



News Release

NOTICE OF DECISION

December 16, 2013

By Order 151/13, following the Public Utilities Board's (Board or PUB) public hearing of Manitoba Public Insurance's (MPI or the Corporation) 2014/15 Basic premiums and fees application, PUB approved an overall 0.9% rate increase in compulsory Motor Vehicle Premiums for the 2014/2015 insurance year, effective March 1, 2014 for all major classes combined. The Board is substituting the 0.9% rate increase for the 1.8% rate increase applied for by MPI.

The Board approved MPI's request for no change in Permit and Certificate rates, Vehicle Premium Discounts and Driver License Premiums, Services and Transaction Fees, Fleet Rebates or Surcharges, or the discount on approved after-market and manufacturer/dealer installed anti-theft devices. The rates applied for by MPI for Collector Vehicle insurance are approved.

The Board continues to have significant concerns about the Corporation's operating expenses, and finds that it must control its expenses. The Board has directed MPI to provide detailed information as part of next year's GRA, including a review of staffing levels, a review of efficiencies and cost control, and submission of a 5-year strategic IT plan. MPI is to file a benchmarking framework along with benchmark indicators to which the Corporation intends to be accountable.

The Board also directs MPI to provide a review of Road Safety expenditures to maximize the value to ratepayers. MPI is also to provide details of what steps it has taken, or intends to take, to improve or enhance the services and products being offered to Basic ratepayers.

MPI shall have the composition of its investment portfolio reviewed by an external expert consultant with a view to determining whether the current asset mix should continue or be revised.

The Board orders that there shall be more discussion and analysis with respect to the Corporation's proposed interest rate forecasting methodology because it has a significant impact on rates, to be accomplished at a Technical Conference to be conducted by MPI on or before February 28, 2014. In addition, the Board directs the continuation of a Conference that had initiated the examination of MPI's rate reserves for Basic insurance.

MPI is to report, at the next GRA, the ways in which it has made its Claims Incurred and Ratemaking methodology more transparent.

MPI is to provide the Board with collisions and fatalities maps by motorist type, and reviews of The High School Driver Education Program, and Road Safety budget portfolio.

In the Application, each major vehicle class would receive the following average vehicle premium changes:

Major Class	Percentage Change
Private Passenger	+ 1.0%
Commercial	- 1.6%
Public	+ 3.9%
Motorcycle	- 6.1%
Trailers	+ 6.1%
Off-road vehicles	- 12.5%
Total	+ 0.9%

Pursuant to the Corporation's rate design, and as set out above, an overall 0.9% rate increase does not translate into static rates for all motorists. Rather, the overall rate change proposed by the Corporation would result in a rate decrease for 42.9% of vehicles, no change in rates for 7.9% of vehicles, and a rate increase for 49.2 % of vehicles. Details of the dollar change impact by number of vehicles within the overall fleet are as follows:

\$ Change	# of Vehicles	% of Vehicles
Decrease of \$300 or more	9	0.0%
Decrease of \$200 to \$299	100	0.01%
Decrease of \$150 to \$199	516	0.05%
Decrease of \$100 to \$149	3,337	0.32%
Decrease of \$50 to \$99	20,247	1.93%
Decrease of \$20 to \$49	24,907	2.37%
Decrease of \$1 to \$19	400,762	38.19%
No change	82,917	7.90%
Increase of \$1 to \$19	295,377	28.15%
Increase of \$20 to \$49	171,461	16.33%
Increase of \$50 to \$99	47,646	4.55%
Increase of \$100 to \$149	1,308	0.12%
Increase of \$150 to \$199	136	0.01%
Increase of \$200 to \$299	55	0.01%
Increase of \$300 or more	631*	0.06%
GRAND TOTAL	1,049,409	100.00%

*all Taxis

This Order reflects the Board's findings on matters, which arose over the course of the proceeding through oral testimony and documentary evidence. Public access to the MPI application, the full transcripts of the hearing (including cross-examination, presentations and closing statements) as well a copy of Order 151/13 are available on the Board's website, www.pub.gov.mb.ca or from the Board's Office.

The Public Utilities Board
400 - 330 Portage Avenue
Winnipeg MB R3C 0C4
Telephone: (204) 945-2638
Facsimile: (204) 945-2643
Toll Free: 1-866-854-3698
Email: publicutilities@gov.mb.ca