

**Undertaking # 7**

Corporation to provide terms of reference from the standing committee.

**RESPONSE:**

Please see attached.



**Manitoba  
Public Insurance**

## Terms of Reference

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**Manitoba Public Insurance**

**Innovation & Cost Containment Committee**

This report has been prepared as advice, opinions, proposals, recommendations, analyses or policy options developed by or for the public body or a minister, as per Section 23(1) of the Freedom of Information and Protection of Privacy Act.

Date: July 17, 2014

## 1 INTRODUCTION

In direct support of Manitoba Public Insurance's Corporate Values of "*Excellence and Improvement*" and "*Financial Responsibility*", the Corporation has established an Innovation and Cost Containment Committee (The Committee). The Committee consists of senior leaders representing all divisions at Manitoba Public Insurance.

This Terms of Reference (ToR) document summarizes the business and management aspects of The Committee. When signed by the sponsor(s), this ToR serves as an agreement between The Committee and Management Committee, formally authorizing the existence of The Committee, and its authority to engage resources in the planning and execution of The Committee's activities, based on established conditions.

## 2 COMMITTEE PURPOSE

The primary purpose of The Committee is to identify process and technology strategies that will lead to a reduction in Manitoba Public Insurance's Corporate operating expenses.

Manitoba Public Insurance has a long and successful history of providing value to Manitobans by containing costs and gaining efficiencies through innovation, process changes and leveraging technology. Implementation of new products, services, processes and technologies are some of the ways we ensure Manitoba Public Insurance delivers value to Manitobans today and into the future. This in turn has led to Manitoba Public Insurance consistently offering amongst the lowest basic auto insurance premiums in Canada.

Recently Manitoba Public Insurance has experienced an increase in both the frequency and severity of claims which has resulted in higher claims incurred expenses than originally forecasted. The increase in frequency of claims can be primarily attributed to the two consecutive bad weather winters in 2012/13 and 2013/14. The increase in severity is mainly due to the introduction of exotic metals and enhanced technologies in the vehicle manufacturing process. These newer vehicles are more expensive to repair. The manufacturing changes have primarily been made to make the vehicles safer for its occupants and all who share the road, and also to improve fuel efficiency. In the long term as these safer vehicles make up a larger percentage of the vehicle fleet in Manitoba it will ultimately lead to a reduction in claims and claims costs. However in the short-term these increased claim costs are adding pressure on Manitoba Public Insurance's Basic Rates.

Therefore in order to continue and augment Manitoba Public Insurance's culture of innovation and cost containment, the Corporation has assembled a team of senior leaders that will lead an Innovation and Cost Containment Committee. The Committee will identify opportunities to leverage technology and process changes in order to mitigate the effect of these known claims cost increases on our basic auto insurance premium rates. The Committee will use a formal process to find, implement, track and report on cost containment and cost savings initiatives.

### **3 COMMITTEE OBJECTIVES**

The goals of The Committee are twofold.

1. Continue to investigate new and innovative ways of improving work processes, use of technology, new products and services in order to contain and reduce costs while continuing to deliver value to Manitobans.
2. A reduction of Corporate Operating Expenses by Fiscal Year 2016/17 of \$4 to \$8 million.

### **4 COMMITTEE STRATEGY**

Generate innovative process changes and seek opportunities to leverage technology that will result in cost savings or cost avoidance.

Solicit and capture cost saving and cost avoidance strategies from management and staff throughout the Corporation.

Ensure strategies are properly researched, formalized, tracked and reported on. The Committee will utilize “subject matter experts” (SME”s) across the Corporation in order to further research and investigate the opportunities brought forth to or initiated by The Committee.

Strategies that are selected as opportunities for formal review will be placed into categories by the Committee as follows:

- Category 1 – Strategies that can be adopted within 6 months with little effort and low cost. Strategies in this category may not require a business case as part of the implementation process. Rather, at The Committee’s discretion, strategies in this category may immediately proceed to the implementation process for assimilation into the Corporation’s normal operations.
- Category 2 – Strategies that may take considerable time, effort and/or cost to implement. Strategies in this category will have a business case prepared for review by Management Committee.

Identify, track and report on current cost savings and cost containment initiatives adopted and undergoing implementation during fiscal 2014/15. Even though these initiatives were formulated prior to the creation of The Committee they will still be tracked and reported on by The Committee.

Once categorized, strategies will be prioritized within their respective categories. The Committee will arrange for a further assessment in priority order (high to low) so that The Committee may have an understanding of the cost, length of time, effort, and the impact on staffing and customers for each strategy. This assessment may be done by

The Committee as a whole, or by such means as establishing a smaller sub-committee or engaging staff to assess and articulate an implementation strategy.

For strategies residing in Category 2, The Committee will present the business case and recommendations to Management Committee. The business case will be prepared in the standard Manitoba Public Insurance format including information on the estimated cost, length of time, effort, and the impact on staffing and customers.

At that time The Committee will seek approval and direction from Management Committee on the recommendations.

The Committee will track the actions and progress for each current strategy already underway at the time of the formulation of The Committee, as well as all new strategies regardless of category, that have been approved for implementation subsequent to the formulation of The Committee.

The Committee will provide detailed reports on the strategies that have been implemented and the impact on staff, customers, and Corporate expenses.

The Committee will provide reports to Management Committee at minimum on a quarterly basis.

## 5 COMMITTEE ORGANIZATION

The committee’s structure is captured in the following chart.

### 5.1 COMMITTEE PLANNING TEAM:

POSITION TITLE	ROLE
Vice President Finance and Chief Financial Officer	Executive Sponsor
Director, Corporate Services	Co-Chairperson
Executive Director, Finance & Corporate Controller	Co-Chairperson
Executive Director, Corporate Strategic Planning & Analytics	Team Member
Executive Director, Driver Safety & Regulatory Control	Team Member
Executive Director, Injury Claims Management	Team Member
Executive Director, Service Centre Operations	Team Member
Executive Director, Human Resources & Staff Development	Team Member
Executive Director, Communications & Community Relations	Team Member
Director, Knowledge Management Services	Team Member
Director, Information Technology	Team Member
Director, Legal Services	Team Member
Manager, Internal Audit	Team Member

## 6 COMMITTEE BUDGET

The Committee will not have a budget. Rather, any costs associated with the implementation of the approved strategies will be absorbed into the operational budgets

of the division that will benefit from the initiative. In the case where a Business Transformation Office project is required for implementation, then the Business Transformation Office will budget for the project. The Committee will ensure through regular reporting that operational departments are aware of the potential impacts to their budgets and provide opportunities to include any implementation related costs together with their anticipated savings in their budgets during the annual budget process.