- so part A was
20 essentially what we just went through, which was
21 trying to gauge our understanding and MPI's
22 understanding of this interim Vehicle for Hire
23 framework that MPI applied for in 2018.

24 And, Ms. Schubert, if you could go to
25 page 5 of this document, please. Maybe page 6, and

1 part B, right there.

2 And so part B is what we just went
3 through in terms of the taxicab Vehicle for Hire
4 stakeholder engagement, and specifically this part-
5 time taxi hours, that time frame that we had just went
6 through.

7 And if you scroll on to the next page,
8 Ms. Schubert, the first bullet is also what we went
9 through before the break is MPI's calculation that
10 these part-time hours account for 67 percent of -- of
11 claims. And we established that that was claims
12 dollars.

13 Are you with me so far?

14 MS. CARA LOW: Okay.

15 MS. SHARNA NELKO: And then the next
16 bullet, which I've not yet asked -- asked you about,
17 but there, the Taxi Coalition estimated that these
18 part-time taxi hours would capture 50 (sic) percent of
19 the total insured taxicab Vehicle for Hire hours per
20 week.

21 And this calculation is shown in an
22 Excel spreadsheet that accompanied this Pre-Ask, and
23 I'm hoping by way of undertaking we may be able to get
24 MPI's comment on whether it takes issue with the Taxi
25 Coalition's calculation of this 57 percent. I'm not

1 sure that there's value doing it live today.

2 MR. ANTHONY GUERRA: One (1) moment,
3 Counsel. Just for the record, I believe you said 50
4 percent, but that's 57 percent.

5 MS. SHARNA NELKO: Fifty-seven (57).
6 I apologize if I -- I misspoke.

7

8 (BRIEF PAUSE)

9

10 MR. ANTHONY GUERRA: Ms. Schubert, can
11 you scroll down the page so we can see the reference
12 for item 5 -- or footnote 5?

13

14 (BRIEF PAUSE)

15

16 MR. ANTHONY GUERRA: The problem,
17 Counsel, with the undertaking is that the 67 percent
18 number that was established in evidence had to do with
19 claims costs, where I understand the undertaking to
20 verify information about I guess frequencies or -- or
21 something other than claims costs.

22 MS. SHARNA NELKO: Yes, and perhaps if
23 I can give context for this line of questioning. What
24 the Taxi Coalition has done in this Pre-Ask is provide
25 three (3) different alternatives for weighting because

1 it wasn't -- it wasn't clear on what MPI might find to
2 be the appropriate weighting.

3 So, for example, in the current time
4 band model, it appears as though 25 percent weighting
5 was assigned to each level.

6 So one (1) of the options that the Taxi
7 Coalition has put forward is a 50 percent option,
8 being if you chose full time, in theory you would --
9 would have been picking two (2) bands: the part-time
10 band and the full-time band. If you only picked the
11 part-time option, that would just be 50 percent. So
12 that was one (1) of the options.

13 The other option was weighting based on
14 57 percent, which would be capturing the hours per
15 week, and then another option was the claims count, so
16 the 67 percent.

17 So what we're attempting to gauge from
18 MPI is whether -- firstly, whether MPI has a position
19 on the 57 percent number, whether that is an accurate
20 reflection of the number of hours; and then, second,
21 whether MPI has a view on the appropriateness of one
22 (1) of these three (3) options over another for a
23 weighting methodology.

24 MR. ANTHONY GUERRA: Okay. So I
25 appreciate the clarification on that, Counsel. The --

1 the issue that MPI is having is that, as -- as it's
2 been made well known in the evidence now, MPI isn't
3 applying for a new Vehicle for Hire framework, and
4 this Rate Application has put forward a proposed one
5 and doesn't include the product that the Taxi
6 Coalition is -- is looking to advocate for this time
7 around.

8 Certainly, there'll be another
9 opportunity to -- to make a request of this nature in
10 advance of the next rate application, and it's unclear
11 to us why this Pre-Ask came at such a late hour, given
12 that the information upon which it's based is already
13 over a year old.

14 The amount of time that's required to
15 go through this exercise for something that MPI would
16 not be prepared to commit to, at this point in time,
17 it does seem to be approaching the -- the basis for us
18 to say that this is something we would have to object
19 to on the basis of -- of relevancy to this rate
20 application, and it would be best dealt with by way of
21 informal discussions between MPI and the Taxi
22 Coalition between now and the next rate application.

23

24

(BRIEF PAUSE)

25

1 MS. SHARNA NELKO: Sure. And -- and I
2 guess our -- our response to that is we would -- we
3 would like MPI to consider this because it would be
4 utilizing an existing methodology.

5 And we understand that the position
6 from MPI, at least as we've heard today, is that, at
7 this juncture, it would not want to look at developing
8 a -- a new model for such a small group, being 20
9 percent, or a hundred and twenty-five (125) vehicles.

10 But using a methodology that exists
11 perhaps could be something that MPI could consider in
12 bringing forward this part-time framework as part of
13 the 2024 GRA or even in consultations with Taxi
14 Coalition outside of this General Rate Application.

15 MR. ANTHONY GUERRA: Okay. Thank you.
16 I appreciate that clarification, counsel. So -- so if
17 the question is whether or not MPI would consider this
18 as a potential way of dealing with a part-time product
19 for its next rate application, then I think that's an
20 appropriate question.

21 But again, the -- the undertaking to
22 conduct the work at this stage of the proceedings,
23 that is where MPI has the concerns and -- and would be
24 objecting to a formal undertaking to that -- in that
25 regard.

1 So that's -- that's our position on --
2 on the two (2) options which could be pursued here.

3 MS. SHARNA NELKO: Sure. So just
4 consulting with Ms. Wittman here, we -- we take no
5 issue if MPI is prepared to consider this proposal
6 that's been put forward as part of next year's GRA.

7

8 (BRIEF PAUSE)

9

10 MS. CARA LOW: Given this -- that this
11 is a consideration for MPI to consider, we can
12 definitely pursue that and, in consultation with --
13 with the Taxi group, determine if this is a feasible
14 option. And we'll put our consideration forward for
15 the next GRA.

16 MS. SHARNA NELKO: Sure. Thank you
17 for that. And these are all my questions on the
18 Vehicle for Hire framework. And now Ms. Wittman has
19 some questions on the DSR.

20

21 CONTINUED BY MS. KAREN WITTMAN:

22 MS. KAREN WITTMAN: Given that it's
23 been extensively canvassed, there aren't going to be
24 that many questions.

25 But one (1) of the issues for the DSR

1 is the cross-subsidy that exists. And there's been a
2 lot of discussion about what's going to be required to
3 eliminate that cross-subsidy.

4 And, as I understand it, right now, it
5 requires a 15.6 percent increase to base rate.

6 Is that right?

7

8 (BRIEF PAUSE)

9

10 MS. CARA LOW: Yes. And that's in
11 addition to what's currently in the updated rate
12 filing, yes.

13 MS. KAREN WITTMAN: Right. And so,
14 I'd like to draw your attention to some of the
15 Information Requests that were exchanged and, in
16 particular, TC-MPI-1-7. Ms. Schubert, could you pull
17 that up on the screen, please.

18

19 (BRIEF PAUSE)

20

21 MS. KAREN WITTMAN: And I'd like you
22 to draw your attention to 'B', which is noting -- my
23 understanding is MPI says that 15.6 percent adjustment
24 to base rates would not be acceptable; that's right?
25 That's the starting position?

1 MS. CARA LOW: Correct. Yes.

2 MS. KAREN WITTMAN: Okay. And so, the
3 question that -- that was put to MPI is 'B', was that:

4 "Noting that MPI does not consider
5 15.6 percent adjustment to base
6 rates acceptable for customers,
7 please explain if an 8 percent or 4
8 percent adjustment to base rates
9 would be acceptable or more
10 acceptable."

11 And then the answer to that question
12 was:

13 "Unless unavoidable, MPI believes
14 that rates should not be subject to
15 large movements over a one (1) year
16 period."

17 And then it says:

18 "While smaller in movements in rates
19 would be preferable, e.g., 4 percent
20 preferable to 8 percent and 8
21 percent preferable to 15.6 percent,
22 this may not always be appropriate
23 from an actuarial standpoint as it
24 accentuates the effect of cross-
25 subsidization."

1 Now, when you say while smaller
2 movements in rates would be preferable, what you're
3 talking about there I think is a policy position.

4 Is that right?

5 MS. CARA LOW: Right, to prevent rate
6 shock.

7 MS. KAREN WITTMAN: Right. Because
8 from an actuarial standpoint, this would be preferred?

9 MS. CARA LOW: Correct.

10 MS. KAREN WITTMAN: Okay.

11

12 (BRIEF PAUSE)

13

14 MS. KAREN WITTMAN: And then question
15 TC-MPI-17C, MPI was asked to present DSR adjustment
16 scenarios that result in a 4 percent, 8 percent, and
17 12 percent adjustments to base rates with discounts
18 distributed among the DSR levels 9 through 17 weighted
19 to those DSR levels that are the largest difference
20 between current and indicated.

21 And so, MPI has prepared in response a
22 hypothetical adjustment to base rates to set out in
23 this figure. And so, if I'm understanding this
24 correctly, the first column is DSR level. The second
25 column is the -- what would happen if a 4 percent rate

1 adjustment was done, and then the 8 percent rate, and
2 the 12 percent rate?

3 MS. CARA LOW: Correct.

4 MS. KAREN WITTMAN: Okay. So, in the
5 4 percent rate, the overall DS impact -- DSR impact
6 would be a reduction of 4.9 percent that's in line 18?
7 That's the overall impact to the DSR?

8 MS. CARA LOW: That is correct.

9 MS. KAREN WITTMAN: And in this
10 scenario, the drivers at DSR levels 9 to 17 would see
11 the greatest impact with the DSR discount ranging from
12 28 percent to 44 percent.

13 Am I reading that correctly?

14 MS. CARA LOW: That would be correct,
15 yes.

16 MS. KAREN WITTMAN: Okay. And then
17 the drivers at DSR levels 1 to 8 would have discounts
18 that range from 5 percent to 25 percent.

19 MS. CARA LOW: Correct.

20 MS. KAREN WITTMAN: Is that right?

21 MS. CARA LOW: Yeah.

22 MS. KAREN WITTMAN: Okay. And then
23 with an 8 percent adjustment base rate, the overall
24 DSR impact would be a reduction of 8.9 percent --

25 MS. CARA LOW: Correct.

1 MS. KAREN WITTMAN: -- line 18?

2 MS. CARA LOW: Correct.

3 MS. KAREN WITTMAN: And then the
4 overall rate impact would be 8 percent?

5 MS. CARA LOW: Correct.

6 MS. KAREN WITTMAN: But the overall
7 impact would still be 0.9 percent, which was -- this
8 was done when the original application was made?

9 MS. CARA LOW: Yes.

10 MS. KAREN WITTMAN: Okay. And then we
11 can follow through and we can see the same numbers for
12 -- for the 12 percent rate impact. It sets out the
13 DSR impacts, the rate impact, and the overall impact.

14 And there drivers 9 through 17, DSR
15 levels 9 through 17, would see a DSR discount ranging
16 from 39 percent to 51 percent?

17 MS. CARA LOW: Correct.

18 MS. KAREN WITTMAN: Okay. Now, when
19 MPI was being asked about these hypothetical ranges, 4
20 percent, 8 percent, and so on, MPI in the earlier
21 response said that smaller movements in rates are
22 preferable, but MPI did not specify in that response
23 what an acceptable smaller movement would be.

24 And so, a follow-up question was set
25 out in TC-MPI-2-8. And, Ms. Schubert, could you pull

1 that up, please.

2

3

(BRIEF PAUSE)

4

5

MS. KAREN WITTMAN: So, 2-8-C asks

6

what the range of base movement is reasonable over a

7

one (1) year period to MPI. And -- and the response

8

in 'C' is:

9

"The reasonableness of the movement

10

in base rates over a one (1) year

11

period is a function of many

12

factors, some of which are external

13

to MPI, such as inflation, supply

14

issues, weather changes."

15

And then it asked us to refer to CCMG-

16

1-10A. Ms. Schubert, could you please pull that up,

17

please. CM -- yeah.

18

And so, in this Information Request,

19

MPI was asked by CMMG in 'A':

20

"In MPI's view, what is a reasonable

21

increase in base rates within a one

22

(1) year period?"

23

And then the answer is:

24

"The movement in rates over a one

25

(1) year period is a function of a

1 variety of factors. Some of those
2 factors are external and beyond the
3 control of MPI."

4 And then it continues.

5 "The reasonableness of such change
6 can vary from one year to the next
7 depending on other demographic and
8 economic variables. However, MPI
9 considers an annual increase of 2
10 percent to the base rate to be
11 reasonable.

12 Furthermore, 3 percent is considered
13 acceptable for the capital build
14 over a one (1) year period and,
15 therefore, as a combination, MPI
16 considers a 5 percent combined
17 increase to the aggregate rate
18 indication to be reasonable."

19 That was MPI's response.

20 MS. CARA LOW: I see that, yes.

21 MS. KAREN WITTMAN: Okay. And this
22 year we know that there is not going to be a 3 percent
23 capital build, correct?

24 MS. CARA LOW: Correct.

25 MS. KAREN WITTMAN: So, would MPI

1 agree that a 4 percent increase to base rate over a
2 one (1) year period would be reasonable then? It's
3 under the 5 percent set out here, aggregate.

4 MS. CARA LOW: Currently, our
5 Corporate risk appetite does state a 2 percent is --
6 where our risk appetite lies. But that would be 2
7 percent overall. But then DS -- after DSR changes.

8 MS. KAREN WITTMAN: Again, and that's
9 a policy perspective. That's not actuarially based?

10 MS. CARA LOW: No, it's not.

11 MS. KAREN WITTMAN: Madam Chair, can I
12 have one (1) moment, please.

13

14 (BRIEF PAUSE)

15

16 MS. KAREN WITTMAN: Thank you very
17 much. Those are my questions.

18 THE PANEL CHAIRPERSON: Thank you, Ms.
19 Wittman. Mr. Gabor...?

20 BOARD MEMBER GABOR: Kristen, could
21 you pull up Exhibit 69, page 20.

22

23 (BRIEF PAUSE)

24

25 BOARD MEMBER GABOR: Well, that's not

1 the page 20 I've got. Sorry, I want the page that has
2 DSR model change process. On my printed copy it's --

3 THE PANEL CHAIRPERSON: Gantt.

4 BOARD MEMBER GABOR: The Gantt chart.

5 Isn't that DSR -- is that page 20?

6

7 (BRIEF PAUSE)

8

9 BOARD MEMBER GABOR: It says -- that's
10 what they handed out today. That one. That's it.

11 So when I read this, I was attracted to
12 the last line, which has got the launch in March 31st,
13 2029, which I understand now from Ms. Jatana is not --
14 is not correct.

15 So here is the question. And I'll just
16 do it in a very simple manner. What year is year six
17 (6)? I thought it was 2029.

18 So is it 2029 or is it a different
19 year? I'm trying to figure out -- you know, you've
20 got year one (1), two (2), three (3), four (4), five
21 (5), six (6). We've had evidence in terms of, you
22 know, NOVA. We're going to hear more evidence. We've
23 been given specific time frames.

24 I'm trying to relate time frames to
25 this. So, for example, what is year one (1)? What

1 year is it?

2 MS. SATVIR JATANA: The year one (1)
3 could be the year that the work starts. So this --
4 again, you know, as indicated earlier -- it was to
5 highlight high level the steps that could be taken.

6 And we -- we did our best estimate to
7 kind of -- depending on the -- the body of the work
8 and the complexity of the work, of course, how long
9 each of those steps could take. And this does map out
10 too that it is a multi-year project.

11 And like I said earlier, depending on
12 the type of steps and if we can skip steps or if we
13 can reduce steps, this time frame very much is -- is a
14 guideline. But it's not absolute that's it's fifth
15 (5th) year from now or it would be sixth (6th) year
16 from now.

17 BOARD MEMBER GABOR: So -- so as I
18 understand it, this chart is nothing more than
19 indicating this is a very complicated project with a
20 lot of different steps. It lists a number of the
21 steps on the left-hand side. And then, gives an
22 example that things occur in sequence.

23 But in terms of dates -- because, quite
24 frankly, as I -- when I looked at this originally, I
25 thought year one (1) was 2023.

1 But it -- what -- you count back from
2 2029, it's 2024. So this is -- this is nothing more
3 than an example of this is a preliminary view of the
4 way we're going to project manage this.

5 Is that about right?

6 MS. SATVIR JATANA: I think you said
7 it well. It's -- it's a body of work that's been
8 outlined.

9 And as you can see, what we were trying
10 to also illustrate that there's some body of work that
11 can happen in parallel. Some body of work could also
12 be impacted, depending on the options we chose.

13 Again, I'll go back to the data
14 collection. If the decision is to pursue mandatory
15 collection of data at the time of renewal, we know
16 that that process could be a year long.

17 Now, if we chose a different method
18 that also has consequences on the time line, so -- in
19 other ways of saying this, this is high level plan
20 that could be from current year. And we've started a
21 body of work, I would say, with -- this year.

22 BOARD MEMBER GABOR: Okay. A year
23 from now, are we going to have a Gantt chart that is a
24 little more specific, that has milestones, that we can
25 examine?

1 MS. SATVIR JATANA: I do hope that we
2 can make more progress on this. And -- and we can be
3 in a much better position next year. Although we made
4 some progress this year. But yes, so this is subject
5 to change pending on some of the next steps and -- and
6 what we learn over the next few months.

7 BOARD MEMBER GABOR: Okay. Then,
8 Kristen, I'm going to look -- I'm looking at Exhibit
9 69, same exhibit, page 24, which is called 'Progress
10 and Next Steps'. Yeah, that one.

11 Is it possible to put any dates to
12 these? I mean, we've got -- I guess now we're into -
13 - we're past or -- we're in the process of building
14 DSR model change of process, you talked before about
15 the decision on data collection method.

16 Do we have a date or a time frame for
17 that to occur?

18 MS. SATVIR JATANA: Yeah. Mr. Gabor,
19 very hard to commit to the date right now. For
20 example, like, the next decision is a critical
21 decision for us, as to how we are going to collect
22 that data.

23 And -- and depending on that decision,
24 the following milestones very much are variable or are
25 dependent on -- on that decision.

1 So, like I stated, I do hope in the
2 coming months we -- we can put more of a concrete time
3 line. And this step is just outlining the data
4 collection we're talking about here.

5 BOARD MEMBER GABOR: Right.

6 MS. SATVIR JATANA: So I do hope that
7 we're in a better position in the coming months.

8 BOARD MEMBER GABOR: So essentially,
9 you can tell us -- you have an idea of the steps, but
10 you have no -- no idea of what the time frame is to
11 achieve those steps?

12 MS. SATVIR JATANA: Not at this
13 moment.

14 BOARD MEMBER GABOR: Okay. Okay.
15 I've just got a few other questions.

16

17 (BRIEF PAUSE)

18

19 BOARD MEMBER GABOR: And I don't know
20 if this is for Ms. Mann or somebody else.

21 The blanket policy. Do you know when
22 ICBC and SGI introduced their blanket policies?

23 MS. SIMMI MANN: I don't have the
24 exact dates on me. I could get that though.

25

1 (BRIEF PAUSE)

2

3 BOARD MEMBER GABOR: And -- and the
4 reason I ask is we -- we were approached by some of
5 the companies that wanted a blanket policy. And the
6 position of MPI at the time was, We're not prepared to
7 have a blanket policy and we're going to this time
8 band and we're creating our own.

9 At that time SGI and ICBC, I think, had
10 blanket policies.

11 MS. SIMMI MANN: They didn't have it.

12 BOARD MEMBER GABOR: They did not?

13 MS. SIMMI MANN: No. It happened
14 around 2019, 2020 and after.

15 BOARD MEMBER GABOR: Yeah. I think we
16 were approaching 2019. It was the 2019 hearing.

17 MS. SIMMI MANN: Yeah.

18 BOARD MEMBER GABOR: Yeah. Have you
19 spoken to ICBC and SGI in terms of their experience
20 with blanket policies and how they deal with the issue
21 of cross-subsidization?

22 MS. SIMMI MANN: Yes, I have. And
23 they haven't indicated any issue with cross-
24 subsidization.

25 BOARD MEMBER GABOR: Okay. And have

1 they talked to you about their experience with blanket
2 policies?

3 MS. SIMMI MANN: Yes. And they don't
4 really indicate that there has been a problem.
5 There's a number -- like, a few things that I had
6 asked them about. And they haven't largely indicated
7 an issue at all with it.

8 And I guess it's a little different
9 because we started with a time band and we're moving
10 to a blanket policy. They permitted ridesharing with
11 a blanket policy.

12 So it's slightly different, but --
13 yeah, in our conversations, they hadn't indicated any
14 difficulty.

15 BOARD MEMBER GABOR: Okay. And one
16 (1) final question, Ms. Low. GLM. You said you're
17 filing the GLM in 2025 GRA. Is that correct?

18 MS. CARA LOW: Yes, but as a parallel.

19 BOARD MEMBER GABOR: Okay.

20 MS. CARA LOW: With a transition
21 plan.

22 BOARD CHAIR GABOR: Okay, I was just
23 wondering if it was 2024 or 2025, because I had it in
24 my head 2024.

25 MS. CARA LOW: That was the hope but

1 we don't have the software yet --

2 BOARD CHAIR GABOR: Yeah.

3 MS. CARA LOW: -- and to install the
4 software and then to do all the modeling, we just
5 don't think we can be quite done in time.

6 BOARD CHAIR GABOR: Okay. Thank you.
7 Those are my questions.

8 THE PANEL CHAIRPERSON: Ms. Nemec...?

9 MS. SUSAN NEMEC: Okay, these -- I
10 have -- I have a couple of questions. And -- and one
11 (1) of them has to do with maybe MPI's strategy or --
12 of -- or their policy or the direction to move towards
13 actuarial indicated rates.

14 Is that a -- is that a corporate
15 policy, is that an actuarial department policy, is it
16 a direction?

17 MS. CARA LOW: It is a policy that we
18 don't want cross-subsidization, so we are trying to
19 move as much as possible to the actuarially indicated.

20 MS. SUSAN NEMEC: Okay, so in -- in an
21 -- in an instance say we get to -- the Corporation
22 gets to a situation where there is no cross-
23 subsidization. At -- the rates are based on actuarial
24 indications, so annually, each year, as changes occur,
25 will we -- will the Corporation have a policy that

1 each year that rate will be changed to the actuarial
2 indicated rate?

3 Is that where the direction is going?
4 And for changes every year, do you see going forward,
5 that that change will become somewhat automatic or a
6 corporate policy to move to that rate?

7 MS. CARA LOW: We would -- like after
8 we get to the actuarially technical rate for the DSR,
9 we would continue to do the analysis of a year, but it
10 should be very stable. 'Cause we saw that already,
11 with the question from the PUB counsel about whether
12 they, in fact, were sent -- actually got updated from
13 last year, 'cause they were so consistent from last
14 year.

15 So, after we get there, it should be
16 very stable, but we would do an annual review.

17 MS. SUSAN NEMEC: Okay. So you'd, in
18 the sense, have a corporate policy to do that annually
19 and I -- I guess where I'm getting is -- is having a
20 corporate policy of trying to get to that -- the non-
21 cross-subsidization. It -- it sounds like there isn't
22 yet a -- policy.

23 This year there was a .9 and then .1
24 decrease, but I think a .9 that actually went to the
25 Driver Safety model. So that's something different

1 this year, it might be something different next year.

2 So, just wondering how that corporate
3 policy is going to get established or how we can see
4 some direction going forward.

5 MS. CARA LOW: Well, the plan is -- we
6 were supposed to come forward with a DSR transition
7 plan and how we were going to get there.

8 But, what I had mentioned in the
9 presentation and -- this morning, was we have two (2)
10 issues to deal with.

11 We don't have the data split out, so
12 right now we don't know what the end goal is, so we
13 don't know why DSR-17 should be for a discount. So,
14 it's really hard to say how we're going to get there,
15 when we don't know where there is.

16 So, we have to work through the data
17 issues, first of all. And then second of all, when we
18 put it through our GLM, you know, and we saw today
19 it's at 56 percent or -- sorry, 56 or 57 percent dis -
20 - indicated discount for DSR-15. Well, that might
21 change when we get -- put it through the GLM, 'cause
22 it's a different model, so it's a different way of
23 calculating the discount.

24 So we saw --

25 MS. SUSAN NEMEC: But --

1 MS. CARA LOW: -- maybe -- it's going
2 to be difficult as we implement that to -- again, that
3 will change the end goal. So hard to come up with a
4 plan for the end goal, when we're still trying to see
5 what the end goal is.

6 MS. SUSAN NEMEC: So, with -- in the
7 2025 GRA, when you're looking at bringing forward that
8 methodology, that would be a time that would be
9 appropriate to see --

10 MS. CARA LOW: Yes.

11 MS. SUSAN NEMEC: -- the policy going
12 forward.

13 MS. CARA LOW: Yes. Yeah, so it would
14 be implemented at the same time. It would be part of
15 that transition plan.

16 MS. SUSAN NEMEC: Okay. Thank you.
17 My second question is, probably a little bit on the
18 process going forward and the progress, the next steps
19 and, give me a second to find my notes.

20 Has a -- yeah, my questions would be
21 more on: Have you developed a project team yet and
22 just -- you know, as an aside, is there -- is that
23 project team gotten to any sophistication with an IT
24 be -- IT person being assigned. Who is the owner of
25 that project? Or is it -- this really in -- even

1 infancy with -- there isn't a project team yet.

2 MS. CARA LOW: Sorry, are we talking
3 about moving to the full actuarial indication for DSR?

4 MS. SUSAN NEMEC: No, I'm talking
5 about the -- I apologize, I am talking about the DSR
6 model change.

7 MR. CURTIS PRYSTUPA: There isn't --
8 there isn't a formal project team formed at this
9 point. You know, it -- within the scope of putting
10 together this plan but, you know, there were a couple
11 of members of the -- the customer value proposition
12 team that engaged the right resources within the --
13 you know, within the organization. So we were the --
14 the quarterbacks, for lack of a better term, to find
15 that.

16 But I think, kind of as we, you know,
17 Ms. Schubert still has the same -- the same slide up,
18 which is -- which is good, but I think that once we
19 kind of align on, you know, the method internally and
20 then get government endorsement on the plan, I think
21 that's the time we'll actually kind of form this kind
22 of formal -- formal team with a -- a project plan and
23 a charter and that type of -- that type of information
24 to move it forward.

25 MS. SUSAN NEMEC: And -- and -- and

1 that was -- my followup was one of the things I don't
2 see on here, is the -- the decision to actually move
3 from the current methodology to one of the other
4 methods that you have recommend -- that you have
5 proposed.

6 MR. CURTIS PRYSTUPA: Right and -- and
7 -- admittedly that's, you know, when we put this
8 together, it was to get us to data collection.

9 We think or we're -- we're -- we feel
10 fairly certain that's the most important next step is
11 to get to that point. And then analysis comes after
12 we have the -- the necessary data collected.

13 It's hard -- it's hard to demonstrate
14 that because when we talk about, you know, a customer
15 survey versus voluntary collection versus mandatory
16 collection, these -- you know, the processes look very
17 different collectively. So, we've decided to stop in
18 this map, at data collection begins.

19 MS. SUSAN NEMEC: Okay. Thank you. I
20 think I have one (1) more question.

21 And I'm not sure how to ask this
22 question, but we -- with the July GRA presented GRA,
23 there was a 0.9 percent decrease expected to rates and
24 with the revision that came in September, I believe,
25 or -- maybe -- early October, we went to -- MPI went

1 to a .01 decrease in rates.

2 And you mentioned that the .8 -- the
3 0.9 was still going to be attributed to the 6 percent
4 changes in -- in the DSR scale. And the 0.8 rate and
5 -- and I just wanted to confirm where that is going,
6 the 0.8.

7

8 (BRIEF PAUSE)

9

10 MS. CARA LOW: Sorry, it -- it's
11 somewhat confusing 'cause there's some of the natural
12 movement in the DSR scale and then there's the
13 expansion of the DSR scale. So, the overall base rate
14 change is 0.8.

15 MS. SUSAN NEMEC: And that is -- is
16 that allocated in any specific method or your regular
17 method?

18 MS. CARA LOW: No, that's just our
19 overall base rate change.

20 MS. SUSAN NEMEC: Okay. And, just as
21 a follow up to that, when you communicate a rate
22 change, for example, there's a negative 1 percent
23 overall decrease, but there's an increase of 0.8
24 percent in the base rate, is that something that is
25 communicated differently or how does that get

1 communicated?

2 MS. CARA LOW: Oh, to customers? I'm
3 sorry, can you repeat that question.

4 MS. SUSAN NEMEC: I was just
5 wondering, with an overall decrease of 0.1 percent
6 versus a 0.8 percent in the Basic rate, how does that
7 get communicated to customers?

8 MS. CARA LOW: That will get
9 communicated once the Order is out. We do anticipate,
10 typically -- sometimes, there's some media coverage
11 and some attention on this. We make -- when we
12 initially file the Application, we do a customer news
13 release announcement and then, after that, we would
14 rely on the Board Order and, at that time, we would
15 make Manitobans aware.

16 MS. SUSAN NEMEC: And -- and I didn't
17 probably ask the question very well.

18 Would you differentiate between the --
19 the changes to the DSR scale, the 0.9 and the 0.8
20 increase to the base rate? I'm just wondering if
21 there's a differentia -- differentiation in your
22 communication?

23 MS. CARA LOW: Give me one (1) second,
24 please.

25

1 (BRIEF PAUSE)

2

3 MS. CARA LOW: It would be the
4 overall. So, with the rate update, the minus 0.1
5 percent 'cause that's what they're going to see,
6 bottom line, before the removal of the capital
7 release.

8 MS. SUSAN NEMEC: Thank you. That's
9 all of my questions.

10 THE PANEL CHAIRPERSON: Ms.
11 Boulter...?

12 MS. SUSAN BOULTER: Thank you. Just
13 to -- can you hear me? I have three (3) questions.

14 First off, 80 percent of the Vehicles
15 for Hire have elected all four bands, leaving about 20
16 percent part-time. So, I'm wondering if I can get
17 actual numbers of what's in both groups and, if you
18 can't give it to me now, that's okay, and, if there's
19 been any assessment of the financial impact on the
20 people who will be now paying full instead of part?
21 That's my first question. That's a combined one.

22 MR. CURTIS PRYSTUPA: I -- I -- I
23 think just to -- just to help, if Ms. Schubert was
24 able to reference Exhibit 69, Slide 8. I just want to
25 see if this answers the majority of your -- of your

1 question, in terms of the -- of the dis -- the
2 distribution and just to correct, you know, the
3 average is about 89 percent. So, the vast majority
4 are, you know, near that 90 percent range, further --
5 further away from that 80 percent range, just as a --
6 a point of clarity.

7 MS. SUSAN BOULTER: No. Tho -- those
8 are percentages and I do apologize for getting them
9 wrong but what I wanted to know was the actual numbers
10 and if there's been any assessment of the financial
11 impact on the people that it's going to affect?

12 MS. SIMMI MANN: We can provide the
13 numbers for you.

14 MS. SUSAN BOULTER: Okay. Thank you
15 very much. That's number one.

16 Number two, Ms. Mann, you said that MPI
17 had difficulties ascertaining Vehicle for Hire
18 information from the municipalities and you could only
19 get data from six (6).

20 Have you approached the Association of
21 Manitoba Municipalities to ask for a -- a ven -- venue
22 or a voice or a possibility to outreach to them?

23 MS. CARA LOW: No. No. I hadn't.

24 MS. SUSAN BOULTER: Okay. It's free.
25 I'll let you take my idea.

1 MS. CARA LOW: Thank you. Okay.

2 MS. SUSAN BOULTER: All right, because
3 I thought that might be a problem then. Okay, my
4 third and final question is the taxi cab mileage
5 telematic pilot.

6 I'd like to know how many vehicles are
7 in -- involved and, in the overview, MPI indicated
8 that they would have monthly meetings with the Taxicab
9 Coalition to review data and I'm wondering if that's
10 happened and if everybody's getting on fine?

11 MR. CURTIS PRYSTUPA: Good -- good
12 question. Unfortunately, I have a -- probably a -- an
13 answer that's a bit -- a bit disappointing for all of
14 us. We haven't begun the pilots -- pilot, as of yet.
15 We've had some difficulties procuring a solution with
16 them.

17 To answer your first question, we're
18 targeting three hundred (300) taxis within Winnipeg.
19 So, it's a -- a very good representative sample of the
20 population but, yeah, to answer your questions,
21 directly, we're -- we're in touch with the Taxi
22 Coalition on a regular basis. We haven't had the
23 first dialogue with them to be able to share the
24 results because, as of yet, they're not installed in
25 the -- in the taxis right now.

1 MS. SUSAN BOULTER: Okay. That's what
2 I thought and I -- I wasn't sure from what I read
3 whether it was supposed to be in August. So, thank
4 you very much. That's it.

5 MR. CURTIS PRYSTUPA: No. Problem.

6 MR. ANTHONY GUERRA: Thank you, Madam
7 Chair. Just for a joint of order here because I'm
8 going to get yelled at by my Regulatory Affairs team
9 if we don't address the undertaking on the record.

10 So, there was an undertaking given in
11 response to Chairperson Boulter's first question. So,
12 if we can just confirm that the undertaking would be
13 to provide the number of taxicabs who are chosen a
14 time band, other than the number four, the four time -
15 - the four (4) band, and, then, relate the -- the
16 impact -- financial impact of -- of that selection on
17 the Corporation. Is that correct?

18 MS. SUSAN BOULTER: Yes, and I would
19 also like to know the number that are full -- full-
20 time, like, all four (4) bands, as well. So, I can
21 see numbers to numbers.

22 MR. ANTHONY GUERRA: Okay.

23 MS. SUSAN BOULTER: Okay. Thank you.

24 MR. ANTHONY GUERRA: Yes. Thank you.
25 We'll give the undertaking.

1
2 --- UNDERTAKING NUMBER 26: MPI To provide the number
3 of taxicabs who have
4 chosen a time band, other
5 than the number four time
6 band and, then, relate the
7 financial impact of that
8 selection on the
9 Corporation and to provide
10 the number of taxicabs
11 that are full-time, i.e.,
12 who have chosen all four
13 bands.

14
15 THE PANEL CHAIRPERSON: Thank you. I
16 have a question for Mr. Prystupa.

17 Do you have information on how private
18 insurers determine who the primary driver is when
19 they're using that model for insurance purposes?

20 MR. CURTIS PRYSTUPA: I don't. No.

21 THE PANEL CHAIRPERSON: And the second
22 question is: Have you considered whether there is any
23 potential benefit of asking drivers what cars they're
24 driving, as opposed to registered owners, who the
25 drivers of their cars are?

1 MR. CURTIS PRYSTUPA: That's actually
2 a very interesting question. My first thought -- so,
3 in -- in detail, I haven't thought about that.

4 When I think about what would be used
5 as a common identifier, I suppose a licence, like,
6 'cause it would -- yeah -- in one way or another,
7 you're providing some type of a complex identifier to
8 do it but, yeah, I haven't -- I haven't really
9 considered that, to be quite honest. Sorry. Just one
10 (1) moment.

11

12 (BRIEF PAUSE)

13

14 MR. CURTIS PRYSTUPA: Okay. My a --
15 my apologies for the time. We just wanted to confirm
16 with the -- with the back row if it's something we've
17 -- we've considered in depth. It's been brief --
18 briefly discussed but not considered in depth, when it
19 comes to collecting the information from the driver on
20 what cars -- what cars they drive, rather than the
21 other way around.

22 THE PANEL CHAIRPERSON: So, is it
23 something that, I mean is it valid? I -- I realize
24 you have it -- a -- an interaction that's different
25 with the drivers than you do with registered owners

1 but I just wondered if it was something that would be
2 a valuable way of looking at it?

3 MR. CURTIS PRYSTUPA: I -- I suppose.
4 I -- I think I'd have to take a step back and look at
5 it.

6 My first -- my first thought is that,
7 you know, if somebody has a driver's licence, for
8 example, but doesn't actually, you know, insure a
9 vehicle, we're interacting with them probably once
10 every five (5) years, not very often much more than
11 that on -- on average.

12 It would -- might be difficult to have
13 that type of a touch point to ha -- to kind of compel
14 that person to give us any information about what
15 vehicles they're driving, rather than when we're
16 meeting -- or when we're interacting with an insured,
17 you know, that time-frame is a guarantee. We're
18 definitely going to be interacting with them once
19 every five (5) years but, on typical, it's much more
20 often.

21 You know, I think -- I think it's a --
22 a -- a very good suggestion to consider. I don't
23 think I could give you very many, you know, thoughts
24 on it right now but definitely -- definitely agree to
25 take it under consideration.

1 THE PANEL CHAIRPERSON: Okay. Fair
2 enough. Thank you. Mr. Guerra, any re-direct?

3

4 RE-DIRECT EXAMINATION BY MR. ANTHONY GUERRA:

5 MR. ANTHONY GUERRA: Yes. Thank you,
6 Madam Chair. I don't have a lot. So, hopefully, I'm
7 hoping that we can finish by 4:30.

8 Ms. Schubert, if I can ask you to pull
9 up DSR Number 4, please, Figure 4. This was in
10 reference to a line of questioning by my friend, Mr.
11 Klassen.

12 And, if you can recall, I believe this
13 question's best answered by Mr. Prystupa but, if -- if
14 there are any others who wish to jump in or, Mr.
15 Prystupa, if you -- you determine that you're not the
16 most appropriate witness to respond -- respond to
17 this, if you can, please, just direct it to the
18 appropriate person.

19 Do you re -- recall the line of
20 questioning by My Friend in terms of the -- the fact
21 that individuals who would be -- in the level 15 would
22 -- would have a -- a 19 percent dislocation between
23 the selected rates and the indicated rates?

24 MR. CURTIS PRYSTUPA: Yes, I do.

25 MR. ANTHONY GUERRA: And do you recall

1 the line of questioning from my friend about the fact
2 that individuals in that DSR level might -- might not
3 get any benefits from any adjustments because the
4 selected less current figure was at a 0.0 percent?

5 MR. CURTIS PRYSTUPA: I do recall
6 that, yes.

7 MR. ANTHONY GUERRA: Just practically
8 speaking, are you aware of any instances where a
9 driver in DSR level 15 might remain in that DSR level?

10 MR. CURTIS PRYSTUPA: Since the inter
11 -- introduction of DSR 16, there may be a few very
12 small scenarios, mostly related to suspensions of
13 licenses, whether it's medical or otherwise, where
14 somebody would remain at a level.

15 But typically, within a -- within a
16 policy year there's movement on the scale either
17 upwards or downwards. So, it would be a very, very
18 very small percentage that would be staying at their
19 DSR level.

20 MR. ANTHONY GUERRA: Thank you. This
21 question is -- is probably best answered by Ms. Low,
22 but again, the appropriate person should please jump
23 in.

24 There was a question posed about why
25 MPI has proposed that a transition plan be deferred

1 while we wait the receipt and implementation of a GLM.

2 Do you recall that line of questioning?

3 MS. CARA LOW: Yes, I do.

4 MR. ANTHONY GUERRA: And -- and can
5 you help us understand with a little bit more detail
6 why it is that a transition plan bending a GLM
7 implementation is appropriate? Why -- sorry, why the
8 deferral of a transition plan would be appropriate?

9 MS. CARA LOW: You're speaking to the
10 DSR transition plan to get to the actuarially sound
11 rating.

12 MR. ANTHONY GUERRA: Correct.

13 MS. CARA LOW: Because the DSR is
14 going to become a rating variable. So, it's not going
15 to be a product sitting on top of a product, it's
16 going to become a factor within the rating so the
17 discount scale itself that's indicated might change
18 with the GLMs.

19 MR. ANTHONY GUERRA: And so if -- if -
20 - if one were not to wait and one were to implement
21 the transition plan at this stage, without waiting for
22 the GLM to be implemented, what -- what might be the
23 downsides of doing that?

24 MS. CARA LOW: The downside is you can
25 maybe give a large decrease that you'll have to take

1 back.

2 MR. ANTHONY GUERRA: Ms. Schubert, if
3 I can ask you to pull up ratemaking, appendix 9, table
4 11. Thank you.

5 Do you recall, Ms. Low, the line of
6 questioning about -- and sorry, this may not be the
7 best question for yourself, but please -- please feel
8 free to jump in anyone on this panel.

9 The line of questioning about the
10 pleasure motorhome and it being a comparator to the
11 taxi Vehicle for Hire in the sense that they have a
12 similar lower grouping number?

13 MS. CARA LOW: I recall that, yes.

14 MR. ANTHONY GUERRA: Can you help us
15 understand whether a -- the pleasure motorhome class
16 is an appropriate comparator to taxi vehicles in terms
17 of -- in terms of the availability of that product for
18 a -- a lower grouping of vehicles?

19 MS. CARA LOW: One (1) minute, please.

20

21 (BRIEF PAUSE)

22

23 MS. CARA LOW: The pleasure motorhome
24 major class is very similar and rated the same as a
25 private passenger with the same rating attributes.

1 MR. ANTHONY GUERRA: Okay. And so,
2 just to confirm, that that would not be appropriate
3 then to -- to use that type of class in the same way
4 that you would approach taxis for, let's say a -- a
5 part-time product?

6 MS. CARA LOW: Exactly.

7

8 (BRIEF PAUSE)

9

10 MR. ANTHONY GUERRA: My Friend from
11 the Taxi Coalition posed some questions to this panel
12 about the rate-making methodology used for the
13 creation of the four (4) time bands back in 2018, with
14 the initial iteration of the Vehicle for Hire
15 framework.

16 Do you recall that line of questioning?

17 MS. CARA LOW: Yes, I do.

18 MR. ANTHONY GUERRA: And having had a
19 chance to take a look at that methodology now, and
20 perhaps for the first time, can you comment on your --
21 your own view of the appropriateness of that rate-
22 making methodology?

23 MS. CARA LOW: My view of what we
24 walked through was no rate-making methodology
25 whatsoever. It was two (2) premiums and the weighted

1 average.

2 But making methodology takes into
3 account what expected costs and expenses are for the
4 rating year and you start there and then you derive
5 your premium. It doesn't take existing premium and
6 just weight the premium.

7 MR. ANTHONY GUERRA: Would it be a
8 methodology that you would be prepared to sign your
9 name to?

10 MS. CARA LOW: Absolutely not.

11 MR. ANTHONY GUERRA: Finally, Ms.
12 Schubert, if I can ask you to pull up slide 20 from
13 the presentation from this morning. And this is the -
14 - the Gantt Chart that we've now had a chance to take
15 a look at on several locations and if you recall,
16 there was some questions asked by this Panel about the
17 -- the Gantt Chart and whether or not the years in
18 question, so years 1 to 6 refer to any particular
19 calendar year.

20 Do you recall that line of questioning,
21 Mr. Prystupa?

22 MR. CURTIS PRYSTUPA: I'm sorry, I'm
23 not going to pretend anything else, I was engaged in a
24 conversation with the back row. Could you please
25 repeat, Mr. -- Mr. Guerra.

1 MR. ANTHONY GUERRA: Yes, of course.

2 So, before you you have slide 20 of the presentation
3 you gave this morning. Do you see that?

4 MR. CURTIS PRYSTUPA: Yes, thank you.

5 MR. ANTHONY GUERRA: And this is the
6 Gantt chart that we have referred to previously and to
7 which the Panel had asked you questions about just a
8 few moments ago. Do you recall that?

9 MR. CURTIS PRYSTUPA: Yes.

10 MR. ANTHONY GUERRA: And one (1) of
11 the questions that you were asked was about whether or
12 not the years at the -- the top column headings there,
13 years 1 to 6, refer to any particularly calendar year.

14 Do you recall that?

15 MR. CURTIS PRYSTUPA: Yes.

16 MR. ANTHONY GUERRA: And can you help
17 us understand the context in which this Gantt chart
18 was prepared. For example, was this prepared prior to
19 MPI receiving a decision from the Court of Appeal?

20 MR. CURTIS PRYSTUPA: No, it was not.
21 Or, I'm -- I'm sorry, yes, it was developed before we
22 received the decision from the Court of Appeal.

23 MR. ANTHONY GUERRA: Okay. And in
24 terms of the -- the position of MPI at that point in
25 time, did you understand that MPI was accepting of the

1 directive of the Public Utilities Board in terms of
2 the implementation of a five (5) year plan?

3 MR. CURTIS PRYSTUPA: Yes.

4 MR. ANTHONY GUERRA: What was your
5 understanding?

6 MR. CURTIS PRYSTUPA: That -- that we
7 were accepting of the directive or specifically to PUB
8 Directive 11 -- 11.13.

9 MR. ANTHONY GUERRA: Did that
10 understanding further then into an understanding as to
11 whether or not it was actually a directive to
12 implement a particular model?

13 MR. CURTIS PRYSTUPA: Our
14 interpretation was that it did not include, you know,
15 the actual im -- implementation. It was to develop a
16 -- a plan -- you know, what would a five (5) year plan
17 look like to implement the primary driver model.

18 MR. ANTHONY GUERRA: Mr. Prystupa,
19 have you read the Court of Appeal decision in
20 question?

21 MR. CURTIS PRYSTUPA: In brief, yes.

22 MR. ANTHONY GUERRA: Having had a
23 chance to read that Court of Appeal decision, is -- is
24 your understanding of the nature of the directive
25 received, and this directive being 11.13 in terms of

1 whether or not the directive actually required the
2 implementation of a typical model, has that changed?

3 MR. CURTIS PRYSTUPA: No.

4 MR. ANTHONY GUERRA: Thank you. I
5 have no further questions.

6 THE CHAIRPERSON: Thank you, Mr.
7 Guerra. It's 4:21 and I think we can adjourn for the
8 day. Thank you very much to the Vehicles for Hire,
9 Drivers Safety Rating Panel and we will start tomorrow
10 morning at 9:00 with the Road Safety Loss Prevention
11 Panel.

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13 (PANEL STANDS DOWN)

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15 --- Upon adjourning at 4:23 p.m.

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18 Certified Correct,

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22 Wendy Woodworth, Ms.

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